BancoEstado
desde 1855

Human Rights Framework Policy

2024

Background

The recognition of human rights initially arose in 1945, at the end of World War II, when states formally agreed to establish the United Nations (UN), with the specific purpose of “to maintain international peace and security.” On that occasion, states also committed to finding a way to internationally guarantee the fundamental rights of all people everywhere in the world at all times, simply because they are humans. In 1948, states formulated the Universal Declaration of Human Rights, establishing that the “recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice, and peace in the world.”

Subsequently, in 2011, the United Nations Guiding Principles on Business and Human Rights were published as the main reference framework for companies to respect human rights, and Chile adhered to them. For its implementation, Chile published, in 2017, the National Action Plan for Business and Human Rights.

Policy Objective

This framework policy reflects BancoEstado's commitment to respecting the fundamental rights of those with whom we interact through our procedures, activities, and operations.

This commitment reflects the strict adherence to ethical principles, personal integrity, and human dignity that have characterized the bank's actions throughout its history. It also deepens in the principles of action that will guide our relations with customers, communities, workers, suppliers, and contractors to comply to respect human rights by adopting appropriate measures to avoid or mitigate negative consequences and allowing for redress if violations are detected.





Scope

This policy applies to every BancoEstado employee. We will also promote its knowledge and application among all the bank's stakeholders.

Given the nature of the issue, we will share it with the BancoEstado Group’s subsidiaries so that each can develop its own policy in this area, taking into account its unique culture, business, and particularities.

Legal Framework

We recognize and adhere to international human rights rules and standards: (1) Universal Declaration of Human Rights, 1948; (2) International Covenant on Civil and Political Rights, 1966; (3) International Covenant on Economic, Social and Cultural Rights, 1966; (4) Guiding Principles on Business and Human Rights (UN), 2011; (5) Declaration on Fundamental Principles and Rights at Work (ILO)5, 1998; (6) Voluntary Principles on Security and Human Rights, 2000; (7) ILO Convention 107, 1957, and Convention 169, 1989 on the rights of Indigenous and tribal populations; and other internationally recognized frameworks adopted by the State of Chile, as well as the national regulatory framework6 and BancoEstado's internal regulations related to respect for fundamental rights.

Roles and Responsibilities

Governance

The responsibility for implementing BancoEstado's Human Rights Framework Policy lies with all the bank's functional areas and all its levels. It is the responsibility of the Sustainability Deputy Management, which reports to the Office of Public Affairs and Sustainability, to update and monitor the validity of this policy.

The results of the human rights due diligence processes and the follow-up of action plans for the mitigation and/or remediation of human rights risks will be reported to the Corporate Sustainability Committee and the Executive Committee will supervise the application of the policy and will promote the establishment of a culture of respect for human rights in BancoEstado.

Definition of Roles and Responsibilities

Responsible	Roles and responsibilities
Office of Public Affairs and Sustainability, Sustainability Deputy Management	- Providing technical support to the areas responsible for managing actual and/or potential human rights risks and their respective action plans. - Coordinating the human rights due diligence process. - Spreading the contents of the policy and the outcomes of human rights due diligence and promptly communicating to stakeholders on BancoEstado's human rights management. - Developing general and targeted human rights training plans.
Office of the Chief Risk Officer (CRO), Transversal Risks Deputy Management	- Periodically review human rights risks and their action plans with the areas responsible for processes, in accordance with the in-process operational risk methodology.
Office of the Chief Compliance Officer (CCO)	- Reviewing general regulatory compliance and, specifically, those rules and standards considered in Section III, “Legal framework,” of this policy.
Ethics Committee	- Evaluating and determining the existence of breaches of human rights regulations in cases involving the institution's employees.
Areas responsible for processes	- Performing action plans and control improvements to prevent human rights risks.

Policy Description

At BancoEstado, we must guide our activities based on the best practices of probity and transparency, fostering an internal culture of respect for human rights in all our operations and business relationships, reflecting a public bank that puts people at the center of its work.

Our Corporate Sustainability Policy and the bank's Internal Regulations for Order, Hygiene, and Safety both address the principle of respecting people's fundamental rights. Through this Human Rights Framework Policy, we develop this principle, defining our commitment and an action framework that promotes good practices for the respect of these rights, as well as establishing management mechanisms that enable us to identify and prevent actual and potential impacts on our stakeholders.

So, we are committed to respecting human rights and to preventing, mitigating, and fixing any human rights violations caused directly or indirectly by our activities.

Commitments and Principles of Action

Considering that the State of Chile is responsible for the protection of human rights, at BancoEstado we carry out complementary work, following the provisions of the National Action Plan on Business and Human Rights, which seeks to consolidate a culture of respect for these rights in business activities. To this end, we have defined commitments and principles to guide our actions toward our stakeholders, including BancoEstado's employees, clients, suppliers, contractors, communities, and the environment, which may be affected by our operations.

In addition, we are committed to implementing a program that will help us to establish, communicate, and guide how our employees interact with our stakeholders. This program will include the right reporting channels and actions, both informative and formative, so that we can: (1) prevent human rights risks; (2) find possible violations of this policy; (3) act quickly if any risk materializes; and (4) carry out comprehensive management that is in charge of monitoring, continuous improvement, and internalizing learning in our processes.

To achieve our objectives, we set forth below the commitments and principles that guide the way we relate to our stakeholders, ensuring respect for their fundamental rights:



Employees

At BancoEstado, we consider that the relationship with our workers is a fundamental pillar, and, therefore, we establish commitments that address respect for human rights, such as:

- Protect the principles of equality and non-discrimination by promoting work environments free of discriminatory attitudes related to race or ethnicity, nationality, socioeconomic status, language, ideology or political opinion, religion or belief, union membership or participation in labor organizations or lack thereof, sex, maternity, breastfeeding, sexual orientation, gender identity and expression, marital status, age, affiliation, personal appearance, illness, disability or any discriminatory practice that affects the dignity of our workers.

- Promote diversity and inclusion through the improvement of processes that could contemplate any difficulty or bias for the inclusion of minority groups in our workforce and through communications that promote the development of a culture of diversity and inclusion within the bank.

- Promote gender equity in BancoEstado, monitoring possible gaps in salary equality between men and women, equal access to career development and training, strengthening the participation of women in executive, managerial, and other positions of responsibility, and generating initiatives that promote co-responsibility in the care of the children of male and female employees.

- Guarantee compliance with the labor rights recognized in current national legislation, international agreements signed by Chile, and labor regulations, in addition to generating decent working conditions in aspects such as the payment of fair wages and workspaces that promote the physical and psychological well-being of the employees.

- Protect the health and safety of our employees, identifying the sources of health and safety risks and impacts at BancoEstado, to manage and mitigate them promptly.

- Guarantee the right to strike, collective bargaining, and freedom of association for our workers, recognizing their contribution to the development and growth of BancoEstado.

- Ensure compliance with regulations on working hours and rest periods, seeking to promote the right to free time and leisure and foster a balance between work, personal, and family life for our employees.

- Reject any form of forced or degrading labor and child and/or labor exploitation in our operations, managing the necessary prevention and surveillance mechanisms.



- Promote work environments that are free from any form of harassment, abuse, intimidation, violence, or abuse of power of a sexual or labor nature that violates personal dignity and respect for people, as well as spread mechanisms and reporting procedures that protect the identity and integrity of those affected.
- Respect the right to privacy, strengthening mechanisms to protect the personal data and privacy of our employees.
- Promote training actions for our workers in human rights issues.

Clients

Our clients give meaning to BancoEstado's activities, which is why we work to offer inclusive, accessible products and services with a positive impact on them, whether they are individuals or companies. Integrating human rights into our relationships with this stakeholder group means being aware that, as a public bank, we have the duty to welcome all our clients in their diversity. In this way, we are committed to:

- Promote access to our financial and non-financial products and services under conditions of equality, inclusion, and non-discrimination, under the legal and commercial requirements of the institution.
- Promote digital and financial inclusion, generating initiatives that mitigate the gaps in access to digital banking.
- Protect the right to clear and transparent information on our products and services.
- Respect the right to privacy, confidentiality, and responsible use of our customers' data.
- Respect consumer rights, strengthening compliance with related regulations.
- Promote responsible advertising practices to avoid stereotypes of gender, race, sexual identity, or any other that affect the dignity of people.
- Promote that our financing of companies integrates and mitigates their environmental and human rights over people and communities.
- Promote the physical safety of people inside our facilities, respecting the right to personal integrity of our clients.

Community

As a public bank in the country, we seek to contribute positively to the communities where we operate, advocating that the development of our activities does not affect their rights. In this regard, we are committed to:

- Manage impacts on the rights of the communities where we maintain a physical presence, specifically in branch offices and corporate buildings.
- Manage the necessary actions to react to incidents and natural disasters that affect communities, considering that our operation is essential for the continuity of the payment chain.
- Reject any kind of corruption, strengthening our prevention mechanisms and the management of complaints, understanding that these illicit acts can directly or indirectly affect rights such as equal opportunities, the right to physical and moral integrity, and the right to a life free of violence in communities.

Suppliers and contractors

At BancoEstado, we seek to relate proactively with our suppliers and contractors, sharing best labor practices, promoting joint work for the respect of human rights, developing internal policies and procedures to promote and encourage good practices in contracting, and the provision of services by third parties. Consequently, at BancoEstado, we are committed to:

- Promote that our suppliers and contractors comply with the requirements of current labor legislation and declare their respect for human rights, maintaining respectful and dignified relations with their employees. BancoEstado rejects human trafficking and any type of child, forced, or compulsory labor, ensuring that our suppliers and contractors promote an inclusive, dignified, fair and non-discriminatory work environment, as well as healthy and safe working conditions for their workers.
- Promote transparency in contracting through robust procurement processes, with special care to avoid conflicts of interest and to foster freedom of competition.
- Preventing business relationships with suppliers and contractors who are sanctioned for any crime contemplated in our Ethics Manual, the Crime Prevention Manual, the Prevention of Money Laundering and Financing of Terrorism Policy, and any other established in the law applicable to BancoEstado.
- Respect the deadlines outlined in contracts and contracting processes of suppliers and contractors, avoiding delays that may affect the provision of services, payments, and/or social and economic consequences of such delays.

Environment

As a state institution, at BancoEstado we play a key role in the incorporation of environmental and climate measures for our stakeholders. Under this premise, we are committed to:

- Promote the human right to a clean, healthy, and sustainable environment.
- Promote improvements in internal capabilities to identify, analyze, measure, and manage environmental impacts during the development of our operations.
- Ensure compliance with current environmental regulations applicable to BancoEstado.
- Promote the transition to a low-carbon economy, especially in our customers and suppliers, from a fair socio-ecological approach, which allows equal opportunities and access to financial offers and support initiatives in this transition.

Implementation

At BancoEstado, we are committed to the effective implementation of this policy at all hierarchical levels of the organization and the stakeholders involved, ensuring its dissemination and compliance. All departments and their respective leaders will be responsible for the dissemination in their areas and manage the deployment to the stakeholders with whom they are related.

Human rights due diligence process

At BancoEstado, we are committed to developing a human rights due diligence process by the guidelines of the United Nations Guiding Principles on Business and Human Rights and the Due Diligence Guidance for Responsible Business Conduct of the Organization for Economic Co-operation and Development (OECD). With this process, we establish mechanisms aimed at identifying actual and potential risks to people's rights.

This process considers the various declarations, covenants, conventions, and frameworks for action in the area of human rights considered in Section III, “Legal Framework," of this document. It also considers the stakeholders, problems, and risk groups considered in Section VI, “Commitments and Principles of Action.”

The human rights due diligence process will be updated every two years or in particular situations such as changes in the operation, eventual mergers, acquisitions, and joint ventures, among others, to identify the main human rights risks and thus anticipate and prevent possible negative consequences on people.

Risk management

Once the risks in human rights have been identified and characterized, they will be associated with the areas responsible for the processes, to be evaluated and prioritized in line with in-process operational risk methodology. This generally involves the evaluation of the inherent risk and the effectiveness of existing controls, calculating the residual risk level.

The residual risk is the reference value from which the prioritization of risks and impacts on human rights is made, assigning monitoring indicators, improvements in risk controls, and action and/or remediation plans for cases of greater exposure to risk. Each risk will have its respective responsible person(s) assigned, who must periodically report on risk management.

The Transversal Risk Management, which reports to the CRO, will be responsible for generating the follow-up mechanisms for the reports of the different areas in charge of managing human rights risks, their action and/or remediation plans. The monitoring will be periodic, with a minimum of twice a year, in cases of materialization of any risk and each human rights due diligence process.





Human rights training and dissemination

In the training area, we are committed to promoting a culture of respect for human rights within BancoEstado and in the relations we maintain with our stakeholders, which will allow us to understand and incorporate the concepts in this area, with a special focus on those positions that have a greater impact on people.

We will disclose in a timely, transparent, and accountable manner changes to this policy, the results of its implementation, and the main human rights risks related to our activity through the communication channels with internal and external stakeholders.

Complaint and/or consultation channels

BancoEstado has different whistleblower channels to guarantee integral and transparent complaint mechanisms, thus allowing our stakeholders to raise their queries, complaints, and claims confidentially. We are committed to including the matters discussed in this policy within our channels of complaints and claims, ensuring proper follow-up, and providing actions for remediation.

We are also committed to keeping channels that allow us to receive complaints from our employees, customers, suppliers, the general public, or any person related to BancoEstado that are related to non-compliance with our internal regulations and national legislation in force. In addition, we will encourage these channels to comply with the recommendations established in the Guiding Principles on Business and Human Rights.

Remediation

Part of our commitment to respect human rights is to have the appropriate remediation processes in place when we harm our stakeholders. In this regard, we are committed to seeking the necessary resolution measures and to communicating in detail the final remediation of the complaints filed with the bank.

In addition, we will ensure that the information on our actions taken and their development is transparent and reliable, safeguarding the integrity and privacy of the people involved in the processes.


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