

## MANAGEMENT OF HUMAN RIGHTS AT BANCOESTADO

At BancoEstado, we have the responsibility to conduct our activities based on the best practices of integrity and transparency, fostering an internal culture of respect for human rights in all our operations and business relationships. This reflects our identity as a public bank that places people at the center of its purpose. This document presents:

- (1) Commitment to human rights by BancoEstado, and the declarations and reference frameworks upon which we base our efforts to promote a culture of preventing violations of the rights of individuals with whom we engage.
- (2) Mechanisms for identifying and managing human rights-related risks (due diligence).

### 1. Commitment to Human Rights

Respecting the fundamental rights of individuals is a principle addressed in our Corporate Sustainability Policy and in Article 5 of the Internal Rules on Order, Hygiene, and Safety. In this document, we further develop this principle and define mechanisms to identify and manage risks related to human rights concerning our stakeholders.

At BancoEstado, guided by our mission to support all individuals and businesses in the country, we commit to protecting, promoting, and respecting human rights. We aim to prevent, mitigate, and remedy any violations of these rights, whether directly or indirectly caused by our activities.

We acknowledge and adhere to international human rights standards and norms, including:

- (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) ILO Declaration on Fundamental Principles and Rights at Work<sup>1</sup>, 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 peoples;
- (8) And other internationally recognized frameworks adopted by the State of Chile.

Within this framework, BancoEstado prohibits all forms of harassment, abuse, or inappropriate treatment, including child labor, forced or compulsory labor, human trafficking, and any form of discrimination across all its operations. This applies to workers and their rights, including the right to freedom of association and collective bargaining, as well as the rights of customers, potential customers, suppliers, contractors, local communities, or anyone interacting with the bank.

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<sup>1</sup> Considering the ten fundamental conventions: Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87); Right to Organise and Collective Bargaining Convention, 1949 (No. 98); Forced Labour Convention, 1930 (No. 29); Abolition of Forced Labour Convention, 1957 (No. 105); Minimum Age Convention, 1973 (No. 138); Worst Forms of Child Labour Convention, 1999 (No. 182); Equal Remuneration Convention, 1951 (No. 100); Discrimination (Employment and Occupation) Convention, 1958 (No. 111); Occupational Safety and Health Convention, 1981 (No. 155); Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187).

Considering that BancoEstado is a state-owned bank, shareholders and partners are not considered among its stakeholders.

Aligned with our role as a public bank, we have the duty to respect the diversity, roots, origin, and history of all the country's inhabitants. We aim to ensure that the rights of women, children, adolescents, the elderly, persons with disabilities, members of indigenous communities, migrants, and members of the LGBTIQ+ community, among other diverse groups that make Chile a diverse country, are not violated in our employment and business relationships.

Additionally, we commit to adopting a program that allows us to establish, communicate, and guide conduct towards our stakeholders to:

- (1) Prevent human rights risks;
- (2) Provide a timely response in the event of the realization of any risk;
- (3) Implement comprehensive management to monitor, continuously improve, and internalize learning in our processes.

## **2. Mechanisms for Identifying and Managing Human Rights Risks**

### **2.1. Identification**

As indicated in the United Nations Guiding Principles on Business and Human Rights, companies have a role to respect human rights, ensuring that their operations do not involve violations. As adherents to these principles, BancoEstado establishes mechanisms to identify real and potential risks related to people's rights by conducting a due diligence process in line with the Guiding Principles and the OECD Due Diligence Guidance for Responsible Business Conduct.

To identify real and potential impacts and risks on human rights, secondary information sources are analyzed, including contextual documentation from the financial sector and the impacts of companies (in the financial sector and other sectors) on human rights. This analysis also includes internal documentation on BancoEstado's processes, policies, and risks. This is complemented by primary information sources, including interviews with workers at various levels of the company and interviews with external stakeholders potentially affected.

The collected information allows the characterization of risks, determining whether they are real and/or potential, their relationship with other risk matrices of the organization, the causes and risk factors, consequences for the company and individuals, associated human rights, affected stakeholders, and the bank's level of responsibility for each risk or impact.

The due diligence process on human rights was conducted by BancoEstado in 2023 for the first time and will be updated every two years or in specific situations such as changes in operations, to identify the main real and potential impacts and risks. This allows us to anticipate and prevent possible negative externalities on our various stakeholders.

## **2.2. Scope of the Process**

This process takes into account various declarations, agreements, conventions, and frameworks related to human rights, as considered in Section 1, "Commitment to Human Rights" in this document. It also includes stakeholders, issues, and risk groups considered in the same section.

The scope of the due diligence process on human rights covers the bank's operations and value chain in Chile, including corporate buildings and branches in the Northern, Southern, and Metropolitan regions. For future due diligence processes, the same scope will be considered, notwithstanding that gathered information may propose a new methodology or seek to focus on certain processes that may present a higher degree of risk exposure.

## **2.3. Risk Management**

Once real and/or potential risks are identified and characterized, they are associated with responsible process areas for evaluation and prioritization, based on the Operational Risk in Process Methodology and the Cross-Cutting Risk Methodology of BancoEstado. This generally involves evaluating inherent risk and the effectiveness of existing controls, calculating the level of residual risk.

The residual risk serves as a reference value for prioritizing risks and impacts on human rights. It includes assigning monitoring indicators, improving risk controls, action plans, and/or remedies for cases with the highest risk exposure.

As established in the Cross-Cutting Risk Methodology, those with "High" and "Medium-High" levels of residual risk are classified as cross-cutting risks requiring a strategy and/or initiative to reduce exposure. Risks with a "Medium" level are associated with monitoring indicators, and "Medium-Low" and "Low" risks are subject to periodic review and monitoring in subsequent due diligence processes on human rights. The review of various human rights-related risks must be monitored periodically, at a minimum of twice a year, in cases of realized risks, and in each due diligence process on human rights.