SOCIAL AND ENVIRONMENTAL RISK POLICY
The Social and Environmental Risk Policy of BancoEstado declares the institutional commitment and interest in promoting and encouraging a socially responsible management in companies and projects financed by the Bank, being relevant for its credit decisions that its borrowers have formal environmental management procedures and instances to minimize, control and manage adequately the negative impacts that their economic and financial activities may have on ecosystems and communities.

The Social and Environmental Risk Policy covers the business segments of Corporate Banking, Large Companies, Real Estate, Construction, Concessions and Project Finance, of the Wholesale Banking of BancoEstado.
The Social and Environmental Risk Policy of BancoEstado takes into account the provisions of national legislation in these matters, especially Law 19.300 on General Bases of the Environment, its amendments, public policies and, of course, all relevant complementary legislation.

Likewise, this Policy declares that it takes as a reference some international standards to determine, evaluate and manage the social and environmental risks of projects, citing as an example The Equator Principles, IFC’s Performance Standards, among others, without prejudice to the fact that its interpretation, application and scope will depend on definitions and updates that are explicitly established in this Policy.
The Corporate Risk’s Management is responsible for reviewing and updating this Policy, while its application and implementation is responsibility for all those areas and persons of BancoEstado Corporation that develop activities related to credit processes of business’s segments mentioned in the Objective and Scope of this Policy.

In order to facilitate the application of this Policy by the all involved areas, the Business Risk Admission’s Management, through the Corporate Risk Management’s authorization, will issue the corresponding Environmental Risk Admission’s Manual.

Likewise, the Department of Environmental Risk will be created, dependent on the Business Risk Admission’s Management.
POLICY DESCRIPTION

The formulation of this Policy takes into consideration that companies, both in their current activity and in the new investment projects they undertake, generate externalities and environmental and social impacts, affecting both the environment in which they find themselves and the communities in which they are immersed.

An integral vision of a project’s economic and financial results or of a company’s management must take into account, therefore, the environmental and social consequences of its actions. For this reason BancoEstado has proposed to incorporate a vision of the environmental and social actions and results of companies into the credit process in the Corporate Segment, Large Companies, Real Estate, Construction, Concessions and Project Finance.

This new commitment is reflected in the present “Social and Environmental Risk Policy”, which formally establishes the will of BancoEstado to advance in the social and environmental variables incorporation in its credit process, aspiring to fully evaluate the financed operations, and demanding that these have, in addition to the economic and financial indicators mentioned in their Credit Risk Policy, a set of responsible practices and behaviors with communities and the environment, oriented to control and manage the adverse impacts that their operations may cause in these.

It will be an integral part of the approval of those investment projects, which by their nature and / or amount may generate environmental risks with national or local significance, the borrower’s accreditation of a relevant environmental management and appropriate to the nature and scale of the proposed project, with strict compliance with the country’s environmental legislation.
Also will be relevant for the approval by the Bank that in the project’s gestation and development, the needs of the communities and localities where they are developed had taken into account, according to the requirements of the in force legislation, and what in Bank’s judgment reflects the best practices in this area.

To ensure a responsible management in environmental and social matters of the defined clients in the scope of this Policy, the Business Risk Admission’s Management, through the Environmental Risk Department, will classify the environmental risk category of companies and projects of these clients, taking as a guide in what refers to their categorization the The Equator Principles recommendations.

Agile and expeditious procedures shall be established, appropriate to each category of environmental risk, for the recommendation of environmental qualification of clients by the Environmental Risk Department.

In case of projects and clients qualified in the higher environmental risk category, the company shall be required to have adequate resources and organization so these impacts are reduced, mitigated and / or compensated in an appropriate manner, in accordance with the provisions in Law 19.300 and its amendments, and that certifies compliance with the requirements and mitigants associated with the Environmental Qualification Resolution that authorized the project.

Notwithstanding the foregoing, BancoEstado reserves the right to hire environmental advice, which will be charged to the client, to be directly informed of project’s social and environmental impacts, for which the company must be obliged to provide the necessary information, allowing visits to its facilities and, if necessary, allowing audits on the presented environmental impact assessment process.

Additionally, in the cases that merit it according to its category of social and environmental risk, BancoEstado will monitor compliance with environmental regulations by its clients.
The Social and Environmental Risk Policy of BancoEstado aims to ensure that the clients object of financing develop their activity in a socially responsible manner, with an environmental management that minimizes the negative impacts on ecosystems and communities.

With this new approach, BancoEstado aims to contribute to the achievement of responsible development by its clients, **in terms of both the environmental and social impacts that they generate.**
INFORMATION REQUIREMENT

The clients of the Wholesale Banking specified in the Objective and Scope of this Policy must be obliged to provide to the Bank the information about their business and production processes that are necessary to know, with the depth and detail corresponding to the different levels and categories indicated by the application of this Policy by the Department of Environmental Risk.

LIST OF EXCLUSION

BancoEstado has defined to abstain from participating in financing for companies that, within their main activity, produce or market the following goods and/or services:

- Production or commercialization of any considered illegal product under Chilean laws.
- Production or commercialization of radioactive materials. This does not apply to medical equipment purchase.
- Production or unlimited commercialization of asbestos fiber. This does not apply to the limited purchase and use of asbestos in cement sheets in which the asbestos does not exceed 20%.
- Marine fishing with driftnet in which the network exceeds 2.5 km in length.
- Production or activities that involve forced or child labor.
- Production or commercialization of wood or other forest products without being from sustainably managed forests.