BancoEstado
desde 1855

Social, Environmental and Climate Risk Policy

2025

Objective and Scope

BancoEstado's Social, Environmental, and Climate Risk Policy declares the institution's commitment and interest in promoting and encouraging responsible management in the companies and projects financed by the Bank. It is relevant to its lending decisions that its borrowers have formal social and environmental management procedures and mechanisms in place, and that they consider the effects of climate change, thus facilitating the transition to a low-carbon economy. This aims to minimize, control, and properly manage the negative impacts that their economic and financial activities may have on ecosystems and communities.

The Social, Environmental, and Climate Risk Policy applies to companies and/or financed projects whose social and environmental impacts are significant, or whose economic activity falls within the sectors with the greatest impact, as defined in the Social and Environmental Risk Admission Manual, with a focus on BancoEstado's Wholesale Banking business segments.

Legal Framework and References

BancoEstado's Social, Environmental, and Climate Risk Policy takes into account the provisions of national legislation on these matters, especially Law 19.300 on General Environmental Principles, its amendments, public policies, and, of course, all relevant complementary legislation.

This Policy also states that it uses certain international standards as a reference for determining, evaluating, and managing the social and environmental risks of projects, citing, for example, the Equator Principles and the IFC Performance Standards, among others. However, their interpretation, application, and scope will depend on the definitions and updates explicitly established in this Policy.

Other Agreements, Initiatives, and Standards considered by this Policy include the Green Agreement (2019) and recommendations from the TCFD (Task Force on Climate-Related Financial Disclosures).

Application and Responsibilities

The Corporate Risk Management Department is responsible for reviewing and updating this policy, while its application and implementation are the responsibility of all areas and individuals within BancoEstado Corporation who carry out activities related to the credit processes of the business segments mentioned in the Objective and Scope of this Policy.

To facilitate the application of this Policy by all areas involved, the Wholesale Risk Management Department provides the Social and Environmental Risk Admission Manual, the application and updating of which will be the responsibility of the Environmental Risk Unit, which reports to the Wholesale Risk Management Department.





Policy Description

This Policy takes into account that companies, both in their current operations and in new investment projects, generate externalities and environmental and social impacts, affecting both the environment in which they operate and the communities in which they are embedded.

A comprehensive view of the economic and financial results of a project or the management of a company must therefore consider the environmental and social consequences of its actions, as well as the climatic factors that could affect its activity. For this reason, BancoEstado has committed to incorporating a perspective on the environmental and social actions and results of companies into the credit process for the companies mentioned within the scope of this Policy.

This new commitment is embodied in the present "Social, Environmental, and Climate Risk Policy," which formally establishes BancoEstado's commitment to incorporating social, environmental, and climate change variables into its lending process. The bank aims to comprehensively evaluate financed operations, requiring that, in addition to the economic and financial indicators mentioned in its Credit Risk Policy, these operations include a set of responsible practices and behaviors toward communities and the environment. These practices and behaviors are designed to control and manage the adverse impacts that BancoEstado's operations may cause, as well as mechanisms for mitigating and adapting to climate change.

An integral part of the approval process for investment projects that, due to their nature and/or amount, may generate environmental risks of national or local significance, will be the borrower's accreditation of relevant and appropriate environmental management, tailored to the nature and scale of the proposed project, and in strict compliance with the country's environmental legislation.

It will also be relevant for the Bank's approval that the needs of the communities and localities where the projects are developed have been taken into account during their conception and development, in accordance with current legislation and what the Bank considers to be best practices in this area.

To ensure responsible environmental and social management for the clients defined in the scope of this Policy, the Wholesale Risk Management, through the Environmental Risk Unit, will classify the environmental risk category of these clients' companies and projects, using the Equator Principles as a guide for categorization.

Agile and expeditious procedures, appropriate to each environmental risk category, must be established for the Environmental Risk Unit's recommendations regarding the environmental rating of clients. In the case of projects and clients in the highest environmental risk category, the company must be required to have the appropriate resources and organization in place to reduce, mitigate, and/or compensate for these impacts appropriately, in accordance with the provisions of Law 19.300 and its amendments, and to demonstrate compliance with the requirements and mitigation measures associated with the Environmental Qualification Resolution (RCA) that authorized the project.

Notwithstanding the foregoing, BancoEstado reserves the right to contract an environmental consultancy, at the client's expense, to obtain direct information on the social and environmental impacts of a project. The company must provide the necessary information, allow visits to its facilities, and, if necessary, permit an audit of the submitted environmental impact assessment process.

Additionally, in cases where warranted by the social and environmental risk category, BancoEstado will monitor its clients' compliance with environmental regulations.



Summary and Conclusion

BancoEstado's Social, Environmental, and Climate Risk Policy aims to ensure that its clients conduct their business in a socially responsible manner, with environmental management that minimizes negative impacts on ecosystems and communities, and that considers mechanisms for mitigating and adapting to climate change.

With this new approach, BancoEstado intends to contribute to its clients' responsible development, both in terms of environmental and social impacts, as well as to promote the transition to a low-carbon society.

- **Information Requirement**

The clients specified in the Objective and Scope of this Policy must provide the Bank with the necessary information about their businesses and production processes, at the levels of depth and detail corresponding to the different levels and categories established by the Environmental Risk Unit for the application of this Policy.

- **Exclusion List**

BancoEstado has decided to refrain from participating in financing for companies that, as part of their main activity, produce or market the following goods and/or services:

· Production or marketing of any product considered illegal under Chilean law.
· Production or marketing of radioactive materials. This does not apply to the purchase of medical equipment.
· Unlimited production or marketing of asbestos fiber. This does not apply to the purchase and limited use of asbestos in cement sheets where the asbestos content does not exceed 20%.
· Marine fishing with drift nets where the net exceeds 2.5 km in length.
· Production or activities involving forced labor or child labor.
· Production or marketing of wood or other forest products not sourced from sustainably managed forests.

Additionally, BancoEstado will not finance new projects or activities that jeopardize or have the potential to compromise the protection of National Parks, Protected Areas, and wetlands of international importance, as defined by the Ramsar Convention. However, projects or activities that strictly comply with current environmental regulations, respecting established mitigation measures and without causing irreversible damage to the ecological integrity of these areas will be considered eligible for funding.

Monitoring and Oversight of the Policy

The Corporate Sustainability Committee is responsible for ensuring the proper application and implementation of this Policy.


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