

CRIME PREVENTION MANUAL
LAW N°20.393
LEGAL RESPONSIBILITY OF LEGAL PERSONS



BancoEstado
desde 1855



INTRODUCTION

BancoEstado and its subsidiaries solely carry out and participate in business with strict observance to the current legislation.

Chile has established and sanctions through Law N°20,393 the Criminal Liability of Legal Entities, whereby crimes of Money Laundering, Terrorism Financing, Bribery and Concealment hold such social importance that makes legal persons responsible for its prevention and control, whatsoever their form or purpose.

For BancoEstado, the intent or materialization of such crimes in addition to their intrinsic seriousness, are a threat to the prestige, trust and reputation of the company, especially in view of the character the Bank holds as a State business.

On December 2, 2009, the Act N°20,393 on criminal liability of legal persons in crimes of money laundering, terrorist financing and bribery became effective. Subsequently, in the month of June 2016, the crime of Concealment was added.



REGULATORY FRAMEWORK OF THE CONCEPT OF CRIMINAL RESPONSIBILITY

In addition to the criminal penalties applicable to natural persons who participate in the aforementioned crimes, the liability can be extended to the legal person the natural person works for.

CRIMINAL LIABILITY OBLIGATION OF A LEGAL PERSON

For a legal person to be criminally liable, the crime must have been committed by members of the board of directors, managers, senior executives or those who carry out administrative or supervisory responsibilities or by natural persons who are under the direct supervision of some of the aforementioned staffers, independently of their contractual situation.

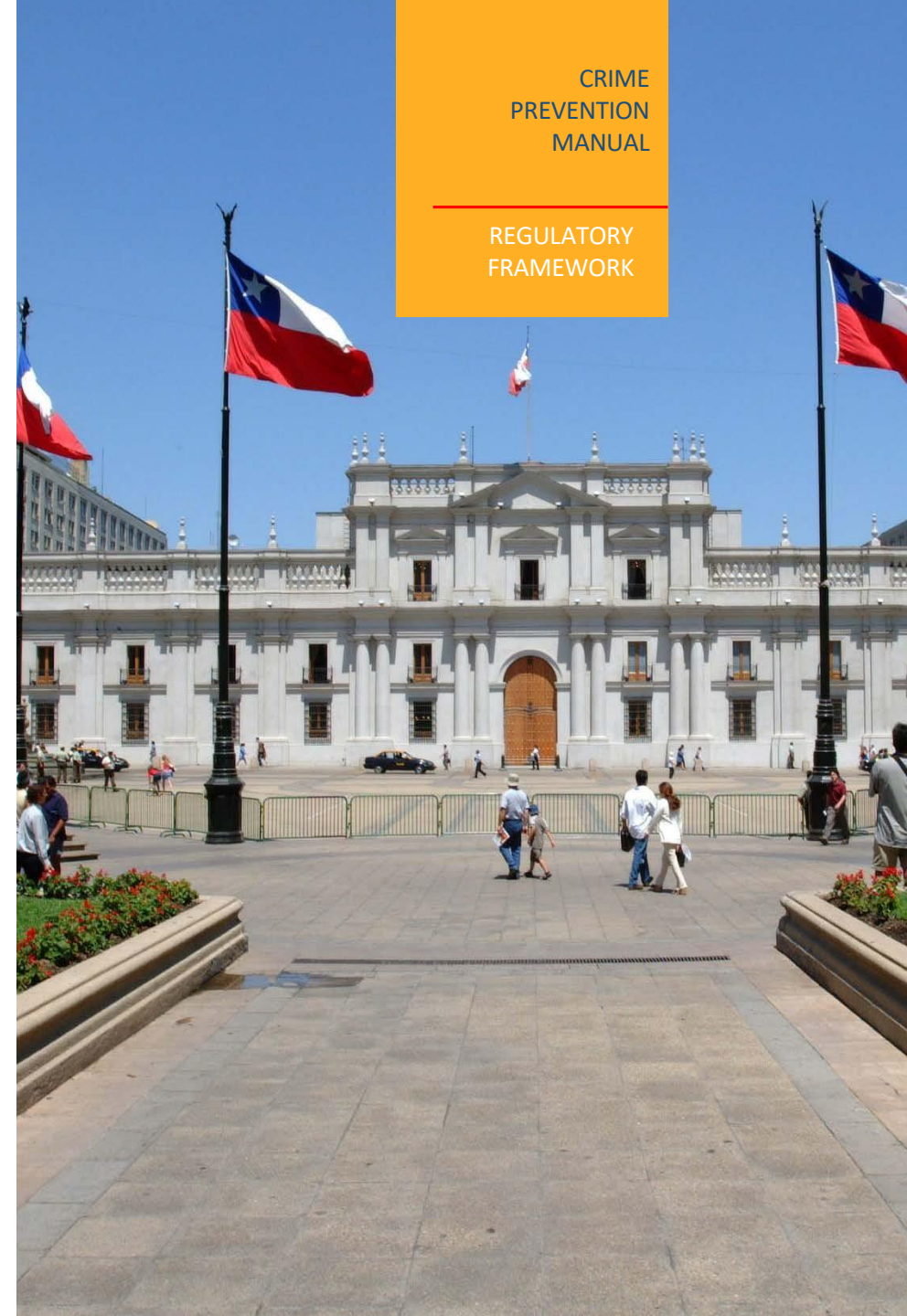
The law penalizes legal persons, however, it is important to emphasize that natural persons are not exempt from their criminal responsibility for the acts committed.

The attribution of criminal liability of legal persons is based on three pillars:

- Existence of a punishable act (MONEY LAUNDERING, FINANCING OF TERRORISM, BRIBERY AND CONCEALMENT/ See annex for crime details) committed by any of the persons who perform management or administration activities in the legal person (owners, senior executives) or by staffers under their direct supervision (employees in general)
- Committing a crime in the interest of a direct benefit or benefit for the legal person.
- Committing a crime as a result of a breach of management or supervisory duty established for these purposes (absence of the model or inefficiency).

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PREVENTION
MANUAL

REGULATORY
FRAMEWORK





PENALTIES ESTABLISHED BY LAW FOR LEGAL PERSONS

The Law states various penalties ranging from the dissolution of the legal person to accessory penalties, such as the publication of an extract of the conviction in the Official Gazette or another media of national circulation.



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PREVENTION
MANUAL

CRIME PREVENTION
MODEL

CRIME PREVENTION MODEL

BancoEstado adopted a Crime Prevention Model whose objective is to proactively create prevention and detection tools to anticipate the occurrence of money laundering, terrorist financing, bribery and concealment crimes.

The Management and Supervision duties are applicable to workers who hold supervisory positions within the BancoEstado Corporation.

The Crime Prevention Model contains the following elements:

1. The Executive Committee appoints a Crime Prevention Officer who must be autonomous and renewable every three (3) years; the role falls on the Bank's Director of Compliance. Subsidiaries must designate and maintain the renewal of their respective Crime Prevention officers through their board of directors.

2. Attribution or obligation of material means, resources and powers of authority of the Crime Prevention Officer, providing direct access to senior management to semiannually render their management performance.
3. Crime Prevention System through which identifies the activities or processes and areas of greatest risk of BancoEstado and subsidiaries. This activity is permanently carried out by updating specific procedures, auditing financial resources and establishing internal administrative sanctions, as well as procedures of denunciation or prosecution of pecuniary responsibilities against persons who fail to comply with the crime prevention system.
4. BancoEstado and its subsidiaries have certified their Crime Prevention Model through an independent business, duly registered in the former Securities and Insurance Superintendence.



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CRIME
PREVENTION
MANUAL

CRIME PREVENTION
MODEL

RESPONSIBILITY OF CORPORATE GOVERNANCE

The Executive Committee of BancoEstado, the board of directors of each of the subsidiaries and the staff in charge of Crime Prevention, will be jointly responsible for the effective implementation and application of the Crime Prevention Model. The roles and responsibilities of corporate governance in the framework of the Crime Prevention Model are:

- **The Executive Committee and Board of Directors of Subsidiaries**

They hold the responsibility of permanently verifying that the Corporation maintains an adequate control of the risks and safeguard its prestige and reputation, thus, achieving long-term sustainability.

- **Staff in charge of Crime Prevention at BancoEstado and subsidiaries.**

The Crime Prevention Officer of BancoEstado and subsidiaries, hereinafter EPD, holds the mission of managing and monitoring the Crime Prevention Model and the establishment of specific protocols, rules and procedures that allow workers who intervene or participate in activities or business or support processes, schedule and execute their tasks or tasks in a way that prevents the commission of crimes.

Likewise, they are responsible for keeping the communication channels available, as well as for analyzing and resolving complaints related to crimes contemplated in Law N°20,393 and prepare and provide for permanent training to workers of the Bank and subsidiaries on these matters.

The EPD at BancoEstado provides monitoring services of the crime prevention model to its subsidiaries.

BancoEstado subsidiaries are independent companies with their own objectives and strategies; they share the corporate mission and are part of the same team. The corporate governance of all these companies depends on the Executive Committee.

- **BancoEstado Managers and Heads and subsidiaries.**

They must ensure compliance with the policies established for the prevention of these crimes; have an active role in supervision and control through identification, analysis, evaluation, management, monitoring and communication of the risks associated with this Law. Likewise, they must inform the Crime Prevention Officer of any observed situation that relates to a breach of Law N°20,393 and the procedures related to the Crime Prevention Model.



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PREVENTION
MANUAL

CRIME PREVENTION
MODEL

RESPONSIBILITY OF CORPORATE GOVERNANCE

The Crime Prevention Model relies on work standards, training programs and controls applicable to the daily operations of the business in those areas liable to crime.

LABOR MATTERS

It comprises the existence of norms related to duties and obligations, actions and internal administrative sanctions of all workers, as well as procedures for reporting or establishing responsibilities against persons who fail to comply with the Crime Prevention Model in accordance with requirements of the Law.

BUSINESS CHARACTERISTICS

It consists of the integration or adaptation of commercial or support policies, manuals, rules and internal procedures for those processes where there is a better exposure to commit a crime contemplated in Law N°20,393. The Corporation has set definitions to reasonably ensure the mitigation of crimes. Among them are:

a) SUPPLIERS

- Every provider in the selection process will be checked against lists of vendors banned by reason of money laundering and/or terrorist financing.
- Vendors who have been sanctioned for any of the crimes in Law N°20,393 will not be contracted.
- A signed Affidavit of Commercial and Family Relationship must be required from the supplier, which includes among others, declare to know the scope, regulations and sanctions contained in Law N°20,393.
- Contracts and/or purchase orders that put in due form the relationship with the supplier must contain the Law N°20,393 clause, recognizing in this way the supplier is aware of said regulation.
- The Logistics Management office will carry out an annual review of all suppliers with a valid contract and inform the Compliance Department of cases outside the norm.
- BancoEstado and subsidiaries employees will refrain from receiving gifts from suppliers.



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CRIME
PREVENTION
MANUAL

CRIME PREVENTION
MODEL

b) Clients

- Controls will be carried out to check clients against restricted lists (OFAC/ONU), so as not to operate with said clients.
- Commercial activities related to provide sponsorships, gifts and others are regulated by the Bank.
- Special attention must be placed on customers from state agencies, as you want to prevent the crime of bribery.

c) Special Recommendations on Treatment towards Controlled Employees

These recommendations are aimed at preventing behaviors that could be linked to actions classified as “bribery offenses”, whereby personnel from BancoEstado and its subsidiaries may be involved with employees of regulatory bodies, supervisory entities of the State, State companies, among others, thus compromising the name, prestige and criminal responsibility of the BancoEstado Corporation.

In particular, this protocol seeks to avoid or alert possible behaviors related to:

- Require from employees or employees of regulatory entities special treatment or benefits to avoid possible observations, fines or other actions of theirs within the framework of the laws that assist them.
- Offer or consent to give some economic or other benefit to municipal inspectors, heads of municipal or other municipal departments or works, aimed at obtaining municipal permits, patents, authorizations for works, etc.
- It is strictly prohibited to offer, promise, give, or consent to give any type of economic or other benefits to public officials, either national or foreign, and private entities, or institutions to carry out any business within the Bank's normal commercial operations. This includes bribery through direct or indirect political contributions, as well as through philanthropic and/or social contributions.



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CRIME
PREVENTION
MANUAL

CRIME PREVENTION
MODEL

MODEL COMPONENTS

TRAINING

BancoEstado and its subsidiaries are periodically trained through the Compliance Department on the main characteristics related to Law N°20.393 on Criminal Liability of Legal Persons and the Crime Prevention Model.

The training provided, whether in person or through e-learning, is mandatory for all workers.

SPREADING THE CRIME PREVENTION MANUAL

The Crime Prevention Officer, both at BancoEstado and subsidiaries, must ensure an effective communication at all levels of the organization, of said manual, which is available on the Intranet.

- **Prevention Management Communication**

The Executive Committee and board directors of subsidiaries must be permanently informed on the results of crime prevention management and the level of compliance of all areas. This process will be applied at least semiannually, through reports issued by the Compliance Department in the case of the Bank, and by the board directors of each of the subsidiaries.

- **Complaints Channel and the Criminal Responsibility Law**

Complaint channels are available and procedures have been designed to receive, analyze and accept breach cases of eventual or possible commission of crimes that may have been committed by workers, suppliers, contractors or customers in relation to the provisions described in Law N°20,393 and/or contained in the various internal regulations.

- **Complaints Management Related to the Criminal Responsibility Law**

The Crime Prevention Officer must review, analyze and forward, where appropriate, whenever an event or complaint associated with the crimes of the law occurs.

BANCOESTADO INTERNAL AUDIT AND SUBSIDIARIES

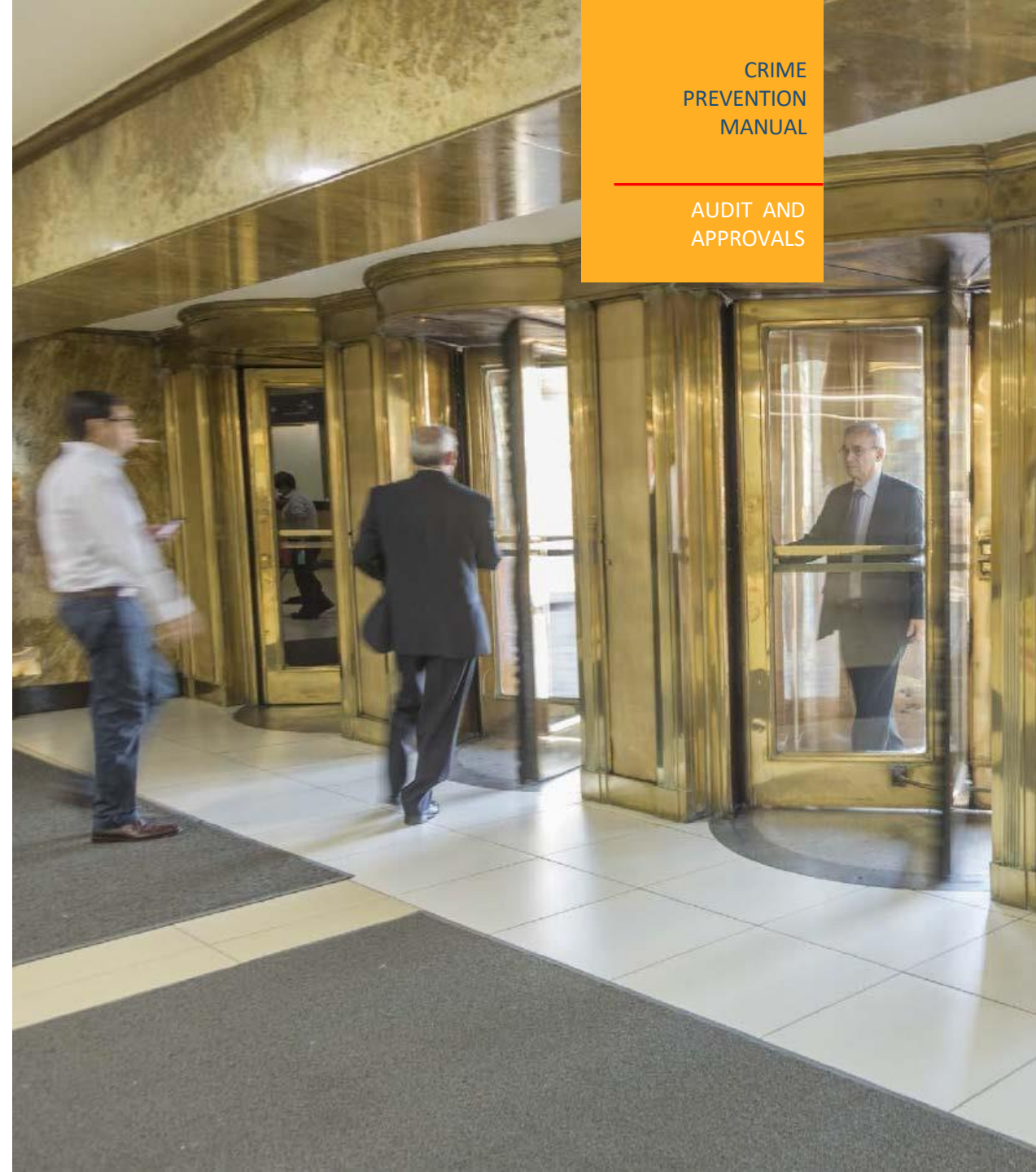
The Controller office of BancoEstado will be responsible for carrying out independent reviews of the performance of the Crime Prevention Officer of the Bank and subsidiaries, in relation to the implemented Model and verify the application of the risk mitigation controls of this Law.

APPROVALS

The Crime Prevention Manual herein is part of the Crime Prevention Model, Law N°20,393, which BancoEstado's Executive Committee and the corresponding board directors of the subsidiaries have adopted and approved. Its use and observance is mandatory for all workers, including those who work in subsidiary companies, regardless of their hierarchical position or type of labor contract.

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AUDIT AND
APPROVALS





CRIME PREVENTION MANUAL LAW N°20,393 ON LEGAL RESPONSIBILITY OF LEGAL PERSONS

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