



## APPENDIX N°1



# CORPORATE GOVERNANCE POLICY BANCOESTADO

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## INTRODUCTION

Banco del Estado de Chile, also known as BancoEstado, is a state-owned company with autonomy, legal personality, and its own assets. It operates indefinitely and is subject to the exclusive supervision of the Financial Market Commission (CMF, by its Spanish acronym). The Bank maintains a relationship with the Government through the Ministry of Finance.

BancoEstado plays a role in the country's economic development by providing banking and financial services to promote the development of national economic activities. To achieve its objectives, BancoEstado has a corporate governance structure established by the Organic Law of the Banco del Estado de Chile (D. L. 2,079 of 1977). This regulatory framework defines the main characteristics of its structure and operation.

This policy is based on the definition provided by the CMF, stating that corporate governance is “the set of bodies, guidelines, and practices that influence the decision-making process of the Bank, contributing, among other things, to the sustainable creation of value in a framework of transparency and proper management and control of risks”.<sup>1</sup> Additionally, the policy draws inspiration from best practices gathered from international instances such as the Organisation for Economic Co-operation and Development (OECD) Principles of Corporate Governance,<sup>2</sup> the OECD Guidelines on Corporate Governance of State-Owned Enterprises,<sup>3</sup> the Basel Committee on Banking Supervision's Corporate Governance Principles for Banks,<sup>4</sup> the Dow Jones Sustainability Indexes, and ISO 26000 standards,<sup>5</sup> among others.

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<sup>1</sup> Translated from CMF's “Updated Compilation of Rules for Banks”, Title II, 3.1, Chapter 1-13, [https://www.cmfchile.cl/portal/principal/613/articles-28898\\_doc\\_pdf.pdf](https://www.cmfchile.cl/portal/principal/613/articles-28898_doc_pdf.pdf) (Spanish).

<sup>2</sup> <https://doi.org/10.1787/ed750b30-en>.

<sup>3</sup> <https://doi.org/10.1787/9789264244160-en>.

<sup>4</sup> <https://www.bis.org/bcbs/publ/d328.pdf>.

<sup>5</sup> [https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/iso\\_26000\\_project\\_overview.pdf](https://www.iso.org/files/live/sites/isoorg/files/archive/pdf/en/iso_26000_project_overview.pdf).

## CHAPTER 1: CORPORATE VALUES AND INSTITUTIONAL PRINCIPLES

### Purpose

We exist to promote an innovative, social, and sustainable financial ecosystem that makes Chile a better country.

### Mission

We create innovative, sustainable, and inclusive financial solutions for the progress of all individuals and their communities.

### Vision

We work to be the closest, most sustainable, and innovative financial institution, a pillar for the digital and green development of Chile and the well-being of all its inhabitants.

Considering the **purpose**, **mission**, and **vision** as a whole, BancoEstado is the public bank of Chile, driving the well-being and development of each citizen and their territories through financial solutions. It is a crucial agent for transforming Chile into a more prosperous and sustainable country.

### Positioning

The best bank for Chile is the best bank for me.

### Corporate Values:

- Joy and pride of belonging: We are deeply moved and feel good to share our progress and scope in financial inclusion and contribution to the development of people, SMEs, companies, and organizations in Chile.
- Empathy and collaboration: We always seek to put ourselves in the place of our clients, recognizing them as similar in dignity and in their capacity to be protagonists, with our contribution, to their development.
- Ethics: Our actions always speak of our unrestricted respect for the dignity of the person we have in front of us, through any means, seeking that our actions and stories are aligned with our values and purpose.
- Passion for a job well done: We put all our inner strength and enthusiasm to always go further without ever settling for the challenges already achieved.
- Perseverance and commitment: No one and nothing deviates us from the path to achieve our purpose.

## **General Principles**

### **Respect for Human Rights**

Promoting and respecting Human Rights under the guidance of the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and other internationally recognized frameworks adopted by the State of Chile.

Recognizing the contribution of businesses in promoting human rights, gender cross-cutting views, and economic empowerment of women, BancoEstado aims to contribute to a more equal, developed, and sustainable society.

In matters of equity, inclusion, and diversity, BancoEstado advocates for all inhabitants of the country to access our products and services with autonomy, equal treatment, and no discrimination. The same principle applies to employees in the performance of their duties.

BancoEstado prohibits all forms of harassment, abuse, or inappropriate treatment, and any kind of discrimination in all areas of its operation, whether concerning employees, customers, potential customers, suppliers, contractors, or anyone interacting with the institution.

### **Compliance with legislation**

Compliance with current legislation and promoting free competition practices, while consistently reviewing and strengthening its corporate governance practices.

### **Transparency and information.**

Encouraging transparency by establishing adequate communication channels to disseminate, clearly and concisely, information that has an impact on society.

### **Prevention of unlawful conduct.**

Establishing necessary measures to prevent and avoid the use of BancoEstado's products and services for illicit activities such as terrorism financing, money laundering, and fraud. In alignment with this commitment, we actively collaborate with regulatory authorities in supervision and compliance with regulations.

### **Risk management.**

Prudently managing both financial and non-financial risks through supervisory mechanisms following current risk matrices and policies.

### **Due process for complaints.**

Maintaining a channel accessible to employees, suppliers, customers, community, and any interested party, enabling the reporting of behaviors that do not align with the standards outlined in current legislation or the codes of conduct established by the Bank.<sup>6</sup>

### **Integration of social and environmental criteria.**

Promoting the integration of social and environmental criteria into the decision-making process of the Bank throughout all its processes and across the entire value chain.

The Communications department of the Bank is responsible for engaging with relevant stakeholders, allowing them to address inquiries regarding the main risks, and publicly known financial, economic, legal, and business situations of BancoEstado. Additionally, the company has a public complaints channel available to all stakeholders.

Lastly, the BancoEstado Group has implemented various internal policies regulating its operation and development, aiming to uphold the principles mentioned earlier. These policies include, among others, the Policy for Purchasing Goods and Services, Quality and Transparency Policy, Comprehensive Risk Management Policy, Corporate Sustainability Policy, Climate Change and Environmental Management Policy, Tax Policy, and Prevention of Money Laundering and Financing of Terrorism Policy.

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<sup>6</sup> See page 15, Chapter 4, "Good Practices" > "Conduct Standards".

## **CHAPTER 2. CORPORATE GOVERNANCE BODIES.**

The main instances of the corporate governance of the BancoEstado Group are as follows:

### **Board of Directors**

The senior direction of BancoEstado, under Article 8 of the Organic Law of BancoEstado, is entrusted to the Board of Directors. This body functions as a collegiate body and consists of seven directors, six appointed by a Supreme Decree of the President of the Republic through the Ministry of Finance, and one representing the bank's employees, along with a substitute, elected through direct voting by the employees.

The functions of the Board of Directors, in its role of exercising the senior direction of the bank, include: establishing the general policy of the bank, setting the general rules for its operations; issuing internal regulations governing the bank; approving the staff's remuneration system; creating or eliminating branches within the country or abroad; exercising superior supervision and oversight of the bank. For these purposes, it will periodically analyze the progress of its operations and activities; approve the annual balance sheet and report, inform the President of the Republic about the operation and development of the company, and propose the destination of profits at the end of each fiscal year; and performing other functions specified by law and regulations, as well as expressing opinions on matters submitted for its knowledge by the Executive Committee.

The Board of Directors holds monthly sessions.

### **Executive Committee.**

The senior management of the bank, as established in Article 8 of the Organic Law of BancoEstado, is vested in the Executive Committee. This body comprises the Chairman and Vice-chairman, who are also members of the Board of Directors, and the Chief Executive Officer, all appointed by the President of the Republic, through a Supreme Decree issued by the Ministry of Finance.

Among its main functions is the administration and operation of the company, as well as agreeing, executing, and engaging in any activities that promote the achievement of the bank's objectives. Additionally, it is responsible for determining the conditions and modalities of operations, approving the annual budget for investments and expenses, overseeing compliance with agreements, rules, and instructions, and providing periodic reports to the Board of Directors on the company's operation.

The Committee must manage the bank in compliance with current legal and regulatory provisions, as well as the policies and norms issued by monetary authorities, the Board of Directors, and the Financial Market Commission.

The Executive Committee holds weekly sessions.

In addition to the main corporate governance bodies mentioned, here is a part of the network of supporting committees of the Executive Committee. These committees, as stipulated in Chapter 1-4 of the CMF's Updated Compilation of Regulations,<sup>7</sup> are those that allow the administration to address specific aspects of their competence and constitute necessary bodies for good corporate governance.

### **Audit Committee.**

The Audit Committee collaborates in maintaining and applying the internal controls of the Bank and its subsidiaries. It also monitors compliance with the rules and procedures governing their operations and analyzes potential risks in the business activities. Its function complements the one assigned to the Bank's Comptroller by the Organic Law, serving as a link and coordinator between internal audit and external auditors. This involves proposing a list of auditors for the financial statements to the Executive Committee and Board of Directors, analyzing their planning and reports, analyzing balances and financial statements, methodologies and reports from credit rating agencies, as well as the plan, methodology, and reports from the Comptroller, among other permanent and non-permanent functions.

The Audit Committee holds monthly sessions.

### **Compliance and Conduct Committee.**

Its objective is to ensure compliance, in BancoEstado and its subsidiaries, with current legislation regarding anti-money laundering and counter-terrorism financing, corporate criminal liability, free competition, and conduct, under the provisions of the Code of Conduct for the Securities Market, the Ethics Manual, and the Internal Regulations for Order, Hygiene, and Safety.

Furthermore, through the Compliance Office, the matters reviewed in the Compliance and Conduct Committee are periodically reported to the Board of Directors and the Executive Committee.

The mentioned committees periodically report to the Board of Directors.

### **Ethics Committee.**

The Ethics Committee contributes to respecting, promoting, and improving practices and behaviors that embody our institutional values, both at the employee level and in our relationship with customers.

### **Innovation Committee.**

The main objective of the Innovation Committee is to envision the bank of the future, promote innovation initiatives based on technology and collaboration with fintechs, technological startups, or any other area that has a positive impact on the industry, through supporting and fostering partnerships.

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<sup>7</sup> [https://www.cmfchile.cl/portal/principal/613/articles-28891\\_doc\\_pdf](https://www.cmfchile.cl/portal/principal/613/articles-28891_doc_pdf) (Spanish).

### **MSMEs Development Committee.**

Corporate governance body whose main objective is to drive, monitor, and follow up on the development and execution of a strategy to support micro, small, and medium-sized enterprises.

### **Technology Committee.**

Responsible for overseeing and monitoring key technology-intensive projects in line with BancoEstado's technological strategy related to its operations and ensuring their progress.

### **People Development Committee.**

Responsible for analyzing and monitoring the people development strategy and its alignment with the business strategy, with a corporate vision, ensuring the development of BancoEstado's values and the well-being of the working environment.

### **Strategic Communications Committee.**

The main objective of the Strategic Communications Committee is to develop a comprehensive communication strategy for the Group and address specific situations regarding the Bank's role in the media and public opinion.

Both the Board of Directors and the Executive Committee, as well as all supporting committees, have their respective statutes that regulate the objectives, tasks, and responsibilities of their members, the rules for their operation, the frequency of their sessions, and the minutes, among other aspects.

### **Chief Executive Office, General Attorney's Office, senior management areas, and the Comptroller:**

They are responsible for implementing the guidelines set by the Executive Committee within their area of competence. The following are areas outlined in the Organic Law of BancoEstado:

Chief Executive Office	It exercises immediate administration of the Bank according to the powers conferred and instructions given by the Executive Committee. Among its functions, it is especially responsible for coordinating the senior managers areas; and presenting to the Executive Committee, either by the CEO or by designated officials, status reports or detailed information about the progress of the company; among other duties.
General Attorney's Office	It is responsible for advising the senior authorities of the Bank and other company officials on legal

	matters and ensuring that the Bank's agreements, acts, and contracts comply with current regulations.
General Management of Loans	The area responsible for providing the necessary instructions and recommendations for the efficient management and smooth operation of the bank's credit operations. It resolves credit requests submitted to the Bank within the powers granted by the Executive Committee.
General Management of Administration	It is responsible for proposing to the Executive Committee policies for the administration of people and equipment of the Bank, personnel development and training policies, and the acquisition, leasing, or selling of goods necessary for its service or operation. It also proposes to the CEO the hiring, promotion, transfer, secondment, disciplinary sanctions, acceptance of resignations, and termination of employment contracts of the Bank's workers, in accordance with the policies established by the Executive Committee for this purpose.
General Management of Finance	It is responsible for proposing to the Executive Committee the necessary instructions and recommendations regarding the raising of financial resources for the company, as well as the financial investment policy, the administration of this portfolio, and its proper profitability. It is in charge of managing a reliable statistical and data processing system. Periodically, it presents to the Executive Committee balance sheets and financial statements that allow an understanding of the institution's business performance.
Comptroller's Office	It is responsible for the internal inspection and auditing of the accounts, services, and dependencies of the Bank.

In addition to the mentioned departments outlined in the Organic Law of BancoEstado, there are divisional management created by the Executive Committee, in the exercise of its powers, responsible for planning and management control, the field of products for individuals, savings and housing, risks, operations and technology, branches, communications, sustainability, and compliance, among others.

### **CHAPTER 3. BANCOESTADO GROUP: SUBSIDIARIES AND SUPPORTING COMPANIES.**

The BancoEstado Group, in its pursuit of achieving its objectives, relies on a set of subsidiaries and companies supporting the business that complement the financial and commercial services offered by the Bank. These companies specialize in their respective areas of operation, allowing for more efficient management and ensuring, at the same time, the provision of the highest quality service to our clients. Additionally, they contribute to enriching our value proposition.

To ensure coordinated and efficient management between the Bank and its subsidiary companies and supporting business entities while guaranteeing the necessary autonomy, we have established the Supervision Model for Subsidiary Companies. This model, approved by the Executive Committee, is periodically reviewed and updated.

#### **BancoEstado Microempresas S. A. Asesorías Financieras.**

This subsidiary, established in 1996, aims to promote equal opportunities in financing for micro-entrepreneurs in Chile, particularly entrepreneurs, making a substantial contribution to national economic development.

#### **Sociedad de Servicios Transaccionales CajaVecina S. A.**

CajaVecina is a banking correspondent network that has been operating since 2005, through neighborhood stores installed throughout the country, providing a friendly and accessible range of banking services. Its mission is to be an inclusive, close, and reliable network of transactional solutions—a secure and innovative network that reaches everyone, contributing to the social and economic well-being of the country.

#### **BancoEstado S. A. Administradora General de Fondos.**

Since 1997, this entity has specialized in providing investment solutions for companies, institutions, and individuals through mutual funds.

#### **BancoEstado Contacto 24 horas S.A.**

It is a supporting company for BancoEstado, created in 2001, whose function is to provide non-face-to-face services to BancoEstado, with national and international coverage, using telephone and internet channels. The services provided include customer acquisition, delivery of information about products or services, notification of maturity of obligations, telemarketing, technical assistance, data updates, opinion and customer satisfaction surveys, and advertising tracking.

#### **BancoEstado Centro de Servicios S. A.**

With its trade name BancoEstado Express, this subsidiary created in 2004 aims to provide users of the banking entity with a service model that supports the BancoEstado service network, ensuring millions of people access to a wide range of banking services. This contributes to the financial inclusion of the country.

#### **BancoEstado Corredores de Bolsa S. A.**

Established in 1989, this entity aims to meet the financial product and service needs of individual customers, small businesses, and large enterprises. It brings stock investment products closer to customers at competitive, reliable, and transparent costs.

#### **BancoEstado Corredores de Seguros S. A.**

Established in 1999, this subsidiary aims to offer BancoEstado's clients a wide range of affordable insurance products with the best coverage, reaching segments that, due to their socioeconomic conditions, may not have access to these products. This way, BancoEstado fully entered as a channel for the mass marketing of insurance.

#### **BancoEstado Servicios de Cobranza S. A.**

Established in 1999, this subsidiary aims to execute collection actions based on institutional values that emphasize respect for individuals. The focus is on generating segmented strategies considering the characteristics, conditions, and specific situations of delinquent debtors.

#### **Red Global S. A.**

Red Global was established in 2017 as a support company for BancoEstado. This company has the mission to support the economic and social development of the country by implementing a new acquiring network under the brand Compraquí. This enables thousands of micro and small businesses, as well as self-employed workers, to accept credit and debit card payments from all banks without fixed costs.

## **CHAPTER 4. BEST PRACTICES.**

### **Induction Process.**

It is established as a good corporate governance practice to have a formal induction process for new authorities, ensuring that it takes place within a timeframe that allows them to assume their roles well-informed. The induction process involves various sessions to review, among other things, aspects of the corporate governance of the BancoEstado Group, the Bank, and its relationship with its subsidiary companies, support companies, and affiliates, as well as specific matters related to the administration and management of the Bank.

The coordination of these sessions will be handled by the General Secretariat, an area under the jurisdiction of the General Attorney's Office.

### **Periodic training for senior leadership.**

The senior leadership, including the Directors, members of the Executive Committee, and divisional managers, undergoes periodic training on various topics such as money laundering prevention, counter-terrorism financing, implications of the law on the criminal liability of legal entities, competition law, fraud, risks, banking products, ESG issues (green finance and human rights, among others), open finance, leadership, etc., through in-person courses or e-learning. Additionally, various courses of interest are available on the CampusBE platform.

Furthermore, specific annual training in cybersecurity and information security matters is established for the members of the Executive Committee. The coordination of this training will be handled by the responsible area within Corporate Risk Management.

### **Self-assessment processes.**

A formal self-assessment process is established as a good corporate governance practice for the members of the Executive Committee. This allows them to evaluate their performance in formal aspects of the functions and tasks they undertake.

The information obtained from the self-assessment process will enable making necessary adjustments or improvements to the internal processes of the corporate governance entities.

The coordination of the annual self-assessment process is managed by the General Secretariat, a department under the General Attorney's Office, which will present the results to the Executive Committee at the end of each process.

### **Board of Directors and Executive Committee Agendas.**

The main instances of corporate governance within BancoEstado Group, namely the Board of Directors and the Executive Committee, annually define and approve agendas. These agendas encompass topics of analysis and reports required by law, regulations from the CMF, or internal policies. These matters are scheduled for discussion and approval at specific dates throughout the year.

This corporate governance best practice allows for the prior analysis, understanding, and identification of subjects to be submitted for knowledge and/or approval by the Board of Directors and the Executive Committee. This approach facilitates a comprehensive understanding of the nature of these matters, enabling members to address them with a broader perspective, thereby aiding and improving their functions and performance.

Similarly, concerning Board of Directors sessions, to encourage a more participatory involvement of employees working in various locations across the country, efforts will be made to hold sessions outside the Metropolitan Region.

The CEO prepares and defines agenda proposals for subsequent approval by the Board of Directors and the Executive Committee. The monitoring of agenda fulfillment is overseen by the General Secretariat, a department under the General Attorney's Office.

### **Support Committees.**

The Executive Committee, responsible for the administration of the Bank, has a network of support committees for the analysis of various matters of interest. This network, incorporating perspectives and contributions from different areas of BancoEstado Group, enables a more comprehensive and integral review and evaluation before presenting these matters to the Executive Committee.

Additionally, this administration support committee network undergoes periodic review by the Executive Committee concerning its operation, objectives, frequency of functions, and members, among other aspects. This allows for adjustments to the statutes of these committees when circumstances warrant.

In addition to the support committees mentioned in Chapter 2, the Executive Committee has other support committees that report periodically. They fulfill specific functions to analyze, define, and manage strategies for achieving business goals and objectives. These committees are:

- Operational and Technological Risk Committee
- Credit Risk Committee
- Assets and Liabilities Committee
- Corporate Sustainability Committee
- Quality and Transparency Committee
- Commercial Coordination Committee
- Guarantees Funds Oversight Committee
- Capital Management Committee

### **Hiring of Experts.**

For proper management and implementation of specific matters, the administration may hire expert advisors in accounting, tax, financial, legal, or other matters. Such hiring will be governed by current policies and the purchasing manual.

### **Conduct Standards.**

The constant review and assessment of best practices in probity and transparency, fostering an internal culture at BancoEstado, as well as in its relationship with stakeholders, while respecting the human rights agreements signed by the State of Chile, are part of the commitment to maintain a high level of social responsibility.

Ethical management is carried out through the Ethics Committee, the Compliance and Conduct Committee, and the Compliance Office. These entities are responsible for ensuring compliance with current regulations and established internal standards of conduct, aiming to promote a culture of honesty and transparency.

This commitment is outlined in the internal regulatory framework applicable to these matters, as detailed below:

- Ethics Manual
- Securities Market Code of Conduct
- Internal Regulations for Order, Hygiene, and Safety
- Anti-Money Laundering and Counter-Terrorist Financing Policy
- Politically Exposed Persons (PEP) Policy
- Crime Prevention Manual
- Free Competition Promotion Manual
- Corporate Sustainability Policy.

Likewise, to promote the highest standards of integrity and transparency, BancoEstado has an autonomous and externally audited channel. This allows its employees or anyone associated with the organization to make confidential inquiries and reports.

## **CHAPTER 5. BANCOESTADO COMMITTED TO THE SUSTAINABLE DEVELOPMENT OF THE COUNTRY.<sup>8</sup>**

BancoEstado works to provide and facilitate financial access, development, and integration for the largest possible number of individuals, businesses, and institutions in the country. Understanding that this approach generates economic dynamics, it allows them to have a better quality of life. Our efforts to integrate, include, and develop go hand in hand with the organization's overall development, making it possible to achieve our goals as a public bank.

Financial, economic, social, and environmental objectives are coherently related in a long-term perspective that extends beyond the organization's boundaries and immediate results. Our Corporate Sustainability Policy, approved in 2016, outlines the framework and guidelines within which we progress to ensure that we are a sustainable bank that addresses the challenges faced by our country and society.

In this way, sustainability governance is established through the Corporate Sustainability Committee, composed of Executive Committee members and nine of its divisional managers. The committee meets quarterly to oversee the policy's implementation and promote the establishment of a corporate sustainability culture. Additionally, the Executive Committee is informed every four months, and the Board of Directors annually, about the progress in implementing our sustainability strategy.

As a public bank, we are committed to the transition to a low-carbon economy, developing our climate strategy with a fair socioecological perspective that facilitates this transition for our clients, individuals, and businesses, towards a net zero emissions Chile by 2050.

In this context, in 2017, the Social and Environmental Risk Policy was approved, establishing our commitment to promoting sustainable management in companies and their projects financed by the Bank. This involves ensuring that borrowers have formal environmental management procedures to minimize, control, and properly handle any potential negative impacts their operations may have on ecosystems and communities. This policy complements the already established Credit Risk Policy.

Similarly, in 2019, the Climate Change and Environmental Management Policy was approved, covering the areas of application of banking and financial activities, internal management, suppliers, and society. Its governance is situated within the institution's Executive Committee, declaring our commitments to achieving net zero emissions in operations by 2030 and in financed emissions by 2050.

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<sup>8</sup> <https://www.bancoestado.cl/content/bancoestado-public/cl/es/home/inicio---bancoestado-corporativo/acerca-de-bancoestado---bancoestado-corporativo/gestion-de-sostenibilidad---bancoestado-corporativo.html> (Spanish).