

POLITICALLY EXPOSED PERSON (PEP) POLICY





OBJECTIVE

Establish the guidelines that guide the relationship of the BancoEstado Corporation with politically exposed persons (PEP) **in order to avoid exposing our Institution to reputational and/or legal risks** due to the use of public powers of such persons on matters of contracting products or services under special conditions.

SCOPE

This policy applies to all politically exposed persons (PEPs) who contract products and/or services at BancoEstado and subsidiaries, as well as to all those PEP providers that contract for the provision of goods and/or services of any nature with BancoEstado Corporation and to all PEP officials hired by BancoEstado and its subsidiaries, applicable until the person no longer holds the status of a politically exposed person (PEP).



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LEGAL AND
REGULATORY
FRAMEWORK

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- Updated Collection of SBIF Rules - Chapter 1-16 “Transactions with politically exposed persons”
- The Legal Framework for the prevention of money laundering and terrorist financing is determined by Law N° 19,913.
- The Regulatory Framework is set forth by the Financial Analysis Unit (UAF) – Official Letter N°49 and the Updated Collection of SBIF Rules - Chapters 1-14 “Prevention of money laundering and terrorist financing”.



DEFINITION OF POLITICALLY EXPOSED PERSON (PEP)

Let it be understood by Politically Exposed Persons (PEP), **Chilean nationals or foreigners who perform or have performed outstanding public functions** in any country, including Chile, at least up to one year after ending their exercise.

This category includes **heads of state or government**, high-ranking officials and politicians (among them, members of the board of directors of political parties), government, judicial or high-ranking military officers, senior executives of state-owned companies, as well as their spouses, civil partners, relatives up to the second degree of consanguinity (grandfather, father, mother, child, brother, grandchild) and natural persons with whom **they have entered into a joint action agreement through which they have sufficient voting power to influence companies established or incorporated in Chile.**

Furthermore, PEP companies will be considered those in which there is one or more partners with PEP status and whose individual or global participation exceeds 10% or when the legal representative of the company is deemed PEP **all State companies and open stock business appointed by the State are exempted from this rule.**



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PEP DEFINITION

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According to the above, let it be known that in Chile, at least, the following positions qualify as Politically Exposed Persons (PEP):

- President of the Republic, congressmen and mayors.
- Judges of the Supreme Court and Courts of Appeals
- Secretaries of State, undersecretaries, governors, regional secretaries, ambassadors, principal or heads of centralized or decentralized services and the immediate senior manager who should subrogate each of them.
- Commander-in-Chief of the Armed Forces, General Director of Police, General Director of Investigations and the immediate assistant position who should subrogate each of them.
- Board directors and top executives of state-owned companies, as defined in Law N°18,045 and of open stock companies appointed by the State or its agencies.

- Members of the political parties' directives.
- General Attorney, District Attorneys, State and Regional Prosecutors.
- General Comptroller of the Republic
- Counselors of the Central Bank of Chile
- President and Counselors of the State Defense Council.
- Judges of the Constitutional Court and the Free Competition Court.
- Regular and alternate members of the Public Procurement Court.
- Members of the Board of the Public Senior Counsel.

BancoEstado deems the following charges as Politically Exposed Person (PEP):

- Regional Counselors (CORE).
- Municipal Counselors

The PEP condition applies up to two years upon leaving office.

MANAGEMENT OFFICE ACCOUNTABLE FOR THE POLICY

The Compliance Director is accountable for the review, update and monitor this policy, so it responds to an adequate management of the risks associated with operating with politically exposed persons (PEP).

AREAS RESPONSIBLE FOR IMPLEMENTING THE POLICY

Each area involved in each of the fields of action is responsible for implementing the necessary controls to ensure compliance with this policy; this includes areas such as Corporate Risk, Commercial Banks, Logistics and Customer Services.

RESPONSIBLE FOR APPLYING THE POLICY

All employees of the BancoEstado Corporation are responsible for the application of this policy, in particular, the participation of:

- Commercial channels and Customer Services' platforms
- The areas, management offices, branches and subsidiaries that centrally or decentralized provision from suppliers and
- Applicable to employees, all areas that hire staff.



INFORMATION TO THE EXECUTIVE COMMITTEE

The BancoEstado Executive Committee will receive twice a year information from the Compliance Department on operations or contracts with PEP, including the following:

- The politically exposed persons who are clients of the institution, its products or operations and their conditions.
- The contracts established between the Bank and the PEP, whereby they have the quality of providers of goods or services or of commercial counterparts of any nature. Along with providing information on all current contracts, those signed during the period since the last report will be informed, with the background data of the hiring decision.
- Those hired employees who have been identified with the status of Politically Exposed Person (PEP) provider.





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