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Principles for
Responsible Banking

Bci Reporting and Self-Assessment 2024

Principles for Responsible Banking



Principle 1: Alignment



We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.

Business model

Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities across the main geographies in which your bank operates or provides products and services. Please also quantify the information by disclosing e.g. the distribution of your bank's portfolio (%) in terms of geographies, segments (i.e. by balance sheet and/or off-balance sheet) or by disclosing the number of customers and clients served.

Response

Banco de Crédito e Inversiones (Bci) is a financial corporation with operations in Chile, the United States (including CNB, Bci Miami, and Bci Securities), and Peru. With over 85 years of history, Bci has solidified its position in Chile as a leading institution in the national banking sector, holding the largest financial institution position in terms of consolidated assets, loans, and deposits. Bci is also the third-largest bank in Latin America. When considering both domestic and international operations, our total assets exceed USD 90.411 billion as of December 2023. Moreover, we have the most extensive presence of any Latin American bank in the United States. City National Bank of Florida (CNB), a subsidiary of Bci, ranks as the third-largest local bank in the state of Florida.

Our primary business segments include Personal Banking, Wholesale Banking, Investment and Finance, and Líder Bci Financial Services. These units serve over 5 million individuals.

Links and references

Annual Report 2023 p 12, 21

Strategy alignment

Does your corporate strategy identify and reflect sustainability as strategic priority/ies for your bank?

☒ Yes

☐ No

Please describe how your bank has aligned and/or is planning to align its strategy to be consistent with the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.

Does your bank also reference any of the following frameworks or sustainability regulatory reporting requirements in its strategic priorities or policies to implement these?

- ☐ UN Guiding Principles on Business and Human Rights
- ☐ International Labour Organization fundamental conventions
- ☒ UN Global Compact
- ☐ UN Declaration on the Rights of Indigenous Peoples
- ☐ Any applicable regulatory reporting requirements on environmental risk assessments, e.g. on climate risk - please specify which ones: -----
- ☒ Any applicable regulatory reporting requirements on social risk assessments, e.g. on modern slavery - please specify which ones: NCG 461, which includes SASB disclosure and part of TCFD.
- ☐ None of the above

Response

We aim to make a difference by promoting a more inclusive and equitable society through accessible financial solutions, responsible investments, and transparency. By supporting our clients in their transition towards a more sustainable future and instilling a genuine sense of purpose in our employees' daily work, we generate social, environmental and economical impact from our core business. We strongly believe these efforts will increase value and sustain long-term profitability.

To bring these expectations to reality, Bci has defined a sustainability strategy, setting the path to integrate positive social and environmental change into our business. Our strategy focuses on three fundamental pillars:

- **Financing and Investment Solutions with an ESG Focus:** We are committed to offering solutions that drive climate transition.

- **Promoting Inclusion and Sustainable Growth:** We aim to generate social development through solutions that promote access to financial and non financial products, financial health, as well as financial empowerment for our clients and potential clients.

- **Building trust amongst our stakeholders.** We are committed to maintaining coherence between what we say and do through a transparent, empathetic, and responsible business model, strengthening our institutional legitimacy.

Bci supports several voluntary international initiatives, including the Principles for Responsible Investment, and is dedicated to achieving the Sustainable Development Goals (SDGs). Since 2019, we have engaged in climate change initiatives, identifying it as an emerging risk and adopting the Principles and Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Recently, to reinforce our commitment to mitigating climate change, we joined the global Net Zero Banking Alliance (NZBA) to work towards a sustainable economy and collaborate with other actors to combat climate change.

Links and references

Annual Report
2023 p 19-20,
78, 82
Sustainable
Finance Policy

Principle 2: Impact and Target Setting



We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.

2.1 Impact Analysis (Key Step 1)

Show that your bank has performed an impact analysis of its portfolio/s to identify its most significant impact areas and determine priority areas for target-setting. The impact analysis shall be updated regularly¹ and fulfil the following requirements/elements (a-d)²:

a) Scope: What is the scope of your bank's impact analysis? Please describe which parts of the bank's core business areas, products/services across the main geographies that the bank operates in (as described under 1.1) have been considered in the impact analysis. Please also describe which areas have not yet been included, and why.

Response

In 2023, Bci conducted an Institutional Banking Impact Assessment following UNEP FI guidelines. It was decided to prioritize our activities and subsidiaries in Chile, including Bci Financial Services, due to their significance to the overall business. The scope of this analysis covered 64% of total bank loans, 65% of assets, and 79% of net income (2023). The primary business activities considered include consumer and retail banking (digital accounts, checking accounts, savings accounts, and loans), institutional banking, wholesale banking, and SME services.

Foreign operations in the USA and Peru, as well as investment banking, were excluded from this initial analysis but may be included in future assessments.

Links and references

Institutional Banking Impact Assessment 2023

b) Portfolio composition: Has your bank considered the composition of its portfolio (in %) in the analysis? Please provide proportional composition of your portfolio globally and per geographical scope

- i) by sectors & industries³ for business, corporate and investment banking portfolios (i.e. sector exposure or industry breakdown in %), and/or
- ii) by products & services and by types of customers for consumer and retail banking portfolios.

If your bank has taken another approach to determine the bank's scale of exposure, please elaborate, to show how you have considered where the bank's core business/major activities lie in terms of industries or sectors.

¹ That means that where the initial impact analysis has been carried out in a previous period, the information should be updated accordingly, the scope expanded as well as the quality of the impact analysis improved over time.

² Further guidance can be found in the [Interactive Guidance on impact analysis and target setting](#).

³ 'Key sectors' relative to different impact areas, i.e. those sectors whose positive and negative impacts are particularly strong, are particularly relevant here.

Response

Consumer and retail banking were included in our 2023 impact analysis. This segment encompasses Personal Banking, Líder Bci Servicios Financieros (SSFF), and MACH, which together represented 52% of Bci's total portfolio at the time of analysis. We conducted a detailed evaluation of values by product type, including current and savings accounts, and credit. Additionally, where information was available, we further segmented the data by income level, gender, age, and urban/rural demographics.

For corporate banking, which includes Wholesale and SME services, the portfolio of companies analysed represented approximately 33% of Bci's total placements. To classify our portfolio accounts, we utilized the UNEP FI industry breakdown, which consists of 22 sector categories covering 80% of our corporate banking portfolio. Notably, our three primary sector categories are real estate activities, financial service activities (excluding insurance and pension funds), and wholesale trade (excluding motor vehicles and motorcycles).

Links and references

*Institutional Banking
Impact Assessment
2023*

c) Context: What are the main challenges and priorities related to sustainable development in the main countries/regions in which your bank and/or your clients operate?⁴ Please describe how these have been considered, including what stakeholders you have engaged to help inform this element of the impact analysis.

This step aims to put your bank's portfolio impacts into the context of society's needs.

Response

Based on the UNEP FI methodology and a comprehensive understanding of local challenges and opportunities, three topics were identified with the highest level of need (level 4) for Chile:

- *Circularity: This encompasses the intensity of resource use, water consumption per capita, and waste recycling rate. It focuses on promoting sustainable practices to reduce resource depletion and enhance waste management.*
- *Biodiversity and Ecosystem Health: This addresses the protection of endangered species and the improvement of air quality to preserve ecosystems and promote environmental well-being.*
- *Availability, Accessibility, Affordability, and Quality of Resources and Services: This includes various factors such as obesity prevalence, the Population Health Index, water stress, spending associated with housing/mortgage in lower income groups, and the number of hours lost in traffic. It aims to improve the overall well-being of the population by ensuring access to essential resources and services.*

We have also performed a double materiality assessment during 2023, and have identified topics we consider priorities while developing a sustainable business strategy. The topics are related to different stakeholders, such as employees, society and suppliers. The topics are:

Environmental:

- *Climate Strategy*

Social:

- *Financial empowerment*
- *Human Rights*
- *Social innovation in vulnerable communities*
- *Diversity, equity, inclusion and equal opportunities*
- *Attraction and retention of scarce talent*

Governance:

- *Ethical culture*
- *ESG transparency and trust*
- *Corporate integration of sustainability*
- *Sustainable Finance*
- *Personal data management*
- *Innovation, experience, and digization of services*
- *Digital and physical security*

Links and references

Institutional Banking Impact Assessment 2023

⁴ Global priorities might alternatively be considered for banks with highly diversified and international portfolios.

<i>Through this process Bci has been able to identify the areas of main impact and our role in sustainable development, related to ESG issues have been identified as critical areas where efforts need to be focused in Chile to address societal and environmental challenges, promote sustainability, and enhance the quality of life for the population.</i> <i>Lastly, we have joined the Net Zero Banking Alliance to reinforce our commitment to a sustainable economy and address our Climate Strategy pillar.</i>	
Based on these first 3 elements of an impact analysis, what positive and negative impact areas has your bank identified? Which (at least two) significant impact areas did you prioritize to pursue your target setting strategy (see 2.2)⁵? Please disclose.	
Response Based on these considerations, Bci has identified in 2023 the following priority areas: - Financial Health & Inclusion - Climate Stability The results of the impact analysis align well with two of our three current leading priorities: - Sustainable Finance/Investment: We are committed to offering financing and investment solutions with an ESG focus that drives decarbonization. - Financial and Digital Empowerment: We aim to promote inclusion and sustainable growth for our clients by generating social development through solutions that enhance access, financial health, and digital growth.	Links and references <i>Institutional Banking Impact Assessment 2023</i>
d) For these (min. two prioritized impact areas): <u>Performance measurement.</u> Has your bank identified which sectors & industries as well as types of customers financed or invested in are causing the strongest actual positive or negative impacts? Please describe how you assessed the performance of these, using appropriate indicators related to significant impact areas that apply to your bank's context. In determining priority areas for target-setting among its areas of most significant impact, you should consider the bank's current performance levels, i.e. qualitative and/or quantitative indicators and/or proxies of the social, economic and environmental impacts resulting from the bank's activities and provision of products and services. If you have identified climate and/or financial health & inclusion as your most significant impact areas, please also refer to the applicable indicators in the Annex. If your bank has taken another approach to assess the intensity of impact resulting from the bank's activities and provision of products and services, please describe this. <i>The outcome of this step will then also provide the baseline (incl. indicators) you can use for setting targets in two areas of most significant impact.</i>	
Response Based on the results of our latest impact assessment, national context and confirmed by the findings from our 2023 double materiality	Links and references

⁵ To prioritize the areas of most significant impact, a qualitative overlay to the quantitative analysis as described in a), b) and c) will be important, e.g. through stakeholder engagement and further geographic contextualisation.

assessment, we have concluded that our financial and non financial offering have the potential to generate risks (negative impacts) and opportunities (positive impacts). In terms of impact generation, the products and services in consumer and retail banking generally have positive associations. Bci's consumer and retail banking division has the greatest positive impact in the areas of financial health and inclusion, as well as equality and justice, with a particular focus on young people and women. However, credit cards, overdraft credit, and lines of credit might have potential negative impacts due to the risk of financial indebtedness which could impact financial health. Bci is actively investigating these impacts to determine their scope. For the corporate banking division (Wholesale and SME), impact can mainly be generated through our product offerings and efforts to reduce the CO2 exposure of our clients and Bci assets, in line with climate stability goals.	<i>Annual Report 2023, p 80-81</i>
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Self-assessment summary:

Which of the following components of impact analysis has your bank completed, in order to identify the areas in which your bank has its most significant (potential) positive and negative impacts?⁶

Scope:	☒ Yes	☐ In progress	☐ No
Portfolio composition:	☒ Yes	☐ In progress	☐ No
Context:	☐ Yes	☒ In progress	☐ No
Performance measurement:	☐ Yes	☒ In progress	☐ No

Which most significant impact areas have you identified for your bank, as a result of the impact analysis?

Climate change mitigation, climate change adaptation, resource efficiency & circular economy, biodiversity, financial health & inclusion, human rights, gender equality, decent employment, water, pollution, other: please specify

How recent is the data used for and disclosed in the impact analysis?

- ☐ Up to 6 months prior to publication
- ☐ Up to 12 months prior to publication
- ☒ Up to 18 months prior to publication
- ☐ Longer than 18 months prior to publication

Open text field to describe potential challenges, aspects not covered by the above etc.:
(optional)

⁶ You can respond "Yes" to a question if you have completed one of the described steps, e.g. the initial impact analysis has been carried out, a pilot has been conducted.

2.2 Target Setting (Key Step 2)

Show that your bank has set and published a minimum of two targets which address at least two different areas of most significant impact that you identified in your impact analysis.

The targets⁷ have to be Specific, Measurable (qualitative or quantitative), Achievable, Relevant and Time-bound (SMART). Please disclose the following elements of target setting (a-d), for each target separately:

a) Alignment: which international, regional or national policy frameworks to align your bank's portfolio with⁸ have you identified it as relevant? Show that the selected indicators and targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.

You can build upon the context items under 2.1.

Response

Bci has aligned its long-term strategy with the transition to a low-carbon economy in accordance with the Paris Agreement by joining the Net Zero Banking Alliance in July 2023. We are currently working on establishing a baseline and setting reduction targets in line with our portfolio and strategy.

Links and references

Annual Report 2023
p 82-.83

b) Baseline: Have you determined a baseline for selected indicators and assessed the current level of alignment? Please disclose the indicators used as well as the year of the baseline.

You can build upon the performance measurement undertaken in 2.1 to determine the baseline for your target.

A package of indicators has been developed for climate change mitigation and financial health & inclusion to guide and support banks in their target setting and implementation journey. The overview of indicators can be found in the [Annex](#) of this template.

If your bank has prioritized climate mitigation and/or financial health & inclusion as (one of) your most significant impact areas, it is strongly recommended to report on the indicators in the Annex, using an overview table like below including the impact area, all relevant indicators and the corresponding indicator codes:

Impact area	Indicator code	Response
Climate change mitigation	A.1.1	In progress of setting our Decarbonization Strategy
	A.1.2	Yes, Net Zero by 2050, baseline and targets in progress
	A.1.4	Yes, corporate stocks and bonds, commercial loans and investments in unlisted companies, project finance, commercial real estate, mortgages, automobile loans and sovereign debt.

⁷ Operational targets (relating to for example water consumption in office buildings, gender equality on the bank's management board or business-trip related greenhouse gas emissions) are not in scope of the PRB.

⁸ Your bank should consider the main challenges and priorities in terms of sustainable development in your main country/ies of operation for the purpose of setting targets. These can be found in National Development Plans and strategies, international goals such as the SDGs or the Paris Climate Agreement, and regional frameworks. Aligning means there should be a clear link between the bank's targets and these frameworks and priorities, therefore showing how the target supports and drives contributions to the national and global goals.

Impact area	Indicator code	Response
Financial health & inclusion	B.1.1	Focused on financial health: - MACH (and its services) - “Mis finanzas” on personal banking - Financial Education programs - Savings accounts - SMEs Checking Accounts - Digital Checking accounts
	B.2.1	1.548.133 unique users of Con Letra Grande education program.
	C.1.1	Focused on financial inclusion: - MACH (and its services) - “Mis finanzas” on personal banking - Financial Education programs
c) SMART targets (incl. key performance indicators (KPIs)): Please disclose the targets for your first and your second area of most significant impact, if already in place (as well as further impact areas, if in place). Which KPIs are you using to monitor progress towards these targets? In case you have identified other additional indicators as relevant to determine the baseline and assess the level of alignment towards impact driven targets, please disclose these.		
Response By joining the Net Zero Banking Alliance in July 2023, Bci committed to achieve net zero emissions by 2050. Currently, our team is defining preliminary targets and establishing a baseline for at least two sectors or a strategic business unit. Bci is planning to establish SMART targets (second part of 2024) of 2025. In the meantime, Bci is identifying several opportunities to improve both data capture and data quality. Regarding financial inclusion and health, our team has not yet defined specific SMART targets as we have only recently established our baseline. However, we are collaborating with our D&A team and business unit to identify an indicator that aligns with our business strategy and generates significant impact. Financial Health and Inclusion Our baseline for financial inclusion includes 2.172.757 underserved individual clients, including women, elderly individuals, and young people under 25 years old. With these baselines established, we have been able to develop SMART targets and create financial services for many years to generate positive social impact. We are convinced that our yet to be established SMART targets, will contribute to enhancing our efforts and improving existing initiatives. Climate Stability In 2023, a new measurement of financed emissions was conducted for our Wholesale segment. This year our measurement added 17 new companies, which supports small and medium-sized enterprises, impacting over 282,000 businesses. Additionally, through MACH, we pioneered in Chile by measuring facilitated emissions through Bci Corredor de Bolsa. As a result, Bci obtained a total of 14,087,479 tons of CO2 equivalent, with 18.905.588 MM CLP of measured stock.		Links and references Annual Report 2023, p.79, 83 Annual Report 2023 p.86
Response Regarding financial inclusion, our baseline includes 2.172.757 underserved individual clients, including women, elderly individuals, and young people under 25 years old. With these baselines established, we have been able to develop SMART targets and create financial services for many years to generate positive social impact. We are convinced that our yet to be established SMART targets, will contribute to enhancing our efforts and improving existing initiatives. Climate Stability In 2023, a new measurement of financed emissions was conducted for our Wholesale segment. This year our measurement added 17 new companies, which supports small and medium-sized enterprises, impacting over 282,000 businesses. Additionally, through MACH, we pioneered in Chile by measuring facilitated emissions through Bci Corredor de Bolsa. As a result, Bci obtained a total of 14,087,479 tons of CO2 equivalent, with 18.905.588 MM CLP of measured stock.		Links and references Annual Report 2023, p 9, 19, 93-94

offer free online access to a 100% digital account. This service aims to include women, elderly people, and young individuals under 25 (segments prioritized by our financial inclusion strategy), as well as historically underserved segments like immigrants and low-income individuals. Furthermore, Bci is proud to be the first Chilean bank to offer a financial health tool “Mis Finanzas” that helps clients track monthly expenses versus their budgets and provides a financial health indicator.

Climate Stability

While working on our sectoral targets, we have been working on defining our decarbonization strategy based on five pillars: (1) Decarbonization Plan, (2) Opportunity Development, (3) Climate Risks, (4) Governance and capacities, and (5) Reportability and Disclosures. Based on these pillars, we have recently designed our 2024-2025 *Decarbonisation roadmap* that identifies the actions and timeline towards our decarbonization journey.

To date, we have issued USD 207 million in Green Bonds and maintain a Sustainable Finance Stock of CLP 877,753 million.

Self-assessment summary

Which of the following components of target setting in line with the PRB requirements has your bank completed or is currently in a process of assessing for your...

	... first area of most significant impact: ... (please name it)	... second area of most significant impact: ... (please name it)	(If you are setting targets in more impact areas) ...your third (and subsequent) area(s) of impact: ... (please name it)
Alignment	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Baseline	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No
SMART targets	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No
Action plan	☐ Yes ☒ In progress ☐ No	☐ Yes ☒ In progress ☐ No	☐ Yes ☐ In progress ☐ No

2.3 Target implementation and monitoring (Key Step 2)

For each target separately:

Show that your bank has implemented the actions it had previously defined to meet the set target.

Report on your bank's progress since the last report towards achieving each of the set targets and the impact your progress resulted in, using the indicators and KPIs to monitor progress you have defined under 2.2.

Or, in case of changes to implementation plans (relevant for 2nd and subsequent reports only): describe the potential changes (changes to priority impact areas, changes to indicators, acceleration/review of targets, introduction of new milestones or revisions of action plans) and explain why those changes have become necessary.

Response

As previously stated, we have embarked on our Net-Zero journey and are currently in the process of establishing our first round of reduction targets. This effort is supported by years of monitoring our own emissions and two years monitoring our financed emissions. Simultaneously, we are working on setting SMART targets for financial health and inclusion, building upon our recently established baseline of underserved clients and financial health metrics.

Links and references

Annual Report 2023 p 82, 86.

Principle 3: Clients and Customers



We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.

3.1 Client engagement

Does your bank have a policy or engagement process with clients and customers¹⁰ in place to encourage sustainable practices?

☐ Yes ☒ In progress ☐ No

Does your bank have a policy for sectors in which you have identified the highest (potential) negative impacts?

☐ Yes ☒ In progress ☐ No

Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities¹¹). It should include information on relevant policies, actions planned/implemented to support clients' transition, selected indicators on client engagement and, where possible, the impacts achieved.

This should be based on and in line with the impact analysis, target-setting and action plans put in place by the bank (see P2).

Response

Bci aims to support the sustainable transformation of its clients by providing expert sustainability advice. This includes helping clients identify sustainable activities, transform their production processes, and achieve certification. To this end, our Wholesale Banking & Investment division has developed an ESG client engagement process which focuses principally on water management, carbon footprint reduction, and energy efficiency. In 2023, 136 clients were advised through this process. For small and medium-sized enterprises (SMEs), Bci SME Banking has introduced the "Nace" service model. Specialized account executives provide financing and non-financial support to new businesses (operating for less than 12 months). Additionally, Bci established the Centro Nace, Latin America's first financial entrepreneurship centre, located in Santiago. Our collaborative Valor Pyme Program involves Microsoft, the Catholic University of Chile, and the National Entrepreneurs Association, providing comprehensive assistance to SMEs for their growth and success.

Links and references

Annual Report 2023, p 19, 31, 40, 92, 120.

¹⁰ A client engagement process is a process of supporting clients towards transitioning their business models in line with sustainability goals by strategically accompanying them through a variety of customer relationship channels.

¹¹ Sustainable economic activities promote the transition to a low-carbon, more resource-efficient and sustainable economy.

In addition, Bci has a Sustainable financing policy that defines the action framework for Bci to analyse and evaluate new financing opportunities that can be classified as Sustainable Businesses. These opportunities are aimed at:

- Ensuring environmentally friendly operations
- Promoting significant investments in the value or production chains of productive or manufacturing sectors
- Advancing technological innovations in energy efficiency, renewable energies, efficient mobility, and efficient water use

Furthermore, we prioritize customer education on ESG through webinars, newsletters, and advisory services to help integrate ESG principles into their business models.

3.2 Business opportunities

Describe what strategic business opportunities in relation to the increase of positive and the reduction of negative impacts your bank has identified and/or how you have worked on these in the reporting period. Provide information on existing products and services, information on sustainable products developed in terms of value (USD or local currency) and/or as a % of your portfolio, and which SDGs or impact areas you are striving to make a positive impact on (e.g. green mortgages – climate, social bonds – financial inclusion, etc.).

Response

Financial Health and Inclusion

The following innovative offering of products and services demonstrate Bci's commitment to enhancing financial health and inclusion:

- MACH
 - User Base: As Chile's first 100% online account, MACH served 1.875.356 users in 2023.
 - Tu MACH: Designed for children aged 14 to 17, Tu MACH has activated over 40,000 accounts from its introduction.
 - MACH Future: This initiative has enabled CLP 18 billion to be saved from its inception, allowing people to enhance their savings capacity through simple procedures with no associated costs.
- Digital Checking Accounts
 - Individual Accounts: In 2023, over 180,000 digital accounts were opened for individuals.
 - SME Accounts: More than 13,000 digital accounts were opened for SMEs (2023).
- Support for Entrepreneurs
 - Our open program, providing innovative tools and expert knowledge, benefited 282,000 users in 2023.
- Centro Bci Nace: A collaborative workspace for entrepreneurs, used by over 5,500 people in 2023.
- My Finances Program ("Mis Finanzas")

Links and references

Annual Report 2023, p 9, 19, 40, 82, 90-94, 121-123.

○ Financial Monitoring: This program offers a dashboard for monitoring monthly finances, reviewing debt burdens, and diagnosing personal finances. ○ User Engagement: In 2023, 233,747 clients utilized this service. ● Piggybank ○ Savings Encouragement: This feature encourages saving by automatically transferring money from the main account to a secondary account for savings. ○ Savings Growth: In 2023, customers averaged a savings balance of CLP 338,691. <i>Climate Stability</i> Bci is actively working on its decarbonization strategy, aiming for net-zero emissions by 2050. Key products and initiatives include: ● Green Bonds: In 2023, Bci issued USD 207 million in Green Bonds to support environmentally sustainable projects. ● Financing Sustainable Projects: Bci allocated CLP 887,753 million to sustainable projects, promoting environmental and social responsibility. ● Sustainability-Linked Loans: Bci offers various green financing options, including green loans, green mortgage loans, green leasing, and other sustainable financing products. ● Net Zero Banking Alliance: Bci's commitment to the Net Zero Banking Alliance reinforces its urgent and structured approach to achieving decarbonization goals.	
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Principle 4: Stakeholders



We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.

4.1 Stakeholder identification and consultation

Does your bank have a process to identify and regularly consult, engage, collaborate and partner with stakeholders (or stakeholder groups¹²) you have identified as relevant in relation to the impact analysis and target setting process?

☒ Yes ☐ In progress ☐ No

Please describe which stakeholders (or groups/types of stakeholders) you have identified, consulted, engaged, collaborated or partnered with for the purpose of implementing the Principles and improving your bank's impacts. This should include a high-level overview of how your bank has identified relevant stakeholders, what issues were addressed/results achieved and how they fed into the action planning process.

Response

Bci recognizes the fundamental role that various stakeholder groups play in its corporate mission. This year, Bci updated its material sustainability topics, a process last conducted in 2018. For the first time, this exercise followed the double materiality guidelines promoted by the European Commission, using the latest implementation guide published by EFRAG. The process involved engaging various stakeholders, both internal and external, through secondary documents, workshops, and interviews. As a result, the prioritized topics mentioned in this report were also identified as most material both internally and externally.

To better understand and incorporate the visions and expectations of all stakeholders, Bci establishes an annual active listening process. This process strengthens our ability to generate triple impact—economic, social, and environmental. The Corporate Affairs and Sustainability Division is responsible for evaluating, creating, managing, coordinating, and maintaining relationships with stakeholders and the community. Customer and employee relationships are managed by our Customer Experience Division and Human Relations Division, respectively.

Additionally, Bci Asset Management (BAM) has adopted an Active Ownership or Stewardship approach through engagement and voting activities which is defined in its [Sustainable Investment Policy](#). BAM

Links and references

Sustainable Investment Policy (BAM)
(<https://www.bci.cl/corporativo/politicas-y-normas/bci-asset-management-informacion-legal-manuales-politica-de-inversion-sostenibles>)
Annual Report 2023, p 80-81, 118.

¹² Such as regulators, investors, governments, suppliers, customers and clients, academia, civil society institutions, communities, representatives of indigenous population and non-profit organizations

promotes constructive dialogue with companies, driving ambitious and long-term goals, including ESG, for the benefit of its clients. Bci also actively participates in workshops and working groups to enhance its knowledge of financial health and climate stability, including those proposed by UNEP-FI, NZBA, the Chilean Bank Association (Asociación de Bancos e Instituciones Financieras de Chile - ABIF), and Green Finance Public-Private Roundtables.	
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Principle 5: Governance & Culture



We will implement our commitment to these Principles through effective governance and a culture of responsible banking

5.1 Governance Structure for Implementation of the Principles

Does your bank have a governance system in place that incorporates the PRB?

☒ Yes ☐ In progress ☐ No

Please describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support the effective implementation of the Principles. This includes information about

- which committee has responsibility over the sustainability strategy as well as targets approval and monitoring (including information about the highest level of governance the PRB is subjected to),
- details about the chair of the committee and the process and frequency for the board having oversight of PRB implementation (including remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected), as well as
- remuneration practices linked to sustainability targets.

Response

Bci has established a comprehensive governance framework to prioritize sustainability and contribute to the Sustainable Development Goals (SDGs) across its strategy, policies, and programs. This structure comprises several key components:

Sustainability Committee

- Composed of Board members.
- Meets Quarterly.
- Beyond its general duties outlined in the 2023 Annual Report (p.76), the committee provides strategic guidance and oversight, focusing on aligning Bci's sustainability initiatives with the Principles for Responsible Banking (PRB) and promoting responsible banking practices.

Sustainability Steering Committee

- Composed of the first line of management (including the CEO).
- Meets monthly
- In addition to its general duties (mentioned in the 2023 Annual Report, p.76), the Committee drives PBR implementation by establishing necessary structures, approving targets, and monitoring progress. It ensures sustainability is integrated into Bci's decision-making processes and strategic capabilities.

Management Strategy Committee

Links and references

Annual Report 2023, p 19, 54.

• Composed of the second line of management • Meets quarterly • As outlined in the 2023 Annual Report (p.76), the desk integrates sustainable practices and PRB principles into Bci's operations. It oversees the direction, evaluation, and monitoring of ESG projects, including PRB initiatives. Strategic Triads • Composed of the management representatives for specific business units • Meets Monthly. • As detailed in the 2023 Annual Report (p.76), the triads define PRB targets and plans, allocate resources appropriately, and establish action frameworks. They ensure Bci's sustainability objectives are well-defined, adequately resourced, and effectively implemented throughout the organization.	
5.2 Promoting a culture of responsible banking: Describe the initiatives and measures of your bank to foster a culture of responsible banking among its employees (e.g., capacity building, e-learning, sustainability training for client-facing roles, inclusion in remuneration structures and performance management and leadership communication, amongst others).	
<i>Response</i> Established in 2021 as part of the Corporate and International Development Division, the Bci Sustainability Innovation Center of Excellence (CoE) is dedicated to creating, implementing, and disseminating sustainability capabilities across the organization. Part of this capacity building includes: • Corporate learning modules to educate employees about the significance of sustainability within the financial industry. To date, 100% of employees in Bci Asset Management and Bci Corredor de Bolsa have been trained in ESG matters. Bci has also developed a tool to measure the depth of sustainability integration within the organization's mindset, culture, systems, and processes. • Events for top management focused on ESG themes. Esteemed experts from both the public and private sectors have engaged with our bank's leaders, discussing topics such as biodiversity, financial health and inclusion, water, and governance. These events are complemented by strategic sessions focussing on presenting best practices to our organizational leaders. • Bci has integrated its sustainable strategy into the corporate balanced scorecard, ensuring widespread adoption. Additionally, Bci incentivizes each business unit with customized rewards, reinforcing its commitment to sustainability and encouraging alignment with PRB goals.	<i>Links and references</i> <i>Annual Report 2023, p 19, 74, 124, 154.</i>

5.3 Policies and due diligence processes

Does your bank have policies in place that address environmental and social risks within your portfolio?¹³ Please describe.

Please describe what due diligence processes your bank has installed to identify and manage environmental and social risks associated with your portfolio. This can include aspects such as identification of significant/salient risks, environmental and social risks mitigation and definition of action plans, monitoring and reporting on risks and any existing grievance mechanism, as well as the governance structures you have in place to oversee these risks.

Response

Bci has implemented a Human Rights Management System that includes Human Rights Due Diligence processes. To ensure compliance with its human rights commitments, Bci reviews its Action Plan every other year. This review process includes:

- Setting Indicators and Objectives: Each area within Bci sets specific indicators and objectives related to human rights for the year.
- Aligning Performance Plans: Each area's performance plan is aligned with these objectives to achieve constant improvement.
- Annual Plan Review: At the beginning of the year, all proposals by the Human Rights Table are reviewed, leading to the initiation of the Annual Plan.

Additionally, Bci is committed to promoting human rights education throughout its supply chain. This includes establishing requirements for suppliers, such as familiarizing themselves with Bci's Human Rights Policy and providing them with an education module on Human Rights Due Diligence.

Links and references

Annual Report 2023, p 98-101.

Self-assessment summary

Does the CEO or other C-suite officers have regular oversight over the implementation of the Principles through the bank's governance system?

☒ Yes ☐ No

Does the governance system entail structures to oversee PRB implementation (e.g. incl. impact analysis and target setting, actions to achieve these targets and processes of remedial action in the event targets/milestones are not achieved or unexpected neg. impacts are detected)?

☒ Yes ☐ No

Does your bank have measures in place to promote a culture of sustainability among employees (as described in 5.2)?

☒ Yes ☐ In progress ☐ No

¹³ Applicable examples of types of policies are: exclusion policies for certain sectors/activities; zero-deforestation policies; zero-tolerance policies; gender-related policies; social due diligence policies; stakeholder engagement policies; whistle-blower policies etc., or any applicable national guidelines related to social risks.

Principle 6: Transparency & Accountability



We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.

6.1 Assurance

Has this publicly disclosed information on your PRB commitments been assured by an independent assurer?

☐ Yes ☐ Partially ☒ No

If applicable, please include the link or description of the assurance statement.

Response

This report was not assured by an independent assurer.
Bci's annual report where we publish these developments was externally verified (page 148 of the report).

Links and references

6.2 Reporting on other frameworks

Does your bank disclose sustainability information in any of the listed below standards and frameworks?

- ☐ GRI
☒ SASB
☐ CDP
☐ IFRS Sustainability Disclosure Standards (to be published)
☒ TCFD
☐ Other:

Response

We report our metrics according to SASB standards and have performed a Risk Analysis for climate related impacts (TCDF), both contained in our 2023 Annual Report.

Links and references

6.3 Outlook

What are the next steps your bank will undertake in next 12 month-reporting period (particularly on impact analysis¹⁴, target setting¹⁵ and governance structure for implementing the PRB)? Please describe briefly.

¹⁴ For example outlining plans for increasing the scope by including areas that have not yet been covered, or planned steps in terms of portfolio composition, context and performance measurement

¹⁵ For example outlining plans for baseline measurement, developing targets for (more) impact areas, setting interim targets, developing action plans etc.

Response

On the period covering our next report we will take the following steps:

- SMART Target setting for both climate change and financial health and inclusion.
- Climate Strategy development, focusing on risk management, climate data management, transparency improvement and better decision making.

Links and references

Annual Report 2023, p 19, 82.

6.4 Challenges

Here is a short section to find out about challenges your bank is possibly facing regarding the implementation of the Principles for Responsible Banking. Your feedback will be helpful to contextualise the collective progress of PRB signatory banks.

What challenges have you prioritized to address when implementing the Principles for Responsible Banking? Please choose what you consider the top three challenges your bank has prioritized to address in the last 12 months (optional question).

If desired, you can elaborate on challenges and how you are tackling these:

- | | |
|--|---|
| ☐ Embedding PRB oversight into governance | ☒ Customer engagement |
| ☐ Gaining or maintaining momentum in the bank | ☒ Stakeholder engagement |
| ☐ Getting started: where to start and what to focus on in the beginning | ☒ Data availability |
| ☐ Conducting an impact analysis | ☐ Data quality |
| ☐ Assessing negative environmental and social impacts | ☐ Access to resources |
| ☒ Choosing the right performance measurement methodology/ies | ☐ Reporting |
| ☐ Setting targets | ☐ Assurance |
| ☐ Other: ... | ☒ Prioritizing actions internally |

If desired, you can elaborate on challenges and how you are tackling these: