

# GENERAL SOCIO-ENVIRONMENTAL POLICY ENERGY SECTOR

## 1 INTRODUCTION

### 1.1 Objectives and Context

The General Policy for the Energy Sector aims to define Santander Group's criteria in the area of energy.

Energy is one of the primary resources for economic progress and growth and the well-being of all people around the world. In the quest for more environmentally-friendly energy solutions, more emphasis is being placed on energy from sustainable sources such as wind, sun and water power. Nevertheless, there is still a high dependency on energy created from fossil fuels such as coal, natural gas and oil, which can have severe environmental impacts. Furthermore, energy distribution requires the construction and maintenance of appropriate transmission and distribution networks at the wholesale and retail levels.

Banco Santander Chile and Santander Group provide financial products and/or services to the energy sector and are committed to responsibly delivering them. Santander Group supports the Paris Agreement, the global goals of combating climate change and is a leading bank in the renewable energy sector, supporting low-carbon economic growth, job creation and sustainable economic activities. We acknowledge that the transition to low-carbon economies is a multi-year effort, at different speeds in the various geographical areas. For this reason, Santander Group continuously supports its customers and specifically the reduction of dependence on coal.

This document develops the General Corporate Risk Framework and the General Corporate Compliance and Conduct Framework. This policy is aligned with and must be applied in conjunction with Santander Group's General Sustainability Policy.

### 1.2 Normative References

This policy incorporates the best practices, standards and international treaties issued by:

- ☐ The International Petroleum Industry Association for Environmental Conservation.
- ☐ The International Association of Oil and Gas Producers
- ☐ The International Atomic Energy Agency (IAEA) and, in particular:
  - o The IAEA's safety standards (Safety Fundamentals, Safety Requirements and Safety Guides)

- o The Convention on Nuclear Safety.
- o The Convention on the Physical Protection of Nuclear Material, and the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management.
- ☐ The Treaty on the Non-Proliferation of Nuclear Weapons
- ☐ The World Commission on Dams.
- ☐ The International Hydropower Association
- ☐ Those relating to Ramsar<sup>1</sup> sites, World Heritage sites, or areas classified by the International Union for Conservation of Nature (IUCN) as categories I, II, III or IV<sup>2</sup>.
- ☐ The Equator Principles.

### 1.3 Definition and Scope

This policy sets out the criteria to be applied in the provision of financial products and/or services to customers related to the following activities:

- ☐ Extraction, production, and treatment<sup>3</sup> of oil and gas.
- ☐ Coal-fired power plants.
- ☐ Nuclear power plants.
- ☐ Hydraulic power plants.
- ☐ Other renewable energy generation facilities.
- ☐ Bioenergy (particularly the markets for bioelectricity, bioheat and biofuels).
- ☐ Construction of power transmission and distribution lines<sup>4</sup>.

This policy defines financial products and/or services as banking operations that entail credit risk, insurance, advisory services, equity and asset management.

The exclusion criteria, which are described as prohibited activities in section 2 of this policy, apply to all the business units of Santander Group.

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<sup>1</sup>The Ramsar Convention is the intergovernmental treaty that defines the framework for the conservation and use of wetlands.

<sup>2</sup> The International Union for Conservation of Nature (IUCN) classifies protected areas in relation to their environmental management objectives: Category I: Nature Reserve And Wilderness Areas, Category II: National Park, Category III: Natural Monument or Feature, Category IV: Habitat/Species Management Area

<sup>3</sup>Refining, transport, storage and distribution, excluding distribution to the final consumer.

<sup>4</sup> Distribution to the final consumer is excluded.

This will require an assessment of the most relevant social and environmental risk impacts for the customers of Santander Corporate and Investment Banking (SCIB). This analysis will be more detailed when the proposed financial products and/or services concern the restricted subsectors of activity detailed in section 2.

#### 1.4 Scope

This policy applies to Banco Santander Chile.

## 2 APPLICATION CRITERIA

### 2.1 Prohibited Activities

Santander Group will not provide financial products and/or services related to any of the following activities:

- ☐ New projects for coal-fired power plants around the world.
- ☐ New customers with coal-fired power plants around the world.
- ☐ Nuclear power plants, if:
  - o The host country<sup>5</sup> is not a member of the IAEA.
  - o The host country has not adopted the Convention on Nuclear Safety, the Convention on the Physical Protection of Nuclear Material or the Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management (or has not taken adequate measures to comply with the requirements of these conventions).
  - o The host country has not yet ratified the Treaty on the Non-Proliferation of Nuclear Weapons and the International Convention for the Suppression of Acts of Nuclear Terrorism.
  - o The host country lacks a national security agency for nuclear activities that is:

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<sup>5</sup>The term "host country" refers to those countries in which the nuclear installations/reactors/activities are located and in which the customer company (and its parent company, if different) has the registered office.

- Established, independent and trained (regarding the creation of a regulatory environment that requires good social and environmental performance practices throughout the life cycle of the facility),
  - With authority to carry out inspections and apply sanctions, where appropriate,
  - With standards that follow the IAEA's recommendations.
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- ☐ The development, construction or expansion of oil sands projects in non-designated countries.<sup>6</sup>
  - ☐ The development, construction or expansion of oil and gas exploration and production projects north of the Arctic Circle.
  - Projects or activities located in areas classified by the lists of Ramsar sites, World Heritage sites or by the International Union for Conservation of Nature (IUCN) as category I, II, III or IV.

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<sup>6</sup>According to the definition of "designated countries" included in the Equator Principles, that is, those countries considered to have a strong environmental and social governance framework, legislation and institutional capacity to protect their inhabitants and the natural environment. (<http://www.equator-principles.com/index.php/designated-countries>).