

# Banco Santander Chile

## Environmental & Climate Change

June, 2023



# | Agenda

**01**

Introduction: Chile

**02**

Banco Santander Chile

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ESG Strategy

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Green Finance

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Climate Change





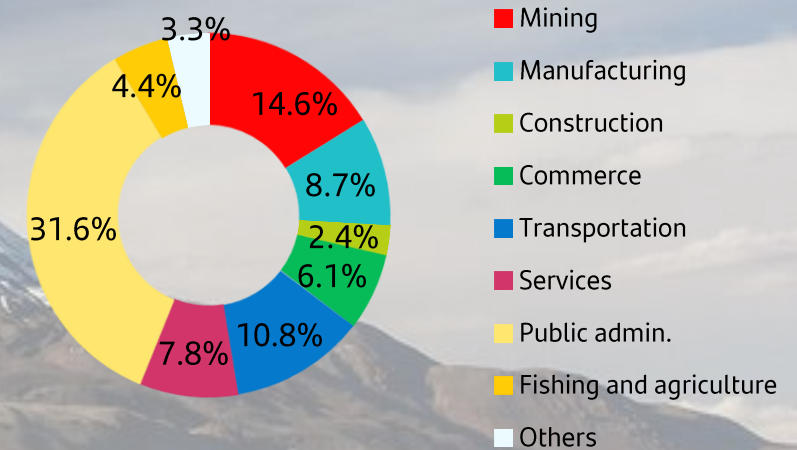


# Open economy with low debt and high rating

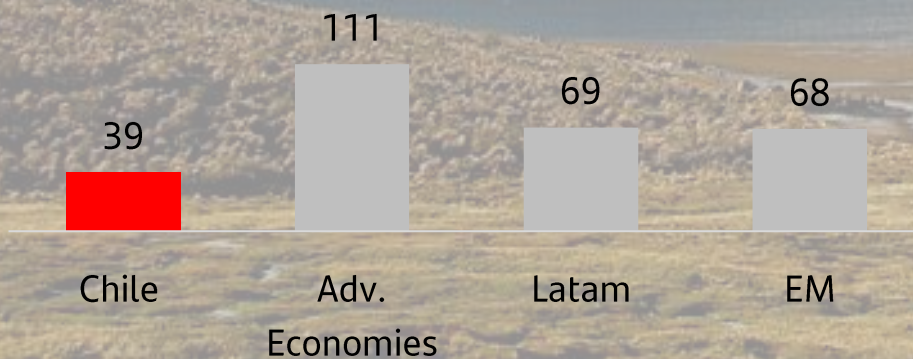
## Chile: Key economic indicators

Population <sup>1</sup> :	19.7mm
GDP <sup>2</sup> :	US\$317 billion
GDP per capita <sup>3</sup> (PPP):	US\$26,713
Exports / GDP <sup>2</sup> :	25%
Investment / GDP <sup>2</sup> :	19%
Net public debt / GDP <sup>3</sup> :	19,8%
Sovereign ratings:	JCR: AA- / Mdy: A2/ SP: A/ Fitch: A-

## Economy is highly diversified (GDP by economic sector, %)



## Low public debt (Gross public debt, % GDP<sup>3</sup>)



## High sovereign rating<sup>4</sup>





# Law approved for Climate Change Framework: Transition Goals 2050 are a window of opportunity for ESG financing



## 2025



Withdrawal/ reconversion  
65% of carbon



10,000-15,000 ha  
protected urban wetlands



Obligatory ecolabelling  
(recyclability)



Reuse and recycle of 30%  
of pavement waste



Condition 36,000  
housing a year



100% of new residential  
buildings with electric car  
chargers



100% protected marine  
areas



Roadmap for blue  
carbon

## 2030



80% renewable energy



10% reduction energetic  
intensity



50% increase in glacial  
stations for network



100% of big mining transport  
zero emission



15%-30% threatened species  
with Recovery Plan



100% of urban population  
with access to sanitary  
services



50% of regions with floor and  
social integration policies



100% cities over 50,000 hbts  
with bike inclusive master  
plans

## 2040



Total withdrawal/  
reconversion of carbon



20% Green H2 in fuel matrix



100% valleys with  
strategic management



100% of urban population  
with access to landfills



100% buses & taxis with  
zero emission



100% of vehicles zero  
emission (2035)



40% reduction of waste to  
oceans and beaches

## 2050



100% renewable energy



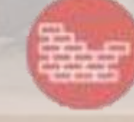
30%-50% threatened species  
with Recovery Plan



75,000-100,000 ha protected  
urban wetlands



70% emission reduction in  
industry and mining



100% traceability of  
construction and demolition  
waste



71% reconversion of cargo  
vehicles to low/zero emission

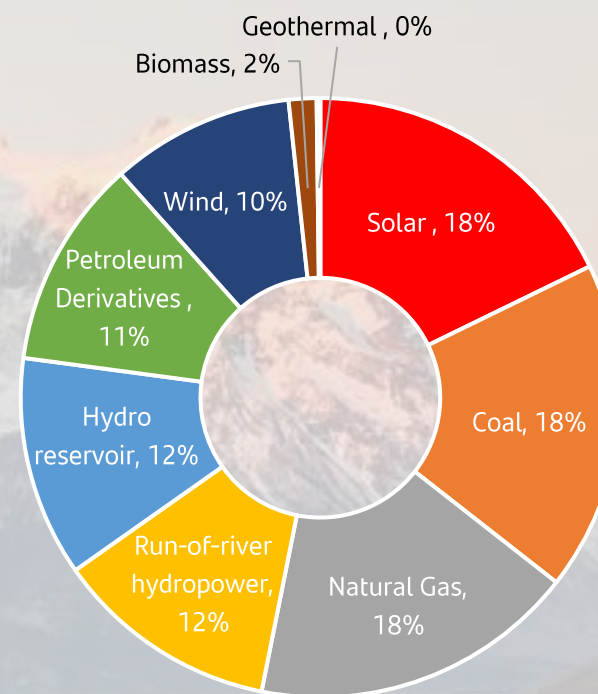


50% emission reduction of  
ocean transportation

# Electricity matrix



Type of Energy	Installed Capacity (MW)	Relative Participation (%)
<b>Renewable</b>	<b>15,198</b>	<b>53.3%</b>
Hydro reservoir	3,395	11.9%
Run-of-river hydropower	3,435	12.1%
Biomass	430	1.5%
Wind	2,835	9.9%
Solar	5,058	17.8%
Geothermal	45	0.2%
<b>Non Renewable</b>	<b>13,297</b>	<b>46.7%</b>
Natural Gas	5,016	17.6%
Coal	5,064	17.8%
Petroleum Derivatives	3,217	11.3%
<b>Total</b>	<b>28,495</b>	<b>100.0%</b>



Installed capacity (MW) in Chile by type of energy as of July 2021.  
Source: Energía Abierta (2021)





# High potential for solar energy

SOLAR RESOURCE MAP

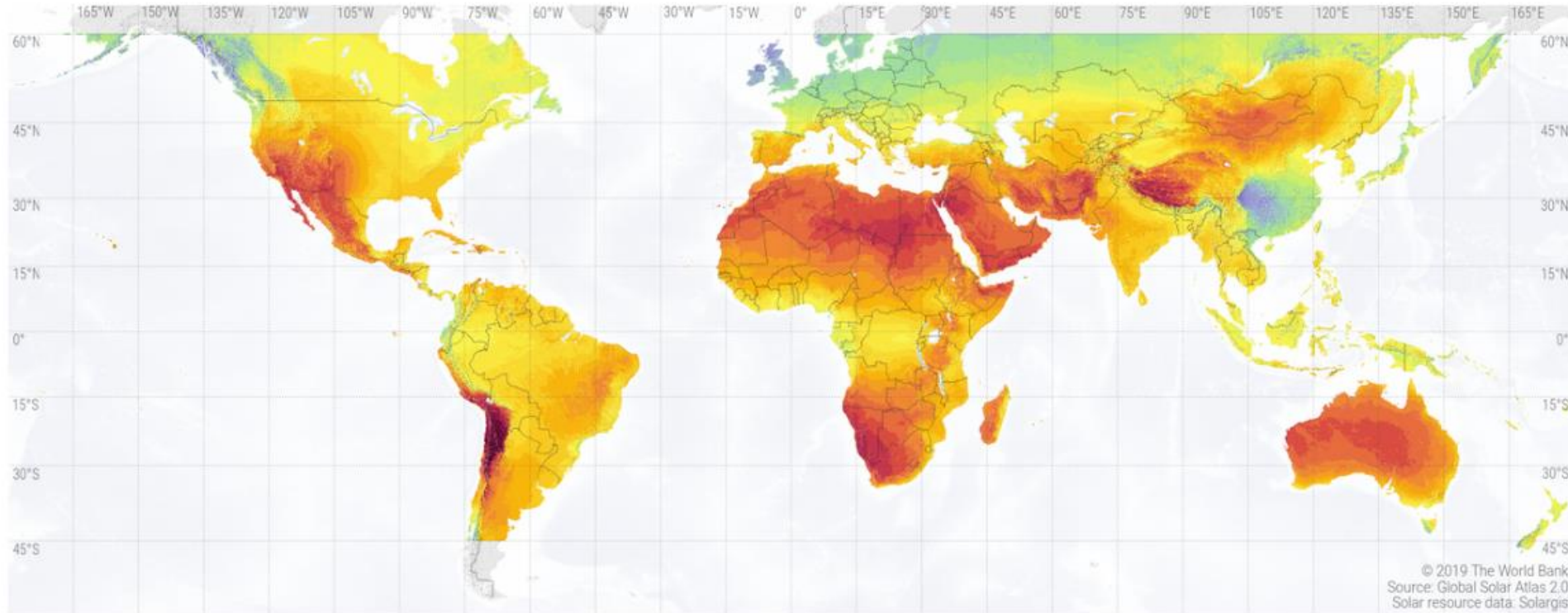
## PHOTOVOLTAIC POWER POTENTIAL



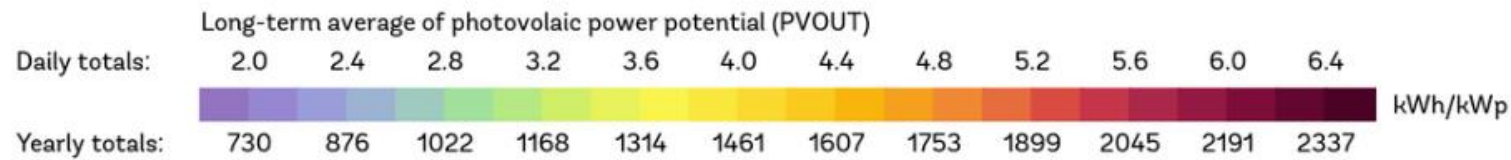
WORLD BANK GROUP

ESMAP

SOLARGIS



© 2019 The World Bank  
Source: Global Solar Atlas 2.0  
Solar resource data: Solargis



Source: World Bank

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# Santander Chile is the nation's leading bank



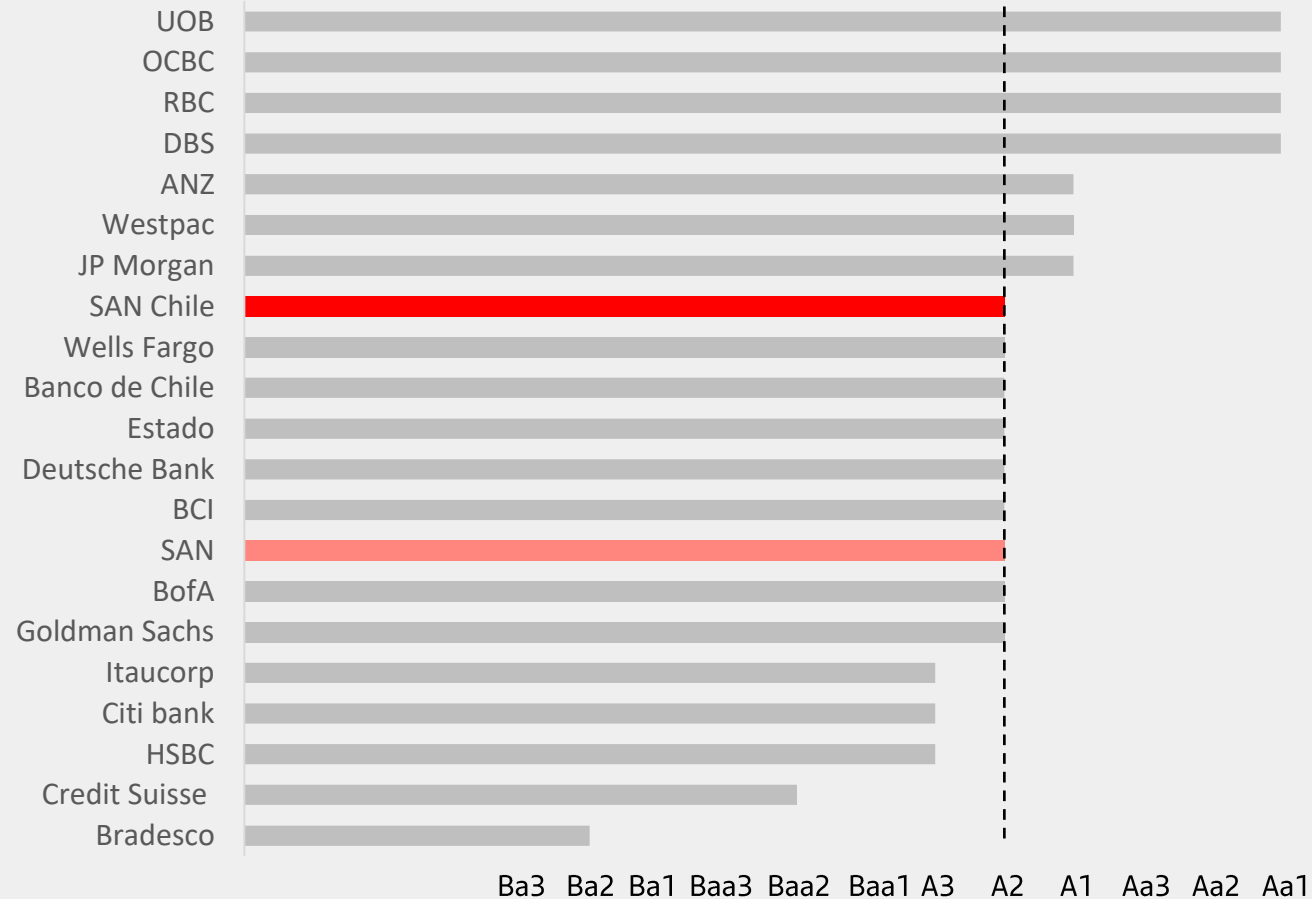
Business and Results	3M23(US\$)	YoY
Gross Loans <sup>1</sup>	49.2 bn	6.8%
Deposits <sup>2</sup>	35.3 bn	-0.1%
Attributable profit to shareholders	171 mm	-42.4%
ROE <sup>3</sup>	13.3%	-1,233bp
Efficiency	44.4%	+665bp
Network and Customers	12M22	YoY
Clients	3.7 mm	-11.1%
Digital Clients	2.0mm	0.3%
Offices	278	-14.2%
Employees	9,477	-3.8%
Market share <sup>4</sup>	12M22	Rank
Loans	17.3%	1
Deposits	17.1%	2
Checking accounts <sup>5</sup>	27.9%	1
Bank credit cards <sup>5</sup>	23.0%	1

1. Gross loans excluding repos. 2.Excluding repos. 3. ROE: return on average equity %. 4. Source: CMF as of March 2023, latest information available. 5. CMF as of January 2023, latest information available.



# High credit risk ratings. Stable outlook on all ratings

## Risk rating, Moody's scale(1)



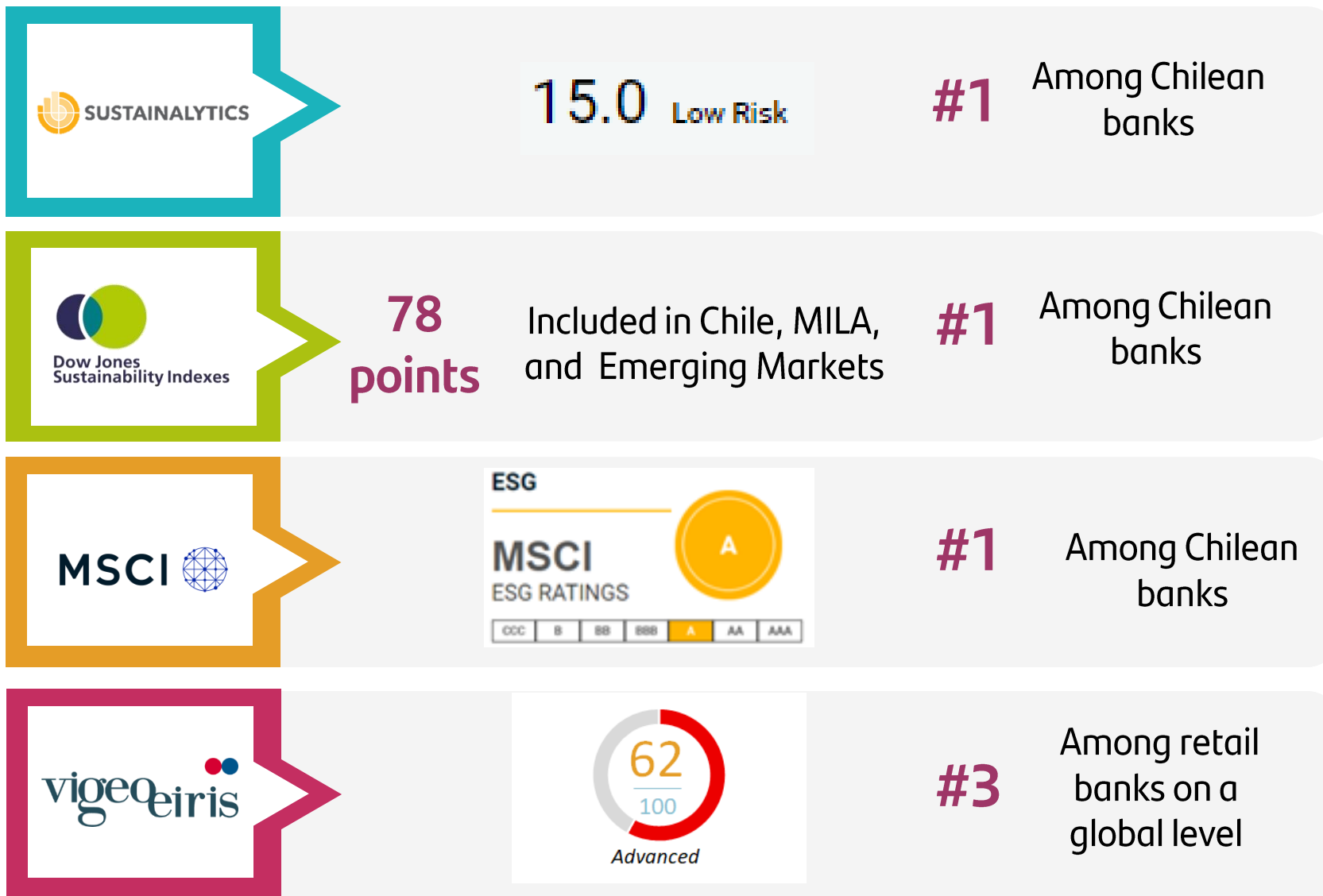
Source: Moody's via Bloomberg

Moody's (stable)	A2
JCR (stable)	A+
Standard & Poor's (stable)	A-
HR Ratings (stable)	AA-
KBRA (Stable)	A



Source: Moody's February 2023

# Santander is a leader in ESG ratings





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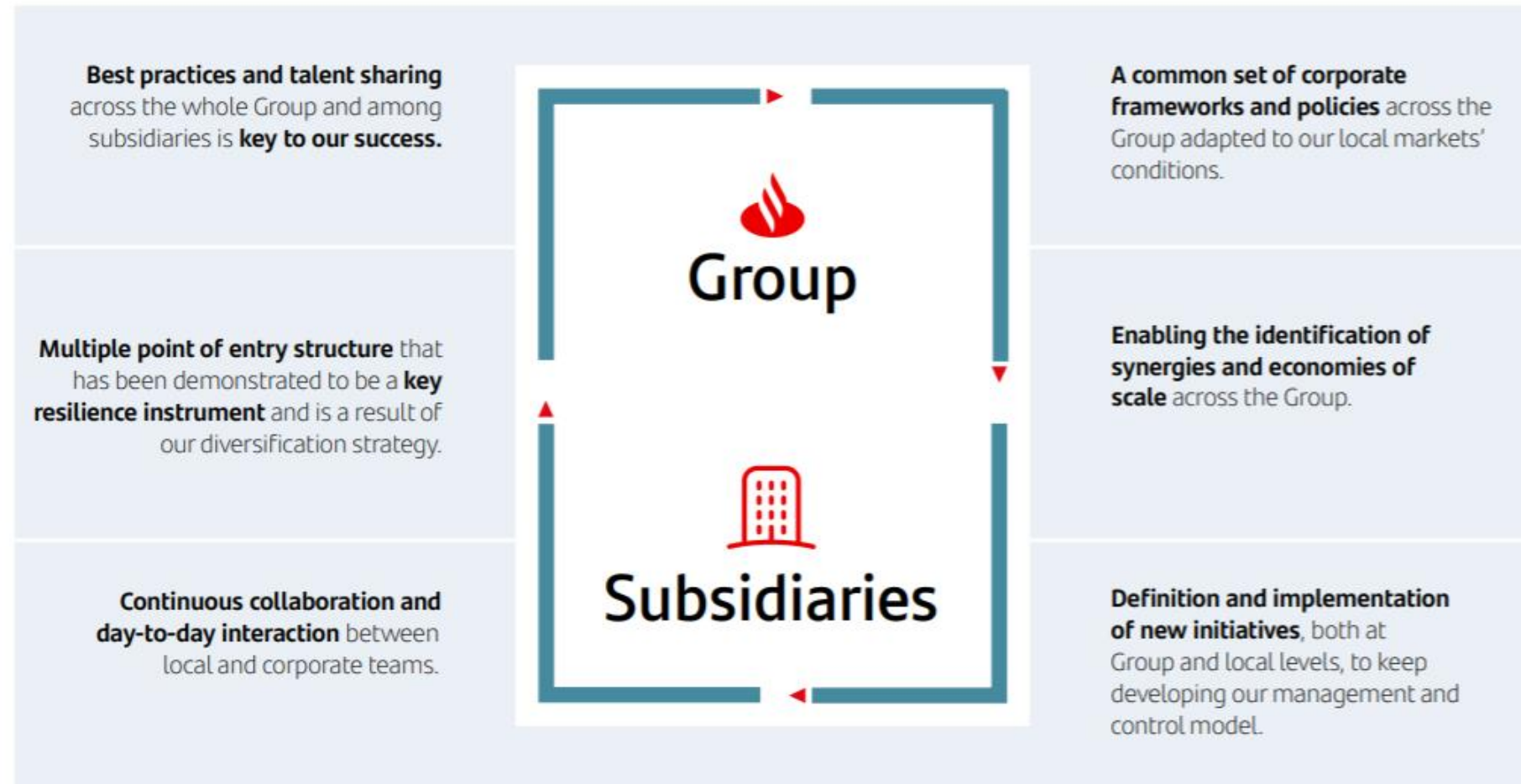
# Santander - Chile Strategy: Responsible Banking Focus





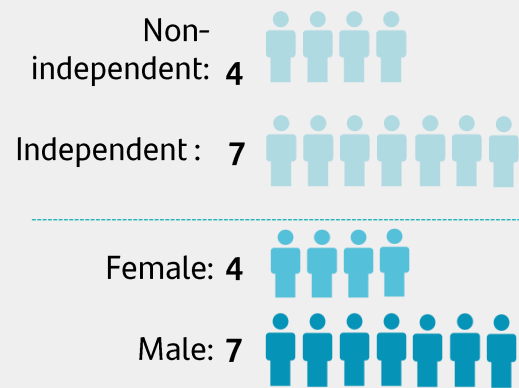
# | Governance model from the Santander Group, adapted to our local market

## Consistent governance across the Group following the Group-subsidaries governance model



# Strong corporate governance

## Board Memembers:



## We are supervised by the following:



























## 3 layers of protection for investors:

1. **Grupo Santander: Multiple Point of Entry Resolution.**
2. **Local Board**
  - **7 of 11 Board members are independent**
  - **Independent board majority in main committees:** Audit Committee, ALCO & Integral Risk Committee.
3. **Regulators:**
  - **CMF in Chile and General Banking Law.** No provisory dividends, Board personally liable for dividends that infringe capital requirements & personally liable for related party transaction not done at arms length.
  - **Foreign regulators:** Compliant with SOX and SEC & NYSE Corporate Governance Guidelines and ECB Basel criteria.



# Board mainly composed of independent members

	Retributions Committee	Directors & Audit Committee	Asset & Liability & Market Committee	Integral Risk Committee	Appointment Committee
Claudio Melandri ★					
→ Rodrigo Vergara ☆ 					
→ Orlando Poblete Iturrate					
Lucia Santa Cruz Sutil					
→ Félix de Vicente Mingo 					
Ana Dorrego					
Rodrigo Echenique					
→ Blanca Bustamante Bravo					
→ Juan Pedro Santa María Pérez					
→ Alfonso Gomez Morales					
→ María Olivia Recart					

→ 7/11 directors are independent

7 Male / 4 Female

# | Commitment with diversity in our structure

## Santander Chile, the company with the largest number of female directors in the IPSA

During the Ordinary Shareholders' Meeting, the appointment of María Olivia Recart and Blanca Bustamante as directors was approved, in addition to Lucía Santa Cruz and Ana Dorrego.



**More women in  
higher  
positions**

**The bank continues to integrate ESG criteria into its management, including its corporate governance.**

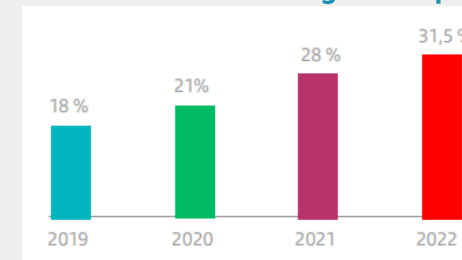
## More women in managerial positions, reporting directly to the CEO

Two new areas reporting directly to general management, which are led by women:

- Sustainable finance and climate change
- Transformation and monitoring of strategic projects.

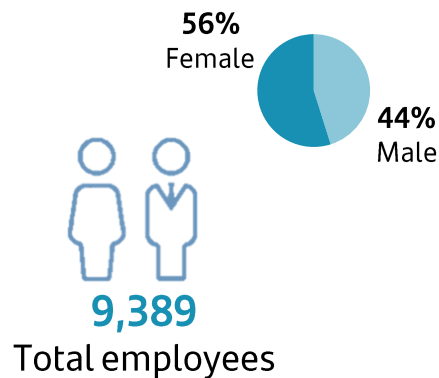


### % of women in senior management positions





# | And a strong commitment with our employees



**Wage gap between men and women is 2.4% in 2022**  
Goal to eliminate the gap by 2025

An icon depicting a man and a woman stands above the text, which states the current wage gap and the company's goal to eliminate it by 2025.

**Ch\$880,488 monthly (US\$14,675 annual)**  
Minimum salary at Santander (vs Ch\$326,500 Monthly or US\$5,442 annually)

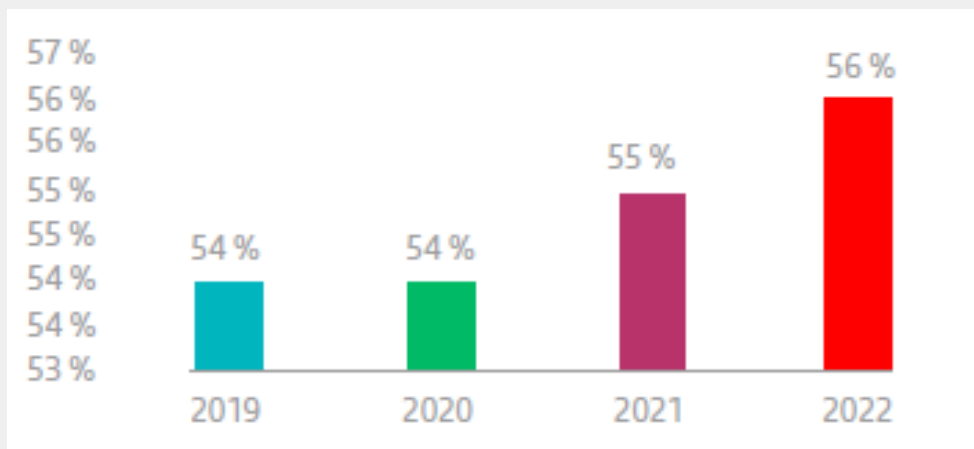
An icon of two people looking at a laptop is positioned above the text, which provides the minimum monthly and annual salaries at Santander for comparison.



## Top Employer Certificate

We received this certification for the fourth year in 2022, with a result of 96.07%

## Women at the Bank



# |Employee benefits and training

The main benefits given to all employees are:

- Inflation adjusted wages
- Life insurance
- Healthcare
- Match contribution pension saving
- Parental leave
- Vacation bonus
- Academic bonus
- Flexible working hours
- Childcare facilities
- Full payment of leave
- Mental health care
- Christmas bonus and packages
- National holidays bonus
- School/ pre-university bonus
- Academic Excellence Award
- Childbirth bonus
- Marriage / Civil Union bonus
- Special family leave
- Free afternoons

**+400**

Employees and their children benefitted from scholarships



**75%**

Unionized employees

*In 2021 a new collective bargaining agreement was signed and will be in effect in September 2021 for three years. Among the changes, bonuses and flexible work days was increased*

# | Santander Life: Expanding from individuals into the SME market



For persons, with no monthly wage or credit history needed

## **Products:**

- Checking account
- Debit card
- Credit card

## **Benefits:**

- Merits
- 100% digital
- No deposit minimums or maximums
- Make and receive payments at no charge.
- Access to online banking and App Santander Chile.
- Online purchases.
- Access to all retail products / distribution



For companies that want a current account for their business



Government program open a company in one day online.

## **Characteristics:**

- 100% digital account that does not need any sales history.
- Current account with unlimited transfers and balance
- Use of Office Banking APP
- No requirement of prior relationship with Santander or minimum sales

Opened 100% online



# |Getnet continues surpassing expectations

Acquiring network that uses the four-part model to operate, offering an integrated payments solution to businesses.

Focus on the development of companies of different sizes and improving the customer experience.

**Ch\$ 556 billion**

In monthly purchases  
through Getnet

**91%**

Of clients are SMEs

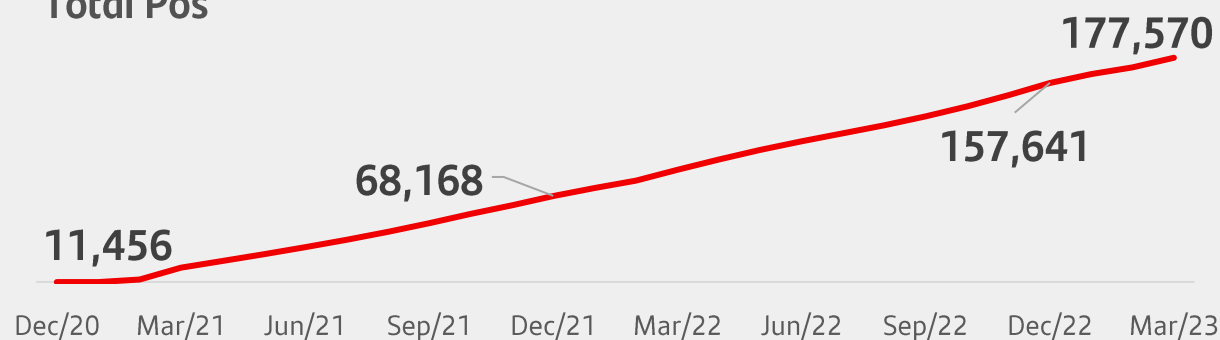
**+9k**

E-commerce clients

**Ch\$10 billion**

In fees in 1Q23

Total Pos



Accepts the following cards:



**9.4%**

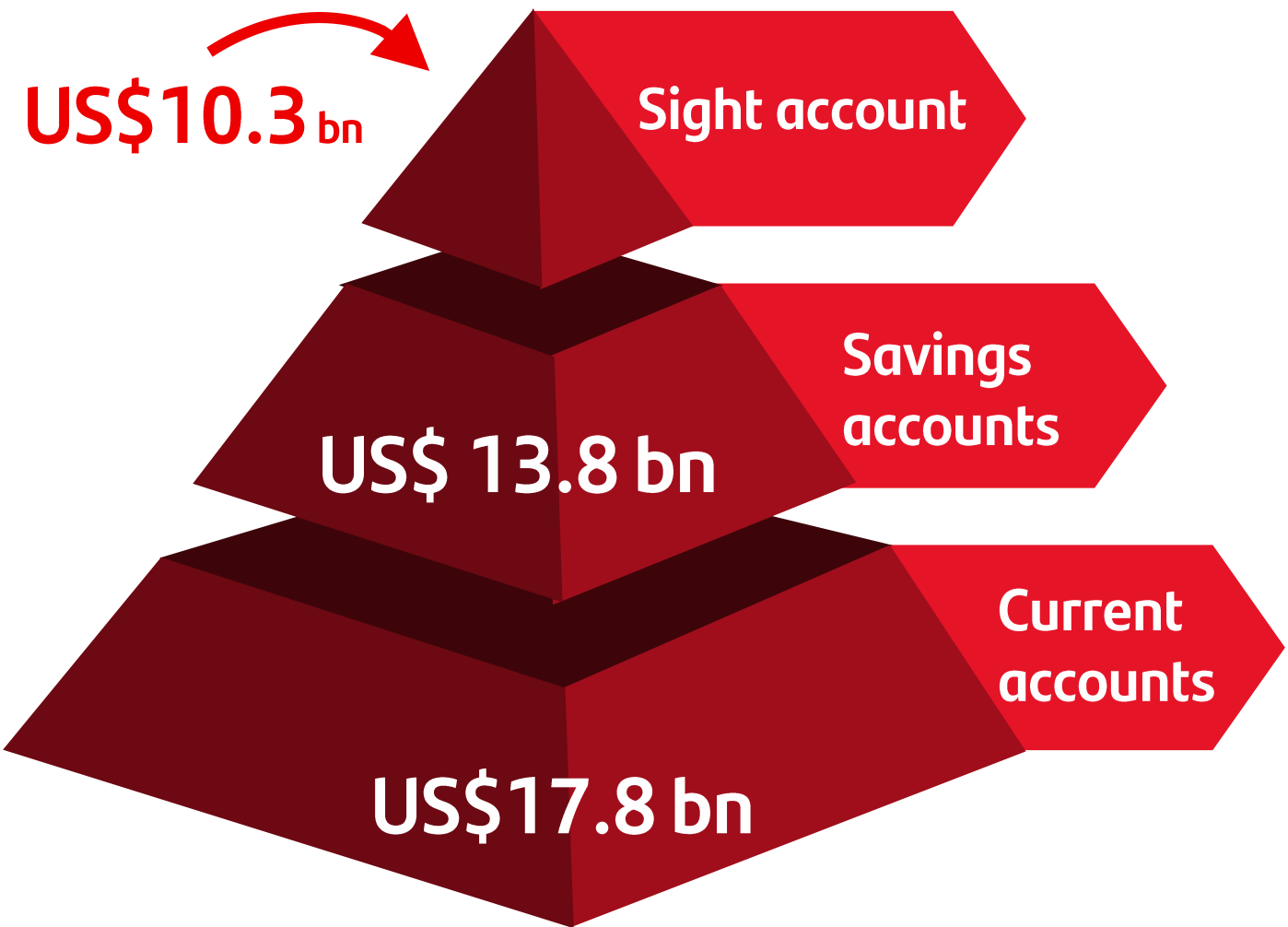
Market share  
in  
transactions

**17.9%**

Market share  
In N° of  
businesses

# |Target markets and Santander Chile product offering

## Total Chilean market



## Santander Chile Current market share

7.7%

1.8%

24.8%

## Santander Chile offering



# Más Lucas

The first 100% digital on-boarding interest-bearing sight and savings account for the mass market. Launched March 2023.

- No maintenance fee
- Maximum balance and transfer amount. Ch\$ 5 million
- No password- verification using facial recognition

## Products



Sight account (56+national ID number)



Debit account



Savings account

**Sight account**

**Santander Chile**  
**Current market share**

**7.7%**

**Savings accounts**

**1.8%**

**Santander Chile**  
**offering**





# | Environment strategy & targets in four Pillars



## Aligning our portfolio with the Paris agreement goals

Contribute to **limiting temperature** increases to **1.5°C** in line with the Group Net Zero ambition and Net Zero Banking Alliance

- Thermal coal-related power & mining phase-out
- Targets for power generation, energy (oil & gas), aviation and steel portfolios



## Supporting our customers in the green transition

Support our **customers transition to a low carbon economy**, offering guidance, advice and investments and business solutions.

- Green Finance: €120 bn 2019-2025 (€220 bn 2019 – 2030)
  - Socially Responsible Investment (AuMs): €100 bn by 2025
- SFCS<sup>1</sup> guide setting the criteria to classify green finance



## Reducing our environmental impact

**Remain carbon neutral and consume electricity from renewable energy**

- Electricity used from renewables sources: 100% by 2025
- Carbon Neutral in our own operations (since 2020)
- Not provide single-use plastics in our buildings and offices



## Embedding climate into risk management

**Manage climate and environmental risk according to regulatory & supervisory expectations**

ECB expectations: progress to fulfill the 13 climate & environmental expectations

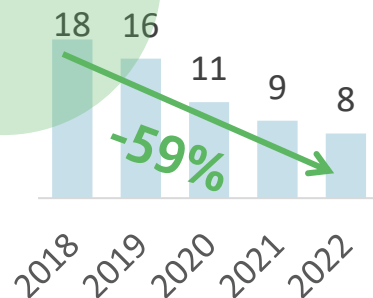
Climate Finance Report disclosed since 2019 annually reporting progress



# Reducing our impact on the environment



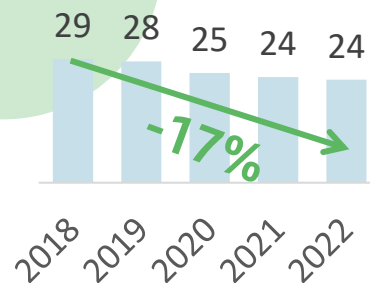
**Carbon footprint**  
(th. of tCO<sub>2</sub>eq)



Target 2018-2021  
-5%



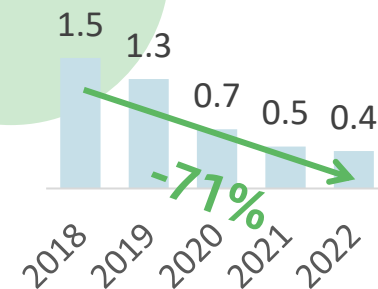
**Electricity consumption**  
(th. of MWh)



Target 2018-2021  
-7%



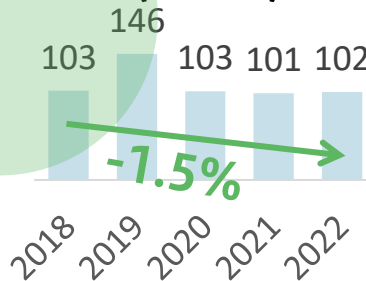
**Paper consumption**  
(th. tons)



Target 2018-2021  
-15%



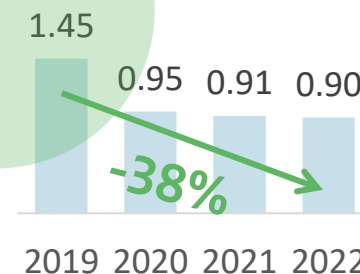
**Water consumption**  
(th. m<sup>3</sup>)



Coverage 52%87%84%83%79%



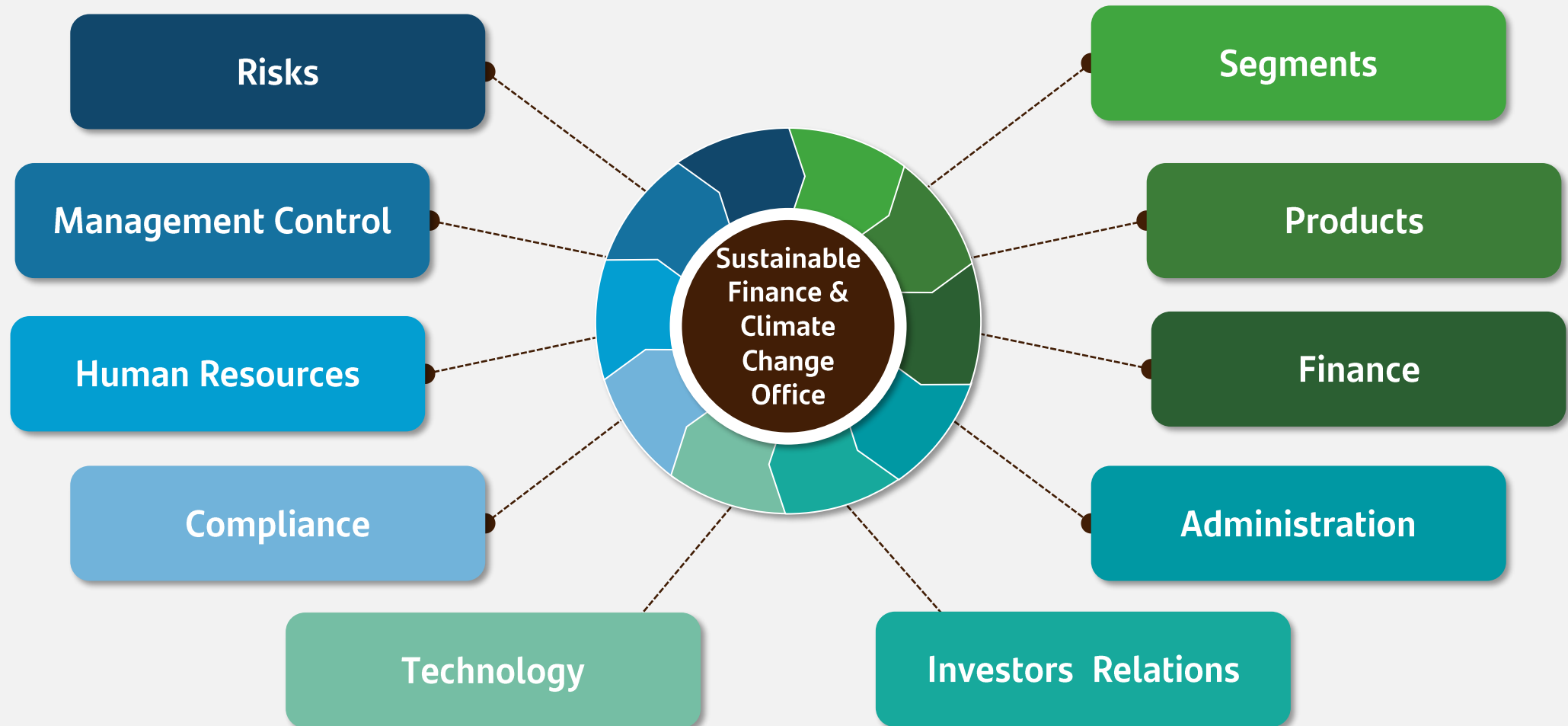
**Waste**  
(th. tons)



Waste reused 89%93%96% 92%

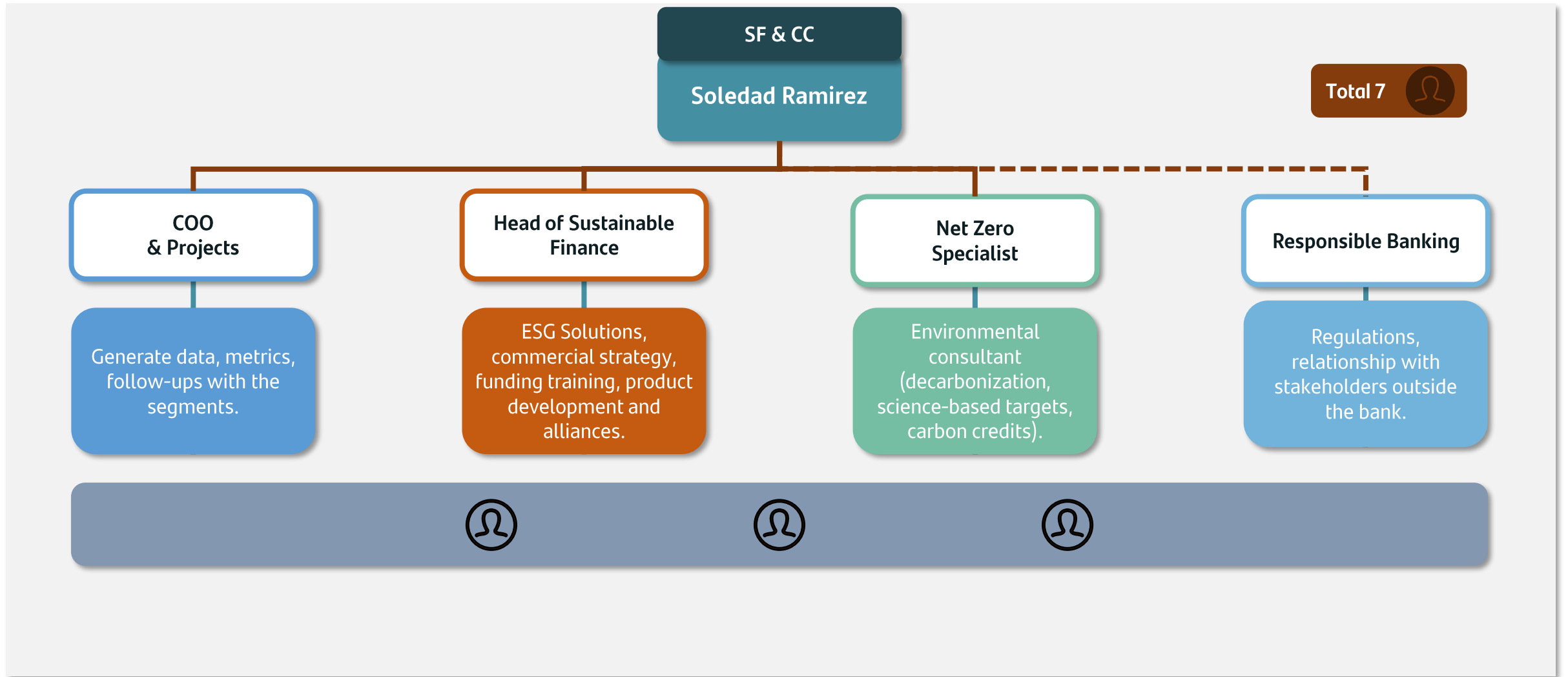
# | Ecosystem of Sustainable Finance and Climate Change

How the different areas will be supported





# Sustainable Finance & Climate Change Office



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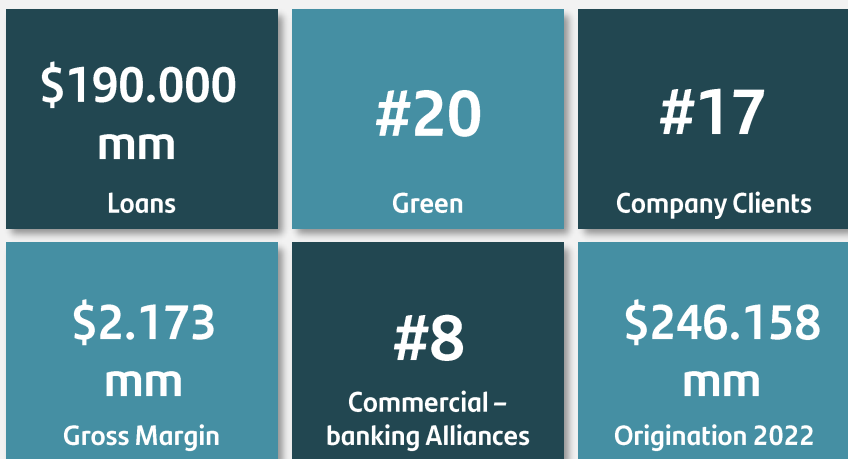
Green Finance

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Climate Change



# Green Finance: Where are we?



Value Offer				
Sector <sup>1</sup>	Product <sup>o</sup>	SCIB	Middle Market	Retail
 <b>Building decarbonization</b>	Green mortgages			
	Alliances			
	Retrofitting			
 <b>Mobility</b>	Financing			
	Clean transport			
	Infrastructure			
 <b>Energy</b>	Green Hydrogen			
	Renewable energy			
	Infrastructure			
 <b>Circular Economy</b>	Green loans			
	ESG loans			
 <b>Agriculture</b>	Green loans			
	Leasing ESG			
 <b>Social</b>	Social development			

 Available  In development



# | Green Finance: retail banking

## Main products and alliances






### Green Mortgage

Mortgage credit for homes with a low environmental impact seal.



#### Benefits:

-  Interest rate
-  Carbon footprint compensation
-  Contribution to NGOs for the preservation of the planet







### Green Loans

Consumer credit to finance products or projects that lead customers to a more sustainable lifestyle.

#### Alliances:



#### Benefits:




-  Interest rate
-  Credit life insurance discount
-  Carbon footprint compensation
-  Contribution to NGOs for the Conservation of Ecosystems



### Santander Consumer

Financing of electric and hybrid cars.

#### Benefits for some brands:

-  Interest rate
-  Green financing bond
-  Contribution to NGOs for the Conservation of Ecosystems

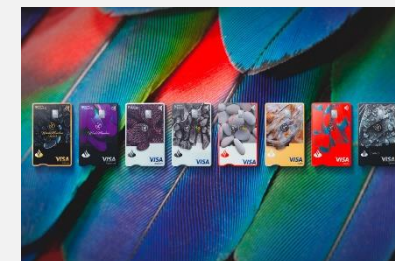


### ECO card and carbon footprint compensation

Program compensates your footprint of the purchases they make through carbon credits or contributions to environmental projects

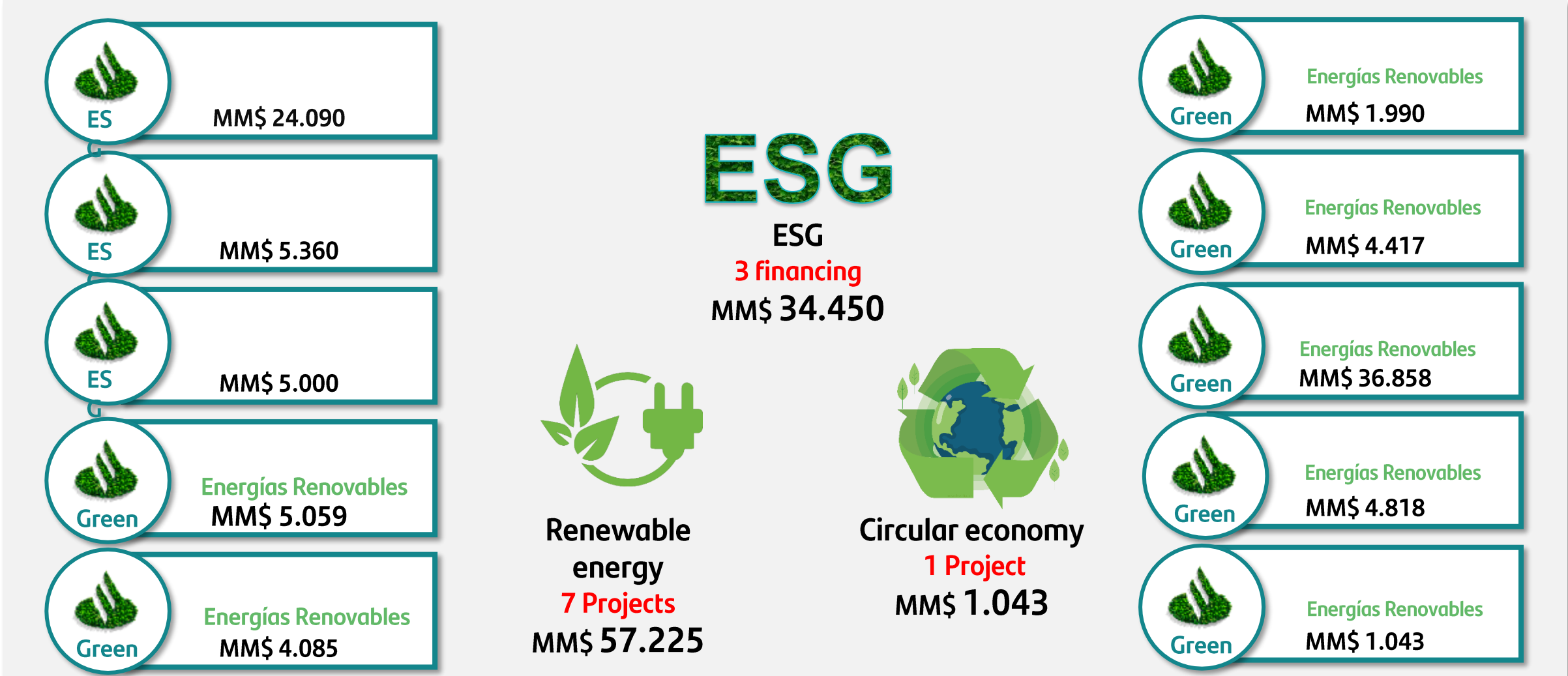
Eco Santander LATAM Pass cards are made with recycled material and have less visible data to make them more secure in face-to-face and digital transactions.

2022: 700 clients per month; average amount CLP\$2.5 million.



# | Green Finance: Middle Market

Main business 2021-22



# Green Finance: SCIB

## Pillars of the ESG Strategy and Credentials



### Product offer

- Financing for Transition or Reconversion projects
- ESG financing
  - Bonds and Credits
  - Committed lines
  - WCS – Factoring and Confirming Lines
  - Derivatives



### Strategic Partnerships

- Evaluation of alliances for the conversion of fleets and B2B energy transition.



### Adding value to Stakeholders/valor a Stakeholders

- Financing for Transition or Reconversion projects
- Sustainability program focused on Suppliers and Employees



### Green Hydrogen

- Become a leading green hydrogen advisor given the country's competitive advantages.

### Bonds

SCIB



### Loans

SCIB



Collaboration Revenues  
Middle Market



# Santander Chile's ESG Framework



Under this framework, Santander Chile can issue *Labeled Financing Instruments (LFI)*, in the form of bonds, loans, deposits, commercial paper, etc.

These instruments can have the following labels for use of proceeds:

## GREEN LFI

Environmental sustainability through contributions to eligible assets which constitute a positive contribution to climate change adaptation or mitigation or to other environmental challenges.

## SOCIAL LFI

Social sustainability through contributions to economic systems key to human development that could potentially seek to benefit target populations who live and work in economically and/or socially disadvantaged communities.

## SUSTAINABILITY LFI

A combination of Green and Social eligible assets



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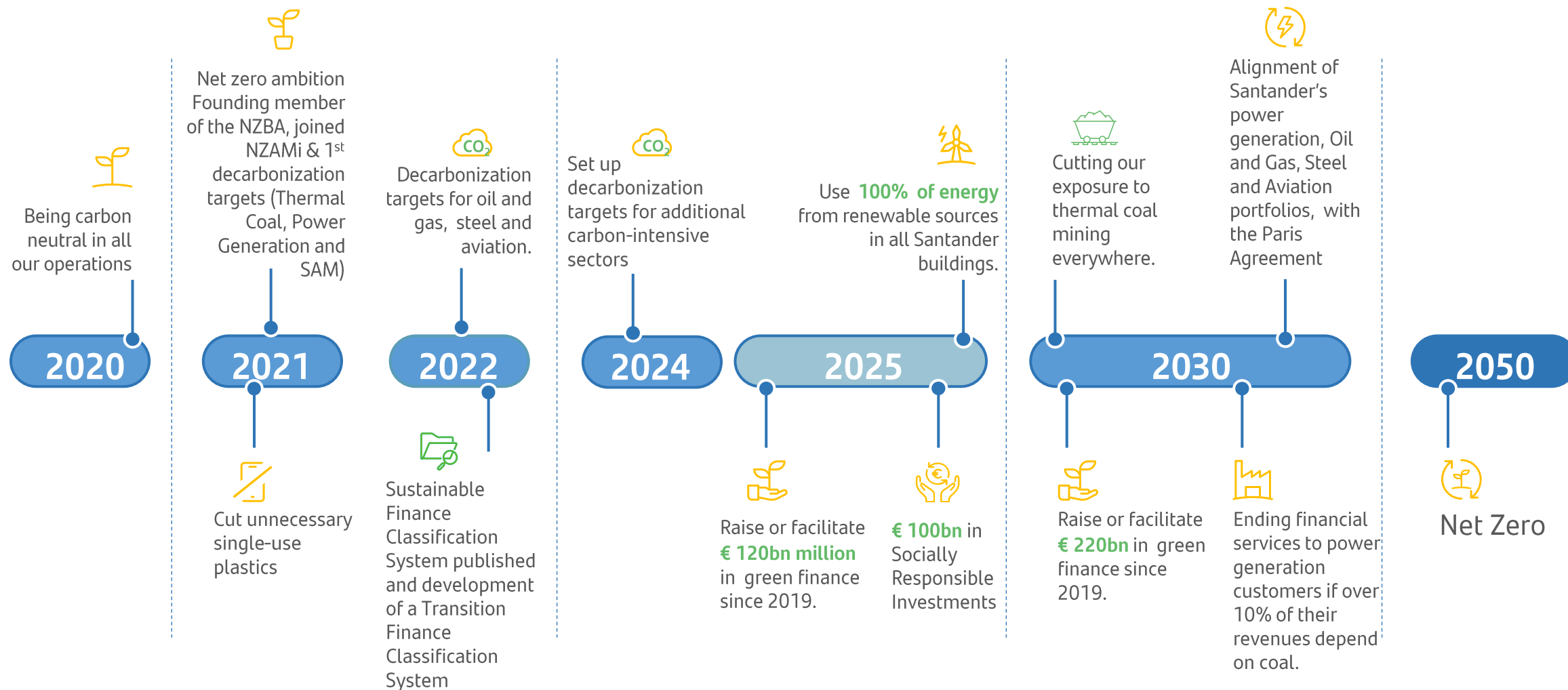
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# Santander Group: Roadmap towards Net Zero by 2050: align portfolios and grow green



# Santander Group: Portfolio alignment & Target setting

- ✓ **As NZBA founding member we committed to:** set intermediate targets for priority GHG emitting sectors for 2030 (or sooner) and prioritize client engagement with products and services that facilitate the necessary transition in the real economy.
- ✓ **NZBA guidelines contemplates:** to consider different carbon-intensive sectors, targets to be reviewed every 5 years, action plans to be disclosed less than one year after setting a target.
- ✓ We set decarbonization targets according to our internal roadmap guided by our climate risk materiality assessment. They target the most carbon intensive and material sectors.

## We have already set the following decarbonization targets:

Sector	Scenario	Emissions	Metric	2019 baseline	2030 targets
Power generation	IEA Net Zero 2050	Scope 1	tCO <sub>2</sub> e/MWh	0.21	0.11 (-46%)
Energy (Oil&Gas)	IEA Net Zero 2050	Scope 1 + 2 + 3	mtCO <sub>2</sub> e	23.84	16.98 (-29%)
Aviation	IEA Net Zero 2050	Scope 1 + 2	grCO <sub>2</sub> e/RPK	92.47	61.71 (-33%)
Steel	IEA Net Zero 2050	Scope 1 + 2	tCO <sub>2</sub> e/tonne steel	1.58	1.07 (-32%)
Thermal coal	Phase-out targets to eliminate exposure by 2030 to: <ul style="list-style-type: none"><li>• Power generation customers with a revenue dependency on coal of over 10%</li><li>• Coal mining</li></ul>				