



**ENGAGEMENT POLICY WITH POLITICALLY  
EXPOSED PERSONS (PEP)**

<b>BANCO security</b>		<b>COMPLIANCE DEPARTMENT</b>
<b>ENGAGEMENT POLICY WITH POLITICALLY EXPOSED PERSONS ("PEP")</b>		
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**POLICY OBJECTIVES.**

"The purpose of this policy is to establish the framework for the engagement and operation of Banco Security with Politically Exposed Persons, as established in the RAN Chapter 1-16 on "Operations with Politically Exposed Persons," specifically in terms of aspects related to customer knowledge, monitoring and approval of operations, ensuring that at no time does this type of person receive treatment that is more favorable than the treatment given in the same circumstances to persons not in this category."

**SCOPE.**

"This policy has an organization-wide scope in bank processes and should be followed by every employee that carries out or oversees processes related to customer enrollment, granting loans, fund management or establishing contracts with suppliers.

**GUIDELINES.**

The PEP engagement policy must follow the guidelines below:

**1.- DEFINITION OF PEPs.**

PEPs are understood to be Chileans or foreigners who hold or have held known public positions in any country, including Chile, for up to at least one year following the completion of these duties, as well as their spouses, relatives up to the second degree by blood and individuals with whom they have signed a joint agreement through which they have sufficient voting power to influence corporations incorporated in Chile.

In addition, as established in Ruling 57 from the Financial Analysis Unit, PEPs include all those legal entities or legal structures that declare a politically exposed person as the Beneficial Owner(s).

The positions indicated to be PEPs are detailed in Circular No. 49, issued by the Financial Analysis Unit on December 3, 2012, and are contained in Chapter 1-14 of the RAN, issued by the CMF.

**2.- IDENTIFICATION OF PEPS.**

"A PEP will be identified by verifying the customer in the technological tool used by the Bank for such purposes."

**3.- APPROVAL OF PEP ENGAGEMENT.**

All new relationships established in the period for customers who are Politically Exposed Persons, as well as those cases where the customer condition has changed during the course of the relationship, must be presented to the Money Laundering and Financing Terrorism Prevention Committee, which must sanction the maintenance or rejection of the relationship established.

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**4.- ASPECTS RELATED TO CUSTOMER KNOWLEDGE.**

Customers identified as PEPs will strictly adhere to all the guidelines defined in the Customer Acceptance and Knowledge Policies and Procedures, and no exceptions will be made in this area.

**5.- ASPECTS RELATED TO MONITORING OPERATIONS.**

To monitor customer operations in the PEP category, specific rules will be defined in the Bank’s transactional monitoring system.

**6.- ASPECTS RELATED TO LOAN OPERATIONS.**

All loans approved for a PEP by an entity other than the Board Loan Committee must be ratified by a Division Manager or their replacement as per the loan policy in force. That person must receive information justifying the granting of the loan, with information on the condition of the PEP, amount, rate, spread and other conditions of the operation, leaving record in the loan documentation of the name of the executive who approved this. All these operations must always be carried out under the prevailing market conditions at the time they are approved.

The exceptions to these guidelines are mass loans, understood as all those provided by remote means, whose conditions are standardized.

**7.- ASPECTS RELATED TO SUPPLIER ENGAGEMENT.**

“Contracts signed with suppliers who are Politically Exposed Persons must always be approved or ratified by the Supplier Committee, an entity that must receive information that justifies the establishment of the contract with this supplier to verify the suitability of the counterpart and the information that supports the contract decision.”

**8.- SOURCE OF FUNDS DECLARATION.**

A Source of Funds Declaration will be required for all cash (notes) deposit or investment operations over US\$ 10,000, always attaching supporting documentation. Cases where the PEP customer refuses to provide a Source of Funds Declaration and supporting documentation will be reported to the Compliance Officer for analysis and application of penalties.

In addition, a Source of Funds Declaration and supporting documentation may be requested when the Money Laundering Unit so requires.

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**9.- OVERSIGHT BY BOARD OF DIRECTORS.**

Operations or contracts with PEP customers will be reported to the Board of Directors with the following frequency.

- **Semi-annually:** Customers classified as PEPs, their products and operations, as well as the conditions of the granting of these will be reported semi-annually.
- **Semi-annually:** Contracts signed between the Bank and counterparts classified as PEPs will be reported semi-annually, where these are the providers of goods and services or business counterparts of any nature. In addition to providing the information on all active contracts, those signed during the period since the last report will be notified, with documentation that supports the contract decision.
- **Annually:** The internal audit team must issue a report that shows compliance with policies and procedures related to PEP customers.

**DURATION.**

This policy has been in force from the moment it was approved by the Banco Security Board of Directors (December 2016).

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