



## Commitment to Eliminating Commodity-driven Deforestation

During its meeting in Glasgow, the presidency of the COP26 called on financial institutions to commit to achieving zero deforestation impacts in all their investment and lending portfolios due to the forests' fundamental role in climate change mitigation. The forests absorb a third of the CO<sub>2</sub> released by burning fuels yearly and are crucial for biodiversity protection and food security.

In 2022, BancoEstado signed the Financial Sector's Commitment on Eliminating Commodity-Driven Deforestation.

Although deforestation in Chile is 99% controlled, from an opportunity standpoint, the forestry sector could contribute to capturing emissions, a unique opportunity considering that BancoEstado has already committed to Carbon Neutrality in 2021 by joining the Net Zero Banking Alliance and Race to Zero campaign.

At BancoEstado, we are analyzing our portfolio to identify the sectors, activities, and segments most exposed to deforestation risks and degraded soils. This assessment is aligned with our Social and Environmental Risk Policy, which reflects our commitment and interest in promoting and encouraging socially and environmentally responsible management in the companies and projects we financed. We have also held conversations with public institutions to evaluate synergies in opportunities related to the LULUCF<sup>1</sup> sector.

During 2024, we will continue to develop actions to increase our resilience to the effects of climate change and deforestation by managing our physical and transitional climate-related risks. Likewise, considering that emissions capture will play a fundamental role in our country's goal of achieving emissions neutrality by 2050, we will identify financing opportunities to encourage projects promoting biodiversity and nature-based solutions.

These measures will allow us to continue strengthening one of our 2022-2026 strategic objectives: "Sustainable development as a pillar of Chile's green development."

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<sup>1</sup> Land use, land-use change, and forestry.