



## KBC GROUP POLICY ON HUMAN RIGHTS

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### **Commitment**

KBC is fully committed to meeting its responsibility to respect human rights throughout the group. To help us achieve this, we apply the 'UN Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework' – the global standard for preventing and addressing the risk of adverse human rights impacts linked to business activity (further: UNGP Framework).

Human rights are rights inherent to all human beings, whatever our nationality, place of residence, gender, national or ethnic origin, colour, religion, language, or any other status. We are all equally entitled to our human rights without discrimination. These rights are interrelated, interdependent and indivisible.

In particular, KBC Group commits to respect the letter and the spirit of the United Nations Universal Declaration of Human Rights; the principles concerning fundamental rights in the eight International Labour Organisation core conventions as set out in the Declaration on Fundamental Principles and Rights at Work; the UN Declaration on the Rights of Indigenous Peoples; the UK Modern Slavery Act and other international and regional human rights treaties containing internationally recognised standards by which the business sector must abide. KBC complies with the laws, rules and regulations of every country in which the KBC group operates.

KBC is a signatory of the UN Global Compact Principles, which it implements in its policies to make sure they are applied in all its operations. The UN Global Compact asks companies to embrace, support and, within their sphere of influence, enact a set of core values in the areas of human rights, labour standards, the environment and combating corruption. We therefore take these principles into account in our client and supplier assessment.

### **Implementation**

KBC acknowledges that financial institutions, like any other enterprises, may be related to practices that harm human rights. We recognise that businesses, including financial service providers, can be connected to negative human rights impacts in three ways, as set out in the UNGP Framework: companies may (i) cause an adverse impact; (ii) contribute to an adverse impact; or (iii) their operations may be directly linked to an adverse impact by a company with which they have a business relationship.

KBC fulfils its commitment to respect Human Rights in relation to its core stakeholders – customers, suppliers and employees – through specific policies and human rights due

diligence processes. Thereby taking into account the severity of actual and potential adverse human rights impact when identifying and addressing such impacts. As a financial institution, KBC's highest risk in terms of potential involvement with human rights violations arises through its client relationships, through its credit and insurance portfolio, its asset management activities and its own investments.

The worst offenders of the UN Global Compact Principles are blacklisted across all KBC's operations: any activity with KBC is ruled out via the [KBC Group Policy on Blacklisted Companies](#). The [KBC Group Policy on Controversial Regimes](#) also prohibits financial activities with or related to the most controversial regimes. These are regimes that fundamentally violate human rights and lack any form of good governance, rule of law or economic freedom.

### **Customer relationships**

First of all, we expect our customers to be compliant with local and international laws and regulations. Our Compliance department monitors the compliance with these regulations in all our home markets. No commercial relationship will be maintained with companies that fail to comply with local and international regulations.

KBC applies a strict screening process for all its core operations: credits and insurance, asset management and its own investments.

#### *Credits and insurance*

KBC has several sustainability policies in place for screening credit and insurance clients on a number of criteria, including human rights.

- The worst offenders of the UN Global Compact Principles are blacklisted throughout the KBC Group blacklist, which applies to all business activities. Controversial regimes that fundamentally violate human rights are also excluded from any financial activity through the KBC Group Policy on Controversial Regimes.
- KBC has developed a specific due diligence process for credits and insurance activities via the Credit Risk Standards on Sustainable and Responsible Lending and the KBC Sustainable and Responsible Insurance Policy. Throughout the credit and insurance acceptance process, KBC assesses the client's potential human rights risk and its respect for the UN Global Compact Principles. This internal screening of human rights risks is supplemented with external screening of companies' involvement in human rights controversies via third-party data providers. Companies whose adherence to the UN Global Compact Principles is subject to major controversies are excluded from financing or insurance through the KBC Human Rights list. Following due diligence by KBC and in dialogue with the parties concerned, an exit strategy or specific conditions will be applied to any existing credit or insurance relationship, and new applications will be rejected (entire relationship or specific business).
- Specific sector policies and restrictions apply to clients active in certain controversial and socially sensitive sectors. These help to monitor and identify potential human rights infringements in these sectors and include:
  - o The Equator Principles in the case of project finance;

- Mining Policy (subject to EITI/ICMM);
- Policy on Palm Oil and Soy (compliance with the principles and criteria set by the Roundtable on Sustainable Palm Oil and the Roundtable on Sustainable Soy);
- Policy on Arms-Related Activities;
- KBC Soft Commodity Policy.

For more information about the KBC Sustainability Policies, please refer to the [KBC Sustainability Framework](#) and our [website](#).

### Asset management and proprietary assets

In its investment activities, KBC applies a strict screening process to assess and identify human rights issues.

- The worst offenders of the UN Global Compact Principles are blacklisted throughout the KBC Group blacklist, which applies to all business activities. Controversial regimes that fundamentally violate human rights are also excluded from any financial activity through the KBC Group Policy on Controversial Regimes.
- For proprietary assets, companies whose adherence to the UN Global Compact Principles is subject to major controversies are excluded from investment activities through the KBC Human Rights list.
- Additional screening is applied in the case of managed SRI funds via the [KBC Asset Management Exclusions List for Sustainable Investments](#). Investments in certain companies are excluded due to controversial activities including human rights issues.

### **Suppliers**

Suppliers are amongst our main stakeholders and we expect them to integrate social, ethical and environmental criteria in their purchase, sale and outsourcing procedures. Our suppliers are therefore required to agree to and comply with the principles incorporated in the [KBC Sustainability Code of Conduct for Suppliers](#), which are in line with the UN Global Compact Principles. The worst offenders of the UN Global Compact Principles are blacklisted throughout the KBC Group blacklist, which applies to all business activities.

We have drawn up a procedure for the different phases in purchasing activities to verify compliance with the KBC Sustainability Code of Conduct for Suppliers. If any infringements come to light that cannot be fundamentally resolved within an appropriate period, KBC will terminate the business relationship. KBC will support suppliers who are willing to make the adjustments needed to bring them into compliance.

### **Employees**

KBC is fully committed to respecting and upholding the human rights of its employees. Employees are likewise expected to apply and respect human rights standards when conducting business. These principles are outlined in Human Resources policies and in the [KBC Group Code of Conduct for Employees](#). Specific procedures are in place to ensure compliance and to deal with complaints and grievances; they include the [Policy for the Protection of Whistleblowers in KBC Group](#).

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