



## KBC GROUP POLICY ON HUMAN RIGHTS

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### **Commitment**

KBC is committed to respect human rights throughout the group. Human rights are rights inherent to all human beings, whatever their nationality, place of residence, gender, national or ethnic origin, colour, religion, language, or any other status. Every individual is equally entitled to enjoy human rights without discrimination. These rights are interrelated, interdependent and indivisible. They also include the protection of people's private lives.

To help us achieve this, we implement procedures aligned with 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), and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.

In particular, KBC Group's approach is guided by the following internationally recognised principles and guidelines:

- The International Bill of Human Rights
- The principles and rights set out in the eight fundamental conventions (Including the Convention on Freedom of Association) identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work
- the UN Declaration on the Rights of Indigenous Peoples

KBC is also signatory of international standards:

- the UNEP FI Principles for Responsible Banking
- the UNEP FI Principles for Sustainable Insurance
- the UN Principles for Responsible Investment
- the Equator Principles
- the UN Global Compact Principles. 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 embed these principles into our policies across all operations and consider them in our assessments of clients and suppliers.

We also comply with applicable legislation, for example labour laws, privacy legislation, the UK Modern Slavery act, and legislation on sustainability reporting.

## **Implementation**

KBC fulfils its commitment to respect Human Rights in relation to its core stakeholders – customer relationships, suppliers and employees – through specific policies and human rights due diligence processes. KBC acknowledges that financial institutions, like any other enterprises, may be related to practices that could harm human rights. We recognise that businesses, including financial service providers, may be involved in an actual or potential adverse human rights impact 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, products and services may be directly linked to an adverse impact by a company with which they have a business relationship.

As a financial institution, KBC may cause or contribute to adverse human rights impact on its employees or the consumers or end-users to whom it provides financial services. On the other hand, KBC may contribute to or be linked to an adverse human rights impact on third parties. This may happen through its suppliers and through customer relationships with companies to whom KBC provides financial services in the course of its activities related to lending, insurance, advisory services and asset management.

KBC takes into account the severity and the likelihood when assessing actual and potential adverse human rights impacts. KBC's highest risk in terms of potential involvement with human rights violations arises through its customer relationships, through its credit and insurance portfolio, its advisory services, its asset management activities and its own investments. Human Rights aspects are also taken into consideration when assessing mergers or acquisitions in which KBC may engage.

KBC has overarching policies in place that aim to prevent and mitigate potential human rights harm. The worst offenders of the UN Global Compact Principles are blacklisted across all KBC's operations: any activity related to lending, insurance, advisory services, asset management, own investments and procurement practices with KBC is ruled out via the [KBC Group Policy on Blacklisted Companies](#). KBC also excludes companies from lending, insurance, advisory services, asset management, and our own investments through the [KBC Human Rights Offenders List](#) if their alignment to the UN Global Compact Principles is subject to major controversies. [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***

### **Lending, insurance and advisory services**

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

First, throughout the credit, insurance and advisory services acceptance process, KBC has a methodology in place for assessing 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.

In addition, specific sustainability policies and restrictions apply to clients active in certain

controversial and socially sensitive sectors. These policies are bundled under our [KBC Sustainability Framework](#). The framework helps to monitor, identify, and mitigate potential human rights infringements in these sectors and include:

- the Equator Principles in the case of project finance;
- the [KBC Group Mining Policy](#);
- the [KBC Group Biodiversity Policy](#);
- the [KBC Group Defence Sector Policy](#);
- the [KBC Group Soft Commodity Policy](#).

KBC has developed a specific due diligence process for credits, insurance and advisory services activities via the Credit Risk Standards on Sustainable and Responsible Lending, the KBC Standards on Sustainable and Responsible Insurance and the KBC Standards on Sustainable and Responsible Advisory Services.

When evaluating an actual or potential adverse human rights impact, we consider its severity and likelihood, which might prompt a due diligence process in dialogue with the parties concerned and discussion of potential measures. When relevant, specific conditions may be applied to any existing credit, insurance or advisory services relationship, pertaining the entire relationship or specific business involved. Should the client fail to fulfil the agreed conditions, KBC may reassess the situation and adjust accordingly. In certain cases, should all other avenues be exhausted, disengaging from the business relationship may be considered.

#### Asset management and own investments

In its investment activities, KBC applies a screening process to assess and identify human rights issues. The general principles applicable to KBC's asset management activities as well as to its own investments can be found in the [KBC Group Investment Policy](#).

Additional screening is applied in the case of managed Responsible Investing funds via the [Exclusion Policy for Responsible Investing funds of KBC Asset Management](#). Investments in certain companies are excluded due to controversial activities including human rights issues.

#### Consumers and end-users

KBC is committed to treat its customers fairly and without discrimination in accordance with fair business and marketing practices, and to take all reasonable steps to ensure the quality and reliability of the products and services we provide. We provide accurate, verifiable, clear and accessible information to enable consumers to make informed decisions. We ensure that our products and services meet all legal requirements, in particular those related to consumer, investor and insurance policy holder protection. There is a key role for our product approval process in the pre-sale context to assure this. During the sales process, we carefully assess that we offer services and products that are appropriate and suitable for the client. Correct handling of complaints and analysis thereof to assess needs for improvement, are an essential part of fair client treatment in post-sales.

We protect our consumers' privacy by ensuring that the practices relating to the collection and use of consumer data are lawful, transparent and fair, and we take all reasonable measures to ensure the security of personal data that we collect, store, process or disseminate and to observe the rules laid down in the General Data Protection Regulation (GDPR).

## ***Suppliers***

Suppliers are amongst our main stakeholders and we expect them to integrate social, ethical and environmental criteria in their own operations as well as 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.

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. In the event of an infringement that cannot be fundamentally resolved within an appropriate period, KBC will reassess the continuation of the business relationship. KBC will support suppliers who are willing to make the adjustments needed to bring them into compliance.

## ***Employees***

KBC is as a responsible employer fully committed to respecting and upholding the human rights of its employees, e.g. the right to freedom of association. Employees are also expected to respect human rights standards in their behaviour towards each other. These aspects are also included in the [KBC Group Code of Conduct for employees](#), the [KBC Diversity & Inclusion Policy](#) and the [Policy for the Protection of Whistleblowers in KBC Group](#).

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](#) and include among others, strict rules regarding the protection of personal data of our clients and other stakeholders, as well as fair treatment of customers. Specific procedures are in place to ensure compliance and to address complaints and grievances. These include the [Policy for the Protection of Whistleblowers in KBC Group](#).

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KBC Group NV, Havenlaan 2, 1080 Brussels, Belgium

VAT BE 0403.227.515, RLP Brussels.

<http://www.kbc.com>

Mail: [csr.feedback@kbc.com](mailto:csr.feedback@kbc.com)

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