

## Information regarding the KBC Group embargo policy

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International organizations and authorities such as the United Nations, the European Union (and its member states) and other (local) authorities can impose restrictive measures against countries, organizations, legal entities and individuals for committing, or being suspected of, human rights and international law infringements, acts of crime, terrorism, money-laundering etc. These measures are most commonly referred to as sanctions or embargoes.

KBC Group has a responsibility towards customers and authorities to conduct business in a lawful and ethical way. Therefore, we will observe all binding requirements of applicable laws and regulations. For reasons of social responsibility or other considerations, we may also choose to be more strict than legally required.

This document is based on the information available at the time of writing ( June 2023). Given the volatile and exceptional nature of the situation, especially with regards to Russia, the legal context and KBC Group's policy may change at any moment. This document will be updated with additional information when needed.

### I. EMBARGOES

An embargo is a restrictive measure or sanction on national and/or international level. Although provisions differ by country, person or issuing authority, we distinguish two broad types of embargoes:

- Financial embargoes: restrictions related to financial operations and financial resources
- Trade embargoes: restrictions on the import or export of certain goods or trade with certain countries or parties

KBC Group complies with financial and trade embargoes issued by the United Nations (by law enforceable in Belgium), the European Union, the Belgian legislator, and any other embargo issued by a number of third countries that it determines to be relevant, such as the USA (OFAC).

For more information on UN, EU and OFAC sanctions, please click on the respective links below.

Observing embargo regulations means that KBC Group will not provide funds or economic resources to persons, entities or government agencies that appear on embargo sanction lists or support any kind of transaction with these parties. Any transaction with a sanctioned individual or entity, or otherwise in breach of sanction regulations or KBC Group's own policy, is prohibited and will not be processed.<sup>1</sup> This not only helps us to avoid penalties for breaching international sanctions, it also helps you, as our customer, to manage some of the risks associated with international trade.

Sometimes companies or entities are not explicitly sanctioned, but they may be owned or controlled by individuals or entities subject to an asset freeze, making it prohibited to continue to do business with them. In this context, KBC Group asks its customers to perform their own due diligence in order to make sure they are not dealing with sanctioned parties.

KBC Group has implemented certain screening measures in its different processes to ensure compliance with the applicable embargoes and with its own policy where this is stricter. As a result, a customer may be requested to provide KBC Group with more information or documentation on transactions or counterparties before KBC Group can process a transaction or payment. In some cases KBC may require a signed Declaration of Compliance by the client.

Please note that Correspondent Banks also have the right to suspend any transaction in case their monitoring system detects a potential breach of embargoes. In case of suspended transactions, KBC Group acts only as intermediary between the customer and the correspondent bank, without having any influence on the result of their investigation.

In order to avoid complications, customers are advised to contact the bank when considering doing business with countries, persons, entities or government agencies subject to embargoes. For more information on applicable embargoes or on specific KBC Group policies, please get in touch with your KBC Group contact person.

## II. KBC GROUP SPECIFIC COUNTRY POLICIES

Due to the complexity of certain sanction programs, KBC Group sometimes has to apply a more rigorous policy with respect to, *inter alia*, the following countries (and regions): Afghanistan, Belarus, certain Russian-occupied regions of Ukraine, Cuba, Iran, North-Korea, Russia, Syria, Venezuela, etc. KBC Group deems these (and other) countries to be more sensitive, for instance because of comprehensive or complex embargoes or export control regulations, imposed under UN, EU or Third Country legislation or regulations, and/or because of the presence of a significant number of blocked individuals or entities. Therefore,

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<sup>1</sup> In case of a blocking or freezing of funds by KBC Group, customers should contact the local competent authority and request an official authorization for their release (for Belgium this is the Belgian General Administration of the Treasury, [quesfinvragen.tf@minfin.fed.be](mailto:quesfinvragen.tf@minfin.fed.be)).

please always contact your contact person at KBC Group, when you have questions regarding our policy with respect to one of these countries.

Through a thorough screening of the transaction details, KBC Group wants to make sure that the transaction is legally allowed and within the limits of KBC Group's own policy.

The details for each country policy may change at any given time, due to changing regulations or (geo)political or economic circumstances.

### **Afghanistan**

Following the Taliban takeover of the country and the Afghan state apparatus in particular, KBC Group has decided that it will no longer process any payment or transaction that is related to Afghanistan.

### **Belarus**

The sanctions wrt. Belarus are not only very diverse and comprehensive, EU and Third Country sanctions are very different, cover a different range of activities, businesses and trades, persons and entities and are currently very volatile due to the issuance of new sanctions. As of 1 August 2023, KBC Group will no longer process any outgoing payments or transactions to Belarus, irrespective of the currency. This means that KBC Group will reject an outgoing payment destined for an account at a Belarussian bank, but will still process incoming payments for its own Group customers coming from an account at a Belarussian bank. Due to the enhanced due diligence required for transactions involving Belarus, it is possible that the processing of these payments is delayed significantly.

In addition to the above restrictions, KBC Group will not process any transaction, including incoming payments, involving a sanctioned counterparty or otherwise in breach of embargoes.

In this context, KBC Group would like to point out that several banks are currently subject to an asset freeze imposed by the EU, US or UK.

Be advised that some entities or banks were not explicitly sanctioned, but may be owned or controlled by individuals or entities subject to an asset freeze, making it prohibited to continue doing business with them.

Be advised that a number of banks will be disconnected from the SWIFT network from March 20<sup>th</sup> 2022 onwards and KBC Group will not be able to process payments to or from these banks. Please refer to the [SWIFT website](#) for more information.

### **Cuba**

KBC Group will not process any payments in USD or CAD that involve Cuban parties.

KBC Group will only process non-USD and non-CAD payments for its own customers, after thorough screening of the transaction details to make sure the transaction is legally allowed and within the limits of our own policy (please refer to your KBC Group contact person for more details).

## Iran

In light of certain international and local developments with respect to Iran, KBC maintains a strict policy.

KBC Group will only process trade related payments and transactions with regard to the export to Iran and only for its own customers, who are active as producers of medicines and / or medical supplies, excluding medical machinery (equipment), as far as the following cumulative conditions are met:

- The customer is a longstanding KBC Group customer with a diversified product portfolio; and
- It does not concern (direct, nor indirect) payments or transactions in USD or CAD ; and
- The transactions are documented in detail; and
- After thorough screening of the transaction details, including all involved parties, it is clear that the transactions are transparent, legally allowed and within the limits of KBC Group's own internal policy with regard to Iran.

For more details, please contact your KBC Group contact person.

## Myanmar/Burma

Besides financial transactions to and from sanctioned persons and entities, certain transactions and related financial transactions are excluded, regardless of the currency, including, but not limited to, transactions related to: Arms and related military goods, dual-use items, and goods and equipment, technology and software included in the sanction list and mainly used for monitoring and interception of incoming and outgoing internet and phone communications.

Further information on export restrictions with respect to dual-use goods can be found in Section III below.

Therefore, a financial transaction regarding Myanmar/Burma will only be processed after thorough screening of the transaction details, to make sure that the transaction is transparent, legally allowed and also within the boundaries of KBC Group's internal policy regarding Myanmar/Burma.

## North-Korea

KBC Group will not process any payment transaction that is related to North-Korea.

## Russia

Given the scope of the embargoes imposed against Russia and the vulnerability of the local financial market, KBC Group has decided to limit its services related to transactions to and from Russia and in Russian roubles. KBC Bank will under no circumstances be liable for the failed execution or non-execution of these transactions as a result of its embargo policy, government measures, market conditions or the failure of our correspondent banks to execute the transactions, or execute them correctly.

- **Transactions to and from Russia (irrespective of the currency)**

KBC Group will no longer process any outgoing payments or transactions to Russia, irrespective of the currency. This means that KBC Group will reject an outgoing payment destined for an account at a Russian bank, but will still process incoming payments for its own Group customers coming from an account at a Russian bank. Due to the enhanced due diligence required for transactions involving Russia, it is possible that the processing of these payments is delayed significantly.

- **Accounts and transactions in Russian roubles**

KBC Group has decided no longer to offer accounts in Russian roubles. For private persons, KBC no longer processes outgoing or incoming payments in Russian roubles. For businesses with an existing account in Russian roubles, KBC Group has decided to limit the total balance that may be held in Russian roubles to a maximum of 30 million Russian roubles per account holder. To determine whether the maximum amount has been reached, KBC Bank adds together the balances in Russian roubles in all business accounts in the name of the same account holder. KBC Group no longer accepts incoming payments in Russian roubles which would cause the total balance on these accounts to exceed the maximum amount of 30 million Russian roubles. KBC Group will reject any such incoming payments in Russian roubles and return them to the sender.

KBC Group cannot guarantee the availability of assets in Russian roubles. Deposits in Russian roubles held by customers with KBC Group are considered part of KBC Group's deposits with its foreign correspondent. Customers' assets in Russian roubles are therefore subject to the same consequences as the corresponding assets of KBC Group with the correspondent. KBC Group is not liable for the whole or partial unavailability or loss of such deposits at the correspondent bank. If the deposits are not held on the account of a foreign correspondent, KBC Group is also not liable for the unavailability of your deposits in Russian roubles as a result of market conditions or cases of force majeure.

- **Transactions involving sanctioned parties or otherwise in breach of the embargoes**

In addition to the above restrictions, KBC Group will not process any transaction, including incoming payments, involving a sanctioned counterparty or otherwise in breach of embargoes.

In this context, KBC Group would like to point out that several banks are currently subject to an asset freeze imposed by the EU, US or UK.

Be advised that some entities or banks were not explicitly sanctioned, but may be owned or controlled by individuals or entities subject to an asset freeze, making it prohibited to continue to do business with them.

Moreover, a number of banks were disconnected from the SWIFT network and KBC Group will not be able to process payments to or from these banks. Please refer to the [SWIFT website](#) for more information.

- **Trade restrictions with respect to Russia**

Russia is subject to a wide range of import and export restrictions, applicable to every importer or exporter.

*Import Restrictions*

KBC Group will not process any transaction and related financial transaction linked to the import of goods listed in the Annexes to EU Regulation 833/2014 if they originate in Russia or are exported from Russia. These import restrictions apply to, *inter alia*, crude oil or petroleum products, coal and other products, iron and steel products, gold, goods which generate significant revenues for Russia, etc.

These rules also apply to the purchase or transfer of such restricted goods.

#### *Export Restrictions*

For more information on dual-use export restrictions, please see Section III below.

In addition, KBC Group will not process any transaction or related financial transaction that falls within the scope of other EU export restrictions imposed against Russia, including (but not limited to) restrictions regarding the export of 'Advanced Technology' items that could enhance Russia's military and technological capacity, goods and technology suited for use in aviation or the space industry as well as in the energy sector, luxury goods, maritime navigation goods and technology, and goods which could contribute to the enhancement of Russian industrial capacities.

Finally, KBC Group also does not process transactions or related financial transactions linked to the provision of a wide range of services to the Russian government or entities established in Russia, including, *inter alia*, accounting, auditing, consulting, bookkeeping, legal advisory or tax consulting services, etc.

In order to implement these trade restrictions, KBC Group applies an enhanced due diligence for transactions involving Russia. The necessary documentation (invoices, bill of lading, etc.) will be requested, and as a result, it is possible that the processing of related payments is significantly delayed.

#### **Russian-occupied regions of Ukraine and impact on Ukraine as a country**

All payments to or from the regions of Crimea, Donetsk, Luhansk, Kherson and Zaporizhzhia are prohibited and will not be processed.

Apart from these regions, KBC Group will continue to process payments (both open account payments and trade finance transactions) to and from Ukraine for its own Group customers.

Any transaction with a sanctioned individual or entity, or otherwise in breach of embargoes or KBC Group's own policy, is prohibited and will not be processed.

#### **Syria**

KBC Group will not process any payments in USD, CAD or GBP that involve Syrian parties.

KBC Group will only process non-USD, non-CAD or non-GBP payments for its own customers, after thorough screening of the transaction details to make sure the transaction is legally allowed and within the limits of our own policy (please refer to your KBC Group contact person for more details).

#### **Venezuela**

Sanctions on Venezuela are not only very diverse and comprehensive: EU and Third Country sanctions also cover a range of various types of activities, persons, entities and currencies.

KBC Group will not process payments in USD, GBP nor CAD, involving Venezuelan parties.

KBC Group will only process non-USD, non-GBP or non-CAD payments for its own customers and after a thorough screening of the transaction details to ensure that the transaction is legally allowed and within the limits of KBC Group's internal policy regarding Venezuela (please consult your KBC Group contact person for more information).

## Sudan and South-Sudan

The majority of sanctions wrt. Sudan and South-Sudan have been revoked, with the exception of some so-called name sanctions or asset freezes.

Therefore and irrespective of the currency, KBC Group will only process transactions for its own customers (both trade related and retail transactions), to make sure that transactions are allowed according to the applicable designations.

## III. Rules on dual-use export controls

KBC will not process any transaction or financial transaction related to the export of dual-use items without the authorization of the competent authority. In order to be able to verify whether a transaction complies with all dual-use export control rules, the necessary documentation (invoices, authorization or license, etc.) will be requested, and as a result, it is possible that the processing of related payments is delayed significantly.

### What are dual-use items?

Dual-use items are goods, software and technology that can be used for both civilian and military applications. The export of such items is restricted by the EU, US, and a wide range of other countries. The below short summary focuses on the dual-use export restrictions imposed by the EU.

### EU general restrictions with respect to dual-use

The EU imposes restrictions with respect to the export, transit, brokering and technical assistance of dual-use items so that it can contribute to international peace and security and prevent the proliferation of Weapons of Mass Destruction (WMD).

EU Regulation 2021/821 ('the EU Dual-Use Regulation) governs the EU's export control regime, and includes a common EU list of dual-use items (in Annex I to the Regulation) and the rules for obtaining authorizations/licenses. In certain cases, EU Member States may introduce additional controls on non-listed dual-use items because of public security or human rights considerations, or to ensure items are not for military uses or end-users.

Dual-use items may be traded freely within the EU, except for some particularly sensitive items, whose transfer within the EU remains subject to prior authorization.

EU sanctions against **Russia and Belarus** impose further export restrictions concerning dual-use goods and technologies. The export of these items has been prohibited (i.e. no license or authorization possible) even when these items are intended for civilian end-users or uses.

EU sanctions against **Myanmar** prohibit the export of dual-use goods and technology if those items are or may be intended for military use or military end-users.

As regards exports to **Syria**, it should be noted that EU Member States can prohibit the export of dual-use items, or impose an authorisation requirement.

UN: <https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list>

EU: [https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions\\_en#guidance](https://ec.europa.eu/info/business-economy-euro/banking-and-finance/international-relations/restrictive-measures-sanctions_en#guidance)

US (OFAC): <https://home.treasury.gov/policy-issues/office-of-foreign-assets-control-sanctions-programs-and-information>