

## KBC Group Embargo policy information

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

KBC Group (further the Group only) has a responsibility towards customers and authorities to conduct business in a lawful and ethical way. Therefore, we will observe laws and binding requirements of applicable laws and regulations, and for reasons of social responsibility, we may also choose to be stricter than legally imposed.

Given the volatile and exceptional nature of the situation, especially with regards to Russia, the legal context and the Group's policy may change at any moment. This document will be updated with additional information when needed.

### Embargoes

An embargo is a restrictive measure or sanction on national and/or international level. Although provisions differ by country, person or agency, we distinguish two common 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

CSOB Bank (further Bank only) as a part of the Group complies with financial and trade embargoes issued by the United Nations, the European Union and by the Czech regulations (meaning sanctions that are legally binding for the Czech Republic according to the law no. 69/2006 Coll.) as well as with any other embargo issued by the Third Countries that it determines to be relevant such as the USA (OFAC) or the UK (OFSI). For more information on UN, EU, OFAC and OFSI sanctions, please click on the respective links below.

Observing embargo regulations means that the Group will not provide funds or economic resources to persons, entities or government agencies that appear on embargo sanction lists, nor 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. This not only helps us to avoid penalties for breaching international sanctions; it also helps you, as our customer, 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 individual or entities that are subject to an asset freeze or any financial sanction / restriction, making it prohibited to continue to do any business with them. In this context, KBC Group asks its customers to perform their own due diligence to make sure they are not dealing with sanctioned parties.

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

Both for the Bank and the Group, **it is unacceptable to process payments that may circumvent the imposed sanction regimes and the internal policy rules by intentional or unintentional processing**

**of payments via the intermediary financial institutions and subjects located in other countries** (the so-called indirect payments).

Please note that Correspondent banks also have the right to suspend any transaction in case their monitoring system detects a potential breach of embargoes or transactions requiring further information or documentation. In case of suspended transactions, the Group / the Bank act only as an 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 against which restrictive measures have been imposed. For more information on applicable embargoes or on specific Group policies, please get in touch with your Bank contact person, the Client center or any Bank branch.

### **KBC Group specific country policies**

Due to the complexity or scope of certain sanction programs, the Group 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 or Venezuela. The Group deems these (and possibly other) countries to be more sensitive, for instance because of comprehensive or complex embargoes or export control regulations, imposed under UN, EU or the Third Country legislation or regulations, and/or because of the presence of a significant number of blocked individuals or entities. Therefore, please always contact your contact person at the Bank, the Client center, or any branch when you have questions regarding our policy with respect to one of these countries.

Through a thorough screening of the transaction details the Bank wants to make sure that the transaction is legally allowed and within the limits of the 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 relates to Afghanistan.

### **Belarus**

The sanctions wrt. Belarus are not only very diverse and comprehensive, but the EU and the Third Country sanctions are very different, cover a different range of activities, businesses and trades, persons and entities. They are also very volatile due to the (ongoing) issuance of new sanctions.

The Group therefore only processes payments for its own customers and after thorough screening of the transaction details, to make sure the transaction is legally allowed and within the limits of the Group's own country policy.

**With effect from 1st June 2023 ČSOB does not process the outgoing payments to Belarus on a comprehensive basis** through any correspondent bank, in any currency.

Incoming payments from Belarus may be further processed unless they are breaching the valid regulation or this policy. The incoming payment processing times can be significantly extended due to the detailed payment verification.

The clients may be asked to cooperate (additional information and documentation may be required).

Be advised that a number of Belarusian banks are subject to sanctions (asset freeze, disconnection from SWIFT network, ownership or control by sanctioned individuals or entities) and the payments from / in favour of these banks cannot be processed any more.

### **Cuba**

The Group will not process any payments in USD and CAD that involve Cuban parties. The 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 Group policy.

In addition, customers that are residents in, established in (or moving to) Cuba can be subject to additional restrictions.

### **Syria**

The Group will not process any payments in USD, CAD and GBP that involve Syrian parties. The Group will only process non-USD, non-CAD and 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 Group policy.

In addition, customers that are residents in, established in (or moving to) Syria can be subject to additional restrictions.

### **Iran**

In light of certain international and local developments with respect to Iran, KBC Group maintains a strict policy. The 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 Bank customer;
- It does not concern (direct, nor indirect) payments or transactions in USD, CAD or GBP;
- The transactions are documented in detail;
- 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 the Group own internal commercial policy with regard to Iran.

In addition, customers that are residents in, established in (or moving to) Iran can be subject to additional restrictions.

### **Myanmar / Burma**

The Group does not process certain transaction, regardless of the currency, that are related to: arms and related military goods, dual use 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.

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 the Group's internal policy.

### **North-Korea**

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

### Venezuela

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

The Group will not process payments in USD, GBP nor CAD, involving Venezuelan parties. The 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 the Group's own policy.

### 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 fully discontinue transactions in Russian Rubles.

The Bank will under no circumstances be liable for the failed execution or non-execution of these transactions as a result of its embargo policy, regulatory measures, market conditions or the failure of our correspondent banks to execute the transactions, or execute them correctly or timely.

**With effect from 1st August 2022, the Group does not process the outgoing payments to the Russian federation** on a comprehensive basis through any correspondent bank, in any currency.

Incoming payment processing times can be significantly extended due to the detailed payment verification. The clients may be asked to cooperate (additional information and documentation will be required) in verifying payments and their compliance with applicable sanctions and group policies.

Russia is subject to a wide range of import and export restrictions. KBC Group will not process any transactions related to such restrictions, including restrictions related to the trade with dual-use goods or provision of a wide range of services to the Russian government or entities established in Russia.

Be advised that some entities may not be explicitly sanctioned but may be owned or controlled by a sanctioned subject and therefore considered sanctioned, making it prohibited to continue doing any business with them. The customers are asked to perform a due diligence on their own in this sense. In addition, number of Russian banks are subject to sanctions (asset freeze, disconnection from SWIFT network, ownership or control by sanctioned individuals or entities) and the payments from / in favour of these banks cannot be processed any more.

In addition, customers that are residents in, established in Russia or are Russia nationals can be subject to additional restrictions.

### Ukrainian regions

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

Apart from these regions, KBC Group will continue to process transactions to and from Ukraine for its own customers. Any transaction in breach of sanction regulations or KBC Group's own policy is prohibited and will not be processed.

In addition, customers that are residents in, established in (or moving to) Crimea, Donetsk or Luhansk can be subject to additional restrictions.

### **Sudan and South-Sudan**

The majority of sanctions wrt. Sudan and South-Sudan have been revoked, with the exception of individual financial sanction. Irrespective of the currency, the Group will only process transactions for its own customers, to make sure these are allowed according to the applicable designations.

More information on sanction regimes in general can be found on the Financial Analytical Office websites:

<https://fau.gov.cz/rozcestnik>

Information on UN, EU, the USA or the UK sanctions can be found on links below:

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

EU: [http://ec.europa.eu/dgs/fpi/what-we-do/sanctions\\_en.htm](http://ec.europa.eu/dgs/fpi/what-we-do/sanctions_en.htm)

US (OFAC): <http://www.ustreas.gov/offices/enforcement/ofac/sdn/>

UK (HMT – OFSI) <https://sanctionssearchapp.ofsi.hmtreasury.gov.uk/>

### **Rules on dual-use export controls**

The KBC Group will not process any transaction related to the export of dual-use items without the relevant authorization given by the competent authority. The necessary documentation, including relevant license may be requested.

The 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, the US and the UK governments and other countries.

The EU governs the export control regime by the EU Regulation 2021/821. 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.

The EU member states may introduce additional controls on listed items.

Further specific restrictions are imposed within the individual sanction regimes, including those against Russia, Belarus, Syria, Myanmar and other countries.

This amended embargo policy was published on CSOB websites on 7<sup>th</sup> January 2025.