

EXCLUSION LIST

No business relationship shall be established or maintained with clients engaged in any of the following activities:

Unethical practices and labour conditions:

- a) Production or activities involving harmful or exploitative forms of forced labour/harmful child labour¹, discriminatory practices, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining
- b) Production or trade of narcotics²
- c) Production or trade in weapons (including hunting weapons) and munitions³
- d) Gambling (including online gambling), casinos and equivalent enterprises⁴
- e) Issuance of cryptocurrencies or operation of cryptocurrency exchange platforms
- f) Prostitution and any business for which the primary business activity is related to pornography
- g) Reproduction clinics and other medical institutions engaged directly or indirectly in surrogacy⁵ (e.g. through intermediation or other systematic facilitation) or other ethically questionable medical treatment, including genetic material modification and manipulation or mitochondrial replacement therapy⁶ and practices commodifying human organs

Activities detrimental to health, safety and environment:

- h) Production or trade in or use of un-bonded asbestos fibres or asbestos-containing products⁷;
- i) Production or trade in products containing polychlorinated biphenyls⁸;
- j) Production or trade in pharmaceuticals, pesticides/herbicides and other hazardous substances subject to international phase-outs or bans⁹;
- k) Production or trade in radioactive materials (including storage and treatment of radioactive wastes), business or activities relating to the nuclear industry or nuclear materials¹⁰;
- l) Drift net fishing in the marine environment using nets in excess of 2.5 km in length;
- m) Shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organization (IMO) requirements¹¹;
- n) Activities involving the release of genetically modified organisms into the natural environment without approval being given by competent authorities or where the relevant authority has declared itself to be GMO-free¹²;
- o) Trade in wildlife or wildlife products regulated under CITES¹³;
- p) Transboundary movements of waste prohibited under international law¹⁴;
- q) Construction of (mini-)hydro cascades without appropriate environmental assessment;
- r) Production or trade in ozone-depleting substances subject to international phase-out¹⁵;
- s) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest, production and trade in wood or other forestry products other than from sustainably managed forests¹⁶;
- t) Exploitation of diamond mines and commercialisation of diamonds, when the host country has not adhered to the Kimberley agreement (KPCS) or other similar international agreements on extractive resources.
- u) Underground mining to extract metals, coal, oil shale and other minerals.
- v) Charcoal making using methods other than the retort method (use of sealed metal containers).

Activities having a negative impact on the community:

- w) The production or trade in any product or activity deemed illegal under host country (i.e. national) laws or regulations or international conventions and agreements, including without limitation, legislation or conventions relating to the protection of biodiversity resources¹⁷ or cultural heritage;
- x) Activities within, adjacent to, or upstream of land occupied by indigenous peoples and/or vulnerable groups, such as lands and watercourses used for subsistence activities such as livestock grazing, hunting or fishing;
- y) Activities which may affect adversely sites of cultural or archaeological significance;
- z) Activities involving involuntary resettlement;

Clients engaged in any of the following activities shall not be financed:

- Major production or trade in alcoholic beverages (excluding beer and wine)¹⁸
- Major production or trade in tobacco¹⁹
- Activities within, adjacent to, or upstream of designated protected areas classified under IUCN Category I-IV²⁰

¹ This includes any activity related to human trafficking. "Forced labour" means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. "Harmful child labour" means the employment of children that is economically exploitative, or is likely to be hazardous to, or to interfere with, the child's education, or to be harmful to the child's health, or physical, mental, spiritual, moral, or social development. For further guidance refer to: IFC (see IFC/MIGA Joint Policy Statement on Forced Labour and Harmful Child Labour); the ILO Declaration on Fundamental Principles and Rights at Work, and the principles enshrined in the following conventions: ILO conventions 29 and 105 (forced and bonded labour), 87 (freedom of association), 98 (right to collective bargaining), 100 and 111 (discrimination); 138 (minimum age); 182 (worst forms of child labour); Universal Declaration of Human Rights.

² The term "narcotics" refers to all illegal natural and synthetic narcotic drugs and psychotropic substances. For further reference please refer to UN Single Convention on Narcotic Drugs (1961) as well as the Yellow List of the International Narcotics Control Board (INCB).

³ Security companies that buy small arms and their munitions for own use and without the purpose of reselling them, are excluded from this provision.

⁴ This provision excludes charity lotteries, which exclusively invest their proceeds in charitable activities for the general benefit as well as those persons or entities which make less than 25% of their turnover by offering gambling.

⁵ Whereby a woman (the surrogate mother) agrees to bear a child for another person or persons, who will become the child's parent(s) after birth. The ProCredit group subscribes to the German Civil Code, Section 1591, by which the mother of a child is the woman who gave birth to it.

⁶ A special form of in vitro fertilisation in which some or all of the future baby's mitochondrial DNA comes from a third party and may include maternal spindle transfer (MST), pronuclear transfer (PNT) and polar body transfer (PBT).

⁷ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is <20%.

⁸ Polychlorinated biphenyls: a group of highly toxic chemicals likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

⁹ A list of products that are subject to phase outs or bans is available from IFC or EBRD. Reference documents include EU Regulation (EEC) No 2455/92 Concerning the Export and Import of Certain Dangerous Chemicals, as amended; UN Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; WHO Classification of Pesticides by Hazard.

¹⁰ This does not apply to the purchase of medical equipment, quality control (measurements) equipment and any other equipment where the radioactive source is trivial and/or adequately shielded.

¹¹ This includes: tankers which do not have all required MARPOL SOLAS certificates (including, without limitation, ISM Code compliance), tankers blacklisted by the European Union or banned by the Paris Memorandum of Understanding on Port State Control (Paris MOU), and tankers due for phase-out under regulations 13G and 13H of Annex I of MARPOL. No single hull tanker over 25 years old should be used.

¹² For EBRD countries of operation: activities involving the release of GMOs into the natural environment need to be referred to EBRD and benchmarked against the applicable performance requirements.

¹³ CITES: Convention on International Trade in Endangered Species of Wild Fauna and Flora. A list of CITES listed species is available from IFC or EBRD. To find out which species are on the list, visit <http://www.cites.org> or access the CITES species database at <http://www.cites.org/eng/resources/species.html>

¹⁴ Reference documents are: Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations; Basel Convention of 22 March 1989 on the control of transboundary movements of hazardous wastes and their disposal. For further information and a simplified guide to the Basel Convention visit: <https://www.basel.int>

¹⁵ Ozone Depleting Substances (ODSs): chemical compounds which react with and deplete stratospheric ozone, resulting in the widely publicised "ozone holes". The Montreal Protocol lists ODSs and their target reduction and phase-out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam-blowing agents, solvents, and fire-protection agents, together with details of signatory countries and phase-out target dates, is available from IFC or EBRD.

¹⁶ Sustainably managed forests must be certified by international and national certifiers (if available) or should be managed in accordance with the bank's policy for financing logging.

¹⁷ Relevant international biodiversity conventions include, without limitation: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; Convention on Biological Diversity.

¹⁸ This does not apply to clients/enterprises who are not substantially involved in these activities. "Not substantially involved" means that the activity

concerned is ancillary to the client's primary operations. Exemptions can be made with approval of IFC.

¹⁹ See footnote 17

²⁰ Activities within any other protected area as specifically mentioned have to be assessed case by case as defined by Group Standards for Managing Environmental and Social Impact of Lending. Other protected areas can be e.g. classified under IUCN Category V & VI, UNESCO Natural World Heritage Sites, Ramsar Sites (Convention on Wetlands of International Importance), Emerald Sites (Bern Convention), Natura 2000, Key Biodiversity Areas.

Activities in official human settlements within protected areas that do not have significant, adverse and irreversible impact on the environment and improve the environmental and/or social conditions, documents in an expert opinion thereof may be exempt from exclusion.

According to OECD definition, "human settlement" comprises: (a) physical components of shelter and infrastructure; and (b) services to which the physical elements provide support, that is to say, community services such as education, health, welfare, recreation and nutrition (source: OECD Glossary of Statistical terms)