

Information for interested parties to the PtX Development Fund: Exclusion List

In the following areas of Excluded Activities, which combine KfW and IFC criteria, the PtX Development Fund does not offer grants.

A. KfW Group Exclusion List

I. Exclusions

1. Production or trade in any product or activity subject to national or international phase-out or prohibition regulations or to an international ban, for example
 - i) certain pharmaceuticals, pesticides, herbicides and other toxic substances (under the Rotterdam Convention, Stockholm Convention and WHO "Pharmaceuticals: Restrictions in Use and Availability"),
 - ii) ozone depleting substances (under the Montreal Protocol),
 - iii) protected wildlife or wildlife products (under CITES / Washington Convention)
 - iv) prohibited transboundary trade in waste (under the Basel Convention).
2. Investments which could be associated with the destruction¹ or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).
3. Production or trade in controversial weapons or critical components thereof (nuclear weapons and radioactive ammunition, biological and chemical weapons of mass destruction, cluster bombs, anti-personnel mines, enriched uranium).
4. Production or trade in radioactive material. This does not apply to the procurement of medical equipment, quality control equipment or other application for which the radioactive source is insignificant and/or adequately shielded.
5. Production or trade in unbound asbestos. This does not apply to the purchase or use of cement linings with bound asbestos and an asbestos content of less than 20%.
6. Destructive fishing methods or drift net fishing in the marine environment using nets in excess of 2.5 km.
7. Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.
8. Prospection, exploration and mining of coal; land-based means of transport and related infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities essentially fired with coal, as well as associated stub lines².
9. Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands.

¹ "Destruction" means (i) the destruction or severe deterioration of the integrity of an area caused by a major and prolonged change in the use of land or water, or (ii) the alteration of a habitat which leads to the inability of the affected area to perform its function.

² Investments in power transmission grids with significant coal-based power feed-in will only be pursued in countries and regions with an ambitious national climate protection policy or strategy (NDC), or where the investments are targeted at reducing the share of coal-based power in the relevant grid. In developing countries, heating stations and cogeneration facilities (CHP) essentially fired with coal can be co-financed in individual cases based on a rigid assessment, if there is a particularly high sustainability contribution, major environmental hazards are reduced, and if there demonstrably is no more climate-friendly alternative.

II. Sectoral Guidelines

In selected sectors, the PtX Development Fund ties its direct financial commitment for concrete new projects to the following qualitative conditions:

1. Outside the EU and the OECD high income countries, large agricultural or forestry enterprises producing palm oil or wood must either comply with recognized international certification systems (RSPO or FSC) or equivalent regulations to ensure sustainable cultivation conditions or must be in the process of achieving compliance.
2. Large dam and hydropower projects use the recommendations of the World Commission on Dams (WCD) as orientation³.
3. Projects for non-conventional prospection, exploration and extraction of gas will disclose in accordance with international standards,
 - i) that no material groundwater drawdown or contamination is to be expected,
 - ii) that measures for resource protection (in particular water) and recycling are taken,
 - iii) that suitable technology is used for safe drilling, which includes integrated bore piping and pressure testing.

³ Dams with a height of at least 15 meters measured from the foundation or dams with a height between 5 and 15 meters with a reservoir volume of more than 3 million cubic meters.

B. IFC Exclusion List

- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international bans, such as pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB's, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.⁴
- Production or trade in alcoholic beverages (excluding beer and wine).⁴
- Production or trade in tobacco.⁴
- Gambling, casinos and equivalent enterprises.⁴
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

A reasonableness test will be applied when the activities of the project company would have a significant development impact but circumstances of the country require adjustment to the Exclusion List.

All financial intermediaries (FIs), except those engaged in activities specified below*, must apply the following exclusions:

- Production or activities involving harmful or exploitative forms of forced labor⁵/harmful child labor.⁶
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

* When investing in microfinance activities, FIs will apply the following items in addition to the IFC Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor⁵/harmful child labor.⁶
- Production, trade, storage, or transport of significant volumes of hazardous chemicals, or commercial scale usage of hazardous chemicals. Hazardous chemicals include gasoline, kerosene, and other petroleum products.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

* **Trade finance projects**, given the nature of the transactions, FIs will apply the following items in addition to the IFC Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor⁵/harmful child labor.⁶

⁴ This does not apply to project sponsors who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary to a project sponsor's primary operations.

⁵ Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁶ Harmful child labor means the employment of children that is economically exploitive, 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.