

EXCLUSION LIST

Date of approval 18 June 2018

The Fund will not invest in companies which benefit from and/or which business revenue directly derives from:

- 1- Production or activities involving harmful or exploitative forms of forced labour¹ / harmful child labour²;
- 2- Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements;
- 3- Any business relating to pornography or prostitution;
- 4- Production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES);
- 5- Production or use of or trade in hazardous materials such as radioactive materials, unbounded asbestos fibres and products containing PCBs³;
- 6- Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations;
- 7- Unsustainable fishing methods (i.e. drift net fishing in the marine environment using nets in excess of 2.5 km in length and blast fishing);
- 8- Production, use of or trade in pharmaceuticals, pesticides / herbicides, chemicals, ozone depleting substances⁴ and other hazardous substances subject to international phase-outs or bans;
- 9- Destruction of Critical Habitats⁵;

¹ "Forced labour" means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

² "Harmful child labour" 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, moral or social development. In addition, any labour that is performed by a person which has not yet reached the age of 15 is considered to be harmful, unless the local legislation specifies compulsory school attendance or the minimum age for working to be higher; in such cases, the higher age will be applied for defining harmful child labour.

³ PCBs: Polychlorinated biphenyls, a group of highly toxic chemicals. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

⁴ "Ozone Depleting Substances" (ODS): Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol lists ODS and their target reduction and phase-out dates.

⁵ "Critical Habitat" is a subset of both natural and modified habitat that deserves particular attention. Critical Habitat includes areas with high biodiversity value that meet the criteria of the World Conservation Union ("IUCN") classification, including habitat required for the survival of critically endangered or endangered species as defined by the IUCN Red List of Threatened Species or as defined in any national legislation; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or which are affiliated with key evolutionary

- 10- Production and distribution of racist, anti-democratic and/or neo-Nazi media;
- 11- Tobacco, if it forms a substantial part of a project's primary financed business activities⁶;
- 12- Live animals for scientific and experimental purposes, including the breeding of these animals;
- 13- Ammunition and weapons, military / police equipment or infrastructure;
- 14- Gambling, casinos and equivalent enterprises;
- 15- Commercial concessions over, and logging on tropical natural forest; conversion of natural forest to a plantation;
- 16- Purchase of logging equipment for use in tropical natural forests or high nature value forest in all regions; and activities that lead to clear cutting and / or degradation of tropical natural forests or high nature value forest;
- 17- New palm oil plantations.

In addition to the above list of excluded activities, the Fund shall not make investments in the following:

- 1- Projects/Investments entailing negative land cover change⁷. This is to be demonstrated with aerial photographs or satellite images, or using credible, official records.
- 2- Extensive monoculture forest plantations⁸;
- 3- Conversion of drylands to irrigated forest plantations with new permanent irrigation and/or pumping systems;
- 4- Projects/Investments entailing the production of, use of and trade in Genetically Modified Organisms (GMOs);
- 5- Greenfield or brownfield palm oil plantations and investments in the entire palm oil value chain;
- 6- Any biomass to energy project;
- 7- Any tropical natural forest management project, or any community forest management project when related to natural forest management.

processes or provide key ecosystem services; and areas having biodiversity of significant social, economic or cultural importance to local communities. Primary forest or forests of high conservation value shall be considered Critical Habitats.

⁶ A benchmark for substantial is 5-10% of the balance sheet or the financed volume or sales revenues in acquired asset or the Portfolio Company.

⁷ For example, the conversion of "Natural and Semi-Natural Vegetation" to "Cultivated and Managed Terrestrial Areas".

⁸ Extensive monoculture plantations do not comply with international biodiversity objectives and bear high financial and economic risks (e.g. exposure to endemic risks such as pest attacks, wind-throws, and large forest fires).