



Exclusion List and Sectoral Guidelines of the Foundation

As part of the Environmental & Social Management System (ESMS)

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I. Exclusions

The Foundation Development and Climate Alliance (“Foundation”) does not offer any Advisory Services related to projects in the following areas:

1. Energy efficiency projects in lighting programmes involving lamps that contain mercury.
2. Geological CO₂ sequestration.
3. Destruction of trifluoromethane (HFC-23) and nitrous oxide (N₂O) from adipic acid production.
4. Extraction and processing of fossil fuels or projects in which mainly fossil fuels are used. This does not apply to carbon capture and usage (CCU), for example involving synthetic fuels (e-fuels) or energyefficiency measures in households.
5. 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:
 - a) certain pharmaceuticals, pesticides, herbicides, and other toxic substances (under the Rotterdam Convention, Stockholm Convention and WHO "Pharmaceuticals: Restrictions in Use and Availability"),
 - b) ozone depleting substances (under the Montreal Protocol),
 - c) polychlorinated biphenyls (PCBs),
 - d) protected wildlife or wildlife products (under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)/Washington Convention),
 - e) prohibited transboundary trade in waste (under the Basel Convention)
6. Investments that could be associated with the destruction or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).
7. Production or trade in weapons and munitions or critical components thereof.
8. 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.
9. 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 %.
10. Destructive fishing methods or drift net fishing in the marine environment using nets in excess of 2.5 km in length.
11. Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.
12. 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 lines.
13. Non-conventional prospection, exploration, and extraction of oil from bituminous shale, tar sands, or oil sands.
14. Production or trade in alcoholic beverages (excluding beer and wine), tobacco, gambling, casinos, and equivalent enterprises.¹

¹ 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.

15. Destruction² of High Conservation Value (HCV) areas³.
16. Pornography and/or prostitution.
17. Racist and/or anti-democratic media.
18. Production or activities involving harmful or exploitative forms of forced labour⁴/harmful child labour⁵.
19. 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.
20. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

II. Sectoral Guidelines

In selected sectors, the Foundation ties its Advisory Services 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 recognised international certification systems (Roundtable on Sustainable Palm Oil (RSPO) or Forest Stewardship Council (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 orientation.

² Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

³ High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (see: <http://www.hcvnetwork.org>)

⁴ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁵ 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, spiritual, moral, or social development.