

IFU'S EXCLUSION LIST (APRIL 2022)

IFU applies, as a starting point, the European Development Finance Institution (EDFI) "Principles for Responsible Financing", where EDFI members have mutually agreed on the following Harmonized EDFI Exclusion List (September 2011 and October 2020) for co-financed projects. IFU's exclusion list consolidates the EDFI exclusion list and commitments from IFU's Climate Policy 2022. Future revisions to the EDFI Exclusion List will be considered for inclusion into IFU's Exclusion List.

IFU will not finance any activity, production, use, distribution, business or trade involving:

1. Forced labour¹ or child labour²
2. Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
 - a) Ozone depleting substances, PCB's (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
 - b) wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or
 - c) Unsustainable fishing methods (e.g. blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length)
3. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations
4. Destruction³ of High Conservation Value areas⁴
5. Radioactive materials⁵ and unbounded asbestos fibres
6. Pornography and/or prostitution
7. Racist and/or anti-democratic media
8. In the event that any of the following products form a substantial part of a project's primary financed business activities⁶:
 - a) Alcoholic Beverages (except beer and wine);
 - b) Tobacco;
 - c) Weapons and munitions; or
 - d) Gambling, casinos and equivalent enterprises.

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

² Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases the higher age shall apply.

³ 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.

⁴ 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>).

⁵ This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

⁶ For companies, "substantial" means more than 10% of their consolidated balance sheets or earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio volumes.

IFU's exclusion list extends beyond the EDFI harmonised exclusion list on fossil fuels and commitments made by the Danish Government to end both public finance and export promotion for fossil fuels in the energy sector abroad by 1 January 2022.

IFU will not engage in new investments within the following activities:

9. Standalone fossil fuelled power plants
10. Drilling, exploration, extraction, refining and sale of crude oil, natural gas and thermal coal
11. Storage, supporting infrastructure (pipelines etc.), transportation and logistics, and services primarily related to fossil fuels
12. Any business using captive coal for power and/or heat generation
13. Electricity generation from peat and activities leading to deforestation
14. Investments and/or other projects that aim to produce or make use of agricultural or forestry products associated with unsustainable expansion of agricultural activity into land that had the status of high carbon stock and high biodiversity areas
15. Biomaterials and biofuel production that make use of feedstock that could otherwise meaningfully serve as food or compromise food security
16. Export-oriented agribusiness models that focus on long-haul air cargo⁷ for commercialisation
17. Meat and dairy industries based on production systems that involve unsustainable animal rearing and/or lead to increased GHG emissions as compared to best industry, low-carbon standards/benchmarks⁸

⁷ Following Eurocontrol's definition, long-haul is taken to be longer than 4 000 kilometres (The EIB Group Climate Bank Roadmap 2021-2025).

⁸ For agrifood value chain projects in countries with vulnerable food supply systems, benchmarking of GHG emissions of agro-industry projects on local instead of international best standards is possible on a case-by-case basis. This would apply in particular to smallholder and agriculture microfinance schemes or agrifood industries that target local demand and may involve derogation of general carbon footprint thresholds related to power and heat generation established in this bioeconomy section and under the industry and energy tables above (The EIB Group Climate Bank Roadmap 2021-2025).