I. Exclusions

In the following areas KfW Group does not offer financing for new projects or purposes: *

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 destruction ** 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 lines. ***

9. Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands.
II. Sectoral Guidelines

In selected sectors, KfW Group 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 recognised 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 orientation. ****

3. Projects for non-conventional prospection, exploration and extraction of gas will disclose in accordance with international standards,
   - that no material groundwater drawdown or contamination is to be expected,
   - that measures for resource protection (in particular water) and recycling are taken,
   - that suitable technology is used for safe drilling, which includes integrated bore piping and pressure testing.

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* Deviations can result from mandated transactions (Zuweisungsgeschäft) in accordance with § 2 (4) of the Law Concerning KfW, or from instructions of the relevant federal ministries.

** "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.

*** 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.

**** 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.