

Exclusion List of KfW Capital

KfW Capital applies restrictions to its operations in relation to certain economic sectors, which are considered not to be compatible with the ethical, social and environmental standards of KfW Capital, as an innovative start-up portfolio should only consist of sustainable future technologies. These restrictions are summarized in the following exclusion list, which includes KfW group's exclusion list ([Exclusion List KfW group \(kfw.de\)](#)), and is supplemented by further criteria:

KfW Capital considers this Exclusion List as an important element of its ESG strategy to avoid sustainability risks and reputational damage. KfW Capital counterparts, should adequately consider the restricted sectors (as defined below) in their respective transactional policies and guidelines and monitor compliance with such policies and guidelines by final beneficiaries. In addition, **counterparts should consult KfW Capital on any transaction, when in doubt of being compliant with any of the exclusion criteria.**

Exclusion List

1. Phase-out or prohibition regulations

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. protected wildlife or wildlife products (under CITES / Washington Convention)
- d. prohibited transboundary trade in waste (under the Basel Convention).

2. Protection areas

Investments which could be associated with the destructionⁱ or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).

3. Weapons

Any production or trade in weapons, ammunition, 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. Controversial products

Any production or trade of

- radioactive material which 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;
- tobacco and distilled alcoholic beverages and related products (production and trade of significant volumes)
- 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%.

- Any controversial forms of gambling: operation of casinos, production of devices or other equipment for casinos or betting offices or other equipment for casinos or betting offices or companies that generate turnover via online betting.
- Any research, development or technical application relating to electronic data programs or solutions,
 - which aim specifically at supporting any activities referred to internet gambling/online casino or pornography. (This also includes electronic clouds and servers that could potentially be used for the storage or distribution of pornographic material);
 - which are intended to enable to illegally enter into electronic data networks or download electronic data.

5. Chemicals

Any production or trade of significant volumes of hazardous chemicals (this also refers to the storage or transportation of those chemicals and includes gasoline, kerosene, and other petroleum products), or commercial scale usage of hazardous chemicals.

6. Fisheries

Investments in destructive fishing methods or drift net fishing in the marine environment using nets in excess of 2.5 km or any activities related to shark finning and commercial whaling.

7. Energy & Oil

Investments in nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction, any production or exploration of arctic offshore oil and gas or shale gas in Europe or non-conventional prospecting, exploration and extraction of oil from bituminous shale, tar sands or oil sands.

8. Coal & Mining

Investments in the prospecting, 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.ⁱⁱ

9. Forestry and agri-commodities

Investments in commercial logging operations for use in primary tropical moist forest.

10. Genetic Engineering

Any kind of research, development or technical applications related to human germline gene editing under any circumstances in any jurisdiction or, except to the extent that appropriate legal regulatory and ethical allowances/documents are in place, somatic gene editing. The Fund shall ensure the appropriate control of legal, regulatory, and ethical issues linked to such somatic gene editing.

11. Controversial behavior

Any illegal economic activities, for example any production, trade or other activity, which is illegal under the laws or regulations of the home jurisdiction for such production, trade or activity. Human cloning for reproduction purpose is considered an illegal economic activity in the context of these investment restrictions.

Any investments that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

12. Animal welfare

Investments in

- Any products involving testing on animals (non-medical purpose, special rules apply to Life Science funds)
- Operating fur farm or trading/manufacturing fur products.

13. Cryptocurrency

Investments in any cryptocurrencies, that are intended to be used for online gambling or any other illegal online transactions, for example in dark nets.

ⁱ "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.

ⁱⁱ 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 coalbased 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.