



Acre Export Finance Fund I

Environmental and Social Policy

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1. INTRODUCTION

The African Development Bank (AfDB) estimates an infrastructure financing need of \$130-170bn a year across the continent, with an annual financing gap of up to \$108bn. The Global Infrastructure Hub estimates an average annual financing gap of ~ \$165bn up through 2030 for energy, transport and water infrastructure in Africa. This takes into account the increased spending to fulfil the Sustainable Development Goals (SDGs). These financing gap estimates cover hard infrastructure in sectors such as power, water, ICT and various forms of transportation, they do not cover the funding requirements for social infrastructure. Among others, these sectors include healthcare, education and social housing, where the financing gaps are similarly large. For example, there is an estimated healthcare financing gap of \$66bn annually based on a 5% of GDP threshold for government spending. Likewise, the World Bank estimates that there is at least a \$28bn annual adaptation deficit in coastal flood protection in sub-Saharan Africa.

The Export Finance Fund I (the “Fund”) will finance climate-aligned essential infrastructure projects serving underserved populations in Africa.¹ The Fund co-invests alongside well-established Export Credit Agency (ECA) partners and international banks — mobilising up to US\$5.6 of private sector capital for every dollar invested by the Fund. The Export Finance Fund is an innovative finance strategy aiming to increase the amount of debt financing available for essential infrastructure projects.

Some of these projects have potential for adverse impacts. Managing these is fundamental to the operations of the Fund Manager. The Environmental and Social Policy (E&S) and Environmental & Social Management System (ESMS) sets out how the Fund will integrate environmental and social considerations into its operations to minimise any adverse effects and ensure the effective delivery of the Fund’s overarching objectives. The ESMS will conform to the requirements of global standards, in particular the IFC Performance Standards and other international standards, as detailed below.

The Fund’s ESMS processes occur in parallel with other investment and due diligence activities (e.g. credit analysis, legal due diligence, etc.) and are of equal importance with these processes in defining how investments are made and managed.

Definition of key terms:

The Fund’s goal is to invest in climate-aligned infrastructure projects that provide access to essential services for underserved populations. For the purposes of clarification, the following definitions are used:

- (i) **Essential infrastructure:** is defined as essential services and facilities which create or enhance opportunities for improved quality of life and inclusive community. This can be achieved through both creating initial access to such services or by improving and upgrading services to increase access and deliver consistent, reliable outputs. The Fund integrates this consideration into the investment strategy by only considering investment opportunities that qualify as essential infrastructure, in one of the four target impact sectors defined by Acre: (i)

¹ Key terms are defined below.

renewable power; (ii) health, food and water scarcity; (iii) sustainable cities; and (iv) green transportation.²

- (ii) **Climate-aligned:** is defined by Acre through the application of a climate lens throughout the investment process. At a minimum this involves physical and transition climate risk assessments³; at a minimum scope 1 and 2 emission tracking, and wherever feasible scope 3 emissions tracking; identification of resilience, resource efficiency and emission reduction opportunities at the project level; and support to implement these. Acre operationalises a climate lens by ensuring that investments are in line with and do not conflict with Nationally Determined Contributions (NDCs) in the country of operation and also by ensuring alignment with the European Investment Bank (EIB) Group Climate Bank Roadmap. This includes not investing in any restricted activities and compliance with the technical criteria detailed therein as appropriate and relevant.
- (iii) **Underserved populations:** is a relative term. The Fund adopts the definition used by Impact Frontiers: ‘consumers, particularly within the bottom of the pyramid, who lack access to mainstream suppliers of goods and services.’ Access can be affected by several factors, including geographical location and price. Acre also recognises that women and other vulnerable groups are often disproportionately affected by lack of access to essential infrastructure. All investments are screened against this criterion to ensure that they are enabling improved living standards for underserved populations, those at the bottom of the pyramid, and/or enabling improved operating conditions for small and medium enterprises.

² For more details see the Fund Impact Management System (IMS)

³ The process for the identification of physical climate risks is defined in Appendix 12 below.

2. ENVIRONMENTAL AND SOCIAL POLICY

2.1. Purpose and Scope

The Export Finance Fund (the “Fund”) will finance growth-stage, climate-aligned infrastructure projects in Africa. The Fund co-invests alongside well-established Export Credit Agency (ECA) partners and international banks — mobilising up to US\$5.6 of private sector capital for every dollar invested by the Fund. The Export Finance Fund is an innovative finance strategy aiming to increase the amount of debt financing available for essential infrastructure projects.

The Fund will achieve its objectives by investing in projects that align to the following impact themes:

- (i) Renewable Power
- (ii) Health, Food and Water Scarcity
- (iii) Sustainable Cities
- (iv) Green Transportation

This Policy outlines the Environmental and Social (E&S) principles that underpin all the Fund’s activities. Any further guidelines, processes and procedures will be developed accordingly.

2.2. Principles

- The Export Finance Fund (the Fund) is committed to promoting sustainable development in the full range of its activities and investments.
- The Fund recognises that the stewardship of the environment and the interests of local communities are integral parts of its investment activities. In addition, sound social and environmental practices often lead to investment benefits.
- The Fund seeks to avoid, and where it is not possible, minimise adverse impacts and enhance positive impacts on the environment and local communities.
- The Fund promotes the adoption of environmental and social safeguards and the reduction of emissions of greenhouse gases.
- The Fund recognises the responsibility of business to respect human rights and will seek to avoid the infringement of human rights and address adverse human rights impacts that a financed project may cause or contribute to, which extends to the value chain.⁴
- The Fund seeks to apply the principles of fair treatment, non-discrimination, equal opportunity and anti-gender-based violence and harassment, for employees and contractors on a Fund and investment level.

⁴ For clarity, this includes any activities in the value chain involving harmful or exploitative forms of forced labour and harmful child labour, as defined by the International Labour Organisation (ILO) Fundamental Labour Conventions. Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. 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.

- The Fund seeks to invest in projects that offer a safe and healthy working environment to all workers and safeguard the health and safety of all stakeholders affected by business operations where the Fund's capital is invested in.
- The Fund seeks the fair treatment of all stakeholders relevant to the activities in which the Fund's capital is invested in by:
 - (i) Ensuring all relevant stakeholders are identified;
 - (ii) Ensuring projects respect local communities and indigenous peoples legal and customary rights over resources, as well as culturally and socially vulnerable sites; and
 - (iii) Supporting projects which demonstrate engagement in participatory, fair and transparent decision-making processes.
- The Fund is committed to exhibit honesty, integrity, fairness, diligence and respect in all business dealings by adhering to the principles of good corporate governance and integrity standards.
- The Fund is committed to the principles of transparency, accountability and stakeholder engagement.

2.3. Commitments

In order to ensure it adheres to its values and principles, the Fund makes the following commitments:

- Ensure each investment will be made in line with its E&S policy and associated guidelines and procedures;
- Refrain from making investments in projects or sectors on its exclusion lists;
- Comply with all relevant host country environmental and social legislation and align with Good International Industry Practices, as appropriate;
- Ensure the E&S Policy is communicated and understood by all staff and contractors;
- Ensure systems are in place to identify, assess and manage project related environmental and social impacts before committing to an investment;
- Ensure the adoption of E&S standards aligned with the Fund's E&S policy by all parties to a transaction (i.e. project contractors, borrowers and other lenders/guarantors);
- Ensure processes are in place to identify and rectify any identified human rights abuses, extending to the value chain, and including forced labour and harmful child labour (as defined above).
- Ensure processes are in place to promote gender equality, safeguard women and girls, and prevent any form of workplace discrimination, sexual harassment or physical assault, and gender-based violence and harassment;
- Ensure processes are in place to identify and manage climate-related risks and track and reduce harmful GHG emissions, and further that projects are aligned with the European Investment Bank (EIB) Group Climate Bank Roadmap⁵ and nationally determined contributions (NDCs) per the country of investment;
- Commit to a process of continuous improvement in its ESMS design and implementation, including periodic review and audits of the Policy;

⁵ Particularly Annex 2: Part I which details the Paris Alignment Framework:
https://www.eib.org/attachments/thematic/eib_group_climate_bank_roadmap_en.pdf

- Turn down opportunities for investment where there are concerns about the systems put in place to manage and control E&S risks;
- Monitor and report on E&S performance of projects in a transparent, credible and timely manner to all relevant stakeholders.

2.4. Policy implementation

The Fund implements its E&S Policy through its Environmental & Social Management System (ESMS), which ensures the policy is fully implemented through the value chain (i.e. opportunity identification, due diligence, investment, monitoring and reporting and through loan redemption to ensure ongoing best practice).

The Fund will allocate responsibilities and appropriate resources for the effective implementation of this Policy. Specifically, the Fund will nominate a responsible person to manage the implementation of the E&S Policy. The Fund will develop and maintain appropriate documents to assist in implementing this strategy and will ensure staff receives appropriate training on the requirements of this policy.

This Policy may be amended or updated, subject to approval of the Investment Committee. In addition, this Policy will be subject to review by the Investment Committee at least every 5 years.

2.5. Policy reference framework

In addition to host country laws, the Fund is guided in its activities by the following reference framework (which is not considered exhaustive):

1. Broad environmental and social safeguards⁶
 - The Export Finance Fund I Investment Exclusion List⁷
 - The International Finance Corporation (IFC) Performance Standards 1-8
 - The World Bank Environmental, Health and Safety (EHS) Guidelines
 - The European Investment Bank (EIB) Environmental and Social Policy
 - The EIB Environmental and Social Standards 1-11
 - The United States (US) International Development Finance Corporation (DFC) Environmental and Social Policy and Procedures
 - The Equator Principles 1-10
 - The Organisation for Economic Co-operation and Development (OECD) Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence

⁶ These cover standards addressing a range of environmental and social issues including: environmental and social risk and impact identification and management, labour rights and working conditions, health, safety and security, stakeholder engagement (including public consultation and disclosure), grievance mechanisms, resource efficiency and pollution prevention, biodiversity, ecosystems and sustainable management of living natural resources, climate change, land acquisition and involuntary resettlement, vulnerable groups, indigenous peoples, gender issues and cultural heritage.

⁷ Detailed in Appendix 1.

2. Labour related safeguards
 - The International Labour Organisation (ILO) fundamental labour conventions
3. Human rights and the protection of vulnerable communities
 - The United Nations (UN) Guiding Principles on Business and Human Rights
 - The OECD Due Diligence Guidelines for Responsible Supply Chains from Conflict-Affected and High-Risk Areas
 - The Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security
 - The IFC Good Practice Note on Indigenous Peoples and Land Rights
 - The IFC Good Practice Note on Addressing Grievances from Project Affected Communities
 - The IFC Good Practice Note on Addressing Gender-Based Violence and Harassment: Emerging Good Practice for the Private Sector
4. Resettlement guidance

*As per the Fund Investment Exclusion List, the Fund will not invest in any activities resulting in the physical displacement of indigenous people and/or any forced eviction process used to acquire land in the project financed (i.e. involuntary resettlement).

 - IFC Performance Standard 5: Land Acquisition and Involuntary Resettlement
 - EIB Standard 6: Involuntary Resettlement
 - The IFC Good Practice Note on Land Acquisition and Involuntary Resettlement
5. Climate-related safeguards
 - The EIB Group Climate Bank Roadmap
 - EIB Standard 5: Climate Change
 - US DFC ESPP (8): Climate Change & Renewable Energy
 - Nationally Determined Contributions (NDCs) in the specific country of operation
6. Other good practice guidance frameworks
 - The IFC Industry Sector EHS Guidelines
 - The IFC Good Practice Note on Managing Retrenchment
 - The IFC Good Practice Note on Worker Accommodation: Processes and Standards
 - The IFC Good Practice Note on Improving Animal Welfare in Livestock Operations

APPENDIX 1: INVESTMENT EXCLUSION LIST

Export Finance Fund 1 will not invest in any of the following activities:

1. Projects which result in limiting people's individual rights and freedom, or violation of human rights, including the production or use or trade in or activities involving harmful or exploitative forms of forced labour⁸/harmful child labour⁹, as defined by ILO Fundamental Labour Conventions.
2. Projects or companies known to be in violation of local applicable law related to environment, health, safety, labour and public disclosure.
3. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase out or bans such as:
 - a. Production of or trade in products containing polychlorinated biphenyls (PCBs)¹⁰
 - b. Production, placing on the market and use of asbestos fibres, and of articles and mixtures containing these fibres added intentionally¹¹
 - c. Production, use of or trade in ozone depleting substances¹² and substances which are subject to international phase-outs or bans, including pharmaceuticals, pesticides/herbicides and chemicals¹³
 - d. Production or use of or trade in persistent organic pollutants¹⁴
 - e. Production or trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES).
 - f. Transboundary movements of waste prohibited under public international law.¹⁵
4. Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources, projects significantly impacting on protected areas, or

⁸ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

⁹ 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.

¹⁰ PCBs: Polychlorinated biphenyls are a group of highly toxic chemicals.

¹¹ Commission Regulation (EU) 2016/1005 of 22 June 2016 amending Annex XVII to Regulation (EC) No 1907/2006 of the European Parliament and of the Council concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) as regards asbestos fibres (chrysotile).

¹² Ozone Depleting Substances (ODS): Chemical compounds, which react with and delete stratospheric ozone, resulting in "holes in the ozone layer". The Montreal Protocol on Substances that Deplete the Ozone Layer lists ODs and their target reduction and phase-out date.

¹³ Reference documents: Regulation (EU) No. 649/2012 of the European Parliament and of the Council of 4 July 2012 concerning the export and import of hazardous chemicals as amended; United Nations Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); World Health Organisation Recommended Classification of Pesticides by Hazard. A list of pharmaceutical products subject to phase-outs or bans is available at: <https://www.who.int/medicines/publications/restrictions/en>. A list of pesticides and herbicides subject to phase-outs or bans and a list of hazardous chemicals subject to phase-outs or bans is available at <http://www.pic.int>

¹⁴ Reference document: Stockholm Convention on Persistent Organic Pollutants (POPs) as amended in 2009.

¹⁵ Reference documents: Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal; Regulation (EC) No 1013/2006 of 14 June 2006 on shipments of waste; and Decision C(2001)107/Final of the OECD Council concerning the revision of Decision C(92)39/Final on the control of transboundary movements of wastes destined for recovery operations.

cultural heritage sites (including UNESCO World Heritage Sites) without appropriate mitigation/compensation.

5. Any activities involving significant degradation or conversion of Critical Habitats.¹⁶
6. Sex trade and any related infrastructure, services and media, including pornography and/or prostitution.
7. Unsustainable fishing methods (such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large numbers and damaging to biodiversity and habitats, including blast fishing and electric shocks).
8. Production and distribution of racist, anti-democratic and/or neo-Nazi media.
9. Tobacco (production, processing, trade and distribution) and related products.
10. The use and breeding of live animals for scientific and experimental purposes which is not in compliance with applicable EU legislation.¹⁷
11. Ammunition and weapons, military/police equipment or infrastructure¹⁸ production or sales, correctional facilities, prisons.
12. Gambling, casinos and equivalent enterprises and related equipment or hotels hosting such facilities.
13. Any business with political or religious content.
14. Production or trade in alcoholic beverages (excluding beer and wine).¹⁹
15. Production or trade in radioactive materials, including nuclear reactors and components thereof. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.
16. Commercial concessions over, purchase of logging equipment for use in-, logging of- and sourcing of biomass from primary natural forests or High Conservation Value (HCV) forests/areas.
17. Production or trade in wood or other forestry products other than from sustainably managed forests.²⁰
18. Extensive monoculture forest plantations.²¹
19. Irrigated forests.²²
20. New palm oil plantations.

¹⁶ 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, endangered or vulnerable 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 associated with key evolutionary 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. Critical Habitat include species under strict protection in accordance with Art. 12-16 of the Habitats Directive. For avoidance of doubt – destruction of critical habitat does not take into consideration mitigation and compensatory measures.

¹⁷ EU Directive 2010/63/EU as may be amended.

¹⁸ Excluding infrastructure which is deemed to be social infrastructure, i.e. hospitals, schools, roads, and which are available for public access.

¹⁹ 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.

²⁰ FSC Principles and Criteria for Forest Stewardship (Principle 6: Environmental Values and Impacts)

²¹ These bear high financial and economic risks (e.g. exposure to endemic risks such as pest attacks, wind-throws, and large forest fires).

²² Temporary watering in the first three years after planting is allowed for the seedlings to develop deep rooting systems for ensuring high survival rates.

21. Any activities relating to the deliberate release of Genetically Modified Organisms (GMO), unless in compliance with EU Directive 2001/18/EC and EU Directive 2009/41/EC and related country acquis, as further amended.
22. Extraction, mining of conflict minerals and metals.
23. Nuclear power, nuclear waste treatment or nuclear fuel cycle activities.
24. Construction of new or refurbishment of any existing heavy fuel oil (HFO)-only or diesel-only power plant producing energy for the public grid and leading to an increase of absolute CO₂ emissions.
25. Any activities resulting in the physical displacement of Indigenous People.
26. Any forced eviction process used to acquire land in the projects financed or to be financed.
27. Any activities listed as “Not supported” in Part I of Annex 2 of EIB Group Climate Bank Roadmap, as detailed below²³.
28. Any activities listed as “Categorical Prohibitions” in Appendix B of the US DFC Environmental and Social Policy and Procedures, as detailed below.²⁴
29. Any activities listed as additional US DFC exclusions, as detailed below.

EIB Group Climate Bank Roadmap **Annex 2 Part I: Paris alignment framework – low carbon**

List of activities that are ‘not supported’:

A. Energy

- Coal mining, processing, transport and storage.
- Oil exploration and production, refining, transmission, distribution and storage.
- Natural gas exploration and production, liquefaction, regasification, transmission, distribution and storage.
- Large-scale heat production for district heating based on unabated oil, natural gas, coal or peat, with the exceptions shown in heating and cooling.
- Coal/peat/oil (if natural gas is available) used for industrial heat production.

B. Industry/Manufacturing

- Greenfield or substantial expansions of energy intensive industry (EII) production predominantly based on traditional high-carbon processes without accompanying abatement technology such as carbon capture and storage (CCS) or recourse to renewable energy sources. This would include investments in e.g. greenfield conventional coke-based blast furnace (BF/BOF) primary steel production, fully fossil-based production of chemicals and plastics, fossil-based nitrogen fertiliser synthesis, production of ordinary Portland cement clinker unless the project includes a suitable decarbonisation technology (such as CCS or carbon capture and utilisation [CCU]).
- Products dedicated exclusively to the coal, oil and gas sectors including transport/exploration/use/storage.

²³ https://www.eib.org/attachments/thematic/eib_group_climate_bank_roadmap_en.pdf (See details below)

²⁴ https://www.dfc.gov/sites/default/files/media/documents/DFC_ESPP_012020.pdf

- Manufacturing of internal combustion engine (ICE) passenger vehicles, ICE powertrains for passenger cars and dedicated components.
- Ships and conventional aircraft using carbon-intensive fuels (i.e. HFO²⁵, MDO²⁶, MGO²⁷, kerosene) and dedicated components.
- Fossil-based power generation, and dedicated components not compliant with the EIB energy lending policy (e.g. gas turbines).

C. Transport

- Vehicles and infrastructure dedicated to the transport and storage of fossil fuels (dedicated vessels and railcars, coal and oil terminals, LNG bulk breaking facilities, etc.). Dedicated is defined as built and acquired with the explicit intention to predominantly transport or store fossil fuels over the life of the project.
- Maritime vessels (excludes inland waterway vessels) using only conventional fuels (i.e. HFO, MDO, MGO).
- Conventionally-fuelled aircraft.
- Airport capacity expansion.

D. Buildings

- Buildings associated with the extraction, storage, transportation or production of fossil fuels.

E. Bioeconomy

- AFOLU/LULUCF²⁸ 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 has the status of high carbon stock and high biodiversity areas (i.e. primary and secondary forest, peatlands, wetlands, and natural grasslands).
- Biomaterials and biofuel production that make use of feedstocks that can serve as food or compromise food security.
- Export-oriented agribusiness models that focus on long-haul²⁹ air cargo for commercialisation (i.e. investments dependent on the long-haul, intercontinental air-cargo shipment of fresh, perishable agricultural goods).
- 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/benchmarks.³⁰

²⁵ Heavy fuel oil

²⁶ Marine diesel oil

²⁷ Marine gas oil

²⁸ Agriculture, forestry and other land use (AFOLU) and land use, land use changes and forestry (LULUCF).

²⁹ Following Eurocontrol's definition, long-haul is taken to be longer than 4,000 kilometres.

³⁰ Investments in the meat and dairy industries considered by [EIB] for finance should demonstrate improved GHG efficiency through, for example, alignment with the EU Taxonomy criteria in agriculture, the promotion of eco-efficient animal management systems or the promotion of grass and other lignocellulose-centred feeding regimes for ruminants.

F. Human capital

- Public research activities or supporting equipment and infrastructure that are directly and exclusively related to unabated fossil fuels.

US DFC Environmental and Social Policy and Procedures
Appendix B – Categorical Prohibitions (*not already detailed above)

1. Construction of dams that significantly and irreversibly: (a) disrupt natural ecosystems upstream or downstream of the dam; or (b) alter natural hydrology; or (c) inundate large land areas; or (d) impact biodiversity; or (e) displace large numbers of inhabitants (5,000 persons or more); or (f) impact local inhabitants' ability to earn a livelihood.
2. Resettlement of 5,000 or more persons.
3. Any impact on natural World Heritage Sites³¹ unless it can be demonstrated through an environmental assessment that the project (i) will not result in the degradation of the protected area and (ii) will produce positive environmental and social benefits.
4. Any impact on areas on the United Nations List of National Parks and Protected Areas³², unless it can be demonstrated through an environmental assessment that the project (i) will not result in the degradation of the protected area and (ii) will produce positive environmental and social benefits.
5. Extraction or infrastructure in or impacting: protected area Categories I, II, III and IV (Strict Nature Reserve / Wilderness Areas and National Parks, Natural Monuments and Habitat / Species Management Areas), as defined by the International Union for the Conservation of Nature (IUCN). Projects in IUCN Categories V (Protected Landscape / Seascape) and VI (Managed Resource Protected Area) must be consistent with IUCN management objectives³³, unless it can be demonstrated through an environmental assessment (i) there is no degradation of the protected area and (ii) there are positive environmental and social benefits.
6. Projects or companies that provide significant, direct support to a government that engages in a consistent pattern of gross violations of internationally recognised Human Rights, as determined by [the Fund and] the U.S. Department of State.
7. In addition, the Fund will not use any of the proceeds of the US DFC investment to invest in any other Categorical Prohibitions detailed by US DFC, nor use US DFC proceeds for any other exclusions detailed by US DFC in their Environmental and Social Policies and Procedures (ESPP), including (but not limited to):

³¹ <https://whc.unesco.org/en/list>

³² <https://www.protectedplanet.net/>

³³ <https://www.protectedplanet.net/>

- (i) The Fund shall not use the proceeds of any [DFC] investment for the purpose of (i) procuring, (ii) obtaining, or (iii) entering into, extending, or renewing a contract to procure or obtain any equipment, system, or service that uses Covered Telecommunications Equipment or Services as a substantial or essential component of any system, or as a critical technology as part of any system; *provided, however*, that this does not Prohibit the Fund or the Borrowers from using the proceeds of the investment to provide, procure, or obtain a service that connects to the facilities of a third party that uses Covered Telecommunications Equipment or Services, including, but not limited to, backhaul, roaming, or interconnection arrangements.
- (ii) The Fund shall not use any [DFC] proceeds and the Fund Parties shall ensure that no part of the investment shall be used directly or indirectly (1) by any Person (including by Borrowers, Borrower subsidiaries, contractors, sub-contractors or primary suppliers) who is, or (2) to purchase, lease, acquire, or otherwise utilise any clean energy product (including, without limitation, solar panels) that is, in each case: (i) currently subject to a Withhold Release Order, (ii) listed or manufactured by entities listed by the Forced Labor Enforcement Task Force as described under Section 2 of the U.S. Uyghur Forced Labor Prevention Act (Pub. L. 117-78), (iii) debarred or otherwise ineligible for World Bank projects, or (iv) the subject of Sanctions.