Forbion.
BioEconomy



Policy for Responsible Investments:

BioEconomy

FCPM III SERVICES B.V.

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Forbion.
BioEconomy

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OUR COMMITMENT

Forbion is driven by its conviction that making positive impact is at the core of investing and that a focus on creating societal value goes hand-in-hand with investment returns. We are leveraging biotechnology to address global challenges, as there are significant forces that are threatening the health of our planet, and there is an urgent need to clean the planet and feed its population.

The Forbion BioEconomy Strategy's mission is to invest in biotechnologies that can help market leaders deliver more sustainable products and services to clean and feed the planet. Our definition of the bioeconomy is as follows: applying biotechnology to transform economic activities. We will invest in companies that apply biotechnology in the industries of food & agriculture and materials & environmental technologies. In our investment process we will focus on all critical factors, including environmental, social, and governance (ESG) considerations. We are convinced that by helping companies address all factors that impact the company's performance, we play an instrumental role in guiding companies to develop as sustainable businesses, ultimately enabling novel technologies to generate positive impact on the planet.

The Forbion BioEconomy Strategy will focus on companies that:

- apply biotechnology to clean the planet from pollution and use renewable materials to protect natural resources from further depletion.
- use biotechnology to redesign food systems and production processes to sustainably feed the population.

As institutional investors, we have a duty to act in the best interests of our beneficiaries. As a venture capital investor in biotechnology, we believe that ESG factors are important and can affect the performance of portfolio companies. We integrate ESG considerations in our investment process and in our own operations as described in this policy.

Furthermore, we support the creation of a sustainable global financial system and therefore became a signatory to the United Nations Principles for Responsible Investment (PRI). We recognize that applying these Principles may better align investors with broader objectives of society. Therefore, where consistent with our fiduciary responsibilities, we commit to the following:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

In signing the PRI, we as investors publicly commit to adopt and implement these principles where consistent with our fiduciary responsibilities. We also commit to evaluate the effectiveness and improve the content of the Principles over time. We believe this will improve our ability to meet commitments to beneficiaries as well as better align our investment activities with the broader interests of society. We encourage other investors to adopt these principles as well.

Furthermore, Forbion continues to reaffirm its support of the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment, and Anti-Corruption. As a member of the United Nations Global Compact, we participate in the annual Communications on Progress, disclosing our continuous efforts to integrate the Ten Principles into our business strategy, culture, and daily operations, and contribute to United Nations goals, particularly the Sustainable Development Goals.

As part of Forbion's BioEconomy Strategy, we explicitly consider the impact of investment decisions on planet and society, using the Sustainable Development Goals (SDGs) set by the United Nations. Forbion's BioEconomy strategy will primarily contribute to the following SDGs:

- **SDG 9** – Industry, Innovation and Infrastructure
- **SDG 12** – Responsible Consumption and Production
- **SDG 13** – Climate Action

Companies that fall within the Forbion BioEconomy Strategy will contribute to at least one of the above-mentioned SDGs. In addition, individual portfolio companies may contribute to potential other SDGs, such as SDG 2 (Zero Hunger), SDG 6 (Clean Water and Sanitation), or SDG 15 (Life on Land).

In December 2023, Forbion also became a member of the Global Impact Investing Network (GIIN). Our membership signifies a commitment to deepening our engagement in the impact investing industry, by joining a group of peers to connect, learn and exchange best practices around impact investing.

Forbion believes that transparent and constructive engagement with its investors and the broader investment community is an important element of responsible investment. Therefore, we maintain an ongoing dialogue with our investors on responsible investment matters. We aim to provide transparent and regular communication on our responsible investment approach, its implementation, and the progress achieved across our portfolio and operations. This engagement supports accountability, fosters mutual understanding of sustainability-related risks and opportunities, and contributes to the continuous development of responsible investment practices.



GOVERNANCE

In 2012 Forbion established the **Forbion Responsible Investments Committee** (FRIC) and introduced its Policy for Responsible Investments. The FRIC ensures that this policy is implemented in the investment process of the funds Forbion manages. The FRIC also reviews Forbion's annual impact & ESG report and other initiatives related to sustainability and ESG to strengthen Forbion's organizational capabilities. Furthermore, the FRIC advises Forbion's investment team and is responsible for the promotion and further development of Forbion's ESG and impact methodology. FRIC consists of the following members:

- Geert-Jan Mulder (Chairman), MD; Managing Partner
- Machteld Groeneveld, LLM MBA; Chief Legal, Risk & Compliance Officer
- Silva Dezelan (Vice-Chair), PhD; Head of Impact & ESG
- Robbert van de Griendt, MSC; General Partner IR & Impact
- Iris Veldman; Deal Counsel



Policy scope

Good management of material ESG factors and their incorporation in corporate strategy and operational management are relevant across all portfolio companies of the Forbion BioEconomy Strategy.

Policy updates

Forbion continues to refine and elevate its approach to responsible investing, which is based on exclusions, ESG integration and impact measurement, among others. The FRIC shall review this Policy at least once a year on effectiveness, and whether it is still up to date, including whether it is in line with industry developments and our strategy and commitment to responsible investments. Findings are shared with the Compliance Officer who shall report on this and its review to the Board.

Policy changes and updates are submitted to and approved by the Board of Forbion. The Compliance Officer ensures that this Policy, as well as any updates thereof, are made available to all Employees.

INTEGRATION IN THE INVESTMENT PROCESS

In order to create economic and societal value, Forbion BioEconomy has integrated ESG and impact considerations in each stage of the investment process. We aim to enable portfolio companies to incorporate ESG policies and processes, aligned with industry best practice. We have identified the following factors and incorporated them in the tools we use to analyze, monitor and manage positive and potentially negative impact of the companies we invest in. We illustrate and describe our process below.



DEAL SOURCING

Positive planetary and societal impact are a dominant investment criteria for Forbion BioEconomy. During **deal sourcing**, we evaluate the impact potential of each opportunity using the six criteria incorporated in the Planet Framework, (see *Impact monitoring & reporting* section for further description). The framework is used to filter out the deals that fall outside the selected investment themes and do not have sufficient impact on planetary health. Because we are typically minority shareholders in our portfolio companies, selecting the right companies upfront is critical to ensure we can deliver meaningful impact with our investments.

DUE DILIGENCE

During **due diligence**, the investment team will thoroughly assess the impact potential and ESG status of each opportunity. For each investment that passes the PLANET Framework minimum score, the following five impact dimensions will be assessed in detail:[1]

1. WHAT outcome a company is contributing to?
2. WHO are the stakeholders benefiting?
3. HOW MUCH is the effect, and does it last?
4. CONTRIBUTION by a company.
5. RISK that impact will be different than expected.

Based on the assessment of the impact dimensions, at least two relevant impact KPIs will be proposed for each deal. These KPIs will be used to monitor and report on achieved impact in the portfolio management phase.

Furthermore, the baseline assessment of each portfolio company's ESG management will be conducted as part of the due diligence process. This initial assessment will form the basis for Forbion BioEconomy's ESG Action Plan for each investment, which will be discussed and agreed upon with the company's management team. Such

[1] For further description of the five dimensions of impact, developed by the Impact Management Project, see https://impactfrontiers.org/norms/five-dimensions-of-impact/

plan will include a set of ESG KPIs to be monitored by the Forbion BioEconomy team. These KPIs will depend on the company's maturity and the complexity of its operations. Where possible, targets will be set for the selected ESG KPIs.

Simultaneously, we will apply Forbion BioEconomy's *ESG Investment Principles* and exclusion policy, to help eliminate deals that do not comply with the *Forbion Policy for Responsible Investments: BioEconomy*. In this way, our investment managers are well positioned to make informed investment decisions, taking into account ESG factors and the impact potential of each investment.

DEAL STRUCTURING & NEGOTIATION

In the **negotiation** phase Forbion BioEconomy's *ESG Investment Principles* will be shared with the potential target company's management. The management will then agree to adhere to our principles as part of entry into final investment documentation. Adherence therefore ensures alignment with the Forbion BioEconomy principles and management's commitment to good ESG management and the realization of impact. The ESG and impact KPIs will be agreed upon with management in this stage as well. Forbion BioEconomy's representatives on portfolio company boards aim to further support and enable companies in achieving their ESG and impact targets.

PORTFOLIO MANAGEMENT

Post-investment, in the value creation stage, we help our companies set up their ESG frameworks and deliver on their impact potential. We will formulate ESG KPIs that we believe are material for our portfolio companies and their stage of maturity.

To promote transparency and inform our stakeholders on our ESG and impact activities, Forbion BioEconomy will publish an annual ESG and impact report to highlight the portfolio companies' advancements on selected PLANET Impact indicators and their progress with respect to key ESG factors. The annual ESG and impact performance data will be gathered using an annual ESG & impact questionnaire which will be sent to portfolio companies. The questionnaire will include questions that are relevant to portfolio companies and will include both qualitative and quantitative data. The analysis of the results of the annual survey will enable us to benchmark portfolio companies against their peers and track their performance over time. The results will also serve as input for our future engagement with portfolio companies and subsequent reporting back to our investors.

EXIT

As part of the Forbion BioEconomy exit process we will include the quantitative and qualitative assessment of the impact achieved across portfolio companies and fund during the life of investment. We will compare the results with targets, where set. The assessment will also include information on ESG management measures and improvements during Forbion's ownership. In addition, the assessment will include information on potential incidents and the remedial actions implemented and information on relevant ESG permits, licenses, accreditations and certifications to ESG standards. ESG and impact results of each exited company will be shared with our investors as part of the regular exit communication.

MATERIAL ESG ISSUES

Forbion BioEconomy is committed to monitor and manage material ESG factors related to its portfolio companies. The analysis conducted by the team ahead of a potential investment during the pre-investment, due diligence phase, will be used to set a 'baseline' of relevant ESG factors. During the value creation, portfolio management phase, we aim to enable portfolio companies to monitor, measure and improve upon this baseline.

While taking into account existing ESG due diligence and reporting tools and standards, Forbion BioEconomy's investment team, supported by the Forbion Impact & ESG team, will define the key ESG topics for each company. Key topics will depend on the maturity of the company, as determined by the number of employees, stage of technology and product development, complexity of business operations and the stage of financing. Our ESG monitoring, engagement and reporting will focus on the ESG topics presented below.

Material ESG factors for Forbion BioEconomy companies

ENVIRONMENTAL FACTORS	SOCIAL FACTORS	GOVERNANCE FACTORS
• Climate change • Biodiversity • Waste management & pollution control • Resource efficiency • Sustainable procurement	• Human rights • Diversity, equity & inclusion • Employee health & safety • Staff wellbeing • Community engagement	• Code of ethics • Board oversight • Business integrity policies (e.g. anti-corruption, AML policy) • Quality assurance • Data protection & cyber security • AI use & governance

Forbion BioEconomy's portfolio companies will typically be early stage, and, as such, can be expected to have a limited number of employees. This also means that their corporate governance structures are yet to be set up. With this in mind, Forbion endorses good governance structures in its portfolio companies, such as an audit committee and a remuneration committee to ensure guidance and transparency regarding the remuneration of senior management.

Furthermore, Forbion endorses good management of environmental factors in its portfolio companies from the outset. While the availability of relevant data at the initial stages of the portfolio may be limited, Forbion considers it important that portfolio companies become aware of their carbon footprint, potential biodiversity impacts, waste and pollution, resource efficiency and environmentally sustainable procurement.

Forbion generally invests in early-stage ventures and often has a minority share, therefore selecting the right companies is critical. Taking into account the material ESG factors for bioeconomy companies, Forbion will not invest in companies that:

- produce or develop products in a way that we consider unsustainable with respect to the use of scarce raw materials and/or waste handling according to the environmental laws and regulations.
- Are located in biodiversity-sensitive areas where the company's activities negatively affect those protected locations.
- require production systems that lead to disproportionate energy consumption.
- do not respect the diversity of the social environment and display active policies against diversity in age, gender, religious believe or race.

- clearly and openly do not respect human rights, or which are located in countries that clearly and openly violate human rights.
- do not properly ensure the safety and well-being of consumers in developing, testing, or selling their products.
- conduct animal testing and don't demonstrate strict adherence to the "3R" animal welfare principles of "Replacement, Reduction and Refinement" or relevant regulation, or conduct animal testing for non-medical purposes when it is not required as part of their development and regulatory path.
- do not respect the foundations and/or best practice of proper corporate governance, as described by International Finance Corporation (IFC) and Organization for Economic Co-operation and Development (OECD). Forbion will see to it that the rights of shareholders and board are embedded and described in transparent shareholders agreements, endorse transparent financial reporting, as well as the formation of an audit committee. Furthermore, we will endorse that the financial audit will be done by an independent auditor in order to establish an independent and transparent reporting on the financial state of the company.
- do not respect their employees and or actively create an atmosphere with a lack of transparency and open communication. If needed and appropriate we will endorse exit interviews to monitor proper executive behaviour.
- have executives with excessive compensation packages relative to their skill set and scarcity in the market.

The principles referred to above and in Forbion's *Diversity, Equity and Inclusion Policy* are incorporated in *Forbion ESG Investment Principles: BioEconomy* which we expect all our portfolio companies to sign and adhere to, and helps us eliminate investments which are in conflict with Forbion's view on building sustainable businesses. *The Forbion ESG Investment Principles: BioEconomy* are attached to this Policy as Appendix 1.

IMPACT MONITORING & REPORTING

In addition to the ESG factors of potential investments, Forbion BioEconomy puts great emphasis on the impact of its investments on people and our planet. With the aim of measuring and monitoring its overall impact, Forbion developed the so-called **Planet Framework** which enables it to assess each investment on the following six criteria:

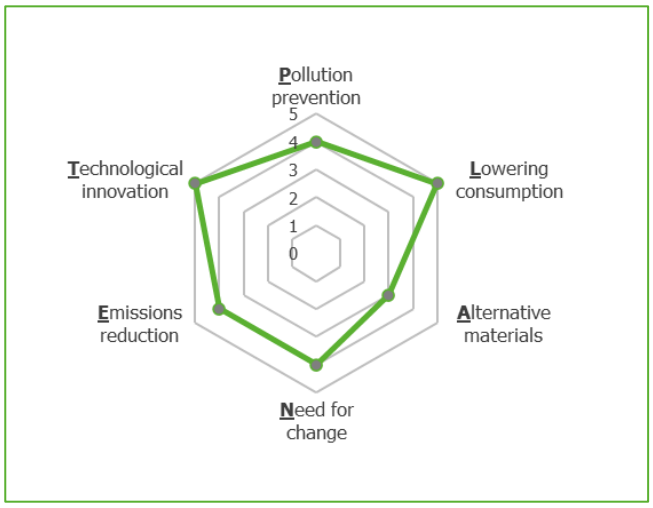
1. **P**ollution prevention
2. **L**owering consumption
3. **A**lternative materials
4. **N**eed for change
5. **E**missions reduction
6. **T**echnological innovation

Each potential investment is scored on each of the six factors on a scale from 0 to 5. To be eligible for investment in a BioEconomy Strategy, the total PLANET score needs to be at least 20.

Forbion Planet Framework with scoring methodology

None	0	No credible & measurable contribution
Minimal	1	There is some indirect evidence of positive contribution
Moderate	3	Direct & measurable positive contribution
Significant	5	Measurable & evidenced contribution

PLANET Framework



For each investment that exceeds the minimum PLANET score, five dimensions of impact are further analyzed in detail (see section on *Due diligence*). At least two KPIs that are directly related to the six criteria of the PLANET Framework will be defined for each investment to monitor its expected impact on an annual basis. These KPIs are presented in the table below.

Dimensions of Planet Framework with corresponding impact KPIs

PLANET dimensions	KPI 1	KPI 2
Pollution prevention	Waste reduced (in tons)	Emissions to water reduced (in tons)
Lowering consumption	% of scarce material saved	Water saved (in m3)
Alternative materials	Fossil-based inputs replaced (in tons)	% of inputs that can be re-used or recycled
Need for change	SDG & Target with main contribution	SDG & target with secondary contribution
Emissions reduction	GHG emissions abated (in tons of CO2e)	GHG emissions removed (in tons CO2e)
Technological innovation	Number of new patents	Number of improvements relative to incumbent technology

The Planet Framework helps us select opportunities with exceptional impact potential. Together with our **ESG Investment Principles** for **BioEconomy** and exclusion criteria, investment managers are well positioned to make informed investment decisions, taking into account ESG factors and impact potential of each investment.

EXCLUSION POLICY

Forbion BioEconomy Strategy will avoid investing in companies that are engaged in activities that are in conflict with international treaties signed by relevant international bodies. In particular, we will avoid investing in companies that are engaged in the following activities:

- production, distribution, marketing or trade in tobacco or tobacco products;
- production, distribution or trade in fossil fuels;
- ownership, operation, marketing or management of gambling facilities (including online gambling);
- production, distribution, hosting or marketing of materials or activities related to adult industry,
- production of nuclear power or handling of nuclear waste products.
- production or marketing of alcohol.
- production, marketing or use of, or trade in, controversial weapons and technologies which are subject to existing international bans.

Forbion also aims to adhere to **the International Finance Corporation (IFC) Exclusion List** and will avoid investing in companies active in areas described on this list. The full list is available in Appendix 2 to this Policy.



EU SFDR REGULATION

On March 10, 2021, the EU Sustainable Finance Disclosure Regulation 2019/2088 (SFDR)[2] became effective. Forbion welcomes the European Commission's focus on sustainability and greater transparency brought by this regulation. The BioEconomy Strategy is to manage funds that are classified as SFDR Article 8. In line with the **SFDR**, Forbion provides the firm-level disclosures related to sustainability risks and principle adverse impacts as part of this policy.

Integration of sustainability risks

A sustainability risk means "an environmental, social or governance event or condition that, if it occurs, could cause an actual or potential material negative impact on the value of the investment".

Before an investment decision is made on behalf of a fund that Forbion manages, the investment management process is followed as detailed in Forbion's System Description. We refer to the *Service Organization Control Report of Forbion*. Part of the investment management process is that the risk management function of Forbion assesses the risks attached to a potential investment opportunity, which includes sustainability risks. Identified sustainability risks are taken into account by the Investment Committee and the board of directors of Forbion when making investment decisions.

Remuneration policies

Forbion pays its staff a combination of fixed and variable remuneration (including a possible bonus). Variable remuneration for relevant staff is based on performance criteria which also take into account compliance with all policies and procedures which are in effect within Forbion, including those related to sustainability risks.

Employees are periodically trained on the applicable policies and procedures, and are required to execute an adherence form acknowledging *i.a.* that they will comply with such policies and procedures.

No consideration of adverse impacts of investment decisions on sustainability factors

In accordance with article 4 sub 1 (b) of the SFDR, Forbion states that it does not consider principal adverse impacts of investment decisions on sustainability factors as set forth in article 4 sub 1 (a) of the Disclosure Regulation and therefore does not make the disclosures as described in article 4 sub 1 (a) of the SFDR. Forbion cannot reasonably gather and/or measure all the relevant data of portfolio companies, taking into account reasonable costs for the companies, clients and investors. Given the small size of Forbion as an organization, and the impact on some of the portfolio companies, such disclosures as set forth in article 4 sub 1 (a) of the SFDR and the administrative burden in connection therewith would not be proportional.

[2] Regulation (EU) 2019/2088.

RESPONSIBLE BUSINESS OPERATIONS

As a firm we strongly believe that setting the right culture and operating principles is paramount to achieving our investment and impact goals. Hence, we are committed to operating in a responsible way and following good practices with respect to environment, people and corporate governance.

ENVIRONMENT

Although our direct environmental footprint as a financial services firm is limited, we do strive to mitigate our environmental, and in particular carbon footprint. We calculate our emissions on an annual basis and neutralize them by supporting tree planting projects of Land Life. Furthermore, we use videoconferencing and encourage employees to use sustainable travel options.

PEOPLE

The Forbion Values Framework encompasses entrepreneurship, purpose, integrity and collaboration. Forbion considers itself a high-talent, relationship-driven firm with strong performance culture, informal interaction, and a shared sense of purpose.

Within our own team we aim to actively create an atmosphere of transparency and of open communication. We are committed to fostering, cultivating and preserving a culture of diversity, equity and inclusion, given that our people are the most valuable asset we have. The collective sum of the individual differences, life experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent that our employees invest in their work represents a significant part of not only our culture, but also our reputation and our achievements.

Forbion embraces its employees' differences and is aware of the benefits that a diversified team brings. It is for this reason that diversity considerations are incorporated in our recruitment and selection, compensation, professional development and training, promotions, and other employee-related matters. We refer to Forbion's *Diversity, Equity & Inclusion Policy* for more details.

GOVERNANCE

Throughout the firm, we have implemented a number of policies and procedures to ensure we are adequately governed as an organization of our size and stature. These policies cover *Anti-Money Laundering, Compliance, Conflicts of Interest, Diversity, Equity & Inclusion, AI, ICT and Cyber Security, Remuneration, Transparency and Valuations*, among others.

Any ESG risks, opportunities or initiatives related to our internal business operations are being suggested by Forbion's Impact & ESG team and brought for discussion in Forbion's Responsible Investments Committee. Recommendations are then submitted to the firm's General Partners or Forbion's Board.

Appendix 1: Forbion ESG Investment Principles – BioEconomy

Forbion ESG Investment Principles - BioEconomy		
Climate	The company's management confirms that the company will operate without causing disproportional use of energy, in particularly emitting substantial quantities of carbon dioxide and/or ethanol or other relevant greenhouse gasses.	
Biodiversity	The company's management confirms that the company will not engage in activities that might negatively affect biodiversity and biodiversity-sensitive areas.	
Waste & pollution	The company's management confirms that the company conducts and will conduct its production process(es) and waste handling in compliance with local environmental and regulatory requirements.	
Sustainable production	The company's management confirms that the company does not and will not develop or produce products in a way that is considered non-sustainable. In particular, it will not disproportionately use scarce raw materials and it will not conduct animal testing unless it is required for its product development or regulatory path.	
Diversity	The company management confirms that it respects and will promote diversity, equity & inclusion of its employees.	
Human rights	The management of the company confirms that it respects human rights and will act in line with the UN Guiding Principles on Business and Human Rights (https://www.ohchr.org/sites/default/files/documents/publications/guidingprinciplesbusinesshr_en.pdf).	
Consumer protection	The management of the company confirms it does not and will not negligently nor willfully jeopardize the safety and well-being of its consumers in testing and developing its products. Furthermore management confirms that the company complies with the relevant laws and regulations regarding consumer information, where applicable.	
Unethical/Harmful activities	The management of the company confirms that the company is not active in the production or marketing of tobacco products, gambling, adult industry, alcohol or weapons, nor in any of the activities on the Exclusion List of the International Finance Corporation and will not become active therein.	
Management Structure	The management of the company confirms that the company is set up and organized in accordance with best practice of proper corporate governance, for instance as described by the OECD Principles of Corporate Governance (https://www.oecd.org/corporate/ca/Corporate-Governance-Principles-ENG.pdf), to the extent applicable, taking into account *i.a.* its size and phase of development.	
Management Structure	The management of the company confirms that an audit committee has been appointed/ will be appointed.	
Management Structure	The management of the company confirms that a remuneration committee has been appointed/ will be appointed.	
Management Structure	The management of the company confirms that an independent auditor has been appointed/will be appointed.	
Employee Relations	The management of the company will work towards creating a culture that promotes transparency and open communication, employee autonomy, knowledge sharing, the importance of building relationships and growing employees.	
Executive Compensation	The management of the company confirms that the company has not employed and will not employ executives, or other personnel, with excessive compensation packages relative to their skill set and scarcity in the market.	
Responsible AI use	The management of the company confirms it is committed to protecting personal and confidential information through effective data privacy, cybersecurity and AI governance practices. Appropriate policies, controls and oversight are maintained to comply with applicable laws, manage technology-related risks, safeguard information assets and ensure the responsible use of artificial intelligence.	
Information	The management of the company confirms it will periodicially report on requested ESG and impact indicators, including material sustainability and ESG initiatives implemented for value creation and risk mitigation.	
External	The management of the company confirms that it is aware of and adheres to the *Forbion Policy on Responsible Investments* , as updated from time to time.	
Company Management: Name/ Date/ Signature		

Appendix 2: International Finance Corporation (IFC) Exclusion list

IFC
International Finance Corporation
World Bank Group

- 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 bans, such as illegal pharmaceuticals, pesticides/herbicides, ozone depleting substances, PCB, wildlife or products regulated under CITES.
- Production or trade in weapons and munitions.[1]
- Production or trade in alcoholic beverages (excluding beer and wine).[1]
- Production or trade in tobacco.[1]
- Gambling, casinos and equivalent enterprises.[1]
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

A reasonableness test will be applied when the activities of the project company would have a significant development impact, but circumstances of the country require adjustment to the Exclusion List. All financial intermediaries (FIs), except those engaged in activities specified below*, must apply the following exclusions, in addition to IFC's Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor[2]/harmful child labor.[3]
- Commercial logging operations for use in primary tropical moist forest.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

*When investing in micro-finance activities, FIs will apply the following items in addition to the IFC Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor[2]/harmful child labor.[3]
- 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.
- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

Trade finance projects, given the nature of the transactions, will apply the following items in addition to the IFC Exclusion List:

- Production or activities involving harmful or exploitative forms of forced labor[2]/harmful child labor.[3]

Footnotes

[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.

[2] Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

[3] Harmful child labor 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.