

CII Exclusion List

The CII exclusion list defines the type of companies that Caspian Impact Investments ***does not*** finance.

CII Exclusion List

Any activity, production, use, distribution, business or trade involving the following:

1. 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).
2. Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
3. Destruction¹ of High Conservation Value areas²
4. Radioactive materials³ and unbounded asbestos fibers.
5. Pornography and/or prostitution
6. Racist and/or anti-democratic media
7. In the event that any of the following products form a substantial part of a project's primary financed business activities⁴:
 - (a) Alcoholic Beverages (except beer and wine);
 - (b) Tobacco;
 - (c) Weapons and munitions; or
 - (d) Gambling, casinos and equivalent enterprises.
8. Projects that involve conversion or degradation of Critical Forest Areas or forest-related Critical Natural Habitats.
9. Projects involving the 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.
10. 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-outs or bans such as pharmaceuticals⁵, pesticides/herbicides⁶, ozone depleting substances⁷, polychlorinated biphenyls⁸ and other hazardous substances⁹, wildlife or wildlife products regulated under the Convention on International Trade and Endangered Species of Wild Fauna and Flora¹⁰ and trans-boundary trade in waste or waste products¹¹.
11. Projects that require resettlement of 5,000 or more persons.

¹Destruction 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.

²High 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>).

³This 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.

⁴For 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.

⁵A list of pharmaceutical products subject to phase-outs or bans is available at <http://www.who.int>

⁶A list of pesticides and herbicides subject to phase-outs or bans is available at <http://www.pic.int>

⁷A list of the chemical compounds that react with and deplete stratospheric ozone together with target reduction and phase-out dates is available at <http://www.unep.org/ozone/montreal/>

⁸Polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

⁹A list of hazardous chemicals is available at <http://www.pic.int>

¹⁰A list of CITES species is available at <http://www.cites.org>

¹¹As defined by the Basel Convention; see <http://www.basel.int>

12. Projects in or impacting natural World Heritage Sites http://www.unep-wcmc.org/protected_areas/world_heritage/index.htm 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.
13. Projects in or impacting areas on the United Nations List of National Parks and Protected Areas http://www.unep-wcmc.org/protected_areas/UN_list/index.htm 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.
14. Extraction or infrastructure projects 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 objective http://www.unepwcmc.org/protected_areas/categories/eng/index.htm 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. Production of or trade in radioactive materials¹², including nuclear reactors and components thereof.
15. Production of, trade in or use of un-bonded asbestos fibers¹³.
16. Marine and coastal fishing practices, 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.
17. Projects involving the use of forced labor¹⁴ or harmful child labor¹⁵.
18. Borrower shall not use the Credit Facility, directly or indirectly, for the following activities likely to have significant adverse impact on the environment (taking into account, among other factors, the sensitivity of the impacted ecosystem) or human health or safety:
 - (a) Large-scale industrial plants.
 - (b) Large-scale industrial estates.
 - (c) Crude oil refineries and installations for the gasification and liquefaction of 500 tons or more of coal or bituminous shale per day.
 - (d) Major Greenhouse Gas emitting projects, defined as projects with Direct Greenhouse Gas Emissions of more than 100,000 (short) tons (91,000 metric tonnes) of CO₂eq per year.
 - (e) Cement manufacturing with an annual production rate of greater than one million dry weight tons.
 - (f) Integrated works for the initial smelting of cast iron and steel; installations for the production of non-ferrous crude metals from ore, concentrates, or secondary raw materials by metallurgical, chemical or electrolytic processes.
 - (g) Installations for the extraction of asbestos and for the processing and transformation of asbestos and products containing asbestos; for asbestos-cement products with an annual production of more than 20,000 tonnes of finished product; for friction material with an annual production of more than 50 tonnes of finished product; and for other asbestos utilization of more than 200 tonnes per year.
 - (h) Integrated chemical installations, i.e. those installations that manufacture, on an industrial scale, substances using chemical conversion processes in which several units are juxtaposed and are functionally linked to one another and which produce: basic organic chemicals; basic inorganic chemicals; phosphorous, nitrogen or potassium based fertilizers (simple or compound fertilizers); basic plant health products and biocides; basic pharmaceutical products using a chemical or biological process; explosives.
 - (i) Projects that manufacture, store, transport or dispose hazardous or toxic materials.
 - (j) All projects that pose potentially serious occupational or health risks.
 - (k) Construction of motorways, express roads, lines for long-distance railway traffic, and airports with a basic runway length of 2,100 meters or more. Construction of new roads with four or more lanes or realignment and/or widening of an existing road so as to provide four or more lanes where such new road, or realigned and/or widened section of road, would be 10 km or more in a continuous length.

¹² This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which OPIC considers the radioactive source to be trivial and adequately shielded

¹³ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

¹⁴ Forced labor means all work or service, not voluntarily performed, that is exacted from an individual under threat of force or penalty, such as but not limited to indentured labor, bonded labor, or similar labor-contracting arrangements.

¹⁵ Child labor means the employment of children (persons below the age of 18) that is economically exploitative, or is likely to be hazardous to or interfere with the child's education, or be harmful to the child's health or physical, mental, spiritual, moral, or social development

- (l) Pipelines, terminals, and associated facilities for the large-scale transport of gas, oil, and chemicals.
- (m) Seaports and also inland waterways and ports for inland waterway traffic that permit the passage of vessels of over 1,350 tonnes; trading ports, piers for loading and unloading connected to land and outside ports (excluding ferry piers) that can take vessels of over 1,350 tonnes.
- (n) Waste-processing and disposal installations for the incineration, chemical treatment or landfill of hazardous, toxic or dangerous wastes.
- (o) Construction or significant expansion of dams and reservoirs not otherwise prohibited.
- (p) Groundwater abstraction activities or artificial groundwater recharge schemes in cases where the annual volume of water to be abstracted or recharged amounts to 10 million cubic meters or more.
- (q) Industrial plants for the (a) production of pulp from timber or similar fibrous materials; or (b) production of paper and board with a production capacity exceeding 200 air-dried metric tonnes per day.
- (r) Peat extraction.
- (s) Quarries, mining, or processing of metal ores or coal.
- (t) Major exploration and development of on-shore oil and gas reserves.
- (u) Exploration and development of off-shore oil and gas reserves.
- (v) Installations for storage of petroleum, petrochemical, or chemical products with a capacity of 200,000 tonnes or more.
- (w) Large-scale logging.
- (x) Large-scale power transmission.
- (y) Municipal wastewater treatment plants servicing more than 150,000 people.
- (z) Municipal solid waste-processing and disposal facilities.
- (aa) Large-scale tourism and retail development.
- (bb) Large-scale land reclamation.
- (cc) Large-scale primary agriculture/plantations involving intensification or conversion of previously undisturbed land.
- (dd) Plants for the tanning of hides and skins where the treatment capacity exceeds 12 tonnes of finished products per day.
- (ee) Installations for the intensive rearing of poultry or pigs with more than: 40,000 places for poultry; 2,000 places for production pigs (over 30 kg); or 750 places for sows.
- (ff) All projects with potentially major impacts on people or which pose serious socio-economic risk, including but not limited to Physical and Economic Displacement, impacts on Indigenous Peoples and adverse impacts on Cultural Heritage.
- (gg) Greenfield housing developments that contain more than 2,500 residential units.
Projects, not categorically prohibited, but located in or sufficiently near sensitive locations of national or regional importance which may have apparent environmental impacts on: (i) Wetlands; (ii) Areas of archaeological significance; (iii) Areas prone to erosion and/or desertification; (iv) Areas of importance to ethnic groups/indigenous peoples; (v) Primary temperate/boreal Forests; (vi) Coral reefs; (vii) Mangrove swamps; (viii) Nationally-designated seashore areas; and (ix) Managed resource protected areas, protected landscape/seascape (International Union for the Conservation of Nature (IUCN) categories V and VI) as defined by IUCN's Guidelines for Protected Area Management Categories. Additionally, these projects must meet IUCN's management objectives and follow the spirit of IUCN definitions.