

Annex 1: TFP Environmental and Social Exclusion List

The following activities, products and substances **are not eligible** for TFP transactions. In addition, any applicants or end-users¹ involved in production or trade of such products **are not eligible** for TFP transactions.

- Trade in wildlife or production of or trade in wildlife products regulated under Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES);²
- Release into the natural environment of genetically modified organisms (GMOs) or trade in GMOs to be released into the natural environment;
- Production, distribution, sale and trade in pesticides, herbicides, pharmaceuticals and other hazardous substances subject to international phase-outs or bans³;
- Drift net fishing in the marine environment using nets in excess of 2.5 km. in length;
- Production, storage, treatment, disposal or trade in radioactive materials and radioactive wastes, excluding trade in medical or quality control equipment, etc where the radioactive source is trivial and/or adequately shielded;
- Production of, or trade in, products containing PCBs (polychlorinated biphenyls);⁴
- Production or use of, or trade in, unbonded asbestos fibres and asbestos-containing products ;
- Transboundary trade in waste or waste products;
- Shipment of oil or other hazardous substances in tankers that do not comply with IMO requirements;⁵
- Production or use of, or trade in, in chlorofluorocarbons (CFCs), halons and other ozone depleting substances subject to international phase-out;⁶
- Production of or trade in round wood and/or primary forestry products⁷ unless the wood is verified to be of legal and sustainable origin.⁸
- Production of or trade in palm oil unless from growers certified by RSPO, or undergoing certification⁹

¹ Note that for the purpose of this guide, only end users located in non-OECD countries should be considered

² The lists of CITES protected species are available at www.cites.org/eng/app/index.shtml.

³ Reference documents are EU Regulation (EEC) No 2455/92 Concerning the Export and Import of Certain Dangerous Chemicals, as amended; UN Consolidated List of Products whose Consumption and/or Sale have been Banned, Withdrawn, Severely Restricted or not Approved by Governments; Convention the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade (Rotterdam Convention); Stockholm Convention on Persistent Organic Pollutants; WHO Classification of Pesticides by Hazard.

⁴ PCB: Polychlorinated biphenyls - a group of highly toxic chemical. PCBs are likely to be found in oil-filled electrical transformers, capacitors and switchgear dating from 1950-1985.

⁵ This includes: tankers which do not have all required MARPOL and SOLAS certificates (including, without limitation, ISM Code compliance), tankers blacklisted by the European Union or banned by the Paris Memorandum of Understanding on Port State control (Paris MOU), and tankers due for phase out under regulations 13G and 13H of Annex I of MARPOL. No single hull tanker over 25 years old should be used

⁶ Ozone Depleting Substances (ODSs): Chemical compounds which react with and deplete stratospheric ozone, resulting in widely publicised 'ozone holes'. The Montreal Protocol lists ODSs and their target reduction and phase out dates. A list of the chemical compounds regulated by the Montreal Protocol, which includes aerosols, refrigerants, foam blowing agents, solvents, and fire protection agents, together with details of signatory countries and phase out target dates, is available from the EBRD.

⁷ Primary forest products include sawn timber and wood processing residues

⁸ Acceptable verification systems include: (i) sustainable forest management certification by FSC (Forest Stewardship Council) or PEFC (Pan-European Forest Certification); (ii) the buyer's/seller's own wood supply management and control system, such as FSC Chain-of-Custody or Controlled Wood certified system; or (iii) other tracking-of-origin system verified by a reputable independent third party.

- Production of soy in the Amazon region or trade in soy produced in the Amazon region, unless from growers certified by RTRS¹⁰
- Production of cotton in Uzbekistan or trade in cotton¹¹ produced in Uzbekistan
- Activities involving harmful or exploitative forms of forced labour or child labor, discriminatory practices, or practices which prevent employees from lawfully exercising their rights of association and collective bargaining;¹²
- Activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage;¹³
- Other activity in violation of host country (i.e. national) health, safety, labour and environmental laws or regulations;
- Lack of export or import licenses or other evidence of authorization of transit to/from country of export/import.

⁹ Roundtable on Sustainable Palm Oil, <http://www.rspo.org/>. For palm oil from growers undergoing RSPO certification to be eligible, at a minimum, the RSPO P&C Assessment Notification has to be published on the RSPO website

¹⁰ Round Table on Responsible Soy Association, <http://www.responsiblesoy.org/>

¹¹ This includes seed cotton, cotton lint and cotton yarn

¹² Reference documents are the ILO Declaration on Fundamental Principles and Rights at Work and ILO conventions 29 and 105 (forced and bonded labour), 87 (freedom of association), 98 (right to collective bargaining), 100 and 111 (discrimination), 138 (minimum age) 182 (worst forms of child labour).

¹³ Relevant international conventions include, without limitation: Convention on the Conservation of Migratory Species of Wild Animals (Bonn Convention); Convention on Wetlands of International Importance, especially as Waterfowl Habitat (Ramsar Convention); Convention on the Conservation of European Wildlife and Natural Habitats (Bern Convention); World Heritage Convention; Convention on Biological Diversity.