



## ESG Exclusion Policy & Exclusion List

### Policy Statement

In an effort to mitigate the risk of causing negative social or environmental impacts, Persistent (the “Investor”) applies an exclusion list to all of its investments that defines the types of companies that the Investor does not finance. This list has been developed considering the exclusion lists of various international development finance institutions (DFIs) and of international financial institutions (IFIs).

### Exclusion List

None of the Investor’s capital will be invested, directly or indirectly via intermediaries, in any of the following, activities (including production, use, distribution, business or trade):

1. production or activities involving harmful or exploitative forms of forced labor<sup>1</sup>/harmful child labor<sup>2</sup>;
2. production of, or trade in, any product or activity deemed illegal under applicable local or national laws or regulations, or subject to internationally agreed phase-outs or bans as defined in international conventions and agreements such as certain:
  - a. hazardous chemicals, pharmaceuticals, Polychlorinated Biphenyls (PCB's), pesticides/herbicides and wastes<sup>3</sup>;
  - b. ozone depleting substances<sup>4</sup>;
  - c. endangered or protected wildlife or wildlife or products regulated under Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES)<sup>5</sup>;
  - d. unsustainable fishing methods such as blast fishing and drift net fishing or trawling in the marine environment;
  - e. activities prohibited by host country legislation or international conventions relating to the protection of biodiversity resources or cultural heritage; and
  - f. shipment of oil or other hazardous substances in tankers which do not comply with International Maritime Organization (IMO) requirements;

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<sup>1</sup> Forced labor means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty.

<sup>2</sup> 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.

<sup>3</sup> As specified in the 2004 Stockholm Convention on Organic Pollutants (“POPs”), see [www.pops.int](http://www.pops.int); the 2004 Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, see [www.pic.int](http://www.pic.int); and the 1992 Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, see [www.basel.int](http://www.basel.int); as may be amended from time to time.

<sup>4</sup> As specified in the 1999 Montreal Protocol on Substances that Deplete the Ozone Layer, see [www.ozone.unep.org](http://www.ozone.unep.org), as may be amended from time to time.

<sup>5</sup> As specified in the 1975 Convention on International Trade in Endangered Species or Wild Flora and Fauna (“CITES”), see [www.cites.org](http://www.cites.org), as may be amended from time to time.



3. production of, trade in, or distribution of, arms (i.e., weapons, munitions, weapon carriers, or nuclear products, primarily designated for military purposes);
4. production of, use of, or trade in, unbonded asbestos fibers or asbestos-containing products;
5. production of, or trade in, radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment in which the radioactive source could reasonably be considered to be trivial or adequately shielded;
6. racist and/or anti-democratic media;
7. Transboundary movement of waste prohibited under international law (Basel Convention) except for non-hazardous waste destined for recycling;
8. destruction<sup>6</sup> of High Conservation Value areas<sup>7</sup>;
9. commercial logging operations or the purchase of logging equipment for use in primary tropical moist forests or old-growth forests;
10. production or trade in wood or other forestry products other than from sustainably managed forests;
11. Ethically controversial projects:
  - a. Sex work and related infrastructure and services;
  - b. Gambling and related equipment;
  - c. Tobacco (production, processing and distribution).
  - d. Alcohol (production, processing and distribution of hard liquor, excluding beer and wine);
12. 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;
13. production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples;
14. With regards to fossil fuels:
  - a. Investments into search, extraction, production, distribution, processing and promotion of fossil fuels (coal, oil, natural gas and peat);
  - b. activities that increase use of fossil fuels and/or prolong the technical or economic lifetime of heat and power production using fossil fuels, except for back-up in power generation plants, for household cooking purposes and for processes where feasible alternatives do not exist; or
15. Biofuel projects, if they are:

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<sup>6</sup> Destruction 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.

<sup>7</sup> High 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>).



- a. based on feedstock grown on land with high carbon content or biodiversity value, such as rainforests, wetlands, peat lands and grasslands, in reserves or on protected lands, or on lands with a high conservation value;
- b. using a feedstock for production of liquid biofuels, where the overall climate and development benefits would be higher by using the same feedstock unprocessed for, e.g., direct combustion in a co-generation plant;
- c. using solid biomass fuels from forests, planted or natural, having a carbon cycle incompatible with the Paris Agreement; or
- d. first generation biofuel projects with production area over 75ha.