

Exclusion List of KfW Group

Version 2, published on 14 December 2023, [Exclusion List and Supplementary Requirements](#) | KfW

I. Exclusions

In the following areas KfW Group does not offer financing for new projects or purposes:¹

1. Production or trade in any product or activity subject to national or international phase-out or prohibition regulations or to an international ban, for example
 - i. certain pharmaceuticals, pesticides, herbicides and other toxic substances (under the Rotterdam Convention, Stockholm Convention and WHO "Pharmaceuticals: Restrictions in Use and Availability"),
 - ii. ozone depleting substances (under the Montreal Protocol),
 - iii. protected wildlife or wildlife products (under CITES / Washington Convention),
 - iv. prohibited transboundary trade in waste (under the Basel Convention).
2. Investments which could be associated with the destruction² or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).
3. Production or trade in controversial weapons or critical components thereof (nuclear weapons and radioactive ammunition, biological and chemical weapons of mass destruction, cluster bombs, anti-personnel mines, enriched uranium).
4. Production or trade in radioactive material. This does not apply to the procurement of medical equipment, quality control equipment or other application for which the radioactive source is insignificant and/or adequately shielded.
5. Production or trade in unbound asbestos. This does not apply to the purchase or use of cement linings with bound asbestos and an asbestos content of less than 20%.
6. Destructive fishing methods or drift net fishing in the marine environment using nets in excess of 2.5 km.
7. Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.

¹ Deviations can result from mandated transactions (Zuweisungsgeschäft) in accordance with § 2 (4) of the Law Concerning KfW, or from instructions of the relevant federal ministries.

² "Destruction" means (i) the destruction or severe deterioration of the integrity of an area caused by a major and prolonged change in the use of land or water, or (ii) the alteration of a habitat which leads to the inability of the affected area to perform its function.

8. Prospection, exploration and mining extraction of coal; the production of gas by carbonisation of coal, transport and storage infrastructure essentially used for coal; power plants, heating stations and cogeneration facilities fired with coal, as well as associated stub lines.³
9. Prospection, exploration and extraction of oil (upstream), transport and storage infrastructure for crude oil, oil terminals and oil harbours as well as refineries.^{4, 5}
10. Prospection, exploration and extraction of natural gas (upstream), new construction of natural gas grids and pipelines, vessels for the laying of natural gas pipelines, LNG liquefying terminals as well as production facilities for grey hydrogen (steam reforming of fossil fuels, without the use of CCS).^{5, 6}

II. Supplementary Requirements

In selected sectors, KfW Group ties its direct financial commitment for concrete new projects to the following qualitative conditions: ¹

1. Outside the EU and the OECD high income countries, large agricultural or forestry enterprises producing palm oil or wood must either comply with recognised international certification systems (RSPO or FSC) or equivalent regulations to ensure sustainable cultivation conditions or must be in the process of achieving compliance.
2. Large dam and hydropower projects use the recommendations of the World Commission on Dams (WCD) as orientation.⁷

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³ Investments in power transmission grids with significant coal-based power feed-in will only be pursued in countries and regions with an ambitious national climate protection policy or strategy (NDC), or where the investments are targeted at reducing the share of coal-based power in the relevant grid.

⁴ The exclusion does not apply to refineries for biobased products. In the case of refineries for predominant material use, investments in site concentrations (without net extension) and in the prolongation of the technical lifetime are not excluded. Reprocessing (re-refining) and energetic use of waste oil are still eligible for financing.

⁵ Measures for the reduction of greenhouse gas emissions or for increase of efficiency are generally eligible for financing provided that they do not take place in the prospection, exploration and extraction of oil and gas (upstream) and do not result in capacity extensions of more than 10%. Financing of carbon capture and storage is also eligible for financing.

⁶ The exclusion of new construction of natural gas grids and pipelines does not include gas grids and pipelines for cooking purposes.

In accordance with the German government's sector guidelines for export credit guarantees (Section Energy, Fossil energy sources: natural gas), further projects to develop new natural gas projects, as well as transport and storage facilities can be financed in special individual cases (after conducting an evidence-based review) until the end of 2025. Criteria to be met are the need for national security or geostrategic supply security interests, as well as compatibility with the 1.5 degree target and the ensurance of the avoidance of lock in effects.

⁷ Dams with a height of at least 15 meters measured from the foundation or dams with a height between 5 and 15 meters with a reservoir volume of more than 3 million cubic meters.