

Annex 5 SDC exclusion criteria for private sector partners (version February 2020 – not final)

I. Exclusion criteria: in close alignment with the exclusion list of the International Finance Corporation, SDC does not cooperate with companies or enterprises which engage in the following activities:

- 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 certain pharmaceuticals, certain pesticides/herbicides, ozone depleting substances, polychlorinated biphenyls, wildlife or products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).
- Production or trade in **weapons and munitions. 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 SDC considers the radioactive source to be trivial and/or adequately shielded.
- Production or trade in **unbounded 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.

Besides that, SDC requires that the private sector partner conforms to Environmental, Social and Governance principles and disposes of an effective system to prevent and mitigate human rights violations, health and environmental damages, cases of corruption, etc. Is such a system not in place, then this becomes an exclusion criterion.

II. Sectorial criteria: engaging with companies from specific sectors, whose activities are potentially harming for human beings and/or the natural environment or which are controversial, is not excluded per se, but requires **a precautionary approach**, meaning that the private sector actor needs to prove fulfilling high (general or sector-specific²) standards, particularly in conflict-affected and fragile contexts. Sectors for which these criteria apply are: tobacco and cannabis; alcoholic beverages; oil and gas; mining (incl. coal, precious metals, gemstones, critical ferrous and non-ferrous metals such as cobalt); commodity trade (in particular for the commodities cotton, precious metals and gemstones); garments and accessories; timber, pulp and paper (including palm oil).

On top of these criteria, SDC reserves the right to assess private sector partners through due diligence and/or other risk assessment procedures and decide on their eligibility.

¹ This does not apply to companies who are not substantially involved in these activities. "Not substantially involved" means that the activity concerned is ancillary the company's primary operations.

² E.g. the respect of specific industry conventions or an enhanced traceability along the supply chain.