



APPENDIX 1:
E&S EXCLUSION LIST IN
CREDIT GRANTING
ACTIVITIES

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I. Projects, production plans, businesses and services are restricted for credit:

1. The following activities/business areas, in the case of revenue from production and trading of client in these activities/ business areas in the preceding year (or investment plan in case it has not yet been put into operation) is equal to or greater than 10% of the total revenue of the whole year:
 - a. Production or trade in alcoholic beverages (excluding beer and wine).
 - b. Gambling, casinos and equivalent enterprises.
2. Production of or trade in tobacco¹.
3. New coal-fired power plant projects or any coal-fired power plants in operation².

II. Projects, production plans, business and services for the purpose of proposing credit extension related to the following environmental and social risks are not be eligible for credit:

1. Production or trade in any product or activity deemed illegal under Vietnamese laws or regulations or international conventions and agreements, or subject to international phase outs/bans, such as pharmaceuticals³, pesticides/herbicides⁴, hazardous chemicals⁵, ozone depleting substances⁶, Polychlorinated biphenyls (PCBs)⁷, wildlife or products regulated under the Convention on International Trade in Endangered Species (CITES) of Wild Fauna and Flora⁸.
2. Production or trade in weapons and munitions, including paramilitary materials.
3. Pornography and/or prostitution.

¹This restriction will not be applied in case credit proposal is subject to approval limit for tobacco according to VPBank's regulations from time to time.

²Clients are considered for credit on a case-by-case basis:

- Requiring for investing in exhaust gas cleaning equipment and technology, support for environmental protection, reduce greenhouse gas emissions, and prevent climate change (i.e. dust filtration, carbon capture, sulfur SO_x, NO_x removing, continuous exhaust gas monitoring system, dust suppression misting system, fine particle treatment in the filtration plant...) and fire prevention compliance (fire fighting and protection system).
- Requiring working capital and there is no extension of the life of the project or capacity expand, and pursuing greenhouse gas emissions reduction technologies (i.e. carbon capture, flue-gas desulfurization, replacement of coal fuel with more eco-friendly fuel or sustainable renewable energy transition etc.) and the credit proposal is subject to approval limit according to VPBank's regulations from time to time.

³A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

⁴A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

⁵A list of hazardous chemicals is available at <http://www.pic.int>.

⁶A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

⁷A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

⁸A list is available at <http://www.cites.org>. Credit Officer/ Relationship Officer checks the list of prohibited pharmaceutical products, pesticides / herbicides, hazardous chemicals, ozone depleting substances, PCBs or wildlife or products regulated under CITES synthesized by VPBank from time to time.

4. Racist and/or anti-democratic media.
5. Production or trade in radioactive materials, including nuclear reactors and components thereof. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment considered as the radioactive source to be trivial and/or adequately shielded⁹.
6. Production of, trade in, or use of unbonded asbestos fibers¹⁰. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
7. Unsustainable Fishing Methods¹¹. 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 marine biodiversity and habitats.
8. Cross-border trade in waste and waste products, unless compliant to the Basel Convention and the underlying regulations.
9. Production or activities involving forced labor¹² or harmful child labor¹³.
10. Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest or old-growth forests.
11. Destruction¹⁴ of High Conservation Value areas¹⁵ (including UNESCO World Heritage Sites¹⁶, IUCN Red List of Threatened Species¹⁷, Ramsar Wetland Sites, etc.)
12. Production or trade in wood or other forestry products other than from sustainably managed forests¹⁸.
13. Hydropower projects with large capacity as defined by the World Commission on Dams (including hydroelectric dams with a height of 15 meters or more from lowest foundation to crest or with a height between 5 and 15 meters from the foundation having a reservoir

⁹Medical equipment, quality control (measurement) equipment and any equipment considered as the radioactive source to be trivial and/or adequately shielded as specified in Clause 23, Article 3, Law on Atomic Energy No.18/2008/QH12 dated June 03, 2008 on Level for exemption from declaration or licensing.

¹⁰Credit Officer/ Relationship Officer checks the List of asbestos ban to import, to use and to transfer the production technology of cement and construction materials in Vietnam synthesized by VPBank.

¹¹For example: Drift net fishing in the marine environment using nets in excess of 2.5 km. in length.

¹²Forced labor means any work or service that a person is forced to do under the threat of any punishment and not him voluntarily. The term "forced or compulsory labor" does not cover the cases provided for in Paragraph 2 of Article 2 of the ILO Convention No. 29 on Forced Labor, 1930.

¹³Harmful 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. Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, Art.2), unless local legislation specifies compulsory school attendances or the minimum age for working. In such cases the higher age shall apply.

¹⁴Destruction 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.

¹⁵High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance. Credit Officer/ Relationship Officer checks the list of protected areas synthesized by VPBank.

¹⁶United Nations Educational, Scientific and Cultural Organization

¹⁷The International Union for Conservation of Nature

¹⁸Meet the requirement on management and traceability of forest products under Circular No. 26/2022/TT-BNNPTNT on management and tracing of forest products and Decree 156/2018/ND-CP detailing the implementation of a Articles of the Law on Forestry.

volume of more than 3 million cubic meters).

14. Coal mining or services and infrastructure¹⁹ dedicated to coal mining activities²⁰.
15. Demolition of used ships.
16. Refining, producing, processing or trading palm oil originating from natural deforestation (except for cases certified by RSPO, RSB, SAN, ISCC²¹ or equivalent certificates).

II. The purpose of the credit proposal for the projects, production plans, business, services of micro clients²² will apply under the Exclusion list of Section II and the following categories:

1. 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.
2. Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.

¹⁹Infrastructure services dedicated to serving coal mining activities such as drilling holes, loading, transporting coal, trading coal mining supplies or providing supplies to coal mining partners etc.

²⁰Clients are considered for credit if they require for investing in exhaust gas cleaning equipment and technology, support for environmental protection, reduce greenhouse gas emissions, and prevent climate change (i.e. dust filtration, carbon capture, sulfur SO_x, NO_x removing, continuous exhaust gas monitoring system, dust suppression misting system, fine particle treatment in the filtration plant...) and fire prevention compliance (fire fighting and protection system).

²¹These are sustainable biofuel/biological product certifications for palm oil and sugar cane: RSPO - Roundtable on Sustainable Palm Oil: Independent supply chain guardianship certification aimed at proving that palm oil is purchased reliably, sustainably and ethically from certified growers, RSB – Roundtable on Sustainable Biomaterials: Certification applies to bio-based and recycled carbon fuels, biomass and materials products, including fossil waste, SAN, ISCC – International Sustainability & Carbon Certificate: International certification for biomass and bioenergy production focusing on sustainability of land use, traceability and verification of greenhouse gases glass along the complete supply chain.

²²Clients have annual sales up to One Hundred thousand Dollars (US\$100.000) or equivalent at the time of review and has applied for or received a loan under Ten Thousand Dollars (US\$10.000) or equivalent.