

responsAbility exclusion list for microfinance institutions

The MFI shall not finance clients involved in:

1. Production or activities involving harmful or exploitative forms of forced labor or harmful child labourⁱ, discriminatory practices, or practices which prevent employees from exercising their legal rights of association and collective bargaining;
2. The production or trade in any product or activity deemed illegal under host country (i.e. national) laws or regulations or international conventions and agreements, including without limitation, legislation or conventions relating to the protection of biodiversity resources or cultural heritage;
3. Production or trade in any product or activity subject to international phase-outs or bans including ozone depleting substances, pharmaceuticals, pesticides/herbicides and other hazardous substances.
4. Agricultural production with the main source of income coming from genetically modified crops, because this may create financial dependencies impacting the MFI-client relationship;

The MFI shall:

5. Have a policy and process in place to reduce/exclude any forms of bribery of public officials;
6. Not use privileged access to undemocratic regimes to gain economic advantages or with the aim of influencing the political opinion of its clients;
7. Have a process in place to avoid illegal money laundering, e.g. by making reasonable efforts to identify the origin of money transfers;
8. Have a policy and process in place to avoid activities leading to severe financial distress and dependency of clients, e.g. by providing loans which clients will unlikely be able to repay or by charging unreasonably high interest rate

14 November 2003

ⁱ Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty. Harmful child labour means the employment of children that is economically exploitative, 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.