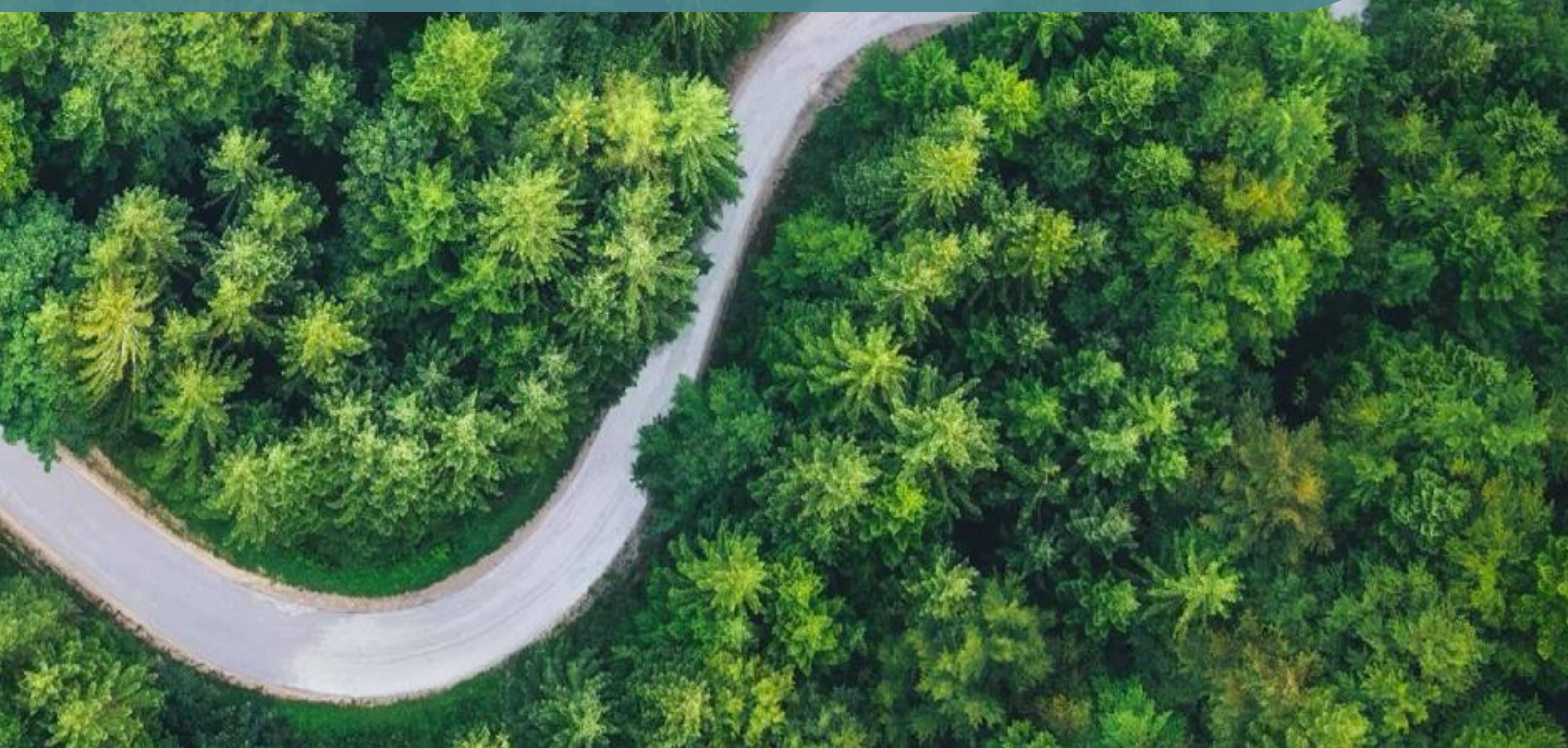
Operating Principles for Impact Management

## Common & Emerging Practices
in Implementation of the Impact Principles

# Principle 7
# Impact at Exit

2025 January | Draft v1.0 for stakeholder review



# Introduction

The **Operating Principles for Impact Management** (the “**Impact Principles”** or **“OPIM”**) are the global standard for integrating impact throughout the investment lifecycle. Composed of a set of nine principles, they provide an end-to-end framework to define industry best practices and promote transparency, discipline, and credibility for impact management practice in capital markets.

Signatories to the Impact Principles commit to aligning their impact systems, processes and policies with each of the nine principles. Principle 9 requires all Signatories to publish **annual Disclosure Statements** describing their alignment and to have that alignment **independently verified** on a regular basis. These Disclosure Statements and verification summaries are made publicly available on both the Signatories’ and Impact Principles’ websites, promoting transparency and enabling peer benchmarking information on how different investors manage for impact.

Taken together, the Disclosure Statements serve as a valuable public resource for understanding the state of impact practice today. In the five years since the first Disclosure Statements were published, the impact investing market has matured. Likewise, the ways that Signatories align with the Impact Principles and design and report on their impact systems have evolved.

There are now notable ***common practices***, where the market has approached consensus about which practices are expected across robust impact systems. Meanwhile, ***emerging practices*** have appeared, which are increasingly common but not yet implemented or disclosed by the majority of Signatories. In some cases, these practices may not be universally relevant across investors, while in other cases they are raising the bar for impact practice and may become more standard in the coming years. Finally, there are ***nascent practices***, which are beginning to appear in a few Disclosure Statements and represent the potential frontier of rigorous impact practice and/or a gap in current practice.

The purpose of this new series of resources, ***Common & Emerging Practices in Implementation of the Impact Principles*****,** is to provide an overview of these common, emerging, and nascent practices in the implementation of the Impact Principles. The resources are based on an analysis of nearly 170 recent Disclosure Statements by the Impact Principles Secretariat to curate meaningful and observable trends in Signatories’ impact practices across each of the nine Principles. Combined with targeted insights and specific **Signatory Practice Spotlights**, these publications aim to give readers and the broader impact investing ecosystem a wide-ranging illustration of where impact practice stands today and where it may be moving in the future, as well as practical tools for improving impact practices. Elevating impact practice, both as individual investors and as a field, is critical to ensuring that the capital markets are mobilized at scale and with integrity to drive impact outcomes.

## OVERVIEW OF THE NINE PRINCIPLES

**Strategic Intent**

1 Define strategic impact objective(s) consistent with the investment strategy.

2 Manage strategic impact on a portfolio basis.

**Origination & Structuring**

3 Establish the Manager's contribution to the achievement of impact.

4 Assess the expected impact of each investment, based on a systematic approach.

5 Assess, address, monitor, and manage potential negative impacts of each investment.

**Portfolio Management**

6 Monitor the progress of each investment in achieving impact against expectations and respond appropriately.

**Impact at Exit**

7 Conduct exits considering the effect on sustained impact.

8 Review, document, and improve decisions and processes based on the achievement of impact and lessons learned.

**Independent Verification**

9 Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment.

## IMPORTANT NOTE

This is a draft document for stakeholder review and input. Please visit the website www.impactprinciples.org/commonpractices to access the on-going updates and new releases for this series of resources, learn more about the publication plan and methodology (including limitations and disclaimer), and provide any feedback and input.

Operating Principles for Impact Management

Operating Principles for Impact Management

# PRINCIPLE 7:

## Conduct exits considering the effect on sustained impact

When conducing an exit, the Manager shall in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

### THE COMPONENTS OF PRINCIPLE 7

- Consider the effect which the timing, structure, and process of the exit will have on the sustainability of impact
- Practice in good faith and consistent with fiduciary concerns

# Overview

Exit considerations are especially consequential for impact investors, as the realization of their long-term impact objectives often extends beyond their holding period. Exits may carry risks of undoing previously achieved impact or seeing strategies abandoned post exit or under new ownership. For this reason, **for impact investors, exits provide an important opportunity to advance the pursuit and preservation of impact while generating a financial return.**

## CHALLENGES IN THE IMPLEMENTATION OF PRINCIPLE 7

Principle 7 is a work-in-progress for much of the market with unique challenges and varying implementation approaches across asset classes. This in part reflects the **impact investing market's ongoing maturation,** as many Signatories are only beginning to navigate exits. Other frequently mentioned challenges in implementing Principle 7 include:

- ***Financial trade-off and fiduciary constraints***: While a growing number of business models demonstrate strong alignment between impact and financial returns, many impact investors still navigate real or perceived trade-offs where maximizing financial performance may come at the expense of sustained impact. Balancing these dynamics while fulfilling fiduciary responsibilities can be a complex challenge for impact investors.
- ***Deal tensions***: Various and competing stakeholder interests, demanding timelines, and other transaction pressures can complicate the process of managing exits, which can undermine the ability to prioritize sustained impact or incorporate it into sales documents.
- ***Knowledge gaps:*** Limited specialized expertise and practical guidance on exit-related impact practices and examples leave many impact investors insufficiently equipped to effectively integrate impact considerations into their exit strategies and implementation.
- ***Market conditions limiting liquidity:*** Limited exit options or liquidity for impact-driven assets, especially in private markets, can create structural barriers, making it difficult for investors to identify and engage with buyers who align with and value their impact objectives.
- ***No established exit policy:*** The absence of clearly defined and formal exit-related policies or processes during the initial investment phase can restrict investors' ability to address impact considerations when the time comes to exit, leading to missed opportunities for long-term impact sustainability.

## KEY OBESERVATIONS IN THE IMPLEMENTATION OF PRINCIPLE 7

Despite challenges, the latest Disclosure Statements reveal significant progress in managing responsible exits since the launch of the Impact Principles.

While much of the discourse is still centered around the private equity asset class, an increasing number of investors in private and public debt, real assets, and public equity markets are recognizing the importance of integrating impact considerations when developing and executing an exit strategy. This trend also indicates the potential for exit-related practices to develop and advance in parallel with the impact investing market as it scales and matures. These practices will help investors to proactively address the challenges mentioned above while strengthening the sustained impact potential of their investments.

Notable observations include:

1. ***Across investment lifecycle***: Exit considerations are not confined to the final stages of the investment process but integrated across the entire lifecycle of an investment. This approach begins at the pre-investment phase, where exit strategies are embedded into due diligence and deal structuring decisions and continues throughout the holding period and sometimes post-exit.
**[See Exhibit 7a]**

EXHIBIT 7a

### Integrating Sustained Impact at Exit Considerations Across Investment Lifecycle

**Examples of Specific Signatory Practices**

| Strategic Intent | Origination & Structuring | Portfolio Management | Impact at Exit | Post Exit |
|---|---|---|---|---|
| • Formal exit policy or codified exit framework<br>• Exit as part of impact strategy and theory of change (e.g., market building for scale, investee financial sustainability – "graduating"). | • Assess during screening and due diligence (e.g., exit scenarios, risks & strategies)<br>• Select impact-inherent investments (products, founders)<br>• Embed in legal agreement, covenants and/or side letter<br>• Impact-aligned co-investors and strategic investors | • Embed and strengthen investee impact commitment & capacity to support likelihood of impact continuity post exit (e.g., impact-related action plans, technical assistance)<br>• Exit vs. hold on-going portfolio review and decisions (with guiding framework assessing impact and financial dimensions) | • Exit checklist or memo<br>• Exit committee review<br>• Buyer assessment & engagement<br>• Sales agreement (e.g., impact continuity clause or impact-related mandates)<br>• Early exit process to address impact drift<br>• Extension, refinancing or follow-on financing<br>• Impact IPOs; Impact Secondaries<br>• Exit interview and case studies for learning & improvement | • Post-exit engagement (e.g., review or evaluation, follow-up, partial exit, board) |

EXHIBIT 7b

## Implementation of Principle 7 Across Asset Classes: Example Signatory Practices

| | Private Equity | Private Debt | Real Assets / Infrastructure | Public Equity |
|---|---|---|---|---|
| **Nature of investments affecting exits** | • Active ownership period<br>• Deal complexities, stakeholders and financial trade-off related by exit timing, structure and buyer | • Preset maturity dates<br>• Limited direct control or influence during holding period / loan term | • Long-term holding period with fewer exits<br>• Impact built into asset<br>• Open-ended strategy | • Publicly traded with frequent ownership change<br>• Limited direct control as investors |
| **Examples of specific Signatory practices** | • Exit scenarios and strategy at screening & DD<br>• Embed in deal structure and legal agreement<br>• Embed in investee culture, management & capacity during holding period to outlast ownership change<br>• Impact-aligned co-investors<br>• Buyer screening and engagement<br>• Sales agreement<br>• Impact IPOs; Impact Secondaries | • Covenants to lock in and monitor impact and avoid impact drift<br>• Flexible repayment terms considering investee capacity and sustained impact<br>• Extension, renewals or follow-on financing to deepen and/or scale impact<br>• External refinancing or follow-on financing support | • Assessment for impact persistence at screening and due diligence<br>• Embedding impact into deal structure, legal agreement and asset development/improvement<br>• Impact asset positioning at sales, buyer screening & engagement<br>• Right of first refusal with mission-aligned strategic co-investor | • Exit tied to achieving target impact outcomes<br>• Exit in case of impact underperformance or no longer meeting impact criteria; Market signaling<br>• Active engagement, and continued engagement post exit to help sustain impact<br>• Continued tracking post exit for future re-investment |

2. ***Asset class variance***: The practices for managing exits vary across asset classes given the distinct characteristics of the assets and ownership that influence structure, timing, and process of exit. The differences highlight the need for tailored impact-driven exit approaches that align with the nuances of each asset class. **[See Exhibit 7b]**

3. ***Formalizing exit intentionality:*** A formal policy or codified framework can help to institutionalize integrating exit consideration throughout the investment lifecycle with a consistent approach, rigor, and comparability across a portfolio. Some investors with diverse portfolios have developed approaches that can be broadly applied across multiple asset classes.

4. ***Influencing factors on exit decisions:*** Influence over exit decisions depends on a range of factors including ownership share, investment structure, governance, and management alignment, while also balancing against the portfolio's financial return with regard to fiduciary duty.

5. ***Impact as value driver vs. trade-off:*** While balancing impact against financial return and fiduciary duties is central to exit considerations, there is also an increasing recognition that impact can be a source of financial value creation rather than dilution. Investors also safeguard long-term, sustained impact beyond exit by investing in colinear models where impact is entrenched in the business strategy, as well as by further embedding impact capacity into the business operations.

6. ***Role of LPs in sustaining impact at exit:*** Limited partners (LPs), especially those who are impact-aligned, can play an important role in ensuring that sustained impact is prioritized during exits. LPs may include assessment of exit-related policies or processes in their due diligence of general partners (GPs) or funds as well as in ongoing engagement, monitoring and reporting.

7. ***Amplifying impact at exit****:* Some Signatories intentionally use exits as opportunities to scale and deepen impact beyond their ownership – for example, by facilitating impact secondaries, supporting impact IPOs, or engaging impact-aligned strategic investors as a pathway to accelerate growth while mobilizing scale capital. Re-financing, follow-on financing or extension in case of debt can be opportunities for deepening impact with investees.

8. ***Long-term holding:*** Certain investments are intended for long-term holding with fewer or no exits and have impact considerations built into the assets. Open-end fund structures, especially in real estate with potential for "buy, fix, and hold" or "build and hold" approaches, may eliminate the risk of hand-off to a non-impact aligned manager.

# Common, Emerging & Nascent Practices in Implementation of Principle 7

*Note: The findings and observations are primarily based on analysis of the most recently published 166 Signatory Disclosure Statements at the time of the review in early to mid 2024.*

The disclosures on the implementation of Principle 7 show a spectrum of practices which together reflect the growing sophistication of impact investors in balancing the long-term sustainability and advancement of impact alongside financial outcomes. More investors are starting to incorporate impact into their exit-related processes, often starting at pre-investment stages which provide a foundation for responsible exits across asset classes. Emerging and nascent practices illustrate a move toward more specific and formalized approaches, such as the use of detailed exit review checklists, codified exit policies or frameworks, buyer alignment assessments, legal agreements, and exit committee reviews.

## COMMON PRACTICES (50-100% of Disclosures)

a. ***Considering sustained impact during exit process.*** 66% disclosed specific ways in which they consider the effect that the timing, structure, or process of the exit will have on the sustainability of impact.

b. ***Considering sustained impact at exit during pre-investment.*** 52% disclosed planning for and safeguarding sustained impact at exit during the pre-investment phase through their origination, screening, assessment, and structuring of the deals.

## EMERGING PRACTICES (25 to <50% of Disclosures)

c. ***Assessment during screening and due diligence***. 36% disclosed considering the potential for sustainability of impact at exit during screening and due diligence processes. These may include explicit screening and due diligence criteria and exit-related content in the investment memo, including analysis of exit scenarios, risks and strategies. Related to this, selecting impact-inherent investments, including in products or founders, is also mentioned as a way to safeguard sustained impact beyond exit, outlasting the Signatories' ownership.

d. ***Exit review checklist or memo.*** 27% disclosed having an exit review checklist or memorandum prepared, outlining the process followed prior to exit, including timing, structure, and selection of buyer.

## **NASCENT PRACTICES** (<25% of Disclosures)

*e.* ***Buyer assessment and engagement***. 20% disclosed assessing or engaging with the potential buyer to ensure and support alignment and buy-in of impact objectives as a key component to safeguarding the sustainability of impact post transfer of ownership.

f. ***Exit committee review***. 14% disclosed having either a separate exit committee or an existing investment or impact-related committee review sustained impact considerations at exit for approval, including through exit checklist or memo.

g. ***Legal agreement, covenants or side letter***. 13%, particularly those investing in private debt and loans, disclosed addressing sustaining impact at exit within the origination documents, covenants or side letters.

h. ***Termination or early exit process to address impact drift***. 11% disclosed having a process for an early exit to address instances of impact drift, meaning a company no longer meeting the impact criteria or a company that no longer adheres to agreed upon policies. In such cases, minimizing risks or negative impact becomes the more important concern.

i. ***Extension, refinancing or follow-on financing***. 10% disclosed having established criteria or procedures for refinancing or follow-on financing to continue to support the investee and sustain or deepen the impact.

j. ***Formal exit policy.*** 6% disclosed having a formal exit policy or codified framework to guide broad portfolio, fund- or firm-level approaches to exit in a comprehensive and consistent manner.

k. ***Sales agreement***. 5% disclosed having a sales agreement that includes clauses with requirements that support the sustainability of the exit.

l. ***Post-exit review or follow-up.*** 5% disclosed conducting reviews of investments or investee post-exit to determine how the impact has been sustained over time. In some cases, this may take the form of a partial exit or having a continued board seat. Related, exit interviews and case studies, shortly after exit, are also used to support continued learning and improvement.

# Principle 7

## Signatory Practice Spotlights

BlueEarth Capital

British International Investment (BII)

Calvert Impact Community Investment Note ® Portfolio

Capital Medica Ventures

Franklin Templeton Social Infrastructure

LeapFrog Investments

Omnivore

Operating Principles for Impact Management

Signatory Practice Spotlight

# BlueEarth Capital

*Ensuring sustainable impact at exit across private equity and private debt*

*Asset Class:*
Private Equity, Private Debt

BlueEarth Capital has institutionalized its approach to assess the sustainability of impact during the exit decision making process. Exit planning begins during the due diligence process by targeting companies with strong correlation between financial and impact performances, positioning impact as a key value differentiator. Continuous monitoring of the investment during ownership helps to further mitigate the risks of impact drift.

- **Private equity:** The investment team uses a proprietary impact risk framework to assess potential exit options from both an impact and commercial perspective before an exit decision is presented to the Investment Committee. The Exit Risk Assessment examines the potential exit implications along the following dimensions: impact results, materiality, timing, impact orientation, governance, and business model. The new buyer is assessed to ensure their impact alignment.
- **Private debt:** With self-liquidating instruments, the focus is on protecting against impact drift including through impact (social and environmental) covenants with built in penalty or corrective actions for impact underperformance, environmental and social action plans, impact rachets and rights to influence new ownership's impact alignment in case of change of control.
- **Secondary transaction:** Blue Earth Capital is proactively supporting the development of the nascent impact secondary market through acting as a buyer in secondary transactions and facilitating impact-aligned exits for other investors. A fully developed secondaries market will reduce investment risks and attract more investors into the market, leading to increased capital allocations, innovation in financial products, and funding for investee businesses, while maintaining impact integrity.

BlueEarth CAPITAL

Signatory to:
Operating Principles for Impact Management

Signatory Practice Spotlight

# British International Investment (BII)

*Responsible exit framework for multi-asset classes portfolio*

*Asset Class:*
Multiple

As a development financial institution with a wide-ranging, global investment portfolio and development impact mandate, BII balances its various exit-related considerations with a codified responsible investing framework designed to have applicability across its multiple asset classes.

- **"Hold or Sell" analysis** is conducted on eligible investments as part of active Portfolio Management based on how likely is it that the asset will continue to deliver the expected impact, and whether achieving any remaining impact is dependent on BII's presence.

- Internal **Responsible Exit Guidance** informs when and how to exit, balancing impact and commercial considerations to provide a standardized, documented process for considering the effect of exit on the sustainability impact.
**[See Practice Example 7.1]**

- During portfolio management and at the point of exit, BII assesses deal timing, exit readiness, exit structuring and buyer-alignment considerations which are documented in a comprehensive **Exit Investment Committee Paper**. A formal approval process sets out clear rationale for exit, with impact and commercial returns assessed equally.

- How development impact will be sustained after exit is an important factor that is reviewed as part of the process. BII conducts an in-depth analysis of development impact through an **exit review** with lessons learned.

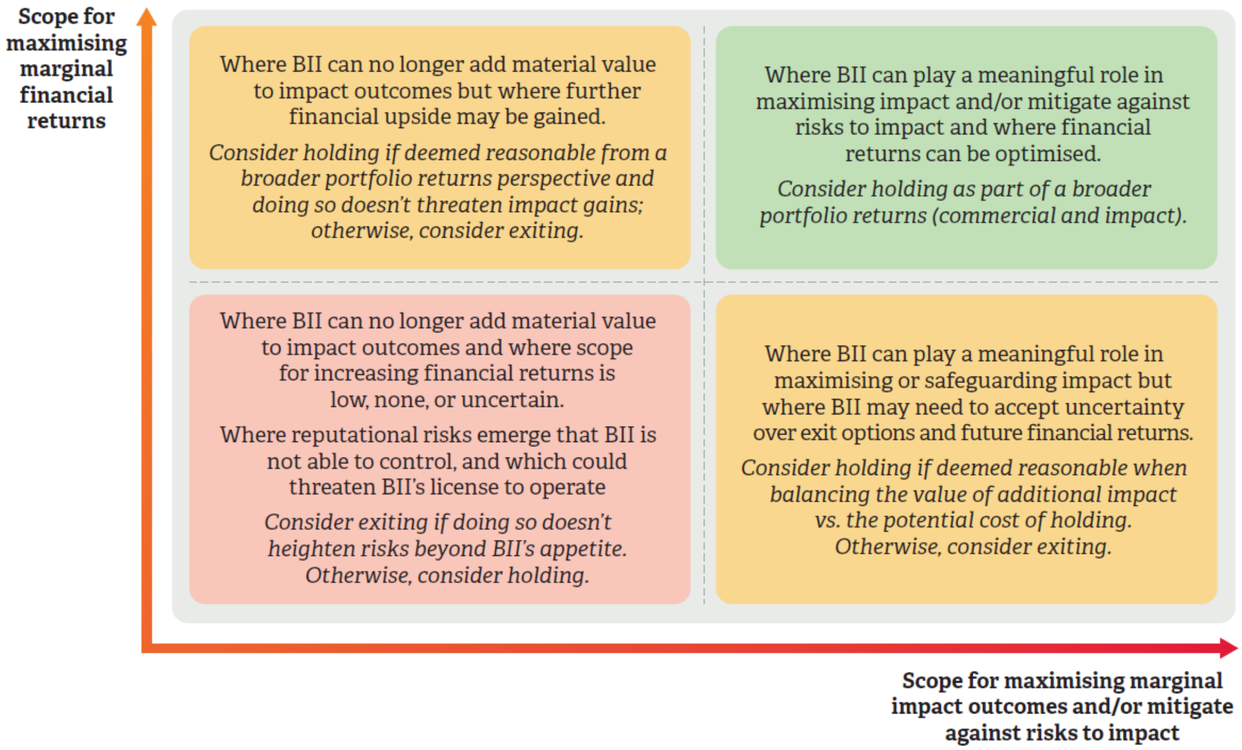
- BII has also engaged in **impact secondary transactions** for its emerging market funds to mobilize private capital while providing liquidity for its portfolio.

British International Investment

BlueEarth CAPITAL

Practice Example 7.1

## BII's Framework for Considering Exit Decisions Based on Impact and Commercial Considerations



Signatory Practice Spotlight

# Calvert Impact Community Investment Note® Portfolio

*Sustained impact for private debt through origination, renewal, repayment*

*Asset Class:*
Private Debt

As a provider of private debt capital with preset maturity dates, Calvert Impact considers investees' ability to sustain impact at each origination, including renewal repayment.

- **Origination and renewal:** Expected impact is assessed using a proprietary Impact Scorecard, and loan terms such as tenor, maturity date, interest rate, and amortization schedule are structured based on assessment of the borrower's ability to repay, keeping the effect on sustained impact in mind. Renewals and increased financing at maturity, or financing of subsequent funds support long-term capacity building and expansion of managers demonstrating financial and impact performance. Repayment without renewal is often due to the investee proving the success of their model or track record and gaining access to traditional capital markets.

- **Exit analysis and learning:** Calvert Impact analyzes actualized impact at repayment, including an estimate of sustained impact post repayment, with final scoring using the Impact Scorecard. An exit interview with the investee captures lessons learned including understanding of investor contribution and future opportunities for future collaboration, documented in repayment Impact Scorecards and "Impact at Exit" case studies repository.

- **Risk mitigation:** Loan modifications and workouts are considered in extraordinary circumstances of challenge for an investee, with case-by-case evaluation to balance between a responsible exit, sustainability of investee's business model, and relevant fiduciary concerns.

Calvert Impact™ BlueEarth CAPITAL

Signatory Practice Spotlight

# Capital Medica Ventures

*Responsible exits through impact IPOs and stock transfer*

*Asset Class:*
Venture Capital

As a venture capital firm based in Japan, mainly investing in healthcare field to solve social issues, Capital Medica Ventures (CMV) has established policies supporting responsible exits through impact IPOs and M&A and Exit to Community.

- **Supporting Impact IPOs:** CMV provides financial and non-financial support required for impact IPOs in order to accelerate and deepen investees' impact achievement aligned with their theory of change. These support initiatives may include building internal consensus regarding impact IPOs, creating a business growth story linking social impact with profit growth, documenting impact areas and related public disclosure areas, appealing to institutional investors as an impact company, and continuous support for IMM system post IPO.

- **M&A (stock transfer) and exit to community:** CMV seek outs and selects appropriate transferees, for example customers or business partners, that have the resources and network to continue and expand the investee company's impact. These efforts may include sourcing and conducting impact due diligence of acquisition candidates, supporting alignment of interests among existing shareholders, drafting impact-aligned contract terms, building internal consensus regarding stock transfer, and PR and event implementation support for responsible exit implementation.

With policies in place, CMV is working to systematize processes and approaches for implementation with plans to promote further standardization as the number of exits increases.

Capital Medica Ventures

BlueEarth CAPITAL

Signatory Practice Spotlight

# Franklin Templeton Social Infrastructure

*Impact persistence as “sixth dimension of impact”*

*Asset Class:*
*Real Estate, Infrastructure*

As a social infrastructure investor in Europe with an open-ended fund structure, the Franklin Templeton Social Infrastructure strategy holds assets for the long-term with fewer exits. It considers impact persistence as “a sixth dimension of impact”, emphasizing long-term sustainability, and incorporates a structured exit review process to preserve impact beyond ownership.

- The **impact persistence** dimension analyzes length of expected impact and dependency of an impact initiative on its maintaining ownership.
- As part of its "**Responsible Exit Review**" which documents its responsible exit policy and decision-making process, the impact and asset management team answers a set of eight pre-sale and post-sale questions. **[See Practice Example 7.2]**
- The preservation of impact is fully considered in the sales process within the requirements of **fiduciary duty** to ensure the best financial outcome to investors. The management team’s belief is that if an asset is highly impactful in its current state, the likelihood of a buyer reflecting that value is increased and the chances of a mission-aligned owner winning the bid is improved.
- The investment team is exploring structures with strategic impact-aligned co-investors as another tool to increase the likelihood of a sustained impact at exit.

FRANKLIN TEMPLETON

BlueEarth CAPITAL

Practice Example 7.2

## Franklin Templeton Social Infrastructure's Responsible Exit Review Questions

As part of the "**Responsible Exit Review**" which documents its responsible exit policy and decision-making process, the Franklin Templeton Social Infrastructure's impact and asset management team answers a set of eight pre-sale and post-sale questions.

**Pre-sale**

1. Why is the asset being sold?
2. How has the asset performed compared to its projected Community and Environmental scores?
3. Which impact improvements are expected to sustain post-exit? Which impacts are contingent on the intent of the buyer?
4. How will the sales process consider the sustainability of future impact?
5. Which Impact Risks were highlighted in initial underwriting, which have materialized during the holding period, and which may arise post-exit?
6. What lessons can be learned from our experience with this asset?

**Post-sale**

7. Who purchased the asset and are their intentions to keep the asset's social purpose?
8. Why was the buyer selected?

Signatory Practice Spotlight

# LeapFrog Investments

*Formalizing portfolio responsible exit approach*

*Asset Class:*
*Private Equity*

As a private equity investor focused on providing financial, health and climate solutions across Africa and Asia, LeapFrog Investments has codified its exit review practices into a Responsible Exit Approach. This includes a comprehensive checklist intended to assess how systematically LeapFrog and the portfolio company have embedded impact and ESG value creation as part of portfolio management, including across the company's operations and governance processes so that impact and ESG are part of a company's core practices.

- The **Responsible Exit Approach** considers financial and social factors in the decision to exit. It assesses achievement of impact against expectations and seeks long-term sustainable impact post-exit by focusing on the core alignment of the buyer with the investee's impact thesis.

- The comprehensive **Responsible Exit Checklist** covers considerations related to the exit process, the portfolio company's exit readiness, and buyer selection.

The formalized approach supports consistent evaluation and documentation of impact considerations at exit and is part of an Exit Note to the investment committee.

Signatory Practice Spotlight

# Omnivore

## *Bolstering impact intentionality to ensure impact continuity*

*Asset Class:*
*Venture Capital*

As a VC in emerging markets, Omnivore's exit policy considers three key principles: exit timing, exit approach, and impact continuity. **[See Practice Example 7.3]**

- **Exit timing:** Considering exit strategy early during underwriting with analysis of future exit options including strategic buyer, secondary transaction or IPO with 5-7 year target timing.
- **Exit approach:** Assessing potential buyer, their impact alignment, and track record while optimizing for financial and social returns.
- **Impact continuity:** During ownership, mandating impact and ESG governance policies, baking impact intentionality into company culture, and strengthening their systems and capacities so that impact is central and likely to be sustained post exit.

These exit considerations are formalized in Omnivore's Responsible Exit Guidance note guiding actions prior to and during any proposed exits.

omnivore BlueEarth CAPITAL

Practice Example 7.3

## Omnivore's Approach to Responsible Exits

**Ominvore's exit policy** considers three key principles: exit timing, exit approach and impact continuity.

**Exit Timing**

- Analyze and identify exit options early on
- Assume 5-7 years exit period
- Explore strategic partnerships, financial investors, public exits

**Exit Approach**

- Optimize financial and social returns
- Conduct AML/KYC due diligence on potential buyer
- Evaluate buyer's alignment and capacity to support the company
- Assess buyer's track record
- Ensure investee leadership comfort with buyer
- Consider buyer's valuation

**Impact Continuity**

- Mandate ESG and governance policies
- Enforce ESG and impact monitoring in legal documents
- Integrate policies into company culture
- Ensure policy continuity post-exit

# Appendix

A. Publication Timeline

B. Methodology, Limitations, and Disclaimer

# A. Publication Timeline

The series of resources related to ***Common & Emerging Practices in Implementation of the Impact Principles*** will be released in three phases:

- *~ 2025 May:* Website publication of initial drafts for each of the nine principles *in series*, including Signatory Practice Spotlights
- *~ 2025 June:* Target soft release of consolidated report draft
- *~ 2025 August:* Final publication reflecting stakeholder feedback

Publication Target Timeline

# B. Methodology, Limitations, and Disclaimer

## Common, Emerging and Nascent Practices based on Analysis of Signatory Disclosure Statements

The findings and observations are primarily based on a manual in-depth review by the Impact Principles Secretariat of 166 disclosure statements published or newly submitted by Signatories for review in early to mid-2024. All Signatories to Impact Principles are required to submit an annual Disclosure Statement describing how each principle is incorporated into its investment system and process. Therefore, founding Signatories have completed their fourth Disclosure Statement at the time of the analysis while others have submitted their first, second or third. New Signatories must submit the first disclosure within one calendar year of signing the Signatory Letter.

Disclosure Statements were analyzed for investor alignment with key components of each of the nine Principles or specific practices to identify the areas of common, emerging, and nascent practices by Signatories in applying the Impact Principles.

- ***Common practices****:* At least half (50-100 percent) of Signatories disclose the same or similar practices indicating convergence in the implementation of the Impact Principles.
- ***Emerging practices****:* 25 to <50 percent of Signatories disclose the same or similar practices indicating emerging practices that are gaining traction.
- ***Nascent practices****:* <25 percent of Signatories disclose the same or similar practices indicating advanced or specialized practices or gaps.

The Impact Principles are applicable to all types of investors including different asset classes, sizes, sectors, and geographies. Therefore, specific practices in how the Impact Principles are implemented may vary across investor types. The analysis took into consideration these varying ranges of similar practices.

## Additional Observation in Practices

Additional observations on notable developments in specific practices are based on a limited number of disclosures or the Secretariat's ongoing engagements with Signatories and ecosystem partners, which are captured to provide further reference points.

## Signatory Practice Spotlights

To bring insights to life and provide concrete examples, Signatory disclosures with notable practices corresponding to the common and emerging practices are listed as references with brief descriptions. Based on Signatory feedback requesting a broad range of specific and practical examples, the report chose to provide a larger number of short, concrete practice spotlights including visual exhibits where available, rather than a small number of long, in-depth case studies. Special attention was paid to curate examples across a diverse mix of investor types, asset classes, sectors, and geographies. A limited number of Signatory examples may be selected for deeper-dive case studies in the future.

## Additional Observations in Disclosures and Related Guidance

Additional observations on Signatories' disclosures, including type, pattern, levels of detail, and placement of specific information, are captured with suggested general guidance and recommendations. These recommendations are provided with the intent to enhance the consistency, comparability, and usefulness of the information provided in disclosure statements by Signatories to further support transparency and advancement of best practices in the field. *(In Planning)*

## Limitations and Disclaimer

The analysis was conducted for the purposes of capturing trends in common and emerging practices and notable observations based primarily on manual review of the Disclosure Statements by the Secretariat. Given the self-reported nature and the wide diversity of investors and asset classes, there is a varying degree of detail of information that Signatories provide in the Disclosure Statements. There may be additional details on the actual implementation by Signatories that will be included in subsequent Disclosure Statements as these common practices become more widely adopted and are expected of investors in their disclosures. Therefore, it is possible that the current report underestimates the adoption and implementation of certain practices.

Further, human error in the Secretariat's review and recording of information, inconsistencies in how and where Signatories disclose certain information, and how specific practices are categorized for counting may also affect the preciseness and conclusion of the analysis.

The information provided in this ***Common & Emerging Practices*** publication is intended to be a high-level curation of trends and notable practices (as of mid 2024*) to help inform further inquiries and actions to enhance impact practices. It should not be taken as precise data, prescriptive direction, recommendation or a substitute for the Operating Principles for Impact Management document (which you can download at the Impact Principles website).

**The Impact Principles Secretariat intends to update the information in this document on a regular basis via new versions or publications.*

**Important note**:
This is a draft document for stakeholder review and input.
Visit http://www.impactprinciples.org/commonpractices to access the on-going updates and new release for this series of resources, learn more on the publication plan and methodology (including limitations and disclaimer), and provide any feedback and input.

Operating Principles for Impact Management

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