

## IFC responses to comments received during consultations

The table below summarizes the comments received during public consultations that occurred February 21 – April 20, 2023, and IFC’s response.

Item	Feedback description	IFC Response
1	<p><b>Scope:</b> IFC responsible exit principles should expand to include passive as well as active exits and not be restricted to the criterion of "likely and severe" E&amp;S risks and impacts. IFC should clarify how exit principles apply to debt/equity, corporate investments, and advisory services, as well as whether they apply to other financial institutions. Any differential treatment on how to approach responsible exit in connection with the type of IFC investments should be explained.</p>	<p>IFC expanded the scope of the responsible exit principles to apply them to an expanded range of active exits. The process for the application of the responsible exit principles to active exits will depend on the E&amp;S risk and client E&amp;S performance, as defined by internal IFC E&amp;S procedures. The responsible exit principles will not apply to passive exits, given that IFC does not have any agency over passive exits.</p>
2	<p><b>Preparing for exit:</b> IFC should adjust the approach to include additional requirements/guidance related to preparing for exit. Contractual provisions should be modified in relation to exit to include timeframes for exit, build IFC’s leverage at exit, consequences for a client that exits without resolving non-compliance, requirements for clients to develop a plan for continued compliance post exit, responsibility to remedy post exit.</p>	<p>IFC acknowledges the importance of preparation for responsible exit and understands that early and ongoing engagement on E&amp;S is a key success factor in responsible exit. Such actions are built on the IFC Sustainability Framework and the application of all relevant operational policies and procedures prior to exit.</p>
3	<p><b>Pre-conditions for exit:</b> The principles should contain clearer commitment that IFC will not exit from a project without first meeting pre-conditions for exit, e.g., using all available leverage, providing remedial action where needed.</p>	<p>Requiring certain E&amp;S conditions to be satisfied prior to exit is not viable for IFC’s business and is inconsistent with the need to adapt E&amp;S risk management to project circumstances. However, the revised responsible exit principles include a clearer reference to additional actions that can be potentially undertaken, as well as considerations on the use of leverage (to the extent possible or feasible).</p>
4	<p><b>Additional analysis/considerations for Responsible Exit:</b> IFC should conduct an environmental, social and governance (ESG) risk assessment to determine the suitability of the proposed exit, considering the E&amp;S track record for buyers of IFC’s shares, as well as potential negative impacts of the exit (e.g., loss of jobs or access to goods/services, lower standards). Institutional constraints should not be used as a waiver to ignore other principles, and language should not be restricted to likely and severe impacts and should include long-term/protracted impacts. Emergency measures must be available</p>	<p>IFC will take into consideration a wide variety of factors in analyzing achievement and sustainability of targeted development impact as well as options to address E&amp;S issues in the context of exit. IFC notes that the revised responsible exit principles include a clearer reference to additional actions that can be potentially undertaken, as well as considerations on the use of leverage (to the extent possible or feasible).</p>

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	and considered at exit in case urgent needs must be addressed.	
5	<b>Stakeholder consultation and disclosure pre-exit:</b> Stakeholders should be notified and consulted in advance of exit.	A blanket requirement for stakeholder engagement in advance of exit is not commercially viable and fails to give due consideration to confidentiality concerns. IFC will consider having stakeholder engagement where feasible given the circumstances of the exit and where there are significant outstanding E&S issues and there is ongoing engagement with affected communities and/or workers regarding such issues. IFC also included a reference to the IFC Position Statement on Retaliation Against Civil Society and Project Stakeholders in Principle 2. Disclosing internal decision-making information exposes IFC to significant risk but IFC is open to disclosing the fact of the exit (see below).
6	<b>Disclosure post exit:</b> IFC should routinely disclose the fact of exit and/or the content of its exit decision-making.	Subject to any restrictions on disclosure, IFC's exit would be disclosed (taking into consideration regulatory requirements, client, and market sensitivities with respect to the timing and nature of such disclosure) through an update to the Summary of Investment Information (SII) of the project after the exit in line with the Access to Information Policy (AIP).
7	<b>Additional guidance:</b> There was widespread agreement that additional guidance would be useful, including on having support available during the exit process, availability of case studies, training, a tip sheet defining roles and responsibilities, and template letters or other tools.	IFC is developing internal guidance and training for project teams as part of the implementation roll-out.
8	<b>Procedures, as well as roles and responsibilities:</b> Timeframes for exit should be specified. Stakeholders emphasized the importance of having continuity of IFC E&S staffing prior to and during exit.	Roles and responsibilities of the IFC project team have been clarified in internal procedures.
9	<b>Public deliverable and consultation:</b> IFC should produce, disclose, and provide the opportunity for consultation on a fuller paper.	The purpose of the consultation was to consult on the draft responsible exit principles, which were disclosed for consultation. IFC has now disclosed the final responsible exit principles and the IFC response to consultation comments.