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Terms of Reference for the Gender Diversity Engagement Network (GDEN or the “Initiative”) A Collective Engagement Initiative on Gender Diversity

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INTRODUCTION

GDEN is a collaborative stewardship initiative where institutional investors work together to take action on gender diversity in investee companies. Investors use their collective influence with investee companies to drive positive outcomes on the topic. The initiative is a matching platform for investors wishing to collectively engage with companies on gender diversity. It facilitates collaboration among institutional investors to drive positive outcomes in gender diversity within investee companies.

The Initiative is launched under the coordination of Generali (the “Coordinator”).

This Terms of Reference (“Terms”) defines the purpose and structure of this Initiative and summarizes the expectations and guidelines for investors engaging with investee companies as part of this Initiative (or “Participants”).

All Participants are required to agree to and abide by these Terms.

These Terms may be reviewed by Coordinator. Where changes are made, Participants will be asked to reconfirm their acceptance of the Terms.

ABOUT THE INITIATIVE

OBJECTIVES

The objective of the Initiative is to advance gender diversity in investee companies through investor stewardship.

This Initiative primarily seeks change through investors’ use of influence with investee companies. Within the collaborative Initiative, investor engagement of other decision makers or on public policy is not considered.

This Initiative seeks to achieve the following expectations from investee companies:

- **Increase Representation of Women on Boards and Executive Roles:** Engage companies that fall short of leading practices.
- **Enhance Gender Ratio in Senior Management:** Promote the advancement of women in senior management, addressing systemic challenges such as education, hiring, career development, and continuous training. This requires clear and ambitious targets, especially in sectors with traditionally low diversity.
- **Reduce the Gender Pay Gap:** Ensure equitable compensation for all employees. While many companies disclose gender pay gaps and engage in initiatives to address them, achieving full transparency and accountability remains a challenge that requires ongoing effort and innovative solutions.

Top Management Commitment: Secure commitment from top management by aligning executive incentives with the company’s diversity strategy. Diversity targets should be material, challenging, quantitatively measured, and transparently communicated to the market.

The above represent the minimum expectations towards investee companies pursuant to this Initiative. However, Investors may bring within their engagements of investee companies other topics, aligned with key existing standards, frameworks and metrics relevant to gender equality and women’s empowerment, such as the World Benchmarking Alliance’s Gender Benchmark, the United Nations Guiding Principles on Business and Human Rights, the Women’s Empowerment Principles Gender Gap Analysis Tool and the Global Reporting Initiative.

STRUCTURE

Investors that participate to the initiative share with the Coordinator the list of companies that they wish to engage collectively and further information to facilitate the formation of the engagement group.

For each engagement focus company, a company engagement group is established by the Coordinator on the basis of the above information.

The engagement groups are free to organize their governance. Ideally, they are made up of a Lead or two Co-Lead Investors, and Collaborating Investors. All investors within each engagement group are responsible for delivering the engagement strategy for each company and are responsible for engaging with companies on the expectations.

TIMELINE

PRI Signatories will be invited to join the Initiative from December 2024 to June 2025, but may join the Initiative on a rolling basis where opportunities are available.

The Initiative will run for a minimum of three years (until December 2027). Participants are encouraged to participate for the duration of the Initiative.

When the Initiative reaches the end of these three years, the Coordinator will review the success of the Initiative and decide on whether to continue to coordinate the Initiative beyond this point. In reviewing this, the Coordinator will consider the following factors:

- The impact and success achieved by the Initiative to date, and potential further impact to be made.
- The level of participation which existing and potential Participants can commit to.
- Resourcing levels of the Coordinator.

If the Coordinator decides against continuing to coordinate the Initiative, PRI Signatories will still be able to independently collaborate through confidential online workspaces on the PRI Collaboration Platform.

JOINING THE INITIATIVE

ROLES

Investors that join the Initiative are expected to engage with at least one engagement focus company for the duration of the engagement period (“Participants”). Participants can engage with a company as a “Lead Investor”, or a “Collaborating Investor” for specific engagement focus companies.

- Lead Investor: responsible for driving the engagement agenda forward with their engagement focus companies. They are the main point of contact between the focus companies they are engaging with, the group of Collaborating Investors, and the Coordinator.
- Collaborating Investor: responsible for proactively supporting the engagement group their engagement with focus companies through participation in preparatory calls and engagement meetings.

ELIGIBILITY

Participants are typically required to meet the following minimum requirements for joining the Initiative:

- Be a PRI Signatory asset owner, investment manager, network group, or engagement service provider.
- Commit to participate in the Initiative as a Lead or Collaborating Investor for at least one company.
- Have made a policy commitment to respect gender diversity and implemented a gender diversity due diligence process; or commit to work towards doing so within a year of joining the Initiative.

APPLYING TO JOIN THE INITIATIVE

Investors who wish to join the Initiative as a Participant are required to apply. This application requires investors to select the Initiative focus companies they wish to engage with and provide information regarding their suitability for this role. When an engagement group is open to join, Participants are appointed by the Coordinator, considering various factors including stewardship experience, knowledge of gender diversity, leverage with the focus company, pre-existing engagement relationships, geographic proximity, and specified requirements requested by existing engagement groups. Further, in order to allow the formation of the engagement groups by the Coordinator, investors must also provide the following additional information:

- Previous engagement with the company on same or similar topics
- Jurisdictional proximity of investor
- Significant importance/materiality flagged by the investor
- Preferred and second-best role within the engagement group (Lead or Co-Lead, Admin Lead, Collaborating Investor)
- Real or perceived conflicts of interest.

LEAVING THE INITIATIVE

At any time Investors may leave the initiative by informing the Coordinator.

RESPONSIBILITIES OF PARTICIPANTS AND THE COORDINATOR

In collaborative engagements, Participants are responsible for dialogues with investee companies.

. Specific responsibilities of Participants and the Coordinator are outlined as follows:

RESPONSIBILITIES OF ALL PARTICIPANTS

- Engage with at least one focus company during each year and, where possible, for the full duration of the Initiative.
- Provide annual high-level reports back to the Coordinator on their level of participation and progress of the engagement.
- Abide by the responsibilities, guidance, and rules set out in these Terms.

RESPONSIBILITIES OF LEAD INVESTORS

- Lead the identification of company-specific engagement expectations each year.
- Develop the company engagement strategy in collaboration with Collaborating Investors
- Develop and maintain deep knowledge of the company's business strategy and performance on gender diversity.
- Arrange meetings with Collaborating Investors to encourage alignment in engagement.
- Engage with relevant stakeholders to achieve the objectives of the Initiative.
- Coordinate with Lead Investors for the same company in other Initiatives to seek maximum possible consistency in company expectations.
- Lead the drafting of AGM statements or other letters to the company and present these at the AGM.
- Delegate research, analysis, and leading engagement calls to Collaborating Investors where appropriate.

RESPONSIBILITIES OF COLLABORATING INVESTORS

- Proactively support Lead Investors with analysis and assessment of the company to develop clear engagement priorities
- Support Lead Investors with the development of the engagement strategy.
- Provide input into AGM statements, letters, and other communications with the company when requested.
- Attend company engagement meetings in support of Lead Investors.
- Attend organized prep calls prior to joint interactions with the engagement focus company.

RESPONSIBILITIES OF THE COORDINATOR

- Defines the Initiative objectives
- Recruits and onboard Participants onto the Initiative
- Works with Participants to setup the engagement teams
- Assists in monitoring the progress of engagements.
- Measures and reports on the progress of the initiative annually.

ENGAGEMENT GUIDANCE

ENGAGEMENT STRATEGY

Participants are responsible for developing and implementing company-specific engagement priorities and strategies as informed by the goals of the Initiative. Before an engagement group undertakes engagement with a company, they are required to develop and agree on a written, informal engagement strategy for the company (the "**Engagement Planning Form**"). This strategy should include:

- Company engagement objectives aligned with the overall objectives of the Initiative.
- Company-specific gender diversity expectations to be prioritized for engagement.
- The approach to engagement, including the forms of dialogue to use.
- Key engagement milestones and planned next steps if milestones are not met.

ESCALATION

Participants should aim to build positive dialogue with focus companies but must convey that inaction may result in further action. Investors should agree on when and how escalation should be carried out.

RIGHT-HOLDERS AND AFFECTED STAKEHOLDER ENGAGEMENT

Participants commit to engaging with right-holders and affected stakeholders to understand risks and outcomes and determine engagement priorities.

ANNUAL REPORT

Participants are required to report collectively on the progress of their engagement approximately once a year. This includes questions on participation, engagement tactics used, and progress against objectives. Reports are aggregated for the Coordinator's assessment of the Initiative's progress.

RULES AND CODE OF CONDUCT

CONDUCT

- Participants must refrain from using investor forums for explicit commercial purposes.
- Participants should treat each other with courtesy and respect.

CONFLICTS OF INTEREST

Participants must promptly disclose any real or perceived conflicts of interest to the Coordinator.

LEGAL CONSIDERATIONS AND ACTING IN CONCERT

The initiative does not intend to have an adverse impact on the key parameters of competition in the market. Instead, it may have neutral or even positive effects, particularly on product quality, variety, and innovation. The focus on promoting gender diversity is more likely to enhance competitive dynamics by fostering a more inclusive and innovative corporate culture.

The initiative is focused on promoting gender diversity through collaborative investor engagement and does not intend to have an anti-competitive object. However, to maintain compliance with competition laws, the Initiative will ensure that all collaborative actions and information sharing remain strictly within the bounds of the stated objectives, avoiding any behavior that could be construed as restricting competition.

The initiative encourages participants to take the following safeguards:

- check the meetings agenda in advance in order to identify potential Competition Law sensitive issues;
- have received adequate training in antitrust, with particular reference to the type of information that can be exchanged during the work and the type of behavior that is necessary to adopt (leave the meeting) if the discussion should give rise to anti-competitive concerns;
- have meetings including the drafting of a minute containing the detail of the content of the discussions.

Individual participants should regularly review their activities and independently seek legal advice to ensure ongoing compliance with antitrust and competition laws.

SHARED INFORMATION

Aggregate Data: information is to be shared in aggregated forms to prevent identification of individual company strategies.

Public Data Sources: discussions and strategies must be based on publicly available data or information that can be equally accessed by all market participants.

Transparency: the initiative and its participants maintain high levels of transparency regarding the nature and purpose of the information shared.

Legal Review: individual participants are responsible for reviewing their information-sharing practices to ensure they comply with competition laws.

Non-Commercial Use: the shared information is solely for advancing gender diversity and not for any competitive advantage.

INVESTOR PRIVACY

Participants grant the Coordinator the right to share their work contact details to other Participants for facilitating discussion.

TRANSPARENCY

Participant names, name of engaged companies and the status and outcomes of single engagements will not be disclosed publicly.

Anonymized information about the Initiative and aggregate data may be disclosed by the Coordinator.

EXTERNAL COMMUNICATIONS AND REPRESENTATION

Individual Participants do not represent the Initiative.

Participants may refer to themselves as Participants but should not claim to represent other investors without explicit permission. They should not disclose the names of other Participants without consent.

The Coordinator speaks on behalf of the Initiative but do not represent individual Participants nor the PRI. Communication on the Initiative will not suggest support by Participants.

DISCLAIMER

The Initiative does not require collective decision-making on investment matters and does not provide investment recommendations.

CONTACT

For more information about the Initiative, contact francesco.drigo@generali.com.