

Spring: a stewardship initiative for nature

Participants Terms of Reference

Introduction

These Terms of Reference (“Terms”) define the purpose and structure of Spring initiative (the “Initiative”) and set out guidelines for investors engaging with one or more focus companies (each a “focus company”) as part of this Initiative¹ (“Participant(s)”). By participating in the Initiative, Participants agree to abide by these Terms.

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About the Initiative

Objectives

The worldwide deterioration of nature is a source of material risk for institutional investors, as long-term value creation is dependent on a wide range of ecosystem services. To help mitigate this systemic risk, PRI is developing a new collaborative stewardship initiative on nature. The initiative aims to maximise the investment community’s contribution to the global goal of halting and reversing biodiversity loss by 2030, including commodity-driven deforestation. By addressing biodiversity loss, the initiative also aims to contribute to other sustainable development goals, including mitigating and adapting to climate change and advancing human rights.

Acting independently

Participants are independent fiduciaries responsible for their own voting and investment decisions. The Initiative does not require or seek collective decision-making or action with respect to acquiring, holding, disposing and/or voting of securities. All members of the Initiative must vote in

¹ These Terms apply to Participants within this initiative (investors engaging with companies) and not Endorsers (investors who publicly endorse the initiative and its objectives, but do not engage with companies).

accordance with their own voting principles, policies or guidelines and independent internal investment analysis. All members are responsible and accountable for their own independent voting decisions, including any pre-declaration or vote solicitation.

The use of engagement tools and tactics, including the scope of participation in engagements is at the discretion of individual investors. The Initiative only facilitates information sharing regarding these tools and tactics and takes no formal position on them. Any decision by Participants to engage in collective decision-making or action with respect to acquiring, holding, disposing and/or voting of securities shall be at their sole discretion and made in their individual capacities and not on behalf of or as part of their activities within the Initiative, the PRI Executives and PRI Signatories.

The use of potential escalation tactics that investors may use in their engagements is at the discretion of individual Participants. Divestment should not be discussed by Participants in any Initiative forum, including in engagement groups. Any decision by Participants with respect to investing, divesting or in any way changing the level of holding of a security will always be at their sole discretion and made in their individual capacities.

The Initiative does not act or speak on behalf of Participants. Participants also do not seek directly or indirectly, either on their own or another’s behalf, the power to act as proxy for a security holder and do not furnish or otherwise request or act on behalf of a person who furnishes or requests, a form of revocation, abstention, consent or authorisation. In addition, the Initiative does not provide investment or voting recommendations.

Structure of the Initiative

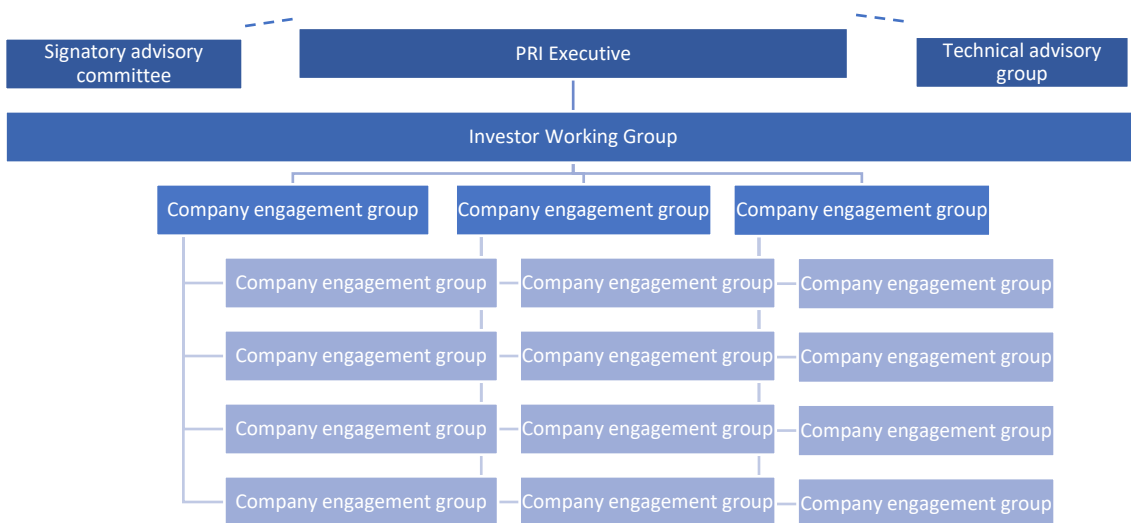


Image 1: Overview of the structure of the Initiative (note, the number of sub-working groups and engagement groups will vary over time and this image is not an accurate representation of this number).

The Initiative is facilitated by the PRI Executive and supported by two advisory bodies: the Signatory advisory committee; and the Technical advisory group; each of which are subject to separate Terms of Reference.

The working group (“Working Group”) of the Initiative is formed from Participants of the Initiatives who are Lead Investors, Co-Lead Investors and/or Collaborating Investors.

A company engagement group (“engagement group”) is established for each focus company. Each engagement group generally consists of four to six members, made up of a Lead or two Co-Lead Investors plus Collaborating Investors.

Timeline

PRI Signatories will be invited to join the Initiative from February 2024 but may join the Initiative on a rolling basis where opportunities are available. The Initiative is expected to run for a minimum of five years, until February 2029. Participants are encouraged to participate for the full duration of the Initiative.

The PRI Executive – with input from the Initiative advisory groups – will review the success of the Initiative periodically, at least once every three years. The PRI Executive will review:

- The impact and success achieved by the Initiative to date, and potential further impact to be made
- Whether the Initiative remains appropriately focused
- The level of active participation by existing and potential Participants
- Resourcing levels of the PRI and other planned or ongoing PRI-coordinated initiatives
- Continued alignment to the PRI Principles, mission, and overall strategy

If the PRI Executive decides against continuing to coordinate the Initiative, alternative options for continuing the work of the Initiative will be explored with Participants and the advisory committees.

Joining the Initiative

Roles

The following roles within the Initiative are available to PRI Signatories:

- **Endorser:** Endorsers are PRI Signatories that publicly endorse the Initiative by signalling their support for the objectives and strategy of the Initiative. Endorsers who do not subsequently become Participants do not participate in engagement activities within the Initiative and will be listed separately to Participants in public information about the Initiative.
- **Participant:** Participants are investors who engage with focus companies as part of the Initiative. Participants can engage with a focus company as a “Lead Investor”, “Co-Lead Investor” or a “Collaborating Investor”. Investors who join the Initiative as a Participant will also be listed as Endorsers of the Initiative.

- **Lead Investor and Co-Lead Investor:** Lead Investors lead on the engagement strategy for the relevant focus company. They are the main point of contact between focus companies, Collaborating Investors and the PRI Executive. In some cases, there will be two Lead Investors for a focus company.² In this case, these investors are referred to as Co-Lead Investors. Lead Investors or Co-Lead Investors can also be a Collaborating Investor for another focus company.
- **Collaborating Investor:** Collaborating Investors proactively support Lead Investors and Co-Lead Investors in their engagement with focus companies through for example, 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 with a specific mandate to engage with companies on behalf of an institutional investor(s)
- Commit to participate in the Initiative as a Lead or Collaborating Investor for at least one focus company
- Commit to devote sufficient time to the Initiative and Initiative duties, as set out in these Terms

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 focus company(ies) that they wish to engage; specify whether they would like to act as the Lead or Collaborating Investor; and provide information regarding their suitability for this role.

When an engagement group is open to join, Participants are appointed by the PRI Executive, taking into account the following considerations:

- Demonstrated experience of stewardship, especially company engagement but also other [stewardship tools/activities](#) relevant to the Initiative
- Demonstrated experience or knowledge on nature and/or the drivers of nature loss
- Pre-existing engagement relationship with the focus company
- Geographic proximity to focus company and knowledge of local market
- Requirements specified by the existing engagement group as desirable (e.g. that an additional investor headquartered in the focus company's country is needed)

If an investor applies to join a specific engagement group but cannot join at that time because the engagement group is full, or because the investor doesn't currently meet the relevant criteria, the

² In limited circumstances, a Lead Investor may engage a focus company as part of the Initiative without the support of a Co-Lead or Collaborating Investors ("Individual Engager(s)"). In these instances, the Individual Engager is still required to meet all other expectations of Lead Investors, including updating the PRI and, where appropriate, other Lead and Collaborating Investors for the relevant focus company on engagement progress. Investors who expect to systematically engage individually with companies as an Individual Engager should make this clear to the PRI Executive before applying.

investor will be added to an engagement group waiting list. Once a role becomes available and provided that the investor meets the relevant criteria, they will be invited to join that engagement group.

Investors on the Participant waiting list will still be able to join the Initiative as an Endorser.

Responsibilities of Participants and the PRI Executive

Investors are responsible for the engagement dialogues with focus companies. The PRI Executive is responsible for ensuring that initiatives coordinated and managed by the PRI are aligned with the PRI strategy and for ensuring that the resources required for each engagement are utilised as effectively as possible toward their aims and objectives.

Responsibilities of all Participants

All Participants are required to:

- Publicly endorse the Initiative
- Engage with at least one focus company during each year of the Initiative and, where possible, for the full duration of the Initiative
- Attend PRI-organised Initiative meetings, wherever possible
- Abide by these Terms

Responsibilities of Lead Investors and Co-Lead Investors

- Develop the focus company engagement strategy in consultation with Collaborating Investors and with support from the PRI Executive
- Arrange meetings and/or co-ordinate dialogue with the focus company, taking into consideration where and how it is most appropriate to involve Collaborating Investors
- Arrange meetings with Collaborating Investors, including preparatory meetings ahead of engagement meetings with a focus company
- Lead on the drafting of AGM statements, letters and other communications with the focus company
- Provide annual high-level reports to the PRI Executive on the Lead Investor's level of participation in the Initiative and the progress of the engagement

Where feasible and appropriate, Lead Investors or Co-Lead Investors may also:

- Present AGM statements at the focus company's AGM
- Delegate research, analysis and/or leading engagement meetings to Collaborating Investors and/or the PRI Executive
- Where there is overlapping engagement with the same focus company by another engagement group or a similar initiative, consult with the representatives of that engagement group or initiative to minimise duplicative or contradictory requests

Responsibilities of Collaborating Investors

- Proactively support Lead Investors to develop the focus company engagement strategy

- Attend focus company engagement meetings and preparatory meetings
- Provide input into AGM statements, letters and other communications with the focus company
- Provide annual high-level reports to the PRI Executive on the Collaborating Investor's level of participation in the Initiative

Responsibilities of the PRI Executive

- Define the overarching objectives, strategy and timelines of the Initiative as a whole, with support from the Signatory advisory committee and the Technical advisory group
- Provide administrative and research support to Participants
- Recruit and onboard Participants into the Initiative
- Coordinate Initiative meetings and provide suggested meeting agendas
- Provide expertise on company-specific insights on stewardship and on nature-related risks and opportunities, from either internal or external sources
- Assist engagement groups in monitoring the progress of their engagements
- Measure and publicly report on the progress of the initiative on an annual basis through benchmarking company performance
- Ensure the Initiative continues to support the PRI principles and overall strategy
- Ensure the engagement groups move forward and adhere to agreed timelines

The PRI Executive at all times retains ownership and final sign-off of any outputs that are published under the name of the PRI and the Initiative, including events, research and any other publication. The Executive is responsible for the timelines, resources and budget that have been allocated to all programmes and projects.

PRI Board oversight

The Board has oversight of the Terms of Reference for all advisory committees and working groups. If a PRI Signatory has a significant concern about the operations of a PRI Signatory group, the PRI Signatory can escalate the issue(s) to the CEO of the PRI. If the matter cannot be resolved by the CEO of the PRI, the issue(s) will be escalated to the PRI Board.

Engagement Guidance

Engagement strategy

Participants are responsible for engaging with the focus company, as independent fiduciaries. The engagement strategy should be decided by the engagement group and informed by the goals of the Initiative. Whilst recognising that the engagement strategy may evolve over time, the strategy should ideally include:

- Company engagement objectives including company-specific expectations on nature
- The overall approach to engagement, including the focus company representatives to be contacted, and the forms of dialogue to be used
- Key engagement milestones and planned next steps if those milestones are not met

Escalation

Where possible, Participants should seek to build positive dialogue with focus companies and aim to support their efforts on biodiversity and nature loss. However, Participants should also consider opportunities for escalation in the event of a lack of receptiveness, inaction, or a lack of progress by a focus company following engagement.

Escalation may be conducted collaboratively on an opt-in basis where it does not involve (proxy) voting or the use of investment powers (buy, sell, hold decisions). Escalation that involves (proxy) voting and/or the use of investment powers must always be conducted individually by each investor.

Annual report

Participants are required to report on the progress of their engagement approximately once a year by completing a standardised questionnaire developed by the PRI Executive. Participants may also be asked to provide informal updates to the PRI Executive more regularly (e.g. approximately once every six months). Aggregated information from these reports supports the PRI Executive's assessment of the progress of the Initiative and will be included in annual public progress reports.

Rules and Code of Conduct

Conduct

- Participants must use any forum or platform provided by the Initiative solely for the purpose of furthering the objectives of the Initiative.
- Participants should treat each other and PRI staff with courtesy and respect.

Conflicts of interest

- It is the responsibility of Participants to ensure that they are not subject to a conflict of interest in respect of engagement with any given focus company. Should any conflict of interest arise – either real or perceived – the Participant should promptly disclose this to the PRI Executive.

Legal considerations

- Each Participant should obtain its own legal advice regarding their participation in the Initiative, as required.
- Investors participating in the Initiative must ensure they are aware of and always in compliance with regulatory requirements related to collaborative investor engagement activities in the jurisdiction where engagement is taking place. This may include regulatory requirements pertaining to fiduciary duty, securities, takeovers, and/or competition or anti-trust.
- The PRI and the Initiative do not provide investment, legal, accounting or tax advice. Materials provided by the PRI or the Initiative are for information purposes only.

Material non-public information and competitively sensitive information

- Participants must never seek, discuss or exchange material non-public information or competitively sensitive information (“CSI”) with other Participants, focus companies, the PRI Executive or the PRI advisory groups.
- If a Participant inadvertently discovers information believed to be material non-public information or CSI by virtue of participating in the Initiative, then the usual requirements under relevant securities, competition or anti-trust laws and regulations will apply.

Information sharing

- Participants should only share information, data, analysis, or opinion on a focus company with other Participants, focus companies, the PRI Executive or the PRI advisory groups where doing so supports the objectives of the Initiative.
- The PRI at its own discretion may share non-publicly available data related to the Initiative with: third parties such as academic researchers for the purpose of enabling research which can build understanding on the effectiveness of stewardship efforts; and with initiative funders, where applicable.
- The PRI will only share non-public data with individuals and/or organisations in furtherance of the objectives of the Initiative or the PRI and only where those third parties have signed comprehensive non-disclosure agreements with the PRI, prohibiting disclosure of confidential data or use of data for purposes beyond those agreed.
- The engagement strategy for a focus company can be shared³ at the discretion of Lead Investors, subject to the requirement that such information be maintained as confidential upon request. This coordination and communication will be facilitated by the PRI Executive.

External communications and representation of assets and other investors

- Unless otherwise agreed in writing, any outputs of research published that rely on data from the Initiative will not identify specific Participants or Endorsers taking part in the Initiative and will not identify specific focus companies/entities. Instead, research outputs will be published at an aggregate level.
- Endorsers and Participants should accurately reference their level of involvement in communications they produce related to the Initiative.
- Endorser investors must clearly communicate that they do not participate in any engagement activities within the Initiative.
- Investors should not state that they represent the Initiative, all its Participants, the full assets under management (AUM) of the Initiative or the full PRI Signatory base.
- Investors in engagements with focus companies should only claim to represent the assets over which they have responsibility, e.g. through a formal fiduciary duty.
- At no time should an investor claim to represent other investors or their AUM, including (co-)Lead and Collaborating investors, without first obtaining explicit written permission from each relevant investor.
- The PRI Executive is empowered to speak on behalf of the Initiative but will not act or speak directly on behalf of the investors participating in the Initiative.

³ Material non-public information will never be shared, even within the Initiative.

- Communication on the Initiative will not suggest or imply that the Initiative has the support of all PRI Signatories.
- For more information on the voice of the PRI, see the [PRI Communications Policy](#).

Investor privacy

- Personal data (information related to an identified or identifiable real person) will never be shared with third parties without an adequate legal basis for doing so (e.g. consent).
- By joining the Initiative, Participants agree to the [PRI's privacy policy](#).
- By joining the Initiative, Participants grant the PRI Executive the right to:
 - share their work contact details with other Participants
 - connect Lead Investors or Co-Lead Investors with other Lead Investors or Co-Lead Investors for the same focus company within different initiatives (both PRI-facilitated and not)
- The PRI may record group meetings for internal purposes, such as note taking. When recordings of group discussions are taken, meeting attendees will be notified. Typically, recordings will not be circulated to Participants. On occasion, however, recordings may be shared – for example, for educational briefings given to Participants.
- Some Participants or invited attendees to group calls may have individual organisational policies that require the recording of all calls. All investors with such a requirement are expected to honour the same confidentiality and transparency commitments as detailed in these terms.
- The PRI reserves the right to use trusted and secure artificial intelligence (AI) tools to facilitate note taking and summarising of meetings.

Transparency

The broad theme of the Initiative, its existence and high-level indications of its progress will be disclosed by the PRI. The following information is generally made public by the PRI:

- Name of Participant and Endorser organisations
- Name of engagement focus companies
- Organisation names of the clients/members that engagement service providers and investor networks are representing for the engagement, where permission has been granted ⁴, or a link to a list of these members if this information is publicly available
- The organisation names of Lead and Collaborating Investors for each engagement focus company, and in most cases, the role each Participant organisation is filling with respect to each focus company
- Progress of the Initiative on an aggregated basis – generally through annual progress reports
- Summary of engagement objectives and/or outcomes for a specific focus company (with the agreement of the Lead and Collaborating Investors)
- The Participant Terms of Reference and other supporting documents such as the Initiative Handbook

⁴ Engagement service providers and investor networks should obtain approval from their clients/members for the disclosure of client/member names in communications with target companies and in public communication. By submitting client/member names to the PRI, it will be assumed that permission from clients/members has been granted.

- Information on advisory groups for the Initiative

Failure to meet the Terms

If a Participant fails to meet the Terms, where possible and reasonable, the PRI Executive will firstly issue the Participant with a warning. If following the warning, the Participant still fails to meet the Terms, the PRI Executive may take the decision to remove the Participant from the Initiative – or where the issue relates to a Lead Investor, this investor may be asked to move to a Collaborating Investor role instead. If a PRI Signatory has a concern with this decision, the PRI Signatory can escalate the issue to the CEO of the PRI. If the matter cannot be resolved by the CEO of the PRI, the issue can be escalated to the PRI Board.

Updating the Terms of Reference

These Terms will be reviewed by the PRI Executive periodically, as needed. The Initiative Signatory advisory committee will be consulted on any proposed changes. Once finalised, Participants will be notified of any changes at least 90 days before those changes come into effect. Participants will be deemed to have agreed to the updated Terms upon expiry of the notice period, unless they have notified the PRI Executive that they are unwilling or unable to abide by the new Terms.

Contact

Those interested in understanding more about the Initiative should contact spring@unpri.org.