University of Victoria

RESPONSIBLE INVESTMENT REPORT 2020–2021

UNIVERSITY OF VICTORIA FOUNDATION

MARCH 31, 2021

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MESSAGE FROM THE CHAIR

I am very pleased to present the University of Victoria Foundation's first Responsible Investment Report. The purpose of this Responsible Investment Report is to provide an overview of the Foundation's Responsible Investment activities for its many stakeholders. This includes information on how we are addressing risks and opportunities associated with Environmental, Social & Governance (ESG) and climate change in our portfolio design and management.

Endowments are forever. As investors and as stewards of endowments, the Foundation Board believes that Responsible Investing is an important determinant of long-term financial performance and investment returns. We are continually updating strategies and actions to ensure important ESG risk and opportunity considerations, including climate change, are a part of our investment strategies for all asset classes.

The Foundation's initial adoption of Responsible Investment Beliefs in 2012 was an important first step in portfolio management and we have made significant progress since then. This past year we updated our Responsible Investment Beliefs to recognize climate change as a key global issue of our time.

Responsible Investing, including climate change initiatives and carbon emissions disclosures, is a rapidly evolving area. The Foundation has committed to updating its investment policies to ensure material Responsible Investment risk and opportunity considerations, including climate change, are well integrated into the investment process across all asset classes. This work will be completed in 2021.

Given the increasing importance of Responsible Investing and climate change, the Board decided to issue this stand-alone report to provide stakeholders an opportunity for a more in-depth look at how the Foundation is implementing Responsible Investing initiatives. I am also committed to updating you on our activities more frequently throughout the year on the Foundation website.

To all those who support the University of Victoria Foundation, I thank you and welcome your feedback.

Mary Garden
Chair

OUR **RESPONSIBLE** INVESTMENT APPROACH

OUR RESPONSIBLE INVESTMENT APPROACH

Responsible investing includes taking environmental, social and governance (ESG) factors into consideration. We believe this approach will also reduce long-term risks and improve risk-adjusted returns. All Foundation Investments are made with full consideration of all factors, including ESG factors.

In 2012, the Foundation extended its list of investment beliefs to include a belief on responsible investing. Two years later, it was updated to include a requirement that investment managers submit annual disclosures regarding the processes by which Environmental Social and Governance (ESG) factors are incorporated into the investment decision-making process.

To support our commitment to sustainability and to articulate our goals with respect to foundation investments, the University of Victoria Foundation will be adopting a new Responsible Investment (RI) Policy before the end of 2021. In order to advance responsible investing, the Board has committed to:

1. Adopting a Responsible Investment Policy;
2. Ensuring climate change risk and opportunities are effectively considered across the portfolio;
3. Completing the United Nations Principles for Responsible Investing's (PRI) report , including its climate reporting section based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD); and
4. Creating a questionnaire to assess our external investment managers' alignment to a 1.5C to 2C pathway in line with global efforts to limit warming to 1.5C.

The Foundation recognizes that Responsible Investing, including climate change initiatives and carbon emission disclosures, is a rapidly evolving area. The Foundation has committed to updating plans to ensure material Responsible Investment risk and opportunity considerations, including climate change, are integrated into the investment process across all asset classes. This plan will include a review of:

1. The ongoing monitoring of our investment managers and their due diligence practices;
2. Opportunities for portfolio company engagements;
3. The potential of carbon foot-printing our portfolio; and
4. Additional impact investing opportunities to promote sustainable futures.

As part of the Foundation's process to address climate change, the Foundation publicly recognized climate change as a key global issue of our time leading to profound social, economic and environmental challenges in Canada and around the world. As such the Foundation will take into account material climate-related (physical and transitional) investment risks and opportunities in its stewardship process and apply the following measures:

- Requesting due diligence from investment managers to show alignment with a 1.5C or 2C degree pathway and encouraging external managers to publically support the Task Force on Climate-Related Financial Disclosures (TCFD) and disclose TCFD reporting;
- Encouraging active engagement with companies to foster disclosure of operational practices that reduce carbon emissions; and
- Investing in impactful opportunities that reduce green house gas emissions and capitalize on the transition to a low carbon economy.

University of Victoria Foundation Responsible Investment Milestones

2012

- Adopted Responsible Investing Beliefs

2015

- Became a signatory to the UN Principles for Responsible Investing
- Signed letter to G7 Ministers urging for climate action

2016

- Introduced the Fossil Fuel Free Investment Fund for donors

2018

- Committed to finance the university's new residence construction, which meets Energy and Environmental Design (LEED) and Passive House standards

2019

- Improved awareness of the Fossil Fuel Free Fund
- Improved disclosure by providing examples on how our investment managers' ESG integration on our website

2020

- Updated investment beliefs to recognize climate change as a key issue of our time
- Committed to review UVic's decarbonisation approach and target

2021

- Adopt a new Responsible Investment Policy
- Committed to collective engagement on climate issues through the University Network for Investor Engagement (UNIE)

OUR **IMPACT** PORTFOLIO

OUR IMPACT PORTFOLIO

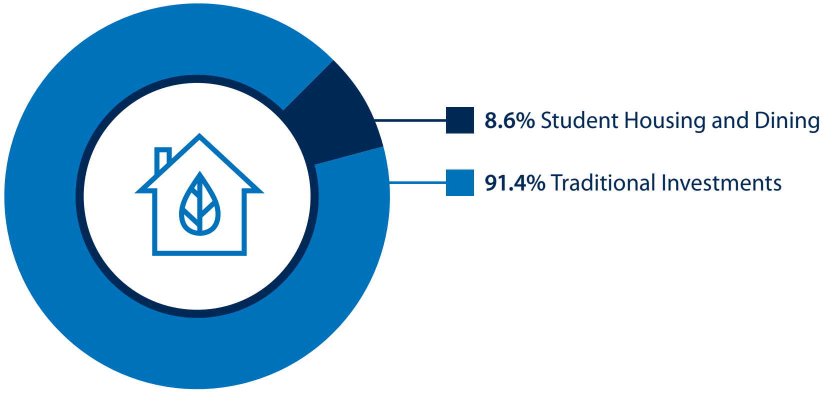
What is impact investing?

The Global Impact Investing Network (GIIN) defines impact investments as investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return.

Impact Results

To date, the Foundation has committed to invest 8.6% of its portfolio in impact investments as outlined in the figure below.

Foundation Impact Commitments*



**Foundation Impact Commitments, as at March 31, 2021. Commitments are funded over time as funds are called and then will be reported as investments.*

Student Housing and Dining Project

In 2018, the Foundation committed to provide financing to the new Student Housing and Dining Project which demonstrates our commitment to sustainability. The design and construction of the new buildings will meet Leadership in Energy and Environmental Design (LEED) V4 Gold and Passive House standards, the most rigorous global building standards for sustainability and energy efficiency.

LEED V4 is an internationally recognized, third party rating system based on energy and environmental principles, which balances knowledge from established practices and emerging concepts. Passive House design principles aim to reduce energy consumption, GHG emissions, maintenance costs, and replacement costs by investing in a higher performing building envelope.

Energy reduction goals will help foster a culture of energy conservation on campus using innovative technologies, including:

- Reduction in GHG emissions;
- Reduction in campus electrical intensity; and
- Reduction in campus gas consumption.

This investment supports the carbon reduction goals of the university. The new student housing will come online in 2022 and the impacts of the reduced GHG emissions will be measured and reported at that time.

RESPONSIBLE INVESTMENT INITIATIVES

RESPONSIBLE INVESTMENT INITIATIVES

Principles for Responsible Investment

The Principles for Responsible Investment (PRI) initiative is the leading global network for investors to publicly demonstrate their commitment to responsible investment, to collaborate and learn with their peers about the financial and investment implications of ESG issues, and to incorporate these factors into their investment decision-making and ownership practices. Responsible investment is a process to be tailored to fit each organization's investment strategy, approach, and resources.

As a signatory, we view PRI's principles as a framework for responsible investing and abide by their six guiding principles:

- **Principle 1:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle 2:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle 3:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle 4:** We will promote acceptance and implementation of the Principles within the investment industry.
- **Principle 5:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle 6:** We will each report on our activities and progress towards implementing the Principles.

Proxy Voting

Proxy voting is another essential engagement tool in our commitment to responsible investing. The Board has delegated voting rights to be exercised by the investment managers. Equity investment managers are expected to vote all proxies in the best interests of the Foundation. The proxy voting activity of investment managers is reviewed and demonstrates that they continue to actively vote proxies. Investment managers are required to report regularly on their proxy voting activity.

The most common types of proxy votes are:

- Board Opposition;
- Say on Pay Opposition; and
- Shareholder Proposal Support.

Collective Engagement

The Foundation committed to participating in collective engagement through the University Network for Investor Engagement (UNIE). Through UNIE our engagement efforts will be focused on ensuring companies are reducing greenhouse gas emissions to contribute toward limiting global warming below 1.5°C. UNIE will engage with public companies to focus on key sectors where advocacy can make the biggest difference, including finance, transportation, energy and utilities and manufacturing. Activities will include meeting with company shareholders to discuss improvement strategies for their environmental, social and governance (ESG) policies.

UNIE will focus on engaging on the following issues:

- Reduce emissions in line with Paris commitments;
- Shift lending and capital expenditures to reduce financed emissions;
- Implement responsible climate lobbying policies and practices;
- Incorporate climate risk in business strategy and board oversight; and
- Work towards a just transition that doesn't leave workers or communities behind.

UNIE quarterly reports can be accessed through SHARE's website.

Responsible Investment Integration

As long-term investors, the Foundation Board believes responsible investing, and taking environmental, social and governance (ESG) factors into consideration, can have a positive effect on long-term financial performance and investment returns. The Foundation Board will apply the following measures:

- In evaluating prospective investment managers, the Board considers how ESG issues are incorporated into the investment decision-making process;
- In evaluating prospective investment managers, the Board considers how investment managers engage with management to improve ESG practices;
- Existing equity investment managers are requested to provide proxy voting reports and to highlight exceptions to their proxy voting policy; and
- Requests annual disclosure by investment managers regarding the processes by which ESG factors are incorporated into the investment decision-making process.

All our external investment managers are signatories to the PRI. Please visit the PRI site to see their transparency reports.

Please find the responsible investment philosophy, integration, and case studies of our external investment managers in the upcoming section of this report or on our Foundation website.

Investment Manager Responsible Investment Integration

Phillips, Hager & North (Fixed Income)

Responsible Investment Philosophy

Responsible investment (RI) is an umbrella term used to describe a broad range of approaches that can be used to incorporate ESG considerations into the investment process. RI is also sometimes referred to as sustainable investment. PH&N views ESG integration as systematically incorporating ESG factors into investment processes with the goal to identify potential risks and opportunities and improve long term, risk-adjusted returns.

Their approach to RI is comprised of three pillars and PH&N takes specific actions under each of these pillars to deliver investment returns without undue risk of loss.

- **Fully integrated ESG:** All investment teams integrate relevant ESG factors into their investment processes.
- **Active Stewardship:** PH&N conveys its views through thoughtful proxy voting, engagement with issuers and regulatory bodies, and collaboration with other like-minded investors.
- **Client-driven solutions and reporting:** PH&N aligns solutions with client demand and provide transparent and meaningful reporting.

Integration in the Investment Process

Rather than applying a top-down ESG investment screen, PH&N teams assesses the risks and opportunities associated with issuers' ESG practices throughout the due diligence process. A team's main goal is to understand the impact of such practices on the company's overall sustainability and credit quality. The teams employ a wide range of resources to expand their insight of pertinent ESG information, including management and rating agency engagement, as well as third-party research. PH&N does not force themselves to look for ESG factors in order to fulfill an arbitrary requirement, but instead, believe it is prudent and vital to look at a corporate bond in its entirety. This research naturally includes ESG considerations to the extent that they reflect the quality and value proposition of an investment.Grand Renewable Solar Case Study

Grand Renewable Solar Case Study

The Grand Renewable Solar (GRS) project is the second largest operating solar facility in Canada with 100 megawatts of capacity. It is located on 1,000 acres of long-term leased land in Haldimand County, Ontario. The project reached commercial operations in March 2015. GRS issued over $600M in senior secured bonds that mature in 2035. The issuer has proven solar technology with useful lives that extend beyond the maturity of the bonds.

The power generated by GRS is 100% contracted under a Power Purchase Agreement with Ontario's Independent Electricity System Operator (IESO). IESO is a not-for-profit entity created by the Electricity Act, 1998 (Ontario) to oversee the Ontario electricity market. It is rated A (high) and Aa2 by DBRS and Moody's, respectively.

The team likes the project's robust fundamentals, resilient debt service coverage metrics, and strong support from the Ontario government. The team also views the positive ESG feature of GRS as a renewable energy supplier as a credit enhancement. High credit worthiness of IESO as the payment counterparty is an important risk mitigant. This combination of factors led the team to invest in the GRS bond issue.

Foyston Gordon & Payne (Canadian Equity)

Responsible Investment Philosophy

Foyston, Gordon & Payne (FGP) has a history of over 40 years as a quality and value investment manager, and ESG factors has long been part of its internal research process. In their view, companies that effectively address ESG issues tend to be more attractive long-term investments. While ESG analysis is an important part of FGP's investment decision-making process, it does not necessarily eliminate a company from being considered in its portfolio. They believe the firm can have more impact and influence on a company's policies and procedures as equity owners and/or debt holders than if we exclude them from the portfolio.

Integration in the Investment Process

FGP has developed an active, three-pronged approach towards ESG: Engage, Monitor, and Report.

Engage: FGP's investment teams actively engage with companies by having open and challenging discussions with management teams and by exercising voting rights. They identify and raise ESG concerns with companies that they follow as these issues emerge. FGP believes their bias towards long-term ownership of investments and their dialogue/engagement with management, and occasionally boards, is core to the principles of ESG. They also engage with clients and industry colleagues on collaboration efforts to further promote FGP's commitment towards ESG.

Their active engagements are made in different ways:

- Meetings with management
- Discussions with boards
- Proxy Voting – All research and voting is done internally to maintain a strong alignment of interest with our clients
- Collaboration with clients

Monitor: FGP incorporates ESG considerations into their comprehensive and proprietary Investment Grade Rating (IGR) checklist that is prepared when considering a security for purchase and for sizing in the portfolio. They continue to monitor the identified issues and engage with the management teams of its portfolio companies concerning ESG factors, policies and procedures related to their business at least annually (or as issues emerge).

Report: FGP reports all its ESG engagement and monitoring activities to clients on a quarterly basis. The firm's reporting includes the following items:

- A summary of our engagement activities
- Findings and action items based on our monitoring activities
- Proxy voting activities
- Annual PRI assessment report

Cenovus Energy Case Study

FGP believes climate change is the most significant issue currently facing the world. Given that a significant share of the world's GDP has committed to a net-zero emissions target, it believes it is critical to engage with portfolio companies and convince them to set goals to improve their emissions.

In the first quarter of 2020, FGP wrote to Husky Energy, a Canadian-based integrated energy company that was later acquired by Cenovus Energy, requesting the company to adopt a formal greenhouse gas (GHG) reduction target as the company had no carbon targets in place. Management responded that they would try to announce such a target in 2020.

In August of 2020, Husky Energy published its 2020 ESG Report addressing the company's aspiration to be net zero by 2050 and outlining a mid-term GHG emissions intensity reduction target of 25% by 2025. Most importantly, the report established a direct linkage between ESG and compensation.

Baillie Gifford (Global Equity)

ESG Philosophy

Whether one calls it corporate governance, corporate social responsibility, ESG, responsible business conduct, or sustainability, the underlying concept is the same: a company's character matters. In our experience, the odds of a company achieving a successful combination of growth and longevity cannot be separated from its corporate character. Good corporate behaviour can increase the probability of exceptional returns.

Being long-term investors with an investment horizon of 5-10 years and beyond, Baillie Gifford seeks to ask the right questions and get to know companies deeply. Business fundamentals – such as a company's market opportunity, returns, capital deployment and sustainability of competitive advantage—are considered together with the intangible notions of business culture, adaptability, and role in society. In other words, an analysis of corporate character is intrinsically built-in to our investment approach.

Integration in the Investment Process

Baillie Gifford integrates potentially material ESG issues affecting holdings through its 10 Question Stock Research Framework. Specific questions target a company's sense of wider responsibility and ESG considerations are embedded into several questions.

Kering Case Study

Luxury brand conglomerate Kering has historically been something of a contradiction in terms of ESG. Its disclosure on environmental and social issues is second to none, but Baillie Gifford has previously been dissatisfied with its remuneration practices. Indeed, in recent years the firm voiced concerns to Kering about shortcomings in its long-term incentive plan (LTIP) and voted against management on its remuneration proposals at certain AGMs.

As always, Baillie Gifford's approach is to engage with companies. In late 2019, their investment managers and members of our Governance and Sustainability team met with Kering's lead independent director and remuneration committee chair during an ESG-themed visit to its Edinburgh offices, as the company was keen to hear the firm's assessment of its remuneration practices. This was followed with further engagement in 2020. Baillie Gifford also discussed principles and best practice in the context of adopting robust ESG metrics in the LTIP, which included: materiality, alignment to sustainability strategy, measurability, and target stretch. In April 2021, Baillie Gifford was encouraged to learn that the company has directly addressed all our concerns.

Pier 21 (Global Equity)

Responsible Investment Philosophy

Since 1986, Pier 21 has been investing in sustainable companies which is the essence of its active and long-term focused investment philosophy and process. Anchored in their long-term investment horizon, proactively focusing on good business practices has been core to their approach – not just to do less harm or to avoid risk, but to fully understand the long-term merits and viability of the investee company.

As active stock investors, Pier 21 favors a pro-active engagement approach rather than an approach based on extensive exclusion lists. Its objective is to have an on-going dialogue with invested companies. Integrating environmental, social and governance (ESG) factors in its investment decisions is an essential part of our fundamental analysis process as they evaluate what is material to all stakeholders of the investee company over the long-term, and not just the next few quarters or even years. Addressing stewardship with investee companies results in a dialogue which will assist the investee companies' adaptability to changing markets. There is no doubt, after 30 plus years' experience, that shareholders are the first to benefit from a longer-term approach.

Integration in the Investment Process

- ESG equals sustainability. Although the focus on the term ESG has increased significantly over the past years, ESG has always equaled sustainability and been aligned with active, long-term portfolio management.
- Pier 21 believes that a strong ESG company profile starts with the G—i.e. governance. Good corporate governance is typically anchored with good company managements. A good corporate governance foundation is a key steppingstone to a good ESG profile. For companies to improve their social and environmental agenda they require, first and foremost, a robust governance framework.
- ESG factors make a difference to long-term active portfolio management and the firm believes there is no conflict between stock returns and sustainability. It believes that investments in sustainable companies are drivers for higher, longer term risk-adjusted shareholder returns. This mitigation of risk is a key contributing factor when ESG considerations are taken into account.
- Pier 21's active, high conviction equity portfolios reinforce its commitment to ESG. This is because the firm's focus on concentrated stock-picking lifts company specific ESG awareness. Its experience is that sustainable companies often make a good stock resulting in higher returns at a lower risk and therefore outperforming over the longer term.

S&P Global Case Study

S&P Global is one of the new additions to Pier 21's portfolio and is a leading provider of financial information services. The company has relatively low risk when it comes to ESG. Through a call the firm discussed a broad range of issues including the integration of ESG across the organisation and how this has evolved over the past 10 years, as well as recent initiatives including increased stakeholder engagement, and the process of reviewing key materiality issues. The firm also discussed lessons learned from the financial crisis and reputational risk from the inherent conflict of interest in its credit ratings business. Human capital is among the key materiality issues for S&P Global which has only grown in importance during the pandemic and is furthermore a key focus point in the upcoming merger with IHS Markit. Pier 21 also discussed the arguments and rationale for bonuses paid in relation to the IHS Markit merger.

Walter Scott (Global Equity)

Responsible Investment Philosophy

Responsible Investing is central to what Walter Scott does and what it believes. The firm understands that Environmental, Social and Governance factors, as much as financial metrics, determine the long-term success of an investment. It believe integrity, sustainability and governance factors are important in assessing a company's ability to prosper over the long term. Because of this, Walter Scott fully integrates its assessment of these factors into the firm's investment process. Walter Scott is member or signatory to a number of select groups that it believes best-represent the industry in pushing for meaningful change or where it feels the educational element will complement its own research in a material way.

- *Principles of Responsible Investment (PRI)* Walter Scott has been a signatory since 2017. Our 2020 rating is A+, A, A.
- *Carbon Disclosure Project (CDP)* member
- *UK Investment Association* member
- *Climate Action 100+* member
- *International Corporate Governance Network* member

Integration in the Investment Process

- **Responsible:** The firm is entrusted to invest on behalf of our clients over a long-term investment horizon. As such, it has a duty to understand each company in which it invests, including its approach to Environmental, Social and Governance (ESG) matters. Water Scott's experience has taught them that only those companies that strive towards appropriate ESG standards are likely to prosper over the long-term. Companies that do not meet the firm's rigorous standards will not be considered as potential investment candidates.
- **Integrated:** The research team assess the ESG factors that may affect the operating and financial performance of each company. ESG considerations could include air and water pollution, human rights, labour standards, safe development of medicines, board leadership, remuneration and conflicts of interest among others. The list is not exhaustive and not every factor considered will apply to every company. The firm's assessment is a key part of our engagement discussions with company management. Given the importance of these factors in determining the long-term sustainability of a business, we do not delegate ESG analysis to a separate team. We believe it is essential that each member of the firm's Research team has responsibility for understanding a company's ESG profile.
- **Engaged:** Engagement with companies is pivotal to good stewardship. Walter Scott expects every company it invests in to engage on issues of sustainability. By actively engaging with a company, the firm gains a better understanding of its business, including its ESG credentials. It also means Walter Scott can use its influence as investors to effect meaningful change. Through its long-term investment horizon, and very often long-term tenure through the firm's clients as significant shareholders, Walter Scott has built excellent relationships with corporate management teams. The firm's direct engagement with companies allows better assessment and understanding on how they approach ESG issues. The firm expects management teams to assess the materiality of ESG factors, to target, disclose, monitor and provide progress reports accordingly.

Unilever Case Study

In a little under seven months from now, the 2021 United Nations Climate Change Conference (COP26) will be held in Glasgow, some 40 miles from Walter Scott's offices in Edinburgh. The meeting will be the third time the signatories to the Paris Agreement have met, and the first at which they are expected to commit to enhanced action. The conference is likely to spur even greater scrutiny of corporate attitudes towards the climate, as well as renewed focus in boardrooms as to how best to meet responsibilities. One company taking an admirable lead in this area is Unilever. The fast-moving consumer goods company recently announced its intention to put its Climate transition Action Plan before shareholders and to seek a non-binding advisory vote on the company's emissions reduction targets and the plans to achieve them. This will be first time a major global company has voluntarily committed to put its climate transition plans before a shareholder vote, a so-called 'Say on Climate'.

Through the firm's membership of Climate Action 100+, its been engaging with Unilever on this issue and have been hugely impressed by management's commitment to meaningful change. The transition plan aims to achieve net-zero emissions across Unilever's entire supply chain by 2039. It sets out details of how the company will address emissions in its supply chain, as well as how the business will work to decarbonise hard-to-abate parts of its own operations. The plan will be updated every three years and be subject to an advisory shareholder vote on each occasion. Outlining the rationale for Unilever's bold action CEO Alan Jope explained "As governments around the world wake up to the full implications of the climate crisis and start to regulate and price emissions, we are confident that early and ambitious climate action will drive superior performance and create value for all our stakeholders".

Macquarie Infrastructure (Infrastructure)

Responsible Investment Philosophy

Macquarie believes the identification, assessment and responsible management of ESG risks and opportunities is essential to the sustainable long-term development of assets and the communities in which they operate.

ESG considerations are embedded within investment decision-making approach and the asset management frameworks that inform the way in which portfolio companies assess and improve their performance. Macquarie partners with its portfolio investments to share best practice and drive positive change. They seek to improve working conditions, minimize environmental impact and preserve the cultural heritage of the communities in which they invest.

Integration in the Investment Process

To ensure the consistency and adequacy of these assessments they have comprehensive due diligence scope checklists and external expert advisers are engaged as needed on specific ESG issues.

Results from ESG due diligence assessments include:

- Permit and license requirements and issues arising from investigations;
- Key ESG risks and potential liabilities;
- Recent regulatory actions taken, reviews and/or third-party actions or claims against the company;
- Ongoing obligations/regulatory standards to be met post-acquisition;
- Assessment of the ESG risk management framework in place against accepted good practice; and
- Recommendations for any remediation actions.Green for Life Case Study

GFL Environmental is a provider of diversified environmental solutions across solid and liquid waste management in North America. During Macquarie's ownership period, regulatory and other stakeholder demands meant that sustainability considerations became increasingly relevant for GFL. For example, environmental regulations such as British Columbia's Zero Waste Initiative and the US and Canada's carbon pricing strategies, drove change in the North American waste market.

The thrust of these regulatory changes was to require a reduction in waste and lower carbon emissions. GFL made significant investments in forward-looking 'circular economy' processes. These were aimed at minimizing waste and maximizing regeneration of resources. One clear example of this was GFL's acquisition of Biocan, a firm that turns food waste and reclaimed sulphur waste into fertilizer. GFL also invested in landfill gas to energy facilities that capture landfill gas and convert the captured gas into a renewable source of electricity for use by households and businesses.

Separately, in a bid to lower costs and be more environmentally friendly, GFL started using clean natural gas to power its solid waste collection vehicles. GFL also invested in soil remediation facilities that enable contaminated soils otherwise destined for landfill disposal to be reused in construction and development projects. The use of soil remediation facilities not only reduced construction costs but also reduced greenhouse gas emissions from trucking by supporting the beneficial reuse of soils.

BentallGreenOak (Real Estate)

Responsible Investment Philosophy

BentallGreenOak (BG) is guided by its purpose as a fiduciary to create sustainable spaces that deliver long-term value for our clients, tenants, and the communities that we serve. Empowered by this responsible investment mindset, the firm is committed to realizing ESG goals that enhance asset value, ensure compliance, promote industry-leading management practices, and drive superior performance. This commitment to responsible investment and ESG integration is carried across BGO's global real estate debt and equity investment platform, at both the portfolio and property levels.

While BGO's decade of ESG leadership has achieved global recognition to-date, the increased focus over the last several years on the climate crisis, social unrest, and the COVID-19 pandemic have brought ESG risk management to the fore. To successfully respond to these critical ESG issues and continue to be at the forefront of environmental and social change, the firm incorporates ESG considerations throughout an asset's entire lifecycle. Through this approach, BGO's is building a portfolio of the future that recognizes the relationship that we all have to our buildings, and our desire for safer, healthier, and more inclusive cities.

Integration in the Investment Process

BGO's approach to responsible investment is built on the following core pillars:

- Operational Efficiency:
  Data Analytics, Target Setting, and Green Building Certifications
  State-of-the-art sustainability data management system and comprehensive ESG programs to drive operational excellence and support data-driven decision-making.

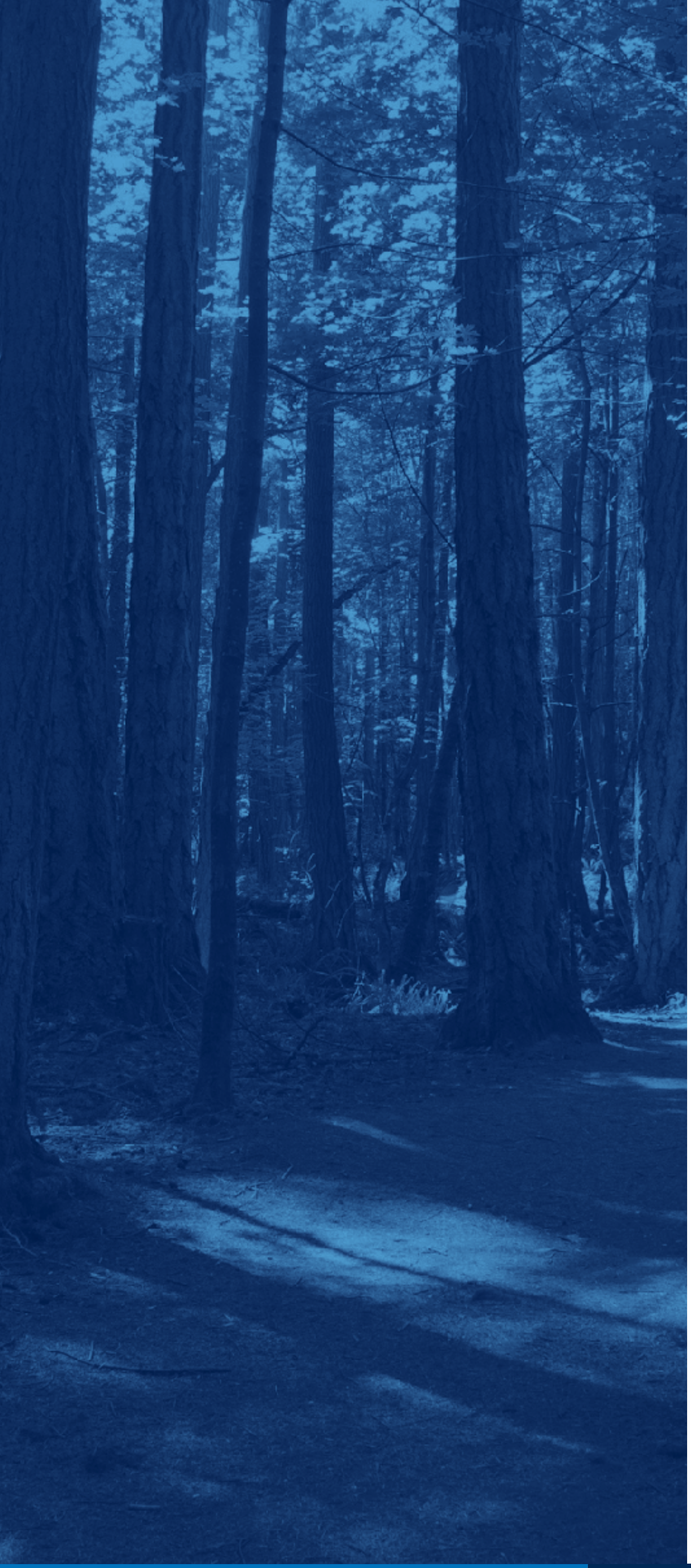
- Climate Risk and Resilience:
  Climate Risk Analysis and Portfolio Planning
  Climate risk profiling and customized adaptation planning tools.

- Social Impact:
  Socially Impactful Investments, Equity, Diversity, and Inclusion, and Community Engagement
  Proprietary Social Impact Assessment Tool, sound supply chain policies and practices, community engagement activities, and an extensive suite of equity, diversity, and inclusion (EDI) initiatives to drive positive impact for our stakeholder partners and society.
- Tenant Experience:
  Tenant Engagement and Health and Well-Being
  Bespoke tenant engagement programs that further drive sustainability performance, enhance occupant health and well-being, and strengthen tenant loyalty and satisfaction.
- ESG Governance:
  ESG Policies and Disclosure
  Firm-wide policies that delineate our approach to sustainable investment, environmental stewardship, responsible procurement, and ethical conduct, and robust disclosure practices that enable us to manage ESG risk, strengthen transparency and accountability, and create value for our clients and stakeholder partners.

Sustainability Benchmarking Program Case Study

A key program that BGO utilizes to integrate ESG considerations into daily operations is our *Sustainability Benchmarking Program*. The firm facilitates an annual *Sustainability Benchmarking Survey* which tracks property-level sustainability data and provides relevant information to the Property, Asset Management and Portfolio Management teams to inform budget decisions, drive business performance and improve reporting for clients. The survey benchmarks properties and funds against best practices in energy, water, waste, health and wellness, building certifications, and tenant engagement.

A *Benchmarking Diagnostic Report* is produced for each property survey to inform property level sustainability strategy. Property teams use the Diagnostic to plan and manage activities for the current year and inform the upcoming annual property budget.



This is the Foundation's first Responsible Investment Report and is intended to reflect the Foundation's commitment to responsible investment. Please visit the University of Victoria Foundation website for additional information on our responsible investment practices.

CONTACT

General enquiries or requests for statements can be directed to the University Secretary's Office

Email: foundations@uvic.ca

Phone: (250) 721-8102