



# RESPONSIBLE INVESTMENT REPORT 2024–2025

UNIVERSITY OF VICTORIA

MARCH 31, 2025



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## MESSAGE FROM THE VPFO

We are pleased to present the University of Victoria's Responsible Investment Report for the year ending March 31, 2025. This report highlights our continued progress in integrating responsible investment considerations into our Working Capital Investments and our work in meeting the commitments in our Responsible Investment Policy.

The Working Capital Investments are separate from our endowments and provide the liquidity needed to support operations throughout the year. The returns from these investments contribute directly to the university's operating budget.

This year, the Responsible Investment Policy was updated in January to incorporate the university's responsibility to honour local Indigenous laws and protocols and to be in right relationship with all people, beings, lands, and waters. In keeping with this responsibility, we committed \$500,000 to the Raven Indigenous Capital Partners Opportunities Fund I LP, an Indigenous-led fund supporting Indigenous enterprises as catalysts for social change and prosperity.

We have refined the use of terminology, particularly around stewardship and impact investing, to align with leading global frameworks including the Principles for Responsible Investment, the Chartered Financial Analyst Institute, and the Global Impact Investing Network. Our stewardship practices have also been strengthened

to include escalation measures, along with exclusions that prohibit investments in weapons consistent with statutory restrictions and international treaties to which Canada is a signatory.

The updated policy also includes raising our carbon intensity reduction target from 45% to 50% by 2030, in line with UVic's Climate and Sustainability Action Plan. We have also increased our impact investment target from 25% to 30% to invest in companies that generate a positive environmental or social impact alongside market returns.

These updates build on our strong progress to date and reflect our commitment to advancing sustainability, reconciliation, and positive social impact while stewarding the financial resources that support our students and the university's priorities. We are grateful for the continued support and engagement of our students and campus community as your commitment helps guide and strengthen our progress in responsible investment.

Thank you.

Kristi Simpson  
Vice-President Finance & Operations



# OUR **RESPONSIBLE** INVESTMENT APPROACH



## OUR RESPONSIBLE INVESTMENT APPROACH

The University of Victoria holds a responsibility to honour local Indigenous laws and protocols and to be in right relationship with all people, beings, lands and waters. The university is deeply committed to sustainability, and the critical need to address climate change across society and in every university domain (research, education, community engagement, and campus operations). Our goal is to be a global leader in environmental and societal sustainability including responding to the critical global issue of climate change.

To support our commitment to sustainability and to articulate our goals with respect to working capital investments, the university initially adopted a Responsible Investment Policy in January 2020 and updated the [Working Capital Investment Policy](#) in June 2020. The [Responsible Investment Policy](#) was reviewed and updated by the Board of Governors in January 2025.

### Responsible Investment Policy Key Commitments:

1. Leverage the university's strategic plans to inform and guide its working capital investment decisions.
2. Use university working capital investments to address the physical and transitional risks and opportunities of climate change.
3. Use inclusions and exclusions to reduce the carbon intensity of investments by at least 50% by 2030.
4. Use university working capital investments to invest at least 30% of the working capital investments in Impact Investments that align with its investment objectives and responsible investment goals in opportunities that work toward addressing societal challenges that further the Sustainable Development Goals ("SDGs").
5. Invest within the commitment as a signatory to the United Nations supported Principles for Responsible Investment.

The policy also reflects recent updates to our stewardship approach, including clearer definitions of commonly used responsible investment terms and processes for advocacy, engagement, and escalation, as well as guidance on exclusions. The policy also includes a formal exclusion policy and the prohibition of investments in weapons, consistent with statutory investment restrictions and international treaties and conventions to which Canada is a signatory.





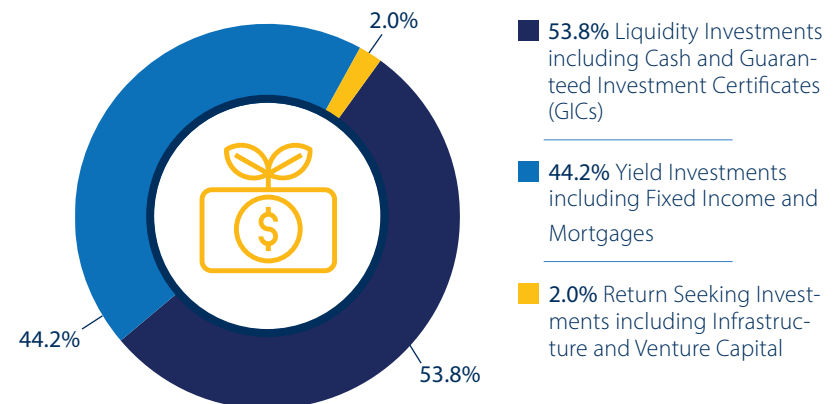
## Principles for Responsible Investment (PRI)

As a PRI signatory, we view PRI's principles as a framework for responsible investing and abide by its 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.

Our working capital investment pool (the pool) reflects the funds available to support campus operations. The current asset mix of the pool is shown in the chart below:

### Working Capital Pool Investments - \$431.3 million



*Working Capital Investment Pool by Asset Category, as at March 31, 2025*





# OUR **IMPACT** PORTFOLIO

## OUR IMPACT PORTFOLIO

### What is Impact Investing?

The Principles for Responsible Investment (PRI) defines impact investing as investing with the intention to generate a positive, measurable social and/or environmental impact alongside a financial return.

### Impact Measurement

The [UN Sustainable Development Goals](#) (SDGs) are a collection of 17 goals set by the UN General Assembly in 2015 to achieve a better and more sustainable future for all. We are committed to considering impact investments in all asset classes that align with the investment strategies outlined in the Working Capital Investment Policy and Responsible Investment Policy.

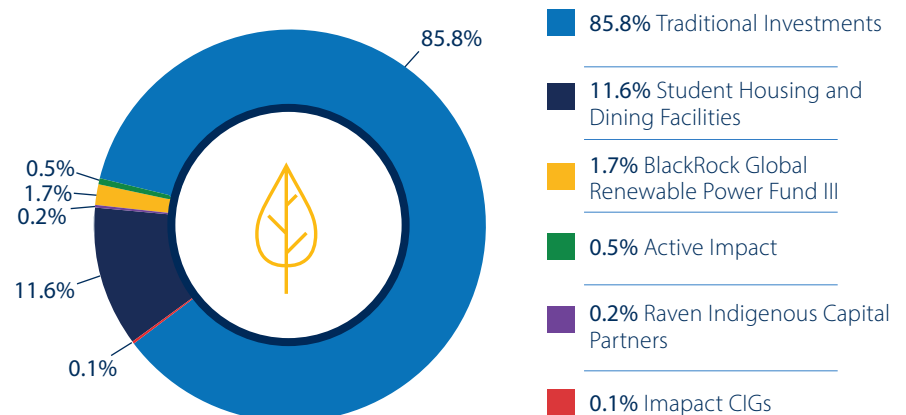
We use IRIS+ metrics developed by the Global Impact Investing Network (GIIN) to report the impact achieved by our investments.



### Impact Results

As at March 31, 2025, we have committed to invest 14.2% of our portfolio in impact investments as outlined in the figure below.

### Working Capital Pool - Impact Investments and Commitments\*



*\*Working Capital Impact Investments and Commitments, as at March 31, 2025. Commitments are funded over time as funds are called and then will be reported as investments.*




Identifying impact investment opportunities remains challenging, particularly within the liquidity and yield investment categories where investment options are limited. The university is working with partners to identify appropriate mandates and conducting meaningful due diligence to build confidence in developing strategies appropriate for Uvic. We remain committed to seek additional impact investment opportunities in order to reach our 30% impact investment target.



## Active Impact Fund II (AIF II)

**Main Impact Area:** SDG 13 – Climate Action | **Investment Year:** 2021 | **Geographic Location of Impact:** North America

Active Impact's AIF II invests in companies that support the global transition to a carbon neutral economy, focusing on themes including clean energy & transportation, smart infrastructure, sustainable food & water, and circular economy. The fund's investments have avoided 76,268 tons of CO<sub>2</sub> equivalent emissions and diverted 2,159 tonnes of waste in the past year.

IMPACT OUTCOMES			
SDG	METRIC	IMPACT FROM FUND	IMPACT ATTRIBUTABLE TO UVIC
<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	Tonnes of waste diverted	<b>2,159</b> tonnes	<b>18</b> tonnes
<b>13</b> CLIMATE ACTION 	Greenhouse gas emissions avoided (Year)	<b>76,268</b> tons of CO <sub>2</sub> emissions avoided	<b>633</b> tons of CO <sub>2</sub>
<b>13</b> CLIMATE ACTION 	Greenhouse gas emissions avoided (Cumulative)	<b>241,146</b> tons of CO <sub>2</sub> emissions avoided	<b>2,002</b> tons of CO <sub>2</sub>





*AIF II Impact Outcomes, as at March 31, 2025*

## Active Impact Fund III (AIF III)

**Main Impact Area:** SDG 13 – Climate Action | **Investment Year:** 2024 | **Geographic Location of Impact:** North America

Active Impact's AIF III invests in companies that support the global transition to a carbon neutral economy, focusing on themes including clean energy & transportation, smart infrastructure, sustainable food & water, and circular economy. The fund's investments have avoided 114 tons of CO<sub>2</sub> equivalent emissions and saved 5 million litres of water in the past year.

IMPACT OUTCOMES			
SDG	METRIC	IMPACT FROM FUND	IMPACT ATTRIBUTABLE TO UVIC
 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Litres water saved (year)	<b>5 million</b> litres	<b>68,500</b> litres
 13 CLIMATE ACTION	Greenhouse gas emissions avoided (year)	<b>114</b> tons of CO <sub>2</sub> emissions avoided	<b>2</b> tons of CO <sub>2</sub> emissions avoided

*GRP III Impact Outcomes, as at March 31, 2025*

### Case Study: Jetson, Vancouver, BC

Home heating and cooling is one of the largest sources of residential emissions, and one of the hardest to change at scale. Jetson is making it easy. Its full-stack platform delivers high-performance heat pump installations by integrating hardware, software and services into a single, seamless customer experience.

In 2024, Jetson launched operations in Vancouver and Denver, acquired Helio Home to expand its U.S. footprint, and rapidly scaled its installation team. By streamlining permits and incentives, the firm grew from zero to \$14 million estimated revenue within nine months of launch.

In a warming world, and with rising global prosperity driving demand for comfortable, climate-controlled homes, heating and cooling needs are growing fast. Jetson is meeting that demand with a climate friendly model built for scale, making home electrification faster, cheaper and easier than ever before.

"We're uniquely approaching this from a technology driven, software enabled perspective. We're using a huge amount of AI in the backend to power the operational side that makes all the nuts and bolts complexity manageable at scale."




Stephen Lake, Founder & CEO

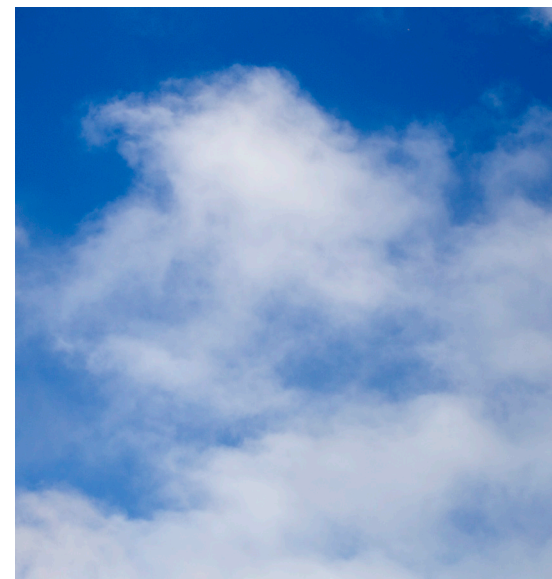


### BlackRock Global Renewable Power Fund III (GRP III)

Main Impact Area: SDG 13 – Climate Action | Investment Year: 2020 | Geographic Location of Impact: Global

BlackRock's GRP III focuses on investing in solar and wind renewable power generation projects globally. The fund's investments have avoided 395,592 tons of CO<sub>2</sub> equivalent emissions and powered 322,276 homes with clean energy in the past year.

IMPACT OUTCOMES			
SDG	METRIC	IMPACT FROM FUND	IMPACT ATTRIBUTABLE TO UVIC
<b>6</b> CLEAN WATER AND SANITATION 	Water savings from renewable power generation (Year)	<b>13,421,953</b> cubic meters of water reduced	<b>87,243</b> cubic meters of water reduced
<b>7</b> AFFORDABLE AND CLEAN ENERGY 	Homes powered with clean energy (Year)	<b>322,276</b> homes	<b>2,095</b> homes powered with clean energy
<b>13</b> CLIMATE ACTION 	Greenhouse gas emissions avoided (Year)	<b>395,592</b> tons of CO <sub>2</sub> emissions avoided	<b>2,571</b> tons of CO <sub>2</sub> emissions avoided



AIF II Impact Outcomes, as at March 31, 2025


### Raven Indigenous Capital Partners Fund I (RICP I)

**Main Impact Area:** SDG 8 – Decent Work and Economic Growth

**Investment Year:** 2020

**Geographic Location of Impact:** Canada

Raven Indigenous Capital Partners is an Indigenous-led and owned financial intermediary that invests in Indigenous enterprises as catalysts for social change and prosperity. RICP I has retained 223 Indigenous employees across its portfolio companies in the past year.

IMPACT OUTCOMES			
SDG	METRIC	IMPACT FROM FUND	IMPACT ATTRIBUTABLE TO UVIC
	Indigenous jobs retained	<b>223</b> Indigenous jobs retained	<b>4</b> Indigenous jobs retained

*RICP I Impact Outcomes, as at March 31, 2025*

In addition to reporting IRIS+ aligned impact metrics, Raven also aligns its impact reporting with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Highlight of Representation and Agency in RICP I Investments:

- 26% total jobs are Indigenous/Native (201 of 777)
- 41% new jobs created are Indigenous/Native (15 of 36)
- 47% board members are Indigenous/Native (33 of 70)
- 35% management team members are Indigenous/Native (28 of 79)

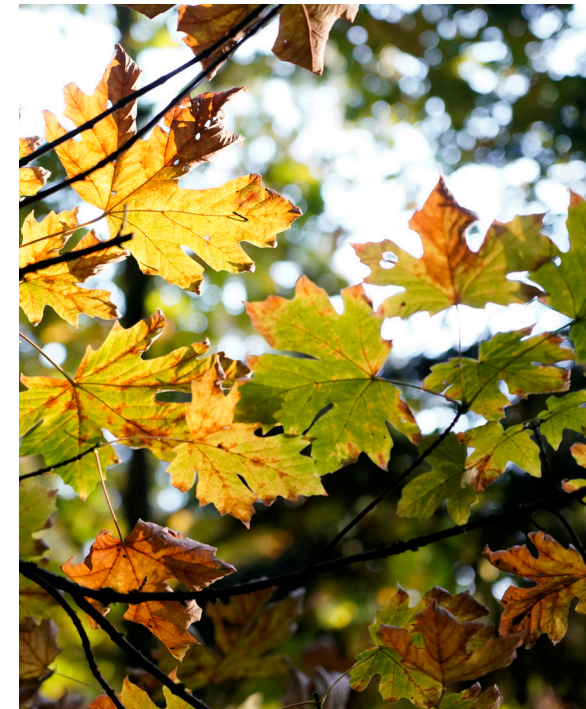
### Raven Indigenous Capital Partners Opportunities Fund I (RICPO I)

**Main Impact Area:** SDG 8 – Decent Work and Economic Growth

**Investment Year:** 2025

**Geographic Location of Impact:** Canada

Raven Indigenous Capital Partners is an Indigenous-led and owned financial intermediary that invests in Indigenous enterprises as catalysts for social change and prosperity. RICPO I is a continuation fund to extend support to companies in RICP I. Impact metrics will be reported as investments are made in the fund.





## Student Housing and Dining Facilities

**Main Impact Area:** SDG 11 – Sustainable Cities and Communities and SDG13 – Climate Action

**Investment Year:** 2023

**Geographic Location of Impact:** Victoria, BC

In 2018, we committed to provide financing to a new Student Housing and Dining Project at the University of Victoria. The Project encompassed two new buildings on campus and is the largest capital project (over 32,000 m<sup>2</sup> of gross floor area) in the university's history. The new buildings provide 783 total student spaces, with 398 beds for students at Čeqʷəŋín ʔéʔləŋ (Cheko'nien House) and 385 student beds at Sngeqə ʔéʔləŋ (Sngequ House). In addition to student housing, Čeqʷəŋín ʔéʔləŋ (Cheko'nien House) features the Cove dining hall that is open to the entire campus community and Sngeqə ʔéʔləŋ (Sngequ House) provides two 225-seat classrooms, conference and catering facilities, and an Indigenous student lounge.

The design and construction of the new buildings meets 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 demonstrates our commitment to sustainability and supports the carbon reduction goals of the university. Čeqʷəŋín ʔéʔləŋ (Cheko'nien House) was completed in 2022 and Sngeqə ʔéʔləŋ (Sngequ House) was completed in 2023.

## Impact GICs

**Main Impact Area:** Promoting Sustainable Futures

**Investment Year:** Recurring

**Geographic Location of Impact:** Canada with a focus in BC

Impact GICs were created in collaboration with credit unions across Canada. Unlike traditional GICs, Impact GICs allow us to make a positive impact on our environment and community while generating competitive returns. All loans from the Impact GIC program support local businesses pursuing at least one of the UN SDGs. The university is actively seeking opportunities to expand its investments in Impact GICs to better meet its impact investment target at the total fund level.





# OUR **DECARBONISATION** PROGRESS



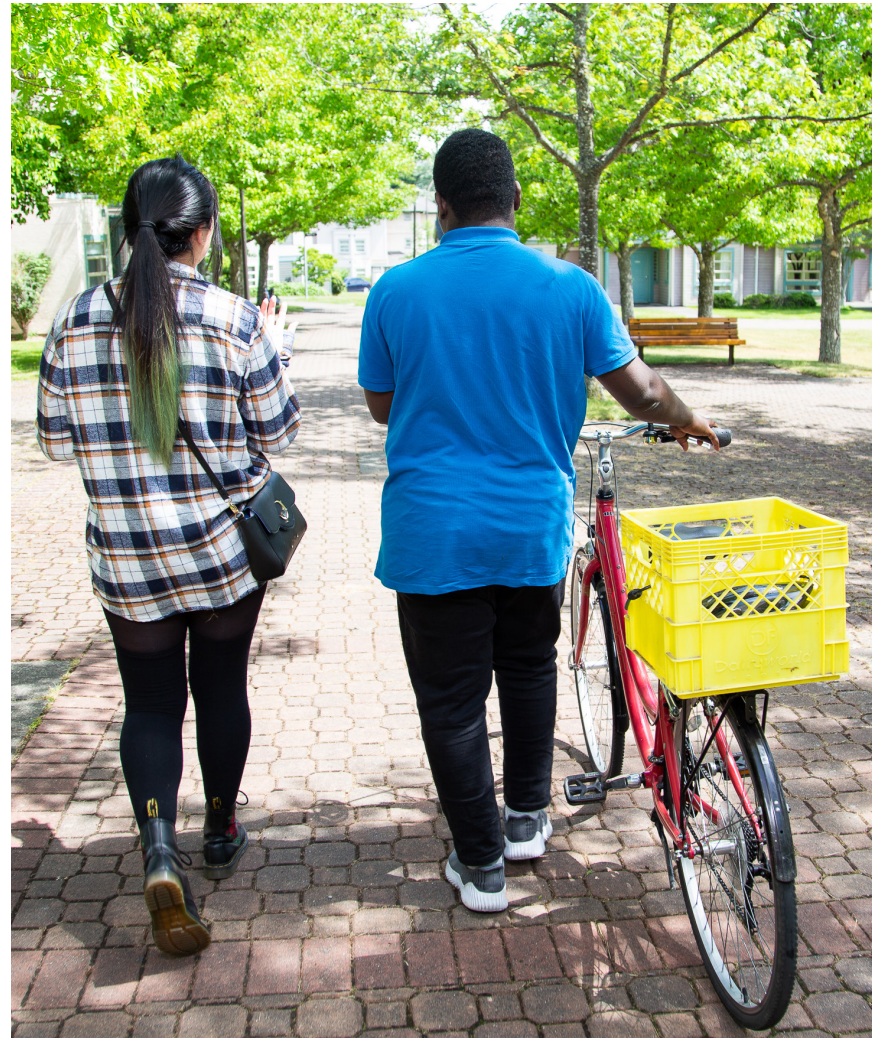
## OUR DECARBONISATION PROGRESS

### What is Carbon Footprinting?

A carbon footprint refers to the amount of greenhouse gases (GHGs) produced directly or indirectly to support the activities of a person or an entity.

The GHGs are measured in equivalent tons of carbon dioxide (CO<sub>2</sub>e) and are reported in three emissions scopes.

- **Scope 1:** GHG emissions are direct emissions from sources that are owned or controlled by the entity.
  - Ex. On site fossil fuel combustion from company facilities
  - Ex. Fleet fuel consumption from company vehicles
- **Scope 2:** GHG emissions are indirect emissions generated in the production of electricity, heat, or steam consumed by the entity.
  - Ex. Purchase of electricity for use
- **Scope 3:** GHG emissions are emissions from sources not owned or directly controlled by the entity but are a consequence of the activities of the entity.
  - Ex. Upstream activities such as employee commuting, travel, or purchased goods
  - Ex. Downstream activities such as the use of products





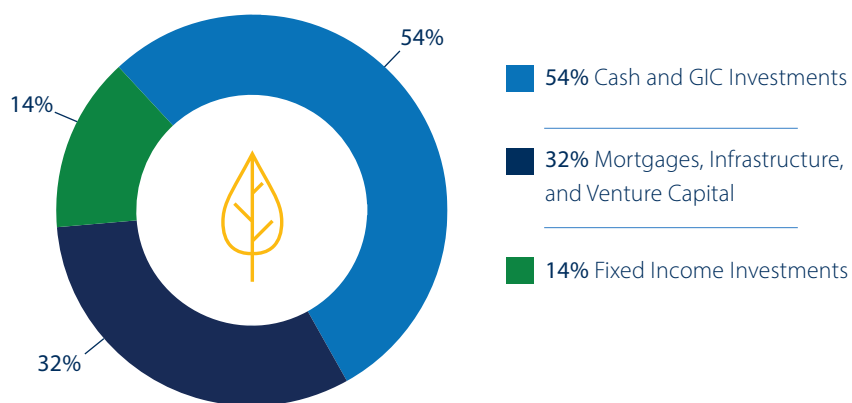
## Decarbonisation Goal

Our decarbonisation goal to reduce the carbon intensity of the Working Capital Investments by 50% by 2030 is in line with the university's Climate & Sustainability Action Plan 2030. Investing in companies with a lower carbon intensity will help the portfolio mitigate physical and transitional risks associated with climate change as society transitions to a greener economy that is focused on reducing greenhouse gas emissions.

The measurement of carbon associated with investments is a new and rapidly developing field and, as such, there are data availability constraints. Currently, these constraints limit our ability to measure corporate data before 2017 and to include scope 3 emissions. The decarbonisation working group provided advice and guidance on how to approach measurement within current limitation. We are committed to reviewing methodologies annually to consider opportunities to include more of our assets beyond corporate fixed income, review new carbon intensity measures, and consider incorporating scope 3 emissions.

With the above limitations we are currently measuring the carbon intensity of 100% of our fixed income portfolio as follows:

## Carbon Footprint Approach



*Working Capital Investments Carbon Footprint Approach, as at March 31, 2025*



## Qualitative Standards for GIC Investments

By referencing [Oxford Martin's Principles for Climate-Conscious Investment](#), we developed the following Qualitative Standards for GIC Investments.

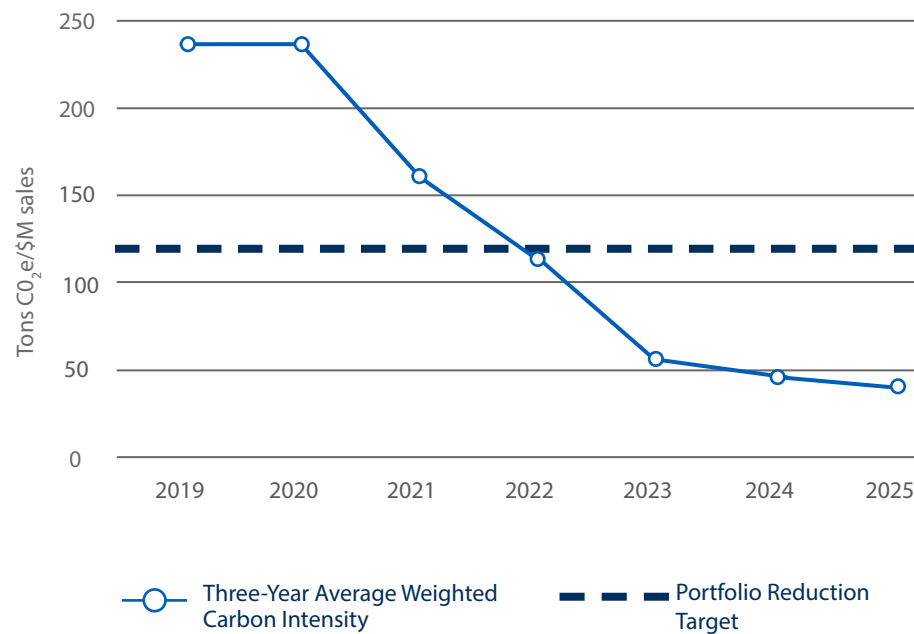
Assuming risk adjusted returns are not compromised and recognizing restrictions within the Working Capital Investment Policy and Responsible Investment Policy, we will prioritize making GIC investments with financial institutions that

- Have a commitment to net zero emissions through their policies,
- Have profitable net-zero business models by integrating climate considerations during lending, and
- Have quantitative medium-term carbon reduction targets.

## Portfolio Carbon Intensity

The carbon intensity of the portfolio is 83% lower compared to the 2019 baseline year. The reduction in carbon intensity over the past year is mainly driven by the investments within the fossil fuel free fixed income funds.

### Three-Year Rolling Weighted Carbon Intensity



*Working Capital Investments Three-Year Rolling Average Carbon Intensity, as at March 31, 2025*



## Annual Portfolio Carbon Intensity

The figure below outlines the annual carbon intensity used to calculate the three-year rolling average carbon intensity. Total emissions are reported starting from 2020 when data became available. The addition of a fossil fuel free fixed income strategy in 2023-24 increased the data coverage significantly. The decrease in data coverage from 78% to 63% was due to an increased weighting to government bonds within the fixed income strategies. The increase in total emissions to 409 tons is driven by fixed income managers investing in companies that emitted more on an absolute basis while the portfolio's carbon intensity decreased from 32 tons CO<sub>2</sub>e/\$M sales to 28 tons CO<sub>2</sub>e/\$M sales which indicates an improved efficiency relative to revenue. We will monitor the increase in total emissions closely to assess ongoing alignment with the university's climate objectives.

CARBON FOOTPRINTING DATA 2017-2025					
YEAR	ASSET CLASS	DATA COVERAGE	WEIGHTED AVERAGE CARBON INTENSITY	THREE-YEAR ROLLING WEIGHTED AVERAGE CARBON INTENSITY	TOTAL EMISSIONS
2017	Fixed income	7%	233 Tons CO <sub>2</sub> e/\$M sales	N/A	N/A
2018	Fixed income	8%	300 Tons CO <sub>2</sub> e/\$M sales	N/A	N/A
2019	Fixed income	13%	185 Tons CO <sub>2</sub> e/\$M sales	239 Tons CO <sub>2</sub> e/\$M sales	N/A
2020	Fixed income	25%	235 Tons CO <sub>2</sub> e/\$M sales	240 Tons CO <sub>2</sub> e/\$M sales	125 Tons CO <sub>2</sub> e
2021	Fixed income	27%	64 Tons CO <sub>2</sub> e/\$M sales	161 Tons CO <sub>2</sub> e/\$M sales	97 Tons CO <sub>2</sub> e
2022	Fixed income	30%	46 Tons CO <sub>2</sub> e/\$M sales	115 Tons CO <sub>2</sub> e/\$M sales	67 Tons CO <sub>2</sub> e
2023	Fixed income	31%	62 Tons CO <sub>2</sub> e/\$M sales	57 Tons CO <sub>2</sub> e/\$M sales	25 Tons CO <sub>2</sub> e
2024	Fixed income	78%	32 Tons CO <sub>2</sub> e/\$M sales	47 Tons CO <sub>2</sub> e/\$M sales	77 Tons CO <sub>2</sub> e
2025	Fixed income	63%	28 Tons CO <sub>2</sub> e/\$M sales	40 Tons CO <sub>2</sub> e/\$M sales	409 Tons CO <sub>2</sub> e

*Normalized Carbon Intensity Data from 2017 to 2025 (Carbon intensity is calculated as at March 31 of each year)*





# **RESPONSIBLE INVESTMENT**

## Stewardship in Practice

The university believes Stewardship improves the management of ESG risks and opportunities, which will be important to deliver superior long-term risk-adjusted returns. The university will exercise its rights as an investor by taking into account ESG considerations and use the Stewardship tools listed below in its overall management of ESG risks and opportunities. The university commits to incorporating the ten principles of United Nations Global Compact in the execution of this policy.

### United Nations Global Compact

#### Human Rights

1. Businesses should support and respect the protection of internationally proclaimed human rights, and
2. make sure that they are not complicit in human rights abuses.

#### Labour

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

#### Environment

7. Businesses should support a precautionary approach to environmental challenges,
8. undertake initiatives to promote greater environmental responsibility, and
9. encourage the development and diffusion of environmentally friendly technologies.

#### Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

### Advocacy

In February 2025, the University of Victoria joined 33 Canadian asset owners, led by the Trottier Family Foundation, in signing an open letter urging Canada's major banks and asset management firms to uphold their net-zero commitments. The letter expressed concern over recent withdrawals from the UN-backed Net Zero Banking Alliance and Net Zero Asset Manager initiative, emphasizing the importance of membership in such initiatives for accountability, transparency, and consistent reporting. The signatories, representing \$53 billion in assets, called on these financial institutions to maintain their 2050 net-zero commitments, establish robust 2030 science-based targets, and provide standardized annual progress updates.

### Escalation

As part of our escalation practices, we raised concerns with one of the fixed income managers adding Boeing bonds to its portfolio. Boeing's 2024 was marred by significant safety and quality control failures, beginning with a door-plug blowout in January, leading to increased regulatory scrutiny, grounded flights, and investigations. These systemic issues were highlighted by a whistleblower's allegations of manufacturing shortcuts, a major strike by workers, and reports of non-compliance in manufacturing processes. Consequently, the company faced hundreds of millions of dollars in fines, a criminal investigation, and a loss of trust from the public and customers, impacting its financial performance and reputation.

From a fixed income perspective, Boeing held a BBB- credit rating and, when facing the risk of a further downgrade to non-investment grade, began raising equity at the expense of equity holders to keep bondholders happy. While the manager initially justified the position as a relative value trade, we engaged with them on the risks tied to Boeing's governance and financial decisions. Following these discussions, the manager informed the university that they had exited the position as the firm ultimately felt that the relative value position had run its course.

These examples reflect the university's commitment to active stewardship and prudent risk management.

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## Collective Engagement

We are a member of the [University Network for Investor Engagement \(UNIE\)](#), through the Shareholder Association for Research and Education (SHARE). Alongside 16 other post-secondary institutions, we work to engage companies on climate-related discourse, leading to tangible changes and progress in corporate sustainability practices.

Engagement—the act of communicating with a company on critical issues, as an investment shareholder and overall stakeholder—enables investors to use their voices to support better corporate sustainability policies and practices. Through collaboration with both the UNIE network and the larger SHARE network, we have a voice with scale, leading engagements that are supported by rigorous research and deep expertise from SHARE's staff and strategic partners.

UNIE focuses on engaging on the following issues:

- Focus Area 1: Financing Climate Action and Energy Transition
- Focus Area 2: A Sectoral Approach to Oil & Gas
- Focus Area 3: Decarbonizing Utilities
- Focus Area 4: Mining for Just Transition
- Focus Area 5: Science-Based Targets for Retail
- Focus Area 6: Fueling Innovation for Transport

In 2025, UNIE will continue to promote the adoption of comprehensive Climate Action Plans. Given the inherent challenges and unique opportunities that each sector faces in transitioning to a net-zero economy, it is expected that UNIE will dig deeper into six sector-specific strategies tailored for the banking, oil & gas, utilities, mining, retail, and transport sectors. This change is expected to enable UNIE to deploy tailored, realistic and impactful strategies to support the decarbonization plans of high-GHG emitters.

These engagements have involved collaboration between the UNIE network and SHARE's larger network of engagement clients. We are committed to continuing these engagements and using our power as an institutional investor to advocate for climate-resilient decision-making across a variety of sectors.

### Case Study: Engagement with Canadian Banks

**Issue:** Clean energy finance ratios, defined as a financial institution's total financing through equity and debt underwriting and project financing in low carbon energy supply as a proportion of that in fossil fuel energy supply, are an opportunity for banks to drive economic growth and finance the climate transition.

**Action:** Over a 10-day period in October 2024, SHARE filed shareholder proposals at Scotiabank, Canadian Imperial Bank of Commerce, Toronto-Dominion Bank, and Bank of Montreal. Undertaken with holdings from SHARE clients, the SHARE team coordinated with PFA Pension, the largest pension fund in Denmark, as a co-filer on all four proposals, reinforcing the message we have been relaying to the banks that global investors are interested in and tracking these ratios.

**Outcome:** The filings have created space for further dialogue with the banks, which led Scotiabank to commit in early 2025 to disclose its energy supply ratio, using an approach proposed by the Institute of International Finance in its White Paper on an Energy Supply Ratio for Bank Disclosures. SHARE and Scotiabank will meet in the coming year to review methodological choices. Dialogue with CIBC, TD and BMO continue.





## INVESTMENT MANAGER RESPONSIBLE INVESTMENT INTEGRATION

### RPIA (Fixed Income)

#### *Responsible Investment Philosophy*

RPIA's objective is to add value for investors through a focus on long-term capital preservation and growth. The firm believes that ESG factors can materially impact the risk and return profile of the corporate fixed income securities in which it invests and that understanding these issues enables RPIA to better manage downside risk and present new opportunities to create value for investors.

#### *Integration in the Investment Process*

RPIA's ESG integration framework includes analysis across all three ESG pillars and focused analysis on both climate change and diversity & inclusion. The ESG pillars encapsulate many of the long-term and large-scale trends which the firm believe will result in both risks and opportunities that all companies must address over time. These pillars have been designed to help the team aggregate ESG related information (both quantitative and qualitative) so that RPIA may incorporate ESG-related risks/opportunities into its overall view on an issuer's credit worthiness and relative value. RPIA believes the content within these pillars provide the necessary breadth to accurately assess ESG risks across the sectors within which the firm invests.



### *Case Study: US Telecommunication Company*

#### Engagement Rationale:

- RPIA had maintained an overweight position in the telecommunications sector for some time. Recently, it sought to reduce its exposure to the sector by capitalizing on its strong performance. After conducting a peer comparison, it identified this issuer as having a significantly higher GHG emissions intensity relative to revenue.
- The primary focus of RPIA's engagement was on the company's GHG Emissions Intensity (Scope 1+2), measured in tonnes of CO<sub>2</sub>e per million dollars of revenue for 2022.
- This issuer held a notable position in many of RPIA's portfolios, particularly within its ESG-focused, index-relative strategies.

#### Highlights and Outcome:

- During RPIA's engagement, the company was unable to explain why its GHG emissions intensity was significantly higher than that of its industry peers. Despite several follow-ups, it did not receive a response to this key question.
- After its engagement, the company released its 2023 ESG report, which showed a modest reduction in GHG emissions intensity. However, the decline was not substantial, and the company's emissions intensity remained well above industry norms. This continued to raise concerns about their commitment to addressing their environmental impact.
- As a result of this engagement, RPIA decided to reduce its position in the company. This decision was driven by two factors: portfolio construction considerations and RPIA's goal of lowering the overall emissions intensity score of its funds.
- RPIA will continue to monitor the company's environmental progress but remain cautious due to its ongoing lack of alignment with peer benchmarks in emissions reduction.

# Appendix 1: Carbon Intensity Methodology

## Methodology

To help with our goal to reduce the carbon intensity of our investments by 50% by 2030, a [Decarbonisation Working Group](#) was formed in 2020 to provide guidance and help support the carbon reduction goals. This group met regularly to provide information, expertise, and advice to help with the development of carbon tracking methodology, development of appropriate reporting to UVic's Board of Governors and campus community, and suggest investment opportunities that move us towards achieving our carbon intensity reduction goal.

In reviewing our investments, the working group recommended measuring the weighted average carbon intensity and the total emissions, which were selected based on the recommended common carbon footprinting and exposure metrics from the [Task Force on Climate-related Financial Disclosure](#) (TCFD).

The weighted average carbon intensity measures a portfolio's exposure to carbon-intensive companies, measured in tons of carbon-dioxide equivalent emissions per million dollars in sales (tons CO<sub>2</sub>e/\$M sales). It was chosen due to its simplicity and relative data reliability, as well as being the preferred methodology among a majority of institutional investors as it allows for comparison between portfolios.

$$\sum \left( \frac{\text{Current Value of Investment}}{\text{Current Value of Portfolio}} \times \frac{\text{Issuer's Scope 1 and Scope 2 GHG Emissions}}{\text{Issuer's Revenue (\$ Millions)}} \right)$$

Weighted Average Carbon Intensity (tons CO<sub>2</sub>e/\$M sales)

The total emissions measures the absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO<sub>2</sub>e. This metric is less adopted since it is not generally used to compare portfolios. However, we believe in the importance of measuring this metric to track the absolute GHG emission reductions we achieve as absolute carbon reduction is ultimately our societal goal.

$$\sum \left( \frac{\text{Current Value of Investment}}{\text{Issuer's Enterprise Value}} \times \text{Issuer's Scope 1 and Scope 2 GHG Emissions} \right)$$

Total Emissions (tons CO<sub>2</sub>e)



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## Current Measurement Approach

### Data Coverage

The quality and availability of carbon footprint data is inconsistent across asset classes at this time, with public equities having the most data availability, followed by fixed income. The Working Capital Investments do not hold public equities, so this carbon footprint report measures the weighted average carbon intensity on the fixed income investments. We are working with our investment managers to provide information on additional asset classes including GICs, mortgages, infrastructure, and venture capital investments as data and metrics become available. For holdings that we are not able to carbon footprint at this time, we are committed to achieving the spirit of the Responsible Investment Policy and are working to create qualitative standards to evaluate our investments in other asset classes.

### Emission Scopes Included

Due to data quality issues and the potential for double counting, we are currently measuring and reporting on scope 1 and scope 2 emissions in our fixed income investments.

We are committed to reviewing this approach annually to ensure we continue to report on a best practice basis. We recognize the importance of measuring scope 3 emissions, but data quality challenges (i.e., double counting emissions) prevent industry from effectively reporting scope 3 emissions at this time. Carbon footprinting is a rapidly developing field and we are committed to reviewing methodologies to annually including reviewing incorporating scope 3 emissions.

### Normalized Portfolio Carbon Intensity

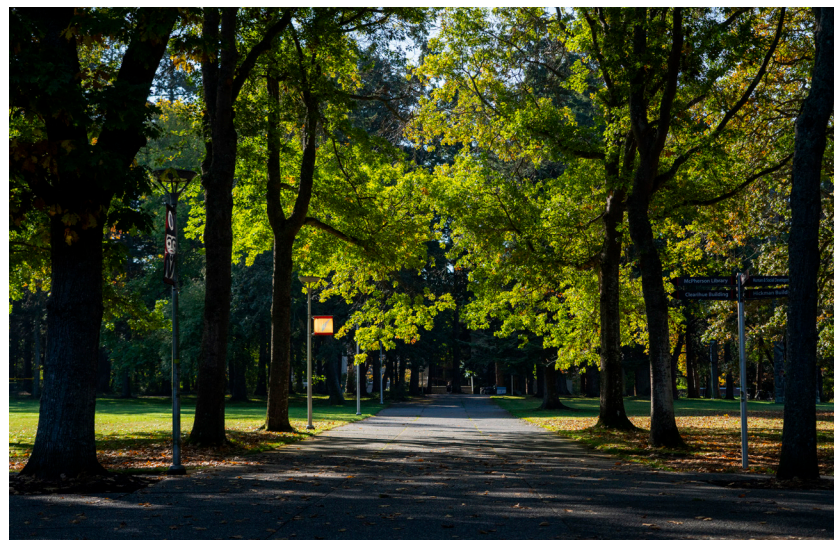
The portfolio carbon intensity in this report only covers our fixed income investments and adjusts emissions data coverage to 100% as data coverage has been significantly improving since 2017. We completed the calculations in this report using carbon emissions data provided by our investment managers.

### Baseline and Target

Due to annual fluctuations of our portfolio carbon intensity, the baseline was set by taking the three-year average carbon intensity from 2017 to 2019. This three-year period was selected as the baseline based on historic data availability from our service providers. The baseline was used to determine our 50% reduction target and data is presented on a three-year rolling average.

### Currency

All carbon footprint metrics with a currency component are reported in Canadian Dollars.







This Working Capital Investments Responsible Investment Report is intended to reflect the university's commitment to responsible investment.

Please visit the [Working Capital Investments website](#) for additional information on our responsible investment practices.

## CONTACT

General enquiries or requests for statements can be directed to the [University Treasury Office](#).