RESPONSIBLE INVESTMENT REPORT 2025–2026

UNIVERSITY OF VICTORIA

MARCH 31, 2026

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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, 2026. The report provides an overview of how we have been integrating responsible investments into the management of the university's Working Capital Investments and highlights the progress we have made toward our responsible investment commitments.

The university's Working Capital Investments play an important role in supporting institutional priorities by preserving capital, maintaining liquidity, and generating returns that contribute to annual operations. Through our Responsible Investment Policy, we seek to ensure these assets are managed in a manner that supports both long-term financial performance and positive environmental and social outcomes, which is the definition of impact investing.

This year, we expanded our impact investing program by committing an additional $6.5 million of our Working Capital Investments. These commitments consist of:

- $5,000,000 to the Seven Generations Growth Fund LP, a strategy focused on partnering with Indigenous communities on real estate projects on reserve lands in Canada, overseen by an Indigenous-owned investment management firm;
- $750,000 to the Spring Impact Capital Fund I LP, a venture capital fund that invests primarily in Canadian companies focused on human health and climate solutions; and
- $750,000 to the Emend Vision Fund I LP, a venture capital fund that invests primarily in Western Canadian companies focused on environmental sustainability, industrial transformation, and climate resilience.

Impact investment commitments now exceed $70 million, representing meaningful progress toward our long-term target of allocating 30% of working capital investments to impact investments. We are working closely with current and potentially new partners to identify credible opportunities that meet both our impact and financial objectives alongside other like-minded impact institutional investors.

Our decarbonization efforts have continued to deliver strong results. As of March 31, 2026, the carbon intensity of the Working Capital Investments has been reduced by 89% relative to the 2019 baseline year, significantly exceeding our target of achieving a 50% reduction by 2030. This progress reflects both targeted investment decisions and the ongoing evolution of lower-carbon investment opportunities across financial markets.

These achievements and new investments build on the strong foundation established in recent years and reflect our ongoing commitment to advancing sustainability, reconciliation, and positive social impact while prudently managing the financial resources of the university.

We are grateful for the continued support and engagement of our students, faculty, staff, and broader campus community. Your commitment helps strengthen our responsible investment efforts and advances our shared goal of creating a more sustainable, equitable, and resilient future.

Thank you.

Kristi Simpson
Vice-President Finance & Operations

2025-26 Responsible Investment Highlights

- $70+ million committed to impact investments
- 14.2% of working capital committed to impact investments
- $6.5 million of new impact investment commitments made in 2025-26
- 50% target reduction in portfolio carbon intensity by 2030
- 89% reduction in portfolio carbon intensity since 2019
- Signatory to the Principles of Responsible Investment (PRI) since 2020
- Partner of the University Network for Investor Engagement (UNIE) since 2021

OUR **RESPONSIBLE** INVESTMENT APPROACH

OUR RESPONSIBLE INVESTMENT APPROACH

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.

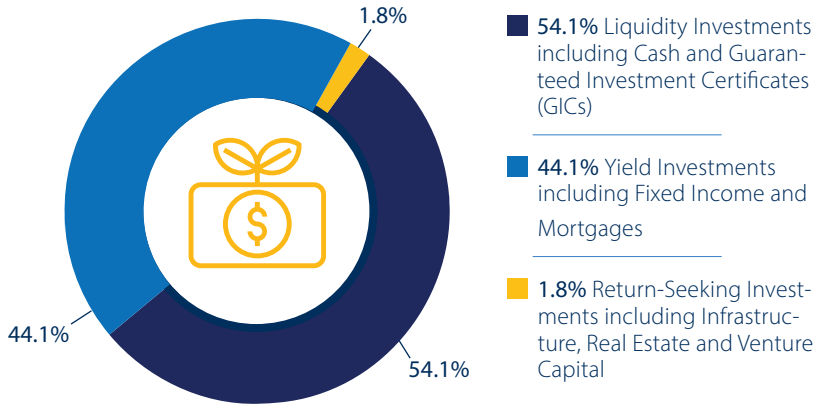
Principles for Responsible Investment (PRI)

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 - $465.1 million



Working Capital Investment Pool by Asset Category, as at March 31, 2026

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

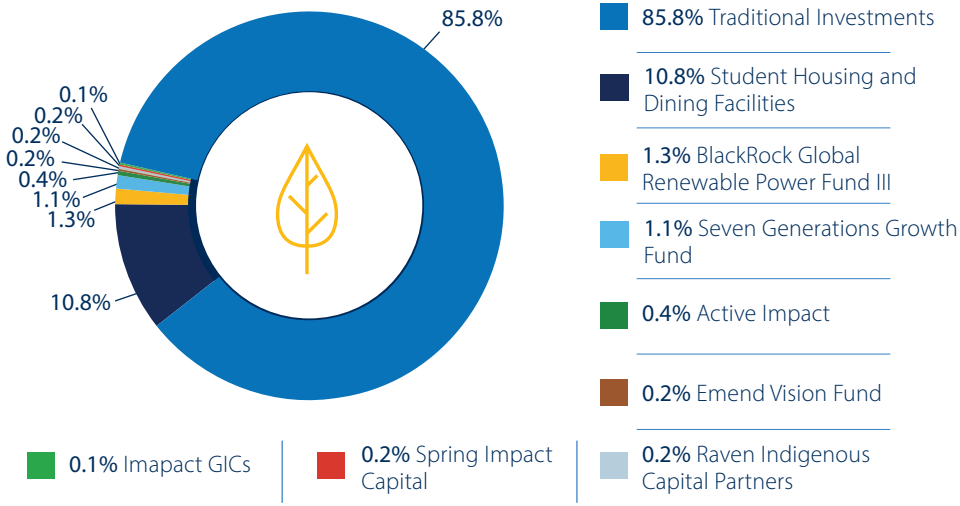
The UN Sustainable Development Goals (SDGs) are a collection of 17 goals set by the UN General Assembly in 2015 to achieve a better and more sustainable future for all. We are committed to considering impact investments in all asset classes that align with the investment strategies outlined in the Working 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, 2026, 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, 2026. 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

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

Active Impact Fund 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 92,529 tons of CO_2 equivalent emissions and diverted 2,380 tonnes of waste in the past year.

IMPACT OUTCOMES			
SDG	**METRIC**	**IMPACT FROM FUND**	**IMPACT ATTRIBUTABLE TO UVIC**
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Tonnes of waste diverted (year)	**2,380** tonnes	**20** tonnes
13 CLIMATE ACTION	Greenhouse gas emissions avoided (year)	**92,529** tons of CO_2 emissions avoided	**768** tons of CO_2

AIF II Impact Outcomes, as at March 31, 2026

Active Impact Fund III

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

Active Impact Fund 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 1,021,040 tons of CO_2 equivalent emissions and saved 81 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)	**81 million** litres	**1 million** litres
13 CLIMATE ACTION	Greenhouse gas emissions avoided (year)	**1,021,040** tons of CO_2 emissions avoided	**13,988** tons of CO_2 emissions avoided

AIF III Impact Outcomes, as at March 31, 2026

Case Study: CABN, Toronto, ON

CABN manufactures net-zero homes in a factory, the way you'd build a car. Its vertically integrated "trees to keys" model uses robotics, automation and patent-pending scanning technology to cut material waste and compress build times, while each home uses about 80% less energy than a conventional one and is designed to generate more energy than it consumes. That relieves both constraints at once: more housing, built faster, that supports the grid instead of burdening it.

In 2025, CABN sold its largest project to date, a 54-unit, six-storey development, proving the model scales from single homes to mid-rise buildings, where factory production can cut construction from as much as three years to under six months.

They are now expanding the 90,000-sq-ft Brockville plant, which at full capacity can produce 552,000 sq ft of housing per year.

"We bring the energy infrastructure so that we're not a burden on the grid, we're a support structure. And for municipal affordable housing, it reduces the cost of land, which means lower rents and less burden on the municipality."

Jackson Wyatt, Founder & CEO

BlackRock Global Renewable Power Fund III

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

BlackRock Global Renewable Power Fund III focuses on investing in solar and wind renewable power generation projects globally. The fund's investments have avoided 516,646 tons of CO_2 equivalent emissions and powered 421,740 homes with clean energy in the past year.

IMPACT OUTCOMES			
SDG	**METRIC**	**IMPACT FROM FUND**	**IMPACT ATTRIBUTABLE TO UVIC**
	Water savings from renewable power generation (year)	**16,438,173** cubic meters of water reduced	**106,848** cubic meters of water reduced
	Homes powered with clean energy (year)	**421,740** homes	**2,741** homes powered with clean energy
	Greenhouse gas emissions avoided (year)	**516,646** tons of CO_2 emissions avoided	**3,358** tons of CO_2 emissions avoided

GRP III Impact Outcomes, as at March 31, 2026

Case Study: Akaysha Energy, Australia

Akaysha Energy is a battery energy storage developer. The company develops utility-scale battery projects that:

- Store electricity from renewable sources such as wind and solar.
- Improve grid reliability and stability.
- Help manage peak electricity demand.
- Support the transition away from fossil-fuel generation.

Akaysha Energy is an impact investment as its climate infrastructure projects support renewable energy integration, grid stability, and emissions reduction.

Emend Vision Fund I

Main Impact Area: SDG 13 – Climate Action
Investment Year: 2026
Geographic Location of Impact: Canada

Emend Vision Fund I invests in early and growth stage companies with a focus on industrial transformation, protecting big data and critical infrastructure, and supplying clean water and food security. The fund's impact metrics will be reported as investments are made in the fund.

Case Study: GeoTeknica, Victoria, BC

GeoTeknica is a climate technology company that develops laser-based methane detection and measurement systems for industrial facilities. Its technology is designed to detect, locate, and quantify methane emissions in real time, helping companies reduce emissions and comply with regulatory and reporting requirements.

GeoTeknica's system:

- detects methane leaks using laser spectroscopy;
- pinpoints the location of leaks with high spatial precision;
- measures the volume of methane being emitted, rather than simply indicating that a leak exists; and
- provides source-level emissions reporting to support regulatory compliance and ESG reporting.

GeoTeknica is an impact investment as its climate technology helps reduce methane emissions from industrial operations, consistent with our decarbonisation efforts.

Raven Indigenous Impact Fund I

Main Impact Area: SDG 8 – Decent Work and Economic Growth
Investment Year: 2020
Geographic Location of Impact: Canada

Raven Indigenous Opportunities Fund 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. The Opportunities Fund is a continuation fund to extend support to companies in the Impact Fund.

Raven aligns its impact reporting with the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Case Study: Salish Soils, Sechelt, BC

There are limited options for large-scale waste management in the Sunshine Coast. Waste disposal in the landfill results in the creation of methane and other harmful greenhouse gases from the burning or burial of waste materials.

Salish Soils is an Indigenous-led waste-to-resource company that addresses the intersection of waste management, climate change, soil health, and Indigenous economic development—turning organic waste into regenerative soil products while creating sustainable, Indigenous community-rooted solutions. They convert organic and construction waste into compost, soil, and mulch, supporting agriculture, landscaping, and land regeneration.

Salish Soils reduces landfill use and emissions by replacing imported soil with locally produced alternatives, while supporting farms, strengthening regional food systems, and creating Indigenous employment and leadership opportunities.

"I'm honoured and humbled by this recognition… Salish Soils is built by an exceptional team, committed partners, and strong community support. This award belongs to our Nation, our community, and the environment in which we thrive."

Aaron Joe, Co-Founder & CEO, 2026 Indspire Award laureate in Business & Commerce

Seven Generations Growth Fund I

Main Impact Area: SDG 8 – Decent Work and Economic Growth
Investment Year: 2025
Geographic Location of Impact: Canada

Seven Generations Capital is an Indigenous owned private real estate firm investing in residential, mixed use and industrial property on reserve. The fund's impact metrics will be reported as investments are made in the fund.

Case Study: Sekwiw, Kelowna, BC

The Fund's first investment is a joint partnership with Ntityix Development Corporation, səkʷíw. It will feature five buildings, comprising 46 townhome units, situated on Westbank First Nation land. The townhomes will range from two to four bedrooms across three levels, with unit sizes varying between 1,200 to 1,750 square feet. A majority of the units will be three-bedroom homes, designed to provide ample space for families to grow and thrive.

The homes will be for rent addressing a much-needed demand for larger family-oriented housing. It aims to be a model of eco-friendly living in the region as the development will seek to meet BC Energy's Step Code 4 (i.e., significantly more energy-efficient than conventional construction and intended to help the province transition toward net-zero energy-ready buildings by 2032).

At the heart of səkʷíw is a deep respect for the land and a commitment to sustainability. Named after the nsyilxcən word for wild rose bud, səkʷíw points to a plant once abundant in the area and used as a food source and medicine for the syilx people. Through careful design, səkʷíw seeks to integrate cultural significance in its architecture, drawing inspiration from stories shared by community members and weaving them into the very fabric of the development.

Spring Impact Capital Fund I

Main Impact Area: SDG 3 – Good Health and Wellbeing and SDG 13 – Climate Action | **Investment Year:** 2025 | **Geographic Location of Impact:** Canada

Spring Impact Capital is developed and part-owned by Spring Activator, one of Canada's leading impact entrepreneur accelerators. The fund takes advantage of Spring Activator's network and mentorship resources to invest in early and growth stage start-ups focusing on climate and health.

IMPACT OUTCOMES			
SDG	**METRIC**	**IMPACT FROM FUND**	**IMPACT ATTRIBUTABLE TO UVIC**
3 GOOD HEALTH AND WELL-BEING	People with Improved Health and Wellbeing	**96,000** people	**797** people
13 CLIMATE ACTION	Greenhouse gas emissions avoided (year)	**831** tons of CO_2 emissions avoided	**7** tons of CO_2 emissions avoided

SIC I Impact Outcomes, as at March 31, 2026

Case Study: Open Ocean Robotics, Victoria, BC

Protecting oceans is critical to planetary sustainability. 80% of the world's oceans remain unmonitored, and this scarcity of real-time ocean data hampers climate research, conservation, and maritime safety.

Open Ocean Robotics builds solar-powered Uncrewed Surface Vehicles (USVs) called DataXplorer™. These are autonomous boats that collect ocean and maritime data for environmental monitoring, security, mapping, and scientific research without requiring a crew onboard.

Their DataXplorer USVs are:

- solar-powered, allowing them to operate for weeks or even months at sea without refueling;
- zero-emission, using electric propulsion rather than fossil fuels;
- self-righting, meaning they can recover after being flipped by waves or storms;
- equipped with satellite, cellular, and radio communications for real-time data transmission; and
- designed to operate from shallow coastal waters to offshore environments.

Open Ocean Robotics is an impact investment as its climate and ocean technologies:

- reduce the need for fuel-intensive research vessels.
- produce no direct greenhouse gas emissions during operation.
- enable lower-cost environmental monitoring, and
- improve understanding and protection of marine ecosystems.

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 m2 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 Sŋéqə 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 Sŋéqə 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 Sŋéqə 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 ($C0_2e$) 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

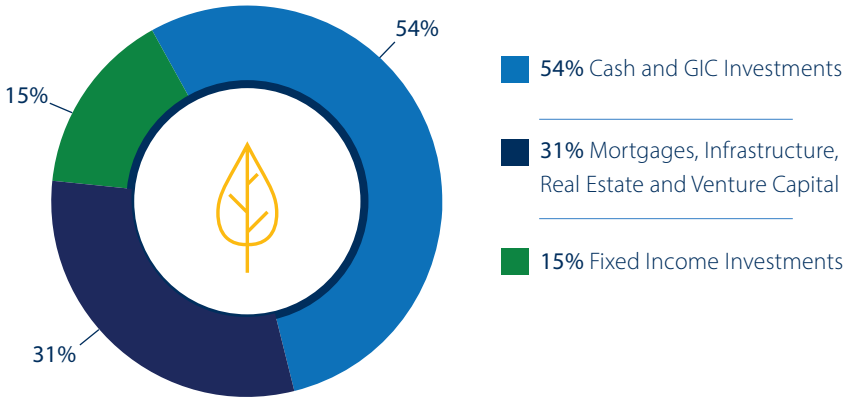
Decarbonisation Goal

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 an evolving 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, 2026

Qualitative Standards for GIC Investments

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

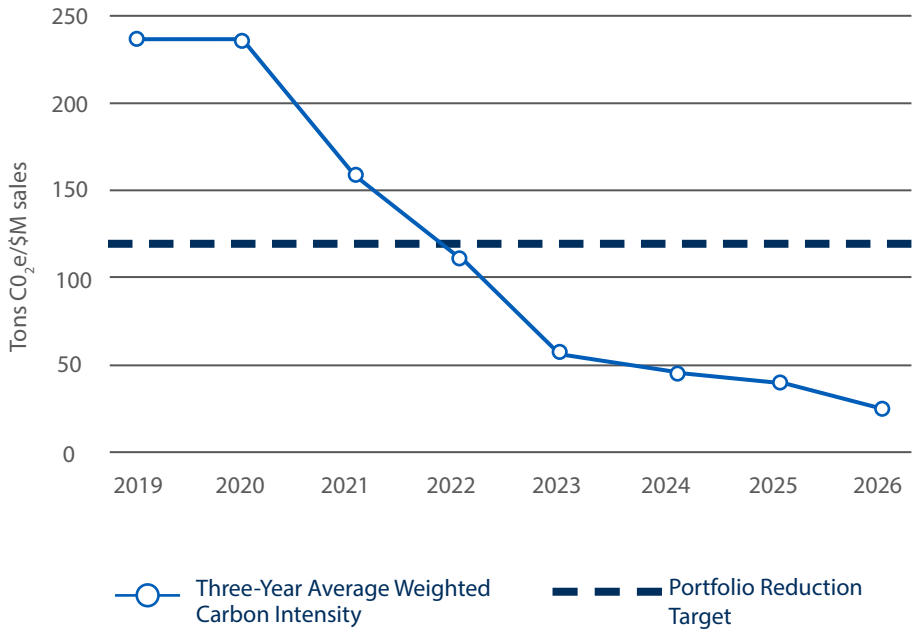
Assuming risk adjusted returns are not compromised and recognizing restrictions within the Working Capital Investment Policy and Responsible Investment Policy, we will prioritize making GIC investments with financial institutions that

- 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.

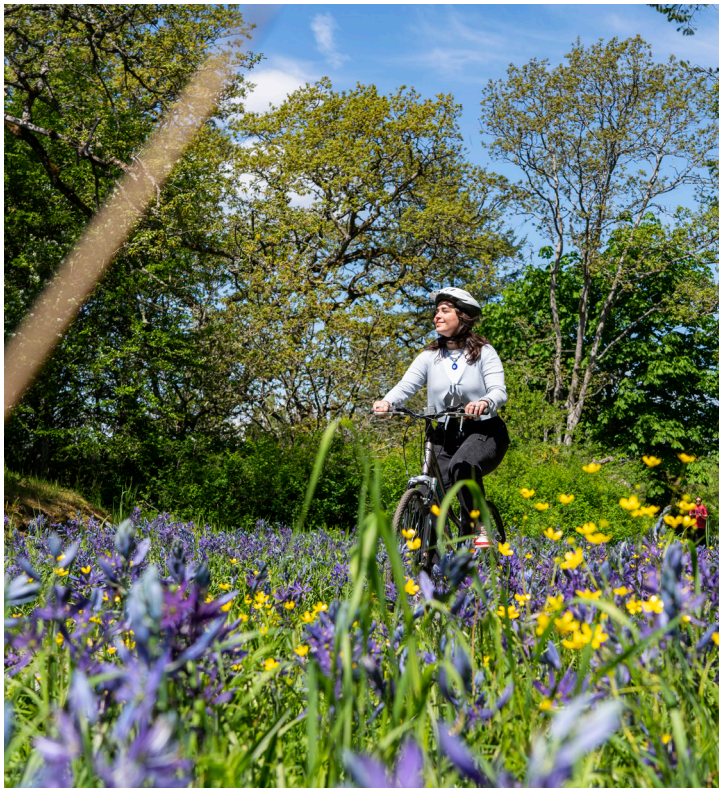
Portfolio Carbon Intensity

The three-year rolling average carbon intensity of the portfolio is 89% 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, 2026

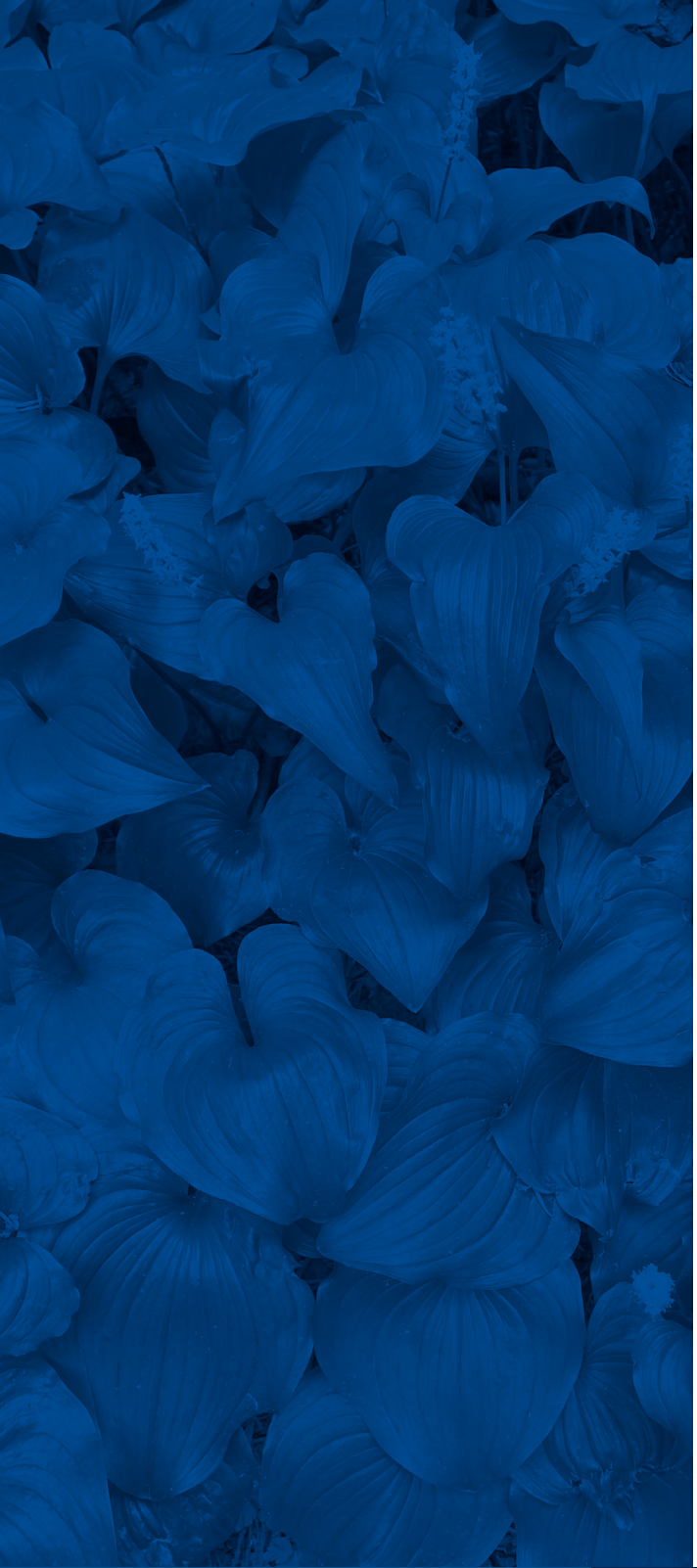


Annual Portfolio Carbon Intensity

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 decrease in data coverage from 63% to 59% was due to a slight decrease in reported corporate emissions within the fixed income strategies. The decrease in total emissions to 371 tons is driven by fixed income managers investing in companies that emitted less on an absolute basis while the portfolio's carbon intensity decreased from 28 tons CO_2e/$M sales to 17 tons CO_2e/$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 2017-2026					
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_2e/$M sales	N/A	N/A
2018	Fixed income	8%	300 Tons CO_2e/$M sales	N/A	N/A
2019	Fixed income	13%	185 Tons CO_2e/$M sales	239 Tons CO_2e/$M sales	N/A
2020	Fixed income	25%	235 Tons CO_2e/$M sales	240 Tons CO_2e/$M sales	125 Tons CO_2e
2021	Fixed income	27%	64 Tons CO_2e/$M sales	161 Tons CO_2e/$M sales	97 Tons CO_2e
2022	Fixed income	30%	46 Tons CO_2e/$M sales	115 Tons CO_2e/$M sales	67 Tons CO_2e
2023	Fixed income	31%	62 Tons CO_2e/$M sales	57 Tons CO_2e/$M sales	25 Tons CO_2e
2024	Fixed income	78%	32 Tons CO_2e/$M sales	47 Tons CO_2e/$M sales	77 Tons CO_2e
2025	Fixed income	63%	28 Tons CO_2e/$M sales	40 Tons CO_2e/$M sales	409 Tons CO_2e
2026	Fixed income	59%	17 Tons CO_2e/$M sales	25 Tons CO_2e/$M sales	371 Tons CO_2e

Normalized Carbon Intensity Data from 2017 to 2026 (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 April 2025, the University of Victoria joined a group of more than 20 asset owners representing nearly $1.8 trillion USD in assets under management, in an engagement with BlackRock Investment Stewardship on its approach to labour rights stewardship. During the discussion, BlackRock outlined recent enhancements to its stewardship program, including the creation of a new active stewardship team, and updated decarbonization guidance, while noting that its approach to labour rights and human capital issues remains unchanged. Asset owners encouraged greater transparency on engagement outcomes and escalation strategies and discussed BlackRock's use of external stakeholders, including trade unions, to inform its assessment of labour rights risks. The dialogue also explored the impact of recent regulatory developments on stewardship activities.

Escalation

In December 2025, the University of Victoria joined a group of asset owners in a meeting with RBC Global Asset Management (RBC GAM) to escalate common issues regarding the firm's stewardship practices and responsible investment priorities. RBC GAM emphasized its continued commitment to responsible investment, noting recent additions to its stewardship team despite broader industry reductions. Asset owners engaged the firm on its stance related to racial equity, Indigenous rights, and climate risk, encouraging greater transparency around escalation practices and the integration of sustainability considerations into investment decision-making. The discussion also explored the implications of regulatory developments, RBC GAM's approach to climate risk analysis, and its 2026 stewardship priorities, including human rights engagement, climate stewardship, and enhanced use of stewardship and proxy voting data. The meeting concluded with a commitment to continue constructive dialogue on stewardship policies and practices.

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

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: Decarbonizing the Resource Sector
- Focus Area 5: Science-Based Targets for Retail
- Focus Area 6: Fueling Innovation for Transport

In 2026, UNIE will continue to promote the adoption of comprehensive Climate Action Plans and support company decarbonization efforts through sector-specific engagement strategies. Recognizing the distinct challenges and opportunities facing different industries in the transition to a net-zero economy, UNIE has refined its focus areas to better address material climate risks and emissions reduction opportunities. Notably, the former "Mining for Just Transition" focus area has been expanded and renamed "Decarbonizing the Resource Sector," broadening the scope to include industries such as forestry, fertilizers, waste management, and steel, while maintaining a strong emphasis on Scope 3 emissions and the use of Science Based Targets initiative (SBTi) verification where appropriate.

These engagements continue to involve collaboration between the UNIE network and SHARE's broader network of engagement clients. We remain committed to leveraging our influence as an institutional investor to advance climate-resilient decision-making, strengthen corporate climate accountability, and support credible decarbonization pathways across high-emitting 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, 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 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.

University Network for Investor Engagement | Réseau universitaire pour l'engagement actionnarial

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.

PH&N's approach to RI is comprised of three pillars, and the firm seeks to take 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's fixed income teams assess the risks and opportunities associated with the 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 itself to look for ESG factors in order to fulfill an arbitrary requirement but, instead, believes 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.

Case Study: Global Credit Rating Agency (CRA)

Engagement Rationale: The PH&N Fixed Income Team engaged with a CRA regarding the concerning market trend of debt issuers only obtaining one credit rating, with two ratings generally considered the standard. The team believes this practice removes important checks and balances provided by having multiple independent assessments. There was also discussion about areas of the Canadian debt market where the CRA's credit ratings appear to be generous in nature, with specific examples highlighted for the REITs and energy sectors. During the engagement, the team sought clarifications with respect to the CRA's incentive and compensation structure. The team also reiterated the importance of the CRA ensuring it maintains the trust and confidence of investors. It was agreed to continue open dialogue and engage with the CRA's analytical and business development teams.

Highlights and Outcome: Subsequent to the team's conversations, the CRA hosted a webinar to walk investors through its credit rating methodology in detail. However, the team's view is that an understanding of the methodology is not the issue. Rather, it is that the methodology appears overly generous in its approach and the team is seeing issuers actively engaging in "rating shopping" and opting to choose this CRA as their sole rating agency. The team continues to engage the CRA regarding issuers where it feels the issuers are mis-rated. The team has not seen the CRA take any material actions to address this concern yet. However, recent conversations indicate it is open to the team's views on certain credits..

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 a medium sized position held in a few of its mandates. Given its continued efforts to retire coal assets and expand low-carbon infrastructure, RPIA reviewed the company's decarbonization strategy, climate risk planning, and Indigenous economic participation.

Highlights and Outcome:

- Since 2019, the company has reduced GHG emissions by 34% and aims to reach a 50% reduction by 2030. Coal retirements in Arizona have been key, with 388 MW already decommissioned and another 892 MW scheduled for closure by 2032. The company's most recent integrated resource plan supports this schedule and includes hydrogen-ready natural gas generation for system reliability.
- The company has a 2050 net-zero goal but notes that achieving the final 25% reduction will require new technologies such as carbon capture or clean hydrogen. While no corporate targets have been set for Scope 2 and 3 emissions, the company is transparent in reporting them, including line losses and other emissions often excluded by peers.
- A recent climate scenario analysis identified wildfires, heat, and wind as the top physical risks. Mitigation efforts, including vegetation management and infrastructure hardening, are being integrated into capital plans.
- On the social side, the company has connected 17 remote Indigenous communities through a large transmission project. Five of twelve directors have relevant ESG experience on the board. Executive compensation has been tied to reliability targets, as evidenced by withheld payouts following an increase in outage duration
- RPIA continues to view the issuer as a credible transition name and made no changes to its position.

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 CO2e/$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.

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

Weighted Average Carbon Intensity (tons CO_2e/$M sales)

The total emissions measures the absolute greenhouse gas emissions associated with a portfolio, expressed in tons CO2e. 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.

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

Total Emissions (tons CO_2e)

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.