

# Western University Responsible Investing Annual Report 2025





Reflecting on five years of dedicated efforts to advance sustainability in our investments, we must not take our achievements for granted. This challenging work has enabled us to reach significant sustainability milestones without compromising our steadfast commitment to strong investment performance. Sustainability remains a top priority for Western, earning us continued recognition for our Canadian and global leadership.

—Alan Shepard, President & Vice-Chancellor of Western University



# Letter from the Chair

The 2025 edition of Western's Responsible Investing Annual Report is an important milestone, marking five years of reporting to our community on our progress to date, and representing the halfway mark towards our 2030 climate commitments. At this point of reflection, we believe it's important to take stock of the progress that has been made and think about the important work that lies ahead.

Over the last five years, we've aggressively pursued our commitment to allocate 10% to sustainable investments in areas that will have real-world impact in advancing climate transition and sustainable development goals. Although we achieved the 10% allocation in 2024, we've continued to add further sustainable investments that will see Western exceed this threshold moving forward. To date, Western has invested and committed approximately \$255 million CAD (\$195 million USD) to sustainable and impact investments.

On our decarbonization commitments for the Fund, we've made considerable progress. Compared to our 2020 baseline measurements, we have decreased our Weighted Average Carbon Intensity (WACI) by 38% and our public equity carbon emissions by 50%. At the halfway mark, we are nearing our decarbonization target of 45% reduction in carbon intensity by 2030.

A foundational element of Western's Responsible Investing Strategy has been our principle of integration. Although this has been a cornerstone for almost two decades, over the last five years, and in conjunction with investment industry developments, we have substantively advanced our environmental, social, and governance (ESG) integration. Western's approach upholds our fiduciary duties, while providing the framework to incorporate relevant risks and opportunities into the investment decision-making processes. We are proud of our integration efforts,

which have seen evolution in our analysis, monitoring, and engagement activities, to name a few.

Further, our actions have given us the confidence to make genuine and achievable commitments to both "A Climate Charter for Canadian Universities" (2022), the University Network for Investment Engagement (UNIE) (2022), and the globally recognized Principles for Responsible Investment, 2023. As a signatory to the PRI, Western takes a broader lens towards integrating ESG practices beyond climate and emissions, such as human rights and labour practices, equity, diversity and inclusion, Indigenous rights, and responsible governance matters.

We're hearing from the community some concerns about Responsible Investing and individual investment holdings, with a focus on human rights. In 2026, the Investment Committee will invite feedback from the Western community on a Responsible Investing Policy. While the investing world moves quickly, and requires adaptation, it takes time to prudently implement investment changes and systems. It's appropriate to reflect on the achievements of the past five years, and the strengths and opportunities for enhancement that may exist in our current strategies, while continuing to uphold our fiduciary responsibilities.

You're encouraged to review this report, consider our achievements to date, and participate in advancing the next phase of Western's responsible investing initiatives.



Vice-President (Operations & Finance)  
Chair, Investment Committee

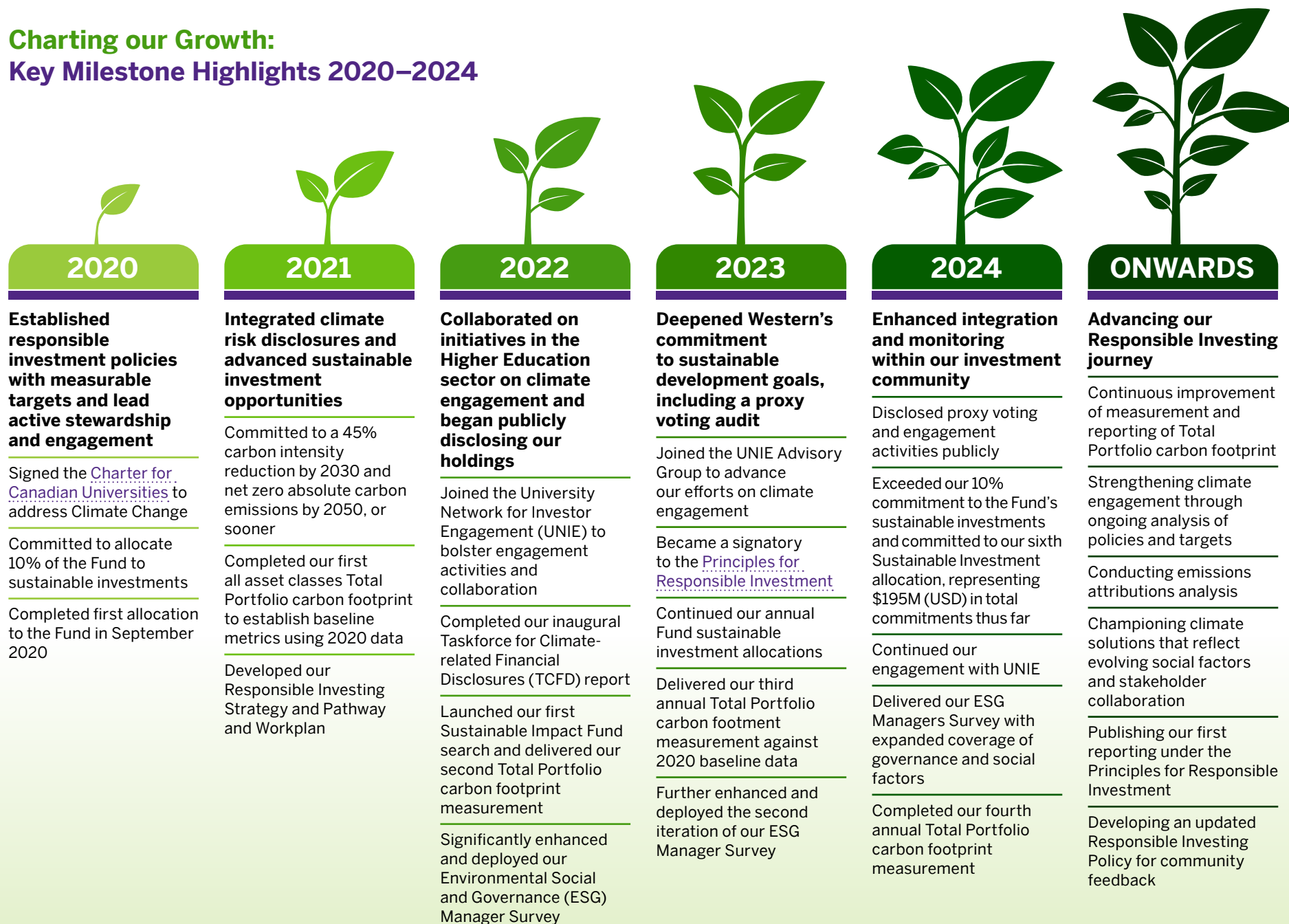




# Welcome

The Western Investment Committee is proud to present our fifth Responsible Investing Annual Report. Over the past five years, we have made great progress towards our goals, and are pleased to share this progress report, the actions we've taken to date, and our continued commitment to integrating environmental, social and governance factors into our investment processes.

## Charting our Growth: Key Milestone Highlights 2020–2024



## Advancing our Efforts

Western has reduced its total portfolio carbon intensity by 38% since 2020, demonstrating a clear commitment to long-term decarbonization and responsible investment.

Western University is committed to measuring and reducing the carbon footprint of the Fund through a comprehensive total portfolio approach. This includes both public and non-public market investments, recognizing that data collection—especially for non-public assets—requires time, resulting in a one-year reporting lag. Accordingly, this 2025 report presents carbon measurement as of December 31, 2024.

While public market data is more readily available and dependable, reporting from non-public markets is improving as investment managers enhance their data collection processes. This report marks five years of carbon footprint measurement under the current methodology, enabling Western to assess its progress and trajectory toward long-term decarbonization. Trends are formed over time, as data is sensitive to the measurement dates. Upon reaching our five-year milestone of data collection, these early results continue to be promising.

Emission measures enable Western to assess the carbon footprint of our investment activities. We can use these measures to attribute emissions to different sectors within the economy and evaluate whether our portfolio's emissions are decreasing relative to alternative investment strategies.

**Western monitors two key carbon metrics:**

- **Carbon Emissions Per \$M Invested**
- **Weighted Average Carbon Intensity (WACI)**

Currently, we disclose carbon emissions data exclusively for our public equity portfolio, reflecting our greater confidence in the availability and accuracy of that data. As data quality improves across other asset classes, we will expand our reporting accordingly. While carbon emissions are reported only for public equities at this time, WACI is calculated and disclosed for all asset classes within the Fund.

Our ongoing efforts focus on continuing to decarbonize portfolios to meet our climate commitments, enhancing non-public market data accuracy and expanding transparency, reinforcing Western's commitment to responsible investment and climate leadership.



### Carbon footprint as at December 31, 2024

The total portfolio's Weighted Average Carbon Intensity (WACI), along with public portfolio and public equity carbon emissions, are outperforming the projected decarbonization pathway.

Relative to the 2020 baseline, the total portfolio's WACI has decreased by 38%, demonstrating steady progress in lowering carbon intensity within the portfolio since annual tracking began.

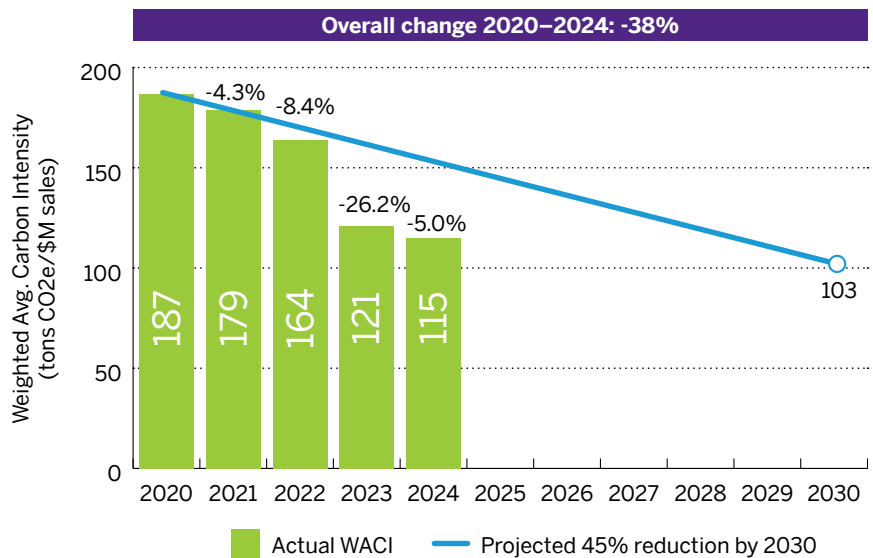
Public equity carbon emissions have decreased by 50% since 2020 and dropped 19% year-over-year. Additionally, public equity carbon emissions are 31% lower than the Fund's benchmark, reflecting strong relative performance.



Weighted Average Carbon Intensity – Total Portfolio<sup>1</sup>

This chart illustrates the total portfolio's WACI baseline from 2020 and the projected path toward the 2030 decarbonization goal. Annual data reflect year-over-year and cumulative progress, tracking in line with the target.

Weighted Average Carbon Intensity



As of December 31, 2024, the total portfolio's WACI has declined 38% relative to the 2020 baseline, indicating Western is on track to achieve its 2030 interim target milestone of at least a 45% reduction in WACI.

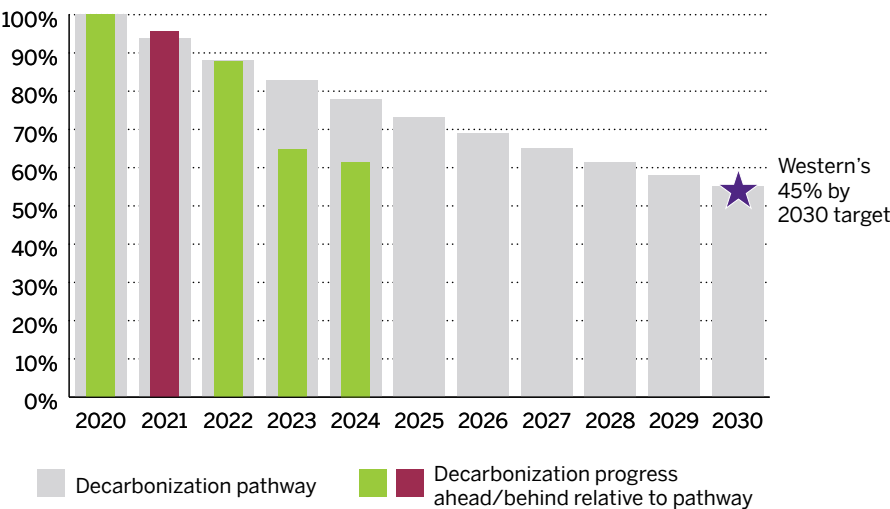




## Decarbonization Progress for Total Portfolio

### Progress relative to 2030 decarbonization commitment

Weighted Average Carbon Intensity (tCO2e /\$ million sales) for the total portfolio



- The decarbonization pathway shown here, and on [page 9](#), is based on the latest research from the Intergovernmental Panel on Climate Change (IPCC). The grey bars represent a smooth reduction trajectory, aligned with the Institutional Investors Group on Climate Change’s (IIGCC) 2030 target, using a December 31, 2020 baseline. The green and red bars show Western’s progress relative to this pathway.
- Grounded in global emissions models consistent with the Paris Agreement goals, the decarbonization pathway translates required global emission reductions into portfolio carbon footprint reductions.

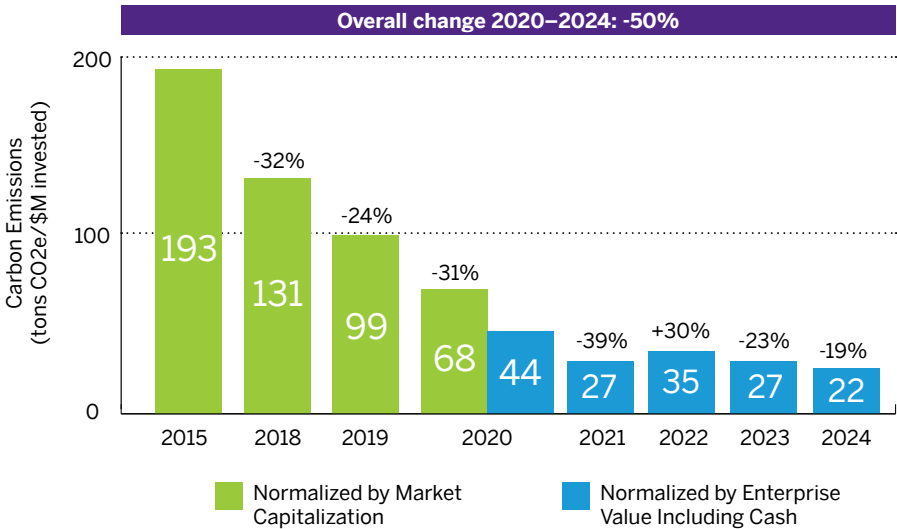


Decarbonization progress for public equity portfolio

Carbon Emissions – Public Equity Portfolio

The chart below presents public equity carbon emissions normalized by enterprise value including cash (EVIC) alongside market capitalization—the measurement used before 2021. The current approach aligns with the latest best practices.

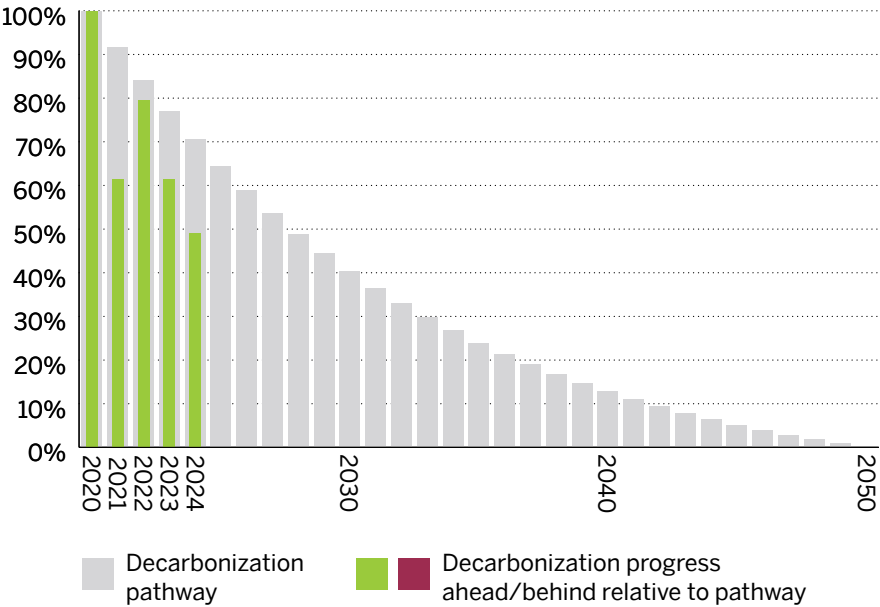
Carbon Emissions



Progress relative to net-zero emissions by 2050 commitment

As of December 31, 2024, the carbon emissions of the public equity portfolio in the Fund has decreased by 50% relative to the 2020 baseline. The public equity portfolio is also ahead the proposed decarbonization pathway (49% vs. 70% emissions level) in achieving net-zero emissions by 2050.

Carbon emissions (tCO2e /\$ million invested) for the public equity portfolio



Fossil Fuel and Renewables Exposure

As of December 31, 2024, fossil fuel investments accounted for 4.6% of the Fund, while renewable energy holdings exceeded this at 4.7%.<sup>2</sup>

## Sustainable Investing Strategy

Western has committed to allocating 10% of its Fund to sustainable investing strategies by 2025, targeting opportunities that align with our Sustainable Development Goals (SDGs) across various asset classes.

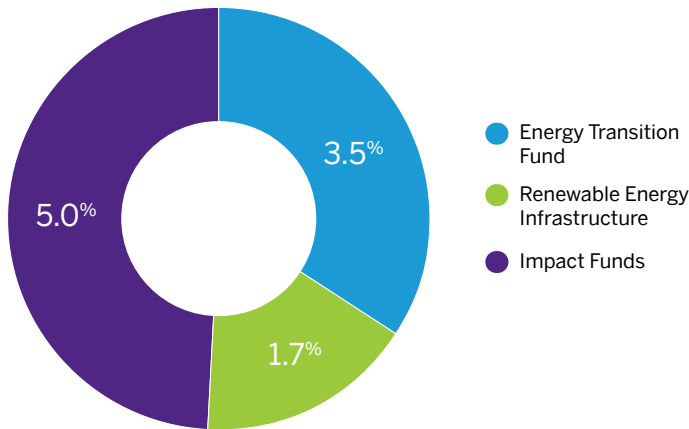
In 2024, Western reached this 10% allocation milestone through a commitment to an Energy Transition Fund. Focusing primarily on private markets, where we believe impactful opportunities are most prevalent, commitments will be drawn down over time to achieve the full investment.

Our sustainable investing approach seeks investments that deliver both financial returns and positive environmental and social outcomes. We prioritize quality opportunities that align with the Fund’s long-term objectives. We maintain discipline to ensure all new investment opportunities meet rigorous financial and sustainability criteria.

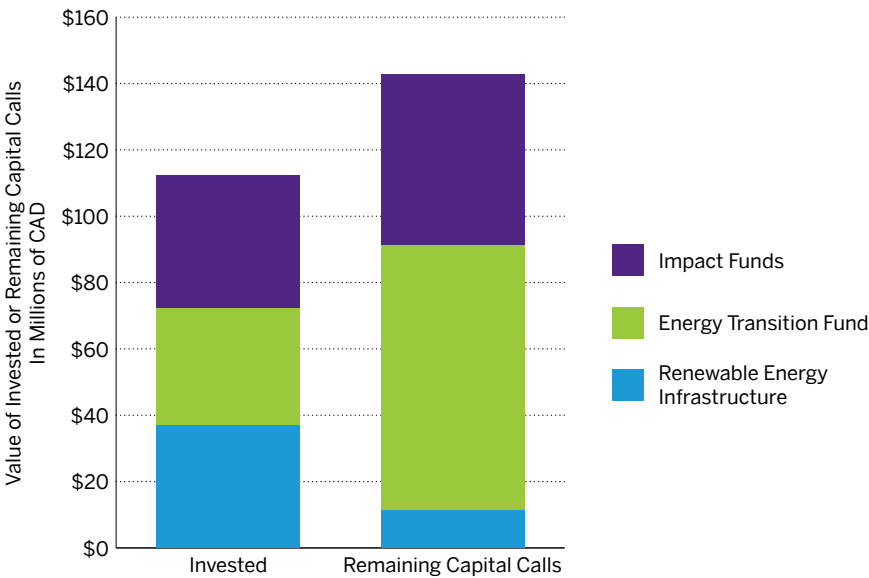
To date, Western has made six allocations totaling approximately \$255 million CAD (\$195 million USD) to the sustainable investing strategy. These allocations include environmental and social factors within the infrastructure and private equity asset classes. As at September 30, 2025, these investment allocations amount to 10.2% of the Fund. The value of the investment allocation will change with financial performance now that a significant portion of the commitments have been invested.

As the university identifies more suitable investment opportunities we will consider new investments under the strategy.

Sustainable Investments Allocations  
Percentage of Fund as at September 30, 2025



Sustainable Investments Progress



Approximately **\$255 million** CAD (\$195 million USD) has been committed to sustainable investing strategies to date.



## Western's Impact Investments

In 2020, Western began investing in impact funds as part of our Sustainable Investing Strategy. These carefully selected funds invest in companies that advance Sustainable Development Goals while meeting strong financial performance criteria. Although we highlight the following two specific investments within our portfolio, many others have also delivered measurable impact.

**1 HaydenAI** – a provider of artificial intelligence and spatial analytics for transportation, helping local governments optimize transit networks, reduce congestion, and generate new revenue streams. Through its patented mobile perception platform installed on transit buses, the company enables real-time traffic monitoring. HaydenAI serves major U.S. cities and transit agencies, including New York's MTA and Los Angeles Metro, and currently operates across ~1,300 buses, saving an estimated 850 metric tons of CO<sub>2</sub> annually, the equivalent of powering 10,000 homes or 57 million pounds of coal burned.<sup>3</sup>

**2 Instructure** – a global provider of learning management, EdTech effectiveness, and credentialing solutions, reaching approximately 200 million learners in over 100 countries. Its services improve student learning outcomes and engagement while reducing teacher administrative burden, according to a survey of educators. By integrating data and technology, Instructure advances lifelong learning opportunities, contributing to SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth).



## Our Engagement Activities

Western's investment team manages over **\$5.3 billion in assets**, across **46 investment managers** and **69 mandates** (all portfolios, including pension assets), as of September 30, 2025. The Fund, valued at \$2.5 billion, is the most significant portion of these assets.

To maintain efficient and cost-effective investment management, and as a relatively small institutional investor, the university invests primarily through pooled funds alongside other institutional investors. With a compact investment team of four and a half members, the diversity and scale of the portfolio require active collaboration with our investment managers (Managers) and participation with others through collectives.

### Engaging with our Managers

Engagement with our Managers remains a crucial part of our Responsible Investing Strategy and Pathway. Results from Western's annual Responsible Investment Manager Survey continue to guide our engagement priorities and track progress toward responsible investing objectives.



Since 2014, we have engaged and surveyed our Managers on ESG.



In 2022, we redesigned and significantly improved our ESG Manager Survey to advance our responsible investing efforts.



Over the past three years, we have refined our survey process by enhancing questions related to ESG integration, stewardship, social factors including human rights, and proxy voting.

The annual survey results enable Western to engage in meaningful dialogue with our Managers about their ESG integration, risk management, and sustainability efforts, informing future allocation decisions. We incorporate these findings and carbon metrics into Manager reviews, discussions, and due diligence for new Managers under consideration. When opportunities for improvement arise in key ESG areas, we use these conversations to encourage alignment with Western's broader sustainability objectives.

We've prioritized the following areas for engagement with our Managers:

**1 Climate change targets, impacts, and climate transition:** A third (32%) of Managers have established climate transition targets, and an additional 6% (for a total of 38%) plan to set these targets in the near future. This represents a decline from 42% and 10%, respectively, in 2024. This trend should be considered within the broader context of changes across the ESG landscape. For example, the Net Zero Asset Managers Initiative recently revised its commitment statement, removing specific 2050 targets to better accommodate varying jurisdictional realities and a wider range of market participants. Western will continue to monitor regulatory and market developments that may influence Managers' practices and maintain an open dialogue to track Managers' core ESG methodologies and beliefs.

**2 Stewardship and engagement practices:** The majority of Managers have established formal policies for stewardship and actively engage with companies on material ESG issues. According to the 2025 survey, 74% incorporate engagement as part of their investment process.

**3 Continued data and disclosure improvements:** There has been an increase in the preparation of sustainability-related disclosures aligned with climate-related financial standards. The 2025 Managers survey reveals that 71% of Managers report that they are adopting these practices. This reflects a strong commitment to improving transparency and accountability in ESG performance.

**4 Advanced Manager engagement and tracking of social factors, including human rights:** Each public equity manager considers human rights, including diversity, equity, inclusion, and Indigenous reconciliation, in their investment processes.



## Key findings

**87%** of our Managers are signatories to the PRI

**100%** of our Managers having public equity mandates consider human rights in their investment process

**100%** of our Managers who have public equity mandates now have voting expectations on EDI issues for listed companies, reflecting a firm commitment to advancing equity, diversity, and inclusion within investment decision-making processes

**74%** of our Managers engage with companies/issuers on material ESG issues as part of the investment process

**87%** of our Managers have a process in place for integrating climate change risks and opportunities within their core decision making framework

**38%** of our Managers have either set climate transition targets, or plan to set targets within the next 1–2 years and 35% track climate transition targets made by listed companies in the Fund

**55%** of our Managers have undertaken physical climate risk assessments for their funds





### Collaborating with others

Western engages directly with our Managers annually through our engagement survey, as well as through individual interactions. In addition, we partner with the UNIE by SHARE, a 21-member strong shareholder engagement program for Canadian university endowment and pension plans with a combined value of over \$47.7 billion.

Through UNIE, Western gains greater influence by participating in collective company engagements that exceed the impact of any single university. As a member of the UNIE Advisory Group, Western helps to shape the annual engagement plan.

From January to September 2025, Western took part in 226 engagements with 118 unique companies via UNIE, compared to 80 engagements with 47 unique companies in 2024. The increase in activity over 2024 reflects a broader engagement program, which has expanded to more than greenhouse gas and carbon emission reductions. Examples include: workers' rights, racial equity, and ethical use of Artificial Intelligence.

Some examples of engagement in action from our collaboration with others include:

### Promoting Science-Based Targets at Aritzia

Over the past year, we've encouraged Aritzia to adopt a decarbonization plan that includes Science-Based Targets Initiative (SBTi) aligned greenhouse gas reduction targets. After over a year of active dialogue with SHARE, Aritzia has made new meaningful climate commitments and set SBTi-aligned near-term targets, including:

- A commitment to reduce absolute Scope 1 and 2 GHG emissions 54.7% by 2033, using 2022 as the baseline year.
- A commitment to reduce Scope 3 GHG emissions covering purchased goods and services and upstream transportation and distribution by 61.1% per CAD value added within the same timeframe.
- A commitment to reduce absolute Scope 3 FLAG (Forest, Land and Agriculture) GHG emissions by 39.4% by 2033, using 2022 as the baseline year.
- A commitment to no deforestation across its primary deforestation-linked commodities, with a target date of December 31, 2025.

These commitments mark meaningful progress in aligning the company's climate strategy with global peers and UNIE expectations.

### Progress at Superior Plus

In July 2025, Superior Plus released its 2024 Sustainability Report, which included the following items UNIE has been asking of the company:

- Interim and medium-term GHG emission reduction targets;
- Scope 3 emissions data for multiple years; and
- Disclosures around scenario analysis work conducted by the company.



# Our Commitments Going Forward

Western remains committed to embedding responsible investing practices across all investment processes and decision-making.

Western is dedicated to:



## 10%

Exploring further sustainable investing opportunities, including investigating new asset classes following our achievement of a 10% allocation by commitments



## 45%

Reducing our carbon intensity by at least 45% by 2030



## Net 0

Achieving net-zero absolute carbon emissions by 2050, or sooner



### Next steps

Update our Responsible Investing policy and invite feedback from the Western community

Continue to engage with managers to encourage ongoing decarbonization efforts and alignment with Western's interim and long-term climate goals

Monitor Manager policies and engagement in human rights, diversity, equity, and inclusion (DEI), and Indigenous reconciliation and encourage deeper integration of DEI and Indigenous reconciliation considerations into investment decision-making

Implement Proxy Voting Guidelines with our Managers, including a Proxy Voting audit process for engagement

# Resources and Definitions

## Principles for Responsible Investment

Western is a signatory to the [Principles for Responsible Investment](#), which means we've committed to integrating the following global principles for responsible investing in our investment processes.

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



In 2025, the university's first PRI transparency report was published. Western ranked 4/5 in all assessment categories, at or above its peer signatories in all assessments, indicating our strategy and pathway has been well thought out and the principles have been integrated purposefully.



## The Fund

### Western's Research Mission, and Climate Change

The Operating & Endowment Fund serves as the core long-term investment for Western, including gifts from numerous donors that have been entrusted to Western in perpetuity. The Fund does not include short-term cash flows from student tuition and fees.

The value of the Fund as of September 30, 2025, was \$2,508 million. A key objective of the endowment is to provide a sustainable and reliable source of funding to support university activities, ensuring that our current and future student body benefits. For example, over the past five years, on average, the endowment supported student aid (41%), chairs, professorships, and fellowships (37%), and other activities, including research and academic enrichment (22%). Over the last five years, the endowment has contributed \$195 million CAD to Western's activities.

Our endowment supports a wide range of purposes across the university community. Given the long-term nature of the Fund, we carefully align our responsible investing goals with the evolving priorities of Western's Strategic Plan. We recognize that Western's investment portfolios play a crucial role in advancing the university's sustainability efforts, and aligning these strategies helps to maximize our positive impact.

Our Responsible Investing policy guides Western to be an active investor, contributing directly to the institution's sustainability and climate change goals.

Climate change is a global challenge that requires action and resources from all sectors, including universities. Western recognizes the important and ongoing role we must continue to play in the global energy transition that is needed for a more sustainable future.

To make meaningful contributions to this transition, we need a collaborative, institution-wide approach that leverages Western's strengths as a research-intensive university without limiting our potential. Our Responsible Investing policy and asset owner commitments reflect our dedication to being an active participant in the global energy transition.

Our vision supports Western's leadership in interdisciplinary research and innovation to address climate change. By coordinating our efforts across the institution, we strengthen our role and impact in this critical global challenge.

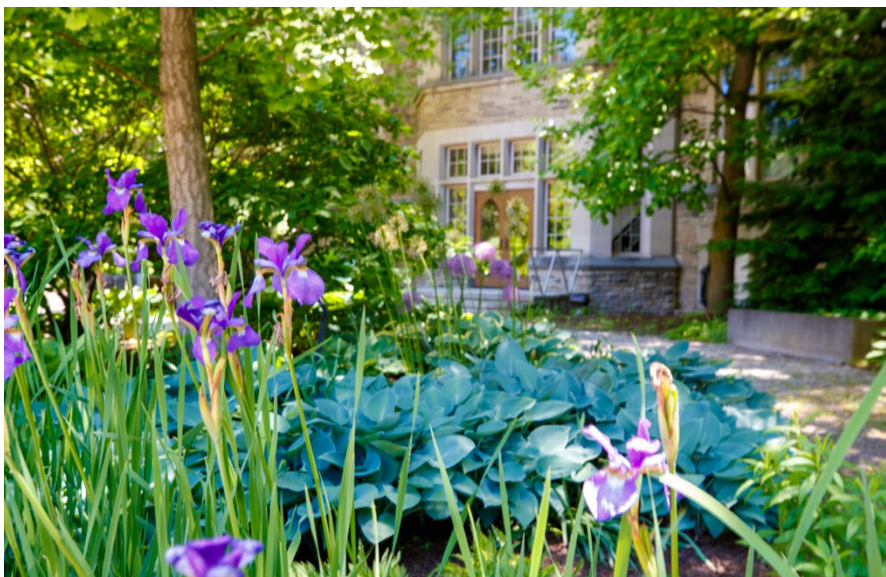


## Definitions

### Carbon Emissions Per \$M Invested (CO<sub>2</sub>e/\$1M)

The total carbon emissions of an investment portfolio are calculated as the sum total of the carbon emissions of each company we're invested in, proportionate to our investment in that company. This metric can be used to accurately compare portfolios of any size. It focuses on the dollars invested and closely reflects the portfolio's contribution to emissions. The metric is calculated using \$M invested in CAD.

Note: The public equities carbon emissions were previously calculated using the issuer's market capitalization. Starting in 2020, we shifted our methodology to use enterprise value including cash (EVIC) to align with the standards set by the Partnership for Carbon Accounting Financial (PCAF) and EU regulations for EU Climate Transition Benchmarks and Paris-aligned Benchmarks. Carbon emissions may experience fluctuations due to the sensitivity of the metric to market value changes in the portfolio equity holdings.



**Listed  
Equity**

$$\sum \left( \frac{\text{Outstanding amount}}{EVIC} \times \text{Company emissions} \right)$$

*EVIC = Enterprise value including cash*

Note: the value of outstanding listed equity is defined based on its market value (i.e., market price times number of shares).

**Listed  
Corporate  
Bonds**

To private companies:

$$\sum \left( \frac{\text{Outstanding amount}}{\text{Total equity} + \text{debt}} \times \text{Company emissions} \right)$$

*c = borrower or investee company*

To listed companies:

$$\sum \left( \frac{\text{Outstanding amount}}{EVIC} \times \text{Company emissions} \right)$$

*EVIC = Enterprise value including cash*

*c = borrower or investee company*

Note: the value of outstanding corporate bonds is defined based on the book value of the debt that the borrower owes the lender.



### Weighted Average Carbon Intensity (WACI)

WACI is calculated as the sum total of the carbon emissions per unit of sales revenue of each company we're invested in, proportionate to our investment in that company. Carbon Intensity measures the portfolio's exposure to carbon-intensive companies. This measure can be applied across asset classes including equity and fixed income. It is calculated using \$M revenue in USD. WACI may experience fluctuations due to the sensitivity of the metric to inflation's impact on sales.

$$\sum_n^i \left( \frac{\text{current value of investment}}{\text{current portfolio value}} \times \frac{\text{issuer's emissions}}{\text{issuer's \$M revenue}} \right)$$

For **Listed Equities & Corporate Fixed Income**, the WACI represents companies' Scope 1 and Scope 2 carbon emissions normalized for the size of a company, based on annual revenue (tons CO2 per \$M sales). For **Sovereign Fixed Income**, the WACI represents the carbon intensity of an economy (tons CO2 per \$M nominal GDP). For **Private Markets**, the average carbon intensity of comparable listed market subsectors has been used as proxies.

**Scope 1 Emissions** are those from sources owned, or controlled, by the company, and typically direct combustion of fuel, as in a furnace or vehicle, while **Scope 2** are emissions caused by the generation of electricity purchased by the company.

**Net-Zero Emissions** refers to the decarbonization of the investment portfolios by reducing, offsetting, or removing greenhouse gas emissions, with the 'net' effect being zero. The Intergovernmental Panel on Climate Change (IPCC) has repeatedly warned that global warming must not exceed 1.5°C to limit climate change's catastrophic impacts. To achieve this, the world must reduce emissions by 45% (relative to 2010 levels) by 2030 – and drop to net-zero by 2050.



#### Endnotes

- 1 Total Portfolio includes all asset classes with the exception of the sovereign portion of public fixed income funds, currency hedging, money market, and short-term investments.
- 2 Public companies that derive revenues from renewable energy but that are classified under the Renewable Energy sub-industry are not included.
- 3 Hayden AI Sustainability Calculator.

# Climate-Related Financial Disclosure

The following information presents Western's voluntary Climate-Related Financial Disclosures for the Fund. Transparency and reporting are a core principle of Western's Responsible Investing Strategy, and continuing this voluntary disclosure is in keeping with that commitment. Our disclosure is updated annually to reflect any adjustments made to our governance, strategy, risk management practices, and identified metrics and targets.

## Governance

### a. Describe the board's oversight of climate-related risks and opportunities.

The **Board of Governors (the Board)** is responsible for approving Western's strategic direction, supporting the execution of the strategic plan, and the overall risk management of the university. The Board has a fiduciary responsibility for the management of university financial resources. The Board has delegated certain responsibilities to standing committees in helping to achieve its fiduciary responsibility.

The Board, through the **Property and Finance Committee (P&F)**, has delegated responsibility for managing university investments, such as the Operating and Endowment Fund (**the Fund**), to the **Investment Committee (IC)**. The IC brings expert advice and knowledge to bear on the effective long-term management of the Fund, consistent with its objectives. The IC is comprised of various industry experts, including responsible investing (RI).

The IC is responsible for the oversight of university investments, setting investment strategy and objectives, and monitoring performance. The IC establishes a [Statement of Investment, Policies,](#)

[and Governance \(SIOPG\)](#) that guides the management of the Fund. In addition to financial objectives, the SIOPG outlines the importance of Environmental, Social, and Governance (**ESG**) factors in assessing the Funds' performance, as well as the climate-related decarbonization objectives and sustainable investing goals supporting 17 Sustainable Development Goals (**SDGs**), such as climate-action. The SIOPG, as recommended by the IC, is approved by the Board and is in alignment with Western's climate goals.

The IC meets quarterly to review the performance of the Fund against its objectives. The IC is updated quarterly on climate-related engagement activity, as well as performance against our sustainable investing strategy. Annually, the climate carbon metrics are compared to our decarbonization targets. The Board is updated three to four times per year, through P&F, on the IC activities, including those related to climate and RI.

### b. Describe management's role in assessing and managing climate-related risks and opportunities.

The Director, Investments, and their investment team, along with senior leadership of the institution (collectively the **Administration**), are responsible for the ongoing management of the Fund and its



Investment Managers (**Managers**). Recommendations for changes to existing Managers or new investment mandates are presented by Administration to the IC and include climate-related considerations that contribute to Western's climate objectives.

Administration integrates ESG and carbon-related metrics into the ongoing Manager risk and performance management processes. Core to this work is obtaining annual carbon metrics and ESG surveys from Managers. The results of this work are combined with other financial and risk metrics to form the performance review, where we can engage with the Manager on climate-related metrics and survey responses. Administration also collaborates with the [University Network for Investment Engagement \(UNIE\)](#), and is a member of the UNIE Advisory Group which helps guide the development of the network engagement program. Participation in UNIE enables Western to engage with companies on climate change-related risks, as Western invests in the public market through pooled funds and collective engagement is more impactful.

Administration monitors the overall performance of the Fund with respect to the 2030 and 2050 decarbonization objectives by obtaining a total Fund carbon measurement and tracking the results to target(s). Administration is also responsible for investigating new sustainable investment strategies to fulfil Western's 10% sustainable investment capital allocation, without compromising financial performance objectives.

Administration keeps up to date with relevant climate-related risks and opportunities through membership as a [Principles for Responsible Investment \(PRI\)](#) signatory, relevant industry conferences, articles, and educational opportunities. This is supplemented by working closely with and learning from the university investment consultant, Mercer Canada (Mercer), who maintains expert knowledge of RI and climate-related issues. Administration is subject to annual performance reviews, which include consideration of ESG and Climate-related objectives of the Fund.

## Strategy

### a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.

The university recognizes that proper assessment of ESG factors, including climate-related risks, as it relates to Managers, and the underlying holdings in any investment strategy is essential for understanding the overall risk of any investment opportunity. The financial impact of an incomplete risk assessment could affect the financial performance of an investment strategy, affecting the endowment and the financial contributions it makes to university activities.

As acknowledged in our SIOPG beliefs and RI strategy, the risks posed by climate change are relevant and material to the Fund, and we must manage and mitigate both the physical and transition climate risks to achieve our goals. In response, our Administration integrates ESG risk factors, inclusive of climate-related risks, into our investment decision-making process.

The Fund, by its nature, has a long-term horizon and therefore the potential risks from climate change may impact the Fund over the short, medium, and long-term. Administration has performed scenario analysis to identify the potential impacts of climate change over these time frames (5/15/40 years). The analysis reflected our views that transition risks will be most profound in the short-term, while physical risks exist throughout, but will have a more significant impact in the medium- to long-term.

The university continues to evolve our understanding of how transition and physical risks will impact our asset classes. While the transition risks, such as technology, market, and reputation, will have varying degrees of impact on our Fund, our view is that policy and legal risks, which incorporate changing regulatory environments, will play the most significant role on Fund investments in the short-term.

We expect acute and chronic physical risks to exist throughout our investment time horizons but increase in severity over the medium- to long-term. The ultimate severity will depend on our global path for average temperature increases by the end of the century. We expect the impact of physical risks will also vary in relation to our asset classes, with physical assets being more directly impacted.

Administration expects a variety of investment strategies to develop in relation to climate-related opportunities. As these strategies are developed, the Fund is well positioned to consider these new opportunities given its long-term nature. In the long term, Administration expects these strategies will arise in asset classes that are able to capitalize on the transition to a low carbon economy while managing the complexity of that transition.

**b. Describe the impact of climate-related risks and opportunities on the organization's business, strategy, and financial planning.**

Western's SIOPG incorporates climate-specific strategies, such as our decarbonization, engagement, and sustainable investment objectives.

As a signatory to the [Paris Pledge for Action, Investing to Address Climate Change: A charter for Canadian Universities](#), and the PRI, Western has joined with many institutions and organizations in pursuing action towards climate-change.

The IC and Administration integrate ESG factors into the investment decision making process, engage with Managers and companies through engagement networks for positive change on climate-action. These climate-related objectives are aligned with the Fund's objective of meeting the needs of current and future generations.

Western is a leader in higher education sustainability and has a track record of enviable recognition from Time Higher Education (Impact Ranking), QS World University Ranking (Sustainability) and STARS. As sustainability is important to Western, 10% of the Fund has been allocated to our Sustainable Investing Strategy, intended for thematic investment strategies that are in support of the SDGs, including

SDG#13 – climate-action. Administration has seen that investment opportunities meeting our sustainable investment and financial performance criteria have had a marked increase in opportunities recently, and we expect this trend to continue. The university has made six investments under our sustainability strategy in renewable energy, transitioning to a low-carbon future, and impact investments targeting sustainable development. While investment opportunities are increasing, Administration has focused on private markets, including infrastructure, for our investment opportunities as they have better exposure to renewable energy and better control over assets and their impact.

**c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.**

The IC and Administration believe that sector exposure will play a significant role in the performance results of the Fund over the medium- to long-term. Changes to sector exposure may occur within existing Manager mandates, and the university has flexibility within the SIOPG to make asset-mix adjustments. Over the medium- to long-term, changes to the Manager line-up or the existing asset mix may be required to manage the risks associated with sector exposure. While Manager performance is reviewed annually, the asset mix is reviewed approximately every five years. The most recent asset mix was approved in 2020 and will be updated in 2026.

To help manage climate-related risks to the Fund, Administration has relied on a top-down scenario analysis to review the resiliency of the current investment asset mix. The analysis, performed by Mercer, uses a variety of climate scenarios, which include scenarios ranging from rapid transition to failed transition (from 1.6°C to 3.7°C). Each climate scenario incorporates a world view of economic activity, market pricing shocks, and financial returns, combined with a narrative that articulates a view of transitional and physical risks. The effects are then forecast onto the Fund to show the impact of each scenario over time (short – 5yrs, medium – 15yrs, and long-term – 40yrs).



The IC and Administration expect to utilize climate scenario analysis as a strategic tool when considering future asset mix and university investment payout policy reviews. The analysis will be repeated periodically to assess the exposures of the Fund and will require updating as scenario information evolves with real-world experience. The 2025 climate-scenario analysis has indicated that the potential changes being considered for the asset mix will maintain our current climate resilience and could provide new implementation opportunities for risk management under the most challenging climate scenarios.

In addition to managing the overall climate-related risks of the Fund through scenario analysis, the university has set a decarbonization strategy aligned with a 1.5°C scenario that is resilient because of its comprehensiveness. Administration has had Mercer perform an Analytics for Climate Transition (ACT) analysis that helps identify where future emission reductions can be expected, and those which have transition capacity for a low carbon future. This analysis is integrated into our Manager reviews, to discuss the transition capacity inside the asset classes. Additionally, engagement through UNIE allows Western to engage collectively on climate-action with individual companies in our Fund.

Administration's focus to reduce weighted average carbon intensity (WACI) is initially through public equity asset classes, which have more robust emissions data, while engaging with our Managers in other asset classes to improve the quality of emissions data before turning our attention to them. Every asset class is expected to contribute to carbon reduction.

## Risk Management

### a. Describe the organization's processes for identifying and assessing climate-related risks.

The Fund's climate-related risks are identified at the macro view by performing climate-scenario analysis periodically and understanding the implications from the current investment mix. This scenario-based analysis is used to generate financial implications of the Fund

to assess the magnitude of financial impacts under various climate scenarios. This is performed by Mercer and considered by the IC and Administration.

Climate-related matters may also be identified by Mercer, who supports the IC and Administration in the quarterly review of the Fund. Mercer has a dedicated global Sustainable Investment group that keeps up to date on climate-related issues. As climate-related risks and opportunities arise, or knowledge increases, Mercer shares this with Administration monthly, and the IC quarterly. For example, Mercer interviews and rates Managers on their ESG integration; this combination, with other factors, is integrated into the investment monitoring and decision-making process.

Administration also engages with Managers annually through the ESG survey, which includes climate-related inquiries. The information collected through the survey informs Administration of the individual risks from the Managers view, and in combination the collective climate-related risks in the Fund.

Administration participates in various learning opportunities, such as PRI events and working groups, to advance learning for integration into risk management processes and industry best practices.

Administration also works with other Canadian Universities to advance climate-action. As a signatory to the Investing to Address Climate Change, administration co-ordinates this collaboration in Canada. The sharing of knowledge and best practices with each other assists Administration in identifying and assessing climate-related risks and opportunities. Collaboration is a powerful tool to help drive climate-action through our collective efforts.

### b. Describe the organization's processes for managing climate-related risks.

The IC and Administration manage climate-related risks within the Fund based on a combination of factors. Most of the climate scenario and ACT reflect point-in-time risk of the Fund, which must also consider the future plans of Managers and the underlying

investments. Managing climate-related risks is similar to managing other risks inherent in the portfolio. The risks are considered in combination with other risks and opportunities to determine if adjustments to investments are required. In this way, climate-related risks are integrated into our normal risk management practices, Manager reviews and due-diligence processes.

In monitoring or making decisions about the Managers, Administration combines financial performance with climate-related performance. Climate-related risk factors are informed by the previously mentioned analyses, such as sector risk (scenario analysis), transition capacity (ACT), ESG integration (ESG survey and Mercer reviews), peer benchmarking, and carbon measurements (Mercer). In managing risk, the formal review process is used to engage with the Manager on their specific climate-related risks, carbon data, and how to improve data quality, where applicable. This is also the opportunity to inform the Manager of our Fund's climate objectives and our expectations of how their actions contribute to our outcome(s). This type of engagement enables Administration to consider which Managers are on a path to contribute (or not) to our long-term climate-related goals, such as net-zero by 2050, or sooner.

The Fund's net-zero by 2050, or sooner, decarbonization objective is managed by performing an annual review of the total Fund carbon footprint, including all asset classes. Western's interim objective, a 45% reduction in weighted average carbon intensity by 2030, will be monitored against 2020 baseline measurements. The annual carbon footprint analysis helps Administration determine where progress has been made, and where future reductions may come from. The ACT assists Administration in determining which Managers have transition capacity and may inform future changes to the Fund line-up if those with limited transition capacity fail to evolve.

In addition to engaging with Managers, Administration works with UNIE, an engagement collaborative to manage climate-action with individual companies and pursue decarbonization strategies. This engagement is aimed at using the collective power of many institutional investors to effect change in climate-related risks for individual

companies. This type of engagement through UNIE is required, as Western's public equity investments are primarily held in pooled funds. As a member of the UNIE Advisory Group, Administration contributes to development of UNIE's overall engagement plan and receives quarterly engagement updates. For the nine months of 2025, ending September 30, 2025, Western participated in 226 engagements, with 118 unique companies through UNIE, the majority focused on reducing greenhouse gas (GHG) emissions.

As the vast majority of Western's public company investments are held in pooled funds, the university relies on the Manager to vote on shareholder resolutions, as outlined in our SIOGP. While we engage with Managers on their voting, Administration is investigating how to improve upon our proxy voting practices, guidance provided to Managers, and proxy voting results. This is an area of continuous improvement, that we expect will assist in managing climate-related risks held indirectly through pooled investments.

The IC and Administration also manage climate-related risks and objectives through asset allocation and have allocated 10% of the Fund to sustainable investment opportunities. Administration has made investments as of 2025 to achieve the 10% allocation. In making these investment commitments, Administration had to carefully manage the selections to ensure that all objectives, including financial performance, and prosper diversification, are met under the SIOGP. After an asset class has been reviewed, generally, the best ideas have been explored and therefore future reviews are likely to explore new asset classes.

**c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.**

Climate-related risks are included as a factor in the portfolio's overall risk management. This includes investment decision making, whether in due diligence, or in ongoing performance reviews with Managers. Further, climate-related risks are managed at the total Fund level, with commitments for the Fund to become net-zero and to meet a 10% capital allocation to sustainable investments.



## Metrics and Targets

### a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.

Western tracks the carbon emissions per million invested and WACI of its investments (collectively the metrics are referred to as the 'Carbon Footprint'). The selected metrics enable the IC and Administration to review the Fund's contribution to actual carbon emissions and its exposure to carbon-intensive companies. Carbon emissions metrics are completed for equity and equity like instruments, whereas the WACI is compiled for the entire Fund, across all asset classes. Although the university has tracked carbon emissions since 2015, in 2020 baseline Carbon Footprint measurements were completed from which the decarbonization targets of the Fund will be measured against. All measurements are completed as of December 31.

Administration tracks progress towards the capital allocation against the sustainable investment strategy by using the value of the investment commitments made. By the nature of the investment opportunities that exist, the capital will be called from the Manager over time, which is tracked separately.

### b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

The carbon metrics include Scope 1 and Scope 2 GHG emissions. As the reliability of Scope 3 emissions data increases, the IC will consider including material Scope 3 GHG missions into the measurements.

The Carbon Footprint metrics are compiled annually by Mercer, combining data from MSCI, data directly from real asset managers, and proxy data (based on indexes) for asset classes without reliable data. We continue to engage with our Managers on data reliability to reduce proxy data and improve the accuracy of our measurements.

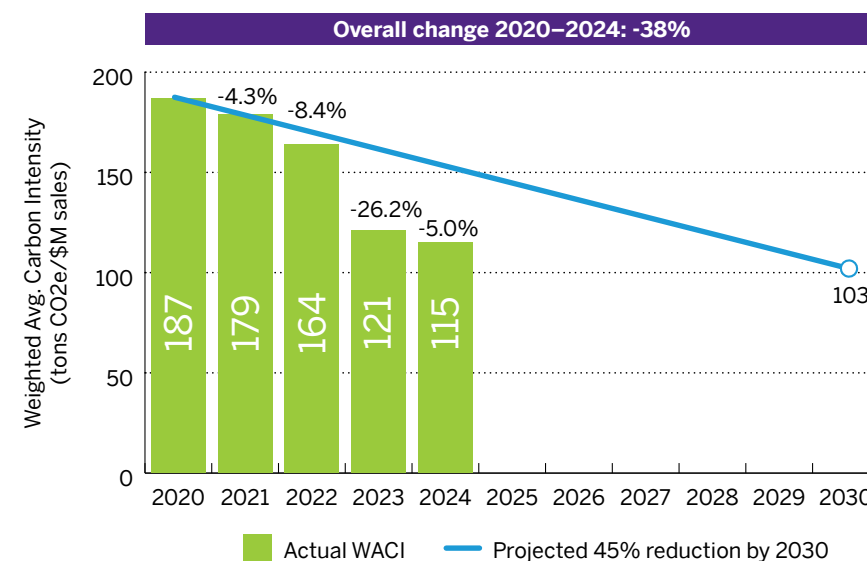
Compiling carbon measurements can range from 4–6 months, or more, depending on the asset class and availability of information.

### c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.

Western aims to reduce the carbon intensity of the Fund by 45% by 2030, using 2020 as a base year of measurement. Additionally, the Fund aims to achieve net-zero absolute emissions by 2050, or sooner.

The WACI for 2024 was 115 tons CO<sub>2</sub>e per \$M sales, a decrease of 5.0% from 2023. The WACI has decreased a cumulative 38% since 2020, our baseline measurement year. Administration will continue to monitor the progress towards the 2030 target as shown below:

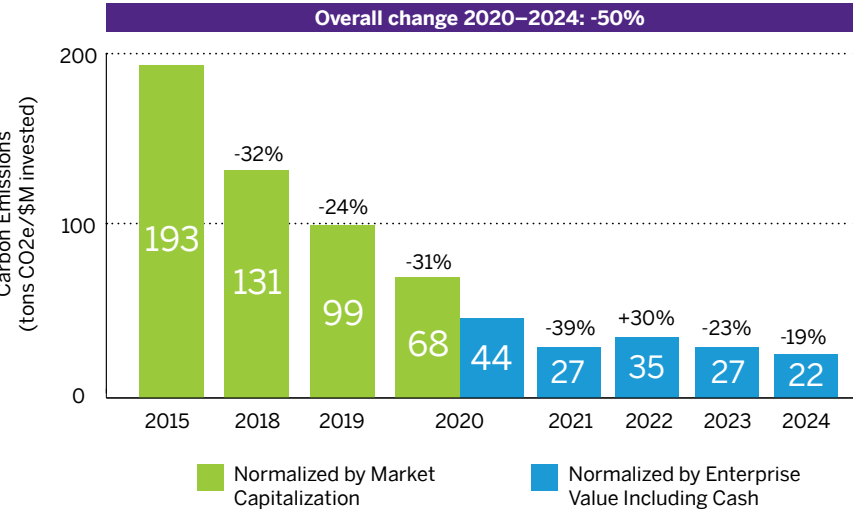
#### Weighted Average Carbon Intensity



Western also tracks the carbon emissions of the public equity holdings, which decreased to 22 tons CO<sub>2</sub>/\$M invested, or 19% since 2023. The cumulative decrease in carbon emissions since 2020, our baseline

measurement year, is 50%, as measured by EVIC. The chart below shows the public equity carbon emissions normalized by EVIC and by market capitalization (the measurement used prior to 2021).

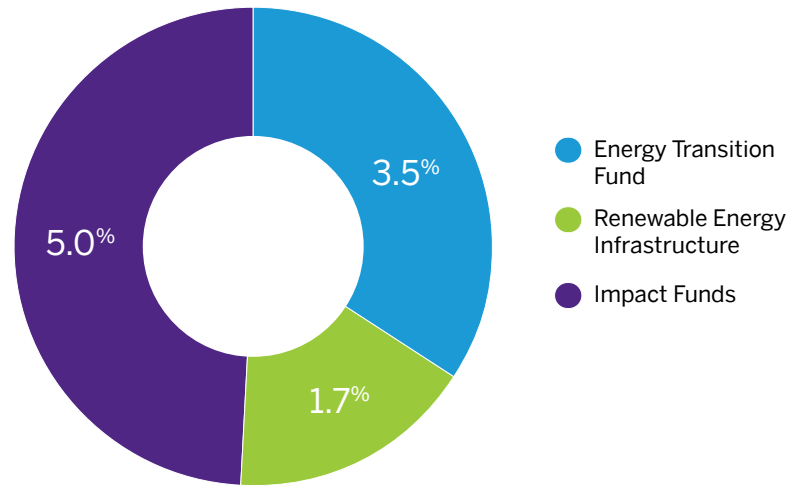
Carbon Emissions – Public Equity Holdings



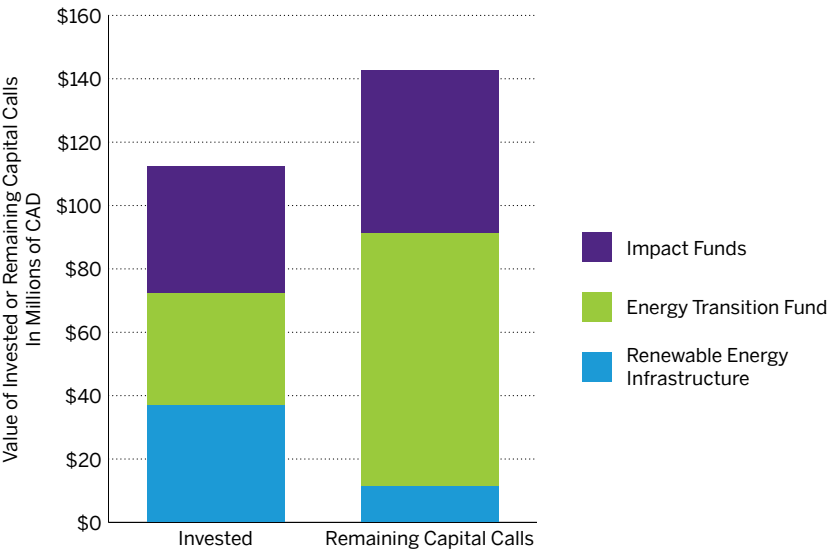
The university has made six allocations towards the sustainable investment strategy, representing approximately \$255 million CAD (\$195 million USD) of commitments and over 10% of the Fund. Western has over \$112.3 million CAD invested in the sustainable investment strategy, and capital calls of approximately \$142.6 million CAD remain to be drawn over time.

Sustainable Investment Allocations

Percentage of Fund as at September 30, 2025



Sustainable Investment Progress







Financial Services – Treasury & Investments  
Support Services Building, Suite 6100  
London, Ontario, Canada N6G 1G9  
Tel: 519.661.3839  
[uwo.ca/finance/treasury/investing.html](http://uwo.ca/finance/treasury/investing.html)