YORK UNIVERSITY ENDOWMENT FUND

Sustainable Investing 2023-2024 Progress Report





9.5%
Overall investment return in fiscal 2023-2024

85%
Reduction in our WACI score for equities since 2016

32%
Lower than the Paris Accord WACI target on equity portfolio

58%
Reduction in our fixed income carbon footprint

48%
Below the equity portfolio emissions benchmark

85%
Reduction in our equity carbon footprint

36%
Reduction in our fixed income WACI

72%
Reduction in our fixed income carbon emissions

82%
Reduction in our equity carbon emissions

Environmental – Social – Governance

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Message from the Vice President, Finance and Administration and the Investment Committee Chair

Dear Members of the York University Community,

As we reflect upon the past year, we are pleased to report that the York University endowment fund is making significant progress in its contribution toward a more sustainable future. This achievement is a testament to our collective commitment to integrating environmental, social, and governance (ESG) considerations within our investment strategy.

A sustainable endowment fund also means financial sustainability and long-term growth. We believe that responsible investing is not only about creating a positive impact on society and the environment; it is also about safeguarding and growing our financial assets for the future of our university. Our robust financial performance this past year demonstrates that sustainable investing does not come at the expense of returns.

We have seen remarkable progress in reducing our carbon footprint this past year, with substantial decreases in greenhouse gas emissions across our portfolios. In addition, we are one of the first organizations in the world to apply Climate Transition Value at Risk (CTVaR) metrics in assessing the financial risks linked to a low-carbon economy. These efforts align closely with our mission to ensure the financial health of our endowment while fostering a sustainable future.

Looking ahead, we remain dedicated to pushing the boundaries of what is possible in sustainable investing. We will continue to refine our strategies, engage with our investment managers, and uphold the highest standards of governance and accountability.

We are proud of what we have accomplished and excited about the future. Together, we are making a difference, not just for York University, but for the broader community and the planet.

Thank you for your continued support and commitment to this important endeavour.

Warm regards,

Narin Kishinchandani, Vice President Finance and Administration
Mary Traversy, Chair, Investment Committee

Executive summary

Welcome to the 2023-2024 York University Endowment Fund Annual Sustainable Investing Progress Report

The York University endowment fund's 2023-2024 Sustainable Investing Progress Report demonstrates a steadfast commitment to sustainable investing, integrating environmental, social, and governance (ESG) factors into its investment strategy. This past year, the fund has made significant strides in aligning its portfolio with sustainable practices, achieving notable reductions in carbon emissions and in enhancing financial returns.

Key achievements:

- **Carbon emission reductions:** The Weighted Average Carbon Intensity (WACI) of the equity portfolio was 32% lower than the target set in accordance with the Paris Accord. Equity WACI has been reduced by 85% since 2016. Fixed income portfolio WACI and total emissions have been reduced by 36% and 72%, respectively, since 2021.
- **Financial performance:** The fund recorded a robust 9.5% overall investment return for the fiscal year, reflecting York's belief that ESG considerations can have material impact on the total portfolio's risk adjusted return.
- **Sustainable practices and manager monitoring:** The fund emphasizes best practices in ESG integration and stewardship, conducting biannual reviews of fund managers' ESG and stewardship activities. This rigorous monitoring ensures alignment with the fund's sustainable investment goals.
- **Social and governance metrics:** The fund closely monitors compliance with the United Nations Global Compact (UNGC) Principles, human rights controversies, and governance practices, including board independence and CEO compensation. These metrics are crucial for maintaining transparency and accountability in investment practices.

Future outlook:

York University remains dedicated to advancing its sustainable investment strategy. The fund will continue to engage actively with fund managers and prioritize ESG integration to enhance risk-adjusted returns and support sustainable business practices. York University will continue to make capital commitments and deploy assets to impact funds that have sustainable investment goals.

This year's progress underscores York University's ongoing commitment to sustainability and its role as a leader in responsible investing. The fund is set on a path to not only achieve financial success but also contribute positively to societal and environmental outcomes.

York's commitment to sustainable investing

York University is dedicated to a sustainable investment strategy that integrates environmental, social, and governance (ESG) factors into the management of its endowment fund's portfolio. Recognizing that these factors influence risks and returns, the University commits to practices that help ensure organizations managing ESG factors well are poised for success and capable of creating lasting value.

Sustainable investing at York is dynamic and evolves as the interplay between ESG factors and financial outcomes becomes more apparent. Our 2022 report focused on how the portfolio is moving toward lower carbon emissions. In this year's report, we have placed an additional focus on investments in sustainable infrastructure, such as clean energy and environmentally friendly properties, which align with our goal to reduce emissions and promote sustainable business practices. In addition, the 2023-2024 report also includes more insight into the social and governance factors of ESG investing.

Through annual ESG reporting and ongoing engagement with investment managers, York ensures that our commitment to sustainable investing remains transparent and effective. We continue to invest in our people, processes, and governance structures to enhance the measurement and management of climate metrics, while considering how sustainability issues affect investments.

As we move forward, York University will maintain its role as a leader, fostering a sustainable endowment fund and advocating for responsible investment practices that align with the long-term interests of our community.

Key ESG considerations include:
York University Endowment Fund Sustainable Investing 2022 Progress Report

https://tinyurl.com/YorkEndow2022

ESG Priorities

While there is no universally accepted definition of best practice for ESG integration, a consensus on effective practices is emerging as investment managers increasingly incorporate ESG factors into their investment strategies. The primary motivation for ESG analysis is to evaluate potential risks.

York recognizes the importance of identifying and managing climate-related financial risks and opportunities. This approach is informed by the Task Force on Climate-related Financial Disclosures (TCFD) framework. Although the TCFD has officially been disbanded, its framework continues to be relevant and the International Financial Reporting Standards (IFRS) is taking over these responsibilities. The following elements continue to apply:

Transition Risks	Assessing policy and legal risks that could impact financials, ensuring that investments are resilient in the face of regulatory changes.
Opportunities	Capitalizing on advancements in technology and resource efficiency, which not only enhance market position but also bolster York's reputation as a leader in sustainable practices.
Physical Risks	Strategy includes evaluating both acute and chronic physical risks to York's investments, ensuring long-term sustainability.
Financial Impact	Meticulous analysis of how climate-related risks and opportunities can affect revenues, expenditures, assets, liabilities, capital, financing, and cash flows, ensuring comprehensive financial oversight of assets.
Societal Impact	Climate change can directly impact the enjoyment of our planet for future generations. Considering the outlook for companies' climate transition risks is a practical way to direct investment to positive outcomes for the fund.

Manager monitoring

Assessing fund managers and their alignment with York's principles

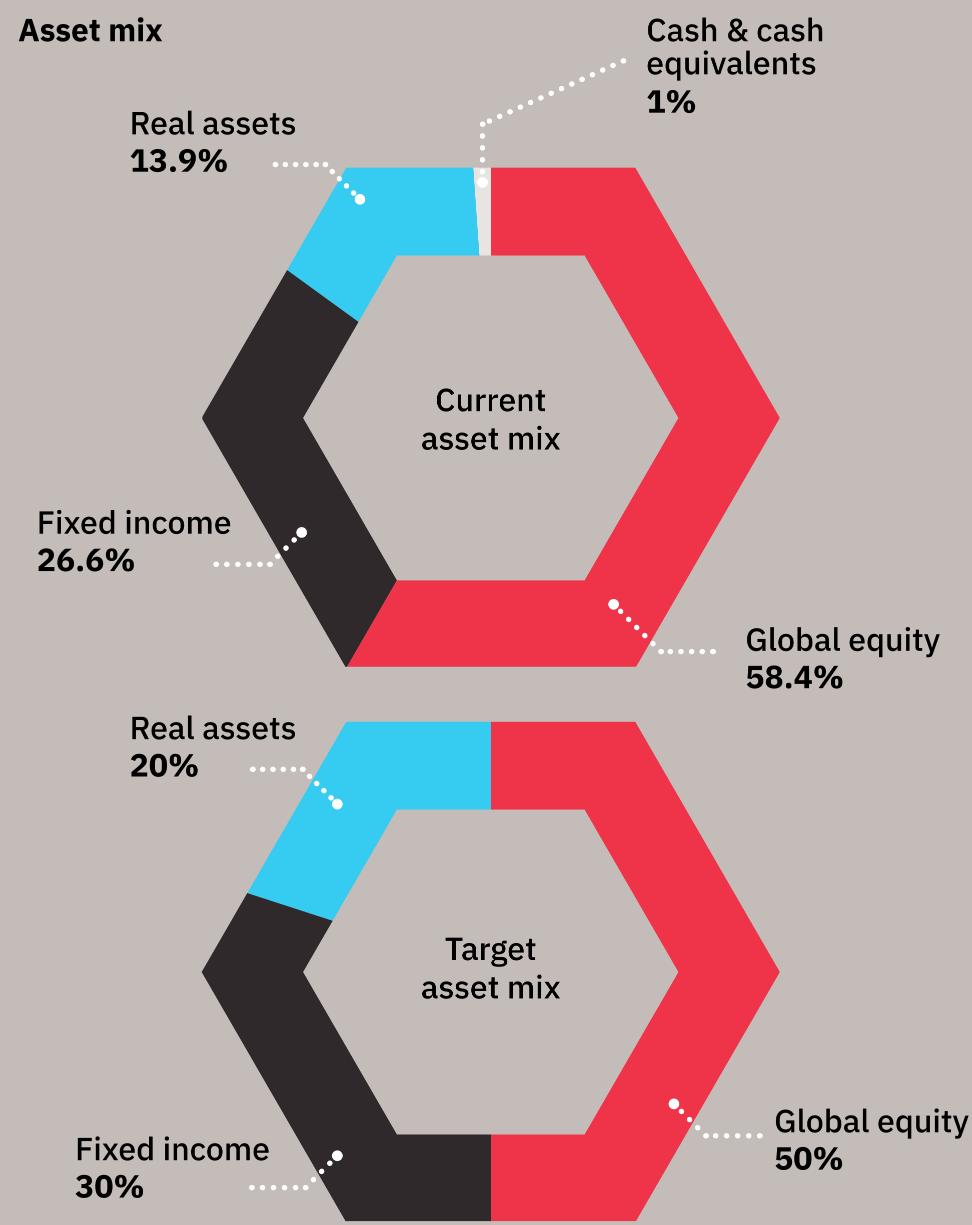
Sustainable investing is a fundamental principle outlined in the York University Endowment Fund's Statement of Investment Policies and Procedures (SIPP); specifically:

- The University holds a fiduciary duty to manage the long-term sustainability of its investments, ensuring stable funding for students and researchers.
- The University prioritizes the integration of environmental, social, and governance (ESG) factors in managing the endowment portfolio, recognizing their impact on risks and returns.

York has thoroughly incorporated sustainability considerations into the process of assessing and continuously monitoring fund managers. To maintain alignment with its long-term investment principles, the endowment fund actively engages with fund managers, comparing their practices against policies, and collaborating with them to enhance their approaches in this area.

To verify that activities are consistent with its mission and meet expectations, the endowment fund regularly reviews the ESG and stewardship activities of managers. For example, a detailed analysis is conducted regularly to evaluate the endowment fund's ESG credentials in various contexts:

- At the total fund level, which encompasses all asset classes;
- At the individual asset class level, including equities, fixed income, and real assets;
- At the manager level, providing specific insights into each manager's performance and alignment with ESG goals.



Fund manager engagement

York University Investment Funds are members of the University Network for Investor Engagement (UNIE), a collaboration with SHARE and other Canadian universities. This initiative is a shareholder engagement program aimed at university endowments and pension plans. It applies the collective influence of institutional investors to engage with publicly listed companies in Canada and the U.S., addressing climate change risks effectively. The program concentrates on expediting the shift to a low-carbon economy across crucial sectors such as energy, utilities, finance, transportation, and manufacturing. It also considers the effects on workers and communities.

Sustainable finance	SHARE engaged with a leading Canadian bank to enhance its climate strategies and transparency, discussing its targets for renewable energy finance ratios. The bank currently aims to engage with at least 50% of its energy and utilities clients on climate issues, with plans to increase this target to 100%.
Reducing greenhouse gas emissions	As part of Climate Engagement Canada (CEC), SHARE consulted with a major Canadian energy company on its decarbonization strategy, including setting reduction targets and improving climate lobbying disclosure and governance. The company emphasized its commitment to interim targets and the role of natural gas in the electrification of the economy.
Climate action plan	Through CEC, SHARE engaged with various resource and manufacturing companies to review and potentially enhance their climate action plans, discussing progress on existing targets and exploring opportunities to elevate their ambitions.

York University's commitment to sustainable investing is further reinforced by its affiliations with the Responsible Investment Association, the Canadian Coalition for Good Governance, and the Carbon Disclosure Project (CDP).

- SHARE UNIE: https://share.ca/initiatives/unie/
- Climate Engagement Canada: https://climateengagement.ca/
- Canadian Coalition for Good Governance: https://ccgg.ca/
- Carbon Disclosure Project (CDP): https://www.cdp.net/en

Metrics

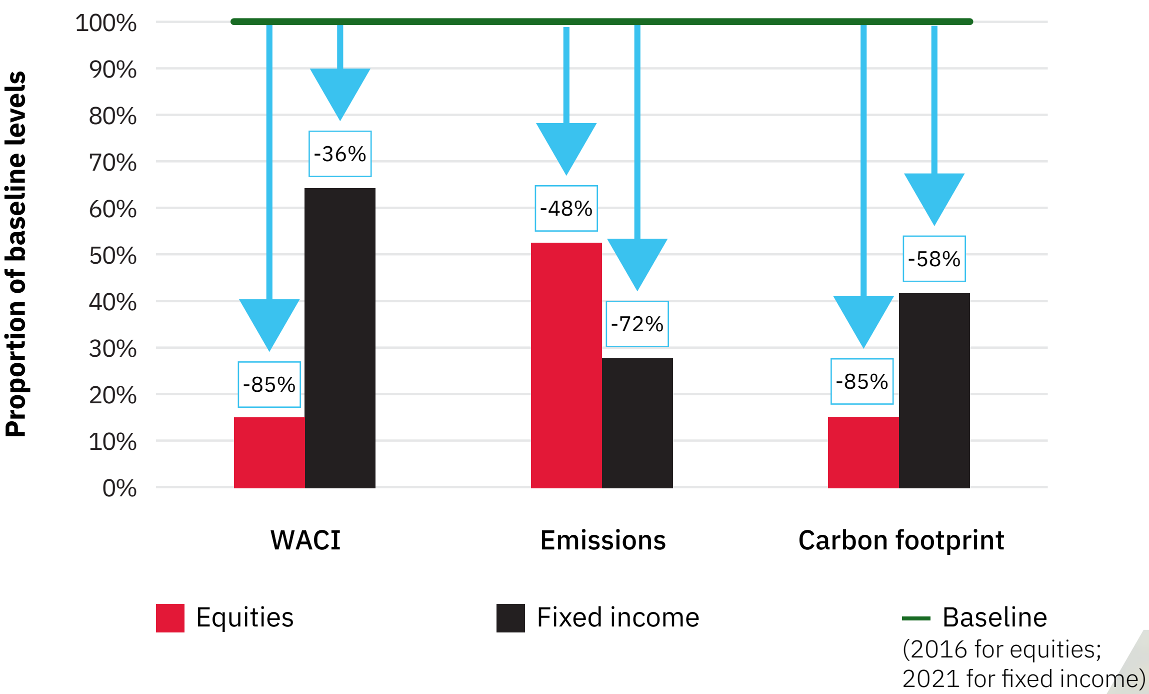
This section provides an overview of the fund's performance in sustainable investing. It showcases key achievements such as a record low ***Weighted Average Carbon Intensity (WACI)*** score, significant reductions in carbon emissions, and a robust fiscal year return. This section also details the fund's commitment to sustainability-focused investments and its diversified asset mix, highlighting its leadership among Canadian universities in transparently reporting on crucial emissions standards.

Measuring key metrics allows York to consider how to improve key ESG outcomes while simultaneously managing its financial commitments. Through a combination of manager interviews and ESG assessments, as well as portfolio structure considerations, York has improved upon many of its areas of focus. York will continue to build on these outcomes.

MSCI reports the carbon footprint of its global indices:

https://tinyurl.com/MSCImetric

Key metrics



Baseline dates

2016 was the first year York began measuring the equities portfolio against international benchmarks. Such measures only became available in 2021 for fixed income investments. Therefore, both dates are set as baselines.

ESG integration

ESG integration aligns with an investment manager's fiduciary duty to consider all pertinent information and material risks in investment analyses and decision-making. York University's approach to ESG integration extends beyond "typical" negative screening, which could restrict the range of investment opportunities. Negative screening means applying criteria for divesting from a particular asset type without necessarily considering the investment's overall benefits to society, the environment, and/or financial results.

Investment manager assessment

York University's Investment Committee conducts a scorecard-based annual review. This assessment is informed by two primary data sources: the Sustainability Accounting Standards Board (SASB) Materiality Map and MSCI's ESG data. The SASB map categorizes 26 general sustainability issues across five dimensions and 77 industries, highlighting the financial materiality of specific ESG issues for each industry.

York's endowment fund is as good as or better-rated than most benchmarks.

What is ESG Integration?

The Principles of Responsible Investing (PRI) defines ESG integration as the "explicit and systematic inclusion of environmental, social, and governance factors in investment analysis and decision-making processes." This approach does not prohibit investment in specific companies, sectors, or countries. Moreover, it is distinct from exclusionary screening, which limits the investment universe based on certain values. In contrast, ESG integration seeks to identify assets that represent good value, enhancing risk-adjusted returns by pinpointing investment risks likely to impact corporate performance.

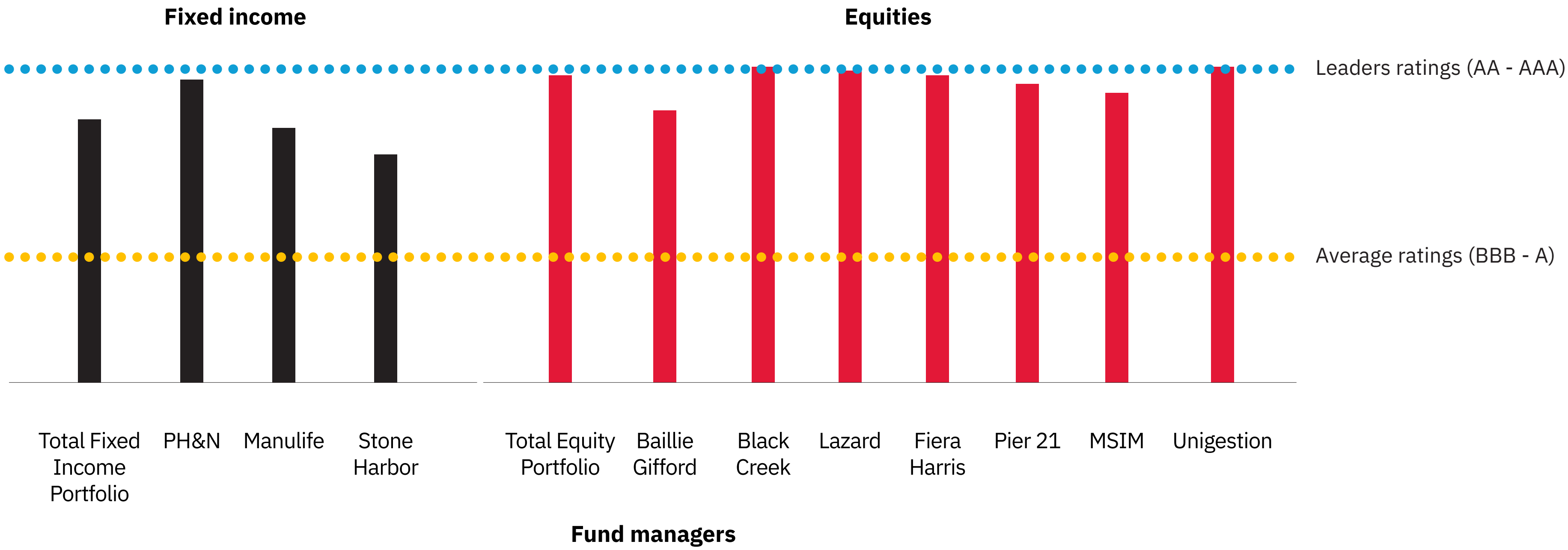
ESG integration: How are social issues influencing investment decisions?

https://www.unpri.org/download?ac=6529

ESG scorecard

The ESG Scorecard evaluates fund managers in the context of risk exposure. It is based on a thorough analysis of ESG-related topics and assigns a score from CCC to AAA. York University applies this measure on its investments.

Here's how the endowment fund portfolio rated in 2023:



Source: Adapted from MSCI methodology.

E Environment

York's journey to a sustainable footprint

Accounting for environmental factors is essential in evaluating any investment. Companies contribute to greenhouse gas emissions, possess a carbon footprint, use resources, and implement waste policies and energy strategies—all critical elements for both management and investors.

Companies that overlook the environmental impact of their operations face potential regulatory penalties, reputational risk, and legal challenges – all of which can adversely affect their financial statements and overall value. Moreover, as the effects of climate change intensify, regulatory measures will increasingly come into force.

Companies unprepared to adapt and mitigate the risks associated with climate change will face both transitional and physical challenges.

How York applies information on environmental metrics

Environmental controversies

York tracks the percentage of the endowment fund portfolio involved in severe environmental controversies. These include issues related to land use and biodiversity, toxic spills and releases, energy and climate change, water management, operational nonhazardous waste, and the environmental impact of supply chain management.

Material water and wastewater management issues

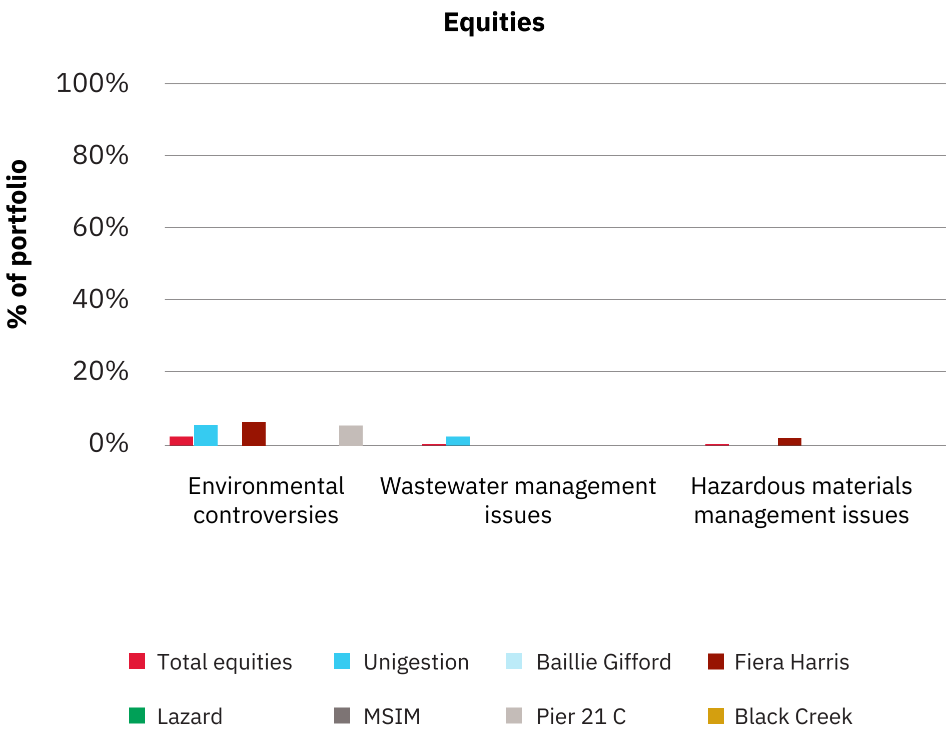
York assesses the fund's exposure to companies for which water use/consumption, wastewater generation, and impact on water resources are likely to be significant concerns.

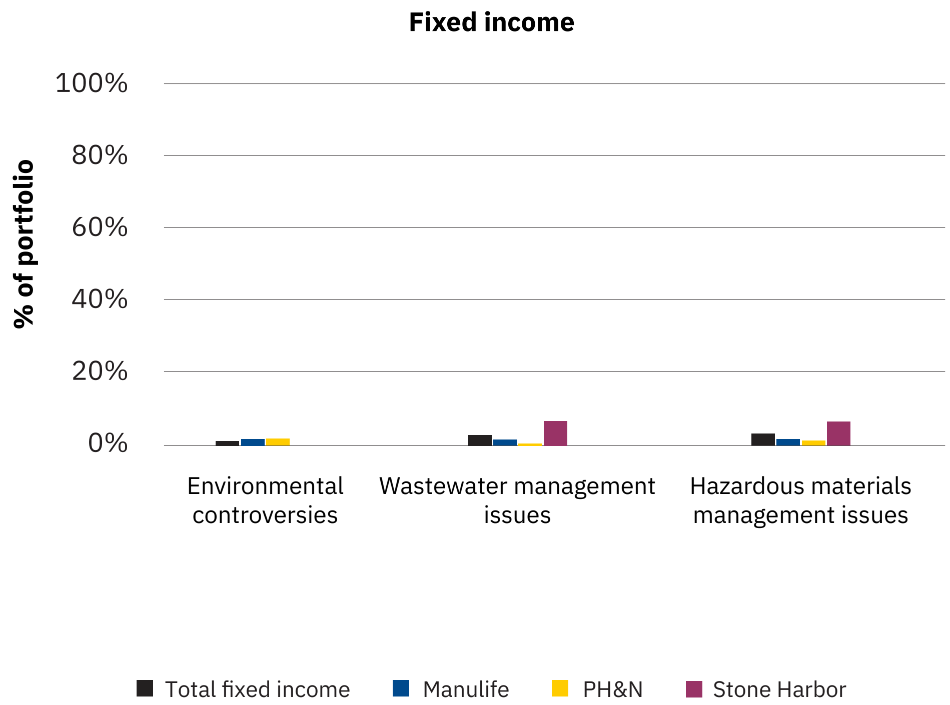
Material waste and hazardous materials management issues

York evaluates the fund's exposure to companies where the management of hazardous and non-hazardous waste presents material environmental challenges.

Fund managers

All equity funds are significantly below the representative MSCI ACWI benchmark for environmental metrics. No representative benchmark data for fixed income managers are available, but the fixed income portfolio is comprised of assets with very low exposure to environmental issues, wastewater issues, and hazardous materials.





E

Reducing York's carbon footprint: Equities

Carbon metrics

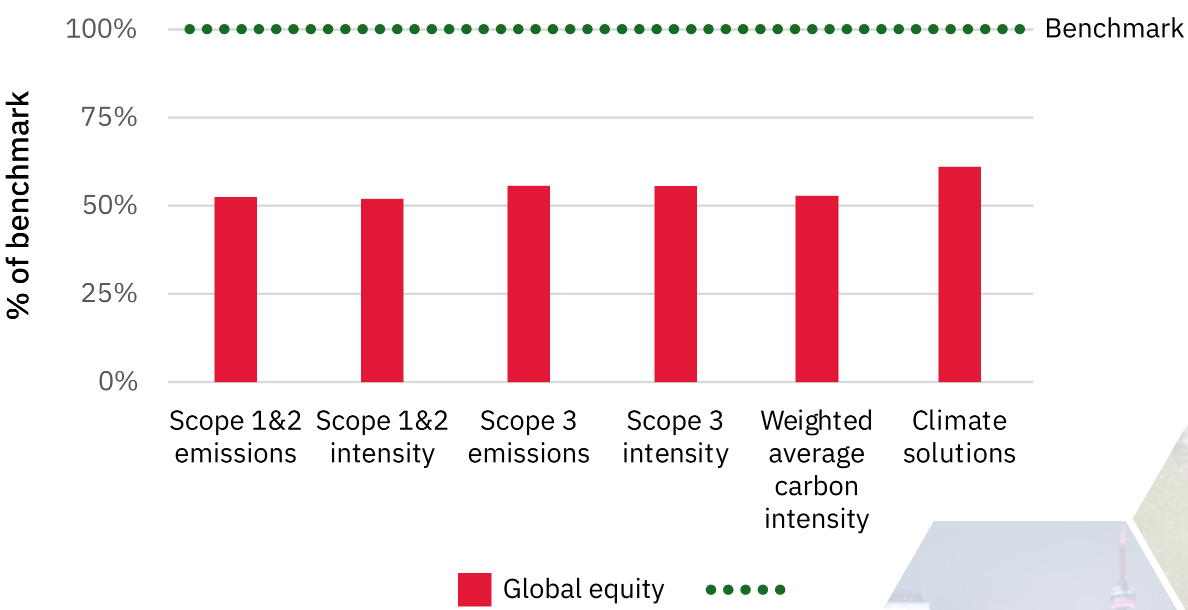
Carbon metrics offer investors insights into their exposure to climate-related risks and opportunities. These metrics, which are retrospective, serve as a tool for institutional allocators like York University, which has exposure to hundreds of equity holdings and thousands of fixed income holdings across various portfolios managed by different investment managers. Carbon metrics are a method to evaluate the climate risk associated with a portfolio.

For equities, due to better data availability and simpler calculations, carbon metrics are more accessible and easier to compute than for fixed income. Continuing from the 2022 report, York has adopted the Scope 1 and Scope 2 metrics as recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

These metrics include:

- Weighted Average Carbon Intensity (WACI) - metric tonnes CO_2e per million dollars of revenue
- Total Carbon Emissions - metric tonnes CO_2e
- Carbon Footprint - metric tonnes CO_2e per million dollars invested

Global equity carbon footprint metrics



All greenhouse gas emissions metrics for the equity portfolio are significantly below the respective metrics for the equity portfolio benchmark.

Fixed income challenges

Fixed income, as an asset class, presents unique challenges compared to equities, particularly because fixed income portfolios often include sovereign bonds. Sovereign bonds are financial instruments that fund national governments, potentially making the emissions linked to these bonds subject to double-counting from the country's private and household sectors. There is a diversity of opinions regarding the appropriate scope for considering a country’s GHG emissions, influenced by different carbon accounting protocols.

When assessing a sovereign bond, it is crucial to ensure that there is no double counting of emissions from the sovereign nation’s private and household sectors. The accounting for emissions can be approached in three ways:

Production-based accounting	This method accounts for emissions produced within a country’s national borders.
Consumption-based accounting	This approach measures emissions related to the consumption by a country’s population or its final demand.
Hybrid approach	This method considers both territorial emissions and imported emissions, encompassing all emissions related to any economic activity within the country.

The production-based approach is generally less complex to calculate compared to the other methods.

Further details on the challenges of accounting for sovereign bonds can be found in the article, *Accounting for Carbon in Sovereign Bonds* at

https://tinyurl.com/SovereignBonds

E Fund results: Fixed income

Fixed income investments, represent 27% of the endowment fund's holdings. In Q4 2023, fixed income investments saw significant environmental improvements:

Environmental: Despite the asset class's higher exposure to high carbon-producing sectors like energy and utilities, the fixed income portfolio has shown improvement, achieving a 42% reduction in carbon footprint since 2021.

Social: The fund is well-positioned from a social standpoint, with a decrease in exposure to human rights controversies and stable inclusion and diversity metrics.

Governance: The fund maintains very strong governance policies and procedures. In terms of investments, there was a small decline in the percentage of the fund with independent boards, primarily due to changes in Manulife. In general, fund manager governance-related scores have been quite consistent over the 3 years that York has been collecting this data.

WACI dropped by

36%

from 332.7 tCO_2e per million dollars in revenue to 214.0 tCO_2e

Carbon footprint was reduced

42%

from 273.5 tCO_2e per million dollars invested to 114.0 tCO_2e

Total carbon emissions decreased

72%

from 30,644 tCO_2e in 2021 to 8,510 tCO_2e

E CTVaR – Carbon footprint and emissions

Climate Transition Value at Risk (CTVaR) is a crucial metric for assessing investments as it quantifies the financial risks linked to the transition toward a low-carbon economy. This metric evaluates how well companies are adapting to environmental changes, such as reducing greenhouse gas emissions and shifting toward renewable energy sources.

By incorporating CTVaR, investors gain insights into the long-term sustainability and risk-return profiles of their investments, ensuring that these are in line with global environmental objectives and are resilient to climate-related risks. This makes CTVaR an essential tool for investors aiming to make informed decisions in a rapidly evolving economic landscape influenced by climate change.

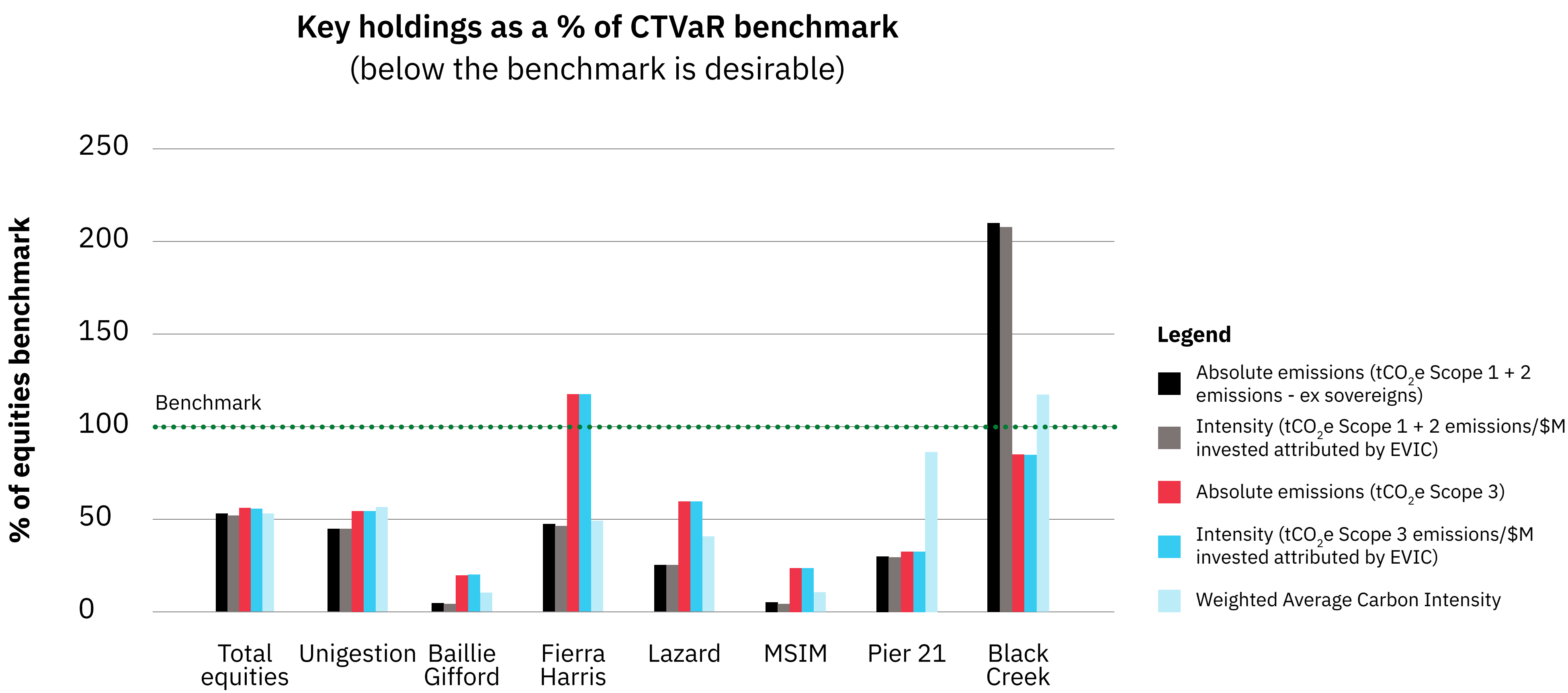
The endowment fund's portfolio performed quite well from an emissions standpoint, with most metrics at or below 50% of its relevant benchmark. The notable exceptions are the Fiera Harris fund, which is slightly higher on its Scope 3 emissions, and the Black Creek fund, which is high on its Scope 1 and 2 emissions and its overall WACI score.

As a leader in sustainable investing, York is one of the first organizations to apply CTVaR methodology to assess the financial risks of its assets in the context of environmental impacts.

How is CTVaR calculated?

Climate Transition Value at Risk: The difference in the net present value of future cash flows between a "business as usual" scenario and a transition to "well-below 2°C" scenario.

CTVaR – Carbon footprint and emissions



Transition risk exposure

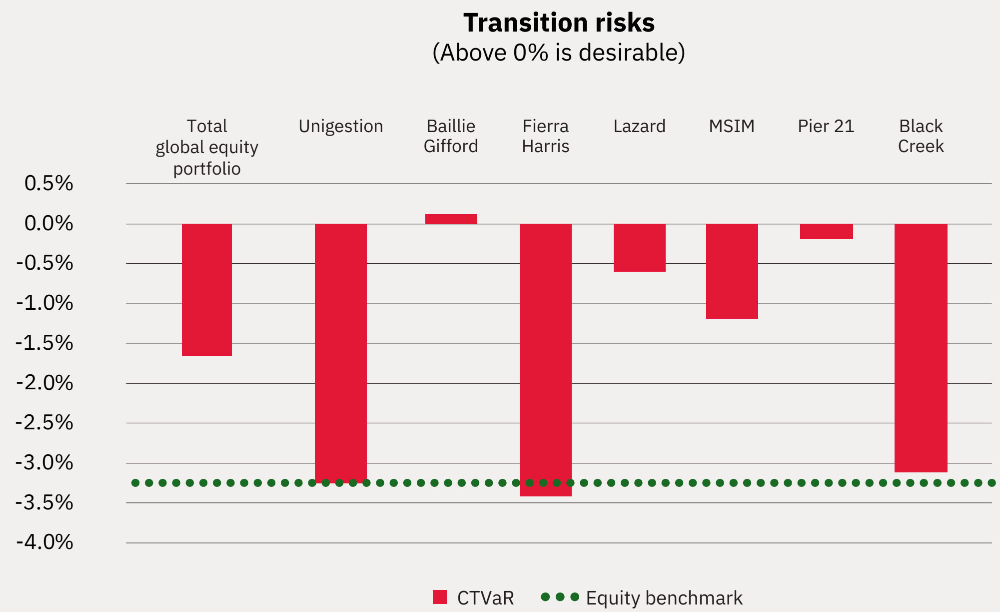
York University is actively evaluating climate transition risks by comparing its current trajectory to a scenario where global warming is capped at 2°C. This comparison is essential for understanding the potential economic impacts on each portfolio.

As the business landscape evolves, some companies will benefit from transitioning to a lower carbon environment, while others may face challenges adjusting their business and financial models. The Climate Transition Value at Risk (CTVaR) metric quantifies these financial risks across various climate change scenarios, assuming a shift towards the long-term goals of the Paris Accord.

Industries like industrials are particularly prone to climate transition risks, often reflected in a negative CTVaR. York monitors these metrics to assess changes over time and explores opportunities to mitigate risks through strategic manager selection and addressing long-term macroeconomic risks. In addition, York mandates that all managers implement sustainability processes that assess critical ESG factors, ensuring alignment with the strategic investment risks and returns.

Learn more about quantifying the financial impact of the net zero transition (including CTVaR methodology) by referring to this report by WTW:

https://tinyurl.com/WTWCTVaR



CTVaR is a metric that measures the potential impact on portfolio valuations under different climate outlooks.

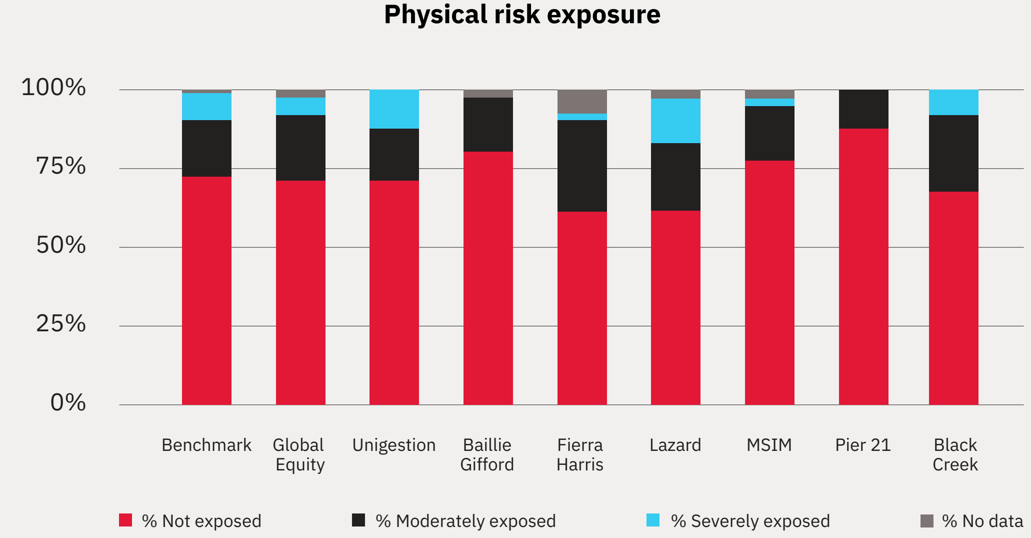
Negative results
Under the base case scenario, which assumes the world's rate of annual warming declining 2°C, many of the managers' portfolios would experience some theoretical decline in economic value; however, their exposure to climate change is less than the benchmark.

Positive results
Managers who have positive CTVaR and their underlying holdings are expected to benefit from a change in the rate of the planet's warming.

E Physical risk exposure

The world is currently on a trajectory toward a 2.5°C to 3°C increase in global temperatures, heightening the urgency to address physical risks like flooding, wildfires, and extreme weather events that can destroy an entire agricultural season.

York recognizes that its global equity portfolio is exposed to physical risks due to investments in businesses that are directly affected by increasingly frequent climate changes. These risks are factored into the evaluation of each equity manager's investment philosophy and strategy. For instance, if a manager holds significant investments in a reinsurance company that covers businesses or properties in high flood risk areas, part of York's ongoing due diligence involves assessing how the manager accounts for these risks in their long-term investment return forecasts.



Learn more about quantifying the financial impact of the net zero transition (including CTVaR methodology) by referring to this report by WTW:

https://tinyurl.com/WTWCTVaR

S Social

The social pillar of ESG has gained increasing attention, with an expectation for organizations to assess the impact of social issues on their business models, operations, and value chains. Additionally, regulators and governments are moving toward integrating social considerations into mandatory disclosure regulations. The range of social matters encompasses various critical areas:

- Human rights
- Health and safety
- Employee engagement and satisfaction
- Indigenous peoples and communities
- Diversity, equity, and inclusion
- Ethics and security

York actively monitors and applies information on four specific social metrics across its investments:

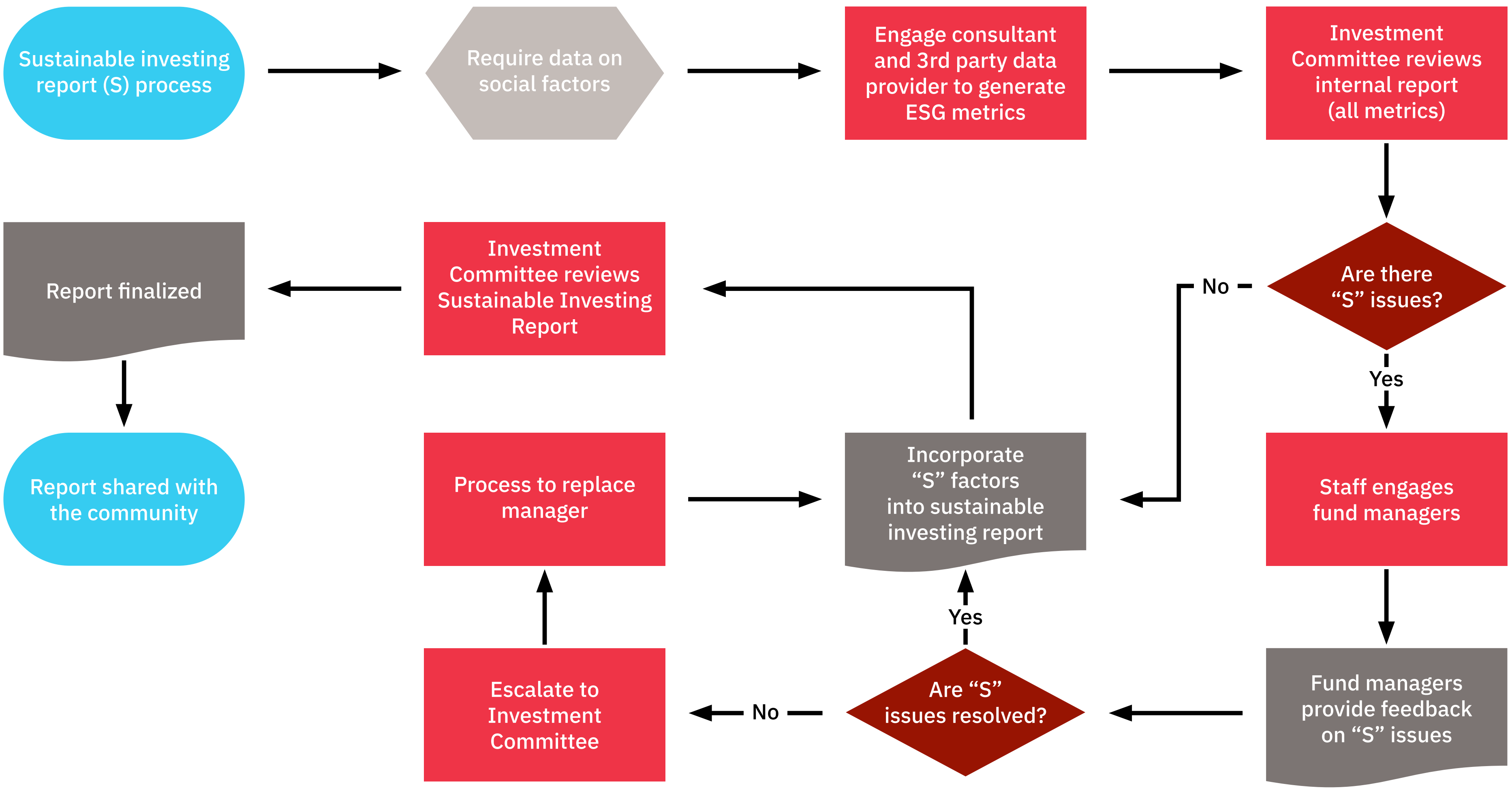
Non-compliance with the UNGC (United Nations Global Compact)	This metric tracks the percentage of the investment manager's portfolio where companies are not adhering to the UNGC principles, which aim to align businesses with universal principles on human rights, labour, environment, and anti-corruption.
Severe human rights controversies	This involves monitoring exposure to companies implicated in significant human rights issues, including controversies related to freedom of expression, censorship, and other adverse impacts on communities.
Child labour controversies	York evaluates the percentage of the portfolio involved in severe child labor controversies, which includes instances of child labor-related legal cases, widespread or egregious child labor practices, resistance to improved practices, and criticism from NGOs and other third-party observers.
Ties to controversial weapons	The University assesses exposure to companies linked to controversial weapons, including cluster munitions, landmines, biological and chemical weapons, depleted uranium weapons, blinding laser weapons, incendiary weapons, and non-detectable fragments.

These metrics help York University ensure that its investments are socially responsible and aligned with global ethical standards.

S Social stewardship

The endowment fund is actively improving its social metrics within its ESG goals. When social issues are not addressed, they can have a detrimental impact on investment returns. The fund's investment managers are expected to invest in organizations that respect human rights, including the avoidance of child labour practices, and promote equitable arrangements within society. Although a company may have strict policies in place to help ensure that social factors are considered, issues may arise. When such issues are flagged, we have a process in place to assess the situation and to take the appropriate action.

How we assess the social stewardship aspects of our portfolio:



G Governance

Corporate governance focuses on the interactions between companies and their external partners, including suppliers, shareholders, and communities. It is the most established pillar of ESG investing, with governance factors being integral to prudent investment practices well-before the rise of ESG.

Governance not only sets the rules, policies, and procedures that help organizations achieve business targets; it also ensures that environmental and social policies are established, implemented, and executed effectively.

How York University applies information on governance metrics:

York University monitors several specific governance metrics to ensure robust corporate governance within its investment portfolio:

Good governance	This metric assesses exposure to companies with strong governance structures as defined by the Sustainable Finance Regulation Disclosure. It includes evaluations of management structures, employee relations, staff remuneration, and tax compliance.
Independent board majority	York tracks the percentage of its portfolio where the majority of a company's board is independent from its management, promoting unbiased decision-making and reducing conflicts of interest.
Extreme CEO pay (relative to peers)	This metric measures the percentage of the portfolio where the total CEO compensation is considered extreme compared to peers, highlighting potential governance issues related to executive pay.
Combined CEO/Chair roles	York evaluates the percentage of its portfolio where a company has a combined CEO and Chairman role, which can impact the balance of power and governance structure.
A female CEO	This metric tracks the percentage of the portfolio where a company's CEO is female, promoting gender diversity at the highest levels of company leadership.
A female Chair	Similarly, this metric measures the percentage of the portfolio where a company's Chair is female, further supporting gender diversity in top leadership roles.

These governance metrics help York University ensure that its endowment fund investments are managed according to high governance standards, aligning with best practices and ethical guidelines.

G Governance metrics at a glance

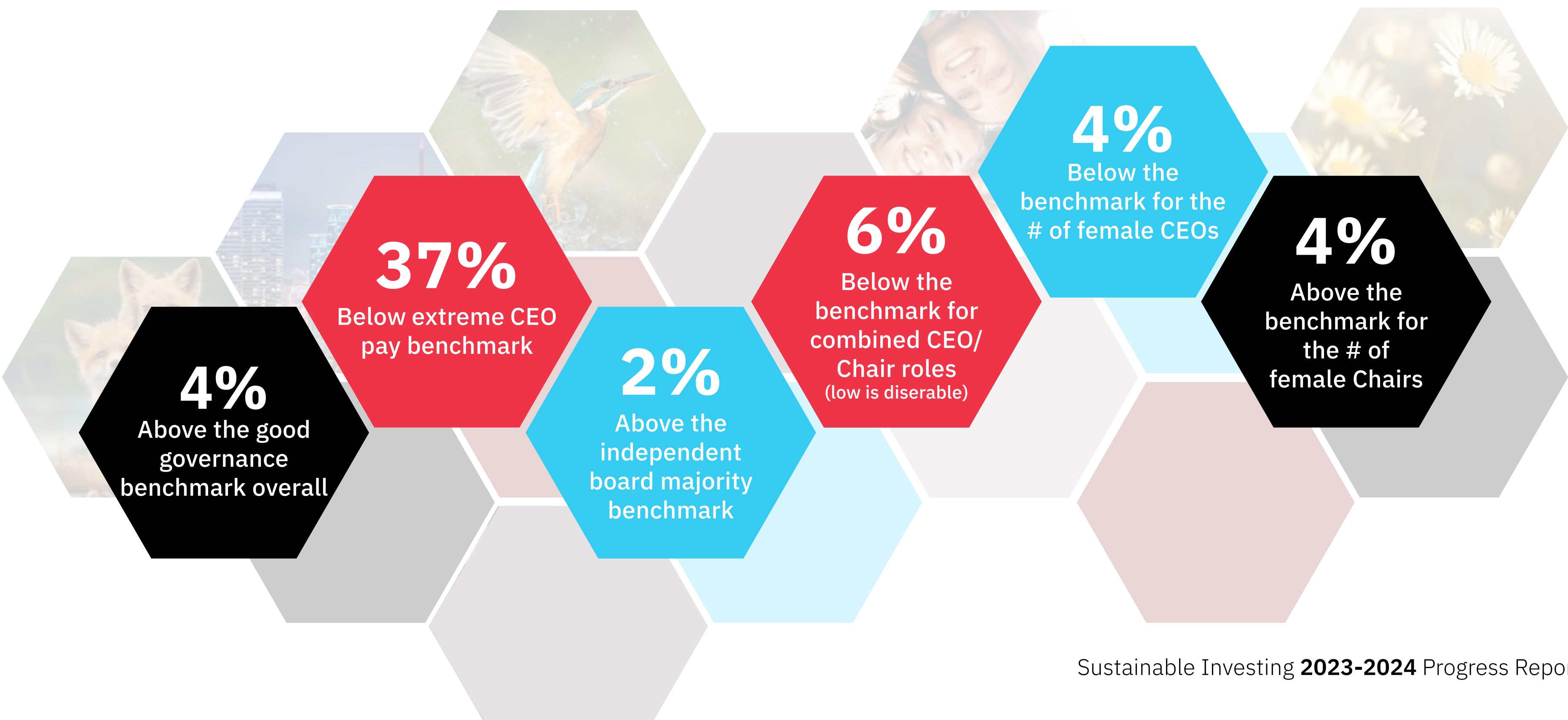
Why it is challenging to develop ESG benchmarks for fixed income securities

We diversify our portfolio across different asset classes to balance risk and return for long-term growth and sustainability. Fixed income investments, making up about a quarter of our holdings, are generally lower in risk and return compared to equities.

Measuring sustainability aspects of fixed income investments is more difficult for several reasons:

- Regulators initially focus on equities because they are more publicly traded and allow investors to actively participate in ownership, giving them greater influence to drive change.
- Fixed income investments like bonds do not involve company ownership, so bondholders usually have less influence over company strategies regarding sustainability.
- Fixed income portfolios often include sovereign bonds, which fund national governments. The emissions from these can be double-counted with emissions from the country's private and household sectors.

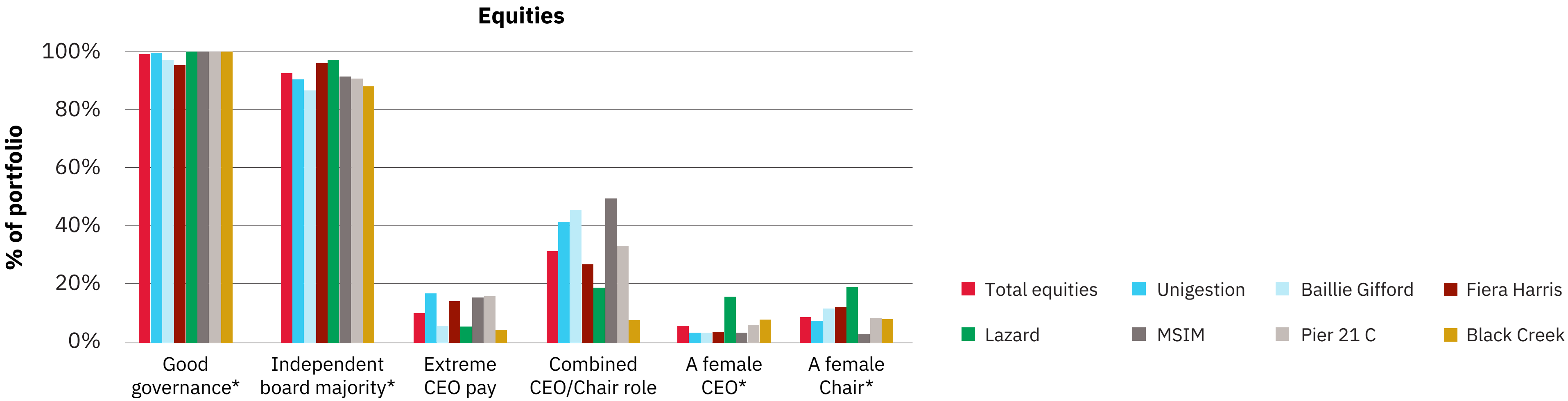
As a result, access to ESG data is generally more limited for fixed income investments than for equities. Despite these challenges, we are committed to ensuring our fixed income fund managers adhere to our sustainable investment strategy.

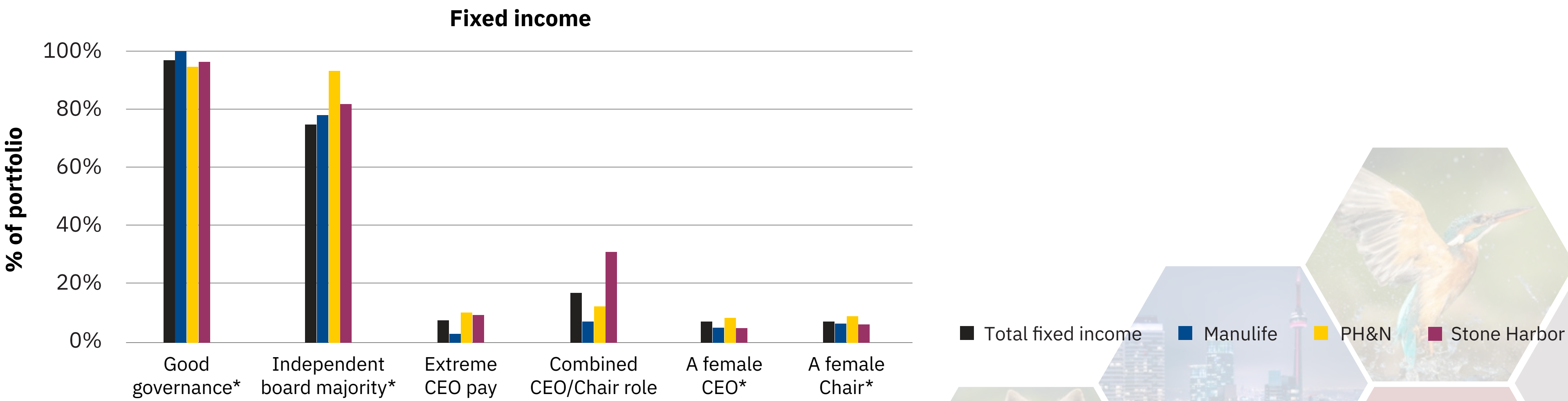


Governance metrics

Fund managers

Both equity and fixed income fund management groups have demonstrated notable progress in governance metrics, with all organizations beating the governance benchmark. Equity portfolios tended to score better overall, compared to fixed income assets. Issues related to effective leadership structures, such as CEO pay, combined CEO/Chair roles, the number of female CEOs and the number of female Chairs are being monitored, as several organizations are lower than desired in these areas.





*high results are desirable

Case studies

Real assets

ESG data is not readily available for private assets (represented by real estate and infrastructure investments within the portfolio). Rather than reporting on proxies for the endowment fund's private assets, this section illustrates how the actual assets are contributing to a sustainable future by sharing the data provided directly by the fund managers.

The case studies on the following pages demonstrate how the endowment fund's investments are making a positive impact on the environment.

Emission types

Scope 1	Direct emissions from owned or controlled sources.
Scope 2	Indirect emissions from the generation of purchased electricity, steam, heating, and cooling consumed by the reporting company.
Scope 3	All other indirect emissions that occur in a company's value chain.

Bentall Green Oak (BGO)

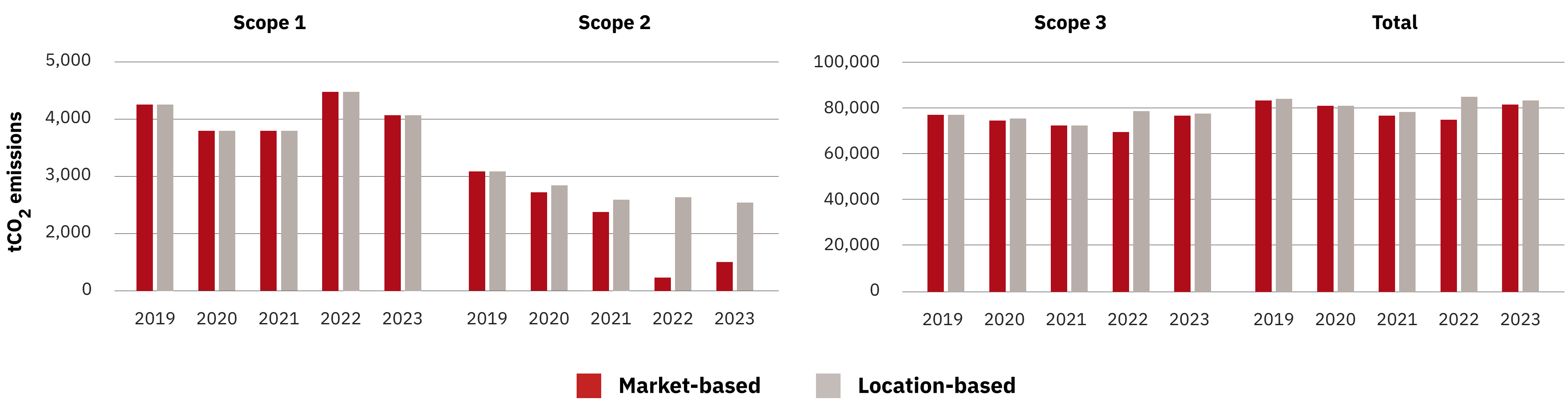
In 2022, BGO initiated net zero assessments for their operational assets, providing property-specific recommendations for achieving net-zero emissions. By 2023, BGO enhanced this approach by conducting both portfolio and asset-level analyses to identify effective decarbonization measures and establish a consistent methodology for these studies. This included carbon life-cycle assessments and the completion of their first net zero industrial development. BGO continues to conduct property-specific net zero assessments to align decarbonization measures with their financial and climate objectives.

BGO Prime's emissions reflect the Scope 1, 2, and 3 emissions from its real estate holdings. The fund has updated its methodology to an operational control approach for consolidating greenhouse gas emissions, in line with the GHG Protocol Corporate Accounting and Reporting Standard. Over time, portfolio emissions types fluctuate, as the holdings change and individual properties change through reinvestment, retrofitting, or repurposing. It is important to note that the total real estate portfolio emissions has declined substantially since 2019.

Location-based emissions represent emissions from locally generated electricity.

Market-based emissions reflect emissions from electricity purchased through contracts, such as renewable energy credits.

The graphs below present the market-based and location-based emissions from BGO Prime Fund's real estate holdings, categorized into Scope 1, 2, and 3 emissions over the years 2019 to 2023.



Quinbrook Net Zero Power Fund (NZPF)

The Quinbrook Infrastructure Partners Fund III – Net Zero Power Fund is dedicated to investments in solar photovoltaic (PV) systems paired with battery storage, renewable energy solutions for energy-intensive sectors, and distributed energy systems. Initially, there was a strong emphasis on making data centres carbon-neutral.

As of March 31, 2024, 100% of Quinbrook's assets (by value) within its public assets under management are covered by science-based 1.5°C net zero pathways. These pathways are in line with the Institutional Investors Group on Climate Change (IIGCC) Paris Aligned Investment Initiative's Net Zero Investment Framework (PAII NZIF).

Scopes 1 and 2	Q1 2024
Financed emissions	
Scope 1	**0** tCO_2e
Scope 2 (Market-based)	**0** tCO_2e
Scope 2 (Location-based)	**0** tCO_2e
Total Scope 1+2 (Market-based)	**0** tCO_2e
Total Scope 1+2 (Location-based)	**0** tCO_2e
Carbon Offsets	**0** tCO_2e
Intensity metrics	
Carbon Footprint	**0.001** tCO_2e per USDm invested
Weighted Average Carbon-Intensity (WACI)	**3.54** tCO_2e per USDm revenue
Carbon Intensity	**0.16** tCO_2e per USDm revenue
Energy Generation Intensity	**0.003** tCO_2e per MWh generated

Grid stability in the UK

As the use of fluctuating renewable sources like wind and solar grows, integrating renewable energy into electrical grids becomes essential. Synchronous condensers play a crucial role in reducing the variability and intermittency of renewable energy. The Fund's Project Severn in the UK tackles the issues arising from the phase-out of thermal power plants and the growing presence of non-synchronous renewable energies.

Regional job creation, fair and safe work

Quinbrook not only upholds robust governance and strong environmental values; it also demonstrates significant societal impact through its workforce management. The team managing the Severn Portfolio project ensures that all contractors and workers meet ESG standards established by the Net Zero Power Fund (NZPF). Before any contracts are signed, key contractors are required to adhere to Quinbrook's Supplier Code of Conduct, which mandates ethical behavior and transparency. Additionally, the management team works closely with contractors to prioritize the hiring of local workers during the construction phase of projects.

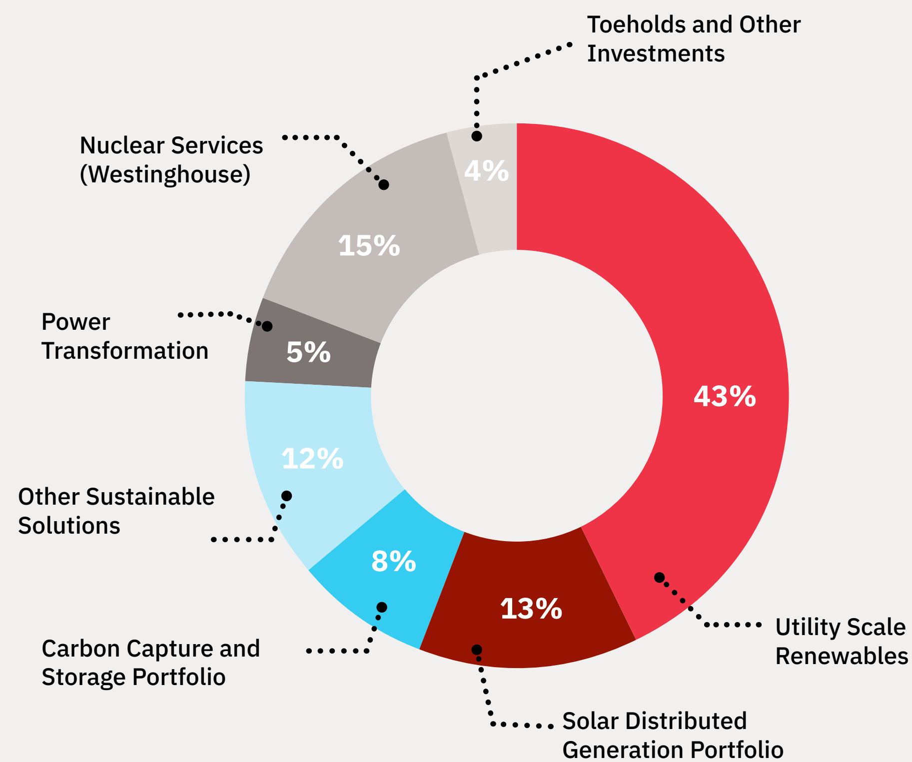
Brookfield Global Transition Fund (BGTF I)

From its inception to March 31, 2024, the Brookfield Global Transition Fund (BGTF I) has been dedicated to accelerating the global shift to a net-zero carbon economy. The fund invests in transforming carbon-intensive industries and developing accessible renewable energy sources. It focuses on utility-scale renewables, solar distributed generation, carbon capture and storage, and other sustainable solutions, aiming to achieve attractive risk-adjusted returns and support the objectives of the Paris Agreement. The fund is committed to limiting global temperature rise to well-below 2°C (aiming for 1.5°C), increasing low-carbon electricity, and promoting greenhouse gas

The table below summarizes the impact performance of BGTF I from its inception to March 31, 2024, against December 31, 2023 results and the set targets.

Metric	2024	2023	Targets
Clean Energy Capacity Added (MW)	1,860	1,341	22,874
Battery Energy Storage System (BESS) Capacity Added (MW)	–	–	220
Materials Recycled (million tons)	–	–	4
Carbon Captured (tonnes p.a.)	57,000	57,000	7,000,000
Biofuels Production (million MMBtu p.a.)	0.4	0.4	2.9
Annual Module Manufacturing Capacity Added (MW p.a.)	–	–	3
Clean Energy Produced (MWh)	1,495,574	996,794	–
Emissions Avoided (tCO_2e)	1,007,211	684,193	–

BGTF I key areas of focus



Next steps

York University is committed to sustainability, ensuring it remains a cornerstone of our investment strategy. Our future steps include:

Continued integration of sustainability	York will continue to integrate sustainability considerations into allocation decisions, ensuring that investment decisions align with a commitment to ESG principles.
Assessment of investment managers	Current and prospective investment managers will continue to be rigorously assessed based on their level of ESG integration within their investment processes. This evaluation will help ensure that York's partners share our values and commitment to sustainable investing.
Prioritization of climate and sustainability solutions	Allocation to investments that offer climate and sustainability solutions will remain a priority. The endowment fund aims to not only mitigate risks associated with climate change, but also to capitalize on the opportunities that arise from the transition to a more sustainable global economy.

Through these steps, York University will continue to lead by example in the realm of sustainable investing, creating a positive impact on our community and the environment while striving for superior financial returns.

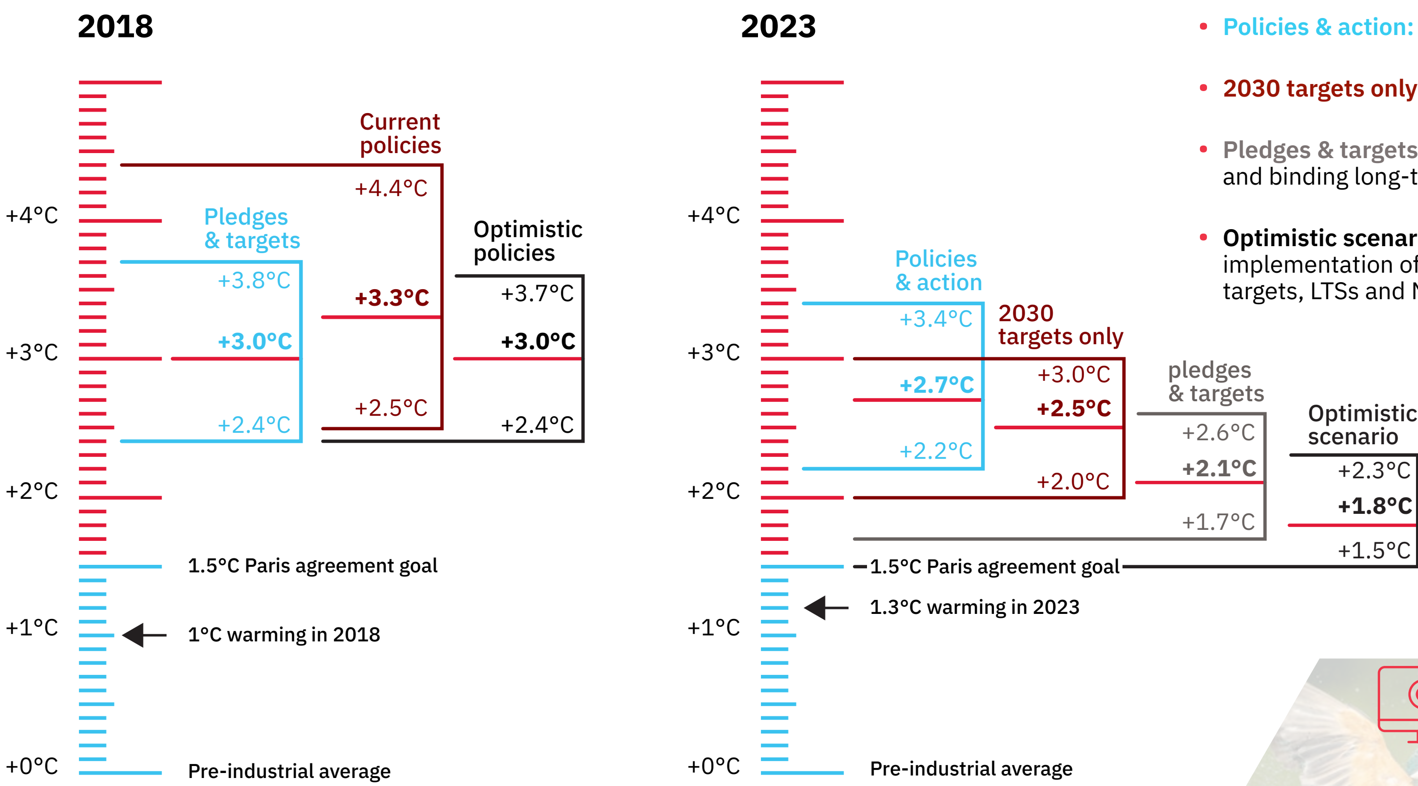
Appendices

Climate Action Tracker

The Climate Action Tracker (CAT) is a scientific project that tracks how well countries are doing in fighting climate change, comparing their actions to the goals of the Paris Agreement. This agreement aims to keep global warming well below 2°C and try to limit it to 1.5°C. CAT looks at the climate change plans and actions of 39 countries and the EU, which make up about 85% of the world's emissions and 70% of its population. It uses a climate model to figure out how these actions might affect global temperatures and find any gaps in emissions.

The endowment fund has made great strides in sustainable investing. Emissions from the Fund's equity portfolio has declined by 82% since 2016. As a result, the investments' carbon intensity is about one third less than the targets set by the Paris Accord. York has also invested more than $100 million toward assets focused on sustainability. Doing so has led to better performance compared to national and international benchmarks, while still earning strong returns.

CAT warming projections: Global temperature increase by 2100 (December 2023 update)



- **Policies & action:** Real world action based on current policies
- **2030 targets only:** Based on 2030 NDC targets
- **Pledges & targets:** Based on 2030 NDC targets and submitted and binding long-term targets
- **Optimistic scenario:** Best case scenario and assumes full implementation of all announced targets including net zero targets, LTSs and NDCs.

Infographic adapted from Climate Action Tracker

Climate Action Tracker
https://climateactiontracker.org/

Definitions

Topic	Descriptions	More information
Carbon intensity (also known as carbon footprint)	Carbon intensity refers to the amount of greenhouse emissions produced per dollar invested.	MSCI Carbon footprinting 101: tinyurl.com/MSCIfootprint
Climate Transition Value at Risk (CTVaR)	CTVaR measures the financial risks of transitioning to a low-carbon economy. It helps investors understand the sustainability and risk-return profiles of their investments, aligning them with global environmental goals.	WTW report: Quantifying the financial impact of the net zero transition: tinyurl.com/WTWCTVaR
ESG	ESG investing considers environmental, social, and governance factors when making investment decisions to promote sustainability and responsible business practices.	Task force on Climate-related Financial Disclosures (ESG metrics): tinyurl.com/TCFDesg
Net-Zero emissions	Net-zero emissions means balancing the amount of greenhouse gases produced with an equivalent amount removed or offset. It allows for some emissions but overall aims for a carbon-neutral state.	Paris Accord signed by Canada: www.un.org/en/climatechange/net-zero-coalition Canada's pledge to Net-Zero emissions: tinyurl.com/CanNetZero
WACI score	The WACI Score (Weighted Average Carbon Intensity) measures a portfolio's carbon footprint by assessing the carbon intensity of individual investments. It helps investors evaluate the environmental impact of their investments and make more sustainable choices.	Morgan Stanley Capital International (MSCI) report on the impact of ESG and climate on equity yield: tinyurl.com/ESGyield

Policies and procedures

- **Annual Investment Reports:** www.yorku.ca/secretariat/board-of-governors/investment-committee/annual-investment-reports
- **Investment Committee Memberships and Terms of Reference:** www.yorku.ca/secretariat/board-of-governors/investment-committee
- **Statement of Investment Policies and Procedure (SIP&P):** www.yorku.ca/secretariat/wp-content/uploads/sites/107/2023/10/SIPP-3October2023.pdf
- **Sustainable Investing Reports:** www.yorku.ca/secretariat/board-of-governors/investment-committee/sustainable-investing-reports

Resources

Topic	Description	More information
Canadian Coalition for Good Governance (CCGG)	CCGG is a prominent governance body in Canada advocating for good corporate governance practices. It represents major institutional investors and engages with Canadian public companies and regulators.	Canadian Coalition for Good Governance: https://ccgg.ca
Carbon Disclosure Project (CDP)	CDP supports entities like companies and cities in disclosing their environmental impacts, focusing on climate, water, forests, and plastics. It provides tools for environmental reporting and risk management.	Carbon Disclosure Project (CDP): https://www.cdp.net/en
Climate Engagement Canada	This finance-led initiative fosters a just transition to a net-zero economy through industry dialogues, webinars, and benchmarks among Canadian corporate emitters. It involves finance leaders and stakeholders from the financial community.	Climate Engagement Canada: https://climateengagement.ca
Paris Accord	The Paris Accord is an international agreement that aims to combat climate change by setting targets for greenhouse gas emissions reductions, providing a framework for investors to support and engage in sustainable businesses and low-carbon technologies.	United Nations Paris Agreement on Climate Action: https://www.un.org/en/climatechange/paris-agreement
Principles for Responsible Investing (PRI)	The Principles for Responsible Investment (PRI) aim to foster a sustainable global financial system by promoting the incorporation of environmental, social, and governance (ESG) issues into investment practices.	ESG integration: how are social issues influencing investment decisions? https://www.unpri.org/download?ac=6529
Task force on climate-related financial disclosures (TCFD)	The Final Report of the TCFD provides meaningful and practical recommendations on how to balance the needs of investors with the requirement for a sustainable future.	https://tinyurl.com/TCFDreport
University Network for Investor Engagement (UNIE)	UNIE is a shareholder engagement program that uses the collective power of university endowments and pension plans to address climate change risks and promote a low-carbon economy. It focuses on sectors like energy, utilities, and finance, aiming for reduced GHG emissions and a just transition.	SHARE UNIE: https://share.ca/initiatives/unie

The York Endowment Sustainability Report contains a summary of our strategy, policies, governance procedures and results. Every effort has been taken to ensure accuracy of the information contained in this report, though errors and omissions may occur from time to time. This report is not intended to provide investment advice nor any other form of professional advice. The fund’s past performance does not necessarily predict future results.

December 2024