

Investment Committee:

Draft Responsible Investing Policy Consultation Final Report

April 2026



Land Acknowledgement

We acknowledge that Western University is located on the traditional territories of the Anishinaabek (Ah-nish-in-a-bek), Haudenosaunee (Ho-den-no-show-nee), and Lūnaapéewak (Len-ahpay- wuk) Nations, on lands connected with the London Township and Sombra Treaties of 1796 and the Dish with One Spoon Covenant Wampum. This land continues to be home to diverse Indigenous Peoples (First Nations, Métis and Inuit) whom we recognize as contemporary stewards of the land and vital contributors of our society.

As Western consulted with members of the campus community on the draft Responsible Investing Policy, we held present that decisions about how resources are managed carry long-term impacts for people, communities, and the environment. In that spirit, we approached this conversation with a commitment to responsible stewardship, thoughtful dialogue, and respect for the land and communities that sustain us.

Executive Summary

Western University has a long-standing commitment to responsible investing, a commitment that has evolved over nearly two decades and continues to reflect industry best practices, the Board of Governors' (and, within it, the Investment Committee's) fiduciary responsibilities; and our institutional capacity. The new Responsible Investing Policy strengthens this commitment while ensuring that investment decisions remain grounded in Western's financial and legal obligations (fiduciary duty and prudent investment standard) and the practical realities of our externally managed, globally diversified portfolios.

Over the last 15 years, Western has been a leader in the Canadian higher education sector in advancing responsible investing practices. The University has progressively implemented environmental, social and governance factors into investment policy and decision-making processes, evolving in line with global industry supports such as the introduction of regulatory, accounting and disclosure frameworks, and the [Principles for Responsible Investment](#).

Responsible investing is a topic some members of our community feel passionate about, and with that in mind the Investment Committee took steps beyond the typical process for investment policy governance, creating an opportunity for the Western community to share their views in a fulsome way.

Throughout this consultation process, the Investment Committee considered feedback from 679 community participants reflecting a wide range of perspectives. We appreciate the time and thoughtfulness of all who contributed. Feedback indicated that the policy is largely on the right track, while highlighting the range of views from those who believe environmental, social and governance should be scaled back or eliminated entirely to focus on risk and return objectives to those who feel Western should pursue explicit values-based divestment or implement broad screening requirements. This range of views reinforces the complexity of responsible investing and the importance of balancing principled integration with disciplined financial oversight.

In reviewing this feedback, the Investment Committee carefully considered the practical limitations inherent in divestment requests framed in broad, open-ended, or highly subjective terms. Such approaches require determining and monitoring fluctuating criteria that cannot be consistently applied and would demand assessments far beyond the University's capacity or mandate. As a manager-of-managers investor operating predominantly through pooled funds, Western cannot impose ongoing, security-specific

divestment requirements without fundamentally restructuring the investment program—at significant cost, reduced diversification, and long-term financial and legal risk.

While Western already provides sector-leading disclosure, including holdings, mandates, climate reporting, annual reporting and responsible investing practices, much of the feedback reflected limited awareness of these materials or difficulty accessing and interpreting them. This underscores both the inherent complexity of global investment structures and the need for continued communication.

The Investment Committee believes the new Responsible Investing Policy offers the strongest foundation for Western to meet its obligations: it upholds responsible investing principles, provides flexibility as standards evolve, and avoids prescriptive restrictions that would inappropriately transform the investment portfolio into an arbiter of social and political issues.

The Investment Committee reaffirms that the role of Western's endowment and operating funds is to support Western's teaching, research and scholarship mission – not to serve as a mechanism for addressing complex geopolitical issues. Doing the latter would be inconsistent with fiduciary obligations and introduce material investment risks.

Western's endowment currently contributes approximately \$47 million each year to Western in support of student aid, faculty salaries, research and other academic priorities. Given our current investment structure, which emphasizes lower implementation costs, the endowment payout is projected to reach \$68 million annually within the next five years. This trajectory reflects the exponential growth enabled by our cost-efficient approach. Any change to the cost structure has implications for the trajectory of the endowment payout now, and compounds in perpetuity.

We thank all members of the Western community who participated in this significant consultation. While overall engagement was low relative to the scale of the outreach and overall size of the community (less than 1% of our community), the perspectives shared were meaningful and have informed changes to the draft policy (outlined on page 37) and the Investment Committee's recommendation of the new Responsible Investing Policy to the Board of Governors.

Contents

Land Acknowledgement	ii
Executive Summary	iii
Introduction	6
Background	8
Western's Investment Funds	11
Consultation Process	14
Survey Methodology	15
Consultation Themes	16
Reflections on Themes from the Consultation Process	22
Diversity of Opinion	22
Fiduciary Responsibilities	22
Implications of Divestment & Exclusion	23
ESG Integration	24
Complexity of Investments	25
Values-Based Investing	26
Transparency, Education and Engagement	27
Divestment: A Deeper Look	28
Concept of Divestment	28
Implications of Divesting	29
History of Divestment at Western	30
Additional Considerations	32
Peer Institution Research	32
Canadian Sovereignty and Defence	32
Investment Committee's Response to Senate's Recommendation to the Board	34
Conclusion	37
Investment Committee Recommendation to Property and Finance, and the Board	39
Appendix A: Glossary	40
Appendix B: Codebook	43
Appendix C: Canadian and U.S. Post-Secondary Institutions Defence Divestment Considerations	44

Introduction

Western University is responsible for stewarding its financial resources in a manner that creates financial sustainability in support of the institution's long-term teaching, research and scholarship mission.

In fulfilling this mission, Western has various legal and fiduciary responsibilities that necessitate prudent investment standards based on good governance, strong management, and thoughtful investment policies. Western has been an institutional investor for nearly 50 years and throughout this time has evolved its approach to keep pace with modern investment practices, such as the integration of responsible investing practices in investment decisions.

Western has been a leader in the Canadian higher education sector in advancing responsible investing practices, taking principled and thoughtful approaches that align with our mandate and are appropriate for an institutional investor of our size and type.

For example:

- Since 2021, Western has been one of only a few universities to publish [annual responsible investing reports](#) and carbon disclosure in line with the recommendations from the globally recognized Task Force for Climate Related Financial Disclosures (TCFD - now adopted by International Sustainability Standards Board - ISSB).
- In 2021, Western was the first Canadian university to apply a total portfolio carbon footprint, a practice that others have now adopted.
- In 2022, Western was the first Canadian university to lead a private markets impact investment search.

Over the last 15 years, Western has progressively implemented environmental, social and governance (ESG) factors into investment policy and decision-making processes, evolving in line with global industry supports such as the introduction of regulatory, accounting and disclosure frameworks, and the [Principles for Responsible Investment](#) (PRI). Responsible investing is a consideration in the investment decision-making process alongside other factors necessary for prudent financial management of the University's resources.

Western's investment policies are updated about every five years, consistent with a review of the portfolios' Strategic Asset Mix, which is used to respond to long-term market conditions.

The Committee commenced a review of the Strategic Asset Mix in April 2025, and in doing so updated the investment policy, and created a stand-alone responsible investing policy. Previously, responsible investing was a section of the investment policy. The stand-alone policy reflects industry best practice and Western's ongoing commitment to responsible investing.

The Responsible Investing (RI) Policy is the subject of this report from the Committee.

The University is committed to transparency, publishing for the campus community its investment mandates, performance, holdings, climate disclosures, and annual report on responsible investing. This is in addition to the University's external responsibilities as a signatory to the PRI.

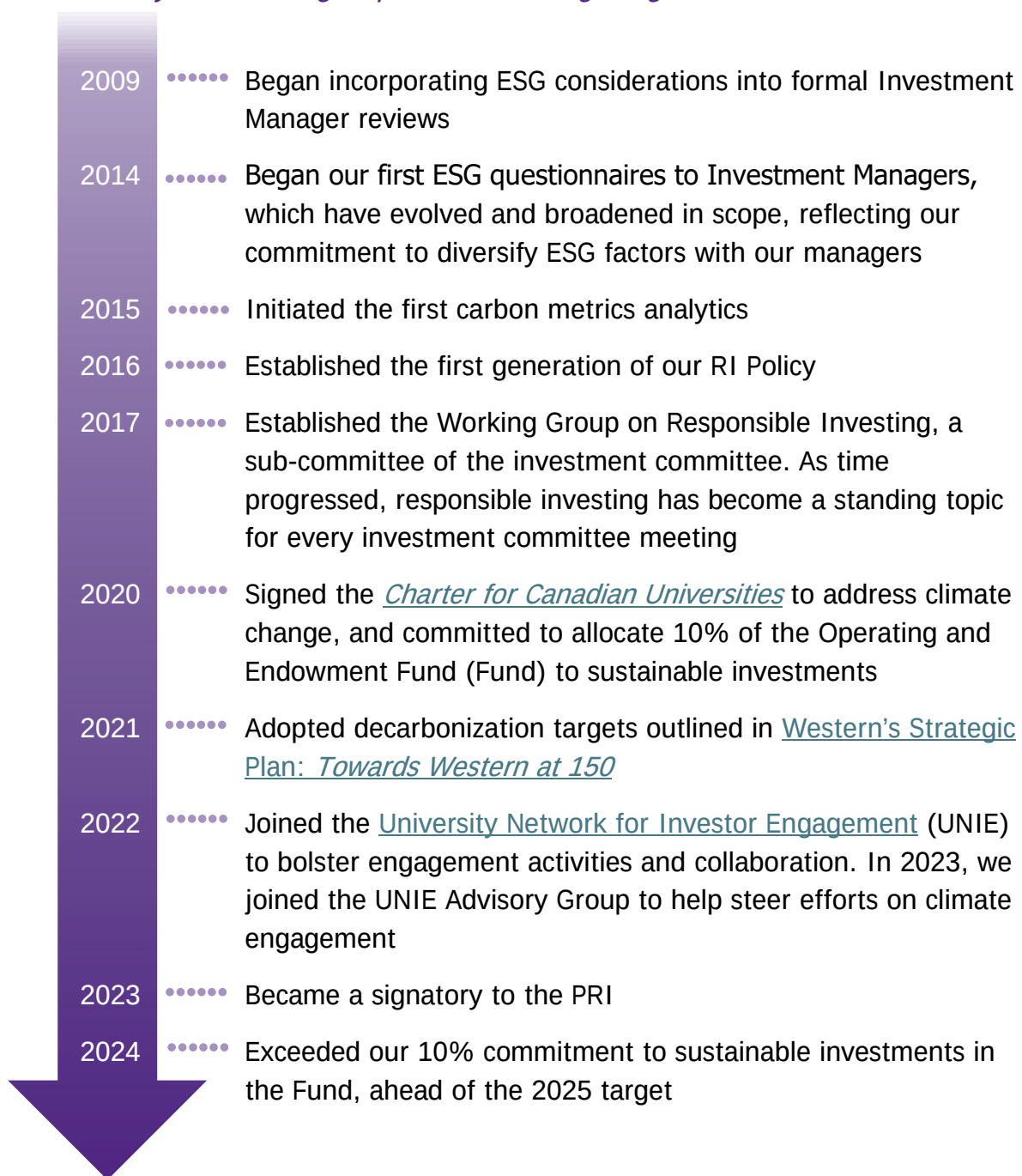
While Western does not typically undertake community consultation for financial policies, we acknowledge the impact that geopolitical conflicts have on some members of the Western community. With this in mind, we have responded to calls for open dialogue and opportunities for feedback as we contemplate the appropriate investment policy framework going forward.

Background

The Board of Governors (Board) is responsible for the University's investments. As a governance body, the Board has a fiduciary duty to act in the best interests of the University and, as a trustee to donors, the Board has a legal responsibility for the prudent financial management of University resources.

The Board is ultimately responsible for the investments and their financial outcomes and is supported by an expert Investment Committee (Committee) that recommends policy and strategy, appoints external investment managers, and monitors performance. Updating the investment policy is required from time to time to reflect modern investment practices and remain in line with the University's long-term investment objectives.

The introduction of a stand-alone RI Policy is reflective of Western's long-standing commitment integrating responsible investing principles as they evolve in the industry (as shown in Figure 1). With each advancement, the Board carefully balanced its fiduciary and trustee responsibilities.

Figure 1*Western's history of advancing responsible investing integration*

In response to the 2023 Israel-Gaza conflict, some members of Western's community demanded divestment from fossil fuels and military companies, and any companies that were "directly involved in the illegal and ongoing occupation of Palestine, and the apartheid system that Israel continues to uphold¹." Demands for divestment have expanded to include consideration of human rights and international law, leading to a recommendation from Senate to the Board. This recommendation and considerations will be dealt with separately as part of the Investment Committee's Response to Senate's Recommendation to the Board (see page 35).

Again, Western does not typically undertake community consultation for financial policies; however, we responded to calls for open dialogue and opportunities for feedback understanding the impact that geopolitical conflicts have on some members of the University's community.

In September 2025, Western notified community members the draft RI Policy consultation process would begin in January 2026.

As planned, Western posted the draft RI Policy on its website on January 26, 2026, to allow community members adequate time to provide feedback on the draft policy prior to it moving through Western's governance approval process, starting with the Investment Committee, before moving to the Property and Finance (P&F) Committee and finally to the Board in April 2026.

- ¹ Schiefeler, S. and Toporowski, F. (2024, March 29). *Student groups protest investments in fossil fuels, tied to occupied Palestinian territories*. Western Gazette. https://westerngazette.ca/news/student-groups-protest-investments-in-fossil-fuels-tied-to-occupied-palestinian-territories/article_9fb2b774-ed4-11ee-b51a-570166273318.html#:~:text=As%20they%20marched%20around%20campus,campus%2C%20March%2027%2C%202024.&text=In%20February%202022%2C%20the%20University,power%20is%20in%20the%20collective.%E2%80%9D

Western's Investment Funds

As of December 31, 2025, Western managed more than \$3.5 billion in various pools of assets. This value excludes pension assets, which are not governed by the Investment Policy or RI Policy.

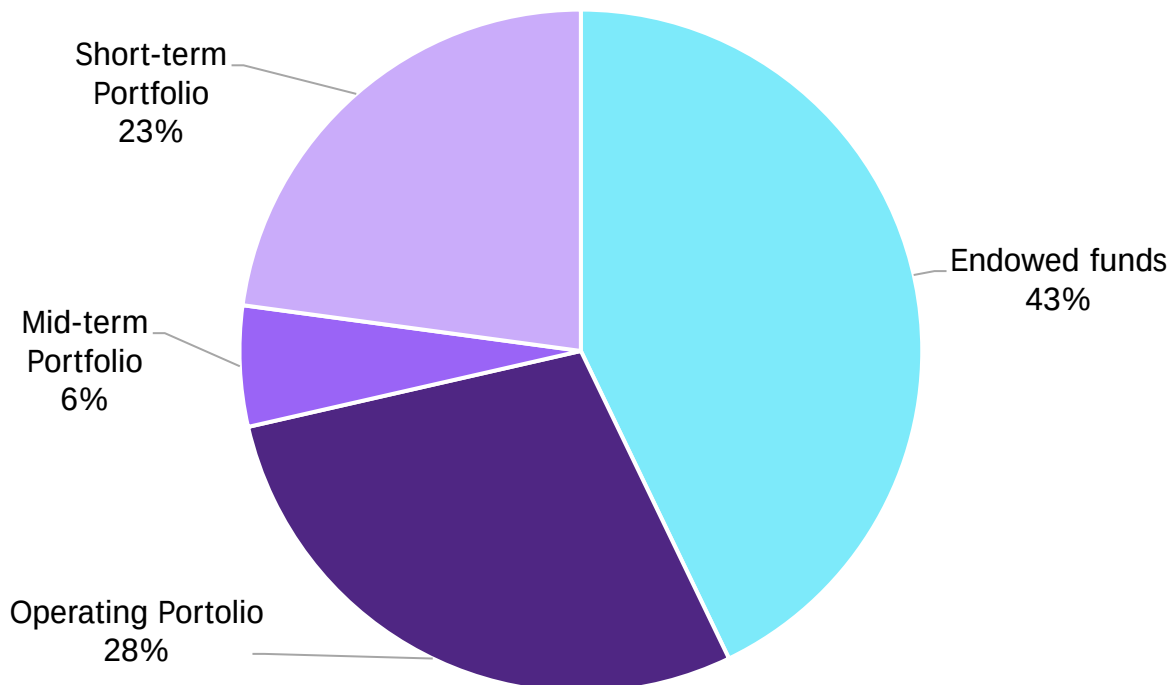
Western's investments are from two broad sources of funds: endowed and non-endowed funds (see chart 1). Endowed funds are given to Western by donors, which are managed in trust in perpetuity. Non-endowed funds encompass everything else that can be invested, coming from a variety of sources, like purpose-specific donations, ancillary revenues and grants.

Tuition fees are non-endowed funds allocated to short-term investment products making them available for the delivery of education in the upcoming year. Tuition fees are not invested in the Mid-Term or Operating Portfolios.

The remaining non-endowed funds (excluding tuition, research and other restricted funds) not required for immediate use in University operations can be invested based on a longer time horizon, similar to endowments.

Chart 1

Western's Endowed and Non-endowed Investment Portfolios



The variety of uses for endowed and non-endowed funds necessitate multiple investment portfolios. All of Western's investments exist as part of one of the following portfolios:

1. Endowed Portfolio (\$1.5 billion)

Endowments provide the University with ongoing financial support for a particular purpose that is identified by the donor and may include support for scholarships, bursaries, chairs, fellowships, research work and/or various other academic activities. The portfolio objective is to maintain purchasing power after payout over the long term so that future generations can benefit in the same manner as the current generation. The required return, at a minimum, should meet the University's [Investment Payout Policy](#) (MAPP 2.11).

2. Operating Portfolio (\$1.0 billion)

The Operating Portfolio includes the core portion of non-endowed assets (excluding tuition fees) and is managed alongside the Endowed Portfolio using the same investment policy. These portfolios are referred to collectively as the Operating & Endowment Fund (Fund).

3. Mid-Term Portfolio (\$0.2 billion)

The Mid-Term Portfolio includes non-endowed assets and is managed using a level of risk and liquidity that is between those of the Fund and the Short-Term Portfolio. Assets are typically invested in public equity and fixed income securities.

4. Short-Term Portfolio (\$0.8 billion)

The Short-Term Portfolio includes tuition and other non-endowed assets and funds the annual expenditures in support of teaching, research and scholarship. This portfolio is managed to provide the highest level of liquidity and safety. Assets are typically invested in bank accounts, high-interest savings accounts and high-quality money market securities. The Short-Term Portfolio is the only place where tuition may be invested.

As of December 31, 2024, Western had the eighth largest Endowment Portfolio among Canadian universities. Western's Endowment Portfolio has grown by 8.59% annually over the past five years, the second largest increase among the top 10 Canadian university endowments. The Endowment Portfolio has grown from \$267 million in 2006 to \$1.5 billion in 2025.

As of December 31, 2025, Western's annualized 10-year return in the Fund was 9.5%. Although comparisons with other universities as of December 31, 2025 were not

available at the time this report was published, this Fund has consistently ranked in the first quartile among its peers over a 10-year horizon.

The University maintains a small, dedicated, professional investment team of 4.5 full-time equivalent individuals. To manage investments at this scale, Western invests using a manager-of-managers approach, a common investment approach for institutional investors of Western's size. Under this method of investing, the University selects best-in-class managers to manage a portion of the portfolios. This provides Western access to investment products that would otherwise not be available, diversifies risk, and reduces the cost of investing to ensure the greatest possible investment returns go towards our mission. Western has been investing using a manager-of-managers approach since the Board approved the shift from internally managed mandates to externally managed mandates in 1984.

Western's investment portfolios have a long-standing practice of not employing negative or exclusionary screens. In line with our established practices, investment decisions are guided by fiduciary responsibilities, prudent investor standards, diversified risk management, and professional manager expertise rather than restricting the investment universe. Shrinking the investment universe through screens can reduce the number of qualified managers and diversification, leading to less optimal portfolios and returns. Further, geopolitical issues are typically complex and lack global or even community consensus on solutions.

Consultation Process

On January 26, 2026, the Committee opened the draft RI Policy consultation process, led by Western's Investment Team. This activity took place over two months and included a mix of in-person and online meetings as well as an online survey.

Consultation opportunities were promoted through direct email invitations to all students, faculty, librarians and archivists, staff, alumni and donors (184,280 emails sent); digital newsletters targeted to these audiences (61,854 impressions); and opportunities for discussion at in-person meetings including Senate.

At the outset of the consultation process, several constituted groups were also identified for focused engagement to gather their perspectives. As the process progressed, additional priority groups emerged and were engaged responsively.

234,000+
total impressions

Groups that participated included:

- Campus Council (membership includes leaders of employee groups, leaders of the undergraduate and graduate student bodies, administrative leaders, affiliate leaders, and more)
- Deans' Council
- Human Rights Office
- Office of the Associate Vice-President, Equity, Diversity & Inclusion
- Office of the Vice-Provost, Indigenous Initiatives
- Society of Graduate Studies (SOGS) Executive
- University Students' Council (USC) Executive
- Vice-Provosts

While we used email to directly communicate with our community members to promote consultation opportunities, some groups also promoted them on their social media channels.

Through the consultation process, 679 community members shared their feedback on the draft RI Policy. This includes 132 individuals who attended in-person meetings or Town Halls (in-person or virtual), and 547 individuals who provided feedback through the online survey.

Prior to providing feedback, community members were asked to review the draft RI Policy and an educational presentation on University investments. These materials were available on the draft RI Policy Consultation website for students, faculty, and staff, and through an email to alumni and donors. Given the complexity of the topic, we hoped a high number of community members would reference these materials. Of the 547

survey respondents, 142 indicated they were familiar with how the University invests its endowment and other funds, and 357 respondents indicated they reviewed the materials prior to providing their feedback; however, 70 of the 357 respondents provided responses that were identical to a proposed response shared through a social media advocacy campaign.

To ensure the views that contributed to our draft RI Policy reflected our internal community, survey responses were confidential but not anonymous. Prior to analyzing responses, respondents' identifiable information was removed. The collection of personal information was only used in the consultation process to verify community membership.

Survey Methodology

We used a parallel analytic design that combined conventional qualitative analysis with AI-assisted thematic synthesis. This approach was intended to strengthen the robustness of interpretation through analytic triangulation: themes were identified independently through manual coding and through a structured consensus-based review using multiple contemporary AI models, and then manually compared for convergence.

Conventional analysis of the survey data was conducted using Qualtrics and MS Forms. Open-ended survey responses were reviewed and coded manually, allowing themes to emerge inductively from the data (see Appendix B: Codebook).

Although demographic information was collected, no subgroup analysis by constituency was undertaken. In addition, as responses to individual questions were highly heterogeneous and frequently raised cross-cutting issues, themes were identified across the full survey rather than on a question-by-question basis. Key themes from this analysis are shared below.

The AI-assisted component involved providing a fully de-identified version of the qualitative data to three frontier AI models—GPT-5.2 Pro, Claude Opus 4.6, and Gemini 3—using a standardized prompt. Each model was asked independently to identify the principal themes in the data and to provide supporting evidence in the form of direct quotations. The three independent outputs were then consolidated into a single comparative document and returned to each model with a second prompt asking it to identify a consensus thematic structure across the prior analyses. Following this second round, all three models converged on the same core thematic interpretation. That consensus informed the final thematic summary outlined in the report.

The AI-assisted analysis was used to augment, not replace, human qualitative judgment. Its role was to support theme extraction, test for convergence across analytic approaches, and help ensure that both strongly represented themes and less frequent but potentially important “weak signals” were captured in the final interpretation.

Table 1 summarizes high-level information about the data collected.

Table 1

Draft RI Policy Consultation Survey Data Summary

Data Point	Number
Total Number of Survey Respondents	547
Number of Respondents Who Made Comments	363
Identical Comments	70

Consultation Themes

Survey comments included in this report represent the diverse range of opinions held by survey respondents; however, they are not intended to capture all views within a given theme.

Diversity of Opinion

Feedback indicates that the community is not working from a single definition of what “responsible investing” should do. When considering the feedback from respondents who mentioned the integration of ESG in the policy, 36 of 82 comments supported ESG integration compared to 46 that were against. Likewise, 46 of 63 comments were generally supportive of the policy compared to 17 that showed opposition.

Verbatim survey comments:

- Investing needs to prioritize rate of return...
- We have to be careful not to get caught up in political and social trends. Having a financially stable institution and faculty support is most critical.
- ESG shouldn’t be the primary focus of an investment policy.
- I do not support the standalone ESG mandate within Western University’s endowment policy. The endowment’s primary obligation is fiduciary: to maximize long-term, risk-adjusted returns in support of the University’s academic mission.
- Overall, I am uncomfortable with how this policy may create openings for politically motivated decisions. I do not want strategic ESG considerations to be

conflated with politically contested frameworks (for example, the Boycott Divestment Sanctions movement).

- I like the incorporation of ESG considerations.
- The draft contains no commitment to uphold human rights or comply with international law in investment decisions. It does not commit to divesting from weapons manufacturers, despite the Western Senate formally recommending exactly that.
- I would like to see something more concrete in terms of divestment due to ethical concerns.
- Please continue to engage alumni and donors in these types of conversations as many of us have strong interest in Western's success and we may have different perspectives than current students.

Transparency, Reporting, and Communication

Feedback points to a desire for clearer disclosure about holdings, implementation, oversight, and how the community can understand progress over time, with respondents noting the importance of transparency in 34 comments.

Verbatim survey comments:

- I support socially conscious investing, but I hope reporting is led by proven investment experts, with a clear focus on investment performance and growth, rather than solely on environmental or social objectives.
- As a faculty member, my primary interest is ensuring that university investments ultimately strengthen research capability through sustained support of advanced technology and core facilities. Clear pathways from investment performance to reinvestment in institutional infrastructure would help demonstrate practical value to the academic community.
- It is good that Western publishes a list of recent-past holdings in the endowment fund.
- How will we pursue the whole transparency thing - where is tuition going? Who exactly is Western investing in?
- ...it's good that the university is consulting the campus community before the policy goes to the Board of Governors for approval.
- I saw no mention of reporting. Therefore, ensure in the future that you provide annual executive reports to the stakeholders, us the students, professors, and support personnel, that enable this place to exist.

Financial Performance and Maximizing Returns

Fifty-two (52) comments are focused on Western's financial health, noting that endowment investing exists first to support the university's mission through prudent financial performance and long-term financial sustainability.

Verbatim survey comments:

- Please stay fixated on generating the best risk-adjusted returns.
- The goal of investing should be a good return on investment, not pushing a certain political agenda.
- We need to be practical and cognizant of our ongoing financial difficulties. The only responsible investment strategy is to maximize returns on the investment.
- The endowment's primary obligation is fiduciary: to maximize long-term, risk-adjusted returns...
- What I value most in the new draft policy is that it treats ESG as a driver of long-term performance rather than an end in itself.
- It is quite important to include environmental and social and governance factors into investment, and this is indeed important for long term financial sustainability.

Divestment and Exclusion

Of 169 comments specifically related to divestment, 159 were in favour of Western divesting from specific stocks, and 145 comments referenced divesting from military and defence companies.

Notes:

- Some comments referenced more than one aspect of divestment (e.g., divesting from specific stocks and military companies).
- Of the 159 comments related to divestment, 70 were duplications of responses shared through social media over the consultation period.

Verbatim survey comments:

- Divesting in the genocide in Gaza.
- Complete boycott of American products.
- I would like the university not to invest in: tobacco, gambling, weapons manufacture.
- Inclusion of divestment as an effective tool for achieving the objectives Western states is important.
- Immediate divestment from weapons manufacturing or tech related to war proliferation.

- The only thing I agree with in the policy is in 3.7 where it says engagement is preferred to divestment.
- If BDS of Israel is part of the policy, I plan to boycott Western.
- As an alumni and donor I want to make sure that Western is not afraid to invest in companies based out of, or having operations in, Israel.
- I like the draft policy, I prefer engagement over divestment.
- Invest responsibly, not socially.

Governance Model, Accountability, and Policy Authority

Thirty-six (36) comments focused on who should make decisions, how accountability should work, and whether the draft gives the University enough direct responsibility relative to external managers. There is no consensus on any of these points.

Respondents, as noted through 24 comments, worry that ethical rules will lower investment returns or hurt the endowment.

Verbatim survey comments:

- Focus more on ensuring good governance, from a standpoint of being a responsible corporation while having management and the board fully aligned in maximizing shareholder value over the long term.
- Depoliticize investment decisions.
- The University should try it's [sic] hardest to avoid being caught in issues that have become political and it should strive to just focus on a statement of maximizing returns.
- I would much prefer an investment policy whereby the goal was to make money and we used that money to make an impact.
- ...it would be prudent to publicly state that the university will not participate in divestment from investments that are connected to Israel, as it's such a politically divisive issue.
- I think somewhere in the policy it should be made clear that there is no political influence.
- I believe the university's focus should be on education, and the endowment fund's focus should be on enabling that education.
- The board has fiduciary obligations to act in the best long-term interests of the whole university. Establishing such a committee would undermine good governance practices and institutional neutrality for the sake of catering to narrow special interests.
- I agree that decision-making on individual securities is best left to professional managers.
- It should not be subordinate to any other policy such as MAPP 2.26

Complexity of Investments

Through 42 comments it is apparent that respondents feel the draft RI Policy's intent is understood but that the mechanics are not always clear. Respondents ask for clearer definitions, more implementation detail, and better explanation of how the model works across pooled funds, proxy voting, monitoring, and performance trade-offs.

Verbatim survey comments:

- ...helpful attempts at making this an accessible document.
- Passive investing has a lot of benefits... There will be trade-offs as we get into more sustainable investing...
- I do not [sic] believe that managers [sic] of both private and institutional capital in our country that are looking to maximize returns and help grow our Canadian economy, have the luxury of trying to incorporate ESG initiatives into their investment decision-making process.
- If there is no impact on returns, the policy is redundant because it implies the market will already reward ESG forward companies and there is no merit towards overweighted consideration.
- ...one can be against war and strongly support the military and military preparedness as [sic] current priority – even weapons development companies, since they often work on protective equipment and offensive equipment...if we are attached [sic] having military capacity is essential to protect our democracy.
- It's crucial that those involved have a high level of expertise in the field of investments as well as in the appropriate investment management.

Alignment with Institutional Values

Through 18 comments, respondents wanted to see an alignment to personal values, and through 154 comments, respondents speak to aligning investments based on social justice values and human rights.

Verbatim survey comments:

- Issues change with time, but the need for financial stability is constant.
- It will be very difficult to satisfy the diverse Western community on the social aspects of the ESG policy. Everyone has different expectations of what is acceptable or tolerable. These investments should not be perceived as political actions.
- Once one moves beyond returns for investors, investments become a matter of values. Western has no business investing in this way.

- Your first commitment as an educational institute is not to maximizing investment strategies or to building capital wherever possible. As a university, you have a duty to reflect the ideals and values taught in your classrooms...
- Human rights and indigenous rights are not explicitly identified in the main body of the policy...
- The social goals including 'diversity, equity and inclusion, and Indigenous rights' should have no part of this policy. These factors are irrelevant for making investment decisions.
- Let society as a whole work out social issues and Western and its leaders should be squarely focused on developing and maintaining excellence in higher learning.
- The draft policy fails to commit to upholding human rights under international law.

Support for Draft Policy Direction

Respondents demonstrated general, high-level support for the draft RI Policy direction through 46 comments. While through 17 comments, respondents expressed general opposition to the policy.

Verbatim survey comments:

- It's a responsible investment framework that still keeps performance, fiduciary duty, and disciplined capital allocation at the core.
- I like that the climate change portion of the new draft policy has clear and specific goals...
- Improving investment in sustainable investments from 10-15%... proxy voting to enforce values in investments.
- It clearly sets governance and accountability, aligns with PRI commitments... and the commitment to annual transparent reporting...
- It attempts to make a good faith effort at defining these difficult issues.
- I like that it is open to review and alteration periodically.
- I like that international politics does not influence the manager's decisions.
- Clearly addresses decision making criteria, planned action, and responsibilities. Definition section is also helpful.
- It appears to be extremely thorough and professional giving me confidence in the process used to create it.
- I like that Western is taking this initiative seriously and has incorporated PRI into their policy. I like that Western has a plan for net zero by 2050 (wish it was sooner, but understand the complexities). Agree that education and advocacy are important parts of this policy.

Reflections on Themes from the Consultation Process

Members of the Investment Committee carefully considered the wide range of perspectives held by the Western community regarding responsible investing and offer the following reflections.

Diversity of Opinion

It is evident that there is no unified view on how environmental, social, and governance considerations should be incorporated into investment decision-making. Feedback reflected a lack of consensus, with views ranging from full divestment to eliminating ESG integration altogether. This polarization confirms that no single policy approach will satisfy all stakeholders.

Many respondents believe ESG factors should not influence investment choices at all, placing exclusive emphasis on financial performance. Others feel our existing approach does not go far enough and advocate for explicit screens or divestment strategies based on ethical or values-driven criteria. These opposing viewpoints illustrate the breadth of expectations within the campus community and underscore the absence of a shared understanding of the scope, purpose, and application of responsible investing. In a diverse academic environment, full consensus on complex social issues is neither expected nor feasible.

In evaluating these perspectives, we have focused on the critical distinction between issues that are within the scope of financial investment and those that arise primarily from broader societal or political debates. Capital markets generally incorporate financially material risks into security pricing over time, including those related to certain ESG factors. When these risks are clearly defined and recognized by the market, investment managers can integrate them responsibly and consistently with prudent oversight. However, when issues emerge primarily as societal or geopolitical concerns rather than established financial risks, incorporating them into investment processes risks transforming the portfolios into vehicles for expressing positions on social debates rather than pursuing financial objectives. Such an outcome is not aligned with our mandate or legal responsibilities for investment governance.

Fiduciary Responsibilities

A number of respondents pointed directly to the university's fiduciary duty.

The Board and the Committee's fiduciary duty requires that we advise on the management of the university's investments in a manner that is honest, in good faith, and considers the best interests of the University as a whole. As a charitable institution, the Board and the Committee have a duty to prudently invest the university's charitable assets and to protect and conserve those assets for the benefit of future generations. Central to these obligations is the prioritization of financial performance. While the responsible management of ESG-related risk factors is an important component of our work, it remains one set of risks and opportunities among many. We therefore require our external investment managers to integrate ESG considerations, but we do not elevate these factors above other fundamental drivers of risk and return.

Implications of Divestment & Exclusion

Part of the community's feedback focuses on matters of current societal debate, and matters between nation states, like armed conflict. The Committee is sensitive to matters of societal importance; however, we remain conscious of the risks that arise when investment decisions become vehicles for political expression. When exclusions or divestment actions are pursued for reasons unrelated to financial merit, the investments risk becoming instruments for articulating political or moral viewpoints. This shift in purpose creates expectations that the portfolios respond to an ever-expanding array of societal debates, each marked by disagreement and evolving norms. Such expectations would distract from the central obligation to steward financial resources in support of Western's long-term academic mission.

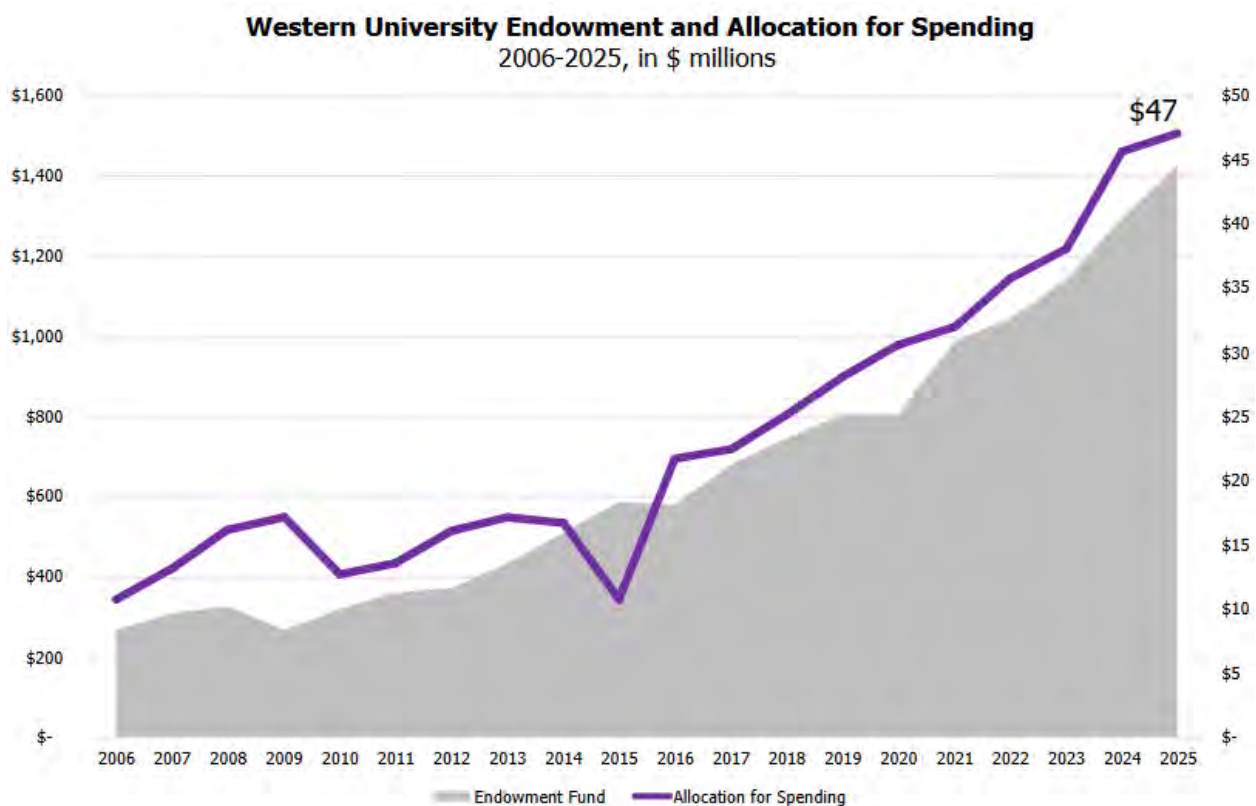
The practical consequences of exclusionary screens or divestment strategies must be recognized. Restricting the investable universe reduces diversification and limits external managers' ability to construct efficient portfolios. Customized screens increase complexity and raise costs in ways that are difficult to predict. Investment theory and experience are clear: reduced diversification combined with higher implementation costs lowers expected returns.

These impacts are not confined to individual years. Reduced diversification and higher costs create long-term structural constraints that permanently lower the expected performance of the portfolios. These effects may be modest in any single period but become increasingly significant when compounded over time. Each year's endowment payout then begins from a lower base, resulting in a cumulative reduction in the funds available to support Western's academic mission. This long-term compounding effect underscores why prudent management requires ongoing attention to maintaining diversification and controlling costs.

For Western, lower returns directly reduce the financial resources available to University budgets. Currently, the endowment contributes about \$47 million each year to Western in support of student aid, faculty salaries, research and other academic priorities. Given our current investment structure, which emphasizes lower implementation costs, the endowment payout is projected to reach \$68 million annually within the next five years. This trajectory reflects the exponential growth enabled by our cost-efficient approach. Any change to the cost structure has implications for the trajectory of the endowment payout now, and compounds in perpetuity (see Chart 1).

Chart 1

Western University Endowment and Allocation for Spending



ESG Integration

We understand that some community members are seeking visible progress on social issues within the portfolios and perceive a gap between these expectations and our current approach. Comparisons between social and environmental factors were sometimes drawn since Western has made decarbonization commitments with annual disclosures on carbon measurements. These climate commitments should not be taken to reflect a lack of concern for social or governance issues. Instead, they reflect

advances in the market to create reliable carbon reporting frameworks that enable investors, like Western, to incorporate this data into investment analysis.

Governance-related considerations have similarly strong foundations, without the same visibility, as these often relate to corporate actions. In contrast, social factors remain at an earlier stage of development across the industry. While progress has been made in areas such as labour rights, diversity, equity and inclusion, and Indigenous rights, there is not yet a consistent framework for assessing the financial materiality of the wide range of social issues raised by stakeholders. Through the feedback, some community members have also encouraged alignment with screens or lists issued by organizations, such as the United Nations. While these bodies play an important role in articulating global norms and assessing humanitarian concerns, their mandates are not designed to guide institutional investment decision-making. Their lists are not constructed to reflect risk-return considerations, sector exposures, diversification needs, or the operational realities of managing institutional portfolios. Therefore, they cannot serve as tools for evaluating financial materiality or aligning with Western's investment mandates. Using them prescriptively would be inconsistent with our fiduciary responsibilities.

Complexity of Investments

The Committee notes that public discourse often characterizes divestment as a simple action: remove a holding deemed objectionable. In reality, Western's investment structure – like those of most universities and other institutional investors – makes this far more complex; the University invests primarily through pooled funds managed by external specialists, each operating under distinct mandates and strategies. Western's exposure to individual companies is indirect and dispersed, determined by the decisions of these external managers rather than by security-specific choices made by the university. While transparency through the disclosure of underlying pooled holdings is important, through the feedback received, it is clear that such disclosures have unintentionally created the impression that Western directly selects individual securities. This is not the case.

Because Western employs a manager-of-managers approach, mandating divestment from a specific company or imposing prescriptive screens would fundamentally alter our relationship with our external managers. Such directives are often impossible to implement within pooled vehicles, requiring the University to exit entire funds or move to separately managed accounts. Exiting funds for new relationships because of specific holdings is impractical as it does nothing to restrict new managers' investments. In our discussions with others who have implemented screens (e.g., for fossil fuels), the investment manager universe is quite narrow. Screening and divestment approaches

are likely to require separately managed accounts, which, while customizable, introduce new costs and increase operational complexity which have implications for the expected returns.

Values-Based Investing

Throughout the consultation process, participants noted that Western should be investing in step with its institutional “values.” This raises important questions about how such values would be defined and applied across a complex institution. Universities are defined by pluralism, with their purpose to foster debate, inquiry, and the coexistence of diverse viewpoints. Individuals and groups may hold deeply rooted values, but these are personal or collective, not institutional. The consultation feedback highlighted the extent to which views and values across the University community are diverse and, at times, in tension with one another.

The Committee considered values-based investing, like some foundations that exist to serve their purpose. Even if it were possible to define such values for Western, significant practical questions would immediately arise:

- whose values would prevail,
- who would determine which values are institutional,
- how would conflicting values be resolved, and
- how would values be applied to investments across industries, revenue sources, supply chains, customers, and geographies.

There are no accepted standards for answering these questions. Attempting to do so would draw the University into a perpetual process of adjudicating social and political debates, well outside of the Board’s fiduciary mandate.

These challenges illustrate why Western’s approach to responsible investing remains grounded in financial materiality and prudent oversight. Our role is not to express moral judgment or to use the endowment to respond to evolving social debates, but to ensure that financial resources remain stable and supportive of Western’s teaching, research and scholarship mission. Responsible investing, as we apply it, is not about asserting a singular moral stance. Rather, it is ensuring that external managers integrate all financially relevant risks, including ESG factors, into their investment processes.

Transparency, Education and Engagement

The Committee acknowledges that Western's disclosures, while extensive and best-in-class among Canadian universities, can sometimes be difficult to interpret without additional context. For example, the aggregated list of holdings may create misunderstandings about Western's indirect role in the investment relationship. Similarly, confusion persists regarding the funding source of long-term assets and the fact that tuition revenues are not invested in equity markets. The consultation feedback confirmed that many community members did not access or understand the investment education materials available. Misunderstandings persist about core concepts, including the use of tuition, the structure of pooled funds, and what ESG integration does and does not mean. These misunderstandings highlight the importance of enhanced communication and messaging around core concepts, within the context of existing reporting.

Tuition revenues are not invested in equity markets; tuition is available for the delivery of education in the upcoming year

The Committee will continue refining how information is framed and presented to ensure that disclosures more clearly reflect Western's position as a manager-of-managers investor. Enhancing the educational context surrounding our investment practices will help the community better understand pooled fund realities, external manager responsibilities, and the practical constraints inherent in global diversification.

During the consultation process, some community members sought greater insight into engagement undertaken by external managers. Engagement is typically a long-term process that does not yield immediate or highly visible outcomes, yet it remains one of the most meaningful ways investors can influence corporate behaviour. The Committee will continue highlighting engagement activities in the [annual Responsible Investing Reports](#) and look for opportunities to enhance these disclosures going forward.

The Committee's commitment is to provide transparent, thoughtful, and contextual information that helps the community understand how Western participates in the investment ecosystem, where meaningful influence can occur, and how responsible investing practices align with Western's mission and fiduciary obligations.

Divestment: A Deeper Look

As one of the themes identified in the consultation process dealt with Divestment and Exclusion, the Committee thought commentary on the concept and practical implications of divesting was warranted.

Concept of Divestment

Divestment is the exiting of an investment position and divestment campaigns broadly have one or more of the following goals:

1. Exerting changes at targeted companies

The objective is to put pressure on a company's stock by having investors sell their shares. Investment theory states that this in turn would make raising capital more difficult and expensive, lower the value of stock options, and generally make remaining shareholders unhappy, prompting them to pressure management to stop the activity or behaviour prompting the divestment request.

The success of such an endeavour depends on the number of shareholders divesting their holdings. Given that Western is a relatively small institutional investor, on its own it can't influence the stock price of most large publicly traded companies, and there can be no assurance that other investors will follow suit.

Furthermore, if the divestment campaign focus is core to the company's activities, it would require a company to cease its core business to meet the objectives of the divestment campaign.

2. Creating attention on a targeted sector to cause government or regulators to act

The objective is to generate enough attention on a specific sector to force governments to legislate the sector in a certain way. Such regulation or legislation brings all companies operating in the sector, and subject to rules, into compliance.

3. Preventing an organization from financially benefiting from the controversy

Perhaps in response to the limited impact of approaching divestment through the previous two goals, groups promote divestment to prevent an organization from financially benefiting from the controversy. The main issue for a large and diverse organization such as Western is that there is no consensus on a defined set of values, making it difficult to assert a clear mandate to implement a call for divestment.

The potential impact of divestment on targeted companies is difficult to measure. However, divestment requests could have unintended consequences for the company and investing organizations.

- By divesting, investors lose their right to engage the company (or engage the investment manager in the case of Western) on specific matters.
- Taking a specific position in response to geopolitical issues would be largely symbolic for the investing organization, and for Western may divide our campus community, including donors and alumni.
- Divestment campaigns may cause companies to go private and avoid the scrutiny of public disclosures. Insights into company activities become far more challenging when companies are privately held, but the activities may remain the same.

The most important condition for a successful divestment campaign is to find broad market consensus on the issue among investors, government officials and regulators. For example, following Russia's invasion of Ukraine on February 24, 2022, there were global calls for divestment from Russian companies. Western did not take a specific position on these divestment calls; however, the markets acted to essentially reach divestment. On February 28, 2022, MSCI, a provider of financial markets indices, launched a consultation with international institutional investors on the accessibility and investability of the Russian equity market. On March 2, 2022, MSCI announced that it would remove Russia from its main indices. Managers also took these market conditions into consideration and adjusted portfolios. This example demonstrates that when there is market consensus, divestment occurs naturally.

Implications of Divesting

The preferred structure for investing in public equities for small institutional investors the size of Western is to invest in pooled funds, which provide diversification benefits and lower costs. As a result, it is not possible to remove individual securities from a portfolio. If the investment manager does not choose to remove the company from its portfolio, the only way to divest is by terminating the manager. There can be no guarantee that the replacement manager will never invest in that same company or similar companies, unless the portfolio's guidelines specifically exclude it.

The only feasible way to deal with divestment is to create separately managed accounts and add exclusions to the investment strategy guidelines – a process that would effectively dismantle the university's entire investment model to address a very small percentage of assets. There are several issues that come with this decision:

- Not all investment managers will agree to manage the strategy in separately managed accounts instead of a pooled fund, reducing the available managers
- Creating separately managed accounts entails legal fees and possibly additional staff
- Investment management fees can be expected to increase
- New investment custodian and safeguarding fees will be required
- International investments will require registration with local securities regulators, and ongoing compliance costs to Western. These are currently spread out over many pooled fund investors.
- Restricting an investment universe for non-investment related reasons can lead to suboptimal portfolio risk and return
- Net returns can be expected to decline by moving from pooled funds to separately managed accounts, with a compounding negative effect over time.

For Western, a move to separately managed accounts is not recommended.

History of Divestment at Western

To date, the University has not implemented divestment in any scenario.

During the 1980s, there was a significant campus debate regarding the South African apartheid, which included several considerations by the Board in relation to divestment from South Africa.

In 1986, the Board adopted a selective investment policy related to South Africa that followed increasing Government of Canada economic pressure between the nation states. In Canada, businesses with transactions in South Africa faced specific compliance requirements, which were subject to monitoring by the Government of Canada. This approach reflected a selective divestment framework rather than full divestment, whereby investments were restricted to companies that met Government of Canada standards of conduct, and companies not meeting those standards were deemed not investable.

The adoption of the selective policy did not result in divestment by Western, as companies held in Western's portfolio at the time met the Government of Canada standards. Further, during this time Western was implementing a significant change in how the University invested funds. In 1984, the Board approved moving from an internal investment office selecting companies and making direct investments, towards a manager-of-managers approach, selecting external managers who then make

investment selections. This change was reflective of investment industry developments and is how the University continues to invest today.

Divestment was subsequently revisited through Board and committee processes in the late 1980s, with the Board reaffirming its selective investment policy and declining to adopt full divestment. Instead, the Board added educational commitments towards students and South Africa, which aligned with the core mission of the university.

In the late 2000s, a student group at Western advocated for investment screens to restrict investment in companies working with or for the Government of Sudan. In 2008, the Board received advice from Senate on the matter, which focused on a specific list of companies doing business with Sudan. After Board consultation with the Committee, the University did not divest from the specific list of companies. The resulting action was the formalized integration of ESG factors in the investment decision-making processes, a practice that coincided with accelerating investment industry developments. For example, the PRI was launched in 2005 with a growing number of asset owners and investment managers signing on to the investor initiative. This is also when Western started to formalize its responsible investing practices, which have been progressively integrated into the university's investment strategy and have since evolved along with investment industry practices.

Since 2009 the university's approach has emphasized principled, standards-based investment decision-making, reliance on governance processes, and the progressive integration of ESG considerations (Figure 1 on page 10).

Additional Considerations

Peer Institution Research

The Committee conducted research of the decisions by 7 other Canadian universities in Canada and multiple others in the United States on divestment (Appendix C).

Most Canadian universities have declined divestment from military companies or companies purported to be complicit in human rights violations. While there had been two universities who committed to review their policies as part of an agreement to end encampments in 2024, no university has made the decision to divest as of March 2026. In the United States, the vast majority of universities have reviewed their policies and declined divestment requests.

Canadian Sovereignty and Defence

Canada's new Defence Industrial Strategy sets ambitious targets to rebuild military readiness and reduce reliance on foreign suppliers.

Research-intensive universities like Western have an important role to play in this effort – contributing knowledge across many disciplines to develop dual-use technologies that support innovation in areas including artificial intelligence, climate change and resilience, autonomous systems, and clean technology.

In terms of institutional investments, responsible investment in defence-related industries does not represent an endorsement of conflict but recognizes the role that legitimate defence capabilities and companies play in protecting democratic societies, national sovereignty, and international stability.

Universities across North America and Europe are facing increasing advocacy to divest from companies involved in the defence industry. At the same time, geopolitical developments—including the wars in Ukraine and Iran, increasing Arctic security concerns, and growing North Atlantic Treaty Organization (NATO) commitments—have renewed attention to the importance of national defence capacity.

Canada's security environment and international alliances, including participation in NATO operations and United Nations peacekeeping missions, depend in part on a functioning defence industrial base supported by private sector companies.

Defence companies develop technologies used for deterrence, peacekeeping, cyber defence, and protection of national sovereignty. These industries support democratic governments and international alliances responsible for maintaining global stability.

Many technologies originating in the defence sector also contribute to civilian innovation, including aerospace systems, satellite communications, cybersecurity infrastructure, and emergency response technologies. Universities frequently collaborate with aerospace, cybersecurity, and advanced technology firms that operate within the broader defence ecosystem. These partnerships support research funding, innovation, and student opportunities.

A blanket divestment approach could create inconsistencies between institutional investment policies and academic collaborations.

Investment Committee's Response to Senate's Recommendation to the Board

The Committee would like to acknowledge the Senate Motion that was passed in January, 2026. This motion was then forwarded to the Board in February 2026.

"Be it resolved that: The Senate recommend to the Board of Governors through the President & Vice-Chancellor, that Western University's Investment and Responsible Investing Policy(within MAPP 2.26) be expanded to include commitments to upholding human rights and international law in all investment practices, including divestment from weapons manufacturers, and companies that are involved in violations of international law or internationally recognized human rights.

Furthermore, that the Senate recommend to the Board of Governors to establish a Special President's Committee on Ethical and Human-Rights-Aligned Responsible Investing, composed in a manner that is representative of the Western community, including students, faculty, staff, and community members, and mandated to develop and oversee the implementation of the aforementioned policy amendments in a suitable manner."

While Senate shared its advice prior to the availability of the draft RI Policy and educational materials, it was reviewed carefully by the Committee. The Senate recommendation seeks to use international law as a standard to be applied to the conduct of businesses in which the University invests. The recommendation does not consider the complexity and cost of implementing an investment policy that measures investments against international legal standards. International law is not an appropriate tool for this purpose.

International law generally applies to state actors, not businesses. International human rights law in particular is directed at protecting people from excesses of state power, not at regulating business activity.

To assess the appropriateness of corporate conduct against international legal norms would involve:

- an assessment of the international legality of a given state's conduct, and
- a determination as to whether a given business' activities within or with that state contributed to the state's international law violations.

This would lead to a complex, rolling assessment of all businesses within the university's ever-evolving investment portfolio against a vast set of international norms and would require specific expertise in international law; this is a task not suited to a committee of non-experts in international law. Further, decisions to divest could be politically charged and could potentially expose the University to liability.

Divestment from the apartheid in South Africa has been put forward as a precedent. However, there is a distinct difference between a country-specific, violation-specific divestment campaign and the non-specific, open-ended, international-law-based divestment proposed by the Recommendation. With specific regard to weapons manufacturing, the Senate recommendation suggests that weapons manufacturing in and of itself is a violation of international law and human rights. This is not the case. The manufacture and use of lawful conventional weapons is not contrary to international law.

Some in the University community see weapons manufacturing as a high-risk sector for the violation of human rights while others regard weapons manufacturing as desirable to preserve national sovereignty and self-defence in a time of growing instability and increasing threats in international affairs. To divest from weapons manufacturing is therefore a policy decision.

The Investment Committee does not support such a policy decision for two reasons:

- It is a decision antithetical to other actions taken by the university. The University has recently announced a defence research partnership with TKMS, a German provider of integrated system solutions in maritime defence technologies and hosts General Dynamics on its campus as part of its career fair. The University is also seeking other opportunities to partner or research in the areas of defence. In removing weapons manufacturers from its investment portfolio, the University would be sending a mixed message to the defence industry which could potentially impact future research and academic opportunities.
- It is a decision that does not align with the fiduciary duty of the Board and the Committee or with their responsibility to prudently invest charitable assets. The University would lose high-performing assets in a legal business activity at a time when the value of such assets is expected to increase due to a renewed focus on defence spending. The University would also be limiting its investment universe and therefore creating a diversification risk. Finally, the cost to sell and/or screen out such assets can result in higher transaction costs and create logistical complexity for our external managers.

The Committee is obligated to ensure its decision and recommendations, if implemented, align with its and the Board's fiduciary duties. All recommendations, including the Senate recommendation, must be reviewed in the context of what is best for the University as a whole, taking into account the best available information to the Committee and the Board. After reviewing the available information and consulting with both legal and financial experts, the Committee does not support the Senate's recommendation for the reasons noted above.

Investment decisions should not be made to achieve a particular group or constituency's political or moral objectives without due regard to the financial cost or risk to the University. Rather, investment decisions must be made in accordance with our fiduciary duties, following a prudent investor standard that prioritizes the University's mission and long-term sustainability.

Conclusion

The draft RI Policy reflects what the Committee believes is the appropriate balance for Western's circumstances. It embeds responsible investing principles in a manner that aligns with our investment structure, leverages the expertise of external managers, and focuses our influence where it can be most effectively applied. The draft RI Policy ensures flexibility, allowing for the incorporation of financially-material ESG factors as industry standards evolve. At the same time, it avoids rigid screens or values-based divestment approaches that would impose impractical constraints, reduce diversification, increase costs, and diminish long-term financial resources.

The draft RI Policy has evolved since 2022 to further reflect our commitment to responsible investing practices. Changes include:

- The creation of a stand-alone policy, reflective of over 15 years of development in responsible investing practices.
- The integration of the PRI, and University actions in response to them.
- The enhancement of the sustainable investment allocation to 15% for the Fund, a \$375 million commitment.
- The inclusion of the first set of proxy voting guidelines, reflective of the focus on engagement and where Western has influence with its managers.

The Committee is appreciative of the diverse feedback received from the Western community and has taken this feedback into consideration in adjusting the draft RI Policy. Several revisions have been incorporated into the updated draft policy since its release in January, including:

- PURPOSE – Repositioning of the RI Policy as a side-by-side policy with the Investment Policy (MAPP 2.26), removing the previous language that subordinated it to the Investment Policy during a conflict.
- Section 2.0 – Clarifying that the responsible investing principles relate to all Portfolios, and not simply the sustainable investment allocation.
- Section 3.2 – Adjusting the definition and scope of sustainable investments to provide greater clarity on the types of verification and validation required in order to count as such an investment.
- Section 3.3 – Clarifying that carbon emissions relate to Scope 1 and 2 emissions.
- Section 6.0 – Re-ordering section 6 of the Proxy Guideline to alphabetical order.
- Section 6.5 – Updated the Land Acknowledgement.

In our judgment, the updated draft RI Policy represents a responsible, prudent, and forward-looking approach. It maintains the Board's commitment to diligent governance and fiduciary responsibility, while supporting the practical integration of responsible investing principles committed to in signing the PRI. Most importantly, it preserves the core purpose of the investment portfolios: to provide stable, risk-adjusted financial support for the university's teaching, research and scholarship mission today and into the future.

Investment Committee Recommendation to Property and Finance, and the Board

Based on the analysis presented, the Investment Committee recommends that the Property and Finance Committee recommend the Responsible Investing Policy to the Board of Governors for approval.

Appendix A: Glossary

Administration	University staff responsible for day-to-day management of the Portfolios
Board	Western's Board of Governors
Divestment	Exiting of an investment position
Endowed Portfolio	Endowed assets invested to generate income to fund endowed chairs, scholarships, bursaries, research, etc.
Engagement	The practice of inquiry, interaction and dialogue between parties along an investment value chain, such as Administration, Managers, collaborators, policymakers and companies. Engagement typically relates to investment risk/return, ESG issues, and other investment responsibilities and issues and its goals include influencing practices, improving disclosure and enhancing long-term value
ESG	Environmental, Social, Governance Refers to a strategy that evaluates companies based on these non-financial criteria to inform investment decisions. Environmental issues relate to the quality and functioning of the natural environment and natural systems, identified or assessed in responsible investment processes. These include but are not limited to risks related to greenhouse gas emissions, climate change, natural resources, and waste. Social issues relate to the rights, well-being, and interests of workers, communities, customers / end-users for corporate entities, and citizens/populations for sovereign entities, identified or assessed in responsible investment processes. These include but are not limited to risks related to human rights, labour rights,

child and slave labour, diversity, equity and inclusion, and Indigenous rights.

Governance issues relate to the rules followed and actions taken by companies and other investee entities, identified or assessed in responsible investment processes. These include but are not limited to board oversight and structure, independence, company disclosures, shareholder rights, accountability, operational strategies, executive pay and performance evaluation.

Fiduciary duty	The duty of members of the Board and Investment Committee to act honestly, carefully, in good faith, and in the best interests of the University as a whole. In the investment context, this means that members of the Board and Investment Committee must exercise the care, skill, diligence and judgment that a prudent investor would exercise in making investments, with a long-term view to maximize returns at an acceptable level of risk to support the University's mission.
Fund	The combined Operating Portfolio and Endowment Portfolio of the University
Investment Committee	A sub-committee of the P&F Committee with expertise in investments and investment management
Managers	The external investment managers who invest portions of the Portfolios
MTP	The mid-term investment portfolio of the University
Operating Portfolio	The long-term portion of non-endowed funds not included in the MTP and STP.
P&F Committee	The Property and Finance Committee of the Board
Policy	Means this MAPP Policy 2.XX – Responsible Investment Policy

Portfolio	collectively, the STP, the MTP and the Fund
PRI	Principles for Responsible Investment, a global investor initiative to advance responsible investing practices
RI	Means “responsible investing”, an approach which integrates ESG considerations into investment decisions
SDGs	Sustainable Development Goals, a set of 17 global goals adopted by the United Nations in 2015 as a universal call to action
STP	The short-term investment portfolio of the University
University	The University of Western Ontario, operating as Western University

Appendix B: Codebook

Code	Description
Accountability	References enforcement of the policy
Ambiguity/Clarity	Asks for policy and/or some of its elements to be further explained
Climate/Environment	Focuses on carbon footprints, environmental impact, fossil fuels, and global warming
Divestment	Mentions selling off or exiting certain stocks
ESG/Responsible Investing	Uses general statements about investing properly or following industry standards
Fiduciary Duty	Worries that ethical rules will lower investment returns or hurt the endowment's growth
General Opposition	Denotes high-level dislike without callout to a specific reason
General Support	Denotes high-level praise without callout to a specific reason
Governance/Voice	Addresses how the policy is adjudicated
Institutional Values/Ethics	Focuses aligning the policy and other institutional frameworks to personal values
Military & Defence	Comments regarding the manufacturing, sale, or distribution of weapons, firearms, or defense-contracting services. This includes mentions of divesting from war, defense contractors, military equipment, or international conflict funding
Negative Screening	Mentions maintaining a "blacklist" of prohibited industries
Omission	Identifies subjects/topics missed completely in the policy
Philanthropy/Donations	Mentions how the policy affects alumni giving, major gifts, or the university's ability to attract new donors
Positive Screening	Suggests proactively investing in "good" companies (green energy, affordable housing)
Reputation	Focuses on the impact the policy has on Western's image
Returns/Performance	Focuses on the financial health, growth, or bottom line of the endowment. This includes mentions of maximizing returns, protecting the fund, market performance, or long-term financial sustainability
Shareholder Engagement	Suggests the University should use its influence to change companies rather than divesting
Social Justice/Human Rights	Mentions human rights, international law, labor practices, DEI, and/or community impact
Transparency	Wants the University to publish exactly what it owns and how it votes, as well as disclose governance and consultation processes
Other/Unique	Identifies comments that have nothing to do with RI policy or consultation
N/A – No Comment	No comment

Appendix C:

Canadian and U.S. Post-Secondary Institutions Defence Divestment Considerations

Source: Johns Hopkins University Public Interest Investment Advisory Committee (PIIAC), Final Report (January 2025), Appendix IV. *modified to include Canadian post-secondary institutions

Canadian Schools				
University	Proposal	Process	Voting Outcome	Rationale for Decision
University of Guelph	Request that the university freeze its investments in five companies described in the request as 'complicit in the ongoing occupation, genocide, and ethnic cleansing of Palestinians.' The Named Entities are: BAE Systems, Honeywell, Siemens, AXA, Teva.	Ad Hoc Committee on Special Action Requests	<u>Decline (5/2025)</u> <i>Board of Governors</i>	Fiduciary Duty – the proper exercise of fiduciary duty prevents the Board from making investment decisions solely to express a position on social or political issues. Social Injury – the Committee found the evidence of social injury presented to be insufficient. Cdn Gov't – no material actions have been taken by the Cdn gov't or other government entities against the Named Entities or related industries.
McGill University	Divest the endowment's direct investments from companies that derive a dominant portion of revenues from the weapons industry	Committee on Sustainability and Social Responsibility (standing committee BOG)	The committee is not recommending any action on the part of the Board in relation to the mandate. The CSSR is satisfied that McGill's overall investment approach is well positioned to preserve the capital of the MIP, within the social and ethical norms of the University.	Arms are used around the world for multiple purposes, including security and humanitarian efforts. A decision to divest <i>at this time</i> would be perceived as one motivated by geopolitical considerations linked to current world conflicts on which the university has taken a neutral stance in line with its mission. Inconsistent with fiduciary duties of Board Such a move would set unwarranted precedent for future decisions
McMaster University	As part of the agreement to end the encampment the University agreed to review its	Instead of amending the policy, the University prepared a draft	The updated Principles do not restrict investment in any particular company or	The goal is to provide a high-level framework to assist the Board in its fiduciary duty to make investment-related decisions that are in the best interest of the university and that support research,

	<i>Social Responsibility and McMaster's Investment Policy</i>	<i>Principles of Responsible Investment</i> to compliment it. Most feedback on the principles responded to the current situation in Israel/Palestine and called for divestment from defence technologies.	industry, or include any blanket commitments to divestment. A process has already been established to review of individual investments, which will continue with the Principles as a guide	teaching, faculty, students and the university as a whole. Principles do not support divestment but instead prioritize the fiduciary responsibilities of the Board and support the long-term health of the institution.
Queen's University	Divest from the State of Israel and put screening in place for future investments	Principal's Review Committee for Responsible Investing (provide written response to Principal detailing Committee's recommendations) – in accordance with the RI Policy	<u>Decline (2/2025)</u> <i>Board of Trustees</i>	Fiduciary Responsibility: Divestment would breach legal investment obligations. Role of the University and Academic Freedom: Institutional neutrality is a key factor. Effectiveness of divestment: Divestment and negative screens as agents for behavioural change are generally ineffective. Lack of consensus: Level of disagreement and complete lack of consensus on this topic sets the request apart from past divestment decisions. Canadian gov't has not imposed sanctions on Israel.
University of Ontario Institute of Technology	A negotiated settlement was agreed upon to end an on-campus encampment by addressing student demands for investment transparency and ethical divestment.	The administration established a working group to review investment policies and committed to annual public disclosure of all direct/indirect holdings.	No formal vote was held by the Board of Governors of Senate.	As of March 2026 UOIT had not made any actual divestments. Audit and Finance Committee <u>meeting</u>, November 21, 2024: "There are some limitations on responsible investing action that asset owners investing through pooled funds can take in response to ESG concerns relating to specific portfolio holdings. For example, divestment may not be feasible, since the assets are managed together with those of other asset owners and according to the same rules. Where significant ESG concerns emerge relating to portfolio holdings in a pooled funds context, good practice for asset owners is to engage external investment managers regarding how they are addressing the concerns."
University of Waterloo	In response to global conflicts/community concerns, the UW	The investing task force's mandate does not ask for a review of existing	<u>May 6, 2024</u> UW Senate heard a motion that 'Senate	<u>Recommendations:</u> Investment disclosure practices – The university should disclose as much as possible, while ensuring that contractual

	launched 2 task forces: •Task Force on Social Responsibility in Investing •Task Force on Principles for Institutional Partnerships	investment holdings, nor make pronouncements on specific investments.	recommend the BOG divest from all weapons manufacturers and all organizations that supply military equipment to Israel.' Vote to add motions to agenda defeated. <u>June 10, 2024</u> Senate passed motions to board, re: investment disclosure, partnership frameworks, elevating certain ESG factors.	commitments were made. All holdings should be disclosed. Priority Social Factors to Incorporate into RI Policy – Human rights should be a priority social factor in RI policy – applies to endowment and pension funds (definitions expanded to include: Anti-oppression/racism, Indigenous reconciliation, equity & diversity, adherence to UNCCW). Process for receipt / review of inquiries related to investments – Establish a policy that defines process to review stakeholder feedback related to endowed investments. Updates to RI Policy – add international human rights, expand reporting requirements, link to policy on feedback.
University of Windsor	As part of the agreement to end the encampment the University signed an agreement with The University of Windsor's Student's Alliance (UWSA) and The Windsor Liberation Zone Team (LZT)	The agreements embedded human rights criteria into investment policies as well as full annual disclosure of all holdings. No immediate divestment.	No formal vote was held by the Board of Governors of Senate.	Did the University agree to outright divestment? No. Why didn't the University agree to divest? The purpose of the university's investments is to generate income to advance our mission-related objectives. University of Windsor – FAQ

U.S. Schools				
University	Proposal	Process	Voting Outcome	Rationale for Decision
Amherst College	" Divest from companies aiding Israel's military operations in Gaza "	Board Review Only	<u>Decline (6/2024)</u> <i>Board of Trustees</i>	Community Consensus: "perspectives in the Amherst community are both deeply held and extremely polarized" Fiduciary Responsibility: "These actions could have significant immediate and long-term negative impacts on returns" Politicization: "would amount to the College endorsing the moral and political position of some... and rejecting the... position of other members"
Brown University	" Divestment from Companies that Facilitate the Israeli Occupation of "	• Special Advisory Committee	<u>Decline (9/2024)</u> Advisory Committee on	Lack of Corporate Impact: "investment is de minimis and... too distantly removed from "social harm" to thus justify divestment action"

U.S. Schools				
University	Proposal	Process	Voting Outcome	Rationale for Decision
	Palestinian Territory	• Board Review	University Resource Management Decline (10/2024) Brown Corporation	Politicization: "Brown's mission doesn't encompass resolving or adjudicating global conflict" Community Consensus: "deep feelings and beliefs have resulted in tension and division within the Brown community"
Columbia University	"Divest from companies profiting from Israeli apartheid "	• Special Advisory Committee Board Review	Decline (3/2024) <i>Advisory Committee on Socially Responsible Investing</i> No Board Vote (stopped with committee)	Community Consensus: "significant opposition... as evidenced by the actions of many students, faculty, and alumni."
Cornell University	Divest from "companies supporting the ongoing war in Gaza"	• Standing Governance Committee • President Review • Board Review	Decline (5/2024) President Martha Pollack No Board Vote (stopped with president)	Politicization: "Purpose of our endowment is not to exercise political or social power" Targeting of Israel: "Troubled by the fact that this... singles out companies for providing arms to Israel" Illegality of Divestment: "in violation of New York state's executive order 157, which prohibits investment activity intended to penalize Israel"
Duke University	"Divest from companies profiting from Israel's violence in Palestine"	• Special Advisory Committee • Board Review	Did Not Receive the Proposal <i>Advisory Committee on Investment Responsibility</i> No Public Response to Proposal	Politicization: The administration claims political neutrality
Harvard University	Implement a human rights investment policy and a task force to audit investments	No formal divestment process	Decline (10/2024) President Alan Garber Posted a copy of President's correspondence with students he met with to website (did not send a public message)	Community Consensus: "Will not use [Harvard's] endowment funds to endorse a contested view on a complex issue that deeply divides our community" Politicization: "the investment strategy is designed to support the academic mission, not to serve as a direct instrument of social or political change"

U.S. Schools				
University	Proposal	Process	Voting Outcome	Rationale for Decision
Northwestern University	" Divest from all defense stocks... and from all companies that support Israeli apartheid "	• Special Advisory Committee • Board Review	Did Not Receive the Proposal <i>Advisory Committee on Investment Responsibility</i> No Public Response to Proposal	No reasons given
Occidental College	Divest from four companies supporting " human rights violations by the Israeli military "	Board Review Only	Decline (6/2024) Board of Trustees	Community Consensus: "The proposal would be divisive and damaging to the College community" Lack of Corporate Impact: "no expectation that divestment would significantly or adversely impact the targeted companies" Politicization: "taking a position on a complex geopolitical situation would potentially chill the expression of diverse opinions"
Princeton University	" Divest from Israel's violations of international law and human rights "	• Standing Governance Committee • Board Review	Awaiting Decision <i>Council of the Princeton University Community Resources Committee</i>	Community Consensus: Guidelines state there must be a "strong consensus regarding what to do"
Stanford University	" Divest from companies invested in Israel's war crimes "	Board Review Only	Decline (10/2024) Special Committee on Investment Responsibility (a committee of the Board of Trustees)	Community Consensus: "The events in Gaza and Israel have been a deep source of division in the Stanford community."
University of California System	Divest from firms that do business with Israel and ensure tuition dollars are not invested in Israel	No formal divestment process	Decline (4/2024) <i>University of California Office of the President</i>	Academic Freedom: "boycott of this sort impinges on... academic freedom... and the unfettered exchange of ideas on our campuses"
University of Chicago	Divest from financial support for Israel	No formal divestment process	Statement Reiterating Prior Decisions (4/2024) <i>University Administration</i>	Politicization: Stance "against taking collective positions on political or social issues outside its core mission, including calls for divestment"
University of Michigan, Ann Arbor	Divest companies profiting from Israel's military campaign in Gaza	Board Review Only	Decline (3/2024) Board of Regents Finance, Audit &	Fiduciary Responsibility: "to [divest] would be to increase our investment risk and decrease our investment returns"

U.S. Schools				
University	Proposal	Process	Voting Outcome	Rationale for Decision
			Investment Committee	Politicization: "We will continue to shield the endowment from political pressures"
University of Minnesota System	Divest from companies with ties to Israel and defense spending	Board Review Only	Decline (8/2024) <i>Board of Regents</i>	Community Consensus: "our community is divided on the topic" Fiduciary Responsibility: "possible financial challenges of divestment"
University of Pennsylvania	" Divest from any security that enables, facilitates, or profits from the... growth of Israeli settlements "	• Standing Governance Committee • Special Advisory Committee • Board Review	Decline (10/2024) <i>University Council Steering Committee</i> Decline (6/2024) <i>Interim President Larry Jameson (leaked email)</i>	Flat Rejection: "Penn does not support boycotts, divestment, or sanctions against Israel."
University of Virginia	" Divest... from companies that profit from... human rights violations " ("including... Israel's apartheid regime ")	• Special Advisory Committee • Board Review	Did Not Receive the Proposal Advisory Committee on Investment Responsibility Decline (9/2024) UVA Investment Management Company (at a meeting of the Board of Trustees)	Fiduciary Responsibility: "Do not utilize divestment for non-financial reasons" Politicization: "Do not like using our investment strategy for expressing a moral or political opinion" Illegality of Divestment: "May not be legal to consider non-pecuniary factors"
University of Washington	Divest from companies that support " the Israeli occupation of Palestinian land "	Board Review Only	No Decision Made Due to Interruption Board of Regents	
Wesleyan University	Divest from companies supporting the war in Gaza	• Special Advisory Committee • Board Review	Advance (9/2024) Committee on Investment Responsibility Decline (9/2024) Board of Trustees Investment Committee	Impracticality: "divesting from an ever-changing list of companies... would be impractical and irresponsible" Impact on the Endowment: "fiduciary responsibility... over a multigenerational horizon... requiring us to manage the endowment with prudence" Politicization: "Wesleyan endowment... should not be treated as a political football"
Williams College	Divest from companies that support the Israel Defense Forces and	• Special Advisory Committee	Decline (5/2024) Advisory Committee on	Politicization: "the endowment... is not a vehicle for expressing views on world affairs or conducting advocacy"

U.S. Schools				
University	Proposal	Process	Voting Outcome	Rationale for Decision
	adopt ESG standards	• Board Review	Shareholder Responsibility <u>Decline</u> <u>(6/2024)</u> Board of Trustees	Fiduciary Responsibility: "Subordinating overall investment strategy... to the volatility of geopolitical events... would introduce significant new risk"
Yale University	Divest from military weapons manufacturers with a focus on those supporting the conflict in Gaza	• Special Advisory Committee • Board Review	<u>Decline</u> <u>(4/2024)</u> Advisory Committee on Investor Responsibility Decline (4/2024) Yale Corporation Committee on Investor Responsibility	Socially Necessary Uses: Military weapons manufacturing supports socially necessary uses, such as law enforcement and national security