UNIVERSITY of VIRGINIA | INVESTMENT MANAGEMENT COMPANY

Investor Responsibility Framework

Revised 2026

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Investor Responsibility Overview

Overview

The University of Virginia Investment Management Company (UVIMCO) provides investment management services to the University of Virginia and associated organizations. UVIMCO is an independent organization with its own Board of Directors. UVIMCO strives to generate exemplary investment returns to further the University of Virginia's mission in perpetuity by providing support to current and future generations of students, faculty, staff, and patients.

UVIMCO is dedicated to investor responsibility and incorporates material environmental, social, and governance (ESG) risks and opportunities into its investment process where relevant to long-term value creation and consistent with its fiduciary duty.

The Advisory Committee on Investor Responsibility (ACIR), formed in 2021, provides a channel for student, faculty, and alumni perspectives and advises UVIMCO on ESG investment issues and activities. The ACIR created this *Investor Responsibility Framework* to guide UVIMCO's approach through a measured, long-term view aligned with UVA's mission and grounded in UVIMCO's fiduciary duty to the University.

Because most of UVIMCO's portfolio is invested indirectly through external managers, the *Framework* focuses primarily on evaluating managers' approaches to ESG risks and opportunities through diligence, monitoring, and engagement. It also addresses UVIMCO's approach to its limited direct investments, including proxy voting and the Fossil Fuel Investment Principles for direct traditional energy investments.

The *Framework* also outlines how UVIMCO and its managers seek to drive positive change through activist strategies, impact investments, and collaboration with peers through sustainable investing initiatives. Given the significance of climate change and climate-related risks to the portfolio and the broader world, climate change receives dedicated attention through a standalone section.

It is important to note that the *Framework* will evolve over time to ensure the inclusion of best practices and is reflective of the constantly evolving ESG landscape. The ACIR will monitor best practices and recommend any future updates to UVIMCO.

Environmental, Social, and Governance Approach

ESG Integration

UVIMCO utilizes ESG integration as a primary tool in implementing its responsible investment process. ESG integration enlarges the scope of ESG analysis beyond the focus of risk mitigation and is typically defined as investing with a systematic and explicit inclusion of ESG risks and opportunities in investment analysis. We believe that a holistic approach to integrating ESG best practices is consistent with our fiduciary duty, as it can help to lower investment risk and increase long-term investment returns. This approach aligns with the University of Virginia's mission, values, and sustainability goals while providing a pathway for a more sustainable endowment for the University.

UVIMCO's Investment Policy Statement includes the following section on ESG:

> *Staff is committed to responsible investment, which includes the incorporation of environmental, social, and governance (ESG) risks and opportunities in its investment process. Relevant ESG factors vary by investment but generally include those which demonstrate the potential to directly or indirectly impact the performance of a given investment opportunity. External managers are also expected to consider relevant ESG factors that may have a material impact on their individual investments or portfolios and to engage with UVIMCO in ongoing dialogue regarding those factors and all other aspects of investor responsibility.*

External Investment Partners

Pre-Investment: UVIMCO incorporates ESG considerations into the sourcing, evaluation, and approval of all external investment managers. We assess each external manager's approach to environmental, social, and governance risks and promote best practices through manager engagement. Initial due diligence helps UVIMCO understand how an investment manager integrates ESG across its investment approach and process, including security selection and portfolio company engagement.

Post-Investment: Ongoing due diligence through monitoring and reporting helps UVIMCO to understand any changes to an external manager's approach. This is accomplished through an annual manager survey and ongoing review of manager reports, ESG policies, and relevant underlying holdings. We believe that engagement with our external managers on ESG issues contributes positively to our long-term returns and promotes positive change in the investment industry. Additionally, we share our *Proxy Voting Guidelines for Public Securities* with external investment managers, which are modeled based on best practices of peer endowments.

Direct Investments

Although the majority of UVIMCO's assets are held indirectly through external managers, UVIMCO also makes select direct investments in publicly traded securities. UVIMCO may occasionally have the opportunity to vote with respect to these limited direct investments, in which case we use our *Proxy Voting Guidelines* to guide our approach. For direct traditional energy investments, UVIMCO utilizes its *Fossil Fuel Investment Principles* to ensure that those investments meet certain standards and help reduce risk for the portfolio.

Environmental, Social, and Governance Approach

Driving Positive Change

UVIMCO and many of our external managers seek to drive positive change through engagement with existing investments and by investing in companies that address real-world challenges. Additionally, UVIMCO pursues positive change by collaborating with peers and subject matter experts through established sustainable investing initiatives.

External Investment Partners

Company Engagement: UVIMCO invests with activist-style managers who seek to promote positive change at their portfolio companies through direct engagement, proxy voting on key issues, and, in certain cases, board representation. These managers drive change across a range of ESG issues, with a heightened focus on environmental stewardship and climate risk.

Impact Investments: UVIMCO partners with external investment managers who invest in products and services that solve some of the world's greatest social and environmental challenges. These investments support positive impact areas that include promoting good health and wellbeing, affordable and clean energy, sustainable cities and communities, and climate action. UVIMCO occasionally highlights some of these investments on its *Responsibility* page.

Sustainable Investing Initiatives

UVIMCO pursues positive change through participation in established sustainable investing initiatives. UVIMCO works with the Intentional Endowments Network (IEN), ILPA, and the Asset Owners Society to collaborate with peers, share best practices, and enact positive change through collective engagement. UVIMCO also engages with its peers and other industry leaders frequently through conferences, roundtables, webinars, and meetings.

Addressing Climate Change

Climate Change

UVIMCO acknowledges the significant threat of climate change and the need for ongoing collaboration and action across the global community, including from the investment management industry, to align with a decarbonized future. We are committed to being a part of the solution alongside the University of Virginia and our peers.

We are well-positioned to effect positive change through:

1. **Engaging managers and companies** on climate risk and the importance of transitioning UVA's investments to net-zero by 2050.
2. **Avoiding direct investments** in fossil fuel companies that do not meet the specific sustainability criteria laid out in the *Fossil Fuel Investment Principles*.
3. **Driving increased transparency and actions** regarding companies' emissions and other climate factors through engagement with external managers, companies, and sustainable investing initiatives.
4. **Allocating capital** to climate solutions that reduce carbon emissions and support the transition to a net-zero economy.

Net-Zero by 2050

We are committed to transitioning the University's endowment and other investments in the portfolio to net-zero by 2050. Being a net-zero endowment requires reducing our portfolio's emissions while increasing investments in climate solutions. A net-zero commitment clearly aligns UVIMCO with the long-term direction of society and will position us for lasting success.

UVIMCO's approach to net-zero is focused on supporting real-world decarbonization. We seek to drive progress through: (1) engagement with investment managers and the companies in which they invest, (2) reviewing our energy investments against our *Fossil Fuel Investment Principles*, (3) proxy voting on material climate-related issues where UVIMCO has voting authority, (4) and investments in climate solutions that reduce real world emissions and support the transition to a lower-carbon economy. UVIMCO's primary focus is on encouraging meaningful change across the portfolio and the broader economy, rather than divesting from individual managers or underlying holdings as a default approach to reducing portfolio-level emissions.

We have taken the important first step of pledging to align with a decarbonized future, but we also understand that a net-zero goal can be challenging to achieve. Meeting net-zero by 2050 will require meaningful action by UVIMCO's investment managers and the companies in which they invest. Achieving a decarbonized future will require coordinated action across the global economy, including meaningful emissions reductions by companies, responsible capital allocation by investment managers, clear incentives and standards from policymakers and regulators, and broader adoption of lower-carbon technologies and behaviors by consumers.

Fossil Fuel Investment Principles

UVIMCO utilizes the following principles to guide its direct investments to ensure that we are only investing in fossil fuel producers[1] that meet certain sustainability criteria. We anticipate that these principles will evolve over time and that the application of them will be dynamic. Companies that do not meet the principles are not eligible for direct investment.

UVIMCO expects its external managers to review the Fossil Fuel Investment Principles and use them as a guiding document for their own investment programs.

UVIMCO expects fossil fuel producers to meet the following criteria:

Principle No. 1 – Be Transparent

Fossil fuel producers should engage with the appropriate stakeholders, including investors, and be accessible, open, and transparent about ESG business practices. Publicly owned companies should publish sustainability reports at least annually and report regularly on sustainability progress during shareholder meetings.

Principle No. 2 – Adopt Best Practices

Fossil fuel producers should publicly set targets for reducing GHG emissions (Scope 1 and 2) and articulate a strategy to reach those targets, including activities to mitigate upstream flaring emissions.[2] Producers should report publicly on progress towards these goals. As the measurement of Scope 3 emissions becomes more reliable, and disclosure required by regulators, UVIMCO and the ACIR will evaluate whether to include Scope 3 targets as part of these principles.

Principle No. 3 – Safeguard the Environment

Fossil fuel producers should operate responsibly to safeguard the environment, minimize their environmental footprint, and utilize best practices for reclamation on oil and gas lands when applicable. This includes having a plan to restore site stability and ecosystem functions, as well as returning disturbed lands to their original state, as required by local laws.

Principle No. 4 – Act with Integrity

Fossil fuel producers should not intentionally undermine the work of the global community to transition to cleaner energy by 2050. Fossil fuel producers should not spread misinformation regarding climate change, including their historically negative impact on climate change and their ongoing contribution to global emissions.

[1]*Fossil fuel producers are defined as exploration and production (E&P) companies that identify, extract, and produce raw materials.*

[2]*Mitigation of upstream flaring should be consistent with the activities and goals of initiatives such as the World Bank's Zero Flaring by 2030 initiative.*