UNIVERSITY OF WATERLOO | Board of Governors

Board of Governors Meeting

Open, Confidential and In Camera Sessions

October 27, 2026

1:30 p.m. - 5:30 p.m.

NH 3407

200 University Avenue West

Waterloo, ON N2L 3G1

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UNIVERSITY OF WATERLOO | Board of Governors

2026 10 27 Board of Governors Meeting Book

AGENDA

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	2 Territorial Acknowledgment		
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UNIVERSITY OF WATERLOO | Board of Governors

For Decision	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**4. Approval of Agenda**

4.1 Agenda and Minutes

4.1.1 Declarations of Conflict of Interest

Members are invited to declare any conflicts related to the open session agenda at this time. Should a conflict of interest arise during the course of discussion, Governors are asked to declare a conflict of interest as it arises.

Governors are reminded that they are to submit an annual conflict of interest declaration in order to comply with Board Bylaw 1, and report any changes in circumstance to the Secretariat. Information and guidance on conflicts of interest is provided on the Secretariat website.

Governors are encouraged to reach out in advance to the Secretariat with questions or anticipated declarations.

4.1.2 Approval of Agenda and Consent Items

Recommendation:
To approve the agenda of the October 27, 2026 Board of Governors meeting, as presented; and, to approve or receive for information consent agenda items 13.1 – 13.4.

Governors wishing to have an item removed from consent to the regular agenda are asked to contact the University Secretary in advance of the meeting. Governors may also request to have items moved to the regular agenda immediately prior to the approval of the agenda.

Matters removed from the consent agenda will be considered under item 14 Items Removed from Consent Agenda.

4.1.3 Business Arising from the Minutes

All matters of business arising are addressed throughout the balance of the meeting agenda

Documentation Provided:
- N/A

UNIVERSITY OF WATERLOO | Board of Governors

For Information		**Open Session**
Date of Meeting:	October 27, 2026	
To:	Members, Board of Governors	
From:	Genevieve Gauthier-Chalifour, University Secretary	
RE:	**5. Remarks from the Chair**	

Murray Gamble, Chair of the Board of Governors, will provide welcoming remarks to the Board of Governors during the open session.

Documentation Provided:

- N/A

UNIVERSITY OF WATERLOO | Board of Governors

For Information	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**6. Report of the President**

6.1 General Update

This report provides Governors with an update on key institutional items from each of the Vice-Presidents' portfolios, for information and awareness. Each Vice-President has contributed a high-level update on matters of institutional importance that may be of interest to Governors and support their role as members of the Board of Governors. There will be an opportunity during the Update from the President to ask questions related to the updates provided in this report.

Documentation Provided:

- President's Institutional Report to the Board of Governors

This report provides the Board of Governors with an update on a range of institutional activities and issues underway across the University. The items highlighted reflect current work in academic planning, international engagement, operations, external relations, research recognition, and compliance.

Academic priorities and program development

New program approval process

In October 2025, the AVPA and AVP-GSPA proposed a revised new program approval process to improve strategic oversight, reduce development timelines, and lessen administrative burden. Under the previous process, new program proposals took an average of 1.5 years to develop, and only 6 of 37 proposals submitted between 2016 and 2022 were ultimately approved. Key changes include elevating the Statement of Interest (SOI) as an early decision point, establishing submission deadlines, creating an Academic Programs Advisory Committee (APAC) to recommend provisional approval to the Provost, and providing centralized proposal-development support. In a June 2026 pilot, APAC reviewed 21 SOIs and proposals already in the system. Following review, the Provost provisionally approved six proposals to proceed, along with two additional proposals identified as institutional priorities. Approved proposals received specialist support for full proposal development, while others received detailed feedback and recommendations for revision. The process will be refined further in Fall 2026, with a new SOI intake and committee review anticipated in early 2027.

Graduate student and sessional instructor appointment processes

Implementation of collective agreements with CUPE 5524 for graduate teaching assistants, graduate research assistants and sessional instructors continues to progress. Major milestones include the launch of Workday to support recruitment and appointments, implementation of incumbency and seniority lists, and the introduction of biweekly pay effective September 2026, ahead of the collective agreement deadline. As of September 15, 2026, 2,140 graduate teaching assistant and graduate research assistant appointments and 414 sessional instructor appointments had been processed for the Fall term. Additional progress includes transitioning graduate student funding packages to the Guaranteed Appointments framework, improving consistency in offers of admission. Planning for Winter 2027 recruitment is underway, alongside continued process refinements and the establishment of an implementation advisory committee to support operational improvements and preparation for the next round of collective bargaining beginning in Winter 2027.

Internal engagement

Recent Consultations and Surveys

As part of the start of the President's appointment, he has undertaken a series of consultations to hear directly from the University community about opportunities to advance the institution. Engagement has included Faculty and Vice-President leadership teams, the University Senior

Leadership Council, and University Senators, complemented by surveys of employees, undergraduate students, and graduate students. The insights gathered through this engagement will help inform institutional priorities and areas of focus moving forward.

Global engagement

Waterloo's international activity continues to focus on strengthening institutional partnerships, supporting transnational education opportunities and advancing the University's global reputation.

Established in 2026, the Global Engagement Office supports Waterloo's international priorities by coordinating strategic global engagement across the University. Its work includes developing Waterloo's global engagement strategy, stewarding key international partnerships, supporting transnational education opportunities, managing priority delegations, and strengthening Waterloo's international reputation through evidence-based initiatives. Over the coming year, priorities include developing a new global engagement strategy, strengthening processes for international partnerships, exploring transnational education opportunities, and deepening relationships with international institutions and governments.

Systems transformation

ERP Finance transformation

The ERP Finance initiative is one of the most significant business transformation efforts the University has undertaken in years. It is about more than replacing Unit4 and a collection of legacy financial systems; it is an opportunity to modernize how Waterloo manages, accesses, and uses financial information across the institution. Over the past year, the project completed its initiation and discovery phases, laying the groundwork to support better decision-making, more consistent data, and simpler processes. The project has now entered the design phase, with a focus on ensuring the future solution reflects the needs of faculties, researchers, and administrative teams while integrating with the existing Workday HR environment. Strong governance is in place through the ERP Steering Committee, with deliberate emphasis on stakeholder engagement, change management, and research requirements. This fall, stakeholder engagement is expanding, with initial priority areas including research project financial management, reporting needs, and procure-to-pay processes. Faculty members will be invited to participate in focused feedback sessions on specific business processes, reporting design, and testing activities. The project remains on track for Core Financials go-live in May 2028, followed by additional capabilities, including Adaptive Planning, in August 2029.

External engagement and institutional reputation

September brings students, alumni, faculty, staff and industry partners together through activities that showcase the energy and innovation that define Waterloo. Two long-standing events, Homecoming and Hack the North, highlight the University's ability to foster meaningful engagement across generations of alumni, current students and corporate partners.

Homecoming (September 19)

This year marked a significant evolution in alumni engagement by consolidating reunion* and Homecoming programming into a single fall weekend, creating a stronger focal point for alumni to reconnect on campus. Co-led with Athletics and Recreation, the expanded program included new centrally coordinated activities alongside long-established favourites such as the Parking Lot Party, Alumni VIP Tent and Warriors football game. Waterloo welcomed more than 1,800 participants, with strong engagement across faculty reunions, campus tours, alumni gatherings and athletic events. Strong participation at this annual celebration demonstrates the enduring connection alumni feel to UWaterloo and creates opportunities to strengthen relationships that support the University's long-term success.

*excludes Engineering who run their reunion in June

Hack the North (September 18-20)

Celebrating its 13th year in 2026, the event continues to reinforce Waterloo's reputation as a global leader in innovation and entrepreneurship. Canada's largest hackathon welcomed nearly 1,200 student participants from 120 institutions across ten countries, including 547 UWaterloo students and 81 high school students from 40 high schools. Entirely student-led, the organizing team garnered more than $600k in sponsorships to deliver the event and remove financial barriers for participants. More than 60 industry partners and 35 judges from leading technology companies (including many UWaterloo tech founders) visited campus for a weekend of creativity, collaboration and problem-solving.

Government relations and public policy developments

Recent federal and provincial policy developments are relevant to Waterloo's work in research, innovation, infrastructure and academic planning. On September 3, 2026, the Government of Canada released the Responsible Data Centre Development Principles, intended to expand sovereign Canadian compute and AI infrastructure while ensuring community benefits and responsible electricity use.

On September 10, 2026, the Government of Ontario announced the allocation of 40,000 new funded college and university seats through the Priority Growth Fund. The new spaces are concentrated in high-demand fields including STEM, health care, education and skilled trades and form part of the government's broader $1.7-billion commitment to create 70,000 additional postsecondary spaces.

In August 2026, Ontario released its Data Centre Playbook, an early component of its forthcoming AI strategy, aimed at attracting data-centre investment while keeping Canadian data in Canada.

Research recognition and compliance

Eddie Goldenberg Research Chairs and Prestigious Awards

The University of Waterloo was selected to host three of Canada's inaugural Eddie Goldenberg Research Chairs, successfully attracting internationally recognized researchers whose work advances national priorities in health, social resilience, and innovation: Dr. Talia Bettcher (Arts), Dr. James Wolffsohn (Science) and Dr. Ruibing Wang (Engineering). This achievement demonstrates Waterloo's global reputation as a destination of choice for world-leading talent and positions the University to play a significant role in the Government of Canada's $1.7 billion Canada Global Impact+ Research Talent Initiative.

Dr. Mary Thompson was appointed to the **Order of Canada**. The Order of Canada is the cornerstone of the Canadian Honours System. Drs. Andrew Cooper, David Hammond, Ian Goldberg, Jimmy Lin, Myra A. Fernandes, Raafat Mansour, and Robert Mann were named **Fellows of the Royal Society of Canada** for their outstanding contributions to research, innovation, and society. Dr. Travis Craddock was awarded **Membership in the College of New Scholars, Artists and Scientists of the Royal Society of Canada**.

Foreign Influence Transparency and Accountability Act (FITAA)

The Foreign Influence Transparency and Accountability Act ("FITAA") and associated Regulations came into force on August 4, 2026**.** FITAA creates a foreign influence registry administered by an independent Foreign Influence Transparency Commissioner. It requires registration when an organization or individual undertakes influence activities pursuant to an arrangement with a foreign principal and those activities are in relation to a Canadian political or governmental process

FITAA does not prohibit any activities. It requires disclosing information about certain arrangements with foreign principals on a public registry. Failure to register risks administrative monetary penalties.

On October 7th, 2026, the Foreign Influence Commissioner released an Advisory Opinion – Guidance for the Academic Sector, which provides greater clarity in interpreting the registration criteria for the new registry.

The definition of "foreign principal" reaches well beyond foreign governments and would include foreign state-owned or state-controlled universities. While the Advisory Opinion is clear that "academic research, teaching, scholarly exchange, and the dissemination of knowledge will not generally be considered in relation to a Canadian political or governmental process solely because they concern matters of public policy or may be considered by policymakers", some activities undertaken at the University may incur an obligation to register.

The institution has developed a registration process and a communication plan. The aim is to assist specific units within the University and individual researchers to determine their obligations under

FITAA and to support them in registering when required. Universities are coordinating a common approach to registration via U15, Universities Canada and OCUR.

Institutional operations

Job architecture and labour relations

A major institutional priority is the implementation of a university-wide job architecture and job catalogue, a foundational initiative that will bring greater clarity and consistency to how roles are defined, classified, and managed across Waterloo. Once implemented, it will provide a common framework for recruitment, compensation, career development, workforce planning, budgeting, and future organizational decisions. There are currently more than 1,900 distinct staff job descriptions. Greater clarity and consistency for individual roles will strengthen strategic advice, improve workforce planning, and support more effective service across the University.

Work continues on several complex operational and labour-relations priorities, including implementation of the updated University of Waterloo Staff Association (UWSA) Memorandum of Agreement, rollout of the new CUPE 5524 collective agreements for sessional instructors, graduate teaching assistants and graduate research assistants, preparation for upcoming bargaining activities, and support for workforce planning, payroll changes, and appointment process changes.

Central Plant Maintenance and Operational Improvements

As part of the deferred capital renewal plan, in the past year we have been steadily rebuilding and modernizing the Central Plant, recognizing that it is the backbone of campus operations and supports every teaching, research, and administrative space on campus. Major investments have replaced failing brine tanks, aging chilled water infrastructure, emergency generators, and key cooling systems, while current projects are renewing electrical distribution equipment, improving redundancies, and strengthening system reliability. The team also successfully executed a major August shutdown, completing critical maintenance and renewal work with minimal disruption to campus operations, demonstrating the expertise and coordination required to maintain such a complex utility system. We are grateful for the addition of a new Chief Engineer and the continued dedication of the Facilities team. Looking ahead, required work on boilers, HVAC systems, sanitary infrastructure, and safety controls will require additional investment to continue to address aging assets and regulatory requirements.

UNIVERSITY OF WATERLOO | Board of Governors

For Information		**Open Session**
Date of Meeting:	October 27, 2026	
To:	Members, Board of Governors	
From:	Genevieve Gauthier-Chalifour, University Secretary	
RE:	**7. Audit & Risk Committee Report**	

7.1 Report from the Chair

Background:

As a regular item of business at each meeting, a report is provided from each standing committee chair. The Audit & Risk Committee assists the Board in fulfilling its legal and fiduciary obligations with respect to the annual audited financial statements, the overall financial reporting process, the internal and external audit process, the University's system of internal controls, compliance with statutory regulations and policies with the Committee's mandate, along with oversight for University risk management.

Additional information about the Committee can be found on the Secretariat website.

Key Items:

At its meetings held July 15, 2026 and October 6, 2026, the Audit & Risk Committee discussed the following:

2025-2026 Annual Financial Report
The Committee considered the Annual Financial Report for the 2025-2026 fiscal year. The Report will be considered for approval under agenda item 7.2.

Appointment of the 2026-2027 Appointment of the External Auditor
The Committee considered the reappointment of the current External Auditor for the next fiscal year. The recommendation will be considered for approval under agenda item 7.3.

2026-2027 External Audit Plan
In accordance with the terms of reference, the Committee reviewed the External Audit Plan, prepared by external auditor KPMG, for the fiscal year ending April 30, 2027. The plan includes the scope, strategy and costs of the audit.

2025-2026 External Auditor Performance Review
The Committee reviewed the results of a survey completed by Committee members and management on the performance of the external auditor as a matter of good hygiene. Members may recall KPMG was initially appointed as the University's External Auditor in 2023 for a 5-year term. The appointment is renewed on an annual basis by the Committee.

2026-2027 Internal Audit Plan
In accordance with the terms of reference, the Committee approved the Internal Audit Plan, prepared by internal auditor Deloitte in collaboration with the University's Office of Risk Management and Compliance, for May 1, 2026 to April 30, 2027. The plan includes planned audit projects, approach and costs of the audit.

Insurance, Risk and Compliance
The Committee received an update on current risk management initiatives, corporate insurance and compliance. This report is received quarterly.

Annual Litigation Summary
In accordance with the terms of reference, the Committee received the annual update on litigation matters.

Update on Enterprise and Information System
The Committee received an update on the early design phase of the project. Members will recall that the University is implementing Workday Financial Management as its future financial enterprise and information system (ERP). This is a multi-year initiative, and the Committee will continue to receive updates on the project as it progresses.

Documentation Provided:
- N/A

UNIVERSITY OF WATERLOO | Board of Governors

For Decision	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**7. Audit & Risk Committee Report**

7.2 2025-2026 Annual Financial Report

Recommendation:

That, on the recommendation of the Audit & Risk Committee, the Annual Financial Report for the Year Ended April 30, 2026 be approved by the Board of Governors, as presented.

At its July 15, 2026 meeting, the Audit & Risk Committee recommended that the University of Waterloo's audited financial statements for the fiscal year ended April 30, 2026 be approved by the Board of Governors.

The annual financial report, presented to the Board for consideration at the October meeting, includes the audited financial statements with a covering commentary on the financial statements. This commentary provides additional information to enable stakeholder understanding of the financial statements and to increase transparency. This commentary has been reviewed both internally and by the University's external auditor (KPMG).

The annual financial report was reviewed and recommended for Board approval by the Committee at its meeting held October 6, 2026.

Documentation Provided:

- Annual Financial Report – April 30, 2026

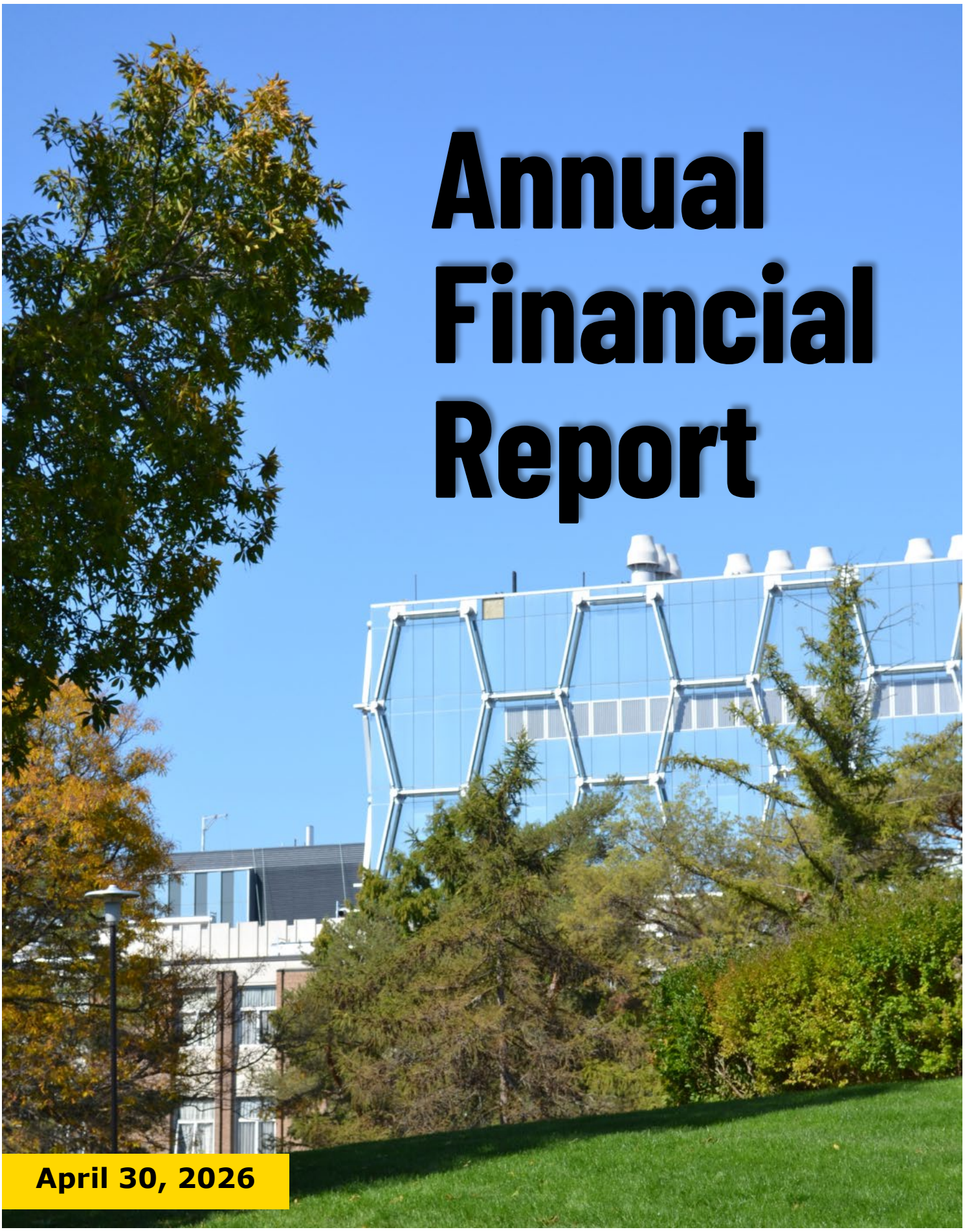

Annual
Financial
Report
April 30, 2026

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Statement of Management Responsibility

Management of the University of Waterloo (the "University") is responsible for the preparation of the financial statements, the notes thereto and all other financial information contained in this annual report.

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations as established by the Canadian Accounting Standards Board. Management believes the financial statements present fairly the University's financial position as at April 30, 2026 and the results of its operations and its cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, management has developed and maintains a system of internal control designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements.

The Board of Governors (the "Board") is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit & Risk Committee (the "Committee").

The Committee is appointed by the Board and its members are not officers or employees of the University. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues to satisfy itself that each party is properly discharging its responsibilities and to review the annual report, the financial statements and the external auditor's report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance. The Committee also considers, for approval by the Board, the engagement or reappointment of the external auditors.

Financial statements for the year ended April 30, 2026 have been audited by KPMG LLP. The independent auditor's report outlines the scope of their audit and their opinion on the presentation of the information included in the financial statements.

UNIVERSITY OF WATERLOO

Financial Statement Commentary

Year Ended April 30, 2026

(millions of dollars)

Executive Summary and Highlights

- The University continues to operate in a complex and evolving environment.
    - In February 2026, the Ontario government announced support for the University sector with a new funding model and an updated tuition framework. The financial impacts of this funding announcement are included in the University's operating budget for its next fiscal year ending April 30, 2027 and did not affect the financial results of the year ended April 30, 2026.
    - The cost of delivering University programs and services continues to rise. Continued uncertainty remains around international student enrolment due to the geopolitical and economic environment and changing regulatory requirements.
    - The Ontario government funding support is welcome and meaningful and supports the University in its continuing work to achieve a balanced budget and long-term financial sustainability. In annual operating budget planning, the University works to match inflationary expense increases with revenue increases, or, as required, expense reductions.
- The audited financial statements and the following commentary reflect historical financial results and do not include information regarding current year to date or potential future financial performance.
- The audited financial statements present the total assets, liabilities, net assets, revenue and expenses for all University operations, which includes those related to funding sources that have external restrictions on how they can be used, such as research grants and donations directed to specific purposes (see Overview and Context section below for further information).
- The operating fund net results were a small surplus, which was more favourable than the operating budget deficit.
    - Academic fees, while higher than budget, were $30m lower than the previous year due to lower international student enrolment.
    - To reduce expenses and to manage expense escalation, the University is using hiring constraints. The University achieved a 2.2% reduction in total salaries and benefits expense as hiring constraints led to reductions in full-time and contract staffing levels.
    - Revenues and expenses were each more favourable than budget, demonstrating the University's continued focus on financial sustainability and disciplined expense management.
- The University had an overall excess of revenues over expenses of $92.7m for the year ended April 30, 2026.
    - 85.3% of this surplus can only be spent on restricted purposes and it was attributable to two sources:

        - $57.5m in the endowment fund due to strong investment returns. Earnings from the endowment fund must be spent on the restricted purposes as agreed to in donor agreements.
        - $21.6m from a non-recurring gain on the sale of a parcel of land to the Waterloo Region Health Network to be used for the development of a new hospital. The proceeds from the sale of land are restricted for the future repurchase of the land if required, and the earnings on these funds are also restricted (see Financial Results for Year Ended April 30, 2026 section below for further information).
    - 9.5% ($8.8m) of this surplus relates to the ancillary enterprises and is funding capital renewal projects including a new residence building.
- The University continues to prioritize student financial support and provided more than $145m in scholarships and bursaries.

Overview and Context

This commentary has been prepared for readers of the University of Waterloo's audited financial statements for the year ended April 30, 2026. It provides additional information to enhance understanding of the financial statements and support transparency.

The financial statements of the University reflect the total assets, liabilities, net assets, revenue and expenses for all University operations and include the following activities:

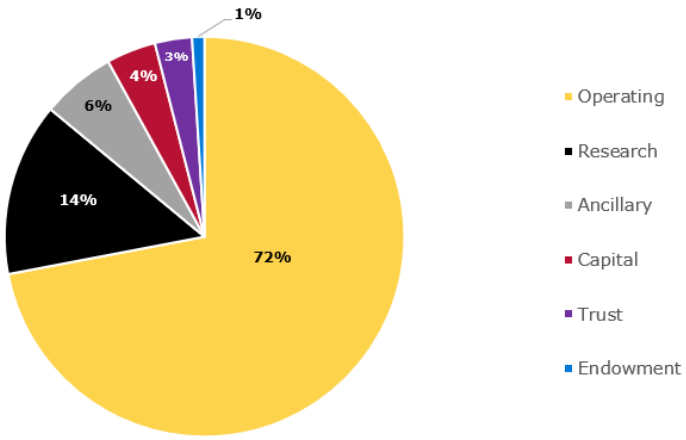
- Academic and related supporting activities that are funded by academic fees, provincial operating grants and other general revenues; the University annual operating budget relates to these activities.
- Activities that are funded by restricted purpose funds such as research grants, expendable donations, and endowment investment income made available for spending.
- Activities of the ancillary services to support campus customers, which include Campus Housing, Food Services, Print and Retail Solutions and Sustainable Transportation.

University revenues and expenses are segregated and managed in designated funds in accordance with their source and purpose:

- Operating: Includes revenues and expenses for the core operations of the University.
- Research: Restricted fund to manage grant and contract revenue received for research activities (externally restricted).
- Ancillary: Revenues of these operations cover their operating expenses and capital investments.
- Capital: Funding and expenses for major construction and renovation projects (externally restricted and internally designated).
- Trust and Endowment: Restricted funds to support scholarships, Chairs, student activities or other activities (externally restricted).

Figure 1: University Expenses by Fund for the Year Ended April 30, 2026

The following chart presents the relative proportions of University expenses by fund for the year ended April 30, 2026. This distribution remains largely unchanged from the previous year.



Financial Results for Year Ended April 30, 2026

The Statement of Financial Position represents the financial position of the University as at the year end date, April 30, 2026. It demonstrates that the University has sufficient assets available to cover its financial obligations. Changes in the Statement of Financial Position include the addition of a mortgage receivable within long-term assets related to the sale of land, and a construction loan within liabilities to support construction of a new residence building.

The University has recognized an employee future benefit asset associated with the Registered Pension Plan ("Plan"). Recognition of this asset follows the calculation prescribed in the accounting standards established by the Canadian Accounting Standards Board. The Plan actuary completed the calculation required by the accounting standards. This asset ($295.1m) represents the fair value of Plan assets that exceeds the accrued benefit obligation as at April 30, 2026, also referred to as the Plan's going concern surplus. The corresponding increase in net assets is classified as restricted net assets, as it relates to assets held within the Plan. The going concern position of the Plan is subject to significant year-to-year variability based on factors such as the market value of pension investments, changes in economic conditions and plan experience. The going concern surplus of the Plan has increased significantly over the prior year in large part due to strong growth in the market value of the Plan's investments.

The University has also reported an employee future benefit liability related to its other benefits plans, with most of the $231.6m liability for a post-retirement health benefits plan.

The University continues to have significant one-time resources available, with the majority of these resources committed to research and student support or designated for capital projects, strategic initiatives and risk mitigation, in alignment with any applicable external restrictions (see also the section on Financial Resources on Hand for further details).

The Statement of Operations summarizes the University's revenue and expenses for all funds for the reporting period. The University reported an overall excess of revenues over expenses (i.e., an in-year

surplus) of $92.7m in the year ended April 30, 2026. This surplus has increased compared to prior year, despite ongoing constraints on revenues and inflationary pressures on expenses. The main components of this in-year surplus are as follows (see also Figure 4: Results by Fund for the Year Ended April 30, 2026):

- $57.5m in the endowment fund due to strong endowment investment returns. Earnings from the endowment fund must be spent on the restricted purposes (e.g., to support Chairs, professorships or provide student financial support) as agreed to in donor agreements.
- $21.6m non-recurring gain recognized on the sale of land to the Waterloo Regional Health Network for the future site of a new Waterloo Region hospital; related proceeds and returns on proceeds are restricted. The Board of Governors approved the restriction of proceeds from the sale of land for the future repurchase of the land if required. It further approved that the returns earned on these funds are directed to supporting capital projects and strategic initiatives related to health partnerships, research opportunities, and related investments in the Research + Technology Park. The proximity of the future hospital will support opportunities for research collaboration and student employment.
- $8.8m from ancillary enterprises which is being invested in related capital renewal projects including the new residence building.

Overall academic fees declined by 5.1% when compared to the prior year, with the main contributing factor being reduced international student enrolment. Undergraduate student tuition revenue accounts for 77.0% of the academic fees reported with graduate student tuition being 14.2%, and co-op fees, student services fees and other fees contributing the remaining 8.8% of academic fee revenue.

The University received $271.2m in grants and contracts revenue from the Ministry of Colleges, Universities, Research Excellence and Security (MCURES) to support operating activities. Another $228.1m in grants and contracts revenue has been contributed to the University and spent for specific purposes such as research projects and capital construction.

Sales and services include $97.3m of revenue collected for housing fees, food services and other ancillary services and $61.0m for various university operating activities such as lab analysis, application fee processing, non-credit courses, rental revenue, and math contests.

Investment income continues to be a meaningful revenue source that supports the University’s core missions of teaching and research. Investment income recognized includes both realized income and some unrealized gains; the unrealized gains related to externally restricted endowments are not yet recognized in revenues.

As a people-centric organization, the University’s largest area of expenditure is salaries and benefits, representing 65.0% of expenses across all funds and 78.0% of expenses within the operating fund. Total salaries and benefits expense of $850.6m includes compensation for active employees ($843.4m) and amounts for compensated absences ($7.2m). Compensated absences include salaries and benefits and lump-sum payments to terminated employees, including involuntary separations and participation of eligible employees in a voluntary retirement program. Compared to the prior year, total salaries and benefits expense decreased by $19.4m (2.2%), driven by reductions in full-time and contract staffing levels and lower compensated absences payments. These decreases were partially offset by annual salary increases and increased benefits costs. The University continues to actively manage its workforce size through hiring constraints, enhanced workforce planning, and careful alignment of staffing with academic and operational priorities to support a balanced budget and long-term financial sustainability.

The University continues to invest in students. Student support, in the form of scholarships and bursaries, is 11.1% of the total expenses, with approximately half of the scholarships and bursaries awarded funded with operating funds and half with externally restricted funds.

Figure 2: University Revenue Source as a Percentage of Total Revenues for the Year Ended April 30, 2026

The following chart presents the relative distributions of the University's principal revenue sources for the year ended April 30, 2026. Compared with the prior year, academic revenues decreased from 44% to 41% of total revenues, primarily due to lower international student enrolment and due to increases in the amounts of all other revenue categories. Grants and contracts revenue rose from 35% to 36%, largely attributable to operating grant updates.

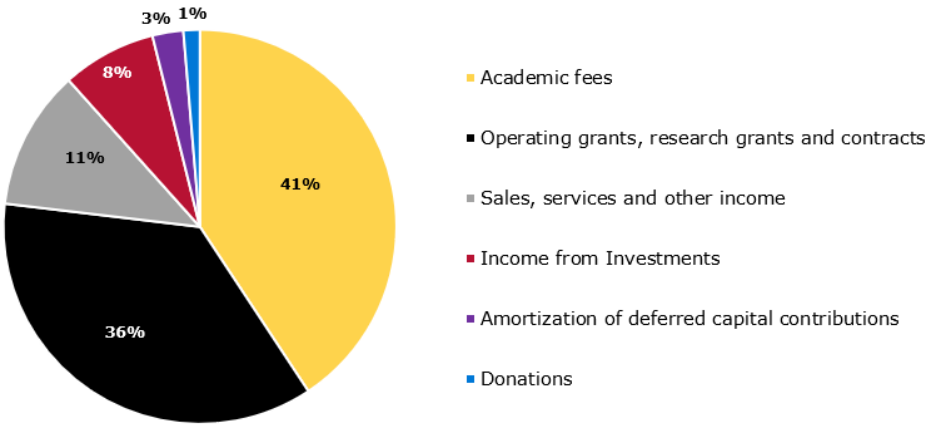
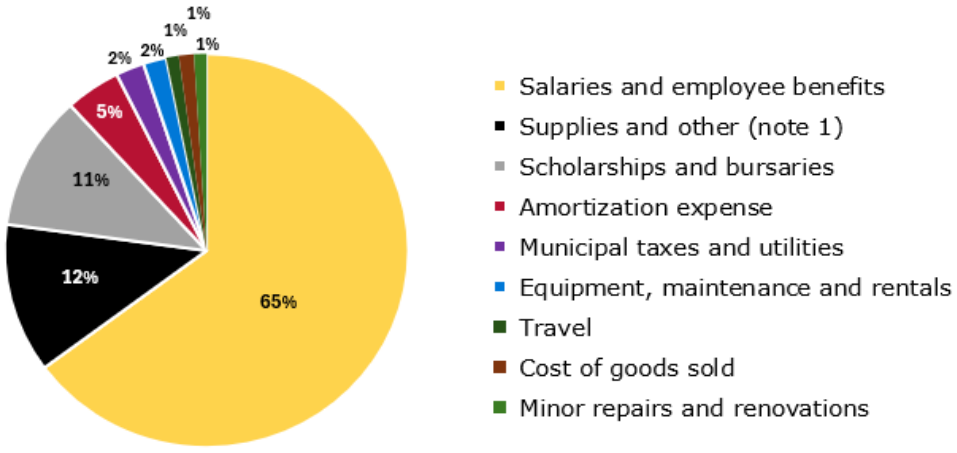


Figure 3: Expenses for the Year Ended April 30, 2026

The following chart illustrates the proportional composition of the University's major categories of expenses for the year ended April 30, 2026. The composition of expenses by type is consistent with the previous year.



Note 1: Supplies and Other includes enterprise software, consulting, contracted services, library acquisitions and other miscellaneous expenses.

Figure 4: Results by Fund for the Year Ended April 30, 2026

The following table provides revenues and expenses by fund for the year ended April 30, 2026 (in millions of dollars):

	Operating	Capital	Research	Ancillaries	Trust	Endowment	Total
Revenues	954.7	37.3	186.5	97.4	33.2	70.9	1,380.0
Expenses	950.8	49.8	185.9	75.8	33.2	13.4	1,308.9
Surplus (Deficit) before gain on sale of land and transfers to capital for construction projects [1]	3.9	(12.5)	0.6	21.6	-	57.5	71.1
Gain on sale of land	21.6	-	-	-	-	-	21.6
Transfers to capital for construction projects [2]	(20.7)	34.1	(0.6)	(12.8)	-	-	-
Net Results by Fund	4.8	21.6	-	8.8	-	57.5	92.7

Note 1:

- Operating: There was a surplus in the operating fund resulting from operational activities. Operating fund revenues and expenses include cost recovery activities not reflected in the operating budget including indirect costs of research and other unit managed activities. See section below titled Budget to Actual – Operating Fund for information on operating fund results compared to budget.
- Capital: The deficit before transfers for construction projects relates to the amortization of capital assets purchased with unrestricted funds net of funding transferred for capital assets purchased in the normal course of operations with unrestricted funds in the current year.
- Research: Research revenue is recognized when the corresponding expenses are incurred, which results in no financial impact to the overall revenues over expenses.
- Ancillaries: There was a surplus across all ancillary enterprises resulting from in-year operational activities. Surpluses are retained by the ancillary enterprise to fund capital investments.
- Trust: Trust revenue is recognized when the corresponding expenses are incurred, which results in no financial impact to the overall revenues over expenses.
- Endowment: The excess relates to unrealized and realized investment income recognized in excess of spending.

Note 2:

- Transfers to capital for construction projects include transfers of restricted and non-restricted funds to fund capital construction projects such as the new residence building and Math4.
- The 2026/27 Budget Report includes a Capital Projects Report that provides further information on major capital projects.

Budget to Actual – Operating Fund

The annual operating budget represents the University's estimated operating revenues and the budget for expenses supported by those revenues.

For the year ended April 30, 2026, the actual results in the operating fund were more favourable than in the operating budget by $32.5m, reflecting revenues that were $19.3m higher than budgeted and expenses that were $13.2m lower than budgeted.

Operating revenues include provincial operating grants, academic fees, student incidental fees, and investment income earned on expendable funds. These revenue sources support the University's core operating activities.

Operating expenses include salaries and benefits, student support, facilities-related operating costs, other non-salary expenditures, and strategic initiative funding.

In addition to the resources provided through the annual operating budget, the University has one-time operating funds on hand. These funds have been set aside over time to support significant projects and strategic investments, and to mitigate financial risks (see also the section on Financial Resources on Hand for further details).

Figure 5: Comparison of Operating Fund Budget to Actual

The following table compares the structural operating budget deficit in the approved operating budget for the year ended April 30, 2026 to the actual results of the operating fund for the year ended April 30, 2026, (in millions of dollars).

2025/26 Operating budget structural deficit	**(33.7)**
Variances from budget:	
Revenue higher than budget[1]	19.3
Expenses lower than budget[2]	13.2
Items not included in the budget:	
Gain on sale of land	21.6
Capital construction project costs funded with one-time carryforward funds	(18.0)
Accounting standard reporting differences[3]	2.4
2025/26 Operating fund net results	**4.8**

Note 1: Revenue higher than budget: Operating fund actual revenue over budget is comprised of the following categories of revenue: tuition fees $8.3m, interest income $6.0m and other revenues $5.0m.

Note 2: Expenses below budget: Operating fund actual expenses were below budget due to progress on multi-year cost-reduction activities across the University, with a limited hiring program leading to headcount reductions. Some of the expense reductions resulted from temporary measures such as deferring purchases.

Note 3: Relates mainly to unrealized gains on investments, which are recorded in the financial statements, but are not available for budget allocation until realized.

Financial Resources on Hand

Operating Fund - Financial Resources on Hand

One-time resources on hand at April 30, 2026 include $501.9m of internally restricted net assets related to the operating fund. These resources are included in cash, investments and internally restricted net assets on the University's balance sheet. Plans for one-time funds are reviewed and confirmed annually by the Vice-President, Academic & Provost, with $173.3m (35%) of the one-time funds approved for management within Faculties. One-time operating funds used in the year ended April 30, 2026 funded major capital projects and operating and strategic priorities. Funds committed to capital projects and systems infrastructure, to support research, and risk and transition funds continue to be the main designations of these funds as detailed in note 12 to the financial statements.

Restricted Funds - Financial Resources on Hand

There are additional resources available for future spending which have external restrictions on their use. These resources are included in cash, investments and deferred contributions on the University's balance sheet. At April 30, 2026, the University had $147m on hand that will be spent on future research activities in line with the terms of agreements with external grant funders. At April 30, 2026, there was $256m in trust that has been contributed for specific purposes, including a significant amount to support the operations of the Institute of Quantum Computing, and a meaningful amount to support students through scholarships and bursaries. There is a further $35m available for spending related to specific endowments that has been earned on the endowment investments.

MCURES Financial Accountability Framework Preliminary Results

Since the year ended April 30, 2023, the Ontario Ministry of Colleges, Universities, Research Excellence and Security (MCURES) has been monitoring the financial health of Ontario universities under the University Financial Accountability Framework. Metrics based on a university's financial statements are assessed to determine one of four possible action outcomes for the institution. The financial metrics consider liquidity (resources available for short term needs), sustainability (related to debt and the ability to meet long-term obligations) and performance (related to consolidated surplus/deficit and the ability to generate positive cash flow).

The University had a Low Action outcome in the previous year and was required to provide MCURES with an explanation of the cause and steps to be taken to restore metrics and improve financial health. It is anticipated that the University will have a No Action outcome under this framework for the year ended April 30, 2026.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of University of Waterloo

Opinion

We have audited the financial statements of University of Waterloo (the Entity), which comprise:

- the statement of financial position as at April 30, 2026
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting

policies (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at April 30, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the ***"Auditor's Responsibilities for the Audit of the Financial Statements"*** section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG LLP, an Ontario limited liability partnership and member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. KPMG Canada provides services to KPMG LLP.

Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in "Annual Financial Report".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the "Annual Financial Report" as at the date of this auditor's report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

  The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT
Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

October 27, 2026

Statement of Financial Position

as at April 30, 2026

(with comparative figures as at April 30, 2025)
(thousands of dollars)

	2026	2025
ASSETS		
Current		
Cash and cash equivalents	$ 519,250	$ 571,868
Short-term investments at fair value (note 3)	182,491	165,440
Accounts receivable	42,572	46,416
Inventories	1,711	1,519
Prepaid expenses	35,878	37,724
Total current assets	781,902	822,967
Investments at fair value (note 3)	1,093,436	979,370
Employee future benefits (note 9)	295,122	—
Mortgage receivable (note 4)	19,905	—
Capital assets, net (note 5)	1,067,617	989,346
	$ 3,257,982	$ 2,791,683
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities (note 6)	119,824	109,366
Unearned revenue	99,785	107,916
Construction loan payable (note 7)	5,500	—
Deferred contributions (note 8)	419,404	392,599
Total current liabilities	644,513	609,881
Employee future benefits (note 9)	231,609	243,864
Deferred capital contributions (note 10)	479,444	477,702
	$ 1,355,566	$ 1,331,447
NET ASSETS		
Unrestricted surplus (note 11)	20,087	18,569
Internally restricted (note 12)	1,250,528	876,205
Endowments (note 13)	631,801	565,462
	1,902,416	1,460,236
	$ 3,257,982	$ 2,791,683

Commitments and contingencies (note 15)

(See accompanying notes to the financial statements)

On behalf of the Board of Governors:

Murray Gamble	Bill Rosehart
Chair	President

Statement of Operations

For the year ended April 30, 2026

(with comparative figures for the year ended April 30, 2025)
(thousands of dollars)

	2026	2025
REVENUES		
Academic fees	$ 561,603	$ 591,512
Donations	18,606	17,579
Grants and contracts	499,321	473,759
Sales, services and other revenues	158,310	147,554
Investment income (note 3)	107,010	91,965
Amortization of deferred capital contributions (note 10)	35,102	28,607
	1,379,952	1,350,976
EXPENSES		
Salaries and employee benefits (note 9)	850,625	870,008
Cost of goods sold	15,808	15,854
Supplies and other	161,171	157,141
Travel	18,724	20,500
Minor repairs and renovations	4,688	9,927
Equipment, maintenance and rentals	24,321	23,792
Scholarships and bursaries	145,357	151,284
Municipal taxes and utilities	29,905	28,956
Amortization of capital assets	58,280	51,141
	1,308,879	1,328,603
Excess of revenues over expenses, before gain on sale of land	71,073	22,373
Gain on sale of land (note 4)	21,623	—
Excess of revenues over expenses	$ 92,696	$ 22,373

(See accompanying notes to the financial statements)

Statement of Changes in Net Assets

For the year ended April 30, 2026

(with comparative figures as at April 30, 2025)
(thousands of dollars)

	Unrestricted Surplus	Internally Restricted	Endowments	2026	2025
Net assets, beginning of year	$ 18,569	$ 876,205	$ 565,462	$ 1,460,236	$ 1,389,964
Excess of revenues over expenses	92,696	—	—	92,696	22,373
Change in net assets internally restricted (note 12)	(374,323)	374,323	—	—	—
Change in unrealized gain on investments held for donor endowments (note 13)	—	—	31,989	31,989	18,219
Employee future benefit remeasurements (note 9)	306,711	—	—	306,711	18,298
Internally endowed contributions (note 13)	(23,566)	—	23,566	—	—
Endowment contributions (note 13)	—	—	10,784	10,784	11,382
Net assets, end of year	$ 20,087	$ 1,250,528	$ 631,801	$ 1,902,416	$ 1,460,236

(See accompanying notes to the financial statements)

Statement of Cash Flows

For the year ended April 30, 2026

(with comparative figures as at April 30, 2025)
(thousands of dollars)

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 92,696	$ 22,373
Add (deduct) non-cash items:		
Change in unrealized gain on internally endowed investments (note 12)	(23,878)	(10,619)
Change in unrealized gain on unrestricted investments	(1,214)	(10,424)
Amortization of capital assets	58,280	51,141
Amortization of deferred capital contributions (note 10)	(35,102)	(28,607)
(Gain) Loss on sale of capital assets (note 4)	(21,620)	120
Interest on mortgage receivable (note 4)	(176)	—
Employee future benefits expense (note 9)	77,167	75,994
Employee future benefits contributions	(77,835)	(81,986)
Net change in non-cash balances (note 17)	(2,541)	(24,011)
Cash (used) provided by operating activities	65,777	(6,019)
FINANCING ACTIVITIES		
Proceeds of construction loan (note 7)	5,500	—
Contributions for capital asset purchases (note 10)	36,844	69,347
Endowment contributions (note 13)	10,784	11,382
Cash provided by financing activities	53,128	80,729
INVESTING ACTIVITIES		
Purchases of capital assets (notes 5 and 17)	(106,241)	(114,288)
Proceeds from sale of land (note 4)	2,000	—
Purchases of investments	(355,983)	(157,930)
Proceeds from sales of investments	288,701	152,368
Cash used in investing activities	(171,523)	(119,850)
Net change in cash and cash equivalents during the year	(52,618)	(45,140)
Cash and cash equivalents, beginning of year	571,868	617,008
Cash and cash equivalents, end of year	$ 519,250	$ 571,868

(See accompanying notes to the financial statements)

Notes to the Financial Statements

April 30, 2026

(thousands of dollars)

1. Description

University of Waterloo (the "University") was incorporated in 1959 under the terms and provisions of the University of Waterloo Act. A new University of Waterloo Act was passed in 1972, which provided that the University continues as the corporation that was established in 1959.

The objectives of the University are the pursuit of learning through scholarship, teaching and research within a spirit of free enquiry and expression. The University is a degree-granting and research organization offering undergraduate and graduate programs. The University is also a registered charity under Section 149 of the Income Tax Act and, as such, is exempt from income taxes.

These financial statements reflect the assets, liabilities, net assets, revenue and expenses of all of the operations of the University. Included are the academic, administrative and other operating expenses funded by academic fees, grants and other general revenue; restricted purpose funds including endowment funds; and the ancillary enterprises, including Campus Housing, Food Services, Sustainable Transportation, Print and Retail Solutions and WatCard.

2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, which sets out generally accepted accounting principles for not-for-profit organizations in Canada. These financial statements reflect the accounting policies that the University has adopted.

(a) Cash and cash equivalents

Cash and cash equivalents consist of balances with banks and highly liquid investments, with a maturity of approximately three months or less at the date of purchase, that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value, unless they are held for investment rather than liquidity purposes, in which case they are classified as investments. These instruments are carried at cost plus accrued interest.

(b) Investments and investment income

Investments with a maturity date less than one year are classified as short-term investments. Investments in excess of one year are classified as long-term investments. Management categorizes certain investments as long-term due to the nature of intent.

All investments are recorded at fair value. Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Publicly traded securities are measured based on the latest closing prices, and pooled funds are measured based on reported unit values. Transactions are recorded on a trade date basis, and transaction costs are expensed as incurred. Investment income (loss), including interest, dividends,

realized and unrealized gains (losses), is recorded as income (loss) from investments in the statement of operations, except for investment income (loss) deferred or recorded directly in net assets.

(c) Other financial instruments

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and continue to be carried at amortized cost, net of any provisions for impairment.

Vendor take-back mortgages are financial assets initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. The University assesses financial instruments for impairment annually and records any necessary allowance.

(d) Inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventory is the weighted-average purchase cost and net realizable value is the estimated selling price in the ordinary course of business. Items that are written down to net realizable value are adjusted back up to cost if there is a subsequent increase in the net realizable value. There have been no write-downs of inventory or reversals of previous write-downs during the year.

(e) Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value on the date of contribution. Capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	20-40 years
Building equipment	20 years
Site improvements	15 years
Furniture and equipment	3–10 years

Capital assets are reviewed for impairment whenever there is an indication that the carrying value of an asset may not contribute to the University's ability to provide goods and services. Any impairment results in a write-down of the capital asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related capital asset subsequently increases.

Contributions received for capital assets are deferred and amortized over the same term and on the same basis as the related capital assets.

The University capitalizes interest directly attributable to the construction of capital assets. Capitalized interest is amortized over the useful life once the asset is placed into service.

(f) Revenue recognition

The University follows the deferral method of accounting for contributions, which include donations and grants. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Endowment contributions and restricted contributions used to purchase land are recognized as direct increases in net assets in the period in which the contributions are received or when the land is purchased.

Tuition and other academic fees are recorded as revenue on the accrual basis of accounting. All fees that relate to an academic term occurring within the fiscal year are included as revenue. Fees billed and collected that relate to academic terms commencing after the end of the fiscal year are included in unearned revenue on the statement of financial position.

Sales, services and other revenue are recognized at point of sale or when services have been provided.

(g) Debt

Debt is initially recorded at fair value and subsequently measured at amortized cost using the effective interest rate method. Debt repayments due within one year are classified as current liabilities, with the remainder classified as long-term liabilities. Interest is expensed as incurred.

(h) Employee future benefits

The University has a defined benefit pension plan for its employees and provides other retirement and post-employment benefits such as extended health care and life insurance coverage.

The University accounts for these plans using the immediate recognition approach. Under this approach, the University recognizes the accrued benefit obligation, net of the fair value of plan assets, on the statement of financial position. Current service and finance costs are expensed during the year, while remeasurements and other items, representing the total of the difference between actual and expected return on plan assets, actuarial gains and losses, plan amendments and past service costs, are recognized as a direct increase or decrease in net assets.

The University uses an actuarial valuation prepared for funding purposes to measure the defined benefit obligation in respect of its pension plan. The accrued benefit obligation for funded employee future benefits is determined using a roll-forward technique to estimate the accrued obligation using funding assumptions from the most recent actuarial valuation. The accrued obligation for unfunded plans is prepared using an actuarial valuation for accounting purposes. Employee future benefit plans' assets are measured at fair value as at the date of the statement of financial position.

(i) Controlled entities

The University accounts for its controlled entities using the cost method.

(j) Accounting estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These amounts are based on management's knowledge of current events and actions that the University may undertake in the future. Significant areas requiring the use of management estimates and assumptions include the carrying amount of capital assets, the fair value of financial instruments, the valuation of pension and other post-employment retirement benefit obligations, and the recording of contingencies. Actual results could differ from those estimates.

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at year-end. Revenues and expenses are translated at exchange rates in effect on the date of the transaction. Gains or losses arising from these foreign currency transactions are included in operating results, except to the extent that they relate to investments, in which case they are recognized in the same manner as investment income.

3. Investments

The University is subject to various risks with respect to its investments. To manage these risks, the University has established a target mix of investment types for specific investment mandates designed to achieve the return objectives within reasonable risk tolerances.

Total investments at fair value consist of the following components:

	2026	2025
Short-term bonds and guaranteed investment certificates	$ 182,491	$ 165,440
Long-term investments		
Cash	22,038	22,768
Bonds		
Corporate	188,968	197,024
Pooled funds	194,443	193,012
Limited partnership – private debt	11,991	9,033
	395,402	399,069
Equity investments (including pooled equity funds)		
Canadian	157,972	119,573
US	81,579	64,315
Other international	432,882	373,300
Limited partnership – venture capital	3,563	345
	675,996	557,533
Total long-term investments	1,093,436	979,370
Total investments	$ 1,275,927	$ 1,144,810

Investment income, net of fees, of $107,010 (2025 - $91,965) recorded in the statement of operations consists of income related to investments held for endowments of $70,840 (2025 - $33,633) and income related to investments other than those held for endowments of $36,170 (2025 - $58,332).

Long-term investments include $214,265 (2025 - $219,950) of liquid assets that could be made available for working capital for operations, if necessary.

4. Mortgage Receivable

In February 2026, the University sold a parcel of land to the Waterloo Regional Health Network (WRHN) for the future site of a new Waterloo Region hospital and recorded a gain on sale of $21,623. As part of the sale, the University received $2,000 in cash and provided financing to the WRHN through a vendor take-back mortgage.

The mortgage will be repaid over 15 years with interest at 0%. The mortgage receivable is recorded at its discounted present value using an effective interest rate of 4.75%. The discounting reflects the time value of money and contractual terms. At April 30, 2026, the outstanding balance is $19,905. Non-cash

interest income related to the mortgage will be recognized over the term of the mortgage. Non-cash interest recognized in the year was $176.

Future expected payments of the mortgage receivable are as follows:

2035	$ 3,575
2037	9,666
2039	9,986
2041	12,256
	35,483
Less: unearned non-cash interest income	15,578
	$ 19,905

5. Capital Assets

Capital assets consist of the following:

	2026		2025	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	$ 16,639	$ —	$ 16,745	$ —
Buildings	1,348,344	520,677	1,254,861	493,089
Building equipment	102,007	14,317	89,335	10,428
Site improvements	16,462	7,294	14,709	6,507
Furniture and equipment	413,453	287,000	386,125	262,405
	1,896,905	$ 829,288	1,761,775	$ 772,429
Less accumulated amortization	(829,288)		(772,429)	
Net book value	$ 1,067,617		$ 989,346	

Included in the cost is $159,133 (2025 - $118,758) of construction in progress that is not currently being amortized. The cost of land sold was $105. Total interest capitalized during the year amounted to $48 (2025 – $nil).

6. Government Remittances Payable

Included in accounts payable and accrued liabilities as at April 30, 2026, are government remittances payable of $21,123 (2025 - $20,385).

7. Debt

The University has an unsecured operating line of credit available up to a maximum of $1,500 pursuant to an agreement with its lender. The agreement also includes a short-term construction facility, for up to $100,000, related to the construction of a new residence building. The construction facility is unsecured and has several variable interest rate options for each draw based on the banking prime rate

or the Canadian Overnight Repo Rate Average (CORRA). The construction facility is expected to be converted to a long-term credit facility in the 2027 fiscal year upon substantial completion of the construction project. As at April 30, 2026, the University has drawn $5,500 (2025 - $nil) on the construction facility and $nil (2025 – $nil) on the operating line. The University is compliant under the financial and non-financial covenants as set out by the agreement as at the year-end date.

8. Deferred Contributions

Deferred contributions represent unspent externally restricted grants, donations and investment income for research and other specific purposes. Changes in the deferred contributions balance are as follows:

	2026	2025
Balance, beginning of year	392,599	$ 386,829
Contributions received during the year	356,380	327,222
Contributions transferred for capital purchases	(36,844)	(69,393)
Contributions recognized as revenue during the year	(292,731)	(252,059)
Balance, end of year	$ 419,404	$ 392,599

9. Employee Future Benefits

The University has a defined benefit pension plan that provides pension benefits to eligible employees. The benefits provided by this registered pension plan are based on years of credited service, highest average earnings in 60 consecutive months in the 10 years immediately preceding retirement, and the Canada Pension Plan's yearly maximum pensionable earnings average for the last 5 years preceding retirement. Any pension benefits earned as at December 31, 2013 will be indexed at 100% of the Consumer Price Index ["CPI"] subject to the condition that if CPI exceeds 5%, the indexation adjustment may be limited to an amount not lower than 5%. Any pension benefit earned as of an employee's date of retirement less the pension benefit earned as at December 31, 2013 will be indexed at 75% of CPI, subject to the condition that if CPI exceeds 5%, the indexation adjustment may be limited to an amount not lower than 3.75%.

An actuarial valuation is performed for the registered pension plan annually. The latest actuarial valuation for the registered pension plan was performed as at January 1, 2026. The University measures its accrued benefit obligation and the fair value of plan assets for accounting purposes as at April 30 of each year.

The University also has a benefit plan that provides other retirement benefits, including extended health care and life insurance and one that provides certain benefits for employees on long-term disability benefits after employment, but before retirement.

The expense for the registered pension plan for the year is $54,459 (2025 - $55,910) and the expense for other employee future benefit plans is $22,708 (2025 - $20,084). Salaries and employee benefits expense in 2026 includes $7,243 (2025 - $16,193) for compensated absences, such as voluntary retirement programs and redundancies, of which $2,585 (2025 - $6,180) is in accounts payable and accrued liabilities at April 30.

Remeasurements, which are recorded in the statement of changes in net assets, are as follows:

	2026			2025		
	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans
Difference between actual and expected return on plan assets	$ 240,586	$ —	$ 240,586	$ 61,105	$ —	$ 61,105
Actuarial gains (losses) on accrued benefit obligation	17,309	25,451	42,760	(5,285)	(14,157)	(19,442)
Valuation allowance	23,365	—	23,365	(23,365)	—	(23,365)
Total employee future benefit remeasurement costs	$ 281,260	$ 25,451	$ 306,711	$ 32,455	$ (14,157)	$ 18,298

The following chart provides further information about the University's employee future benefit plans:

	2026			2025		
	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans	Registered Pension Plan	Other Benefit Plans	Total Benefit Plans
Fair value of plan assets	$ 3,128,626	—	3,128,626	$ 2,725,430	$ —	$ 2,725,430
Accrued benefit obligation	(2,833,504)	(231,609)	(3,065,113)	(2,702,065)	(243,864)	(2,945,929)
Plan surplus (deficit)	295,122	(231,609)	63,513	23,365	(243,864)	(220,499)
Valuation allowance	—	—	—	(23,365)	—	(23,365)
Employee future benefit liability	$ 295,122	$ (231,609)	$ 63,513	$ —	$ (243,864)	$ (243,864)

The accrued benefit obligation for the registered pension plan as at April 30, 2026 includes an actuarial reserve required by Ontario regulation (a Provision for Adverse Deviation (PfAD) of $223,594 (2025 - $214,474).

10. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount of grants, donations and investment income received and used for the purchase of capital assets. The amortization of deferred capital contributions is recorded as revenue in the statement of operations. Changes in the deferred capital contributions balance are as follows:

	2026	2025
Balance, beginning of year	$ 477,702	$ 436,918
Contributions for capital asset additions	36,844	69,391
Amortization of deferred capital contributions	(35,102)	(28,607)
Balance, end of year	$ 479,444	$ 477,702

11. Unrestricted Surplus

The unrestricted surplus consists of the following:

	2026	2025
Operational surplus	$ 26,625	$ 26,555
Unrealized gains (losses) on unrestricted investments	13,334	12,119
Land purchased with restricted funds	726	726
Provision for vacation pay	(20,598)	(20,831)
	$ 20,087	$ 18,569

12. Internally Restricted Net Assets

Internally restricted net assets consist of the following:

	2026	2025
Carryforwards and operational commitments		
Capital projects and infrastructure (a)	$ 95,423	$ 121,195
Funds to support research (b)	95,427	71,322
Risk and transition (c)	164,989	170,342
Strategic initiatives (d)	76,831	93,998
Systems infrastructure (e)	39,542	40,000
Committed benefits (f)	29,707	30,594
	501,919	527,451
Employee future benefits – Registered Pension Plan (note 9)	295,122	—
Employee future benefits – Other Plans (note 9)	(231,609)	(250,044)
Ancillary enterprises (g)	13,160	4,347
Unspent realized income on internally endowed investments (h)	20,118	10,065

Unrealized gain on internally endowed investments (h)	65,923	42,045
Funds on-hand for housing and other construction projects (i)	30,442	83,304
Internal financing for housing and other construction projects (i)	(48,432)	(51,882)
Restricted funds from proceeds from sale of land (j)	21,905	—
Restricted funds from returns on proceeds from sale of land (j)	32	—
Investment in capital assets (k)	581,948	510,919
	$ 1,250,528	$ 876,205

a) Capital projects and infrastructure includes operating funds committed or planned for capital construction projects, deferred maintenance or other facilities.

b) Funds to support research are for commitments to support research activities.

c) Risk and transition funds are designated to fund risks and contingencies as they arise.

d) Strategic initiative funds are designated for priority projects and initiatives that align with the University's Waterloo at 100 vision.

e) Systems infrastructure funds are planned for use on future investments in enterprise-wide systems infrastructure requirements.

f) Committed benefits relate to actuarially determined supplemental retirement pensions committed.

g) Ancillary enterprises include accumulated surpluses for capital or systems infrastructure to advance ancillary operations and accumulated deficits to be recovered by the ancillary enterprises.

h) These amounts represent unspent endowment investment returns made available for spending and unrealized gains on internally endowed investments.

i) Funds for housing and other construction projects includes funding that is committed for approved, in-progress construction projects until costs are incurred, net of internal loans for completed construction costs until they are funded from other sources, such as student fees.

j) The Board of Governors approved the restriction of proceeds from the sale of land for the future repurchase of the land if required. The balance is expected to increase annually until it reaches $37,483, which is the total of cash payments to be received from WRHN, upon collection of the full mortgage receivable.

   The Board of Governors approved the restriction of returns on the proceeds from sale of land for the purpose of supporting capital projects and strategic initiatives related to health partnerships, research opportunities, and related investments in the Research + Technology Park.

k) Investment in capital assets represents the unamortized value of capital assets funded by the University with unrestricted funds.

13. Endowments

Contributions restricted for endowment consist of restricted donations received by the University and endowment income internally designated to endowment principal, generally for inflation protection purposes. The investment income generated from external and internal endowments must be used for the designated purposes. The University ensures that all funds received for restricted purposes are expended for those purposes for which they were provided.

The University's overall objective with respect to endowments is to achieve an annual realized investment income that provides for both spending and inflation protection. Each year, the portion of

the realized investment income that is made available for spending is allocated to individual endowments at a rate that is established annually. Another portion of the realized investment income is used to provide inflation protection based on the CPI. The residual amount of realized investment income, if any, is used to create a reserve to cover spending and inflation protection in years with low investment returns. The allocation to each endowment is based on the weighted-average principal of the endowment for the fiscal year. Unspent expendable amounts may be carried forward for future expenditures or added to the endowment's principal.

Investment income on endowments is recorded in the statement of operations if it is available for spending at the discretion of the University or if the conditions of any restrictions have been met (notes 3 and 8). The amount of realized investment income that was reinvested for preservation of capital for the year ended April 30, 2026 was $23,374 (2025 - $8,982).

Net assets restricted for endowment consist of the following:

	2026	2025
Donor endowed (original cost)	$ 324,123	$ 313,339
Internally endowed (original cost plus inflation protection)	201,747	178,181
Unrealized gain on investments held for donor endowments	105,931	73,942
	$ 631,801	$ 565,462

14. Related Parties

The University is related to the Friends of the University of Waterloo Foundation (the "Foundation"), a separate legal entity (United States based non-profit organization) established to support the activities of the University through fundraising and financial support initiatives in the United States. The Foundation's Board of Directors is composed entirely of employees of the University. The University received funds of $3,587 (2025 - $1,349) during the year from the Friends of the University of Waterloo Foundation.

15. Commitments and Contingencies

a) The University is a member of the self-insurance co-operative, CURIE, in association with other Canadian universities. Under this arrangement, a contractual agreement exists to share the property and liability insurance risks of member universities. The projected cost of claims is funded through members' premiums based on actuarial projections. As at December 31, 2025, CURIE had an accumulated surplus of $133,886 (2025 - $130,336), of which the University's pro rata share is approximately 3.8% (2025 - 3.8%) on an ongoing basis. The University does not have access to its pro rata share of the accumulated surplus and, accordingly, no amount is recorded in these financial statements.

b) The contractually committed estimated cost to complete construction projects in progress as at April 30, 2026, which will be funded by operations, donations and government grants, is approximately $145,628 (2025 - $231,492).

c) The University has entered into a long-term land lease and operating agreement related to student housing and has a commitment to rent units in the townhouse complex with an option to terminate. The University is committed until at least September 1, 2028.

Based on the number of units available for rent as at April 30, 2026, the annual lease payments committed to are as follows:

Fiscal year	
2027	$ 3,768
2028	3,865
2029	1,297

d) The nature of the University's activities is such that there are usually claims or potential claims in prospect at any one time. As at April 30, 2026, the University believes that it has valid defences and appropriate insurance coverage in place on claims that are not expected to have a material impact on the University's financial position. There also exist other claims or potential claims where the ultimate outcome cannot be determined at this time. Any additional losses related to claims would be recorded in the year during which the amount of the liability can be estimated or adjustments to the amount recorded are determined to be required.

e) The University is a member, along with 20 other universities, of TRIUMF Inc., Canada's national laboratory for particle and nuclear physics. TRIUMF Inc. is a registered charity and not-for-profit corporation incorporated under the laws of Canada and each university has an undivided 1/21 interest. The members of TRIUMF and the Canadian Nuclear Safety Commission (CNSC) approved a decommissioning plan which requires all members to be severally responsible for their share of the decommissioning costs, as well as provide financial covenants to the CNSC for the amount of these costs. While there are no current intentions of decommissioning the facilities, TRIUMF has complied with federal legislation by putting in place a decommissioning plan, including a funding plan. This decommissioning plan does not require any payments from the members. All decommissioning costs are expensed in the period in which the costs are incurred.

16. Financial Instruments

The University is exposed to various financial risks through transactions in financial instruments. The majority of these risks are related to investments of the endowment funds and of a special purpose trust. To manage the risks of these investments, the University manages these investment mandates within the terms of the relevant Statements of Investment Policies and Procedures, which are reviewed annually by the Finance & Investment Committee and approved by the University's Board of Governors. The asset mix of each investment mandate is maintained within the approved ranges for each investment asset category and is considered against a benchmark portfolio; the asset mix ranges reflect the University's long-term return objectives and risk tolerance.

(a) Foreign currency risk

The University is exposed to some foreign currency risk due to the international nature of its operations and its student population on small proportions of its non-tuition revenues and purchases where incoming funds may be received and outgoing payments may be processed in several foreign currencies. The United States dollar (USD) is the most common foreign currency transacted in, and the University maintains a USD bank account to reduce the frequency of USD to Canadian dollar (CAD) exchanges.

The University is also exposed to foreign currency risk from direct and indirect (e.g., pooled funds) investments that are denominated in currencies other than CAD. Fluctuations caused by changes in the currency rates applied to these investments can result in a positive or negative effect on the fair value of the investments and on the cash flows from these investments.

(b) Credit risk

The University is exposed to credit risk in connection with its accounts receivable and its fixed income investments because of the risk of a financial loss caused by a counterparty's potential inability or unwillingness to fulfill its contractual obligations.

Management reviews the mortgage receivable annually for indicators of impairment. No allowance for impairment is recorded as at year-end, as management believes the borrower remains financially capable.

To manage the credit risk exposure from fixed income investments, the University invests in bonds with investment grade ratings by recognized bond rating agencies.

(c) Interest rate risk

The University is exposed to interest rate risk with respect to its fixed income investments because the fair value will fluctuate with changes in market interest rates. This risk is managed by having diversified investments and by ensuring the asset mix of each investment mandate is maintained within the approved ranges for each investment asset category; the approved ranges reflect the University's risk tolerance.

The University can also be exposed to interest rate risk through debt as its approved debt facilities are subject to variable interest rates.

(d) Liquidity risk

The University is exposed to liquidity risk if it does not maintain sufficient liquidity to meet obligations associated with its financial liabilities. The University mitigates this risk through ongoing monitoring of cash levels, spending requirements and commitments, and by ensuring its expendable funds are maintained as cash and high-quality investments that preserve capital and maintain liquidity.

(e) Other price risk

The University is exposed to other price risk through changes in market prices (other than changes arising from foreign currency or interest rate risks) in connection with its investments in equity securities and equity pooled fund investments. The factors that cause the changes in market prices may affect a specific investment, its issuer, or they may affect similar securities traded in the market.

This risk is managed by having diversified investments and by ensuring the asset mix of each investment mandate is maintained within the approved ranges for each investment asset category; the approved ranges reflect the University's risk tolerance.

17. Net Change in Non-cash Balances

	2026	2025
Accounts receivable	$ 3,844	$ 4,257
Inventories	(192)	146
Prepaid expenses	1,846	(9,888)
Accounts payable and accrued liabilities	10,458	7,782
Less capital asset purchases in accounts payable	(30,418)	(19,103)
Unearned revenue	(8,131)	(5,676)
Deferred cash contributions	20,052	(1,529)
Balance, end of year	$ (2,541)	$ (24,011)

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TEMPLATE FP2025 - 02-2024

UNIVERSITY OF WATERLOO | Board of Governors

For Decision	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**7. Audit & Risk Committee Report**

7.3 Appointment of the 2026-2027 External Auditor

Recommendation:

That, on the recommendation of the Audit & Risk Committee, KPMG be appointed by the Board of Governors as the University's External Auditor for the fiscal year ending April 30, 2027.

Background:

The Audit & Risk Committee recommended the engagement of KPMG for external audit services at its meeting on July 19, 2023 as the result of a formal Request for Proposal (RFP) process that covered a 5-year term. The Committee continues to make a recommendation each year to Board of Governors on the reappointment of KPMG as external auditors within that 5-year term. The recommendation presented today was made at the July 15, 2026 meeting of the Committee and covers year 4 of the 5 year term.

The cost of the annual external audit work for the 2026/2027 year and the 2027/2028 years is expected to continue to align with the fixed cost fee schedule from the 2023 RFP.

Documentation Provided:

- N/A

UNIVERSITY OF WATERLOO | Board of Governors

For Information	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**8. Building & Properties Committee Report**

8.1 Report from the Chair

Background:

As a regular item of business at each meeting, a report is provided from each standing committee chair. The Building & Properties Committee oversees campus planning and development activity in the context of the Campus Master Plan and prudent environmental and sustainability practices, and makes recommendations to the Board of Governors on the acquisition, use or disposal of land or buildings. The Committee reviews, approves and makes recommendations to the Board of Governors regarding construction projects, the appointment of architects and design consultants and ensures appropriate maintenance programs are in place for physical infrastructure. The Committee has oversight over the status of capital construction projects and ensures compliance with building codes, fire codes, safety regulations and statutory and regulatory provisions.

Additional information about the Committee can be found on the Secretariat website.

Key Items:
At the meeting held September 29, 2026 the Committee discussed the following:

Capital Planning and Capital Projects Policy Development
The Committee received an update on the development of a Capital Planning and Capital Projects Policy. The goal of the policy is to establish a university-wide framework that will align capital investments with institutional priorities and long-term financial sustainability; provide clarity on roles and responsibilities in decision-making; strengthen project oversight and risk management and create an overall consistent approach to capital planning and projects. Development is in the early stages, focusing on consultation. The Committee will continue to receive updates as development progresses.

Sustainability Update
The Committee received an overview of recent publications and updates on campus sustainability planning and progress. Specifically, the release of Shift:Neutral 2.0, Waterloo's integrated climate, energy, and resilience plan, and the 2026 annual Sustainability Report. Both documents are available on the University's website.

Quarterly Reporting
The Committee received regular updates on major capital projects and capital financing commitments.

Documentation Provided:

- N/A

UNIVERSITY OF WATERLOO | Board of Governors

For Information	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**9. Finance & Investment Committee Report**

9.1 Report from the Chair

Background:

As a regular item of business at each meeting, a report is provided from each standing committee chair. The Finance & Investment Committee exercises oversight over the financial affairs of the University, including the review of tuition increases and the annual operating budget recommendations to the Board of Governors. The Committee approves the appointment of investment fund managers and approves investment decisions within the approved asset mix in compliance with the University's investment policies and guidelines for all investment funds except pension investments. The Committee exercises oversight and responsibility for compliance with the Board-approved Responsible Investment Policy for funds within the Committee's authority.

Additional information about the Committee can be found on the Secretariat website.

Key Items:
At its meeting held October 8, 2026, the Finance and Investment Committee discussed the following:

Mid-Year Budget Update
The Committee received an update on the University's monitoring of operating revenues and expenses against budget as at September 2026. A budget update will be provided to the Board at the meeting under agenda item 9.1.

Annual Review of FIP, SIPP and Guidelines
In accordance with the terms of reference, the Committee reviewed the Fund Implementation Procedures (FIP), Statement of Investment Policies and Procedures (SIPP) and Expendable Fund Investment Guidelines for the University's non-pension investments and approved amendments to the FIP and Guidelines. Proposed amendments to the non-pension SIPPs are presented under consent agenda item 13.3.

Annual Compliance Review of Debt Policy Metrics
The Committee received annual reporting on compliance with the University's Debt Policy. Per the Policy, the University reviews and confirms compliance of the Debt Burden and Viability Ratios at April 30 each year. The report confirmed the University is compliant with the limits set out in the Policy.

Documentation Provided:

- N/A

UNIVERSITY OF WATERLOO | Board of Governors

For Information	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**9. Finance & Investment Committee Report**

9.2 Mid-Year Budget Update

Tom Duever, Vice-President, Academic & Provost, and Jacinda Reitsma, Vice-President, Administration & Finance, will provide an update on 2026-2027 operating budget.

Documentation Provided:

- Mid-Year Budget Update Briefing Note

For Information **Open Session**

To:	Board of Governors
From:	Thomas Duever, Interim Vice-President, Academic and Provost Jacinda Reitsma, Vice-President Administration & Finance Sarah Hadley, Chief Financial Officer
Date of Meeting:	October 27, 2026
Agenda Item:	**9.2 Operating Budget Update for the Year Ending April 30, 2027**

Summary

This report is provided as an update on the University's monitoring of operating revenues and expenses against budget as at September 2026.

Overview and Highlights

The operating budget for the current fiscal year ending April 30, 2027 (2026/2027 fiscal year) was approved at the April 2026 Board of Governors meeting. The budget reflected revenues of $892.1m across the categories of provincial operating grants, tuition revenues, student fees and interest income, and expenses of $905.4m across the categories of salaries, benefits, non-salary expenses and cost recoveries, resulting in a structural deficit of $13.3m. Information shared at the time of reviewing and approving the operating budget included that updates would be provided in-year as more information became available on some components of the province's February 2026 funding announcements and on the conclusion of the University's salary agreement with its staff employee group.

Appendix A reflects updates to the 2026/2027 operating budget. On the revenue side, further work remains underway on assessing fall term enrolments and related revenue impacts and more information is still coming from the province on priority growth funding. On the expense side, these updates include information on the conclusion of the University's salary agreement with its staff employee group and reflect additional budget reductions assigned. Appendix A reflects an updated estimate of revenues of $893.9m, and expenses of $899.4m, resulting in a deficit of $5.5m. Based on current information on fall term enrolments and priority growth funding, the University expects that further small positive adjustments to 2026/2027 operating revenue estimates are likely, which could support the University in achieving a balanced operating budget for 2026/2027. Further operational work is required throughout 2026/2027 to achieve the operating expense reductions within the 2026/2027 operating budget.

To achieve a balanced operating budget for future fiscal years, budget development work and ongoing operational work is required to match annual inflationary expense increases with revenue increases, or, as required, with expense reductions.

Financial Impact

Please refer to Appendix A for the updates to the 2026/2027 operating budget. These updates are:

Revenues

Update - Overall Increase $1.8m: Operating Revenues $892.1m in operating budget approved in April 2026 are now estimated at $893.9m, reflecting an increase of $1.8m. This change relates to:

- **Grants:** Additional $1.8m operating grant revenue related to the February operating grant announcement

Expenses

Update – Overall Decrease $6m: Operating Expenses $905.4m in operating budget approved in April 2026 are now estimated at $899.4m, reflecting a decrease of $6m. This change relates to:

- **Staff salary increase:** Expense budget for staff annual salary increases and related benefit costs of $9.6m, reflecting the salary agreement with the staff employee group agreed to in May 2026.
- **Budget reductions:** In continuing the work in returning to a balanced budget, the corresponding update to budget reductions is $15.6m. Additional budget reductions of $13.0m were assigned to units across the University at the start of this fiscal year. The University estimates that the majority of those budget reductions will need to be achieved as salary savings through hiring constraints, resulting in an estimated reduction in benefits expenses of $2.6m.

Temporary Variances from Operating Budget

The University anticipates the following categories of temporary variance from the operating budget in the 2026/2027 year; these temporary variances from budget are not reflected on Appendix A which summarizes the budget:

- **Revenues – Temporary Favourable Difference - Sustainability Funding:** In addition to the revenue sources outlined in the operating budget, the University anticipates receiving sustainability funding from the province for the 2026/2027 fiscal year only. The $17m in Sustainability Funding anticipated in 2026/27 is the final year of a 3-year commitment by the province first introduced in 2024/25. This funding is not anticipated to continue beyond 2026/27, which means this funding should not be used to cover recurring annual expenses.
- **Expenses – Temporary Favourable Difference – Employer Pension Contribution:** The University operating budget for 2026/2027 includes an employer pension contribution rate of 11.5% of pensionable earnings; this is the employer contribution rate that Aon, pension actuary, advises to be an appropriate steady state contribution rate for the pension. The University will continue to budget for its employer contributions at this steady state contribution rate to ensure that its budget maintains the capacity to fund this major committed benefit. There is a CRA required temporary reduction in employer contributions to the pension plan that is expected to result in a temporary favourable difference in the 2026/2027 year of $25m, related to the pension being in a surplus position on a wind up basis in the most recently filed actuarial valuation.
- **Expenses – Monitoring Actual Expenses versus Budget:** The unit budgets for Faculty and Academic Support Units included year over year budget reductions to be achieved, and budgets were also reduced for centrally managed budgets. While it is

early in the year, Q1 results indicate the University is on track to achieve its 2026/2027 expense reductions.

Risk Considerations

Achieving the expense reductions within the 2026/2027 operating budget will take continued hard work to achieve, by applying hiring constraints, seeking efficiencies in operations and focusing on the highest priority work. Ongoing review of results will monitor progress against budget reduction targets to inform where adjustments may be needed to achieve these targets.

Alignment with Strategy, Vision, Values

The University will continue to consider the following objectives throughout the work of organizational transformation to return to a balanced operating budget: financial sustainability, operational and priority plan impacts, quality in core academic and research operations, student experience, employee morale and engagement, and risk management.

Next Steps and Future Considerations

- Finance & Investment Committee will receive updates at its January 2027 meeting on the University's continued monitoring of its 2026/2027 operating revenues and expenses against budget, as well as the University's work on its 2027/2028 operating budget development.

Documentation Provided

Appendix A - Updates to the 2026/2027 Operating Budget

Appendix A
2026/27 Updated Operating Revenue Budget (in thousands)
As at October 1, 2026

	2026/27 Approved Operating Budget	2026/27 Updates	2026/27 Updated Operating Budget
REVENUE			
Operating Grant			
Enrolment	99,700		**99,700**
Performance Outcomes	150,900		**150,900**
Corridor Re-alignment	17,700		**17,700**
Feb 12 Preliminary Estimate	50,800	1,800	**52,600**
Special Purpose	4,600		**4,600**
International Student Recovery	(3,400)		**(3,400)**
Transfers to AFIW	(15,100)		**(15,100)**
	305,200	1,800	**307,000**
Tuition			
Domestic - Undergraduate	261,400		**261,400**
Domestic - Graduate	30,500		**30,500**
International - Undergraduate	177,900		**177,900**
International - Graduate	52,500		**52,500**
Transfers to AFIW	(20,400)		**(20,400)**
	501,900	-	**501,900**
Other Revenue			
Co-op Recovery	30,400		**30,400**
Student Services Fees	19,600		**19,600**
Interest	20,000		**20,000**
Services to AFIW	4,200		**4,200**
Miscellaneous Income	10,800		**10,800**
	85,000	-	**85,000**
Total Revenue	892,100	1,800	**893,900**

Operating grant increase pertains to the WGU weight increase decisions for Optometry and Environmental Studies, which were resolved after the 2026/27 operating budget was approved by the Board of Governors in April 2026.

Appendix A

2026/27 Updated Operating Expense Budget (in thousands)
As at October 1, 2026

	2026/27 Approved Operating Budget	2026/27 Updates Salary and Benefit Increases	2026/27 Updates Budget Reductions	**2026/27 Updates**	**2026/27 Updated Operating Budget**
EXPENSES					
Salary and Benefits					
Salaries and wages	553,400	8,000	(10,400)	(2,400)	**551,000**
Benefits	144,100	1,600	(2,600)	(1,000)	**143,100**
	697,500	9,600	(13,000)	(3,400)	**694,100**
Non Salary Expenses - Strategic and Priority Spending					
Student Support	76,500			-	**76,500**
University Fund	21,900			-	**21,900**
Institutional Change Management	3,000			-	**3,000**
Deferred Capital Renewal	12,000			-	**12,000**
	113,400	-	-	-	**113,400**
Non-Salary Expenses - Operational					
Insurance	3,200			-	**3,200**
Municipal taxes	3,100			-	**3,100**
Utilities	24,500			-	**24,500**
Other non-salary expenses	77,700		(2,600)	(2,600)	**75,100**
	108,500	-	(2,600)	(2,600)	**105,900**
Gross expenses	919,400	9,600	(15,600)	(6,000)	**913,400**
Cost recoveries and ancillary contributions	(14,000)			-	**(14,000)**
Estimated net expenses	905,400	9,600	(15,600)	(6,000)	**899,400**
Estimated income	892,100				**893,900**
Structural Surplus(Deficit)	(13,300)				**(5,500)**

Salary and benefit increases: reflects the results of the staff salary agreement between the University and the Staff Association reached in May 2026 resulting in a total salary increase of 3.6%.

Budget reductions: reflects additional budget reductions allocated as at the start of 2026/2027.

UNIVERSITY OF WATERLOO | Board of Governors

For Information		**Open Session**
Date of Meeting:	October 27, 2026	
To:	Members, Board of Governors	
From:	Genevieve Gauthier-Chalifour, University Secretary	
RE:	**10. Pension & Benefits Committee Report**	

10.1 Report from the Chair

Background:
As a regular item of business at each meeting, a report is provided from each standing committee chair. The Pension & Benefits Committee administers the employee Pension Plan and benefits plans approved by the Board. The Committee:

- Makes an annual report to the Board of Governors with respect to the operation of the Pension Plan and reviews the annual audit of the Pension Plan Fund Financial Statements.
- Recommends changes in pension and benefits plans and makes policy decisions relevant to administration of benefits of plans.
- Recommends to the Board of Governors the investment policy for pension assets described in the Statement of Investment Policy and Procedures (SIPP) and approves the Fund Implementation Procedures (FIP) both on the recommendation of the Pension Investment Committee.
- Approves or terminates external fund managers on the recommendation of the Pension Investment Committee and approves asset mix changes and investment decisions in compliance with the SIPP and FIP upon the recommendation of the Pension Investment Committee, with review and advice from the Finance & Investment Committee with respect to transactions representing greater than 20% of the Plan's total assets. PIC can approve cumulative annual transaction (s) that represent less than 20% of the Plan's total assets at the beginning of the calendar year.

The Committee further delegates day-to-day administration of the Pension Plan and benefits plans to the Human Resources department of the University.

Additional information about the Committee can be found on the Secretariat website.

Key Items:

At its meetings held on October 2, 2026, the Pension and Benefits Committee discussed the following:

Summary of Total Fund Investment Performance and Pension Risk Management Dashboard Q2 2026
The Committee received and reviewed the quarterly updates regarding the investment performance of the pension plan.

Annual Review of FIP and SIPP
In accordance with the terms of reference, the Committee reviewed the Fund Implementation Procedures (FIP) and Statement of Investment Policies and Procedures (SIPP) for the University's pension investments and approved amendments to the FIP. Proposed amendments to the pension SIPP are presented under consent agenda item 13.4.

Update on Ongoing Initiatives
The Committee received updates on usage of the recently-implemented Health Care Spending Accounts (HCSA) and continued discussion on exploration of the University Pension Plan.

Documentation Provided:

- N/A

UNIVERSITY OF WATERLOO | Board of Governors

For Information	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**11. Governance & Leadership Committee Report**

11.1 Report from the Chair

Background:

As a regular item of business at each meeting, a report is provided from each standing committee chair. The Governance & Leadership Committee has responsibility for the succession planning and recruitment of community-at-large members aligned with necessary skills, experience and representation including recommendations to the board of chairs and membership of standing committees. The Committee ensures committee mandates remain relevant and effective, and ensures orientation and training of governors.

The Committee has oversight of the process for the evaluation of Board and Committee performance and the governance structures and practices of the Board. The Committee also evaluates, on behalf of the Board, the performance of the President and Vice-Chancellor and reviews compensation and conditions of employment.

Additional information about the Committee can be found on the Secretariat website.

Key Items:

At its meeting held October 19, 2026, the Governance & Leadership Committee discussed the following:

Board By-law 1 and Good Governance Policy Update
The Committee received an update on proposed amendments to Board By-law 1, being a by-law that regulates generally the affairs and the exercise of the powers of the Board of Governors as set forth in the University of Waterloo Act, 1972 and the calling and conduct of its meetings.

The review of Board By-law 1 has proceeded in two phases. Phase 1, approved on October 29, 2024, focused on compliance with Ontario's Not-for-Profit Corporations Act, 2010 ("ONCA"), which came into force on October 19, 2021. The Phase 2 amendments complete the Secretariat's end-to-end review, with a focus on modernization, practicality, and good governance. Companion updates will be made to existing pieces of Board governing documents, as well as the presentation of a new Good Governance Policy.

It is anticipated that, in accordance with Section N of the by-law, a first reading of the amended by-law will be presented at the February 9, 2027 meeting of the Board, along with the new Good Governance Policy and other related updates and required approvals.

Board-Senate Annual Retreat Update
The Committee received an update on planning of the annual Board-Senate Joint Retreat, to be held on December 4, 2026. Additional details will be shared with governors and senators as they are available.

Board Membership and Succession Planning
The Committee discussed desired skill sets and experience for candidates to fill community-at-large vacancies, as well as to increase depth of knowledge on various Board Committees. The Committee intends to update the Board Skills Matrix at an upcoming meeting.

Documentation Provided:
- N/A

University of Waterloo
BOARD OF GOVERNORS MEETING
Minutes of the June 23, 2026 Meeting

Present: Nasser Abukhdeir, Aubrey Basdeo, Jordan Bauman, Catherine Boivie, David Borcsok, Teresa Fortney, Murray Gamble (chair), Genevieve Gauthier-Chalifour (secretary), Vivek Goel, Nancy Heide, Achim Kempf, Bilal Khan, Matthew Klassen, Dorothy McCabe, Steve Mennill, Terry Mundell, Patricia O'Malley, Sahezad Pardhan, David Porreca, Tracy Primeau, Karen Redman, Rida Sayed, Samir Sharma, James Skidmore, Jennisha Wilson, Stanley Woo

Regrets: Linda Blair, Laura Deakin, Andre Hladio, Brian Lipskie, Nicholas Pellegrino, Neil Randall, Meray Sadek, Jagdeep Singh Bachher, Berry Vrbanovic, Dan Weber

Guests/Resources: Charmaine Dean, Ben Doadt, Nenone Donaldson, Tom Duever, Melanie Figueiredo, Jenny Flagler-George, Diana Goncalves, Sarah Hadley, Jon Mason, Mike Pereira, Jacinda Reitsma, Greg Smith, Lisa Yuhasz

Organization of Meeting: Murray Gamble took the chair and Genevieve Gauthier-Chalifour acted as secretary. The secretary advised that a quorum was present.

OPEN SESSION

4. Approval of Agenda
4.1. Agenda and Minutes
4.1.1. Declarations of Conflict of Interest

Samir Sharma declared a conflict on agenda item 9.2 – *Student Incidental Fees*, due to his position as the Waterloo Undergraduate Student Association (WUSA) President.

4.1.2. Approval of Agenda and Consent Items

It was requested by a member that consent agenda item 16.4.1 – *Delegation of Authority – Student Endowment Funds*, be separated from the consent agenda for discussion.

Porreca/O'Malley.
To approve the agenda of the June 23, 2026 Board of Governors meeting, as amended; and, to approve or receive for information consent agenda items 16.1 – 16.5. CARRIED.

The following items were subject to the vote and carried or received accordingly:

16.1. Minutes of the April 14, 2026 Meeting
16.2. Report of the Vice-President, Academic & Provost
    16.2.1. Leaves and Sabbaticals Report
16.3. Report of the Vice-President, Finance & Administration
    16.3.1. Carbon Analysis and Disclosures Report
16.4. Governance and Leadership Committee Report
    16.4.2. Update on Board Membership and Elections
    16.4.3. 2026-2027 Board Meeting Dates
16.5. Policy
    16.5.1. Amendments to Policy 77 – Tenure and Promotion of Faculty Members
    16.5.2. Amendments to Policy 68 – Vice-President, Research and International

4.1.3. Business Arising from the Minutes

There were no matters of business arising.

5. Remarks from the Chair

Board Chair Murray Gamble welcomed all to the meeting. Gamble thanked Judene Pretti, Interim Associate Provost, Co-operative and Experiential Education, Fayaz Noormohamed, Executive Director, Global Futures, and all of the student presenters for hosting the Board's morning education session, which showcased Waterloo's experiential learning program with a focus on community engagement and student contributions.

Gamble thanked organizers from the Department of Athletics and Recreation for their work in hosting the 2026 President's Annual Golf Tournament. The event raised over $88,000. Gamble also congratulated 466 student-athletes who were named as Academic All-Canadians last year, which represents 56% of Warrior student-athletes maintaining an average over 80%.

Gamble congratulated governor Rida Sayed on his recent convocation, where he received the degree Bachelor of Applied Science, Honours Nanotechnology Engineering.

Gamble congratulated governor Sahezad Pardhan, who would soon begin a new role with the Aga Khan Foundation.

Gamble welcomed new governor Samir Sharma, recently elected by Senate to fill the vacancy resulting from Damian Mikhail's departure from the Board.

As the June Board meeting marked the end of the 2025-2026 governance year Gamble thanked governors concluding their terms: Nasser Abukhdeir, Jordan Bauman, Andre Hladio, Achim Kempf, Nicholas Pellegrino, Neil Randall, Rida Sayed, James Skidmore and Jennisha Wilson. Each was commended for their service on the Board of Governors.

Gamble also thanked outgoing President Vivek Goel for his service and leadership to the University of Waterloo, noting that his accomplishments during his tenure would have a lasting impact on the institution.

6. Report from the President

Vivek Goel, President and Vice-Chancellor, offered remarks and thanks to the community for their support for University of Waterloo initiatives over the course of his tenure as President.

Goel also congratulated Gamble for receiving the 2026 Engineers Canada Meritorious Service Award for Community Service, which recognizes contributions to the profession, the community and the safety and well-being of Canadians.

Goel also recognized that June was both Pride Month and Indigenous Heritage Month.

Goel also provided an update on items related to the provincial and federal Governments, including the recently released National Artificial Intelligence Strategy from the federal government, and the funding of 40,000 new seats across the sector by the provincial government.

7. Audit & Risk Committee Report
7.1. Report from the Chair

Patricia O'Malley, Chair of the Audit & Risk Committee, presented the report as provided in the meeting package. There were no questions.

7.2. ERP Implementation Contract Award

O'Malley introduced the item for consideration, noting that contracts in excess of $10M require Board approval, and that the Committee has been following the progression of the project since 2024.

Sarah Hadley, Chief Financial Officer, and Greg Smith, Chief Information Officer, provided a presentation on the project, as included in the agenda package.

Members inquired as to what criteria was used to select the proposed service provider and software; where data would be hosted; the role of the consultant and how they would support the project; and how costs presented in the report to the Board were calculated and accounted for.

O'Malley/Mennill.
That, on the recommendation of the Audit & Risk Committee, the Board of Governors approve the implementation of the Professional Services Agreement (PSA) and Statement of Work (SOW) between the University of Waterloo and Deloitte Inc., on terms consistent with the Implementation Partner Statement of Work – Executive Summary, at a total cost not exceeding $12.5 million, for Deloitte to support the implementation of the financial Enterprise Resource Planning (ERP) project. CARRIED.

Due to sequencing needs, item 8. – *Building & Properties Committee Report* was taken up after item 11 – *Governance & Leadership Committee Report*.

9. Finance & Investment Committee Report
9.1. Report from the Chair

Bilal Khan, Chair of the Finance & Investment Committee, presented the report as provided in the meeting package.

Governor Jordan Bauman expressed concern about the Memorandum of Understanding between the University and the Waterloo Undergraduate Student Association (WUSA), as it relates to item 9.2 on the meeting agenda and urged modernization and a renegotiation of the agreement.

9.2. Student Incidental Fees

Khan spoke to the proposed fee increases, noting that these fees are set by third-party organizations on an annual basis, and distributed by the University to these organizations after collection.

A member shared concerns about motions passed by the Waterloo Undergraduate Student Association's (WUSA) membership at its recent Annual General Meeting. President Goel noted the concerns were not related to the proposed student incidental fees decision before the Board today. The President of WUSA is aware of the WUSA motions and the concerns raised.

Khan/Pardhan.
That, on the recommendation of the Finance & Investment Committee, the Student Incidental Fees for the 2026-2027 academic year be approved by the Board of Governors, as presented. CARRIED.

Jordan Bauman abstained from the vote.

10. Pension & Benefits Committee Report

10.1. Report from the Chair

Teresa Fortney, Chair of the Pension and Benefits Committee, spoke to the report as provided in the meeting materials. There were no questions.

10.2. Actuarial Pension Plan Valuation and Filing

Fortney spoke to the item, noting that an actuarial valuation report is required to be filed with the Ontario pension regulator at least every three years and, in practice, the Committee commissions a report on an annual basis for planning and monitoring purposes and recommends filing the valuation more regularly than required. There were no questions.

Fortney/Lipskie.
That, on the recommendation of the Pension & Benefits Committee, the Board of Governors approve the filing of the actuarial valuation as of January 1, 2026 for the University of Waterloo Pension Plan with the regulator, as presented. CARRIED.

11. Governance & Leadership Committee Report
11.1. Report from the Chair

Gamble, Chair of the Governance & Leadership Committee, presented the report as provided in the meeting package. There were no questions.

11.2. Delegation of Authority – Administrative Leaves and Sabbaticals; Tenure and Promotion

Gamble introduced the item, noting that it was intended to streamline approvals given the robust internal review processes already in place, and that the delegation would be renewed annually. A member expressed support for the delegation and requested that annual reports on the outcome of delegations be included in the regular agenda and not as a consent item. The need to ensure regular review of related policies was also noted.

Skidmore/Porreca.

a. **That, on the recommendation of the Governance & Leadership Committee, the Board of Governors delegate authority to the President and Vice-Chancellor to approve the following:**
    i. **faculty sabbaticals and specials leaves in accordance with Policy 3 – Sabbatical and Other Leaves; and**
    ii. **new faculty appointments with tenure or permanence, and to grant tenure and permanence to existing faculty in accordance with Policy 76 – Faculty Appointments and Policy 77 – Tenure and Promotion of Faculty Members; and**
b. **That such delegations shall expire on July 1, 2027, unless otherwise renewed; and**
c. **That the Board of Governors be provided with reports on the outcome of such delegations at least annually. CARRIED.**

****8. Building & Properties Committee Report**
8.1. Report from the Chair

Tracy Primeau, Chair of the Building & Properties Committee, presented the report as provided in the meeting package.

Discussion followed regarding waste management systems and their connection to the ongoing

hospital project with the Waterloo Region Health Network; considerations for water conservation in future sustainability plans; and the continued need to dedicate resources to deferred capital renewal.

8.2. R+T Park Strategic Plan

Primeau introduced the item, noting that the Guidance Statement for the Development of University of Waterloo Lands outlining the creation, development, and operation of R+T Park has been in place since its initial Board approval in 1997, and the new plan reaffirms the commitment to guiding principles and provides clarity on strategic direction moving forward.

Mike Pereira, Executive Director, Real Estate & Planning, provided a presentation on the plan as included in the agenda package.

Discussion followed regarding the term length of the plan; which community stakeholders were consulted; and how other developments in the surrounding community would support long term success of the park.

Primeau/Woo.
That, on the recommendation of the Building & Properties Committee, the Board of Governors approve in principle the vision, principles and conceptual design frameworks of the R+T Park Strategic Plan and Innovation District Design. CARRIED.

12. Report of the Vice-President, Advancement & External Relations
12.1. Annual Advancement and External Relations Report

Nenone Donaldson, Vice-President, Advancement & External Relations, provided the annual report.

Members supported the inclusion of comparator data from other institutions and historical data on Waterloo's past performance.

13. Report of the Vice-President, Research & International
13.1. Annual Research Report

Charmaine Dean, Vice-President, Research & International, provided the annual report.

Discussion followed regarding support for repatriating students that left Canada to establish companies; ethical standards in research and areas of research the University participates in; and the outcome of the Canada Impact Chair program.

14. Report of the Vice-President, Academic & Provost
14.1. Co-op and Experiential Learning Report

Noting that the report was the subject of the Board's pre-meeting education session, the item was taken as read and there were no further questions.

15. Other Business

Members further discussed the communication distributed by a member, as noted under agenda item 9, regarding recent motions passed by WUSA.

16. Consent Agenda

Addressed under item 4.1.2.

17. Items Removed from Consent Agenda
16.4.1. Delegation of Authority – Student Endowment Funds

A member inquired as to the reason for the delegation.

Sharma/Fortney.
That, on the recommendation of the Governance and Leadership Committee, authority be delegated by the Board of Governors to the President and Vice-Chancellor to approve any future amendments to the following existing student endowment fund constitutions:

i. **Student Life Endowment Fund**
ii. **Waterloo Engineering Endowment Foundation**
iii. **Mathematics Endowment Fund**
iv. **Waterloo Environmental Studies Endowment Foundation**
v. **Accounting and Finance Endowment Fund**
vi. **Applied Health Sciences Endowment Fund**
vii. **Arts Endowment Fund**
viii. **Waterloo Science Endowment Fund. CARRIED.**

October 6, 2026

Genevieve Gauthier-Chalifour
University Secretary

UNIVERSITY OF WATERLOO | Board of Governors

For Information	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**13.2 Report of the Vice-President, Academic & Provost - CONSENT**

13.2.1 Annual Report of the Sexual Violence Response and Prevention Office (SVPRO)

Background:

In accordance with Bill 132 – Sexual Violence and Harassment Action Plan Act (Supporting Survivors and Challenging Sexual Violence and Harassment), 2016, Ontario universities are required to report annually to the Board of Governors.

The report is legislatively required to be provided to the Board by November 1 of each year. The report will be presented to the Community & Culture Committee at its next meeting, and the Board will receive an update via the Chair's report at the February meeting.

Documentation Provided:

- Briefing Note – SVPRO Annual Report
- SVPRO Annual Report 2025-2026

For Information **Open Session**

To:	Board of Governors
From:	Amanda Cook Director, Sexual Violence Prevention and Response Office
Date of Meeting:	October 27, 2026
Agenda Item:	**Sexual Violence Prevention and Response Office Annual Report**

Summary

The Sexual Violence Prevention and Response Office (SVPRO is providing its annual report to the Board of Governors for information.

Overview and Highlights

Section 17 (subsection 7.1) of the *Ministry of Training, Colleges and Universities Act, R.S.O. 1990, c. M.19* states that every college or university shall provide its Board of Governors with an annual report setting out, in respect of the preceding year, information pertaining to the following:

- the number of times supports, services and accommodation relating to sexual violence are requested and obtained by students enrolled at the college or university, and information about the supports, services and accommodation,
- any initiatives and programs established by the college or university to promote awareness of the supports and services available to students,
- the number of incidents and complaints of sexual violence reported by students, and information about such incidents and complaints, and
- the implementation and effectiveness of the policy.

The attached SVPRO Annual Report contains all required information to meet our obligations under the Act and outlines the meaningful steps the University, through SVPRO, has taken to prevent and respond appropriately to sexual violence on campus.

Consultation and Engagement

- Board of Governors: October 27, 2026

Financial Impact

No financial impacts.

Risk Considerations

N/A

Alignment with Strategy, Vision, Values

The Sexual Violence Prevention and Response Office (SVPRO) supports Waterloo at 100 goals, particularly the Community, Campus and Culture objectives, by fostering a safer, more inclusive campus that supports the health and well-being of all campus members.

Next Steps and Future Considerations

After the Board of Governors receives the report on October 27, 2026, the University will be able to comply with the Ministry's requirement to both present the report to the Board and publish it on SVPRO's website by the November 1, 2026 deadline.

The report will be presented to the Community and Culture Committee at its next meeting for discussion.

Documentation Provided

- Sexual Violence Prevention and Response Office: Annual Report



DRAFT ANNUAL REPORT

May 1, 2025-April 30, 2026

UNIVERSITY OF WATERLOO | Sexual Violence Prevention and Response Office

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ABOUT THE SEXUAL VIOLENCE PREVENTION AND RESPONSE OFFICE

The Sexual Violence Prevention and Response Office (SVPRO) is the University of Waterloo's central resource for support, education, and prevention related to sexual and gender-based violence (SGBV).

SGBV includes sexual assault, sexual harassment, intimate partner violence, stalking, coercion, technology-facilitated violence, and other forms of harm connected to sex, gender, sexuality, power, or control.

SVPRO provides confidential, trauma-informed support to students, staff, and faculty who have been impacted by SGBV. This includes individuals who have experienced harm, witnessed harm, received a disclosure, or are seeking support because they have been accused of, or self-identify as, having caused harm.

In addition to direct support, SVPRO offers prevention-focused education, awareness initiatives, consultation, policy-related support, and campus-wide collaboration. Through this work, SVPRO strengthens the University's capacity to prevent and respond to SGBV in ways that are survivor-centered, trauma-informed, intersectional, anti-oppressive, collaborative, and evidence-informed.

Meaningful collaborations are a key component to SVPRO's work, including both campus and community partners. These partnerships help build shared responsibility for creating a safer and more respectful campus community and support normalizing conversations around SGBV.

Territorial Acknowledgement

The University of Waterloo acknowledges that much of its work takes place on the traditional territory of the Neutral, Anishinaabeg, and Haudenosaunee peoples. The main campus is situated on the Haldimand Tract, the land granted to the Six Nations that includes six miles on each side of the Grand River.

The University's active work toward reconciliation takes place across its campuses through research, learning, teaching, and community building, and is centralized within the Office of Indigenous Relations. Sexual violence has been, and continues to be, used as a tool of colonialism. This has contributed to disproportionate harms experienced by Indigenous women, girls, and Two-Spirit peoples, as highlighted by the National Inquiry into Missing and Murdered Indigenous Women and Girls.



AT A GLANCE: SVPRO'S CAMPUS REACH

During the 2025–26 reporting period, SVPRO continued to expand its support, education, consultation, and prevention work across the University of Waterloo.

- **354 direct service requests,** representing a 28% increase from the previous reporting year.
- **202 consultations,** a 135% increase from 2024–25.
- **10 formal complaints** were filed under Policy 42 - Prevention of and Responding to Sexual Violence.
- **80 accommodation and support requests,** including counselling referrals, academic accommodations, complaint support, and referrals to external resources.
- **171 education and prevention offerings** delivered across campus.
- **11,204 participants** reached through workshops, trainings, presentations, guest lectures, groups, booths, and awareness initiatives.
- **1,270 participants** completed the online Sexual Violence Foundations course.
- **12,474 total programming interactions** across education, prevention, and online learning activities.

354

Direct service requests

11,204

participants reached through programming initiatives

10

Formal complaints filed under Policy 42

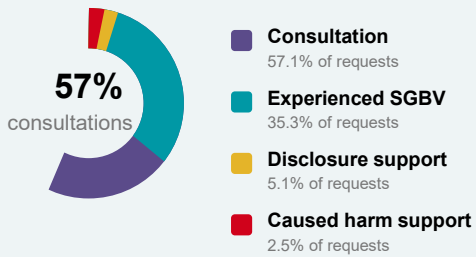
SVPRO Annual Report

At a glance

354	202	10	80	171	11,204	1,270	12,474
direct service requests	consultations	Policy 42 complaints	Accommodation support requests	education offerings	participants reached	online course completions	programming interactions

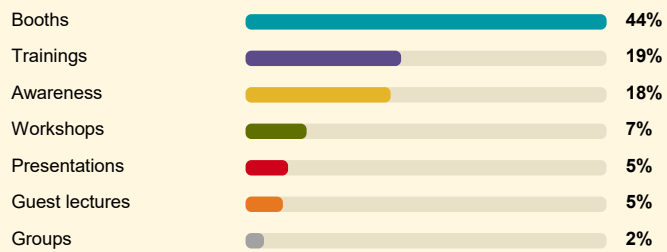
Direct response services

Support type distribution



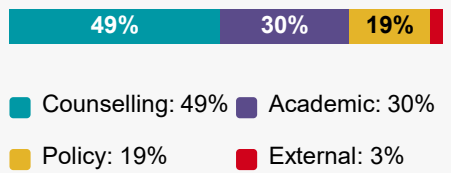
Prevention education

Reach by programming type



Accommodation & support needs

80 requests facilitated by SVPRO



UW Campus Community Survey

4,547 students participated in Spring 2026

19%	61%	70%
reported experiencing sexual violence	occurred during first or second year	supported male allyship opportunities

Looking ahead: 2026–27 priorities

1 Accountability & behaviour change
Support behaviour change and prevention of future harm.

2 Trauma-informed healing
Expand wellness programming and low-barrier supports.

3 Embedded prevention education
Continue the MME pilot and scalable models.

Figures reflect the 2025–26 SVPRO Annual Report. Visual style uses University of Waterloo brand colours.

CONTEXTUALIZING THE WORK

Sexual and gender-based violence remains a significant public health, human rights, and gender-equity issue in Canada. Young adults experience some of the highest rates of sexual violence, making post-secondary institutions important sites for prevention, education, and support.

Although anyone can experience SGBV, research shows that some communities are disproportionately affected, including women, Indigenous peoples, racialized people, 2SLGBTQIA+ people, persons with disabilities, and other equity-denied groups (Crocker et al, 2020; Cotter and Burczycka, 2026). Universities are also unique environments because they are places of learning, work, residence, and social connection. Recent Statistics Canada (2026) data indicates that women are more than three times as likely than men to experience sexual assault in school settings, with higher prevalence, overall, among young women and girls. That said, workplaces also remain sites where sexual violence is common. More than one in ten Canadians experienced unwanted sexual behaviours while at work or participating in a work-related event, where women are more than twice as likely than men to experience these behaviours (Cotter and Burczycka, 2026). Since campuses function both as schools and workplaces, campus populations of students, staff, and faculty are at-risk of experiencing SGBV. As a result, prevention and response efforts must address the needs of students, staff, and faculty.

In 2025–26, SVPRO saw continued demand for direct support, consultation, and prevention education. This reflects the ongoing need for accessible services, clear reporting pathways, and coordinated campus-wide approaches to preventing and responding to SGBV.

REPORTING PERIOD HIGHLIGHTS

Policy 42 Update

Policy 42: Gender-Based and Sexual Violence Alleged Against Students, is the University of Waterloo policy that outlines how the University responds to gender-based and sexual violence alleged against students.

In October 2025, the University's Board of Governors approved a revised version of Policy 42. The updated policy reflects campus consultation, research, and evolving best practices in sexual violence prevention and response. One key change is the designation of the Associate Provost, Students as the central decision-maker for formal complaints. The revised policy also strengthens reporting, response, and support processes.

As required by provincial legislation, Policy 42 will continue to be reviewed every three years with student input and engagement. SVPRO will continue to support campus understanding of the revised policy through updated education, including a refreshed Policy 42 workshop.

UW Campus Community Survey

In Spring 2026, Institutional Analysis & Planning and the Statistical Consulting and Survey Research Unit conducted the second UW Campus Community Survey. The survey gathered information about students' experiences of sexual and gender-based violence, awareness of supports, perceptions of available resources, and barriers to seeking support or reporting concerns.

A total of 4,547 students participated. Nearly one in five respondents reported experiencing some form of sexual violence, a finding that remained largely unchanged from Spring 2025. Among students who reported experiencing sexual violence, common behaviours included unwanted sexual touching and sexual jokes, unwelcome physical contact and unwanted sexual attention.

The survey findings show that experiences of sexual violence often occurred early in students' university experience and commonly involved someone known to the student.

- 19% of respondents reported experiencing some form of sexual violence.
- 10% of those students reported that the experience involved someone they worked with during a co-op term.
- 61% of experiences occurred during first or second year.
- 86% identified the person who caused harm as a man.
- 51% identified a UW student as the person who caused harm; 36% identified a non-UW student; and 27% identified someone with no university affiliation.
- 70% agreed that increasing opportunities for men and boys to learn how to be better allies in addressing SGBV would benefit campus.

Findings will continue to inform SVPRO service delivery, education programming, and awareness-raising initiatives to better meet campus community needs. SVPRO is committed to understanding and gathering longitudinal data on campus sexual violence climate more broadly, an especially important endeavour for evidence-based decision making related to prevention, response, and policy.

Coaching and Educational Support for Students Who Have Caused Harm

Individuals accused of causing harm, or who self-identify as having caused harm, also receive support through SVPRO. SVPRO's Education Specialist, Chris Martin, provided individualized coaching and educational support to 14 students seeking to strengthen skills related to communication, healthy relationships, consent, boundaries, and conflict resolution. An additional 9 individuals were supported by SVPRO Case Managers Jay Love and Taneah Ugwuegbula. Recognizing that individuals benefit from different approaches to learning and engaging around these topics, sessions are tailored to the unique circumstances of the incident(s) as well as the needs of those accessing support.

In total, 23 individuals accused of, or self-identifying as, causing harm accessed support to better understand the impact of their behaviour(s) and develop strategies for positive change. Sessions emphasize accountability, reflection, practical skill development, and the prevention of future harm.

Co-op Student Role

SVPRO hired a Sexual Violence Prevention Assistant co-op role during the Winter 2026 term. This was the fourth term in which the office supported a co-op student.

The student assisted with booths, events, and outreach initiatives, serving as a student-facing representative of SVPRO. Peer-to-peer engagement is one of the most effective ways of reducing barriers to participation and support-seeking, shifting campus culture, and helping to build trust and awareness among students.

Volunteer Program

This reporting period, SVPRO launched its first volunteer program under the leadership of Education Specialist Stacey Jacobs. Eight students completed specialized training to support SVPRO prevention education and awareness-raising initiatives throughout the year.

Volunteers assisted with outreach events, information booths, and workshops while serving as visible peer ambassadors. The volunteer program strengthens peer-to-peer engagement, increases student involvement in prevention efforts, and enhances the visibility of SVPRO across campus.

DIRECT RESPONSE SERVICES

SVPRO provides confidential, trauma-informed support to individuals affected by sexual and gender-based violence. Support includes emotional support, short-term coping strategies, safety planning, referrals, academic accommodation support, information about reporting options, and guidance for those supporting a friend or colleague.

Support is also available to people who have received a disclosure, witnessed SGBV, or are accused of, or self-identify as, causing harm.

Direct Service: Reach

During the 2025–26 reporting period, SVPRO received 354 direct service requests. This represents an increase in demand from the previous reporting year and the highest number recorded since the establishment of a direct response service role at the University of Waterloo in 2017.

Consultations represented the largest share of direct service activity. This indicates that more campus community members and partners are seeking guidance on how to respond to SGBV-related concerns in informed and supportive ways.

Table 1: Trends in Direct Response Services

Type of Support	**Count**
Direct service provision (unique individuals) *	139
Carry over (students/employees continuing to access services from the previous reporting year)	13
Consultations	202
Total number of direct service requests	**354**

**Note: this number does not include those supported by Education Specialist Chris Martin*

Direct Service Highlights

SVPRO's direct service data shows three important trends. First, consultations increased substantially, suggesting that students, staff, faculty, and campus partners are increasingly seeking guidance before, during, or after responding to SGBV-related concerns. Second, students continue to represent the largest group accessing direct support, while employee requests have increased over time. Third, formal Policy 42 complaints reached their highest level to date, which may indicate greater awareness of reporting options, increased trust in available processes, and/or reduced barriers to accessing complaint pathways.

Table 2: Direct Service by Support Type

Type of Direct Service Request	Count	Percentage
Consultation for an SGBV-related matter	202	57.1%
Students/employees who continued to access services from the previous reporting year	125	35.3%
Received a disclosure of SGBV	18	5.1%
Accused of, or self-identified as, causing SGBV*	9	2.5%
Total	**354**	**100%**

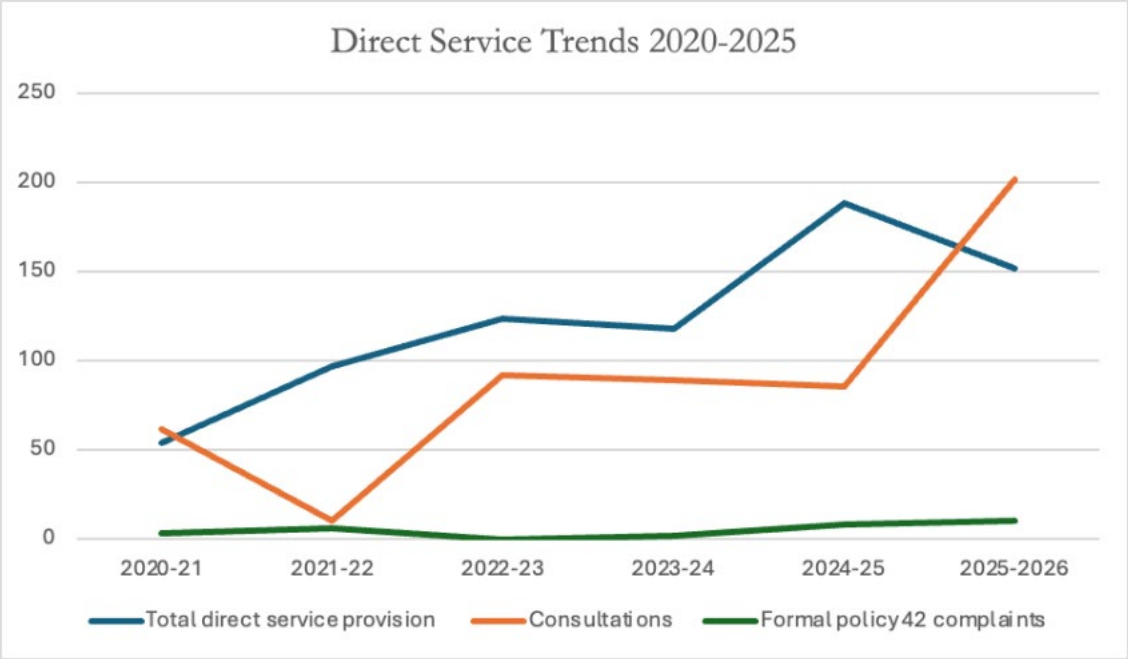
**Note: this number does not include those who received support from Education Specialist Chris Martin*

Table 3: Direct Response Service Metrics for the Past Six Reporting Periods

Supports and Services	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Student service requests/interactions	116	157	118	124	97	54
Employee service requests/interactions	23	18	7	8	1	3
Student service requests carried over from the previous reporting period	13	11	26	18	10	20
Consultations	202	86	86	92	59	62
Total	**354**	**272**	**237**	**242**	**167**	**139**

Note: Reporting periods prior to 2024–25 used calendar-year direct response service data. Current reporting periods use the University's annual reporting cycle.

Figure 2: Direct Service Metrics for the Past Six Reporting Periods



Trends over six reporting years show increased engagement with SVPRO. Student service requests remain high, employee service requests have increased over time, and consultations rose substantially in 2025–26. Carried-over cases have declined from their 2023–24 peak, which may suggest improved early support, guidance, or case resolution timelines.

Table 4: Direct Response Service by Campus Membership/Population Type

Type of Direct Service Request	Count	Percentage	Percentage Excluding Consultations
Student service requests/interactions	129	36.4%	85%
Employee service requests/interactions	23	6.5%	15%
Consultations	202	57.1%	N/A
Total	**354**	**100%**	**100%**

Of the 354 direct service interactions provided by SVPRO, 202 were consultations. Excluding consultations, students represented 85% of individuals accessing direct service, while employees represented 15%.

Table 5: Policy 42 Complaints

Supports and Services	2025-26	2024-25	2023-24	2022-23	2021-22	2020-21
Number of complaints	10	8	2	0	6	3

Formal Policy 42 complaints increased from 8 in 2024–25 to 10 in 2025–26. This is the highest number recorded across the comparison period and may reflect increased awareness of reporting options, reduced barriers to reporting, or increased confidence in available processes.

Direct Service: Types of Sexual Violence

SVPRO supported individuals experiencing a wide range of sexual and gender-based violence. The most frequently recorded forms were sexual assault and sexual harassment, which together accounted for more than half of recorded experiences.

Reports involving intimate partner violence and unwanted attention increased from the previous reporting period. These trends reinforce the importance of accessible support, early intervention, clear reporting pathways, and prevention education that addresses the continuum of SGBV.

Table 6: Recorded Types of Sexual Violence

Type of Sexual Violence	Percentage
Sexual assault	31%
Sexual harassment	23%
Intimate partner violence	13%
Unwanted attention	10%
Coercion	9%
Stalking	4%
Technology-facilitated/digital sexual violence	4%
Sexist/misogynistic comments	3%
Drug-facilitated sexual violence	2%
Indecent exposure	1%
Total	**100%**

Direct Service: Accommodations and Supports

SVPRO offers academic accommodations and referrals for all individuals impacted by SGBV. During the reporting period, the office supported 80 academic accommodation/referral requests, as well as requests to support the preparation of a complaint under Policy 42.

Counselling referrals represented the largest category of support requests, followed by academic accommodations and policy complaint support. These requests reflect the diverse impacts of SGBV and the need for coordinated support that addresses academic, health and wellbeing, and procedural needs.

Table 7: Direct Service Accommodations and Supports

Type of Request	Count	Percentage
Referral to on-and-off campus counselling	39	49%
Academic accommodations	24	30%
Policy complaint support	15	19%
Referral to external supports/resources	2	3%
Total	**80**	**100%**

PREVENTION-FOCUSED PROGRAMMING

Prevention-focused Programming: Education & Awareness Initiatives

Prevention-focused programming builds knowledge, strengthens intervention skills, promotes consent, and increases awareness of available support. Prevention is a key component of building and maintaining a safer campus community.

During the reporting period, SVPRO delivered 171 education and prevention offerings and reached 11,204 participants. Programming included training, workshops, guest lectures, presentations, information booths, awareness events, group learning, and online education. The online Sexual Violence Foundations course reached an additional 1,270 participants.

Trainings

SVPRO continued to offer core training focused on strengthening campus capacity for both prevention and response. Programming and initiatives are designed to deepen understanding(s) of sexual and gender-based violence, build practical skills for violence prevention and intervention, and foster a culture of consent on campus. Active Bystander Intervention training provides practical strategies for intervening in situations of harm. Responding to Disclosures training supports participants in responding to disclosures in ways that are trauma-informed, survivor-centered, and connected to appropriate resources.

Awareness-Raising Initiatives and Events

This reporting period, SVPRO delivered a total of 171 educational offerings and awareness-raising events across main and satellite campuses. Key initiatives included: What Were You Wearing?; F.R.I.E.S. for FRIES;

Behind the Screen: Conversations on Adolescence; Menopause Café; Gaslight Film and Bingo Night; and Gender-Based Violence in the Legal System.

What Were You Wearing? Exhibit

SVPRO hosted it's annual What Were You Wearing? Exhibit, an arts-based installation that challenges victim-blaming myths and promotes survivor-centered conversations about SGBV. The installation uses an arts-based approach to highlight the pervasiveness of harmful victim-blaming narratives, using student-survivor accounts to recreate 'what they were wearing' during an experience of sexual violence. Originally inspired by Dr. Mary Simmerling's poem, What I was wearing, and first created by the University of Arkansas in 2013, Education Specialist, Stacey Jacobs, spearheaded a re-creation of the exhibit at the University of Waterloo. With the goal of empowering survivors on our campus and including their outfits in future iterations of the exhibit, our office implemented anonymous ways for UW students to consensually share their own accounts. The exhibit generated 1,062 interactions, more than doubling engagement from the previous reporting year.

F.R.I.E.S. for FRIES

SVPRO collaborated with the Waterloo Undergraduate Student Association to offer the second F.R.I.E.S. (Freely Given, Reversable, Informed, Engaged and Specific) for FRIES event. The event invited students to engage in fun, consent-based education in exchange for a free order of fries. Combining a fun, approachable activity with meaningful conversations about healthy relationships and consent, the event increased consent literacy, while encouraging warm interactions with SVPRO and raising awareness about our supports and services

Behind the Screen: Conversations on Adolescence

During Sexual Violence Awareness Month, SVPRO offered a four-part virtual drop-in series focused on themes raised in the Netflix series "Adolescence", including masculinity, social media, violence, relationships, boundaries, consent, gender and growing up. The format created space for timely discussion of SGBV-related issues in popular culture.

Menopause Café

The Menopause Café continued to provide a welcoming space for University community members navigating perimenopause and menopause. Through informal conversations and shared lived experiences, participants continue to strengthen their menopause literacy through peer connection and stigma reduction, as well as contributing towards more inclusive employee workplace conversations about health and wellbeing.

Gaslight Film and Bingo Night

SVPRO hosted a screening of Gaslight followed by a bingo activity. The event supported discussion about manipulation, coercive control, emotional abuse, how harmful relationship dynamics manifest, and the continuum of SGBV, while also connecting participants with available resources and supports.

Gender-Based Violence in the Legal System

SVPRO Case Manager Taneah Ugwuegbula, Women's Crisis Services, and the Waterloo Regional Police Service's intimate partner violence (IPV) unit collaborated on a new workshop titled Gender-Based Violence in the Legal

System. The workshop helped participants understand reporting options for intimate partner violence and sexual violence, including information related to mandatory charging and community-based supports through the Family Violence Project. The Family Violence Project, in partnership with the community, raises awareness and delivers services and support to anyone at risk of, or experiencing, family violence including intimate partner violence.

Embedded Education

Education Specialist Embedded in Mechanical and Mechatronics Engineering

Following years of collaboration between SVPRO and the Faculty of Engineering, the embedded Education Specialist role within Mechanical and Mechatronics Engineering completed its first full year of implementation.

In its first year, this role delivered 21 offerings reaching 1,870 participants, including 17 undergraduate offerings reaching 1,718 participants and 4 graduate or research group offerings reaching 152 participants. This role integrates prevention education into undergraduate courses, graduate and research environments, and faculty and staff initiatives.

This work shifted education from single passive touchpoints to curriculum-linked interventions focused on topics such as perception, bias, unequal experience, conflict navigation, apology, repair, and relational accountability. Lessons from this three-year pilot will inform sustainable and scalable approaches to prevention education within Mechanical and Mechatronics Engineering and the broader Faculty of Engineering.

Prevention-Focused Programming: Reach by Different Markers

Table 8: Reach by Programming Type

Programming Type	Total Reach	Percentage
Booth	4,928	44%
Training	2,123	19%
Awareness-raising events and initiatives	1,980	18%
Workshop	833	7%
Group	251	2%
Guest lecture	509	5%
Presentation/Panel	580	5%
Total	**11,204**	**100%**

Information booths represented the largest share of programming reach, followed by trainings and awareness-raising initiatives. This demonstrates the importance of both informal outreach and structured learning opportunities in engaging the campus community.

Table 9: Attendance by audience type

Audience Type	Count of program offerings	Sum of Attendees	Percentage (%)
All campus members	44	4,942	44.1%
Students	8990	4,128	36.8%
Staff & Faculty	1329	1,765	15.7%
Student Staff	97	305	2.7%
Staff/faculty and student staff	1	73	0.7%
Total	**171**	**11,204**	**100%**

Programming open to all campus members accounted for the largest portion of attendees, followed by student-focused programming and staff/faculty programming.

Table 10: Type of Education Programming by Number of Offerings and Attendees

Type of Education Programming	Offerings	Attendees
Awareness-raising events and initiatives: informal events designed to raise awareness about SGBV and SVPRO, including Consent Week(s), 16 Days of Activism Against Gender-Based Violence, Sexual Violence Awareness Month, What Were You Wearing?, Behind the Screen, F.R.I.E.S. for FRIES, Menopause Café, and Gaslight Film and Bingo Night.	19	1,980
Information booths: information tables across main and satellite campuses where community members can meet SVPRO staff, learn about services, and access resources.	40	4,928
Training: structured learning opportunities such as Active Bystander Intervention and Responding to Disclosures, including specialized training for athletes, orientation leaders, and residence leaders.	39	2,123
Workshops: interactive sessions that use discussion, applied learning, and questions to deepen understanding of topics such as allyship, positive workplaces, consent, healthy relationships, and rape culture.	32	833
Presentations: informational sessions introducing SVPRO, core supports, and selected SGBV-related topics.	9	580
Guest lectures: SVPRO contributions to academic courses connected to gender, sexuality, relationships, violence prevention, health, and social justice.	8	509
Group learning: peer-engaged learning experiences that support dialogue, reflection, and skills-building related to neurodiversity, relationships, wellbeing, and SGBV.	24	251
Total	**171**	**11,204**

Systemic Change and Support

SVPRO recognizes that creating a campus culture grounded in care, consent, and community requires coordinated and sustained institutional work. In addition to direct support and education, SVPRO strengthens support networks, fosters campus partnerships, mobilizes resources, and advances prevention and response efforts across the University.

Sexual Violence Prevention Strategy Influencer Group

The Sexual Violence Prevention Strategy Influencer Group (Influencer Group) remained a key part of SVPRO's prevention strategy. Grounded in a public health approach, the group supports coordinated campus-wide capacity-building by strengthening SGBV knowledge, fostering collaboration, and sharing evidence-informed practices, research, and relevant campus and community resources.

This reporting year, the Influencer Group included 75 active members from more than 15 departments, faculties, and units. Since its establishment in 2023, staff and faculty participation has grown and remained stable.

The goals of the group are to:

- Build awareness of the prevalence and root causes of sexual violence.
- Foster a culture of consent on campus.
- Support institutional courage and accountability.
- Address campus sexual violence through a public health lens that recognizes SGBV as a health inequity issue.

Highlights from this year's sessions included presentations on digital tools for intimate partner violence prevention, sexual violence prevention in Canadian junior hockey, and community responses to domestic violence through Women's Crisis Services of Waterloo Region.

Looking Ahead and Closing Remarks

The 2025–26 reporting year demonstrated continued growth in SVPRO's support, education, consultation, and prevention work. Increased service requests, higher consultation numbers, and strong participation in programming show that campus community members are increasingly engaging with SVPRO as a trusted resource.

In the year ahead, SVPRO will focus on three priorities: strengthening support for accountability and behaviour change, expanding trauma-informed healing opportunities, and advancing embedded prevention education.

Strengthening Support for Accountability and Behaviour Change

SVPRO provided support to 23 individuals who were identified as causing harm, either as an outcome of a process or through self-identification, over the past reporting period. SVPRO will continue building capacity to support individuals who have caused harm or are seeking help to change harmful behaviours. This work is grounded in accountability, education, reflection, and prevention of future harm.

Expanding Trauma-Informed Healing Opportunities

SVPRO recognizes that providing space for healing, where the primary goals are being in a supportive community with others and building skills for wellbeing, is equally as important as workshops and training. As such, SVPRO will introduce new wellness-based programming to complement existing support services. Planned initiatives include: Trauma-Informed Yoga as well as community and self-care workshops. Trauma-Informed Yoga will support mind-body awareness in a safe, supportive, and choice-centered environment. Community and self-care workshops will offer creative and nature-based approaches to stress reduction, connection, and awareness of SVPRO supports.

Programming will provide accessible opportunities for grounding, connection, mindfulness, creativity, and healing.

Advancing Embedded Prevention Education

The embedded SGBV Education Specialist role within Mechanical and Mechatronics Engineering will move into the second year of its three-year pilot. Building on the first year, the pilot will continue to refine and expand curriculum-integrated prevention education and inform future opportunities for broader integration across the Faculty of Engineering.

As the University of Waterloo community continues to evolve, SVPRO remains committed to strengthening survivor-centered supports, expanding prevention education, and working with campus partners to foster a safer, more respectful campus community.

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This annual report was prepared by

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TEMPLATE FP2925 - 02-2024

UNIVERSITY OF WATERLOO | Board of Governors

For Decision **Open Session**

Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**13.3 Report of the Finance & Investment Committee - CONSENT**

13.3.1. Amendments to the Endowment and IQC Statements of Investment Policies and Procedures

Recommendation:

THAT, on the recommendation of the Finance & Investment Committee, the Board of Governors approve amendments to the Statement of Investment Policies and Procedures for the Endowment Fund and the Statement of Investment Policies and Procedures for the IQC, as presented.

Background:

In accordance with the terms of reference, the Finance & Investment Committee is responsible for recommending to the Board of Governors the investment policy for the University of Waterloo Endowment Fund and for the IQC Trust Fund as described in the Statement of Investment Policy and Procedures (SIPP) for those funds.

The Committee reviewed the Endowment and IQC SIPPs at its meeting held October 8, 2026, and there are no substantial changes proposed. Minor proposed changes are administrative in nature, and are intended to improve the flow and readability of the document.

A summary of the changes is as follows:

- removing the Rebalancing section, and relocating the requirement to stay within the asset mix limits within the Asset Mix section; and
- defining rating agencies within the Minimum Quality Requirements section before they are referenced.

The changes recommended by the Committee for approval are attached for consideration by the Board.

Documentation Provided:

- Endowment Statement of Investment Policies and Procedures (redline)
- IQC Statement of Investment Policies and Procedures (redline)

Statement of Investment Policies and Procedures

University of Waterloo Endowment

Effective: November 1, ~~2025~~2026

APPROVED on ~~October 28, 2025~~

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Replaces previous version which was last revised and effective on November 1, ~~2024~~2025

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Introduction

1) Purpose and Scope of Policy

This Statement of Investment Policies and Procedures (the "SIPP") provides the framework for the investment of the assets for the University of Waterloo Endowment Fund ("Fund").

To provide investment income within acceptable risk tolerances, it is necessary to strive for sufficient/appropriate real investment returns on the Fund assets over medium- and long-term periods. The investment philosophy, policies and procedures adopted in this document will assist in the achievement of this goal in a prudent and effective manner.

This document has been developed taking into account factors such as:

i. ~~The~~ the nature of the Fund's spending requirements;

ii. ~~Historical~~ historical and expected capital market returns; and

iii. ~~The~~ the benefits of investment diversification.

The Finance & Investment Committee shall annually review and either confirm or recommend amendments to this Policy to the Board who may amend this Policy. The University of Waterloo (the "University") will provide any amended copy of this Policy to the Investment Managers.

2) Administration

The University is the legal owner of the Fund and is therefore responsible for all matters relating to the administration, interpretation and application of the Fund. University shall exercise the care, diligence and skill in the administration and investment of the Fund that a person of ordinary prudence would exercise. Such persons must further use all knowledge and skill that they possess, or ought to possess.

Investment Principles

3) General Guidelines

The investments of the Fund must comply with the requirements and restrictions imposed by the applicable legislation.

4) Objective of the Fund

The objective of the Fund is to provide an annual revenue stream in perpetuity to fund specific activities of the University and to preserve its purchasing power.

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5) Investment Objectives

Return objectives for the Fund are established taking into consideration factors including; earning a rate of return sufficient to meet the annual expendable obligations, earning a rate of return sufficient to maintain the purchasing power of the endowed capital, investment horizon of the Fund, historical and expected capital market returns, volatility of different asset classes, financial implications of Environmental, Social and Governance ("ESG") factors, benefits of investment diversification, and the University's risk tolerance with respect to the Fund.

6) Portfolio Return Objectives

The return objectives of the Fund are to:

i. ~~Earn~~ earn a minimum rate of return, after investment expenses, of CPI[1] + 3 % over four-year moving periods, and~~.~~

ii. ~~Achieve~~ achieve a minimum absolute rate of return, after investment expenses, which exceeds the benchmark return by 0.25% over four-year moving periods.

7) Expected Volatility

The volatility of the assets of the Fund is directly related to its asset mix. The Benchmark Portfolio has been constructed with the expected returns and related risks in mind. Provided the Fund's investment structure stays within the permitted ranges for each asset class, the volatility of the Fund's returns should be similar to that of the Benchmark Portfolio.

8) Risk Factors

The Fund's investments are subject to the following risk factors:

i. ~~Equity~~ equity market;

ii. ~~Interest~~ interest rates;

iii. ~~Credit~~credit;

iv. ~~Liquidity~~liquidity;

v. ~~Inflation~~inflation;

vi. ~~Currency~~currency;

vii. ~~Active~~ active manager underperformance;

viii. ~~Governance~~governance;

[1] CPI source: Bank of Canada CPIX

ix. ~~Operational~~ operational; and

x. ~~Regulatory~~regulatory.

The primary method for managing these risks is diversification. The Plan will be diversified by asset class, geography, security (through well-diversified portfolios of bonds, equities and alternatives), investment manager and investment style.

9) Liquidity

The investment strategy should provide sufficient liquidity to meet the Fund's financial obligations, while ensuring the Fund does not contain excessive cash or low yielding liquid assets. Provided the liquidity requirements of the Fund are met, the Fund may consider investing a portion of the Fund in illiquid assets, where such investment has the potential of enhanced returns, in part, due to the illiquidity premium.

10) Currency Hedging

Currency movements relative to the Canadian dollar are not expected to have a significant impact over the long term. The Fund policy is to not hedge currency at the total fund level. Over shorter periods, currency movements may increase volatility and currency hedging may be employed by Investment Managers where expressly permitted.

11) Asset Mix

The Fund will be invested in a broad range of assets with the goal of meeting or exceeding return expectations and mitigating investment risks. The following benchmark portfolio ("Benchmark Portfolio") is representative of the long-term asset mix policy for the Fund.

Assets	Minimum[2] %	Maximum[2] %	Benchmark Portfolio %	Benchmark
Cash	0	2	0	
Fixed Income	20	35	27	FTSE Canada Universe Bond Index
Total Fixed Income	**20**	**37**	**27**	

[2] Minimum and Maximum percentages for "total" asset classes may not be equal to the sum of the minimum and maximum percentages for each sub-category of the asset class. Differences may be included to facilitate risk mitigation efforts within each larger asset class.

Canadian Equity	0	20	10	S&P/TSX Composite Index
Global Equity	50	70	57	MSCI ACWI (Net) (CAD)
Venture Capital	0	5	0	
Total Equity	**60**	**75**	**67**	
Infrastructure	0	5	3	FTSE Developed Core Infrastructure 50/50 (CAD)
Real Estate	0	5	0	
Total Real Assets	**0**	**10**	**3**	
Private Debt	0	5	3	SOFR + 4%

For the purpose of the total asset mix described above, the Investment Managers' asset class pooled funds are deemed to be 100% invested, even though these funds may contain a portion held in cash and cash equivalent instruments.

At all times, the market value of the individual asset classes will be within the prescribed minimum and maximum aggregate investment limits but may deviate from the benchmark portfolio.

~~12) **Rebalancing**~~

~~At all times, the market value of the individual asset classes will be within the minimum and maximum aggregate investment limits prescribed in the Asset Mix section but may deviate from the benchmark portfolio.~~

~~13)~~12) **Responsible Investing**

Consistent with its obligation to act in the best interest of the Fund, the University chooses investments and Investment Managers that it believes will deliver superior financial performance over the long term. In this regard, when selecting Investment Managers or direct investments, the University considers criteria that include: the Investment Manager's business and staff; historical performance; and the consideration of environmental, social and governance ("ESG") factors in the investment process, including climate change risks and opportunities, which may have a financial impact on the investments, as well as the Investment Manager's Responsible Investment Policy. The adoption of sound ESG practices is intended to reduce financial risk over all time periods and offer enhanced long-term value to the

Fund.

The Fund's ESG practices are further detailed in the University of Waterloo Responsible Investment Policy.

~~14)~~13) Permitted Investments

In general, and subject to the restrictions in this document, the Investment Manager may invest in any of the following asset classes and in any of the investment instruments listed.

a) Cash and Short-Term Investments

Cash on hand, demand deposits, treasury bills, short-term notes and bankers' acceptances, commercial paper, term deposits and guaranteed investment certificates having a term of less than or equal to one year.

b) Fixed Income

Bonds, debentures, or other debt instruments of corporations, Canadian Governments, Government agencies, or guaranteed by Governments, supranationals, federal real return bonds, mortgage-backed securities, mortgages, asset-backed securities, non-convertible preferred shares, term deposits, guaranteed investment certificates, insurance contracts, private placements and bonds where capital, interest or both are linked to increases in the cost-of-living (i.e. real return bonds).

c) Equities

Common shares, preferred shares, American Depository Receipts, Global Depository Receipts, rights, warrants, installment receipts, index units, income trust units and securities convertible into common shares.

d) Private Equity

Investments in non-public equity securities through co-investments and limited partnerships pursuing strategies including buyouts, venture capital, and distressed opportunities.

e) Derivatives

Derivatives are a type of financial contract which can be traded on an exchange or over the counter for which the value is dependent on an underlying asset, group of assets or a benchmark; common derivatives include futures contracts, forwards, options and swaps. The pooled funds in which the Fund invests may invest directly in derivatives to create synthetic exposures, or for hedging purposes, if their objectives and strategies permit, and if the exposure to derivatives is subject to limits based on the intended use and strategies for derivatives and the risks associated with them. Derivatives may also be used to hedge currency and provide downside protection. Derivatives may not be used for speculative trading or to create a portfolio with leverage. Investment funds

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that invest in derivatives must comply with all applicable law and must be invested and managed in accordance with regulatory derivatives best practices.

f) Infrastructure

Listed, direct or indirect investments in the debt or equity securities of infrastructure entities including the transportation, energy, utilities, telecommunications, and social infrastructure sectors.

g) Real Estate

REITs, direct or indirect investments in the debt or equity securities of real property assets including industrial, office, retail, multi-residential, agriculture and timberland properties.

h) Private Debt

Senior and junior debt instruments including secured and unsecured loans, bonds and other related instruments.

i) Pooled Funds

Investments in open-ended or closed-ended pooled funds, or private/limited partnerships, provided that the assets of such funds are permissible investments under the SIPP. While the SIPP is intended to guide the management of the assets, it is recognized that, where pooled funds are held, there may be instances where there is a conflict between the SIPP and the investment policy of a pooled fund. In that case, the pooled fund policy shall dominate, subject to the compliance reporting procedures outlined in Section 3 of the Fund Implementation Procedures. However, the Investment Manager is expected to advise the University in the event of any material discrepancies between the above guidelines and the pooled fund's own investment guidelines. In addition, the Investment Manager will ensure that the University has received a copy of the most recent version of the pooled fund policy and of any amendments made to the pooled fund policy.

~~15)~~14) Minimum Quality Requirements

a) Rating Agencies

For the purposes of the SIPP, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies:

i. Morningstar DBRS;

ii. Standard and Poor's; and

iii. Moody's Investors Services

~~a)~~b) Quality Standards

Within the investment restrictions for individual portfolios, all portfolios should hold a prudently diversified exposure to the intended market.

i. The minimum quality standard for publicly-traded bonds and debentures is

'BBB' or equivalent as rated by at least one Recognized Bond Rating Agencies, at the time of purchase. Where an investment in the portfolio is downgraded below a 'BBB' rating, the following steps will be taken:

- The Investment Manager will notify the University of the downgrade by telephone at the earliest possible opportunity;
- Within ten business days of the downgrade, the Investment Manager will advise the University in writing of the course of action taken or to be taken by the Investment Manager, and its rationale; and
- Immediately upon downgrade, the Investment Manager will place the asset on a Watch List subject to monthly review by the Investment Manager with the University until such time as the security matures, is sold or until it is upgraded to a level consistent with the purchase quality standards as expressed in the guidelines mentioned above.

ii. In cases in which the Recognized Bond Agencies to do not agree on the credit rating, the bond will be classified as follows:

- If two agencies rate a security, use the lower of the two ratings;
- If three agencies rate a security, use the middle of the three ratings.

iii. Private Debt investments that are rated internally by the investment manager as investment grade and non-investment grade are permitted.

~~**b)a) Rating Agencies**~~

~~For the purposes of the SIPP, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies:~~

~~i. Morningstar DBRS;~~

~~ii.i. Standard and Poor's; and~~

~~iii.i. Moody's Investors Services~~

~~16)~~15) Maximum Quantity Requirements

a) Total Fund Level

The Fund shall not, directly or indirectly, lend or invest moneys of the Fund to or in any one person, any associated persons or any affiliated corporations if:

i. 10% or more of the total market value of the Fund's assets has already been lent or invested in total to, or in, the person, the associated persons or the affiliated corporations; or

ii. 10% or more of the total market value of the Fund's assets would be lent or invested in total to, or in, the person, the associated persons or the affiliated corporations as a result of the loan or investment.

~~iii.~~ Holdings issued by the Government of Canada and its agencies are exempt from the above mentioned 10% limitation.

The Fund shall not directly or indirectly, invest the moneys of the Fund in the securities of a corporation to which are attached more than 20% of the votes that may be cast to elect the directors of the corporation.

b) Fixed Income

~~i.~~ Maximum 15% of the market value of the Canadian fixed income securities shall be invested in BBB bonds or debentures.

~~ii.~~ Maximum 10% of the actively managed fixed income portfolio may be invested in debt denominated in US currency, including debt issued by the US Government, its agencies and instrumentalities. Fixed Income in any other foreign currency will not be purchased.

c) Equities

No one equity holding shall represent more than 10% of the total market value of the Investment Manager's portfolio.

~~17)~~16) Investment Manager Compliance

Investment Managers must be compliant with this Policy, the Fund's Fund Implementation Procedures and the University's Responsible Investment Policy.

The Investment Managers shall not make investments in asset categories other than those explicitly permitted in this Policy, unless the University first consents in writing.

~~18)~~17) Securities and Cash Lending

The Investment Managers and custodian may participate in securities lending programs for the purpose of generating revenue.

Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes, banker's acceptances of Canadian chartered banks or high quality, liquid equities. The amount of collateral taken for securities lending should reflect OSFI standards and best practices in local markets. This market value relationship must be calculated at least daily.

Investment Managers and custodians participating in securities lending will make available the terms and conditions of any securities lending program(s) with the University.

~~19)~~18) Short Selling

Short selling and/or pair trading are not permitted.

~~20)~~19) Borrowing

The Fund shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days.

~~21)~~20) Monitoring

Compliance with this Policy, together with relevant risk metrics, will be monitored quarterly including:

i. ~~Achievement~~ achievement of the total return objective;
ii. ~~Liquidity~~ liquidity requirements;
iii. ~~Asset~~ asset mix limits;
iv. ~~Credit~~ credit quality requirements;
v. ~~Single~~ single issuer limits; and
vi. Investment Manager Performance and related ESG integration

General Provisions

~~22)~~21) Conflicts of Interest

a) Responsibilities

This standard, which is consistent with University Policy 69 (Conflict of Interest), applies to the University and the members of the University, as well as to all agents employed by them, in the execution of their responsibilities (the "Affected Persons").

An "agent" is defined to mean a company, organization, association or individual, as well as its employees who are retained by the University to provide specific services with respect to the investment, administration and management of the assets of the Fund.

b) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Fund assets.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the University

No Affected Person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from a person with whom they deal with in the course of performance of his or her duties and responsibilities for the Fund.

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It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the University immediately. The University, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will table the matter at the next regular meeting of the F&I Committee.

No Affected Person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.

~~23)~~22) Voting Rights

The voting rights acquired through the investments held by the Fund are delegated to the Investment Managers of the securities. Investment Managers are expected to exercise all voting rights related to investments held by the Fund in the interests of the University. Investment Managers shall report their voting activities to the University on a quarterly basis documenting how they voted as well as how ESG factors were included in the rationale for the voting decision.

~~24)~~23) Valuations of Investments Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

a) Equities

Average of bid-and-ask prices from two major investment dealers, at least once every month.

b) Fixed Income

Same as for equities.

c) Real Assets and Private Debt

The fair value of infrastructure, real estate and private debt investments is determined by the general partner, or the pooled fund Investment Manager, based on industry standards which may include consideration of previous transaction prices, discounted cash flow, and the valuations of other comparable publicly traded investments. Limited partnerships and pooled funds will be audited annually by a qualified independent third party appointed by the fund's general partner or Investment Manager.

~~25)~~24) Related Party Transactions

a) The University, on behalf of the Fund, may not enter into a transaction with a related party unless:

i. The transaction is made for the operation or administration of the Fund under terms and conditions that are not less favourable to the Fund than market terms and conditions and such transaction does not involve the making of loans to, or investments in, the related party; or

ii. The combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Fund.

For the purposes of this section, only the market value of the combined assets of the Fund shall be used as the criteria to determine whether a transaction is nominal or immaterial to the Fund. Transactions less than 0.5% of the combined market value of the assets of the Fund are considered nominal.

b) In addition, the prohibition to entering into transactions with a related party does not apply to investments:

i. ~~In~~ in securities issued or fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;

ii. ~~In~~ in a fund composed of mortgage-backed securities that are fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;

iii. ~~In~~ in a fund that replicates the composition of a widely recognized index of a broad class of securities traded at a marketplace; and

iv. ~~That~~ that involve the purchase of a contract or agreement in respect of which the return is based on performance of a widely recognized index of a broad class of securities traded at a marketplace.

c) A “related party” in respect of the Fund means:

i. ~~A~~ a person who is the administrator of the Fund including any officer, director or employee of the administrator. It also includes the Managers and their employees, a union representing employees of the employer, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others.

ii. ~~An~~ an officer, director or employee of one of the administrators of the Fund;

iii. ~~A~~ a person responsible for holding or investing the assets of the Fund, or any officer, director or employee thereof;

iv. ~~An~~ an association or union representing employees of the University, or an officer or employee thereof;

v. ~~The~~ the spouse or child of any person referred to in any of paragraphs (i) to (iv);

vi. ~~An~~ an affiliate of the University;

vii. ~~A~~ a corporation that is directly or indirectly controlled by a person referred to in any of paragraphs (i) to (vi); and/or

viii. ~~An~~ an entity in which a person referred to in paragraph (i) or (ii), or the spouse or a child of such a person, has a substantial investment.

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Statement of Investment Policies and Procedures

University of Waterloo IQC Trust Fund

Effective: November 1, ~~2025~~2026

APPROVED on ~~October 28, 2025~~

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Replaces previous version which was last revised and effective on November 1, ~~2024~~2025

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Introduction

1) Purpose and Scope of Policy

The Institute for Quantum Computing (IQC) is a scientific research institute harnessing the quantum laws of nature to develop powerful new technologies that will transform information technology.

This Statement of Investment Policies and Procedures (the "SIPP") provides the framework for the investment of the assets for the University of Waterloo IQC Trust Fund ("Fund").

To provide investment income within acceptable risk tolerances, it is necessary to strive for sufficient/appropriate real investment returns on the Fund assets over short-, medium- and long-term periods. The investment philosophy, policies and procedures adopted in this document will assist in the achievement of this goal in a prudent and effective manner.

This document has been developed taking into account factors such as:

i. ~~The~~ the nature of the Fund's spending requirements;
ii. ~~Historical~~ historical and expected capital market returns; and
iii. ~~The~~ the benefits of investment diversification.

The Finance & Investment Committee shall annually review and either confirm or recommend amendments to this Policy to the Board who may amend this Policy. The University of Waterloo (the "University") will provide any amended copy of this Policy to the Investment Managers.

2) Administration

The University is the legal owner of the Fund and is therefore responsible for all matters relating to the administration, interpretation and application of the Fund. The University shall exercise the care, diligence and skill in the administration and investment of the Fund that a person of ordinary prudence would exercise. Such persons must further use all knowledge and skill that they possess, or ought to possess.

Investment Principles

3) General Guidelines

The investments of the Fund must comply with the requirements and restrictions imposed by the applicable legislation.

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4) Objective of the Fund

The objective of the Fund is to provide funds to support IQC's ongoing activities, subject to an appropriate level of risk. As the significant donation that established the IQC Trust is not an endowment, all funds of the trust are ultimately meant to be spent.

5) Investment Objectives

Return objectives for the Fund are established taking into consideration factors including: rate of return sufficient to meet future expenses, investment horizon of the Fund, historical and expected capital market returns, volatility of different asset classes, financial implications of Environmental, Social and Governance ("ESG") factors, benefits of investment diversification, and the University's risk tolerance with respect to the Fund.

6) Portfolio Return Objectives

The return objectives of the Fund are to:

i. ~~Earn~~ earn a rate of return, after investment expenses, of CPI[1] + 3% over four-year moving periods~~.~~; and

ii. ~~Achieve~~ achieve a minimum absolute rate of return, after investment expenses, which exceeds the benchmark return by 0.25% over four-year moving periods.

7) Expected Volatility

The volatility of the assets of the Fund is directly related to its asset mix. The Benchmark Portfolio has been constructed with the expected returns and related risks in mind. Provided the Fund's investment structure stays within the permitted ranges for each asset class, the volatility of the Fund's returns should be similar to that of the Benchmark Portfolio.

8) Risk Factors

The Fund's investments are subject to the following risk factors:

i. ~~Equity~~ equity market~~;~~

ii. ~~Interest~~ interest rates;

iii. ~~Credit~~credit;

iv. ~~Liquidity~~liquidity;

[1] CPI Source: Bank of Canada Total CPI

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v. ~~Inflation~~inflation;

vi. ~~Currency~~currency;

vii. ~~Active~~ active manager underperformance;

viii. ~~Governance~~governance;

ix. ~~Operational~~ operational; and

x. ~~Regulatory~~regulatory

The primary method for managing these risks is diversification. The Plan will be diversified by asset class, geography, security (through well-diversified portfolios of bonds, equities and alternatives), investment manager and investment style.

9) Liquidity

Investments should be liquid enough such that they can be sold in a reasonable period of time. The investments should be selected to ensure sufficient liquidity to meet transaction needs.

10) Currency Hedging

Currency movements relative to the Canadian dollar are not expected to have a significant impact over the long term. The Fund policy is to not hedge currency at the total fund level. Over shorter periods, currency movements may increase volatility and currency hedging may be employed by Investment Managers where expressly permitted.

11) Asset Mix

The Fund will be invested in a broad range of assets with the goal of meeting or exceeding return expectations and mitigating investment risks. The following benchmark portfolio ("Benchmark Portfolio") is representative of the long-term asset mix policy for the Fund.

~~At all times, the market value of the individual asset classes will be within the minimum and maximum aggregate investment limits as listed.~~

Assets	Minimum[2] %	Maximum[2] %	Benchmark Portfolio %	Benchmark
Cash[1]	5	10	7.5	FTSE Canada 91-Day

[2] Minimum and Maximum percentages for "total" asset classes may not be equal to the sum of the minimum and maximum percentages for each sub-category of the asset class. Differences may be included to facilitate risk mitigation efforts within each larger asset class.

				T-Bill Index
Fixed Income	25	40	32.5	FTSE Canada Universe Bond Index
Total Fixed Income	**30**	**50**	**40**	
Canadian Equity	20	30	25	S&P/TSX Composite Index
Global Equity	20	30	25	MSCI ACWI (net) (CAD)
Total Equity	**40**	**60**	**50**	
Infrastructure			5	FTSE Developed Core Infrastructure 50/50
Real Estate			5	S&P/TSX Capped REIT Index (CAD)
Real Assets	**0**	**20**	**10**	

[1] Minimum $8 million held for expendable

For the purpose of the total asset mix described above, the Investment Managers' asset class pooled funds are deemed to be 100% invested, even though these funds may contain a portion held in cash and cash equivalent instruments.

At all times, the market value of the individual asset classes will be within the minimum and maximum aggregate investment limits but may deviate from the benchmark portfolio.

~~12) Rebalancing~~

~~At all times, the market value of the individual asset classes will be within the minimum and maximum aggregate investment limits prescribed in the Asset Mix section but may deviate from the benchmark portfolio.~~

~~13)~~12) Responsible Investing

Consistent with its obligation to act in the best interest of the Fund, the University chooses investments and investment managers that it believes will deliver superior financial performance over the long term. In this regard, when selecting investment managers or direct investments, the University considers criteria that include: the manager's business and staff; historical performance; and the consideration of

environmental, social and governance ("ESG") factors in the investment process, including climate change risks and opportunities, which may have a financial impact on the investments, as well as the Investment Manager's Responsible Investment Policy. The adoption of sound ESG practices is intended to reduce financial risk over all time periods and offer enhanced long-term value to the Fund.

~~14)~~13) Permitted Investments

In general, and subject to the restrictions in this document, the Investment Manager may invest in any of the following asset classes and in any of the investment instruments listed.

a) Cash and Short-Term Investments

Cash on hand, demand deposits, treasury bills, short-term notes and bankers' acceptances, commercial paper, term deposits and guaranteed investment certificates having a term of less than or equal to one year.

b) Fixed Income

Bonds, debentures, or other debt instruments of corporations, Canadian Governments, Government agencies, or guaranteed by Governments, supranationals, federal real return bonds, mortgage-backed securities, mortgages, asset-backed securities, non-convertible preferred shares, term deposits, guaranteed investment certificates, insurance contracts, private placements and bonds where capital, interest or both are linked to increases in the cost-of-living (i.e. real return bonds).

c) Equities

Common shares, preferred shares, American Depository Receipts, Global Depository Receipts, rights, warrants, installment receipts, index units, income trust units and securities convertible into common shares.

d) Derivatives

Derivatives are a type of financial contract which can be traded on an exchange or over the counter for which the value is dependent on an underlying asset, group of assets or a benchmark; common derivatives include futures contracts, forwards, options and swaps. The pooled funds in which the Fund invests may invest directly in derivatives to create synthetic exposures, or for hedging purposes, if their objectives and strategies permit, and if the exposure to derivatives is subject to limits based on the intended use and strategies for derivatives and the risks associated with them. Derivatives may also be used to hedge currency and provide downside protection. Derivatives may not be used for speculative trading or to create a portfolio with leverage. Investment funds that invest in derivatives must comply with all applicable law and must be invested and managed in accordance with regulatory derivatives best practices

e) Infrastructure

Listed, direct or indirect investments in the debt or equity securities of

infrastructure entities including the transportation, energy, utilities, telecommunications and social infrastructure sectors.

f) Real Estate

REITs, direct or indirect investments in the debt or equity securities of real property assets including industrial, office, retail, multi-residential, agriculture and timberland properties.

g) Pooled Funds

Investments in open-ended or closed-ended pooled funds, or private/limited partnerships, provided that the assets of such funds are permissible investments under the SIPP. While the SIPP is intended to guide the management of the assets, it is recognized that, where pooled funds are held, there may be instances where there is a conflict between the SIPP and the investment policy of a pooled fund. In that case, the pooled fund policy shall dominate, subject to the compliance reporting procedures outlined in Section 3 of the Fund Implementation Procedures. However, the investment manager is expected to advise the University in the event of any material discrepancies between the above guidelines and the pooled fund's own investment guidelines. In addition, the investment manager will ensure that the University has received a copy of the most recent version of the pooled fund policy and of any amendments made to the pooled fund policy.

~~15)~~14) Minimum Quality Requirements

a) Rating Agencies

For the purposes of these Guidelines, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies:

i. Morningstar DBRS;

ii. Standard and Poor's; and

iii. Moody's Investors Services

~~a)~~b) Quality Standards

Within the investment restrictions for individual portfolios, all portfolios should hold a prudently diversified exposure to the intended market.

i. The minimum quality standard for publicly-traded bonds and debentures is 'BBB' or equivalent as rated by at least one Recognized Bond Rating Agencies, at the time of purchase. Where an investment in the portfolio is downgraded below a 'BBB' rating, the following steps will be taken:

   - The investment manager will notify the University of the downgrade by telephone at the earliest possible opportunity;
   - Within ten business days of the downgrade, the Investment Manager will advise the University in writing of the course of action taken or to be

taken by the investment manager, and its rationale; and

- Immediately upon downgrade, the investment manager will place the asset on a Watch List subject to monthly review by the investment manager with the University until such time as the security matures, is sold or until it is upgraded to a level consistent with the purchase quality standards as expressed in the guidelines mentioned above.

ii. In cases in which the Recognized Bond Agencies to do not agree on the credit rating, the bond will be classified as follows:

- If two agencies rate a security, use the lower of the two ratings;
- If three agencies rate a security, use the middle of the three

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ii. 10% or more of the total market value of the Fund's assets would be lent or invested in total to, or in, the person, the associated persons or the affiliated corporations as a result of the loan or investment.

Holdings issued by the Government of Canada and its agencies are exempt from the above mentioned 10% limitation.

The Fund shall not directly or indirectly, invest the moneys of the Fund in the securities of a corporation to which are attached more than 20% of the votes that may be cast to elect the directors of the corporation.

b) Fixed Income

Maximum 15% of the market value of the Canadian fixed income securities shall be invested in BBB bonds or debentures.

Maximum 10% of the actively managed fixed income portfolio may be invested in

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debt denominated in US currency, including debt issued by the US Government, its agencies and instrumentalities. Fixed Income in any other foreign currency will not be purchased.

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No one equity holding shall represent more than 10% of the total market value of the Investment Manager's portfolio.

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Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes, banker's acceptances of Canadian chartered banks or high quality, liquid equities. The amount of collateral taken for securities lending should reflect OSFI standards and best practices in local markets. This market value relationship must be calculated at least daily.

Investment Managers and custodians participating in securities lending will make available the terms and conditions of any securities lending program(s) with the University.

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Short selling and/or pair trading are not permitted.

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The Fund shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days.

~~21)~~20) Monitoring

Compliance with this Policy, together with relevant risk metrics, will be monitored quarterly including:

i. ~~Achievement~~ achievement of the total return objective;

ii. ~~Liquidity~~ liquidity requirements;

iii. ~~Asset~~ asset mix limits;

iv. ~~Credit~~ credit quality requirements;

v. ~~Single~~ single issuer limits; and

vi. ~~Investment~~ investment Manager Performance and related ESG integration.

General Provisions

~~22)~~21) Conflicts of Interest

a) Responsibilities

This standard, which is consistent with University Policy 69 (Conflict of Interest), applies to the University and the members of the University, as well as to all agents employed by them, in the execution of their responsibilities (the "Affected Persons").

An "agent" is defined to mean a company, organization, association or individual, as well as its employees who are retained by the University to provide specific services with respect to the investment, administration and management of the assets of the Fund.

b) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Fund assets.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the University

No Affected Person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from a person with whom they deal with in the course of performance of his or her duties and responsibilities for the Fund.

It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the University immediately. The University, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will table the matter at the next regular meeting of the F&I Committee.

No Affected Person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.

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The voting rights acquired through the investments held by the Fund are delegated to the Investment Managers of the securities. Investment Managers are expected to exercise all voting rights related to investments held by the Fund in the interests of the University. Investment Managers shall report their voting activities to the University on a quarterly basis documenting how they voted as well as how ESG factors were included in the rationale for the voting decision.

~~24)~~23) Valuations of Investments Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

a) Equities

Average of bid-and-ask prices from two major investment dealers, at least once every month.

b) Fixed Income

Same as for equities.

c) Real Assets

The fair value of infrastructure and real estate investments is determined by the general partner or the pooled fund Investment Manager based on industry standards which may include consideration of previous transaction prices, discounted cash flow, and the valuations of other comparable publicly traded investments. Limited partnerships and pooled funds will be audited annually by a qualified independent third party appointed by the fund's general partner or Investment Manager.

~~25)~~24) Related Party Transactions

a) The University, on behalf of the Fund, may not enter into a transaction with a related party unless:

i. ~~The~~ the transaction is made for the operation or administration of the Fund under terms and conditions that are not less favourable to the Fund than market terms and conditions and such transaction does not involve the making of loans to, or investments in, the related party; or

ii. ~~The~~ the combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Fund.

For the purposes of this section, only the market value of the combined assets of the Fund shall be used as the criteria to determine whether a transaction is nominal or immaterial to the Fund. Transactions less than 0.5% of the combined market value of the assets of the Fund are considered nominal.

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b) In addition, the prohibition to entering into transactions with a related party does not apply to investments:

i. ~~In~~ in securities issued or fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;

ii. ~~In~~ in a fund composed of mortgage-backed securities that are fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;

iii. ~~In~~ in a fund that replicates the composition of a widely recognized index of a broad class of securities traded at a marketplace; and

iv. ~~That~~ that involve the purchase of a contract or agreement in respect of which the return is based on performance of a widely recognized index of a broad class of securities traded at a marketplace.

c) A “related party” in respect of the Fund means:

i. ~~A~~ a person who is the administrator of the Fund including any officer, director or employee of the administrator. It also includes the Managers and their employees, a union representing employees of the employer, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others.

ii. ~~An~~ an officer, director or employee of one of the administrators of the Fund;

iii. ~~A~~ a person responsible for holding or investing the assets of the Fund, or any officer, director or employee thereof;

iv. ~~An~~ an association or union representing employees of the University, or an officer or employee thereof;

v. ~~The~~ the spouse or child of any person referred to in any of paragraphs (i) to (iv);

vi. ~~An~~ an affiliate of the University;

vii. ~~A~~ a corporation that is directly or indirectly controlled by a person referred to in any of paragraphs (i) to (vi); and/or

viii. ~~An~~ an entity in which a person referred to in paragraph (i) or (ii), or the spouse or a child of such a person, has a substantial investment.

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UNIVERSITY OF WATERLOO | Board of Governors

For Decision **Open Session**

Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**13.3 Report of the Pension & Benefits Committee - CONSENT**

13.4.1. Amendments to the Pension Statement of Investment Policies and Procedures

Recommendation:

THAT, on the recommendation of the Pension & Benefits Committee, the Board of Governors approve the Statement of Investment Policies and Procedures for the Registered Pension Plan.

Background:

In accordance with the terms of reference, the Pension & Benefits Committee is responsible for recommending to the Board of Governors the investment policy for pension assets as described in the Statement of Investment Policy and Procedures (SIPP) on the recommendation of the Pension Investment Committee.

The Committee reviewed the proposed changes, recommended by the Pension Investment Committee, at its meeting held October 2, 2026, and there are no substantial changes proposed. Minor proposed changes are administrative in nature, and are intended to improve the flow and readability of the document.

A summary of the changes is as follows:

- clarifying the requirement of the annual SIPP review, aligning it with the roles and responsibilities outlined in the FIP;
- replacing "Fund Manager" with "Investment Manager"; and
- defining rating agencies within the Minimum Quality Requirements section before they are referenced.

Documentation Provided:

- Pension Statement of Investment Policies and Procedures (redline)

Statement of Investment Policies and Procedures

University of Waterloo Pension Plan
~~(2011)~~

Registration number: 0310565

Effective: ~~March~~ November 1, 2026

Replaces previous version which was last revised and effective on ~~November~~ March 1, ~~2024~~2026

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Introduction

1) Purpose and Scope of Policy

This Statement of Investment Policies and Procedures (the "Policy") sets out the investment principles, guidelines and procedures for investing and managing the assets and the associated risks for the University of Waterloo Pension Plan ~~(2011)~~, registration number 0310565, as amended (the "Plan").

The University of Waterloo (the "University") was established by an Act of Legislature in the Province of Ontario. The University's Board of Governors (the "Board") has established a governance structure to administer the Plan.

The Policy is informed by the requirements of the *Income Tax Act* (Canada) ("ITA") and the *Pension Benefits Act* (Ontario) ("PBA"), including their respective regulations and all subsequent amendments, and any other applicable federal or provincial law governing the investment of pension funds, including Schedule III to the *Pension Benefits Standards Regulation*, 1985 (Canada) ("PBSA") (the foregoing are, collectively, the "Applicable Law").

The Policy is intended to summarize and explain the investment approach but does not supersede the Plan text, resolutions of the Board of Governors, the Applicable Law or the Plan's Funding Policy & Guideline (the "Governing Documents"). In case of any dispute between this document and the Governing Documents, the Governing Documents shall prevail.

The Policy ~~Pension & Benefits Committee and the Pension Investment Committee~~ shall be reviewed annually, per the procedures outlined in the Plan's Fund Implementation Procedures, with any amendments being approved by ~~review and either confirm or recommend amendments to this Policy to~~ the Board who ~~may amend this Policy and~~will direct the University to file any such amendments with the regulator in accordance with the Applicable Law. The University will provide any amended copy of this Policy to the Plan's~~Fund~~ Trustee, Investment Managers, Investment Consultant, ~~and the Plan's~~ actuary.

2) Overview of the Plan and its Governance

The Plan is a contributory defined benefit plan based upon an individual's final average salary and years of participation in the Plan prior to retirement. Pensions paid under the Plan are escalated annually by the cost-of-living factor as described in the Governing Documents.

The University is the sponsor and legal administrator of the Plan for the purposes of Applicable Law. The University through its Board is ultimately responsible for all aspects of managing the Plan, including the prudent investment and administration of the assets of the Plan. In accordance with the Governing Documents, the Board

has created committees and subcommittees, delegated to University staff, and appointed external agents, to carry out certain of its responsibilities. University staff are responsible for distributing all pertinent reports and information to the appropriate committees based on their terms of reference as well as communicating with the ~~Fund~~ Investment Managers and agents regarding the committees' decisions.

The University will comply with the Governing Documents and will exercise the care, diligence and skill in the administration and investment of the Plan's assets (the "Fund") that a person of ordinary prudence would exercise in dealing with the property of another person. The individuals acting on behalf of the Plan in furtherance of its duty will use all knowledge and skill that they possess or ought to possess in the administration and investment of the Fund.

Investment Principles

3) Plan Objectives

The objective of the Plan is to provide members of the Plan with the retirement benefits prescribed under the terms thereof.

The University established the Plan to provide members with a defined level of retirement income in accordance with the Plan's terms. Further, the intent is to ensure that retirement benefits, and University and member contributions remain reasonable and relatively stable over the life of the Plan while ensuring its sustainability (the Plan's funding practices are detailed in the Funding Policy & Guideline, which establishes a formal framework to achieve the Plan's funding requirements).

To achieve the Plan's goals, its assets will be invested in a prudent and efficient manner. The Plan will strive to maximize long-term real returns on its invested assets subject to an appropriate level of risk.

4) Investment Objectives

Return and risk objectives are established taking into consideration factors, including the nature and sensitivity of the Plan's liabilities; allocation of liabilities between active and retired members; the going concern and solvency positions of the Plan, as calculated and projected by the Plan's actuary; net cash flow position of the Plan and liquidity needs to meet Plan obligations; investment horizon of the Plan; historical and expected capital market returns; volatility of different asset classes; financial implications of Environmental, Social and Governance ("ESG") factors; inflation and interest rate risks; benefits of investment diversification; and the University's risk tolerance with respect to the Fund.

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5) Portfolio Return and Risk Objectives

The return objectives of the Fund are:

i. earn a rate of return, after investment expenses, of CPI[1] + 3.5% over four-year moving periods. This objective is reviewed annually to ensure that it is realistic based on market conditions and consistent with the actuarial discount rate used to calculate the Plan's going concern liabilities; and

ii. achieve a minimum absolute rate of return, after investment expenses, which exceeds the benchmark return by 0.25% over four-year moving periods.

The risk objective of the Fund is to reduce the frequency and severity of funding deficits.

6) Expected Volatility

The volatility of the Fund's returns is directly related to the asset mix. The Benchmark Portfolio in Section 12 has been constructed with the expected returns and related risks in mind. Provided the Fund's investment structure stays within the permitted ranges for each asset class, the volatility of the Fund's returns should be similar that of the Benchmark Portfolio.

7) Risk Factors

The Plan's investments are subject to the following risk factors:

i. equity market;

ii. interest rates (which includes interest rate risk on both liabilities and assets);

iii. credit;

iv. liquidity;

v. inflation;

vi. currency;

vii. active manager underperformance;

viii. governance;

ix. operational; and

[1] CPI source: Bank of Canada Total CPI

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x. regulatory.

The primary method for managing these risks is diversification. The Plan will be diversified by asset class, geography, security (through well-diversified portfolios of bonds, equities and alternatives), ~~fund~~ investment manager and investment style.

8) Active and Passive Investments

The investment strategy may employ a mix of active and passive management styles. Active management is adopted where there is a reasonable expectation of adding value relative to the relevant benchmark over the long-term, net of expenses. Passive management is adopted where the prospect of adding value above the relevant benchmark is diminished or for the purpose of managing active risk within asset classes.

9) Liability Hedging

The Fund's investment strategy will consider the sensitivity of the Plan liabilities to interest rate and inflation changes and consider opportunities for hedging those liabilities through its investments.

10) Liquidity

The investment strategy should provide sufficient liquidity to meet the Plan's financial obligations as they come due, while ensuring the Fund does not contain excessive cash or low yielding liquid assets. Provided the liquidity requirements of the Plan are met, the Plan may consider investing a portion of the Fund in illiquid assets, where such investment has the potential of enhanced returns, in part, due to the illiquidity premium.

11) Currency Hedging

Currency movements relative to the Canadian dollar are not expected to have a significant impact over the long term. The Plan policy is to not hedge currency at the total fund level. Over shorter periods, currency movements may increase volatility and currency hedging may be employed by ~~Fund~~ Investment Managers where expressly permitted.

12) Asset Mix

The Fund will be invested in a broad range of assets with the goal of meeting or exceeding return expectations and mitigating investment risks. The following benchmark portfolio ("Benchmark Portfolio") is representative of the long-term asset mix policy for the Fund based on the analysis conducted in the asset-liability study.

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Assets	Minimum[2] %	Maximum[2] %	Benchmark Portfolio %	Benchmark
Cash	0	5	2	FTSE Canada 91-Day T-Bill Index
Fixed Income	15	25	20	FTSE Canada Long Bond Index
Total Fixed Income	**15**	**30**	**22**	
Canadian Equity	0	10	5	S&P/TSX Composite
Global Equity	40	55	48	MSCI ACWI (Net) (CAD)
Total Equity	**40**	**65**	**53**	
Listed Infrastructure	0	10	5	FTSE Developed Core Infrastructure 50/50 (CAD)
Direct Infrastructure	0	10	5	CPI[3] +5%
Listed Real Estate	0	10	5	S&P/TSX Capped REIT Index (CAD)
Direct Real Estate	0	10	5	MSCI Global Property Funds Index (CAD)
Total Real Assets	**10**	**30**	**20**	
Private Debt	0	10	5	SOFR + 4%

For the purpose of the total asset mix described above, the ~~Fund~~ Investment Managers' asset class pooled funds are deemed to be 100% invested, even though these funds may contain a portion held in cash and cash equivalent instruments.

At all times, the market value of the individual asset classes will be within the prescribed minimum and maximum aggregate investment limits but may deviate from the benchmark portfolio.

[2] Minimum and Maximum percentages for "total" asset classes may not be equal to the sum of the minimum and maximum percentages for each sub-category of the asset class. Differences may be included to facilitate risk mitigation efforts within each larger asset class.
[3] CPI source: Bank of Canada Total CPI

The Plan's target asset allocation for each investment category listed in subsection 76(12) of Regulation 909 under the Pension Benefits Act (Ontario) is as follows:

Asset Class under Sub-section 76(12) of Regulation 909, under the *Pension Benefits Act* (Ontario)	**Long Term Target Allocation**
1. Insured Contracts	0.0%
2. Mutual or pooled funds or segregated funds	0.0%
3. Demand deposits and cash on hand	1.0%
4. Short-term notes and treasury bills	1.0%
5. Term Deposits and guaranteed investment certificates	0.0%
6. Mortgage Loans	0.0%
7. Real Estate	10.0%
8. Real Estate Debentures	0.0%
9. Resource properties	0.0%
10. Venture Capital	0.0%
11. Corporations referred to in subsection 11(2) of Schedule III to the federal investment regs	0.0%
12. Employer issued securities	0.0%
13. Canadian stocks other than investments referred to in 1 to 12 above	5.0%
14. Non-Canadian stocks other than investments referred to in 1 to 12 above	48.0%
15. Canadian bonds and debentures other than investments referred to in 1 to 12 above	20.0%
16. Non-Canadian bonds and debentures other than investments referred to in 1 to 12 above	0.0%
17. Investments other than investments referred to in 1 to 16 above[4]	15.0%

~~**13) Rebalancing**~~

~~At all times, the market value of the individual asset classes will be within the minimum and maximum aggregate investment limits prescribed in Section 12 but may deviate from the benchmark portfolio.~~

~~The Board recognizes that, due to the illiquid nature of the real asset and private debt asset classes, that the target allocation will be invested gradually and held in fixed income and equities during the intervening period.~~

[4] Refers to the long-term target allocation to Infrastructure and Private Debt

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~~14)~~13) Responsible Investing

Consistent with its fiduciary duty, when selecting ~~Fund~~ Investment Managers or direct investments, the Plan considers criteria that include: the ~~Fund~~ Investment Manager's business and staff; historical performance; the integration of environmental, social and governance (ESG) factors, including climate change risks and opportunities, which may have a financial impact on the investments, as well as the ~~Fund~~ Investment Manager's Responsible Investing Policy, or equivalent documents. The adoption of sound ESG practices is intended to reduce financial risk over all time periods and offer enhanced long-term value to the Fund. The Plan's ESG practices are further detailed in the University of Waterloo Responsible Investment Policy.

Permitted and Prohibited Investments

~~15)~~14) Permitted Investments

In general, and subject to the restrictions in Sections 16 & 17, the ~~Fund~~ Investment Manager may invest in any of the following asset classes and in any of the investment instruments listed.

a) Cash and Short-Term Investments

Cash on hand, demand deposits, treasury bills, short-term notes and bankers' acceptances, commercial paper, term deposits and guaranteed investment certificates having a term of less than or equal to one year.

b) Fixed Income

Bonds, debentures, or other debt instruments of corporations, Canadian Governments, Government agencies, or guaranteed by Governments, supranationals, federal real return bonds, mortgage-backed securities, mortgages, asset-backed securities, non-convertible preferred shares, term deposits, guaranteed investment certificates, insurance contracts, private placements and bonds where capital, interest or both are linked to increases in the cost-of-living (i.e., real return bonds).

c) Equities

Common shares, preferred shares, American Depository Receipts, Global Depository Receipts, rights, warrants, installment receipts, index units, income trust units (including real estate investment trusts) and securities convertible into common shares.

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d) Derivatives

Derivatives are a type of financial contract which can be traded on an exchange or over the counter for which the value is dependent on an underlying asset, group of assets or a benchmark; common derivatives include futures contracts, forwards, options and swaps.

The pooled funds in which the Plan invests may invest directly in derivatives to create synthetic exposures, or for hedging purposes, if their objectives and strategies permit, and if the exposure to derivatives is subject to limits based on the intended use and strategies for derivatives and the risks associated with them. Derivatives may also be used to hedge currency and provide downside protection. Derivatives may not be used for speculative trading or to create a portfolio with leverage. Investment funds that invest in derivatives must comply with all Applicable Law and must be invested and managed in accordance with regulatory derivatives best practices.

e) Infrastructure

Listed, direct or indirect investments in the debt or equity securities of infrastructure entities including the transportation, energy, utilities, telecommunications and social infrastructure sectors.

f) Real Estate

REITs, direct or indirect investments in the debt or equity securities of real property assets including industrial, office, retail, multi-residential, agriculture and timberland properties.

g) Private Debt

Senior and junior debt instruments including secured and unsecured loans, bonds and other related instruments.

h) Pooled Funds

Investments in open-ended or closed-ended pooled funds, or private/limited partnerships, provided that the assets of such funds are permissible investments under this Policy. It is recognized that where pooled funds are held, there may be instances where there is a conflict between this policy and the investment policy of the pooled fund. In that case, the pooled fund policy shall dominate.

The ~~Fund~~ Investment ~~manager~~ Manager shall ensure that the Plan has received a copy of the most recent version of the pooled fund policy.

~~16)~~15) Minimum Quality Requirements

a) Rating Agencies

For the purposes of this Policy, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies:'

i. Morningstar DBRS;

ii. Standard & Poor's; and

iii. Moody's Investors Services

~~a)~~b) Quality Standards

i. The minimum quality standard for publicly-traded bonds and debentures is 'BBB' or equivalent as rated by at least one Recognized Bond Rating Agency at the time of purchase. Where an investment in the portfolio is downgraded below a 'BBB' rating, the following steps will be taken:

- The ~~Fund~~ Investment Manager will notify the Plan of the downgrade at the earliest possible opportunity;
- Within ten business days of the downgrade, the ~~Fund~~ Investment Manager will advise the Plan in writing of the course of action taken or to be taken by the ~~Fund~~ Investment Manager, and its rationale; and
- Immediately upon downgrade, the ~~Fund~~ Investment Manager will place the asset on a Watch List subject to monthly review by the ~~Fund~~ Investment Manager with the Plan until such time as the security matures, is sold or until it is upgraded to a level consistent with the purchase quality standards as expressed in this policy.

ii. In cases in which the Recognized Bond Agencies do not agree on the credit rating, the bond will be classified as follows:

- If two agencies rate a security, use the lower of the two ratings; or
- If three agencies rate a security, use the middle of the three ratings.

iii. Private Debt investments that are rated internally by the ~~fund~~ Investment M~~m~~anager as investment grade and non-investment grade are permitted.

~~**b) Rating Agencies**~~

~~For the purposes of this Policy, the following rating agencies shall be considered to be 'Recognized Bond Rating Agencies:'~~

~~i. Morningstar DBRS;~~

~~ii. Standard & Poor's; and~~

~~iii. Moody's Investors Services~~

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~~17)~~16) Maximum Quantity Restrictions

a) Total Plan Level

The Plan shall not, directly or indirectly, lend or invest moneys to, or in any one person, any associated persons, or any affiliated corporations if:

i. 10% or more of the total market value of the Plan's assets has already been lent or invested, in total, to or in the person, the associated persons or the affiliated corporations; or

ii. 10% or more of the total market value of the Plan's assets would be lent or invested, in total to or in the person, the associated persons or the affiliated corporations as a result of the loan or investment.

Holdings issued by the Government of Canada and its agencies are exempt from the abovementioned 10% limitations.

The Plan shall not, directly or indirectly, invest moneys in the securities of a corporation to which are attached more than 30% of the votes that may be cast to elect the directors of the corporation.

This section applies to those investments and loans subject to quantitative limit under Section 9(1) of Schedule III to Pension Benefits Standards Regulations, 1985 (Canada).

b) Fixed Income

A maximum of 15% of the market value of the Canadian fixed income securities shall be invested in BBB bonds or debentures.

A maximum of 10% of the market value of the actively managed fixed income portfolio may be invested in debt denominated in US currency issued by the US Government, its agencies and instrumentalities. Fixed Income in any other foreign currency will not be purchased.

c) Equities

No one equity holding shall represent more than 10% of the total market value of the ~~fund~~ Investment ~~m~~Manager portfolio.

~~18)~~17) ~~Fund~~ Investment Manager Compliance

~~Fund~~ Investment Managers must be compliant with the Policy, the Fund Implementation Procedures and the Responsible Investment Policy.

The ~~Fund~~ Investment Managers shall not make investments in asset categories other than those explicitly permitted in the Policy, unless the Plan first consents in writing.

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~~19)~~18) Securities and Cash Lending

The ~~Fund~~ Investment Managers and custodian may participate in securities lending programs for the purpose of generating revenue, subject to the provisions of the Applicable Law.

Such loans must be secured by cash and/or readily marketable government bonds, treasury bills and/or letters of credit, discount notes, banker's acceptances of Canadian chartered banks, or high quality, liquid equities. The amount of collateral taken for securities lending should reflect OSFI standards and best practices in local markets. This market value relationship must be calculated at least daily.

~~Fund~~ Investment Managers and custodians participating in securities lending will make available the terms and conditions of any securities lending program(s) with the Plan.

~~20)~~19) Short Selling

Short selling and/or pair trading are not permitted.

~~21)~~20) Borrowing

The Plan shall not borrow money, except to cover short-term contingency and the borrowing is for a period that does not exceed ninety days, subject to the PBA and the ITA.

~~22)~~21) Monitoring

Compliance with this Policy, together with relevant risk metrics, will be monitored quarterly including:

i. achievement of the total return objective;
ii. liquidity requirements;
iii. asset mix limits;
iv. credit quality requirements;
v. single issuer limits; and
vi. ~~Fund~~ Investment Manager Performance and related ESG integration.

General Provisions

~~23)~~22) Conflicts of Interest

a) Responsibilities

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This standard, which is consistent with the University Policy 69 (Conflict of Interest) applies to the University and the members of the University, as well as to all agents employed by the Plan, in the execution of their responsibilities under the Pension Benefits Act (the “Affected Persons”).

An “agent” is defined to mean a company, organization, association or individual, as well as its employees who are retained to provide specific services with respect to the investment, administration and management of the assets of the Plan.

b) Disclosure

In the execution of their duties, the Affected Persons shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of the Plan assets.

Further, it is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if documented and approved by the Plan.

No Affected Person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from a person with whom they deal with in the course of performance of his or her duties and responsibilities for the Plan.

It is incumbent on any Affected Person who believes that he or she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the University immediately. The University, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will table the matter at the next regular meeting of the appropriate committee.

No Affected Person who has or is required to make a disclosure as contemplated in this Policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he or she has made or is required to make disclosure.

~~24)~~23) Voting Rights

The voting rights acquired through the investments held by the Plan are delegated to the ~~Fund~~ Investment Managers of the securities. ~~Fund~~ Investment Managers are expected to exercise all voting rights related to investments held by the Plan in the best interests of the Plan. ~~Fund~~ Investment Managers shall report their voting activities to the Plan on a quarterly basis documenting how they voted as well as how ESG factors were included in the rationale for the voting decision.

~~25)~~24) Valuation of Investments Not Regularly Traded

The following principles will apply for the valuation of investments that are not traded regularly:

a) Equities

Average of bid-and-ask prices from two major investment dealers, at least once every month.

b) Fixed Income

Same as for equities.

c) Real Assets and Private Debt

The fair value of infrastructure, real estate and private debt investments is determined by the general partner, or the ~~pooled Fund~~ Investment Manager based on industry standards, which may include consideration of previous transaction prices, discounted cash flow, and the valuations of other comparable publicly traded investments. Limited partnerships and pooled funds will be audited annually by a qualified independent third party appointed by the fund's general partner or ~~Fund~~ Investment Manager.

~~26)~~25) Related Party Transactions

a) The University, on behalf of the Plan, may not enter into a transaction with a related party unless:

i. the transaction is made for the operation or administration of the Plan under terms and conditions that are not less favourable to the Plan than market terms and conditions and such transaction does not involve the making of loans to, or investments in, the related party; or

ii. the combined value of all transactions with the same related party is nominal or the transaction(s) is immaterial to the Plan.

For the purposes of this section, only the market value of the combined assets of the Plan shall be used as the criteria to determine whether a transaction is nominal or immaterial to the Plan.

Transactions less than 0.5% of the combined market value of the assets of the Plan are considered nominal.

b) The prohibition to entering into transactions with a related party does not apply to investments if:

i. in an investment fund in which investors other than the Administrator and its affiliates may invest and that complies with the requirements set out in

Sections 9 and 11 of Schedule III to the PBSA;

ii. in an unallocated general fund of a person authorized to carry on a life insurance business in Canada;

iii. in securities issued or fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;

iv. in a fund composed of mortgage-backed securities that are fully guaranteed by the Government of Canada, the government of a province, or an agency of either one of them;

v. in a fund that replicates the composition of a widely recognized index of a broad class of securities traded at a marketplace (as that term is defined in the PBSA); and

vi. that involve the purchase of a contract or agreement in respect of which the return is based on performance of a widely recognized index of a broad class of securities traded at a marketplace (as that term is defined in the PBSA).

c) A "related party" in respect of the Plan means:

i. a person who is the administrator of the Plan including any officer, director or employee of the administrator. It also includes the ~~Fund~~ Investment Managers and their employees, a union representing employees of the employer, a member of the Plan, a spouse or child of the persons named previously, or a corporation that is directly or indirectly controlled by the persons named previously, among others. Related party does not include government or a government agency, or a bank, trust company or other financial institution that holds the assets of the Plan, where that person is not the administrator of the Plan;

ii. an officer, director or employee of one of the administrators of the Plan;

iii. a person responsible for holding or investing the assets of the Plan, or any officer, director or employee thereof;

iv. an association or union representing employees of the University, or an officer or employee thereof;

v. a member of the Plan;

vi. the spouse or child of any person referred to in any of paragraphs (i) to (v);

vii. an affiliate of the University;

viii. a corporation that is directly or indirectly controlled by a person referred to

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in any of paragraphs (a) to (g); and/or

ix. an entity in which a person referred to in paragraph (a) or (b), or the spouse or a child of such a person, has a substantial investment.

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UNIVERSITY OF WATERLOO | Board of Governors

For Information	**Open Session**
Date of Meeting:	October 27, 2026
To:	Members, Board of Governors
From:	Genevieve Gauthier-Chalifour, University Secretary
RE:	**14. Items Removed from Consent Agenda**

14. Items Removed from the Consent Agenda

Agenda items that were removed from the consent agenda, as part of the approval of the agenda (item 4.1.2) are to be considered at this time during the agenda.

If no matters have been removed from the consent agenda, the Board of Governors shall proceed to confidential session.

Documentation Provided:

- N/A