



Sustainable Investment Policy

Sustainable Finance for Long-Term Impact

TERMEZ STATE UNIVERSITY | TERMEZ/UZBEKISTAN



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1. Introduction

Termez State University (TerSU) is resolutely committed to embedding sustainability throughout all dimensions of its operations, inclusive of its investment practices. Acknowledging the profound ramifications that investment decisions exert on environmental stewardship, social accountability, and economic development, TerSU is dedicated to aligning its financial strategies with its foundational values and overarching mission. This Sustainable Investment Policy is formulated as a comprehensive framework to steer the university's investment activities, ensuring that they yield positive contributions to both society and the environment, while concurrently safeguarding the institution's long-term financial viability.

2. Purpose and Scope

The primary objective of this policy is to integrate Environmental, Social, and Governance (ESG) considerations into TerSU's investment decision-making processes. Through this initiative, the university seeks to:

- Promote Environmental Sustainability: Actively endeavor to mitigate ecological degradation and foster ecological integrity.
- Uphold Social Equity: Advocate for ethical governance and the promotion of social equity.
- Ensure Prudent Financial Management: Implement sound financial practices that underpin the university's academic and research aspirations.

This policy encompasses all investment assets managed by TerSU, including endowments, reserves, and other financial holdings. It is meticulously designed to guide the actions of the university's investment managers, advisors, and all pertinent stakeholders engaged in the oversight of the institution's financial assets.



3. Guiding Principles

TerSU's approach to sustainable investing is predicated on the following foundational principles:

-Environmental Stewardship: Prioritizing investment opportunities that contribute to ecological preservation, resource efficiency, and the alleviation of climate change impacts.

-Social Responsibility: Endorsing enterprises and initiatives that advance social well-being, uphold human rights, and promote equitable socio-economic development.

-Ethical Governance: Engaging with entities that exemplify transparency, accountability, and integrity within their operational and governance frameworks.

-Financial Prudence: Striking a balance between sustainability objectives and the imperative of securing favorable financial returns that bolster the university's mission.

4. Investment Strategies

To effectively operationalize its commitment to sustainable investing, TerSU will deploy the following strategies:

-ESG Integration: Incorporating ESG factors into the analysis and selection of investment opportunities, thereby ensuring that potential environmental and social impacts are assessed concurrently with traditional financial metrics.

-Negative Screening: Excluding investments in industries or firms whose practices are deemed detrimental to the environment or socially irresponsible, such as those engaged in fossil fuel extraction, tobacco production, or egregious violations of human rights.



-Positive Screening: Actively pursuing investment in organizations that demonstrate exemplary ESG performance, particularly those involved in renewable energy, sustainable agriculture, and socially responsible enterprises.

-Impact Investing: Allocating a segment of the investment portfolio to projects and companies that generate measurable social and environmental benefits alongside financial returns.

-Active Ownership: Engaging with investee companies through shareholder advocacy, exercising voting rights on corporate resolutions, and promoting practices that resonate with TerSU's sustainability values.

5. Implementation Framework

The effective implementation of this policy necessitates a structured approach that engages various stakeholders within the university:

-Investment Committee: A dedicated committee will be formed to oversee the execution of the Sustainable Investment Policy. This committee will be comprised of representatives from the university's administration, faculty possessing expertise in finance and sustainability, and student representatives.

-Investment Managers and Advisors: TerSU will engage with investment professionals well-versed in sustainable investing. These managers will bear the responsibility of integrating ESG considerations into portfolio management and providing regular reports on ESG performance metrics.

-Stakeholder Engagement: The university is committed to maintaining open channels of communication with all stakeholders, including students, faculty, alumni, and the broader community, to ensure transparency while incorporating diverse perspectives into investment decisions.

6. Monitoring and Reporting

To ensure accountability and continual improvement, TerSU will institute a robust monitoring and reporting framework:



-Performance Metrics: Establishing definitive metrics to assess the ESG performance of the investment portfolio, such as carbon footprint, diversity and inclusion indices, and adherence to international sustainability standards.

-Regular Reporting: Publishing annual reports delineating the sustainability performance of the university's investments, progress toward established objectives, and any pertinent policy modifications.

-Review and Revision: Conducting periodic assessments of the Sustainable Investment Policy to adapt to evolving best practices, regulatory shifts, and emerging sustainability challenges.

This document outlines the foundational elements of Termez State University's Sustainable Investment Policy. Subsequent sections will offer a more in-depth exploration of specific implementation strategies, case studies, and detailed procedural guidelines to ensure the policy's effectiveness and alignment with the university's overarching sustainability objectives.

7. Asset Allocation and Diversification

To achieve both financial resilience and sustainability objectives, TerSU will pursue a diversified investment strategy that painstakingly balances risk, return, and long-term impact. Asset allocation will be guided by the principle of optimizing sustainable value creation while safeguarding liquidity and capital preservation for institutional needs.

The university's investment portfolio may encompass a diverse array of asset classes, such as public equities, fixed income securities, real estate, private equity, and alternative investments. Each asset class will be rigorously evaluated not only for its financial performance but also for its environmental and social ramifications. For instance, investments in green bonds, clean energy infrastructure, or socially responsible mutual funds may be prioritized where appropriate.



TerSU will avoid over-concentration in sectors that pose high environmental or reputational risks and will maintain ample diversification to mitigate systemic and asset-specific vulnerabilities. Portfolio modeling tools that incorporate ESG scoring mechanisms will be employed to evaluate both the performance of existing holdings and prospective investments. These evaluations will ensure that investments contribute to long-term institutional sustainability, rather than yielding short-term speculative gains.

All asset allocations will be subject to review by the Investment Committee, which will ensure adherence to sustainability criteria and fulfillment of fiduciary duties in accordance with legal and ethical standards.

8. Risk Management and Ethical Considerations

The integration of sustainability into investment practices enhances the university's capacity to identify and manage non-traditional risks—particularly those associated with environmental degradation, regulatory fluctuations, social unrest, and corporate governance failures. As part of its risk management framework, TerSU will adopt a proactive methodology for identifying ESG-related risks that could adversely affect its financial assets, reputational stature, or the integrity of its mission.

Climate risk, for instance, constitutes a material threat to long-term investments, particularly in regions vulnerable to environmental instability. The university will thus assess both physical risks (arising from extreme weather events or water scarcity) and transition risks (linked to policy shifts, technological advancements, or market preferences for low-carbon solutions). Investments exposed to such risks will undergo rigorous scrutiny and be subjected to divestment or proactive engagement strategies.

Social risks, including those stemming from unethical labor practices, discrimination, or human rights violations, will also be vigilantly monitored. TerSU will eschew investments in firms found complicit in corruption,



environmental harm, or systemic inequality. Ethical screenings will be undertaken to ensure alignment with the university's values, and firms lacking transparency or accountability will be systematically excluded from the portfolio.

A formal ESG risk register will be maintained by the Investment Committee in collaboration with sustainability officers and external advisors. This register will be reviewed regularly and integrated into the university's comprehensive risk management systems, thereby ensuring that investment risks are considered within the broader institutional context.

9. Alignment with University Mission and Academic Integration

A distinctive strength of Termez State University lies in its ability to interconnect institutional practices with academic research and student learning. Consequently, the Sustainable Investment Policy will be closely aligned with the university's educational mission and harmoniously integrated into its teaching, research, and public service activities.

Sustainable finance and investment literacy will be championed across pertinent academic programs, such as economics, business administration, environmental science, and law. Coursework may encompass the analysis of the university's own investment portfolio, thereby providing students with real-world insights into ESG evaluation, financial ethics, and impact measurement. Faculty will be encouraged to utilize the policy as an instructional resource while concurrently contributing their scholarly expertise to its ongoing refinement.

Student-led research initiatives and sustainability clubs may be invited to scrutinize investment trends, explore alternatives, and present their findings to the Investment Committee. Through such engagement, students will assume an active role in shaping the trajectory of university investment policy, while simultaneously fostering critical competencies in sustainable finance.



Furthermore, TerSU will explore partnerships with other universities, think tanks, and international organizations to co-develop research initiatives, facilitate knowledge exchanges, and produce joint publications on sustainable investment. These concerted efforts reinforce the university's position as a thought leader in the region and help bridge the gap between institutional practice and academic inquiry.

10. National Alignment and Global Sustainability Commitments

As a public institution, Termez State University acknowledges its responsibility to contribute to Uzbekistan's national development agenda, as well as its international obligations under the United Nations Sustainable Development Goals (SDGs). Consequently, the university's investment policy will be formulated to complement and support the government's sustainable economic strategies, green growth initiatives, and climate action commitments.

In particular, the policy reinforces SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action), and SDG 17 (Partnerships for the Goals), while underpinning cross-cutting efforts in gender equality, quality education, and the reduction of inequalities. Investments aligned with these priorities – such as those in renewable energy, sustainable agriculture, affordable housing, and inclusive technology – will be actively sought.

Where feasible, TerSU will engage with multilateral institutions, development finance entities, and ESG-aligned funds that are contributing to sustainable infrastructure and inclusive economic transformation across Central Asia. These partnerships will enhance the impact of the university's investments and strengthen regional cooperation and resource mobilization for sustainable development.

The university will remain conversant with global frameworks such as the Principles for Responsible Investment (PRI), the UN Global Compact, the Task Force on Climate-Related Financial Disclosures (TCFD), and pertinent ISO



standards. These frameworks will serve as reference points for shaping investment guidelines, reporting protocols, and institutional benchmarking.

11. Governance and Accountability

To ensure the credibility and effectiveness of this policy, TerSU has established a robust governance structure for the oversight, coordination, and enforcement of sustainable investment practices. The core responsibility for policy execution resides with the university's Investment Committee, a cross-disciplinary collective composed of senior administrative leaders, finance officers, sustainability experts, faculty representatives, and student delegates.

This committee is charged with the strategic allocation of investment resources, the approval of ESG screening criteria, the review of investment performance, and engagement with external asset managers. It will operate in accordance with TerSU's internal financial regulations and will ensure that fiduciary responsibilities are met without compromising the university's ethical and sustainability objectives.

The committee shall also collaborate with the Sustainability Office to ensure coherence between investment activities and other institutional sustainability efforts, such as procurement, operations, and academic integration. Investment decisions that involve nuanced ESG trade-offs or reputational risks will be subjected to joint review with the Office of the Rector and the University Council.

To further enhance accountability, TerSU will implement a conflict-of-interest policy that prohibits individuals involved in investment decisions from engaging in transactions where they possess a personal or financial interest. Training on ethical investment practices and ESG compliance will be compulsory for all committee members and relevant university personnel.



12. Transparency, Reporting, and Stakeholder Communication

Transparency is indispensable for cultivating trust and facilitating meaningful participation in the university's sustainability initiatives. Consequently, TerSU is committed to publicly disclosing its investment strategies, performance outcomes, and ESG practices through clear, consistent, and readily accessible communication channels.

The university will publish an Annual Sustainable Investment Report, elaborating on the composition of its investment portfolio, ESG integration practices, sustainability metrics, and progress made toward stated objectives. This report will incorporate both qualitative and quantitative data, case studies, stakeholder insights, and an overview of engagement activities with investee entities. It will be made available through the university's website and disseminated during key stakeholder forums, including academic conferences and sustainability roundtables.

Regular briefings and consultations will be convened with faculty, student unions, and community representatives to solicit input and strengthen participatory governance in university investments. A dedicated digital platform may also be developed to provide real-time updates, address inquiries, and serve as an educational resource elucidating the social and environmental implications of institutional investments.

In addition to annual reporting, the university will participate in national or regional sustainability ranking systems that encompass investment dimensions, thereby promoting benchmarking and fostering a culture of continuous improvement.

13. Review and Continuous Improvement

Recognizing that sustainability is a dynamic and evolving field, the Sustainable Investment Policy will be subject to formal review every three years—or sooner should regulatory developments, market disruptions, or stakeholder demands



necessitate adjustment. The Investment Committee, in consultation with independent advisors and the Office of the Rector, will conduct these reviews and propose requisite updates.

The review process will assess the policy's alignment with best practices in responsible investment, the effectiveness of ESG evaluation tools, the evolution of global sustainability frameworks, and the performance of the university's investment portfolio. Stakeholder input will be actively solicited to ensure that the policy reflects the expectations, values, and priorities of the university community.

Lessons learned through monitoring and evaluation, internal audits, and stakeholder engagement will be integrated into future iterations of the policy. TerSU acknowledges that continuous improvement is not merely an administrative obligation but a strategic imperative for maintaining legitimacy, enhancing impact, and fulfilling its public mandate.

14. Conclusion

Through the adoption and implementation of this Sustainable Investment Policy, Termez State University reaffirms its identity as a forward-thinking, socially responsible, and environmentally committed institution. Investment is not merely a financial endeavor but a moral and strategic articulation of the university's values, responsibilities, and aspirations.

By embedding environmental, social, and governance principles into its investment practices, TerSU ensures that its financial capital aligns harmoniously with its educational mission, research priorities, and the long-term sustainability of the institution. The university's commitment to transparency, accountability, and inclusiveness elevates investment from a back-office function to a platform for leadership, innovation, and public service.



As sustainability becomes increasingly central to economic resilience and societal well-being, TerSU's investments will not only foster its own development but also advance the broader objective of engendering a more just, equitable, and sustainable world.