SUSTAINABLE INVESTMENT POLICY

Termez University of Economics and Service (TUES)

1. Context

Universities today are expected not only to provide education and generate knowledge, but also to demonstrate responsible leadership in how they manage their resources, partnerships, infrastructure, and long-term financial decisions. In a period marked by climate change, resource pressure, economic volatility, technological transformation, and growing public expectations around institutional accountability, higher education institutions are increasingly required to ensure that their financial activities are aligned with sustainability, resilience, and social responsibility.

Termez University of Economics and Service recognizes that financial stewardship is an important part of institutional governance. The way in which the University manages reserves, development-related funds, long-term financial assets, externally supported capital allocations, and any investable resources under its control has implications not only for financial returns, but also for institutional credibility, environmental responsibility, and long-term strategic resilience. As a university that seeks to contribute to educational quality, regional development, innovation, and sustainable growth, TUES acknowledges that investment-related decisions should reflect the same principles of responsibility that guide its academic and administrative work.

The University also recognizes that sustainable investment is not limited to climate issues alone. It includes the broader consideration of environmental, social, and governance factors, including responsible business conduct, human wellbeing, lawful compliance, transparency, long-term risk exposure, and consistency with the values of a public-facing educational institution. For TUES, this means that investment decisions should not be treated as isolated financial transactions, but as part of a wider institutional framework aimed at protecting the University's mission, public standing, and strategic future.

Within this context, TUES adopts this Sustainable Investment Policy in order to establish a principled approach to the management of investable funds and related financial decisions. The Policy reflects the University's intention to strengthen financial sustainability while ensuring that any investment activity undertaken in its name remains consistent with ethical responsibility, institutional independence, and the long-term interests of the University community.

2. Purpose

The purpose of this Policy is to ensure that investment decisions undertaken on behalf of Termez University of Economics and Service are aligned with the University's mission, strategic priorities, governance standards, and commitment to responsible institutional development. The Policy is intended to provide a clear framework through which the University can manage available financial resources in a way that supports institutional stability, protects the reputation of the University, and contributes to a more sustainable future.

TUES understands that investment activity, where it exists, should serve the legitimate educational and developmental purposes of the institution. Investment is not an end in itself. Rather, it is a mechanism through which the University may seek to preserve value, strengthen resilience, support future-oriented development, and, where appropriate, generate returns that can be directed toward academic improvement, student support, infrastructure modernization, digital transformation, research development, and other strategically important priorities.

This Policy has therefore been developed to ensure that investment-related decisions do not focus only on short-term financial performance, but also consider long-term risk, institutional values, environmental and social implications, and the broader responsibilities of the University as an educational institution. The Policy is also intended to ensure that the University avoids investment exposure that may conflict with its public mission or with widely accepted principles of responsible and sustainable development.

Through this Policy, TUES seeks to create a disciplined and transparent framework for sustainable investment practice. In doing so, the University affirms that financial decisions must strengthen, rather than weaken, institutional integrity, and that investment activity should support a future in which financial prudence, environmental responsibility, and social accountability are mutually reinforcing.

3. Scope

This Policy applies to investment-related decisions made on behalf of Termez University of Economics and Service in relation to funds, reserves, financial assets, long-term allocations, development funds, and any other investable resources that fall within the authority or responsibility of the University's governance and management structures. The Policy is intended to guide the conduct of those bodies, officers, and administrative units that participate in investment-related decision-making, financial oversight, treasury-related activity, or external financial management arrangements carried out in the interests of the University.

The scope of this Policy includes investment decisions undertaken directly by the University, investment decisions undertaken through appointed fund managers or financial intermediaries, and any investment-related mandates or arrangements created for the purpose of preserving or increasing the value of institutional funds over time. It also applies to the establishment of sustainability-related conditions or expectations in the selection, appointment, oversight, and review of third-party investment managers or advisers acting on behalf of the University.

The Policy further applies to the principles through which TUES evaluates sustainability-related issues in investment decisions, including environmental, social, ethical, and governance considerations. It also covers the internal representation and oversight processes through which staff and other relevant stakeholders may raise concerns, provide input, or contribute to institutional discussion around sustainable investment direction.

Where the University does not currently operate a formal endowment structure, this Policy shall nonetheless apply to all comparable investable funds or financial resources that are managed with a medium- or long-term perspective. In this way, the Policy is designed not only for current practice, but also for future financial arrangements that may emerge as the University expands its institutional capacity and financial planning framework.

4. Principles

TUES affirms that all investment-related decisions undertaken in its name should be guided by a coherent set of principles consistent with the identity and responsibilities of a higher education institution. The first principle is that investment activity must serve the educational, scientific, administrative, and developmental mission of the University. Financial returns are important, but they are not the sole criterion. Investments must support the long-term health of the institution and the purposes for which the University exists.

The second principle is that sustainability must be treated as an integral part of responsible investment decision-making. TUES recognizes that investment choices can create exposure not

only to financial volatility, but also to climate-related risk, environmental degradation, governance failure, human rights concerns, and reputational damage. For that reason, the University expects environmental, social, and governance considerations to be integrated into the evaluation of investment opportunities and into the management of investment relationships.

The third principle is that institutional resilience requires long-term thinking. The University should seek investment approaches that are prudent, transparent, and compatible with future institutional stability rather than speculative, short-term, or inconsistent with the University's public responsibilities. Sustainable investment at TUES therefore implies a balanced approach that considers durability, risk, accountability, and long-range institutional benefit.

The fourth principle is that the University must avoid investment activity that would clearly conflict with its academic mission, ethical commitments, or public role. TUES cannot credibly promote responsible education, social progress, and sustainable development while knowingly supporting financial arrangements that directly undermine these values. Investment decisions must therefore be screened, to the extent reasonably possible, for alignment with the University's institutional identity and public responsibilities.

The fifth principle is that oversight and responsibility matter. Sustainable investment is not simply a matter of selecting a financially attractive asset. It requires internal governance, appropriate review, informed decision-making, documentary discipline, and regular reporting. The University therefore expects those involved in investment-related activity to act with a high degree of responsibility, transparency, and institutional loyalty.

Finally, the University affirms that sustainable investment should be understood as part of broader good governance. It is linked to risk management, institutional planning, transparency, ethical conduct, and sound administration. For this reason, the principles in this Policy should be interpreted consistently with the University's wider governance framework and not in isolation from it.

5. Policy

Investments

Termez University of Economics and Service may manage certain categories of funds, reserves, or long-term financial resources in a way that requires investment-related judgment. In doing so, the University shall seek to preserve capital, protect institutional interests, and where appropriate generate returns that support strategic priorities such as educational improvement, research development, digital capacity, infrastructure modernization, student support, and responsible institutional growth.

The University shall not approach investment solely as a matter of return maximization. Instead, TUES shall seek an investment approach that balances return, risk, institutional purpose, and sustainability considerations. This means that investment opportunities should be assessed not only in terms of expected financial outcome, but also in terms of the nature of the activity being supported, the resilience of the investment, its long-term compatibility with the University's values, and any material ESG-related risks that may arise.

TUES also recognizes that the financial environment in which universities operate is increasingly shaped by sustainability concerns. Climate transition risks, governance failures, socially harmful business practices, and reputational controversies can all affect the performance and acceptability of an investment. For that reason, the University expects investment-related

decisions to take account of risks that could weaken the stability of the portfolio or create conflict with the University's educational and public mission.

Sustainable Investment

TUES is committed to embedding sustainability considerations into the management of any investable institutional funds under its authority. Sustainable investment for the University means an approach in which environmental, social, and governance factors are considered as part of prudent investment analysis, portfolio design, manager oversight, and long-term institutional financial planning.

The University shall seek, to the extent feasible and proportionate, to avoid direct investment in sectors or activities that are clearly inconsistent with its mission and public role. This includes sectors that are widely associated with severe environmental harm, major climate damage, socially destructive products, serious human rights concerns, or activities that would conflict with the ethical standing of a university. In applying this principle, TUES may consider exclusions, restrictions, or enhanced review in relation to sectors such as fossil fuel extraction, tobacco, controversial weapons, and other activities that materially contradict the University's commitments to sustainability, public health, peace, education, and responsible development.

At the same time, TUES shall seek, where possible and appropriate, to encourage investment approaches that support the transition toward a more sustainable economy. This may include financial exposure to areas such as renewable energy, energy efficiency, sustainable technologies, circular economy solutions, low-carbon infrastructure, environmentally responsible services, biodiversity-supportive activities, and other sectors that contribute positively to long-term sustainable development. The University recognizes that not every investment can be classified as an impact investment, but it affirms that the overall direction of financial stewardship should move away from clear harm and toward more responsible and resilient forms of value creation.

The University also expects sustainability to be reflected not only in sector-level screening, but in ongoing stewardship and monitoring. Sustainable investment is not achieved merely by selecting one type of fund over another at the point of entry. It requires continuing attention to the ESG profile of the investment portfolio, the conduct of investment managers, and the extent to which portfolio structure continues to align with institutional expectations over time.

Appointment of Fund Managers

Where TUES appoints external fund managers, advisers, or other third-party financial managers to act on its behalf, the University shall seek to ensure that such appointments are consistent with this Policy. The appointment process should therefore consider not only professional competence, governance quality, reporting capability, and financial performance, but also the extent to which the proposed manager demonstrates credible integration of environmental, social, and governance factors into its investment process.

The University expects appointed fund managers to be able to explain clearly how they identify and manage ESG-related risks, how they approach stewardship and engagement, how they deal with controversial sectors, and how they report sustainability-related information to clients. TUES may also give preference, where appropriate, to managers that demonstrate alignment with widely recognized responsible investment frameworks or principles and that can show evidence of meaningful implementation rather than merely symbolic commitment.

Once appointed, fund managers should remain subject to appropriate review. TUES expects them to provide regular reporting that includes not only financial performance information, but

also relevant information on sustainability-related metrics, stewardship activity, major ESG risks, portfolio exposures, and material changes in approach. The University should be able to understand, at a strategic level, how its funds are being managed and whether the manager's conduct remains consistent with the principles set out in this Policy.

Representation Process

TUES recognizes that sustainable investment, as a policy matter, may attract legitimate interest from across the University community. Staff, students, and relevant governance participants may reasonably expect that the University's financial practices should reflect the values it promotes in teaching, research, and institutional strategy. For that reason, the University supports an approach in which policy direction, review, and discussion are not unnecessarily closed or opaque.

This does not mean that day-to-day investment decisions are made through open consultation. Rather, it means that the University should maintain an appropriate process through which relevant governance bodies, designated staff, and where appropriate student or community representatives can raise concerns, make recommendations, or contribute to policy-level discussion on sustainable investment direction. Such engagement strengthens legitimacy, improves transparency, and helps ensure that the University's financial decisions remain connected to its institutional identity and public responsibilities.

Representation in this context should be structured, responsible, and consistent with the governance arrangements of the University. Input should inform policy, oversight, and review, while preserving the need for technically sound financial management and lawful institutional decision-making.

6. Responsibility and Implementation

Responsibility for ensuring that investment-related activity undertaken on behalf of TUES is aligned with this Policy shall rest with the University's senior financial and administrative leadership, acting under the authority of the Rectorate and relevant governance bodies. The chief officer or unit responsible for finance, treasury, or strategic resource management shall normally serve as the lead authority for ensuring that the operational application of this Policy is coordinated properly.

Implementation of the Policy requires more than formal approval. It requires the incorporation of sustainable investment expectations into internal financial procedures, investment mandates, manager selection processes, oversight arrangements, reporting formats, and review cycles. The responsible officers and committees of the University must therefore ensure that this Policy is reflected in practical decision-making and not treated as a merely aspirational statement.

TUES also recognizes that implementation may develop progressively over time. The maturity of sustainable investment practice depends on the structure of the University's funds, the scale of investable assets, the availability of management capacity, the quality of reporting systems, and the evolution of internal governance. For this reason, the University may apply the Policy in a phased and proportionate way, while maintaining the expectation that all investment-related activity should move steadily toward stronger sustainability integration, better transparency, and more disciplined oversight.

7. Related Documents

This Policy should be read together with other institutional documents that govern the financial, strategic, and ethical conduct of the University. These may include the Strategic Development Plan, Financial Regulations, Risk Management Policy, Sustainability Policy, Anti-Bribery and Corruption Policy, Procurement and Donations-related policies, internal treasury or fund management procedures, and any relevant governance documents adopted by the University in relation to resource stewardship and accountability.

The relationship between this Policy and those documents is important. Sustainable investment is not a self-contained function. It is connected to institutional values, risk governance, responsible administration, and long-term planning. Accordingly, interpretation and implementation of this Policy should remain consistent with the wider governance framework of TUES.

8. Document/version Control for New Policies

This Policy shall be treated as an official University-wide policy document and shall be subject to formal approval, version control, periodic review, and controlled publication in accordance with the internal governance procedures of Termez University of Economics and Service. The approved version should record the date of approval, the approving authority, the responsible officer for implementation and review, the effective date, and the next review date.

The Policy should also remain open to updating where necessary in response to changes in institutional strategy, financial practice, law, governance requirements, or recognized good practice in sustainable investment. TUES recognizes that the field of sustainable finance continues to evolve, and therefore the Policy should be capable of improvement over time while maintaining consistency with the University's mission and institutional context.

In this way, the Sustainable Investment Policy is intended to function not only as a statement of principle, but as a living governance instrument through which TUES can manage financial resources in a manner that is prudent, future-oriented, ethically grounded, and consistent with the responsibilities of a modern university.

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