TERMEZ STATE UNIVERSITY

POLICY ON DIVESTING INVESTMENTS FROM CARBON-INTENSIVE ENERGY INDUSTRIES

Termez 2025

INTRODUCTION AND PURPOSE

Termez State University (TerSU) is committed to advancing sustainable development, environmental stewardship, and responsible investment practices. The University acknowledges that investment in carbon-intensive energy industries, including coal, oil, and other fossil fuels, contributes directly to greenhouse gas emissions, environmental degradation, and global climate change.

The primary objective of this policy is to ensure that TerSU's endowment funds, operational investments, and affiliated financial holdings are divested from carbon-intensive energy industries. By doing so, TerSU demonstrates leadership in sustainable finance, aligns with national priorities for green economic development, and upholds its commitment to the principles of environmental responsibility and intergenerational equity.

SCOPE AND APPLICABILITY

This policy applies to all TerSU investment activities, including but not limited to:

— Endowment and reserve funds managed by the University;

— Direct or indirect holdings in publicly listed companies, private equity, and investment funds;

— Collaborative investment programs with affiliated institutions or joint ventures;

— Any new investment proposals submitted for consideration by the University's Investment Committee.

The policy establishes guidelines for divestment from companies whose primary operations involve coal extraction, oil production, or other high-carbon fossil fuel activities. It also encourages redirection of capital toward renewable energy, energy efficiency technologies, and sustainable industries that align with Uzbekistan's legal and regulatory frameworks, including the **Law on Environmental Protection (2018)**, the **Law on Investment Activity (2022)**, and government directives for fostering a green economy.

POLICY PRINCIPLES

TerSU's divestment policy is guided by the following principles:

1. **Environmental Responsibility:** Recognizing that carbon-intensive energy industries are a primary contributor to climate change, TerSU commits to mitigating environmental harm by ceasing new investments in these sectors.

2. **Alignment with National Strategy:** The policy supports Uzbekistan's focus on environmental protection and green economic development,

integrating national priorities into the University's financial and operational decision-making.

3. **Long-Term Financial Sustainability:** Divestment from carbon-intensive industries is balanced with prudent financial management to ensure the University's ability to meet its operational and academic objectives. Investments are to be redirected toward sustainable alternatives that demonstrate strong risk-adjusted returns and long-term viability.

4. **Transparency and Accountability:** All investment decisions, divestment actions, and subsequent reporting shall be conducted transparently, with oversight from TerSU's Investment Committee and regular reporting to the University Council.

5. **Stakeholder Engagement:** TerSU shall consult with relevant stakeholders, including faculty, students, and external financial advisors, to ensure that divestment strategies reflect both environmental objectives and institutional priorities.

DIVESTMENT PROCEDURES

The process for divestment from carbon-intensive energy industries shall proceed in a structured and accountable manner:

1. **Assessment of Holdings:** The University Investment Committee will conduct a comprehensive review of current holdings to identify investments linked to coal, oil, and other high-carbon sectors. Holdings will be categorized based on their contribution to carbon emissions and associated environmental risks.

2. **Timeline for Divestment:** TerSU has initiated divestment starting in 2024, with the goal of full divestment from identified carbon-intensive assets by the end of 2025, coinciding with Uzbekistan's national environmental focus year.

3. **Redirection of Capital:** Capital withdrawn from carbon-intensive sectors will be strategically reinvested in renewable energy, energy-efficient infrastructure, green technology, sustainable agriculture, water conservation projects, and other initiatives consistent with Uzbekistan's environmental regulations and the University's sustainability objectives.

4. **Risk Management:** Each divestment action will consider financial implications, including market liquidity, exposure risk, and potential impact on University operations. Risk mitigation strategies shall be incorporated to ensure continuity of income streams and funding for academic programs.

5. **Monitoring and Reporting:** The Investment Committee shall maintain a public record of divestment progress, including timelines, amounts divested, and new investments made. Annual reporting will be published on the

University's website, in alignment with sustainability reporting frameworks such as the sustainability assessment and ESG standards.

INTEGRATION WITH TERSU'S SUSTAINABILITY STRATEGY

This divestment policy is an integral part of TerSU's broader sustainability strategy, which encompasses campus operations, research initiatives, student engagement, and public outreach. By aligning financial practices with environmental objectives, TerSU reinforces its role as a leader in sustainable higher education in Uzbekistan and Central Asia.

In particular, divestment complements TerSU's ongoing projects in renewable energy research, climate adaptation studies, water conservation programs, and green campus initiatives. This alignment ensures that the University's financial and operational strategies mutually reinforce one another, contributing to national climate goals and the United Nations Sustainable Development Goals, particularly SDG 7 (Affordable and Clean Energy), SDG 13 (Climate Action), and SDG 12 (Responsible Consumption and Production).

GOVERNANCE AND OVERSIGHT

The University Council holds ultimate authority over investment decisions and shall oversee the implementation of this policy. The Investment Committee, with representation from the Finance Office, Sustainability Office, and academic experts, shall operationalize divestment actions, monitor progress, and provide annual reports for Council review.

The Sustainability Office will provide technical guidance to ensure that investments are aligned with renewable energy standards, carbon accounting protocols, and Uzbekistan's environmental regulations. Any deviations from the divestment plan must be justified in writing and approved by the University Council.

STAKEHOLDER COMMUNICATION AND ENGAGEMENT

Transparency and communication are central to the success of the divestment policy. TerSU shall regularly engage with students, faculty, staff, and external partners to communicate the rationale for divestment, progress made, and opportunities for investment in sustainable sectors. Educational programs, seminars, and publications will support understanding of the policy and its alignment with Uzbekistan's environmental and green economy priorities.

CONCLUSION

Termez State University's policy on divesting investments from carbon-intensive energy industries demonstrates a clear institutional commitment to environmental stewardship, sustainable finance, and national green economy objectives. By redirecting resources toward renewable energy, low-carbon technologies, and sustainable industries, TerSU not only mitigates climate risk but also strengthens its position as a leader in sustainable higher education.

This policy ensures that the University's financial decisions reflect its broader mission to educate, innovate, and serve society while supporting Uzbekistan's strategic focus for 2025: a year dedicated to environmental protection and the advancement of a green economy. Through careful implementation, oversight, and stakeholder engagement, TerSU will continue to align its investments with both ethical responsibility and long-term sustainability, ensuring a positive legacy for future generations.

ENTRY INTO FORCE AND REVIEW

The policy is effective from 1 January 2025.

It shall be reviewed every three years, or within six months following any relevant legislative change.

RESPONSIBLE UNIT AND CONTACT

Vice-Rector for Finance and Economic Affairs

Address: 43 Barkamol Avlod Street, Termez 190111, Uzbekistan.

Phone: +998 76 221 7455 | Email: info@tersu.uz

Signed by the Rector:
Prof. Abdukodir Toshkulov

Agreed by:

Gafur Togaev
Vice-Rector for International Relations

Nurillo Khursandov
Vice-Rector for Finance and Economic Affairs