VINAYAKA MISSION'S RESEARCH FOUNDATION

(Deemed to be University under section 3 of the UGC Act 1956)



Divestment Policy

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DIVESTMENT POLICY

Drafted by	Dy. Director-Research
Verified by	Director I/c, Accreditation & Ranking
Passed by	Vice-Chancellor
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VINAYAKA MISSION'S RESEARCH FOUNDATION
(DEEMED TO BE UNIVERSITY)
DIVESTMENT POLICY

1. Preamble

Vinayaka Mission's Research Foundation (Deemed to be University) recognizes that financial and institutional decisions can influence environmental sustainability, social well-being and long-term institutional resilience. In support of responsible governance and the United Nations Sustainable Development Goals (SDGs), particularly SDG 7 (Affordable and Clean Energy), SDG 12 (Responsible Consumption and Production), SDG 13 (Climate Action) and SDG 17 (Partnerships for the Goals), VMRF(DU) seeks, where applicable and within its lawful authority, to reduce financial exposure to activities that cause significant environmental or social harm and encourage responsible alternatives.

This Policy establishes a framework for reviewing relevant investments and financial relationships, assessing material environmental, social and governance (ESG) risks, considering divestment where appropriate, and reporting progress transparently. It operates alongside the University's statutes, financial rules, investment arrangements, procurement procedures and applicable laws.

2. Short Title and Commencement:

1. This policy shall be called as **"Divestment policy of VMRF (DU)"** in University Operations.
2. This policy Shall come into force from the date of approval of the Executive Council of the University.

3. Purpose

The purpose of this Policy is to guide VMRF(DU) in aligning applicable investment and financial decisions with its sustainability commitments by:

- Identifying and reviewing investments, where held or managed on the University's behalf, that have material exposure to carbon-intensive or otherwise harmful activities.
- Providing a documented process for deciding whether to engage with an investee, restrict further exposure or divest.
- Encouraging responsible allocation of funds, where appropriate, toward cleaner energy, energy efficiency and other sustainable or socially beneficial opportunities.

- Strengthening transparency, accountability and oversight in investment-related decisions.
- Supporting institutional action on climate change, responsible consumption and sustainable development.

4. Scope and Applicability

Subject to applicable law, donor restrictions, contractual commitments and the University's approved financial governance arrangements, this Policy applies to:

- Investment portfolios, endowment funds and other financial assets owned or controlled by VMRF(DU), where such assets exist.
- Investment decisions made by authorized officers or external investment managers on behalf of VMRF(DU).
- Subsidiaries, controlled entities or affiliated entities, to the extent the University has authority to apply this Policy.
- Relevant financial partnerships, sponsorships or corporate relationships when referred for sustainability review through the appropriate institutional process.

This Policy does not itself authorize the purchase or sale of assets, override fiduciary duties, amend existing contracts, or replace procurement, energy, environment, finance, risk-management or legal policies. Operational measures such as renewable-energy adoption, energy efficiency, sustainable mobility, waste reduction and sustainable procurement may support the Policy's objectives but do not, by themselves, prove that financial divestment has occurred.

5. Policy Statement

VMRF(DU) will seek to incorporate proportionate sustainability and ESG considerations into relevant investment oversight and, where feasible, reduce exposure to activities inconsistent with this Policy. Decisions will be based on documented evidence and made through the University's authorized approval process.

- **Environmental responsibility:** consider fossil-fuel exposure, greenhouse-gas emissions, pollution, resource depletion and material ecosystem harm.
- **Social responsibility:** consider human rights, labour practices, public health, community impacts and credible allegations of serious misconduct.
- **Good governance:** consider corruption, fraud, sanctions, regulatory breaches, transparency and corporate governance.

- **Financial prudence:** consider risk, liquidity, diversification, costs, contractual obligations and the University's long-term financial interests.
- **Proportionality and evidence:** use reliable information and assess the materiality of exposure; distinguish verified findings from allegations.
- **Fair transition:** consider engagement and a reasonable transition period where appropriate, while allowing faster action for severe, unlawful or irreparable harm.
- **Accountability:** document decisions, assigned responsibilities, implementation status and outcomes.

6. Objectives

- To promote responsible investment by aligning the University's financial decisions with sustainability commitments and ESG (Environmental, Social and Governance) principles.
- To identify and assess high-risk investments associated with fossil fuels, carbon-intensive activities, environmental damage, and serious social or governance concerns.
- To establish a transparent divestment process for deciding whether to engage with an investee, restrict further investment, or divest from activities inconsistent with the policy.
- To encourage sustainable reinvestment in renewable energy, energy efficiency, climate action, resource efficiency, research, and community development, where appropriate.
- To strengthen accountability and governance through documented assessments, authorized approvals, clear responsibilities, monitoring, and periodic reporting.
- To ensure transparent investment decisions and communicate progress to stakeholders.
- To strengthen the University's long-term financial, environmental and social resilience.
- To promote climate action, responsible consumption and sustainable financial practices.

7. Definitions

Divestment: The sale, withdrawal, redemption, non-renewal or planned reduction of a financial holding or exposure, subject to applicable rules and contractual conditions.

Carbon-intensive activity: An activity associated with substantial greenhouse-gas emissions, including coal and oil extraction, production, processing, transport or power generation.

ESG factors: Environmental, social and governance considerations used to assess an investment's sustainability, conduct and risk profile.

Engagement: Documented dialogue with an investee, investment manager or relevant partner to seek improved disclosure, risk management or alignment with sustainability objectives.

Responsible alternative: An investment or opportunity assessed as consistent with applicable law, the University's risk appetite, financial requirements and sustainability objectives.

8. Priority Areas for Review

The following areas should receive priority in screening. Inclusion triggers assessment; it does not mean VMRF(DU) currently holds such investments.

- Coal and oil: entities substantially involved in extraction, production, processing, transport or power generation without a credible transition pathway.
- Other high-emission activities with material greenhouse-gas exposure and inadequate risk management or disclosure.
- Serious environmental harm, including major pollution, unlawful environmental damage or persistent breaches of environmental requirements.
- Serious social or governance concerns, including substantiated human-rights abuses, exploitative labour, corruption, fraud or significant regulatory violations.
- Activities or entities are prohibited under applicable law, sanctions or binding University requirements.

Additional sectors or exclusion criteria may be identified by the competent authority following documented assessment. Any sector-specific thresholds or timelines should be approved and recorded before application.

9. Screening and Assessment

a. The designated Finance/Investment function, in consultation with Sustainability and other relevant officers, will identify investments within the Policy's scope.
b. Obtain available information from investment managers, investees, public disclosures and credible independent sources; record data limitations and uncertainty.
c. Assess sector exposure, material environmental and social impacts, governance concerns, transition plans, applicable restrictions and relevant financial risks.
d. Classify identified exposures as low, moderate, high or critical risk using criteria approved by the competent authority and record the basis.
e. Consider engagement, enhanced monitoring, restrictions on new exposure, manager instructions, orderly divestment or other lawful remedial measures.

f. Submit a written recommendation to the authorized decisionmaker, including rationale, financial implications, legal and contractual considerations, proposed timetable and monitoring arrangements.

10. Divestment and Transition Process

a. Where an investment is identified as inconsistent with this Policy, the responsible officer will prepare a written assessment and recommend an appropriate response.

b. Where engagement is suitable, the University may set time-bound expectations for improved disclosure, risk management or transition planning and document the response.

c. Where engagement is unlikely to be effective, a material breach persists, a credible transition plan is absent, or the activity presents severe or prohibited risk, divestment or another restriction may be recommended.

d. The competent authority will decide the action and timetable after considering legal requirements, fiduciary responsibilities, liquidity, valuation, transaction costs, contractual restrictions and unintended consequences.

e. Approved divestments will be carried out only by authorized personnel or appointed managers, in accordance with applicable law and financial controls.

f. If immediate divestment is not practicable, the officer responsible will document the reason, interim safeguards, target review date and next steps.

11. Reinvestment and Responsible Allocation

Where funds are released through an approved divestment, their subsequent use will be determined through the University's normal financial approval process. Subject to financial prudence, availability and approved mandates, the University may consider:

- Renewable energy and cleaner-energy technologies.
- Energy efficiency and lower-carbon infrastructure.
- Climate mitigation, adaptation and environmental protection.
- Resource efficiency and circular-economy initiatives.
- Education, research, innovation and community development.
- Other responsible investments consistent with University objectives and risk appetite.

This Policy does not require a particular investment or guarantee returns. Opportunities should be assessed for risk, credibility, transparency and legal compliance; an activity should not be treated as sustainable solely because it is labelled green or renewable.

12. Roles and Responsibilities

- **Competent approving authority:** approve this Policy and material changes; consider significant divestment recommendations; ensure decisions follow governance and delegation requirements.
- **Finance/Investment function:** maintain an inventory of in-scope holdings, coordinate screening, obtain manager information, assess financial implications, implement authorized decisions and maintain records.
- **Sustainability function or designated Sustainability Committee:** advise on ESG criteria, climate exposure, SDG alignment, indicators and sustainability reporting.
- **Legal/Compliance function:** advise on laws, regulations, sanctions, fiduciary obligations, contracts, confidentiality and legal risks.
- **External investment managers and advisers:** provide relevant information and implement instructions within their mandate and applicable law.
- **Internal audit or other designated assurance function:** where within its approved remit, review controls, records and reporting.
- **University departments and stakeholders:** provide relevant information and suggestions through established institutional channels.

13. Monitoring, Records and Reporting

The designated person responsible will maintain a Divestment and Responsible Investment Register, subject to appropriate access and confidentiality controls. It should record exposures reviewed, risk categories, evidence, decisions, approvals, engagement, actions, timelines and outcomes.

Progress should be reviewed at least annually and reported to the competent authority and relevant sustainability governance body. Indicators may include where reliable data are available:

- Percentage of in-scope investments screened for ESG and climate-related risks.
- Number and value of holdings assessed as high or critical risk.
- Number and value of approved divestments completed and pending.
- Exposure to coal, oil and other identified carbon-intensive activities, where measurable.
- Number of engagement actions and proportion with documented outcomes.

- Amount or proportion of funds allocated to approved responsible alternatives, where applicable.
- Completion of annual review, reporting and corrective actions.

Aggregated progress may be disclosed through appropriate institutional reporting channels, subject to confidentiality, privacy, contractual obligations and applicable law. No indicator should be reported as achieved without verifiable records.

14. Stakeholder Engagement and Capacity Building

VMRF(DU) may consult administrators, finance personnel, investment managers, sustainability representatives, faculty, students and other stakeholders when reviewing this Policy or its implementation. Training may be provided to personnel involved in investment oversight, ESG screening, procurement or sustainability reporting. Engagement must be consistent with University governance procedures.

15. Exceptions and Transitional Arrangements

Any exception, temporary delay or alternative implementation route must be supported by written reasons and approved by the competent authority. Reasons may include legal restrictions, contractual lock-in, lack of liquidity, financial harm or insufficient reliable data. The record must specify the duration, interim safeguards and reconsideration date. No exception may authorize conduct prohibited by law.

16. Compliance and corrective Action

Records of screening, recommendations, approvals, manager communications, transactions and reports will be retained under the University's records management requirements. Personnel implementing this Policy must disclose relevant conflicts of interest and comply with financial controls, confidentiality requirements and applicable law.

17. Review and Amendment

This Policy will be reviewed at least once every three years, or earlier if required by changes in law, University strategy, financial arrangements, sustainability commitments or material developments in climate and ESG practice. Amendments take effect only after approval by the competent authority.

18. Approval and Commencement

This Policy comes into effect on the date of approval by the competent authority of VMRF(DU). It should be read about the University's statutes, ordinances, financial rules, investment

mandates and related policies. In case of inconsistency, applicable law and the University's governing instruments prevail.

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