

**AZERBAIJAN STATE
UNIVERSITY OF
ECONOMICS (UNEC)**
SUSTAINABLE INVESTMENT
POLICY

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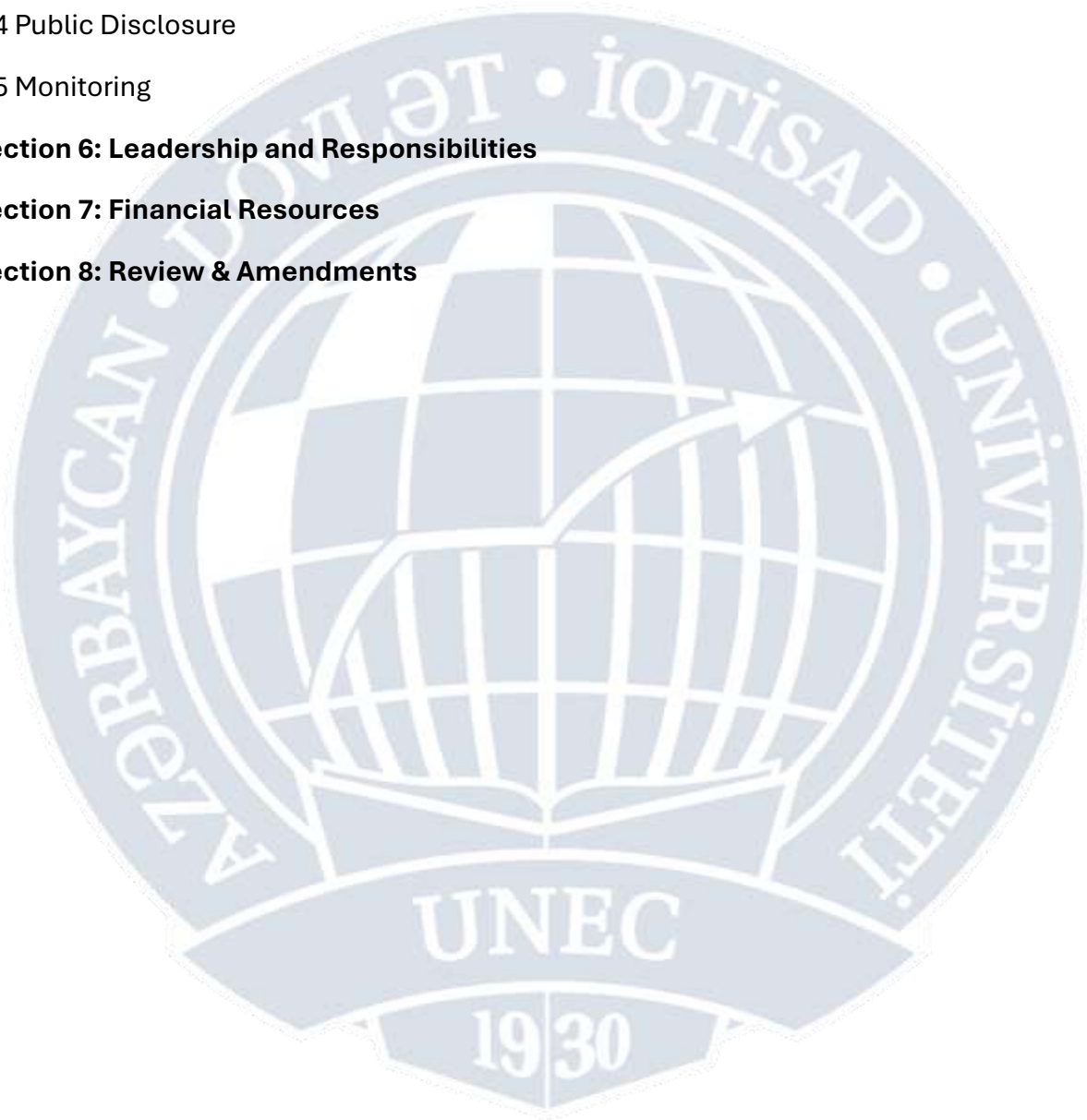
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Section 1. Introduction

1.1 Purpose

The Sustainable Investment Policy of Azerbaijan State University of Economics (UNEC) aims to guide the university's investment decisions in a manner that aligns with environmental, social, and governance (ESG) principles. It underscores UNEC's commitment to sustainable investing and responsible financial strategies that support long-term value creation while fostering positive impacts on society and the environment.

1.2 Scope

This policy governs all investment activities conducted by UNEC, including endowment funds, pension funds, and other financial assets managed by the university. It applies to all members of the investment committee, administrators, and stakeholders involved in investment decision-making processes.

1.3 Definitions:

- Sustainable Investment – investment decisions that consider environmental, social, and governance (ESG) factors to generate long-term value and positive societal impact.
- ESG – Environmental, Social, and Governance criteria used to evaluate universities' sustainability performance.
- Direct Investments – investments made directly into companies or projects by the university.
- Pooled Investments – investments made through funds or collective investment vehicles managed by third parties.
- Impact Investing – investment with the intention to generate measurable social and environmental benefits alongside a financial return.
- Exclusion List – categories of companies or activities the university will not invest in, e.g., tobacco, controversial weapons, coal, fracking.

Section 2. Guiding Principles

2.1 Environmental Responsibility

UNEC commits to investing in companies and projects that demonstrate strong environmental stewardship, promote sustainability, and actively work to reduce their carbon

footprint. Priority will be given to investments that contribute to renewable energy, resource efficiency, and environmentally responsible practices.

2.2 Social Impact

The university will consider investments that positively impact communities and society at large. Emphasis will be placed on supporting companies with fair labor practices, community engagement initiatives, and a commitment to social welfare improvement.

2.3 Governance and Ethics

UNEC will adhere to high standards of corporate governance and ethical business practices. Investments will be directed toward companies with transparent leadership, robust internal controls, and a commitment to maintaining ethical conduct across their operations.

2.4 ESG Integration

The university integrates ESG factors into all investment decisions, including due diligence, analysis, and portfolio monitoring.

2.5 Impact Allocation

A minimum of 5% of the investment portfolio will be allocated to impact investments with measurable social or environmental benefits.

2.6 Exclusions

The university will avoid investing in companies significantly involved in:

- Tobacco manufacture, distribution, or retail
- Controversial weapons (nuclear, landmines, cluster bombs)
- Coal, tar sands, or fracking activities

Section 3. Objectives

3.1 Long-term Financial Stability

The primary objective of UNEC's sustainable investment approach is to achieve competitive financial returns while ensuring the preservation and growth of the university's financial resources for the benefit of current and future generations of students and stakeholders.

3.2 Positive Impact

Through sustainable investments, UNEC aims to generate positive environmental and social impacts. The university seeks to contribute to the transition to a more sustainable and inclusive global economy.

3.3 Education and Advocacy

UNEC will use its investments to foster sustainability awareness within the academic community and advocate for responsible investment practices both locally and internationally.

3.4 Risk Management and Portfolio Diversification

Investments will be diversified across sectors and geographies to manage risk and ensure long-term financial stability.

3.5 International Collaboration

Investments may support partnerships, exchange programs, or international sustainability initiatives to enhance the university's global reputation.

Section 4. Investment Criteria

4.1 Environmental Performance

Investments will be assessed based on their environmental performance, including greenhouse gas emissions, resource consumption, waste management, and efforts to mitigate environmental risks.

4.2 Social Responsibility

The university will consider companies' social responsibility initiatives, including diversity and inclusion policies, employee welfare, and community development programs.

4.3 Corporate Governance

UNEC will prioritize investments in companies that maintain high standards of corporate governance, transparency, and accountability.

Compliance with International Standards Investments will adhere to recognized international sustainability standards and agreements, such as the United Nations Global Compact and the Principles for Responsible Investment (PRI).

4.4 Direct vs Pooled Investments

- Direct Investments: evaluated individually for ESG performance and impact.
- Pooled Investments: assessed at the fund level, ensuring the fund manager applies robust ESG principles.

4.5 Key Performance Indicators (KPIs)

- Environmental: carbon emissions reduction, renewable energy usage, resource efficiency.
- Social: diversity and inclusion metrics, employee welfare, community engagement.
- Governance: transparency, board composition, ethical standards adherence.

Section 5. Reporting and Transparency

5.1 Performance Reporting

UNEC will provide regular reports on the performance of sustainable investments, including financial returns and ESG impact metrics.

5.2 Transparency

The university will ensure transparency in investment decision-making, including disclosing the rationale behind specific investments and ESG considerations

5.3 Auditing

Independent audits will be conducted periodically to verify compliance with the Sustainable Investment Policy.

5.4 Public Disclosure

Annual reports detailing investment performance, ESG impact, and rationale behind major decisions will be made available on the university website.

5.5 Monitoring

The Investment Committee will monitor portfolio performance against ESG and financial KPIs, adjusting the strategy as needed.

Section 6: Leadership and Responsibilities

- Rector and University Administration: approve policy, provide institutional support.

- Investment Committee: oversee implementation, review ESG compliance.
- Finance Director: execute investment decisions, report performance to the committee.

Section 7: Financial Resources

Sources of Investment:

- Government funding
- Internal revenue (tuition, grants, services)
- External partnerships and international grants
- Additional revenue streams (certificates, specialized courses)

Section 8: Review & Amendments

The policy shall be reviewed annually to ensure alignment with international best practices, student needs, and university priorities. Amendments require approval from the University administration.

