



SUSTAINABLE INVESTMENT POLICY

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SECTION 1: INTRODUCTION ABOUT THE CURRENT SITUATION

Introduction:

Baku State University (BSU) recognizes the importance of sustainable development and the role that responsible investing plays in achieving it. This Sustainable Investment Policy outlines our commitment to integrating Environmental, Social, and Governance (ESG) factors into our investment decisions and aligning our investments with the United Nations Sustainable Development Goals (SDGs). Our goal is to generate long-term financial returns while contributing to a more sustainable and equitable future.

Current situation:

1.1. The current situation on Sustainable Investment at Baku State University (hereinafter – BSU) is as the following:

- The board of trustees has delegated investment oversight to the BSU. The Board of Trustees has retained responsibility for the following matters.
- Investment Policy is subject to annual review by the Board of Trustees and any recommended changes require approval by the Board of Trustees.
- There is a significant need for climatologists, hydrologists, oceanologists, ecologists, etc. in this industry, so Baku State University is making a serious effort to train professionals who can meet those needs. As a result, BSU is a member of several international and regional projects aimed at ensuring that all university curricula at all levels incorporate climate change education.
- In the last two years, Baku State University has made significant investment in its sustainability efforts. The university has successfully digitalized its document circulation system, the HR management system, the Student Information System, and the Learning Management System. This initiative was undertaken to reduce the use of paper, enhance operational speed, improve transparency, and elevate the overall quality of university processes.
- To facilitate technology transfer, BSU has established BUILD Limited Liability Company, supported by KOBIA (Small and Medium Business Development Agency of Azerbaijan Republic), serving as a technology transfer office. This initiative aligns with global goals such as Decent Work and Economic Growth and Industry, Innovation, and Infrastructure.
- BSU's involvement in the ITACA project entails collaboration on an Innovative Training Center to address environmental emergencies in Azerbaijan, aligning with Sustainable Development Goals (SDG) 11 and 12. The ITACA project focuses on

creating and establishing a state-of-the-art Training Center in collaboration with both EU and local institutions, alongside enterprises specializing in the environmental impact of oil and gas production. This initiative aims to foster a robust partnership between academia and industry by providing comprehensive training to graduate students, preparing them for careers in this specialized sector.

- “The Geoclic” Project seeks to modernize and internationalize training in monitoring and protecting coastal ecosystems using advanced geospatial technologies, big data, and remote sensing. It targets undergraduate, graduate, and doctoral levels in Azerbaijan, Kazakhstan, and Turkmenistan, all while aligning with SDG 4 and SDG 11.
- Research on novel phytohormone derivatives, impacting the immunological resistance of various cotton genotypes, contributes to SDG 8.
- Ongoing research and environmental service collaboration between BSU and the Heydar Aliyev Oil Refinery address SDG 11, SDG 12, and SDG 13.
- The synthesis of Polyfunctional Polymeric Adsorbents with Nano-size Pores for purifying various waste waters from heavy metals, oil, and oil products aligns with SDG 7, SDG 12, and SDG 13.
- The research on ecology, encompassing plants, animals, microorganisms, and humans, and the application of geoinformation systems for environmental monitoring, biodiversity conservation, and bioresource assessment, contributes to SDG 6, SDG 14, and SDG 15. These multifaceted efforts underscore BSU's commitment to addressing critical global challenges while advancing investment in research, education, and innovation.
- In addition, some SDG-related topics are covered in the pertinent academic programs, such as "Introduction to Gender," "Sustainable Development Goals in Azerbaijan," "Green" and "Blue" Economy," "Food Security and Sustainable Development," "Urbanization and Urban Planning," and others. Now, BSU has several systematic training or educational programs centered on the SDGs.

SWOT Analysis

STRENGTHS	WEAKNESSES
Robust national law and regulatory framework	Lack of awareness about Sustainable Investment among stakeholders

Having a skilled workforce and a perennial tradition	Lack of coordination and collaboration
Open-minded Leadership	Partial compliance with International Standards
Reporting and transparency	
OPPORTUNITIES	THREATS
Contribute to renewable energy	Discontinuity of clean energy policy
Contribute to resource efficiency	
Promote environmentally responsible practices	Slowly growing eco-system in the region
Start community engagement initiatives	Market volatility

Legal base:

- 1.2. Legal base of Sustainable Investment is respective provisions of the respective Laws of Azerbaijan Republic, Decrees and (or) the orders of The President and The Cabinet of Ministries of Azerbaijan Republic, this Sustainable Investment Policy (hereinafter – SIP) of Baku State University, respective International Field Standards and other related legal documents.

SECTION 2. MISSION, OBJECTIVES AND SCOPE OF THE POLICY

Mission:

- 2.1. SIP mission is to provide the framework for the management of the investments of Baku State University, while contributing to social justice, healthy communities and clean environment.

Objectives:

- 2.2. Objectives of SIP are as the following:
 - Making a framework for considering specific aspects, including environmental, social and governance (hereinafter - ESG) considerations while conducting investment analysis.

- Making a framework and the policy direction for earning steady and additional source of income.
- Achieving long-term financial stability and meeting financial goals set by The Strategic Development Program of BSU by 2030.
- Mitigating risks while fostering change and transition.
- Integration of the ESG factors into the decision-making process and investment strategy.
- Making a framework for investment in renewable energies and climate action.
- Promote sustainable services to both external and internal stakeholders by different communication channels.

Scope of the Policy:

- 2.3. SPI policy applies to all kinds of investment actions taken by BSU by investment committees and (or) working groups, respective units, Trustee Board, Leadership, and other decision-makers at the University regarding the investments.

SECTION 3. PLANNED ACTIVITIES, MONITORING AND REPORTING

Planned activities:

- 3.1. Planned actions for the short-term and long-term period is as following:

SHORT-TERM PERIOD ACTIONS (within 3 years)

Action 1: Integrate ESG into investment policy statements: **Review and update investment policy statements to explicitly incorporate Environmental, Social, and Governance (ESG) considerations.**

Action 2: Evaluate the competencies of internal staff as investment managers to incorporate ESG: **Assess the knowledge and skills of internal investment staff in integrating ESG factors into investment decisions.**

Action 3: Evaluate the competencies of external staff as investment managers to incorporate ESG: **Evaluate the capabilities of external investment managers in integrating ESG factors into the university's investment portfolio.**

Action 4: Investing in projects that demonstrate strong environmental stewardship, promote sustainability, and actively work to reduce carbon footprint: **Continuing to allocate funds to projects that demonstrate a strong commitment to environmental stewardship, sustainability, and reducing carbon footprint.**

Action 5: Investing the companies or organizations with transparent leadership, modern and efficient internal controls, and ethical conduct across their operations

Action 6: Increase Awareness Within Academic and Administrative Staff: **Launch awareness campaigns and training programs to educate academic and administrative staff about responsible investment practices and the policy's objectives.**

LONG-TERM PERIOD ACTIONS (within 10 years)

Action 7: Priority on Clean and Renewable Energy Investments: Give priority to investments that contribute to clean and renewable energy sources, supporting the global transition to sustainable energy solutions.

Action 9: Collaborate with Companies Promoting Fair Labor Practices:

- **Establish partnerships with companies or organizations that prioritize fair labor practices, engage with internal and external stakeholders, and demonstrate a commitment to social welfare progress.**

Action 10: Promote Research on ESG Applicability:

- **Encourage academic staff to conduct research on the applicability and effectiveness of ESG principles within the university's investment portfolio.**

Action 11: Provide Ongoing ESG Training for Investment Professionals:

- **Continuously train and educate investment professionals and staff on evolving ESG trends, practices, and investment strategies.**

- **Action 12:** Grow Financial Resources:
- **Explore avenues for growing the university's financial resources, including fundraising efforts and grants, to support sustainable investment initiatives.**

Action 13: Collaborate or Initiate ESG-focused Projects:

- **Collaborate with external partners or initiate projects that focus on ESG-related issues, aligning with the university's sustainable investment objectives.**

Action 14: Collectively Address Emerging Issues with Stakeholders:

- **Engage both internal and external stakeholders in addressing emerging sustainability issues that impact investment decisions.**

Action 15: Support Development of Benchmarking Tools:

- **Invest in the development of tools and metrics for benchmarking the integration of ESG factors into the investment policy, allowing for continuous improvement.**

Action 16: Advocate for Regulatory Developments in Sustainable Investment:

- **Actively participate in advocating for regulatory developments that promote sustainable investment practices at Baku State University and in the broader financial industry.**

Monitoring and reporting:

3.2. Monitoring and reporting actions will be taken as the following:

- Respective units will report on a semi-annual basis on the performance of Sustainable Investment to the rector and (or) Trustee Board.
- Quality Assurance Center will monitor respective units by taking their set goals by SIP and prepare annual report on the implementation of SIP and performance assessment of respective unit employees.

SECTION 4: RESOURCE ALLOCATION

Resource Allocation:

4.1. For achieving the goal of this policy, the below-mentioned resources will be used by respective units, comities, and working groups:

- Competent and trained human resources.
- Sufficient financial resources.
- Physical infrastructure.
- Knowledge and experience base