Policy Name
Sustainable Investment Policy at Al-Mamoun University

Policy Information	
Issue Date	2023
Revision Date	July, 2024
Evaluation Frequency	Yearly
Level of Confidentiality	Public
Policy Approval Date	December 30, 2024

Policy Statement

1. Introduction

In light of accelerating environmental, social, and economic changes, it has become essential for investment institutions to adopt clear and effective policies to ensure the sustainability of their investments. Sustainable investment refers to the allocation of capital into economic activities that consider not only financial returns but also their environmental, social, and governance (ESG) impacts.

2. Definition of Sustainable Investment

Sustainable investment is an investment approach that integrates Environmental, Social, and Governance (ESG) factors into the investment decision-making process alongside traditional financial analysis. It is a response to global challenges such as climate change, inequality, corruption, and the depletion of natural resources.

3. Strategic Objectives of the Policy

1. Achieve long-term, stable financial returns while minimizing environmental, social, and regulatory risks.
2. Support the transition to a low-carbon economy by investing in renewable energy and clean technologies.
3. Promote social justice and community development by investing in sectors such as health, education, and infrastructure.
4. Commit to sound corporate governance principles, including transparency, accountability, and anti-corruption.

5. Meet the expectations of institutional investors seeking ESG-compliant portfolios.

4. Core Principles

Environmental (E):

- Reducing carbon emissions
- Preserving biodiversity
- Effective waste management
- Responsible use of natural resources

Social (S):

- Respect for human rights
- Ensuring safe and healthy work environments
- Promoting diversity and gender equality
- Contributing to local community development

Governance (G):

- Independent boards of directors
- Integrity in financial reporting
- Combating bribery and corruption
- Ensuring effective accountability mechanisms

5. ESG Integration Mechanisms

1. **ESG Screening**
    - Exclude harmful sectors (e.g., weapons, coal, tobacco, gambling)
    - Select companies with strong ESG performance
2. **Active Ownership**
    - Vote in general shareholder meetings
    - Engage with company management to encourage sustainable practices
3. **Impact Investing**
    - Target investments with measurable social/environmental impact (e.g., clean water, women's empowerment, education)
4. **Integration**
    - Embed ESG analysis throughout all investment phases: due diligence, decision-making, and monitoring

6. Implementation Responsibilities

- **Board of Directors:** Approves the policy and evaluates its performance periodically.
- **Sustainable Investment Committee:** Reviews the portfolio and proposes ESG-aligned improvements.
- **Risk Management Department:** Monitors compliance with ESG criteria.
- **Governance & Reporting Unit:** Publishes annual ESG performance reports.

7. Monitoring & Evaluation Tools

- Use globally recognized ESG benchmarks:
  - MSCI ESG Ratings
  - Sustainalytics
  - FTSE4Good Index
- Assess alignment with the UN Sustainable Development Goals (SDGs).
- Apply Life Cycle Assessment (LCA) methodologies.
- Conduct third-party ESG audits for verification.

8. Disclosure & Transparency

- Publish an **annual report** on sustainable investment performance.
- Publicly share ESG-related policies and criteria with stakeholders.
- Commit to global initiatives such as:
  - UN Principles for Responsible Investment (UNPRI)
  - Paris Climate Agreement
  - Carbon Disclosure Project (CDP)

9. Key Challenges

- Lack of reliable ESG data for many investment targets
- Difficulty in accurately measuring social and environmental impact
- Short-term return expectations may conflict with long-term sustainability goals
- Variability in ESG standards and regulations across regions

10. Recommendations

- Build an internal ESG performance database
- Train investment teams in non-financial analysis and sustainability concepts
- Collaborate with international institutions for knowledge exchange

- Use AI and data analytics to improve ESG monitoring and forecasting

Conclusion

A sustainable investment policy is a strategic tool to balance financial returns with environmental and social responsibility. Adopting such a policy is not only a response to modern challenges but also a foundation for building a resilient and inclusive future economy.