



POLICY AND PROCEDURE

Institutional Resources		Sustainable Investment Policy	
		IAU- Policy & Procedures Unit, DQAA	Policy Code: IAU-VPA-2025-0027-004
Effective from: 30 Mar 2025		Supersedes: Sustainable Investment Policy, 4 th Revision, 18 October 2019	Date: 18 March 2025
Expiry Date: 29 Mar 2028	Review Date: 29 Dec 2027	No. of Pages: 4	Revision NO: 4

1- TITLE:

Sustainable Investment Policy and Procedures at Imam Abdulrahman Bin Faisal University (IAU).

2- PURPOSE:

- 2-1 The policy clarifies IAU's commitment to incorporating sustainability into its investment operations. It seeks to guarantee that investments are consistent with the university's mission, environmental stewardship, and social responsibility while aiming for competitive financial returns.
- 2-2 To define the goals and objectives of the university investment portfolios and frameworks, as well as to demonstrate how IAU incorporates Environmental, Social, and Governance (ESG) elements into its investments and to reflect IAU's ambitious sustainability strategy.
- 2-3 Define the investment strategy and use of perpetually donated funds to the University for specific and general purposes.
- 2-4 To be leader in environmental and societal sustainability, including addressing the critical global issue of climate change.

3- SCOPE:

- 3-1 This policy covers all university investments, including endowment funds, operating reserves, and any other financial instrument managed directly or indirectly through outside fund managers. This policy applies to every university community member engaged in investment decision-making.
- 3-2 This strategy aims to include ESG issues in investment decisions to manage risk more effectively and generate sustainable long-term returns.
- 3-3 The IAU's plan for addressing climate change and other pressing global issues will be based on its policies, which promote community well-being while minimizing environmental effects.

4- DEFINITIONS:

- 4-1 **Sustainable investments** consider both financial returns and environmental, social, and governance (ESG) considerations to promote sustainable development and have a beneficial social impact.
- 4-2 **Environmental, social, and governance (ESG)** funding is an investment principle that prioritizes environmental, social, and corporate governance concerns. It is also referred to as responsible investing or, in more proactive circumstances, impact investing.
- 4-3 **Funding:** Funds invested in a specific project, program, or initiative. This could be through government agency grants, private foundation gifts, or corporate or individual contributions.
- 4-4 **Ethical Funding:** Gifts that align with the university's fundamental values and moral standards, creating positive social, environmental, and economic benefits.
- 4-5 **Greenhouse Gas:** Refers to trapping heat within the atmosphere and producing the greenhouse effect. Key GHGs are carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), and fluorinated gases.
- 4-6 **Social responsibility** is an ethical concept in which a person collaborates with others and organizations to improve the community.

5- POLICY:

- 5-1 The university is committed to furthering sustainability in its investment operations. This Sustainable Investment Policy aims to incorporate ESG considerations into our investment decisions and provide financial returns.
- 5-2 The university recognizes that responsible investment is crucial for creating long-term economic resilience, protecting the environment, and promoting social justice.
- 5-3 IAU aims to align the investment portfolio with the university's mission and institutional values so that we can achieve financial objectives and benefit society and the environment.
- 5-4 IAU is committed to sustainability and acknowledges the pressing need to address climate change in the kingdom and across all IAU's domains (research, education, community engagement, and operations).
- 5-5 The university believes that considering governance, social, and environmental concerns will lower long-term risks and boost risk-adjusted returns.



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6- PROCEDURES:

- 6-1 Adopt the IAU's strategic framework as a roadmap for making decisions on working capital investments that will support long-term sustainability and local economic expansion.
- 6-2 The University shall address the physical and transitional risks and possibilities of climate change through its working capital investments.
- 6-3 IAU will consider governance, social, and environmental concerns when analyzing and making investment decisions.
- 6-4 IAU would not invest directly in securities, strategies, or funds whose main objective is the exploration or exploitation of fossil fuels, and it would divest from companies and strategies participating in these activities.
- 6-5 IAU will cautiously evaluate these funds on a case-by-case basis and monitor for any unintentional exposure to companies that use fossil fuels in combination with investment funds.
- 6-6 The university knows that moving away from fossil fuels and toward renewable energy is a long-term process. As a result, IAU keeps access to companies that are still dependent on fossil fuels but adapts their business models as necessary to deal with climate change.
- 6-7 The IAU's investment strategy and practices must align with its dedication to sustainability, embody Islamic social justice values, and aim to help build a more compassionate, just, and sustainable society.
- 6-8 IAU will actively seek opportunities to invest in companies or funds that reduce greenhouse gas emissions, promote social responsibility, and seek climate change solutions.
- 6-9 The university audit committee must regularly review the ESG characteristics of its investment portfolios and underlying funds, considering sustainability as one of the key factors.
- 6-10 Exclusionary Direct Investment:
 - 6-10.1 The university portfolios must not make direct investments in the businesses that the following companies primarily engaged in:
 - 6-10.1.1 Tobacco-manufacture, distribution or retailing
 - 6-10.1.2 Weapons – development of controversial weapons
 - 6-10.1.3 Alcohol
 - 6-10.1.4 Gambling
 - 6-10.1.5 Coal and Tar Sands
 - 6-10.2 In cases when such investment might jeopardize IAU's ability to operate, either by upsetting financial donors or considerably lowering the attraction to prospective students.
- 6-11 Environmental, Social and Governance (ESG) Integration:
 - 6-11.1 The analysis and decision-making procedures for investments should consider factors for the environment, society, and governance (ESG).
 - 6-11.2 Participate in social and environmental issues and tell the investment committee how they are doing frequently.
 - 6-11.3 The Investment Committee must regularly examine the policy at least once a year.
 - 6-11.4 All IAU employees must adhere to this policy.
- 6-12 An impact report detailing the university's efforts to adhere to the framework outlined in the sustainable investment policy must be made accessible annually.

7- RESPONSIBILITIES:

- 7-1 Vice President for studies, development, and community services
- 7-2 University Administration
- 7-3 Deans of Colleges, Heads of Departments, and Program Chairs

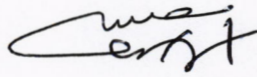
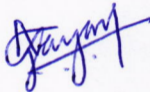
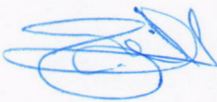
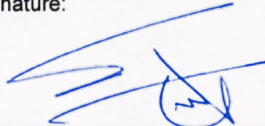
8- DISTRIBUTIONS:



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- Office of the Vice President for Studies, Development, and Community Services
- University Administration
- Deans of Colleges, Heads of Departments, and Program Chairs
- P&P Unit, DQAA
- IAU website

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Approved by: Dr. Ahmed Al Kuwaiti Dean, DQAA	Signature: 	Date Signed: 30/3/2025

REVIEW/ REVISION DATE	REVISION	NUMBER	SUMMARY OF CHANGES	NAME OF PROPONENT
18 Mar 2025	4 th Revision	01	Reviewed, appended definitions, formatted, and missing elements are appended and converted to the new, approved policy template.	P&P Unit, DQAA