

POLICY DOCUMENT

SUSTAINABLE INVESTMENT AND FINANCING POLICY

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Purpose:

The purpose of the Sustainable Investment and Financing Policy is to ensure that financial decision-making at Mingachevir State University is aligned with the principles of sustainability, responsibility, and long-term value creation. The university aims to integrate environmental, social, and governance (ESG) considerations into all investment and financing activities, thereby supporting sustainable institutional growth and minimizing potential risks.

This policy seeks to promote the efficient allocation of financial resources toward environmentally responsible, socially beneficial, and economically viable projects. It encourages investments that contribute to sustainable infrastructure, energy efficiency, research and innovation, and overall institutional resilience, while avoiding activities that may have negative environmental or social impacts.


Furthermore, the policy aims to enhance financial transparency, accountability, and ethical practices in all funding and investment processes. By aligning with international sustainability standards and best practices, Mingachevir State University strengthens its commitment to sustainable development and responsible financial management.



Mingachevir State University, as a forward-looking higher education institution, recognizes the critical role of responsible financial management in achieving sustainable development and long-term institutional resilience. In the context of global environmental challenges, evolving social expectations, and increasing economic complexities, universities are expected not only to manage their financial resources efficiently but also to ensure that their investments and financing decisions contribute positively to environmental protection, social well-being, and ethical governance. This broader responsibility places sustainability at the core of institutional financial strategies.

The Sustainable Investment and Financing Policy reflects the university's commitment to embedding environmental, social, and governance (ESG) principles into all financial activities, including budgeting, procurement, investment planning, and resource allocation. By aligning financial decisions with sustainability priorities, the university aims to support green infrastructure, energy-efficient technologies, sustainable research initiatives, and socially responsible projects. At the same time, the policy seeks to minimize financial, environmental, and reputational risks associated with unsustainable practices and investments.

This policy also promotes a culture of transparency, accountability, and ethical financial behavior across all levels of the institution. It establishes clear guidelines and principles for responsible investment, ensuring that financial resources are directed toward initiatives that generate long-term value while avoiding activities that may harm the environment or society.




Sustainable Investment: Investment decisions that integrate environmental, social, and governance factors alongside financial returns, aiming to generate long-term value while minimizing negative impacts on the environment and society.




Sustainable Financing: The process of allocating financial resources to projects and activities that support environmental sustainability, social development, and responsible economic growth.



ESG (Environmental, Social, and Governance): A framework used to evaluate the sustainability and ethical impact of investments, covering environmental protection, social responsibility, and good governance practices.



Responsible Resource Allocation: The strategic and efficient distribution of financial resources in a way that maximizes institutional benefit while ensuring sustainability and minimizing waste or harm.



Financial Transparency and Accountability: The principle of ensuring that all financial activities, investments, and funding decisions are conducted openly, ethically, and with clear reporting to stakeholders.

Scope of application

Mingachevir State University places strong emphasis on collaboration with various internal and external stakeholders in the field of sustainable investment and financing. The university cooperates with national and international higher education institutions and research organizations to promote joint research and projects in sustainable finance, ESG principles, and green investments. This collaboration strengthens knowledge exchange and supports the application of innovative financial approaches.

At the same time, the university works closely with government bodies and public institutions to ensure that its financial activities are aligned with national strategies and regulatory frameworks. Through these partnerships, the university participates in public programs, expands access to funding opportunities, and contributes to broader sustainable development goals.

Partnerships with industry, banks, and other financial institutions support the implementation of sustainable investment projects, efficient allocation of resources, and the strengthening of practical experience. These collaborations also enhance students' engagement with the real sector and contribute to the development of their professional skills.

In addition, the university collaborates with international organizations and global networks to adopt best practices, access international financing mechanisms, and strengthen institutional capacity. Engagement with local communities and other stakeholders further enhances the social impact of investment and financing activities, while promoting transparency and inclusiveness.

Core Principles

Sustainability Integration

All investment and financing decisions are aligned with environmental, social, and governance (ESG) principles to support long-term sustainable development. Financial activities are designed to contribute positively to environmental protection and social well-being.

Responsible Resource Allocation

Financial resources are distributed efficiently and strategically to maximize institutional impact and long-term value. Such an approach minimizes waste, reduces risks, and supports sustainability-focused priorities.

Transparency and Accountability

Financial processes are conducted in a transparent and accountable manner, supported by clear documentation and reporting mechanisms. Strong transparency enhances stakeholder trust and ensures responsible management of resources.

Risk Management

Environmental, social, and financial risks are carefully identified, assessed, and managed across all investment and financing activities. Proactive risk management strengthens institutional resilience and reduces potential negative outcomes.

Ethical and Responsible Investment

Priority is given to investments that create positive environmental and social impact while avoiding harmful or unethical practices. Such an approach reinforces institutional integrity and aligns financial decisions with sustainability values.

Continuous Improvement

Financial strategies and investment practices are regularly reviewed and updated in line with evolving sustainability standards and best practices. Ongoing improvement ensures adaptability and long-term effectiveness in achieving sustainability objectives.

Strategic Objectives



Integration of Sustainability into Financial Decision-Making: Ensure that all investment and financing decisions incorporate environmental, social, and governance (ESG) considerations. Promote alignment between financial planning and long-term sustainability priorities.



Promotion of Responsible and Impact-Oriented Investments: Support investments that generate positive environmental and social outcomes while maintaining economic viability. Encourage funding of green infrastructure, innovation, and socially beneficial projects.



Strengthening Financial Transparency and Accountability: Enhance transparency in budgeting, procurement, and investment processes through clear reporting and monitoring systems. Ensure accountability in the use and management of financial resources across all institutional levels.



Risk Reduction and Financial Sustainability: Identify and mitigate environmental, social, and financial risks associated with investment and financing activities. Strengthen financial resilience by promoting sustainable and risk-aware financial practices.



Development of Institutional Capacity in Sustainable Finance: Build institutional knowledge and competencies in sustainable investment and financing through training, partnerships, and knowledge-sharing initiatives. Support continuous improvement and alignment with international best practices.

Key Performance Indicators (KPIs)

Objective	Indicator (KPI)	Baseline (2024)	Target (2027)	Timeline	Responsible Unit
Integration of sustainability into financial decisions	Share of budget allocated to sustainable/green projects (%)	10%	30%	2024–2027	Finance and Procurement Department
Promotion of responsible investments	Number of sustainability-related investment or funding projects	3	10	2024–2027	Finance and Procurement Department / Research and Innovation Department
Risk management in financing	Share of financial decisions assessed for ESG risks (%)	20%	80%	2024–2027	Finance and Procurement Department
Institutional capacity development	Number of staff trained in sustainable finance (annual)	5	25	2024–2027	Human Resources Department

Implementation Mechanism

The implementation of the Sustainable Investment and Financing Policy at Mingachevir State University is carried out through a structured and coordinated mechanism designed to ensure alignment with strategic objectives and measurable outcomes. The process is guided by annual and medium-term financial plans that integrate sustainability priorities and Key Performance Indicators (KPIs). Each structural unit is responsible for incorporating sustainable finance principles into its operational and budgeting processes.

The Finance and Procurement Department plays a central role in coordinating implementation, supported by the Advisor on Economic Affairs and other relevant units. Financial decisions, including budgeting, procurement, and investment activities, are reviewed against environmental, social, and governance (ESG) criteria to ensure responsible and risk-aware resource allocation. Collaboration between academic, administrative, and financial units ensures that sustainability considerations are consistently applied across all institutional activities.

Monitoring is conducted regularly using defined KPIs, including the share of sustainable investments, funding allocated to green projects, and ESG risk assessments. Data are systematically collected, analyzed, and compared against baseline values and targets to measure progress. Periodic financial and sustainability reports are prepared and submitted to university leadership to support transparency, accountability, and informed decision-making.

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Governance and Responsibilities

Structure / Role	Responsibilities
Rector	Ensures approval and overall oversight of the policy, supports strategic financial decision-making, and allocates necessary resources for implementation.
Advisor on Economic Affairs	Leads strategic planning in sustainable investment and financing, ensures alignment with institutional priorities, and supports high-level financial decisions.
Finance and Procurement Department	Manages budgeting, procurement, and investment processes, ensuring that all financial activities comply with sustainability principles and ESG criteria.
Research and Innovation Department	Supports the development and funding of sustainability-related research projects and promotes innovative financial solutions.
International Relations Department	Facilitates partnerships and attracts external funding for sustainable investment initiatives and projects.

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Monitoring and Evaluation

Mingachevir State University ensures the effective implementation of the Sustainable Investment and Financing Policy through a systematic and continuous monitoring and evaluation framework. This process is based on clearly defined Key Performance Indicators (KPIs), baseline data, and measurable outcomes that enable objective assessment of financial sustainability performance. Monitoring ensures that all investment and financing activities remain aligned with institutional priorities and sustainability principles.

Monitoring activities are conducted regularly through coordinated institutional mechanisms, where data are collected on key areas such as the share of sustainable investments, allocation of funds to environmentally and socially responsible projects, ESG risk assessments, cost-efficiency indicators, and the level of external funding attracted. These data are systematically analyzed and compared with baseline values and established targets to measure progress and ensure compliance with policy requirements.

Evaluation is carried out periodically, typically on an annual basis, to assess the effectiveness, efficiency, and overall impact of financial decisions and investment practices. The evaluation process identifies achievements, highlights challenges, and determines areas requiring improvement, while ensuring alignment with national regulations and international best practices in sustainable finance.

The results of monitoring and evaluation are documented in structured reports and presented to university leadership to support transparency and accountability. These reports include performance analysis, identified risks, and evidence-based recommendations that inform strategic decision-making. Where necessary, corrective and preventive measures are developed and implemented to address gaps and improve financial performance.

In addition, stakeholder feedback—including input from academic staff, administrative personnel, and external partners—is incorporated into the evaluation process through surveys, consultations, and review mechanisms. This inclusive approach strengthens institutional learning, enhances transparency, and supports continuous improvement in sustainable investment and financing practices.

Furthermore, digital financial management systems and analytical tools are utilized to improve the accuracy and efficiency of monitoring processes. Continuous benchmarking and periodic review of financial strategies ensure adaptability and long-term effectiveness in achieving sustainability objectives.

Stakeholder Engagement

Mingachevir State University recognizes that effective implementation of the Sustainable Investment and Financing Policy requires active engagement and collaboration with a wide range of stakeholders. Stakeholder participation is essential for ensuring transparency, accountability, and the alignment of financial decisions with sustainability objectives. The university promotes a culture of shared responsibility, where all stakeholders contribute to responsible financial management and sustainable development.

Internal stakeholders, including academic staff, administrative personnel, researchers, and students, play a direct role in supporting sustainable financial practices. They participate in awareness initiatives, training programs, project development, and decision-making processes related to budgeting, procurement, and investment activities. Their involvement ensures that sustainability principles are integrated into daily institutional operations.

External stakeholders, such as government institutions, financial organizations, private sector partners, international agencies, and non-governmental organizations, also contribute significantly to the implementation of the policy. Collaboration with these partners facilitates access to funding opportunities, enhances knowledge exchange, and supports the development of sustainable investment projects aligned with national and global priorities.

The university encourages open communication and continuous dialogue with stakeholders through consultations, workshops, joint initiatives, and advisory mechanisms. These platforms enable the exchange of ideas, identification of emerging challenges, and development of innovative financial solutions.

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Alignment with Sustainable Development Goals

The policy supports **SDG 8** by promoting responsible financial management and directing investments toward sustainable economic development. It also contributes to building a competitive workforce and ensuring long-term institutional growth through efficient and ethical financial practices.

The policy aligns with **SDG 9** by prioritizing investments in modern infrastructure, research, and innovative solutions. It strengthens institutional capacity and supports the development of resilient and sustainable systems through targeted financing.

The policy contributes to **SDG 12** by ensuring efficient use of financial resources and promoting sustainable procurement practices. It helps reduce waste and encourages responsible financial behavior in line with sustainability principles.

Evidence and Reporting

Mingachevir State University ensures the effective implementation of the Sustainable Investment and Financing Policy through an evidence-based reporting and accountability framework. All financial activities, including budgeting, procurement, investments, and funding allocations, are systematically documented and analyzed to support informed decision-making and institutional transparency.

Financial and sustainability reports serve as key sources for evaluating policy implementation. These reports include data on budget allocation to sustainable projects, ESG risk assessments, funding distribution, and the performance of investment initiatives. Reports are prepared regularly and submitted to university leadership to support strategic planning and oversight.

Compliance data play an important role in monitoring adherence to financial regulations, sustainability standards, and institutional requirements. These data include financial performance indicators, audit results, and compliance with ESG criteria, ensuring that all activities meet established guidelines and best practices.

Survey results and stakeholder feedback are also used as evidence to assess awareness, satisfaction, and engagement in sustainable finance practices. Feedback from staff, students, and partners is collected through structured mechanisms and analyzed to improve financial strategies and decision-making processes.

In addition, statistical indicators related to sustainable financing—such as the proportion of green investments, external funding attracted, and efficiency of resource allocation—are tracked and evaluated over time. These data support continuous improvement, enhance accountability, and guide future financial planning and policy development.