KFUPM
جامعة الملك فهد للبترول والمعادن
King Fahd University of Petroleum & Minerals

Sustainable Investment Strategy

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Sustainable Investment, also known as socially responsible investment, is an approach to investing that considers not only financial returns but also the social and environment impact of the investment.

Sustainable Portfolio management in KFUPM follows these main principles:

- **ESG (Environmental, Social and Governance) investing:**

  Invest in businesses that strive towards achieving the sustainable development goals and show strong measures in the environmental and social fronts. Thus, the ESG score of a company shall be considered by the portfolio manager once considered for investing.

- **Ethical Exclusions:**

  We have prohibited businesses that are against the regulations of the country, businesses in sanctioned countries, and all businesses deemed to be unethical by international standards. We will prioritize investments that promote social justice, human rights, and equality.

- **Impact Investing:**

  Invest in businesses that yields to financial returns and positive social outcomes. We will assess the potential returns and risks of an investment and compare them to other investment opportunities.

- **Governance:**

  We will evaluate the governance practices of potential investments and prioritize investing in companies that have strong corporate governance, transparent reporting, and business ethics.

- **Monitoring:**

  We will monitor the performance of our investments to ensure they continue to meet our sustainable criteria. We will provide regular reports on our investment's environmental, social, and financial performance, including any challenges or setbacks we may face.

- **Fossil Fuel Exclusions and Divestment:**

  KFUPM excludes from its investment portfolio, and divests existing holdings in, companies whose principal activity is carbon-intensive fossil fuel energy. Thermal coal is excluded outright: the University will not hold securities of companies deriving more

than 5% of revenue from thermal coal mining or from coal-fired power generation, and any such holding identified will be divested within 12 months. For oil and gas, the University excludes companies engaged in the highest-carbon forms of extraction, including oil sands and Arctic offshore drilling, and will not invest in oil and gas companies that have not published an emissions-reduction plan aligned with the Paris Agreement; holdings that fail this test at annual review will be divested within 24 months. The portfolio manager reports annually to the Investment Committee on the exclusions applied, the holdings screened and the divestments completed.

By investing in projects that promote sustainability, we can create long-term value for our investors, our society, and the world.