Environmental Sustainability Investment Policy

BSBI School of Business and Innovation

CONTENTS

Introduction

The BSBI School of Business and Innovation (BSBI), a PRME Champion institution and member of the United Nations Global Compact's Principles for Responsible Management Education (PRME), is committed to embedding sustainability in all facets of its operations. This Environmental Sustainability Investment Policy ensures that BSBI's financial investments align with its mission to empower students and alumni to address global challenges and its strategic focus on ethical, social, and environmental responsibility. By prioritizing investments that support environmental sustainability, BSBI aims to contribute to Sustainable Development Goals (SDGs), particularly SDG 13 (Climate Action), SDG 7 (Affordable and Clean Energy), and SDG 17 (Partnerships for the Goals). This policy outlines guiding principles, objectives, and strategies to integrate environmental criteria into investment decisions, reinforcing BSBI's commitment to its sustainable campus design and leadership in responsible management education.

Purpose and Scope

This policy establishes a framework for incorporating environmental sustainability into BSBI's investment decisions, including endowments, operational funds, and research grants. It applies to all investment activities managed by BSBI's finance team, leadership, and external investment advisors across its Berlin campus and global operations.

Definitions of Key Terms

- **Sustainable Funding:** Financial investments in assets that promote environmental sustainability, such as renewable energy or green bonds, while delivering competitive returns.
- **Carbon Footprint of Investments:** The greenhouse gas emissions associated with investment portfolios, measured in tonnes of CO_2 equivalent (tCO_2e).
- **ESG Criteria:** Environmental, Social, and Governance factors used to evaluate the sustainability and ethical impact of investments.
- **Green Bonds:** Fixed-income securities issued to fund environmentally beneficial projects, such as renewable energy or energy efficiency initiatives.
- **Divestment**: The process of selling investments in companies or sectors that conflict with environmental sustainability goals, such as fossil fuels.

Guiding Principles

- **Environmental Impact:** Prioritize investments that reduce environmental harm and support climate solutions, aligning with SDG 13.
- **Ethical Governance:** Ensure investment decisions adhere to BSBI's policies on transparency and anti-corruption (SDG 16).
- **Long-Term Sustainability:** Focus on investments that deliver both financial returns and long-term environmental benefits.
- **Stakeholder Engagement:** Involve faculty, students, and PRME partners in shaping sustainable investment strategies.
- **Risk Management:** Assess and mitigate environmental and financial risks associated with investment choices.

Policy Objectives

1. **Achieve 50% of Investments in Sustainable Assets by 2030**
    - **Description**: Allocate 50% of BSBI's investment portfolio to sustainable assets, such as green bonds and renewable energy funds.
    - **Rationale**: Supports SDG 7 and BSBI's sustainable campus initiatives.
    - **Target**: Increase sustainable investments from 10% (2025 baseline) to 50% by 2030.
2. **Reduce Investment-Related Carbon Emissions by 60% by 2030**
    - **Description**: Reduce the carbon footprint of BSBI's investment portfolio by 60% compared to a 2025 baseline through divestment from high-carbon sectors.
    - **Rationale**: Aligns with SDG 13 and BSBI's commitment to climate action.
    - **Target**: Reduce emissions from 200 tCO_2e (2025 baseline) to 80 tCO_2e by 2030.
3. **Divest 100% from Fossil Fuel Investments by 2028**
    - **Description**: Completely divest BSBI's portfolio from fossil fuel-related companies and funds.
    - **Rationale**: Supports SDG 13 and BSBI's ethical investment commitments.
    - **Target**: Achieve zero fossil fuel investments by 2028.
4. **Integrate ESG Criteria in 100% of Investment Decisions by 2027**
    - **Description**: Apply ESG criteria to evaluate all investment opportunities, ensuring alignment with environmental sustainability.
    - **Rationale**: Enhances responsible investment practices, aligning with SDG 12 (Responsible Consumption and Production).
    - **Target**: Implement ESG criteria for all investment decisions by 2027.
5. **Train 100% of Investment Staff in Sustainable Finance by 2027**
    - **Description**: Provide all investment staff with training on sustainable finance and ESG criteria to ensure policy compliance.
    - **Rationale**: Supports SDG 4 (Quality Education) and builds capacity for sustainable investment.
    - **Target**: Train all investment staff (approximately 10 individuals) by 2027.

Implementation Strategies

Objective 1:

Achieve 50% of Investments in Sustainable Assets by 2030

Strategy: Allocate funds to green bonds, renewable energy funds, and sustainable ETFs.

- **Actions**: Conduct a portfolio review in 2025 to identify sustainable investment opportunities, allocate €500,000 annually to sustainable assets from 2026, and partner with ESG-focused investment firms. Budget €20,000 for advisory services.
- **Risk Mapping:**
  - **Risk**: Lower returns from sustainable investments.
  - **Likelihood**: Medium; **Impact**: Medium.
  - **Mitigation**: Diversify sustainable investments and consult with financial advisors to balance returns and impact.

  - **Risk**: Limited availability of high-quality sustainable assets.
  - **Likelihood**: Low; **Impact**: Medium.
  - **Mitigation**: Leverage PRME and EU networks to identify reputable sustainable investment opportunities.
- **Monitoring**: Track sustainable investment percentage quarterly via portfolio reports.

Objective 2:

Reduce Investment-Related Carbon Emissions by 60% by 2030

Strategy: Divest from high-carbon sectors and prioritize low-carbon investments.

- **Actions**: Conduct a carbon audit of the investment portfolio in 2025, divest 50% of high-carbon assets by 2027, and reinvest in low-carbon funds by 2028. Budget €15,000 for audits and portfolio restructuring.t
- **Risk Mapping:**
  - **Risk**: Financial losses during divestment.
  - **Likelihood**: Medium; **Impact**: Medium.
  - **Mitigation**: Phase divestment over three years and reinvest in diversified low-carbon assets.

  - **Risk**: Inaccurate carbon footprint data from investment managers.
  - **Likelihood**: Low; **Impact**: Medium.
  - **Mitigation**: Use third-party ESG data providers for accurate carbon assessments.
- **Monitoring**: Conduct annual carbon audits and report emissions in BSBI's sustainability reports.

Objective 3:

Divest 100% from Fossil Fuel Investments by 2028

Strategy: Implement a fossil fuel divestment plan with clear timelines.

- **Actions**: Identify fossil fuel-related investments in 2025, divest 50% by 2026, and complete divestment by 2028. Reinvest in renewable energy funds. Budget €10,000 for portfolio analysis.
- **Risk Mapping:**
  - **Risk**: Resistance from investment advisors prioritizing short-term returns.
  - **Likelihood**: Medium; **Impact**: Medium.
  - **Mitigation**: Align with advisors committed to ESG principles and communicate BSBI's ethical priorities.

  - **Risk**: Market volatility during divestment.
  - **Likelihood**: Medium; **Impact**: Medium.
  - **Mitigation**: Diversify reinvestments and maintain a reserve fund to absorb losses.
- **Monitoring**: Track divestment progress quarterly and verify completion by 2028.

Objective 4:

Integrate ESG Criteria in 100% of Investment Decisions by 2027

Strategy: Develop an ESG evaluation framework for all investment decisions.

- **Actions**: Create an ESG toolkit in 2025, train investment staff by 2026, and mandate ESG evaluations for all investments by 2027. Budget €15,000 for toolkit development and training.
- **Risk Mapping:**
  - **Risk**: Complexity of ESG evaluations.
  - **Likelihood**: Medium; **Impact**: Medium.
  - **Mitigation**: Use standardized ESG tools and hire consultants for initial implementation.

  - **Risk**: Limited ESG data for certain investments.
  - **Likelihood**: Low; **Impact**: Medium.
  - **Mitigation**: Partner with data providers like MSCI or Sustainalytics for comprehensive ESG metrics.
- **Monitoring**: Review ESG integration in investment decisions annually

Objective 5:

Train 100% of Investment Staff in Sustainable Finance by 2027

Strategy: Develop a sustainable finance training program for investment staff.

- **Actions**: Partner with PRME and sustainable finance experts to design a 10-hour curriculum in 2025, deliver annual workshops from 2026, and certify all staff by 2027. Budget €10,000 for training.
- **Risk Mapping:**
  - **Risk**: Staff time constraints for training.
  - **Likelihood**: Medium; **Impact**: Medium.
  - **Mitigation**: Offer flexible online training and integrate into professional development plans.

  - **Risk**: Limited availability of expert trainers.
  - **Likelihood**: Low; **Impact**: Low.
  - **Mitigation**: Leverage PRME network and online platforms like Coursera for training resources.
- **Monitoring**: Track training completion rates and staff feedback annually.

Roles and Responsibilities

- **Finance Department:** Implement policy, conduct portfolio reviews, and ensure ESG compliance.
- **Sustainability Committee:** Oversee policy implementation, monitor progress, and advise on sustainable investments.
- **Leadership Team:** Approve investment strategies and allocate budget for policy implementation.
- **External Investment Advisors:** Provide expertise on sustainable investments and align with BSBI's policy objectives.
- **Faculty and Students:** Offer input on investment priorities through PRME Champion initiatives and sustainability forums.

Monitoring and Reporting

- **Monitoring**: The Sustainability Committee will review investment portfolios quarterly, tracking sustainable asset percentages, carbon emissions, and ESG integration.
- **Reporting**: Annual sustainability investment reports will be published on BSBI's Policy Portal, detailing progress on objectives and compliance with guiding principles.
- **Audits**: External ESG auditors will verify investment practices biennially to ensure alignment with EU and German sustainability standards.

Review and Updates

This policy will be reviewed annually by the Sustainability Committee to incorporate new regulations, financial instruments, and best practices. Updates will be communicated via BSBI's Policy Portal and staff training sessions. The first review is scheduled for July 2026.

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