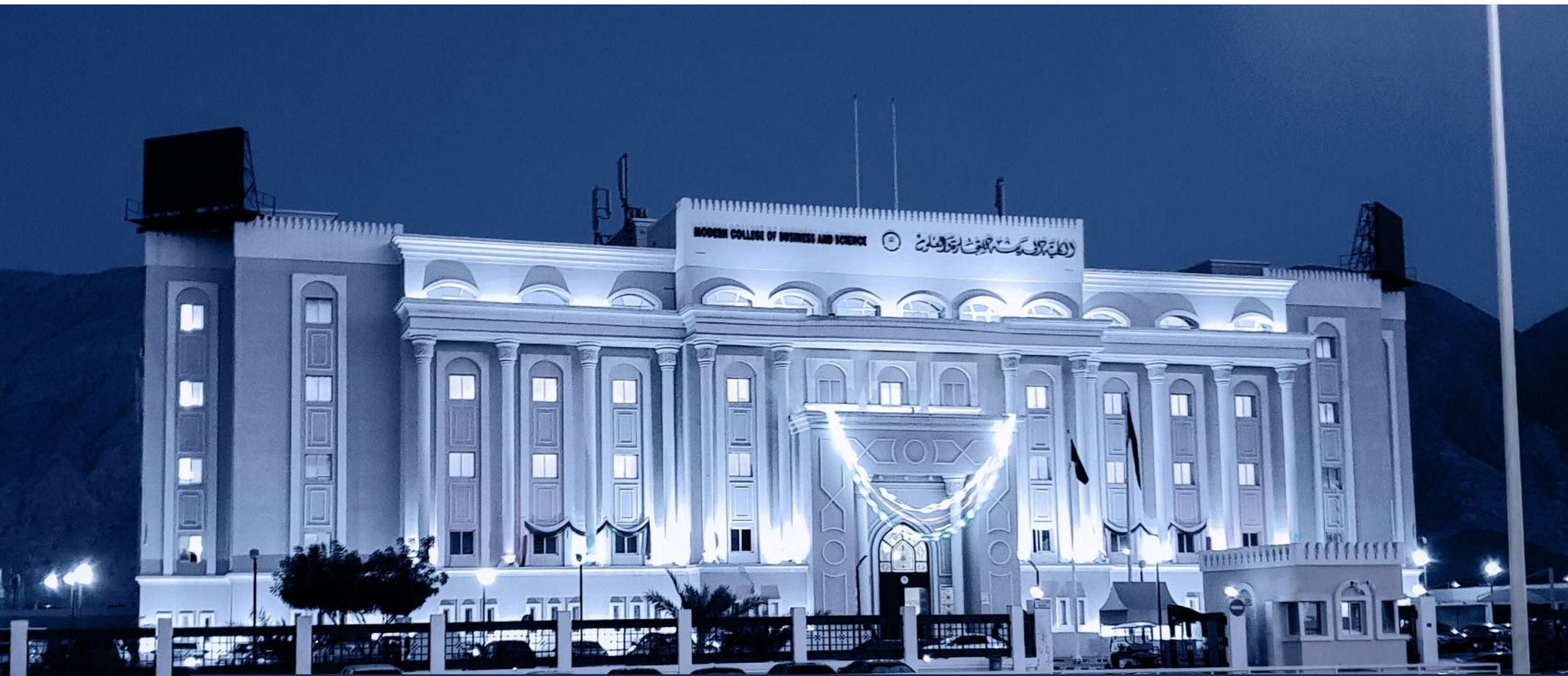

Policy on: Sustainable Investment

October 2024

Perspective	Institution		
Policy Owner	Head of Finance and Procurement		
Developed By	Department of Finance and Procurement		
Approval Body	**College Board**		
Policy History	**First Introduced**	**Revised Date**	**Effective Date**
Important Date	30.10.2024		30.10.2024
Review Cycle	Every 3 years		
Email	accounts@mcbs.edu.om		
Document No	MCBS-P-SP2-043 v1		

Revision			
	Date	**Revised By**	**Major Changes**
Revision 1			
Revision 2			
Revision 3			

1. Statement.

This policy is hereby developed to ensure maintenance of a sustainable financial structure, adapting to evolving economic conditions and external pricing adjustments set by the Ministry of Higher Education Research and Innovation (MOHERI).

2. Policy Purpose.

2.1 Ensure the ongoing financial viability of MCBS by managing short-term liquidity and long-term financial obligations.

2.2 Establish guidelines for maintaining an overdraft facility to address immediate liquidity needs, especially given delayed payments from MOHERI.

2.3 Outline strategic investments in educational technology and resources that support digital teaching and learning environments.

2.4 Highlight the measures taken to ensure seamless operation, particularly in challenging times, such as the COVID-19 pandemic, when a swift transition to online education was necessary.

3. Definitions and Abbreviations.

3.1 **IRQA:** Institutional Research and Quality Assurance.

3.2 **MCBS**: Modern College of Business and Science.

3.3 **MOHERI**: Ministry of Higher Education Research and Innovation.

3.4 **OMR**: Omani Rial.

3.5 **Operational Deficit**: A financial situation where operational expenses exceed revenue.

3.6 **Overdraft Facility**: A financial arrangement allowing the institution to withdraw more than its available cash balance, up to a set limit, to meet short-term cash flow needs.

4. Stakeholders.

This policy applies to:

- Executive Chairman
- Head of Finance and Procurement
- Assistant Finance Manager
- MCBS Procurement and Finance Staff
- Educational Technology and IT Departments
- All MCBS faculty and administrative staff

5. Procedures.

5.1 Overdraft Management

5.1.1 MCBS maintains an overdraft facility capped at OMR 1 million, subject to an interest rate of approximately 5%.

5.1.2 The Department of Finance and Procurement monitors usage of the overdraft facility, ensuring it is only utilized when necessary to manage short-term liquidity issues.

5.1.3 A review of overdraft usage and interest expenses is conducted annually to assess the necessity and cost-effectiveness of this arrangement.

5.2 Budget allocation for Innovation

5.2.1 Annual budgeting includes allocation for digital teaching aids (e.g., Interactive Smart Boards) and online educational training for faculty and staff.

5.2.2 IT and educational resources are funded to ensure smooth operations during unforeseen events, such as pandemics, where a shift to online teaching and examination might be required.

5.2.3 These investments are reviewed periodically to gauge their effectiveness in enhancing educational delivery and institutional resilience.

5.3 Operational Deficit Management

5.3.1 MCBS will assess operational expenses and revenue streams regularly to minimize deficits.

5.3.2 Efforts will be made to optimize expenses without compromising educational quality, prioritizing financial allocations that directly benefit students and faculty.

5.3.3 Alternative funding sources and cost-sharing initiatives may be explored to bolster revenue and minimize deficit impact.

5.4 Monitoring and Reporting

5.4.1 Monthly reports on cash flow, MOHERI payment delays, and interest costs associated with the overdraft facility are submitted to the Executive Chairman.

5.4.2 The Department of Finance and Procurement prepares a quarterly financial sustainability report, including key metrics on liquidity, borrowing interest, and educational investments.

5.5 Sustainable Investment and Governance

MCBS recognizes the importance of integrating sustainability into its financial decisions. To ensure responsible investment practices, the Financial Sustainability Committee, chaired by the Executive Chairman, will oversee sustainable investment initiatives. The committee's responsibilities will include:

5.5.1 Assessing investment opportunities based on Environmental, Social, and Governance (ESG) criteria.

5.5.2 Aligning investment strategies with MCBS's commitment to financial sustainability and ethical responsibility.

5.5.3 Conducting periodic reviews to evaluate compliance with sustainability standards and reporting findings to the College Board.

5.6 Negative Screening and Divestment

MCBS is committed to responsible financial management and will avoid investments in sectors that contradict the institution's values and sustainability goals. Specifically, MCBS will:

5.6.1 Exclude investments in industries that harm the environment, such as fossil fuels, deforestation-related businesses, and high-carbon-emission sectors.

5.6.2 Avoid companies with poor rights records, unethical governance, or involvement in industries such as tobacco and gambling.

5.6.3 Review the investment portfolio annually to identify and phase out non-complaint assets.
By applying negative screening, MCBS aims to reduce financial exposure to unsustainable industries while fostering long-term institutional growth.

5.7 Investor Engagement

MCBS believes that sustainable investment is more than just asset selection, it also involves active participation in shaping a responsible financial ecosystem. As part of its engagement strategy:

5.7.1 MCBS will work with its investment partners and financial advisors to advocate for ESG-aligned investment options.

5.7.2 The institution will exercise its shareholder voting rights in companies where it has investments, pushing for ethical governance and sustainable corporate practices.

5.7.3 Engagement reports will be compiled annually and reviewed by Department of Finance and Procurement to ensure that investment decisions align with MCBS's long-term financial and educational goals.
This approach ensures that MCBS not only invests responsibly but also contributes to broader financial sustainability initiatives.

5.8 Investment Holdings Disclosure

Transparency is a key pillar of MCBS's financial sustainability framework. To enhance accountability:

5.8.1 MCBS will publish an annual financial sustainability report, which will include:
- A snapshot of the institution's investment portfolio.
- The proportion of assets allocated to sustainable investments.
- ESG risk exposure and mitigation strategies.

5.8.2 The report will be made available to the College Board, faculty, and other relevant stakeholders.

5.8.3 MCBS will also explore integrating external ESG benchmarking tools to track and improve investment sustainability.
By ensuring transparent disclosures, MCBS aims to strengthen trust with stakeholders and demonstrate its commitment to ethical financial stewardship.

5.9 Percentage of Investments in Sustainable Assets

To support long-term financial sustainability, MCBS will set a minimum target for sustainable investments. Initially, the institution will aim to allocate at least 25% of its investment portfolio to ESG-compliant assets.

5.9.1 The financial Sustainability Committee will conduct an annual assessment to review:

5.9.2 This percentage will be revisited every three years to ensure alignment with MCBS's broader financial and academic priorities.
By setting clear investment guidelines, MCBS will continue to strengthen its commitment to responsible financial management while maintaining financial stability.

5.9.3 A review is conducted after every 3 years through a survey in *Appendix I* to measure the quality, appropriateness, and effectiveness of the policy and fill in the Policy Review Report in *Appendix II* before submitting it to IRQA.

6. Roles and Responsibilities.

6.1 Executive Chairman:

- Provides oversight on financial sustainability strategies and approves significant expenditures.

6.2 Head of Finance and Procurement:

- Oversees the implementation of this policy, managing liquidity, monitoring overdraft usage, and reporting on financial status.

6.3 Assistant Finance Manager:

- Assists in monitoring budget allocations, reporting financial data, and ensuring adherence to policy procedures.

7. References.

The development of this policy has, in a contextualized manner, benefited from the following documents:

1. This policy has been developed by referring to internal financial reports, MOHERI guidelines on pricing, and best practices in institutional financial management.

8. Appendices.

8.1. Appendix I: Policy Effectiveness Survey

POLICY EFFECTIVENESS SURVEY

This survey is used by stakeholders who are affected by the policy to evaluate its effectiveness and provide feedback to enhance the policy during the review cycle. The survey results should be used by the policy owners in generating the Policy Review Report.

Policy Title:	Date |Click or tap to enter a date.

Please answer the questions below to evaluate the quality, effectiveness and appropriateness of the policy. Provide detailed comments where necessary.

Sr.	Criteria	Agree	Somewhat Agree	Disagree	Any Suggestions/comments
1	The policy is aligned with the organization's mission, vision, and values	◉	○	○	
2	The policy is clear, concise, and easy to understand	◉	○	○	
3	The communication regarding the policy was clear and effective	◉	○	○	
4	It was easy for me to access the policy	◉	○	○	
5	There are no gaps or inconsistencies in the policy	◉	○	○	
6	The procedure was easy to follow	◉	○	○	
7	Overall, I am satisfied with the policy	◉	○	○	
8	What changes are required to improve this policy further?				
	Comments				

8.2. Appendix II: Policy Review Report

POLICY REVIEW REPORT

This form is used by policy owners to review their policies based on the policy effectiveness survey done by the stakeholders to help with updating/amendments/revision and to assist with evaluating whether the policy is achieving its intended purpose. This form should be sent to IRQA once filled in for evaluation.

PART A: KEY DETAILS	
Policy Title	
Perspective	
Date of Review	

PART B: INTERNAL AND EXTERNAL FACTORS
Are there any major changes that were done internally (organizational structure, mission, vision and values) and externally (affiliations, laws and regulations)
Comments: *Please elaborate on each factor if any.*

PART C: DESCRIPTION OF CHANGES
Are there any changes in the major components of the policy?
Comments: *Please explain on the changes made in the major components of the policy structure e.g: Statement, Policy Purpose, Procedures, Scope, Appendices etc.*

PART D: IMPACT OF CHANGES
Elaborate on the impact that the changes made would have on the policy implementation.
Comments: *Please explain how the policy changes would cause an impact after its implementation.*