

# Impact

## AZERBAIJAN



# SUSTAINABLE DEVELOPMENT IN PRACTICE

- ★ Sustainability as a Core Business Principle – How Leaders Can Adapt
- ★ Sustainable Development in Azerbaijan: Heading Towards a Green Transition
- ★ Circular Economy as the Path to Fair and Sustainable Future



# Welcome to AMCHAM

## Associate



## Members



## Issue 39

### Credits

#### AmCham Executive Director:

Gulnara Aslanbayli

#### Editor:

Aykhan Nasibli

#### Articles contributed by:

Bakhtiyar Aslanbayli

Joe Dybell

Vugar Samadli

Fidan Sadikhli, Rufat Mammadov

Alay Yaradanguliyev

Gumru Eyvazova

Ilkin Hajiyev

Javid Huseynli

Aida Bagirova-Aliyeva

Khayal Mammadov

Fidan Alakbarova

Gunay Huseynalizadeh, Ruhiyya Isayeva

Anar Isayev

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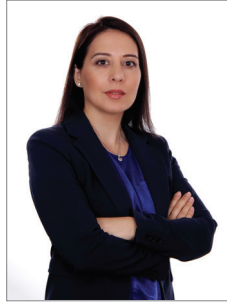
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editor@amchamaz.org

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## A Word From Executive Director of AmCham



Dear members,

Welcome to the 39<sup>th</sup> edition of IMPACT Azerbaijan magazine dedicated to Sustainable development in practice! In our aspiration to support sustainable development in Azerbaijan we became one of the United Nations Global Compact (UNGC) signatories on March 1, 2021. Following Sustainability Policy developed based on the UNGC principles, AmCham Azerbaijan is committed to encourage member companies and local businesses to transform their strategies towards adopting essential values of responsible governance and

their implementation in compliance with sustainability practices around the world.

While working on several initiatives to embrace our commitments, AmCham also continuous to promote women's inclusion and economic empowerment through the activities of Chamber's committees. In supporting these goals, we reiterate our belief that women's inclusion will significantly contribute to long-term economic growth and sustainability that will improve livelihoods across Azerbaijan.

One of the significant benchmarks of AmCham was presenting subsequent edition of AmCham's main policy document - White Paper, covering more than 80 recommendations for variety of sectors that is aimed to strengthen Azerbaijan's business environment, and the country as a whole.

To highlight optimal solutions following the turbulent times in the country, Online Annual Tax Conference was organized jointly with the State Tax Service dedicated to "Tax Regulation of the Economy in the Global Pandemic and Post-war Period - Sustainable Economic Growth and a Favorable Investment Climate".

We are proud to have organized 3<sup>rd</sup> annual AmCham Conference on "Ethics and Compliance in Azerbaijan" that became a great platform for ensuring compliance of businesses in Azerbaijan with relevant laws, regulations, and ethical principles, as well as developing a culture of integrity within the business community of the country was emphasized.

Even more, we continued our efforts on maintaining public-private dialogue and there were organized variety of events with engagement of high-level government officials.

I highly appreciate our members' contribution to IMPACT Azerbaijan magazine. I am sure you will find it interesting and informative!

Wish you the best of success in your businesses!

Best regards,

**Gulnara Aslanbayli**

## Editor's Comment



Dear friends, members of AmCham Azerbaijan

It is my pleasure to welcome you within 39<sup>th</sup> edition of IMPACT magazine, devoted to Sustainable Development in Practice. In recent years, even with the pandemic situation globally, sustainable development has been one of the major issues touching to different fields. Both public and private sectors have accumulated stock of lessons learned which are in the process of converting into more realistic and tangible outputs. Herein, within this edition, experts of AmCham member companies have touched to different angles of sustainable

development, it's further implementation and perspectives.

Using this opportunity, I would like to appreciate for our advertisers – Nobel Energy, Reisswolf Azerbaijan, IMA-ENERGY and Deloitte Azerbaijan for enabling this issue to get published on time.

Enjoy reading the magazine.

**Aykhan**

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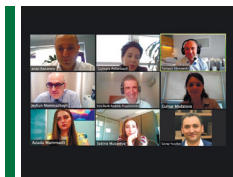
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# Shah Deniz 25 - a proud moment for all of us



## Bakhtiyar Aslanbayli

bp's Vice President for the Caspian region, Communications and Advocacy

And more than that. Very few projects have the ability to define the future of a country and change the energy landscape of a region. Shah Deniz is among them.

After ACG, Shah Deniz is the second largest foreign direct investment made in Azerbaijan and as such it has further strengthened the country's economy. I would even say ACG and Shah Deniz have played an equal role in Azerbaijan's proud history of energy leadership bringing a tremendous boost that has underpinned the unprecedented revival, development and growth of the nation and the entire region over past two decades.

These two projects together in fact opened a new chapter in the country's history laying the secure foundation of the economic renaissance which Azerbaijan experienced after regaining independence.

The 25<sup>th</sup> anniversary is also a historic milestone as it marks the first ever connection of Azerbaijan's resources directly to European markets. Azerbaijan has been producing oil and gas for the world for almost two centuries and in fact is the birthplace of the world oil industry, but it is the first time that it is directly linked to Europe and this has become possible through Shah Deniz as the gateway to the Southern Gas Corridor.

We in bp believe that among many other occasions 2021 should also be remembered as the year of Shah Deniz. And rightfully so, as Shah Deniz marked this year its 25th anniversary and this is the most fitting time to once again reflect on what Shah Deniz is for all of us – Azerbaijan, the region and the world.

We all know that Shah Deniz is Azerbaijan's biggest gas project. However, not everyone knows that as a project it is one of the largest and most complex endeavours ever undertaken by the global oil and gas industry. This is truly a giant field and an amazing development project.

Anything about Shah Deniz is nothing less than amazing. When signing the PSA 25 years ago nobody could guess that just three years later - in 1999, the project would discover one of the biggest gas-condensate fields in the world. With its world-class reservoir containing over 1 trillion cubic metres of gas and 2 billion barrels of condensate initially in place, it represents the largest gas discovery in bp's over 110-year history.





Clearly, the project is not only significant for the country and the region. It has a huge global significance.

President Ilham Aliyev once said about the Southern Gas Corridor that it would change the energy map of Europe and open up additional opportunities for Azerbaijan and the countries in the region. This is absolutely true for the entire Shah Deniz project. Shah Deniz has been pivotal for many countries to shape up as energy hubs, particularly for Turkey as a regional energy hub and for some of the European Union countries.

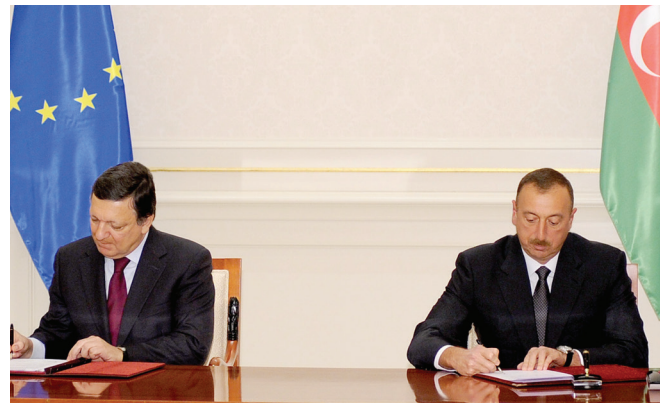
As we know, the EU has relatively little in the way of gas reserves. In fact, Azerbaijan alone has gas reserves equivalent to more than 75% of the total gas reserves of Europe. So, it made sense for Europe to get access to Azerbaijan's gas supplies and today Shah Deniz is the main source of those supplies making Azerbaijan a reliable energy partner of Europe that significantly contributes to EU's energy security.

Shah Deniz can also be described as a technological revolution for the Caspian, so big is its significance to the industry. It is not only a large, flagship project but also a ground-breaking one in terms of technology.



In particular, I mean the numerous industry firsts in the technology deployed at Shah Deniz 2.

For example, there is a very large subsea production system consisting of 500 kilometres of flow-lines connecting 10 subsea manifolds and 26 subsea wells. In addition, across the five flanks, the subsea production hub uses foundation base structures, numerous tie-ins and interconnectors, control line umbilical and three export pipelines. These subsea structures are at the top of the technology. They are specifically designed and built to operate in what is known as one of the most demanding and challenging drilling environments in the world. They are capable to handle the extremely complex nature of the field's high pressures and flow rates.



Another example is what we call the HIPPS valve - High Integrity Pressure Protection System. On the Shah Deniz seabed, geohazards such as active mud volcanoes and soft soil make operations extremely challenging. And beneath the seabed, the environment is even tougher. So, HIPPS addresses the fact that the reservoir is six kilometres below sea level with some of the highest pressures in the world. The HIPPS valve is capable of shutting in just 15 seconds and so makes an important contribution to the safety of the operation.

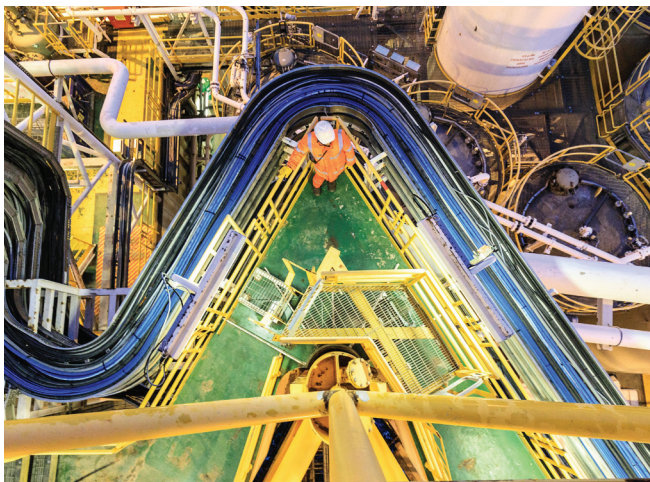
There's also, for instance, the Waste Heat Recovery technology that helps Shah Deniz improve the carbon footprint of its plant at the Sangachal terminal contributing to the clean environment efforts. It consists of innovative units that are physically attached to the gas turbines of the compressors to collect exhaust gas, recycle it and use to provide heat for the terminal. In terms of numbers, this technology reduces annual Shah Deniz plant emissions by around 110,000 tonnes of CO<sub>2</sub>. And this is equivalent to two flights between London and Baku every day during one year.

These are just a couple of examples of ways in which Shah Deniz is a leader in the global energy industry. There are many more that are efficiently operating and I believe many more that we will see over time.



We are really proud that today the Shah Deniz story continues even more rapidly and successfully. The project is well positioned to deliver all of its commitments to the regional and European markets.

Despite the pandemic, Shah Deniz is firmly progressing towards further ramp-up of production to its plateau level. We are currently focused on the remaining subsea construction activities and the wells programme to start up new flanks within Shah Deniz 2. Just a few months ago the project achieved its biggest milestone planned for 2021 - the start-up of production from the East South flank at 540m water depth. This milestone was delivered safely, on schedule and within the budget. The flank reached its full production rates in the third quarter of 2021. As a result of the production ramp-up from the East South flank, in July 2021, the daily production rates of the Shah Deniz Bravo platform reached the Shah Deniz Alpha rates for the first time.



Currently, Shah Deniz can produce about 70 million standard cubic metres of gas per day which makes more than 25 bcma meaning that we are close to the total plateau production from stages one and two - 26 bcma of gas and over 100,000 barrels of condensate a day.

Looking to the future, the Shah Deniz production sharing agreement has been extended up to 2048 which allows the investors to further expand the development of the field undertaking further exploration and appraisal work on the prospects in this giant field. So, Shah Deniz is set to carry on delivering energy for many decades to come.

The fact that in its 25th year Shah Deniz has delivered all that it promised at the start makes us feel immensely proud to be part of this great project which is so much important for the world and so much strategic for Azerbaijan.

The success of Shah Deniz is a joint achievement of all parties involved and most importantly the achievement of the government of Azerbaijan and personally that of President Aliyev. This is a project that could only be undertaken collectively because of its scale and complexity. It was realized only through the huge efforts of the President of Azerbaijan, the Azerbaijan government, other regional and European governments, SOCAR, other national and international organisations, co-venturer and contractor companies, communities, tens of thousands of people involved in the operations and the construction works along the Southern Gas Corridor across many countries.

Together, we have made this project one of the most successful partnerships in the world that delivers value to all stakeholders and will continue to bring benefits for many years to come. This great project has brought together the experience and resources of all parties involved and in this 25<sup>th</sup> year of successful delivery we would like to thank all of them for their support, partnership and participation.

#### **Biography of our guest**

**Mr. Bakhtiyar Aslanbayli** is bp's vice president for the Caspian region, communications and advocacy.

Mr. Aslanbayli has been with bp for 20 years and has held a number of leadership roles across the communications and external affairs, tax and customs, ethics and compliance as well as business services teams.

In addition to his professional activities, Mr. Aslanbayli is also a visiting lecturer of Baku State University, ADA University and Baku Higher Oil School. He is the author of one book and more than 50 professional articles and commentaries. He holds bachelor's and master's degrees in International Relations from Baku State University.

In 2017, Mr. Aslanbayli was awarded the 'Progress' medal by the President of Azerbaijan for his significant contribution to the development of the oil and gas industry in the country.





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# Key drivers of Modern Day – Business Optimization and Sustainable Development



Special interview with  
**Joe Dybell**  
 CEO, AVT Logistics  
 Veyselglu Group of Companies (VGC)

consumers choice, while giving businesses access to all consumers across the nation, rather than a small area an individual producer can reach himself. We work with nearly 15,000 stores we deliver international brands and locally produced products to. This reflects our commitment to respond to our consumers' need for a wide and diverse variety of products. This choice allows consumers to spend on things that they really want and need in their local marketplace, allowing more stores to be opened, paying more rents and more profits along the supply chain, and – ultimately - paying more taxes to help the country grow. Our core purpose is to meet the needs of our business partners with continual improvement in costs and reduce the number of kilometres driven on the roads: we do this by combining the products of many suppliers into a single delivery. This reduces the costs of getting a product to market, which allows us to reduce prices giving more consumers access to the products we deliver. Less kilometres on the road also reduces the fuel we burn and improves the carbon footprint and makes the air cleaner. Effective supply chains are good for consumers, businesses, landlords, and the country.

*Veyselglu Group of Companies (VGC) is a progressive and multi-faceted FMCG group that encompasses various areas of the supply chain, from production, to distribution, to logistics, to direct interaction with customers through its supermarket chains. VGC genuinely believes that sustainable business models and constant innovation to ensure efficiency are not just trendy subjects for presentations and public discourse, but rather the only viable way for economic growth. Its companies have people and consumers at the heart of their business philosophy. We speak to Joe Dybell, the CEO of AVT Logistics, one the Group's most dynamic and innovative companies.*

**How does your company's primary business – logistics - contribute to building a sustainable economic model? How are supply chains even relevant to sustainable development of a company or a country?**

Our primary business is logistics indeed. Logistics business like ours help businesses and countries to grow by giving

**Talking about sustainability, lots of people mention recycling? Have you introduced any of it to your company's operations?**

That's true, recycling can make things more cost-effective and environmentally friendly, as in reducing operational costs and using waste wisely. We have introduced recycling on our distribution centre's plastic wrapping, cardboard waste and wooden pallets. We are just about to invest in plastic returnable crates to reduce the number of boxes we buy and expect to roll that out to all businesses over the coming years. We're considering introduction of recycled tyres to be used on our trucks. We are working on a number of initiatives to reduce the use of plastic and cardboard and investigating automated solutions to help us make progress. A centralised supply chain is more effective than a direct to store model by combining many supplier orders into a single delivery.



***Your storage facility is known as one of the largest in the South Caucasus. How do you ensure food safety and high standards of storing and looking after the products?***

The key to food safety is to maintain products at the correct temperature and humidity. We have specialist refrigerated buildings that keep the products at perfect temperature and humidity: plus 15 centigrade for fruit and vegetables, and minus 18 centigrade for frozen food. We check the product as it arrives to ensure that it has been held at the right temperature and it is in good condition - we store it at the right conditions and then deliver the products on special refrigerated lorries to ensure it gets to the store in the best possible condition. We also comply with other principles of sorting and storing goods in the right manner. To put it bluntly, food products are stored separately from homeware goods, such as cleaning products or detergents, for instance. We take all of these fundamental principles very seriously and fully comply with industry rules, as well as common sense. After all, our main job is to make sure that our products are stored correctly and delivered to the markets safely and in a timely fashion.

***What about much talked about food security? How did you ensure it during the pandemic when most of the supply chains suffered severe disruptions?***

Food security, it goes without saying, is one of our key measures. Firstly, we only deal with credible suppliers to ensure all the products we have are genuine. For instance, if an agent is representing an international supplier, we then get assurance from the manufacturer that this person is genuine. We worry about our credibility so that customers don't have to. During the pandemic we rented extra warehousing and bought additional stock of essential items to try to keep supply constant for our customers. We have made a pledge that even if supply chains are disrupted severely for four months, we have enough stocks in our facilities so that our customers do not face any deficit of essential commodities. At peak times, we have clever algorithms that forecast our needs so that when a supplier shuts down for a seasonal event, we make sure we have extra stock to keep supplying our customers. All our facilities have monitors and automatically alert us if there

are any issues with temperature or humidity for an emergency action to be taken at once.

***There's lots of discussions about human capital and how companies look after their workforce. Have you introduced any practices to ensure professional development, as well as health and safety of your staff?***

Our people are our most important asset. Therefore, their safety, as well as the safety of every person we get close to, is of paramount importance. The teams in our distribution centres are well trained people who have been provided with safety wear and supported by health and safety briefings and supervisors who monitor them and compliance. We have introduced a culture in which everyone is encouraged to express their professional opinion in a genuine manner, in order to identify any potential threats for us to preempt and eliminate. As a matter of fact, all our trucks are monitored with GPS showing not only where they are but speed and quality of driving. This is meant to ensure that the drivers, and the general public are safe. Our supervisors and management staff are a great talented team who not only do their job and keep everyone safe, they are also working on the development of their successors. For instance, we have introduced a scheme called 'From Worker to Expert' ('Fəhlədən Mütəxəssisə' in Azerbaijani) that aims to assist our rank-and-file staff to develop their skills and experience in order to get promoted to supervisor or managerial positions. We are also introducing a balanced score card to ensure that our managers develop into stronger leaders for the future. We have been holding training sessions on many subjects to encourage our people to think. Most recently there was a thought-provoking talk held by one of our advisory board members on the 'Amazon model' with one of the biggest supply chains in the world. We, therefore, constantly asking ourselves about what we can learn from the likes of Amazon and other successful companies and replicate the best practices here, in Azerbaijan.

***Logistics and supply is quite an expensive operation that ultimately affect prices on the market? How does your approach ensure sustainable business model? Does it affect at all your ability to offer good value for money, as far as ordinary customers are concerned?***

Logistics is an expensive operation to set up, and it also needs a visionary leader of the business to lay out a long-term strategy. Some logistics buildings operate for 40 years or more. The size of land, shape of building and location in the country requires a considerable understanding of the market and what your objectives are. Once you have defined your strategic goals, centralised logistics and supply is cheaper than each supplier delivering to each store. Therefore, a central approach actually reduces prices for consumers, and allows your business to give a better offer of local or regional products for all consumers. Most of all, a centralised business reduces the number of trucks on the roads saving fuel, making less congestion and helping towards cleaner air in our cities.



## About us

Founded over 30 years ago in Hamburg (Germany), REISSWOLF is currently one of the top five European companies in the field of physical and digital document archiving, as well as document destruction. We continue to work not only in Europe, but also in Azerbaijan.

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### Countries

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## What have you been doing to make your operation more efficient, less labour intensive, hassle-free and paperless, perhaps?

'What we are doing to become more efficient?' – that's a very good question that we keep asking ourselves all the time. In fact, we, people in logistics, spend every hour considering how to become more effective. There is a subtle difference that we in logistics are obsessive about; efficient is 'doing things right', that is you try to do your task quickly, while effective is 'doing the right things' – that is when you express all your energy on making every task fit for the consumer. We have already introduced paperless order assembly with a scanning machine, but we already investigating the possibility of assembling an order using voice commands. This should take seconds off each order that will eventually add up to hours that is value for a consumer. We are building a fresh and frozen distribution centre to get control of quality and bring down prices in fresh foods. We are investing in bigger trucks to take more cars off the roads. We are implementing automatic ordering for our businesses to reduce inventory and give consumers fresher products. We are not fully centralised yet, but we are certainly determined get there by taking more and more trucks off the roads and delivering in a more cost-effective manner to keep prices low for the consumer. We have plans for collecting supplier deliveries on our return journeys and using our forecasting algorithm to predict demand better and stay in stock of all products. But let me repeat what I said earlier: I do genuinely believe that our staff are our greatest asset. So we listen to our people and get our systems to work in line with their suggestions, that is how 'tweak' things to make the whole process easier, more logical and efficient. At the end of the day, it's our people who make the difference, not just algorithms or equipment. People matter indeed. In the last few years we created more than 2000 jobs. Moreover, many of our people in managerial positions started their job on the floor as an ordinary order picker, while now they are supervisors or managers. So we give people careers, not just jobs. We listen to them and work with them on their ideas. Every day is a new day and a chance for us to become more effective in one area or another. And throughout this challenging process we try to always recognise the exceptional efforts of our team.

## Biography of our guest

**Mr. Joe Dybell** is an international retail executive with 30 years of experience delivering change in FMCG business. Mr. Dybell offers a vast experience in strategic planning, the development of processes, disciplines and routines to develop reliable and efficient operations. Through his professional activities he has developed a good understanding of multicultural issues having extensively worked in UK, Europe and Asia. He has been leading transformational change in operations and supply chain leadership. Joe has led AVT Logistics, part of the Veyseloglu Group of Companies, since September 2021.



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# Smart Village Concept for Sustainable Development



**Aida Baghirova-Aliyeva**  
Head of compliance unit at  
Legal department  
Bank Respublika

Talking about Sustainable Goals, the first thing that comes to the mind is the Global Goals, which were adopted by the United Nations in 2015, as a universal call to action for ending poverty, protecting the planet, and ensuring all people enjoy and prosperity by 2030. Today, each country aims for zero corruption, hunger, AIDS, discrimination against girls and women.

According to United Nations Population Fund statistics, more than half of the world's population live in cities. These numbers are increasing continuously, nevertheless. The massive urbanization will present a new demand for water, food, waste, as well as create scarcity of resources, air pollution, human health concerns, traffic congestion, and deteriorating of infrastructure management challenges in coming decades. Hence, smart city/ villages can make such serious changes and solve emerging technical and social problems. In partnership with local government and the private sector, the notion of smart city/ villages aims to identify opportunities and solutions by transferring knowledge and path breaking works for needs of people. Based on these principles, specific smart solutions for rural areas can achieve great local economic development with better interrelationships and improved services, fast growing emerging economy, and improved quality of life.

After the glorious Victory, Azerbaijan had to speed up the need to re-establish cities and villages which are now free from occupation. The whole territory has been devastated, and there is no proper infrastructure. Currently, the region requires economic, social and environmental development.



Herein, to develop rationally the Karabakh region, the smart city/ village concept became a priority. Thanks to the Presidential decree, the government of Azerbaijan has rolled out a project for establishing smart villages in the territories liberated from Armenian occupation. Hence, a new approach, with certain type of innovations shall be developed.

After signing tripartite declaration - among Azerbaijan, Armenia and Russia, Azerbaijan has been taking over the principles of Sustainable Goals to set up new smart city/ villages. In January 2021, the President of Azerbaijan, H.E. Ilham Aliyev, declared that settlements recently liberated from the Armenian occupation will be reconstructed based on smart city/ village format. To achieve this, it is necessary to overcome the challenges associated with mapping out a complex strategy that involves public and private participants, including relevant product vendors and IT infrastructure providers. Smart city initiatives need to invest in infrastructure with intelligence, handle the data load and support accurate analytics tools in order to react quickly and responsibly. The government is taking respective steps, including widening access to internet, making it cheaper and more accessible, and digitalizing communal services. Azerbaijan takes steps on digitalizing the trade and on 24–25 September 2018 held its first e-trade event, organized with the European Union and UNCTAD. Online commerce in Azerbaijan is at the development stage and has great prospects for future growth. Hence, the private sector, especially IT industry, is working closely with the finance-banking sector in order to expand its digital banking services among its consumers, by getting payments or execution transactions instantly.

Despite of all challenges, to set up smart city/villages is doable and possible. Interaction between the government and private sector has translated into reality in Karabakh region. Azerbaijan is already completing the implementation of the smart villages in Zangilan and another smart village in Fuzuli region (Dovlatyarli village) is nearing completion. Smart agriculture, water management, smart education, smart healthcare and other public services will ensure sustainability and prosperous for people living in the region. Any development is in tune with strong and global partnership.

## Author's biography

**Mrs. Aida Baghirova-Aliyeva** works as a head of compliance unit at Legal department, Bank Respublika OJSC since July 2021. Before joining to Bank Respublika she worked at the leading freight forwarding company ADY Express LLC (subsidiary of Azerbaijan Railways). Aida carries years of experience in Unibank in capacity of lawyer at legal division. Aida Baghirova-Aliyeva has graduated from the National Aviation Academy in international law with honors and was awarded DAAD scholarship.

# Nobel Energy is Building Innovative and Sustainable Business



**Vugar Samadli**  
CEO, Nobel Energy

prosperity, while considerably reduce carbon emissions. In order to address this dual challenge, energy companies, as well as many other big businesses are transforming.

## Sustainability-focused business

Nobel Energy wants to help businesses turn their ambition into action, as well as be part of the solutions. For that reason, the company is transforming to help all its stakeholders get affordable and reliable energy, while reducing environmental impacts.

Nobel Energy is laying out a new strategy that will support the business transform from an Oil and Gas Services company to an Integrated Energy Production, Development and Services company, concentrated on delivering safe, agile, efficient and sustainable solutions for customers.

Nobel Energy wants to be a catalyst for meeting the changing energy needs of the world and customers by increasing its focus on people, technology, and innovation. The good news is that the company has many years of multi-segment experience and the right ingredients – visionary approach, proven expertise, and integrated solutions – to meet the needs of all stakeholders.

In order to support the company's enhanced approach to sustainability, the new strategy is built around three key areas of activity: add sustainable energy line, become diversified, and keep innovating.

Nobel Energy is confident that in addition to reducing the climate change risks, renewable energy sources will offer some tangible economic benefits too, by providing energy security (through reliable power supplies and fuel diversification) and economic development (via injecting new capital investments and creating new jobs).

As part of its new sustainable energy line, Nobel Energy is set to develop renewables business to help its customers and the world achieve safe and cleaner energy solutions.

Nobel Energy is planning to further diversify its business by setting up new services and products in targeted markets. Providing advisory services in the energy transition context will be among them.

The world has entered into a new phase that is going to reshape the way of doing business. The reality is working safely and efficiently is not just enough – it needs to be done sustainably. Businesses need to make sure that while pursuing their objectives they don't compromise the opportunities of the future generations to follow their goals. In other words, while doing business, on top of economic interests, businesses should also meet environmental and social requirements.

Given the importance of sustainability for the world, all major players, governments and businesses have been increasingly joining the forces to tackle one of the biggest threats the world has ever faced – climate change.

While this huge threat to the world is chiefly caused by the excessive amounts of greenhouse gases into the atmosphere, another big reason is overexploitation of resources.

The challenge here is that the world needs more energy to support continued global economic growth and increasing



Nobel Energy is confident that in addition to reducing the climate change risks, renewable energy sources will offer some tangible economic benefits too, by providing energy security and economic development.

It is expected that the diversification will generate values both for customers and societies, as well as expand Nobel Energy's business horizons to scale revenues.

Nobel Energy is well aware that to achieve substantial results on sustainability we are highly dependent on innovative digital and computer technologies. The company is also assured that technology alone will not be enough to achieve the desired outcomes and it is therefore will be placing even greater importance on people development – the driving force behind all possible technological breakthroughs.

To support these activities, Nobel Energy will count on two of its key enablers – integrated systems and strategic partnerships.

For many years, the company's established integrated services model has helped Nobel Energy to optimise end-to-end service delivery and provide effective and efficient solutions to its customers. To achieve its transformation objectives and deliver overarching and agile solutions for customers, Nobel Energy will build on this successful business model and pull together all the Group resources and expertise.

Needless to say that partnering with technology companies is highly beneficial in many ways, offering more cost effective solutions and helping further develop organization's technical expertise on top of other proven benefits. To this end, Nobel Energy will partner with tech giants who can help the company drive progress, provide skills it may not have to deliver agile and sustainable results.

### Plans vs. actions

Nobel Energy is on its way to building innovative and sustainable energy business over the next 10 years with a goal to achieve 5GW of installed mix of thermal and renewable energy generation capacities. The company aims to put these into action through investments, partnerships and Build-Own-Operate / Build-Operate-Transfer models starting geographically in Azerbaijan and expanding to Eastern Europe and Americas regions.

Nobel Energy has started stepping into the renewable and alternative energy pathway by looking at its own group-wide operations through increase of sustainability in its own business operations and improving the business model through an innovative approach. The next step is to work across its Group of companies by developing and where possible introduce electrification, waste reduction and decarbonization initiatives.

These various scale projects will demonstrate the ability of Nobel Energy to exercise and demonstrate what can be done with the built-in strengths.

Nobel Energy also committed to several initiatives announced by the government of Azerbaijan, such as participating in the auction for wind power plant installation in the liberated



Kalbajar and Lachin regions announced by the Ministry of Energy and a gas-powered thermal power station under build-own-transfer model. The company is ready to use its competitive advantages but importantly has established necessary partnerships to bring the knowhow and technical capability for these projects.

At the same time, there is a conceptual study under the development for a Renewable Energy Hub in partnership with foreign co-investors. This is expected to service industrial customers in the Absheron region resulting in the increase of sustainability of operations and supporting our country in achieving the Paris Climate Agreement and COP26 goals. This major study will be completed by the end of 2023 and will be a major contributor driving Azerbaijan's energy transition. Nobel Energy's network allows the company to build a robust energy projects' pipeline that goes beyond borders and gain



To achieve its transformation objectives and deliver overarching and agile solutions for customers, Nobel Energy will build on its successful business model and pull together all the Group resources and expertise.

access to the markets of Georgia, Ukraine, UK, Kazakhstan, USA, and Turkey where we have had presence, and other geographies through the strong relationships with Nobel Energy's local and globally operating business partners. Currently there are up to 1GW of project capacities under review for feasibility and investment with a goal to reach and wherever possible exceed targets.

All in all, starting 2021, Nobel Energy has been actively seeking and developing partnerships inside and outside of the country, jointly with the governments and private corporations, to unlock their potential for energy transition and will continue to do so.

**Biography of our guest**

*Mr. Vugar Samadli is CEO and the Member of the Board of Directors at Nobel Energy with over 16 years of international experience, knowledge and expertise in the oil and gas industry. Prior to his current role, Mr. Samadli was Chief Operating Officer of Nobel Energy. He was appointed CEO at Nobel Energy following his valuable contribution to effective management of Nobel Energy Group's operations, and support in achieving the Group's strategic goals.*

*Mr. Samadli has held a number of senior management roles over the past seven years. In 2013, he assumed the role of General Director of Oil & Gas ProServ, a joint venture between SOCAR, Siemens and Target Petroleum. Before joining Nobel Energy in 2015, he was General Director of Global Energy Solutions, an affiliate of Nobel Energy.*

*Mr. Samadli started his career in 2003 in BP where he quickly advanced through increasingly challenging roles and projects. Following his BP tenure, he held executive positions at DETAL Holding and Azelektroterm. In 2009-2013, Mr. Samadli worked at John Crane as a regional manager for Azerbaijan, Georgia and Central Asia.*

*Vugar Samadli has a Bachelor's degree in Mechanical Engineering from Middle East Technical University, Turkey and Master of Science in Mechanical Engineering from University of Florida. He holds a diploma in Project Management from George Washington University and studied executive MBA with SMITH Group. Currently, Mr. Samadli is carrying out a scientific research and working to defend his PhD dissertation on Chemical-Mechanical Engineering at the Azerbaijan National Academy of Sciences.*

*In 2019, Vugar Samadli was awarded 'The Taraggi Medal' by the President of the Republic of Azerbaijan for his services in the development of the country's oil industry.*



An aerial photograph showing a two-lane asphalt road that curves through a dense, lush green forest. To the left of the road is a large, calm body of water, likely a lake or reservoir, which reflects the sky and the surrounding trees. Several cars are visible on the road, including a red car, a blue car, a green car, and a white truck. The overall scene is peaceful and scenic, emphasizing a connection between nature and infrastructure.

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# Sustainable Development in Azerbaijan: Heading Towards a Green Transition



**Fidan Sadikhli**  
Head of Climate Change & Sustainability Services at EY Azerbaijan



**Rufat Mammadov**  
Sustainability consultant at EY Azerbaijan

## Part I. The climate emergency

Today, climate change is a serious issue for many communities around the globe and wider population will be affected in the future. The recent scientific findings pertaining to global climate change are unanimous about the scale and urgency of global warming. According to the latest report of the Intergovernmental Panel on Climate Change (IPCC) published in 2021<sup>1</sup>, many of the climatic changes that are observed today were not seen in the last 100,000 years.

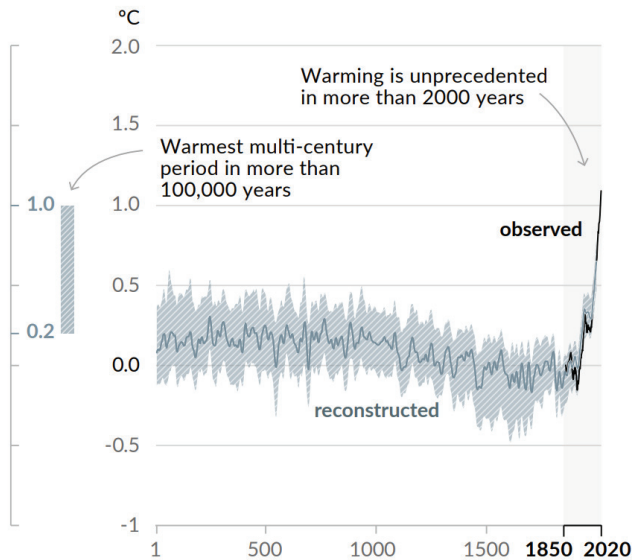


Figure 1. IPCC's reconstruction of historical surface temperatures

The extensive body of evidence also suggests that the central aspect contributing to this aggravation is human intervention, in particular, the emission of greenhouse gases (GHGs). The report indicates that man-made GHG emissions are

1. Sixth Assessment Report - AR6 Climate Change 2021: The Physical Science Basis

responsible for roughly 1.1°C of warming between 1850 and 1900 and that global temperatures are anticipated to approach or surpass 1.5°C in the next 20 years. This estimate is based on enhanced observational datasets for evaluating past warming, as well as scientific advancements in understanding the climate system's reaction to man-made GHG emissions, the main contributors to the greenhouse effect. At the same time, some of the changes that have already occurred - such as continuous sea-level rise - are irreversible, and it is expected that more tipping points will be crossed as Earth continues to warm.

***“Scientific evidence for warming of the climate system is unequivocal.”***

***- Intergovernmental Panel on Climate Change***

The issue of global climate change has been in the action plan of the United Nations since 1992. The United Nations Framework Convention on Climate Change (UNFCCC) is the world's first attempt to recognize the danger of increasing concentration of GHGs in the atmosphere. Created on the basis of a precautionary principle in 1992, it facilitated intergovernmental climate change negotiations and served as the cornerstone for most future international climate initiatives.

### Encyclopedia

**Greenhouse effect** – a process that occurs when certain gases in the Earth's atmosphere trap heat coming from the Sun. The gases which cause this effect are consequently called greenhouse gases (GHGs). The most prominent GHGs are CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, and water vapor.

**Tiping point** – a point in time when changes induced on Earth’s ecosystems become irreversible. The goals of the Paris Agreement to limit the warming to 1.5°C are based on the latest scientific evidence suggesting that warming beyond this point may cause a variety of tipping points that may change Earth as we know it.

**Precautionary principle** – a principle in environmental law postulating that in the face of plausible but not complete scientific certainty on potential environmental impacts, it is better to exercise caution. A company X may be tempted to continue using chemical compound Y in its products, despite some substantial but uncertain evidence suggesting it is harmful to the biosphere. Behaving in accordance with the precautionary principle would mean to phase out compound Y immediately.

Despite making some strides in that direction, no treaty has been as successful in catalyzing global partnership on climate change as the Paris Agreement. The Paris Agreement is a legally binding international treaty, which was adopted in December 2015 by 196 Parties at COP 21 in Paris and entered into force on 4 November 2016. According to the agreement, countries pledged to begin reducing GHG emissions to limit global warming to 1.5°C from preindustrial levels. The Paris Agreement is a pivotal event in the international climate change negotiations as it is the first treaty that put forward a legal plan that unites all nations in a common purpose to fight climate change and mitigate its impacts.



Figure 2. World leaders signing the most influential agreement of the century at COP21 in Paris

In the wake of climate change and other global issues, the challenge of sustaining the development of humankind is becoming ever more important. Governments and businesses have started to realize the intrinsic connection between human/ social well-being and the health of the Earth’s ecosystems. According to the “Adapt Now: A Global Call for Leadership on Climate Resilience” report developed by the World Resources Institute, the cost of inaction on climate change may result in losses amounting to trillions of dollars<sup>2</sup>. As a result, it is widely acknowledged that sustainable development cannot exist in

2. Adapt now: a global call for leadership on climate resilience - Global Center on Adaptation

isolation from action on environmental challenges. The most widely used framework today that implements this idea is the 2030 Agenda on Sustainable Development.



Figure 3. Sustainable Development Goals

Azerbaijan is highly committed to contribute to the SDGs and regularly reports its progress through the National Information Portal on Sustainable Development Goals of the Republic of Azerbaijan<sup>3</sup>. Although there is progress in terms of efforts made by the government and businesses, there is still room for improvement, particularly on SDG 13, to ensure that Azerbaijan meets the targets announced in its intended nationally determined contribution (NDC) of reducing GHG emissions by 35% by 2030. Azerbaijan needs to accelerate the response to the global challenge of climate change with a definitive set of actions.

## Part II. Azerbaijan: decoupling development from finite resource consumption

Azerbaijan is a country rich in oil and gas. It heavily depends on these natural resources to maintain economic development. Decoupling development from constantly increasing resource consumption and GHG emissions would mean introducing drastic reforms into traditional structures. According to the EU4Climate initiative, the energy sector is the biggest contributor to GHG emissions in Azerbaijan, amounting to around 75% of total emissions<sup>4</sup>. Thus, targeting the energy sector and catalyzing public-private partnerships is essential for reaching the goals set in Azerbaijan’s NDC.

There are several ways currently applied globally to reach this objective, some of which are applicable to the economic landscape of Azerbaijan:



Free energy market



Policy action



Green technology

3. Home page - Dayanıqlı İnkişaf üzrə Milli Məlumatlandırma Portalı  
4. Azerbaijan - EU4Climate

## The dawn of a new market

Despite many areas of improvement, the government of Azerbaijan made major strides in the direction of electricity market diversification in recent years. As such, the government of Azerbaijan created an energy regulatory body, the Azerbaijan Energy Regulatory Agency (AERA), which marked the beginning of Azerbaijan's energy market reform in 2017. In 2021, the long-awaited renewable energy law has been adopted, which makes it easier for investors to understand the regulatory landscape of renewable energy economics in Azerbaijan. Azerbaijan also signed its first power purchase agreement (PPA) in 2020.

Despite this success, much more remains to be done. The transition may further be accelerated by a market reform, which assumes a move to a free energy market model successfully implemented around the world. This reform implies the creation of a wholesale market for energy generators with free competition. For this reform to be effective, Azerbaijan must make definitive efforts to diversify its energy mix with alternative generators for effective competition. This diversification is beneficial for Azerbaijan because it can redirect the use of its oil and gas reserves from meeting domestic demand towards retaining value through exports. At the same time, a free market may catalyze major private investments, attract new market entrants, and facilitate effective policy mechanisms for GHG emission reduction. Thus, the new market model may be key to accelerated "greening" of Azerbaijan's energy mix.

## Policy action

The recent policy mechanism implemented in Europe, the Corporate Sustainability Reporting Directive (CSRD) is making reporting of Environmental, Social, and Governance (ESG) indicators mandatory for businesses in the EU. This is a major step in the direction of mainstreaming sustainability considerations into business operations. Azerbaijan may significantly benefit from a similar policy action locally since disclosure of ESG indicators strengthens accountability, transparency and sets a clear framework for future decarbonization strategy development. Furthermore, encouraging mandatory audits of ESG performance can provide more certainty in the sustainability performance of organizations and accelerate the integration of sustainability considerations into business. With additional policy action, Azerbaijan may encourage industries with high GHG emitting potential to prepare mid-term (till 2030) and long-term (till 2050) decarbonization strategies with the final aim of reaching net-zero. The recent Net-Zero Standard for Oil and Gas outlines minimum expectations required from the oil and gas sector during the development of a net-zero strategy and can be used as a base for future policy mechanisms.

### Encyclopedia

**Intended nationally determined contribution (NDC)** – a set of commitments and goals to reduce GHG emissions submitted by governments around the world as part of the Paris Agreement.

**Power purchase agreement (PPA)** – a long-term agreement between electricity generator and a private entity about electricity supply and price. PPAs based on renewable energy generation allow businesses to claim that they are using renewable energy to power their operations, while catalyzing the development of renewable energy power plants.

**Environmental, Social, and Governance (ESG)** – a set of KPIs, which cover non-financial performance of organizations, such as energy consumption, waste generated, good governance mechanisms, and principles of ethical business conduct.

**Net-zero** – a concept used by businesses to describe operations, which do not add any more GHG emissions into the atmosphere. This can be achieved by decreasing the amount of GHG emissions emitted and balancing out the rest by removing an equivalent amount from the atmosphere.

## Challenges of renewables and green technology

Even though renewable energy sources are undoubtedly the future of humanity, transitioning to an energy mix with a high share of renewable energy generation poses a significant challenge for energy markets. Due to the nature of the most prominent renewable sources, such as solar and wind, it will not always be possible to satisfy the demand for energy at any time of the day with a purely renewable energy mix. Weather events may significantly decrease the efficiency of solar energy generation, and the wind speeds vary throughout the day. As can be seen from figure four, solar generation usually peaks during the day and plummets at night. Wind supply, on the other hand, varies in accordance with wind speeds during the day. The uncertainty of renewable energy generation is a major obstacle towards a 100% renewable energy mix. Countries with high renewable energy generation share are at risk of power shortages and must employ a strategic reserve of traditional generators when needed. Despite the fact that the demand for energy cannot be realistically met with an unpredictable energy supply, there are ways to tackle this challenge. The most promising one is storage technology.

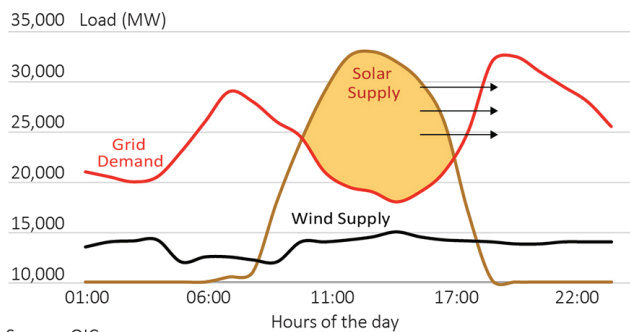


Figure 4. Example of an energy supply consisting of just solar and wind generation<sup>5</sup>

As of 2021, there are several ways how renewable energy can be stored in the short and long term. The first and the most straightforward way is battery storage. Battery storage may allow excess energy generated during a hot or windy day to be used later when there is a higher demand for that energy. Furthermore, it is possible to store renewable energy by converting it into liquid fuel such as hydrogen. This can be achieved by decomposing water into hydrogen and oxygen gas through a chemical process of electrolysis. Mechanical storage methods, such as pumped hydropower may also be utilized for this purpose. This process is similar to traditional hydropower plants, where energy is stored in the form of water falling from high altitudes. All these technologies have their advantages and disadvantages and are now in the process of rapid development.



Figure 5. Renewable energy storage technology

Before the storage problem is solved, some part of the energy mix will need to remain traditional. However, this does not mean that net-zero goals are out of reach. In the same line with the latest renewable energy technologies, Azerbaijan may consider investing in technology options that would allow it to continue using traditional methods of energy generation with some modifications. One such technology is carbon capture, utilization, and storage (CCUS). The CCUS is a practice that allows to capture the GHGs generated during

combustion in power plants and convert it into a form that can be stored and then utilized. CCUS may be instrumental in our common effort to reach global net-zero goals since it allows us to tackle global climate challenges with existing energy infrastructure. CCUS may be the option of choice when certain industrial processes cannot be phased out due to economic, social, or ethical reasons. However, it is worth noting that this technology may only be considered as a temporary solution and should be implemented in parallel with the continuous increase of renewable generation in the energy mix and continuous investments in energy storage. Azerbaijan is only at the beginning of its journey towards a green transition. The constantly emerging developments and trends in this new field are pushing our country to take ambitious steps in this direction. By improving the reporting landscape in the country and looking out for emerging best-practice initiatives in the world, Azerbaijan has the potential to diversify its energy sector, adopt new, green technologies, and fulfil its commitments to the Paris Agreement through definitive policy action.



Figure 6. Carbon capture and storage technology

#### Authors' biography

**Ms. Fidan Sadikhli** is the Head of Climate Change & Sustainability Services in Azerbaijan. She has around 7 years of experience focusing on ESG reporting, assurance and advisory services, sustainability strategy and policy development, sustainable finance, and EHS due diligence. Fidan also took part in developing EY Azerbaijan's sustainability guidelines and best practices covering major economic sectors in Azerbaijan, including energy/O&G, agriculture, finance, transportation. Fidan holds MSc in Management for Business Excellence from the University of Warwick, UK.

**Mr. Rufat Mammadov** is a sustainability consultant at EY Azerbaijan. He began his career at EY shortly after receiving a bachelor's degree in Mechanical Engineering from Bilkent University. During his tenure at EY, Rufat has been successfully involved in ESG reporting, assurance, and advisory engagements in O&G, banking, and telecom sectors.

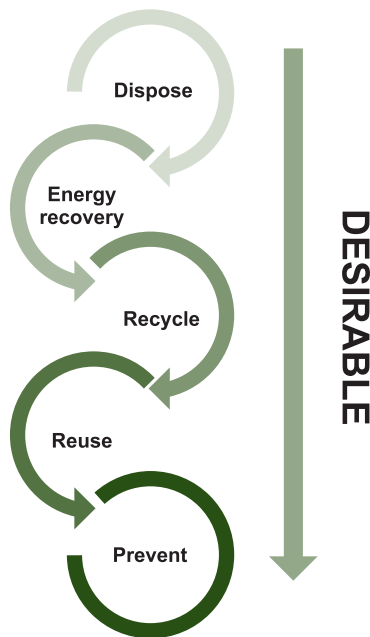
5. Technology disruptions affecting infrastructure – QIC

# Circular Economy as the Path to Fair and Sustainable Future



**Ilkin Hajiyev**  
Founder,  
Sustainera Consulting

Compared to the existing linear economy, so-called “take-make-use-waste” model, the circular economy (CE) is viewed as a long-term economic system in which economic growth is disconnected from resource usage through the reduction and recycling of natural resources. The CE idea is gaining traction among **governments, businesses, and individuals** as an essential step toward achieving long-term growth. The recent EU policy (by European Commission), national policies (e.g., CE packages from the United Kingdom, the Netherlands, and Norway), and business sector studies support this. Different ways for transitioning from a linear economy to a CE have been presented. Industrial players are primarily responsible for implementing these tactics. Among the principles that underpin those tactics are (but are not limited to): strategies described within the three-waste R’s hierarchy include sustainable and eco-design, energy and material efficiency measures, and strategies specified within the three-waste R’s hierarchy (reduce-reuse-recycle, sometimes expanded to 11 different R-strategies).



The CE is an important aspect of the sustainability agenda, and it can help achieve several of the UN’s Sustainable Development Goals (SDGs). **SDG 12** - Responsible consumption and production is unambiguously at the core of the CE. **SDG 2** - End hunger (through sustainable food production), **SDG 6** - Clean water, **SDG 7** - Affordable and clean energy, **SDG 13** - Climate action, and **SDG 15** - Life on Land are all targets that a CE may help with. It gets increasingly evident at the sub-target level. Some sub-targets, such as efficient resource usage, redesign, and extended material use, expressly address goals where circular concepts play an immense role.

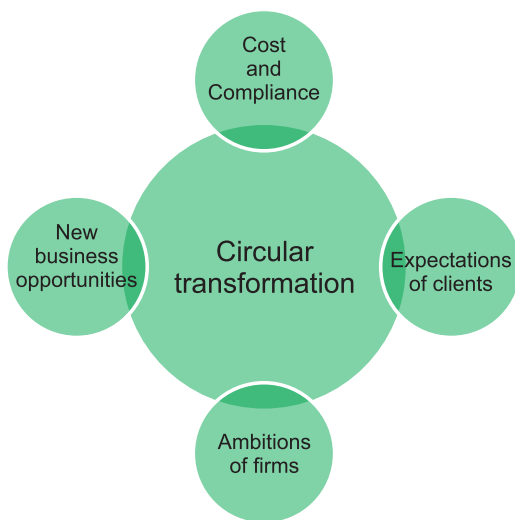
## ...Regulatory action is acknowledged as one of the key drivers of the CE across the globe

Developed countries across the European Union (EU), America and East Asia are actively involved in implementing regulatory actions towards the enforcement of CE:

- The UK and Scotland – Zero Waste Scotland & The Waste and Resources Action Programme (WRAP) that promotes CE;
- Germany – Sustainable consumption program and CE act;
- Canada – Zero plastic waste strategy;
- Finland – Roadmap by the Government;
- EU – CE package, which includes waste and eco-design directives;
- Japan – Material flow management pioneering.

From **business perspective**, main drivers of sustainable/circular transformation are considered client expectations, cost and compliance, ambitions of firms, and new business opportunities. Herein, cost and compliance mainly include loss of energy and waste, growing costs of sourcing, implementation of new disruptive regulations, imposed taxes and obligations. Expectations from clients entails that they are already informed about the reasons and consequences of climate change, UN SDGs and how corporations must respond to it, and finally scarcity of natural resources. Ambitions of firms bring forward their employees and positive impact, added value in long-term business, as well as expectations of investors. Finally, new business opportunities are driven by customer preferences on green products (as we mentioned that they are more knowledgeable than ever), product and service solutions (particularly digital).

As CE aims to reduce overconsumption, design-out waste and build restorative and regenerative ecosystem and natural capital, new financial instruments and investments



are needed for financing circular business models and innovations at scale. This is where investor expectations arise. Financial institutions, for example, are under pressure from both the public and different shareholders, while new regulations force them to address sustainability problems in their product portfolios. Circularity even encompasses **9R framework**, namely **reduce** (reducing the use of resources for production and consumption), **refuse** (refuse using hazardous materials and chemical compounds, substitution), **redesign** (rethinking of product through elimination of certain resources), **reuse** (make sure that product is durable and can function for long time), **repair** (fixing products to function as before), **refurbish** (restoration to increase the quality), **re-manufacture** (creating product as good as new, upgraded), **re-purpose** (product functioning for multi purposes), and **recycle** (recovery of materials from waste to be processed for production)<sup>1</sup>.

Circular design and production models, where investments include research and development (R&D), scaling-up and deployment of new technologies; optimal use of business models, where refurbishment and repurposing are in the focus, have already been implemented in the EU through innovative ideas from both the research community and policymakers. Circular support enablers encourage circular activities that contribute to resource efficiency (e.g., digital tools for predictive maintenance and extension of product lifetime, circularity knowledge dissemination, etc.) in the marketplace.

## What global standards require in alignment with CE?

Among the most well-known and impactful standards is the *Global Reporting Initiatives (GRI)*, which enables firms and organizations to measure their progress towards the CE. GRI

1. <https://www.chathamhouse.org/sites/default/files/2021-07/2021-07-16-inclusive-circular-economy-schroder-raes.pdf>

306: Waste 2020 is considered the first globally pertinent reporting standard that sheds a light on the impact of waste along the value chain<sup>2</sup>. Considering that sustainability reporting has gained popularity in recent years, the Standard supports reporting about the waste-related impacts of organizational activities, products and services, and assess waste throughout value chain.

Another globally accepted standard is the *Task Force on Climate-related Financial Disclosures (TCFD)*<sup>3</sup>, which particularly focuses on climate-related financial information. It acts as an important and transparent leverage linking systemic risk and climate change to corporate decisions and capital market valuations.

*International Standard on Assurance Engagements (ISAE) 3410*<sup>4</sup> has been particularly devoted to enhancing quality and consistency in reporting on greenhouse gas (GHG) emissions generated from products and services directly (Scope 1) or indirectly (Scope 2 and 3).

## CE and Azerbaijan

Azerbaijan has the highest energy productivity among the region's economies. Azerbaijan's CO<sub>2</sub> emission are still below the EU average, indicating that energy efficiency and manufacturing processes could be improved. Heavy industries, which dominate the national economy, must now reduce their environmental imprint<sup>5</sup>. Climate change, which is a result of rising global greenhouse gas emissions (GHGs), is a major source of concern, not least because of the impact of greater temperatures on evaporation and, as a result, the Caspian Sea level, which Azerbaijan has an 850-kilometer shoreline. There are a few strategic policies and development plans that can help with the adoption of CE practices. As a result, "*Azerbaijan 2020: Look into the Future*" incorporates environmental considerations, acknowledges ecological difficulties from oil extraction as one of the primary challenges, and sets a goal "...to achieve sustainable socio-economic growth from an ecological standpoint." One of the five goals for the next decade is "a clean environment and a country



2. <https://www.globalreporting.org/about-gri/news-center/help-for-companies-on-circular-economy-progress/>

3. <https://www.fsb-tcfd.org/>

4. Assurance on a Greenhouse Gas Statement | IFAC (iaasb.org)

5. <https://www.unido.org/news/azerbaijan-unido-focusing-resource-efficiency-and-circular-economy-industrial-sector>



of green growth,” according to the new **“Azerbaijan 2030: National Priorities on Socio-Economic Development.”** It is no coincidence that EU4Environment program aims to create resource efficient and cleaner production (RECP) practices among SMEs through scaling-up. The program also includes raising awareness on CE principles, assess waste resources from production activities, training of national experts, increasing the number of firms applying cost-effective measures for energy, water, and material consumption reduction, and finally building capacities for RECP adoption as part of business strategy<sup>6</sup>.

## How Sustainera can help in CE approach at national and corporate levels

Considering Sustainera’s experience in research, advisory and climate services, it aims to be among the pioneering companies promoting CE practices in Azerbaijan through research and trend analysis, strategy development and implementation, and capacity building. Because the company has already been involved in development of long-term low emissions development strategy (LT-LEDS) of Azerbaijan, and understands that because of policy measures, stakeholder pressure, and resource constraint, the sector has had to reconsider its long-term value offer. An entire CE plan must include eco-design, resource efficiency, and waste management.

*Our approach covers three steps beginning from awareness to end up with embeddedness, which is achieved through strategy development. In the whole process, we attempt to identify main drivers enhancing circular business (e.g., what additional value can be created, what are the risks, etc.), investigate and apply the most fitting CE model (both in national and corporate levels), and disclose solutions regarding the circular design (e.g., needs for development, costs and risks in the market, etc.). All these processes are supported by comprehensive analysis, stakeholder and resource mapping in value chain, and scenario development regarding CE models.*

6. [https://azerbaijan.un.org/sites/default/files/2020-12/RECP%20leaflet-Azerbaijan%20final\\_ENG.pdf](https://azerbaijan.un.org/sites/default/files/2020-12/RECP%20leaflet-Azerbaijan%20final_ENG.pdf)

## Development of the long-term low emissions development strategy (LT-LEDS) of Azerbaijan

Sustainera Research & Consulting Services provides technical assistance to the inter-ministerial process of developing mid-century LT-LEDS of Azerbaijan, in line with the EU4Climate project goal which is to contribute to climate change mitigation and adaptation and the development towards a low-emissions and climate-resilient economy, in line with the Paris Agreement. The project consists of a number of tasks ultimately resulting in a visionary policy document departing from the current status quo and identifying the most plausible long-term 2050 trajectories and pathways for low emission development and decarbonization of identified and prioritized sectors, taking into account the NDC and sustainable development priorities of government policies and strategies.

The LT-LEDS of Azerbaijan will provide the government with a vision of the mid-century climate policy goals to be achieved on the pathway to carbon neutrality in the second half of this century and it will assist in the environmentally sound long-term planning in the following sectors: Energy, Buildings, Industry, Transport, Waste, Agriculture, Land Use, Land-Use Change and Forestry. The mid-century goals of the LT-LEDS will guide the consecutive NDCs of the country and determine their ambition in line with the no-backsliding rule. The monitoring and evaluation of the NDCs will, on the other hand, inform the LT-LEDS review process and provide information on the progress made towards the achievement of the mid-century goals.

### Author’s biography

**Mr. Ilkin Hajiyev** is Founder of Sustainera Consulting. Ilkin is a professional, specialized in sustainable development and project management. He worked with various UN Agencies, inter alia United Nations Industrial Development Organization’s Office in New York as Sustainable Development Expert, UN Development Programme, UN Office for the Coordination of Humanitarian Affairs, Azerbaijan International Development Agency.

His areas of expertise are project management in international development context, financing for development, South-South and Triangular cooperation, partnership building, resource mobilization and science and technology for sustainable development.

Mr. Hajiyev has graduated from the George Washington University with Master Certificate in Project Management; University of Bristol (UK) with MSc degree in Public Policy; and Baku Slavic University with BA in International Relations degree.



# Sustainable Development Goals in Azerbaijan



**Gumru Eyvazova**  
Senior Legal Associate at Grata International, Member of Azerbaijan Bar Association

Azerbaijan welcomes ongoing discussions on nationalization of the Sustainable Development Goals (SDGs) and planning comprehensive coordination procedures for acceleration and tracking implementation of these goals as the best international practices.

In the upcoming period, Azerbaijan needs to strengthen the capacity for generating and analyze data disaggregated by gender, age, place of residence (rural/urban), sectors and regions/ administrative regions, and also needs support in development and implementation of specific projects which will feed into the progress towards more ambitious SDG targets. Azerbaijan submits its first Voluntary National Review on implementation and progress made towards the SDGs. 2030 Agenda identifies the problems faced by people around the world and calls for a joint solution. In this regard, the SDGs resonate broadly in Azerbaijan. Despite of global and regional conflicts, poverty, environmental degradation and problems such as crime, Azerbaijan makes confident steps towards achieving peace and a decent life, and is committed to achieve the targets set by the SDGs. Long-lasting peace, security, stability and social cohesion are the major pre-requisites for sustainable development.

The geopolitical situation in the region after the 44-day war paves the way for the implementation of a number of projects that previously hampered the conflict, including the opening of transport arteries. The liberation of lands that have been occupied and destroyed for 30 years create new opportunities for development of many sectors of the country's economy, including tourism, agriculture, mining, transport and other areas. The creation of completely new infrastructure that meets modern requirements in the liberated lands, application of "green energy", the concept of "smart village" and "smart city" demonstrate a new stage in development of Azerbaijan. The desire of both foreign and local entrepreneurs to invest heavily in Azerbaijan indicates that economic policy is moving in the right direction. At the same time, the growth dynamics of investment in digital transformation in Azerbaijan leads to sharp changes in this area and the establishment of a knowledge economy. The Government of Azerbaijan

supports the transition, considering the application of digital technologies in all sectors of the economy.

According to the Order of the President of the Republic of Azerbaijan H.E. Ilham Aliyev dated back February 2, 2021 on "Azerbaijan 2030: National Priorities for Socio-Economic Development", the following five National Priorities for socio-economic development of the country are planned to be implemented in the next decade:

1. Steadily growing competitive economy;
2. Dynamic, inclusive and socially just society;
3. Competitive human capital and a space for modern innovations;
4. Great return to the liberated territories;
5. Clean environment and "green growth" country.

All these indicate that in the next 10 years, the socio-economic development of Azerbaijan will be very high and the goals will be achieved.



## Author's biography

**Ms. Gumru Eyvazova** is a Senior Legal Associate at GRATA International, at the same time a member of Azerbaijan Bar Association. Before joining to GRATA International, she was Legal and External Affairs Executive at British American Tobacco Exports B.V. Representative Office in Azerbaijan. Gumru carries years of experience in banking industry – in capacity of Head of Legal Division, two global airline companies in Azerbaijan – in capacity of Legal Consultant. At the same time, Gumru is Chair of the Board of Directors of a local NGO, "Khazrim" Student-Youth Organizational Public Association.

Ms. Eyvazova studied Public and International Affairs at ADA University (MPP, 2018) and Law at Baku State University (LLM, 2007; BSc, 2004). Gumru is also an adjunct lecturer in Law Faculty at Baku State University.

# Basis of Renewable Energy in Agdam city



**Alay Yaradanguliyev**  
Head of the JV Entities &  
Alliances Unit  
IMA-ENERGY

Nowadays, as economies develop energy consumptions increase drastically. Despite the fact that fossil fuels are by far the major energy sources in industrial economies, we can observe the worldwide transition towards renewable energy sources, which are mostly driven by concerns about environmental impacts, changing trends in energy consumption and technological advancements. Renewable energy can be generated through certain type of natural processes. One of the most major cycling sources of renewable energy is the sun, which contains large amount of solar energy heat. Generally, the amount of solar radiation that reaches any spot on the Earth's surface varies according to numerous aspects, which includes geographical location and landscape characteristics. The high number of sunshine hours on average are recorded in the arid climate zones. As an example, the Sonoran Desert (Southwest, USA) and Sub-Saharan Regions (Namibia) can be mentioned with annual average varying between 3800-3900 sun hours. When compared with Azerbaijan the mean annual sunshine ranges between 2200-3200 hours depending on the surface level of the particular region.

With its fast-developing economy Azerbaijan generates 25.8 TWh of general electrical energy in 2020, mostly from natural gas and oil (12 and 11 TWh respectively). In comparison with renewables (including hydropower) which contributed 2 TWh



(8%) in 2020. Azerbaijan has a total installed capacity of over 7.5 GW: 6.5 GW of oil and gas-fired generation and 1.1 GW of hydropower. The annual maximum and minimum levels of power generation demand for country according to our recent project researches for the year 2022 are 4033 MW and 1867 MW.

Considering these facts, the relative government bodies and national companies proceeded to deploy international solar projects using engineering, procurement and construction contracts to develop a 230 MW utility-scale photovoltaic plant in Azerbaijan. To date, the focus in renewable energy has been on small hydro and wind power, with many new renewable plants in planning or development phases. So clearly a 230 MW solar plant potentially marks a sizeable step towards the sustainable goals of the country. The involvement of some international key players that may stimulate the activity of major Azerbaijani contractors like IMA-Energy CJSC and other companies has a potential of strengthening tripartite





## TRADE MAP

Trade statistics for international business development  
Monthly, quarterly and yearly trade data. Import & export values, volumes, growth rates, market shares, etc.



Home & Search Data Availability Reference Material Other ITC Tools More Mr. Alay Yaradanquliyev English

Product: 854140 - Photosensitive semiconductor devices, ir  
 Country: Azerbaijan  
 Partner: All  
 other criteria: Imports Yearly time series by country Direct data Values US Dollar

Product Group: None  
 Country Group: None  
 Partner Group: None

### List of supplying markets for a product imported by Azerbaijan

Product: 854140 Photosensitive semiconductor devices, incl. photovoltaic cells whether or not assembled in modules or made up into panels; light emitting diodes (excluding photovoltaic generators)

Unit: US Dollar thousand

Table Graph Map Companies FDI data Tariff data Standards

Download: Time Period (number of columns): 3 per page Rows per page: Default (25 per page)

Bilateral 8 digits	Exporters	Imported value in 2018	Imported value in 2019	Imported value in 2020
World		2,482	4,763	5,387
Germany		2,066	1,755	5,040
China		233	2,767	164
Turkey		38	134	72

Figure 1: Trade Map statistics

partnerships (**International EPC companies-Azerbaijani Government Bodies-Azerbaijani Private Contractors**). Therefore, the benefits can include the improved welfare, growing job market in renewable sector and overall increases in non-energy GDP.

Meanwhile if taking a look into international trade statistics the highest imported value of solar panel products (**HS code of 854140**) to Azerbaijan in 2020 totaled for a 5,3 mln USD, which probably has a link with a recently completed large scaled project in our country. Overall, if considering 24 listed exporters of the related product to Azerbaijan the total exported value to the country has grown by 13.1% for the past 2 years as shown in Figure 1.

The presence of solar panel system points is particularly important in recent liberated regions of Karabakh as Azerbaijan's president H.E. Ilham Aliyev has signed an order to accelerate the development of the smart villages and cities. A short time ago, our company has completed a first project phase in the territory of the Agdam Industrial Park. Located



Figure 2: Google Earth image

near the town that was destroyed by occupant Armenian forces during the First Nagorno-Karabakh War, the Agdam Industrial Park will play a distinctive role in the economic recovery of Karabakh region. Especially, the production of the green energy units will deliver a positive contribution of such direction.

As demonstrated in Figure.2 besides the main construction and communication works the company has installed 74 solar lighting poles in the 2000 m<sup>2</sup> territory of the Agdam Industrial Park through a joint-venture: 41 of these solar lighting poles produce on average 50 W of energy while the rest 33 lighting poles generate 100 W of energy power. In order to turn the territory into eco-working place these poles serve to illuminate modular buildings and sidewalks. Additionally, we built a drip irrigation system in accordance with the concept of the place that is entirely supported by solar powered pumps. Therefore, solar panels and batteries installed in the social zone of the Agdam Industrial Park, ensure sufficient energy needed for water distribution.

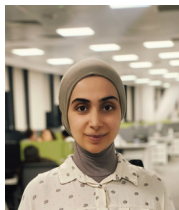
Following the completion of this project, majority of our activities include involving into other field related works. We continue to follow the local and worldwide trends in renewable energy technologies since we strive to participate in the advancement of the sustainability in Azerbaijan. As a next step we have signed a partnership agreement with the Austrian manufacturer of hydropower turbines.

### Author's biography

**Mr. Alay Yaradanguliyev** is currently Head of the JV Entities & Alliances Unit at one of the leading EPC companies in Azerbaijan, where he is working on the business expansion, and moving into new markets. Before joining IMA-ENERGY CJSC, he worked as Financial Reporting Specialist at the Michelin's Research & Development Center in Clermont-Ferrand, France.

Alay is a graduate of International Trade & Marketing from Izmir University (BA, 2015) and Business Intelligence at ESC Graduate School of Management (MSc, 2019).

# Sustainability as a Core Business Principle – How Leaders Can Adapt



**Farah Mammadli**  
Assistant Manager in  
Risk Advisory department  
Deloitte Azerbaijan

As the world starts to cautiously recover from the COVID-19 pandemic, there is a pressing case to address the environmental crisis in the context of the global reconstruction effort. Awareness is increasingly growing around the urgency to slow the destruction of the environment, and it is becoming clear that two major crises – climate change and biodiversity loss – are inextricably linked and compounding. Around the world, private sector commitment to climate action is gaining momentum, with businesses adopting strategies to reach net zero emissions and some pledging to invest in protection of the natural environment. Based on current net-zero commitments from more than 700 of the world's largest companies, there have already been commitments of carbon credits of around 0.2 gigatons of Co2 by 2030 (World Economic Forum, 2021).

The landscape is not changing only on global scale. There is a definitive transformation agenda on national level as well. The National Coordination Council for Sustainable Development of the Republic of Azerbaijan, which was established in 2016 and has been instrumental in driving the sustainability agenda forward and aligning it with the national strategic priorities – organized a large-scale event “Financing Sustainable Development: Sustainable and Green Recovery from COVID-19 Pandemic” on October 6, 2021. During the event Minister of Economy of the Republic of Azerbaijan, Mr. Mikayil Jabbarov, announced that a new “Social and Economic Development Strategy 2021-2025” is underway. The strategy is going to focus on four priority areas – increasing the bottom line of national companies, ensuring transparency of public sector and private sector organizations, safeguarding the efficient distribution of state funds, and advancing debt sustainability of the state.

As legislative and societal norms evolve to adapt to meet sustainability challenges, businesses will have to evolve to compete in a changing environment and those that do not

make this initial investment could cost themselves out of business in the long term. The conversion to a low-carbon economy will require up-front investment, and latecomers will only be penalized more heavily. A recent study by Deloitte has confirmed that if the EU's energy and infrastructure transition had begun in 2010 in full, costs would be around €65 billion a year by 2035; by comparison, a ten-year delay in the process increases the price to €90 billion a year by 2035 (Deloitte, 2020).



Global recovery from the pandemic is currently putting pressure on all businesses. This means urgent action is needed to be able to deal with longer-term disruptive change. This uncertainty causes complicated risks, but it also creates opportunities for innovation and growth. Organizations that can adapt faster and execute more efficiently than their competitors are set to reap benefits in both the short and long terms. When it comes to sustainability, opting for inaction today may translate into a bigger loss in the long-term. Executives are becoming increasingly aware of the need to transition towards sustainable business practices and circular economy in particular. It is a significant area for growth considering the renewable energy market is expected to be \$2.15 trillion by 2025 (Statista, 2020).

Despite what some may believe, sustainability in business is not altruistic at all. It is impossible to do good if you are not doing well financially. On top of driving social and



environmental transformation, sustainability can contribute to the overall success. Although spending more money on sustainable business practices may seem counterintuitive, it can give the company's top line a boost. Studies show that the most sustainable companies are also the most profitable.

There is also a changing trend among consumers toward supporting sustainability, and it is only getting stronger as the number of millennials and Gen Z increases. Nielsen studies show that 66% of consumers would spend more for a product if it came from a sustainable brand, and 81% of global consumers feel strongly that companies should help improve the environment (Nielsen, 2020). These figures are accurately aligned with 62% of executives considering a sustainability strategy necessary to be competitive today, and another 22% thinking it will be in the future.

Below are several ways in which business leaders may steer their organizations in the right direction to facilitate sustainable transformation.

**Align strategy and sustainability.** Leaders should prioritize sustainability targets by taking into account which will have the biggest impact in terms of risk or opportunity, and which the company has the ability to contribute to. In some cases, the company may be willing to contribute to a number of sustainability targets, however it is important to start with those which create the most significant impact when allocating resources and defining the timeline.

**Not only compliance, but competitive advantage.** A new archetype is required from the organizations to find new innovative strategies so that they can ensure both their economic sustainability and corporate responsibility. Businesses have the opportunity to take the lead in creating shared value beyond the compliance agenda. Value beyond compliance is about the fundamental synergy between economic performance and social progress and creating shared value.

**Proactive, not reactive.** Business leaders, along with the key stakeholders bear the responsibility to drive a corporate sustainability narrative to inspire and nurture a proactive culture. Internal stakeholders that can actually observe top level executives endorsing this culture by encouraging and maintaining solid sustainability practices within the business are much more likely to follow suit.

**Engage the entire ecosystem (not just the board).** Sustainability creates a common ground that brings people together and establishes connections, which is especially important for an organization that has stakeholders across the globe. It boosts innovation and stakeholder engagement. Employees that are proud of their company are more productive and engaged. A result of engaged employees is creativity which continues to benefit sustainability.



According to the latest studies, five years from now half of global revenues will be generated from products, services, or businesses that do not yet exist. Many of these revenue streams will be in compliance with sustainability goals and technological innovation. The changes that we need are of such magnitude that not only commitment from business leaders themselves but also broader, more transformational partnerships are required to face the future challenges. Sustainability is ceasing to be a choice for businesses. It is becoming a mandate.

#### **Author's biography**

*Ms. Farah Mammadli is the Assistant Manager in Risk Advisory department of Deloitte Azerbaijan. She is primarily focused on delivering sustainability-related projects and has more than 3 years' experience in sustainability assurance and advisory services. Farah is the first practitioner from Azerbaijan to have earned ISSP-SA credentials. Her professional focus areas include social and economic sustainability issues such as impactful leadership, corporate social responsibility, human rights, fair labor practices, diversity and inclusion, gender equality and community engagement.*

# CSR Decision Making Model



**Javid Huseynli**  
Environmental, Social Issues  
and Client Protection Manager,  
AccessBank Azerbaijan

## Introduction

The essential aim of this paper is to demonstrate the potential opportunities of strategies and decision-making capabilities that are available to companies. It is important to recognize that no two corporations will be exactly the same due to varying internal and external conditions, as well as their particular economic and social environments. The growing field of Corporate Social Responsibility (CSR) is very important from the point of attempts to explore and explain the pure connections between companies and society. However, before explaining these connections, each stakeholder should be defined in relation to the meaning of CSR to them. Definitions are likely to differ meaningfully across educational institutions as well as amongst CSR experts from businesses, governments, and civil society organizations. However, most descriptions stress that CSR is beyond compliance, citing environmental and social actions or advantages that corporations accept willingly. Additionally, most scholars in this field describe CSR as beyond philanthropic aid, highlighting CSR aiming to promote accountable actions in fundamental business processes in contradiction to old-style business charity.

The meaning of CSR that is extensively cited by the European Union (EU) captures these facets in their definition as follows: “Corporate social responsibility (CSR) refers to companies taking responsibility for their impact on society. The European Commission believes that CSR is important for sustainability, competitiveness, and innovation of enterprises and the economy. It brings benefits for risk management, cost savings, access to capital, customer relationships, and human resource management” (European Commission, 2018).

From this definition it is possible to highlight the notion that CSR covers more protective and philanthropic formations of corporate accountability, since it is based on responsible supervision of daily corporate processes. Additionally, the importance of voluntary action specifies that CSR is tied to strategy simulations that support self-regulation of business, as opposed to paradigms supporting an obligatory directive to guarantee accountable business performance. Therefore, CSR is integrally associated with the superior discussion on voluntary rather than compulsory methods to govern business behavior. This indicates that CSR is not just a corporate occurrence, but also a correspondingly

governmental occurrence. As suggested by Sadler and Lloyd, corporate social responsibility allocates accountabilities of corporatism by means of closely sympathizing with the neo-liberal governmental model that views affairs in the context of society, market, and state being closely intertwined. Windsor says that, “it is difficult to entangle science, interest and ideology in CSR discourses” (Crane, et al). Consequently, corporate social responsibility is not merely a practical application. It could be viewed as philosophical and normative application, because it integrally emphasizes in what way the political economy should be prearranged to confine business influences.

Regardless of the complex political and economic environment of CSR, the mainstream study of CSR dedicates insufficient resources to discover CSR as an occurrence. This investigative preference reproduces circumstance that CSR has mostly concerned intellectual interests from management and business restraints. Accordingly, the mainstream CSR philosophy is consequential from the principles of governing concepts within management and business. For example, writers from the field of marketing promote concepts of the ways that CSR could advance business’s public associations, the significance of branding, as well as status (Fombrun, 1996). On the other hand, scholars in the field of business strategy speculate on the ways that CSR could advance a business’s situation in terms of competitiveness (Porter and Kramer, 2006). From a practical and logical perspective, the mainstream CSR scholar theories place significant emphasis on decision-making and influential facets of CSR, endeavoring to recognize ways in which CSR could conceptually add economic value (Lockett et al., 2006). Such studies and application of these theories treat CSR as an independent variable. Nevertheless, there exists insufficient contextualized knowledgeable research on economic, political and social backgrounds of CSR, in addition to the broader control inferences of CSR. Basically, academic curiosity and theory expansion should focus on what CSR effects, rather than on what effects CSR. Such identification in research will clearly demonstrate how and why companies should engage in CSR.

As a means of comfortably developing long term strategies, firms devise adaptive tactics designed for industries with both high and low predictability levels. It is important to keep in mind that levels of predictability can wildly differ between industries and over the course of time. Furthermore, not all firms possess the necessary need, desire, or talent (NDT) to significantly influence their industry’s development trajectory overall. By combining firms NDT as a way of adjusting to or influencing circumstances with predictability, four distinct strategic CSR approaches can be mapped out as seen in the figure above. These four strategic dimensions are outlined below.

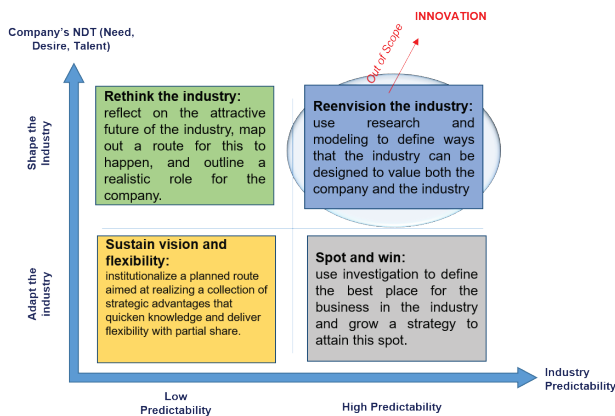


Figure 1: “CSR-Decision Making Model” 2018, by Javid Huseynli

## Spot and win

Within these circumstances, although the firm’s NDT is low, its ability to predict future events is high. Therefore, the firm is positioned in a way that it must adapt to its industry through development of internal conditions to acclimatize to industry’s present standards. Under these circumstances, a strategic analysis allows the firm to determine the type of position it ought to pursue, as well as the methods of developing at faster-than-market speeds by outmaneuvering competition. Here, the classical approach to strategy development is dependent on whether the firm can manage internal conditions, such that choosing a suitable CSR plan and executing both streamlined and effective.

## Re- envision the industry

Within these conditions, both predictability and NDT are high, signifying that the firm has a highly developed internal environment and feeds the predictability of its industry. Due to a predictable environment and through a process of simulations and analyses, a firm in this category is capable of shaping its unique industry to suit its specific agenda and potentially the industrial context as a whole. In this situation, the business transforms into the architect of its own industry with the capacity to restructure the restrictions, standards, and output of the industry in a direction that is advantageous to the firm and its long-term prosperity. Firms existing in this quadrant have played a crucial part in their respective industries evolving and being reshaped. Any conditions in a firm’s internal environment are usually reflected in the external environmental conditions of the industry. By concentrating on constant innovation, firms in this category are able to ensure sustainable futures not for only themselves, but also for all stakeholders participating in their industry.

## Rethink the industry

Within this category, firms are susceptible to low levels of predictability but they benefit from prosperous and stable internal conditions. Under these circumstances, a firm is

capable of devising an effective CSR plan that can reshape its industry to reap multiple benefits, decrease or relieve levels of risk, or generate new resources and possibilities. Making predictions becomes difficult in the midst of uncertainty and doubt, but doing so can often lead to rewarding opportunities for pioneering leaders whose vision can guide others in a direction that is beneficial. Firms in this category are usually led by people who possess strong imaginations. Such leaders have the capacity to advance the development of a future vision that is attractive to all stakeholders whilst also having the ability to shape their strategic agenda so as to increase the probability that their industry progresses in the direction of that vision. By analyzing this direction, a firm’s manager is better able to make decisions that promote the long-term wellbeing of the firm and its stakeholders.

## Sustain vision and flexibility

In the final quadrant, the company has low NDT while the predictability of its industry is similarly low. Under these circumstances, firms adapt to their industries because they are either unable or unwilling to influence or restructure those industries. The main point is to accelerate the learning process throughout the firm by institutionalizing a dynamic strategy and constructing a collection of long-term planning initiatives that are both affordable and flexible. The firm can engage in controlled strategic experiments, to get ready for a variety of potential circumstances. In this situation, businesses and other industry players ought to advance a shared interpretation behind the methods and benefits of corporate accountability through means of education and training, as well as through the application of international strategies.

## Evaluating these dimensions

Listed below are the main indicators for evaluating firms’ NDT and predictability of their industries. The indicators included here are the most important for our purposes, yet, it is possible to include additional indicators or replace existing indicators. By using this evaluation method, the firm is able to determine the situation of its external environment while recognizing its own internal situation. Furthermore, each dimension has a maximum of 100 points. The point where NDT intersects with industry predictability determines the firm’s place within its specific industry. After evaluation of dimensions, the company can prepare an appropriate CSR plan for their unique circumstances. Lastly, it is noteworthy that each of the quadrants in this decision-making model possesses corresponding strategies unique to its own circumstances. These strategies allow the firm to follow a general guide while adopting and applying necessary CSR plans when appropriate. This model’s dimensional indicators and development processes are detailed below.

Company's NDT	Topics to be evaluated	Points
<b>Desire</b>	Long-term drivers, Inclination towards risks-taking, Desire for change, Capacity of predicting good opportunity	25
<b>Needs</b>	Satisfaction levels of present industrial context, Satisfaction levels of corporate outcomes and growth, Impending risks, including corporate competition Expectations of stakeholders, Necessity of creating more growth space, Necessity of using key assets and abilities across wider arenas, Expectation as a leader of industry to guide a novel path	25
<b>Talent</b>	Market influencer and shaper, Networking associates and alliances, Economic power and core abilities	50
Industry's Predictability	Topics to be evaluated	Points
<b>Environment</b>	Energy and water efficiency, waste and pollution control, product use, other environmental aspect's impact assessment	15
<b>Social and labor</b>	Safety equipment, work life balance, anti-harassment, anti-discrimination	15
<b>Ethics</b>	Bribery and corruption, Responsible marketing and advertising anti-competitive practices	15
<b>Supply Chain</b>	Environment issues, labor or social issues, ethics or fair business practices	15
<b>Government and technology</b>	technology impact, government regulations	15
<b>Society's demand</b>	Market development, society's intent, strategies and development	15
<b>Actions</b>	how industry's evolution can influence the remainder of the industry	10

## Conclusion

The importance of CSR will probably increase in the future and simultaneously the scope, content, and comprehensiveness of CSR is expected to develop significantly. Eventually, components of CSR that are presently voluntary will be enacted in international and domestic laws and become a part of normal business practice. The modern phenomena of “megatrends” will probably lead to substantial changes and contributions towards the field of CSR. For instance, issues arising abruptly from climate change such food production, clean water, natural disasters, and immigration lead to new responsibility concentrations for companies. Throughout history, the responsibility levels exhibited from corporations have been driven by responses to local and global changes, as well as in accordance with the needs of the stakeholders and the role that governments are taking. From present trends, it can be estimated that greater number of firms are going to start focusing more on demands of stakeholders within the context of CSR and a larger share of those companies focus on integrating CSR into their long-term strategic plans. As multinational corporations begin applying strategic CSR within their chains of command, responsible practices will be distributed throughout the whole value chain, resulting in significant number of firms being forced to implement CSR into their operations too. Finally, additional to the

likely innovations that will manifest due to engagement with strategic CSR, new types of collaborations will arise between NGOs, firms, and governments. Such teamwork could be the catalyst for finding definitive solutions to a multitude of serious worldwide problems.

Increasingly advancing communication technologies along with universal adoption of social networking sites is creating a global village in which high volumes of information can be transmitted, the end result being a world in which nearly all people are connected to one another in some respect. Corporations are therefore obliged to function in more responsible and ethical ways in a globalized world that values significance of an honest reputation. In the end, the behaviors of citizens and consumers determine the attitudes that companies hold towards implementing and innovating corporate social responsibility. Ultimately, humanity receives the world that it cultivates. In the future, CSR research may provide further support for this paper's conclusion that implementing CSR policies within a company so that they become established as core values and beliefs can provide a competitive advantage and a strategic edge. CSR is therefore seen as strategic necessity. Additionally, the CSR- Decision Making Model proposed herein could be further developed and supported by future research.

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### Author's biography

**Mr. Javid Huseynli** is an Environmental, Social Issues and Client Protection Manager at AccessBank Azerbaijan. He is experienced business strategist and banking expert with over 5 years of experience in commercial banks and Oil & Gas company. Obtained Bachelor's Degree in International Business Management, Master's Degrees in Finance & Credit and International Relations. Currently, PhD Candidate at the Academy of Public Administration under the President of the Republic of Azerbaijan on researching CSR activities in companies and its integration.



# Changing Structure of Personal Data



**Khayal Mammadov**  
Sales Representative,  
REISSWOLF Azerbaijan

**“Back in 1975, BUSINESSWEEK published an article by an Arthur.D.Little, analyst predicting that paper use in the office would start to decline by 1980 and nearly disappear by 1990”**

According to federal figures reported by Saarbrücker Zeitung daily newspaper, Germany used 241.7 kilograms of paper per person last year comparing to US at 211 kilograms per person. In 1991, those numbers were around of 70 kg paper use per person. No matter how organizations and companies try to reduce the use of hard document copies within their daily routine work, the businesses couldn't achieve to go paperless in the workplace.

Incredible changes in technology have made people to become more generous with their personal information, because in return we get comfort and convenience. In the new digital reality, we have lost some control over our data. Within our daily life, we share so-called personal information with others, without even noticing it. For example, when dating or chatting, looking for a job or making an appointment with a doctor, ordering goods, or paying for services. And all this, without thinking about what will happen to this information later.

The European Union has approached to this topic seriously and consequently on April 27, 2016, the General Data Protection Regulation (GDPR) was adopted. The businesses had a chance to prepare themselves for the newly adopted rule, because it came into force only after 2 years (May 25, 2018). The GDPR has revolutionized the old privacy legal

framework in Europe, which was applied nearly for two decades.

GDPR is intended to protect the privacy of the personal data of the EU citizens and to control how companies and organizations process, store and use this data. Personal data means any information which, directly or indirectly, could identify a living person.

**“Personal data breach means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to, personal data transmitted, stored or otherwise processed.”**

In addition, GDPR is applicable not only for an organization that is located in the EU, but also those who are cooperating, offering services and goods to the EU organizations.

Penalty for data violations can be up to 20 million euros or in case of undertaking up to 4% of their total global turnover of the preceding fiscal year, whichever is higher.

GDPR - is a new trend within businesses, it leads to more trust and respect from your customers and partners.

Eventually, organizations which are striving for success, will face a problem of getting up the systems in order and implementing processes.

## Author's biography

**Mr. Khayal Mammadov** is working for REISSWOLF in Azerbaijan for nearly 3 years as a Sales Representative. Previously, he had an experience in many other countries within different sectors, such as retail and production. His first professional experience was in UAE, while studying at the university. Then, he travelled to Russia and Georgia, worked as a Sales / Regional Sales Manager. Along with sales, he is also overseeing marketing and business development team too. In addition, Khayal holds 2nd place reward in Table Tennis among all schools of Azerbaijan (the first place took his brother). Mr. Mammadov completed bachelor's degree on Business Administration in University of Wollongong.

## Our services

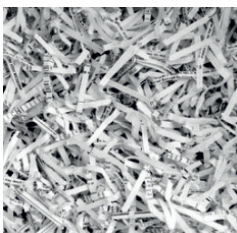


### Physical Storage

As part of the service, REISSWOLF ensures the responsible storage of trusted materials, guarantees confidentiality, and provides searchability through barcoding of your documents or items.

What does Physical Storage Services provide?

- "A" class Warehouses within the city center
- Collection and Transportation
- Barcoding (Data Entry)
- Software (control and request)

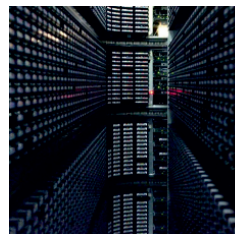


### Destruction

Destruction Services allow you to reduce the number of stored documents, free up the workspace from unnecessary and irrelevant documentation and reduce corporate risks.

What does Destruction Services provide?

- Verification of the Act
- Collection of Disposal Materials
- Safe Transfer
- Disposal Certifications



### Digital Archiving

Optimal administration and unrestricted access to company-relevant data and documents is the basis of every successful company. Both require digital file and data management.

What does Digital Archiving provide?

- Scanning
- Indexing (defining keywords)
- Web-based audit-proof cloud archive
- Certified for quality management under ISO 9001:2015 and for information security under ISO/IEC 27001:2013



### Archive Management

Archival processing of documents is the formation of cases and systematization of documents that are formed during the activities of the organization.

What does Archive Management Services provide?

- Sorting out based on the State Standards
- Systematization of documentation
- Formation of cases on storage periods
- Inventory compilation



REISSWOLF

# Recent Amendments to the Plastic Use Regulations in Azerbaijan: Problems and Solutions



**Fidan Alakbarova**  
Senior Legal Associate,  
BHM Law Firm

High functionality and relatively low cost of plastic is increasingly ubiquitous in everyday life. While plastic plays a useful role in economy and provides essential applications in many sectors, its growing use in short-lived applications, which are not designed for re-use or cost-effective recycling, means that related production and consumption patterns have become increasingly inefficient. This leads to an excess of plastic waste and, as a consequence, waste from plastic poses serious environmental danger to human and animal health. Therefore, governments are working to implement specific regulations to reduce plastic waste and protect the environment.

Recently, amendments (the Amendments) have been made to the Law of the Republic of Azerbaijan “**On the Protection of Environment**” (the Law), to introduce new restrictions on plastic use in the country. With the new amendments adopted on **November 26, 2020**, the article 46 of the Law has been amended as following:

1. The word “physical” has been removed from the name and the first part of the article, and renamed as “*Protection of the environment from harmful impact*”;
2. The third part has been added with the following content: “*It is prohibited for entrepreneurs to import or manufacture polyethylene bags up to 15 microns thick, as well as disposable plastic mixing rods, forks, spoons, knives, plates and cups, and sell or distribute them to consumers in trade, catering and other service facilities*”.

In accordance with respective amendments in the Law, the paragraphs 275.4 and 275.5 have been added to the article 275 of the **Code of Administrative Offenses** and certain fines have been defined to establish responsibility for the violation of above-mentioned provisions<sup>2</sup>.

The amendments entered into force on **January 1, 2021** in respect to polyethylene bags, and on **July 1, 2021** in respect

to disposable plastic mixing rods, forks, spoons, knives, plates and cups.

## Definitions and wording in the Law

The amendments that envisaged the provisions on plastic manufacture, import, sale and distribution are considered a preliminary stage towards achieving sustainable development in the field of environmental protection and very huge step in formation of waste management law system in Azerbaijan. However, the amendments arise some questions among business owners, especially those operating related with plastic bags and other disposable plastic materials. First of all, the wording of the provision is understood by some people as such all plastics under 15 microns thick are prohibited in line with the amendments. It should be considered that bans on plastic products are applied in two directions according to the amendments:

- Bans on polyethylene bags up to 15 microns thick;
- Bans on any disposable plastic mixing rod, fork, spoon, knife, plate and cup.

Therefore, “*under 15 microns thick*” rule is only applied in relation to the polyethylene bags, and all other plastic products defined in the provision are prohibited regardless of their thickness or any other technical sides.

Moreover, as it is not clearly reflected, as well as neither the definition of “plastic” nor “polyethylene bags” (same as “plastic bags”) are defined in the Law. This creates confusion among plastic manufacturers and consumers regarding to reference made for plastic products within the provision and type of plastics fall under the scope of the recent amendments.

As the definitions of the plastic-related terms are not reflected in local laws, it is worth to refer to the international regulations in order to obtain a general perception on plastic products.

Respective **EU Directives** on plastic use indicate the definitions as following:

- ‘**plastic**’ means a material consisting of a polymer ... to which additives or other substances may have been added, and which can function as a main structural component of final products, with the exception of natural polymers that have not been chemically modified;
- “**single-use plastic product**” means a product that is made wholly or partly from plastic and that is not conceived, designed or placed on the market to

1. The Law on amendments to the Law of the Republic of Azerbaijan “On Environmental Protection” dated November 26, 2020, №207-VIQD;

2. Code of Administrative Offenses of the Republic of Azerbaijan dated December 29, 2015, 96-VQ, article 275.4 and 275.5;



accomplish, within its life span, multiple trips or rotations by being returned to a producer for refill or re-used for the same purpose for which it was conceived;<sup>3</sup>

- “**plastic carrier bags**” means carrier bags, with or without handle, made of plastic, which are supplied to consumers at the point of sale of goods or products.

EU also categorizes plastic carrier bags in two groups, providing a more detailed understanding:

- “**lightweight plastic carrier bags**” means plastic carrier bags with a wall thickness below 50 microns;
- “**very lightweight plastic carrier bags**” means plastic carrier bags with a wall thickness below 15 microns which are required for hygiene purposes or provided as primary packaging for loose food when this helps to prevent food wastage<sup>4</sup>.

## Environment vs. Economy

Plastic carrier bags with a wall thickness below 15 microns are often used only once, but they take centuries to fully degrade in the natural environment. Before this happens, they often get ingested by terrestrial or marine animals, or break up into micro plastics. Either way, they end up in the human and animal food chain. Therefore, low-thickness plastic bags play a greater role in environmental pollution because of their resistance to decay. Considering all threats to the environment, although the amendments in the law have a positive impact on the environment, officials often overlook the negative economic impact, and overstate the environmental impact, when applying such regulations.

Business owners, especially plastic manufacturers and food chain entrepreneurs who are frequent users of single-use plastics in their operations are those most affected by these bans and restrictions. As it is prohibited to manufacture, sell, distribute and import plastics, such operations face huge financial damages which may even lead to economic crisis

3. Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment, article 3;

4. Directive (EU) 2015/720 of the European Parliament and of the Council of 29 April 2015 amending Directive 94/62/EC as regards reducing the consumption of lightweight plastic carrier bags, article 1;

and shutdowns of business operations. Finding alternative sources and replacements instead of plastic bags, as well as plastic cutlery and related plastic products is also the step that requires high financial sources. For example, negative impact on retail sales plastic bag ban is causing store owners to spend more on alternative carryout bags, directly affecting their bottom lines.

For consumers, the impact also arises in economic aspects as some business owners start to charge other plastic bags to balance their financial status. Consumer costs increase as a result of prohibitions on plastic use, as well as while trying to find alternative sources to use for several purposes.

## Other legal concerns

However, concerns on plastic bans are not limited with above issues. In addition to economic concerns, the ban on use of plastics raises some legal questions.

As the amendments have recently been approved by the government and implementation has just started, it is pivotal to observe the relevant experience of other foreign legislative systems in order to comprehend the possible impact of the changes on the public. For example, EU’s approach on plastic use bans is indicated as following: prohibitions must be **proportionate and non-discriminatory**<sup>5</sup>. It means the prohibitions implied by governments must not entail huge economic risks among citizens and relative measures must be considered to prevent such risks. The EU member states are obligated to encourage the use of products that are suitable for multiple use and that are, after becoming a waste, suitable for preparing to re-use and recycling, but these products should also meet the requirement of affordability. For example, when very lightweight single-use plastic bags are prohibited being used by consumers, it should be taken into account that suggested products to replace those bags should cost similar amount for the end users.



5. Directive (EU) 2019/904 of the European Parliament and of the Council of 5 June 2019 on the reduction of the impact of certain plastic products on the environment, article 4;



While implementing plastic use bans, it is also important to keep a balance between **public interest** and the government's interest in protecting the environment. In several US states, plastic manufacturers and other groups related to the plastic bag industry started lawsuits against the governments with regard to the plastic bans claiming to act in the public interest<sup>6</sup>. Even threats of such lawsuits caused municipalities to withdraw proposed plastic bag bans. In the *Save the Plastic Bag Coalition v. City of Manhattan Beach* case<sup>7</sup>, group representing the interests of the plastic bag manufacturing industry argued that manufacturing of paper bags takes more energy than manufacturing plastic bags; therefore, it carries greater environmental impact. Claimants insisted that a shift in consumer use from one environmentally damaging product to another constitutes an unusual circumstance in public. The Court decided that while some increase in the use of paper bags is foreseeable, and the production and disposal of paper products is generally associated with a variety of negative environmental impacts, no evidence suggests that paper bag used by Manhattan Beach consumers in the wake of a plastic bag ban would contribute to those impacts in any significant way.

## What is the most ideal waste management law system?

Although the amendments constitute a positive step in the direction of environmental protection, one of the shortcomings in this area is the lack of systematic legislation on use of plastic and waste management.

Foreign governments' approaches to waste management laws and regulations are enumerated in the following directions:

- In some countries, such as Azerbaijan, in order to reduce the negative impact of plastic use on environment, several bans are applied to the production, sale, and use

of single-use plastics. According to the EU Directives, even lightweight plastic carrier bags with a wall thickness below 50 microns are prohibited to be used within the EU member states. Although in most countries these prohibitions are subject to administrative liability, some governments criminalize the use of plastic. For example, in Scotland, it is a criminal offense to manufacture or sell rinse-off personal care products containing plastic micro-beads<sup>8</sup>.

- Some countries (for example, Ireland, Belgium) avoid above-mentioned bans on plastics considering the private interests of companies and other economic aspects. They imply some taxes and charges to the use of plastic carrier bags, disposable plastic cutlery and other related plastic products to reduce consumer use of such facilities. These fees and charges can be applied supplier-based and consumer-based. While supplier based fees help to avoid plastic suppliers using plastic widely, consumers also look for alternative and cheaper sources in case of mandatory fees for single-use plastics. In some countries, bag credits are also applied: to avoid paying charges for the plastic bags it is possible to bring back to the store the disposable or reusable bag.
- In some regulations, it is possible to notice the hybrid version of those provisions. The joint impact of such hybrid policies has been assessed, for example, in the context of three Californian cities which have banned single-use plastic bags while mandating that all reusable bags be placed a certain amount of taxes<sup>9</sup>.
- In the perfect environment, as the main purpose is to achieve zero-waste and full recycling, no bans or taxes are implied to plastic use. By applying high-technologies and methods to succeed full recycle and permitting all kind of plastics to be used, governments leave no plastic behind which can harm the environment in several aspects.



6. 'A Wolf in Sheep's Clothing: The Plastics Industry's "Public Interest" Role in Legislation and Litigation of Plastic Bag Laws in California', Jennie R. Romer \* & Shanna Foley, 5 Golden Gate U. Envtl. L. J. 377 (2012), page 24;

7. *Save the Plastic Bag Coalition v. City of Manhattan Beach* 52 Cal.4th 155 (Cal. 2011). 127 Cal. Rptr. 3d 710, 254 P.3d 1005, decided Jul 14, 2011;

8. Preventing plastic waste in Europe, EEA Report, No 02/2019; page 21;

9. Working Party on Integrating Environmental and Economic Policies Preventing single-use plastic waste: implications of different policy approaches, ENV/EPOC/WPIEEP (2020)10/FINAL, 2 July 2021, page 33;



# Corporate Responsibility Makes Business Sustainable: Meeting the Promise of Responsible Business Conduct in Azerbaijan



**Gunay Huseynalizadeh**  
Corporate Sustainability  
Professional

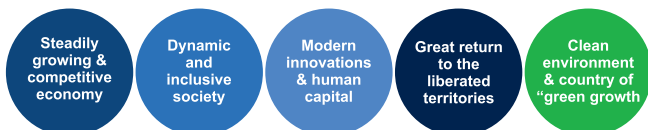


**Ruhiyya Isayeva**  
Legal Expert

## Introduction

The private sector plays a prominent role in economic, environmental, and social progress (and regress) on global, regional, national, and community levels. Business operations impact the welfare of society and the environment in ways that place an obligation on them to balance out economic interests with the need to protect the ecosystem. The choices and practices of business entities impact the human rights of employees and their families along the entire supply chain. The magnitude of this impact was evident during the COVID-19 pandemic. As the world grapples with the negative socio-economic fallout of the pandemic, surviving the pandemic and staying on track for the attainment of the Sustainable Development Goals (SDGs) has become particularly challenging for companies and governments.

In Azerbaijan, this challenge was met with fast policy response. On February 2, 2021, President Ilham Aliyev signed a decree approving “Azerbaijan 2030: National Priorities for Socio-Economic Development”. Azerbaijan has adopted its 2030 strategic development priorities rooted in SDGs, emphasizing the importance of achieving global goals. The decree pledges to strengthen long-term relations between society, business, and the state around five national priorities for socio-economic development:



Businesses in Azerbaijan have been called to rise to the challenge and help the country recover from the adverse impact of the COVID -19 pandemic and support the implementation of the National 2030 sustainable development strategy. The two crises have shown the importance of designing effective and resilient business models for transformative recovery. To resume progress on the SDGs and build back better from the COVID-19 pandemic, we need collective action, where businesses will take a leading role.

The impact of corporate activities on society and human rights became a matter of serious concern in the 1980’s and 1990’s. Wrongful conduct of the business affiliates in oil, gas, and mining companies, and the offshore production in apparel and footwear with poor working conditions<sup>1</sup>, all drew public attention to the adverse impacts caused either by the enterprises themselves or by their corporate relationships. In response to social pressure in the late 1980’s to 1990’s, business enterprises started to embrace a new concept – Corporate Social Responsibility (CSR). It first appeared as a management concept according to which companies integrate social and environmental concerns into their business operations and interactions with their stakeholders.

Early CSR initiatives were mere policy statements with no adequate implementation mechanisms and no outside monitoring. They came in the shape of codes of conduct that were not uniform and covered only a few of the broad range and diverse aspects of CSR issues. Subsequently, multistakeholder initiatives were created to strengthen the legitimacy, as well as the quality of CSR activities. One of the most prominent examples of cooperation with businesses through multistakeholder initiatives dedicated to advancing

1. E.g. the 1984 Bhopal disaster resulting in 7000 deaths, and other cases involving Shell, Nike, and other companies

responsible business is the UN Global Compact, which was launched in 2000 by UN Secretary-General Kofi Annan with the explicit mandate to “advance United Nations values and responsible business practices within the United Nations system and among the global business community.” Business enterprises joining this initiative embrace, support, and enact within their sphere of influence a set of ten core principles that cover human rights, labor standards, the environment and anti-corruption. Today, the UN Global Compact is the world’s largest corporate sustainability initiative, with over 13000 companies and 3000 non-business stakeholders based in more than 160 countries.

13,000 + Businesses	3,000 + Non- businesses	160+ Countries	28% Fortune 500	80m+ Employees in UN Global Compact countries
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Placing the issue of corporate responsibility for human rights abuses on the agenda of the United Nations (“UN”) and setting up the UN Global Compact contributed to the emergence in the 1990s, in parallel to the debate on CSR, of a new discourse on Business and Human Rights (BHR). In June 2008, the UN Human Rights Council (UN HRC) unanimously approved the UN Framework on Business and Human Rights later referred to as the UN “Protect, Respect and Remedy” Framework (Framework)<sup>2</sup>. On 16 June 2011<sup>3</sup> the UN HRC unanimously endorsed the UN Guiding Principles on Business and Human Rights (UNGPs), which became the first-ever corporate human rights responsibility initiative to be endorsed by the UN. The UNGPs celebrates its 10<sup>th</sup> anniversary which represent a global standard of expected business conduct. It is based on three pillars that outline how states and businesses should implement the Framework:

1. The state duty to protect human rights;
2. The corporate responsibility to respect human rights;
3. Access to remedy for victims of human rights abuses by business.

The UN Global Compact, like many other international organizations (like OECD, ISO, IFC, etc.) is working in alignment with the UNGPs.

## Corporate Social Responsibility vs. Corporate Sustainability

Given the scale of the challenge to protect people and the planet and considering the national development goals set out within “Azerbaijan 2030: National Priorities for Socio-Economic Development” document, Azerbaijani businesses need to embrace more strategic and streamlined form of

2. Protect, Respect and Remedy: A Framework for Business and Human Rights, Report to the UN Human Rights Council (Framework Report), UN Doc. A/HRC/8/5, 7 April 2008, available at [www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf](http://www.reports-and-materials.org/Ruggie-report-7-Apr-2008.pdf); The UN “Protect, Respect and Remedy” Framework for Business and Human Rights (Framework), June 2008, available at <https://www.business-humanrights.org/sites/default/files/reports-and-materials/Ruggie-protect-respect-remedy-framework.pdf> [accessed 17 May 2021]

3. United Nations Guiding Principles on Business and Human Rights (UNGPs), available at [https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr\\_en.pdf](https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf)

CSR. They must not just think of quick fixes in the form of codes of conduct and ethical guidelines, but rather plan for structural changes that can help reduce waste, assure supply chains, develop new markets and build brands in a manner that preserves the future of people and the planet.

The short-sighted view of CSR has often made companies mask unsustainable practices, for instance by using the concept as a marketing ploy or confusing it with charity. To avoid confusion with such narrow and wrong interpretation, the concept of CSR has evolved into the more strategic concepts of “corporate sustainability” or “responsible business practices”<sup>4</sup>. Corporate sustainability (CS) referred in Dow Jones Sustainability Index as “a business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments”.

Corporate sustainability highlights the need to make the impact of CSR more sustainable and to scale it up. Sustainable business has a better chance of attracting and retaining customers and competent staff, as well as getting investments and loans, which in turn opens greater opportunities to expand.

**20% Revenue Increases**

**16% Cost Reductions**

**30% Boost in Brand Value**

According to the study by the World Economic Forum, among companies engaging in sustainable supply chain initiatives the revenue increases up to 20%, cost reductions up to 16%, and as much as a 30% boost in brand value<sup>5</sup>.

In support for corporate sustainability, the UN Global Compact recently developed a new three-year strategy (UN Global Compact Strategy 2021-2023) which calls for companies to increase their contributions and work towards achieving the Sustainable Development Goals (SDGs), the Paris Agreement on Climate Change and the Ten Principles of the UN Global Compact.

## Corporate Sustainability and the UN Global Compact

The UN Global Compact calls on businesses to align strategies and operations with ten universal principles on human rights, labor, environment, and anti-corruption. Those Ten Principles are derived from the core UN Conventions and Declarations and have been recognized and endorsed in numerous UN General Assembly Resolutions, most notably

4. <https://unboxedtechnology.com/the-difference-between-sustainability-and-corporate-social-responsibility/>; <https://www.unescap.org/publications/corporate-social-responsibility-corporate-sustainability-moving-agenda-forward-asia-and>

5. <https://www.weforum.org/press/2015/03/socially-responsible-supply-chains-create-triple-advantage-increased-revenue-reduced-cost-and-greater-brand-value/>

the biennial “Towards Global Partnerships” resolution. Today, the UN Global Compact is expected to deliver even greater ambitions and impact. The initiative aims to help companies anywhere along their sustainability journey — from beginners to the most advanced leaders using business as a force for good.

## The UN Global Compact, therefore, is a platform, where businesses in Azerbaijan may turn to for guidance on how to meet fundamental corporate responsibilities in the areas of human rights, labour, environment, and anti-corruption.

For the next three years, the UN Global Compact will use its mandate to scale the global collective impact of businesses on Gender Equality (SDG5), Decent Work and Economic Growth (SDG 8), Climate Action (SDG 13), Peace, Justice, and Strong Institutions (SDG 16), and Partnerships (SDG 17). These SDGs are all in line with Azerbaijan’s national priorities for socio-economic development. Thus, an opportunity exists to engage Azerbaijani companies in an open dialogue on ways to address major sustainability challenges, create new partnerships with a wide range of stakeholders, and provide access to a large pool of resources and tools to connect, communicate and convene at scale.

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**Regulatory framework.** The UN Global Compact puts human rights at the center of corporate strategy. Showing your commitment to support universal human rights (Principle 1) and making sure you are not complicit in any human rights abuses (Principle 2) can be a good start for advocating human rights in your company. For instance, it is essential to uphold the freedom of association and recognize the right of collective bargaining (Principle 3), eliminate all forms of

forced and compulsory labor (Principle 4), effectively abolish child labor (Principle 5) and eliminate discrimination in respect of employment and occupation (Principle 6).

Azerbaijan has ratified all Human Rights treaties and International Labour Organization’s Conventions on forced labor, freedom of association, equal remuneration, minimum age, and on the worst forms of child labor. The Constitution of the Republic of Azerbaijan prohibits discrimination based on gender and in 2006 the government passed a Law on State Guarantee of Equal Rights for Women and Men.

At the regional level, the European Parliament voted for a new law obliging companies to conduct environmental and human rights due diligence within their value chains. The law applies not only to EU-based companies but to everyone that has access to the internal EU market *regardless of their size, sector, and nature of ownership.*

## To maintain a social and legal license to operate at local and international markets, companies must adhere to human rights and labour principles.

**Climate change.** Climate change has become a significant challenge for the world with its increased impacts on the society and the economy. If no action is taken, with the current levels of global emissions global warming will stand at 3.5–4.0°C. This figure is twice as high as what governments had agreed to limit global warming to. Urgent collective action to avert devastation to the planet and people is needed, where businesses can play a critical role by changing the way they operate and impact the environment.

Azerbaijan is highly vulnerable to climate change given its geographical location and freshwater shortages. The shrinking volumes of main water sources of the country are calling for immediate action. Azerbaijan has joined 17 conventions on water preservation, ratified the UN Convention on Climate Change and the Paris Agreement, and is committed to a 35% reduction of GHG emissions by 2030. A clean environment and country of “green growth” is one of the five national priorities of Azerbaijan’s 2030 socio-economic development. Businesses can expect changes to the regulations that will aim to bring more environmentally clean technologies and promote the use of clean energy sources.

By upholding the UN Global Compact’s environmental principles calling to take a precautionary approach to environmental challenges (Principle 7), promote greater environmental responsibility (Principle 8), and encourage the development and diffusion of environmentally friendly technologies (Principle 9), companies will take a proactive approach to meet local and international standards and contribute to Azerbaijan’s environmental commitments.



**Brand sustainability identity.** With a growing number of customers (“ethical consumers”) and investors assigning critical importance to sustainability issues and demanding transparency from businesses, meeting those requirements becomes a far-reaching task.

## Responsible business practices attract new types of capital, ease access to financial markets and ensure customer loyalty.

A commitment to ethical and responsible business practices ensure customer loyalty and attract new types of capital, including foreign direct investments and eases access to financial markets. Major financial institutions are dedicated to driving capital towards environmental and socially sustainable economic development, which includes a company’s ESG performance, including, a sustainability report, as part of the screening process. This, in turn, has two implications for Azerbaijani businesses: first, to borrow funds internationally, steps have to be taken to ensure the company meets a specific ESG score, and, secondly, in the long-term, ESG performance will also become a major requirement to obtain finances locally.

According to the results of the latest McKinsey Global Surveys on valuing ESG programs, 83% of C-suite and investment professionals noted that they expect ESG programs to generate more shareholder value in five years than today. Additionally, they expressed their willingness to pay a 10% median premium to acquire a company with a positive record for ESG issues than with a negative record.

UN Global Compact calls on companies to fight all forms of corruption, including extortion and bribery (Principle 10), and ensure transparency by submitting an annual Communication on Progress Report that is available to all stakeholders. Through this communication, channel companies can improve their corporate image and gain increased trust in their businesses from customers, investors, government, and society as a whole.

## Conclusion

In this new era of action and impact, where the scale of the impact of the corporate world on society and human rights has significantly increased, shifting to sustainable business practices will be inevitable for companies. It is only through collective action that we can recover from the recent pandemic and resume progress in delivering on the commitments of the 2030 Agenda on sustainable development, as well as achieve the five national priorities on socio-economic development.

Responsible business practices in Azerbaijan will not only create a positive impact on society, but ensure long-term profitability for businesses, increase the responsiveness to employee and customer needs, provide access to international markets, attract capital, and generate better brand value.

The UN Global Compact is guiding companies in their

journey of responsible business practices and businesses in Azerbaijan can benefit from the advantages presented to them when becoming a part of the Compact.

If you want to be well prepared for the legislation changes that might affect your business, align your brand name with a strong sustainability identity, drive operational efficiency and innovation, build resilient business models, and utilize a wide range of other opportunities offered by the UN Global Compact, take action now and join the largest corporate sustainability initiative in the world. By joining the Global Compact, you will become a part of a big family of like-minded companies, connecting, communicating, and convening at scale to find solutions to major sustainability challenges, learn from best practices and build new partnerships.

### Authors’ biography

**Ms. Gunay Huseynalizadeh** is a Cambridge Institute for Sustainability Leadership Fellow and the University of Edinburgh Business School graduate. Gunay has extensive experience of working with the leading international organizations in the field of corporate sustainability. She managed and oversaw many corporate sustainability projects, led the process of development of the first company sustainability report, together with the strategy team, integrated sustainability into corporate strategy, built and deepened partnerships with industry businesses and leaders to promote larger sustainability initiatives. The company, where Gunay worked as the Sustainability Lead, became one of the UN Global Compact leading companies worldwide in 2019 and 2020.

**Ms. Ruhyya Isayeva** is a multilingual legal expert with international experience. She has been practicing law in Azerbaijan as advokat since 2005, being enrolled with the Azerbaijani Bar Association, which has awarded her twice (with Appreciation Certificate and Honorary Decree) for efficient legal practice. During 2008-2018 she practiced in the international law firm Dentons representing leading international companies and organisations in the litigation and arbitration proceedings. Ruhyya is also a certified trainer of the COE’s European Programme for Human Rights Education for Legal Professionals (HELP).

In 2018 she won a highly competitive Visby scholarship of the Swedish Institute. During 2018-2021 she was elected thrice to the Board of the Swedish Institute Network for Future Global Leaders in Lund where she served as a Chairperson and Board Advisor. In 2018-2019 she was also elected and served as a Vice-President in the Jus Humanis International Human Rights Organisation in Lund, Sweden. Since 2019 Ruhyya has been practicing as a freelance legal expert consulting companies and organisations on issues of corporate responsibility, sustainability, business and human rights, human rights, gender issues, etc.

Ms. Isayeva did her Bachelor program in the School of Law and Social Sciences of Khazar University (1998) and her Master program in Law at Azerbaijan University (2004).

# Settlement of Commercial Disputes through Mediation



**Anar Isayev**  
Ph.D, LL.M<sup>2</sup>, PMP  
Regulatory advisor at bp  
Head of Working Group at Mediation Council

Mediation is a structured and interactive process through which an impartial third person assists the parties of any dispute in settlement of the dispute by applying specific negotiation methods. The goal of the mediation is to minimize the dispute severity between the parties and settle the dispute in a way satisfying the parties. As a neutral party, the mediator shall try to facilitate the process rather than managing it. Mediation for commercial disputes considerably differs from other types of mediation, but its common feature with others is that in this process, the final decision must be made upon the agreement of the parties, too. Surely, the goal of the mediator here is to guide the dispute parties to the settlement. **This Article tries to explain the legal requirements for the mediation process of commercial disputes by stages and by providing active links to relevant laws and regulations, as well as by means of relevant tables and schemes.**

## Requirement for Participation in the Preliminary Mediation Session

In compliance with Clause 28.1 of the [Law on Mediation, dated March 29, 2019 and numbered 1555-VQ of the Republic of Azerbaijan](#) (hereinafter the Law on Mediation), the parties shall attend the preliminary mediation session before applying to court for commercial disputes.

## Procedure for the Preliminary Mediation Session

The preliminary mediation session shall be facilitated by the mediator mutually agreed by the Parties. The Party starting the procedure according to the requirement for preliminary mediation session shall submit a [Proposal for Application of Mediation Process](#) to the other Party (*Table, Item 1*). In this proposal, the presentation of the Mediator registered by the Mediation Council (or Mediation Organization) for the involvement in the settlement of disputes is given.

If the other Party **agrees with the employment of the proposed mediator** (*Table, Item 2a*), this Mediator shall be applied and upon agreement of the time and venue of the

session mutually, the Mediator selected for this purpose shall send an Invitation to the Preliminary Mediation Session to the parties. (*Table, Item 4*)

And the Preliminary Mediation Session shall be held. (*Table, Item 5*)

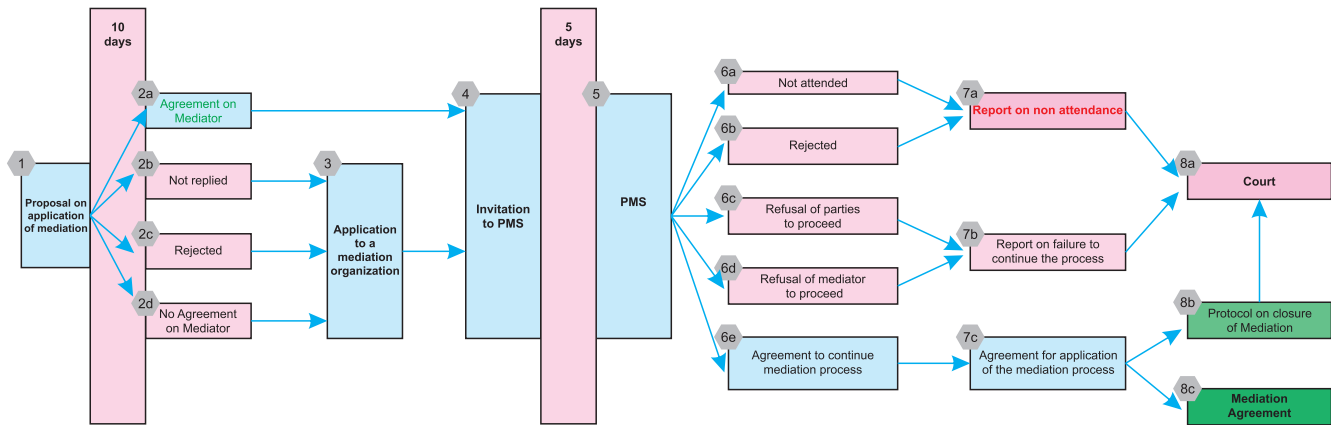
If the other Party **does not reply to the proposal** (*Table, Item 2b*), or turns down the proposal (*Table, Item 2c*), or if **no agreement may be reached about the mediator** to be employed (*Table, Item 2d*), after 10 business days from the date of proposal, the case shall be heard by the mediator organization located in the same city (or district) with the court which is competent to hear the dispute. If there is no such organization, the case shall be heard by a mediation organization locating in one of the nearest cities or districts (*Table, Item 3*). If there is no mediator organization in the city or district where the court locates, or if the review of the case by this mediator organization is not possible, upon the **Application** of either Party, the Mediation Council shall assign a mediator to facilitate the preliminary mediation session. The assigned mediator shall reach a mutual agreement on the time and venue of the session and shall send an **Invitation to the Preliminary Mediation Session** to the Parties (*Table, Item 4*).

If the Parties or either of them do/does not attend the preliminary mediation session (*Table, Item 6a*) or refuse/s to attend it in a written form (*Table, Item 6b*), the mediator shall draft a **Report on Nonattendance In the Preliminary Mediation Session**, by recording the attending and absent parties of the session and shall submit it to these persons (*Table, Item 7a*). Unless otherwise agreed between the Parties, the **Invitation for the Preliminary Mediation Session** shall be submitted at least 5 days prior to the date of the preliminary mediation session.

If either or both of the Parties **does not/do not agree to continue the mediation process** (*Table, Item 6c*), and if any disputes affect the rights of any third parties not being a party to the mediation, no mediation shall be held for such disputes. If such cases are detected, the mediator (mediator organization), parties or either of them shall draw back from the mediation process of these disputes (*Table, Item 6d*). In this case, the mediator shall terminate the mediation process and present the **Report on Unfeasibility to Continue the Process following the Preliminary Mediation Session** to the Parties (*Table, Item 7b*).

If the Parties **decide to continue the mediation process**, a **Tripartite Agreement on the Application of Mediation Process and Provision of Mediation Services** shall be concluded between the Parties (*Table, Item 7c*) and the mediation process shall be facilitated.

Based on Request for Preliminary Mediation Session (PMS)  
Mediation Procedure



As is seen, the facilitation of the Preliminary Mediation Session shall be ensured in any case by law, regardless of the behavior of the Parties (Table, Item 5).

If the Parties reach a **reconciliation agreement** as a result of the mediation process (Table 1, Item 8c), the mediation process shall be terminated. As the examples of other documents that are used in the mediation process, the example of reconciliation agreement is also posted on the official website of the Mediation Council for the assistance to users <https://mediasiya.org/qanunvericilik/mediasiya-surasinin-senedleri>.

If the Parties fail to reach a **reconciliation agreement** as a result of the mediation process or the mediator refuses to facilitate the mediation process in compliance with the requirements set forth by laws (Law on Mediation, Clauses 3.3 and 26.4), the mediator shall terminate the mediation process and submit relevant **protocol** about it to the Parties (Table 1, Item 8b).

Upon the receipt of the **Report on Nonattendance** (Table, Item 7a) or **Minutes on the Termination of Mediation Process** (Table, Item 8b), the Party may apply to court (Table, Item 8b). A relevant **Report** or **Minutes** shall be added to the application.

In the mediation process, the mediator may hold meetings with all parties jointly or individually and give verbal and written recommendations. In this case, the mediator shall avoid doing any actions that may provide advantages to either party or may restrict the rights and obligations of either party. The Parties may draw back from the mediation at any

stage of the mediation process.

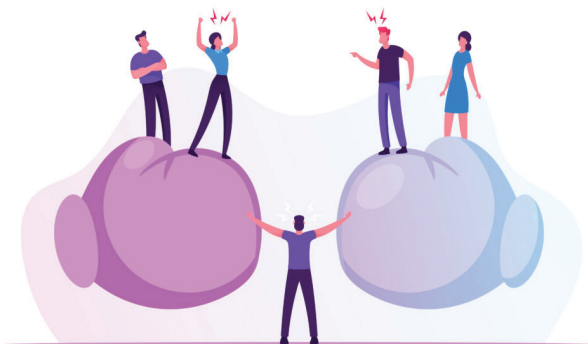
The Parties may attend the mediation process personally or by their representatives. The Parties may use the assistance of lawyers, translators/interpreters and relevant experts and professionals in the mediation process. Third parties may also attend the mediation process upon agreement of the parties. In the mediation process, the parties shall make their proposals on their opinions and on the terms and conditions of settlement of the dispute. In the mediation process, the parties shall conclude an agreement on the terms and conditions of dispute settlement.

At any stage of the mediation process, the mediator may give a verbal or written proposal for the dispute settlement, not setting any obligation for the parties.

The proposal for reconciliation shall be made upon agreement of the parties.

### Preliminary Mediation Expenses

The amount of the fees and other expenses for the provision of mediation service during the preliminary mediation session is approved by Decree Numbered 308 and Dated July 15, 2019 of the Cabinet of Ministers of the Republic of Azerbaijan. Under this Decision, the fee for the provision of



Amount of Claim	Amount
< 500 AZN	20 AZN
501 AZN – 1,000 AZN	40 AZN
1,001 AZN - 5000 AZN	60 AZN
5,001 AZN – 10,000 AZN	100 AZN
10,001 AZN – 50,000 AZN	200 AZN
> 50,000 AZN	400 AZN

mediation service during the preliminary mediation session is determined depending on the amount of claims (Table):

The amount of the expenses for post and clerical work and of other current expenses incurred by the mediator or mediation organization for the organization of the preliminary mediation session is set not higher than 10 Manats based on approving documents.

## Duration of Mediation Process

In compliance with the Law on Mediation, the total period of the mediation process shall not exceed 30 days. Considering the complexity of disputes, the mediation process may be extended up to extra 30 days. (Clause 24.7) The specific period for the implementation of mediation process shall be determined by a Mediation Process Application Agreement by considering the total period.



## How to Ensure Independency and Unprejudicedness of Mediator

The Law on Mediation sets the unprejudicedness and independency of mediators as the key principles of the mediation (Clause 4.2.3). The mediation process shall be facilitated in compliance with the Professional Code of Conduct for Mediators, approved by Decision Numbered 384 and Dated September 5, 2019 of the Cabinet of Ministers of the Republic of Azerbaijan and the Regulations for the Facilitation of Mediation Process, approved by Decision No 385 of the Cabinet.

In compliance with the Code of Professional Conduct for Mediators, the mediator shall not allow any intervention to the mediation activity from any person, including his/her friends and acquaintances, in any form, shall not fall under the influence of any state and self-governance bodies, and no public opinion or criticism shall influence the legality and substantiality of his/her activity (Clause 3.8.5).

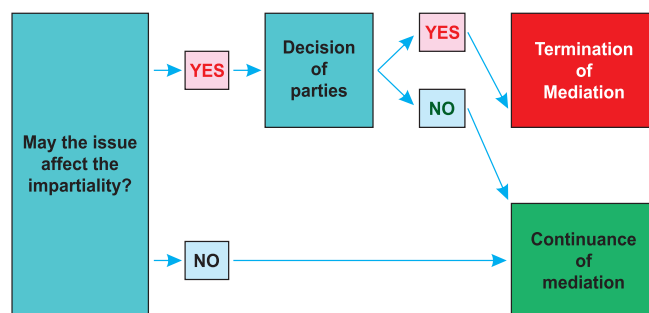
If the mediator faces any information that may affect his/her impartiality, s/he shall behave according to the ethical standards (See: Table).

## Requirement for Execution of Reconciliation Agreement Reached through Mediation

Surely, parties are expected to execute any reconciliation agreement reached through mediation willingly. However, if any of the parties refuses to willingly execute its obligations under the agreement, the applicant may apply to court for the approval of the reconciliation agreement for obligatory execution. In compliance with Clause 355-25.1 of the Civil Procedural Code of the Republic of Azerbaijan, the application for the approval of the reconciliation agreement may be reviewed within 10 days upon the receipt by the court. In certain cases, the court may refuse to approve the reconciliation agreement or any part of it (if the reconciliation agreement or any part of it is illegal, or if the reconciliation agreement violates the rights of third parties who are not a part to the mediation or the rights of persons accepted as an incapable or with restricted capability by court. The court shall make a ruling on the approval or refusal of approval of the reconciliation agreement and when the ruling becomes effective, it shall be directed for mandatory execution as set forth by law.

In our opinion, the settlement of commercial disputes through mediation is a good tool for the settlement of any disputes between entrepreneurial entities safely and effectively and enables Parties to settle their problems easily in a short time period and in an informal environment, as well cost-effectively without applying to court.

Mediator's Code of Conduct



### Author's biography

**Dr. Anar Isayev** is the Regulatory Advisor at bp Azerbaijan, Great Britain. He is an experienced lawyer – PhD in Banking Law, with the job experience for more than 20 years in the public and private sector.

Furthermore, he is head of working group of the Mediation Council and a Trainer in Mediation. Anar obtained LLM degree in Oil and Gas Law at Derby University, Great Britain and obtained the PMP International certificate.

Dr. Isayev is also a lecturer of UBIS University, Switzerland (MBA program, Subject: Project Management)

# About Us



**The American Chamber of Commerce in Azerbaijan (AmCham Azerbaijan) is a leading private, non-profit business association supporting and promoting the interests of foreign and local businesses in Azerbaijan.**



Established in 1996, the Chamber is composed of over 250 Members and Associates active in every sector of the Azerbaijani economy. AmCham Azerbaijan represents nearly 80% of all foreign investment, as well as a significant portion of local investment, in Azerbaijan. Through its 9 industry sector committees, Members and Associates are able to share information, raise issues of common concern and propose possible solutions. AmCham Azerbaijan remains the most influential Access, Advocacy and Advisory services provider in Azerbaijan serving the improvement of the business climate in the country.

Being one of the largest and the most influential organizations in the country AmCham provides the best networking opportunities. Other membership benefits include access to the data on the latest tendencies in the market (through such information resources as Annual National Employee Salary Surveys, Quarterly Inflation Surveys, AmCham White Papers, AmCham Annual Reports, IMPACT Azerbaijan Quarterly Magazines); chance to be heard and influence (Member Companies represent themselves in committees in the areas of Tax & Customs, Banking, Finance & Insurance, Human Resources & Labor, Information & Communications Technologies, Travel,

Tourism & Hospitality, Corporate Social Responsibility, Legal & Compliance, FMCG and Procurement to make a real contribution to the future of business in Azerbaijan); Member-to-Member Discount Program offers; U.S. Business Visa Facilitation Program benefits etc.

Notably, the **delegation of AmCham had a privilege to meet with the President of Azerbaijan, H.E. Ilham Aliyev, in 2016.** Besides, the organization has established fruitful dialogue and keeps on cooperating successfully with government institutions on the highest level

# Business Events

## AmCham Members met with the Representatives of the Ministry of Economy



On **December 9, 2021**, a meeting was held between AmCham in Azerbaijan and the Ministry of Economy of the Republic of Azerbaijan. The honorable speaker of the meeting was Deputy Minister of Economy of the Republic of Azerbaijan, Mr. Elnur Aliyev.

The meeting featured presentation of AmCham's key policy document - "White Paper" 2021 edition containing recommendations and suggestions for improving the business and investment climate in Azerbaijan. The event was attended by representatives of the public and private sectors who exchanged views on issues and proposals reflected in the document, supporting the development of the business environment and sustainable reforms in the country.

Deputy Minister of Economy Mr. Elnur Aliyev informed the participants about the measures taken to support the business and investment climate in Azerbaijan during the pandemic and the positive impact of these measures on macroeconomic indicators. It was noted that as a result of the measures taken, the sustainability of business activities and economic growth in 2021 was ensured. Thus, in the first

10 months of this year, real GDP increased by 4.9% to \$ 42 million, non-oil GDP increased by 5.9%. During this period, foreign trade turnover increased by 24.7%, exports by 37.7% and non-oil exports by 42%.

Moreover, Mr. Aliyev stressed the importance of developing



competitive human capital within the National Socio-Economic Priorities of Azerbaijan, inclusive society and social justice, application of modern technologies, "green" economy and economic revival of our liberated territories in terms of sustainable economic development, and spoke about the work done in this direction. The participants were also informed about the investment opportunities created by the Electronic Credit Platform for Entrepreneurs, Azerbaijan Investment Holding, Alat Free Economic Zone, to further improve the business and investment climate and increase investment attraction.

## AmCham Azerbaijan Organized 3<sup>rd</sup> Conference on "Ethics And Compliance in Azerbaijan"

On **November 30, 2021**, the AmCham in Azerbaijan organized 3<sup>rd</sup> AmCham Conference on "Ethics and Compliance in Azerbaijan".



Mr. Ramin Valizada Executive Secretary of the Commission on Combating Corruption of the Republic of Azerbaijan acknowledged sustainable work of the Chamber in improvement of the business climate in the country. In his speech, Mr. Valizada touched upon the strategies, programs and reforms carried out in combatting corruption in the country. He also highlighted the systematic and targeted activities of the Anti-Corruption Commission in this direction and emphasized key role of the State Program on Combating Corruption on the results achieved.

The Conference highlighted three panel discussions: "Managing Third party related Compliance Risk", "Pandemic and its Impact on Compliance", "Compliance related Investigations and Corrective Actions".

## AmCham Supports UN Women's Equity and Empowerment Agenda

AmCham in Azerbaijan is pleased to announce its support for the UN global women's equity and empowerment agenda. This agenda supports the UN's sustainable development goal to achieve gender equality and empower all women and girls. AmCham is a strong advocate for the equal rights of women in all aspects of society, including in economic affairs. In keeping with this goal, we commit ourselves to:

- helping end all forms of gender-based violence;
- supporting an increase in the number of women serving in leadership roles in business;
- ensure we include women's voices and leadership in all AmCham efforts; and
- strengthening opportunities for women's economic empowerment.

"AmCham has and will continue to promote women's inclusion and economic empowerment the activities of Chamber's committees. As we design future programs to support these commitments, AmCham will continue to seek opportunities to partner with and support our member companies and other local businesses committed to improving the lives of all women and girls," AmCham Executive Director Gulnara Aslanbayli said.

In supporting these goals, we reiterate our belief that women's inclusion will significantly contribute to long-term economic growth and sustainability that will improve livelihoods across Azerbaijan.



United Nations Entity for Gender Equality  
and the Empowerment of Women

## AmCham Azerbaijan Supports Implementation of Green Recovery Programs for Sustainable Development

"Preparation of sustainable programs for the development of "green" energy in Azerbaijan will contribute to the growth of investments in this sector" Ms. Gulnara Aslanbayli, Executive Director of AmCham in Azerbaijan said at the event on "Financing Sustainable Development: Sustainable and Green Recovery from the COVID-19 pandemic" held on **October 6, 2021** in Baku.



"The possibilities of "green" energy have not yet been fully explored at the global level and that is one of the main risks in the green growth investment. The main role of the state here is to act as a regulator and take the necessary steps to stimulate such investments. I am sure state programs supporting creation of Green Energy zones in the liberated territories, including the Smart City and Smart Village concepts facilitate the growth of investments aimed at the sustainable development of green energy in the country", Ms. Aslanbayli said.

The event was held with organizational support of the National Coordinating Council for Sustainable Development, the Ministry of Economy and the United Nations Development Program (UNDP) in Azerbaijan.

The event focused on discussion of issues related to financing sustainable development, new challenges for the implementation of development priorities in Azerbaijan in the post-pandemic period, opportunities to promote an environment that ensures the sustainability and quality of the economy through "green" resources, ways to achieve Sustainable Development Goals (SDGs).

## First AmCham Azerbaijan Trip to Aghdam

On **September 25, 2021** AmCham Azerbaijan jointly with Karabakh Revival Fund organized a trip to Aghdam city for a group of member companies. The purpose of the trip was close acquaintance with Aghdam city, as well as establishment of opportunities to explore possible contributions by member



companies in economic development of the region. Firstly, AmCham leadership and member companies paid a visit to Monument complex of Karabakh khans and Imarat cemetery, Bread Museum, Aghdam State Drama Theater, Juma Mosque, Giyasli Mosque and Shahbulag complex of Aghdam city.



Welcoming participants of the trip, Mr. Emin Huseynov, Special Representative of the President of the Republic of Azerbaijan in the liberated part of Aghdam, presented the New General Plan of Aghdam city. He noted that amid the plan, the creation of basic infrastructure, as well as the construction works have been actively in progress.



Afterwards, Mr. Rahman Haji, Chairman of the Executive Board of Karabakh Revival Fund, informed participants on the shared goals and objectives set behind the Fund by the President of the Republic of Azerbaijan. Mr. Hajiyev talked about the variety of projects implement by the Fund, including those aimed to enhance investment attractiveness of the region, restoration of Karabakh assets, as well as development of human capital in the region.

## AmCham Ceo Dinner



On **September 21, 2021** AmCham in Azerbaijan hosted second CEO Dinner among member companies. Honorable Guest Speaker of the dinner was Mr. Yusif Jabbarov, CEO of NEQSOL Holding.



During the dinner in a relaxed atmosphere, members discussed business plans for the upcoming year, possible co-operation in the future, as well as got acquainted with the activities of AmCham Azerbaijan directed to the improvement of business climate in Azerbaijan.

## HR Committee's Online Session

On **July 1, 2021** AmCham Human Resources and Labor Committee held an online session.

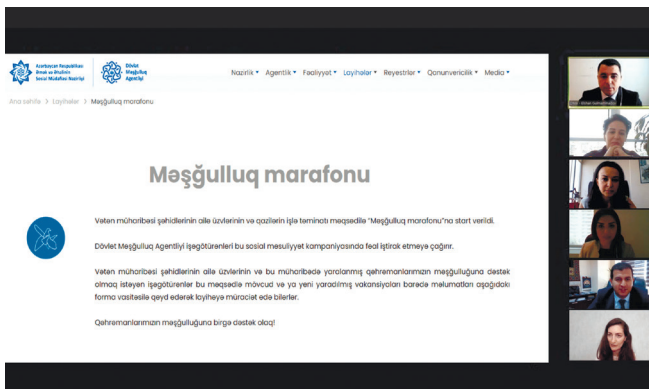
The session was dedicated to the newly launched "Employment Marathon" project initiated by the State



Employment Agency under the Ministry of Labor and Social Protection of the Population of the Republic of Azerbaijan.

Guest speakers of the session were representatives of the State Employment Agency: Ms. Fatima Alakbarova, Head of the Work with Social Partners Department, Mr. Elshad Gulmammadov, Senior Specialist of the Work with Social Partners Department and other senior representatives of the agency.

Ms. Fatima Alakbarova delivered wide information on "Employment marathon" project which is aimed to encourage active participation of employers in employment of the war-wounded and families of martyrs of the 44-day Patriotic War. Ms. Alakbarova highlighted that following the principles of social partnership and national solidarity, the project will expand the employment opportunities, improve welfare of family members of martyrs and war-wounded which will ensure public satisfaction and increase joint efforts in this direction.



Mr. Elshan Gulmammadov proceeded the meeting demonstrating all the procedures and requirements needed in joining the marathon, and taking this opportunity encouraged all AmCham members to participate in the project. Employers wishing to support the employment of the war-wounded and families of martyrs of the 44-day Patriotic War can send information about existing or newly created vacancies for this purpose through filling the form in the following link "Join Employment Marathon"

Moreover, Mr. Toghrul Turabov talked on the other projects of the State Employment Agency aimed to ensure the employment of Azerbaijani citizens, promote legal regulations on social protections of unemployed and job seeker citizens and improve the social welfare of the population.

## AmCham Presented White Paper to the Public

On **June 11, 2021** AmCham in Azerbaijan organized a press-conference for publicly presenting subsequent publication of its White Paper on observations and recommendations for improving Azerbaijan's business climate.

Members of AmCham Board of Directors, Committee chairpersons, State Officials, AmCham members and



media representatives attended the press-conference. The White Paper is being prepared and presented to Azerbaijan government biannually in the aim of supporting various fields of Azerbaijan's economy.

The document reflects collective view of AmCham members on changes contributing to the strength of business environment and ultimately, the country.

White Paper 2021 will cover issues to be solved in different fields such as tax, customs, banking, finance, insurance, information and communications technology, procurement, labor, tourism, etc.

To get familiarized with the White paper, follow the link [AmCham White Paper 2021](#).

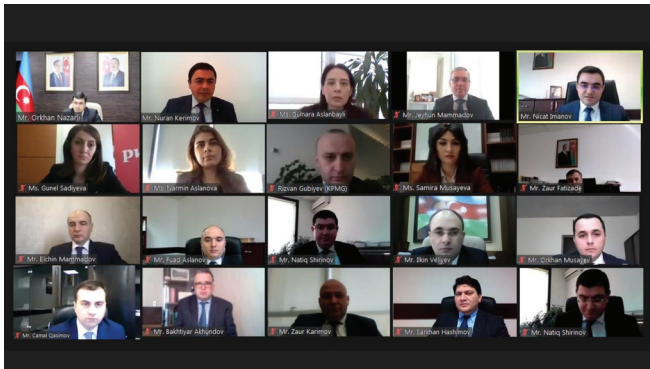


## Online Tax Conference Jointly Organized by Amcham in Azerbaijan and State Tax Service

On **March 10, 2021**, AmCham in Azerbaijan organized online conference jointly with the State Tax Service (STS) under the Ministry of Economy on "Tax Regulation of the Economy in the Global Pandemic and Post-war Period - Sustainable



Economic Growth and a Favorable Investment Climate”. Acting Head of State Tax Service, Mr. Orkhan Nazarli noted that the STS attaches great importance to improving tax policy and tax administration, providing new services to taxpayers, holding various discussions with public organizations of entrepreneurs to further improve the business environment. It was also mentioned that before making amendments to the legislation, the opinions of local and foreign business structures operating in the country are considered, as well as open and active dialogue with business entities is being conducted.



Mr. Nazarli noted that tax conferences held jointly with AmCham Azerbaijan have become a tradition, emphasizing that these meetings play an exceptional role in developing partnerships between tax authorities and business structures and further increasing the level of taxpayers' compliance with tax legislation. He said that the relations between the STS and AmCham Azerbaijan uniting hundreds of foreign and local businesses, are based on the principles of effective partnership. AmCham members are widely represented in various sectors of the national economy. Noting that the topic of this year's tax conference is based on modern challenges, Mr. Nazarli emphasized that the STS is interested in building

partnerships with businesses in the process of improving tax legislation in order to create a favorable investment climate that will ensure sustainable economic growth in the country. He also informed the participants about the main directions of tax policy, trends in the field of tax legislation and administration in the upcoming periods.

## AmCham Annual General Meeting (AGM) 2021

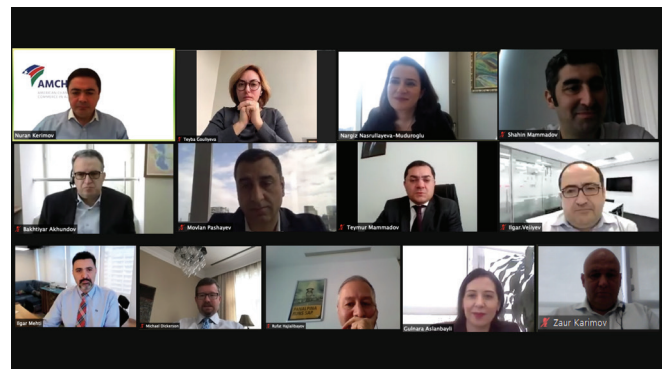
On **March 4, 2021** AmCham in Azerbaijan held its Annual General Meeting (AGM).

President of AmCham Azerbaijan, Mr. Nuran Kerimov delivered a comprehensive presentation on report dedicated to the activities of 2020 of the Chamber. Strategic goals and financial report of AmCham Azerbaijan, as well as the achievements of the last year were highlighted during the presentation.



Moreover, Mr. Kerimov announced that as a support to member companies, the AmCham Board of Directors approved membership fee exemption program for the year of 2021 to be applicable to the members operating in the sectors mostly affected by the pandemic.

Furthermore, the issue on setting the date of the Board of Directors Elections was also put into discussion. As a result, by the majority of votes, it was decided to postpone Board of Directors Election to 2022.



## AmCham Azerbaijan Becomes a UNGC Signatory

AmCham in Azerbaijan is pleased to announce that it has become a United Nations Global Compact (UNGC) signatory since **March 1, 2021**. UNGC is a bold initiative designed to redirect business values towards working for the greater good. Its purpose is to help businesses transform their strategy in order to accommodate for the rising need in the implementation of sustainability practices around the world. With more than 12,700 members based in 160 countries, UNGC promotes ten essential sustainability principles across four domains in order to cultivate a better a world:

- Human Rights
- Labor
- Environment
- Anti-Corruption



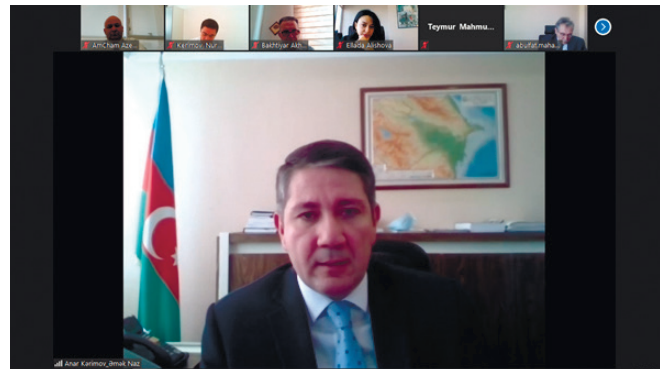
We commit ourselves to adhere to our recently adopted Sustainability Policy developed based on the UNGC principles and perceive this initiative as a step forward towards its implementation.

While we are working on several initiatives to embrace our commitments, we as AmCham Azerbaijan are also ready to support our member companies and other local businesses in this journey towards adopting essential values of responsible governance and become a UNGC signatory. Either it is from the administrative or advisory point of view, we are determined to provide all necessary assistance to local sustainability pioneers to join the ranks of UNGC signatories.

We believe, this is a big leap towards strengthening the presence of sustainability practices in Azerbaijan and will significantly contribute to the long-term value creation across all business sectors of the country.

## Online Meeting With the Ministry of Labor and Social Protection of Population

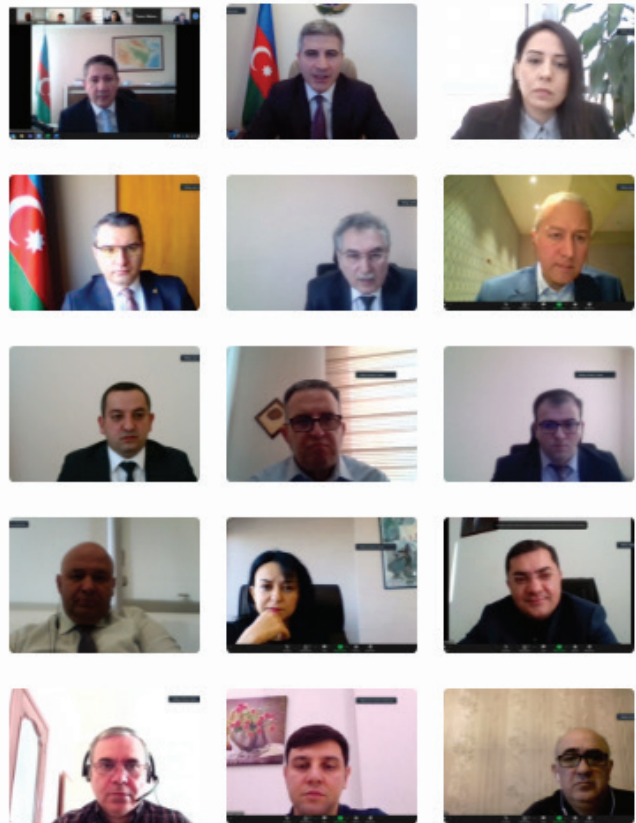
On **January 8, 2021**, AmCham in Azerbaijan organized online meeting with the Ministry of Labor and Social Protection of Population, which was devoted to social support for the families of martyrs and war-wounded, as well as potential



cooperation in this area.

Deputy Minister of Labor and Social Protection of Population, Anar Karimov noted that such event has been a beneficial platform for exchange of views on cooperation opportunities between the government and business representatives. He also briefed the participants on projects currently being implemented by the Ministry in this direction and the measures taken to improve the social security of the families of martyrs and war-wounded.

Chairman of the Board of the State Employment Agency Mustafa Abbasbayli, Chairman of the Board of the DOST Agency Farid Mammadov and other senior officials of the Ministry also made speeches at the meeting.



# AmCham Members Luncheon

**November 29, 2021**

The Honorable Guest Speaker of this month was Mr. Mukhtar Babayev, Minister of Ecology and Natural Resources of the Republic of Azerbaijan.



Mr. Mukhtar Babayev delivered a comprehensive presentation on “The state of environment and rehabilitation plans in Eastern Zangazur and Karabakh Economic Zones of Azerbaijan”. Mr. Babayev started his presentation by highlighting serious environmental damage on the nature, biodiversity, and whole ecosystem of the region caused as a result of the occupation, as well as its consequences such



as degradation of environment, ecological disbalance and ruthless exploitation and transportation of natural resources. Afterwards, the Minister emphasized restoration and rehabilitation projects and plans in the liberated territories such as declaration of a “net-zero emission” zone by 2050, establishment of “green energy zone”, use of renewable (water, wind, solar, thermal) energy sources, establishment of “Smart City” / “Smart Village” concept, application of “green agriculture” concept, sustainable management of transboundary water resources, increase of forest massifs and greenery and others.



Furthermore, it was also mentioned that, within the framework of rehabilitation plans in Eastern Zangazur and Karabakh Economic Zones of Azerbaijan, Memorandum of Understanding was signed between the Ministry of Ecology



and Natural Resources of Azerbaijani Republic and Karabakh Revival Fund. Within the MoU, activities in the direction of rehabilitation of ecosystems and infrastructure, as well as hydrometeorological observation systems, establishment of



environmental monitoring stations, planting of new greenery, reforestation measures, assessment of water sources for the efficient use of water resources and others have been carrying out in the liberated territories.

During the luncheon, SUEZ International, Sustainera Research & Consulting Services and Bioroepan LLC delivered presentations.

## October 14, 2021



The Honorable Guest Speaker of this month was Mr. Emin Amrullayev, Minister of Education of the Republic of Azerbaijan.

Mr. Amrullayev delivered comprehensive presentation on educational reforms implemented in the last 7 years. He highlighted the significant transformation achieved in the local education system, as well as shared statistical results on a



wide range of educational indicators and their analysis and comparison with key international assessments.

During the luncheon, LANDAU School and ROOF Academic Training delivered presentations.

## September 28, 2021



The honorable Guest Speaker of this month was United States Ambassador to Azerbaijan, Mr. Lee Litzenberger. Ambassador Litzenberger highlighted the Embassy's works with the American Chamber of Commerce in Azerbaijan to promote opportunities for U.S. businesses. Ambassador Litzenberger also covered topics such as women's economic empowerment, the importance of a clear and transparent business environment, and IPR protection.

The event proceeded with the member presentations by Deloitte Academy and Mazarina Trade Company.



## June 18, 2021



The honorable Guest Speaker of this month was Mr. Himalay Mamishov, Chairman of the Board of the State Social Protection Fund (SSPF) under the Ministry of Labor and Social Protection of Population of the Republic of Azerbaijan.



Mr. Himalay Mamishov delivered a comprehensive information on the work carried out to strengthen social insurance system of the population, as well as future plans. Moreover, he noted the significant progress achieved in the implementation of modern innovations in the field of social protection and social insurance in the country.



## March 15, 2021



Guest speaker: Mr. Valeh F. Alasgarov, Chairman of the Board of Directors, Alat Free Economic Zone Authority (AFEZA).

## February 24, 2021



Guest Speaker: Dr. Taleh Ziyadov, Director-General of “Baku International Sea Trade Port” CJSC.

## January 29, 2021: “Organization of Digital Employment”

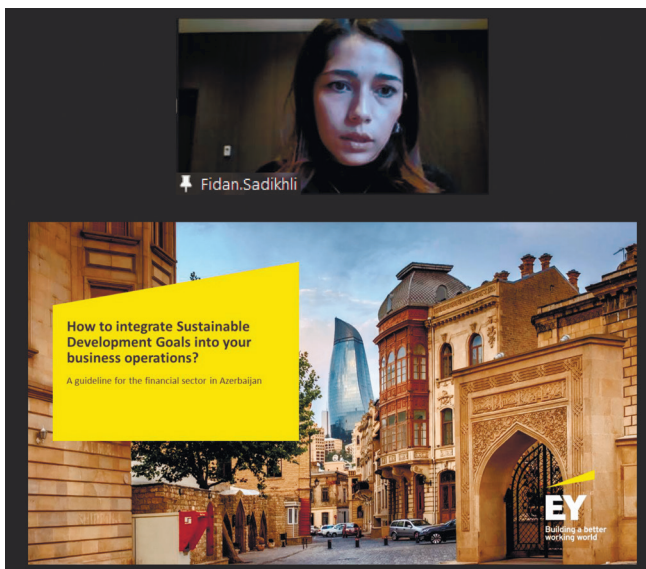


Guest speaker: Mr. Mustafa Abbasbeyli, Chairman of the Board of the State Employment Agency of the Ministry of Labor and Social Protection of Population.

# Committee Highlights

## Joint Meeting between Sustainable Development & Corporate Impact and Banking, Finance & Insurance Committees

The meeting dedicated to the presentation of the EY report on "How to integrate Sustainable Development Goals into your business operation", Guidelines for the Financial service sector in Azerbaijan was held on **November 2, 2021**.



Invited speakers were Ms. Fidan Sadikhli, Manager of Climate Change and Sustainability Services from EY and Mr. Mahammad Kekalov, Social Entrepreneur.

Ms. Fidan Sadikhli highlighted the main principles of Sustainable Development Goals integration into business operation, by demonstrating the background, achievements, and goals of this initiative. As it was mentioned by Ms. Sadikhli, there are number of challenges and opportunities for financial institutions while trying to integrate the core SDG principles. Reliance of Azerbaijan's economy on oil and gas industry, two devaluations in the last ten years due to volatile oil prices and COVID-19 pandemic which hit most industries and stumbled growth are main challenges to cause some delays in implementing SDGs and increasing their impact. During the presentation Ms. Sadikhli presented the opportunities for businesses which will bring Azerbaijan closer to reaching its INDC and maintain the competitiveness of the economy as per "Azerbaijan 2020: Look into the Future" development concept. There was a list of applicable recommendations and guidance on how to set the stage, integrate and later manage SDG-specific opportunities.

During the second part of the meeting, Mr. Mahammad Kekalov, delivered presentation on his social startup aiming to recognize and support people with disabilities. This project was started by Mr. Kekalov couple of years ago and presented as a fashion brand for wheelchair users. "Kekalove Adaptive" accommodates wheelchair users with specific needs and aimed to create designs that tackle all challenges wheelchairs might create for persons with disabilities.

## Joint Meeting between Sustainable Development & Corporate Impact and Human Resources & Labor Committees

On **December 15, 2021**, the Committees organized a joint meeting dedicated to Women Empowerment in Business and Private Life.

Guest speakers of the meeting were Ms. Arzu Askerova, Human Resources Manager at Hyatt Regency Baku and Ms. Nigar Sultanova, social entrepreneur and founder of DanceAbility Azerbaijan Inclusive Company.

Ms. Arzu Askerova shared the experience of Hyatt Global in support of female career advancement and leadership. She also mentioned the stories of female team members of Hyatt Regency Azerbaijan on the topic of "Women Empowerment in Business".

Then, Ms. Nigar Sultanova delivered a presentation on activities of DanceAbility organization, which offers dance classes to people with or without disabilities in order to develop sensory awareness, intuition, creative process, listening and connection. Ms. Sultanova and beneficiaries of the organization outlined the importance of these activities that establish and develop community, inclusion and a sense of well-being.

## Joint Meeting of FMCG Committee and Ministry of Ecology and Natural Resources

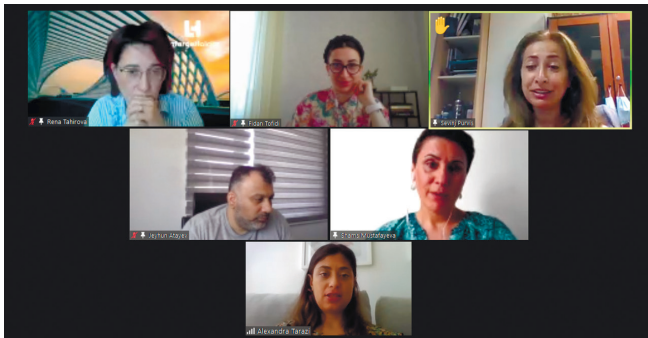
During the event on **25 June, 2021**, Mr. Sahil Mammadli, Commissioner for Volunteers at "ASAN service" centers, delivered a comprehensive presentation on the goals and implementation of Sumgayit Pilot Project on Waste Management. During the presentation, he also talked on the recent work done within the framework of the project, that has taken its start in Sumgait to involve the population in sorting, collecting and processing household waste.

During the second part of the meeting, discussions on the intricacies of the implementation of amendments to the Law on Environmental Protection and its impact on the companies

was held. It should be emphasized that amendments to the Law on Environmental Protection came into force earlier in January, imposing a ban in Azerbaijan on the sale and issuance of plastic bags up to 15 microns thick to consumers at public catering and services facilities.

Consequently, on July 1, 2021, the law will come into force, imposing a ban for the sale and delivery of disposable plastic products to Retail and Food Service Sector and Consumers in Azerbaijan.

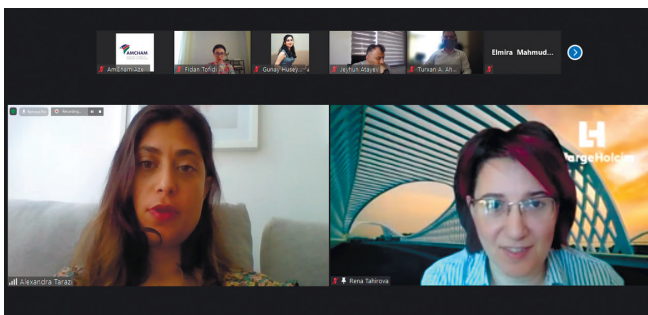
## Joint Meeting among Sustainable Development & Corporate Impact, HR & Labor and Legal & Compliance Committees



During the **June 9, 2021** event, guest speakers were Ms. Alexandra Tarazi, Senior Manager of Global Operations at UN Global Compact and Ms. Shamsiyya Mustafayeva, Development Coordination Officer at UN Resident Coordinator's Office.

Firstly, Ms. Alexandra Tarazi, delivered a comprehensive presentation on "10 UN Global Compact Principles: core principles in the areas of human rights, labor, the environment, and anti-corruption". She outlined that UN Global Compact encourages implementation of ten core principles on environmental and social issues fundamental for driving balanced and sustainable growth in the areas of human rights, labour and anti-corruption.

In the second part of the meeting, Ms. Shamsiyya Mustafayeva gave presentation on "UN Women Empowerment Principles". The presentation explored the principles to empower women



in the workplace, marketplace and community, as well as emphasize the business case for corporate action to promote gender equality and women's empowerment.

## Banking, Finance & Insurance (BFI) Committee Meetings

**December 16, 2021**

Guest speaker of the meeting was Mr. Elman Eminov, Director of the Macroeconomic Research Department of PASHA Holding.

Mr. Elman Eminov presented the topic of the meeting entitled "Latest macroeconomic and market developments in Azerbaijan and expectations for the next year" and revealed the percentage of economic growth in non-oil sector between January and October 2020 and 2021, with agriculture and tourism leading the way after the pandemic.

He also mentioned the annual inflation rate where the percentage of inflation is increasing swiftly in the current year, despite being stable in the previous year. It was noted that the main factors pushing up inflation are demand inflation, utilities price and import inflation. Mr. Eminov informed about the considerable growth in non-oil export this year compared with the last year and presented the numbers in imports for the last three years, pointing out that import indicators show almost the same results as in pre-pandemic period. In addition, he spoke about the gradual increase in rates on deposits and loans, as well as the growth in the number and volume of e-commerce transactions. Mr. Eminov finalized his speech with the possible risks to be expected for the next year and currency risks in neighbors.

**October 27, 2021**

The Committee hosted its monthly online session dedicated to Islamic Finance and its Potential in Azerbaijan.



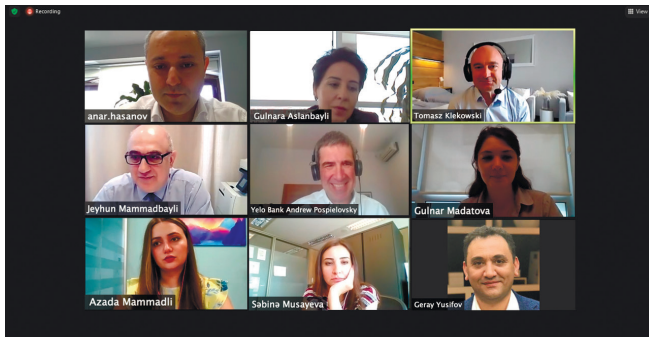


Guest Speaker of the meeting was Mr. Ikbal Daredia, Advisor to CEO, Acting Director Global Markets and Fixed Income and Acting Director Treasury of the Islamic Corporation for the Development of the Private Sector (ICD).

Mr. Ikbal Daredia delivered a comprehensive presentation on “An Introduction to Islamic Finance”. In his presentation, Mr. Daredia addressed all general aspects of Islamic Finance Industry, including Islamic bonds (Sukuk) and contracts. He also emphasized Advisory Division’s global experience and examined case studies on conversion to Islamic banks.

### June 16, 2021

The main topic of the meeting was Empowering Teams for Digital Transformation.

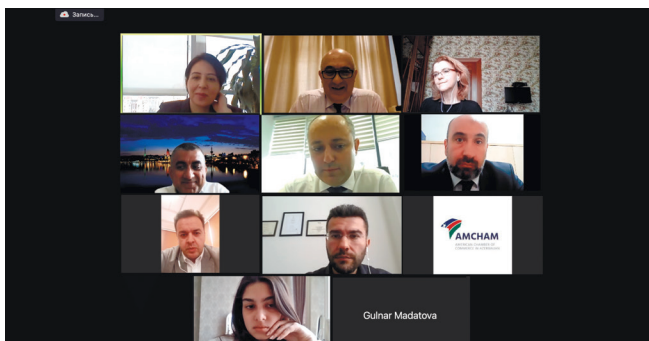


Guest Speaker of the meeting was Mr. Tomasz Klekowski, Digital Transformation Advisor and Technology Evangelist, Investor and Mentor.

### April 28, 2021

Guest Speaker of the meeting was Ms. Capitolina Tourbina, Professor of MGIMO, Doctor of Economics.

Ms. Capitolina Tourbina delivered a comprehensive presentation on a very topical subject “Modern trends in the insurance industries on the international and Russian markets. New products and new customers preferences and digitalization issues of insurance business”.



### February 3, 2021

The event was devoted to economic overview of 2020.

Guest speaker of the session was Mr. Elman Eminov, Director of the Macroeconomic Research Department of PASHA Holding. Mr. Elman Eminov delivered a wide presentation

on “Macroeconomic and financial market overview of 2020”. During the presentation, he outlined major economic and financial indicators of 2020, including impact of COVID-19 pandemic on relevant figures. Moreover, the effects of 44-day Patriotic war on budget expenditures and other related significant economic indicators were also emphasized.

## Digital Technology and Innovation Committee Meetings

### November 4, 2021

The meeting outlined Top 10 Fundamental Cybersecurity recommendations and Introduction to Defense in Depth and Zero Trust.

The guest speakers of the meeting were Mr. Vusal Salmanli, Founder, CEO & Principal Security Consultant of Defscope, and Mr. Darko Vukovic, Cyber Security Engineer and Certified Information System Security Professional of Microsoft Serbia. The first presentation on the topic of “Top 10 Fundamental Cybersecurity recommendations” was delivered by Mr. Vusal Salmanli. In his presentation, Mr. Salmanli outlined key statistics on CyberSecurity, described the challenges of the Hybrid work Model, and presented the sources of Security risks.



Following, Mr. Darko Vukovic gave a comprehensive presentation on “Introduction to the Defense in Depth and Zero Trust”, which covered the. Mr. Vukovic emphasized main principles of Zero Trust, its significance and accessibility and summarized the most important steps that should be considered for Cyber Security.

After the presentation, Mr. Mirzayev highlighted Microsoft’s update of Cyber Security Training Portfolio and gave a brief introduction to the Cyber Security Fundamentals exam.

### April 28, 2021

The main topic of the meeting was Smart City.

Guest speakers of the meeting were Mr. Alexander Daniin, Microsoft Russia PS Industry Solutions Director and Mr. Vladimir Orlov, Regional Sales Manager - Cisco System.

### February 25, 2021

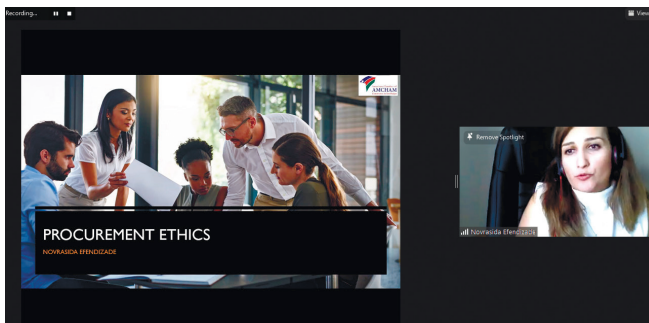
Mr. Rufat Hajialibayov, Board Member of the AmCham announced guest speaker – Mr. Togrul Samedov, Growth Hacker.

Mr. Togrul Samedov comprehensively defined Growth Hacking, and talked on implementing Technology for better results. He also noted that despite the challenges caused by COVID-19 pandemic, Growth Hacking technique can contribute to determine the most effective ways of growing a business during post-pandemic recovery period.

## AmCham Procurement Meetings

October 11, 2021

The meeting was dedicated to the Procurement ethics in Azerbaijan and Implementation of Category Management. Guest speakers of the meeting were Ms. Novrasida Efendizade, Data Controller at BP Azerbaijan and Mr. Elchin Musayev, Procurement Category Manager at Norm Cement. Ms. Novrasida Efendizade delivered a comprehensive presentation on “Procurement ethics in Azerbaijan”. In her presentation, Ms. Efendizade highlighted issues of Modern Slavery, Bribery and Anticorruption as well as sustainable procurement and their implementation within Azerbaijan market.



In the second half of the meeting, Mr. Elchin Musayev gave a presentation on “Implementation of Category Management”. Mr. Musayev shared his experience and challenges on the relevant topic currently prevailing in local private procurement market.

July 22, 2021

The meeting was dedicated to the new procurement legislation recently approved by the President of the Republic of Azerbaijan, H.E. Ilham Aliyev. The executive summaries of the “Reforms on Public Procurement” and “Amendments to the legislation on public



procurement” were jointly prepared by the State Service for Antimonopoly and Consumer Market Control under the Ministry of Economy and Center for Analysis of Economic Reforms and Communication of the Republic of Azerbaijan, with comments and adjustments made by the Smart Solutions Group.

The speaker of the meeting was Deputy Chairman of AmCham Procurement Committee, Mr. Ahmad Hasanov, Head of Public Procurement Department at State Service for Antimonopoly and Consumer Market Control under the Ministry of Economy.

Mr. Ahmad Hasanov delivered a comprehensive presentation on main changes and innovations in the public procurement legislation. During the presentation, he touched upon the determination of terms for the procedure of procurement, as well as participation fees process. Furthermore, the speaker delivered a wide information on the implementation of procurement contracts.

## Human Resources and Labor Committee Meetings

November 25, 2021

The meeting was dedicated to Organizational Effectiveness through Organizational Design.

Guest speaker of the session was Ms. Manolya Yazarkan, Partner of McKinsey & Company Istanbul office and one of the leaders of the EEMA Region Banking and Organization Working Groups.



Ms. Manolya Yazarkan delivered a comprehensive presentation on topic “Organizing for the future”. In her presentation, Ms. Yazarkan examined various techniques and design processes aimed to build distinctive organization. She highlighted the significance of forces such as digitalization and automation, covid amplification, capacity for innovation and creativity, impact of generation Y&Z and others in shaping organization design and their relationship to organizational effectiveness and success.

October 22, 2021

The meeting was dedicated to the Science of Well-being based on the insights from an online course by Yale University.



Guest speaker of the session was a certified practicing psychologist Ms. Nigar Ibrahimova, Senior Talent Attraction Advisor at BP and Chartered CIPD member. Ms. Nigar Ibrahimova delivered a comprehensive presentation on “Science of Wellbeing” and highlighted the main challenges designed to increase your happiness and build more productive habits and tools, that can improve your well-being — and lead a fulfilling life.

#### July 7, 2021

Guest speakers of the meeting were: Partner at EKVITA, Ms. Sharaf Asgarova and Senior Lawyers of EKVITA, Ms. Parvin Anvarli and Mr. Huseyn Aliyev.

Senior Lawyers of EKVITA, Ms. Parvin Anvarli and Mr. Huseyn Aliyev delivered a comprehensive presentation on a topic “Labor Contract vs. Civil Law Contract”. Ms. Anvarli started her speech by clarifying the concept of civil law contracts. Furthermore, during the presentation, Mr. Aliyev touched upon inadmissibility of formalization of employment relations by civil law contracts, as well as difficulties arising in connection with the new amendments to the legislation. Afterwards, guest speakers highlighted main features distinguishing labor relations from civil legal relations.



#### April 29, 2021

The event was devoted to the HR systems in Agile tribes. Guest speakers of the meeting were Mr. Parviz Tahirov, HR Director of Pasha Bank, Mr. Dogan Colak, Talent & Rewards Associate Director of Willis Towers Watson and Mr. Umit Duman, Managing Director of Willis Towers Watson.

#### April 9, 2021

The session was focused on topics such as procedure for financing part of salary (50%) from unemployment insurance funds, extra-quota funding, as well as procedure for financing part of the wages (100%) of martyrs' wives at the expense of unemployment insurance funds.

Guest speakers of the session were representatives of State Employment Agency: Ms. Fatima Alakbarova, Head of Work with Social Partners Department, Mr. Azer Alizade, Head of the Employment Measures Department, Mr. Qadir Isayev, Head of the Analysis and Work with Partners Department of the Baku City Employment Center and others.

#### March 11, 2021

Guest speakers of the session were Ms. Elnara Sadikhova, Talent Acquisition Specialist, BP and Ms. Jemma Rice, Senior Client Partner, Lee Hecht Harrison.

## Sustainable Development and Corporate Impact Committee Meetings



#### October 7, 2021

Guest speakers of the meeting were Ms. Amanda Orpana, Recovery and Peacebuilding Associate at the UN Resident Coordinator's Office in Azerbaijan and Ms. Sevinj Mamedova, Executive Director of Junior Achievement Azerbaijan (JAA). Ms. Amanda Orpana, Recovery and Peacebuilding Associate at the UN Resident Coordinator's Office in Azerbaijan, shared the presentation on 2021 Azerbaijan Sustainability Survey, conducted among AmCham member companies. The main purpose of the survey was to identify AmCham member companies' awareness and understanding of the Sustainable Development Goals and the UN Global Compact's Ten Principles. The study also aimed to examine ongoing activities around corporate sustainability and explore any future commitments made by the companies on corporate sustainability (details are available in the attached presentation).

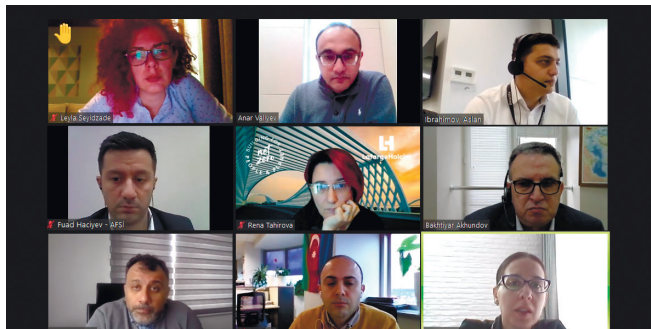
Afterwards, Mrs. Sevinj Mamedova, Executive Director of Junior Achievement Azerbaijan (JAA), shared delivered the presentation on “Young Entrepreneurs: Empowering Future Business Leaders” project, implemented by JAA in 2018-2021 in collaboration with the Ministry of Education, PASHA Bank and the European Union. The project aimed to support modernization of educational process, cultivate, train and promote entrepreneurship skills, mindset, as well as business and leadership among youth, and increase their employability chances in the future.

**March 16, 2021**



The event was devoted to World Water Day. Guest speaker of the meeting was Ms. Ambika Jindal, Lead of the Dutch Government Valuing Water Initiative.

**February 16, 2021**



Guest speakers of the meeting were Mr. Anar Veliyev, Associate Professor at ADA University and Jean Monnet Chair of European Studies and Ms. Leyla Seyidzade, Head of Exploration at UNDP.

## Legal & Compliance Committee Meetings October 28, 2021

The meeting was dedicated to “E-contracts and e-signature: legal regulation, application and enforcement”.

Ms. Bahar Kavuzova delivered a comprehensive presentation on “E-contracts and e-signature: legal regulation, application and enforcement”. She started her speech by clarifying electronic document (“E-sənəd”) and electronic signature (“E-İmza”). During the presentation, Ms. Kavuzova touched



upon the topics of civil contracts, judicial practice, and corporate governance. Then, Mr. Kamil Valiyev talked on the definition of electronic evidence and its admissibility for a judge in court. The participants had a fruitful discussion on the mentioned issues, as well as shared common concerns and best practices.

**April 23, 2021**

The speakers of the meeting were Mr. Emin Karimov and Mr. Kamil Valiyev, Deputy Chairs of AmCham Legal and Compliance Committee.

During the meeting, Mr. Emin Karimov and Mr. Kamil Valiyev delivered a comprehensive presentation on “M&A – Best practices and its application in Local legislation”. Mr. Karimov gave detailed information about the difference of mergers and acquisitions motives. Then, Mr. Kamil Valiyev talked about generally options for structuring a merger or acquisition deal.

**March 30, 2021**

The guest speaker of the meeting was Ms. Sevinj Novruzova, the Ethics and Compliance officer at Nobel Oil.

## FMCG Committee Meeting

**April 16, 2021**

Guest speakers of the meeting were Mr. Sahil Mammadli, Commissioner for Volunteers at “ASAN service” centers and Mr. Orkhan Mikayil, Head of Registration and Work with Entrepreneurship department at Food Safety Agency of The Republic of Azerbaijan.

Mr. Sahil Mammadli delivered comprehensive presentation on implementation of Sumgayit Pilot Project on Waste Management. During the presentation, he defined the goals of the project, which is started in Sumgait to involve the population in sorting, collecting and processing household waste.

In the second part of the meeting, Mr. Orkhan Mikayil briefly talked on the activities of the Food Safety Agency, including improvement in the process of digitalization.

## Tax and Customs Committee Meetings

**December 1, 2021**

The meeting was dedicated to suggested amendments to the Tax Code of Azerbaijan and to the other legislations.

Speakers of the meeting were Deputy Chairperson of Tax & Customs Committee Ms. Narmin Aslanova, Tax Director at Deloitte Azerbaijan, Mr. Javid Aliyev, Senior Tax & Transfer Pricing Consultant at PwC Azerbaijan, Ms. Leyla Salahova, Corporate Tax Manager at EY Azerbaijan, Mr. Javid Mammadov, Senior Tax Manager at Deloitte Azerbaijan, Mr. Ulvi Yusifov, Senior Manager at KPMG Azerbaijan, and Mr. Ulvi Mehraliyev, Tax Manager at KPMG Azerbaijan.

First presentation was delivered on Amendments to the Tax Code – Tax Administration and VAT & excise taxes by Ms. Narmin Aslanova. Afterwards, Mr. Javid Aliyev continued the discussion by touching upon Amendments to the Tax Code on topic of CFC rules.

Next speech was delivered by Ms. Leyla Salahova on Amendments to the Tax Code - Transfer Pricing and Profit Tax & other taxes. Thereafter, Mr. Javid Mammadov comprehensively talked on value-added taxes.

Mr. Ulvi Yusifov gave a wide presentation on Effect of Global Tax Trends to the Tax Code Amendments. Last discussion was led by Mr. Ulvi Mehraliyev on topic of Amendments to the Law on Cashless Settlements.

**October 8, 2021**

The meeting was dedicated to "Tax audits: New challenges and approaches".

The guest speaker of the meeting was Ms. Gunel Sadiyeva, Senior Tax Manager, PwC.

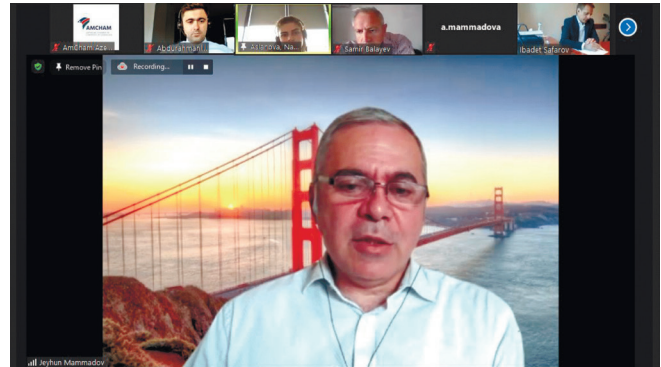
Ms. Gunel Sadiyeva started her speech expressing her gratitude to AmCham Azerbaijan and participants of the meeting. She delivered a comprehensive presentation on "Tax audits: New challenges and approaches".

In the second part of the meeting, participants addressed their questions to Ms. Sadiyeva and Committee Chairs, as well as shared common concerns and exchanged best practices.



**July 27, 2021**

The meeting was dedicated to the Off-site (Camera) Tax Audits.

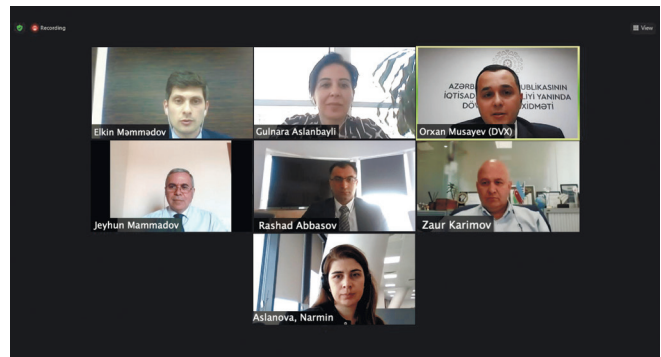


The guest speaker of the meeting was Tax Senior of Deloitte Azerbaijan Mr. Rashad Abdurahmanli.

Mr. Rashad Abdurahmanli started his speech expressing his gratitude to AmCham Azerbaijan and participants of the meeting. He delivered a comprehensive presentation on existing issues

**June 22, 2021**

The meeting was dedicated to the updates on the Rules of Administration of the Double Tax Treaty Conventions.



Guest speakers of the meeting were senior officials of the State Tax Service: Mr. Orhan Musayev, Acting Head of the International Taxation and Tax Monitoring Main Department and Mr. Elkin Mammadov, Acting Head of the Division on International Taxation within International Taxation and Tax Monitoring Main Department.

Mr. Orkhan Musayev expressed his gratitude to AmCham Azerbaijan and participants of the meeting. He briefly talked on the activities of the State Tax Service, as well as main directions of tax policy, trends in the field of tax legislation and administration in the upcoming periods.

Afterwards, Mr. Elkin Mammadov delivered a comprehensive presentation on "International agreements on the elimination of double taxation on income and property". He highlighted the importance of tax agreements, their implementation for residents and non-residents, as well as facilitation of double taxation procedures.

# Member News

## Baku Energy is Coming up Soon June 2-3, 2022

The most prestigious event of energy sector in the Caspian region – Baku Energy Week brings together the 27<sup>th</sup> International Caspian Oil & Gas Exhibition, the 10<sup>th</sup> Anniversary Caspian International Power and Alternative Energy Exhibition, the Baku Energy Forum, which is the successor to the Caspian Oil & Gas Conference.

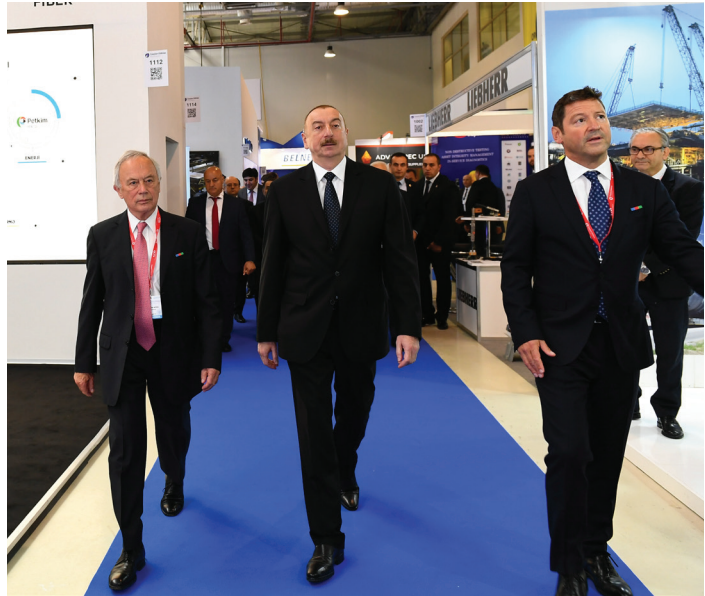
Today Azerbaijan is successfully implementing a consistent energy policy, the result of which is stability and energy security in the region. 2020 has become a historic year for our country; after many years of occupation it is wonderful to witness this historic military success, achieved under strong leadership, with an army now acknowledged throughout the world as professional and brave, and in a short time. In the near future, the liberated territories will be provided with green energy, thereby expanding the possibilities for co-operation in the field of investments and joint projects on renewable energy sources.

The International Caspian Oil & Gas Exhibition has been considered a prestigious international platform for more than 25 years, bringing together industry leaders to discuss the region's major oil and gas projects. The parallel exhibition, Power and Alternative Energy, will present the latest proposals in development and use of energy and renewable energy sources from international and local companies.

The program of Baku Energy Forum, which will be held in between of 2<sup>nd</sup> and 3<sup>rd</sup> June, includes the following topics: “The future of energy at the crossroads of development paths. Renewing green energy”, “Impact of the Covid-19 pandemic on the energy sector and recovery forecast”, “New benchmarks for oil and gas in the new energy era. From an oil and gas company to an energy company”, “Oil and gas technologies”, “Artificial intelligence (AI) in oil and gas development” and others. We are ready to provide you with additional information regarding the program of the event, as well as the moments of participation in it.

Given the two-year hiatus caused by the pandemic, exhibitions and forum have become even more important as they provide an opportunity for offline meetings and live dialogue with industry leaders in the region.

The events are organized by Iteca Caspian and its international partners with the official support of the Ministry of Energy of the Republic of Azerbaijan and SOCAR.



## New appointment



**Timur Tursunov**  
Audit Director at  
Deloitte Azerbaijan

Timur is Audit Director at Deloitte Audit & Assurance practice in Azerbaijan. Timur has more than 14 years of experience in Deloitte in the CIS region and in the UK.

In 2010 Timur moved to the UK and worked in Deloitte Aberdeen office for 5 years. In Scotland he gained significant experience in the audit of the IFRS financial statements of oil and gas and oil field service companies. His primary clients were FTSE 100 and some of the largest SEC registrant oil and gas services clients. Timur focuses on the provision of audit, transaction support and advisory services to major complex corporates and large listed firms in mining, manufacturing, consumer business and real estate industries.

He holds diploma with honor from St Petersburg State University of Economics and Finance. Timur is a Fellow Chartered Certified Accountant (FCCA), and Russian Certified Auditor.

He is married and has a son.

# 1-3 BAKU JUNE ENERGY 2022 WEEK



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Organisers  
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