



**Approved by the Decision
of the Academic Council
KazNU named after Al-Farabi
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SUSTAINABLE INVESTMENT POLICY

INTRODUCTION

- Sustainable Investment Policy of NJSC "Al-Farabi Kazakh National University" (hereinafter - KazNU) is developed in accordance with the Entrepreneurial Code of the Republic of Kazakhstan dated 29 October 2015, the Laws of the Republic of Kazakhstan dated 7 July 2004 "On Investment and Venture Funds" and other regulatory acts of the Republic of Kazakhstan.
- KazNU recognises the importance of sustainable development and the role of responsible investment in achieving it. This Sustainable Investment Policy sets out our commitment to integrate environmental, social responsibility and governance factors into our investment decisions and to align our investments with the United Nations Sustainable Development Goals (UN SDGs).

The objectives of the Sustainable Investment Policy at KazNU are as follows:

- Introduce a framework for considering specific aspects, including environmental, social and corporate (ESG) aspects, when analysing investments.
- Establish a framework and policy directions to generate a stable and additional source of income.
- Ensuring long-term financial stability and achievement of financial targets set by the KazNU Development Programme.
- Integrating ESG factors into decision making and investment strategy.
- Minimising risk and facilitating change and transition.
- Developing investments in renewable energy and climate action.
- Supporting sustainable services for external and internal stakeholders.
- Inviting experts to analyse national and international experiences.
- Supporting the participation of University students and staff in tree planting initiatives and other environmental projects.

This policy defines the procedures, format of decisions taken when considering, agreeing and monitoring the implementation of investment



projects.

TERMS AND DEFINITIONS

The Policy uses the following terms and definitions:

Administrator of the investment project - a structural division responsible for planning, justification and execution of investment projects.

Business plan - a document containing a description of the purpose and justification of expediency of the investment project in accordance with the acts of KazNU.

Life cycle of the investment project - a set of successively changing states of the investment project from putting forward an idea to retrospective analysis on results of realisation of the project. The life cycle of the project consists of six stages: evaluation, selection, definition, implementation, operation, training, the definitions of which are given in the Policy.

Investment is the expenditure of funds for the purchase, creation and maintenance of production and non-production fixed assets and intangible assets.

Investment activity is the process of planning, controlling and analysing the results of spending own, borrowed or budgetary funds for purchase or construction (creation) or maintenance of production and non-production fixed assets and intangible assets.

Investment Memorandum (IM) - a document that is prepared at a certain stage of the Life Cycle of a strategic investment project (definition), including justification of economic feasibility, scope and timing of the investment project, the main purpose of which is to agree on the results of the project and approve the right (mandate) to obtain the necessary funding and resources for the implementation of the project;

Investment project is a set of measures for the implementation of a separate investment initiative, which provides for investments in the creation of new, expansion and renovation of existing production facilities of structural units and Subsidiary Organisations on a repayable basis;

Project initiator - KazNU, structural subdivision of the university or subsidiary organisation, official who in accordance with the legislation of the Republic of Kazakhstan and normative acts of KazNU can initiate carrying out of investment projects;

Capital investment plan - a document for the implementation of investment projects for a separate financial period, which reflects the main parameters of investment projects.

1. CURRENT SITUATION

At Al-Farabi Kazakh National University (hereinafter - KazNU) the



situation in the field of sustainable investment is as follows:

1.1. The University management exercises control in the area of investment management, in accordance with the Charter, the Sustainable Development Goals and the legislation of the Republic of Kazakhstan.

1.2. The investment activity of the University is subject to annual review at the meetings of the Board of Directors and the Management Board of the University.

1.3. KazNU is actively working on the preparation of professionals capable of meeting the labour market demand for specialists competent for sustainable development.

1.4. Over the past few years, KazNU has made significant investments in sustainability through digitalisation and automation of document processing, personnel management, student information system and learning management systems.

1.5. The University carries out scientific developments and projects in line with the Sustainable Development Goals.

1.6. The University's investment activities are aimed at compliance with the requirements of the Sustainable Development Goals, increasing environmental responsibility.

1.7. When considering investment projects, the University takes into account compliance with the principles of ethics, transparency, social justice, and economic and environmental sustainability.

1.8. The legal basis for sustainable investment is represented by the relevant provisions of the laws of the Republic of Kazakhstan, decrees and (or) orders of the President and Government of the Republic of Kazakhstan, this Sustainable Investment Policy (hereinafter - SIP) of Al-Farabi Kazakh National University, relevant international standards and other related legal documents.

2. MAIN OBJECTIVES AND PROVISIONS OF INVESTMENT ACTIVITIES

In its Sustainable Investment Policy KazNU is guided by the current legislation of the Republic of Kazakhstan, the Charter of KazNU, this Policy and other internal documents regulating the investment activity of the University.

The Policy of sustainable investment is approved by the Board of Directors. Changes in the Policy are made on the basis of the decision of the Board of Directors.

2.1. Key provisions of investment activity



The purpose of investment activity of KazNU is increase of economic efficiency of activity of structural divisions, subsidiary organisations by infusion of money means for purchase, creation and maintenance in working condition of industrial and non-production fixed assets, and intangible assets of the above-mentioned organisations on a repayable basis.

KazNU bears full responsibility for the results of its investment activity and execution of decisions of management bodies.

Investments of KazNU should have economic and strategic substantiation and should be formulated in the form of investment projects on which the decision on their expediency can be made on the basis of calculation of economic parameters of efficiency of projects, check of conformity to the strategic goals defined by the Strategy of development of structural divisions and subsidiary organisations and in the presented Business plan.

To ensure effective management of investment activity KazNU carries out investment planning, within the framework of which similar and mutually dependent investment projects can be grouped into targeted investment programmes and subprogrammes. KazNU in its activities strives for environmental sustainability and social responsibility and invests its portfolio responsibly and ethically. KazNU believes that, over the long term, this commitment to responsible investment is consistent with its objective of generating a steady stream of income to support the University's operations. KazNU's investments will not contradict the UN Sustainable Development Principles, but rather seek to promote these principles.

2.2. Investment of free cash of KazNU at realisation of projects.

KazNU, having temporarily free cash, can invest these funds in projects of structural divisions and subsidiary organisations based on the Business Plan in the form of debt financing on terms of urgency, payment and repayment.

The Board of Directors can recommend the use of free cash of KazNU in other directions, and makes a decision on the use of temporarily free cash as a source of financing on projects of structural divisions and subsidiary organisations.

3. INVESTMENT PROJECTS

3.1 Classification of investment projects

Investment projects must meet the criteria of integrity of structural units and subsidiaries:

- all actions and resources required to achieve the objectives set out in the Business Plan must be included within the scope of a single project:
- all actions within the project must be interrelated.



An investment project includes all capital expenditures for the creation, purchase or maintenance of fixed or intangible assets, as well as capitalised costs for the creation of the necessary infrastructure where necessary to ensure the continued operation of the project results. KazNU classifies investment projects into types of strategic priorities depending on the nature of changes that the project provides for and the scope of the project results.

Organic development projects - projects aimed at increasing the value of the Subsidiary by expanding activities in any area compared to the current state (new products, new regions). Modernisation or expansion projects, the main purpose of which is to increase capacity or economic efficiency or to reduce production costs.

Repair projects - projects of structural subdivisions or Subsidiaries aimed at minimising risks associated with equipment failure and accidents, maintaining assets and production facilities, infrastructure facilities in a technically serviceable condition, as well as maintaining activities in any area at the existing level (does not imply capacity expansion).

3.2 Stages of an investment project

Description of the stages of the project life cycle.

The life cycle of investment projects consists of several stages, which can be summarised as follows:

Evaluation - consideration of the possibility of the project implementation, its preliminary economic feasibility and compliance with the strategy of structural units and Subsidiaries, selection of projects from the set of potential opportunities is made. Evaluation stage begins with submission of investment application of structural subdivisions or Subsidiary organisation to KazNU and ends with decision on necessity of development of preliminary Business plan, and also decision on development of Investment memorandum on strategic investment projects between KazNU and structural subdivisions or Subsidiary organisation.

Choice - study of alternative variants of realisation of the project and a choice of the preferable variant according to the purposes of the project, a choice of a way of realisation of the project.

The stage Selection ends with approval of parameters of the project according to the preliminary Business plan of structural divisions or Subsidiary organisation.



Implementation - starts with preparatory work and execution of necessary documentation for the investment part of the project and ends with closing of the transaction.

Making investment decisions at all stages of the investment project must be pre-approved by KazNU and approved at the stage of determination by the Board of Directors of KazNU.

3.3. Persons responsible for the implementation of investment projects

For each investment project the responsible structural division for coordination of realisation of the given project is appointed by the corresponding internal act of KazNU.

It bears personal responsibility before the Board of Directors for maintenance of timely, purposeful and effective execution of investment projects. The curator is the person presenting the results of the project.

The supervisor is responsible for developing the goals and objectives of the project and carrying out other activities necessary for project implementation.

3.4 Requirements for the transition of projects to subsequent stages

KazNU carries out step-by-step adoption of investment decisions after each stage of the investment project, and authorise subsequent stages only upon completion of the previous ones.

At the beginning of the investment project KazNU forms the plan of schedule of measures with indication of volume of financing and other resources, necessary for the implementation of the project.

Upon completion of the activities, KazNU conducts a mandatory evaluation and analysis of the results, on the basis of which it makes a recommendation on the decision to continue, refine or terminate the project.

3.5 Documents Accompanying Investment Decision Making

The main documents used to make investment decisions are:

- Business Plan;
- investment memorandum (for the Determination stage);
- project monitoring report;
- project closure report.



The business plan is a document of the structural organisation or Subsidiary used for making investment decisions on investment projects that do not meet the criteria of a strategic project.

Investment Memorandum (IM) is the main document used for making investment decisions on strategic investment projects.

The main purpose of the IM is to substantiate the economic feasibility of the scope and timing of the investment project, as well as to establish the expected results of the project and approve the right (mandate) to obtain the necessary financing and resources for the project implementation.

Once the IM is approved, the content of this document is not subject to change and further serves as a basis for determining the efficiency of the project stage implementation by comparing the actual values with the planned values specified in the IM.

Project Monitoring Report - a document containing, among other things, information on the presence or absence of deviations of the actual project indicators from the planned ones approved in the relevant IM, indicating the reasons for the deviations, measures taken to manage critical project risks.

Project Closure Report - a document containing information on any significant deviations from the project implementation timeline and the originally approved amount of project financing, the reasons for such deviations, information on other decisions taken within the framework of the project implementation and additional comments on the project implementation progress.

4. Monitoring and Reporting

4.1 Monitoring and reporting actions will be carried out as follows:

- Relevant structural units will report on the implementation of sustainable investments to the University management at least once a year.
- The Strategic Development Centre will monitor the relevant units against their targets set out in the Sustainable Investment Policy and will prepare an annual report on the implementation of the Sustainable Investment Policy and the performance appraisal of staff in the relevant units.

5. Resource Allocation

The following resources will be utilised by the relevant units, committees



and working groups to achieve the objectives of this policy:

- Competent and trained human resources.
- Adequate financial resources.
- Physical infrastructure.
- Knowledge and expertise.