



**Approved by the Decision of
the Academic Council
Al-Farabi KazNU Protocol No. 8 of
29 March 2023.**

SUSTAINABLE INVESTMENT POLICY

INTRODUCTION

Sustainable Investment Policy of the Al-Farabi Kazakh Al-Farabi 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.

The Policy defines the procedures, format of decisions taken when considering, approving, and monitoring the implementation of investment projects.

TERMS AND DEFINITIONS

The following terms and definitions are used in the Policy: **Investment Project Administrator** - a structural unit responsible for planning, justification and execution of investment projects.

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

The life cycle of an investment project is a set of sequentially changing states of an investment project from idea generation to retrospective analysis based on the results of project implementation. The life cycle of a project consists of six stages: assessment, selection, definition, implementation, operation, training, which are defined in the Policy.

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

Investment activities - the process of planning, execution of performance control and analysis of results on spending budgetary or borrowed own 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 financing and resources for the project implementation.

An investment project is a set of measures to realise separate investment. An investment project is a set of measures to implement a separate investment initiative that provides for investments in the creation of new, expansion and renovation of existing production facilities of structural subdivisions 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 on the implementation of investment projects for a specific financial period, which reflects the main parameters of investment projects.

1. 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 Sustainable Investment Policy is approved by the Board of Directors. Amendments to the Policy are made based on the decision of the Board of Directors.

1.1. Key provisions of investment activities

The purpose of investment activity of KazNU is to increase the economic efficiency of structural subdivisions, subsidiaries by injecting money to purchase, create and maintain in working condition



production 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 justification and should be formulated in the form of investment projects, on which a decision on their feasibility can be made on the basis of calculation of economic parameters of project efficiency, verification of compliance with the strategic objectives defined by the Development Strategy of structural divisions and subsidiaries and in the submitted 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 sub-programmes. 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 conflict with the UN Sustainable Development Principles, but instead seek to promote these principles.

1.2. Investment of KazNU's free cash flow in the implementation of projects.

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

The Board of Directors can recommend the use of free cash of KazNU in other directions, as well as decides on the use of temporarily free cash as a source of funding for projects of structural divisions and subsidiaries.



2. INVESTMENT PROJECTS

2.1. Classification of investment projects

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

- all actions and resources required to achieve the objectives of the Business Plan should be included within the scope of a single project:
- all project activities should be interconnected.

An investment project includes all capital expenditure on the creation, purchase or maintenance of fixed or intangible assets, as well as capitalised expenditure on 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 envisaged by the project and the area of application of the project results.

Organic development projects - projects aimed at increasing the value of the Subsidiary by expanding its activities in some 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 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).

2.2. Stages of an investment project

2.2.1 A 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:

2.3. Evaluation –

consideration of the feasibility of a project, its preliminary economic viability, and its consistency with the strategy structural divisions

Subsidiary Organisations, projects are selected from the set of potential opportunities. The Evaluation stage begins with the submission of an investment application by structural subdivisions or Subsidiary

Organisations to KazNU and ends with a decision on the need to develop a preliminary Business Plan, as well as a decision on the development of an Investment Memorandum on strategic investment projects between KazNU and structural units or Subsidiary Organisation.

1. Selection - study of alternative variants of project implementation



and selection of the preferred variant in accordance with the project objectives, selection of the project implementation method.

The Selection stage ends with the approval of the project parameters according to the preliminary Business Plan of the structural units or Subsidiary Organisation.

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

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.

2.2.2. Persons responsible for the implementation of investment projects

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

It is personally responsible to the Board of Directors for ensuring timely, targeted and efficient execution of investment projects. The supervisor is the person presenting the results of the project.

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

2.2.3. Requirements for transition projects to subsequent stages

KazNU makes investment decisions in stages after each stage of the investment project, and authorises subsequent stages only upon completion of the previous stages.

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

At the end 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.

2.4. Documents accompanying investment decisions

The main documents, used for The main documents used for making 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.

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

The main purpose of the IM is to justify 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 implementation of the project.

Once the IM has been approved, the contents of this document shall not be changed and shall serve as the basis for determining the effectiveness of the project phase implementation by comparing actual values with the target values specified in the IM.

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