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«Әл-Фараби атындағы Қазақ  
ұлттық Университеті»  
коммерциялық емес  
акционерлік қоғамы



Некоммерческое акционерное  
общество «Казакский  
национальный университет  
имени аль-Фараби»

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## INTRODUCTION

This Sustainable Investment Policy of NJSC “Al-Farabi Kazakh National University” (hereinafter - “the University” or “KazNU”) is developed taking into account international standards and best practices in the field of ESG (environmental, social and corporate governance) and is aimed at increasing the University's position in leading international rankings of sustainable development, including QS Sustainability Rankings, THE Impact Rankings, as well as to support the implementation of the UN Sustainable Development Goals (SDGs).

In particular, the policy covers the key priorities of QS and THE, such as:

- on QS Sustainability Rankings: integration of ESG factors into investment decisions, investment in sustainability, student and employee engagement;
- on THE Impact Rankings: alignment with the UN Sustainable Development Goals, including SDG 7 (Clean and Affordable Energy), SDG 9 (Industrialization, Innovation and Infrastructure), SDG 13 (Combating Climate Change), SDG 17 (Partnerships for Sustainable Development).

The Sustainable Investment Policy of NJSC «Al-Farabi Kazakh National University» («the University» or «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 University 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 University's Sustainable Investment Policy are as follows:

- Implementing a framework to consider specific aspects, including environmental, social and corporate (ESG) aspects, when analysing investments.
- Establishing a framework and policy direction to generate a stable and additional source of income.
- Ensuring long-term financial stability and achieving the financial targets set out in the University's Development Programme.
- Integrating ESG factors into decision making and investment strategy.
- Minimising risk and facilitating change and transition.
- Developing investment 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.

The present policy defines the procedures, format of decisions taken when considering, agreeing and monitoring the implementation of investment projects.

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## 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 expediency of the investment project implementation in accordance with the acts of the University.

**Life cycle of an investment project** is a set of successively changing states of an investment project from the idea to the retrospective analysis of the project implementation results. The life cycle of a 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, providing for investment in the creation of new, expansion and renewal of existing production of structural units and branches on a repayable basis;

**Project initiator** - KazNU, a structural subdivision of the university or a branch, an official who in accordance with the legislation of the Republic of Kazakhstan and normative acts of KazNU can initiate investment projects;

**Capital investment plan** - a document on realisation of investment projects for a separate financial period, in which the basic parameters of investment projects are reflected.

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## 1. CURRENT SITUATION

At Al-Farabi Kazakh National University the situation in the field of sustainable investments is as follows:

- 1.1 The University management exercises control in the field of investment management, in accordance with the Charter, Sustainable Development Goals and 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 actively works on training of professionals able to meet the labour market demand for specialists competent for sustainable development.
- 1.4 Over the past few years, KazNU has made significant investments in the field of sustainable development 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 that are in line with the Sustainable Development Goals.

- 1.6 The University defines its ESG strategy in the following areas:

### **1.6.1 Environment (Environmental):**

Increasing the share of “green” investments in KazNU's portfolio: at least 30% by 2035.

Reducing the carbon footprint of university investments by 20% by 2035.

Investing in energy-efficient technologies and renewable energy sources.

### **1.6.2 Social responsibility (Social):**

Supporting student start-ups and sustainability initiatives.

Development of inclusive educational projects.

Conducting socially significant events and programs involving students and employees.

### **1.6.3 Corporate Governance (Governance):**

Ensuring transparency of investment reporting.

Involvement of external experts and consultants in analyzing investment projects.

Continuous monitoring of compliance with international ESG standards (in particular, UN PRI, GRI, SASB, etc.).

## 2. LEGAL BASIS

- 2.1 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 the 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.
- 2.2 In its Sustainable Investment Policy, the University is guided by the current

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legislation of the Republic of Kazakhstan, the Charter of the University, this Policy and other internal documents regulating the investment activities of the University.

### **3. KEY TERMS OF INVESTMENT ACTIVITIES**

- 3.1** The university's investment activities are aimed at compliance with the requirements of the Sustainable Development Goals and increasing environmental responsibility.
- 3.2** When considering investment projects, the university takes into account compliance with the principles of ethics, transparency and social and economic justice.
- 3.3** The University strives to achieve and maintain full carbon neutrality and environmental sustainability.
- 3.4** The purpose of the University's investment activities is to increase the economic efficiency of the structural units and branches by injecting money for the purchase, creation and maintenance of production and non-production fixed assets and intangible assets of the above-mentioned organisations on a repayable basis.
- 3.5** The University bears full responsibility for the results of its investment activities and the execution of decisions of the governing bodies.

**3.6** The University considers it necessary to achieve the following targets:

**3.6.1** Proportion of green procurement - at least 30 per cent by 2035;

**3.6.2** Reduction of carbon footprint by 20% by 2035;

**3.6.3** Increase the number of suppliers with eco-certifications (e.g. FSC, Fair Trade, Ecolabel) to 20% by 2035.

**3.7** When selecting suppliers, priority is given to goods, works and services that comply with EAEU technical regulations, ISO international standards, state standards and have eco-certificates.

**3.6** To ensure effective management of investment activity of the University investment planning is carried out, within 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 to generate a steady stream of income to support the University's operations. The University's investments will not be in conflict with the UN Sustainable Development Principles, but instead seek to promote these principles.

**3.9.** The application of the Sustainable Procurement Policy applies to all service or product providers and contractors. The Sustainable Procurement Policy is applicable throughout the University, including faculties, departments, divisions, structures, etc.

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#### 4. INVESTMENT OF FREE CASH FLOW

- 4.1 The University, having temporarily free funds, may invest these funds in projects of structural units and branches on the basis of the Business Plan in the form of debt financing on terms of maturity, payment and repayment.
- 4.2 The Board of Directors may recommend the use of the University's free cash in other directions, as well as make a decision on the use of temporarily free cash as a source of financing for projects of structural subdivisions and branches.

#### 5. INVESTMENT PROJECTS

##### 5.1. Classification of investment projects

- 1) **Investment projects** must fulfil the criteria of integrity of the structural units and branches of the University:
  - all actions and resources required to achieve the objectives set out in the Business Plan must be included within the framework of a single project.
  - all actions within the project must be interrelated.
- 2) **An investment project** shall include 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 further functioning of the project results. The University classifies investment projects into types of strategic priorities depending on the nature of the changes the project envisages and the area of application of the project results.
- 3) **Organic development projects** - projects aimed at increasing the value of the branch by expanding activities in some area compared to the current state (new products, new regions). Modernisation or expansion projects, the main objective of which is to increase capacity or economic efficiency or to reduce production costs.
- 4) **Repair projects** - projects of structural subdivisions or branches 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).

##### 5.2. Stages of an investment project

- 1) **The life cycle of investment projects** consists of several stages, which can be summarised as follows: evaluation, selection, implementation.

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2) **Evaluation** - consideration of the possibility of implementation of the project, its preliminary economic feasibility and compliance with the strategy of structural units and branches, selection of projects from a set of potential opportunities. Stage Assessment begins with submission of investment application of structural divisions or branch in KazNU and ends with decision on necessity of development of preliminary Business plan, and also decision on preparation of Investment memorandum on strategic investment projects of KazNU, its structural divisions or branches.

3) **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 Choice ends with approval of parameters of the project according to the preliminary Business plan of structural divisions or branch.

4) **Realisation** - starts with preparatory works and execution of necessary documentation for carrying out works on the investment part of the project and ends with closing of the transaction.

5) 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.

### **5.3. Persons responsible for the implementation of investment projects**

- 1) For each investment project, a responsible structural unit shall be appointed by the relevant internal act of the University to coordinate the implementation of the given project.
- 2) It shall be personally responsible to the Board of Directors for ensuring timely, targeted and effective implementation of investment projects. The curator is the person presenting the results of the project.
- 3) The supervisor is responsible for developing the goals and objectives of the project and carrying out other activities necessary for the implementation of the project.

### **5.4. Requirements for the transition of projects to subsequent stages**

- 1) The University shall make investment decisions in stages after each stage of the investment project, and shall authorise subsequent stages only upon completion of the previous stages.
- 2) At the beginning of the investment project the University forms the plan of schedule of measures with indication of volume of financing and other resources necessary for realisation of the project.

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- 3) At the completion of activities KazNU conducts a mandatory evaluation and analysis of the results, based on which it makes a recommendation on the decision to continue, refine or terminate the project.

## 5.5. Documents accompanying investment decision making

- 1) The main documents used to make investment decisions are:
- Business plan;
  - investment memorandum;
  - project monitoring report;
  - project closure report.
- 2) **The business plan** is a document of the structural organisation or branch used for making investment decisions on investment projects that do not meet the criteria of a strategic project.
- 3) **Investment memorandum** is the main document used for making investment decisions on strategic investment projects.
- 4) **The main purpose of the investment memorandum** 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 implementation of the project.
- 5) **Once the investment memorandum has been approved**, the contents of this document shall not be changed and shall further serve as a basis for determining the efficiency of the project stage implementation by comparing the actual values with the planned values specified in the memorandum.
- 6) **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 memorandum, indicating the reasons for the deviations, measures taken to manage critical risks of the project.
- 7) **Project Closure Report** - a document containing information on significant deviations from the project implementation timeframe and the initially approved 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.

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## 6. MONITORING AND REPORTING

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

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

## 7. ALLOCATION OF RESOURCES

The following resources will be utilised by appropriate units, committees and working groups to achieve the objectives of this policy:

- University financial resources;
- University facilities;
- University partnerships;
- The university's accumulated experience and achievements in science and education;
- Modern technologies.
- Human capital.