

**SUSTAINABLE INVESTMENT POLICY**



**Karaganda**



# *SUSTAINABLE INVESTMENT POLICY*

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## **SUSTAINABLE INVESTMENT POLICY**

### **1. GENERAL PROVISIONS**

1.1. This Sustainable Investment Policy (hereinafter referred to as the Policy) defines the objectives, principles, and mechanisms for managing the Company investment activities, taking into account environmental, social, and governance (ESG) factors.

1.2. The Policy has been developed to ensure the long-term financial stability of the Company, to improve the efficiency of asset management, and to minimize investment risks.

1.3. This Policy applies to all the types of the Company investment activities, including:

- placement of temporarily idle cash;
- participation in investment projects;
- financing of scientific and innovative initiatives;
- investments in infrastructure projects.

1.4. The Policy is part of the Company corporate governance and sustainable development system.

1.5. The Policy has been developed taking into account:

- the legislation of the Republic of Kazakhstan in the area of corporate governance and financial activities;
- principles of sustainable development;
- international approaches to responsible investing;
- the Company internal regulatory documents.

### **2. TERMS AND DEFINITIONS**

ESG factors	- Environmental, social, and governance responsibility factors
Company Management Board	- Abylkas Saginov Karaganda Technical University NJSC
Risk	- Executive Body of the Company
	- The likelihood of events that could negatively impact the achievement of the Company strategic goals.
Sustainable investment	- A strategy that takes ESG factors into account when making decisions and is aimed at creating long-term value and reducing investment risks.
Sustainable development	- Development, in which the Company manages the impact of its activities on the environment, the economy, and society and makes decisions that respect the interests of stakeholders.



### **3. POLICY OBJECTIVES AND TASKS**

3.1 The primary objective of this policy is to ensure the effective, secure, and sustainable management of the Company financial assets.

3.2 The objectives of this Policy are as follows:

- ensuring the safety of the Company financial resources;
- improving the efficiency of investment activities;
- integrating ESG approaches into investment decisions;
- minimizing financial, environmental, and social risks;
- supporting the Company strategic development directions.

### **4. BASIC PRINCIPLES OF SUSTAINABLE INVESTMENT**

4.1. The core principles of sustainable investing include:

1) The principle of long-term sustainability: investment decisions are made taking into account long-term economic and social impact.

2) The principle of ESG factor integration: environmental impact, social impact, and the quality of corporate governance are considered when evaluating investment projects.

3) The principle of diversification: the investment portfolio is formed with asset diversification in mind to mitigate risks.

4) The principle of transparency: investment activities are carried out based on transparent procedures and are subject to internal control.

5) The principle of responsibility: all the investment decisions are made taking into account the interests of the Company, society, and the environment.

### **5. BASIC TRENDS AND LIMITATIONS OF INVESTMENT ACTIVITIES**

5.1 The Company investment activities can be performed in the following areas:

- 1) government securities;
- 2) bank deposits;
- 3) investments in educational and scientific infrastructure;
- 4) innovative and technological projects;
- 5) sustainable development projects.

5.2 The Company imposes the following restrictions on investment activities for projects associated with significant environmental damage, violation of labor and social rights, poor corporate governance standards, and high levels of financial risk.

### **6. SYSTEM OF MANAGING INVESTMENT ACTIVITIES**

6.1 As part of its investment management, the Company Management Board:



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- 1) approves this Policy;
- 2) determines strategic trends of investment activities;
- 3) monitors the effectiveness of the investment policy.
- 4) organizes implementation of the investment policy;
- 5) makes decisions on investment projects;
- 6) ensures monitoring of investment activities.

6.2 The Head of the Department of Economics, Finance, and Accounting analyzes investment projects, taking into account potential risks, and monitors investment performance.

### **7. MANAGING INVESTMENT RISKS**

7.1 The following types of risks are taken into account in investment activities:

- 1) financial risks (loss of profitability or liquidity);
- 2) operational risks (management or implementation errors);
- 3) reputational risks (negative impact on the university's image);
- 4) environmental risks (damage to the environment);
- 5) social risks (negative impact on society).

7.2 Risks are assessed in accordance with the requirements established by the Company internal regulatory documents.

7.3 The following tools are used to minimize risks:

- 1) investment portfolio diversification;
- 2) ESG assessment of investment projects;
- 3) regular monitoring of investment activities.

7.3 Identified risks are assigned in the Automated Risk Management System to the units implementing investment projects and directly bearing the risks associated with investment activities.

### **8. ESG-ASSESSMENT OF INVESTMENT PROJECTS**

8.1 A system of ESG indicators, including environmental, social, and governance factors, is used to assess sustainability of investment projects.

8.2 Environmental factors include the following:

- 1) the project impact on reducing energy consumption;
- 2) minimizing CO<sub>2</sub> emissions;
- 3) efficient use of water and materials;
- 4) minimizing negative environmental impacts;
- 5) compliance with environmental standards.

8.3 Social factors include the following:

- 1) the project impact on employment;
- 2) compliance with labor safety standards;
- 3) the social significance of the project;
- 4) equal access and opportunity;
- 5) impact on social initiatives.

8.4 Management factors include the following:



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- 1) transparency of project management;
- 2) availability of compliance mechanisms;
- 3) management effectiveness;
- 4) effectiveness of project risk management;
- 5) compliance with the Company's Code of Business Ethics.

8.5 Assessing investment projects taking into account environmental, social and governance (ESG) factors when selecting investment projects, forming an investment portfolio, and monitoring the sustainability of investments is performed on the basis of calculating the ESG index of investment projects (Appendix 1).

### **9. MONITORING AND REPORTING**

9.1. The Company regularly monitors its investment portfolio.

9.2. Reporting on investment activities includes the following:

- 1) analysis of financial results;
- 2) assessment of investment effectiveness;
- 3) analysis of ESG risks.

9.3. Reports are submitted to the Management Board at least semi-annually. The reporting format is provided in Appendix 2.

### **10. RESPONSIBILITY AND CONTROL**

10.1 Compliance with this Policy is monitored by the Company Management Board and responsible structural divisions.

10.2 Violations of this Policy will be considered in accordance with the Company internal regulations.

### **11. FINAL PROVISIONS**

11.1. This Policy shall enter into force upon approval by the Management Board.

11.2. Amendments and additions to the Policy shall be made in accordance with the established procedure.

11.3. The Policy is subject to periodic review, taking into account changes in legislation and the Company strategic development objectives.



**1. Methodology purpose**

The Methodology of calculating the ESG index of investment projects (hereinafter referred to as the Methodology) is designed to assess investment projects taking into account environmental, social and governance (ESG) factors and is used in selecting investment projects, forming an investment portfolio, and monitoring the sustainability of investments.

**2. ESG-assessment structure**

2.1 The investment project is assessed using three sets of indicators:

- 1) E – Environmental – environmental impact;
- 2) S – Social – social impact;
- 3) G – Governance – management quality.

2.2 Each set includes a predefined set of indicators (Tables 1-3) assessed on a scale of 1 to 5, where 1 is the lowest score and 5 is the highest one.

Table 1 – Ecological indicators (E)

<b>Indicator</b>	<b>Description</b>	<b>Score</b>
Energy efficiency	reducing energy consumption	1–5
Carbon footprint	minimizing CO <sub>2</sub> emissions	1–5
Resource efficiency	efficient use of water and materials	1–5
Environmental risks	minimizing negative environmental impacts	1–5
Environmental standards	compliance with environmental standards	1–5

Table 2 – Social indicators (S)

<b>Indicator</b>	<b>Description</b>	<b>Score</b>
Job creation	project impact on employment	1–5
Occupational safety	compliance with occupational health and safety standards	1–5
Community impact	social significance of the project	1–5
Inclusion	equal access and opportunity	1–5
Social programs	impact on social initiatives	1–5

Table 3 – Governance indicators (G)

<b>Indicator</b>	<b>Description</b>	<b>Score</b>
Management transparency	disclosure of information	1–5
Anti-corruption policy	availability of compliance mechanisms	1–5
Management structure	management effectiveness	1–5
Risk management	project risk management effectiveness	1–5
Ethical standards	compliance with the Company's Code of Business ethics	1–5



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### **3. Calculation of the ESG-index**

3.1 The ESG-index is calculated according to the formula:

$$\text{ESG Index} = (E + S + G) / 3,$$

where E is the average score of ecological indicators;

S is the average score of social indicators;

G is the average score of governance indicators.

3.2 The result interpretation is performed in accordance with the following scale:

<b>ESG-index</b>	<b>Assessment</b>
4.0 – 5.0	High level of stability
3.0 – 3.9	Acceptable level
2.0 – 2.9	Increased risks
< 2.0	Investment not recommended



**REPORT**  
on investment sustainability

1. General information includes the reporting period, the responsible structural unit, and the approving body.
2. The investment portfolio structure includes investment types (securities, bank deposits, investment projects, scientific and innovative projects), indicating their volume and share in the portfolio.
3. ESG assessment of the investment portfolio, indicating the average ESG index of the portfolio, the share of sustainable investments, and the share of projects with elevated ESG risks.
4. List of investment projects indicating the investment volume and ESG index.
5. Risk analysis, including identified investment risks, mitigation measures, and proposals for changes to the investment strategy.
6. Key investment results, including portfolio financial return, social and environmental impacts, and contribution to the Company sustainable development.