

SUSTAINABLE INVESTMENT POLICY

Introduction

This Responsible Investment Policy defines Satbayev University's commitment to responsible investment. Its purpose is to detail the approach the University seeks to take in integrating environmental, social and governance (ESG) issues into its investments.

The policy is designed to actively promote investment in companies and investment funds that demonstrate policies and practices consistent with the values of the University as a socially responsible institution.

The Policy applies to all investments owned by the University and is intended to be fully consistent with the University's obligation to provide the highest financial return within the level of risk that the University considers acceptable.

Experience

As a citizen university, we embrace our unique role in contributing to the United Nations Sustainable Development Goals (SDGs). The Goals are “a blueprint for achieving a better and more sustainable future for all. They address the global challenges we face, including those related to poverty, inequality, climate change, environmental degradation, peace and justice.”

Socially responsible institutions are those that adopt policies that promote the well-being of society and the environment while reducing impact. We have always understood that a commitment to society and the environment go hand in hand, and this commitment has been evident in our approach to sustainability in our research, in our student experience, and in our innovative management and campus development. Our commitment now extends throughout the region as we forge new connections by establishing Satbayev University branches in Central Asian countries, as we are the leading technical university in Kazakhstan and also ranked among the top 500 universities in the world.

The university has developed a "Sustainability Roadmap", which outlines the university's goals for sustainability and social responsibility until 2025-2026. The roadmap defines the areas of influence of the University, which will develop further as the University continues to implement the concept of "Satbayev University - 2030". Additional information about the policies and plans of the University in the field of sustainable development and social responsibility is available at the following web link:

<https://satbayev.university/ru> (on sustainable development and social responsibility)

Research conducted at Satbayev University impacts people's lives at the regional, national and global levels. The university is home to leading academics involved in global sustainability research and the Sustainable Development Goals. Our Satbayev University brings together scientists who are part of a large teaching and research community dedicated to research, debate and change in the transformation of health, the environment and society.

Investing funds

A separate document "Treasury Management and Investment Policy of Satbayev University" sets out the objectives of investment portfolios owned by the university.

The university has a number of different types of investments:

– Direct investments in subsidiaries and associates. These investments are usually associated with the activities of the university; carry out relevant trading activities; or participate in the commercialization of intellectual property.

- University funds that are surplus to meet the short-term operational needs of the University are held in the form of long-term cash with increased returns; medium-term investments in pooled investment funds with an investment horizon of 1-5 years; and long-term investment in stocks. These funds are used to fund the university's capital investment plan.

The Endowment Fund of the University invests the following types of donations:

1. Cash donations: This is the most common type of donation where individuals, firms, organizations, or the alma mater donate money to a foundation. These donations may be undivided or divided into separate funds with a specific purpose.

2. Donations in the form of shares and securities: Individuals and organizations may donate shares, bonds or other securities to the foundation. The fund may decide to sell these assets or keep them in its portfolio to generate long-term returns.

3. Real estate and property: The Foundation may accept donations in the form of real estate, land, buildings or other types of property. This can include both existing properties and real estate left in a will.

4. Scholarship and Grant Donations: The Foundation may use donations to establish scholarships and grants to support students, research projects, development programs, and other educational and scientific initiatives.

5. Donations to Specific Programs or Initiatives: Donations may be used to fund specific programs, research or initiatives such as research, development of new courses, establishment of centers or laboratories, and other specialized projects.

6. Infrastructure and Renovation Donations: The Foundation may use donations to finance the construction of new buildings, upgrades to existing infrastructure, repairs, upgrades to technical systems, and better conditions for students, faculty, and staff.

The fund invests for an unlimited period and invests in bonds, stocks, real estate and infrastructure.

Investment Principles

The university has identified three sets of principles that are consistent with its values as a socially responsible institution. First, managing the activities of external fund managers; second, the integration of environmental, social and governance aspects (ESG) into investment operations and management practices; thirdly, the establishment of appropriate standards. for all of its investments through the criteria that external investment managers of the University are required to consider when investing. external investment managers of the University are obliged to take them into account when investing the funds of the University.

Management

The investment managers who oversee the University's investment funds operate under agreed investment mandates. In developing this mandate, the university establishes a fundamental principle that managers should apply investment criteria based on environmental, social and governance standards (ESG). As part of our investment manager selection process, the University requires fund managers to certify that they have a sound ESG policy. During regular inspections of fund management activities conducted by the University, we assume that they apply the ESG policy in the presence of investment decisions.

The university is delegated the day-to-day management of attracting foreign investors, and expects them to be monitored if their active protection and action is discovered.

The University believes that when investing its employees, it is necessary to take into account social, environmental and governance factors. Its solutions are expected to be considered in possible areas;

- Promotion of human rights, including use, gender, racial and sexual equality;
- Promoting good business ethics and good recruitment practices;
- protection of the environment, its climate and biodiversity; And
- Meeting on an international meeting, including a ban on the use of carbon compounds.

As part of its Responsible Investment Policy, certain actions and activities may be implemented.

Its investment managers are expected, as part of their normal process of investment research and analysis, to consider environmental, scientific and governance (ESG) factors when selecting, maintaining and implementing investments. The University believes that managing some of the risks associated with ESG issues can result in long-term financial benefits.

It requires its investment managers to adopt the UN Principles for Responsible Investment, and their involvement in the company's involvement in corporate governance and shareholder voting rights, participation in the company's conduct.

Designated investment managers must report regularly to the Subcommittee on Investments, Emissions of Natural Data on the assessment, quarterly investment reports and annual environmental, social and management reports. Quarterly

investment reports must contain details of the active engagement with the regions that the investment manager has undertaken and shareholder voting. Investment managers will be associated with the Investment Sub-Committee by attending the annual review meetings of the Investment Sub-Committee.

Integration of Environmental, social and corporate governance (ESG)

The University considers environmental, social and corporate governance (ESG) factors to be factors that indicate the long-term success of a company and, therefore, can influence the profitability and risk of investments. The University believes that purposeful integration of environmental, social and corporate governance (ESG) aspects into investment management processes and ownership practices can have a positive impact on financial performance.

The University has adopted the following incomplete definitions of the main components of ESG, as detailed in the United Nations Principles for Responsible Investment Reporting (UNPRI):

Ecology: loss of biodiversity, greenhouse gas emissions, climate change, renewable energy, energy efficiency, depletion and pollution of air, water or resources, waste management, depletion of the ozone layer, changes in land use, ocean acidification and changes in nitrogen and phosphorus cycles.

Social: human rights, labor standards, child, slave and forced labor, health and safety in the workplace, freedom of association and expression, human capital management and labor relations, diversity, relations with local communities, activities in conflict zones, health and access to medicine, consumer protection and controversial weapons.

➤ **Management:** issues related to the management of companies and other investment instruments. For listed shares, these include: the structure of the board of directors, size, diversity, skills and independence, executive remuneration, gender pay gap, shareholder rights, stakeholder engagement, disclosure, business ethics, bribery and corruption, internal control and risk management, as well as, in general, issues related to the relationship between the company's management, its the management board, its shareholders and other interested parties. This category may also include business strategy issues, covering both the implications of the business strategy for environmental and social issues, and how the strategy should be implemented. For unquoted asset classes, management issues also include fund management issues, such as the powers of advisory committees, valuation issues, and remuneration structures.

The University has adopted the following statement and six principles set out below:

As an institutional investor, we are obligated to act in the best long-term interests of our beneficiaries. We believe that in this fiduciary role, environmental, social and corporate governance (ESG) issues can influence the effectiveness of investment portfolios (to varying degrees depending on companies, sectors, regions and asset classes and over time).

We also recognize that applying these Principles can better connect investors to the broader goals of society. Therefore, if this is consistent with our fiduciary obligations, we undertake:

Principle 1: We will include ESG issues in investment analysis and decision-making processes.

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

Principle 3: We will seek proper disclosure of information on ESG issues from the companies in which we invest.

Principle 4: We will promote the adoption and implementation of the Principles in the investment industry.

Principle 5: We will work together to improve the effectiveness of the implementation of the Principles.

Principle 6: Each of us will report on our activities and progress in implementing the Principles.

Exceptions

The University strives to invest in companies whose activities, for ethical reasons, correspond to the educational and/or research goals of the University.

External investment managers of the University are required to take into account the following criteria for excluding investments:

- **Tobacco products** – companies engaged in the production and distribution of tobacco products whose revenues exceed 10% of global revenues, as well as any companies engaged in the production of cigarettes and other tobacco products.

- **Armament:**

- Land mines and cluster munitions: they are prohibited by an international treaty and as such should be excluded from investments for each portfolio;

- civilian firearms, both production and retail sale of civilian firearms;

- Companies whose income exceeds 10% of the income from activities related to weapons systems, including components and services intended for the use of weapons, products or services intended for the use of weapons;

- Companies producing integral weapons systems, cluster munitions and anti-personnel mines.

- Human Rights and Labor Standards – companies whose policies, practices and records in the field of human rights and labor standards do not meet the recognized standard determined by the MSCI ESG rating or equivalent rating.

Discretion of the administrator and use of pooled funds

The University mainly invests through managed pooled investment instruments, where the assets of the University may constitute only a small part of the capital invested by the investment manager. The university can invest in certain investment strategies through pooled funds when individual investors do not have a direct influence on investments within the fund. Nevertheless, the University recognizes the important role we play as an asset owner and the opportunity to influence positive ESG standards by managing the interaction of investment managers with the boards of directors of companies on behalf of the University.

The advantages of managed pooled investments include access to investments with large "lot sizes", such as property and infrastructure, as well as access to a more diversified range of underlying assets in the most cost-effective way. When choosing pooled funds, the University takes into account the compatibility of pooled funds with the principles of management, integration and exclusion of ESG, detailed in this Policy.

The University has transferred investments in the absolute profitability fund of the University to the ethical absolute profitability fund, which has special criteria for responsible investment. The Ethical Absolute Income Fund strictly restricts or excludes investments in companies that receive income in the following areas: carbon and fossil fuels, defense and weapons, alcohol, tobacco, gambling, adult entertainment and high-interest lending. The University has also transferred part of its equity investments to a Sustainable Multi-Factor Equity Fund, and part of its bond investments to a Sustainable Bond Fund.

The University has also agreed to actively use the options of responsible investment pooled funds, if suitable investment instruments are available and where the return on investment will correspond to the charitable goals of the University.

Guide

The University's Investment Subcommittee monitors the implementation of this Policy. The Investment Subcommittee reports to the Strategy, Planning and Resources Committee (COP PiR) on this Policy. The Investment Subcommittee is also responsible for reviewing submissions related to this Policy in cooperation with the University's Steering Group on Sustainable Development and providing recommendations to the CSPiR as needed.

Monitoring

In order to monitor the implementation and continuous compliance with this Policy, the University will:

- Publish this Responsible Investment Policy on its website;
- Issue copies of the Responsible Investment Policy to their investment managers responsible for managing the University's investments and hold regular meetings to monitor compliance with the Policy;
- For pooled investments, strive to minimize indirect investments in companies that do not comply with ESG standards and exclusion principles set out in this Policy;
- Invite a student representative to annual meetings of the Investment Subcommittee, including review meetings of investment managers;
- Consider the opinion of members of the university community that the university should not invest or refuse to invest in certain areas.

If the Investment Subcommittee finds that investments have been invested in funds or activities that do not comply with this Policy, the Investment Subcommittee will review the position with its investment managers and, if necessary, try to reallocate funds.

Presentation process

The Responsible Investment Policy will be published on the external website of the University with the relevant contact information, which will allow members of the university community to have the opportunity to familiarize themselves with the Policy.

Employees and students are also given the opportunity to familiarize themselves with this Policy through representatives of their employees and students. The University's Steering Group on Sustainable Development and KSPiR includes a student representative.

Process overview

The Responsible Investment Policy is reviewed, evaluated and monitored annually by the Investment Subcommittee, which reviews the Policy in collaboration with the University's Steering Group on Sustainable Development and makes recommendations to the CSPiR for consideration.

**Governing Board member – Vice-Rector
for Science and Corporate Development**



Ye. Kuldeyev