

«APPROVED»

**By decision of the Board of
Directors NJSC «West
Kazakhstan Marat Ospanov
Medical University»
from september 18, 2020
minutes No. 7.**

**Investment policy
of non-commercial joint-stock company
«West Kazakhstan Marat Ospanov Medical University»**

Aktobe, 2020

INTRODUCTION

This Investment Policy of the non-commercial joint-stock company «West Kazakhstan Marat Ospanov Medical University» (hereinafter - the University) establishes uniform requirements for the organization of investment activities at the University.

This investment policy is developed in accordance with the Entrepreneurial Code of the Republic of Kazakhstan dated October 29, 2015 No. 375-V Law of the Republic of Kazakhstan, the Laws of the Republic of Kazakhstan «On Investment and Venture Funds» dated July 7, 2004 No. 576-II, «On Joint-Stock Companies» dated May 13, 2003 No. 415-II and other regulatory acts of the Republic of Kazakhstan.

If an international treaty ratified by the Republic of Kazakhstan establishes rules other than those contained in this investment policy, then the rules of the international treaty apply.

This Policy applies to investment projects of the University, except for investment projects in the framework of management and administrative activities.

The procedures, the format of decisions made, the interaction of the University's structural units when considering, coordinating and monitoring the implementation of investment projects are determined by this Policy and other internal documents governing the University investment activities.

TERMS AND DEFINITIONS

The following terms and definitions are used in this Policy:

Investment Project Administrator - structural units of the University responsible for the planning, justification and execution of investment projects;

Business plan - a document containing a description of the purpose and justification of the feasibility of implementing an investment project that is not related to a strategic one. The business plan is formed in accordance with the local acts of the University;

Supplementary Investment Memorandum (Supplementary MI) - a document intended to obtain a decision / recommendation of the relevant University Coordinating Body when it is expected that the costs or implementation time for a strategic project exceed the approved MI;

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

Investments - spending money on the purchase, creation and maintenance of production and non-production fixed assets, and intangible assets, as well as the implementation of mergers and acquisitions with the aim of obtaining in the planned period of time of no more than one budget period economic or quality (non-financial) benefits;

Investment activities - the process of planning, implementing, monitoring the implementation and analysis of the results of spending own, borrowed or budgetary funds for the purchase or construction (creation) or maintenance of fixed assets, purchase or creation, or maintenance of intangible assets, as well as the process of transactions mergers or acquisitions;

Investment Memorandum (IM) - a document that is being prepared at a certain stage in 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 coordinate the project results and approve the right (mandate) to receive the necessary funding and resources for the project;

Investment project (project) - it is a set of measures for the implementation of a separate investment initiative, which provides for investments in the creation of new, expansion and updating of existing industries, as well as the purchase and sale of shares in limited liability partnerships, shares of joint stock companies and the creation of legal entities. Investment projects must meet integrity criteria: all actions and resources necessary to achieve the goals set in the investment proposal are included in the framework of one project; all actions within the project should be interconnected;

Initiator of the project - an authorized body, structural unit, an employee of the University, an official who, in accordance with the legislation of the Republic of Kazakhstan and regulations of the University, can initiate investment projects;

Curator - University employee responsible for the timely and effective implementation of the investment project;

Liability limits - the limits of competence of the bodies (the executive body, the board of directors, advisory bodies for the implementation of the University investment activities and the heads of the University departments when making decisions / making recommendations on investment activities);

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

Development plan - a five-year business plan of the University financial and economic activities aimed at achieving strategic goals and objectives;

Working body - the University structural unit responsible for investment planning at the University is responsible for the development and monitoring of the implementation of the University's capital investment plan;

Approval authority - one of the management levels within the hierarchical structure of the University's investment management system which is the advisory body of the University whose competence includes consideration and decision-making on investment activities:

Development stage - characteristics of the University in terms of the development of its managerial, investment and business processes, stability of activities and the possibility of generating cash flows from operating activities, etc.;

Development program - a document defining the strategic goals and objectives of the University for the long term approved in the prescribed manner;

Authorized body of the University - The Board of Directors / Management of the University taking decisions on the implementation of projects within their competence.

1. BASIC OBJECTIVES AND PROVISIONS OF INVESTMENT ACTIVITY

In its investment activities the University is guided by the current legislation of the Republic of Kazakhstan, the Charter of the University, this Policy and other internal documents governing the investment activities of the University.

Investment policy is approved by the Board of Directors of the University. Changes to this Policy are made on the basis of a decision of the Board of Directors of the University.

1.1. Key position of investment activities

The purpose of the University investment activities is to increase the economic efficiency of the organization.

The university bears full responsibility for the results of its investment activities and the implementation of decisions of governing bodies.

Investments are made taking into account the established strategic goals of the University.

Investments should have an economic and strategic justification and should be formulated in the form of investment projects, according to which a decision can be made on their feasibility on the basis of calculating the economic parameters of project efficiency, checking compliance with the strategic goals defined by the Development Program. To ensure effective management of the University's investment activities, long-term investment planning is carried out, within which similar and interdependent investment projects can be grouped into targeted investment programs and subprograms.

Investments are all types of property (except goods intended for personal consumption), including financial leasing items from the moment of concluding the leasing agreement, as well as the rights to them invested by the investor in the authorized capital of a legal entity or an increase in fixed assets used for entrepreneurial activity, as well as to implement a public-private partnership project, including a concession project.

By investor we mean individuals and legal entities that make investments in the Republic of Kazakhstan.

The activities of individuals and legal entities to participate in the authorized capital of commercial organizations or to create or increase fixed assets used for entrepreneurial activity, as well as for the implementation of a public-private partnership project, including a concession project, are recognized as investment activities.

A large investor is an individual or legal entity that makes investments in the Republic of Kazakhstan in the amount of at least two million times the monthly calculation index.

Individual investment projects and their groups, presented in the form of targeted investment programs, together form the Capital Investment Plan of investment projects, the management of which is the management of the University's investment activities.



1.2. Investment Policy goals

The goal of this Policy is to increase the efficiency and transparency of the University's investment activities.

This goal is achieved through:

1. Formulations for the University of a unified definition of investments, investment activities and investment projects;
2. Definitions of the mechanisms, list and requirements for investment indicators used in the evaluation of investment projects, as well as the main provisions for monitoring and control of the University's investment activities;
3. Creating a common methodological base for investment activities at the University.

1.3. Basic principles of investment activity

Investment activity is governed by a single investment principle according to which the University investment return should be higher than the required rate of return. In addition, the University in its investment activities should also adhere to the following key principles:

- 1) the integration of strategic goals in the process of making investment decisions;
- 2) the use of investment assessment tools in making investment decisions;
- 3) the balance of budget control and the degree of managerial freedom of managers responsible for the result of investment activities.

Investment decisions are inextricably linked with other key processes, in this regard, when planning, implementing and monitoring investment activities, the requirements and approaches laid down in other documents of the University are taken into account.

1.3.1. University long-term investment planning.

Taking into account the impact of investments on long-term development and company value the university should carry out long-term planning of investment activities based on the principles of economic efficiency and feasibility of investments, as well as their compliance with long-term goals. Planning of investment activity is carried out through the development and approval of the Development Program and the Development Plan of the University in terms of investment activity (hereinafter referred to as the Development Plan).

The development program establishes the key areas of activity and target KPIs that the University plans to achieve in the long term. In turn the development plan is a plan of financial and economic activity aimed at achieving strategic goals and objectives.

The development plan is an internal document of the University which is formed for a period of up to 5 years and approved by the Authorized body of the University. The capital investment plan is an integral part of the Development plan which establishes:

- acquisition of fixed assets;
- acquisition of intangible assets;
- the structure of the Capital Investment plan for the types of projects established by this Policy.

The development plan is formed on a rolling basis, where information on the capital investment plan is updated annually. At the end of the year, the results of

achieving the goals set in the Development plan are evaluated, with the subsequent presentation of conclusions on the effectiveness of investment activities for consideration by the University Board of Directors.

Evaluation of the investment activity of the University is carried out by analyzing the contribution of each project (if there are projects) and comparing the planned values of the Development plan and the actual data for the reporting period for the following indicators:

- deadlines for the implementation of investment projects;
- the amount of capital costs for each of the projects.

1.3.2. Unified investment approaches

In order to facilitate the analysis of investment projects and ensure transparency of the directions of the University's spending, all projects should be classified. The structure of the Capital Investment Plan will allow us to identify guidelines for further activities and the stages of development of the University.

The university must conduct a consistent review of projects and make appropriate investment decisions depending on the stage of the project life cycle.

In determining the performance indicators of investment projects, the University uses unified approaches to their calculation. The key basis for making a decision on the implementation of an investment project is to ensure:

- returns higher than the required return on equity of the University;
- improving the quality of services provided.

Making investment decisions and determining key project indicators is carried out according to uniform standards for the preparation of accompanying documents.

1.3.3. Investment Support Mechanisms

In order to assist the Government of the Republic of Kazakhstan in fulfilling the task of developing the economy of the Republic of Kazakhstan, the University, as part of its investment activities, can provide support to enterprises of the Republic of Kazakhstan, including private sector companies. At the same time, support from private sector initiatives to create competitive goods and services can be provided by the University, including through participation in joint investment projects with private sector companies.

At the same time, the University's participation in joint projects is carried out by participating in the authorized capital of created and / or existing legal entities.

When making investments in joint projects, preference is given to projects with the participation of strategic investors, ensuring an appropriate level of project execution, having advanced experience for the implementation of the technical and technological side of the project.

It is envisaged to attract foreign investment, which includes:

- search and negotiations with potential foreign investors in order to attract them to participate in the implementation of innovative projects;
- Attraction of subjects of innovative activity to participate in business forums, conferences and seminars on investment topics;
- dissemination of information about innovative projects in foreign mass media through foreign institutions of the Republic of Kazakhstan, as well as through foreign diplomatic and equivalent representative offices and consular posts on the territory of



the Republic of Kazakhstan.

Along with the requirement to ensure a return on investment, an important task of joint private initiative projects is to stimulate the development of regional economies, the sector of small and medium-sized businesses, increase employment and the number of jobs in the Republic of Kazakhstan.

1.3.4. University investment of free funds in the implementation of projects.

The University, having temporarily free cash, can invest these funds in projects in the form of debt financing on the terms of urgency, payment and repayment.

The main objective of this type of investment is to increase the University's profitability on temporarily free cash balances, as well as to shorten the start time for financing investment costs for projects.

The Board of Directors may recommend the use of the University's free cash. The decision on the use of temporarily idle funds as a source of financing for a project to organize a credit process at the University is made by the University Board.

1.3.5. Interaction with the Government of the Republic of Kazakhstan on investment activities.

University investment activity should contribute to the growth of their long-term value. As part of this task, the University's investment activities are aimed at assisting the Government of the Republic of Kazakhstan in implementing the tasks of diversification and modernization of the national economy. Certain investment projects of strategic importance are initiated by the Government of the Republic of Kazakhstan through the State Program for Industrial and Innovative Development of the Republic of Kazakhstan for 2020–2025, as well as industry programs and other documents.

The process of interaction between the University and the Government of the Republic of Kazakhstan on investment activities is carried out through the Ministry of Health and Social Development of the Republic of Kazakhstan, the Ministry of Education and Science of the Republic of Kazakhstan and other authorized bodies.

The University independently implements projects initiated by the Government of the Republic of Kazakhstan, provided that they provide the required profitability. Implementation by the University of socially significant and (or) industrial and innovative projects initiated by the Government of the Republic of Kazakhstan, which are low-profitable, can be carried out with the provision of full or partial budget financing and (or) state guarantees for non-state loans in the manner and on the conditions provided for by the budget legislation of the Republic of Kazakhstan.

The state's participation in financing or implementing low-profit investment projects should, first of all, be considered within the framework of accessible mechanisms of public-private partnership (hereinafter - PPP), including through a concession agreement, operating leases, the provision of state subsidies, loans, guarantees, as well as other mechanisms.

When choosing a PPP mechanism, the requirements of the current legislation, as well as the possibility of co-financing from the state and the distribution of risks between the University and the state, are taken into account. In case of significant restrictions in the budget legislation or state support measures necessary for the implementation of the investment project under the PPP, long-term borrowed financing and / or injections into the University's authorized capital from the state budget can be



used.

2. INVESTMENT PROJECTS

2.1. Classification of investment projects

Investment projects must meet integrity criteria:

- all actions and resources necessary to achieve the goals set in the business plan and the Investment Memorandum should be included in the framework of one project;
- All actions within the project should be interconnected.

The investment project includes all capital investments for the creation, purchase or maintenance of the main objects and / or intangible assets of the project, the acquisition of participatory interests (blocks of shares) in the authorized capital of legal entities, as well as capitalized costs for the creation of the necessary infrastructure, where necessary to ensure the continued functioning of the project results. The University classifies investment projects by type of strategic priority depending on the nature of the changes that the project provides and the scope of the project results.

Acquisition projects (M&A transactions) - projects aimed at expanding the scope of activities, growth through mergers, acquisitions or changes in equity interests (blocks of shares) in the authorized capital of the University and other legal entities.

Organic Development Projects - projects aimed at achieving the strategic goals of the University, but not involving merger transactions. Projects aimed at increasing the value of the University by expanding activities in any field compared to the current state (new products, new regions). Projects of modernization or expansion of production, the main purpose of which is to increase capacity or economic efficiency, or reduce production costs.

Production Localization Projects - projects implemented by the University, as well as its private partners, to create, expand and / or modernize production facilities aimed at meeting the demand of the University.

Repair Projects - projects aimed at minimizing the risks associated with equipment failure and accidents, maintaining assets and production capacities, infrastructure facilities in a technically sound state, as well as maintaining activities in any field at the existing level (does not imply capacity expansion).

Projects aimed at maintaining the right to conduct business (license to operate, LTO) - projects aimed at satisfying external requirements (requirements of the regulator), without the implementation of which it is possible to revoke a license or other rights to conduct activities of the company's production in question.

Social projects - non-core projects with social significance, as well as not being commercially effective. Guided in investment activities by the normative documents of the University in the Capital Investment Plan, strategic projects are distinguished. Investment projects are recognized as strategic projects by the decision of the University Board of Directors in accordance with the approved criteria of the strategic project.

2.2. Stages of an investment project

2.2.1. Description of the stages of the project life cycle

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

1. Assessment - consideration of the feasibility of the project, its preliminary economic feasibility and compliance with the University's strategy; projects are selected



from a set of potential opportunities.

The Evaluation stage begins with the filing of the investment application by the Project Initiator and ends with the decision on the need to develop a preliminary business plan or conduct a preliminary assessment (for M&A projects), as well as the decision to develop an Investment Memorandum on strategic investment projects. An investment memorandum is prepared on the basis of a preliminary feasibility study.

2. Choice - the study of alternative options for the implementation of the project and the selection of the preferred option in accordance with the objectives of the project, the choice of method of project implementation.

The selection stage ends with the approval of the project parameters according to the preliminary business plan by the Project Administrator or the results of the preliminary assessment (for M&A projects) and the decision to develop a feasibility study (if applicable), or to conduct a comprehensive check (for M&A projects).

3. Definition - the final determination of the scope and composition of work, sources of financing, technological solutions, costs and schedule of the project and a full economic analysis of the project.

Stage Definition ends with the approval by the Coordinating body of the results of the feasibility study (if applicable) or a comprehensive audit (for M&A projects) and a decision on the start of the project.

4. Implementation - creation and commissioning of production assets in accordance with the approved feasibility study (if applicable) or negotiations and conclusion of a transaction (for M&A projects).

Stage Implementation begins with the preparatory work and the preparation of the necessary documentation for the work on the investment part of the project and ends with the commissioning of the key project object and the closing of the transaction (for M&A projects).

5. Operation - achievement of business goals over the life of the asset. At this stage, a «Post-project assessment» is made - a comparison of the current results of financial and economic activities with the planned ones laid down in the previous stages, as well as an assessment of the possibility of influence on the achievement of the KPI of the Development Plan.

Stage Operation starts from the moment the key project object is commissioned and ends when it reaches full design capacity and the project payback.

6. Training - conducting a retrospective analysis of the actual key indicators of the projects by checking for compliance with their planned values in order to accumulate, share experience and learn from the results of the project.

The moments of the beginning and completion of the implementation of the Learning stage are set by the University for each project individually.

The adoption of investment decisions at all stages of the investment project must be pre-approved by the Project Administrator and approved at the Determination stage by the University's Approving Authority before receiving funding and resources for the next stage of the project.

2.2.2. Persons responsible for the implementation of investment projects

For each investment project, a curator is appointed by the relevant internal local act of the University to coordinate the implementation of this project.



The curator is personally responsible to the University authorities for ensuring timely, targeted and effective implementation of investment projects, which is reflected through the relevant key performance indicators (actual level of implementation, timely implementation on time, performance indicators NPV, PI). The curator is the person presenting the results of the project.

The curator is responsible for the development of the goals and objectives of the project and the implementation of other activities necessary for the implementation of the project.

2.2.3. Requirements for the transition of projects to subsequent stages

The university carries out phased investment decisions after each stage of the investment project and authorize subsequent stages only upon completion of the previous ones.

At the beginning of the investment project, the Project Administrator creates a schedule of activities indicating the amount of funding and other resources necessary for the implementation of the project.

Upon completion of the activities, the Project Administrator conducts a mandatory assessment and analysis of the results, on the basis of which he makes a recommendation regarding the decision to continue, finalize or terminate the project.

2.3. Principles of decision making on the implementation of investment projects

2.3.1. Basic principles for evaluating an investment project

In order to ensure the correctness of comparisons and the objectivity of making investment decisions on projects. The university follows generally accepted principles for evaluating investment projects:

1. use unified methodological approaches to conducting financial and economic analysis (methods for calculating various indicators, scenario approach to the assumptions regarding the values of external parameters);

2. use uniform input external parameters (common external prerequisites, macroeconomic and industry scenarios, etc.) for all University projects;

3. use unified methodological approaches to determining parameters for assessing the effectiveness of projects (CoF, premiums on profitability for specific risks, etc.), including those established by the University, as well as the types of projects defined by this Policy;

4. when developing business plans and feasibility studies, they ensure the implementation of generally accepted approaches to identifying alternative options for implementing projects, including, but not limited to the following areas:

- technological solutions;
- sources of project financing (including equipment leasing opportunities);
- scale of the project;
- staged implementation.

2.3.2. Investment indicators used to evaluate an investment project taking into account the type of project

For all projects, depending on their type, investment indicators are used that are used as criteria for selecting projects at the stages, Assessment, Selection and Definition. The indicators, taking into account the specifics of each type of investment

project, are presented in Table 1.

Table 1

Selection criteria for investment projects

Type of project	Selection criteria
Acquisition projects	NPV, IRR, PI, University synergy
Organic Development Projects	NPV, IRR, PI, DPP
Production Localization Projects	NPV, IRR, PI, DPP, University synergy
Repair Projects	Calculation of NPV in comparison with the expected justified losses, taking into account the forecast of lost profit or loss, lower transaction costs, additional income
Projects aimed at maintaining the right to conduct business	Fulfillment of the necessary requirements at the lowest cost Evaluating an Exit from a Business
Social projects	Fulfillment of the necessary requirements at the lowest cost Analysis of the possibility of obtaining economic efficiency from related projects of the University

For the purposes of this University Policy, the following approaches are used in calculating the above indicators:

Net present value (NPV) - net cash flow to owners of equity capital for a project, discounted at the appropriate rate of required return on equity for the project.

The Return Index (PI) is calculated as a unit plus the ratio of «Net Present Value» to «Present Value of All Investments» (including non-capital investments).

Internal Rate of Return (IRR) is the discount rate, expressed as a percentage, at which the net present value of the project is zero.

Discounted payback period (DPP) - the period of time, expressed in years, from the moment of the first investment to the moment when the accumulated discounted net cash flow (accumulated positive cash flow minus accumulated investments) becomes positive for the first time.

2.3.3. Analysis and monitoring of investment project risks

In order to reduce risks and reduce costs associated with them, in the implementation of projects in the future, the University should carry out systematic monitoring and analysis of risks. In order to accumulate relevant knowledge and experience, all identified risks are reflected in the register and risk map.

The following risk parameters should be displayed in the risk register:

1. Description, causes and possible consequences of the implementation of the risk;
2. The rating of each of the identified risks, assigned by assessing the degree of influence and probability of the onset of a particular risk, based on the results of a sensitivity analysis and expert assessment;
3. The unit-owner of the risk in accordance with the responsibility for managing each of the risks indicated in the map. Units-owners of risks are determined on the basis of the actual location of the risk or centralization of management functions in relation to risk-prone processes;

4. Proposed measures to respond to risks and possibly reduce their impact on the successful implementation of the project.

The risk map allows you to assess the relative importance of each risk (compared with other risks), as well as highlight the most critical and require development measures to manage them.

A risk map should be compiled for all ongoing investment projects and updated at each stage of the project life cycle.

2.4. Documents accompanying investment decisions

The main documents used for making investment decisions are:

- Business plan;
- Investment memorandum (for the Definition stage);
- Additional investment memorandum;
- Report on project monitoring;
- Report on the closure of the project.

Business plan is a document used for making investment decisions on investment projects that do not meet the criteria of a strategic project.

The decision on the approval of investment projects is made in accordance with the local acts of the University.

Investment Memorandum (IM) is the main document used for making investment decisions on strategic investment projects, and is prepared by the Project Administrator for the Definition stage. The main goal of IM is to justify the economic feasibility, scope and timing of the investment project, as well as to establish the expected results of the project and approve the right (mandate) to receive the necessary funding and resources for the implementation of the project. The Investment Memorandum also contains critical risk information for the project.

The decision on the approval of the project IM is taken by the relevant Coordinating body after preliminary approval by the Project Administrator.

After approval of the IM, the contents of this document is not subject to change and further serves as the basis for determining the effectiveness of the implementation of the project stage by comparing the actual values with the planned values specified in the IM.

Additional IM it is intended to obtain the consent of the relevant Coordinating Authority for the allocation of additional financing or for changing the terms of the project, in cases where any deviation of these indicators is expected compared with those approved in the IM.

An additional IM must be approved prior to the allocation of additional funds or the extension of the implementation time. The document for the approval of the project should clearly state the reasons for the changes (changes in the schedule, budget, amount of work, technology, macroeconomic conditions, requirements of state authorities, etc.) and the impact on the project results compared to the initially approved version in the IM. The analysis should include a description of both controlled and uncontrolled factors that led to the changes, as well as lessons learned and measures to prevent the situation from repeating in the future.

Project Monitoring Report - a document generated in the framework of the report on the implementation of the University Development Plan, including

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 risks for the project, and expert opinion of the relevant Working Body on the degree of influence of these deviations on the feasibility of continuing the project.

Project Close Report - a document containing information on planned and actual project efficiency (terms of project implementation, information on achievement of planned results of financial and economic activities at the operational stage and others), as well as, in case of significant deviations from the terms of implementation and the initially approved amount of project financing, reasons such deviations, information about other decisions made as part of the implementation of this project and additional comments on the progress of the project.

2.5. Investment project monitoring

Monitoring - the collection, analysis and presentation of information on the implementation of the project in comparison with the plan set out in the approved MI stage of the project. Monitoring of investment projects is carried out for the following purposes:

- ensuring control over the expenditure of funds for the project and its effectiveness in accordance with the approved schedule of work and financing;

- identification of situations requiring the adoption of corrective measures and decisions on the further implementation of the project (based on the Additional MI);

- analysis of the results of project implementation in order to learn lessons and make recommendations on improving the economic efficiency of individual projects and project types;

- Developing a knowledge base on the implementation of various types of projects to improve the quality of planning parameters in the future.

2.5.1. Key Points of Monitoring

All investment projects are subject to proper monitoring by the relevant Working Body in order to quickly identify corrective measures, as well as gain experience.

Monitoring of projects with the goal of promptly adjusting the progress of the project is carried out from the moment the completion of the Selection stage, until:

- receipt of the act of commissioning and reaching the design capacity for organic development projects;

- Putting the corresponding object into operation for social projects, LTO and repair projects.

The monitoring period of M&A projects depends on the characteristics of a particular transaction and is set in each case by the relevant Coordinating Authority.

Upon the achievement of these events, the relevant Investment Activities Coordinating Body takes a decision on terminating the monitoring or on its further implementation, indicating the duration of monitoring and its frequency.

The mandatory indicators for monitoring on a quarterly basis are:

- assessment of the project cost (capital costs and non-capital investments) as of the reporting date;

- The price date for the commissioning of the main project site.

Mandatory indicators for monitoring strategic projects (except social projects) on an

annual basis are performance indicators for the implementation of investment projects, such as NPV, PI, IRR, DPP. At the request of the Coordinating Authority, other indicators may be added to assess the effectiveness of investment projects. Moreover, the recalculation of these indicators should be carried out taking into account the following requirements:

- the zero period for calculating cash flows for the project begins from the moment a decision is made to move to the Implementation stage;

- actual data (capital costs at the stage of implementation and indicators of operating activities at the stage of operation) for the reporting period are entered into the calculation of cash flows;

- forecast data after the reporting period should be reassessed taking into account the actual data of the reporting period, as well as changes in external and internal factors affecting the project;

- a variable discount rate is used, reflecting the change in conditions in each of the actual periods, as well as the current discount rate at the monitoring date for the forecast cash flows.

2.5.2. The requirement to analyze deviations of actual indicators from planned

Monitoring reports should contain an analysis of deviations of actual indicators from planned ones indicated in the business plan or MI. The working body analyzes the causes of these deviations and the actions of persons who were responsible for the implementation of the relevant tasks if the actual indicators differ from the planned ones:

- more than 5 (five) percent in terms of the amount of the annual project plan;

- more than 20 (twenty) percent in terms of the estimated date of commissioning of the main project facility.

The working body is endowed with the appropriate authority to request the necessary information to identify the causes and consequences of deviations.

The university has the right at its discretion to use the income received from its activities, after paying taxes and other obligatory payments to the budget, in accordance with the legislation of the Republic of Kazakhstan.

The working body has the right to initiate the preparation of an Additional MI for submission to the Coordinating Authority if, as a result of the analysis of the causes and consequences of deviations, one or more of the following conditions is met:

1. There is a need for a substantial extension of the deadlines for the implementation of a certain stage or project as a whole;

2. There is a need to allocate additional financing or provide financial guarantees to continue the project;

3. A significant negative impact on the investment performance of projects, except for social projects (the estimated NPV for profitable projects becomes less than zero and the IRR becomes less than the project discount rate).

As a result of the analysis of the causes and consequences of deviations, as well as consideration of the draft Additional IM, the relevant Coordinating Body makes a decision on the advisability of continuing, suspending, accelerating or canceling the implementation of the investment project.

In the event that a decision is taken by the relevant Governing Body to refuse to further implement the project, the University prepares in writing justifications for writing off expenses and losses incurred under this project. In this rationale, primary assumptions about the effectiveness and feasibility of the project and the reasons for rejecting its further implementation are specified in detail.

Monitoring also allows you to quickly optimize the University's investment plan for capital investments and helps to redistribute unused funds and resources. The proposal for the redistribution of funds between investment projects is adopted by the relevant Coordinating Authority.

2.5.3. Requirements for conducting a retrospective analysis, a statistical database, training on the results of completed projects

The University conducts a retrospective analysis of key indicators of the project and conducts statistical databases, starting from the Determination stage, in order to determine the main causes of errors, deviations of the actual values of the indicators from the targets indicated in the IM, as well as gaining experience in solving non-standard tasks that arose during the implementation of the project.

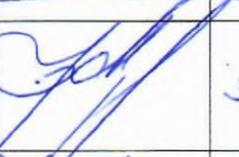
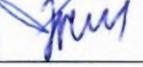
Based on the results of the implemented projects, the University disseminates knowledge and exchanges of experience between employees involved in the implementation of investment activities in order to increase its effectiveness and avoid these errors in the implementation of future projects.



Developed by:

No	Full name	Position	Signature	Date
1.	Imangaliyev Ye. B.	Head of the Department of Economics and Planning		03.09.2020

Agreed:

No.	Full name	Position	Signature	Date
1.	Zhamankulov B.S.	Executive Director, Member of the Management Board		3.09.2020
2.	Zhiyentalin Ye.Sh.	Head of Legal Department		03.09.2020