

## APPENDIX 1. KPO's LOCAL CONTENT STATEMENT



# KPO's LOCAL CONTENT POLICY

KPO, being one of the leading oil and gas companies in the Republic of Kazakhstan, is committed to support the sustainable development of Kazakhstan and maximize opportunities for Local Content, in accordance with FPSA obligations and the legislation of the Republic of Kazakhstan

### OBJECTIVE

Maximise the use of Goods, Works and Services from Kazakhstan Suppliers at each stage of the procurement process by creating value and opportunities for local Suppliers, provided that procurement from such sources is competitive in terms of price, efficiency, operating parameters, delivery terms and quality

### The Policy applies to:

- All KPO Directorates;
- All persons operating for or on behalf of KPO;
- All KPO contractors and subcontractors

### MAJOR DRIVERS

- Continuous improvement of KPO's Local Content performance and delivering Local Content to our operations and projects, in turn contributing to the development of West-Kazakhstan oblast and the economy of the Republic of Kazakhstan;
- Develop local value in the O&G sector to achieve a mutually beneficial environment for carrying out KPO operations and delivering expansion projects;
- Creating a healthy competitive environment by increasing the skills of national workforce and capacity of local suppliers to perform long term commercial operations;
- Optimise operating costs and improve logistics through localisation and import substitution

### APPROACH

KPO will seek to maximise Local Content, without compromising HSE, quality and efficiency by:


- Identification and delivery of localized Goods, Works and Services to cover KPO needs from procurement planning stage to project completion;
- Supporting the development of new equipment and materials manufactured in the Republic of Kazakhstan;
- Facilitation of the establishment of partnerships to create jobs and enable technology transfer in engineering, construction, fabrication and operations;
- Involvement of KPO's Local Content Department at each stage of the contracting and procurement process;
- Setting targets for improving and measuring, appraising and reporting Local Content performance for KPO management and each contract holder with the aim of driving improvement;
- Increasing and improving Local Supplier's capabilities;
- Provision of training and development of national personnel;
- Close engagement with state authorities and associations regarding Local Content development

### BENEFITS

- Achievement of KPO's Local Content commitment as per state authorities' and key stakeholder's expectations;
- Availability of effective Local Suppliers providing good quality Goods, Works and Services for KPO needs during the lifecycle of its petroleum operations.

Support to and implementation of this Policy is the responsibility of all KPO Staff.

Edwin Blom



General Director