Growing societal value

Our early efforts between the 1930s and 1970s focused on the Kingdom’s infrastructure and industrial development, including building schools, highways, providing water and electricity, and eradicating diseases such as malaria. Over the years, we have gradually shifted our focus to voluntary citizenship activities, while continuing to deliver new infrastructure to our communities.

Through the iktva and National Champions programs, we are facilitating the development of a diverse, sustainable, and globally competitive energy sector in the Kingdom, while adding robustness and efficiency to our supply chain.

Why it is important
As Aramco has grown in Saudi Arabia and abroad, we aspire to create value where we operate both directly and indirectly. A thriving local community and robust local supply chain are essential components of our business success. This approach proved its worth with our ability to effectively respond to a potential disruption to our business, including from COVID-19 and attacks on our infrastructure.

Our ambition
Through the iktva and National Champions programs, we strive to facilitate the development of a diverse, sustainable and globally competitive energy sector in the Kingdom.

Our approach
We develop and invest wherever we operate (including in the Kingdom’s domestic oil and gas ecosystem) to enhance the reliability of our supply chain and optimize operational costs and inventories, strengthening our ability to meet our commitments to customers around the globe.

Our plans
We will continue to support local industry and JVs to achieve our goal to localize 70% of expenditure for goods and services.

Material topics

<table>
<thead>
<tr>
<th>Labor practices</th>
<th>Relevant UN SDG</th>
<th>Relevant metric</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human rights (local communities)</td>
<td></td>
<td>Human rights is a material issue that has a broad relationship with various KPIs and has a strong impact on our day-to-day business and operations, therefore we are applying a deliberately phased approach to ensure the quality and integrity of our data capture and target-setting processes, thus for 2021, there are no publicly reported KPIs.</td>
</tr>
<tr>
<td>Community and society</td>
<td></td>
<td>Social investment (SAR millions) – pg 84.</td>
</tr>
<tr>
<td>Economic contribution</td>
<td></td>
<td>Payments to Government (USD millions) – pg 86; Total R&amp;D expenses (USD millions) – pg 44; Direct economic value generated and distributed (SAR millions) – pg 92.</td>
</tr>
<tr>
<td>National content</td>
<td></td>
<td>Iktva score (%) – pg 79; Saudization of service contracts (%) – pg 79; Saudization of construction contracts (%) – pg 79.</td>
</tr>
</tbody>
</table>

For more details on relevant metrics see page 88.
Growing societal value continued

Supporting the local economy

Saudization — nurturing local talent where we operate

With our headquarters and energy resources found predominantly in Saudi Arabia, we have a long-standing commitment to create employment opportunities for Saudi Arabian nationals, both directly and indirectly through our local sourcing strategy (see page 79).

Under the Nitaqat program, Aramco has been classified under the “High Green” (Platinum) category, which means that Aramco complies with the current Saudization requirements.1

Our Local Workforce Development Department team is engaged in multiple activities across the Company and actively measures compliance and provides consultation and support to improve Saudization.

Building capabilities in Saudi Arabia

Beyond boosting local employment in Saudi Arabia, we have the Iktva (In-Kingdom total value add) program, which provides tangible benefits to the Company and Kingdom, including during the recent global pandemic. Localized supply chains enable us to maintain operations with minimal disruption.

Many of Aramco’s supply chain partners continued to build and start-up facilities in Kingdom despite the economic downturn, ensuring the provision of supplies and services to the Company and retention of Saudis in the workforce. Billions of dollars in economic activity that historically would have left the Kingdom instead remained to serve the interests of the Company and support the local economy.

In 2021, the Iktva program achieved 59% local content in our supply chain, marking a significant increase on the 35% when Iktva was launched in 2015.

Since the launch of the Iktva program in 2015, the Kingdom’s local supply chain has experienced significant improvements including:

- 300% increase in the local purchases of goods and services by the Company’s suppliers;
- Twenty-fold increase in investment by the Company’s main suppliers in developing local partners;
- 300% increase in our suppliers’ investments in research and development inside Saudi Arabia;
- Average growth of 20% in Saudi compensation and 30% growth in local workforce training and development;
- 50% increase in Saudization rate accompanied by more than double the percentage of Saudi females in Aramco’s supply chain;
- 50% annual growth in SME development by suppliers; and
- Helping create a competitive industrial base in the Kingdom that is now exporting to more than 40 countries with a 70% increase from Aramco suppliers.

At December 31, 2021, 90.5% of the Company’s employees were Saudi nationals (89.6% in 2020, 88.5% in 2019).

In 2021, we announced a major expansion of the Iktva and National Champions programs. The Aramco Namaat Industrial Development Program is focused on capacity building in four key sectors:

- Sustainability;
- Technology;
- Industrial and energy services; and
- Advanced materials.

Namaat means collective growth in Arabic and the program aims to tap into the vast opportunities available in Saudi Arabia to create new value, and drive economic expansion and diversification with local and global partners.

By leveraging a range of finance, funding, tax and regulatory incentives available through the government’s Shareek program, with Namaat, Aramco aims to drive competitive advantage and achieve benefits for the environment, our Company, our partners and for the wider energy and chemicals sector.

Iktva

Percentage of procurement spend within Saudi Arabia

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iktva</td>
<td>55.0%</td>
<td>57.5%</td>
<td>59.0%</td>
</tr>
</tbody>
</table>

Namaat means collective growth in Arabic and the program aims to tap into the vast opportunities available in Saudi Arabia to create new value, and drive economic expansion and diversification with local and global partners.

Saudization of construction contracts

Percentage of Saudi construction contractors relating to the total procurement value in Saudi Arabia

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudization</td>
<td>21.9%</td>
<td>21.6%</td>
<td>25.6%</td>
</tr>
</tbody>
</table>

Saudization of service contracts

Percentage of Saudi service contractors relating to the total service procurement value in Saudi Arabia

<table>
<thead>
<tr>
<th>Year</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudization</td>
<td>51.4%</td>
<td>51.0%</td>
<td>56.6%</td>
</tr>
</tbody>
</table>

$100 billion

To date, Iktva has contributed an estimated $100 billion to Saudi Arabia’s economy.

What are we doing?
Altamayyuz Academy

Altamayyuz Academy, founded in 2021, is an initiative of Aramco to partner with the world’s leading investment banks, accounting firms and the Technical & Vocational Training Corporation to create an academy to educate the Kingdom’s future finance leaders.

1. A series of governmental controls (incentives and restrictions) on private companies in the Kingdom that began in 2011 designed to have them employ Saudi workers.
Supporting economies outside Saudi Arabia

Beyond Saudi Arabia and the iktva program, Aramco also invests in other places where it operates. Saudi Aramco Energy Ventures (SAEV) invests in companies developing technologies with strategic importance to our business, to accelerate their development and deployment in our operations. Since inception in 2012, SAEV has invested over $450MM in over 50 start-up technology companies.

SAEV has a major focus on sustainability, including CCUS, hydrogen and renewable energy. The current portfolio includes companies Nexwafe (energy efficient and low-cost wastewater aeration), InflowControl (specializing in downhole control valves eliminating unwanted water production in oil wells, significantly reducing upstream energy requirements) and Utility Global Inc (specializing in hydrogen generation reactors, fuel cells and electrolyzers).

Responsible supply chain

We expect and support our suppliers and contractors to adhere to the responsible business standards and principles stipulated by the Company Supplier Code of Conduct and Company supplier contractual agreement terms. These serve as the foundation of the robust and transparent relationships we strive to forge with our suppliers.

Our Supplier Code of Conduct establishes zero tolerance for bribery and corruption by suppliers, contractors, and third-party consultants with whom the Company conducts business. We regularly train many of these third parties in Anti-Bribery and Corruption (ABAC) and require recurring certification of their compliance with our Supplier Code of Conduct. The Supplier Code, third-party training, and the recurring certification all instruct third parties to report any known or suspected misconduct relating to Company business.

In accordance with local labor laws, our Supplier Code of Conduct and Company supplier contractual agreement terms also set out the commitments we expect from our suppliers in upholding the labor rights of their workforce and prohibiting all forms of forced labor and child labor.

From the outset of any business relationship, we strive to uphold and embed the principles of being a responsible business with all parties that wish to work with us. On occasion, we have experienced business interruptions caused by supplier non-compliance to Company standards and by performance gaps in our own Company policies and practices. This is why we are operating initiatives and programs to screen for and monitor contractor compliance with corporate security, safety, environment, health, and labor requirements, and to support improvements to contractor employees’ working conditions, well-being, and timely payment of salaries.

Our suppliers have access to a hotline to report any concerns and their concerns are reviewed seriously by us. For more information, please refer to page 55.

What are we doing?

Local and global partnerships

Iktva has created a vibrant business-friendly model, establishing partnerships between local businesses and leading global companies. To further enhance iktva, during 2021, we established the National Champions organization with the aim to create a world-class cluster of innovation that drives business and job creation, and national economic growth. This organization builds on the historical success of one of our major ecosystem development initiatives that is Aramco’s entrepreneurship arm, Wa’ed, which was established in 2011 as a pioneer in developing a thriving SME ecosystem in the Kingdom.
Under our Traffic Safety Signature Program, we introduced a “Safety Corridor” initiative to reduce serious accidents on an 80 km stretch of Dhahran—Al Hassa Highway, and in 30 in-city and 26 out of city accident blackspots. The objective is to lower fatalities and serious injuries and foster safety culture and safe driving behavior. The program provides engineering and enforcement recommendations. It has been supported by HRH Governor of the Eastern Province.

As of 2021, the number of serious accidents in blackspots decreased by 68% as a result of implementing these recommendations.

Safety campaigns and communications
Our Company is keen to play a positive role in ensuring road safety by not only upskilling our workforce’s driving skills but also helping our communities.

Recent road safety initiatives
• Conducted “Traffic Safety Gardens” to entrench a traffic safety culture at a very early age through an edu-tainment approach. To date over 200,000 students have received training.
• Introduced the Traffic Safety School Kit and trained more than 6,000 teachers on train-the-trainer courses. To date more than 1.8 million students have undergone training.
• As the Government of Saudi Arabia reformed driving laws to allow women to drive, we have taken the initiative to train female employees and dependents on safe driving behaviors, and established our own female driving school.
• We have provided traffic safety awareness programs to promote safe driving culture among company and contractors’ employees in addition to local communities. These programs included more than 230 traffic safety awareness sessions targeting more than 24,000 individuals.

Impact assessments
We address the potential impacts of our operations on local communities, in particular ensuring access to clean water; that the security of our people and facilities is managed in a responsible way; and providing access to remedy for unavoidable adverse impacts related to our operations.

Aramco’s Stakeholder Protection Policy regulates our interactions with local communities, and our Environmental Health Code and Environmental Management System, aligned with ISO 14001, and our policies relating to land acquisition include principles dedicated to community issues such as environmental impact assessment, handling of land claims, and access to clean water.

Recognizing that different countries have different procedures and routines for involving local community stakeholders, we work to comply with national requirements. Anyone adversely affected by our business activities has access to Aramco’s General Auditor Hotline where they can report any complaint about our operations, without discrimination or fear of repercussion.

Optimizing land use near operating facilities
Aramco has demonstrated its social responsibility and contribution to the social development and well-being of its hosting communities through the proactive development of an approach to allow for more land release for development purposes. The Company implemented a unique approach to manage land release around its facilities in a manner that maintains the safety of its facilities and the public. Land planning and release around the Company facilities is now being managed through the “hybrid approach,” which is a combination of prescriptive-based, consequence-based and risk-based approaches reflecting the nature of facilities operations and land use purposes when deciding on land release.

Land rights
We submit requests to the Saudi Government, represented by the Ministry of Energy, to assist us in securing, protecting, and enforcing land rights to facilitate the orderly conduct of the Company’s operations in accordance with the Concession and relevant laws, regulations and orders. All filed petitions are evaluated and addressed with fairness and timeliness.

Recognizing that different countries have different procedures and routines for involving local community stakeholders, we work to comply with national requirements. Anyone adversely affected by our business activities has access to Aramco’s General Auditor Hotline where they can report any complaint about our operations, without discrimination or fear of repercussion.
Growing societal value

Community investment and support

As part of our commitment to grow value wherever we operate, the section following shows our monetary contribution to boost economies and support communities.

Saudi Arabia

Volunteering days

In December 2021, we also launched a structured year-round volunteering portal to help identify volunteering activities that match Company employees’ talents.

In 2021, we made community investments of over SAR 1,360 million (USD 360 million) in Saudi Arabia and abroad. Along with engaging with our communities via business activities and investments, we encourage our management and employees to engage with communities proactively and positively,

Wa’ed

Established in 2011 as a fully-owned venture of Aramco, it makes venture capital investments, offers incubation and mentoring services to Saudi-based start-ups.

Since its founding, Wa’ed has disbursed more than SAR 100 million to 100+ start-ups whose unique products and services are transforming the Saudi economy. Some notable examples include Red Sea Farms (a Saudi Agtech start-up) that uses saltwater-based agriculture systems) and a bios fuels company that is developing energy solutions with zero carbon footprint.

Matched Giving

The Matched Employees Online Donation program was launched in 2002 during the Holy month of Ramadan to promote the engagement of employees in community giving by facilitating their donations and providing matching funds to make significant philanthropic contributions.

In 2021, our employees’ donations marked a new record in terms of donated amount and level of engagement in a single campaign. Some 14,000 employees donated circa SAR 6 million with the Company matching employees’ donations; it resulted in over 12 million SARs donated to 22 charities benefiting approximately 50,000 people across 17 cities in the Kingdom to mobilize support to underprivileged people.

Recent examples include providing home renovations and appliances to families in need, diabetes monitoring and treatment, kidney dialysis treatment, and providing support to cancer patients.

Micro-industries

Within our micro-industries development portfolio that spans across the Kingdom, we are transforming hundreds of socially disadvantaged beneficiaries from being charity dependent into financially independent individuals through structural training, job opportunities, and sustainable financial income. Our recent initiatives include a honey industry development project in four regions (Baha, Taif Asir and Al-Madinah) with plans for further expansion, a coffee plantation and production project in Jizan and rose oil body care products production in Al Taif. To date, over 2,700 individuals have directly benefited from these initiatives.

King Abdulaziz Center for World Culture (Ithra)

Built by Aramco, Ithra is a multidimensional cultural destination in the Eastern Province of Saudi Arabia providing interactive workshops, shows and events, which are designed to enrich society among all age groups. These are all included within five main pillars: art, knowledge, creativity, culture, and society.

In 2021, Ithra continues to make a substantial impact in the areas of art, culture, and knowledge across the Kingdom and abroad. It re-opened to the public, welcoming hundreds of thousands of visitors. A special Digital Wellbeing program, “SYNC”, was created with a vision of a world where we are all in control of our digital lives. The program is guided by global research to understand how technology is affecting our lives, and translate the knowledge into awareness campaigns, educational content and programs aiming to raise global awareness around the topic.

Global

Overview

Climate change and the energy transition

Safe operations and people development

Minimizing environmental impact

Growing societal value

Data

Hand-in-Hand Waste Sorting

Promoting recycling to some 20,000 primary school students and local community members from Hudil District, Ithlim. 

Livestock

Assist local households with livestock as part of a poverty reduction program in Panlong village (Bansu Province).

Project Hope

Educational support for over 3,500 underprivileged students in Fujian, Liaoning, Zhejiang and Yunnan Provinces.

Aramco Coding School

Helping underprivileged elementary and middle school students to learn from over 20 tailored programming classes to close the technology education gap in Ulsan Province.

STEM Program

Free STEM tuition programs for underprivileged secondary school children.

Plant-A-Coral-Seed-A-Reef

Support the installation and development of a purpose built artificial reef at the Sider’s Island Marine Park, the country’s largest reef garden project.

National Fish & Wildlife Foundation

Distributed 14 grants that improved the resiliency of 10 coral reefs.

Trees for Houston

Supporting the implementation of the comprehensive “Resilient Houston” plan to mitigate flooding risk and improve climate readiness by planting, distributing, and reforesting 70,000 trees.

Galveston Bay Foundation

Lead sponsor of the 2021 Marsh Mania event, a marsh planting effort to plant 40,000 stakes of marsh grass along the Texas Gulf coastal region.

Earth Echo International

The OurEcho Challenge empowers individuals and groups to identify and address local environmental issues, specifically targeting biodiversity conservation.

Hurricane Ida & Winter Storm Uri

Monetary and in-kind donations to local non-profit organizations to assist with immediate and long-term needs such as food, home repairs and furnishings.
Aramco’s relationship with the Government of Saudi Arabia

The interests of Aramco and the Government are aligned in terms of maximizing long-term shareholder value, which encompasses acting responsibly for the benefit of not only today, but for the many generations that are to follow us.

We have multiple touchpoints with the Government of Saudi Arabia, as formalized in Aramco’s Concession agreement with the Kingdom (the Concession) and the Hydrocarbons Law, including but not limited to setting the maximum production level and the maximum sustainable capacity, royalties, and taxes.

With respect to those units of the Government that act in a different capacity, for example, as a regulator or as commercial counterpart, we provide information appropriate for those relationships and circumstances in accordance with applicable laws and regulations.

The Concession requires that all Saudi Aramco contracts with any government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise shall be on a commercial basis.

Within these parameters, Aramco participates in the following activities with the Government of Saudi Arabia:

• Projects to support the communities and environment in which we operate. Ithra is a prime example of this, which helps promote a creative, knowledge-based economy. Ithra’s flagship creativity and innovation season has been transformed into a conference to support the professional community. The first two editions drew more than 165,000 visitors.

• Government-directed projects, which are done on an arm’s length basis, including terms for reimbursement. For example, the Jasara Joint Venture between the Saudi Aramco Development Company (SADCO), Jacobs Engineering and the Public Investment Fund (PIF) to provide professional program and construction management services on an arm’s length basis for social infrastructure projects, including Government projects within the Kingdom.

Tax, royalty, zakat, dividend and revenue transparency

During 2020 and 2021, the world experienced a global pandemic which had significant social impacts. This highlights the critical contribution that companies make to long-term value creation and a healthy, diverse, prosperous society. Like most companies, Aramco contributes resources that can and should support the social fabric and vitality of the communities in which they operate. These contributions are made directly in the case of investment in communities, and indirectly through taxes paid to help finance Government services for those communities, as well as royalty, zakat and dividend payments within the Kingdom.

$149 billion

Payments to the Government consisting of income taxes, royalties and dividends in 2021.