Mapping our material ESG issues

In preparing this Report, we consider which topics our stakeholders identify as material ESG issues1 in our strategy, in our operations, through our key performance indicators (KPIs), and in our public reporting.

In 2020, we conducted focused “materiality assessments” in partnership with a number of independent external consultancies and stakeholders. This included a review of a range of reporting standards including the UN SDGs and the IPIECA guidelines. In addition to this exercise, we monitor internal and external stakeholders to understand what is important to them.

From our benchmarking, research, and internal engagement, we identified and evaluated over 150 topics across the areas of Environment, Social, and Governance. The outcomes of these assessments were tested with external and internal stakeholders, in over 25 separate engagements. The goal was to evaluate the relative importance of multiple topics to our key stakeholders — as well as their respective impacts on our business and stakeholders. From this, 13 material issues were highlighted, and were allocated under four focus areas:

• Climate change and the energy transition;
• Safe operations and people development;
• Minimizing environmental impact; and
• Growing societal value.

Prioritizing issues enables us to focus on where we can make the biggest difference. This wide-ranging review included peer benchmarking and detailed analysis of stakeholders’ requirements, perceptions, and expectations of Aramco.

Whilst we contribute directly or indirectly to all 17 UN SDGs, we identify 10 UN SDGs which we feel are most relevant to our operations, our products and our business and this is what we present in the adjacent materiality matrix table.

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<th>Focus area and relevant UN SDGs</th>
<th>Material issues</th>
<th>Impact on our business</th>
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1. The concept of “materiality” refers to the guidance on external reporting from the Global Reporting Initiative, and does not necessarily correspond to the concept of materiality used in connection with Aramco’s financial reports.

2. Human rights and biodiversity are material issues that have a broad relationship with various KPIs, and thus we are applying a deliberately phased approach to ensure the quality and integrity of our data capture and target-setting processes, therefore for 2021, there are no publicly reported KPIs for these two material issues.
1. Energy intensity (thousand Btu per boe) – pg 36.
2. Number of Tier 1 process safety events – pg 50.
3. Number of fatalities – pg 50.
4a. Female (%) of total employees – pg 57.
5. Number of allegations – pg 55.
6b. Human rights (compliance) – pg 57.
7. Industrial waste generated (metric tons) – pg 66.
8. Freshwater consumption/withdrawal (million m³) – pg 69.
11. Social investment (SAR) – pg 84.
12. Payments to Government (USD) – pg 86.
4b. Saudization (%) – pg 78.
12. Total R&D expenses (USD) – pg 44.
13. Saudization of service contracts (%) – pg 79.
13. Saudization of construction contracts (%) – pg 79.

**Relevant metric to monitor performance against each material issue**

**Contribution to UN SDGs**

- **SDG6:** Given water scarcity in KSA, the Company has a large seawater treatment and injection network of facilities. Seawater is used as the primary source of water for oil production and to ensure clean water is available for our workforce and local communities.
- **SDG12:** Embracing circular economy (reduce, reuse and recycle) principles and business models across our operations and activities.
- **SDG14:** Aramco has various H&S and well-being initiatives for our employees (mental health initiatives, and uses technology to minimize exposing our workers to unnecessary risk). In 2021 the Company launched the Work Life Support program as a response to COVID 19.
- **SDG11:** Aramco is improving the gender balance of our workforce via a range of female empowerment initiatives. For our community, Aramco funds the STEMania program for school-age girls, offering university scholarships for science, technology, engineering and mathematical degrees.
- **SDG8:** Supporting economic development of our employees and communities where we operate via various home ownership and Aramco initiatives to seed micro industries (e.g. Roseayar, beekeeping in al-Baha, fisheries in Yanbu’ and Baish, olive products in al-Jouf, coffee cultivation in Jazan).
- **SDG9:** We have strong policies and processes to manage our ethics, bribery and corruption risks to ensure a decent working environment for our workforce.
- **SDG9:** We seek to develop, innovate and invest wherever we operate — our 2021 payment to Saudi Arabian Government was 557,033 (SAR millions).
- **SDG7:** Investing more than 12 GW in alternative energy by 2035, and expand CO₂ storage capacity to support clean and affordable energy production.
- **SDG8:** Given the material impact climate change can have on human life and economic opportunities, as Aramco continuously invests in lower carbon energy and alternative energy sources, this will create jobs and contribute to economic growth.
- **SDG10:** Being one of the world’s lowest upstream carbon intensity major producers in the world and in line with the Kingdom of Saudi Arabia’s Vision 2030 toward cleaner energy, having an ambition to reach net-zero emissions by 2050 from wholly-owned operated assets, and also leveraging our influence in non-operated assets, within the timeframe set by the Paris Agreement.
- **SDG15:** Committed to delivering Biodiversity Net gain (in-Kingdom) in support of the SDG15, 2030 Vision and the Saudi Green Initiative.