

## key figures

Saudi Aramco and wholly owned subsidiaries

**70,762**  
employees

Saudi Aramco lost-time injury rate

**0.02**  
per 200,000 work hours

more than **22,000**  
professional development training participants



# enabling excellence

Our success as a business rests on our attention to safety and the development of our people. To enable increasingly efficient operations, we support endeavors to enhance the domestic energy sector and diversify the economy.



At a glance:  
Enabling excellence  
highlights

- Our STEMania Program reached nearly 3,000 female students across the Kingdom
- ARO Drilling and SANAD drilling joint ventures commenced operations
- The King Salman International Complex for Maritime Industries and Services targets construction of vessels and offshore drilling rigs
- In-Kingdom joint venture with Jacobs Engineering Group for professional program and construction management services
- Established centers of engineering excellence at five local offices
- Began planning Phase I of the King Salman Energy Park

Our success as a business rests on our attention to safety and the development of our people. To enable increasingly efficient operations, we support endeavors to enhance the domestic energy sector and diversify the economy.

A robust supply chain, innovative energy and technology entrepreneurs, and a globally competitive workforce are in our strategic interest and play an important role in improving our commercial performance.

By supporting capacity building in the Kingdom's energy sector, fostering small- to medium-sized enterprises, and establishing national training centers, we plan to enhance the reliability of our supply chain, improve the efficiency of our operations, and build our workforce of the future. Together, we believe these programs will accelerate growth and create new value for our company, as well as for the Kingdom.

**Our safety performance**

The lost-time injury (LTI) rate for Saudi Aramco employees at year-end was 0.02 per 200,000 work hours, a significant improvement compared to

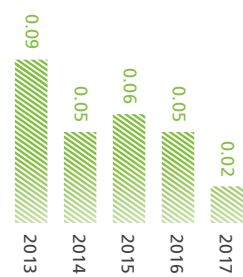
the 2016 LTI rate of 0.05. There were no on-the-job fatalities for Saudi Aramco employees. Our ongoing efforts to embed safety awareness through on-the-job training was key to our improved performance.

Understanding that off-the-job traffic accidents in Saudi Arabia are a critical safety concern, we proactively manage driver performance through monitoring devices. At year-end, 79% of the company's in-Kingdom fleet had the monitors installed. Overall, our **Traffic Safety Signature Program** has contributed to a 30% reduction in motor vehicle accidents for Saudi Aramco employees.

Our efforts to improve driver safety were recognized by the American Society of Safety Engineers, which gave its 2017 **Safety Innovation Award** to our driver safety system. The system measures patterns in biometric signals and incorporates safety engineering principles and behavior change to help reduce traffic accidents.

**Caring for contractors**

The safety, health, and well-being of our contractor workforce is of paramount



Saudi Aramco lost-time injury rate (per 200,000 work hours)

concern to us. To help ensure standards and practices are met, in 2017 we conducted more than 2,400 audits and inspections of contractor communities. Our Loss Prevention organization communicated their findings to proponent organizations to implement improvements.

We supported the Qyadati driver safety program, an online multi-language driver awareness program. Now mandatory for all supplemental manpower and project management contractors, 19,000 driving certificates were issued in 2017.

More than 3,000 contractor employees in our Southern Area Oil Operations organization benefited from an innovative safety campaign. The "Our Safety is You" campaign featured a number of educational platforms specially designed to encourage participation and promote

the awareness of common safety concerns — on- and off-the-job.

**Embedding a performance culture**

Our Operational Excellence (OE) initiative provides a framework for managers and describes how they can implement the system to fulfill their safety and loss prevention obligations. It drives our efforts to cost-effectively achieve leading performance in safety, reliability, and efficiency.

Working to integrate our day-to-day work into the OE structure, a dedicated OE organization provides consultation, training, and certifying of OE implementers and assessors. In 2017, we conducted 51 OE integrated assessments, yielding significant opportunities for improved performance. We remained



Every day, our team works together to unlock the full potential of the Kingdom's resources.

on track to assess all Saudi Aramco departments by the end of 2019.

**Enhancing capability**

To become the world's leading integrated energy and chemicals producer, we need people with best-in-class capabilities. Accordingly, we deliver continuous development and skill building opportunities to our workforce. Tailored to meet the growing responsibilities of our evolving business, we offer a wealth of online and classroom courses, specialized training centers, internships, and mentorship programs.

Our suite of development programs range from equipping entry-level employees with the right skills to sponsoring employees for advanced degrees at international universities.

**Accelerating skills development**

Our future success is dependent upon the progressive development of our upstream professionals, especially as our workforce trends younger: Nearly 60% of Saudi Aramco's workforce is 35 or younger. Our **Upstream Professional Development Center (UPDC)** is designed to provide accelerated skills building and knowledge transfer to young men and women entering the exploration and petroleum engineering fields.

UPDC offers immersive and interactive learning environments, including cutting-edge drilling simulators and a 4-D facility that enables the visualization of the subsurface and the modeling of production strategies. In 2017, 5,700 participants attended more than 350 training sessions.

Our **Hosted University Program** expands advanced degree opportunities for our employees. This cost-effective

approach brings the knowledge and expertise of leading global universities and institutions to the Kingdom to deliver customized, business centered academic degrees. In 2017, we initiated a specialized and accelerated master's degree program in geophysics from the University of Leeds in the U.K. Since the program's inception in 2009, more than 10 international universities have participated and more than 400 employees have earned degrees.

**Developing leaders**

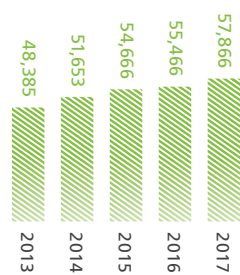
The achievement of our strategic vision requires new skills at every level. Nowhere is this more relevant than among our leadership.

In 2017, we delivered a suite of professional training programs designed to build capabilities to support our strategic vision and our entry into new industry sectors to more than 22,000 participants from various levels of professional employees and management.

We also commenced our **Emerging Women in Leadership Program** to identify women with outstanding leadership and professional career potential. Selected employees attended the **Advanced Women in Leadership Program** conducted by Wharton University of the Pennsylvania Institute of Executive Management.

**Preparing the next generation**

In addition to supporting our incumbent workforce, we prepare new generations to be "job ready." Our **Industrial Sponsorship Program** prepares Saudi high school graduates and vocational college students for jobs in administration, operations, security, fabrication, and maintenance. In 2017, more than 3,200



Saudi Aramco: Saudi employees

***“Saudi Aramco’s efforts to support a culture of innovation have yielded positive results: The number of granted patents has increased from nine in 2009 to 230 in 2017.”***

Muhammad M. Al Saggaf, Senior Vice President of Operations and Business Services

In the Core Room of our Upstream Professional Development Center, young engineers and geoscientists enhance their knowledge through hands-on, immersive instruction.



apprentices graduated from the program and joined the workforce.

To ensure we maintain a steady stream of entry-level Saudi professionals, we offer the **College Degree Program for Non-Employees (CDPNE)**, a highly selective scholarship program for male and female Saudi high school graduates. Participants who successfully complete the 10-month College Preparatory Program in Dhahran are sponsored to study for a bachelor's degree at KFUPM or at an international university in a discipline aligned with our strategic needs. In 2017, 308 CDPNE graduates joined the workforce.

Overall, nearly 2,500 company sponsored students were enrolled at colleges and universities in North America, Europe, Asia, and Australia in 2017. These program graduates, and employees returning from internships with global companies, bring with them new ideas and a broader understanding of international business, benefiting our company and the Kingdom.

### Building sustainable communities

The health and well-being of our employees and their families are essential enabling factors for our people to perform at their best. We continued progress in 2017 on several large-scale planned communities, each of which is designed to model leading sustainability practices.

Our largest project is the **South Dhahran Home Ownership Program (Ajyal)**, Arabic for "generations", which is planned to provide 8,500 residential units. We completed 180 houses in 2017. In our East Dammam I project, we distributed 228 villas, and in East Dammam II, we distributed 764 lots ready for owners to begin home construction. Since 1951, our Home Ownership Program has financed more than 68,000 new homes for Saudi families.

In addition, we developed a slate of new housing in existing communities, including the completion of 360



Modeling leading sustainability practices, our new community housing projects provide a high quality of life for our employees and their families.

## *In 2017, 2,000 trainees graduated from company supported national training centers.*

housing units for occupancy in our main community of Dhahran.

### Enabling a skilled workforce

As we enter new markets and businesses, helping build skills and capacity in the Saudi workforce is aligned with our long-term needs. It also benefits the Kingdom's efforts to diversify the economy. In 2017, we continued our support for **national training academies** whose goal is to create a globally competitive workforce. In 2017, 2,000 trainees graduated from 15 active training centers. Highlights from selected academies include:

- The National Construction Training Center: Expected to train and certify 2,000 Saudis over the next three years, the center commenced operations at a facility in Nariyah with an enrollment of more than 400 trainees
- The Maritime Academy: With a target enrollment of 1,450 trainees, the academy is planned to support the operation of the King Salman International Complex for Maritime Industries and Services
- The Saudi Arabian Drilling Academy: More than 200 trainees are enrolled in the core program and the first class of 94 is expected to graduate in mid-2018
- The National Power Academy: Developed in collaboration with the Saudi Electricity Company, KFUPM, and the Technical and Vocational Training Corporation (TVTC), the academy, with a capacity for 1,200

students, will confer specialized certifications and professional degrees for personnel to work in the energy sector

- The National Information Technology Academy: Designed to accommodate 1,000 trainees studying mobility, data analytics, and cloud computing, the academy is scheduled for a soft launch in 2018 with an initial enrollment of 100 students
- The Aviation Academy: With a capacity for 400, the academy opened with an initial enrollment of 150 trainees

Our **STEMania Program** aims to increase the interest of female students in the STEM fields. In 2017, the program reached nearly 900 students in the Eastern and Central Provinces.

We also continued our initiative to deliver seminars to help senior female university students prepare for their transition into the workplace. In 2017, we delivered 9 seminars for approximately 7,000 students. Overall, since the program's inception in 2015, approximately 16,000 students have benefited from these seminars.

### Developing a globally competitive energy sector

To secure our long-term future, we are always seeking ways to optimize costs, enhance the reliability of our supply chain, and identify greater efficiencies in our operations. Nowhere is this more important than in our home base of



Saudi Arabia. Opportunities to realize these improvements coincide with Vision 2030, the Kingdom's strategy to attain greater levels of sustained economic growth and diversification.

Launched in 2015, **iktva** is our global supply chain efficiency initiative that will help facilitate the further development of a diverse, sustainable, and competitive energy sector ecosystem in the Kingdom. Our **iktva** measurement continued to improve, with a goal to localize 70% of expenditures for goods and services by 2021. To support further growth to reach our 2021 target, we hosted the **iktva** Small- and Medium-Sized Enterprises Forum and Exhibition at the Dhahran Expo that illustrated to 1,000 enterprises the breadth of opportunities Saudi Aramco offers.

By investing in the domestic oil and gas ecosystem, we plan to enhance

the reliability of our supply chain and optimize operational costs and inventories, which strengthen our ability to meet our commitments to customers around the globe. As the base of small- and medium-sized enterprises expands, and as national leaders in the oil and gas ecosystem advance to become regional and international players, economic growth and job creation will be accelerated. This transition will enhance the business climate in the Kingdom and generate new opportunities for us to operate even more efficiently and achieve significant cost savings.

In 2017, we pursued a number of initiatives in the domestic energy sector consistent with our localization strategy, including forming two joint ventures to help optimize drilling costs: **Saudi Aramco Nabors Drilling (SANAD)**,

with **Nabors Industries Ltd.** for onshore rigs, and **Aramco Rowan Offshore Drilling (ARO)**, with **Rowan Companies plc** for offshore rigs. The ventures, which own and operate the rigs, commenced operations in 2017 and are expected to deliver approximately 5,000 local jobs.

#### Engineering opportunities and partnerships

Engineering and construction are potential high growth sectors closely tied to our business objectives. In pursuit of opportunities to reduce costs, strengthen our supply chain, and spur job creation, we marked a pair of milestones toward our ambition of executing 80% of our engineering work in-Kingdom.

First, we entered an in-Kingdom joint venture with **Jacobs Engineering Group**, which aims to provide professional program and construction management

services for social infrastructure projects, including government projects, on an arm's length basis within Saudi Arabia. The joint venture will help build capacity in the Kingdom and create opportunities for other players in this sector, with the potential to deliver approximately 3,000 jobs. Second, we established centers of engineering excellence at five local contractor offices.

We signed a number of other Memoranda of Understanding with international companies aligned with our strategic objectives. Each of the agreements is designed to enable greater efficiency and improved performance in our operations, along with the added benefits of creating high value jobs for Saudis and furthering the Kingdom's economic diversification. These agreements cover areas such as digitization initiatives, gas turbine

Together with leading industrial partners, we are advancing the development of a sustainable and competitive Saudi Arabian energy sector.

maintenance and repair, human capital development, and oil field goods and services.

#### Localizing our supply chain

The **King Salman International Complex for Maritime Industries and Services** is envisioned to become a world-class maritime complex and a hub for regional maritime engineering, construction, and related expertise. The complex, which is expected to generate more than 80,000 jobs by 2030, targets localizing essential links of our supply chain related to offshore drilling and shipping activities. Expected benefits include reduced response times, improved agility, and cost optimization.

Plans for the maritime complex include facilities to construct vessels and offshore drilling rigs and platforms; associated capabilities for maintenance, repair, and overhaul; an engine manufacturing plant; a maritime academy; and offshore engineering, procurement, construction, and installation capabilities.

In 2017, we established **International Maritime Industries**, a joint venture with Dubai-based engineering firm Lamprell plc, the National Shipping Co. of Saudi Arabia (Bahri), and Hyundai Heavy Industries in South Korea for the maritime yard. Major operations are expected to commence in 2019, with full production capacity of the facility reached in 2022.

With McDermott International Inc., we signed a binding Memorandum of Understanding for the construction of facilities at the complex, including fabrication for offshore oil and gas developments at Ras al-Khair. We also awarded the engineering, procurement, and construction contract for dredging and reclamation.

#### A park for energy

A major component of the expanding in-Kingdom energy ecosystem is the **King Salman Energy Park**. In 2017, we began planning for development of Phase I of the park. Located in the Eastern Province, the project is expected to attract international third-party

manufacturers and suppliers of goods to the energy sector to locate their facilities in the Kingdom.

Completion of Phase I of the park in 2021 is designed to deliver the infrastructure and services needed to attract investments by energy-related manufacturing and services companies — many of which are the company's supply chain partners. After full development is complete in 2035, King Salman Energy Park is anticipated to create an estimated 100,000 direct and indirect jobs.

#### Fostering entrepreneurs and new businesses

Small- to medium-sized enterprises are key components of economic growth. Our support for Saudi entrepreneurs is designed to nurture new technologies and businesses of potential value to our business as well as strengthen the health of the Kingdom's innovation ecosystem. In 2017, our wholly owned subsidiary, the **Saudi Aramco Entrepreneurship Center (Wa'ed)**, screened 238 new loan and equity applications. A new advisory program was launched that provided 15 consulting sessions for 300 potential entrepreneurs in three cities. Since its inception in 2011, Wa'ed has provided support for 100 companies.

In 2016, we helped inaugurate the Kingdom's first all-women business and technology park. In 2017, we and our original partner, Princess Nora bint Abdulrahman University in Riyadh, signed a joint venture agreement with Wipro, a global IT and business process services provider. The park, which provides business support services to leading companies in the Kingdom, including Saudi Aramco, is envisioned to generate greater opportunities for Saudi women to join the workforce, ultimately targeting the creation of up to 20,000 jobs.



Small- and medium-sized domestic enterprises play a growing and important role in our supply chain, and could generate new opportunities for us to operate more efficiently.