

IMPORTANT NOTICE

THE ATTACHED BASE PROSPECTUS MAY ONLY BE DISTRIBUTED TO INVESTORS WHO ARE EITHER (1) QIBs (AS DEFINED BELOW) THAT ARE ALSO QPs (AS DEFINED BELOW) OR (2) NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE THE UNITED STATES.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the base prospectus attached to this electronic transmission (the “**Base Prospectus**”) and you are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the Base Prospectus. In accessing the Base Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from the Trustee, the Obligor, the Arrangers or the Dealers (each as defined in the Base Prospectus) as a result of such access.

Confirmation of Your Representation: In order to be eligible and by accessing the Base Prospectus, you are deemed to have confirmed to the Arrangers, the Dealers, the Trustee and the Obligor that (i) you have understood and agreed to the terms set out herein, (ii) you and any customer you represent are either (a) outside of the United States and not a U.S. person within the meaning of Regulation S under the U. S. Securities Act 1933, as amended (the “**Securities Act**”) (a “**non-U.S. Person**”), and are not acting for the account or benefit of any U.S. person, and that the electronic mail address you have given to us is not located in the United States, its territories and possessions, or (b) a person that is a “qualified institutional buyer” (within the meaning of Rule 144A under the Securities Act) (a “**QIB**”) that is also a “qualified purchaser” (each, a “**QP**”) (within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”)), and the rules and regulations thereunder, (iii) you consent to delivery by electronic transmission, (iv) you will not transmit the Base Prospectus (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Arrangers and the Dealers, and (v) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic considerations with respect to your decision to subscribe for or purchase any of the Certificates.

You are reminded that the Base Prospectus has been delivered to you on the basis that you are a person into whose possession the Base Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Base Prospectus, electronically or otherwise, to any other person and in particular to any U.S. person or to any U.S. address. Failure to comply with this directive may result in a violation of the Securities Act or the applicable securities laws of other jurisdictions.

RESTRICTIONS: NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

THE CERTIFICATES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE CERTIFICATES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”)) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE BASE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE BASE PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE SECURITIES LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED, AND WILL NOT BE ABLE, TO PURCHASE ANY OF THE SECURITIES DESCRIBED HEREIN.

Under no circumstances shall the Base Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Certificates in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Any Certificates described in the Base Prospectus which do not constitute “alternative finance investment bonds” (“**AFIBs**”) within the meaning of Article 77a of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a “collective investment scheme” (as defined in the Financial Services and Markets Act 2000, as amended (the “**FSMA**”)) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority.

The Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of the Base Prospectus is only being made to: (a) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, the following persons: (i) persons who are investment professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”); (ii) persons falling within any of the categories of persons described in Article 49 of the Financial Promotion Order; and (iii) any other persons to whom the Base Prospectus may otherwise be distributed without contravention of the FSMA, or any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (b) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of investment professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CISs Order**”); (ii) persons falling within any of the categories of person described in Article 22 of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order.

This communication is being directed only at persons having professional experience in matters relating to investments and any investment or investment activity to which this communication relates will be engaged in only with such persons. No other person should rely on it.

The Base Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Arrangers or the Dealers, any person who controls any of the Arrangers, the Dealers, the Trustee, the Obligor, any director, officer, employee or agent of or public official representing any of them, or any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Base Prospectus distributed to you in electronic format and the hard copy version available to you on request from any of the Arrangers or the Dealers.

If you received the Base Prospectus by e-mail, you should not reply by e-mail to this communication. Any reply e-mail communications, including those you generate by using the “Reply” function on your email software, will be ignored or rejected. If you receive the Base Prospectus by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where such offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Arrangers, the Dealers or any of their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Arrangers, the Dealers or such respective affiliate(s) on behalf of the Trustee or the Obligor in such jurisdiction.

Recipients of the Base Prospectus who intend to subscribe for or purchase the Certificates are reminded that any subscription or purchase may only be made on the basis of the information contained in the Base Prospectus.

The distribution of the Base Prospectus in certain jurisdictions may be restricted by law. Persons into whose possession the Base Prospectus comes are required by the Arrangers, the Dealers, the Trustee and the Obligor to inform themselves about, and to observe, any such restrictions.



SA Global Sukuk Limited

(incorporated in the Cayman Islands as an exempted company with limited liability)

Trust Certificate Issuance Programme

Under this Trust Certificate Issuance Programme (the “**Programme**”), SA Global Sukuk Limited (in its capacity as issuer and as trustee, the “**Trustee**”), may elect, subject to compliance with all relevant laws, regulations and directives, from time to time to issue trust certificates (the “**Certificates**”) denominated in any currency agreed between the Trustee and the relevant Dealer(s) (as defined below).

Each Tranche (as defined in “*Terms and Conditions of the Certificates*”) of Certificates issued under the Programme will be constituted by: (i) an amended and restated master trust deed dated 9 July 2024 (the “**Master Trust Deed**”) entered into between the Trustee, Saudi Arabian Oil Company (Saudi Aramco) (the “**Obligor**” or the “**Company**”) and HSBC Corporate Trustee Company (UK) Limited as delegate of the Trustee (in such capacity, the “**Delegate**”); and (ii) a supplemental trust deed in relation to the relevant Tranche (each a “**Supplemental Trust Deed**” and together with the Master Trust Deed, each a “**Trust Deed**”). Certificates of each Tranche confer on the holders of the Certificates from time to time (the “**Certificateholders**”) the right to receive certain payments (as more particularly described herein) arising from a *pro rata* ownership interest in the assets of a trust declared by the Trustee in relation to the relevant Series (the “**Trust**”).

Certificates may only be issued in registered form. The Certificates may be issued on a continuing basis to one or more of the Dealers specified under “*Overview—Overview of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Trustee and the Obligor (each a “**Dealer**” and together, the “**Dealers**”), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the “**relevant Dealer(s)**” shall, in the case of an issue of Certificates being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Certificates.

The Certificates will be limited recourse obligations of the Trustee. An investment in Certificates issued under the Programme involves certain risks. For a discussion of these risks, see “Risk Factors”.

This Base Prospectus has been approved as a base prospectus by the United Kingdom Financial Conduct Authority (the “**FCA**”), as competent authority under Regulation (EU) No 2017/1129 as it forms part of the domestic law of the United Kingdom (the “**UK**”) by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”) (the “**UK Prospectus Regulation**”). The FCA only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Trustee or the Obligor or of the quality of the Certificates that are the subject of this Base Prospectus. Investors should make their own assessment as to the suitability of investing in the Certificates.

Application has been made to the FCA in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended (the “**FSMA**”), for the Certificates issued under the Programme during the period of 12 months from the date of this Base Prospectus to be admitted to the official list of the FCA (the “**Official List**”) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Certificates to be admitted to trading on the London Stock Exchange’s Main Market (the “**Main Market**”). References in this Base Prospectus to Certificates being “**listed**” (and all related references) shall, unless the context otherwise requires, mean that such Certificates have been admitted to the Official List and have been admitted to trading on the Main Market. References in this Base Prospectus to “**unlisted Certificates**” are to Certificates for which no prospectus is required to be published pursuant to the UK Prospectus Regulation. Information contained in this Base Prospectus regarding unlisted Certificates shall not be deemed to form part of this Base Prospectus and the FCA has neither approved nor reviewed information contained in this Base Prospectus in connection with the offering and sale of unlisted Certificates. The Main Market is a regulated market for the purposes of Article 2(1)(13A) of Regulation (EU) No 600/2014 on markets in financial instruments as it forms part of the domestic law of the UK by virtue of the EUWA (“**UK MiFIR**”).

The Certificates will be delisted from the Official List following the occurrence of a Tangibility Event, see Condition 8.7 (*Dissolution at the Option of Certificateholders (Tangibility Event Put Right)*). The Programme also provides that Certificates may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Trustee, the Obligor and the relevant Dealer(s). The Trustee may also issue unlisted Certificates and/or Certificates not admitted to trading on any market.

This Base Prospectus is valid for 12 months from its date in relation to Certificates which are to be admitted to trading on a regulated market in the UK. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

The requirement to publish a prospectus under the FSMA only applies to Certificates which are admitted to trading on a regulated market in the UK as defined in UK MiFIR and/or offered to the public in the UK other than in circumstances where an exemption is available under section 86 of the FSMA.

Notice of the aggregate face amount of Certificates, Periodic Distribution Amounts (as defined herein) payable in respect of Certificates, the issue price of Certificates, whether or not Certificates will be listed on the Official List and admitted to trading on the Main Market (or any other stock exchange) and certain other information which is applicable to each Tranche of Certificates will be set out in a final terms specific to each Tranche (the “**Final Terms**”) which, with respect to Certificates to be listed on the London Stock Exchange, will be delivered to the FCA and the London Stock Exchange. Copies of the Final Terms in relation to Certificates to be listed on the London Stock Exchange will also be published on the website of the London Stock Exchange through a regulatory information service.

The Certificates have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States. The Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (“**Regulation S**”)) except in certain transactions exempt from the registration requirements of the Securities Act. The Certificates may be offered and sold (i) outside the United States to non-U.S. persons in reliance on Regulation S and (ii) within the United States to persons who are “qualified institutional buyers” (“**QIBs**”) in reliance on Rule 144A under the Securities Act (“**Rule 144A**”) that are also “qualified purchasers” (each, a “**QP**”) within the meaning of Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”), and the rules and regulations thereunder. Neither the Trustee nor the Obligor has registered and neither intends to register as an investment company under the Investment Company Act, in reliance on the exemption provided by Section 3(c)(7) thereof. For a description of these and certain further restrictions on offers, sales and transfers of Certificates and distribution of this Base Prospectus, see “**Subscription and Sale**” and “**Transfer Restrictions**”.

The Trustee is a “covered fund” for the purposes of the “**Volcker Rule**” contained in Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The acquisition of the Certificates is likely to be considered an acquisition of an “ownership interest” (as that term is used in the Volcker Rule) in a “covered fund”. Accordingly, entities that may be “banking entities” for the purposes of the Volcker Rule, which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates, may be restricted from holding the Certificates. **Any prospective investor in the Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. For further information, see “Volcker Rule”.**

The Obligor has been assigned a long-term issuer rating of A1 with a positive outlook by Moody's Deutschland GmbH ("**Moody's**") and A+ with a stable outlook by Fitch Ratings Ireland Limited ("**Fitch**"). The Programme has been assigned a credit rating of A1 by Moody's and A+ by Fitch. Each of Moody's and Fitch is established in the European Union (the "**EU**") and registered under Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**"). Neither Moody's nor Fitch is established in the UK or registered in accordance with Regulation (EC) No. 1060/2009 (as amended) as it forms part of the domestic law of the UK by virtue of the EUWA (the "**UK CRA Regulation**"). The ratings issued by Moody's and Fitch have been endorsed by Moody's Investors Service Limited and Fitch Ratings Limited, respectively, in each case in accordance with the UK CRA Regulation. Each of Moody's and Fitch are included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. Each of Moody's Investors Service Limited and Fitch Ratings Limited are included in the list of credit rating agencies published by the FCA's Financial Services Register on its website (at <https://www.fca.org.uk/firms/credit-rating-agencies>) in accordance with the UK CRA Regulation. Certain Tranches of Certificates to be issued under the Programme may be rated or unrated and, if rated, the credit rating agency issuing such rating will be specified in the Final Terms. Where a Tranche is rated, such rating will not necessarily be equivalent to the ratings assigned to the Obligor. A credit rating is not a recommendation to buy, sell or hold Certificates, does not address the likelihood or timing of repayment and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

Periodic Distribution Amounts payable under the Floating Rate Certificates may be calculated by reference to either the forward-looking term rate based on the secured overnight financing rate ("**Term SOFR**") or the Euro interbank offered rate ("**EURIBOR**"), which are respectively provided by CME Group Benchmark Administration Limited ("**CME**") and the European Money Markets Institute (the "**EMMI**"). As at the date of this Base Prospectus, the EMMI appears in the register of administrators and benchmarks established and maintained by the ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**EU Benchmarks Regulation**") and each of EMMI and CME appears in the register of administrators of the FCA under Article 36 of Regulation (EU) No 2016/1011 as it forms part of the domestic law of the UK by virtue of the EUWA (the "**UK Benchmarks Regulation**", and, together with the EU Benchmarks Regulation, the "**Benchmarks Regulations**"). As at the date of this Base Prospectus, CME is not included in the register of administrators and benchmarks maintained by ESMA pursuant to the EU Benchmarks Regulation. As far as the Obligor is aware, the transitional provisions in Article 2 of the Benchmarks Regulations apply, such that CME is not currently required to obtain recognition, endorsement or equivalence.

The transaction structure relating to the Certificates (as described in this Base Prospectus) has been approved by the Internal Shariah Supervision Committee of First Abu Dhabi Bank, the Executive Shariah Committee of HSBC Saudi Arabia and the Standard Chartered Bank Global Shariah Supervisory Committee as, in their view, complying with *Shari'a* principles as applicable to, and interpreted by, them. Prospective Certificateholders should not rely on the approvals referred to above in deciding whether to make an investment in the Certificates (including the tradability of the Certificates in the secondary market) and should consult their own *Shari'a* advisers as to whether the proposed transaction described in the approvals referred to above is in compliance with their individual standards of compliance with *Shari'a* principles. Prospective Certificateholders are reminded that, as with any *Shari'a* views, differences in opinion are possible and different *Shari'a* standards may be applied by different *Shari'a* advisers.

Arrangers and Dealers

Citigroup

HSBC

J.P. Morgan

Dealers

First Abu Dhabi Bank

Goldman Sachs International

Morgan Stanley

SNB Capital

Standard Chartered Bank

This Base Prospectus should be read and construed together with any supplements hereto and, in relation to any Tranche of Certificates, should be read and construed together with the applicable Final Terms. This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation.

Where third-party information has been used in this Base Prospectus, the source of such information has been identified. Such information has been accurately reproduced and, as far as each of the Trustee and the Obligor is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The opinions, assumptions, intentions, projections and forecasts expressed in this Base Prospectus with regard to each of the Trustee and the Obligor are honestly held by the Trustee and the Obligor, not misleading in any material respect, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

Each Tranche of Certificates will be issued on the terms set out in the Conditions as completed by the applicable Final Terms. This Base Prospectus must be read and construed together with any supplements hereto and, in relation to any Tranche of Certificates, must be read and construed together with the applicable Final Terms. The information on the websites to which this Base Prospectus refers do not form part of this Base Prospectus.

No representation or warranty is made or implied by the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents or any their respective affiliates as to the accuracy or completeness of the information contained in this Base Prospectus. Accordingly, none of the Arrangers, the Dealers, the Delegate or the Agents or any of their respective affiliates makes any representation or warranty or accepts any responsibility as to (a) the accuracy or completeness of the information contained in this Base Prospectus or any other information provided by the Trustee or the Obligor in connection with the Programme or any issuance of Certificates thereunder or (b) the execution, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of any Certificates or any other agreement or document relating to any Certificates or the Programme. None of the Arrangers or the Dealers or any of their respective affiliates have any responsibility for any acts or omissions of the Trustee or the Obligor or any other person in connection with this Base Prospectus or the issue and offering of Certificates under the Programme. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Certificate shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Trustee or the Obligor since the date hereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented, or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

No person is or has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Trustee or the Obligor or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by any of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents.

Neither this Base Prospectus nor any Final Terms are intended to provide the basis of any credit or other evaluation, and should not be considered as a recommendation by any of the Trustee, the Obligor, the Arrangers, the Dealers the Delegate, the Agents or any of their respective affiliates that any recipient of this Base Prospectus or any Final Terms or any other information supplied in connection with the Programme or any Certificates should purchase any Certificates. Each potential purchaser of Certificates should determine for itself the relevance of the information contained in this Base Prospectus and any Final Terms, make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Trustee and the Obligor and its purchase of any Certificates should be based upon such investigation as it deems necessary. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Certificates constitutes an offer or invitation by or on behalf of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate, the Agents or any of their respective affiliates to any person to subscribe for or to purchase any Certificates. None of the Arrangers, the Dealers, the Delegate or the Agents undertakes to review the financial condition or affairs of the Trustee or the Obligor during the life of the Programme or to

advise any investor or potential investor in the Certificates of any information coming to the attention of the Arrangers, the Dealers, the Delegate or the Agents.

Furthermore, none of the Obligor, the Trustee, the Dealers, the Arrangers, the Delegate or the Agents makes any representation about the treatment for taxation purposes of payments or receipts in respect of any Certificates received by any Certificateholder. Each investor contemplating acquiring Certificates under the Programme must seek such tax or other professional advice as it considers necessary for the purpose.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF CERTIFICATES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Certificates in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Certificates may be restricted by law in certain jurisdictions. The Trustee, the Obligor, the Arrangers, the Dealers, the Delegate, the Agents and their affiliates do not represent that this Base Prospectus may be lawfully distributed, or that any Certificates may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate, the Agents or any of their respective affiliates which is intended to permit a public offering of any Certificates or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Certificates may be offered or sold, directly or indirectly, and neither this Base Prospectus nor any advertisement or other offering materials may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Base Prospectus or any Final Terms comes are required by the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate and the Agents to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Certificates and on the distribution of this Base Prospectus or any Final Terms and other offering material relating to the Certificates, see “*Subscription and Sale*”. In particular, the Certificates have not been and will not be registered under the Securities Act and may be subject to U.S. tax law requirements.

None of the Arrangers, the Dealers, the Delegate, any Agents, any of their respective affiliates, the Trustee or the Obligor makes any representation to any investor in the Certificates regarding the legality of its investment under any applicable laws. Any investor in the Certificates should be able to bear the economic risk of an investment in the Certificates for an indefinite period of time. Each investor should consult with its own advisers as to the legal, tax, *Shari’a*, business, financial and related aspects of the purchase of any Certificates.

Prospective purchasers must comply with all laws that apply to them in any place in which they buy, offer or sell any Certificates or possess this Base Prospectus. Any consents or approvals that are needed in order to purchase any Certificates must be obtained prior to the deadline specified for any such consent or approval. The Trustee, the Obligor, the Arrangers, the Dealers, the Delegate, the Agents and their respective affiliates are not responsible for compliance with these legal requirements.

The Certificates may not be a suitable investment for all investors. Each potential investor in the Certificates must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Certificates, the merits and risks of investing in the Certificates and the information contained or incorporated by reference in this Base Prospectus and any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Certificates and the impact the Certificates will have on its overall investment portfolio;
- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Certificates, including Certificates with principal or profit payable in one or more currencies, or where the currency for principal or profit payments is different from the potential investor’s currency;
- (d) understand thoroughly the terms of the Certificates and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, profit rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Certificates may be complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They generally purchase complex financial

instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in an issue of Certificates which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Certificates will perform under changing conditions, the resulting effects on the value of the Certificates and the impact this investment will have on the potential investor's overall investment portfolio.

The investment activities of certain investors are subject to applicable legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal and tax advisers to determine whether and to what extent: (i) the Certificates are legal investments for it; (ii) the Certificates can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of any Certificates. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Certificates under any applicable risk-based capital or similar rules.

The distribution of this Base Prospectus, any supplement and any Final Terms and the offering, sale and delivery of the Certificates in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus, any supplement or any Final Terms comes are required by the Obligor, the Trustee and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Certificates and on the distribution of this Base Prospectus, any supplement or any Final Terms and other offering material relating to the Certificates, see *"Transfer Restrictions"* and *"Subscription and Sale"*.

MIFID II PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Series of Certificates may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **"distributor"**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of any Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made at the time of issue about whether, for the purpose of the MiFID Product Governance Rules under EU Delegated Directive 2017/593 (the **"MiFID Product Governance Rules"**), any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise none of the Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET

The Final Terms in respect of any Certificates may include a legend entitled "UK MiFIR Product Governance", which will outline the target market assessment in respect of the Certificates and which channels for distribution of the Certificates are appropriate. Any person subsequently offering, selling or recommending the Certificates (a **"distributor"**) should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the **"UK MiFIR Product Governance Rules"**) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Certificates is a manufacturer in respect of such Certificates, but otherwise none of the Arrangers, the Dealers or any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

NOTICE TO EEA RETAIL INVESTORS

If the Final Terms in respect of any Certificates includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the **"EEA"**). For these purposes, a **"retail investor"** means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **"Insurance Distribution Directive"**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required

by Regulation (EU) No 1286/2014 (as amended, the “**EU PRIIPs Regulation**”) for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

NOTICE TO UNITED KINGDOM RETAIL INVESTORS

If the Final Terms in respect of any Series of Certificates includes a legend entitled “Prohibition of Sales to UK Retail Investors”, the Certificates are not intended to be offered, sold or otherwise made available to, and with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Certificates or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

NOTICE TO UK RESIDENTS

Any Certificates to be issued under the Programme which do not constitute “alternative finance investment bonds” (“**AFIBs**”) within the meaning of Article 77A of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) Order 2010 will represent interests in a collective investment scheme (as defined in the FSMA) which has not been authorised, recognised or otherwise approved by the United Kingdom Financial Conduct Authority. Accordingly, this Base Prospectus is not being distributed to, and must not be passed on to, the general public in the United Kingdom.

The distribution in the United Kingdom of this Base Prospectus, any applicable Final Terms and any other marketing materials relating to the Certificates is being addressed to, or directed at: (A) if the distribution of the Certificates (whether or not such Certificates are AFIBs) is being effected by a person who is not an authorised person under the FSMA, only the following persons: (i) persons who are Investment Professionals as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”); (ii) persons falling within any of the categories of persons described in Article 49 (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Financial Promotion Order; and (B) if the Certificates are not AFIBs and the distribution is effected by a person who is an authorised person under the FSMA, only the following persons: (i) persons falling within one of the categories of Investment Professional as defined in Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (the “**Promotion of CISs Order**”); (ii) persons falling within any of the categories of person described in Article 22 (high net worth companies, unincorporated associations, etc.) of the Promotion of CISs Order; and (iii) any other person to whom it may otherwise lawfully be made in accordance with the Promotion of CISs Order. All such persons in (A) and (B) above are “**relevant persons**”. Any such materials are directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons.

Persons of any other description in the United Kingdom may not receive and should not act or rely on this Base Prospectus, any applicable Final Terms or any other marketing materials in relation to the Certificates. Prospective investors in the United Kingdom in any Certificates are advised that all, or most, of the protections afforded by the United Kingdom regulatory system will not apply to an investment in such Certificates and that compensation will not be available under the United Kingdom Financial Services Compensation Scheme. Any prospective investor intending to invest in any investment described in this Base Prospectus should consult its professional adviser and ensure that it fully understands all the risks associated with making such an investment and that it has sufficient financial resources to sustain any loss that may arise from such investment.

NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT 2001 OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE “SFA”)

Unless otherwise stated in the applicable Final Terms, all Certificates issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

STABILISATION

In connection with the issue of any Tranche of Certificates, the Dealer or Dealers (if any) named as the stabilisation manager(s) in the applicable Final Terms (the “Stabilisation Manager(s)”) (or any person(s) acting on behalf of any Stabilisation Manager(s)) may effect transactions with a view to supporting the market price of the Certificates at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the Issue Date and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Certificates and 60 days after the date of the allotment of the relevant Tranche of Certificates. Any stabilisation action must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws, regulations and rules.

AVAILABLE INFORMATION

Neither Trustee nor the Obligor is currently required to file periodic reports under Section 13 or 15 of the Exchange Act with the U.S. Securities and Exchange Commission. To permit compliance with Rule 144A in connection with any resales or other transfers of Certificates that are “restricted securities” within the meaning of the Securities Act, the Trustee and the Obligor have undertaken in the Master Trust Deed to furnish, upon the request of a holder of such Certificates or any ownership interest therein, to such holder or to a prospective purchaser designated by him, the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, neither Trustee nor the Obligor is a reporting company under Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder. Any such request should be directed to the Trustee and the Obligor.

NOTICE TO RESIDENTS OF THE KINGDOM OF SAUDI ARABIA

This document may not be distributed in the Kingdom except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this document, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this document, you should consult an authorised financial advisor.

NOTICE TO RESIDENTS OF CANADA

Any Certificates to be issued under the Programme may be sold only to purchasers in Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Certificates must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus (including any amendment thereto) or any applicable Final Terms contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (“**NI 33-105**”) or Ontario Instrument 33-507 *Exemption from Underwriting Conflicts Disclosure Requirements*, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of any Certificates under the Programme.

NOTICE TO RESIDENTS OF THE KINGDOM OF BAHRAIN

In relation to investors in the Kingdom of Bahrain, Certificates issued in connection with this Base Prospectus and related offering documents may only be offered in registered form to existing accountholders and accredited investors as defined by the Central Bank of Bahrain (the “**CBB**”) in the Kingdom of Bahrain where such investors make a minimum investment of at least U.S.\$100,000 or any equivalent amount in another currency or such other amount as the CBB may determine.

This Base Prospectus does not constitute an offer of securities in the Kingdom of Bahrain pursuant to the terms of Article (81) of the Central Bank and Financial Institutions Law 2006 (decree Law No. 64 of 2006). This Base Prospectus and any related offering documents have not been and will not be registered as a prospectus with the CBB. Accordingly, no Certificates may be offered, sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other related document or material be used in connection with any offer, sale or invitation to subscribe or purchase Certificates, whether directly or indirectly, to persons in the Kingdom of Bahrain, other than to accredited investors (as such term is defined by the CBB) for an offer outside the Kingdom of Bahrain.

The CBB has not reviewed, approved or registered this Base Prospectus or related offering documents and it has not in any way considered the merits of the Certificates to be offered for investment, whether in or outside the Kingdom of Bahrain. Therefore, the CBB assumes no responsibility for the accuracy and completeness of the statements and information contained in this Base Prospectus and expressly disclaims any liability whatsoever for any loss howsoever arising from reliance upon the whole or any part of the content of this Base Prospectus. No offer of Certificates will be made to the public in the Kingdom of Bahrain and this Base Prospectus must be read by the addressee only and must not be issued, passed to, or made available to the public generally.

NOTICE TO RESIDENTS OF THE STATE OF QATAR

Any Certificates to be issued under the Programme will not be offered, sold or delivered at any time, directly or indirectly, in the State of Qatar (including the Qatar Financial Centre) in a manner that would constitute a public offering. This Base Prospectus has not been and will not be reviewed or approved by, or registered with, the Qatar Financial Markets Authority, the Qatar Central Bank, the Qatar Stock Exchange or the Qatar Financial Centre Regulatory Authority in accordance with their regulations or any other regulations in the State of Qatar (including the Qatar Financial Centre). The Certificates are not and will not be traded on the Qatar Stock Exchange. The Certificates and interests therein will not be offered to investors domiciled or resident in Qatar and do not constitute debt financing in the State of Qatar under the Commercial Companies Law No. (11) of 2015 or otherwise under the laws of State of Qatar.

NOTICE TO RESIDENTS OF MALAYSIA

Any Certificates to be issued under the Programme may not be offered for subscription or purchase and no invitation to subscribe for or purchase such Certificates in Malaysia may be made, directly or indirectly, and this Base Prospectus or any document or other materials in connection therewith may not be distributed in Malaysia other than to persons falling within the categories set out in Part I of Schedule 6 or Section 229(1)(b), Part I of Schedule 7 or Section 230(1)(b) and Schedule 8 or Section 257(3), read together with Schedule 9 or Section 257(3) of the Capital Market and Services Act 2007 of Malaysia as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time. The Securities Commission of Malaysia shall not be liable for any non-disclosure on the part of the Trustee or the Obligor and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Base Prospectus.

NOTICE TO RESIDENTS OF THE CAYMAN ISLANDS

No invitation, whether directly or indirectly, may be made to any member of the public in the Cayman Islands to subscribe for any Certificates issued under the Programme and this Base Prospectus shall not be construed as an invitation to any member of the public of the Cayman Islands to subscribe for any Certificates issued under the Programme.

U.S. INFORMATION

This Base Prospectus may be submitted on a confidential basis in the United States to a limited number of QIBs, each of whom is also a QP, for informational use solely in connection with the consideration of the purchase of certain Certificates, which may be issued under the Programme. Its use for any other purpose in the United States is not authorised. It may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents disclosed to anyone other than the prospective investors to whom it is originally submitted.

Certificates may only be offered or sold in the United States in private transactions: (i) to persons who are QIBs that are also QPs, in transactions exempt from registration under the Securities Act; or (ii) to persons who are QPs pursuant to any other applicable exemption from registration under the Securities Act. Each subsequent U.S. purchaser of Certificates sold in reliance on Rule 144A is hereby notified that the offer and sale of any Certificates to it may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. Prospective purchasers are hereby notified that sellers of the Certificates may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Each purchaser or holder of Individual Certificates (as defined herein), Certificates represented by a Restricted Global Certificate (as defined herein) or any Certificates issued in registered form in exchange or substitution therefor (together, “**Legended Certificates**”) will be deemed, by its acceptance or purchase of any such Legended Certificates, to have made certain representations and agreements intended to restrict the resale or other transfer of such Certificates as set out in “*Subscription and Sale*” and “*Transfer Restrictions*”.

NEITHER THE PROGRAMME NOR THE CERTIFICATES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF CERTIFICATES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

VOLCKER RULE

The Trustee is a “covered fund” for the purposes of the “Volcker Rule” contained in Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The definition of “covered fund” in the Volcker Rule includes (generally) any entity that would be an investment company under the Investment Company Act, but for the exemption provided under Section 3(c)(1) or 3(c)(7) thereunder. Because the Trustee intends to rely on Section 3(c)(7) of the Investment Company Act for its exemption from registration thereunder, it is considered to be a covered fund. The Volcker Rule generally prohibits “banking entities” (which is broadly defined to include U.S. banks and bank holding companies and many non-U.S. banking entities, together with their respective subsidiaries and other affiliates) from: (i) engaging in proprietary trading; (ii) acquiring or retaining an ownership interest in or sponsoring a “covered fund”; and (iii) entering into certain relationships with such funds. “Ownership interest” under the Volcker Rule is defined broadly to include any participation or other interest that entitles the holder of such interest to, amongst other things: (i) vote to remove management or otherwise, other than as a creditor exercising remedies upon an event of default, (ii) share in the income, gains, profits or excess spread of the covered fund or (iii) receive underlying assets of the covered fund.

The acquisition of the Certificates is likely to be considered an acquisition of an “ownership interest” (as that term is used in the Volcker Rule) in a “covered fund”. Accordingly, entities that may be banking entities for the purposes of the Volcker Rule may be restricted from holding the Certificates. **Any prospective investor in the Certificates, including a U.S. or foreign bank or a subsidiary or other affiliate thereof, should consult its own legal advisers regarding such matters and other effects of the Volcker Rule. Each investor is responsible for analysing its own position under the Volcker Rule and any similar measures and none of**

the Trustee, the Obligor, the Dealers, the Delegate or the Agents makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Certificates, now or at any time in the future.

CAYMAN ISLANDS DATA PROTECTION

The Trustee has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the “DPA”) based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Certificates and the associated interactions with the Trustee and its affiliates and/or delegates, or by virtue of providing the Trustee with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents) such individuals may be providing the Trustee and its affiliates and/or delegates (including, without limitation, the Trustee Administrator) with certain personal information which constitutes personal data within the meaning of the DPA. The Trustee shall act as a data controller in respect of this personal data and its affiliates and/or delegates, such as the Trustee Administrator, may act as data processors (or data controllers in their own right in some circumstances).

For further information on the application of the DPA to the Trustee, please refer to the Privacy Notice (a copy of which may be requested from the Trustee Administrator by email at dubai@maples.com), which provides an outline of investors’ data protection rights and obligations as they relate to the investment in the Certificates.

Oversight of the DPA is the responsibility of the Ombudsman’s office of the Cayman Islands. Breach of the DPA by the Trustee could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

PRESENTATION OF FINANCIAL, RESERVES AND CERTAIN OTHER INFORMATION

Certain Terms

See Appendix A for a glossary of defined terms used in this Base Prospectus and see Appendix B for a glossary of measurement and technical terms used in this Base Prospectus.

In this Base Prospectus, references to “**Saudi Aramco**” are to Saudi Arabian Oil Company (Saudi Aramco) together with its consolidated subsidiaries, and where the context requires, its joint operations, joint ventures and associates.

Certain figures and percentages included in this Base Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Financial and Statistical Information

The 2022 Financial Statements and 2023 Financial Statements (each as defined below) have been prepared in accordance with IFRS (as defined below) and have been audited by Saudi Aramco’s independent auditor, PricewaterhouseCoopers - Public Accountants, as stated in its audit reports related thereto appearing on pages F-105 and F-20 of this Base Prospectus, respectively. The 2024 Three Month Interim Period Financial Statements (as defined below) have been prepared in accordance with IAS 34 (as defined below).

Saudi Aramco’s financial information as at and for the year ended 31 December 2021 included in this Base Prospectus has been derived without material adjustment from the comparative column of the 2022 Financial Statements. Saudi Aramco’s financial information as at and for the years ended 31 December 2022 and 2023 included in this Base Prospectus has been derived without material adjustment from the 2022 Financial Statements and 2023 Financial Statements, respectively. Saudi Aramco’s financial information as at and for the three month period ended 31 March 2023 included in this Base Prospectus has been derived without material adjustment from the comparative column of the 2024 Three Month Interim Period Financial Statements and the financial information as at and for the three month period ended 31 March 2024 included in this Base Prospectus has been derived without material adjustment from the 2024 Three Month Interim Period Financial Statements. This Base Prospectus includes certain non-IFRS financial measures. See “*Non-IFRS Financial Measures*” below.

Some of the financial and statistical information contained herein have been rounded up to the nearest integer. Accordingly, in case of aggregating the figures shown in the tables, there might be slight deviations in the figures shown in the Financial Statements compared to those shown in this Base Prospectus.

Certain Reserves and Production Information

All natural resources within the Kingdom, including hydrocarbons, are owned by the Kingdom. Through the Concession (as defined below), the Government has granted the Company the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas (for more information, please refer to "*Business—Relationship with the Kingdom—The Concession*"). Any reference in this Base Prospectus to reserves of crude oil and condensate, natural gas or other hydrocarbons are reserves owned by the Kingdom that the Company has the right to operate and develop through the Concession and excludes reserves other entities have the right to develop, including AGOC (as defined below), the Company's wholly owned subsidiary, which operates in the partitioned territory and its adjoining offshore areas between the Kingdom and the State of Kuwait. In addition, any reference in this Base Prospectus to amounts produced includes blended condensate and AGOC's oil production in the partitioned territory and its adjoining offshore areas in accordance with the agreements between the Kingdom and the State of Kuwait, and excludes the Kingdom of Bahrain's entitlement to volumes produced from the Abu Sa'fah field. Pursuant to an agreement between the Kingdom and the Kingdom of Bahrain regarding the Abu Sa'fah field, the Kingdom of Bahrain is entitled to 50% of the net income derived from crude oil produced from Abu Sa'fah.

The reserve estimates in this Base Prospectus conform to the SPE-PRMS definitions and guidelines, which are the internationally recognised industry standards promulgated by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists and Engineers. Reserve estimation is an inherently complex process that principally relies on a combination of knowledge, experience and engineering judgment and, with respect to the Company's reserves, takes into account the Government's production decisions. The accuracy of any reserve estimate is a function of a number of variable factors and assumptions, many of which are beyond the Company's control. Therefore, the reserves information in this Base Prospectus represent only estimates. In addition, results of drilling, testing and production subsequent to the date of an estimate may justify revising the original estimate. Accordingly, due to the inherent uncertainties and the necessarily limited nature of reservoir data and the inherently imprecise nature of reserve estimates, the initial reserve estimates may differ from the quantities of oil and natural gas that are ultimately recovered. Thus, investors should not place undue reliance on the Company's ability to determine actual reserves or on comparisons of reserves of other companies. In addition, except to the extent that the Company conducts successful exploration and development activities, the Company's reserves will decline as they are produced. For more information, see "*Business—Operating Segments—Upstream—Reserves*".

Industry and Other Information

This Base Prospectus includes information regarding the industry and the geographies in which Saudi Aramco operates and competes. Certain economic and industry data and forecasts contained in this Base Prospectus were obtained from market research, governmental and other publicly available information and independent industry publications and reports. These generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and uncertainties as the other forward-looking statements in this Base Prospectus. See "*Forward-Looking Statements*". Maps contained in this Base Prospectus are for reference only and do not necessarily reflect international borders or other locations accurately.

In addition, certain statements regarding the oil and gas industry and Saudi Aramco's position in the industry are not based on published statistical data or information obtained from independent third parties, but are based solely on Saudi Aramco's experience, its internal studies and estimates and its own investigation of industry conditions.

Currencies and Exchange Rates

All references in this Base Prospectus to:

- “**Euro**”, “**EUR**” and “**€**” are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended;
- “**Pounds Sterling**” and “**£**” are to Pounds Sterling, the legal currency of the United Kingdom;
- “**Saudi Riyal**” and “**SAR**” are to the Saudi Arabian Riyal, the legal currency of the Kingdom; and
- “**U.S. Dollar**”, “**USD**”, “**\$**” and “**U.S.\$**” are to the United States Dollar, the legal currency of the United States.

For all periods presented in this Base Prospectus, the Saudi Riyal has been pegged to the U.S. Dollar at a fixed exchange rate of SAR 3.75 = U.S.\$1.00. In cases where amounts included in this Base Prospectus were converted from Saudi Riyals into U.S. Dollars, this fixed exchange rate has been used for convenience. No representation is made that Saudi Riyal amounts referred to could have been or could be converted into U.S. Dollars at any particular rate on any date.

General Provisions

The websites and reports referenced in this Base Prospectus are not a part of, and are not incorporated by reference into, this Base Prospectus.

Alternative Performance Measures

Saudi Aramco supplements its use of IFRS financial measures with non-IFRS financial measures, including Free Cash Flow, Gearing, ROACE, EBIT, and EBITDA which the Company uses in the analysis of its business and financial position. These non-IFRS financial measures are not defined by, nor presented in accordance with, IFRS, are not measurements of Saudi Aramco’s operating performance or liquidity under IFRS and should not be used instead of, or considered as alternatives to, any measures of performance or liquidity under IFRS and are not intended to be predictive of future results. Other companies, including those in Saudi Aramco’s industry, may calculate similarly titled non-IFRS financial measures differently. Because companies do not necessarily calculate these non-IFRS financial measures in the same manner, Saudi Aramco’s presentation of such non-IFRS financial measures may not be comparable to other similarly titled non-IFRS financial measures used by other companies. For more information on the non-IFRS Financial Measures and a reconciliation to the comparable IFRS measures, see “*Non-IFRS Financial Measures*”.

The definition, method of calculation and rationale for the inclusion of such measures are summarised in the following table.

Metric	Method of calculation	Rationale
Free Cash Flow	Calculated as net cash provided by operating activities less capital expenditures.	Liquidity measure
Gearing	Calculated as the ratio of net (cash)/debt (total borrowings less cash and cash equivalents, short-term investments, investment in debt securities (current and non-current) and non-current cash investments) to total equity and net (cash)/debt.	Liquidity measure
Return on Average Capital Employed (“ ROACE ”)	Calculated as net income before finance costs, net of income taxes and zakat, for a period as a percentage of average capital employed during that period. Average capital employed is the average of Saudi Aramco’s total borrowings plus total equity at the beginning and end of the applicable period.	Performance measure

Metric	Method of calculation	Rationale
Earnings Before Interest and Taxes (“ EBIT ”)	Calculated as net income plus finance costs and income taxes and zakat, less finance income.	Performance measure
Earnings Before Interest, Taxes, Depreciation and Amortisation (“ EBITDA ”)	Calculated as net income plus finance costs, income taxes and zakat, depreciation and amortisation, less finance income.	Performance measure

FORWARD-LOOKING STATEMENTS

This Base Prospectus, any supplement thereto and any Final Terms may contain certain forward-looking statements with respect to Saudi Aramco's financial position, results of operations and business and certain of Saudi Aramco's plans, intentions, expectations, assumptions, goals and beliefs. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as "believes", "expects", "are expected to", "anticipates", "intends", "estimates", "should", "will", "shall", "may", "is likely to", "plans" or similar expressions, including variations and the negatives thereof or comparable terminology.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that Saudi Aramco's actual financial position, results of operations and business and the development of the industries in which it operates may differ significantly from those made in or suggested by these forward-looking statements. In addition, even if Saudi Aramco's financial position, results of operations and business and the development of the industries in which it operates are consistent with these forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from Saudi Aramco's expectations are contained in cautionary statements in this Base Prospectus and include, among other things, the following:

- global supply, demand and price fluctuations of oil, gas and petrochemicals;
- global economic conditions;
- competition in the industries in which Saudi Aramco operates;
- climate change concerns, weather conditions and related impacts on the global demand for hydrocarbons and hydrocarbon-based products;
- risks related to Saudi Aramco's ability to successfully meet its environmental, social and governance ("ESG") targets, including any failure to fully meet its GHG emissions reduction targets by 2050;
- conditions affecting the transportation of products;
- operational risk and hazards common in the oil and gas, refining and petrochemicals industries;
- the cyclical nature of the oil and gas, refining and petrochemicals industries;
- political and social instability and unrest and actual or potential armed conflicts in the MENA region and other areas;
- natural disasters and public health pandemics or epidemics;
- the management of Saudi Aramco's growth;
- the management of the Company's subsidiaries, joint operations, joint ventures, associates and entities in which it holds a minority interest;
- Saudi Aramco's exposure to inflation, interest rate risk and foreign exchange risk;
- risks related to operating in a regulated industry and changes to oil, gas, environmental or other regulations that impact the industries in which Saudi Aramco operates; and
- legal proceedings, international trade matters, and other disputes or agreements.

The sections of this Base Prospectus entitled "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" contain a more complete discussion of the factors that could affect Saudi Aramco's future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Base Prospectus, any supplement thereto and any Final Terms may not occur.

Each of the Trustee and Saudi Aramco undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Trustee or Saudi Aramco or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Base Prospectus, any supplement thereto and any Final Terms.

RESPONSIBILITY STATEMENT

This Base Prospectus comprises a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation and for the purpose of giving information with regard to Saudi Aramco and the Certificates, which is necessary to enable investors to make an informed assessment of Saudi Aramco's assets and liabilities, financial position and profit and losses and prospects.

Each of the Trustee and Saudi Aramco accepts responsibility for the information contained in this Base Prospectus. To the best of the knowledge of the Trustee and Saudi Aramco, the information contained in this Base Prospectus is in accordance with the facts and this Base Prospectus makes no omission likely to affect its import. Where third-party information has been used in this Base Prospectus, the source of such information has been identified. Such information has been accurately reproduced and, as far as each of the Trustee and Saudi Aramco is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

The opinions, assumptions, intentions, projections and forecasts expressed in this Base Prospectus with regard to Saudi Aramco are honestly held by Saudi Aramco, not misleading in any material respect, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

SUPPLEMENTS TO THIS BASE PROSPECTUS

Following the publication of this Base Prospectus, supplements may be prepared by the Trustee and the Obligor and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

The Trustee and the Obligor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus that is capable of affecting the assessment of any Certificates, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Certificates.

The Trustee and the Obligor may agree with any Dealer that a Series of Certificates may be issued in a form not contemplated by the Terms and Conditions of the Certificates, in which event a supplemental Base Prospectus will be published, if appropriate, which will describe the effect of the agreement reached in relation to such Series of Certificates. Any such supplement to this Base Prospectus will also be available from the specified office of HSBC Bank plc in its capacity as principal paying agent (the "**Principal Paying Agent**"). See "*General Information—Documents Available*".

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Trustee is incorporated in and under the laws of the Cayman Islands.

The Obligor is a joint stock company incorporated in the Kingdom and a substantial portion of its assets and operations are located there. As a result, it may not be possible for investors to effect service of process outside the Kingdom upon the Obligor.

Furthermore, in the absence of a treaty for the reciprocal enforcement of foreign judgments with the jurisdiction in which a judgment is obtained, the courts of the Kingdom are unlikely to enforce a judgment obtained in courts outside the Kingdom without re-examining the merits of the claim and may not consequently observe the choice by the parties of English law as the governing law of the Certificates, including any judgment predicated upon United States federal securities laws or the securities laws of any state or territory within the United States. In addition, the courts of the Kingdom may (i) decline to enforce a foreign judgment if certain criteria are not met, including, but not limited to, compliance with public policy of the Kingdom, or (ii) decline to entertain original

actions brought in the Kingdom against the Obligor or its directors or officers predicated upon the securities laws of the United States or any state in the United States.

The Certificates are governed by English law and disputes in respect of the Certificates may be settled under the Rules of the London Court of International Arbitration (the “**LCIA**”). The Kingdom is a signatory to the New York Convention on Recognition and Enforcement of Arbitral Awards (1958) (the “**New York Convention**”) and as such, any arbitral award could be enforceable in Saudi Arabia but subject to filing a legal action for recognition and enforcement of foreign arbitral awards with the enforcement courts which can take considerable time. Enforcement in Saudi Arabia of a foreign arbitral award is not certain. For example, there are a number of circumstances in which recognition of an arbitral award under the New York Convention may be declined, including where the award is contrary to the public policy of the receiving state. As a consequence, any arbitral award deemed by a court in Saudi Arabia as contrary to the public policy of Saudi Arabia (being *Shari’a*) may not be enforceable in Saudi Arabia.

For more information, see “*Risk Factors—Risks Related to Enforcement*”.

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DOCUMENTS INCORPORATED BY REFERENCE

The Terms and Conditions of the Certificates contained on pages 46 to 91 (inclusive) in the base prospectus dated 7 June 2021 prepared by the Trustee and the Obligor in connection with the Programme (http://www.rns-pdf.londonstockexchange.com/rns/0904B_1-2021-6-7.pdf) shall be incorporated in, and form part of, this Base Prospectus.

Any documents themselves incorporated by reference in the document incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus.

Only certain parts of the document referred to above are incorporated by reference in this Base Prospectus. The non-incorporated parts of the document referred to above are either not relevant for investors or are covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus, a supplement may be prepared by the Trustee and the Obligor. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

OVERVIEW

This overview must be read as an introduction to this Base Prospectus and any decision to invest in the Certificates should be based on a consideration of this Base Prospectus as a whole. The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Certificates, is completed by the applicable Final Terms. In particular, it is important to carefully consider “Risk Factors” prior to making an investment decision with respect to Certificates.

All natural resources within the Kingdom, including hydrocarbons, are owned by the Kingdom. Through the Concession, the Government has granted Saudi Aramco the exclusive right to explore, develop and produce the Kingdom’s hydrocarbon resources, except in the Excluded Areas. See “Business—Relationship with the Kingdom—The Concession”. Unless otherwise indicated, any reference in this Base Prospectus to reserves of crude oil and condensate, natural gas or other hydrocarbons are reserves owned by the Kingdom that Saudi Aramco has the right to operate and develop through the Concession and excludes reserves other entities have the right to develop, including AGOC, which operates in the partitioned territory between the Kingdom and the State of Kuwait.

Words and expressions defined in “Form of the Certificates” and “Terms and Conditions of the Certificates” shall have the same meanings in this overview.

Overview of Saudi Aramco

Saudi Aramco is the world’s largest integrated energy and chemicals company. In the three month period ended 31 March 2024, it produced 12.4 million barrels per day of oil equivalent and for the year ended 31 December 2023, it produced 12.8 million barrels per day of oil equivalent, including 10.7 million barrels per day of liquids and 10.7 bscfd of natural gas and ethane. As at 31 December 2023, its proved liquids reserves were 217.4 billion barrels and it had gross refining capacity of 7.9 million barrels per day and net chemicals production capacity of 59.6 million tonnes per annum.

Saudi Aramco seeks to enhance its preeminent upstream position by maintaining its oil and growing its gas production capacity and continuing to pursue integration of its upstream and downstream operations to secure demand for its crude oil. It also is continuing to enhance the resilience and strategic integration of its refining and chemicals portfolios to capture additional value across the hydrocarbon value chain and to improve the balance of its fuels and chemicals production.

Saudi Aramco aims to grow its business sustainably by leveraging technology and innovation to continue to lower its climate impact and by undertaking low carbon energy and sustainability initiatives throughout its operations both in the Kingdom and abroad with international partners. In October 2021, Saudi Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly owned operated assets by 2050 and, in August 2019, announced its objective to eliminate routine flaring by 2030. It also intends to maintain its position as a leader in upstream carbon intensity, with one of the lowest average upstream carbon intensities per unit of hydrocarbons produced and is pursuing a wide range of initiatives to reduce its upstream carbon intensity by at least 15% by 2035 against its 2018 baseline. It has also set a target to reduce its upstream methane intensity to near zero by 2030 and has made recent investments in renewable energy, CCS and low carbon fuels.

Saudi Aramco’s heritage dates back to 1933 as an upstream venture founded by predecessors to Chevron and ExxonMobil. Its upstream operations are predominantly based in the Kingdom, and it operates a global downstream business. As at 31 December 2023, Saudi Aramco had two reportable segments, namely upstream and downstream, which are supported by corporate activities.

For the year ended 31 December 2023 and the three month period ended 31 March 2024, Saudi Aramco generated SAR 537.8 billion (\$143.4 billion) and SAR 126.0 billion (\$33.6 billion) in net cash provided by operating activities and SAR 379.5 billion (\$101.2 billion) and SAR 85.3 billion (\$22.8 billion) of Free Cash Flow, respectively. Saudi Aramco operates within a conservative financial framework that ensures its ability to invest through oil price cycles to maximise its long-term value and meet its sustainability ambitions. Its Gearing ratio was (6.3)% and (3.8)% as at 31 December 2023 and 31 March 2024, respectively. Free Cash Flow and Gearing are non-IFRS financial measures. For a definition of Free Cash Flow and Gearing and a

reconciliation to the nearest financial measures calculated in accordance with IFRS, see “*Non-IFRS Financial Measures*”.

Upstream

Saudi Aramco is a major producer of crude oil and condensate. For the three month period ended 31 March 2024, it produced 12.4 million barrels per day of oil equivalent and, for the year ended 31 December 2023, it produced 12.8 million barrels per day of oil equivalent, including 10.7 million barrels per day of liquids. Saudi Aramco manages the Kingdom’s unique reserves and resource base to maximise long-term value pursuant to the Hydrocarbons Law, which mandates that Saudi Aramco’s hydrocarbon operations promote long-term productivity of the Kingdom’s reservoirs and support the prudent stewardship of its hydrocarbon resources.

As at 31 December 2023, the Kingdom’s reserves in the fields Saudi Aramco operates consisted of 340.8 billion barrels of oil equivalent, including 261.7 billion barrels of crude oil and condensate, 37.4 billion barrels of NGL and 252.6 trillion standard cubic feet of natural gas.

Pursuant to the Concession, effective 24 December 2017, Saudi Aramco has the exclusive right to explore, develop and produce the Kingdom’s hydrocarbon resources, except in the Excluded Areas, for an initial period of 40 years, which will be extended by the Government for 20 years provided Saudi Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years beyond the prior 60-year period subject to Saudi Aramco and the Government agreeing on the terms of the extension. See “*Material Agreements—The Concession*”. The provision of a specified term in the Concession impacts the calculation of Saudi Aramco’s reserves as compared to the Kingdom’s reserves in the fields Saudi Aramco operates. The Concession also requires Saudi Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPG through domestic production or imports.

As at 31 December 2023, based on the initial 40-year period (which began in 2017) and 20-year extension of the Concession, Saudi Aramco’s reserves were 251.2 billion barrels of oil equivalent (sufficient for a proved reserves life of 54 years), consisting of 191.3 billion barrels of crude oil and condensate, 26.0 billion barrels of NGL and 207.5 trillion standard cubic feet of natural gas.

Saudi Aramco’s average upstream lifting cost was SAR 11.96 (\$3.19) per barrel of oil equivalent produced in 2023. In addition, its upstream capital expenditures for the year ended 31 December 2023 averaged SAR 23.7 (\$6.3) per barrel of oil equivalent produced. Saudi Aramco’s low cost position is due to its low depletion rate operational model, the unique nature of the Kingdom’s geological formations, favourable onshore and shallow water offshore environments in which Saudi Aramco’s reservoirs are located, synergies available from Saudi Aramco’s use of its large infrastructure and logistics networks and its scaled application of technology. Given the quality of most of Saudi Aramco’s reservoirs and its operational model, it is possible to achieve high recovery factors while maintaining relatively low water cut levels for long periods of time.

The Government determines the Kingdom’s maximum level of crude oil production in the exercise of its sovereign prerogative and requires Saudi Aramco to maintain MSC in excess of its then current production in accordance with the Hydrocarbons Law. It also uses this spare capacity as an alternative supply option in case of unplanned production outages and to maintain its production levels.

Saudi Aramco is the exclusive supplier of natural gas in the Kingdom. It owns and operates the Master Gas System (the “**MGS**”), which is an extensive network of pipelines that connects its key gas production and processing sites throughout the Kingdom, and has commenced reproduction activities from the Hawiyah Unayzah reservoir gas storage programme, with the goal of providing up to 2.0 bscfd of gas for reintroduction into the MGS in 2024 to enhance its ability to respond to seasonality of demand, which is driven by utility sector demand patterns, and to improve the utilisation rate of its gas assets. In support of its plan to develop its unconventional resources, in November 2021, Saudi Aramco commenced development of the Jafurah unconventional gas field. The Jafurah field is expected to commence production in 2025 and will gradually increase natural gas deliveries to reach a rate of 2.0 bscfd by 2030, which is expected to support growing local energy demand and provide feedstock for hydrogen and ammonia production. Saudi Aramco has booked 15 trillion standard cubic feet of raw gas and two billion stock tank barrels of condensate as proven reserves at Jafurah.

Saudi Aramco expects to further expand its oil and gas reserves through new field discoveries, new reservoir additions in existing fields and delineation and reassessment of existing reservoirs and fields.

Downstream

Saudi Aramco has a large and growing, strategically integrated global downstream business. The downstream segment's activities consist primarily of refining, petrochemicals, supply and trading, distribution, retail, base oils, lubricants and power generation. Saudi Aramco is also developing renewables, undertaking projects to capture emissions from its own facilities and the facilities of others and has ambitions to develop low carbon fuels and products, including blue hydrogen and blue ammonia.

As at 31 December 2023, Saudi Aramco had gross refining capacity of 7.9 million barrels per day and net refining capacity of 4.1 million barrels per day. The strategic integration of Saudi Aramco's upstream and downstream segments provide opportunities for Saudi Aramco to secure and de-risk liquids demand to capture incremental value from the hydrocarbon supply chain by selling to its dedicated system of domestic and international refineries and petrochemical plants. In addition, the integration of Saudi Aramco's refining and chemicals manufacturing assets provides an opportunity to capture additional value and continue the shift of its product portfolio to improve the balance of fuels and chemicals production.

Saudi Aramco's downstream business is the single largest customer for the upstream business's crude oil production, consuming 47% and 51% of its crude oil production in the year ended 31 December 2023 and the three month period ended 31 March 2024, respectively. Its upstream business produces all the crude oil supplied to and processed by Saudi Aramco's refineries in the Kingdom and the majority of crude oil used by its international refineries. As at 31 December 2023, Saudi Aramco's weighted average ownership percentage in its international refineries was 34%, but it supplied an average of 54% of the crude oil used by those refineries for the year ended 31 December 2023. This crude oil placement provides benefits to the downstream operations, including a secure and reliable supply of high-quality crude oil, which helps to ensure a secure and reliable supply of refined and chemicals products to its downstream customers. In addition, Saudi Aramco intends to continue to grow its liquids-to-chemicals business, with a goal to increase its throughput in integrated refining and petrochemicals complexes to up to four million barrels per day by 2030.

As the sole supplier to the large domestic marketplace, Saudi Aramco's refining operations in the Kingdom, including its domestic affiliates, accounted for 62% of its net refining capacity in 2023. In addition to its domestic focus, Saudi Aramco is focusing its downstream investments in economies of high-growth, including China, India and Southeast Asia, while maintaining and opportunistically expanding its participation in material demand centres, such as the United States and Europe, and countries that rely on importing crude oil, such as Japan and South Korea.

Saudi Aramco's chemicals business operates in over 50 countries and spans from production of basic chemicals such as aromatics, olefins and polyolefins to more complex products such as polyols, isocyanates and synthetic rubber. The chemicals business continues to grow through capacity expansions in the Kingdom, increased ownership positions in affiliates and new investments, including its acquisition of the PIF's 70% equity interest in SABIC on 16 June 2020. Since the acquisition of a 70% stake in SABIC, Saudi Aramco has sought to achieve synergies in procurement, supply chain, marketing, feedstock optimisation, stream integration, operations and maintenance. Saudi Aramco expects to capture a total value of approximately SAR 11.3 billion to SAR 15.0 billion (\$3.0 billion to \$4.0 billion) in annual recurring synergies from this acquisition by 2025. Its investment in SABIC makes it a major global producer of petrochemicals and expands its capabilities in technology and product innovation, marketing and sales, procurement and manufacturing, among others. Its chemicals business is focused on participation in high-growth chemical markets with demand from industries such as electronics, automotive, appliances and packaging, among others.

In 2021, Saudi Aramco's downstream segment launched a transformation programme, seeking to realise incremental value from its portfolio through yield enhancements, stream integration and cost reduction. In support of this effort, a new Downstream operating model has been implemented, creating a more agile business. The ongoing transformation programme has delivered estimated incremental EBIT of SAR 15.0 billion (\$4.0 billion) in 2023.

Saudi Aramco's downstream segment also includes its crude oil marketing and product sales, distribution, retail and trading operations. These operations support Saudi Aramco's upstream and downstream operations by

enabling it to optimise crude oil sales and product placement through its significant infrastructure network of pipelines and terminals and access to shipping and logistics resources. Saudi Aramco also maintains flexibility to respond to fluctuations in demand through its five crude oil grades and MSC. This flexibility contributes to its ability to meet its customers' needs and its reputation as one of the most reliable suppliers of crude oil and refined products, gas and NGL, meeting 99.9% of its delivery obligations on time in each of 2021 and 2022, 99.8% in 2023 and 99.7% for the first three months of 2024.

Corporate

Saudi Aramco's corporate activities primarily support the activities of its upstream and downstream segments, as well as the overall business. The corporate activities include technical services that are essential to the success of Saudi Aramco's core business, as well as human resources, finance, corporate affairs, legal and information technology.

In June 2021, Saudi Aramco completed a transaction pursuant to which it leased its stabilised crude oil pipeline network to one of its wholly owned subsidiaries for 25 years and leased back the exclusive rights to use, operate and maintain the pipeline network for that period. It then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 46.5 billion (\$12.4 billion) in cash. During the 25-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, the crude oil pipeline network, and the transaction will not impose any restrictions on its crude oil production volumes.

In addition, in February 2022, in a transaction similar to that described above with respect to the crude oil pipeline network, Saudi Aramco completed a transaction pursuant to which it leased its natural gas, NGL products, ethane and stabilised gas condensate pipelines to one of its wholly owned subsidiaries for 20 years and leased back the exclusive rights to use, operate and maintain these pipelines for that period. It then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 58.1 billion (\$15.5 billion) in cash. During the 20-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, these pipelines and the transaction does not impose any restrictions on Saudi Aramco's gas production volumes.

Furthermore, Saudi Aramco intends to foster domestic businesses with the aim to grow its returns, enhance the reliability and resilience of its local supply chain and support the economic growth and diversification of the Kingdom's economy. Under its National Champions programme, which encompasses a set of initiatives to enable in-Kingdom business development, Saudi Aramco seeks to facilitate the creation of a diverse, sustainable, and globally competitive in-Kingdom energy sector as well as other diversified sectors. The National Champions programme encompasses a set of programmes focused around five strategic domains, namely sustainability, digital, industrial, manufacturing and social innovation, that aim to support the development of initial ideas for small, medium and large-sized enterprises to become global businesses, and aligns with the Kingdom's Vision 2030 and its Shareek programme. Other corporate programmes include the iktva, Namaat, and Taleed programmes, which together support in-Kingdom economic growth, innovation, job creation and small, medium and large-sized enterprise development.

Corporate History and Evolution

On 29 May 1933, the Government granted a concession to Socal giving it the right to explore for oil within the Kingdom's borders. Later that year, Socal incorporated CASOC as a subsidiary to manage the concession. Texaco acquired a 50% interest in CASOC in 1936. CASOC's first commercial success came in 1938 at a drill site in Dhahran, which quickly began producing more than 1,500 barrels of crude oil per day. In 1944, CASOC was renamed Arabian American Oil Company. In 1948, Standard Oil Company of New Jersey, which later became Exxon, purchased 30% of Arabian American Oil Company, and Socony-Vacuum Oil Company, which later became Mobil, purchased 10% to help provide market outlets and capital for the Kingdom's hydrocarbon reserves. In 1952, Arabian American Oil Company's headquarters moved from New York to Dhahran, and in 1973, the Government acquired an initial 25% participating interest in the concession, which increased to 60% in the following year. Arabian American Oil Company continued to grow and had become the world's largest oil producer in terms of volume produced in a single year by 1976. Between 1980 and 1981, the Government increased its participation interest in Arabian American Oil Company's crude oil concession rights, production

and facilities to 100%. During the 1980s, Arabian American Oil Company increased its production volumes and expanded its infrastructure with the construction of the East-West pipeline, a 1,200 kilometer pipeline dedicated to transporting crude oil from Dhahran to Yanbu' on the Red Sea. In the 1980s and 1990s, Arabian American Oil Company established refining and marketing joint ventures in strategic geographies around the globe in order to further expand its market and product offerings.

In 1988, Saudi Arabian Oil Company, also known as Saudi Aramco, was established as a company with limited liability by virtue of Royal Decree No. M/8, dated 04/04/1409 in the Hijri calendar (corresponding to 13 November 1988), to assume the privileges and rights under the Original Concession.

On 1 January 2018, the Company was converted into a joint stock company pursuant to Council of Ministers Resolution No. 180 dated 01/04/1439 in the Hijri calendar (corresponding to 19 December 2017) and was registered in the city of Dhahran under commercial registration No. 2052101150 dated 11/07/1439 in the Hijri calendar (corresponding to 28 March 2018) with Saudi Arabian Oil Company (Saudi Aramco) as its official name.

On 11 December 2019, the Company completed its initial public offering ("**IPO**") and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Shares at such time, sold 3.45 billion ordinary shares, or 1.725% of the Shares. In addition, concurrently with the IPO, the Company acquired 117.2 million of its Shares from the Government for a cash payment of SAR 3.75 billion (\$1.0 billion) and classified them as treasury shares for use by the Company for its employee share plans. On 13 February 2022, the Government announced the transfer of 4% of the Company's issued Shares to the PIF, followed by an additional 4% on 16 April 2023 to Sanabil Investments, a wholly owned subsidiary of the PIF, and an additional 8% on 7 March 2024 to the portfolios of PIF's wholly-owned companies. On 11 June 2024, the Government completed a secondary public offering of its shares in the Company, selling 1.545 billion ordinary shares (the "**Secondary Public Offering**"), equivalent to 0.64% of the Shares (excluding the overallotment option). In addition, the Company acquired 137.6 million of its Shares from the Government and classified them as treasury shares for use by the Company for its employee share plans. As a result, the Government currently directly owns 81.548% of the Shares.

On 16 June 2020, Saudi Aramco acquired the PIF's 70% equity interest in SABIC for total consideration of \$69.1 billion. SABIC operates in over 50 countries and produces a range of chemicals.

The Company's registered office is P.O. Box 5000, Dhahran 31311, Kingdom of Saudi Arabia and its telephone number is +966 13873-6050. The Company's website is www.aramco.com.

Vision

Saudi Aramco's vision is to be the world's pre-eminent integrated energy and chemicals company, operating in a safe, sustainable and reliable manner.

Mission

Saudi Aramco strives to provide reliable, affordable and more sustainable energy to communities around the world, and to deliver value to its shareholders through business cycles by maintaining its pre-eminence in oil and gas production and its leading position in chemicals, aiming to capture value across the energy value chain and profitably growing its portfolio.

Strategy

- Saudi Aramco intends to continue to invest in crude oil exploration and production to maintain its position as the world's largest crude oil company by production volume.
- Saudi Aramco plans to further expand its gas business, including by developing its unconventional gas resources, increasing production and investing in additional infrastructure to meet the large and growing domestic demand for low-cost, lower carbon intensity energy.
- Saudi Aramco intends to continue the strategic integration of its upstream and downstream businesses to capture additional value across the hydrocarbon chain.

- Saudi Aramco's strategy for lower carbon intensity energy, which seeks to address climate-related risks and opportunities, aims to de-risk its business and maintain competitiveness and differentiation in carbon-constrained scenarios.
- Saudi Aramco is seeking to foster domestic businesses that will increase the long-term reliability of its supply chain and contribute to the Kingdom's economic development.

Key Enablers

The key enablers of Saudi Aramco's strategies are its people, technology and approach to portfolio optimization.

Competitive Strengths and Advantages of Saudi Aramco

Upstream Competitive Strengths

- Unrivalled scale of crude oil and condensate production and conventional proved reserves
- Long reserves life and proven track record of low-cost reserves replacement
- Ability to produce multiple crude oil grades with access to global delivery points
- Extensive high-quality gas reserves with exclusive access to the Kingdom's large and growing domestic marketplace
- Unique ability to capture value through exclusive active management of the world's largest conventional hydrocarbons reserves base
- Unique operational flexibility and opportunities to rapidly increase its crude oil production
- Crude oil extraction with one of the lowest average upstream carbon intensities in the industry
- Low lifting costs and capital expenditures per barrel of oil equivalent

Downstream Competitive Strengths

- Ability to monetize upstream production into a high-quality external customer base and through a captive downstream system
- Strong track record of supply reliability
- World class partners that provide access to additional geographies, technological expertise, operational know-how and marketing capabilities
- Major petrochemicals producer globally
- Major integrated refiner and base oils and finished lubricant producer with a global network of complex, reliable assets in key regional markets and hubs
- Scale advantage with one of the largest refining portfolios globally
- Globally integrated trading activities, which optimizes product supply to maximize returns

Financial and Other Competitive Strengths

- High Operating Cash Flow, Free Cash Flow, EBIT and ROACE and low Gearing
- Ability to execute some of the world's largest upstream and downstream capital projects
- History of responsible environmental stewardship
- World scale integrated upstream and downstream infrastructure

Overview of the Programme

Trustee, Lessor and Purchaser	SA Global Sukuk Limited, as trustee for and on behalf of the Certificateholders and, in such capacity, as issuer of the Certificates. The Trustee was incorporated as an exempted company incorporated with limited liability in the Cayman Islands on 3 May 2021 with registered number 375160 with its registered office at c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands. The Trustee has been incorporated solely for the purpose of participating in the transactions contemplated by the Transaction Documents to which it is a party. The Trustee shall on each Issue Date issue the Certificates to the Certificateholders and act as Trustee in respect of the Trust Assets for the benefit of the Certificateholders.
Trustee's Legal Entity Identifier ("LEI")	5493007DFAVKU7UOGR47.
Ownership of the Trustee	The authorised share capital of the Trustee is U.S.\$50,000 divided into 50,000 shares with a nominal value of U.S.\$1 each, of which 250 shares are fully paid up and issued. The Trustee's entire issued share capital is held on trust by MaplesFS Limited for charitable purposes under the terms of a share declaration dated 6 June 2021 (the " Share Declaration of Trust ").
Administration of the Trustee	The affairs of the Trustee are managed by MaplesFS Limited (the " Trustee Administrator ") who will provide, amongst other things, certain administrative services for and on behalf of the Trustee pursuant to the terms of a corporate services agreement dated 6 June 2021 (the " Corporate Services Agreement ") and made between the Trustee and the Trustee Administrator. The Trustee Administrator's registered office is at P.O. Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands.
Obligor, Seller, Lessee, Buyer and Service Agent	Saudi Arabian Oil Company (Saudi Aramco).
Obligor's LEI	5586006WD91QHB7J4X50.
Description	Trust Certificate Issuance Programme.
Programme Amount	The Programme size is unlimited.
Risk Factors	There are certain factors that may affect the Trustee's ability to fulfil its obligations under Certificates issued under the Programme and the Obligor's ability to fulfil its obligations under the relevant Transaction Documents. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Certificates issued under the Programme, and risks relating to the structure of a particular Series of Certificates issued under the Programme. All of these are set out under " <i>Risk Factors</i> ".
Arrangers	Citigroup Global Markets Limited HSBC Bank plc J.P. Morgan Securities plc

Dealers	<p>Citigroup Global Markets Limited First Abu Dhabi Bank PJSC Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Morgan Stanley & Co. International plc SNB Capital Company Standard Chartered Bank</p> <p>and any other Dealer appointed from time to time by the Trustee and the Obligor either generally in respect of the Programme or in relation to a particular Tranche of Certificates.</p>
Delegate	<p>HSBC Corporate Trustee Company (UK) Limited (the “Delegate”). In accordance with the Master Trust Deed, the Trustee will, <i>inter alia</i>, unconditionally and irrevocably appoint the Delegate to be its attorney and to exercise certain future powers, authorities and discretions vested in the Trustee by certain provisions in the Master Trust Deed in accordance with the terms of the Master Trust Deed. In addition, pursuant to the Master Trust Deed, certain powers will be vested solely in the Delegate.</p>
Principal Paying Agent, Reg S Registrar and Reg S Transfer Agent	<p>HSBC Bank plc</p>
Paying Agent, Rule 144A Registrar and Rule 144A Transfer Agent	<p>HSBC Bank USA, National Association</p>
Currencies	<p>Certificates may be denominated in any currency or currencies, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, as agreed between the Trustee, the Obligor and the relevant Dealer(s).</p>
Final Terms	<p>Certificates issued under the Programme may be issued pursuant to this Base Prospectus and a Final Terms. The terms and conditions applicable to any particular Tranche of Certificates will be the terms and conditions set out herein (the “Conditions”), as completed by the applicable Final Terms.</p>
Listing and Trading.....	<p>Application has been made for Certificates issued under the Programme to be admitted to the Official List and to trading on the Main Market. This Base Prospectus and any supplement will only be valid for listing Certificates on the Official List and admitting Certificates to trading on the Main Market in respect of Certificates having a denomination of at least €100,000 (or its equivalent in any other currency as at the date of issue of the Certificates) during a period of 12 months from the date of this Base Prospectus.</p> <p>The Certificates will be delisted from the Official List following the occurrence of a Tangibility Event, see Condition 8.7 (<i>Dissolution at the Option of Certificateholders (Tangibility Event Put Right)</i>).</p> <p>Certificates may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Trustee, the Obligor and the relevant Dealer(s) in relation to</p>

the relevant Series. Certificates which are neither listed nor admitted to trading on any market may also be issued.

The Final Terms will state whether or not the relevant Certificates are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.

Clearing Systems	Euroclear Bank SA/NV (“ Euroclear ”), Clearstream Banking S.A. (“ Clearstream ”) and/or The Depository Trust Company (“ DTC ”), unless otherwise agreed, and such other clearing system(s) as may be agreed between the Trustee, the Obligor, the relevant Dealer(s), the Principal Paying Agent and the Delegate.
Method of Issue.....	The Certificates will be issued on a syndicated or non-syndicated basis. Certificates will be issued in series (each, a “ Series ”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the amount and date of the first Periodic Distribution Amount payment and the date from which Periodic Distribution Amounts start to accrue) to the Certificates of each Series being intended to be interchangeable with all other Certificates of that Series. Each Series may comprise one or more tranches (each, a “ Tranche ”) issued on the same or different issue dates. The specific terms of each Tranche (which will comprise, where necessary, the relevant terms and conditions and, save in respect of the issue date, issue price, date of the first Periodic Distribution Amount payment and face amount of the Tranche), will be identical to the terms of other Tranches of the same Series and will be completed in the Final Terms.
Status of the Certificates	Each Certificate will represent an undivided ownership interest in the Trust Assets of the relevant Series, is a direct, unsubordinated, unsecured and limited recourse obligation of the Trustee and will rank <i>pari passu</i> , without preference or priority, with all other Certificates of the relevant Series issued under the Programme.
Issue Price	The Certificates may be issued at their face amount or at a discount or premium to their face amount. The price and amount of Certificates to be issued under the Programme will be determined by the Trustee, the Obligor and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions.
Maturities.....	The Certificates may have any maturity as agreed between the Trustee, the Obligor and the relevant Dealer(s), subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.
Use of Proceeds	See “ <i>Use of Proceeds</i> ”.
Form and Delivery of Certificates.....	The Certificates will be issued in registered form only, one Certificate being issued in respect of each Certificateholder’s entire holding of Certificates of each separate Tranche. Certificates sold in an “offshore transaction” within the meaning of Regulation S will initially be represented by an Unrestricted Global Certificate (an “ Unrestricted Global Certificate ”). Each Unrestricted Global Certificate will be deposited with a common

depository for, and registered in the name of a nominee for, Euroclear and Clearstream.

Certificates sold in the United States to QIBs that are also QPs will initially be represented by a Restricted Global Certificate (a “**Restricted Global Certificate**” and together with any Unrestricted Global Certificate, “**Global Certificates**”). Each Restricted Global Certificate will be deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

Please see “*Terms and Conditions of the Certificates*” and “*Form of the Certificates*”.

Initial Delivery of Certificates On or before the issue date for each Tranche, the Global Certificates may be deposited with a common depository for Euroclear and Clearstream or a custodian for DTC (as applicable). Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system *provided that* the method of such delivery has been agreed in advance by the Trustee, the Obligor, the Delegate and the relevant Dealer. Certificates that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.

Trust Assets Pursuant to the relevant Trust Deed for each Series, the Trustee has declared that it will hold the Trust Assets (as defined in Condition 5.1 (*Trust Assets*)) upon trust absolutely for, and on behalf of, the Certificateholders *pro rata* according to the face amount of Certificates held by each Certificateholder.

Limited Recourse Each Certificate of a particular Series will represent an undivided ownership interest in the Trust Assets for such Series. No payment of any amount whatsoever shall be made in respect of the Certificates except to the extent that funds for that purpose are available from the relevant Trust Assets.

Certificateholders have no recourse to any assets of the Trustee (other than the relevant Trust Assets), the Obligor (to the extent that it fulfils its obligations under the Transaction Documents to which it is a party) or the Delegate or any of their respective affiliates in respect of any shortfall in the expected amounts from the relevant Trust Assets to the extent the relevant Trust Assets have been enforced, realised and fully discharged following which all obligations of the Trustee and the Obligor shall be extinguished.

Benchmark Discontinuation In the event that a Benchmark Event or Benchmark Transition Event (as applicable) occurs, such that any reference rate (or any component part thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms, then the Obligor may (subject to certain conditions) be permitted to substitute such benchmark and/or screen rate (as applicable) with a successor, replacement or alternative benchmark and/or screen rate (with consequent amendment to the terms of such Series of Certificates and, potentially, the application of an Adjustment Spread (which could be positive, negative or zero)). See Condition 7.2(g) (*Benchmark*

Replacement) and Condition 7.2(h) (*Benchmark Transition*) for further information.

**Dissolution on the Scheduled
Dissolution Date.....**

Unless the Certificates are previously redeemed or purchased and cancelled, the Trustee will redeem the Series of Certificates at an amount equal to the relevant Dissolution Distribution Amount and the Trust in relation to the relevant Series will be dissolved by the Trustee on the relevant Scheduled Dissolution Date specified in the applicable Final Terms for such Series.

Early Dissolution of the Trust

Subject to the applicable Final Terms in respect of each Series, the Trust may be dissolved prior to the Scheduled Dissolution Date upon:

- (a) the occurrence of a Dissolution Event;
- (b) the occurrence of a taxation event (as further specified in Condition 8.2 (*Early Dissolution for Taxation Reasons*));
- (c) all of the Certificates of a relevant Series being redeemed following the exercise by the Obligor of an Optional Dissolution Right or the Make Whole Dissolution Right;
- (d) all of the Certificates of a relevant Series being redeemed following the exercise by the Obligor of the Clean-Up Dissolution Right;
- (e) all of the Certificates of a relevant Series being redeemed following the occurrence of a Tangibility Event (as further specified in Condition 8.7 (*Dissolution at the Option of Certificateholders (Tangibility Event Put Right)*));
- (f) upon all of the Certificateholders of a relevant Series exercising the Certificateholder Put Right or the Change of Control Put Right;
- (g) upon the occurrence of a Total Loss Event, unless the relevant Lease Assets are replaced in accordance with the Service Agency Agreement; or
- (h) all of the Certificates of the relevant Series being cancelled following the purchase of such Certificates by or on behalf of the Obligor and/or any of its subsidiaries.

In the case of the events described in paragraphs (a) to (h) above, the Certificates of a Series will be redeemed pursuant to the exercise of the Purchase Undertaking or the Sale Undertaking (as applicable) whereupon the Obligor will purchase from the Trustee the Lease Assets. The relevant exercise price payable upon due exercise of the Purchase Undertaking or the Sale Undertaking (as applicable), together with the Deferred Sale Price, will be used to fund the redemption of the Certificates at an amount equal to the relevant Dissolution Distribution Amount.

**Optional Dissolution Right and
Certificateholder Put Right.....**

The applicable Final Terms issued in respect of each Series of Certificates will state whether such Certificates may be redeemed prior to the Scheduled Dissolution Date at the option of the Obligor (either in whole or in part) or at the option of the

Certificateholders, and, if so, the terms applicable to such redemption.

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Series of Certificates.

Make Whole Dissolution Right..... The applicable Final Terms issued in respect of each Series of Certificates will state whether such Certificates may be subject to make whole redemption prior to the Scheduled Dissolution Date at the option of the Company (either in whole or in part) and, if so, the terms applicable to such redemption (see further Condition 8.4 (*Dissolution at the Option of the Obligor (Make Whole Dissolution Right)*)).

For *Shari'a* reasons, the Make Whole Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Series of Certificates.

Change of Control Put Right If so specified in the applicable Final Terms, each holder will have the right to require the redemption of its Certificates if a Change of Control Put Event occurs. Please see Condition 8.6 (*Dissolution at the Option of Certificateholders (Change of Control Put Right)*)).

Early Dissolution for Tax Reasons..... Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 10 (*Taxation*) or the Obligor has or will become obliged to pay any additional amounts in respect of amounts payable under the Transaction Documents as a result of a change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes publicly announced and effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series (as specified in the applicable Final Terms) and such obligation cannot be avoided by the Trustee or the Obligor, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of an Exercise Notice and payment of the Exercise Price by the Obligor upon due exercise of the Sale Undertaking redeem the Certificates, in whole but not in part, at an amount equal to the relevant Dissolution Distribution Amount on the relevant Early Tax Dissolution Date specified in the Exercise Notice. See further Condition 8.2 (*Early Dissolution for Taxation Reasons*)).

Dissolution Events The Certificates will be subject to certain dissolution events as described in Condition 12 (*Dissolution Events*). Following the occurrence of a Dissolution Event, the Certificates of the relevant Series may be redeemed in full at an amount equal to the relevant Dissolution Distribution Amount.

Periodic Distribution Amounts Certificateholders are entitled to receive Periodic Distribution Amounts calculated on the basis specified in the Conditions.

Denominations The Certificates will be issued in such denominations as may be agreed between the Trustee, the Obligor and the relevant

Dealer(s) and as specified in the applicable Final Terms (the “**Specified Denomination**”), subject to compliance with all applicable laws, regulations and/or central bank requirements, and save that the Minimum Specified Denomination shall be U.S.\$200,000 (or, if the Certificates are denominated in a currency other than U.S. dollars, the equivalent amount in such currency).

Certificates having a maturity of less than one year

Certificates (including Certificates denominated in pounds sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Trustee in the United Kingdom constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 (or its equivalent in other currencies). See “*Subscription and Sale*”.

Lease Asset Substitution	The Obligor may (at its discretion), on a Periodic Distribution Date, substitute any Lease Asset in respect of a Series with another tangible asset. The Obligor shall only be allowed to effect such a substitution if the value of the new asset(s) is at least equal to the portion of the relevant Asset Purchase Price (as defined herein) attributable to the Lease Asset(s) to be so substituted. In the event that the substitution is of some but not all of the Lease Assets, the schedule contained in the relevant Supplemental Lease Agreement setting out the Lease Assets shall be updated to reflect such substitution and no further Supplemental Lease Agreement will need to be entered into. In the event that such substitution is of all of the Lease Assets, the existing Supplemental Lease Agreement shall terminate on the relevant Periodic Distribution Date and a new Supplemental Lease Agreement will be entered into at that time.
Trustee Covenants.....	The Trustee has agreed to certain restrictive covenants as set out in Condition 6.1 (<i>Trustee Covenants</i>).
Negative Pledge.....	The Certificates contain no negative pledge.
Cross Default.....	The Certificates contain no cross default.
Taxation.....	All payments under the Certificates and the Transaction Documents will be made free and clear of withholding taxes of a Relevant Taxing Jurisdiction, unless such withholding or deduction is required by law. In that event, the Trustee or the Obligor (as applicable) shall pay additional amounts so that the full amount which would otherwise have been due and payable is received, subject to certain customary exceptions.
ERISA.....	Employee benefit plans, plans and other entities subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ ERISA ”), Section 4975 of the Code or any Similar Laws may not acquire Certificates (or an interest therein). See “ <i>Certain ERISA Considerations</i> ”.
Ratings.....	The rating of certain Series of Certificates to be issued under the Programme may be specified in the Final Terms. A credit rating

is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating agency.

Certificates issued under the Programme may be rated or unrated. Where a Tranche is rated, the applicable rating(s) will be specified in the Final Terms.

Selling Restrictions and Transfer Restrictions

For a description of certain restrictions on offers, sales and deliveries of Certificates and on the distribution of offering material in the United States of America, Canada, the EEA, the United Kingdom, the Cayman Islands, Switzerland, the Kingdom of Saudi Arabia, the Kingdom of Bahrain, the State of Kuwait, the United Arab Emirates (excluding the Abu Dhabi Global Market (the “**ADGM**”) and the Dubai International Financial Centre (the “**DIFC**”)), the ADGM, the DIFC, the State of Qatar (including the Qatar Financial Centre), Japan, Hong Kong, South Korea, Singapore, Malaysia, Indonesia, Brunei, the People’s Republic of China, the Republic of Italy, Taiwan and such other restrictions as may be required in connection with the offering and sale of the Certificates. See “*Subscription and Sale*”.

There are restrictions on the transfer of Certificates sold pursuant to Regulation S and Rule 144A. See “*Transfer Restrictions*”.

Governing Law

The Transaction Documents are governed by English law.

The Corporate Services Agreement and the Share Declaration of Trust are governed by the laws of the Cayman Islands.

Transaction Documents

The Master Trust Deed as supplemented by the relevant Supplemental Trust Deed, the Agency Agreement, the Master Purchase Agreement as supplemented by the applicable Supplemental Purchase Agreement, the Master Lease Agreement as supplemented by the applicable Supplemental Lease Agreement, the Sale Undertaking (together with each relevant sale agreement executed upon exercise of the Sale Undertaking), the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking), the Master Murabaha Agreement and the Service Agency Agreement (together with all offers, acceptances and confirmations delivered pursuant to any of the foregoing in connection with the relevant Series) (each a “**Transaction Document**” and, together, the “**Transaction Documents**”).

RISK FACTORS

The purchase of Certificates involves risks and is suitable only for, and should be made only by, investors that have such knowledge and experience in financial and business matters as may enable them to evaluate the risks and the merits of an investment in the Certificates. Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information set forth herein and, in particular, the risk factors set forth below.

Each of the Trustee and the Obligor believes that the following factors may affect the Trustee's ability to fulfil its obligations under the Certificates and the Obligor's ability to fulfil its obligations under the Transaction Documents to which it is a party. Most of these factors are contingencies which may or may not occur. In addition, factors which the Trustee and the Obligor believe are material for the purpose of assessing the market risks associated with the Certificates are also described below.

Each of the Trustee and the Obligor believes that the factors described below represent the principal risks inherent in investing in the Certificates, but the inability of the Trustee to pay any amount in the nature of profit, principal or any other amounts on or in connection with any Certificates or the Obligor (acting in any capacity) to pay any amount in the nature of profit, rental or principal payable by it pursuant to any Transaction Document to which it is a party may occur for other reasons and the Trustee and the Obligor do not represent that the statements below regarding the risks of holding the Certificates are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE TRUSTEE'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER CERTIFICATES ISSUED UNDER THE PROGRAMME

The Trustee has a limited operating history and no material assets

The Trustee is an exempted company incorporated with limited liability in the Cayman Islands on 3 May 2021. The Trustee has not as at the date of this Base Prospectus, and will not, engage in any business activity other than the issuing of Certificates under the Programme, acquiring the Trust Assets as described herein, acting in the capacity as Trustee and other activities incidental or related to the foregoing as required under the Transaction Documents.

The Trustee's only material assets, which will be held on trust for Certificateholders, will be the Trust Assets. Therefore, the Trustee is subject to all the risks to which the Obligor is subject to the extent that such risks could limit the Obligor's ability to satisfy in full and on a timely basis its obligations under the Transaction Documents.

The ability of the Trustee to pay amounts due on the Certificates will be dependent upon receipt by the Trustee from the Obligor of amounts to be paid under the Transaction Documents to which the Obligor is a party (which in aggregate may not be sufficient to meet all claims under the Certificates and the Transaction Documents).

FACTORS THAT MAY AFFECT THE OBLIGOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE TRANSACTION DOCUMENTS

Risks Related to Saudi Aramco's Operations and Activities

Saudi Aramco's results of operations and cash flow are significantly impacted by international crude oil supply and demand and the price at which it sells crude oil.

Sales of crude oil are the largest component of Saudi Aramco's consolidated revenue and other income related to sales, accounting for 47.0%, 50.3% and 47.9% for the years ended 31 December 2021, 2022 and 2023, respectively. Accordingly, Saudi Aramco's results of operations and cash flow are significantly impacted by the price at which it sells crude oil.

International crude oil supply and demand and the sales price for crude oil are affected by many factors that are beyond Saudi Aramco's control, including:

- market expectations with respect to future supply, demand and price of petroleum and petroleum products;

- global economic and political conditions and geopolitical events, including any that impact international trade (including trade routes);
- decisions regarding production levels by the Kingdom or other producing states (the Kingdom is a member country of OPEC) (see “*Business—Relationship with the Kingdom*”);
- the impact of natural disasters and public health pandemics or epidemics on supply and demand for crude oil, general economic conditions and the ability to deliver crude oil;
- the development of new crude oil exploration, production and transportation methods or technological advancements in existing methods;
- capital investments of oil and gas companies relating to the exploration, development and production of crude oil reserves;
- the impact of climate change on the demand for, and price of, hydrocarbons (see “*Risk Factors—Risks Related to Saudi Aramco’s Operations and Activities—Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Saudi Aramco to incur costs or invest additional capital. In addition, Saudi Aramco may not fully meet its announced net-zero targets by 2050.*”);
- changes to environmental or other regulations or laws applicable to crude oil and related products or the energy industry (see “*Risk Factors—Legal and Regulatory Risks—Saudi Aramco’s operations are subject to environmental protection, health and safety laws and regulations and increased concerns regarding the safe use of chemicals and plastics and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations*”);
- prices and availability of alternative energies, including renewable energy;
- the electrification of transportation, technological developments in the cost or endurance of fuel cells for electric vehicles and changes in transportation-mode preferences;
- weather conditions affecting supply and demand;
- fluctuations in the value of the U.S. Dollar, the currency in which crude oil is priced globally; and
- crude oil trading activities.

International crude oil prices have fluctuated significantly in the past and may do so in the future. For example, Brent prices rose significantly in February 2022 in response to the Russia-Ukraine conflict, related international sanctions and other macroeconomic factors. Since then, Brent prices generally fluctuated between \$75 and \$100 per barrel.

Fluctuations in the price at which Saudi Aramco sells crude oil, have in the past, and could in the future, cause its results of operations and cash flow to vary significantly. In addition, decreases in the price at which Saudi Aramco is able to sell its crude oil could have a material adverse effect on Saudi Aramco’s results of operations and cash flow.

Saudi Aramco operates in a highly competitive environment. Competitive pressure could have a material adverse impact on the price at which it sells crude oil and other products.

The sale of crude oil outside the Kingdom is very competitive. Saudi Aramco’s primary competitors for the sale of crude oil outside the Kingdom include national and international oil companies, many of which have substantial crude oil reserves and financial resources. The primary factors affecting competition are the price, reliability, quantity, quality and geographic location of crude oil produced. Increased competitive pressures could have a material adverse impact on prices at which Saudi Aramco can sell crude oil and its regional and global market share.

In addition, outside the Kingdom, refining and petrochemical plants in Saudi Aramco’s downstream segment are subject to competition in the geographies into which they sell refined and chemicals products. Competitors

include, but are not limited to, refining and petrochemical plants located in, or in close proximity to, relevant markets, and in the case of refining and petrochemical plants that are net importers, from other international producers. Operating efficiencies and production costs are key factors affecting competition for refined and chemicals products. Accordingly, if the operating efficiencies and production costs of Saudi Aramco's refineries are not sufficiently competitive in the geographies they serve, Saudi Aramco's business, financial position and results of operations could be materially and adversely impacted.

Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Saudi Aramco to incur costs or invest additional capital. In addition, Saudi Aramco may not fully meet its announced net-zero targets by 2050.

Climate change concerns manifested in public sentiment, government policies, laws and regulations, international agreements and treaties, lawsuits against energy companies, company net-zero and other commitments, fossil fuel divestment campaigns and other actions may reduce global demand for hydrocarbons and hydrocarbon-based products and propel a shift toward lower carbon intensity fossil fuels, such as gas, or alternative energy sources. In particular, increasing pressure on governments, businesses, organisations and individuals to reduce GHG emissions has led to a variety of actions that aim to reduce the use of fossil fuels and the implementation of international agreements to limit or reduce GHG emissions. In addition, the landscape of GHG related laws and regulations has been in a state of constant re-assessment and it is difficult to predict the ultimate impact that GHG related laws, regulations and international agreements will have on Saudi Aramco. Furthermore, jurisdictions in which Saudi Aramco operates or its products are sold that are not currently subject to GHG regulation may become regulated and existing GHG regulations may become more stringent. Moreover, investor pressure, particularly from large institutional investors and asset managers, can lead to divestment from fossil fuel companies. As climate change concerns grow, investors may choose to allocate their funds towards other investments, such as renewable energy projects. This shift in investment priorities may also reduce the capital available for hydrocarbon-based projects and exploration. A reduction in demand for hydrocarbons and hydrocarbon-based products or limitations on the ability to raise capital for new projects or investments on favourable terms could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

In line with the Kingdom's announced aims and the Saudi Green Initiative Forum, Saudi Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly owned operated assets by 2050 to support the Kingdom's 2060 net-zero goal through the circular carbon economy approach including, among other things, reducing carbon emissions and capturing, storing and using carbon dioxide to produce chemicals, fuels and other products. Saudi Aramco may incur substantial costs and capital expenditures to achieve its net-zero targets. In addition, Saudi Aramco may not fully meet its announced net-zero targets by 2050.

Saudi Aramco exports a substantial portion of its crude oil and refined and chemicals products to customers in Asia, and adverse economic or political developments in Asia could impact its results of operations.

Saudi Aramco exports a substantial portion of its crude oil and refined and chemicals products to customers in Asia. In 2021, 2022 and 2023, customers in Asia, including Saudi Aramco's affiliated refineries located in Asia, purchased 81%, 79% and 82%, respectively, of its crude oil exports. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Upstream Liquids Sales*". Saudi Aramco expects to export additional crude oil to Asia as new downstream assets in Asia commence operations. See "*Business—Overview—Downstream*". In addition, the refined, chemical, petrochemical, base oil and finished lubricant products that are produced at Saudi Aramco's joint ventures and international operations in Asia are generally sold locally and exported to other Asian countries.

If there is a slowdown in economic growth, an economic recession or other adverse economic or political developments in Asia, Saudi Aramco may experience a material reduction in demand for its products by its customers located in the region. Moreover, any such development in other parts of the world (including political and social instability or armed conflict) may result in other producers supplying surplus capacity to Asia, thereby increasing competition for customers in Asia, which could negatively impact the prices at which Saudi Aramco sells its products to customers there. A significant decrease in demand for Saudi Aramco's products in Asia could have a material adverse effect on its business, financial position and results of operations.

Saudi Aramco is subject to operational risks and hazards that may have a significant impact on its operations or result in significant liabilities and costs.

Saudi Aramco is subject to operational risks common in the oil and gas and petrochemical industries, including:

- crude oil or gas spills, pipeline leaks and ruptures, storage tank leaks and accidents involving explosions, fires, blow outs and surface cratering;
- power shortages or failures;
- mechanical or equipment failures;
- transportation interruptions and accidents;
- tropical monsoons, storms, floods and other natural disasters (including weather conditions associated with climate change);
- chemical spills, discharges or releases of toxic or hazardous substances or gases; and
- changes in laws and regulations that could require Saudi Aramco to update or modify its methods of production, processing, storage or transportation of products.

These risks could result in damage to, or destruction of, Saudi Aramco's properties and facilities, death or injury to people and harm to the environment, which could have a significant impact on its operations or result in significant liabilities and remediation costs. In addition, Saudi Aramco is not insured against all risks and insurance in connection with certain risks and hazards may not be available. See "*Risk Factors—Risks Related to Saudi Aramco's Operations and Activities—Risks related to insufficient insurance*". To the extent a subcontractor is responsible for the damage, Saudi Aramco's recourse to the relevant subcontractor may be limited by contract or the financial viability of such subcontractor. Such occurrences could also interrupt Saudi Aramco's operations, delay Saudi Aramco projects or damage its reputation, which could have a material adverse effect on its business.

Furthermore, the majority of Saudi Aramco's assets are located in the Kingdom and it relies heavily on a cross country pipeline system and terminal facilities to transport crude oil and products through the Kingdom. Saudi Aramco also depends on critical assets to process its crude oil, such as the Abqaiq facility, which is its largest oil processing facility and processes a significant amount of Saudi Aramco's daily produced crude oil. The East-West pipeline, the Shaybah NGL facility, the Abqaiq facility and the Khurais processing facility were subject to attacks in 2019. If Saudi Aramco's critical transport systems or processing facilities were subject to a significant disruption, it could have a material adverse effect on Saudi Aramco's business, financial position and results of operations. See "*Risk Factors—Risks Related to Saudi Aramco's Operations and Activities—Terrorism and armed conflict may materially and adversely affect Saudi Aramco*".

Saudi Aramco's ability to achieve its strategic growth objectives depends on the successful delivery of current and future projects and achieving these objectives may not have the anticipated impact.

Saudi Aramco's ability to achieve its strategic growth objectives depends, in part, on the successful, timely and cost-effective delivery of capital projects, which are carried out by Saudi Aramco or by it along with joint ventures or partners and affiliates. Saudi Aramco faces challenges in developing such projects, including:

- fluctuations in the prices for hydrocarbons, which may impact its ability to finance its projects from its cash flow from operating activities or make projects less economically feasible or rendered uneconomic;
- making economic estimates or assumptions based on data or conditions, including demand and price assumptions, which may change;
- constraints on the availability and cost of skilled labour, contractors, materials, equipment and facilities;
- its ability to obtain funding necessary for the implementation of the relevant project on terms acceptable to it, or at all;

- uncertainty regarding the implementation and duration of regulations and incentives that support investments to decarbonise sources of energy supply and demand;
- difficulties in obtaining necessary permits, complying with applicable regulations and changes to applicable law or regulations;
- difficulties coordinating multiple contractors and sub-contractors involved in complex projects;
- its ability to find major global industry partners and new opportunities for downstream investments globally;
- market factors outside of its control affecting its ability to fund such projects, including constraints that prevent or limit financing providers' ability to invest in hydrocarbons-related projects; and
- undertaking projects or ventures in new lines of business in which Saudi Aramco has limited or no prior operating experience.

These challenges have led and could lead to delays in the completion of projects and increased project costs. If projects are delayed, cost more than expected or do not generate the expected return, Saudi Aramco's operations and expected levels of production could be impacted. These occurrences could result in Saudi Aramco recognising impairments on its projects, assuming liabilities of joint ventures or partners and affiliates or other consequences, any of which could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

Saudi Aramco is pursuing lower carbon intensity products and operations to address climate-related risks and opportunities, including through lowering net carbon emissions. Other oil and gas companies benefit from governmental incentives, such as financial incentives provided by the U.S. Inflation Reduction Act enacted in August 2022 for clean energy, including hydrogen, energy storage, clean energy vehicles and CCS, which could impact Saudi Aramco's competitive position. In addition, Saudi Aramco's ability to develop low carbon products and solutions will also depend on the market acceptance of and regulatory support for these products.

In addition, the financial impact resulting from certain of Saudi Aramco's strategic growth projects and from its ambition to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly owned operated assets by 2050 is uncertain. There is a risk that even if Saudi Aramco is able to achieve its strategic growth objectives, their impact on its business may not be as profitable or as beneficial as anticipated, which may have a material adverse effect on its business, financial position and results of operations.

Furthermore, many of Saudi Aramco's projects require significant capital expenditures. If cash flow from operating activities and funds from external financial resources are not sufficient to cover Saudi Aramco's capital expenditure requirements, Saudi Aramco may be required to reallocate available capital among its projects or modify its capital expenditure plans, which may result in delays to, or cancellation of, certain projects or deferral of certain capital expenditures. Any change to Saudi Aramco's capital expenditure plans could, in turn, have a material adverse effect on Saudi Aramco's growth objectives and its business, financial position and results of operations. For a more detailed discussion on Saudi Aramco's capital expenditures, see *"Management's Discussion and Analysis of Financial Position and Results of Operations—Liquidity and Capital Resources—Cash Used in Investing Activities—Capital Expenditures"*.

Saudi Aramco could be subject to losses from risks related to insufficient insurance.

Saudi Aramco insures against risk primarily by self-insuring through its captive insurance subsidiary, Stellar, which provides insurance exclusively to Saudi Aramco. Saudi Aramco also obtains insurance in certain areas from third-party providers in excess of the coverage provided through Stellar. For more information, see *"Material Agreements—The Concession—Insurance"*.

Saudi Aramco does not insure against all risks and its insurance may not protect it against liability from all potential events, particularly catastrophic events such as major crude oil spills, environmental disasters, terrorist attacks or acts of war. In addition, it does not maintain business interruption insurance for disruptions to its operations and certain of its operations are insured separately from the rest of its business. Furthermore, there can be no assurance that Saudi Aramco can continue to renew its existing levels of coverage on commercially acceptable terms, or at all. As a result, it could incur significant losses from uninsured risks or risks for which

its insurance does not cover the entire loss. Any such losses could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

Terrorism and armed conflict may materially and adversely affect Saudi Aramco.

Saudi Aramco's facilities have been targeted by terrorist and other attacks. In March 2022, a storage facility in Jeddah was subject to attack by unmanned aerial vehicles and missiles and, in March 2021, the Riyadh refinery was subject to an attack by unmanned aerial vehicles. In addition, in September 2019, the Abqaiq facility and the Khurais processing facility were subject to attack by unmanned aerial vehicles and missiles. As a result of the attacks on the Abqaiq facility and the Khurais processing facility, crude oil production and associated gas production were temporarily reduced and Saudi Aramco took a number of actions to minimise the impact of lower Arabian Light and Arabian Extra Light production by tapping into Saudi Aramco's inventories located outside of the Kingdom and swapping crude oil grades of deliveries to Arabian Medium and Arabian Heavy.

Furthermore, in both May and August 2019, the East-West pipeline and the Shaybah field, respectively, were targeted by unmanned aerial vehicle attacks. These attacks resulted in a brief shutdown of the pipeline and fires and damage to the processing and cogeneration infrastructure at the Shaybah NGL facility.

Additional terrorist or other attacks or armed conflict could impact Saudi Aramco's operations and have a material adverse effect on Saudi Aramco's business, financial position and results of operations, could cause Saudi Aramco to expend significant funds and could impact the market price of the Certificates.

Estimates of proved hydrocarbon reserves depend on significant interpretations, assumptions and judgments. Any significant deviation or changes in existing economic and operating conditions could affect the estimated quantity and value of Saudi Aramco's proved reserves.

Saudi Aramco's reserve estimates conform to the SPE-PRMS definitions and guidelines, which are internationally recognised industry standards promulgated by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists and Engineers. Reserve estimation is an inherently complex process that principally relies on a combination of knowledge, experience and judgment. Saudi Aramco's estimates of the quantity of Saudi Aramco's proved hydrocarbon reserves depend on significant interpretations, assumptions and judgments relating to available geological, geophysical, engineering, contractual, economic and other information, and take into account existing economic and operating conditions and commercial viability as at the date the reserve estimates are made. See "*Business—Overview—Upstream*" for a discussion of the process utilised by Saudi Aramco to estimate its reserves.

There can be no assurance that the interpretations, assumptions and judgments utilised by Saudi Aramco to estimate proved reserves will prove to be appropriate or accurate. Any significant deviation from these interpretations, assumptions or judgments could materially affect the estimated quantity or value of Saudi Aramco's proved reserves. In addition, these estimates could change due to new information from production or drilling activities, future adjustments to MSC, changes in economic factors, including changes in the price of hydrocarbons, changes to laws, regulations or the terms of the Concession or other events. Further, declining hydrocarbon prices may cause certain proved reserves to no longer be considered commercially viable, which could result in downward adjustments to Saudi Aramco's estimates of its proved reserves, impairment of its assets or changes to its capital expenditures and production plans. Moreover, proved reserve estimates are subject to change due to errors in the application of published rules and changes in guidance. Any material reduction in the quantity or value of Saudi Aramco's proved reserves could adversely affect Saudi Aramco's business and reputation.

Future epidemics or pandemics and their impact on business and economic conditions may have negative effects on Saudi Aramco's business.

Future epidemics or pandemics may have a widespread impact on business and economic conditions and, in particular, on Saudi Aramco's business, including on the demand for crude oil, natural gas and refined and chemicals products. For example, public health authorities and governments at local, national and international levels implemented various measures to respond to the COVID-19 pandemic, including restrictions on travel, voluntary and mandatory quarantines, workforce reductions of personnel who are deemed to be nonessential and restrictions on business activities. These measures led to lower demand for crude oil, natural gas and refined

and chemicals products which had a direct impact on Saudi Aramco's business. In addition, an epidemic or pandemic may result in volatility in global capital markets and investor sentiment, which may affect the availability, amount and type of financing available to Saudi Aramco.

Furthermore, if a significant percentage of Saudi Aramco's workforce is unable to work, or if Saudi Aramco is required to close facilities because of illness or government restrictions, Saudi Aramco's operations and business may be negatively affected.

Saudi Aramco may not realise some or all of the expected benefits of recent or future acquisitions.

Saudi Aramco has engaged in, and may continue to engage in, acquisitions of businesses, technologies, services, products and other assets from time to time. Any such acquisition entails various risks, including that Saudi Aramco may not be able to accurately assess the value, strengths and weaknesses of the acquisition or investment targets, effectively integrate the purchased businesses or assets, achieve the expected synergies or recover the purchase costs of the acquired businesses or assets. Saudi Aramco may also incur unanticipated costs or assume unexpected liabilities and losses in connection with any business or asset it acquires, including in relation to the retention of key employees, legal contingencies (such as, contractual, financial, regulatory, environmental or other obligations and liabilities) and risks related to the acquired business, and the maintenance and integration of procedures, controls and quality standards. These difficulties could impact Saudi Aramco's ongoing business, distract its management and employees and increase its expenses which could, in turn, have a material adverse effect on its business, financial position and results of operations.

On 16 June 2020, Saudi Aramco acquired the PIF's 70% equity interest in SABIC for total consideration of SAR 259.1 billion (\$69.1 billion). For the integration of the acquisition to be successful for Saudi Aramco, it will need to continue to manage its ownership stake in SABIC in a manner which supports the optimisation of SABIC's performance. The realisation of such benefits may be affected by a number of factors, many of which are beyond Saudi Aramco's control. Failure to realise some or all of the anticipated benefits of the acquisition may impact Saudi Aramco's financial performance and prospects, including the growth of its downstream business.

Saudi Aramco is exposed to risks related to operating in several countries.

A substantial portion of Saudi Aramco's downstream operations are conducted outside the Kingdom. Risks inherent in operating in several countries include, without limitation:

- complying with, and managing changes to and developments in, a variety of laws and regulations, including, without limitation, with respect to price regulations, data privacy, cybersecurity, the environment, forced divestment of assets, expropriation of property and cancellation or forced renegotiation of contract rights;
- complying with tax regimes in multiple jurisdictions and the imposition of new or increased withholding or other taxes or royalties;
- the imposition of new, or changes to existing, transfer pricing regulations or the imposition of new restrictions on foreign trade, investment or travel;
- political and economic instabilities resulting in a material reduction in demand for its products by its customers located in that region;
- adverse changes in economic and trade sanctions, import or export controls and national security measures resulting in business disruptions, including delays or denials of import or export licences or blocked or rejected financial transactions;
- conducting business with subsidiaries, joint operations and joint ventures and their potential challenges implementing policies and procedures consistent with the Company's policies and procedures; and
- fluctuations in foreign currency exchange rates.

Operating in several countries also requires significant management attention and resources. The occurrence of any of these risks may be burdensome and could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

Saudi Aramco is dependent on Senior Management and key personnel.

Saudi Aramco operates in a competitive environment, and its success depends upon its ability to identify, hire, develop, motivate and retain highly-qualified Senior Management and other key personnel. Saudi Aramco's Senior Management and other key personnel may voluntarily terminate their employment with Saudi Aramco or leave their positions due to reasons beyond Saudi Aramco's control. If Saudi Aramco experiences a large number of departures of its oil and gas experts in a relatively short period of time, attracting and retaining a sufficient number of replacement personnel may be challenging. If Saudi Aramco is unable to hire and retain Senior Management and other key personnel with requisite skills and expertise, it could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

Saudi Aramco's operations are dependent on the reliability and security of its IT systems.

Saudi Aramco relies on the security of critical information and operational technology systems for, among other things, the exploration, development, production, storage and distribution of hydrocarbons, the processing, use and security of financial records, proprietary information, intellectual property, personal information and operating data, and communications with management, personnel and business partners. Cyber incidents may negatively impact these or other functions and, particularly in relation to industrial control systems, may result in physical damage, injury or loss of life and environmental harm. Saudi Aramco's systems are a high-profile target for sophisticated cyberattacks by nation states, criminal hackers and competitors, and it routinely fends off malicious attempts to gain unauthorised systems access. While Saudi Aramco seeks to maintain a secure network infrastructure to protect against critical data loss and to ensure operational integrity and continuity, there is a risk that determined attackers with access to the necessary resources could successfully penetrate its systems. To date, none of these attempts have been material to Saudi Aramco's financial performance or reputation. Nonetheless, the nature and breadth of any potential future cyberattack remain unknown and technology that has allowed an increase in remote working arrangements may increase the risk of cybersecurity incidents, data breaches or cyberattacks. Such incidents could result in significant costs, including investigation and remediation expenses, regulatory scrutiny, legal liability and the loss of personal or sensitive business or third-party information, and could have a material adverse effect on Saudi Aramco's operations and reputation. For further information on Saudi Aramco's cybersecurity, see "*Business—IT and Cybersecurity*".

Legal and Regulatory Risks

Saudi Aramco is and has been subject to significant litigation and other actions.

Saudi Aramco is and has been subject to significant litigation, primarily in the United States and the Kingdom. Some of the most significant U.S. litigation has involved allegations of violations of antitrust laws arising, in part, from the Kingdom's membership and participation in OPEC. Such antitrust litigation sought extensive relief, including treble damages, divestiture of assets in the United States and disgorgement of profits. If granted, this relief could have had a material adverse impact on Saudi Aramco. To date, the OPEC-related antitrust lawsuits have been dismissed on the basis of various sovereign defences under U.S. law. However, there is no assurance that Saudi Aramco will prevail on the basis of these defences in the future in connection with OPEC-related or other lawsuits, and Saudi Aramco and its affiliates could be subject to similar claims elsewhere. In addition, there is a risk that laws could be enacted in the future that would expressly remove or weaken certain sovereign defences.

In addition, increasing attention on climate change risks may result in increased litigation against Saudi Aramco and its affiliates. Claims relating to climate change matters have been filed against companies in the oil and gas industry by private parties, shareholders of such companies, public interest organisations, state attorneys general, cities and other localities, especially in the United States and Europe. These lawsuits seek a variety of remedies, including financial compensation for alleged past and future damages resulting from climate change and court orders requiring energy companies to reduce GHG emissions. Furthermore, oil and gas companies have been subject to a growing number of lawsuits alleging damages from the companies' contributions to climate change, failure to protect the environment from the effects of their operations, concealing information about the consequences of the use of their products on climate change and similar matters. Motiva has been

named in several of these lawsuits, and Saudi Aramco and its affiliates may be named in similar lawsuits in the future.

In addition, oil and gas companies are also increasingly subject to lawsuits based on allegations that certain public statements regarding ESG matters or net-zero or carbon neutrality targets are false and misleading “greenwashing” campaigns, or that climate-related disclosures made by companies are inadequate. Saudi Aramco could be subject to, and Motiva has been named in and is defending, this type of lawsuit.

Litigation could result in substantial costs (including civil or criminal penalties, or both, damages or the imposition of import trade measures) and require Saudi Aramco to devote substantial resources and divert management attention, any of which may have a material adverse effect on its business, financial position and results of operations.

Moreover, exports of crude oil and refined and chemicals products by Saudi Aramco or its affiliates to foreign countries may be affected by litigation, regulatory actions, investigations, disputes or agreements that lead to the imposition of import trade measures, including anti-dumping and countervailing duties, safeguard measures, import licensing and customs requirements, and new or increased tariffs, quotas or embargos. The possibility and effect of any such measures will depend on the laws governing the foreign country to which the applicable products are being exported and applicable international trade agreements. Foreign countries may take such measures for political or other reasons, including reasons unrelated to Saudi Aramco actions or operations. Because the majority of Saudi Aramco’s products are exported, any such measures may have a material adverse effect on Saudi Aramco’s business, financial position and results of operations.

In addition, the Kingdom is a party to international trade agreements, such as World Trade Organization agreements, that include commitments by the Kingdom with respect to the composition of its laws, regulations and practices that impact international trade. The Kingdom may become a party to other such agreements in the future. Compliance by the Kingdom with any such commitments may directly or indirectly impact Saudi Aramco and could cause it to alter its operations in a manner that is costly or otherwise has a material adverse effect on its business, financial position or results of operations. If the Kingdom is deemed to be non-compliant, Saudi Aramco’s business operations could be exposed to scrutiny and Saudi Aramco or its affiliates’ exports could be subject to potential remedial measures, such as duties, which could have a material adverse effect on Saudi Aramco’s business, financial position and results of operations.

Saudi Aramco operates in a regulated industry and its business may be affected by regulatory changes.

The oil and gas industry in the Kingdom is a regulated industry. See “*Material Agreements—The Concession*” and “*Regulation of the Oil and Gas Industry in the Kingdom*” for a description of the Concession and the regulations and royal decrees that apply to Saudi Aramco in the Kingdom. Any change in the Kingdom’s laws, regulations, policies or practices relating to the oil and gas industry could have a material adverse effect on Saudi Aramco’s business, financial position and results of operations. In addition, although the Concession provides for an initial period of 40 years, which will be extended by the Government for 20 years provided Saudi Aramco satisfies certain conditions commensurate with current operating practices (and may be amended and extended for an additional 40 years thereafter subject to Saudi Aramco and the Government agreeing on the terms of the extension), there is no assurance that the Government will not revoke the Concession in whole or in part or adversely change Saudi Aramco’s rights in respect of the Concession, which would have a significant adverse effect on Saudi Aramco’s business, financial position and results of operations.

In addition, Saudi Aramco’s operations and products are subject to a number of laws and regulations in jurisdictions in which it operates or sells products. These laws and regulations result in an often complex, uncertain and changing legal and regulatory environment for Saudi Aramco’s global businesses and operations. Changes in laws or regulations, including how they are interpreted and enforced, can and does impact all aspects of Saudi Aramco’s business.

Sanctions and trade restrictions, as well as anti-bribery and anti-corruption laws, could adversely affect Saudi Aramco.

Saudi Aramco currently engages in business activities, and could in the future decide to take part in new business activities, involving locations subject to trade restrictions and where certain parties are subject to sanctions, as well as anti-bribery and anti-corruption laws, imposed by the United States, the European Union, the United Kingdom and other sanctioning or regulatory bodies. Laws and regulations governing sanctions, trade

restrictions and bribery and corruption are complex and are subject to change. For example, sanctions against Russia, products therefrom and Russian individuals and entities have increased following the start of the Russia-Ukraine conflict and additional sanctions could be imposed in the future.

Sanctions on parties with which Saudi Aramco does business or trade restrictions affecting its markets could have a material adverse effect on Saudi Aramco's business. In addition, there can be no assurance that Saudi Aramco's corporate governance, compliance and ethics policies and procedures (including with respect to sanctions, trade restrictions, anti-bribery and anti-corruption) will protect it from the improper conduct of its employees or business partners, which conduct could result in substantial civil or criminal penalties, or otherwise have a material adverse effect on Saudi Aramco's business. Furthermore, if Saudi Aramco were to be sanctioned in the future, as a result of its transactions with other parties or otherwise, such sanctions could result in blocking measures or asset freezes against Saudi Aramco, restrictions on investors trading securities issued by Saudi Aramco or other adverse consequences. Such penalties or sanctions could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

Saudi Aramco is required to obtain, maintain and renew governmental licences, permits and approvals in order to operate its businesses.

The rights granted to Saudi Aramco under the Concession constitute its licences, permits and approvals necessary to conduct hydrocarbons operations and related activities in the Kingdom. However, Saudi Aramco is required to obtain and maintain licences, permits and approvals required under the Hydrocarbons Law and the Energy Supply Law (which superseded the GSPR and became effective in March 2023). See "*Material Agreements—The Concession*" and "*Regulation of the Oil and Gas Industry in the Kingdom*". As a result of the Energy Supply Law superseding the GSPR, Saudi Aramco will need to obtain new licences for activities that were previously governed by the GSPR within the two-year transitional period set forth in the royal decree enacting the Energy Supply Law.

In addition, Saudi Aramco is currently in discussions with the Ministry of Energy concerning the gas facilities licences mandated by the GSPR. Saudi Aramco is required to have licences, permits and approvals necessary to conduct business in jurisdictions in which it operates or sells products and with respect to certain activities unrelated to hydrocarbons operations.

There can be no assurance that Saudi Aramco will receive any necessary licences, permits or approvals. Any failure to obtain or maintain required licences, permits or approvals, or the revocation or termination thereof, may interrupt Saudi Aramco's operations, could result in financial and other penalties and could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

Saudi Aramco's operations are subject to environmental protection, health and safety laws and regulations and increased concerns regarding the safe use of chemicals and plastics and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations.

Saudi Aramco's operations are subject to laws and regulations relating to environmental protection, health and safety. These laws and regulations govern, among other things, the generation, storage, handling, use, disposal and transportation of hazardous materials, the emission and discharge of hazardous materials, groundwater use and contamination and the health and safety of Saudi Aramco's employees and the communities in which it operates. Compliance with these obligations can result in significant expenditures. If Saudi Aramco fails to comply with applicable laws and regulations, it could be subject to fines or the partial or total shutdown of related operations. Saudi Aramco has, from time to time, shutdown certain facilities in order to ensure compliance with applicable laws and regulations.

The regulations relating to air quality in the Kingdom impose stringent limits on emissions from various types of facilities. The Company has conducted several engagements with the Ministry of Energy relating to certain requirements set out under these regulations. Depending on the outcome of the discussions with the regulator, there is a risk that material corrective costs could be required to bring Saudi Aramco's facilities into compliance with these regulations. In addition, a stricter interpretation of existing laws and regulations, any changes in these laws and regulations or the enactment of new laws and regulations may impose new obligations on Saudi Aramco or otherwise adversely affect Saudi Aramco's business, financial position and results of operations. See "*Business—Sustainability, Health and Safety and Environment*".

Saudi Aramco may also (i) incur significant costs associated with the investigation, clean up and restoration of contaminated land, water or ecosystems, as well as claims for damage to property and (ii) face claims of death or injury to persons resulting from exposure to hazardous materials or adverse impacts on natural resources and properties of others resulting from its operations (including potentially from the transportation of hazardous substances and products, feedstock or chemical pollution). Any such costs or liabilities could have a material adverse effect on Saudi Aramco's business, financial position and results of operations. In particular, in the United States, Motiva and other companies in the petroleum refining and marketing industry historically used MTBE as a gasoline additive. Motiva is a party to pending lawsuits concerning alleged environmental impacts associated with historic releases of MTBE in the United States, many of which involve other petroleum marketers and refiners. Plaintiffs in these MTBE lawsuits generally seek to spread liability among large groups of oil companies and seek substantial damages. Additional lawsuits and claims related to the use of MTBE, including personal-injury claims, may be filed in the future. Motiva could be subject to material liabilities relating to MTBE claims.

Moreover, concerns regarding chemicals and plastics, including their safe use and potential impact on the environment, and how plastics contribute to climate change, reflect a growing trend in societal demands for increasing levels of product safety, less plastic use, environmental protection and recycling. These concerns have led to more restrictive regulations and could lead to new regulations. They could also manifest themselves in shareholder proposals, delays or failures in obtaining or retaining regulatory approvals, increased costs related to complying with more restrictive regulations, delayed product launches, lack of market acceptance, lower sales volumes or discontinuance of chemicals or plastics products, continued pressure for more stringent regulatory intervention and increased litigation. These consequences could also have an adverse effect on Saudi Aramco's business, financial position, results of operations and reputation.

The mechanism for equalisation compensation Saudi Aramco receives from the Government in respect of domestic sales of certain hydrocarbons may be changed.

The Concession requires Saudi Aramco to meet domestic demand for hydrocarbons, petroleum products and LPG through domestic production or imports. In addition, pursuant to the Kingdom's regulatory regime, Saudi Aramco is required to sell crude oil and certain refined products to third parties in the Kingdom at the Government's regulated prices. The regulated prices for these products have historically generated less revenue for Saudi Aramco than if the same product had been sold for export.

Pursuant to an equalisation mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of selling these products in the Kingdom at regulated prices. Under this mechanism, Saudi Aramco receives compensation for the difference between regulated prices and equalisation prices in respect of such sales. See *"Regulation of the Oil and Gas Industry in the Kingdom—Regulated Domestic Pricing of Certain Hydrocarbons"* and *"Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Fiscal Regime"*.

Furthermore, in the Kingdom, natural gas prices are regulated by the Government and the price that domestic customers pay is traditionally set by the Council of Ministers. Effective 17 September 2019, the Government implemented an equalisation mechanism to compensate Saudi Aramco for the revenue it directly forgoes as a result of selling Regulated Gas Products in the Kingdom at Domestic Gas Prices to ensure Saudi Aramco receives a commercial rate of return on each project. Under this mechanism, Saudi Aramco receives compensation for the difference between Domestic Gas Prices and Blended Prices in respect of such sales. See *"Regulation of the Oil and Gas Industry in the Kingdom—Regulated Domestic Pricing of Certain Hydrocarbons—Gas Pricing"* and *"Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Fiscal Regime"*.

No assurance can be given that either equalisation mechanism will not be revoked or amended on terms less favourable to Saudi Aramco than the existing mechanism. In addition, in the event that the equalisation price is less than the regulated price, in the case of liquids, or the Blended Price is less than the Domestic Gas Price, in the case of natural gas, the difference would be due from Saudi Aramco to the Government. Any such event could have an adverse effect on Saudi Aramco's earnings, cash flow, financial position and results of operations.

Risks Related to the Kingdom

The Government determines the Kingdom's maximum level of crude oil production and target MSC.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum level of crude oil production at any time based on its sovereign energy security goals or for any other reason.

In order to facilitate rapid changes in production volumes, the Government requires Saudi Aramco to maintain MSC in accordance with the Government's exclusive authority to set MSC under the Hydrocarbons Law. Saudi Aramco incurs substantial costs to maintain MSC and has historically utilised a significant amount of this spare capacity. However, there can be no assurance that it will utilise spare capacity in the future. The Government has decided in the past and may in the future decide to adjust MSC. On 30 January 2024, the Government (acting through the Ministry of Energy) directed Saudi Aramco to maintain MSC at the current level of 12.0 million barrels of crude oil per day. Future increases in MSC could require Saudi Aramco to incur significant additional capital expenditures.

The Government's decisions regarding maximum level of crude oil production and MSC, and Saudi Aramco's costs of complying with such decisions, may not maximise returns for Saudi Aramco. For example, Saudi Aramco may be precluded from producing more crude oil in response to either a decrease or increase in prices, which may limit its ability to generate additional revenue or to increase its production of downstream products. Any of these actions could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

If growth in domestic gas demand is less than expected, Saudi Aramco may not receive its expected return on its gas infrastructure investments.

The Concession requires that Saudi Aramco meet domestic demand for gas which is expected to grow substantially by 2030 due to continued economic and industrial development and the Government's plans to substitute liquids burning with gas in the utility sector. In response to the expected increase in demand for gas in the Kingdom, Saudi Aramco is undertaking several projects to grow its gas supply. Saudi Aramco's gas infrastructure investment costs may include costs related to well drilling, upgrades to existing facilities and the construction of new facilities to handle additional volumes, including gas processing facilities, pipelines and distribution networks including MGS, and storage facilities. Saudi Aramco is compensated for its sales of natural gas to domestic consumers based on usage. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Fiscal Regime—Gas Price System*". Therefore, if the forecasted growth in domestic demand for natural gas is less than expected, Saudi Aramco may not receive its expected return on its gas infrastructure investments, which may have a material adverse effect on its business, financial position and results of operations.

The Kingdom's public finances are highly connected to the hydrocarbon industry.

The oil sector accounted for 38.6%, 39.2% and 35.9% of the Kingdom's real GDP in the years ended 31 December 2021, 2022 and 2023, respectively. In addition, the oil sector accounted for 58.2%, 67.6% and 63.0% of the Government's total revenues in the years ended 31 December 2021, 2022 and 2023, respectively. The Government is expected to continue to rely on royalties, taxes, dividends from Saudi Aramco and other income from the hydrocarbon industry for a significant portion of its revenue. Any change in crude oil, condensate, NGL, oil product, chemical and natural gas prices or other occurrences that negatively affect Saudi Aramco's results of operations could materially affect the macroeconomic indicators of the Kingdom, including GDP, balance of payments and foreign trade and the amount of cash available to the Government. A shortfall in funding to the Government or a decision to seek more revenue from hydrocarbons may lead the Government to change the fiscal regime to which hydrocarbon producers in the Kingdom, including Saudi Aramco, are subject. Any such change could have a material adverse effect on Saudi Aramco's business, financial position and results of operations. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Fiscal Regime*".

Political and social instability and unrest and actual or potential armed conflicts in the MENA region may affect Saudi Aramco's results of operations and financial position.

Saudi Aramco is headquartered and conducts much of its business in the MENA region. The MENA region is strategically important geopolitically and has been subject to political and security concerns and social unrest. For example, in recent years, a number of countries in the region have witnessed significant social unrest, including widespread public demonstrations and, in certain cases, armed conflict, terrorist attacks, diplomatic disputes, foreign military intervention and change of government. Such social unrest and other political and security concerns may not abate, may worsen and may spread to additional countries. Some of Saudi Aramco's facilities, infrastructure and reserves are located near the borders of countries that have been or may be impacted. No assurance can be given that these political or security concerns or social unrest will not have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

In addition, the majority of Saudi Aramco's crude oil production is exported using international supply routes. In particular, the Strait of Hormuz, the Red Sea and the Suez Canal are key shipping routes for Saudi Aramco's crude oil and are located in areas subject to political or armed conflict from time to time. For example, on 27 April 2023 and 3 May 2023, two oil tankers belonging to other oil companies were seized by Iranian forces in the Strait of Hormuz. In addition, in early 2024, drone and missile attacks in the Red Sea disrupted maritime trade through the Suez Canal. Any political or armed conflict or other event, including those described above, that impacts Saudi Aramco's use of the Strait of Hormuz, the Red Sea, Suez Canal or other international shipping routes could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

Moreover, the majority of Saudi Aramco's assets and operations are located in the Kingdom and accordingly, may be affected by the political, social and economic conditions from time to time prevailing in or affecting the Kingdom or the wider MENA region. Any unexpected changes in political, social or economic conditions may have a material adverse effect on Saudi Aramco, which could in turn have a material adverse effect on Saudi Aramco's business, financial position and results of operations or investments that Saudi Aramco has made or may make in the future.

Furthermore, any of the events described above may contribute to instability in the MENA region and may have a material adverse effect on investors' willingness to invest in the Kingdom or companies that are based in the Kingdom, which may in turn adversely affect the market value of the Certificates.

Saudi Aramco's financial position and results of operations may be adversely affected if the Kingdom stops pegging the SAR to the U.S. Dollar.

Saudi Aramco has determined that the U.S. Dollar is its functional currency because a substantial amount of its products are traded in U.S. Dollars in international markets. A portion of Saudi Aramco's capital expenditures and operating expenses are denominated in Saudi Riyals, while a significant portion of its revenues and long-term liabilities are denominated in U.S. Dollars. The Saudi Riyal has been pegged to the U.S. Dollar in the Kingdom since 1986. If the Kingdom's policy of pegging the SAR to the U.S. Dollar were to change in the future and the SAR were to become stronger relative to the U.S. Dollar, Saudi Aramco may experience an increase in the SAR denominated costs of its operations. Such an increase could have a material adverse effect on Saudi Aramco's business, financial position and results of operations.

In addition, Saudi Aramco pays dividends to the Government, in its capacity as a shareholder of the Company, in U.S. Dollars and to other shareholders in SAR. If the SAR is no longer pegged to the U.S. Dollar and the SAR were to become stronger relative to the U.S. Dollar, Saudi Aramco may be required to expend additional cash to fund its SAR denominated dividends. Such changes could have a material adverse effect on Saudi Aramco's financial position.

The Government may direct Saudi Aramco to undertake projects or provide assistance for initiatives outside Saudi Aramco's core business, which may not be consistent with Saudi Aramco's immediate commercial objectives.

The Government has directed, and may in the future direct, Saudi Aramco to undertake projects or provide assistance for initiatives outside Saudi Aramco's core business in furtherance of the Government's macroeconomic, social or other objectives, leveraging Saudi Aramco's know-how, resources and operational capabilities. For instance, the Government has previously directed Saudi Aramco to develop and construct large

infrastructure projects and provide management, logistical and other technical assistance for certain Government initiatives. See “*Business—Corporate Citizenship*”. 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 and, on 5 September 2019, Saudi Aramco and the Government entered into a framework agreement to govern the furnishing of services by Saudi Aramco to the Government. See “*Related Party Transactions*”. While these projects and initiatives have generally been of national importance to the Kingdom and in Saudi Aramco’s long-term commercial interests, they have often been outside of Saudi Aramco’s core businesses and have not always been consistent with its immediate commercial objectives. If the Government directs Saudi Aramco to undertake future projects other than on a commercial basis, Saudi Aramco’s financial position and results of operation may be materially and adversely affected.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH CERTIFICATES ISSUED UNDER THE PROGRAMME

Risks Related to the Structure of a Particular Issue of Certificates

A wide range of Certificates may be issued under the Programme. A number of these Certificates may have features which contain particular risks for potential investors. Set out below is a description of the most common such features.

The Obligor’s financial obligations, including its obligations under the Transaction Documents to which it is a party, are not guaranteed by the Government.

Although the Obligor is majority-owned by the Government, the Obligor’s obligations under the Transaction Documents to which it is a party are not guaranteed by the Government. In addition, the Government is under no obligation to extend financial support to the Obligor. Accordingly, the Obligor’s financial obligations, including its obligations under the Transaction Documents to which it is a party, are not, and should not be regarded as, obligations of the Government. The Obligor’s ability to meet its financial obligations under the Transaction Documents to which it is a party is dependent on its ability to fund such amounts from its revenue, net income and cash flows. Therefore, any decline in the Obligor’s operating revenues, profits and cash flows, or any difficulty in securing external funding, could have a material and adverse effect on the ability of the Obligor to meet its payment obligations under the Transaction Documents to which it is a party.

The Certificates may be subject to early dissolution.

In certain circumstances the Certificates may be subject to early dissolution. Where the Trustee has or will become obliged to pay any additional amounts in respect of the Certificates pursuant to Condition 10 (*Taxation*) or the Obligor has or will become obliged to pay any additional amounts in respect of amounts payable under the Transaction Documents as a result of a change in, or amendment to, the laws or regulations of a Relevant Taxing Jurisdiction or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes publicly announced and effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series (as specified in the applicable Final Terms) and such obligation cannot be avoided by the Trustee or the Obligor, as applicable, taking reasonable measures available to it, the Trustee will, following receipt of an Exercise Notice and payment of the Exercise Price by the Obligor upon due exercise of the Sale Undertaking redeem the Certificates, in whole but not in part, at an amount equal to the relevant Dissolution Distribution Amount on the relevant Early Tax Dissolution Date specified in the Exercise Notice in accordance with Condition 8.2 (*Early Dissolution for Taxation Reasons*).

If so provided in the applicable Final Terms, a Series may be redeemed early at the option of the Obligor. In the case of Certificates with an additional optional dissolution feature, the Obligor may choose to redeem such Certificates when its cost of borrowing is lower than the profit rate on the Certificates. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective profit rate as high as the profit rate on the Certificates being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time. In addition, such an optional dissolution feature could limit the market value of Certificates prior to or during any period when the Obligor may elect to redeem Certificates as the market value of those Certificates generally would not rise substantially above the Dissolution Distribution Amount at which they can be redeemed.

The Certificates may also be redeemed prior to the Scheduled Dissolution Date if 75% or more of the initial aggregate face amount of the Certificates have been redeemed and/or purchased and cancelled at the option of the Obligor, pursuant to Condition 8.8 (*Dissolution at the Option of the Obligor (Clean-Up Dissolution Right)*).

Make Whole Amounts may not be sufficient when they are payable

In the case of Certificates with a make whole feature, the relevant Make Whole Amount due and payable on such Certificates may not be sufficient to cover the difference between the yield which the Certificateholders would expect to receive if they held such Certificates until the relevant Scheduled Dissolution Date and any alternative investment which the Certificateholders may make at the time of redemption with the proceeds of such redemption.

The regulation and reform of “benchmarks” may adversely affect the value of Certificates linked to or referencing such “benchmarks”.

Reference rates and indices, including profit rate benchmarks, such as EURIBOR, which are used to determine the amounts payable under financial instruments or the value of such financial instruments (“**Benchmarks**”), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms may cause Benchmarks to perform differently than in the past, be discontinued, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Certificates referencing or linked to any Benchmark.

The EU Benchmarks Regulation applies, subject to certain transitional provisions, to the provision of Benchmarks, the contribution of input data to a Benchmark and the use of a Benchmark within the EU. Among other things, it (i) requires Benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of Benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation, among other things, applies to the provision of Benchmarks and the use of a Benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of Benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Certificates linked to or referencing a Benchmark, in particular if the methodology or other terms of the relevant Benchmark are changed in order to comply with the requirements of any such regulation. Such changes could, amongst other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant Benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of Benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any of the international or national reforms and the possible application of the benchmark replacement provisions of Certificates in making any investment decision with respect to any Certificates linked to or referencing a Benchmark.

Benchmark discontinuation under the Conditions.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Event or a Benchmark Transition Event (as applicable) occurs in respect of the Original Reference Rate for the relevant series of Certificates, including (without limitation) if an inter-bank offered rate (such as EURIBOR) or other relevant reference rate (which could include, without limitation, any mid-swap rate), and/or any page on which such benchmark may be published (or any other successor service) becomes unavailable or a Benchmark Event or a Benchmark Transition Event (each as defined in the Conditions), as applicable, otherwise occurs.

Such fallback arrangements include the possibility that the rate of profit could be set by reference to a successor, alternative or a Benchmark Replacement (as defined in the Conditions) together with the application of an adjustment spread or Benchmark Replacement Adjustment (as defined in the Conditions) (which could be

positive, negative or zero), and may include amendments to the Conditions to ensure the proper operation of the new benchmark, all as determined by the Obligor (acting in good faith and in consultation with an Independent Adviser) and as more fully described at Condition 7.2 (*Floating Rate Certificate Provisions*). It is possible that the adoption of a successor or alternative reference rate or Benchmark Replacement, including any adjustment spread or Benchmark Replacement Adjustment, may result in a rate of profit less favourable to holders than the Original Reference Rate.

There is also a risk that the relevant fallback provisions may not operate as expected or as intended at the relevant time.

The use of Term SOFR as a reference rate for the Certificates is subject to important limitations.

Historically, the reference rate with respect to floating rate securities issued in debt capital market transactions was based upon LIBOR. However, market participants and relevant working groups are exploring alternative reference rates based on SOFR, including Term SOFR reference rates. Term SOFR is the forward-looking term rate based on SOFR published by the administrator of Term SOFR, which is CME. There is no guarantee that CME will continue to publish SOFR, or that the rates calculated and reported by CME reflect rates applied in actual transactions. While SOFR is a secured, risk-free rate, LIBOR is an unsecured rate reflecting counterparty risk of the parties who submit, publish or calculate LIBOR rates. The composition and characteristics of SOFR are not the same as those of LIBOR. SOFR is a broad U.S. Treasury repo financing rate that represents overnight secured funding transactions. This means that SOFR is fundamentally different from LIBOR for two key reasons. First, SOFR is a secured rate, while LIBOR is an unsecured rate. Second, SOFR is an overnight rate, while LIBOR represents interbank funding over different maturities. As a result, there can be no assurance that SOFR or Term SOFR will perform in the same way as LIBOR would have at any time, including, without limitation, as a result of changes in interest and yield rates in the market, market volatility or global or regional economic, financial, political or regulatory events.

The Federal Reserve Bank of New York (“**Federal Reserve**”) began publishing SOFR in April 2018. The Federal Reserve has also started publishing historical indicative SOFR dating back to 2014, although such historical indicative data inherently involves assumptions, estimates and approximations. On 29 July 2021, the Alternative Reference Rates Committee announced that it recommended Term SOFR, a similar forward-looking term rate which is based on SOFR, for business loans. Since the initial publication of SOFR, daily changes in SOFR have, on occasion, been more volatile than daily changes in comparable benchmark or market rates, and SOFR over the term of the Certificates may bear little or no relation to the historical actual or historical indicative data. Certificateholders should not rely on any historical changes or trends in SOFR as an indicator of future changes in SOFR.

The Federal Reserve notes on its publication page for SOFR that the use of SOFR is subject to important limitations and disclaimers, including that the Federal Reserve may alter the methods of calculation, publication schedule, rate revision practices or availability of SOFR at any time without notice. In addition, SOFR is published by the Federal Reserve based on data received from other sources. The Federal Reserve has no control over its determination, calculation or publication. There can be no guarantee that SOFR will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of the Certificateholders. If the manner in which SOFR is calculated is changed or if SOFR is discontinued, that change or discontinuance may result in a reduction or an elimination of the amount of profit payable on the Certificates and a reduction in the trading prices of the Certificates which would negatively impact the Certificateholders who could lose part of their investment.

The Conditions provide for certain fallback arrangements in the event that a Benchmark Transition Event occurs. There is, however, no guarantee that the fallback arrangements will operate as intended at the relevant time or operate on terms commercially acceptable to all Certificateholders. Any of these fallbacks may result in profit payments that are lower than, or do not otherwise correlate over time with, the payments that would have been made on the Certificates if Term SOFR had been provided by the Federal Reserve in its current form. Potential investors should consult their own independent advisers and make their own assessment about the potential risks in making any investment decision with respect to any Certificates.

The market continues to develop in relation to Term SOFR as a reference rate.

Prospective investors in Floating Rate Certificates should be aware that the market continues to develop in relation to Term SOFR as a reference rate for floating rate debt instruments and its adoption as an alternative to

U.S. Dollar LIBOR. Market participants and relevant working groups are exploring alternative reference rates based on Term SOFR (which seek to measure the market's forward expectation of SOFR over a designated term). The market or a significant part thereof may adopt an application of Term SOFR that differs significantly from that set out in the Conditions. In addition, the manner of adoption or application of Term SOFR for debt capital market transactions, and in the eurobond markets generally, may differ materially compared with the application and adoption of Term SOFR in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of Term SOFR in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of the Certificates. In addition, the development of Term SOFR as a benchmark reference rate for the debt capital markets transactions, as well as continued development of Term SOFR-based rates, indices and averages for such markets and the market infrastructure for adopting such rates, could result in reduced liquidity or increased volatility, or could otherwise affect the market price of the Certificates. Similarly, if Term SOFR does not prove widely used in securities such as the Certificates, investors may not be able to sell such Certificates at all or the trading price of the Certificates may be lower than those of floating rate debt instruments linked to benchmark reference rates that are more widely used.

The use of Term SOFR as a reference rate for debt instruments is nascent, and may be subject to change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt instruments referencing such rates. The Certificates may have no established trading market when issued, and an established trading market may never develop or may not be very liquid, which, in turn, may reduce the trading price of such Certificates or mean that investors in such Certificates may not be able to sell such Certificates at all or may not be able to sell such Certificates at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. Investors should consider these matters when making their investment decision with respect to the Certificates.

The Federal Reserve has no obligation to consider the interests of Certificateholders in calculating, adjusting, converting, revising or discontinuing SOFR. If the manner in which SOFR is calculated is changed, that change may result in a reduction of the amount of profit payable on such Certificates and the trading price of such Certificates. Further, the Profit Rate payable on Floating Rate Certificates which reference a SOFR rate is only capable of being determined at the end of the relevant Return Accumulation Period and shortly prior to the relevant Periodic Distribution Date. It may therefore be difficult for investors in Floating Rate Certificates which reference a SOFR rate to reliably estimate the amount of profit which will be payable on such Floating Rate Certificates.

Risks Related to the Certificates Generally

The Certificates are limited recourse obligations.

The Certificates are not debt obligations of the Trustee. Instead, the Certificates represent an undivided ownership interest solely in the Trust Assets. Recourse to the Trustee in respect of each Series is limited to the Trust Assets of that Series and proceeds of such Trust Assets are the sole source of payments on the relevant Certificates. Upon the occurrence of a Dissolution Event, or any early redemption of the Certificates pursuant to Condition 8 (*Redemption and Dissolution of the Trust*), the sole rights of each of the Delegate and, through the Delegate, the Certificateholders of the relevant Series will be against the Obligor to perform its obligations under the Transaction Documents to which it is a party. Certificateholders will have no recourse to any assets of the Trustee (other than the Trust Assets) or the Obligor (to the extent that the Obligor fulfils all of its obligations under the Transaction Documents) in respect of any shortfall in the expected amounts due under the relevant Trust Assets, other than what is agreed under the Transaction Documents. The Obligor is obliged to make certain payments under the Transaction Documents to which it is a party directly to the Trustee and/or the Delegate. The Delegate will (in the name of the Trustee) have recourse against the Obligor to recover such payments due to the Trustee pursuant to the Transaction Documents to which it is a party. In the absence of default by the Delegate, investors have no direct recourse to the Obligor, and there is no assurance that the net proceeds of any enforcement action with respect to the Trust Assets (which, as described above, will be by way of enforcing each of the Obligor's and the Trustee's respective obligations under the Transaction Documents to which they are a party) will be sufficient to make all payments due in respect of the relevant Certificates. After enforcing or realising the rights in respect of the Trust Assets of a Series (in the manner described above) and the distribution of the net proceeds of such Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*), the obligations of the Trustee in respect of the Certificates of the relevant Series

shall be satisfied and neither the Delegate nor any Certificateholder may take any further steps against the Trustee to recover any further sums in respect of such Certificates and the right to receive any such sums unpaid shall be extinguished. Furthermore, under no circumstances shall the Trustee, the Delegate or any Certificateholder be entitled in respect thereof to petition or take any steps for the winding up of the Trustee nor have any right to cause the sale or other disposition of any of the Trust Assets except pursuant to the Transaction Documents. The sole right of the Trustee, the Delegate (acting in the name of the Trustee) and the Certificateholders (acting through the Delegate) against the Obligor shall be to enforce the obligation of the Obligor to perform its obligations under the Transaction Documents to which it is a party. The obligations of the Obligor under the Transaction Documents are unsecured and rank *pari passu* with the other unsecured indebtedness of the Obligor.

There is no assurance that the Certificates will be compliant with the principles of Islamic finance.

The Internal Shariah Supervision Committee of First Abu Dhabi Bank, the Executive Shariah Committee of HSBC Saudi Arabia and the Standard Chartered Bank Global Shariah Supervisory Committee have each confirmed that the Transaction Documents are, in their view, compliant with the principles of *Shari'a* as applicable to, and interpreted by, them. However, there can be no assurance that the Transaction Documents or the issue and trading of the Certificates will be deemed to be *Shari'a*-compliant by any other *Shari'a* committee or *Shari'a* scholars. Different *Shari'a* advisers, may form different opinions on identical issues and different *Shari'a* standards may be applied by different *Shari'a* boards and therefore potential investors should not rely on the above pronouncements in deciding whether to make an investment in the Certificates and should obtain their own independent *Shari'a* advice as to the compliance of the Transaction Documents and whether the Certificates will meet their individual standards of compliance and the issue and trading of the Certificates with *Shari'a* principles, including the tradability of the Certificates on any secondary market. Questions as to the *Shari'a* compliance of the Transaction Documents or the *Shari'a* permissibility of the issue and the trading of the Certificates may limit the liquidity and adversely affect the market value of the Certificates. None of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents makes any representation as to the *Shari'a* compliance of the Certificates and/or any trading thereof, the Transaction Documents or the above pronouncements.

In addition, prospective investors are reminded that the enforcement of any obligations of any of the parties under the Transaction Documents shall be, if in dispute, be referred to, and finally resolved by, arbitration under the Arbitration Rules of the LCIA, in London, England. In such circumstances, the arbitrator will apply the relevant law of the relevant Transaction Document in determining the obligations of the parties.

Shari'a requirements in relation to interest awarded by an arbitrator or court.

In accordance with applicable *Shari'a* principles, each of the parties to the Transaction Documents will waive all and any entitlement it may have to interest awarded in its favour by any arbitrator or court in connection with any dispute under any of the Transaction Documents to which it is a party. Should there be any delay in the enforcement of an arbitral award or judgment given against the Obligor, interest may be awarded by an arbitrator or court in respect of that delay and, as a result of the waiver referred to above, Certificateholders will not be entitled to receive any part of such interest.

The Trustee is a "covered fund" for purposes of the Volcker Rule, which could negatively affect the liquidity and the value of the Certificates.

Under Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing regulations (the "**Volcker Rule**"), relevant "banking entities" (as defined under the Volcker Rule) are generally prohibited from, among other things, acquiring or retaining any equity, partnership, or other "ownership interest" in, or in "sponsoring", any "hedge fund" or "private equity fund", together "covered funds" (each as defined under the Volcker Rule). An "ownership interest" in a covered fund is broadly defined. In addition, in certain circumstances, the Volcker Rule restricts banking entities from entering into certain credit related transactions with covered funds.

A "hedge fund" and a "private equity fund" are defined widely, and include any issuer which would be required to register as an investment company under the Investment Company Act but for section 3(c)(1) or 3(c)(7) of that Act. As the Trustee is exempt from registration under the Investment Company Act in reliance on the exemption provided by section 3(c)(7) thereof, the Trustee will be a "covered fund" and acquisition of the Certificates is likely to be considered an acquisition of an "ownership interest" in a "covered fund" (as those terms are used in the Volcker Rule). In the absence of an available exemption, it is expected that the provisions

of the Volcker Rule will severely limit the ability of U.S. banking entities (including controlled affiliates of U.S. banking institutions outside the United States) to hold an ownership interest in the Trustee. The marketability and liquidity of the Certificates may be significantly impaired if there is no available exemption.

Any entity that is a “banking entity” as defined under the Volcker Rule and is considering an investment in ownership interests (for purposes of the Volcker Rule) of the Trustee should consult its own legal advisers and consider the potential impact of the Volcker Rule in respect of such investment. Each investor is responsible for analysing its own position under the Volcker Rule and any similar measures and none of the Trustee, the Obligor, the Arrangers, the Dealers, the Delegate or the Agents makes any representation regarding such position, including with respect to the ability of any investor to acquire or hold the Certificates, now or at any time in the future.

The Certificates are subject to modification by a majority of Certificateholders without the consent of all Certificateholders.

The Conditions contain provisions for calling meetings of Certificateholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Certificateholders, including Certificateholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Certificateholders who voted in a manner contrary to the majority.

Investors who hold less than the Minimum Specified Denomination may be unable to sell their Certificates and may be adversely affected if Individual Certificates are subsequently issued.

The Conditions do not permit the sale or transfer of Certificates in circumstances that would result in a holder holding amounts which are less than the Minimum Specified Denomination (as defined in the Conditions). However, in the event that a holder holds a principal amount of less than the Minimum Specified Denomination, such holder would need to purchase an additional amount of Certificates such that it holds an amount equal to at least the Minimum Specified Denomination to be able to trade such Certificates.

If a Certificateholder holds an amount which is less than the Minimum Specified Denomination in his account with the relevant clearing system at the relevant time, such Certificateholder may not receive an Individual Certificate in respect of such holding (should Individual Certificates be issued) and would need to purchase an additional principal amount of Certificates such that its holding amounts to at least a Specified Denomination in order to be eligible to receive an Individual Certificate.

If Individual Certificates are issued, holders should be aware that Individual Certificates which have a denomination that is not an integral multiple of the Minimum Specified Denomination may be illiquid and difficult to trade.

Holders of Certificates held through DTC, Euroclear and Clearstream must rely on procedures of those clearing systems to effect transfers of Certificates, receive payments in respect of Certificates and vote at meetings of Certificateholders.

Certificates issued under the Programme will be represented on issue by one or more Global Certificates that may be deposited with a common depository for Euroclear and Clearstream or may be deposited with a nominee for DTC (each as defined under “*Form of the Certificates*”), as specified in the applicable Final Terms. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Certificates in definitive form. Each of DTC, Euroclear and Clearstream and their respective direct and indirect participants will maintain records of the ownership interests in each Global Certificate held through it. While the Certificates are represented by a Global Certificate, investors will be able to trade their ownership interests only through the relevant clearing systems and their respective participants.

While the Certificates are represented by Global Certificates, the Trustee will discharge its payment obligations under the Certificates by making payments through the relevant clearing systems. A holder of an ownership interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants in relation to payments under the Certificates. Neither the Trustee nor the Obligor has any responsibility or liability for the records relating to, or payments made in respect of, ownership interests in any Global Certificate. Holders of ownership interests in a Global Certificate will not have a direct right to vote in respect of the

Certificates so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

Each of Euroclear, Clearstream and DTC are subject to different rules and operating procedures (see “*Clearing and Settlement*”); however, Certificateholders should note that Euroclear, Clearstream and DTC are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. Certificateholders are responsible for complying with the applicable rules of the relevant clearing system through which Certificates of a particular Series are held. Failure to do so could, among other things: (i) result in payment delays on the Certificates; (ii) make it difficult for the Certificateholders to pledge the Certificates as security; (iii) result in the inability of Certificateholders to vote at a meeting of Certificateholders; (iv) hinder the ability of the Certificateholders to resell Certificates.

Transferability of the Certificates may be limited under applicable securities laws.

The Certificates have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. In addition, neither the Trustee nor the Obligor has registered and neither intends to register as an investment company under the Investment Company Act, in reliance on the exemption set forth in Section 3(c)(7) thereof. Certificates issued under the Programme may not be offered, sold or otherwise transferred in the United States or to, or for the account or benefit of a U.S. person other than to persons that are QIBs that are also QPs. In addition, each purchaser of a Certificate will be required to represent that it is not a Benefit Plan Investor or a plan that is subject to any Similar Law, as described under “*Certain ERISA Considerations*”. Each purchaser of the Certificates will be deemed, by its acceptance of such Certificates, to have made certain representations and agreements intended by the Trustee and the Obligor to restrict transfers of the Certificates as described under “*Subscription and Sale*” and “*Transfer Restrictions*”. It is the obligation of each purchaser of the Certificates to ensure that its offers and sales of the Certificates comply with all applicable securities laws.

In addition, if at any time the Trustee or the Obligor determines that any owner of Certificates, or any account on behalf of which an owner of Certificates purchased its Certificates, is a person that is required to be either a QIB that is also a QP and does not meet those requirements, or is a “benefit plan investor”, the Trustee or the Obligor may require that such owner’s Certificates be sold or transferred to a person designated by or acceptable to the Trustee and the Obligor.

Risks Related to the Lease Assets

Ownership of the Lease Assets.

The *Shari’a* analysis is as follows an ownership interest in the Assets (as defined in the Master Purchase Agreement), as the case may be, will pass to the Trustee under the Master Purchase Agreement, as supplemented by the relevant Supplemental Purchase Agreement (together, a “**Purchase Agreement**”), and the Trustee will lease the Lease Assets (as defined in the Conditions) to the Obligor pursuant to the Master Lease Agreement, as supplemented by the relevant Supplemental Lease Agreement (together, a “**Lease Agreement**”). The Trustee will declare a trust in respect of the relevant Lease Assets and the other Trust Assets in favour of the Certificateholders of the relevant Series pursuant to the Master Trust Deed, as supplemented by the relevant Supplemental Trust Deed (together, a “**Trust Deed**”). Accordingly, from a *Shari’a* perspective, the Certificateholders will, through the ownership interest obtained by the Trustee pursuant to the terms of the Purchase Agreement, have an ownership interest in the Lease Assets.

Under the Master Purchase Agreement, each of the Trustee and the Obligor has agreed and acknowledged that, as at the date of the relevant Supplemental Purchase Agreement, the legal title to any Initial Asset or Additional Asset is not intended to be registered (to the extent registrable) in the name of the Trustee and the Seller shall continue to hold the registered title to the relevant Lease Assets for and on behalf of the Trustee. Therefore, Certificateholders shall not have any legal interest in any Lease Assets which require perfection in order to legally transfer any ownership interest therein.

Transfer of the Lease Assets.

Limited investigation has been or will be made as to whether any Lease Assets may be transferred as a matter of the law governing the relevant Transaction Documents pursuant to which any such transfer is made, the law of the jurisdiction where the relevant securities or assets are located or any other relevant law. Limited

investigation will be made to determine if the relevant Purchase Agreement or any sale agreement, as the case may be, will have the effect of transferring any Lease Asset. No investigation will be made to determine if the Obligor does in fact have constructive possession, custody or control of the Lease Assets at any time.

However, the Obligor will covenant in the Purchase Undertaking that it will fully accept all or any ownership interest the Trustee may have in the Lease Assets and the Obligor will undertake in the Purchase Undertaking and the Trust Deed that if the relevant Exercise Price is not paid in accordance with the provisions of the Purchase Undertaking for any reason, the Obligor shall (as an independent, severable and separately enforceable obligation), provided that, at the time of delivery of the relevant Exercise Notice under the Purchase Undertaking, Saudi Arabian Oil Company (Saudi Aramco) remains in actual or constructive possession, custody or control of all or any of the relevant Lease Assets, fully indemnify the Trustee for the purpose of redemption in full or in part, as the case may be, of the outstanding Certificates.

In the event that Saudi Arabian Oil Company (Saudi Aramco) does not have actual or constructive possession, custody or control of any of the relevant Lease Assets at the time of delivery of the relevant Exercise Notice under the Purchase Undertaking (notwithstanding its obligation in the relevant Lease Agreement to remain in actual or constructive possession, custody or control of the relevant Lease Assets at all times), no amount will be payable by Saudi Arabian Oil Company (Saudi Aramco) under the relevant indemnity and, in such circumstances, the Trustee may be required to establish that there has been a breach of contract and prove for damages (as opposed to making a contractual indemnity claim), as a result of which the Trustee may not be able to recover, or may face significant challenges in recovering, the full amount due from the Obligor pursuant to the Purchase Undertaking or any other Transaction Documents, and therefore the amounts of principal and profit payable to the Certificateholders upon redemption. The Obligor will irrevocably undertake in the Purchase Undertaking that the payment in full of such indemnity in accordance with the Purchase Undertaking shall evidence the acceptance of the relevant Exercise Notice by the Obligor and the conclusion of the transfer of the rights, title, interest, benefits and entitlements of the Trustee in, to and under the relevant Lease Assets to the Obligor.

If the Obligor fails to comply with its obligations under the Purchase Undertaking and does not pay the relevant Exercise Price for any reason, the Delegate will seek to enforce the above provisions of the Purchase Undertaking. To the extent that it obtains an arbitration award, it may seek to enforce that award in the courts of the Kingdom. In any such action heard by them, the courts of the Kingdom (if they do not simply enforce the arbitral award (see “—*Risks Related to Enforcement—Enforcement in the Kingdom of an arbitral award relating to the Certificates or the Transaction Documents may be challenged in certain circumstances and enforcement may take a significant amount of time*”)) may view the transaction as a whole and seek to uphold the intention of the parties to treat the arrangements as a financing transaction on the terms agreed and thereby require payment by the Obligor of an amount equal to the relevant Exercise Price in accordance with the terms of the Purchase Undertaking and/or the Trust Deed, although this matter has not been tested by the courts of the Kingdom.

Total Loss Event.

From a *Shari’a* perspective, as owner of the Lease Assets, the Trustee is required, among other things, to insure the Lease Assets. The Trustee has appointed the Obligor as its service agent, which has undertaken in the Service Agency Agreement, *inter alia*, to insure the Lease Assets in the name of the Trustee against the occurrence of a Total Loss Event for the full insurance coverage amount (and to ensure that such amount is not at any time less than, *inter alia*, the aggregate face amount of Certificates of that Series then outstanding plus an amount equal to at least 60 days’ rental payable under the relevant Lease Agreement and any other amounts payable in relation to such Series, *less* an amount equal to the aggregate of each outstanding Deferred Sale Price relating to the relevant Series). A “**Total Loss Event**”, in relation to a particular Series, is defined as: (i) the total loss or destruction of, or damage to the whole of, the Lease Assets of that Series or any event or occurrence which renders the whole of the Lease Assets of that Series permanently unfit for any economic use and the repair or remedial work in respect thereof is wholly uneconomical; or (ii) the expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Lease Assets of that Series.

Nevertheless, should such an event occur, the Lease will terminate and, save where the relevant Lease Assets are replaced by the Obligor in accordance with the Service Agency Agreement, the payment obligations arising on the relevant Certificates will be met using the proceeds of the insurance received by the Trustee and, if any,

the aggregate amount of each Deferred Sale Price relating to the relevant Series then outstanding. In this scenario, potential investors should be aware that: (i) rental payments under the Lease will cease upon the occurrence of a Total Loss Event as the Lease will have terminated and, accordingly, the Periodic Distribution Amount payable to the Certificateholders of the relevant Series will not accrue after the date of such Total Loss Event and (ii) there may be a delay in the Trustee receiving the proceeds of insurance and therefore in the relevant Certificateholders receiving a Dissolution Distribution Amount in respect of their Certificates and no additional Periodic Distribution Amount will be paid in respect of this delay. In this regard, the Service Agency Agreement provides that if the insurance proceeds for an amount equal to the full insurance coverage amount are not paid directly into the Transaction Account by no later than the 59th day after the occurrence of the Total Loss Event, the Service Agent shall have failed in its responsibility to properly insure the relevant Lease Assets and, accordingly (unless it proves beyond any doubt that any shortfall in the insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Service Agency Agreement relating to insurance), the Service Agent shall be responsible for paying any such shortfall. The Delegate will be entitled to enforce this undertaking against the Obligor, on behalf of the Certificateholders of the relevant Series. The full insurance coverage amount also comprises an amount equal to the Periodic Distribution Amounts relating to the relevant Certificates, which would have accrued (had a Total Loss Event not occurred) during the period beginning on the date on which the Total Loss Event occurs and ending on but excluding the earlier of (a) the date on which the Certificates are redeemed in full in accordance with Condition 8.9 (*Dissolution following a Total Loss Event*), and (b) the 61st day following the date on which the Total Loss Event occurred.

In addition, if a Total Loss Event occurs, the Certificateholders will be notified that, from the date of such notice, and until any further notice from the Trustee, as determined in consultation with the *Shari'a* Adviser, the Certificates should only be tradable in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis). Accordingly, a Total Loss Event may have a significant adverse effect on the liquidity and market value of the Certificates.

Partial Loss Event.

If a Partial Loss Event occurs with respect to the Lease Assets of a Series, the Lessee may, on or before the 30th day after the Partial Loss Event (and provided that the relevant Impaired Assets have not already been replaced in accordance with the Transaction Documents), deliver to the Lessor a Lease termination notice, which shall be effective on the 61st day after the date of the Partial Loss Event. If the Obligor does not serve a termination notice on or before the 30th day after the Partial Loss Event but fails to replace the relevant Lease Assets on or before the 60th day after the date of the Partial Loss Event, the Lease shall automatically terminate on the 61st day after the Partial Loss Event occurred and such termination of the Lease in either of the circumstances set out in this paragraph shall constitute a Dissolution Event (but not an Obligor Event), following which the Certificates of the relevant Series may be redeemed in full in accordance with the Conditions. A “**Partial Loss Event**”, in relation to a particular Series, is defined as the partial impairment of one or more of the Lease Assets in a manner that substantially deprives the Lessee from the benefits expected from the Lease Assets, as determined by the Obligor (acting as Service Agent) acting for and on behalf of the Trustee and the occurrence of which has been certified in writing by a recognised independent industry expert, which has not arisen as a result of the Lessee’s negligence or misconduct (and which does not constitute a Total Loss Event).

Risks Related to Taxation

The IRS may treat the Certificates as an interest in the Trust for U.S. federal income tax purposes, which may result in the Trust and U.S. investors being subject to significant penalties and other adverse tax consequences.

The Trustee intends to treat the Certificates under the rules applicable to debt instruments for U.S. federal income tax purposes. Under such treatment, U.S. investors will not be required to take account of income and expenses incurred at the level of the Trust. However, the U.S. Internal Revenue Service (“**IRS**”) could seek to characterise the Certificates as interests in a trust for U.S. federal income tax purposes. In that event, if the Trust is determined to be a grantor trust, the Trustee and U.S. investors would be subject to certain information reporting applicable to foreign trusts and U.S. investors would be required to take account of income and expenses incurred at the level of the Trust. U.S. investors that fail to comply with the applicable information reporting requirements in a timely manner could be subject to significant penalties. The Trustee does not expect

that it will provide information that would allow either itself or U.S. investors to comply with foreign trust reporting obligations if they were determined to be applicable.

If the Certificates are treated as interests in the Trust and the Trust is not treated as a grantor trust, it is possible that the U.S. investors could be treated as holding interests in a passive foreign investment company (“PFIC”) which could have materially adverse tax consequences to U.S. investors. U.S. investors should consult their own tax advisers as to the potential application of the foreign trust reporting rules, the possibility that the Certificates will be classified as equity interest in a PFIC, and the consequences of owning an equity interest in a PFIC and the tax consequences generally with respect to an investment in the Certificates. See the discussion under “*Taxation and Zakat—United States Federal Income Taxation*”.

Risks Related to the Market Generally

An active secondary market in respect of the Certificates may never be established or may be illiquid.

Certificates issued under the Programme will (unless they are to be consolidated into a single Series with any Certificates previously issued) be new securities which may not be widely distributed and for which there is currently no active trading market. Certificates may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Certificates easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for the Certificates that are especially sensitive to profit rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. Such illiquidity may have a significant adverse effect on the market value of the Certificates.

If a Tangibility Event occurs, the Certificates will be delisted, and in each case, this would adversely affect the value at which an investor could sell its Certificates.

If a Tangibility Event occurs (i) as determined in consultation with the *Shari’a* Adviser, the Certificateholders will be notified that the Certificates should only be tradable in accordance with the *Shari’a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis); (ii) Certificateholders will be given the option to have some or all of their Certificates redeemed and, (iii) thereafter, the Certificates will be delisted from the Official List. Accordingly, a Tangibility Event may have significant adverse effect on the liquidity and market value of the Certificates.

Investors may be unable to rely on credit ratings for regulatory purposes in certain circumstances.

One or more independent credit rating agencies may assign credit ratings to the Obligor, the Programme or the Certificates issued under the Programme. The Obligor’s credit ratings are an assessment by the relevant rating agencies of its ability to pay its debts when due. The ratings may not reflect the potential impact of all risks related to the structure and marketing of Certificates issued under this Base Prospectus, and other factors that may affect the value of the Certificates. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by the ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency being included in such list as there may be delays between certain supervisory measures being taken against a relevant rating agency and publication of an updated ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third

country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. This is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Certificates changes for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Certificates may have a different regulatory treatment, which may impact the value of the Certificates and their liquidity in any secondary market. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

Any future downgrade or withdrawal at any time of a credit rating assigned to the Obligor by any rating agency could have a material adverse effect on the market value of the Certificates, the Obligor's cost of borrowing and its access to debt capital markets. In addition, the Obligor's credit rating could be affected by changes in the Kingdom's credit rating.

Exchange rate risks exist to the extent payments in respect of Certificates are made in a currency other than the currency in which an investor's activities are denominated.

The Trustee will pay all amounts due on any Certificates in the Specified Currency (as defined in the Conditions). This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Certificates; (ii) the Investor's Currency equivalent value of the Redemption Amount (as defined in the Conditions) payable on the Certificates; and (iii) the Investor's Currency equivalent market value of the Certificates. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less than expected, or no payment at all.

Risks Related to Enforcement

Enforcement in the Kingdom of an arbitral award relating to the Certificates or the Transaction Documents may be challenged in certain circumstances and enforcement may take a significant amount of time.

Any dispute in relation to the Transaction Documents, the Conditions, and any non-contractual obligations arising out of or in connection with them, shall be referred to, and finally resolved by, arbitration under the Arbitration Rules of the LCIA, in London, England. Certificateholders will therefore only have recourse to LCIA arbitration in order to enforce their contractual rights relating to the Certificates.

Foreign judgements and arbitral awards may be enforced in the Kingdom by submitting such judgment or award to the enforcement courts of the Kingdom in accordance with the enforcement law issued by Royal Decree No. M/53 dated 13/08/1433 in the Hijri calendar (corresponding to 3 July 2012) (as most recently amended by Royal Decree No. M/52 dated 22/04/1444 in the Hijri calendar (corresponding to 16 November 2022)) and its implementing regulations issued by ministerial resolution No. 526 dated 20/02/1439 in the Hijri calendar (corresponding to 9 November 2017) (as amended by Ministerial Decision of the Minister of Justice No. 5502 dated 21/11/1440 in the Hijri calendar (corresponding to 24 July 2019) and Ministerial Decision of the Minister of Justice No. 7207 dated 04/06/1441 in the Hijri calendar (corresponding to 29 January 2020)) (the "**Enforcement Regulations**").

The Enforcement Regulations require an enforcement judge when enforcing foreign judgements and arbitral awards to observe and adhere to international treaties and conventions, including the New York Convention acceded to by the Kingdom by virtue of Royal Decree No. M/11 dated 16/7/1414 in the Hijri calendar (corresponding to 29 December 1993).

In addition, subject to adhering to international treaties and conventions, the Enforcement Regulations require enforcement judges to verify the following before enforcing a foreign judgement or arbitral award: (i) there is

reciprocity in the enforcement of Saudi Arabian judgements or arbitral awards in the courts of the relevant jurisdiction; (ii) the courts of the Kingdom do not hold jurisdiction over the dispute and the foreign judgment or arbitral award was issued in accordance with the jurisdictional rules of that country; (iii) the respective parties to the foreign judgement or arbitral award were present, duly represented and able to defend themselves; (iv) the judgment or arbitral award is final; (v) the judgment or arbitral award does not conflict with any ruling or order issued by a court of competent jurisdiction on the same matter in the Kingdom; and (vi) the judgment or arbitral award is not contrary to any public policy of the Kingdom, including the principles of *Shari'a*.

The courts and adjudicatory bodies in Saudi Arabia have wide discretion as to how laws, regulations and principles of *Shari'a* are applied to a particular set of circumstances. There is no doctrine of binding precedent in the courts of Saudi Arabia, decisions of various courts and judicial committees of Saudi Arabia and Royal Decrees, ministerial decisions and resolutions, departmental circulars and other pronouncements of official bodies of Saudi Arabia which have the force of law are not generally or consistently indexed and collected in a central place or made publicly available. Accordingly, it is uncertain exactly how and to what extent any Certificate, the Conditions and/or the Transaction Documents would be enforced by a Saudi Arabian court or any other Saudi Arabian adjudicatory body, should circumstances dictate that they have jurisdiction. Further, in some circumstances, it may not be possible to obtain the legal remedies provided under the laws and regulations of Saudi Arabia in a timely manner. As a result of these and other factors, the outcome of any legal disputes in Saudi Arabia may be uncertain.

The Kingdom is a signatory to the New York Convention. Accordingly, courts in the Kingdom have an obligation to recognise and enforce foreign arbitral awards issued in other signatory states to the New York Convention unless (i) the party opposing enforcement can prove one of the grounds under Article V of the New York Convention to refuse enforcement, which include, without limitation, that the agreement is not valid under the law governing it, the party against whom the award is invoked was not given proper notice of the arbitration proceeding, the award contains decisions beyond the scope of the matters submitted to arbitration and the award has been set aside or suspended by a competent authority of the country in which, or under the law of which, the award was made, or (ii) the Kingdom courts find that the subject matter of the dispute is not capable of settlement by arbitration or enforcement or would be contrary to the public policy of the Kingdom. For example, the laws of the Kingdom do not recognise the concept of a trust and, accordingly, the Kingdom courts may recharacterise the trust established pursuant to any Trust Deed in the context of the concept of *amanah*. Under Saudi Arabian law, an *amin* is a person who is charged with the responsibility of holding and/or looking after assets belonging to another (*amanah*). An *amin* would be responsible for maintaining the assets it is holding for another and would be liable for any damage or loss caused to such assets where the damage or loss is caused by the *amin's* negligence or by acting *ultra vires*. As such, there can be no assurance that the obligations of the Trustee or the Delegate under a Trust Deed to act on behalf of the Certificateholders in accordance with their instructions would be enforceable or recognised under the laws of the Kingdom in the same manner as under English law. In addition, pursuant to the New York Convention, enforcement of any arbitral award in the Kingdom is subject to filing a legal action for recognition and enforcement of the foreign arbitral award with the enforcement courts in the Kingdom, which can take considerable time.

As a result, enforcement of an arbitral award relating to the Certificates or the Transaction Documents in the Kingdom may take a significant amount of time and enforcement of any arbitration award in the Kingdom may be challenged in the circumstances described above. Since a substantial portion of the Obligor's assets and operations are located in the Kingdom, delay in enforcement in the Kingdom of an arbitral award relating to the Certificates or the Transaction Documents or any inability to enforce an arbitral award in the Kingdom could have a material adverse effect on Certificateholders' recourse to the Obligor's assets to satisfy amounts due under the Certificates.

Foreign judgments may not be enforceable against the Obligor, and it may not be possible to effect service of process on the Obligor.

In the absence of a treaty for the reciprocal enforcement of foreign judgments with the jurisdiction in which a judgment is obtained, the courts of the Kingdom are unlikely to enforce a judgment obtained in courts outside the Kingdom without re-examining the merits of the claim, including any judgment predicated upon United States federal securities laws or the securities laws of any state or territory within the United States. In addition, the courts of the Kingdom may (i) decline to enforce a foreign judgment if certain criteria are not met, including, but not limited to, compliance with public policy of the Kingdom or (ii) decline to entertain original actions

brought in the Kingdom against the Obligor or its directors or officers predicated upon the securities laws of the United States or any state in the United States.

Additionally, the Obligor is a joint stock company incorporated in the Kingdom and a substantial portion of its assets and operations are located there. As a result, it may not be possible for investors to effect service of process upon the Obligor outside the Kingdom.

The inability to enforce a foreign judgment or effect service of process in the Kingdom could have a material adverse effect on Certificateholders' recourse to the Obligor's assets with respect to any claim.

There are concerns as to the effectiveness under Saudi law of any transfer of an interest in an asset in the Kingdom, or on the return of investment of any activity in the Kingdom unless a corporate presence is formed in the Kingdom and the relevant licensing requirements have been met.

The Foreign Investment Law issued under Royal Decree No. M/1 dated 05/01/1421 in the Hijri calendar (corresponding to 10 April 2000) and the Anti-Concealment Law issued under Royal Decree No. M/4 dated 01/01/1442 in the Hijri calendar (corresponding to 28 August 2020), amongst other things, prohibit non-Saudi Arabian persons from, directly or indirectly, temporarily or permanently, doing any businesses or making any investments in the Kingdom unless the relevant licensing requirements have been met. The Trustee being allowed by the Obligor to, for example, acquire ownership in certain tangible non-real estate related assets located in the Kingdom as contemplated in the Master Purchase Agreement, without the Trustee being properly authorised by the relevant Saudi authorities, for the purpose of, *inter alia*, generating cash flow to the Trustee from such assets, could be viewed as contravening this prohibition referred to above under the Foreign Investment Law and the Anti-Concealment Law. Given that the updated version of the Anti-Concealment Law was recently issued, its provisions remain largely untested.

On the basis of the foregoing, prospective investors should note that there is uncertainty as to the effectiveness under Saudi law of any transfer of an interest in an asset in the Kingdom pursuant to the Transaction Documents, or on the return of investment of any activity in the Kingdom, absent compliance with the matters specified above. As a result, if the Obligor fails to comply with its obligations under the Transaction Documents (and, unless the relevant Saudi Arabian court or judicial committee considers the Transaction Documents as a whole and gives effect to the commercial intention of the parties to treat the arrangements set out therein as a financing transaction without requiring compliance with the Foreign Investment Law), then the relevant Saudi Arabian court or judicial committee may characterise the transactions contemplated by the Transaction Documents as an unlawful investment which is void as a result of non-compliance with any of the matters specified above. If that is the case, a Saudi Arabian court or judicial committee may require that the Obligor ceases to make payments in the nature of rental and murabaha profit to the Trustee under the Transaction Documents and, consequently, adversely affecting the Trustee's ability to pay amounts due on the Certificates and resulting in the occurrence of a Dissolution Event.

Courts and judicial committees of the Kingdom may not give effect to certain Obligor Events.

Prospective Certificateholders should note that the courts and judicial committees of the Kingdom may not give effect to any of the Obligor Events (as set out in the Conditions) other than those Obligor Events relating to the non-payment of amounts due under the Transaction Documents. As a result, Certificateholders may not be able to obtain a remedy through the courts and judicial committees of the Kingdom in relation to an Obligor Event.

Contractual obligations governing the payment of interest may not be enforceable under Saudi Arabian law

The legal regime in the Kingdom governing transactions such as the issuance of the Certificates includes *Shari'a* principles which are often expressed in general terms, providing Saudi Arabian courts and adjudicatory bodies with considerable discretion as to how to apply such principles. Under *Shari'a* principles as applied in the Kingdom, the charging and payment of interest, which is deemed to constitute unlawful gain (*riba*), is prohibited. To the extent that any contractual provision of the Certificates or the Transaction Documents is viewed or characterised by a Saudi Arabian court or adjudicatory body as relating to interest, such provision may not be enforceable in the Kingdom, which could in turn have a material adverse effect on Certificateholders' recourse against the Obligor to satisfy amounts due under the Certificates.

A court or judicial committee in Saudi Arabia is likely to refuse to give a judgment in respect of principal amounts to the payee of such amounts in an amount greater than the principal sums found by such court or

judicial committee to be due and payable less the amount of sums in the nature of interest (however described) already paid by the payer to the payee. Any amounts previously paid to the Certificateholders on the Certificates and/or pursuant to the Transaction Documents in respect of sums in the nature of commission or profit may therefore reduce the amount receivable by the Certificateholders in relation to payments of principal.

Courts and judicial committees of the Kingdom will not give effect to penalties and certain types of indemnities.

Prospective Certificateholders should note that should any provision of the Transaction Documents be construed by a court or judicial committee in the Kingdom to be an agreement to pay a penalty rather than a genuine estimate of loss incurred, such provision may not be enforced in the Kingdom. Nor would such a provision be likely to be enforceable where a loss had not in fact been incurred by the claimant. Further, any indemnity provided by the Obligor pursuant to the Transaction Documents or in relation to any Series may not be enforceable under the laws and regulations of the Kingdom to the extent that it (i) purports to be effective notwithstanding any judgment or order of a court to the contrary, or (ii) is contrary to any applicable law or public policy relating thereto, which could in turn have a material adverse effect on Certificateholders' recourse against the Obligor to satisfy amounts due under the Certificates.

A court may not grant an order for specific performance.

In the event that the Obligor fails to perform its obligations under any Transaction Document to which it is a party, the potential remedies available to the Trustee and the Delegate include obtaining an order for specific performance of the obligations of the Obligor (in its various capacities). There is no assurance that a court will provide an order for specific performance, as this is generally a matter for the discretion of the relevant court and there can be no assurance that any order for specific performance granted by an English court will be recognised or enforced by the courts in the Kingdom. Specific performance, injunctive relief and declaratory judgments and remedies are available in very limited situations as judicial and other adjudicative remedies in the Kingdom. The amount of damages which a court may award in respect of a breach will depend upon a number of possible factors, including an obligation on the Trustee and the Delegate to mitigate any loss arising as a result of such breach. No assurance is provided on the level of damages which a court may award in the event of a failure by the Obligor to perform its obligations set out in the Transaction Documents to which it is a party. Indirect damages or other speculative damages are not awarded in the Kingdom by the courts or other adjudicatory authorities, and only actual, direct and proven damages are awarded (including loss of profit resulting directly from the damage caused).

Any of the foregoing may have a material adverse effect on Certificateholders' recourse against the Obligor to satisfy amounts due under the Certificates.

Certificateholders are subject to risks related to a possible change in law.

The structure of the issue of Certificates is based on English law and administrative practices in effect as at the date of this Base Prospectus. No assurance can be given as to the impact of any possible change to English law or administrative practices after the date of this Base Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Obligor to perform its obligations under the Transaction Documents to which it is a party or the Trustee to make payments under the Certificates.

No assurance can be given as to the impact of any possible judicial decision or changes in English law or administrative practice after the date of this Base Prospectus.

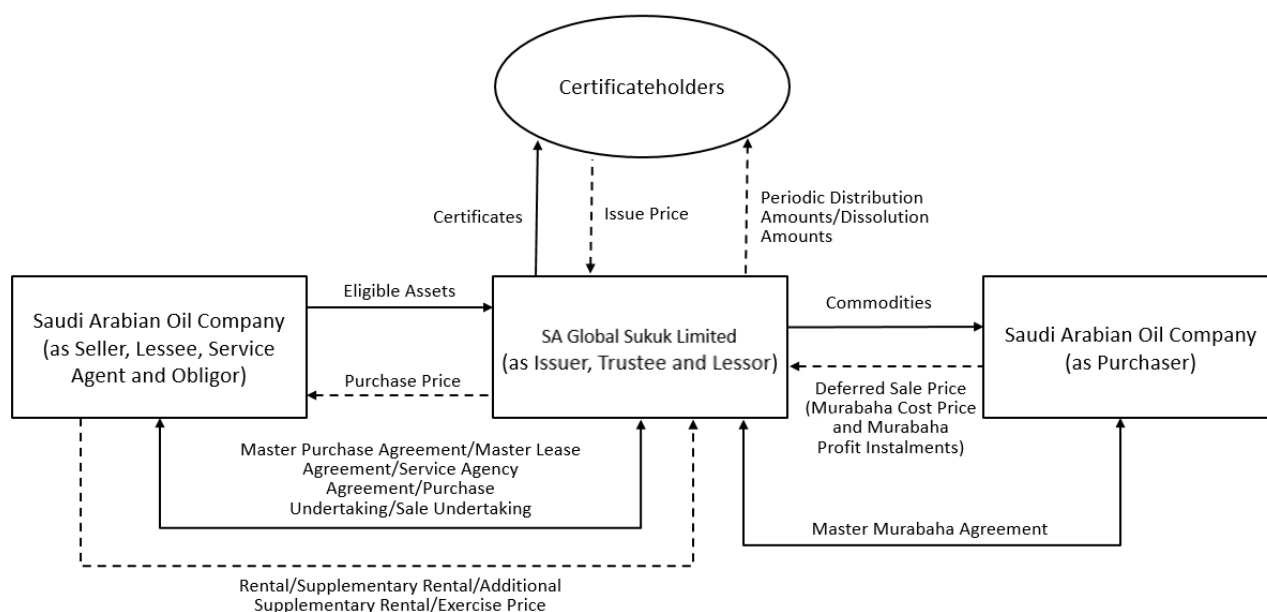
There can be no assurance as to whether the waiver of immunity provided by the Obligor will be valid and binding under the laws of the Kingdom.

The Obligor has waived its rights in relation to sovereign immunity in relation to any judicial proceedings in any jurisdiction with respect to the Certificates and the Transaction Documents to which it is a party. However, there can be no assurance as to whether such waiver of immunity from execution or attachment or other legal process by it are valid and binding under the laws of the Kingdom. If the waiver of immunity is not valid and binding, there is a risk that the waiver may not be able to be enforced against the Obligor.

STRUCTURE DIAGRAM AND CASH FLOWS

Set out below is a simplified structure diagram and description of the principal cash flows relating to the Certificates. This does not purport to be complete and is qualified in its entirety by reference to, and must be read in conjunction with, the more detailed information appearing elsewhere in this Base Prospectus. Potential investors are referred to the Conditions and the detailed descriptions of the relevant Transaction Documents set out elsewhere in this Base Prospectus for a fuller description of certain cash flows and for an explanation of the meaning of certain capitalised terms used below. Potential investors should read these entire Base Prospectus carefully, especially the risks of investing in Certificates issued under the Programme discussed under “Risk Factors”.

Structure diagram



Payments by the Certificateholders and the Trustee

On the issue date of each Tranche of Certificates under a Series (the “**Issue Date**”), the Certificateholders will pay the issue price in respect of the Certificates of such Tranche (the “**Issue Price**”) to the Trustee.

The Trustee will use the Issue Price of each Tranche under a Series as follows:

- (a) an amount as specified in the applicable Final Terms, which shall be no more than 45% of the aggregate face amount of the relevant Certificates (the “**Murabaha Cost Price**”), will be used to purchase certain *Shari’a*-compliant commodities (the “**Commodities**”) through the Commodity Agent and the Trustee will sell such Commodities to the Obligor (in its capacity as buyer, the “**Buyer**”) on a deferred payment basis for a sale price (the “**Deferred Sale Price**”) equal to the aggregate of (i) the relevant Murabaha Cost Price and (ii) a profit amount (the “**Murabaha Profit**”), pursuant to a murabaha contract (the “**Murabaha Contract**”) (such sale of *Shari’a*-compliant commodities by the Trustee to the Obligor and all of the Trustee’s rights and entitlements against the Obligor (in its capacity as buyer) in connection therewith being the “**Commodity Murabaha Trade**” with respect to the relevant Tranche); and
- (b) the remaining portion of the Issue Price (the “**Asset Purchase Price**”) will be used to purchase and accept the transfer from the Obligor (in such capacity, the “**Seller**”) of the Seller’s interests, rights, title, benefits and entitlements, present and future, in, to and under certain tangible non-real estate related assets located in the Kingdom that are free and clear of all encumbrances, are legally and beneficially owned by the Seller and are capable of being sold and leased (each an “**Eligible Asset**”) specified in the relevant Supplemental Purchase Agreement (in the case of the first Tranche of the relevant Series, the “**Initial Assets**” or, in the case of the each subsequent Tranche of the relevant Series, the “**Additional Assets**”).

Periodic Distribution Payments

The Trustee (as lessor, in such capacity, the “**Lessor**”) shall lease the Initial Assets, any Additional Assets and any Replacement Lease Assets (as defined in the Service Agency Agreement) (in each case, as may be substituted from time to time in accordance with the Sale Undertaking, and excluding any such assets title to which has been sold or transferred to the Obligor under the terms of the Purchase Undertaking and/or the Sale Undertaking (as applicable)) (together, the “**Lease Assets**”) of each Series to the Obligor (as lessee, in such capacity, the “**Lessee**”) pursuant to the terms of the Master Lease Agreement and the relevant Supplemental Lease Agreement in consideration for the payment of Rental on the Business Day immediately preceding each Periodic Distribution Date (each such date being a “**Rental Payment Date**”).

The Rental due on a Rental Payment Date shall be an amount equal to the Periodic Distribution Amount payable under the relevant Certificates in respect of the corresponding Periodic Distribution Period *less* instalments of the Murabaha Profit (the “**Murabaha Profit Instalment**”) payable with respect to such Periodic Distribution Period. Such Rental and Murabaha Profit Instalments shall together equal the Periodic Distribution Amounts payable by the Trustee in respect of the relevant Certificates.

In relation to a Series, all Rental and Murabaha Profit Instalments will be recorded by the Service Agent in a book-entry ledger account maintained by the Service Agent (the “**Collection Account**”). On the Business Day prior to each Periodic Distribution Date, the Service Agent shall pay all amounts standing to the credit of the Collection Account into the Transaction Account.

Distribution Payments

On the Business Day prior to the relevant Scheduled Dissolution Date in relation to each Series:

- (a) the outstanding Deferred Sale Price under each Murabaha Contract relating to that Series shall be due and payable; and
- (b) the Trustee will have the right under the Purchase Undertaking to require the Obligor to purchase all of the Trustee’s interests, rights, title, benefits and entitlements, present and future, in, to and under the relevant Lease Assets in consideration for payment by the Obligor of the Exercise Price.

The outstanding Deferred Sale Price payable by the Obligor under the Master Murabaha Agreement and the Exercise Price payable by the Obligor under the Purchase Undertaking together are intended to fund the Dissolution Distribution Amount payable by the Trustee under the relevant Certificates.

The Certificates in relation to any Series may be redeemed in whole prior to the relevant Scheduled Dissolution Date for the following reasons:

- (a) redemption following a Dissolution Event;
- (b) an early redemption for taxation reasons, at the option of the Obligor;
- (c) pursuant to a “make whole” call option, at the option of the Obligor;
- (d) pursuant to a “clean-up” call option if, following the exercise of a put option upon the occurrence of a Change of Control Put Event or a Tangibility Event, 75% or more of the aggregate face amount of the Certificates then outstanding have been redeemed and/or purchased and cancelled, at the option of the Obligor; and
- (e) upon any Total Loss Event (as described below).

In each case above, the amounts payable by the Trustee on the due date for dissolution will be funded in the same manner as for the payment of the Dissolution Distribution Amount on the Scheduled Dissolution Date.

The Certificates in relation to any Series may also be redeemed in whole or in part prior to the relevant Scheduled Dissolution Date for the following reasons:

- (a) if so specified in the applicable Final Terms, at the option of the Obligor;
- (b) if so specified in the applicable Final Terms, at the option of the Certificateholders;

- (c) if so specified in the applicable Final Terms, at the option of the Certificateholders on the occurrence of a Change of Control Put Event; and
- (d) at the option of the Certificateholders on the occurrence of a Tangibility Event.

Upon the exercise of such right, the Trustee shall redeem the relevant Certificates for an amount equal to the sum of the aggregate outstanding face amount of such certificates and the Periodic Distribution Amounts on such Certificates (if any) accrued and unpaid to the date of redemption, together with any amounts specified in the applicable Final Terms. Such redemption of the Certificates will be funded in a similar manner to that described above for the payment of the Dissolution Distribution Amount through: (i) a percentage (such percentage being determined by dividing (A) the aggregate face amount of the Certificates to be redeemed by (B) the aggregate outstanding face amount of the Certificates of the relevant Series) (the “**Relevant Proportion**”) of the outstanding Deferred Sale Price under each Murabaha Contract relating to the relevant Series becoming immediately due and payable; and (ii) the Trustee’s interests, rights, title, benefits and entitlements, present and future, in, to and under the Relevant Proportion of the Lease Assets being sold by the Trustee to the Obligor pursuant to the Purchase Undertaking or the Sale Undertaking at an Exercise Price calculated such that the aggregate of the Exercise Price and the Relevant Proportion of the Deferred Sale Price received by the Trustee equals the amount payable in respect of the Certificates being redeemed.

The Certificates in relation to any Series may also be redeemed in whole, but not in part, following the occurrence of a Total Loss Event or a Partial Loss Event (unless the relevant Lease Assets have been replaced in accordance with the Service Agency Agreement, by no later than the close of business on the 60th day after the occurrence of the Total Loss Event or a Partial Loss Event, as the case may be). The Service Agent shall be required to (i) pay all Insurance proceeds to the Transaction Account by no later than close of business in the Kingdom on the 60th day after the occurrence of a Total Loss Event or Partial Loss Event, as the case may be; and/or (ii) pay any Total Loss Shortfall Amount or Partial Loss Shortfall Amount (unless the Service Agent proves beyond any doubt that any shortfall in the Insurance proceeds is not attributable to its negligence or its failing to comply with the terms of the Service Agency Agreement relating to insurance) to the Transaction Account by no later than close of business in the Kingdom on the 60th day after the occurrence of a Total Loss Event or Partial Loss Event, as the case may be. On the Business Day prior to the relevant Total Loss Event Dissolution Date (in the case of a Total Loss Event) or Dissolution Date (in the case of the termination of the relevant Lease following a Partial Loss Event), as the case may be, the outstanding Deferred Sale Price under each Murabaha Contract relating to that Series shall also be due and payable. In addition, on any Dissolution Date arising as a result of the termination of the relevant Lease following a Partial Loss Event, the Trustee will exercise its rights under the Purchase Undertaking to require the Obligor to purchase and accept the transfer on the relevant Dissolution Date of the remaining Lease Assets at the relevant Exercise Price. The amounts described in this paragraph are intended to fund the Dissolution Distribution Amount payable by the Trustee under the Certificates on the Total Loss Event Dissolution Date (in the case of a Total Loss Event) or Dissolution Date (in the case of the termination of the relevant Lease following a Partial Loss Event), as the case may be.

By no later than the 59th day after the occurrence of a Total Loss Event or Partial Loss Event (and provided that, in the case of a Partial Loss Event, the Lessee has not already delivered a termination notice to the Lessor in accordance with the Master Lease Agreement), if the Service Agent receives notice from the Obligor that replacement Lease Assets are available and to which the Obligor (or any entity acting on behalf of the Obligor) has full legal title free and clear of any adverse claim and the aggregate value of which is not less than the aggregate value of the replaced Lease Assets at the relevant time (the “**Replacement Lease Assets**”), then, immediately following such notification, the Service Agent shall notify the Trustee of the same and the Trustee may, pursuant to and on the terms of a separate purchase agreement substantially in the form, *mutatis mutandis*, of a Supplemental Purchase Agreement, purchase all of the rights, title, interests, benefits and entitlements of the Obligor (or such entity acting on its behalf) in, to and under such Replacement Lease Assets from the Obligor at an Asset Purchase Price to be paid by the Service Agent on behalf of the Trustee using the proceeds of the Insurances (or the assignment of the rights to such proceeds) and/or the relevant Total Loss Shortfall Amount or Partial Loss Shortfall Amount, as applicable, to or to the order of the Obligor, along with the transfer to the Obligor by the Trustee of any residual interest it may hold in the relevant Lease Assets.

TERMS AND CONDITIONS OF THE CERTIFICATES

The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the applicable Final Terms, will apply to each Global Certificate and the Certificates in definitive form (if any). The applicable Final Terms will be endorsed upon, or attached to, each Global Certificate and each Certificate in definitive form (if any). Reference should be made to the “applicable Final Terms” for a description of the content of the Final Terms which will specify which of such terms are to apply in relation to the relevant Certificates.

1. Introduction

1.1 Programme

SA Global Sukuk Limited (in its capacities as issuer and as trustee, the “**Trustee**”), has established a trust certificate issuance programme (the “**Programme**”) for the issuance of trust certificates (the “**Certificates**”), from time to time representing obligations of Saudi Arabian Oil Company (Saudi Aramco) (the “**Obligor**”).

As used herein, “**Tranche**” means Certificates which are identical in all respects (including as to listing and admission to trading) and “**Series**” means a Tranche of Certificates together with any further Tranche or Tranches of Certificates which: (a) are expressed to be consolidated and form a single series; and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of Periodic Distribution Amounts (as defined below) thereon and the date from which Periodic Distribution Amounts start to accrue.

In these Conditions, references to “**Certificates**” shall be references to the Certificates (whether in global form as a Restricted Global Certificate (as defined herein) and/or an Unrestricted Global Certificate (as defined herein), as the context may require (each a “**Global Certificate**”) or in definitive form as definitive Certificates (each an “**Individual Certificate**”)) which are the subject of the applicable Final Terms.

1.2 Final Terms

Certificates issued under the Programme are issued in Series. Each Series is the subject of a Final Terms (the “**Final Terms**”) which supplements these terms and conditions (the “**Conditions**”). Each Series may comprise one or more Tranches issued on different Issue Dates (as defined below). The terms and conditions applicable to any particular Series of Certificates are these Conditions as supplemented by the applicable Final Terms. If the Certificates are to be admitted to trading on the regulated market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service.

1.3 Trust Deed

The Certificates are constituted by an amended and restated master trust deed dated 9 July 2024 between the Trustee, the Obligor and HSBC Corporate Trustee Company (UK) Limited in its capacity as donee of certain powers and as the Trustee’s delegate (the “**Delegate**”, which expression shall include all persons for the time being the delegate or delegates under such master trust deed) (the “**Master Trust Deed**”) as supplemented by a supplemental trust deed entered into on the date of issue of the relevant Certificates (the “**Issue Date**”) in respect of the relevant Series (the “**Supplemental Trust Deed**” and, together with the Master Trust Deed, the “**Trust Deed**”).

1.4 Agency Agreement

An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 9 July 2024 has been entered into in relation to the Programme between the Trustee, the Obligor, the Delegate, HSBC Bank plc as initial principal paying agent (in such capacity, the “**Principal Paying Agent**”, and together with any further or other paying agents appointed from time to time in respect of the Certificates, the “**Paying Agents**”), HSBC Bank plc as Reg S registrar (the “**Reg S Registrar**”) and Reg S transfer agent (the “**Reg S Transfer Agent**”), HSBC Bank USA, National Association as Rule 144A registrar (the “**Rule 144A Registrar**” and, together with the Reg S

Registrar, the “**Registrars**”) and **Rule 144A** transfer agent (the “**Rule 144A Transfer Agent**” and, together with the Reg S Transfer Agent, the “**Transfer Agents**”). References to the Paying Agents, the Registrars and Transfer Agents or any of them shall include their successors.

1.5 Other Transaction Documents

These Conditions are subject to the detailed provisions of the Trust Deed, the Agency Agreement and the other Transaction Documents (as defined below). The Certificateholders (as defined below) are bound by, and are deemed to have notice of, all the provisions applicable to them in the Transaction Documents. Copies of the Transaction Documents (i) are available for inspection, on prior notice, during normal business hours at the Specified Office of the Principal Paying Agent or (ii) may be provided by email to a Certificateholder following their prior written request to any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent).

1.6 Authorisation

Each initial Certificateholder, by its acquisition and holding of its interest in a Certificate, shall be deemed to authorise and direct the Trustee, on behalf of the Certificateholders: (i) to apply the proceeds of the issue of the Certificates towards the purchase of the relevant Lease Assets and the entry into of a Commodity Murabaha Trade (in the proportions to be determined prior to the relevant Issue Date and otherwise in accordance with the provisions of the Transaction Documents); and (ii) to enter into each Transaction Document to which it is a party, subject to the terms and conditions of the Trust Deed and these Conditions.

2. Definitions and Interpretation

2.1 Definitions

In these Conditions, the following expressions have the following meanings:

“**Additional Business Centre(s)**” means the city or cities specified in the Final Terms;

“**Additional Financial Centre(s)**” means the city or cities specified in the Final Terms;

“**Agents**” means the Principal Paying Agent, the Calculation Agent, the Registrars and the Transfer Agents or any of them and shall include such Agent or Agents as may be appointed from time to time under the Agency Agreement;

“**Authorised Signatory**” has the meaning given to it in the Master Trust Deed;

“**Broken Amount**” has the meaning given in the applicable Final Terms;

“**Business Day**” means:

- (a) in relation to any sum payable in euros, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (b) in relation to any sum payable in a currency other than euros, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**” has the meaning given to it in Condition 7.6 (*Business Day Convention*);

“**Calculation Agent**” means, in relation to any Series of Certificates, the institution appointed as calculation agent for the purposes of such Certificates and named as such in the applicable Final Terms, in the case of the Principal Paying Agent pursuant to the Agency Agreement, in the case of a Dealer, pursuant to the calculation agent provisions contained in clause 8 (*Calculation Agent*) of the Dealer Agreement;

“**Calculation Amount**” has the meaning given in the applicable Final Terms;

“Cancellation Notice” means a cancellation notice given pursuant to the terms of the Sale Undertaking;

“Certificateholder” has the meaning given in Condition 3.2 (*Title to Certificates*);

“Certificateholder Put Exercise Notice” has the meaning given to it in Condition 8.5 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*);

“Certificateholder Put Right” means the right specified in Condition 8.5 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*);

“Certificateholder Put Right Date” means, in relation to any exercise of the Certificateholder Put Right, (i) in the case of Fixed Rate Certificates, any date, or the date(s) specified as such in the applicable Final Terms; and (ii) in the case of Floating Rate Certificates, any Periodic Distribution Date, or the Periodic Distribution Dates specified as such in the applicable Final Terms;

“Change of Control” shall occur if, at any time, Saudi Arabia ceases to own, directly or indirectly, more than 50% of the issued share capital of the Obligor;

“Change of Control Period” means the period commencing on the Relevant Announcement Date and ending 90 days after the occurrence of the Change of Control or, where a Rating Agency has publicly announced that the Certificates are under consideration for rating review or, as the case may be, rating (such public announcement being within the period ending 90 days after the Change of Control), the later of (i) such 90th day after the Change of Control and (ii) the date falling 60 days after such public announcement;

“Change of Control Put Event” has the meaning given to it in Condition 8.6 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*);

“Change of Control Exercise Notice” has the meaning given to it in Condition 8.6 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*);

“Change of Control Put Date” shall be the date which is 10 Business Days after the expiry of the Change of Control Put Period;

“Change of Control Put Notice” has the meaning given to it in Condition 8.6 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*);

“Change of Control Put Period” has the meaning given to it in Condition 8.6 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*);

“Change of Control Put Right” means the right exercisable by Certificateholders pursuant to Condition 8.6 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*);

“Clean-Up Dissolution Date” means, in relation to any exercise of the Clean-Up Dissolution Right, (i) in the case of Fixed Rate Certificates, any date; and (ii) in the case of Floating Rate Certificates, any Periodic Distribution Date;

“Clean-Up Dissolution Right” means the right specified in Condition 8.8 (*Dissolution at the Option of the Obligor (Clean-Up Dissolution Right)*);

“Clearstream” means Clearstream Banking S.A.;

“Code” means the U.S. Internal Revenue Code of 1986, as amended;

“Commodities” means any of the commodities traded over the counter, which comprise any *Shari’a* compliant London Metal Exchange approved non-ferrous base metals, platinum group metals, or other *Shari’a* compliant commodities acceptable to the Obligor and the Trustee (which, for the avoidance of doubt, shall exclude gold and silver), which, in each case, must be kept in London Metal Exchange approved, non-United Kingdom bonded warehouses or secure vaults;

“Commodity Murabaha Trade” means, in relation to a Series, the sale of certain Commodities by the Trustee to the Obligor (in its capacity as the Buyer (as defined in the Master Murabaha Agreement)),

which Commodities were initially purchased by the Trustee using a proportion of the proceeds of the issue of the Certificates, pursuant to the Master Murabaha Agreement;

“Corporate Services Agreement” means the corporate services agreement dated 6 June 2021 between the Trustee and the Corporate Services Provider;

“Corporate Services Provider” means MaplesFS Limited;

“Day Count Fraction” means, in respect of the calculation of an amount of profit on any Certificates for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting a Return Accumulation Period, the **“Calculation Period”**), such day count fraction as may be specified in these Conditions or the applicable Final Terms and:

- (a) if **“Actual/Actual (ICMA)”** is so specified, means:
 - (i) where the Calculation Period is equal to or shorter than the Determination Period during which it falls, the actual number of days in the Calculation Period divided by the product of: (A) the actual number of days in such Determination Period; and (B) the number of Determination Periods in any year; and
 - (ii) where the Calculation Period is longer than one Determination Period, the sum of:
 - (A) the actual number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of: (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year; and
 - (B) the actual number of days in such Calculation Period falling in the next Determination Period divided by the product of: (1) the actual number of days in such Determination Period; and (2) the number of Determination Periods in any year;
- (b) if **“Actual/Actual (ISDA)”** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of: (i) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366; and (ii) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (c) if **“Actual/365 (Fixed)”** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (d) if **“Actual/360”** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (e) if **“30/360”** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times [(M_2 - M_1)] \rfloor + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (f) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times [(M_2 - M_1)] \rfloor + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (g) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\lfloor 360 \times (Y_2 - Y_1) \rfloor + \lfloor 30 \times [(M_2 - M_1)] \rfloor + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless: (i) that day is the last day of February; or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless: (i) that day is the last day of February but not the Scheduled Dissolution Date; or (ii) such number would be 31, in which case D₂ will be 30,

provided, that in each such case, the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

“Dealer Agreement” means the amended and restated dealer agreement between the Trustee, the Obligor and the Dealers (as defined and named therein) dated 9 July 2024;

“Deferred Sale Price” means the deferred sale price payable by the Obligor to the Trustee in respect of the Commodity Murabaha Trade as further described in the Master Murabaha Agreement;

“Delegation” has the meaning given to it in Condition 17.1 (*Delegation of powers*);

“Designated Maturity” means the period of time specified as such in the applicable Final Terms;

“Determination Date” means the date(s) specified as such in the applicable Final Terms or, if none is so specified, the Periodic Distribution Date(s);

“Determination Period” means the period from and including a Determination Date in any year to but excluding the next Determination Date;

“Dissolution Date” means, in relation to a particular Series, as the case may be:

- (a) the Scheduled Dissolution Date;
- (b) any Early Tax Dissolution Date;
- (c) any Optional Dissolution Date;
- (d) any Make Whole Dissolution Date;
- (e) any Certificateholder Put Right Date;
- (f) any Change of Control Put Date;
- (g) any Tangibility Event Put Date;
- (h) any Dissolution Event Redemption Date;
- (i) any Total Loss Event Dissolution Date;
- (j) any Clean-Up Dissolution Date; or
- (k) such other date as specified in the applicable Final Terms for the redemption of Certificates and dissolution of the Trust in whole or in part prior to the Scheduled Dissolution Date;

“Dissolution Distribution Amount” means, in relation to each Certificate to be redeemed on the relevant Dissolution Date (except Certificates to be redeemed on a Make Whole Dissolution Date pursuant to Condition 8.4 (*Dissolution at the Option of the Obligor (Make Whole Dissolution Right)*)):

- (a) the sum of:
 - (i) the outstanding face amount of such Certificate; and
 - (ii) any accrued but unpaid Periodic Distribution Amounts for such Certificate; or
- (b) such other amount specified in the applicable Final Terms as being payable upon any Dissolution Date,

and, in respect of redemption of Certificates pursuant to Condition 8.4 (*Dissolution at the Option of the Obligor (Make Whole Dissolution Right)*), means the relevant Make Whole Amount;

“Dissolution Event” means a Trustee Event, an Obligor Event or a Partial Loss Termination Event;

“Dissolution Event Redemption Date” has the meaning given to it in Condition 12.1 (*Dissolution Event*);

“Dissolution Notice” has the meaning given to it in Condition 12.1 (*Dissolution Event*);

“DTC” means The Depository Trust Company;

“Early Tax Dissolution Date” has the meaning given to it in Condition 8.2 (*Early Dissolution for Taxation Reasons*);

“EURIBOR” means the Euro zone inter-bank offered rate;

“Euroclear” means Euroclear Bank SA/NV;

“Exercise Notice” means an exercise notice given pursuant to the terms of the Purchase Undertaking or the Sale Undertaking (as the case may be);

“Extraordinary Resolution” has the meaning given to it in the Trust Deed;

“FCA” means the United Kingdom Financial Conduct Authority;

“Fixed Amount” means the amount specified as such in the applicable Final Terms;

“Fixed Rate Certificates” means a Series in respect of which “Fixed Rate Certificate Provisions” are specified as applicable in the applicable Final Terms;

“Floating Rate Certificates” means a Series in respect of which “Floating Rate Certificate Provisions” are specified as applicable in the applicable Final Terms;

“Guarantee” means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation): (a) any obligation to purchase such indebtedness; (b) any obligation to lend money, to purchase or subscribe for shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness; (c) any indemnity against the consequences of a default in the payment of such indebtedness; and (d) any other agreement to be responsible for such indebtedness or other like obligation;

“Holder” has the meaning given in Condition 3.2 (*Title to Certificates*);

“Indebtedness” means any debt or other financing arrangement issued (or intended to be issued) in compliance with the principles of *Shari’a*, whether entered into directly or indirectly by the Trustee or the Obligor, as the case may be;

“ISDA” means the International Swaps and Derivatives Association, Inc.;

“ISDA Benchmarks Supplement” means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Certificates of the relevant Series (as specified in the applicable Final Terms)) published by the International Swaps and Derivatives Association, Inc.;

“ISDA Definitions” means (i) if “2006 ISDA Definitions” is specified in the applicable Final Terms, the 2006 ISDA Definitions (as supplemented, amended and updated as at the date of issue of the first Tranche of the Certificates of the relevant Series (as specified in the applicable Final Terms) as published by ISDA), or (ii) if “2021 ISDA Definitions” is specified in the applicable Final Terms, the latest version of the 2021 ISDA Interest Rate Derivatives Definitions as published by ISDA as at the date of issue of the first Tranche of the Certificates of the relevant Series (as specified in the applicable Final Terms), including, in either case, if specified in the relevant Final Terms, the ISDA Benchmarks Supplement (unless otherwise specified in the applicable Final Terms);

“Kingdom” means the Kingdom of Saudi Arabia;

“Issue Date” has the meaning given to it in Condition 1.3 (*Trust Deed*);

“Lease” means, in relation to a Series, the lease created pursuant to the Master Lease Agreement and the relevant Supplemental Lease Agreement in connection with that Series;

“Lease Assets” has the meaning given to it in the Master Lease Agreement;

“Liability” means any actual loss, damage, actual cost (excluding opportunity cost and cost of funding), charge, claim, demand, expense, fee, judgment, action, proceeding or other liability whatsoever (including, without limitation in respect of taxes) and including any value added tax or similar tax

charged or chargeable in respect thereof and legal or other fees and expenses on a full indemnity basis and references to “**Liabilities**” shall mean all of these;

“**Linear Interpolation Designated Maturity**” means the period of time designated in the relevant Reference Rate;

“**Margin**” has the meaning given in the applicable Final Terms;

“**Master Lease Agreement**” means the amended and restated master lease agreement dated 9 July 2024 between the Trustee (as lessor) and the Obligor (as lessee);

“**Master Murabaha Agreement**” means the amended and restated master murabaha agreement dated 9 July 2024 and made between the Trustee and the Obligor (as buyer);

“**Master Purchase Agreement**” means the amended and restated master purchase agreement dated 9 July 2024 between the Trustee (as purchaser) and the Obligor (as seller);

“**Maximum Optional Dissolution Amount**” means the amount specified as such in the applicable Final Terms;

“**Minimum Optional Dissolution Amount**” means the amount specified as such in the applicable Final Terms;

“**Minimum Specified Denomination**” means the minimum denomination of each Certificate, which shall not be less than U.S.\$200,000 (or, if the Certificate are denominated in a currency other than U.S. dollars, the equivalent amount in such currency as at the date of the issue of the Certificate);

a “**Negative Rating Event**” shall be deemed to have occurred, if at any time there is no rating assigned to the Certificates by any Rating Agency (at the invitation or with the consent of the Obligor), either (i) the Obligor does not, prior to or not later than 21 days after the occurrence of the relevant Change of Control, seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Certificates or (ii) if the Obligor does so seek and use all such reasonable endeavours, it is unable to obtain such rating of at least investment grade (Baa3/BBB-/BBB- or equivalent or better) by the end of the Change of Control Period and the relevant Rating Agency announces publicly or confirms in writing to the Obligor or the Delegate that the failure to issue a rating of at least investment grade (Baa3/BBB-/BBB- or equivalent or better) was as a result, directly or indirectly, from the Change of Control;

“**Obligor Event**” means, with respect to any Series, any of the following events:

- (a) *Non-payment:* default is made in the payment by the Obligor (acting in any capacity) of any amount in the nature of principal (required in order to allow the Trustee (or the Principal Paying Agent on its behalf) to make payment of any Dissolution Distribution Amount (in full or in part) when due under the Certificates) or profit (required in order to allow the Trustee (or the Principal Paying Agent on its behalf) to make payment of any Periodic Distribution Amount (in full or in part) when due under the Certificates) payable by it pursuant to any Transaction Document to which it is a party and the default continues for a period of 30 days; or
- (b) *Breach of other obligations:* if the Obligor (i) delivers a notice to the Trustee and the Delegate pursuant to clause 6.1(d) of the Service Agency Agreement; or (ii) the Obligor defaults in the performance of any of its other obligations under the Transaction Documents to which it is a party relating to such Series (other than clauses 6.1 and 12 of the Service Agency Agreement (save for the obligation to deliver a Tangibility Event Trustee Notice under clause 12.2 of the Service Agency Agreement)) and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy where no continuation or notice as is hereinafter mentioned will be required) such failure continues for the period of 90 days next following written notice to remedy such default, addressed to the Obligor by the Trustee or the Delegate, having been delivered to the Obligor; or
- (c) *Insolvency proceedings:* an involuntary case or other proceeding shall be commenced against the Obligor seeking liquidation, reorganisation or other relief with respect to it or its debts under

any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or an encumbrancer takes possession of the whole or substantially all of its undertaking or assets, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially all of its undertaking or assets, and such involuntary case or other proceeding shall remain undismissed and unstayed for a period of 90 days or an order for relief shall be entered against the Obligor under applicable bankruptcy laws as now or hereafter in effect or any analogous procedure or step is taken in any jurisdiction; or

- (d) *Consent to proceedings*: the Obligor shall commence a voluntary case or other proceeding seeking liquidation, reorganisation or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property (in each case, save for the purposes of any intra-group reorganisation on a solvent basis), or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall stop or threaten to stop payment of, or is unable to, or admits inability to, pay, its debts as they become due or is deemed unable to pay its debts pursuant to or for the purpose of any applicable law, or is adjudicated or found bankrupt or insolvent, or shall take any corporate action to authorise any of the foregoing or any analogous procedure or step is taken in any jurisdiction; or
- (e) *Ceasing to carry on business*: the Obligor ceases or threatens to cease to carry on the whole or substantially all of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution, or shall take any corporate action to authorise any of the foregoing or any analogous procedure or step is taken in any jurisdiction; or
- (f) *Illegality*: if: (i) the Obligor contests the validity of its obligations under the Transaction Documents to which it is a party relating to such Series; or (ii) the Obligor shall deny any of its obligations under the Transaction Documents to which it is a party relating to such Series; or (iii) as a result of any change in, or amendment to, the laws or regulations in the Kingdom, which change or amendment takes place after the date on which agreement is reached to issue the first Tranche of the Certificates: (A) it becomes unlawful for the Obligor to perform or comply with any of its payment obligations under or in respect of the Transaction Documents to which it is a party; or (B) any of such obligations becomes unenforceable or invalid;

“Optional Dissolution Date” means, in relation to any exercise of the Optional Dissolution Right, (i) in the case of Fixed Rate Certificates, any date, or the date(s) specified as such in the applicable Final Terms; and (ii) in the case of Floating Rate Certificates, any Periodic Distribution Date, or the Periodic Distribution Dates specified as such in the applicable Final Terms;

“Optional Dissolution Right” means the right specified in Condition 8.3 (*Dissolution at the Option of the Obligor (Optional Dissolution Right)*);

“outstanding” shall have the meaning given to it in the Trust Deed;

“Partial Loss Event” means, in relation to each Series, the partial impairment of one or more of the Lease Assets in a manner that substantially deprives the Lessee from the benefits expected from the Lease Assets, as determined by the Service Agent acting for and on behalf of the Trustee and the occurrence of which has been certified in writing by a recognised independent industry expert, which has not arisen as a result of the Lessee’s negligence or misconduct (and which does not constitute a Total Loss Event);

“Partial Loss Shortfall Amount” has the meaning given to it in the Service Agency Agreement;

“Partial Loss Termination Event” means, with respect to any Series, the termination of the Lease on the 61st day after the occurrence of a Partial Loss Event as a result of either: (a) delivery by the Obligor of a Partial Loss Termination Notice to the Trustee on or before the 30th day after the Partial Loss Event

in accordance with clause 7.2(a) of the Master Lease Agreement; or (b) failure by the Obligor to replace the relevant Impaired Assets on or before the 60th day after the date of the Partial Loss Event in accordance with clause 7.2(b) of the Master Lease Agreement;

“Paying Agents” means the Principal Paying Agent and such further or other paying agent or agents as may be appointed from time to time under the Agency Agreement;

“Payment Business Day” means:

- (a) if the currency of payment is euros, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euros, any day which is:
 - (i) a day on which banks in the relevant place of presentation are open for presentation and for dealings in foreign currencies; and
 - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

“Periodic Distribution Amount” has the applicable meanings given to it in Condition 7 (*Periodic Distribution Amounts*);

“Periodic Distribution Date” means the date or dates specified as such in the applicable Final Terms;

“Person” means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organisation, trust or any other juridical entity, whether or not having separate legal personality;

“Potential Change of Control Announcement” means any public announcement or statement by the Obligor, any actual or potential bidder or any designated adviser thereto relating to any potential Change of Control where, within 180 days of the date of such announcement or statement, a Change of Control occurs;

“Principal Financial Centre” means, in relation to any currency, the principal financial centre for that currency *provided, that*:

- (a) in relation to euros, it means the principal financial centre of such member state of the European Union as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (b) in relation to Australian dollars, it means either Sydney or Melbourne and, in relation to New Zealand dollars, it means either Wellington or Auckland; in each case as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

“Principal Paying Agent” means HSBC Bank plc or any successor appointed as principal paying agent under the Programme pursuant to the Agency Agreement in respect of each Series of Certificates in its capacities: as (i) principal paying agent for such Series; and (ii) the account bank with which the Transaction Account for each such Series is established;

“Profit Commencement Date” means the Issue Date or such other date as may be specified in the applicable Final Terms;

“Profit Period Date” means each Periodic Distribution Date unless otherwise specified in the applicable Final Terms;

“Profit Rate” means the profit rate payable from time to time in respect of the Certificates and that is either specified in the applicable Final Terms or calculated or determined in accordance with the provisions hereof;

“Profit Rate Determination Date” means, with respect to a Profit Rate and Return Accumulation Period, the date specified as such in the applicable Final Terms or, if none is so specified: (i) the day falling one Business Day prior to the first day of such Return Accumulation Period if the Specified Currency is Sterling; or (ii) the day falling two Business Days for the Specified Currency prior to the first day of such Return Accumulation Period if the Specified Currency is neither Sterling nor euro; or (iii) the day falling two TARGET Business Days prior to the first day of such Return Accumulation Period if the Specified Currency is euro;

“Purchase Undertaking” means the amended and restated purchase undertaking dated 9 July 2024 and granted by the Obligor for the benefit of the Trustee and the Delegate;

“Rating Agency” means any of the credit rating agencies of Fitch Ratings (**“Fitch”**), Moody’s Investors Service (**“Moody’s”**) or Standard & Poor’s, a division of The McGraw-Hill Companies, Inc. (**“Standard & Poor’s”**) and their respective successors to their ratings business or any other rating agency (each a **“Substitute Rating Agency”**) of equivalent international standing specified by the Obligor from time to time;

“Record Date” has the meaning given to it in Condition 9.4 (*Record Date*);

“Reference Banks” means the four major banks selected by the Obligor in the market that is most closely connected with the Reference Rate;

“Reference Rate” means either Term SOFR or EURIBOR, as set out in the applicable Final Terms;

“Register” has the meaning given to it in Condition 3.3 (*Ownership*);

“Registrars” mean, in respect of each Series of Certificates, HSBC Bank plc as Reg S Registrar, and HSBC Bank USA, National Association as Rule 144A Registrar, or any successors thereto in each case as registrar under the Agency Agreement (or such other registrar as may be appointed from time to time either generally in relation to the Programme or in relation to a specific Series);

“Relevant Date” means, in relation to any payment, whichever is the later of: (a) the date on which the payment in question first becomes due; and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Certificateholders in accordance with Condition 18 (*Notices*);

“Relevant Financial Centre” has the meaning given in the applicable Final Terms;

“Relevant Powers” has the meaning given to it in Condition 17.1 (*Delegation of powers*);

“Relevant Screen Page” means the page, section or other part of a particular information service (including, without limitation, Reuters and the Term SOFR Administrator’s Website) specified as the Relevant Screen Page in the applicable Final Terms, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the Person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

“Relevant Time” has the meaning given in the applicable Final Terms;

“Relevant Taxing Jurisdiction” means: (i) in the case of the Trustee, the Kingdom, the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax; (ii) in the case of the Obligor, the Kingdom or any other jurisdiction the Obligor is resident or doing business in for tax purposes, or, in either case, any political subdivision or any authority thereof or therein having the power to tax; and (iii) in either case, any jurisdiction from or through which payment is made by or on behalf of the Trustee or the Obligor;

“Reserved Matter” has the meaning given to it in Condition 16.1 (*Meetings of Certificateholders*);

“Restricted Global Certificate” means a Global Certificate initially representing Certificates which are sold to QIBs who are also QPs in reliance on Rule 144A, in registered form;

“Return Accumulation Period” means the period beginning on (and including) the Profit Commencement Date and ending on (but excluding) the first Periodic Distribution Date and each successive period beginning on (and including) a Periodic Distribution Date and ending on (but excluding) the next succeeding Periodic Distribution Date or the relevant payment date if the Certificates become payable on a date other than a Periodic Distribution Date;

“Sale Undertaking” means the amended and restated sale undertaking dated 9 July 2024 and granted by the Trustee for the benefit of the Obligor;

“Scheduled Dissolution Date” means the date specified as such in the applicable Final Terms;

“Security Interest” means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance securing any obligation of any Person or any other type of arrangement having a similar effect over any assets or revenues of any Person;

“Service Agency Agreement” means the amended and restated service agency agreement dated 9 July 2024 between the Trustee and the Service Agent;

“Service Agent” means the Obligor acting in its capacity as service agent under the Service Agency Agreement;

“Shari’a Adviser” has the meaning given to it in the Service Agency Agreement;

“Specified Currency” means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Certificates are denominated;

“Specified Denomination(s)” means the amount(s) specified as such in the applicable Final Terms;

“Specified Office” has the meaning given in the Agency Agreement;

“Sukuk Obligation” means any undertaking or other obligation to pay any money given in connection with the issue of trust certificates or other instruments intended to be issued in compliance with the principles of *Shari’a*, whether or not in return for consideration of any kind;

“T2” means the Trans-European Automated Real-Time Gross Settlement Express Transfer system which was launched on 20 March 2023 or any successor thereto;

“Tangibility Event” shall occur if the Tangibility Ratio falls below 33%, other than as a result of a Total Loss Event or a Partial Loss Event;

“Tangibility Event Delisting Date” shall be the date falling 15 days after the Tangibility Event Put Date (or, if such date is not a business day, the next following business day (being, for this purpose, a day on which each stock exchange on which the Certificates have been admitted to listing is open for business));

“Tangibility Event Notice” has the meaning given to it in Condition 8.7 (*Dissolution of the Option of Certificateholders (Tangibility Event Put Right)*);

“Tangibility Event Put Date” shall be the first Business Day falling 75 days after the expiry of the Tangibility Event Put Period;

“Tangibility Event Put Period” has the meaning given to it in Condition 8.7 (*Dissolution of the Option of Certificateholders (Tangibility Event Put Right)*);

“Tangibility Event Put Right” means the right exercisable by Certificateholders pursuant to Condition 8.7 (*Dissolution of the Option of Certificateholders (Tangibility Event Put Right)*);

“Tangibility Event Trustee Notice” has the meaning given to it in Condition 8.7 (*Dissolution of the Option of Certificateholders (Tangibility Event Put Right)*);

“Tangibility Ratio” means, at any time, the ratio of (a) the aggregate value of the Lease Assets to (b) the aggregate of (i) the aggregate value of the Lease Assets and (ii) the aggregate amounts of each outstanding Deferred Sale Price relating to the relevant Series;

“TARGET Business Day” means a day on which T2 is operating;

“TARGET Settlement Day” means any day on which T2 is open for the settlement of payments in euro;

“Term SOFR” means, for any accrual period, the greater of (a) zero and (b) the Term SOFR Reference Rate for the Designated Maturity, as such rate is published (before any correction, recalculation or republication by the administrator) by the Term SOFR Administrator; provided that, if as of 5.00 p.m. (New York City time) on any Profit Rate Determination Date, the Term SOFR Reference Rate for the Designated Maturity has not been published by the Term SOFR Administrator, then Term SOFR will be (x) the Term SOFR Reference Rate for the Designated Maturity as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for the Designated Maturity was published by the Term SOFR Administrator, so long as such first preceding U.S. Government Securities Business Day is not more than five Business Days prior to such Profit Rate Determination Date or (y) if the Term SOFR Reference Rate cannot be determined in accordance with clause (x) of this proviso, Term SOFR shall be the Term SOFR Reference Rate as determined on the previous Profit Rate Determination Date;

“Term SOFR Administrator” means CME Group Benchmark Administration Limited, or a successor administrator of the Term SOFR Reference Rate selected by the Obligor with notice to the Trustee and the Calculation Agent;

“Term SOFR Administrator’s Website” means the website of the Term SOFR Administrator on which the Term SOFR Reference Rate is published (as of the date of this Base Prospectus, <https://www.cmegroup.com/market-data/cme-group-benchmark-administration/term-sofr.html>) or any successor source for the Term SOFR Reference Rate identified as such by the Term SOFR Administrator from time to time;

“Term SOFR Reference Rate” means the forward-looking term rate based on SOFR;

“Total Loss Event” means, in relation to each Series: (i) the total loss or destruction of, or damage to the whole of, the Lease Assets of that Series or any event or occurrence which renders the whole of the Lease Assets of that Series permanently unfit for any economic use and the repair or remedial work in respect thereof is wholly uneconomical; or (ii) the expropriation, nationalisation, requisition, confiscation, attachment, sequestration or execution of any legal process in respect of the whole of the Lease Assets of that Series;

“Total Loss Event Dissolution Date” has the meaning given to it in Condition 8.9 (*Dissolution following a Total Loss Event*);

“Total Loss Shortfall Amount” has the meaning given to it in the Service Agency Agreement;

“Transaction Account” means, in relation to a particular Series, the non-interest bearing transaction account in London established by the Trustee and held with the Principal Paying Agent denominated in the Specified Currency, details of which are set out in the applicable Final Terms into which, among other things, the Obligor will deposit all amounts due to the Trustee under the Transaction Documents;

“Transaction Documents” means, in relation to each Series:

- (a) the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed;
- (b) the Agency Agreement;
- (c) the Master Purchase Agreement as supplemented by the applicable supplemental purchase agreement;
- (d) the Master Lease Agreement as supplemented by the applicable supplemental lease agreement;

- (e) the Sale Undertaking (together with each relevant sale agreement executed upon exercise of the Sale Undertaking);
- (f) the Purchase Undertaking (together with each relevant sale agreement executed upon exercise of the Purchase Undertaking);
- (g) the Master Murabaha Agreement; and
- (h) the Service Agency Agreement,

(together with all offers, acceptances and confirmations delivered pursuant to any of the foregoing in connection with the relevant Series);

“Transfer Agents” mean, in respect of each Series of Certificates, HSBC Bank plc as Reg S Transfer Agent, and HSBC Bank USA, National Association as Rule 144A Transfer Agent, or any successors thereto in each case as transfer agent under the Agency Agreement (and such further or other transfer agents as may be appointed from time to time either generally in relation to the Programme or in relation to a specific Series);

“Trust” means, in respect of a Series, the trust created by the Trustee over the Trust Assets pursuant to the Trust Deed;

“Trust Assets” has the meaning given to it in Condition 5.1 (*Trust Assets*);

“Trustee Event” means any of the following events:

- (a) *Non-payment*: default is made in the payment by the Trustee of any Dissolution Distribution Amount or any Periodic Distribution Amount in respect of the Certificates on the due date for payment thereof and the default continues for a period of 30 days; or
- (b) *Breach of other obligations*: the Trustee defaults in the performance of any of its other obligations under the Transaction Documents to which it is a party relating to such Series and (except in any case where, in the opinion of the Delegate, the failure is incapable of remedy where no continuation or notice as is hereinafter mentioned will be required) such failure continues for the period of 90 days next following written notice to remedy such default, addressed to the Trustee by the Delegate, having been delivered to the Trustee; or
- (c) *Enforcement Proceedings*: any distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Trustee and is not discharged or stayed within 90 days; or
- (d) *Insolvency*: the Trustee is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any part of (or of a particular type of) its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared or comes into effect in respect of or affecting all or any part of (or of a particular type of) the debts of the Trustee; or
- (e) *Winding-up*: an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution or administration of the Trustee, or the Trustee shall apply or petition for a winding-up or administration order in respect of itself or cease or through an official action of its board of directors threaten to cease to carry on all or substantially all of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms previously approved by an Extraordinary Resolution of the Certificateholders; or
- (f) *Illegality*: it is or will become unlawful for the Trustee to perform or comply with any one or more of its respective obligations under any of the Certificates or the Transaction Documents, *provided that* such unlawfulness has or is reasonably likely to affect the interests of the Certificateholders in any material respect; or

- (g) *Repudiation*: the Trustee repudiates or challenges, or does or causes to be done any act or thing evidencing an intention to repudiate or challenge, the Certificates or any Transaction Document to which it is a party; or
- (h) *Analogous Events*: any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in paragraphs (c) to (e) (inclusive) above.

For the purpose of paragraph (a) (*Non-payment*) above of this definition, all amounts payable in respect of the Certificates shall be considered due and payable (including any amounts expressed to be payable under Condition 7 (*Periodic Distribution Amounts*)) notwithstanding that the Trustee has at the relevant time insufficient funds or relevant Trust Assets to pay such amounts (whether as a result of the application of Condition 5.2 (*Application of Proceeds from Trust Assets*) or otherwise) subject always to Condition 4.2 (*Limited Recourse*);

“Unrestricted Global Certificate” means a Global Certificate initially representing Certificates offered and sold in reliance on Regulation S, which will be sold to persons who are not U.S. persons outside the United States, in registered form; and

“U.S. Government Securities Business Day” means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities as indicated on the website of the Securities Industry and Financial Markets Association at <https://www.sifma.org>, or any successor source.

2.2 Interpretation

In these Conditions:

- (a) all references to **“Euroclear”** and/or **“Clearstream”** and/or **“DTC”** shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms;
- (b) all references to the **“face amount”** of a Certificate shall be deemed to include the relevant Dissolution Distribution Amount, any additional amounts (other than relating to Periodic Distribution Amounts) which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of face amounts payable pursuant to these Conditions;
- (c) all references to **“Periodic Distribution Amounts”** shall be deemed to include any additional amounts in respect of profit distributions which may be payable under Condition 10 (*Taxation*) and any other amount in the nature of a profit distribution payable pursuant to these Conditions;
- (d) all references to **“ISDA”** and related terms are only included for the purposes of benchmarking;
- (e) if an expression is stated in Condition 2.1 (*Definitions*) to have the meaning given in the applicable Final Terms, but the applicable Final Terms gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Certificates; and
- (f) any reference to any **“Transaction Document”** shall be construed as a reference to such Transaction Document as amended and/or supplemented up to and including the Issue Date of the Certificates.

3. Form, Denomination, Title and Transfer

3.1 Certificates

The Certificates are issued in registered form in the Specified Currency and the Specified Denomination(s), which may include a minimum denomination specified in the applicable Final Terms (which shall not be less than the Minimum Specified Denomination) and higher integral multiples of such amount as specified in the applicable Final Terms, and, in the case of Certificates in definitive form, are serially numbered.

These Conditions are modified by certain provisions contained in the Global Certificate. Except in limited circumstances, owners of interests in the Global Certificate will not be entitled to receive definitive certificates representing their holdings of Certificates. In the case of Certificates in definitive form, an Individual Certificate will be issued to each Certificateholder in respect of its registered holding of Certificates.

3.2 Title to Certificates

Upon issue, the Certificates will be represented by a Global Certificate which will be deposited with, and registered in the name of a nominee for a common depository for Euroclear and Clearstream (in the case of the Unrestricted Global Certificate) or deposited with a custodian for, and registered in the name of Cede & Co. as nominee for, DTC (in the case of a Restricted Global Certificate), as the case may be. For so long as any of the Certificates are represented by a Global Certificate held on behalf of Euroclear, Clearstream and/or DTC ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream and/or DTC and their respective participants. Each person (other than the relevant clearing system) who is for the time being shown in such records as the holder of a particular face amount of Certificates (in which regard any certificate or other document issued by the relevant clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate and the expressions “**Holder**” and “**Certificateholder**” in relation to any Certificates and related expressions shall be construed accordingly.

3.3 Ownership

The Registrars will maintain relevant registers of Certificateholders outside the United Kingdom in accordance with the provisions of the Agency Agreement (the “**Register**”). The Trustee, the Obligor, the Delegate and the Agents may (to the fullest extent permitted by applicable laws) deem and treat the person in whose name any outstanding Certificates are for the time being registered (as set out in the Register) as the Holder of such certificates or of a particular face amount of the Certificates for all purposes (whether or not such Certificates or face amount shall be overdue and notwithstanding any notice of ownership thereof or of trust or other interest with regard thereto, and any notice of loss or theft or any writing thereon), and the Trustee, the Obligor, the Delegate and the Agents shall not be affected by any notice to the contrary. All payments made to such registered Holder shall be valid and, to the extent of the sums so paid, effective to satisfy and discharge the liability for monies payable in respect of such Certificates or face amount.

No person shall have any right to enforce any term or condition of any Certificates under the Contracts (Rights of Third Parties) Act 1999. The Holder of a Certificate will be recognised by the Trustee as entitled to his Certificate free from any equity, set-off or counterclaim on the part of the Trustee against the original or any intermediate holder of such Certificate.

3.4 Transfers of Certificates

Subject to Conditions 3.7 (*Closed Periods*) and 3.8 (*Regulations Concerning Transfers and Registration*) below:

- (a) *Transfers of Beneficial Interests in the Global Certificate:* Transfers of beneficial interests in the Global Certificate will be effected by Euroclear, Clearstream and/or DTC (as applicable) and in turn by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. An interest in the Global Certificate will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Certificates in definitive form only in the Specified Denomination or integral multiples thereof and only in accordance with the rules and operating procedures for the time being of Euroclear, Clearstream and/or DTC (as applicable) and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

- (b) *Transfers of Certificates in Definitive Form:* Upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Certificate in definitive form may be transferred in whole or in part (in the Specified Denomination or an integral multiple thereof). In order to effect any such transfer the Holder or Holders must: (i) surrender the Individual Certificate for registration of the transfer thereof (or the relevant part thereof) at the Specified Office of the relevant Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the Holder or Holders thereof or his or their attorney or attorneys duly authorised in writing; and (ii) complete and deposit such other evidence to prove the title of the transferor and the authority of the individuals who have executed the form of transfer as may be reasonably required by the relevant Registrar or (as the case may be) the relevant Transfer Agent. Any such transfer will be subject to such reasonable regulations as the Trustee, the Obligor, the Delegate and the relevant Registrar may from time to time prescribe.

Subject as provided above, the relevant Registrar or (as the case may be) the relevant Transfer Agent will, as soon as reasonably practicable, and in any event within three business days (being for this purpose a day on which commercial banks are open for general business (including dealings in foreign currencies) in the city where the relevant Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), and following receipt of a signed new Individual Certificate from the Trustee, deliver at its Specified Office to the transferee or (at the risk of the transferee) send by regular uninsured first class mail (airmail if overseas) to such address as the transferee may request a new Individual Certificate of a like aggregate face amount to the Certificates (or the relevant part of the Certificates) transferred. In the case of the transfer of part only of an Individual Certificate, a new Individual Certificate in respect of the balance of the Certificates not transferred will be so delivered or (at the risk of the transferor) sent to the transferor.

3.5 **Exercise of Options or Partial Dissolution in Respect of Certificates**

In the case of an exercise of the Trustee's, the Obligor's or a Certificateholder's option in respect of, or a partial redemption of, a holding of Certificates, the Registrars will update the entries on the Register accordingly and, in the case of Individual Certificates, new Individual Certificates shall be issued to the Holders to reflect the exercise of such option or in respect of the balance of the holding for which no payment was made. New Individual Certificates shall only be issued against surrender of the existing Individual Certificates to the relevant Registrar or any Transfer Agent.

3.6 **No Charge**

The transfer of a Certificate, exercise of an option or partial dissolution will be effected without charge by or on behalf of the Trustee, the Obligor or the Registrars or any Transfer Agent but against such indemnity as the Registrars or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer. Certificateholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured first class mail (airmail if overseas).

3.7 **Closed Periods**

Certificateholders may not require transfers to be registered:

- (a) during the period of 15 days ending on (and including) the due date for payment of any Dissolution Distribution Amount or Periodic Distribution Amount or any other date on which any payment of the face amount or payment of any profit in respect of the relevant Certificates falls due;
- (b) during the period of 15 days ending on (and including) any date on which the relevant Certificates may be called for redemption by the Trustee or the Obligor at its option pursuant to Condition 8.2 (*Early Dissolution for Taxation Reasons*), Condition 8.3 (*Dissolution at the Option of the Obligor (Optional Dissolution Right)*), Condition 8.4 (*Dissolution at the Option*

of the Obligor (Make Whole Dissolution Right)) or Condition 8.8 (Dissolution at the Option of the Obligor (Clean-Up Dissolution Right)); or

(c) after:

- (i) a Certificateholder Put Exercise Notice has been delivered in respect of the relevant Certificate(s) in accordance with Condition 8.5 (*Dissolution at the Option of Certificateholders (Certificateholder Put Right)*);
- (ii) a Change of Control Exercise Notice has been delivered in respect of the relevant Certificate(s) in accordance with Condition 8.6 (*Dissolution at the Option of Certificateholders (Change of Control Put Right)*); or
- (iii) a Certificateholder Put Exercise Notice has been delivered in respect of the relevant Certificate(s) in accordance with Condition 8.7 (*Dissolution at the Option of Certificateholders (Tangibility Event Put Right)*).

3.8 Regulations Concerning Transfers and Registration

All transfers of Certificates and entries on the Register are subject to the detailed regulations concerning the transfer of Certificates scheduled to the Agency Agreement. The regulations may be changed by the Trustee, with the prior written approval of the relevant Registrar and the Delegate or by the Registrars with the prior written approval of the Delegate. A copy of the current regulations will be mailed (free of charge to the Certificateholder by uninsured first class mail (airmail if overseas)) by the relevant Registrar to any Certificateholder who requests in writing a copy of such regulations.

4. Status and Limited Recourse

4.1 Status

The Certificates represent an undivided beneficial ownership interest in the relevant Trust Assets and are direct, unsubordinated, unsecured and limited recourse obligations of the Trustee. Each Certificate shall, save for such exceptions as may be provided by applicable legislation that is both mandatory and of general application, at all times rank *pari passu* and without any preference or priority with the other Certificates.

4.2 Limited Recourse

Save as provided in this Condition 4.2, the Certificates do not represent an interest in or obligation of any of the Trustee, the Delegate, the Obligor (acting in any capacity), any of the Agents or any of their respective affiliates. The proceeds of the relevant Trust Assets are the sole source of payments on the Certificates of each Series. The net proceeds of the realisation of, or enforcement with respect to, the relevant Trust Assets may not be sufficient to make all payments due in respect of the Certificates. Certificateholders, by subscribing for or acquiring the Certificates, acknowledge that notwithstanding anything to the contrary contained in these Conditions or any Transaction Document:

- (a) no payment of any amount whatsoever shall be made by the Trustee or the Delegate or any shareholders, directors, officers, employees, agents or affiliates on their behalf except to the extent funds are available therefor from the relevant Trust Assets. The Certificateholders further acknowledge and agree that no recourse shall be had for the payment of any amount due and payable hereunder or under any Transaction Document, whether for the payment of any fee, indemnity or other amount hereunder or any other obligation or claim arising out of or based upon the Transaction Documents, against the Trustee or the Delegate to the extent the relevant Trust Assets have been exhausted, following which all obligations of the Trustee shall be extinguished;
- (b) the Trustee may not sell, transfer, assign or otherwise dispose of the Trust Assets or any part thereof (save as permitted pursuant to the Transaction Documents) to a third party, and may only realise its interests, rights, title, benefits and entitlements, present and future, in, to and under the Trust Assets in the manner expressly provided in the Transaction Documents;

- (c) if the proceeds of the Trust Assets are insufficient to make all payments due in respect of the Certificates, Certificateholders will have no recourse to any assets of the Trustee (other than the relevant Trust Assets) or the Delegate or the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates, in respect of any shortfall or otherwise and any unsatisfied claims of the Certificateholders shall be extinguished;
- (d) no Certificateholders will be able to petition for, institute, or join with any other person in instituting proceedings for, the reorganisation, arrangement, liquidation, bankruptcy, winding-up or receivership or other proceedings under any bankruptcy or similar law against the Trustee, the Delegate, the Agents or any of their respective directors, officers, employees, agents, shareholders or affiliates as a consequence of such shortfall or otherwise;
- (e) no recourse (whether by institution or enforcement of any legal proceedings or assessment or otherwise) in respect of any breaches of any duty, obligation or undertaking of the Trustee or the Delegate arising under or in connection with the Transaction Documents by virtue of any customary law, statute or otherwise shall be had against any shareholder, officer, employee, agent, director or corporate services provider of the Trustee or the Delegate in their capacity as such. The obligations of the Trustee and the Delegate under the Transaction Documents are corporate or limited liability obligations of the Trustee or the Delegate (as applicable) and no personal liability shall attach to or be incurred by the officers or directors of the Trustee or the Delegate (as applicable) in their capacity as such, save in the case of the relevant party's wilful default or actual fraud. Reference in this Condition 4.2 to wilful default or actual fraud means a finding to such effect by a court of competent jurisdiction in relation to the conduct of the relevant party; and
- (f) it shall not be entitled to claim or exercise any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Certificates. No collateral is or will be given for the payment obligations of the Trustee under the Certificates.

Pursuant to the terms of the Transaction Documents, the Obligor are obliged to make payments under the relevant Transaction Documents to which they are a party directly to or to the order of the Trustee. Such payment obligations form part of the Trust Assets and the Trustee and the Delegate will thereby have direct recourse against the Obligor to recover payments due to the Trustee from the Obligor pursuant to such Transaction Documents notwithstanding any other provision of this Condition 4.2. Such right of the Trustee and the Delegate shall constitute an unsecured claim against the relevant Obligor. None of the Certificateholders, the Trustee or the Delegate shall be entitled to claim any priority right in respect of any specific assets of the Obligor in connection with the enforcement of any such claim.

5. The Trust

5.1 Trust Assets

Pursuant to the Trust Deed, the Trustee holds the Trust Assets for each Series upon trust absolutely for and on behalf of the Certificateholders of such Series *pro rata* according to the face amount of Certificates held by each holder. The term "**Trust Assets**" in respect of each Series means the following:

- (a) the cash proceeds of the issue of the Certificates, pending the application thereof in accordance with the terms of the Transaction Documents;
- (b) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Lease Assets from time to time;
- (c) all of the Trustee's rights, title, interests, benefits and entitlements, present and future, in, to and under the obligations of the Buyer in respect of payment of each Deferred Sale Price under the Master Murabaha Agreement;

- (d) the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (excluding any representations given by the Obligor to the Trustee and/or the Delegate pursuant to any of the Transaction Documents or the covenant given to the Trustee pursuant to clause 18.1 (*Reimbursement of Trustee*) of the Master Trust Deed);
- (e) all moneys standing to the credit of the Transaction Account from time to time; and
- (f) all proceeds of the foregoing.

5.2 Application of Proceeds from Trust Assets

On each Periodic Distribution Date and on any Dissolution Date, the Principal Paying Agent shall apply the monies standing to the credit of the relevant Transaction Account in the following order of priority (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) **first**, (to the extent not previously paid) to the Delegate in respect of all amounts payable to it under the Transaction Documents in its capacity as Delegate (including any amounts payable to the Delegate in respect of its Appointees (as defined in the Master Trust Deed)) and to any receiver, manager or administrative receiver or any other analogous officer appointed in respect of the Trust by the Delegate in accordance with the Trust Deed;
- (b) **second**, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of all Periodic Distribution Amounts due but unpaid;
- (c) **third**, only if such payment is due on a Dissolution Date, to the Principal Paying Agent for application in or towards payment *pari passu* and rateably of the relevant Dissolution Distribution Amount; and
- (d) **fourth**, only on the Scheduled Dissolution Date (or any earlier date on which the Certificates are redeemed in full) and *provided that* all amounts required to be paid on the Certificates hereunder have been discharged in full, in payment of any residual amount to the Obligor in its capacity as Service Agent as an incentive fee for its performance under the Service Agency Agreement.

5.3 Transaction Account

The Trustee will establish a Transaction Account in London in respect of each Series prior to the relevant Issue Date. The Transaction Account shall be operated by the Principal Paying Agent on behalf of the Trustee for the benefit of Certificateholders into which the Obligor will deposit all amounts payable by it to the Trustee pursuant to the terms of the Transaction Documents.

6. Covenants

6.1 Trustee Covenants

In addition to the Trustee's covenants contained in clause 10.3 (*Trustee Covenants*) of the Master Trust Deed, the Trustee covenants that for so long as any Certificates are outstanding, it shall not (without the prior written consent of the Delegate):

- (a) incur any Indebtedness (including any Sukuk Obligation) in respect of financed, borrowed or raised money whatsoever (whether structured (or intended to be structured) in accordance with the principles of *Shari'a* or otherwise), or give any guarantee or indemnity in respect of any obligation of any person or issue any shares (or rights, warrants or options in respect of shares or securities convertible into or exchangeable for shares) except, in all cases, as contemplated in the Transaction Documents;
- (b) secure any of its present or future Indebtedness by any lien, pledge, charge or other Security Interest upon any of its present or future assets, properties or revenues (other than those arising by operation of law (if any) and other than under or pursuant to any of the Transaction Documents);

- (c) sell, lease, transfer, assign, participate, exchange or otherwise dispose of, or pledge, mortgage, hypothecate or otherwise encumber (by Security Interest, preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever or otherwise) (or permit such to occur or suffer such to exist), any part of its interests in any of the Trust Assets except pursuant to any of the Transaction Documents;
- (d) amend or agree to any amendment of any Transaction Document to which it is a party (other than in accordance with the terms of the Trust Deed) or its constitutional documents;
- (e) except as provided in the Trust Deed, act as trustee in respect of any trust other than the Trust or in respect of any parties other than the Certificateholders;
- (f) have any subsidiaries or employees;
- (g) redeem or purchase any of its shares or pay any dividend or make any other distribution to its shareholders;
- (h) use the proceeds of the issue of the Certificates for any purpose other than as stated in the Transaction Documents;
- (i) put to its directors or shareholders any resolution for, or appoint any liquidator for, its winding-up or any resolution for the commencement of any other bankruptcy or insolvency proceeding with respect to it; or
- (j) enter into any contract, transaction, amendment, obligation or liability other than the Transaction Documents to which it is a party or as expressly contemplated, permitted or required thereunder or engage in any business or activity other than:
 - (i) as contemplated, provided for or permitted in the Transaction Documents;
 - (ii) the ownership, management and disposal of the Trust Assets as provided in the Transaction Documents; and
 - (iii) such other matters which are incidental thereto.

7. Periodic Distribution Amounts

The applicable Final Terms will indicate whether the Certificates are Fixed Rate Certificates or Floating Rate Certificates.

7.1 Fixed Rate Certificates Provisions

- (a) *Application:* This Condition 7.1 is applicable to the Certificates only if the Fixed Rate Certificates Provisions are specified in the applicable Final Terms as being applicable.
- (b) *Periodic Distribution Dates:* Each Fixed Rate Certificate bears profit on its outstanding face amount from and including the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable shall be a Fixed Amount, a Broken Amount or an amount determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*). Each such amount of profit is referred to in these Conditions as a “**Periodic Distribution Amount**”. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5.2 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Payments*).

7.2 Floating Rate Certificate Provisions

- (a) *Application:* This Condition 7.2 is applicable to the Certificates only if the Floating Rate Certificates Provisions are specified in the applicable Final Terms as being applicable.

- (b) *Periodic Distribution Dates:* Each Floating Rate Certificate bears profit on its outstanding face amount from and including the Profit Commencement Date at the rate per annum (expressed as a percentage) equal to the Profit Rate, such profit being payable in arrear on each Periodic Distribution Date. The amount of profit payable per Calculation Amount shall be an amount determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*). Each such amount of profit is referred to in these Conditions as a “**Periodic Distribution Amount**”. Such Periodic Distribution Date(s) is/are either shown in the applicable Final Terms as Specified Periodic Distribution Dates or, if no Specified Periodic Distribution Date(s) is/are shown in the applicable Final Terms, Periodic Distribution Date shall mean each date which falls the number of months or other period shown in the applicable Final Terms as the Specified Period after the preceding Periodic Distribution Date or, in the case of the first Periodic Distribution Date, after the Profit Commencement Date. Periodic Distribution Amounts shall be distributed to Certificateholders by the Principal Paying Agent on behalf of the Trustee, *pro rata* to their respective holdings, out of amounts transferred to the Transaction Account and subject to Condition 5.2 (*Application of Proceeds from Trust Assets*) and Condition 9 (*Payments*).
- (c) *Profit Rate for Floating Rate Certificates:* The Profit Rate in respect of Floating Rate Certificates for each Return Accumulation Period shall be determined by Screen Rate Determination in accordance with paragraph (d) or ISDA Determination in accordance with paragraph (e) (as specified in the applicable Final Terms, as the case may be).
- (d) *Screen Rate Determination:* If Screen Rate Determination is specified in the Final Terms as the manner in which the Profit Rate(s) is/are to be determined, the Profit Rate applicable to the Certificates for each Return Accumulation Period will be determined by the Calculation Agent on the following basis:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Profit Rate Determination Date;
 - (ii) (for Floating Rate Certificates other than where the relevant Reference Rate is specified in the applicable Final Terms as being Term SOFR) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Profit Rate Determination Date;
 - (iii) (for Floating Rate Certificates other than where the relevant Reference Rate is specified in the applicable Final Terms as being Term SOFR) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:
 - (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Profit Rate Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (B) determine the arithmetic mean of such quotations; and
 - (iv) (for Floating Rate Certificates other than where the relevant Reference Rate is specified in the applicable Final Terms as being Term SOFR) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Return Accumulation Period for loans in the Specified Currency to leading

European banks for a period equal to the relevant Return Accumulation Period and in an amount that is representative for a single transaction in that market at that time,

and the Profit Rate for such Return Accumulation Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; *provided that* if the Calculation Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Return Accumulation Period, the Profit Rate applicable to the Certificates during such Return Accumulation Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Certificates in respect of a preceding Return Accumulation Period.

- (e) *ISDA Determination:* If ISDA Determination is specified in the applicable Final Terms as the manner in which the Profit Rate(s) is/are to be determined, the Profit Rate applicable to the Certificates for each Return Accumulation Period will be the sum of the Margin and the relevant ISDA Rate where “**ISDA Rate**” in relation to any Return Accumulation Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under a Swap Transaction (as defined in the ISDA Definitions) if the Calculation Agent were acting as Calculation Agent for that Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
 - (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the Final Terms;
 - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the Final Terms; and
 - (iii) the relevant Reset Date as specified in the Final Terms.
- (f) *Maximum or Minimum Profit Rate:* If any Maximum Profit Rate or Minimum Profit Rate is specified in the applicable Final Terms, then the Profit Rate shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Benchmark Replacement:* This Condition 7.2(g) applies to Floating Rate Certificates other than where the relevant Reference Rate is specified in the applicable Final Terms as being Term SOFR.

If a Benchmark Event occurs in relation to an Original Reference Rate at any time when any Profit Rate (or component thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the relevant Series of Certificates:

A. Independent Adviser

The Obligor shall use reasonable endeavours to appoint and consult with an Independent Adviser with a view to the Obligor determining (in each case acting in good faith and in a commercially reasonable manner): a Successor Rate or, failing which, an Alternative Reference Rate (in accordance with subparagraph (B) (*Successor Rate or Alternative Reference Rate*)), and in each case, an Adjustment Spread (if any) (in accordance with subparagraph (C) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with subparagraph (D) (*Benchmark Amendments*));

If the Obligor is unable to appoint an Independent Adviser or, following consultation with an Independent Adviser so appointed, it fails to determine a Successor Rate or an Alternative Reference Rate (as applicable), the Obligor may (in each case acting in good faith and in a commercially reasonable manner) make any and all determinations expressed to be made by the Obligor pursuant to this Condition 7.2(g), notwithstanding that such determinations are not made following consultation with an Independent Adviser. Without prejudice to the definitions thereof, for the purposes of determining any Successor Rate, Alternative Reference Rate and/or any Adjustment Spread, the Obligor will take into account any relevant and applicable market precedents as well as any published guidance from relevant associations involved in the establishment of market standards and/or protocols in the international debt capital markets.

If, however, the Obligor is unable to determine a Successor Rate or an Alternative Reference Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments in accordance with this Condition 7.2(g), the provisions of Condition 7.2(m) (*Preparation in anticipation of a Benchmark Event or a Benchmark Transition Event*) below shall apply.

B. Successor Rate or Alternative Reference Rate

If the Obligor, following consultation with the Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) determines that there is a Successor Rate or, failing which, an Alternative Reference Rate (as applicable), then such Successor Rate or Alternative Reference Rate (as applicable) (as adjusted by the applicable Adjustment Spread determined as provided in subparagraph (C) (*Adjustment Spread*)) shall subsequently be used in place of the Original Reference Rate for all future Return Accumulation Periods for which the Profit Rate (or any component thereof) was otherwise to be determined by reference to the relevant Original Reference Rate (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.2(g));

C. Adjustment Spread

If the Obligor, following consultation with the Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner):

1. determines that an Adjustment Spread is required to be applied to such Successor Rate or Alternative Reference Rate (as applicable) and determines the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to such Successor Rate or Alternative Reference Rate (as applicable) for all relevant future Return Accumulation Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.2(g)); or
2. is unable to determine the quantum of, or a formula or methodology for determining, an Adjustment Spread, then such Successor Rate or Alternative Reference Rate (as applicable) will apply without an Adjustment Spread for all relevant future Return Accumulation Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.2(g));

D. Benchmark Amendments

The Obligor, following consultation with the Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) may in its discretion specify (x) changes to these Conditions in order to ensure the proper operating of the Successor Rate, Alternative Reference Rate and (in either case) the applicable Adjustment Spread (having regard to prevailing market practice) including, but not limited to changes to the Additional Financial Centre(s), Business Day, Business Day Convention, Day Count Fraction, Profit Rate Determination Date, Reference Banks, Relevant Screen Page and/or Relevant Time applicable to the Certificates and any other changes to the Conditions which the Obligor, following consultation with the Independent Adviser (if applicable), determines are reasonably necessary to ensure the proper operation and comparability to the Original Reference Rate of such Successor Rate or Alternative Reference Rate (as applicable) (together, the “**Benchmark Amendments**”) and (y) the terms of the Benchmark Amendments, which changes shall apply to the Certificates for all relevant future Return Accumulation Periods (subject to the subsequent operation of, and adjustment as provided in, this Condition 7.2(g)).

Subject to Condition 7.2(l) (*Fallbacks*) and to the Obligor giving notice in accordance with Condition 7.2(i) (*Notices, etc.*), the Delegate shall, at the direction and expense of the Obligor, effect such consequential amendments to the Trust Deed, the Agency Agreement and the Conditions as may be required to give effect to the Benchmark

Amendments with effect from the date specified in such notice. The Delegate shall not be liable to any party for any consequence thereof, save as provided in the Trust Deed; *provided that* the Delegate shall not be obliged to effect such consequential amendments if, in the sole opinion of the Delegate, doing so would impose more onerous obligations on it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or protective provisions afforded to the Delegate in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental Trust Deed) in any way.

No consent of the Certificateholders shall be required in connection with effecting the Benchmark Amendments as described in this Condition 7.2(g) or such other relevant changes pursuant to this Condition 7.2(g), including for the execution of any documents or the taking of other steps by the Obligor or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

In connection with any such variation in accordance with this Condition 7.2(g)(D) the Obligor shall comply with the rules of any stock exchange on which the Certificates are for the time being listed or admitted to trading.

E. Definitions

For the purposes of this Condition 7.2(g):

“**Adjustment Spread**” means either (i) a spread (which may be positive, negative or zero), or (ii) a formula or methodology for calculating a spread, which the Obligor, following consultation with the relevant Independent Adviser (if applicable) (acting in good faith and in a commercially reasonable manner) determines is required to be applied to the Successor Rate or the Alternative Reference Rate (as the case may be) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to Certificateholders as a result of the replacement of the Original Reference Rate with the relevant Successor Rate or the relevant Alternative Reference Rate (as applicable), and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (b) in the case of a Successor Rate for which no such recommendation has been made or in the case of an Alternative Reference Rate, the Obligor, following consultation with the Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by such Successor Rate or Alternative Reference Rate (as applicable); or
- (c) if neither (a) nor (b) applies, the Obligor, following consultation with the relevant Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) in its discretion determines to be appropriate;

“**Alternative Reference Rate**” means an alternative benchmark or screen rate that the Obligor, following consultation with the Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) determines has replaced the Original Reference Rate in customary market usage, or is an industry-accepted rate, in the international debt capital markets for the purposes of determining interest or profit rates (or the relevant component part thereof) in the same Specified Currency as the Certificates and of a comparable duration to the relevant Return Accumulation Period or, if the Independent Adviser or the Obligor (as applicable) determines that there is no such rate, such other rate as the Independent Adviser or the Obligor (as applicable) determines in their sole discretion is most comparable to the Original Reference Rate;

“Benchmark Event” means, with respect to an Original Reference Rate, any one or more of the following:

- (a) the Original Reference Rate ceasing to exist or be published or administered on a permanent or indefinite basis; or
- (b) the making of a public statement by the administrator of such Original Reference Rate that it has ceased or will cease publishing such Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of such Original Reference Rate); or
- (c) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that such Original Reference Rate has been permanently or indefinitely discontinued; or
- (d) the making of a public statement by the supervisor of the administrator of such Original Reference Rate that means such Original Reference Rate will be prohibited from being used, is no longer (or will no longer be) representative of its underlying market, or that its use will be subject to restrictions or adverse consequences; or
- (e) it has or will prior to the next Profit Rate Determination Date become unlawful for the Trustee, the Obligor, the Delegate, the Agents or any other party specified in the applicable Final Terms as being responsible for calculating the Profit Rate or any Paying Agent to calculate any payments due to be made to any Certificateholder using such Original Reference Rate;

provided that in the case of paragraphs (b) to (d) above, the Benchmark Event shall occur on:

- (1) in the case of (b) above, the date of the cessation of the publication of the Original Reference Rate;
- (2) in the case of (c) above, the discontinuation of the Original Reference Rate; or
- (3) in the case of (d) above, the date on which the Original Reference Rate is prohibited from use, is deemed no longer to be representative or becomes subject to restrictions or adverse consequences (as applicable),

and not (in any such case) the date of the relevant public statement (unless the date of the relevant public statement coincides with the relevant date in (a), (b) or (c) above, as applicable);

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed under Condition 7.2(g)(i) by the Obligor at its own expense;

“Original Reference Rate” means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Profit Rate (or any relevant component part(s) thereof) on the Certificates (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Reference Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Reference Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Reference Rate, the term “Original Reference Rate” shall be deemed to include any such Successor Rate or Alternative Reference Rate);

“Relevant Nominating Body” means, in respect of a benchmark or screen rate: (i) the central bank for the currency to which such benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such benchmark or screen rate (as applicable); or (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of: (A) the central bank for the currency to which such benchmark or screen rate (as applicable) relates; (B) any central bank or other supervisory authority which is responsible for supervising the administrator of such benchmark or screen rate (as applicable); (C) a group of the

aforementioned central banks or other supervisory authorities; or (D) the Financial Stability Board or any part thereof; and

“**Successor Rate**” means the rate that the Obligor, following consultation with the Independent Adviser (if applicable), (acting in good faith and in a commercially reasonable manner) determines is a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

- (h) *Benchmark Transition*: This Condition 7.2(h) applies to Floating Rate Certificates where the relevant Reference Rate is specified in the applicable Final Terms as being Term SOFR.

If a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in relation to an Original Reference Rate at any time when any Profit Rate (or component thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply to the relevant Series of Certificates:

A. Independent Adviser

The Obligor shall use reasonable endeavours to appoint and consult with an Independent Adviser as soon as reasonable practicable with a view to the Obligor determining (in each case acting in good faith and in a commercially reasonable manner) the Benchmark Replacement which will replace such Original Reference Rate for all purposes relating to the Certificates in respect of all determinations on such date and for all determinations on all subsequent dates (subject to any subsequent application of this Condition 7.2(h) with respect to such Benchmark Replacement) and any Benchmark Replacement Conforming Changes;

Any Benchmark Replacement so determined by the Obligor shall have effect for any subsequent determination of any relevant Profit Rate (subject to any further application of this Condition 7.2(h) with respect to such Benchmark Replacement), subject, if any associated Benchmark Replacement Conforming Changes are required in connection therewith, to such Benchmark Replacement Conforming Changes becoming effective in accordance with the following provisions.

If the Obligor is unable to appoint an Independent Adviser or, following consultation with an Independent Adviser so appointed, it fails to determine a Benchmark Replacement, the Obligor may (in each case acting in good faith and in a commercially reasonable manner) make any and all determinations expressed to be made by the Obligor pursuant to this Condition 7.2(h), notwithstanding that such determinations are not made following consultation with an Independent Adviser.

If, however, the Obligor is unable to determine a Benchmark Replacement in accordance with this Condition 7.2(h), the provisions of Condition 7.2(m) (*Preparation in anticipation of a Benchmark Event or a Benchmark Transition Event*) below shall apply.

B. Benchmark Replacement Conforming Changes

If the Obligor, following consultation with the Independent Adviser (if applicable), considers it is necessary to make Benchmark Replacement Conforming Changes, the Obligor shall, in consultation with the Independent Adviser (if applicable), determine the terms of such Benchmark Replacement Conforming Changes.

Subject to Condition 7.2(l) (*Fallbacks*) and to the Obligor giving notice in accordance with Condition 7.2(i) (*Notices, etc.*) the Delegate shall, at the direction and expense of the Obligor, effect such consequential amendments to the Trust Deed, the Agency Agreement and the Conditions as may be required to give effect to the Benchmark Replacement Conforming Changes with effect from the date specified in such notice. The Delegate shall not be liable to any party for any consequence thereof, save as provided in the Trust Deed; provided that the Delegate shall not be obliged to effect such consequential amendments if, in the sole opinion of the Delegate, doing so would

impose more onerous obligations on it or expose it to any additional duties, responsibilities or liabilities or reduce or amend rights and/or protective provisions afforded to the Delegate in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental Trust Deed) in any way.

No consent of the Certificateholders shall be required in connection with effecting the Benchmark Replacement Conforming Changes as described in this Condition 7.2(h) or such other relevant changes pursuant to this Condition 7.2(h), including for the execution of any documents or the taking of other steps by the Obligor or any of the parties to the Trust Deed and/or the Agency Agreement (if required).

In connection with any such variation in accordance with this Condition 7.2(h)(B), the Obligor shall comply with the rules of any stock exchange on which the Certificates are for the time being listed or admitted to trading.

C. Definitions

For the purposes of this Condition 7.2(h):

“Benchmark Replacement” means the first alternative set forth in the order below that can be determined by the Obligor as of the Benchmark Replacement Date:

- (i) the sum of: (a) the alternate profit rate that has been selected or recommended by the Relevant Governmental Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;
- (ii) the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or
- (iii) the sum of: (a) the alternate profit rate that has been selected by the Obligor as the replacement for the Original Reference Rate for the applicable Corresponding Tenor giving due consideration to any industry-accepted profit rate as a replacement for the then-current benchmark for U.S. dollar-denominated floating rate certificates at such time and (b) the Benchmark Replacement Adjustment;

“Benchmark Replacement Adjustment” means the first alternative set forth in the order below that can be determined by the Obligor as of the Benchmark Replacement Date:

- (i) the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;
- (ii) if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or
- (iii) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Obligor giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate certificates at such time;

“Benchmark Replacement Conforming Changes” means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to any Return Accumulation Period, the timing and frequency of determining rates and making payments of profit, rounding of amounts or tenors, and other administrative matters) that the Obligor (in consultation with the Independent

Adviser, if appointed) decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Obligor decides that adoption of any portion of such market practice is not administratively feasible or if the Obligor determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Obligor (in consultation with the Independent Adviser, if appointed) determines is reasonably necessary);

“Benchmark Replacement Date” means the earliest to occur of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

- (i) in the case of clause (i) or (ii) of the definition of “Benchmark Transition Event”, the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Original Reference Rate permanently or indefinitely ceases to provide the Original Reference Rate (or such component); or
- (ii) in the case of clause (iii) of the definition of “Benchmark Transition Event”, the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than (where the Profit Rate is to be determined pursuant to Condition 7.2(h)) the Relevant Time or (in any other case) the customary or scheduled time for publication of the relevant reference rate in accordance with the then-prevailing operational procedures of the administrator of such reference rate or, as the case may be, of the other relevant information service publishing such reference rate, on, the relevant Profit Rate Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to such time for such determination;

“Benchmark Transition Event” means the occurrence of one or more of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

- (i) a public statement or publication of information by or on behalf of the administrator of the Original Reference Rate (or such component) announcing that such administrator has ceased or will cease to provide the Original Reference Rate (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or
- (ii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate (or such component), the central bank for the currency of the Original Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for the Original Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for the Original Reference Rate (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Original Reference Rate, which states that the administrator of the Original Reference Rate (or such component) has ceased or will cease to provide the Original Reference Rate (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or

- (iii) a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative;

“Corresponding Tenor” means, with respect to a Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the Original Reference Rate;

“Independent Adviser” means an independent financial institution of international repute or other independent financial adviser experienced in the international debt capital markets, in each case appointed under Condition 7.2(h)(A) by the Obligor at its own expense;

“ISDA Fallback Adjustment” means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate;

“ISDA Fallback Rate” means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

“Original Reference Rate” means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Profit Rate (or any relevant component part(s) thereof) on the Certificates (provided that if, following one or more Benchmark Transition Events, such originally specified benchmark or screen rate (or any benchmark used in any Benchmark Replacement which has replaced it (the **“Replacement Benchmark”**)) has been replaced by a (or a further) Replacement Benchmark and a Benchmark Transition Event subsequently occurs in respect of such Replacement Benchmark, the term “Original Reference Rate” shall be deemed to include any such Replacement Benchmark);

“Relevant Governmental Body” means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

“Unadjusted Benchmark Replacement” means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

- (i) *Notices, etc.*: The Obligor shall notify the Principal Paying Agent, the Calculation Agent (if different from the Agent), the Paying Agents and, in accordance with Condition 18 (*Notices*), the Certificateholders, promptly of any Successor Rate, Alternative Reference Rate, Adjustment Spread and/or Benchmark Replacement, and the specific terms of any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), determined under this Condition 7.2. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), if any.
- (j) *Survival of Original Reference Rate*: Without prejudice to the Obligor’s obligations under the provisions of this Condition 7.2(l) (*Fallbacks*), the Original Reference Rate and the fallback provisions provided for in Condition 7.2, will continue to apply unless and until the Calculation Agent has been notified, in accordance with Condition 7.2(i) (*Notices, etc.*), of (as the case may be):
 - (1) the Successor Rate or the Alternative Reference Rate (as the case may be), and (in either case) the Adjustment Spread and Benchmark Amendments (if any) determined in accordance with Condition 7.2(g) (*Benchmark Replacement*); or

- (2) the Benchmark Replacement and Benchmark Replacement Conforming Changes (if any) determined in accordance with Condition 7.2(h) (*Benchmark Transition*).
- (k) *Restriction on Independent Adviser and Obligor liability:* An Independent Adviser appointed pursuant to this Condition 7.2 shall act in good faith. In the absence of bad faith or fraud, neither the Obligor nor any Independent Adviser shall have any liability whatsoever to the Paying Agents, the Calculation Agent or the Certificateholders for any determination made by the Obligor or the Independent Adviser or (in the case of the Independent Adviser) for any advice given to the Obligor in connection with any determination made by the Obligor pursuant to this Condition 7.2.
- (l) *Fallbacks:* If, following the occurrence of:
 - (i) a Benchmark Event; or
 - (ii) a Benchmark Transition Event (and its related Benchmark Replacement Date),

in respect of the Original Reference Rate, on the immediately following Profit Rate Determination Date:

- A. (in the case of (i) above) no Successor Rate or Alternative Reference Rate (as applicable) is determined pursuant to Condition 7.2(g) (*Benchmark Replacement*) or (as the case may be) a Successor Rate or Alternative Reference Rate (as applicable) is determined, but no Adjustment Spread is determined pursuant to Condition 7.2(g) (*Benchmark Replacement*); or
- B. (in the case of (ii) above) no Benchmark Replacement is determined in accordance with Condition 7.2(g) (*Benchmark Transition*),

then the Original Reference Rate will continue to apply for the purposes of determining such Profit Rate on such Profit Rate Determination Date, with the effect that the fallback provisions provided in Condition 7.2(l) (*Fallbacks*) will continue to apply to such determination.

In such circumstances, the Obligor will be entitled (but not obliged), at any time thereafter, to elect to re-apply the provisions of this Condition 7.2, *mutatis mutandis*, on one or more occasions until:

- (A) (in the case of (i) above) a Successor Rate or Alternative Reference Rate and (in either case) the applicable Adjustment Spread and any Benchmark Amendments; or
- (B) (in the case of (ii) above) the Benchmark Replacement and any Benchmark Replacement Conforming Changes,

have been determined and notified in accordance with this Condition 7.2 (and, until such determination and notification (if any), the fallback provisions provided in Condition 7.2(l) (*Fallbacks*), will continue to apply).

The Obligor's intention is that, in circumstances where the Obligor has been unable to determine (as applicable) (i) a Successor Rate or Alternative Reference Rate (as applicable) and (in either case) the Adjustment Spread or (ii) the Benchmark Replacement pursuant to this Condition 7.2, it will elect to re-apply such provisions if and when, in its sole determination, there have been such subsequent developments (whether in applicable law, market practice or otherwise) as would enable the Obligor successfully to apply such provisions and determine (as applicable) (a) a Successor Rate or Alternative Reference Rate (as applicable) and (in either case) the applicable Adjustment Spread and the applicable Benchmark Amendments (if any) or (b) the Benchmark Replacement and the applicable Benchmark Replacement Conforming Changes (if any).

- (m) *Preparation in anticipation of a Benchmark Event or a Benchmark Transition Event:* If the Obligor anticipates that a Benchmark Event or a Benchmark Transition Event, as applicable, will or may occur, nothing in these Conditions shall prevent the Obligor (in its sole discretion) from taking, prior to the occurrence of such Benchmark Event or a Benchmark Transition

Event, such actions as it considers expedient in order to prepare for applying the provisions of this Condition 7.2 (including, without limitation, appointing and consulting with an Independent Adviser, and seeking to identify any Successor Rate, Alternative Reference Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes, as applicable), provided that no Successor Rate, Alternative Reference Rate, Adjustment Spread, Benchmark Amendments, Benchmark Replacement and/or Benchmark Replacement Conforming Changes will take effect until the relevant Benchmark Event, or the relevant Benchmark Transition Event and its related Benchmark Replacement Date, as applicable, has occurred.

7.3 **Calculation of Periodic Distribution Amount**

The Periodic Distribution Amount payable per Calculation Amount will be calculated by the Calculation Agent by applying the Profit Rate for such Return Accumulation Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). Where the Specified Denomination of an Individual Certificate is a multiple of the Calculation Amount, the Periodic Distribution Amount payable in respect of such Certificate shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding. For this purpose a “**sub-unit**” means, in the case of any currency other than U.S. dollars, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of U.S. dollars, means one cent.

7.4 **Determination and Publication of Profit Rates, Periodic Distribution Amounts and Dissolution Distribution Amounts**

The Calculation Agent shall, as soon as practicable on or after each Profit Rate Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Periodic Distribution Amounts for the relevant Return Accumulation Period, calculate the relevant Dissolution Distribution Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Profit Rate and the Periodic Distribution Amounts for each Return Accumulation Period and the relevant Periodic Distribution Date and, if required to be calculated, the relevant Dissolution Distribution Amount to be notified to the Delegate, the Trustee, the Obligor, each of the Paying Agents, the Certificateholders, any other Calculation Agent appointed in respect of the Certificates that is to make a further calculation upon receipt of such information and, if the Certificates are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than: (i) the commencement of the relevant Return Accumulation Period, if determined prior to such time, in the case of notification to such exchange of a Profit Rate and Periodic Distribution Amount; or (ii) in all other cases, the fourth Business Day after such determination. Where any Periodic Distribution Date or Profit Period Date is subject to adjustment pursuant to Condition 7.6 (*Business Day Convention*), the Periodic Distribution Amounts and the Periodic Distribution Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Delegate by way of adjustment) without notice in the event of an extension or shortening of the Return Accumulation Period. If the Certificates become due and payable under Condition 12 (*Dissolution Events*), the accrued profit and the Profit Rate payable in respect of the Certificates shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Profit Rate or the Periodic Distribution Amount so calculated need be made unless the Delegate otherwise requires. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 7 by the Calculation Agent will (in the absence of manifest error) be binding on the Trustee, the Obligor, the Delegate, the Agents and all Certificateholders and (in the absence of manifest error) no liability to any such Person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

7.5 Cessation of Entitlement to Profit

Profit shall cease to accumulate in respect of each Certificate on (a) the due date for redemption unless, upon due presentation, payment is improperly withheld or refused and no sale agreement has been executed pursuant to the Sale Undertaking or the Purchase Undertaking (as the case may be) relating to redemption of the relevant Certificates in full, in which event profit shall, subject to the terms of the Transaction Documents, continue to accumulate (both before and after judgment) at the Profit Rate in the manner provided in this Condition 7 to the Relevant Date; and (b) the date on which a Total Loss Event occurs.

7.6 Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified in the applicable Final Terms is:

- (a) the **“Following Business Day Convention”**, the relevant date shall be postponed to the first following day that is a Business Day;
- (b) the **“Modified Following Business Day Convention”** or **“Modified Business Day Convention”**, the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day;
- (c) the **“Preceding Business Day Convention”**, the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) the **“FRN Convention”**, **“Floating Rate Convention”** or **“Eurodollar Convention”**, each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the applicable Final Terms as the Return Accumulation Period after the calendar month in which the preceding such date occurred *provided, however, that*:
 - (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
 - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
 - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **“No Adjustment”**, the relevant date shall not be adjusted in accordance with any Business Day Convention.

7.7 Calculation Agent

The Trustee shall procure that there shall at all times be one or more Calculation Agents if provision is made for them in the applicable Final Terms and for so long as any Certificates are outstanding. Where more than one Calculation Agent is appointed in respect of the Certificates, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Profit Rate for a Return Accumulation Period or to calculate any Periodic Distribution Amount or any Dissolution Distribution Amount, as the case may be, or to comply with any other requirement, the Trustee shall (with the prior approval of the Delegate) appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate,

money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

7.8 **Linear Interpolation**

Where Linear Interpolation is specified as applicable in respect of a Return Accumulation Period in the applicable Final Terms, the Profit Rate for such Return Accumulation Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Final Terms), one of which shall be determined as if the Linear Interpolation Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Return Accumulation Period and the other of which shall be determined as if the Linear Interpolation Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Return Accumulation Period *provided however that* if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Calculation Agent in consultation with the Obligor shall determine such rate at such time and by reference to such sources as it determines appropriate.

8. **Redemption and Dissolution of the Trust**

8.1 **Dissolution on the Scheduled Dissolution Date**

Unless previously redeemed, purchased and cancelled, as provided below, each Certificate shall be finally redeemed at its Dissolution Distribution Amount on the Scheduled Dissolution Date specified in the applicable Final Terms and following the payment of all such amounts in full and the execution of a sale agreement pursuant to the Purchase Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

8.2 **Early Dissolution for Taxation Reasons**

The Certificates shall be redeemed by the Trustee in whole, but not in part, on any Periodic Distribution Date (if the Certificates are Floating Rate Certificates) or at any time (if the Certificates are Fixed Rate Certificates) (such dissolution date being an “**Early Tax Dissolution Date**”), on giving not less than 30 nor more than 90 days’ notice to the Certificateholders (which notice shall be irrevocable) at their Dissolution Distribution Amount if the Trustee satisfies the Delegate immediately before the giving of such notice that:

- (a) the Trustee has or will become obliged to pay additional amounts as described under Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Taxing Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes publicly announced and effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and such obligation cannot be avoided by the Trustee taking reasonable measures available to it; or
- (b) the Obligor has or will become obliged to pay additional amounts pursuant to the terms of any Transaction Document as referenced in Condition 10 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Taxing Jurisdiction, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes publicly announced and effective on or after the date on which agreement is reached to issue the first Tranche of the relevant Series, and such obligation cannot be avoided by the Obligor taking reasonable measures available to it,

(the events laid out in Condition 8.2(a) and (b) above each being a “**Tax Event**”) *provided, however, that* no such notice of dissolution shall be given to Certificateholders:

- (i) unless a duly completed Exercise Notice has been received by the Trustee from the Obligor pursuant to the Sale Undertaking; and
- (ii) where the Certificates may be redeemed at any time, earlier than 90 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or pursuant to any Transaction Document (in the case of the Obligor) then due; or
- (iii) where the Certificates may be redeemed only on a Periodic Distribution Date, earlier than 60 days prior to the earliest date on which the Trustee or the Obligor, as the case may be, would be obliged to pay such additional amounts were a payment in respect of the Certificates (in the case of the Trustee) or pursuant to any Transaction Document (in the case of the Obligor) then due.

Prior to the publication of any notice of dissolution pursuant to this Condition 8.2, the Trustee shall deliver or procure that there is delivered to the Delegate:

- (A) a certificate signed by an Authorised Signatory of the Trustee (in the case of Condition 8.2(a)) or an Authorised Signatory of the Obligor (in the case of Condition 8.2(b)) stating that the Trustee is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Trustee so to redeem (as set out in Condition 8.2(a) and Condition 8.2(b), as the case may be) have occurred; and
- (B) an opinion of independent legal advisers or other professional advisers, in each case of recognised standing, to the effect that the Trustee or the Obligor, as the case may be, has or will become obliged to pay additional amounts as a result of such change or amendment,

and the Delegate shall be entitled to accept such certificate and legal opinion as sufficient evidence of the satisfaction of the condition precedent set out in Condition 8.2(a) or, as the case may be, Condition 8.2(b) above, in which event it shall be conclusive and binding on Certificateholders.

Upon expiry of any such notice given in accordance with this Condition 8.2, payment in full of the Dissolution Distribution Amount to Certificateholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

8.3 **Dissolution at the Option of the Obligor (Optional Dissolution Right)**

If the Optional Dissolution Right is specified in the applicable Final Terms, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Certificateholders redeem all or, if so specified in the relevant Exercise Notice, some of the Certificates on any Optional Dissolution Date. Any such redemption of Certificates shall be at their Dissolution Distribution Amount. Any such redemption or exercise must relate to Certificates of a face amount at least equal to the Minimum Optional Dissolution Amount to be redeemed and no greater than the Maximum Optional Dissolution Amount to be redeemed.

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8.3. If all (and not some only) of the Certificates are to be redeemed on any Optional Dissolution Date in accordance with this Condition 8.3, upon payment in full of the Dissolution Distribution Amount to all Certificateholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease

to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

In the case of a partial redemption in respect of Individual Certificates, the notice to Certificateholders shall also specify the face amount of Certificates drawn and the holder(s) of such Certificates to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

If the Certificates are to be redeemed in part only on any date in accordance with this Condition 8.3, each Certificate shall be redeemed in part in the proportion which the aggregate face amount of the outstanding Certificates to be redeemed on the relevant Optional Dissolution Date bears to the aggregate face amount of outstanding Certificates on such date.

For *Shari'a* reasons, the Optional Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Series of Certificates.

8.4 **Dissolution at the Option of the Obligor (Make Whole Dissolution Right)**

If the Make Whole Dissolution Right is specified in the applicable Final Terms, the Obligor may in its sole discretion deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than 10 nor more than 60 days' notice to the Certificateholders (the "**Make Whole Dissolution Notice**") redeem all or, if so specified in the relevant Exercise Notice, some of the Certificates on the date specified in the relevant Exercise Notice (the "**Make Whole Dissolution Date**"), provided that any such Make Whole Dissolution Notice can only be delivered after the relevant Make Whole Trigger Date. Any such redemption of Certificates shall be at the Make Whole Amount (as determined by the Independent Investment Banker). Any such redemption or exercise must relate to Certificates of a face amount at least equal to the Minimum Make Whole Dissolution Amount to be redeemed and no greater than the Maximum Make Whole Dissolution Amount to be redeemed.

All Certificates in respect of which any such notice is given shall be redeemed on the Make Whole Dissolution Date in accordance with this Condition 8.4. If all (and not some only) of the Certificates are to be redeemed on the Make Whole Dissolution Date in accordance with this Condition 8.4, upon payment in full of the Make Whole Amount to all Certificateholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

In the case of a partial redemption in respect of Individual Certificates, the notice to Certificateholders shall also specify the face amount of Certificates drawn and the holder(s) of such Certificates to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

If the Certificates are to be redeemed in part only on any date in accordance with this Condition 8.4, each Certificate shall be redeemed in part in the proportion which the aggregate face amount of the outstanding Certificates to be redeemed on the relevant Make Whole Dissolution Date bears to the aggregate face amount of outstanding Certificates on such date.

The Trustee (failing whom, the Obligor) shall cause the Make Whole Amount to be notified to the Delegate, the Registrar, each of the Paying Agents and any Calculation Agent appointed in respect of the Certificates and, if the Certificates are listed on any stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority, as soon as possible after its determination but in no event later than the date of the Make Whole Dissolution Notice.

The determination of the Make Whole Amount and the obtaining of any quotation and/or the making of any determination or calculation in connection therewith by the Independent Investment Banker shall (in the absence of manifest error) be final and binding upon all parties.

Any Make Whole Dissolution Notice may, at the Obligor's discretion, be subject to one or more conditions precedent, including completion of a corporate transaction. In such event, such Make Whole Dissolution Notice shall describe each such condition and, if applicable, may state that, at the Obligor's discretion, the Make Whole Dissolution Date may be delayed until such time as any or all such conditions shall be satisfied or waived, or such redemption may not occur and such Make Whole Dissolution Notice may be rescinded in the event that any or all such conditions shall not have been satisfied (or waived by the Obligor in its sole discretion) by the Make Whole Dissolution Date, or by the Make Whole Dissolution Date as so delayed.

For *Shari'a* reasons, the Make Whole Dissolution Right and the Certificateholder Put Right cannot both be specified as applicable in the applicable Final Terms in respect of any single Series of Certificates.

For the purposes of this Condition 8.4:

"Benchmark Security" has the meaning given in the applicable Final Terms;

"Comparable Security" means the Benchmark Security selected by the Independent Investment Banker as having a maturity comparable to the remaining term of the Certificates to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such Certificates;

"Comparable Security Price" means: (a) if the Independent Investment Banker obtains four or more Reference Dealer Quotations, the average of such Reference Dealer Quotations after excluding the highest and lowest of such Reference Dealer Quotations; (b) if the Independent Investment Banker obtains fewer than four but more than one Reference Dealer Quotations, the average of such Reference Dealer Quotations; or (c) if the Independent Investment Banker obtains one Reference Dealer Quotation, such Reference Dealer Quotation;

"Independent Investment Banker" means one of the Reference Dealers appointed by the Trustee and the Obligor to act in such capacity;

"Make Whole Amount" means the amount specified as such in the relevant Make Whole Dissolution Notice, being an amount equal to the greater of the following amounts:

- (a) 100 per cent. of the face amount of the Certificates being redeemed on the Make Whole Dissolution Date; and
- (b) the sum of the present values of the remaining scheduled payments of principal and periodic distribution amounts on the Certificates being redeemed on the relevant Make Whole Dissolution Date (not including the amount, if any, of accrued and unpaid profit to, but excluding, such Make Whole Dissolution Date) discounted to the Make Whole Dissolution Date, as applicable, at the Make Whole Redemption Rate (as determined by the Independent Investment Banker), plus the Make Whole Redemption Margin,

plus, in each case, accrued and unpaid profit on the Certificates being redeemed to, but excluding, the Make Whole Dissolution Date;

"Make Whole Dissolution Right" means the right specified in Condition 8.4 (*Dissolution at the Option of the Obligor (Make Whole Dissolution Right)*);

"Make Whole Redemption Rate" has the meaning given in the applicable Final Terms;

"Make Whole Trigger Date" has the meaning given to it in the applicable Final Terms;

"Maximum Make Whole Dissolution Amount" means the amount specified as such in the applicable Final Terms;

"Minimum Make Whole Dissolution Amount" means the amount specified as such in the applicable Final Terms;

“Reference Dealer” means the banks specified as such in the applicable Final Terms (or, if any of their respective affiliates is a primary dealer in the Benchmark Security, such affiliate) and, if applicable, their respective successors provided that if any of the Reference Dealers ceases to be a primary dealer in the Comparable Security, the Trustee and the Obligor will substitute such bank with another bank and “Reference Dealers” shall be construed accordingly;

“Reference Dealer Quotation” means, with respect to each Reference Dealer, the average of the bid and asked prices for the Comparable Security (expressed as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Dealer at the Reference Quotation Time; and

“Reference Quotation Time” means the time specified as such in the applicable Final Terms or, if no such time is specified, 5.00 p.m. on the day falling three Business Days prior to the Make Whole Dissolution Date.

8.5 **Dissolution at the Option of Certificateholders (Certificateholder Put Right)**

If the Certificateholder Put Right is specified in the applicable Final Terms, the Trustee shall, at the option of the Holder of any Certificates, upon the Holder of such Certificates giving not less than 15 nor more than 30 days’ notice to the Trustee, redeem such Certificates on the Certificateholder Put Right Date at its Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Certificateholder Put Right Date in accordance with this Condition 8.5, upon payment in full of the Dissolution Distribution Amount to the Certificateholders, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

To exercise the option in this Condition 8.5 the relevant Holder must, within the relevant notice period, give notice to the Principal Paying Agent of such exercise (a **“Certificateholder Put Exercise Notice”**) (in the case of Certificates represented by a Global Certificate, in accordance with the standard procedures of Euroclear, Clearstream and/or DTC in a form acceptable to the relevant clearing system from time to time) which shall, if acceptable to the relevant clearing system (if applicable), be in the form of a duly completed Certificateholder Put Exercise Notice in the form set out in the Agency Agreement and obtainable from any Paying Agent, the relevant Registrar or any Transfer Agent.

Any Certificateholder Put Exercise Notice given by a Holder of any Certificates pursuant to this Condition 8.5 shall be irrevocable except where, prior to the due date for redemption in accordance with this Condition 8.5, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 12 (*Dissolution Events*), in which event such Certificateholder Put Exercise Notice shall be deemed void.

8.6 **Dissolution at the Option of Certificateholders (Change of Control Put Right)**

The Obligor has agreed in the Master Trust Deed to notify the Trustee and the Delegate promptly upon the Obligor becoming aware that a Change of Control Put Event has occurred and, in any event, within 14 days of the occurrence of the relevant Change of Control Put Event. The Trustee, upon receipt of such notice from the Obligor or otherwise upon having actual knowledge or express notice of the occurrence of a Change of Control Put Event, shall promptly give notice (a **“Change of Control Put Notice”**) of the occurrence of a Change of Control Put Event to the Delegate and the Certificateholders in accordance with these Conditions, provided the Change of Control Put Right is specified as being applicable in the applicable Final Terms. The Change of Control Put Notice shall provide a description of the Change of Control Put Event and shall specify the **“Change of Control Put Period”**, which shall be the period from (and including) the date of the Change of Control Put Notice to (but excluding) the 30th day following the date of the Change of Control Put Notice.

If Change of Control Put Right is specified as being applicable in the applicable Final Terms and a Change of Control Put Event occurs, and *provided that* Certificateholders elect to redeem their Certificates, in whole or in part, during the Change of Control Put Period in accordance with this

Condition 8.6, the Trustee shall redeem such Certificates on the Change of Control Put Date at their Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Change of Control Put Date in accordance with this Condition 8.6, upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

For the purposes of these Conditions:

A “**Change of Control Put Event**” will be deemed to occur if:

- (a) a Change of Control occurs; and
- (b) on the date (the “**Relevant Announcement Date**”) that is the earlier of (x) the date of the earliest Potential Change of Control Announcement (if any) and (y) the date of the first public announcement of the relevant Change of Control, the Certificates carry:
 - (i) an investment grade credit rating (Baa3/BBB-/BBB- or equivalent or better) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Obligor) and such rating is within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent or worse) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
 - (ii) a non-investment grade credit rating (Ba1/BB+/BB+ or equivalent or worse) from any Rating Agency (provided by such Rating Agency at the invitation or with the consent of the Obligor) and such rating is within the Change of Control Period downgraded by one or more notches (for illustration, Ba1/BB+/BB+ to Ba2/BB/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
 - (iii) no credit rating from any Rating Agency (at the invitation or with the consent of the Obligor) and a Negative Rating Event also occurs within the Change of Control Period,and
- (c) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Obligor that such downgrading and/or withdrawal resulted, directly or indirectly, from the Change of Control. Upon receipt by the Obligor of any such written confirmation, the Obligor shall forthwith give notice of such written confirmation to the Trustee and the Delegate, whereupon the Trustee shall forthwith give notice of such written confirmation Certificateholders in accordance with Condition 18 (*Notices*).

If the rating designations employed by any Rating Agency are changed from those which are described in paragraph (b) of the definition of “Change of Control Put Event” above, or if a rating is procured from a Substitute Rating Agency, the Obligor shall determine the rating designations of such Rating Agency or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of such Rating Agency and this Condition 8.6 (*Dissolution of the Option of Certificateholders (Change of Control Put Right)*) shall be construed accordingly.

To exercise the option in this Condition 8.6, the relevant Holder must, within the relevant notice period, give notice to the Principal Paying Agent of such exercise (a “**Change of Control Exercise Notice**”) (in the case of Certificates represented by a Global Certificate, in accordance with the standard procedures of Euroclear, Clearstream and/or DTC) in the form obtainable from any Paying Agent, the relevant Registrar or any Transfer Agent (as applicable) within the Change of Control Put Period.

Any Change of Control Exercise Notice given by a Holder of any Certificates pursuant to this Condition 8.6 shall be irrevocable except where, prior to the due date for redemption in accordance with this Condition 8.6, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 12 (*Dissolution Events*), in which event such Change of Control Exercise Notice shall be deemed void.

8.7 **Dissolution at the Option of Certificateholders (Tangibility Event Put Right)**

The Obligor has agreed in the Service Agency Agreement to deliver a notice (a “**Tangibility Event Trustee Notice**”) to the Trustee within 10 Kingdom business days of becoming aware of the occurrence of a Tangibility Event. The Trustee, upon receipt of such notice from the Obligor, shall promptly give notice (a “**Tangibility Event Notice**”) of the occurrence of a Tangibility Event to the Delegate and the Certificateholders in accordance with these Conditions. The Tangibility Event Notice shall (i) set forth an explanation of the reasons for, and evidence of, the fall in the Tangibility Ratio, (ii) state that, as determined in consultation with the *Shari’a* Adviser, the Certificates should only be tradable in accordance with the *Shari’a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis), and (iii) specify the “**Tangibility Event Put Period**”, which shall be the period commencing on (and including) the date on which the Tangibility Event Notice is given and ending on (and including) the date which is 30 days after the date on which the Tangibility Event Notice is given during which Certificateholders may elect to have their Certificates redeemed, in whole or in part, on the Tangibility Event Put Date at their Dissolution Distribution Amount; and (iv) state that on the Tangibility Event Delisting Date, the Certificates will be delisted from any stock exchange on which the Certificates have been admitted to listing.

If a Tangibility Event occurs, and *provided that* Certificateholders elect to redeem their Certificates, in whole or in part, during the Tangibility Event Put Period in accordance with this Condition 8.7, the Trustee shall redeem such Certificates on the Tangibility Event Put Date at their Dissolution Distribution Amount. For the purposes thereof, the Trustee shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. If all (and not some only) of the Certificates are to be redeemed on any Tangibility Event Put Date in accordance with this Condition 8.7, upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

To exercise the option in this Condition 8.7, the relevant Holder must, within the relevant notice period, deliver a Certificateholder Put Exercise Notice to the Principal Paying Agent (in the case of Certificates represented by a Global Certificate, in accordance with the standard procedures of Euroclear, Clearstream and/or DTC) in the form obtainable from any Paying Agent, the relevant Registrar or any Transfer Agent (as applicable) within the Tangibility Event Put Period.

Any Certificateholder Put Exercise Notice given by a Holder of any Certificates pursuant to this Condition 8.7 shall be irrevocable except where, prior to the due date for redemption in accordance with this Condition 8.7, a Dissolution Event has occurred and the Delegate has declared the Certificates due and payable pursuant to Condition 12 (*Dissolution Events*), in which event, in each case, such Certificateholder Put Exercise Notice shall be deemed void.

8.8 **Dissolution at the Option of the Obligor (Clean-Up Dissolution Right)**

If 75% or more of the initial aggregate face amount of the Certificates of a Series have been redeemed or, as the case may be, purchased, pursuant to Condition 8.6 (*Dissolution at the Option of Certificateholders (Change of Control Put Right)*) or Condition 8.7 (*Dissolution at the Option of Certificateholders (Tangibility Event Put Right)*), the Obligor may, in its sole discretion, deliver to the Trustee a duly completed Exercise Notice in accordance with the provisions of the Sale Undertaking and, on receipt of such notice, the Trustee shall, on giving not less than 15 nor more than 30 days’ irrevocable notice to the Certificateholders redeem the Certificates in whole, but not in part, on any Clean-Up Dissolution Date. Any such redemption of Certificates shall be at their Dissolution Distribution Amount.

All Certificates in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 8.8. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders and execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

8.9 Dissolution following a Total Loss Event

The Obligor has agreed in the Service Agency Agreement to notify the Trustee and the Delegate forthwith upon the occurrence of a Total Loss Event and to provide a description of the Total Loss Event. The Trustee, upon receipt of such notice from the Obligor, or otherwise upon having actual knowledge or express notice of the occurrence of a Total Loss Event, shall promptly give notice to Certificateholders in accordance with Condition 18 (*Notices*) of the occurrence of the Total Loss Event and that, from the date of such notice, and until any further notice from the Trustee, as determined in consultation with the *Shari'a* Adviser, the Certificates should only be tradable in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis). Unless the relevant Lease Assets have been replaced in accordance with the Service Agency Agreement, which replacement shall, on the date of such replacement be notified by the Trustee to the Certificateholders and such notice shall include a confirmation that the Certificates may be traded at any price from the date of such notice, the Trustee shall redeem all of the Certificates by no later than the close of business in London on the 61st day after the occurrence of the Total Loss Event (a “**Total Loss Event Dissolution Date**”). Any such redemption of Certificates shall be at their Dissolution Distribution Amount. Upon payment in full of the Dissolution Distribution Amount to all Certificateholders, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

8.10 Dissolution following a Dissolution Event

Upon the occurrence of a Dissolution Event, the Certificates may be redeemed at the Dissolution Distribution Amount on the Dissolution Event Redemption Date as more particularly described in Condition 12 (*Dissolution Events*).

8.11 Purchases

The Obligor, and each of the Obligor’s subsidiaries may at any time purchase Certificates in the open market or otherwise and at any price and such Certificates may be held, resold or, at the option of the Obligor, surrendered to the relevant Registrar for cancellation.

8.12 Cancellation

Subject to and in accordance with the standard procedures of Euroclear, Clearstream and/or DTC, all Certificates which are redeemed will forthwith be cancelled. All Certificates purchased and surrendered for cancellation by or on behalf of the Obligor or any of the Obligor’s subsidiaries shall be cancelled by surrendering the Global Certificate or Individual Certificates representing such Certificates to the relevant Registrar and by the Obligor delivering to the Trustee a duly completed Cancellation Notice in accordance with the terms of the Sale Undertaking. If all (and not some only) of the Certificates are cancelled in accordance with this Condition 8.12, and upon execution of a sale agreement pursuant to the Sale Undertaking, the Trust shall be dissolved by the Trustee, the Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof. All Certificates cancelled pursuant to this Condition 8.12 shall be forwarded to the relevant Registrar and cannot be reissued or resold.

8.13 No other Dissolution

The Trustee shall not be entitled to redeem the Certificates or dissolve the Trust other than as provided in this Condition 8 and Condition 12 (*Dissolution Events*). Upon payment in full of all amounts due in

respect of the Certificates of any Series and the subsequent dissolution of the Trust as provided in this Condition 8 and/or Condition 12 (*Dissolution Events*) (as the case may be), the Certificates shall cease to represent interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

9. Payments

9.1 Method of Payment

Payments of any Dissolution Distribution Amount will only be made against surrender of the relevant Certificates at the Specified Office of any of the Paying Agents. Each Dissolution Distribution Amount and each Periodic Distribution Amount will be paid to the Holder shown on the Register at the close of business on the relevant Record Date upon application by the Holder of such Certificates to the Specified Office of the relevant Registrar, the other Transfer Agents or any Paying Agent before the Record Date, by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.

9.2 Payments on Business Days

Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not Payment Business Day, for value the next succeeding Payment Business Day) will be initiated:

- (a) (in the case of payments of any Dissolution Distribution Amount and Periodic Distribution Amounts payable on a Dissolution Date) on the later of the due date for payment and the day on which the relevant Certificate is surrendered (or, in the case of part payment only, presented and endorsed) at the Specified Office of a Paying Agent; and
- (b) (in the case of payments of Periodic Distribution Amounts payable other than on a Dissolution Date) on the due date for payment.

A Holder of Certificates shall not be entitled to any additional distributions or other payment in respect of any delay in payment resulting from the due date for a payment not being a Payment Business Day.

9.3 Partial Payments

If the amount of any Dissolution Distribution Amount or Periodic Distribution Amount is not paid in full when due, the relevant Registrar will annotate the Register with a record of the amount in fact paid.

9.4 Record Date

Each payment in respect of Certificates will be made:

- (a) where the Certificate is represented by a Global Certificate, to the person shown as the Holder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment, where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Certificate is being held is open for business; or
- (b) where the Certificate is in definitive form, to the person shown as the Holder in the Register at the close of business in the place of the Registrar’s Specified Office on the fifteenth day before the due date for such payment (such day described in, as the case may be, Condition 9.4(a) above and in this Condition 9.4(b), the “**Record Date**”).

9.5 Payments subject to fiscal laws

All payments in respect of the Certificates are subject in all cases to (a) any applicable fiscal or other laws, regulations and directives in the place of payment, but without prejudice to the provisions of this Condition 9.5 and Condition 10 (*Taxation*) and (b) any deduction or withholding required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471

through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof, or any law implementing such an intergovernmental agreement. No commission or expenses shall be charged to the Certificateholders in respect of such payments.

10. Taxation

All payments in respect of the Certificates by or on behalf of the Trustee shall be made free and clear of, and without withholding or deduction for or on account of, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld, retained or assessed by or on behalf of the Relevant Taxing Jurisdiction, unless such withholding or deduction is required by law or by the Relevant Taxing Jurisdiction's interpretation or administration thereof. In that event, the Trustee shall pay such additional amounts as shall result in receipt by the Certificateholders or beneficial owners after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Certificates:

- (a) held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Certificates by reason of its having some present or former connection with the Relevant Taxing Jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere acquisition or holding of the Certificates or the enforcement or receipt of payment under or in respect of any Certificate; or
- (b) where the relevant Certificate is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Certificates would have been entitled to such additional amounts on presenting or surrendering such Certificates for payment on the last day of such period of 30 days;
- (c) where such taxes or duties would not have been so withheld or deducted but for the failure of the holder or the beneficial owner of the Certificate to comply with any reasonable certification, identification or other reasonable reporting requirements concerning the nationality, residence, identity or other similar attributes of the holder or the beneficial owner of such Certificate or to make any reasonable, valid or timely declaration of non-residence, which is required in connection with a claim of eligibility for avoidance or reduction of withholding or deduction of tax, *provided that* at least 90 days prior to the first payment date with respect to which the Trustee applies this clause (c) the Trustee has notified the Paying Agent in writing that the holders or beneficial owners of Certificates will be required to comply with such certification, identification, declaration or other reporting requirements;
- (d) in respect of any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property, real estate transaction tax, or any similar taxes, duties, assessments or other governmental charges;
- (e) where such taxes, assessments or other governmental charges are payable other than by withholding or deduction;
- (f) in respect of any payment to a holder of a Certificate that is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment or Certificate, to the extent that a beneficiary or settlor with respect to such fiduciary, a member of such partnership or the beneficial owner of such payment or Certificate would not have been entitled to the additional amounts;
- (g) in respect of any tax, assessment or other governmental charge which is required to be withheld or deducted by any Paying Agent from payments of principal or profit on any Certificates if such payment can be made without such withholding or deduction by at least one other Paying Agent; or
- (h) any combination of items (a) through (g) above.

If the Trustee becomes resident for tax purposes of any taxing jurisdiction other than or in addition to the Relevant Taxing Jurisdiction, references in these Conditions to the Relevant Taxing Jurisdiction shall be construed as references to the Relevant Taxing Jurisdiction and/or such other jurisdiction.

Notwithstanding anything to the contrary in these Conditions, the Trustee, a Paying Agent or any other person shall be permitted to withhold or deduct any amounts required by Sections 1471 to 1474 of the Code, any treaty, law, regulation or other official guidance implementing Foreign Account Tax Compliance Act (“**FATCA**”), or any agreement (or related guidance) between the Trustee, a Paying Agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA or any intergovernmental agreement to implement FATCA and none of the Trustee, any Paying Agent or any other person shall be required to pay any additional amounts with respect to any such withholding or deduction imposed on or with respect to any Certificate.

The Transaction Documents each provide that payments thereunder by the Obligor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the Relevant Taxing Jurisdiction, unless such withholding or deduction is required by law and, in such case, provide for the payment by the Obligor of additional amounts so that the full amount which would otherwise have been due and payable is received by the Trustee.

Further, the Obligor has undertaken in the Master Trust Deed to pay such additional amounts as may be necessary pursuant to this Condition 10 so that the full amount due and payable by the Trustee in respect of the Certificates to the Certificateholders is received by the Trustee for the purposes of payment to the Certificateholders in accordance with and subject to the provisions of this Condition 10.

11. Prescription

Claims against the Trustee for payment in respect of the Certificates shall be prescribed and become void unless made within 10 years (in the case of the Dissolution Distribution Amount) or five years (in the case of Periodic Distribution Amounts) from the appropriate Relevant Date in respect of them.

12. Dissolution Events

12.1 Dissolution Event

Upon the occurrence of a Dissolution Event:

- (a) the Delegate, upon receiving written notice thereof under the Trust Deed, shall (subject to it being indemnified and/or secured and/or pre-funded to its satisfaction) promptly give notice of the occurrence of the Dissolution Event to the Certificateholders in accordance with Condition 18 (*Notices*) with a request to Certificateholders to indicate to the Trustee and the Delegate if they wish the Certificates to be redeemed and the Trust to be dissolved; and
- (b) the Delegate in its sole discretion may, and shall if so requested in writing by the holders of at least 25% of the then aggregate face amount of the Series of Certificates outstanding or if so directed by an Extraordinary Resolution, subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction, give notice (a “**Dissolution Notice**”) to the Trustee, the Obligor and the Certificateholders in accordance with Condition 18 (*Notices*) that the Certificateholders elect to declare the Certificates to be immediately due and payable at the Dissolution Distribution Amount. A Dissolution Notice may be given pursuant to this Condition 12.1(b) whether or not notice has been given to Certificateholders as provided in Condition 12.1(a).

Upon receipt of such Dissolution Notice, the Certificates shall become immediately due and payable at the Dissolution Distribution Amount on the date specified in the relevant Dissolution Notice, which may be the date of such Dissolution Notice (the relevant “**Dissolution Event Redemption Date**”). For such purposes, the Trustee (or the Delegate acting on the behalf of the Trustee) shall deliver to the Obligor a duly completed Exercise Notice in accordance with the provisions of the Purchase Undertaking. Upon payment in full of such amounts, the Trust shall be dissolved by the Trustee, the

Certificates shall cease to represent undivided ownership interests in the Trust Assets and no further amounts shall be payable in respect thereof and the Trustee shall have no further obligations in respect thereof.

12.2 Enforcement and Exercise of Rights

Upon the occurrence of a Dissolution Event, to the extent that any amount payable in respect of the Certificates of the relevant Series has not been paid in full on the Dissolution Event Redemption Date, the Delegate may (acting for the benefit of the Certificateholders), and shall if so requested in writing by the holders of at least 25% of the then outstanding aggregate face amount of the Series of Certificates or if so directed by an Extraordinary Resolution, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, take one or more of the following steps:

- (a) enforce the provisions of the Purchase Undertaking and the Master Murabaha Agreement against the Obligor; and/or
- (b) start or join in legal proceedings against the Obligor, to recover from the Obligor any amounts owed to the Trustee; and/or
- (c) start or join in any other legal proceedings or take such other steps as the Trustee or the Delegate may consider necessary.

13. Realisation of Trust Assets

- 13.1 Neither the Delegate nor the Trustee shall be bound in any circumstances to take any action to enforce or to realise the relevant Trust Assets or take any action or steps or proceedings against (as applicable) the Trustee and/or the Obligor under any Transaction Document to which either of the Trustee and/or the Obligor is a party unless directed or requested to do so: (i) by an Extraordinary Resolution; or (ii) in writing by the holders of at least 25% of the then outstanding aggregate face amount of the relevant Series of Certificates and, in either case, only if it is indemnified and/or secured and/or pre-funded to its satisfaction against all Liabilities to which it may, in its opinion, thereby render itself liable or which it may, in its opinion, incur by so doing.
- 13.2 No Certificateholder shall be entitled to proceed directly against the Trustee or through the Trustee against, the Obligor under the Certificates of any Series or any Transaction Document to which either of them is a party unless the Delegate, having become bound so to proceed, (i) fails to do so within a reasonable period or (ii) is unable to do so by reason of an order of a court having competent jurisdiction, and such failure or inability is continuing. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the relevant Trust Assets (other than as expressly contemplated in the Transaction Documents) and the sole right of the Delegate and the Certificateholders against the Trustee or the Obligor shall be to enforce their respective obligations under the Transaction Documents to which they are a party.
- 13.3 Conditions 12.2 (*Enforcement and Exercise of Rights*), 13.1 and 13.2 are subject to this Condition 13.3. After enforcing or realising the Trust Assets in respect of the Certificates of the relevant Series and distributing the net proceeds of the Trust Assets in accordance with Condition 5.2 (*Application of Proceeds from Trust Assets*) and the Trust Deed, the obligations of the Trustee in respect of the Certificates of the relevant Series shall be satisfied and the Trustee shall not be liable for any further sums in respect of such Series and, accordingly, no Certificateholder may take any further steps against the Trustee (to the extent that the Trust Assets have been exhausted) (or any steps against the Delegate) or any other person (including the Obligor (to the extent that it fulfils all of its obligations under the Transaction Documents)) to recover any further sums in respect of the Certificates of the relevant Series and the right to receive from the Trustee or the Delegate any such sums remaining unpaid shall be

extinguished. In particular, no Certificateholder shall be entitled in respect thereof to petition or to take any other steps for the winding-up of the Trustee.

14. Replacement of Certificates

If any Global Certificate or Individual Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the relevant Registrar (and, if the Certificates are then admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent or Transfer Agent in any particular place, the Principal Paying Agent or Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system), subject to all applicable laws and competent authority, stock exchange and/or quotation system requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Trustee may reasonably require. A mutilated or defaced Global Certificate or Individual Certificate must be surrendered before replacements will be issued.

15. Agents

In acting under the Agency Agreement and in connection with the Certificates, the Agents act solely as agents of the Trustee (and solely to the extent set out in the Agency Agreement, the Delegate) and do not assume any obligations towards or relationship of agency or trust for or with any of the Certificateholders.

The Agents and their Specified Offices are set out in the Agency Agreement. In respect of each Series of Certificates, the relevant Agents are specified in the applicable Final Terms. The Trustee reserves the right at any time with the prior written approval of the Delegate to terminate the appointment of any Agent and to appoint additional or successor Agents; *provided, however, that:*

- (a) the Trustee shall at all times maintain a principal agent, a registrar and a transfer agent;
- (b) if a Calculation Agent is specified in the applicable Final Terms, the Trustee shall at all times maintain a Calculation Agent; and
- (c) if and for so long as the Certificates are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Trustee shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Certificateholders.

16. Meetings of Certificateholders, Modification, Substitution and Waiver

16.1 Meetings of Certificateholders

The Trust Deed contains provisions for convening meetings of the Certificateholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Certificates, the Conditions, or any of the provisions of the Trust Deed. Such a meeting may be convened by the Trustee, the Obligor or the Delegate, and shall be convened by the Trustee, or, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, the Delegate, if the Trustee or the Delegate (as the case may be) receives a request in writing from Certificateholders holding not less than 10% in aggregate face amount of the Certificates of any Series for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50% in aggregate face amount of the Certificates for the time being outstanding, or at any adjourned meeting one or more persons being or representing not less than 10%

in aggregate face amount of the Certificates of any Series for the time being outstanding, unless the business of such meeting includes consideration of proposals to (each a “**Reserved Matter**”):

- (a) amend any Dissolution Date in respect of the Certificates or any date for payment of Periodic Distribution Amounts on the Certificates;
- (b) reduce or cancel the face amount of, or any premium payable on redemption of, the Certificates;
- (c) to reduce the rate or rates of profit in respect of the Certificates or to vary the method or basis of calculating the rate or rates or amount of profit or the basis for calculating any Periodic Distribution Amount in respect of the Certificates (other than as provided for in these Conditions);
- (d) if a Minimum Profit Rate and/or a Maximum Profit Rate is shown in the applicable Final Terms, to reduce any such Minimum Profit Rate and/or Maximum Profit Rate;
- (e) vary any method of, or basis for, calculating the Dissolution Distribution Amount;
- (f) vary the currency of payment or denomination of the Certificates;
- (g) modify the provisions concerning the quorum required at any meeting of Certificateholders or the majority required to pass an Extraordinary Resolution;
- (h) modify or cancel the payment obligations of the Obligor (in any capacity) and/or the Trustee under the Transaction Documents and/or the Certificates (as the case may be);
- (i) amend the order of application of monies set out in Condition 5.2 (*Application of Proceeds from Trust Assets*); or
- (j) amend this definition,

in which case the necessary quorum shall be one or more persons holding or representing not less than 75% in aggregate face amount of the Certificates for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than 25% in aggregate face amount of the Certificates for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Certificateholders shall be binding on all the Certificateholders, whether or not they are present at the meeting.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75% in aggregate face amount of the Certificates outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Certificateholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Certificateholders. An Extraordinary Resolution may also be passed by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Delegate) by or on behalf of not less than 75% in nominal amount of the Certificates outstanding.

16.2 **Modification**

The Delegate may (but shall not be obliged to), without the consent of the Certificateholders:

- (a) agree to any modification of any of the provisions of the Trust Deed or the Transaction Documents that is, in the sole opinion of the Delegate, (i) of a formal, minor or technical nature or (ii) made to correct a manifest error or (iii) is not materially prejudicial to the interests of the outstanding Certificateholders *provided that* such modification is, in the case of (iii), other than in respect of a Reserved Matter; or
- (b) (A) agree to any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any other Transaction Document; or (B) determine that any Dissolution Event shall not be treated as such, *provided that* such waiver, authorisation or determination is: (i) in the sole opinion of the Delegate not materially prejudicial to the interests of the outstanding Certificateholders; (ii) in each case, other than in respect of a Reserved

Matter; and (iii) not in contravention of any express direction by Extraordinary Resolution or request in writing by the holders of at least 25% of the outstanding aggregate face amount of that Series.

Any such modification, authorisation, determination or waiver shall be binding on all Certificateholders and, unless the Delegate agrees otherwise, such modification, waiver, authorisation or determination shall be notified by the Trustee (or the Obligor on its behalf) to the Certificateholders in accordance with Condition 18 (*Notices*) as soon as practicable thereafter.

Pursuant to Condition 16.3 (*Substitution*) and the Master Trust Deed, certain changes may be made to the provisions of the Certificates without the consent of Certificateholders to give effect to the substitution by the Delegate of the Trustee with a Successor Trustee (as defined in the Master Trust Deed) at any time.

In addition, pursuant to Condition 7.2(g) (*Benchmark Replacement*) or Condition 7.2(h) (*Benchmark Transition*), certain changes may be made to the profit calculation provisions of the Certificates without the consent of Certificateholders.

16.3 Substitution

At any time, upon receiving a written request from the Obligor to such effect, the Delegate shall, without the consent of the Certificateholders, promptly agree with each of the Trustee and the Obligor to the substitution of the Trustee (or of any previous successor trustee under this Condition 16.3) as issuer of the Certificates and trustee for the Certificateholders under the Certificates and the Trust Deed with a successor trustee, subject to certain conditions set out in the Master Trust Deed being complied with.

Immediately on and from any applicable Time of Substitution (as defined in the Master Trust Deed), any reference in these Conditions and the Transaction Documents to: (i) the “Trustee” shall be construed as a reference to the relevant Successor Trustee (as defined in the Master Trust Deed); and (ii) the “Relevant Taxing Jurisdiction” shall, in respect of the Trustee, be construed to include the jurisdiction in which the relevant Successor Trustee is incorporated, domiciled or resident in for tax purposes.

16.4 Entitlement of the Delegate

In connection with the exercise of its powers, authorities and discretions (including but not limited to those referred to in this Condition 16.4) the Delegate shall have regard to the general interests of the Certificateholders as a class and shall not have regard to the consequences of such exercise for individual Certificateholders and the Delegate shall not be entitled to require, nor shall any Certificateholder be entitled to claim, from the Trustee, the Obligor or the Delegate any indemnification or payment in respect of any tax consequence of any such exercise upon individual Certificateholders.

17. Delegate

17.1 Delegation of Powers

The Trustee will in the Trust Deed irrevocably and unconditionally appoint the Delegate to be its attorney and in its name, on its behalf and as its act and deeds, to execute, deliver and perfect all documents, and to exercise all of the present and future powers (including the power to sub-delegate), rights, authorities (including, but not limited to, the authority to request directions from any Certificateholders and the power to make any determinations to be made under the Transaction Documents) and discretions vested in the Trustee by the Trust Deed, that the Delegate may consider to be necessary or desirable in order to, upon the occurrence of a Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, exercise all of the rights of the Trustee under the Transaction Documents, take such other steps as the Trustee or the Delegate may consider necessary to recover amounts due to the Certificateholders and make such distributions from the relevant Trust Assets as the Trustee is bound to make in accordance with the Trust Deed (together the “**Delegation**” of the “**Relevant Powers**”), *provided that* no obligations, duties, liabilities or covenants of the Trustee pursuant to the Trust Deed or any other Transaction Document shall be imposed on the Delegate by virtue of this Delegation and *provided further that* in no circumstances will

such Delegation result in the Delegate holding on trust or managing the relevant Trust Assets and *provided further that* such Delegation and the Relevant Powers shall not include any power, trust, authority, rights or discretion to dissolve any of the trusts constituted by the Trust Deed following the occurrence of a Dissolution Event or to determine the remuneration of the Delegate. The Trustee shall ratify and confirm all things done and all documents executed by the Delegate in the exercise of all or any of the Relevant Powers.

In addition to the Delegation of the Relevant Powers under the Trust Deed, the Delegate also has certain powers which are vested solely in it from the date of the Master Trust Deed.

The appointment of a delegate by the Trustee is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

17.2 Indemnification

The Trust Deed contains provisions for the indemnification of the Delegate in certain circumstances and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction. In particular, but without limitation, in connection with the exercise of any of its rights in respect of the relevant Trust Assets or any other right it may have pursuant to the Trust Deed or the other Transaction Documents, the Delegate shall in no circumstances be bound to take any action unless directed to do so in accordance with Condition 12 (*Dissolution Events*) or 13 (*Realisation of Trust Assets*), and then only if it shall also have been indemnified and/or secured and/or pre-funded to its satisfaction.

17.3 No Liability

The Delegate makes no representation and assumes no responsibility for the validity, sufficiency or enforceability of the obligations of the Obligor or the Trustee under the Transaction Documents to which it is a party and shall not under any circumstances have any liability or be obliged to account to Certificateholders in respect of any payments which should have been paid by the Obligor but are not so paid and shall not in any circumstances have any liability arising from the relevant Trust Assets other than as expressly provided in these Conditions or in the relevant Trust Deed.

17.4 Reliance on Certificates and/or Reports

The Delegate may rely, without liability to any Certificateholder or any other person, on any certificate or report of the auditors or insolvency officials (as applicable) of the Trustee, the Obligor or any other person called for by or provided to the Delegate (whether or not addressed to the Delegate) in accordance with or for the purposes of the relevant Trust Deed or the other Transaction Documents and such certificate or report may be relied upon by the Delegate as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Delegate in connection therewith contains a monetary or other limit on the liability of the auditors of the Trustee, the Obligor or such other person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by an engagement or similar letter or by the terms of the certificate or report itself and the Delegate shall not be bound in any such case to call for further evidence or be responsible for any liability or inconvenience that may be occasioned by its failure to do so.

17.5 Proper Performance of Duties

Nothing shall, in any case in which the Trustee or the Delegate has failed to show the degree of care and diligence required of it as trustee or delegate, in the case of the Trustee (having regard to the provisions of the relevant Trust Deed conferring on it any trusts, powers, authorities or discretions) or as donee and delegate, in the case of the Delegate (having regard to the powers, authorities and discretions conferred on it by the relevant Trust Deed and to the Relevant Powers delegated to it), respectively exempt the Trustee or the Delegate from or indemnify either of them against any Liability for gross negligence, wilful default or fraud of which either of them may be guilty in relation to their respective duties under the relevant Trust Deed.

17.6 Notice of Events

The Delegate shall not be responsible for monitoring or ascertaining whether or not a Dissolution Event has occurred or exists and, unless and until it shall have received express written notice to the contrary, it will be entitled to assume that no such event or circumstance exists or has occurred (without any liability to Certificateholders or any other person for so doing).

18. Notices

18.1 Notices to Certificateholders while Certificates are held in Global Form

So long as any Certificates are evidenced by a Global Certificate and such Global Certificate is held by or on behalf of DTC, Euroclear or Clearstream, notices to Holders may be given by delivery of such notice to the relevant clearing systems for communication by them to entitled account holders; *provided that*, so long as the Certificates are listed on any stock exchange, notice will also be published or otherwise given in accordance with the rules of such stock exchange and, in such case, such notices shall be deemed to have been given to Holders on the date of publication. In respect of Certificates listed on the Official List of the FCA, notice will be published on the website of Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

18.2 Notices to Holders of Individual Certificates

Notices to Holders of Individual Certificates shall be given by publication in a leading English-language daily newspaper published in London, *provided that*, so long as the Certificates are listed on any stock exchange, notice will also be published or otherwise given in accordance with the rules of such stock exchange. In respect of Individual Certificates listed on the Official List of the FCA, notice will be published on the website of Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

19. Rounding

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the applicable Final Terms): (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005% being rounded up to 0.00001%); (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up); (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount; and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

20. Further Issues

The Trustee shall be at liberty from time to time without the consent of the Certificateholders to create and issue additional trust certificates having terms and conditions the same as the Certificates or the same in all respects (or in all respects save for the date and amount of the first payment of the Periodic Distribution Amount and the date from which Periodic Distribution Amounts start to accrue) and so that the same shall be consolidated and form a single Series with the outstanding Certificates. Any additional trust certificates which are to form a single Series with the outstanding Certificates previously constituted by the relevant Trust Deed shall be constituted by a deed supplemental to the relevant Trust Deed.

21. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Certificates under the Contracts (Rights of Third Parties) Act 1999.

22. Governing Law and Dispute Resolution

22.1 Governing Law

The relevant Trust Deed, the Agency Agreement and the Certificates (including these Conditions) and any non-contractual obligations arising out of or in connection with the relevant Trust Deed, the Agency Agreement and the Certificates (including the remaining provisions of this Condition 22) are and shall be governed by, and construed in accordance with, English law.

22.2 Agreement to Arbitrate

Any dispute, claim, difference or controversy arising out of, relating to or having any connection with the Certificates, the relevant Trust Deed and the Agency Agreement (including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with them) (a “**Dispute**”) shall be referred to and finally resolved by arbitration in accordance with the Arbitration Rules of the LCIA, in force as at the date of these Conditions (the “**Rules**”), which Rules are deemed to be incorporated by reference into this Condition 22.2. For these purposes:

- (a) the seat of arbitration shall be London;
- (b) there shall be three arbitrators, each of whom shall have no personal interest in the arbitration and each of whom shall have no connection with any party thereto;
- (c) the parties to the Dispute shall each nominate one arbitrator in accordance with the Rules and both party-nominated arbitrators shall nominate a further arbitrator who shall be the presiding arbitrator if appointed by the LCIA. In cases where there are multiple claimants and/or multiple respondents, the claimants jointly, and the respondents jointly shall each nominate one arbitrator. In the event that any party fails to nominate an arbitrator within the time limits specified by the Rules, such arbitrator(s) shall be appointed by the LCIA. If the party-nominated arbitrators fail to nominate an arbitrator to be the presiding arbitrator within 15 days of the appointment of the second party nominated arbitrator, the presiding arbitrator shall be selected and appointed by the LCIA;
- (d) the language of the arbitration shall be English; and
- (e) Sections 45 and 69 of the Arbitration Act 1996 shall not apply.

22.3 Waiver of Immunity

In relation to any proceedings in any jurisdiction with respect to these Conditions, the Obligor waives generally all immunity it or its assets or revenues may otherwise have in such jurisdiction, including immunity in respect of:

- (a) the giving of any relief by way of injunction or order for specific performance or for the recovery of assets or revenues; and
- (b) the issue of any process against its assets or revenues for the enforcement of a judgment or, in an action in rem, for the arrest, detention or sale of any of its assets and revenues.

22.4 Waiver of Interest

- (a) If any proceedings are brought by or on behalf of any party under any of the Transaction Documents, each party agrees it will:
 - (i) not claim interest under, or in connection with, such proceedings; and
 - (ii) to the fullest extent permitted by law, waive all and any entitlement it may have to interest awarded in its favour by any arbitrator or court as a result of such proceedings.
- (b) For the avoidance of doubt, nothing in this Condition 22.4 shall be construed as a waiver of rights in respect of any Periodic Distribution Amounts, Dissolution Distribution Amounts, Exercise Price, Optional Dissolution Exercise Price, Make Whole Dissolution Exercise Price,

Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price, Tangibility Event Put Right Exercise Price, Insurance Coverage Amount, Total Loss Shortfall Amount, Partial Loss Shortfall Amount, Rental, Murabaha Profit, Murabaha Profit Instalment, Deferred Sale Price or profit or principal of any kind howsoever described payable by the Obligor (in any capacity) or the Trustee (in any capacity) pursuant to the Transaction Documents and/or the Conditions, howsoever such amounts may be described or re-characterised by any arbitrator or court.

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Certificates issued under the Programme.

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS] — The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (“**MiFID II**”); or (ii) a customer within the meaning of Directive (EU) 2016/97, as amended (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**EU PRIIPs Regulation**”) for offering or selling the Certificates or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.]

[MiFID II product governance / Professional investors and ECPs only target market] – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU, as amended (“**MiFID II**”); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS] – The Certificates are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a “**retail investor**” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000, as amended (the “**FSMA**”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Certificates or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Certificates or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.]

[UK MiFIR product governance / Professional investors and ECPs only target market] – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Certificates has led to the conclusion that: (i) the target market for the Certificates is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of the domestic law of the UK by virtue of the [European Union (Withdrawal) Act 2018]/[EUWA] (“**UK MiFIR**”); and (ii) all channels for distribution of the Certificates to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Certificates (a “**distributor**”) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Certificates (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Notification under Section 309B(1)(C) of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) – [Notice to be included if classification of the Certificates is not “prescribed capital markets products”, pursuant to Section 309B of the SFA.]]¹

Final Terms dated [●]

SA Global Sukuk Limited

Legal Entity Identifier (LEI): 5493007DFAVKU7UOGR47

Issue of [Aggregate face amount of Series] [Title of Certificates]

under the Trust Certificate Issuance Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 9 July 2024 [and the supplement[s] to it dated [date]] which [together] constitute[s] a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) (the “UK Prospectus Regulation”) (the “Base Prospectus”). This document constitutes the Final Terms with respect to the Certificates for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Base Prospectus. Full information on the Trustee, the Obligor, and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus. The Base Prospectus [(including the Supplement[s] thereto)] [is] [are] available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and during normal business hours at the office of the Principal Paying Agent at [●.] [These Final Terms is available for viewing in electronic form on the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> (include only for listed Certificates).]

[Terms used herein shall be deemed to be defined as such for the purposes of the terms and conditions of the Certificates (the “Conditions”) set forth in the base prospectus dated [original date] [and the supplement[s] to it dated [date]] which [is]/[are] incorporated by reference in the base prospectus dated 9 July 2024. This document constitutes the Final Terms with respect to the Certificates for the purposes of the UK Prospectus Regulation and must be read in conjunction with the base prospectus dated 9 July 2024 [and the supplement(s) to it dated [date]] which [together] constitute[s] a base prospectus for the purposes of Article 8 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the “EUWA”) (the “UK Prospectus Regulation”) (the “Base Prospectus”), save in respect of the Conditions, which are attached hereto. Full information on the Trustee, the Obligor, and the offer of the Certificates is only available on the basis of the combination of these Final Terms and the Base Prospectus, including the Conditions incorporated by reference in the Base Prospectus. The Base Prospectus [(including the Supplement[s] thereto)] [is] [are] available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and during normal business hours at the office of the Principal Paying Agent at [●.] [These Final Terms is available for viewing in electronic form on the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> (include only for listed Certificates).]

- | | | |
|----|----------------------------|--|
| 1. | Trustee: | SA Global Sukuk Limited |
| 2. | Obligor and Service Agent: | Saudi Arabian Oil Company (Saudi Aramco) |
| 3. | (a) Series Number: | [●] |
| | (b) [Tranche Number: | [●]] |

¹ To be included for offers of Certificates into Singapore. Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Trustee prior to the launch of the offer, pursuant to Section 309B of the SFA.

	(c)	[Date on which the Certificates will be consolidated and form a single Series:	[The Certificates will be consolidated and form a single Series with [●] on [the Issue Date]/[the date that is 40 days after the Issue Date]/[Not Applicable]]
4.		Specified Currency or Currencies:	[●]
5.		Aggregate Face Amount:	
	(a)	Series:	[●]
	(b)	[Tranche:	[●]]
6.	(i)	Issue Price:	[●]% of the Aggregate Face Amount
	(ii)	Murabaha Cost Price:	[●]
	(iii)	Murabaha Profit:	[●]
	(iv)	Asset Purchase Price:	[●]
7.	(a)	Specified Denominations:	[●] and integral multiples of [●] in excess thereof
	(b)	Calculation Amount:	[●]
8.	(a)	Issue Date:	[●]
	(b)	Profit Commencement Date:	[●]/[Issue Date]/[Not Applicable]
9.		Scheduled Dissolution Date:	[●]
10.		Dissolution Basis:	The Certificates will be redeemed at [100]% of their aggregate face amount
11.		Put/Call Options:	[Not Applicable] [Certificateholder Put Right] [Optional Dissolution Right] [Make Whole Dissolution Right] [Change of Control Put Right]
12.	(a)	Status:	The Certificates are direct, unsecured and limited recourse obligations of the Trustee The payment obligations of the Obligor (in any capacity) under the Transaction Documents are direct, unsecured and unsubordinated obligations
	(b)	Date of Trustee board approval for issuance of Certificates and entry into the related Transaction Documents obtained:	3 July 2024
	(c)	Date of the Obligor board approval for entry into the related Transaction Documents to which it is a party obtained:	20 December 2021

PROVISIONS RELATING TO PERIODIC DISTRIBUTIONS PAYABLE

13. Fixed Rate Certificate Provisions: [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Profit Rate[(s)]: [●]% per annum
 - (b) Periodic Distribution Date(s): [●] [and [●]] in each year up to and including the Scheduled Dissolution Date
 - (c) Fixed Amount(s): [●] per Calculation Amount
 - (d) Broken Amount(s): [[●] per Calculation Amount, payable on the Periodic Distribution Date falling [in]/[on] [●]]/[Not Applicable]
 - (e) Day Count Fraction:
 - [Actual/Actual (ICMA)]
 - [Actual/Actual (ISDA)]
 - [Actual/365 (Fixed)]
 - [Actual/360]
 - [30/360]
 - [30E/360]
 - [Eurobond Basis]
 - [30E/360 (ISDA)]
 - (f) Profit Rate Determination Date(s): [[●] in each year]/[Not Applicable]
14. Floating Rate Certificate Provisions: [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Specified Period(s)/Specified Periodic Distribution Dates: [[●] [, [●] and [●]] in each year up to and including the Scheduled Dissolution Date]/[, [in each case] subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
 - (b) Business Day Convention: [Following Business Day Convention]/[Modified Following Business Day Convention]/[Modified Business Day Convention]/[Preceding Business Day Convention]/[FRN Convention]/[Floating Rate Convention]/[Eurodollar Convention]/[Not Applicable]
 - (c) Additional Business Centre(s): [Not Applicable]/[●]
 - (d) Screen Rate Determination: [Applicable]/[Not Applicable]
 - (i) Reference Rate: [●] [currency][number] months(s) [Term SOFR/EURIBOR]

- (ii) Profit Rate Determination Date(s): [●][TARGET/[]] Business Days [in []] prior to the [] day in each Return Accumulation Period/each Periodic Distribution Date][The [first/[]] [Business Day]/[TARGET Business Day]
- (iii) Relevant Screen Page: [●] *(In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately) /*[Term SOFR Administrator's Website]
- (iv) Relevant Time: [●]
- (v) Relevant Financial Centre: [●] / [Not Applicable]
- (vi) Designated Maturity: [●]/[Not Applicable]
- (e) ISDA Determination: [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining items of this subparagraph (x)) (If applicable, and "2021 ISDA Definitions" is selected below, note that "Administrator/Benchmark Event", "Generic Fallbacks" and "Calculation Agent Alternative Rate Determination" are not workable in a certificates context. Amendments will therefore need to be made to the Conditions which will require a drawdown prospectus for the issue.)*
- (i) ISDA Definitions: [2006/2021] ISDA Definitions
- (ii) Floating Rate Option: [●] *(If "2021 ISDA Definitions" is selected, ensure this is a Floating Rate Option included in the Floating Rate Matrix (as defined in the 2021 ISDA Definitions))*
- (iii) Designated Maturity: [●]/[Not Applicable]
- (iv) Reset Date: [●] *(In the case of a EURIBOR based option, the first day of the Return Accumulation Period)*
- (v) ISDA Benchmarks Supplement: [Applicable]/[Not Applicable]
- (f) Linear Interpolation: [Not Applicable]/[Applicable] – [The Profit Rate for the [[long][short]][[first][last]] Return Accumulation Period shall be calculated using Linear Interpolation]
- (g) Margin(s): [●]% per annum
- (h) Minimum Profit Rate: [[●]% per annum]/[Not Applicable]
- (i) Maximum Profit Rate: [[●]% per annum]/[Not Applicable]
- (j) Day Count Fraction: [Actual/Actual (ICMA)]
[Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/360]
[30/360]

[30E/360]

[Eurobond Basis]

[30E/360 (ISDA)]

- (k) Calculation Agent (party responsible for calculating the Profit Rate(s) and/or Periodic Distribution Amount(s)): [Principal Paying Agent]/[●]

PROVISIONS RELATING TO DISSOLUTION

15. Optional Dissolution Right: [Applicable]/[Not Applicable]

(if not applicable, delete remaining sub-paragraphs of this paragraph)

- (a) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount]/[●] per Calculation Amount]
- (b) Optional Dissolution Date(s): [Any Periodic Distribution Date]/[●]
- (c) If redeemable in part:
- (i) Minimum Optional Dissolution Amount: [●]/[Not Applicable]
- (ii) Maximum Optional Dissolution Amount: [●]/[Not Applicable]

16. Make Whole Dissolution Right: [Applicable]/[Not Applicable]

(if not applicable, delete remaining sub-paragraphs of this paragraph)

Make Whole Trigger Date: [●]

Benchmark Security: [United States Treasury security]/[●]

Make Whole Redemption Rate: [The greater of (a) zero and (b) rate per annum equal to the [semi-]annual equivalent yield to maturity of the applicable Comparable Security, assuming a price for such Comparable Security (expressed as a percentage of its principal amount) equal to the applicable Comparable Security Price for such redemption date]/[●]

Make Whole Redemption Margin: [●] per cent.

Reference Dealer(s): [●]/[Not Applicable]

Reference Quotation Time: [●]

If redeemable in part:

- (i) Minimum Make Whole Dissolution Amount: [●]/[Not Applicable]
- (ii) Maximum Make Whole Dissolution Amount: [●]/[Not Applicable]

17. Certificateholder Put Right: [Applicable]/[Not Applicable]
(if not applicable, delete remaining sub-paragraphs of this paragraph)
- (a) Certificateholder Put Right Date(s): [Any Periodic Distribution Date]/[●]
- (b) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount][[●] per Calculation Amount]
18. Change of Control Put Right: [Applicable]/[Not Applicable]
(if not applicable, delete remaining sub-paragraphs of this paragraph)
- (a) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount][[●] per Calculation Amount]
19. Dissolution following a Tax Event:
- (a) Dissolution Distribution Amount(s) of each Certificate: [Dissolution Distribution Amount][[●] per Calculation Amount]
20. Dissolution Distribution Amount on Scheduled Dissolution Date or following the occurrence of a Dissolution Event: [Dissolution Distribution Amount][[●] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE CERTIFICATES

21. Form of Certificates: Registered Form Certificates

[Unrestricted Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Unrestricted Global Certificate]

[Restricted Global Certificate exchangeable for Certificates in definitive registered form in the limited circumstances specified in the Restricted Global Certificate]

[Reg S Compliance Category [2]]/[Rule 144A]
22. Additional Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable]/[●]

PROVISIONS IN RESPECT OF THE TRUST ASSETS

23. Details of Transaction Account: Transaction Account No: [●] with [●] for Series No.: [●]
24. Other Transaction Document Information:
- (a) Supplemental Trust Deed: Supplemental Trust Deed dated [●] between the Trustee, the Obligor and the Delegate
- (b) Supplemental Purchase Agreement: Supplemental Purchase Agreement dated [●] between the Trustee and the Obligor
- (c) Declaration of Commingling of Assets [Declaration of Commingling of Assets dated [●] executed by the Trustee]/[Not Applicable]
- (d) [●]: [●]

THIRD PARTY INFORMATION

[[●] has been extracted from [●]. The Trustee and the Obligor each confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[Not Applicable].

Signed on behalf of **SA Global Sukuk Limited**

By:

Duly Authorised

Signed on behalf of **Saudi Arabian Oil Company (Saudi Aramco)**

By:

Duly Authorised

By:

Duly Authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (a) Listing: [London Stock Exchange]
- (b) Admission to trading: [Application [has been][is expected to be] made by the Trustee (or on its behalf) for the Certificates to be admitted to [the London Stock Exchange's Main Market and to be listed on the Official List of the FCA] / [●] with effect from [●].] / [Not Applicable.]
- (c) Estimate of total expenses related to admission to trading: [●]

2. RATINGS

[[The Certificates to be issued [have been/are expected to be] rated]:

[Moody's: [●]]

[Fitch: [●]]

[[Other]: [●]]

Option 1—CRA established in the EEA and registered under the CRA Regulation

[●] is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended as it forms part of the domestic law of the UK by virtue of the EUWA (the “**UK CRA Regulation**”). [●] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website: <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>

Option 2—CRA not established in the EEA but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation

[●] is not established in the EEA but the rating it has given to the Certificates is endorsed by [●], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”). [●] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website: <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>

Option 3—CRA established in the UK but relevant rating is endorsed by a CRA which is established and registered under the CRA Regulation

[●] is established in the UK and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of the domestic law of the UK by virtue of the EUWA (the “**UK CRA Regulation**”). [●] is not established in the EEA but the rating it has given to the Certificates is endorsed by [●], which is established in the EEA and registered under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”). [●] appears on the latest update of the list of registered credit rating agencies (as of [insert date of most recent list]) on the ESMA website: <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>

Option 4—CRA established in the UK, relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation

[●] is established in the UK and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of the domestic law of the UK by virtue of

the EUWA (the “**UK CRA Regulation**”). [●] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

Option 5— CRA established in the UK but is not certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation

[●] is established in the UK and is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of the domestic law of the UK by virtue of the EUWA (the “**UK CRA Regulation**”). [●] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”) and the rating it has given to the Certificates is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulator purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Option 6—CRA is not established in the EEA and relevant rating is not endorsed under the CRA Regulation but CRA is certified under the CRA Regulation

[●] is not established in the EEA but is certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”).

Option 7—CRA neither established in the EEA nor certified under the CRA Regulation and relevant rating is not endorsed under the CRA Regulation

[●] is not established in the EEA and is not certified under Regulation (EU) No 1060/2009, as amended (the “**CRA Regulation**”) and the rating it has given to the Certificates is not endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation.

In general, European regulated investors are restricted from using a rating for regulator purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or

(2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.

Option 8—Not Applicable

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Save for any fees payable to the [Manager[s]]/[Dealer[s]], so far as the Trustee and the Obligor are aware, no person involved in the issue of the Certificates has an interest material to the offer. The [Manager[s]]/[Dealer[s]] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Trustee or the Obligor or their affiliates in the ordinary course of business for which they may receive fees.]

4. USE OF PROCEEDS

[General corporate purposes]/[•]

5. ESTIMATED NET PROCEEDS

[•]

6. [PROFIT OR RETURN]

Indication of profit or return: [•]% per annum

The profit or return is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future profit or return.]/[Not Applicable]

7. HISTORIC RATES

[Details of historic [Term SOFR/EURIBOR] rates can be obtained from [Reuters]/[the Term SOFR Administrator's Website]/[Not Applicable].

8. OPERATIONAL INFORMATION

(a) ISIN: [•]

(b) Common Code: [•]

(c) CUSIP: [•]

(d) FISN: [See/[•], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]

(e) CFI: [See/[•], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN]/[Not Applicable]/[Not Available]

(If the CFI and/or FISN is not required, requested or available, it/they should be specified to be "Not Applicable")

(f) Any clearing system(s) other than DTC, Euroclear and Clearstream and [Not Applicable]/[•]

the relevant identification
number(s):

- (g) Delivery: Delivery [against]/[free of] payment
- (h) Names and addresses of additional Paying Agent(s) (if any): [●]/[Not Applicable]
- (i) Stabilisation Manager(s): [●]/[Not Applicable]

8. DISTRIBUTION

- (a) Method of distribution: [Syndicated/Non-syndicated]
- (b) If syndicated, names of Managers: [●]/[Not Applicable]
- (c) Date of Subscription Agreement: [●]/[Not Applicable]
- (d) If non-syndicated, name of relevant Dealer: [●]/[Not Applicable]
- (e) U.S. Selling Restrictions: [Reg S Compliance Category [2]]/[Rule 144A]
- (f) Prohibition of Sales to EEA Retail Investors: [Applicable/Not Applicable]
- (g) Prohibition of Sales to UK Retail Investors: [Applicable/Not Applicable]

FORM OF THE CERTIFICATES

The Certificates of each Series will be in registered form. The Certificates will be issued both outside the United States in reliance on the exemption from registration provided by Regulation S and within the United States in reliance on Rule 144A or otherwise in private transactions that are exempt from the registration requirements of the Securities Act.

Global Certificates

Form of Certificates

The Certificates of each Series offered and sold in reliance on Regulation S, which will be sold to persons who are not U.S. persons outside the United States, will initially be represented by beneficial interests in a global certificate in registered form (an “**Unrestricted Global Certificate**”). See further “*Subscription and Sale*”.

The Certificates of each Series offered and sold in the United States or to U.S. persons may only be offered and sold in private transactions to QIBs who are also QPs, in each case acting for their own account or for the account of one or more QIBs who are also QPs. The Certificates of each Series sold to QIBs who are also QPs in reliance on Rule 144A will initially be represented by a global certificate in registered form (a “**Restricted Global Certificate**”, the Restricted Global Certificate and the Unrestricted Global Certificate, each a “**Global Certificate**”). By the acquisition of a beneficial interest in such certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and also a QP and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the Restricted Global Certificate.

No beneficial interest in an Unrestricted Global Certificate may be transferred to a person who takes delivery in the form of a beneficial interest in a Restricted Global Certificate unless: (i) the transfer is to a person that is both a QIB and a QP, (ii) such transfer is made in reliance on Rule 144A, and (iii) the transferor provides the relevant Registrar with a written certification to the effect that the transferor reasonably believes that the transferee is a QIB that is also a QP, that the transfer is being made in a transaction meeting the requirements of Rule 144A and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. No beneficial interest in the Restricted Global Certificates may be transferred to a person who takes delivery in the form of a beneficial interest in an Unrestricted Global Certificate unless the transfer is to a non-U.S. person in an offshore transaction in reliance on Regulation S and the transferor provides the relevant Registrar with a written certification to the effect that the transfer is being made to a person who is a non-U.S. person in accordance with Regulation S.

Individual Certificates will be subject to the restrictions on transfer set forth therein and will bear the restrictive legend described under “*Transfer Restrictions*”. The Global Certificates and the Individual Certificates will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Global Certificates will either: (i) be deposited with a custodian for, and registered in the name of Cede & Co. as nominee of, DTC; or (ii) be deposited with a common depositary for, and registered in the name of a nominee of, Euroclear and Clearstream, as specified in the applicable Final Terms. Persons holding beneficial interests in Global Certificates will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of Individual Certificates in fully registered form.

For so long as any of the Certificates are represented by a Global Certificate held on behalf of Euroclear, Clearstream and/or DTC ownership interests in the Global Certificate will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear, Clearstream and/or DTC and their respective participants. Each person (other than the relevant clearing system) who is for the time being shown in such records as the holder of a particular face amount of Certificates (in which regard any certificate or other document issued by the relevant clearing system as to the face amount of such Certificates standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such face amount of such certificates for all purposes other than with respect to payment in respect of such Certificates, for which purpose the registered holder of the Global Certificate shall be treated as the holder of such face amount of such Certificates in accordance with and subject to the terms of the relevant Global Certificate.

Payments

Each payment in respect of the Global Certificates will be made to the person shown as the holder in the relevant Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the “**Record Date**”) where “**Clearing System Business Day**” means a day on which each clearing system for which the Global Certificates are being held is open for business. None of the Trustee, the Obligor, the Delegate, the Agents or any Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Exchange for Individual Certificates

Interests in Global Certificates will be exchangeable (free of charge), in whole but not in part, for Individual Certificates of a particular Series only upon the occurrence of an Exchange Event. For these purposes, “**Exchange Event**” means that: (i) a Dissolution Event has occurred and is continuing; (ii) in the case of Certificates registered in the name of Cede & Co as nominee for DTC, either DTC has notified the Trustee that it is unwilling or unable to continue to act as depository for the Certificates or DTC has ceased to constitute a clearing agency registered under the Exchange Act and, in either case, no alternative clearing system is available; (iii) in the case of Certificates registered in the name of a nominee for a common depository for Euroclear and Clearstream, the Trustee has been notified that both Euroclear and Clearstream have been closed for business for a continuous period of fourteen (14) days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available; or (iv) the Trustee has or will become subject to adverse tax consequences which would not be suffered were the Certificates represented by the Global Certificates in definitive form and a certificate to that effect signed by two Directors of the Trustee is given to the Delegate. The Trustee will promptly give notice to Certificateholders in accordance with Condition 18 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or Clearstream or any person acting on their behalf (acting on the instructions of any holder of an interest in such Global Certificates) may give notice to the relevant Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (ii) and (iii) above, the Trustee may also give notice to the relevant Registrar requesting exchange. Any such exchange shall occur not later than ten (10) days after the date of receipt of the first relevant notice by the relevant Registrar. Individual Certificates issued in exchange for a beneficial interest in the Restricted Global Certificate shall bear the legends applicable to transfers pursuant to Rule 144A, as set out under “*Transfer Restrictions*”.

Delivery

Upon the transfer, exchange, or replacement of an Individual Certificate bearing the legend referred to under “*Transfer Restrictions*”, or upon specific request for removal of the legend on an Individual Certificate, the Trustee will deliver only Individual Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Trustee and the relevant Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Trustee, that neither the legend nor the restrictions on transfer set out therein are required to ensure compliance with the provisions of the Securities Act and the Investment Company Act. The same transfer restrictions outlined herein and in “*Transfer Restrictions*” are applicable to any Individual Certificates.

Cancellation

Cancellation of any Certificate represented by a Global Certificate that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the aggregate face amount of the relevant Global Certificate in the relevant register of the Certificateholders, whereupon the face amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

Put options

If the Certificateholder Put Right or the Change of Control Put Right is specified as applicable in the applicable Final Terms, or if a Tangibility Event occurs, the Certificateholder Put Right, the Change of Control Put Right or the Tangibility Event Put Right, as the case may be, may be exercised by the holder of the Global Certificate giving notice to the relevant Registrar or the relevant Transfer Agent of the face amount of Certificates in respect

of which the option is exercised and presenting the Global Certificate within the time limits specified in Condition 8.5 (*Dissolution at the Option of the Certificateholders (Certificateholder Put Right)*), Condition 8.6 (*Dissolution at the Option of the Certificateholders (Change of Control Put Right)*) or Condition 8.7 (*Dissolution at the Option of Certificateholders (Tangibility Event Put Right)*), as the case may be.

Notices

So long as any Certificates are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to the Certificateholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the Certificateholders of that Series. Any such notice shall be deemed to have been given to the Certificateholders on the day on which such notice is delivered to the relevant clearing system as aforesaid. The Trustee shall also ensure that notices are duly published in a manner that complies with any relevant rules of any stock exchange or other relevant authority on which the Certificates are for the time being, or by which they have for the time being been, admitted to trading.

Transfer of Interests

Interests in a Global Certificates may, subject to compliance with all applicable restrictions, be transferred to a person who wishes to hold such interest in another Global Certificate. No beneficial owner of an interest in a Global Certificates will be able to transfer such interest, except in accordance with the applicable procedures of DTC and/or Euroclear and/or Clearstream, in each case to the extent applicable.

The Certificates are also subject to the restrictions on transfer set forth therein and will bear a legend regarding such restrictions, see “*Transfer Restrictions*”

General

Any reference herein to Euroclear and/or Clearstream and/or DTC shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms or as may otherwise be approved by the Trustee, the Obligor, the Delegate and the Principal Paying Agent.

No Certificateholder shall be entitled to proceed directly against, or provide instructions to the Delegate to proceed against the Trustee or the Obligor under any Transaction Document to which either of them is party unless the Delegate, having become bound so to proceed, (i) fails so to do within a reasonable period or (ii) is unable by reason of an order of a court having competent jurisdiction, and such failure or inability is continuing. In addition, holders of interests in such Global Certificate credited to their accounts with DTC may require DTC to deliver Individual Certificates in registered form in exchange for their interest in such Global Certificate in accordance with DTC’s standard operating procedures. Under no circumstances shall the Delegate or any Certificateholder have any right to cause the sale or other disposition of any of the Trust Assets and the sole right of the Delegate and the Certificateholders against the Trustee and the Obligor shall be to enforce their respective obligations under the Transaction Documents.

The Trustee may agree with any Dealer that relevant Certificates may be issued in a form not contemplated by the Terms and Conditions of the Certificates in which event a new Base Prospectus, drawdown prospectus or a supplement to this Base Prospectus, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Certificates.

USE OF PROCEEDS

The proceeds of each Series of Certificates issued under the Programme will be applied by the Trustee pursuant to the terms of the relevant Transaction Documents to acquire:

- (i) the relevant Lease Assets from the Obligor; and
- (ii) Commodities to be sold to the Obligor,

in each case as specified in the applicable Final Terms and in the Master Purchase Agreement, the relevant Supplemental Purchase Agreement and the Murabaha Contract for the relevant Series, such assets to form part of the Trust Assets for the relevant Series.

The proceeds of each Series of Certificates subsequently received by the Obligor in consideration for the transactions entered into with the Trustee as set out above, as applicable, which include the proceeds received by the Obligor from (i) the sale of the Lease Assets and (ii) the on-sale of the Commodities by the Obligor, will be applied by the Obligor for its general corporate purposes or as otherwise described in the applicable Final Terms.

DESCRIPTION OF THE TRUSTEE

General

The Trustee is an exempted company incorporated with limited liability on 3 May 2021 under the Companies Act (As Revised) of the Cayman Islands with company registration number 375160. The Trustee has been established for the sole purpose of issuing the Certificates and entering into the transactions contemplated by the Transaction Documents to which it is a party. The registered office of the Trustee is c/o MaplesFS Limited, P.O. Box 1093, Queensgate House, Grand Cayman KY1-1102, Cayman Islands and its telephone number is +1 345 945 7099.

Share Capital

The authorised share capital of the Trustee is U.S.\$50,000 divided into 50,000 ordinary shares of U.S.\$1.00 par value each, 250 of which have been issued. All of the issued shares (the “**Trustee Shares**”) are fully-paid and are held by MaplesFS Limited as share trustee (in such capacity, the “**Share Trustee**”) under the terms of the Share Declaration of Trust under which the Share Trustee holds the Trustee Shares in trust until the Termination Date (as defined in the Share Declaration of Trust) and may only dispose or otherwise deal with the Trustee Shares in accordance with the Share Declaration of Trust. Prior to the Termination Date, the trust is an accumulation trust, but the Share Trustee has power to benefit Qualified Charities (as defined in the Share Declaration of Trust). It is not anticipated that any distribution will be made whilst any Certificates are outstanding. Following the Termination Date, the Share Trustee will wind up the trust and make a final distribution to charity. The Share Trustee has no beneficial interest in, and derives no benefit (other than its fee for acting as Share Trustee) from, its holding of the Trustee Shares.

Business of the Trustee

The Trustee has no prior operating history or prior business and will not have any substantial liabilities other than in connection with the Certificates to be issued. The Certificates are the obligations of the Trustee alone and not the Share Trustee.

The objects for which the Trustee is established are set out in clause 3 of its Memorandum of Association as registered or adopted on 3 May 2021.

Financial Statements

Since the date of incorporation, no financial statements of the Trustee have been prepared. The Trustee is not required by Cayman Islands law, and does not intend, to publish audited financial statements.

Directors of the Trustee

The Directors of the Trustee are as follows:

<u>Name:</u>	<u>Principal Occupation:</u>	<u>Date of Appointment:</u>
John Irwin	Vice President, Fiduciary at Maples Fund Services (Middle East) Limited	5 February 2024
Phillip Hinds	Senior Vice President at MaplesFS Limited	21 October 2022
Jamie Sanford	Vice President at MaplesFS Limited	20 February 2024

The business address of John Irwin is c/o Maples Fund Services (Middle East) Limited, Level 14, Burj Daman, Dubai International Financial Centre, P.O. Box 506734, Dubai, United Arab Emirates.

The business address of Phillip Hinds and Jamie Sanford is c/o MaplesFS Limited, P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1-1102, Cayman Islands.

The Trustee’s Articles of Association provide that the board of directors of the Trustee will consist of at least one director.

Secretary

The Trustee's secretary is Maples Secretaries (Cayman) Limited of P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

Conflicts

There are no potential conflicts of interest between the private interests or other duties of the Directors listed above and their duties to the Trustee.

The Trustee Administrator

MaplesFS Limited also acts as the administrator of the Trustee (in such capacity, the "**Trustee Administrator**"). The office of the Trustee Administrator serves as the general business office of the Trustee. Through the office, and pursuant to the terms of the Corporate Services Agreement, the Trustee Administrator has agreed to perform in the Cayman Islands and/or such other jurisdiction as may be agreed by the parties from time to time various management functions on behalf of the Trustee and to provide certain clerical, administrative and other services until termination of the Corporate Services Agreement. The Trustee Administrator will also provide registered office services to the Trustee in accordance with its standard terms and conditions for the provision of registered office services (the "**Registered Office Terms**"). In consideration of the foregoing, the Trustee Administrator will receive various fees payable by the Trustee at rates agreed upon from time to time, plus expenses.

The terms of the Corporate Services Agreement and the Registered Office Terms provide that either the Trustee or the Trustee Administrator may terminate such appointments upon the occurrence of certain stated events, including any breach by the other party of its obligations under such agreements. In addition, the Corporate Services Agreement and the Registered Office Terms provide that either party shall be entitled to terminate such agreements by giving at least three months' notice in writing to the other party.

The Trustee Administrator will be subject to the overview of the Trustee's board of directors. The Trustee Administrator's principal office is P.O. Box 1093, Boundary Hall, Cricket Square, Grand Cayman, KY1- 1102, Cayman Islands.

The directors of the Trustee are all employees or officers of the Trustee Administrator or an affiliate thereof.

CAPITALISATION

The following table provides the capitalisation of Saudi Aramco as at 31 December 2023 and 31 March 2024. The following table should be read in conjunction with “*Selected Consolidated Financial Information*”, “*Management’s Discussion and Analysis of Financial Position and Results of Operations*” and the Financial Statements.

	As at 31 December 2023		As at 31 March 2024	
	SAR	U.S.\$	SAR	U.S.\$
	(in millions)			
Cash and cash equivalents⁽¹⁾⁽²⁾	198,973	53,059	243,972	65,059
Current liabilities	317,566	84,684	314,131	83,768
Non-current liabilities	423,282	112,875	444,633	118,569
Total equity:				
Share capital	90,000	24,000	90,000	24,000
Additional paid-in capital	26,981	7,195	26,981	7,195
Treasury shares	(1,362)	(363)	(1,009)	(269)
Retained earnings				
Unappropriated	1,411,474	376,393	1,400,235	373,396
Appropriated	6,000	1,600	6,000	1,600
Other reserves	1,514	404	1,503	401
Non-controlling interests	202,485	53,996	198,665	52,977
Total equity⁽¹⁾	1,737,092	463,225	1,722,375	459,300
Total capitalisation⁽¹⁾	2,676,913	718,843	2,725,111	726,696

(1) In June 2024, the Company purchased 137,614,678 treasury shares as part of the Secondary Public Offering.

(2) In May 2024, the Company declared and distributed dividend payments of SAR 116.5 billion (\$31.1 billion).

Source: The Company and the Financial Statements.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The financial information of Saudi Aramco set forth below as at and for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024 has been derived from, and should be read in conjunction with, the Financial Statements contained elsewhere in this Base Prospectus.

Prospective investors should read the selected financial information in conjunction with the information presented under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” and the Financial Statements and other financial data included elsewhere in this Base Prospectus.

Consolidated Statement of Income Data

	2021 SAR	Year Ended 31 December		2023 U.S.\$ <i>(in millions)</i>	Three Month Period Ended 31 March		
		2022 SAR	2023 SAR		2023 SAR	2024 SAR	2024 U.S.\$
Revenue	1,346,930	2,006,955	1,653,281	440,875	417,460	402,037	107,210
Other income related to sales	154,828	259,418	203,092	54,158	42,373	35,810	9,549
Revenue and other income related to sales	1,501,758	2,266,373	1,856,373	495,033	459,833	437,847	116,759
Royalties and other taxes	(144,793)	(341,510)	(231,795)	(61,812)	(68,242)	(52,232)	(13,928)
Purchases	(352,377)	(490,690)	(471,225)	(125,660)	(106,369)	(110,011)	(29,336)
Producing and manufacturing	(76,495)	(101,912)	(96,523)	(25,739)	(23,133)	(24,271)	(6,473)
Selling, administrative and general	(59,496)	(83,700)	(76,890)	(20,504)	(15,247)	(22,109)	(5,896)
Exploration	(7,285)	(8,447)	(9,416)	(2,511)	(1,752)	(2,593)	(691)
Research and development	(3,873)	(4,419)	(5,197)	(1,386)	(931)	(1,156)	(308)
Depreciation and amortisation	(85,521)	(91,618)	(97,040)	(25,877)	(21,975)	(23,427)	(6,247)
Operating costs	(729,840)	(1,122,296)	(988,086)	(263,489)	(237,649)	(235,799)	(62,879)
Operating income	771,918	1,144,077	868,287	231,544	222,184	202,048	53,880
Share of results of joint ventures and associates	7,874	2,873	(4,001)	(1,067)	(741)	(778)	(208)
Finance and other income	1,787	14,894	31,967	8,524	10,968	6,769	1,805
Finance costs	(12,058)	(8,882)	(8,186)	(2,183)	(3,177)	(3,025)	(807)
Income before income taxes and zakat	769,521	1,152,962	888,067	236,818	229,234	205,014	54,670
Income taxes and zakat	(357,125)	(548,957)	(433,303)	(115,547)	(109,692)	(102,743)	(27,398)
Net income	412,396	604,005	454,764	121,271	119,542	102,271	27,272
Net income/(loss) attributable to:							
Shareholders’ equity	395,203	597,215	452,753	120,734	117,471	103,356	27,562
Non-controlling interests	17,193	6,790	2,011	537	2,071	(1,085)	(290)
	412,396	604,005	454,764	121,271	119,542	102,271	27,272

Source: The Financial Statements.

Selected Consolidated Balance Sheet Data

	2021 SAR	As at 31 December		2023 U.S.\$ <i>(in millions)</i>	As at 31 March	
		2022 SAR	2023 SAR		2024 SAR	2024 U.S.\$
Cash and cash equivalents ⁽¹⁾⁽²⁾	299,579	226,047	198,973	53,059	243,972	65,059
Property, plant and equipment	1,244,316	1,303,266	1,384,717	369,258	1,411,857	376,495
Total assets	2,162,690	2,492,924	2,477,940	660,784	2,481,139	661,637
Total borrowings	510,921	393,144	290,147	77,373	291,831	77,822
Total liabilities	882,022	826,777	740,848	197,559	758,764	202,337
Total equity ⁽²⁾	1,280,668	1,666,147	1,737,092	463,225	1,722,375	459,300

(1) In May 2024, the Company declared and distributed dividend payments of SAR 116.5 billion (\$31.1 billion).

(2) In June 2024, the Company purchased 137,614,678 treasury shares as part of the Secondary Public Offering.

Source: The Financial Statements.

Selected Consolidated Statement of Cash Flows Data

	Year Ended 31 December			Three Month Periods Ended 31 March			
	2021	2022	2023	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.\$	SAR	SAR	U.S.\$
				(in millions)			
Net cash provided by/(used in):							
Operating activities	522,601	698,152	537,814	143,417	148,647	125,969	33,592
Investing activities	(135,741)	(389,009)	(54,019)	(14,405)	90,324	48,030	12,808
Financing activities	(294,513)	(382,675)	(510,869)	(136,232)	(124,344)	(129,000)	(34,400)

Source: The Financial Statements.

NON-IFRS FINANCIAL MEASURES

Prospective investors should read the below information in conjunction with the information presented under the headings “Risk Factors”, “Selected Consolidated Financial Information” and “Management’s Discussion and Analysis of Financial Position and Results of Operations” and the Financial Statements and other financial data included elsewhere in this Base Prospectus.

Saudi Aramco supplements its use of IFRS financial measures with non-IFRS financial measures, including Free Cash Flow, Gearing, ROACE, EBIT and EBITDA, which the Company uses in the analysis of its business and financial position. These non-IFRS financial measures are not defined by, nor presented in accordance with, IFRS. These non-IFRS financial measures are not measurements of Saudi Aramco’s operating performance or liquidity under IFRS and should not be used instead of, or considered as alternatives to, any measures of performance or liquidity under IFRS. These non-IFRS financial measures are not intended to be predictive of future results. In addition, other companies, including those in Saudi Aramco’s industry, may calculate similarly titled non-IFRS financial measures differently. Because companies do not necessarily calculate these non-IFRS financial measures in the same manner, Saudi Aramco’s presentation of such non-IFRS financial measures may not be comparable to other similarly titled non-IFRS financial measures used by other companies.

Free Cash Flow

Saudi Aramco uses Free Cash Flow to evaluate Saudi Aramco’s cash available for financing activities, including dividend payments. Saudi Aramco defines Free Cash Flow as net cash provided by operating activities less capital expenditures.

The following table sets forth Saudi Aramco’s Free Cash Flow for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024:

	Year Ended 31 December				Three Month Periods Ended 31 March		
	2021	2022	2023	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.\$	SAR	SAR	U.S.\$
	(in millions)						
Net cash provided by operating activities	522,601	698,152	537,814	143,417	148,647	125,969	33,592
Capital expenditures	(119,645)	(141,161)	(158,308)	(42,215)	(32,797)	(40,621)	(10,832)
Free Cash Flow	402,956	556,991	379,506	101,202	115,850	85,348	22,760

Source: The Company.

Gearing

Gearing is a measure of the degree to which Saudi Aramco’s operations are financed by debt. Saudi Aramco defines Gearing as the ratio of net (cash)/debt (total borrowings less cash and cash equivalents, short-term investments, investment in debt securities (current and non-current) and non-current cash investments) to total equity and net (cash)/debt. Management believes that Gearing is widely used by analysts and investors in the oil and gas industry to indicate a company’s financial health and flexibility.

The following table sets forth Saudi Aramco’s Gearing as at 31 December 2021, 2022 and 2023, and as at 31 March 2024.

	2021	As at 31 December			As at 31 March	
	SAR	2022	2023	2023	2024	2024
		SAR	SAR	U.S.\$	SAR	U.S.\$
		(in millions, except percentages)				
Current borrowings	74,550	74,764	63,666	16,978	51,521	13,739
Non-current borrowings	436,371	318,380	226,481	60,395	240,310	64,083
Total borrowings	510,921	393,144	290,147	77,373	291,831	77,822
Cash and cash equivalents ⁽¹⁾	(299,579)	(226,047)	(198,973)	(53,059)	(243,972)	(65,059)
Short-term investments	(27,073)	(281,215)	(184,343)	(49,158)	(100,758)	(26,869)
Investment in debt securities	(8,966)	(8,565)	(9,584)	(2,556)	(9,593)	(2,557)
Non-current cash investments	-	-	-	-	-	-
Net debt/(cash)	175,303	(122,683)	(102,753)	(27,400)	(62,492)	(16,663)
Total equity	1,280,668	1,666,147	1,737,092	463,225	1,722,375	459,300
Net debt/(cash) and total equity	1,455,971	1,543,464	1,634,339	435,825	1,659,883	442,637
Gearing⁽²⁾	12.0%	(7.9)%	(6.3)%	(6.3)%	(3.8)%	(3.8)%

(1) In May 2024, the Company declared and distributed dividend payments of SAR 116.5 billion (\$31.1 billion).

(2) In June 2024, the Company purchased 137,614,678 treasury shares as part of the Secondary Public Offering, which affects its Gearing.

Source: The Company.

Return on Average Capital Employed

ROACE measures the efficiency of Saudi Aramco's utilisation of capital. Saudi Aramco defines ROACE as net income before finance costs, net of income taxes and zakat, for a period as a percentage of average capital employed during that period. Average capital employed is the average of Saudi Aramco's total borrowings plus total equity at the beginning and end of the applicable period. Saudi Aramco utilises ROACE to evaluate management's performance and demonstrate to its shareholders that capital has been used effectively.

The following table sets forth Saudi Aramco's ROACE for the years ended 31 December 2021, 2022 and 2023 and the twelve months ended 31 March 2024:

	2021 SAR	Year Ended 31 December		2023 U.S.\$	Twelve Months Ended 31 March	
		2022 SAR	2023 SAR		2024 SAR	2024 U.S.\$
				(in millions, except percentages)		
Net income	412,396	604,005	454,764	121,271	437,493	116,665
Finance costs, net of income taxes and zakat	6,029	4,441	4,093	1,092	4,017	1,072
Net income before finance costs, net of income taxes and zakat	418,425	608,446	458,857	122,363	441,510	117,737
As at period start:						
Current borrowings	99,157	74,550	74,764	19,937	76,920	20,512
Non-current borrowings	436,920	436,371	318,380	84,901	268,544	71,612
Total equity	1,101,094	1,280,668	1,666,147	444,306	1,706,820	455,152
Capital employed	1,637,171	1,791,589	2,059,291	549,144	2,052,284	547,276
As at period end:						
Current borrowings	74,550	74,764	63,666	16,978	51,521	13,739
Non-current borrowings	436,371	318,380	226,481	60,395	240,310	64,083
Total equity	1,280,668	1,666,147	1,737,092	463,225	1,722,375	459,300
Capital employed	1,791,589	2,059,291	2,027,239	540,598	2,014,206	537,122
Average capital employed	1,714,380	1,925,440	2,043,265	544,871	2,033,245	542,199
ROACE⁽¹⁾	24.4%	31.6%	22.5%	22.5%	21.7%	21.7%

(1) In June 2024, the Company purchased 137,614,678 treasury shares as part of the Secondary Public Offering, which affects its ROACE.

Source: The Company.

EBIT and EBITDA

Saudi Aramco defines EBIT as net income plus finance costs and income taxes and zakat, less finance income and EBITDA as net income plus finance costs, income taxes and zakat, depreciation and amortisation, less finance income. Saudi Aramco believes EBIT and EBITDA provide useful information regarding its financial performance to analysts and investors.

The following table sets forth Saudi Aramco's EBIT and EBITDA for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024:

	2021 SAR	As at 31 December		2023 U.S.\$	Three Month Periods Ended 31 March		
		2022 SAR	2023 SAR		2023 SAR	2024 SAR	2024 U.S.\$
				(in millions)			
Net income	412,396	604,005	454,764	121,271	119,542	102,271	27,272
Finance income	(1,405)	(12,425)	(31,216)	(8,324)	(10,863)	(6,655)	(1,775)
Finance costs	12,058	8,882	8,186	2,183	3,177	3,025	807
Income taxes and zakat	357,125	548,957	433,303	115,547	109,692	102,743	27,398
EBIT	780,174	1,149,419	865,037	230,677	221,548	201,384	53,702
Depreciation and amortisation	85,521	91,618	97,040	25,877	21,975	23,427	6,247
EBITDA	865,695	1,241,037	962,077	256,554	243,523	224,811	59,950

Source: The Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The following management's discussion and analysis of Saudi Aramco's financial position and results of operations should be read in conjunction with the Financial Statements and other financial data included elsewhere in this Base Prospectus. This management's discussion and analysis contains forward-looking statements, which involve risks and uncertainties. See "Forward-Looking Statements". Saudi Aramco's future actual results could differ materially from those anticipated in the forward-looking statements contained herein for several reasons, including those presented under the section entitled "Risk Factors" and elsewhere in this Base Prospectus.

Overview

Saudi Aramco is the world's largest integrated energy and chemicals company. In the three month period ended 31 March 2024, it produced 12.4 million barrels per day of oil equivalent and for the year ended 2023 it produced 12.8 million barrels per day of oil equivalent, including 10.7 million barrels per day of liquids and 10.7 bscfd of natural gas and ethane. As at 31 March 2024, Saudi Aramco had two reportable segments, upstream and downstream, which are supported by corporate activities.

The largest portion of Saudi Aramco's revenues have historically been derived from its upstream segment. However, the percentage has been decreasing as a result of Saudi Aramco's recent expansions of its downstream operations. The following table highlights Saudi Aramco's revenue and other income related to sales by business segment for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024, excluding inter-segment revenue:

	2021		Year Ended 31 December		2023		2023
	SAR		2022		SAR		U.S.\$
			(in millions, except percentages)				
Upstream	714,971	48%	1,110,103	49%	856,003	46%	228,267
Downstream	785,300	52%	1,154,624	51%	998,419	54%	266,245
Corporate	1,487	—	1,646	—	1,951	—	520
Total	1,501,758	100%	2,266,373	100%	1,856,373	100%	495,033

(1) Total does not include inter-segment revenue.

	2023		Three Month Periods Ended 31 March		2024		2024
	SAR		2023		SAR		US\$
			(in millions, except percentages)				
Upstream	214,135	47%	196,837	45%	196,837	45%	52,490
Downstream	245,255	53%	240,276	55%	240,276	55%	64,073
Corporate	443	—	734	—	734	—	196
Total	459,833	100%	437,847	100%	437,847	100%	116,759

(1) Total does not include inter-segment revenue.

In addition, certain of Saudi Aramco's downstream products sold in the Kingdom are sold at regulated prices mandated by the Government. The regulated prices often are lower than the prices at which Saudi Aramco could otherwise have sold such refined and chemicals products. Pursuant to an equalisation mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of its compliance with the mandates related to crude oil and certain refined and chemicals products, with equalisation compensation recorded as other income related to sales. Effective 1 January 2020, the Government expanded the equalisation mechanism to include LPG and certain other products. See "Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Fiscal Regime". For sales of downstream products that are not subject to Government pricing mandates, prices are unregulated.

Factors Affecting Saudi Aramco's Financial Position and Results of Operations

The following is a discussion of the most significant factors affecting Saudi Aramco's financial position and results of operations.

Supply, Demand and Price for Hydrocarbons

Saudi Aramco's upstream segment results of operations are driven primarily by its sales of crude oil, condensate and NGL and depend on global demand and prices for these products. Sales of crude oil are the largest component of Saudi Aramco's consolidated revenue and other income related to sales, accounting for 47.0%, 50.3% and 47.9% of its consolidated revenue and other income related to sales for the years ended 31 December 2021, 2022 and 2023, respectively. Accordingly, Saudi Aramco's results of operations and cash flow are significantly impacted by the price at which it sells crude oil.

International crude oil prices have fluctuated significantly in the past and remain volatile. Fluctuations in the price at which Saudi Aramco is able to sell crude oil could cause Saudi Aramco's results of operations and cash flow to vary significantly. In addition, decreases in the price at which Saudi Aramco is able to sell its crude oil could have a material adverse effect on Saudi Aramco's results of operations and cash flow. For further discussion regarding factors affecting the market price for crude oil, see *"Risk Factors—Risks Related to Saudi Aramco's Operations and Activities—Saudi Aramco's results of operations and cash flow are significantly impacted by international crude oil supply and demand and the price at which it sells crude oil"*.

Crude oil is also a major component of the cost of production of refined and chemicals products that use hydrocarbons as a feedstock. However, because prices for refined and chemicals products may not timely adjust to reflect movements in crude oil prices, such movements could, in the short-term, positively or negatively impact margins for downstream products that use crude oil as a feedstock. The prices for refined and chemicals products are also impacted by changes in supply and demand and economic cycles.

In the Kingdom, the Government regulates the oil and gas industry and establishes the Kingdom's maximum level of hydrocarbon production in the exercise of its sovereign prerogative. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum hydrocarbon production at any time based on its strategic energy security goals or for any other reason. Therefore, Saudi Aramco's results of operations may depend in part on sovereign decisions with respect to production levels that are made by the Government.

In addition, the Concession requires the Company to meet domestic demand for certain hydrocarbons, petroleum products and LPG. See *"Material Agreements—The Concession"*. Saudi Aramco's downstream product mix includes a high proportion of low margin refined and chemicals products, such as fuel oil, to satisfy domestic demand for such products. As domestic demand for hydrocarbon products grows and new dedicated outlets for crude oil production in Saudi Aramco's downstream segment reach capacity, volumes of crude oil available for export may decrease.

Upstream Liquids Sales

Almost all of the crude oil that Saudi Aramco produces in a given year is sold within that year. Saudi Aramco sells crude oil to its downstream refineries under long-term sales or offtake agreements. Saudi Aramco's crude oil sales agreements with its third-party customers generally have a term of one year and are automatically renewed if not terminated. All of these agreements are typically for a specified volume and grade of crude oil at a price based on a formula that reflects the market prices in the relevant geographical region in which the oil will be delivered. The pricing formulas use "marker crude oils" in each geographical region to determine a market-based price. The formulas also include price differentials for each grade in each region, which are set by Saudi Aramco on a monthly basis, and reflect crude oil quality differences vis-à-vis the marker crude oil and other factors, such as the value of competing crude oils, in-transit losses, freight allowances and other commercial considerations. As a result, because Saudi Aramco's crude oil prices are tied to global crude oil market prices, Saudi Aramco's results of operations for any given period will reflect volatility in those prices. See *"Business—Operating Segments—Crude Oil and Condensate—Sales and Marketing"*.

In the three month period ended 31 March 2024, 51% of Saudi Aramco's crude oil production volumes were sold to its downstream refining system, compared to 47% in 2023, 44% in 2022 and 43% in 2021. In anticipation of expected growth in oil demand from Asia, Saudi Aramco is focused on crude oil exports to Asia. In 2021, 2022 and 2023, customers in Asia, including Saudi Aramco's affiliated refineries located in Asia, purchased 81%, 79% and 82%, respectively, of its crude oil exports.

Upstream Gas Sales

Pursuant to the Concession, the Company is the exclusive supplier of natural gas in the Kingdom. From 2003 to 2023, the Company significantly expanded its gas processing capacity from 9.3 bscfd to 19.1 bscfd. The Company intends to continue to expand its capacity over the next few years to meet domestic demand for low-cost, lower carbon intensity energy and swing production capacity in the peak summer season. The Company expects that the Kingdom will increasingly rely on natural gas as a feedstock for its power generation facilities, reducing the volumes of crude oil used by power generators. This displacement of crude oil by gas used domestically is expected to increase crude oil volumes available for export. In addition, the Company expects demand for natural gas to be driven by water desalination, petrochemical production and other industrial consumption including providing feedstock for the production of hydrogen and ammonia.

The Company sells natural gas within the Kingdom at regulated prices mandated by the Government and is obligated under the Concession to meet domestic hydrocarbon demand through either domestic production or imports. Effective 27 March 2018, the Government implemented a mechanism under which regulations passed by the Council of Ministers empower the Ministry of Energy, in agreement with the Ministry of Finance, to enable the Company to receive a commercial rate of return suitable for the development and exploitation of the gas resources of the Kingdom. See “*Management’s Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco’s Financial Position and Results of Operations—Fiscal Regime*”.

In-Kingdom Downstream Product Sales

Saudi Aramco’s downstream products sold domestically through sales agreements include gasoline, diesel, fuel oil, LPG, asphalt, kerosene, naphtha and jet fuels. These sales agreements generally have a term of one year, except for sales agreements with customers in the utility and aviation sectors which generally have a longer term. Typically, these agreements are automatically renewed if not terminated. In the Kingdom, these products are sold at regulated prices mandated by the Government. The regulated prices often are lower than the prices at which Saudi Aramco could otherwise have sold these products. Pursuant to an equalisation mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of Saudi Aramco’s compliance with the mandates related to crude oil and certain refined and chemicals products, with equalisation compensation recorded as other income related to sales. Effective 1 January 2020, the Government expanded the equalisation mechanism to include LPG and certain other products. See “*Management’s Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco’s Financial Position and Results of Operations—Fiscal Regime*”. For sales of downstream products that are not subject to Government pricing mandates, prices are unregulated.

The COVID-19 pandemic and measures taken to combat it severely impacted global economic activity in 2020 and 2021 and led to lower demand for crude oil, natural gas, refined and chemicals products, which resulted in significant volatility in crude oil prices and refining and chemicals product prices.

Investments and Acquisitions in Expansion of the Downstream Segment

The downstream segment’s activities consist primarily of refining and petrochemical manufacturing and supply, trading and marketing operations. A significant portion of the downstream business is conducted through affiliates. Saudi Aramco has expanded its downstream operations by undertaking expansion projects at its existing downstream facilities and increasing control in existing downstream investments, as well as entering new downstream ventures and acquiring new downstream assets.

The integration of Saudi Aramco’s upstream and downstream segments provides a unique opportunity for Saudi Aramco to secure crude oil demand by selling to its captive system of domestic and international refineries. For the years ended 31 December 2021, 2022 and 2023, the downstream segment utilised 43%, 44% and 47% of the upstream segment’s total crude oil production in those periods, respectively, making Saudi Aramco’s downstream business the largest single customer of its upstream business in those periods. Saudi Aramco believes an integrated global downstream business, coupled with future downstream investments, will facilitate the placement of Saudi Aramco’s crude oil in larger offtake volumes in assets designed specifically to economically process Arabian crude oil, allow it to capture additional value across the hydrocarbon value chain, expand its sources of earnings and provide resilience to market volatility.

In addition, Saudi Aramco has undertaken significant expansion projects at its downstream facilities. Its capital expenditures in its downstream segment on a cash basis were SAR 28.7 billion in 2021, SAR 29.5 billion in 2022, SAR 32.7 billion (\$8.7 billion) in 2023 and SAR 6.9 billion (\$1.8 billion) in the three month period ended 31 March 2024. See “*Management’s Discussion and Analysis of Financial Position and Results of Operations—Liquidity and Capital Resources—Cash Used in Investing Activities—Capital Expenditures*”.

Furthermore, Saudi Aramco has continued to enter into new downstream ventures and financings. For example, in June 2021, Saudi Aramco completed a transaction pursuant to which it leased its stabilised crude oil pipeline network to one of its wholly owned subsidiaries for 25 years and leased back the exclusive rights to use, operate and maintain the pipeline network for that period. It then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 46.5 billion (\$12.4 billion) in cash. During the 25-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, the crude oil pipeline network, and the transaction will not impose any restrictions on Saudi Aramco’s crude oil production volumes.

In September 2021, Saudi Aramco entered into a financing arrangement of SAR 44.1 billion (\$11.8 billion) relating to the Jazan integrated gasification combined-cycle power plant, an air separation unit and certain ancillary assets. The transaction resulted in the creation of JIGPC, a joint operation with a wholly owned subsidiary of Saudi Aramco owning 20%, and third parties owning 80%. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee payable to Saudi Aramco. The transfer of the facility by Saudi Aramco to JIGPC has been recorded as a financing arrangement and therefore the facility will remain as an asset on Saudi Aramco’s financial statements. Upon closing, Saudi Aramco received the first tranche of SAR 26.5 billion (\$7.1 billion) with the second tranche on January 2023 of SAR 15.6 billion (\$4.2 billion) under the financing arrangement. The remaining amount to be received under the financing arrangement as at 31 December 2023 is SAR 2.0 billion (\$0.5 billion). The total amount under the arrangement is repayable in monthly instalments, commencing from October 2021 to October 2046.

In addition, in February 2022, Saudi Aramco completed a transaction pursuant to which it leased its specified gas products pipelines to one of its wholly owned subsidiaries for 20 years and leased back the exclusive rights to use, operate and maintain these pipelines for that period. Saudi Aramco then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 58.1 billion (\$15.5 billion) in cash. During the 20-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, the specified gas products pipeline network and the transaction does not impose any restrictions on Saudi Aramco’s gas production volumes. See “*Pipelines, Distribution and Terminals*”.

In November 2022, Saudi Aramco acquired from PKN Orlen a 30% equity stake in a 210,000 barrels per day refinery in Gdansk, Poland, a 100% equity stake in an associated wholesale business and a 50% equity stake in a jet fuel marketing joint venture with BP in Poland for a total purchase price of PLN 2,226.4 million (approximately SAR 1.8 billion (\$0.5 billion) as of November 2022). In addition, in March 2023, Saudi Aramco acquired Valvoline Global Operations for SAR 10.34 billion (\$2.76 billion). This acquisition is intended to complement Saudi Aramco’s line of premium branded lubricant products, optimise its global base oils production capabilities and expand Saudi Aramco’s own research and development activities and partnerships with original equipment manufacturers. Saudi Aramco sold 0.2 million tonnes and 0.9 million tonnes of finished lubricants in 2022 and 2023, respectively. Furthermore, in July 2023, Saudi Aramco acquired a 10% equity stake in Rongsheng for SAR 12.8 billion (\$3.4 billion). In March 2024, Aramco completed the acquisition of a 100% equity stake in Esmax for a purchase consideration of SAR 1.4 billion (\$0.37 billion).

Fiscal Regime

In recent years, the Government has adopted a number of changes to the fiscal regime under which Saudi Aramco operates. Among other things, these changes align the fiscal regime to which Saudi Aramco and other domestic hydrocarbon producers are subject to tax and royalty rates that are customary in other hydrocarbon producing jurisdictions. Below is a summary of these changes and their impact on Saudi Aramco.

- *Income, Taxes and Zakat.* The Kingdom’s Income Tax Law includes a multi-tiered structure of income tax rates for authorised producers of oil and hydrocarbons, which are based on the amount of in-

Kingdom capital investments (with the income tax rate decreasing as the level of in-Kingdom capital investment increases). Under this structure, an income tax of 50% applies to Saudi Aramco, however, a 20% rate applies to Saudi Aramco's taxable income related to the exploration and production of non-associated natural gas (including gas condensates) as well as the collection, treatment, processing and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. Further, under the Kingdom's Income Tax Law, Saudi Aramco's interest in non-publicly traded in-Kingdom companies are generally subject to a 20% tax rate, unless such company is engaged in the production of oil and its associated hydrocarbon products, in which case, the 50% to 85% multi-tiered structure of income tax rates applies, except that a 20% rate would apply to such company's taxable income related to certain natural gas activities, as described above.

Additionally, effective 1 January 2020, the tax rate applicable to the Company's downstream activities is the general corporate tax rate of 20% that applies to all similar domestic downstream companies under the Income Tax Law, rather than the 50% to 85% multi-tiered structure of income tax rates that previously applied to domestic oil and hydrocarbons production companies in the Kingdom, on the condition that the Company separates its domestic downstream activities (from the oil and hydrocarbon production activities) into a separate legal entity before 31 December 2024. If the Company does not comply with this condition by 31 December 2024, its domestic downstream business will be subject to tax retrospectively on an annual basis for the years 2020 to 2024 in accordance with the multi-tiered tax rates applicable to domestic oil and hydrocarbon production companies.

Moreover, by Royal Decree No. M/153 dated 05/11/1441 in the Hijri calendar (corresponding to 26 June 2020), the Income Tax Law was amended to provide that, effective 1 January 2020, as an exception from the Income Tax Law, shares owned (directly or indirectly) by persons engaged in oil and hydrocarbon production activities in companies listed on the Saudi Exchange are subject to zakat, including their indirect interest in those companies (at the level of the investee/subsidiary of such listed companies). As a result, Saudi Aramco's ownership interests in certain entities, including SABIC, Petro Rabigh, Saudi Electricity Company, Luberef, Marafiq and The National Shipping Company of Saudi Arabia (Bahri) are subject to zakat instead of corporate income taxes.

- *Royalties.* Royalties are payable on crude oil and condensate, natural gas, ethane and NGL based on their production value. See “*Material Agreements—The Concession*”. Accordingly, the amount of royalties payable is recognised as an expense at the time of production and in Saudi Aramco's consolidated statement of income as “production royalties”.

Crude oil and condensate production value is based each month on Saudi Aramco's official selling prices for each destination. As of 1 January 2020, the effective royalty rate is determined based on a baseline rate of 15% applied to Brent prices up to \$70 per barrel, increasing to 45% applied to Brent prices above \$70 per barrel up to \$100 per barrel and 80% applied to Brent prices above \$100 per barrel.

Pursuant to the Ministry of Energy's authority under the Concession, on 25 February 2018, the Ministry of Energy decided not to collect royalties from Saudi Aramco on condensate production for a grace period of five years beginning on 1 January 2018. On 17 September 2019, the Ministry of Energy issued Ministerial Resolution No. 1/422/1441, dated 18/01/1441 in the Hijri calendar (corresponding to 17 September 2019), which extends the period for which Saudi Aramco will not be obligated to pay royalties on condensate production for an additional 10-year period from 1 January 2023, the day following the expiration of the five-year grace period, extendable for an additional 10-year period, and which may be further extended for subsequent 10-year periods, unless the Government determines the economics impacting gas field development do not warrant such an extension.

Production royalties due on natural gas, ethane and NGL, excluding those volumes used by Saudi Aramco for upstream operations and related operations (including transportation, pipelines and storage and export facilities, fractionation plants, gas and NGL plants) are calculated based on a flat royalty rate of 12.5% applied to a factor established by the Ministry of Energy. As at 31 December 2023, the factor to which this royalty is applied is \$0.035 per mmBTU for NGL (propane, butane and natural gasoline) and \$0.00 per mmBTU for natural gas (methane) and ethane. The Minister of Energy may amend the factors used, taking into account the price that achieves the targeted internal rate of return for natural gas, ethane and NGL production set by the Ministry of Energy in coordination with Saudi Aramco.

- *Price Equalisation.* Pursuant to the Concession, the Company possesses the exclusive right to sell crude oil and refined and chemicals products in the Kingdom. In connection with this exclusive right, the Government mandates that crude oil and certain refined and chemicals products sold to third parties in the Kingdom are sold at regulated prices that are typically lower than the prices at which the Company could otherwise have sold such products. Pursuant to an equalisation mechanism, the Government compensates the Company for the revenue it directly forgoes as a result of the Company's compliance with the mandates related to crude oil and certain refined and chemicals products. Effective 1 January 2020, the Government expanded the equalisation mechanism to include LPG and certain other products. The Company records the equalisation amount as other income related to sales on its consolidated statement of income and such amount is subject to income tax. The Company may offset its income taxes payable by the equalisation amount in the period in which such taxes are due. If the income taxes payable to the Government are not adequate to offset the equalisation amount, the Company may offset any other amounts it owes to the Government against the equalisation amount. The offsetting mechanism occurs on a monthly basis when payments to the Government are due. In the event the equalisation price is less than the regulated price, the difference would be due from the Company to the Government. See "*Regulation of the Oil and Gas Industry in the Kingdom—Regulated Domestic Pricing of Certain Hydrocarbons*".

The Government has publicly announced its intention to gradually increase the regulated prices at which refined and chemicals products are sold in the Kingdom. The regulated prices will be linked as a percentage to the reference equalisation price of the relevant product and will fluctuate according to fluctuations in global markets. As regulated prices increase, the Company expects that equalisation compensation will decrease and that, in turn, the amount of other income related to sales recorded by the Company will decrease, with an offsetting increase in revenue from product sales.

- *Gas Price System.* Gas sales in the Kingdom are regulated by the Government, including the Ministry of Energy, which allocates volumes for sales of Regulated Gas Products in the Kingdom to domestic customers pursuant to the Energy Supply Law. The price that domestic customers pay for natural gas and ethane is traditionally set by the Council of Ministers, which has empowered the Ministry of Energy, in agreement with the Ministry of Finance, to specify the Blended Price in order to provide licensees making gas investments a suitable rate of return for these products in the Kingdom.

Effective 17 September 2019, the Government implemented an equalisation mechanism to compensate licensees for revenue they directly forgo as a result of compliance with the mandates related to Regulated Gas Products. Under this mechanism, when licensees sell any Regulated Gas Products domestically at a domestic price below the corresponding Blended Price, the licensees are entitled to compensation from the Government in an amount equal to the cost of the revenues directly forgone. Saudi Aramco records the equalisation amount as other income related to sales on its consolidated statement of income and such amount is subject to income tax. Saudi Aramco may offset the compensation it is due against any taxes payable, and in the event taxes are insufficient, any other amounts due and payable by Saudi Aramco to the Government, such as royalties. If domestic prices are higher than the Blended Price, Saudi Aramco is required to pay the difference to the Government. See "*Regulation of the Oil and Gas Industry in the Kingdom—Regulated Domestic Pricing of Certain Hydrocarbons—Gas Pricing*".

- *Government guarantee.* Saudi Aramco sells hydrocarbon products to various Government and semi-Government entities, including ministries and other branches of the Government, and separate legal entities in which the Government has share ownership or control. The Government guarantees amounts due to Saudi Aramco from certain Government and semi-Government entities, including ministries of the Government and separate legal entities in which the Government has share ownership or control that are unable to settle within terms agreed with Saudi Aramco, subject to limits on the amount of the guarantee for each entity. The aggregate amount guaranteed in respect of 2021, 2022 and 2023 was SAR 12.8 billion, SAR 11.2 billion and SAR 13.2 billion (\$3.5 billion), respectively.

Pursuant to certain governmental resolutions as further described in "*Regulation of the Oil and Gas Industry in the Kingdom—Regulated Domestic Pricing of Certain Hydrocarbons —Government Guarantee*", Saudi Aramco may offset any amounts owed by Government or semi-Government entities under any agreement with such customers from its income taxes payable to the Government. This includes amounts due to Saudi Aramco from sales of crude oil and refined and chemicals products to

Government-affiliated companies. If the amounts of the income taxes payable to the Government are not adequate to offset the amounts owed by such customers, Saudi Aramco may offset such amounts against any other amounts Saudi Aramco owes to the Government.

- *Compensation for Saudi Strategic Storage Programme.* Under the Saudi Strategic Storage Programme, the Government requires Saudi Aramco to maintain reserves of certain petroleum products. Pursuant to Council of Ministers Resolution No. 56, dated 18/01/1441 in the Hijri calendar (corresponding to 17 September 2019), effective 1 January 2020, the Government compensates Saudi Aramco for carrying costs associated with maintaining Government-mandated petroleum product reserves in an amount of \$47.4 million per month (including VAT). Council of Ministers Resolution No. 56 requires that this amount be reviewed by the Ministry of Energy, the Ministry of Finance and Saudi Aramco every five years.

Seasonality

The operating results of Saudi Aramco's upstream and downstream segments may fluctuate slightly from quarter to quarter as a result of a variety of seasonal factors affecting energy demand. For example, there is generally an increase in natural gas demand for the utilities sector during the summer months in the Kingdom (June, July and August). As such, Saudi Aramco's upstream segment produces and sells more natural gas during this period. In addition, there is usually an increased demand for diesel, gasoline and jet fuel in the Kingdom around its major holidays, including Eid al-Fitr, Hajj season and Eid al-Adha, the timing of which varies from year to year as determined by the Hijri calendar. During this time, Saudi Aramco's downstream segment sells more diesel, gasoline and jet fuel. Saudi Aramco expects these trends to continue in future years. While seasonality continued to impact the demand for natural gas during the summer months in 2021, the COVID-19 pandemic and measures taken to combat it had a significant impact on travel and tourism in the Kingdom in 2020 and 2021, which reduced the impact of seasonality on the demand for diesel, gasoline and jet fuel during the Kingdom's major holidays.

Components of Results of Operations

Revenue

Revenue primarily consists of sales of crude oil, natural gas, refined and chemicals products. Revenue also includes services provided to third parties, joint operations, joint ventures, associates and government agencies, such as the operation and maintenance of facilities for third parties.

In 2023, Saudi Aramco delivered Arabian crude oil to customers around the world. However, for financial reporting purposes, it records revenue by geographical area based on the location of the entity that generated the revenue. Saudi Aramco sells crude oil, gas, refined and chemicals products under different sales incoterms. Its sales are primarily made on a free on board basis at the point of shipment, pursuant to which the buyer assumes all costs and liabilities once the goods are placed onto a ship for delivery. A smaller portion of its sales are made on a free in pipe basis, pursuant to which the buyer assumes all costs and liabilities once the product passes into the buyer's receiving pipeline system. The balance of its sales are made on a cost, insurance and freight basis, pursuant to which the seller assumes all costs and liabilities until the goods are received by the buyer, or another sales incoterm. As Saudi Aramco produces all its crude oil in the Kingdom and the sales are recorded by an entity located in the Kingdom, free on board export sales of crude oil are recorded as in-Kingdom revenue in Saudi Aramco's financial statements.

Other Income Related to Sales

Other income related to sales reflects the equalisation payments received from the Government to compensate Saudi Aramco for the difference between the equalisation prices and the regulated prices for the sales of certain hydrocarbon and refined and chemicals products within the Kingdom. See "*Fiscal Regime—Price Equalisation and—Gas Price System*".

Royalties and Other Taxes

Royalties and other taxes primarily consist of the royalties attributable to the production of crude oil, natural gas and NGL. Royalties are accounted for as an expense. Other taxes consist of amounts paid by Motiva based on its operations in the United States. See "*Fiscal Regime—Royalties*".

Purchases

Purchases primarily consist of refined and chemicals products, crude oil and NGL purchased from third parties for use in Saudi Aramco's downstream operations and to meet demand for products in the Kingdom when it exceeds Saudi Aramco's production of the relevant product. Saudi Aramco also purchases products from third parties when it is cost effective. For example, various downstream operations from time to time purchase crude oil, NGL and other products from third parties to use as a feedstock. Purchases also include ATC's procurement of refined and chemicals products as part of its trading operations and purchases by Aramco Trading Americas LLC under its buying and selling arrangements and for its trading operations.

Producing and Manufacturing

Producing and manufacturing costs consist primarily of the operating expenses related to producing hydrocarbons and refined and chemical products. Producing and manufacturing costs also include the upstream segment's and downstream segment's support services expenses, including engineering and operational services. In addition, producing and manufacturing costs include labour and employee-related expenses directly related to producing Saudi Aramco's products.

Selling, Administrative and General

Selling, administrative and general expenses consist of costs related to supporting the operations and services of Saudi Aramco and certain other expenses. Costs related to supporting the operations and services of Saudi Aramco include:

- pipeline, distribution and terminal expenses;
- selling and administrative expenses; and
- corporate, support and administrative services (such as human resources, finance, corporate affairs and legal) and expenses related to Saudi Aramco's employee home ownership programme.

Other expenses included in selling, administrative and general expenses consist of:

- freight and storage expenses; and
- costs related to corporate citizenship projects and initiatives.

Saudi Aramco engages in a range of corporate citizenship projects and initiatives outside Saudi Aramco's core business to support the communities and environment in which it operates. Saudi Aramco initiates some of these projects and initiatives and others are undertaken in coordination with, and at the direction of, the Government. Government-directed projects and initiatives have generally been of national importance to the Kingdom and support Saudi Aramco's long-term commercial interests. 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. In addition, on 5 September 2019, Saudi Aramco and the Government entered into a framework agreement to govern the furnishing of services by Saudi Aramco to the Government. The Government previously compensated Saudi Aramco for its efforts relating to such activities by either allowing Saudi Aramco to reduce its taxable income by the amount of costs incurred or directly reimbursing Saudi Aramco through a tax deduction. See "*Business—Corporate Citizenship*".

Costs related to Saudi Aramco-initiated projects and initiatives are expensed as incurred and reflected in selling, administrative and general expenses. Costs related to Government-directed projects and initiatives are treated in different ways by Saudi Aramco. For certain projects directed by the Government, the Government provides a ministerial decree from the relevant Government ministry which allows Saudi Aramco to deduct its costs related to these projects against Saudi Aramco's tax liability. Costs related to other Government-directed projects are primarily expensed as incurred, deductible for tax purposes and reflected in selling, administrative and general expenses. See "*Related Party Transactions—Other Transactions*" and "*Business—Corporate Citizenship*".

Saudi Aramco expects to continue to engage in a range of corporate citizenship projects and initiatives in the future.

Exploration

Exploration expenses consist of the costs for the evaluation of subsurface geological areas for hydrocarbon resources, including geological and geophysical surveys, and write-offs related to unsuccessful exploratory wells.

Research and Development

Research and development expenses consist of the costs incurred to research new technologies. If development costs are expected to generate probable future economic benefits, they are capitalised as intangible assets.

Depreciation and Amortisation

Depreciation is attributable to property, plant and equipment. Amortisation is attributable to capitalised costs, which are intangible assets and thus amortised rather than depreciated.

Impairments

Impairments are recognised when events or changes in circumstances indicate that the carrying amount of certain assets on Saudi Aramco's balance sheet may not be recoverable, which occurs when the assets' carrying value is greater than the discounted future cash flows the asset is expected to generate over its remaining useful life.

Share of Results of Joint Ventures and Associates

Share of results of joint ventures and associates includes Saudi Aramco's share of profit or loss related to entities that are accounted for using the equity method. A significant portion of Saudi Aramco's downstream business is conducted through joint ventures and associates.

Finance and Other Income

Finance and other income includes interest income, gains or losses on derivative transactions, dividend income, gains or losses on disposal of equity investments and insurance settlements.

Finance Costs

Finance costs include interest expense incurred in connection with Saudi Aramco's finance lease liabilities and borrowing liabilities, including its revolving credit facility agreement, the deferred consideration due to the PIF in connection with the acquisition of a 70% equity interest in SABIC (for the years ended 31 December 2021 and 2022), the issuance of senior unsecured notes under the GMTN Programme and trust certificates issued under the Programme and the Domestic Sukuk Programme.

Consolidated Statement of Income for the Years Ended 31 December 2021, 2022 and 2023 and the Three Month Periods Ended 31 March 2023 and 2024

The following table sets forth Saudi Aramco's consolidated statement of income for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024:

	2021 SAR	Year Ended 31 December		2023 U.S.\$	Three Month Periods Ended 31 March		
		2022 SAR	2023 SAR	(in millions)	2023 SAR	2024 SAR	2024 U.S.\$
Revenue	1,346,930	2,006,955	1,653,281	440,875	417,460	402,037	107,210
Other income related to sales	154,828	259,418	203,092	54,158	42,373	35,810	9,549
Revenue and other income related to sales	1,501,758	2,266,373	1,856,373	495,033	459,833	437,847	116,759
Royalties and other taxes	(144,793)	(341,510)	(231,795)	(61,812)	(68,242)	(52,232)	(13,928)
Purchases	(352,377)	(490,690)	(471,225)	(125,660)	(106,369)	(110,011)	(29,336)
Producing and manufacturing	(76,495)	(101,912)	(96,523)	(25,739)	(23,133)	(24,271)	(6,473)
Selling, administrative and general	(59,496)	(83,700)	(76,890)	(20,504)	(15,247)	(22,109)	(5,896)
Exploration	(7,285)	(8,447)	(9,416)	(2,511)	(1,752)	(2,593)	(691)
Research and development	(3,873)	(4,419)	(5,197)	(1,386)	(931)	(1,156)	(308)
Depreciation and amortisation	(85,521)	(91,618)	(97,040)	(25,877)	(21,975)	(23,427)	(6,247)
Operating costs	(729,840)	(1,122,296)	(988,086)	(263,489)	(237,649)	(235,799)	(62,879)
Operating income	771,918	1,144,077	868,287	231,544	222,184	202,048	53,880
Share of results of joint ventures and associates	7,874	2,873	(4,001)	(1,067)	(741)	(778)	(208)
Finance and other income	1,787	14,894	31,967	8,524	10,968	6,769	1,805
Finance costs	(12,058)	(8,882)	(8,186)	(2,183)	(3,177)	(3,025)	(807)
Income before income taxes and zakat	769,521	1,152,962	888,067	236,818	229,234	205,014	54,670
Income taxes and zakat	(357,125)	(548,957)	(433,303)	(115,547)	(109,692)	(102,743)	(27,398)
Net income	412,396	604,005	454,764	121,271	119,542	102,271	27,272
Net income/(loss) attributable to:							
Shareholders' equity	395,203	597,215	452,753	120,734	117,471	103,356	27,562
Non-controlling interests	17,193	6,790	2,011	537	2,071	(1,085)	(290)
	412,396	604,005	454,764	121,271	119,542	102,271	27,272

Source: The Financial Statements.

Comparison of Three Month Period Ended 31 March 2024 and Three Month Period Ended 31 March 2023

Revenue and Other Income Related to Sales

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco's revenue and other income related to sales was SAR 437.8 billion (\$116.8 billion) and SAR 459.8 billion, respectively. This 4.8% decrease principally reflected the impact of lower crude oil volume sold, partially offset by an increase in crude oil prices during the period.

Upstream

For the three month periods ended 31 March 2024 and 2023, the upstream segment's external revenue was SAR 186.4 billion (\$49.7 billion) and SAR 201.2 billion, respectively. This 7.4% decrease was primarily due to lower crude oil volumes sold, partially offset by higher crude oil prices compared to the prior period. For the periods ended 31 March 2024 and 2023, the upstream segment's other income related to sales was SAR 10.4 billion (\$2.8 billion) and SAR 12.9 billion, respectively. This 19.2% decrease was primarily due to a decrease in the reference equalisation price for crude oil.

Downstream

For the three month periods ended 31 March 2024 and 2023, the downstream segment's external revenue was SAR 214.9 billion (\$57.3 billion) and SAR 215.8 billion, respectively. This 0.4% decrease was primarily due to lower refining and chemicals product prices. For the periods ended 31 March 2024 and 2023, the downstream segment's other income related to sales was SAR 25.4 billion (\$6.8 billion) and SAR 29.5 billion, respectively. This 13.9% decrease was primarily due to lower reference equalisation prices of refined and chemicals products sold in the Kingdom at regulated prices.

Corporate

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco's corporate activities' external revenue was SAR 0.7 billion (\$0.2 billion) and SAR 0.4 billion, respectively.

Royalties and Other Taxes

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco recorded royalties and other taxes of SAR 52.2 billion (\$13.9 billion) and SAR 68.2 billion, respectively. This 23.5% decrease was primarily due to lower capitalisation of royalties and lower sales volumes compared to the prior period.

Purchases

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco purchases totalled SAR 110.0 billion (\$29.3 billion) and SAR 106.4 billion, respectively. This 3.4% increase was primarily due to higher purchases for refined and chemical products, partially offset by a decrease in crude oil purchases.

Producing and Manufacturing

For the three month periods ended 31 March 2024 and 2023, producing and manufacturing expenses were SAR 24.3 billion (\$6.5 billion) and SAR 23.1 billion, respectively. This 4.9% increase was primarily due to higher operating costs driven by increased material and service costs, partially offset by favourable inventory valuation movement.

Selling, Administrative and General

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred selling, administrative and general expenses of SAR 22.1 billion (\$5.9 billion) and SAR 15.2 billion, respectively. This 45% increase was primarily due to an increase in derivative losses and higher employee related and service costs.

Exploration

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred exploration expenses of SAR 2.6 billion (\$0.7 billion) and SAR 1.8 billion, respectively. This 48% increase was primarily due to an increase in geological and geophysical survey costs.

Research and Development

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred research and development expenses of SAR 1.2 billion (\$0.3 billion) and SAR 0.9 billion, respectively.

Depreciation and Amortisation

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco recognised depreciation and amortisation expenses of SAR 23.4 billion (\$6.2 billion) and SAR 22.0 billion, respectively. This 6.6% increase was primarily attributable to higher depreciation driven by the capitalisation of additional assets by Saudi Aramco.

Share of Results of Joint Ventures and Associates

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco recorded income of SAR 0.8 billion (\$0.2 billion) and SAR 0.7 billion, respectively, in its share of results of joint ventures and associates.

Finance and Other Income

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco had finance and other income of SAR 6.8 billion (\$1.8 billion) and SAR 11.0 billion, respectively. This 38.3% decrease was primarily due to an absence of gain recognised in the previous period resulting from the prepayment of the deferred consideration related to the SABIC acquisition.

Finance Costs

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred finance costs of SAR 3.0 billion (\$0.8 billion) and SAR 3.2 billion, respectively.

Income Taxes and Zakat

For the three month periods ended 31 March 2024 and 2023, Saudi Aramco incurred income taxes and zakat expenses of SAR 102.7 billion (\$27.4 billion) and SAR 109.7 billion, respectively. This 6.3% decrease was primarily attributable to lower taxable income recorded during the period.

Net Income

Saudi Aramco's net income decreased to SAR 102.3 billion (\$27.3 billion) for the three month period ended 31 March 2024 from SAR 119.5 billion for the three month period ended 31 March 2023 as a result of the above factors.

Comparison of Fiscal Year Ended 31 December 2023, Fiscal Year Ended 31 December 2022 and Fiscal Year Ended 31 December 2021

Revenue and Other Income Related to Sales

For the years ended 31 December 2023 and 2022, Saudi Aramco's revenue and other income related to sales was SAR 1,856.4 billion (\$495.0 billion) and SAR 2,266.4 billion, respectively. This 18% decrease was primarily attributable to lower average realised crude oil prices and lower volumes sold, as well as lower refining and chemical products prices.

Other income related to sales in 2023 decreased by 22% from 2022 which was primarily attributable to lower reference equalisation prices for refined and chemical products and crude oil sold in the Kingdom at regulated prices.

For the years ended 31 December 2022 and 2021, Saudi Aramco's revenue and other income related to sales was SAR 2,266.4 billion and SAR 1,501.8 billion, respectively. This 51% increase was primarily attributable to higher crude oil and refined and chemical product prices and stronger volumes sold.

Other income related to sales in 2022 increased by 68% from 2021 primarily attributable to higher reference equalisation prices for refined and chemical products and crude oil sold in the Kingdom at regulated prices. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Fiscal Regime*".

Upstream

For the years ended 31 December 2023 and 2022, the upstream segment's external revenue was SAR 784.6 billion (\$209.2 billion) and SAR 1,024.6 billion, respectively. This 23% decrease was primarily due to lower average realised crude oil prices and lower volumes sold. For the years ended 31 December 2022 and 2021, the upstream segment's external revenue was SAR 1,024.6 billion and SAR 656.1 billion, respectively. This 56% increase was primarily due to a growth in global energy demand resulting in stronger average realised crude oil prices and reinforced by higher crude oil volumes sold.

For the years ended 31 December 2023 and 2022, the upstream segment's other income related to sales was SAR 71.4 billion (\$19.0 billion) and SAR 85.5 billion, respectively. This 17% decrease was primarily due to a decrease in the reference equalisation price for crude oil. For the years ended 31 December 2022 and 2021, the upstream segment's other income related to sales was SAR 85.5 billion and SAR 58.9 billion, respectively. This 45% increase was primarily due to an increase in the reference equalisation price for crude oil. See "*Revenue and Royalties and Other Taxes*".

Downstream

For the years ended 31 December 2023 and 2022, the downstream segment's external revenue was SAR 866.7 billion (\$231.1 billion) and SAR 980.7 billion, respectively. This 12% decrease was primarily due to lower refining and chemicals product prices. For the years ended 31 December 2022 and 2021, the downstream segment's external revenue was SAR 980.7 billion and SAR 689.4 billion, respectively. This 42% increase was primarily due to stronger refined and chemicals product prices and volumes sold.

For the years ended 31 December 2023 and 2022, the downstream segment's other income related to sales was SAR 131.7 billion (\$35.1 billion) and SAR 173.9 billion, respectively. This 24% decrease was primarily due to lower reference equalisation prices of refined and chemicals products sold in the Kingdom at regulated prices.

For the years ended 31 December 2022 and 2021, the downstream segment's other income related to sales was SAR 173.9 billion and SAR 95.9 billion, respectively. This 81% increase was primarily due to higher reference equalisation prices of refined and chemicals products sold in the Kingdom at regulated prices.

Corporate

For the years ended 31 December 2021, 2022 and 2023, Saudi Aramco's corporate activities' external revenue was SAR 1.5 billion, SAR 1.6 billion and SAR 2.0 billion (\$0.5 billion), respectively. The corporate activities primarily support the upstream segment's and downstream segment's activities.

Royalties and Other Taxes

For the years ended 31 December 2023 and 2022, Saudi Aramco recorded royalties and other taxes of SAR 231.8 billion (\$61.8 billion) and SAR 341.5 billion, respectively. This 32% decrease was primarily due to a lower average effective royalty rate, lower crude oil prices and lower volumes sold.

For the years ended 31 December 2022 and 2021, Saudi Aramco recorded royalties and other taxes of SAR 341.5 billion and SAR 144.8 billion, respectively. This 136% increase was primarily due to a higher average effective royalty rate, stronger crude oil prices and higher sales volume. See "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Fiscal Regime*" and "*Material Agreements—The Concession*".

Purchases

For the years ended 31 December 2023 and 2022, Saudi Aramco purchases totalled SAR 471.2 billion (\$125.7 billion) and SAR 490.7 billion, respectively. This 4% decrease was primarily attributable to lower purchases of gas, refined and chemical products, partially offset by an increase in crude oil purchases during the year.

For the years ended 31 December 2022 and 2021, Saudi Aramco made purchases of SAR 490.7 billion and SAR 352.4 billion, respectively. This 39% increase was primarily attributable to an increase in purchases of crude oil and refined and chemical products driven by higher product prices and volumes.

Producing and Manufacturing

For the years ended 31 December 2023 and 2022, producing and manufacturing expenses were SAR 96.5 billion (\$25.7 billion) and SAR 101.9 billion, respectively. This 5% decrease was primarily attributable to lower utility and other costs.

For the years ended 31 December 2022 and 2021, producing and manufacturing expenses were SAR 101.9 billion and SAR 76.5 billion, respectively. This 33% increase was primarily due to unfavourable inventory valuation movement and higher utility and other costs.

Selling, Administrative and General

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred selling, administrative and general expenses of SAR 76.9 billion (\$20.5 billion) and SAR 83.7 billion, respectively. This 8% decrease was primarily attributable to lower losses associated with derivative instruments and lower freight costs, partially offset by higher employee related costs.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred selling, administrative and general expenses of SAR 83.7 billion and SAR 59.5 billion, respectively. This 41% increase was primarily attributable to higher freight costs, an increase in losses associated with derivative instruments and higher employee related costs.

Exploration

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred exploration expenses of SAR 9.4 billion (\$2.5 billion) and SAR 8.4 billion, respectively. This 12% increase was primarily attributable to an increase in geological and geophysical survey costs, partially offset by lower write-offs of dry-hole costs related to gas exploration activities.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred exploration expenses of SAR 8.4 billion and SAR 7.3 billion, respectively.

Research and Development

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred research and development expenses of SAR 5.2 billion (\$1.4 billion) and SAR 4.4 billion, respectively.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred research and development expenses of SAR 4.4 billion and SAR 3.9 billion, respectively.

Depreciation and Amortisation

For the years ended 31 December 2023 and 2022, Saudi Aramco recognised depreciation and amortisation expenses of SAR 97.0 billion (\$25.9 billion) and SAR 91.6 billion, respectively. This 6% increase was primarily attributable to depreciation incurred on additional assets capitalised.

For the years ended 31 December 2022 and 2021, Saudi Aramco recognised depreciation and amortisation expenses of SAR 91.6 billion and SAR 85.5 billion, respectively. This 7% increase was primarily attributable to depreciation incurred on additional assets capitalised and higher impairment expense recognised during the year.

Share of Results of Joint Ventures and Associates

For the years ended 31 December 2023 and 2022, Saudi Aramco recorded a loss of SAR 4.0 billion (\$1.1 billion) and income of SAR 2.9 billion, respectively, in its share of results of joint ventures and associates. This decrease was primarily due to losses recorded by joint ventures and associates in 2023 compared to earnings in 2022.

For the years ended 31 December 2022 and 2021, Saudi Aramco recorded income of SAR 2.9 billion and income of SAR 7.9 billion, respectively in its share of results from joint ventures and associates. This decrease was primarily due to lower earnings recorded by joint ventures and associates compared to 2021.

Finance and Other Income

For the years ended 31 December 2023 and 2022, Saudi Aramco had finance and other income of SAR 32.0 billion (\$8.5 billion) and SAR 14.9 billion, respectively. This 115% increase was primarily attributable to higher interest income resulting from an increase in interest rates and higher short-term investments and time deposits, and higher gain resulting from the prepayment of the deferred consideration related to the SABIC acquisition.

For the years ended 31 December 2022 and 2021, Saudi Aramco had finance and other income of SAR 14.9 billion and SAR 1.8 billion, respectively. This 728% increase was primarily attributable to higher interest income on short-term investments, and a gain resulting from the prepayment of the deferred consideration related to the SABIC acquisition.

Finance Costs

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred finance costs of SAR 8.2 billion (\$2.2 billion) and SAR 8.9 billion, respectively. This 8% decrease was primarily due to higher capitalisation of the borrowing cost and lower interest expense incurred on the deferred consideration related to the SABIC acquisition, partially offset by higher interest expense recorded by affiliates.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred finance costs of SAR 8.9 billion and SAR 12.1 billion, respectively. This 26% decrease was primarily due to higher capitalisation and lower interest expense incurred on the deferred consideration related to the SABIC acquisition.

Income Taxes and Zakat

For the years ended 31 December 2023 and 2022, Saudi Aramco incurred income taxes and zakat expenses of SAR 433.3 billion (\$115.5 billion) and SAR 549.0 billion, respectively, a decrease of 21%. This decrease was primarily attributable to lower taxable income recorded in 2023.

For the years ended 31 December 2022 and 2021, Saudi Aramco incurred income taxes and zakat expenses of SAR 549.0 billion and SAR 357.1 billion, respectively, an increase of 54%. This increase was primarily attributable to higher taxable income recorded in 2022.

Net Income

For the years ended 31 December 2023 and 2022, Saudi Aramco's net income was SAR 454.8 billion (\$121.3 billion) and SAR 604.0 billion, respectively, as a result of the above factors.

For the years ended 31 December 2022 and 2021, Saudi Aramco's net income was SAR 604.0 billion and SAR 412.4 billion, respectively, as a result of the above factors.

Summary of Consolidated Balance Sheet as at 31 December 2021, 2022 and 2023, and as at 31 March 2024

The following table sets forth Saudi Aramco's summarised consolidated balance sheet as at 31 December 2021, 2022 and 2023, and as at 31 March 2024:

	2021	As at 31 December		2023	As at 31 March	
	SAR	2022	2023	2023	2024	2024
		SAR	SAR	U.S.\$	SAR	U.S.\$
				(in millions)		
Cash and cash equivalents ⁽¹⁾⁽²⁾	299,579	226,047	198,973	53,059	243,972	65,059
Property, plant and equipment	1,244,316	1,303,266	1,384,717	369,258	1,411,857	376,495
Total assets	2,162,690	2,492,924	2,477,940	660,784	2,481,139	661,637
Total borrowings	510,921	393,144	290,147	77,373	291,831	77,822
Total liabilities	882,022	826,777	740,848	197,559	758,764	202,337
Total equity ⁽¹⁾	1,280,668	1,666,147	1,737,092	463,225	1,722,375	459,300

Source: The Financial Statements.

(1) In June 2024, the Company purchased 137,614,678 treasury shares as part of the Secondary Public Offering.

(2) In May 2024, the Company declared and distributed dividend payments of SAR 116.5 billion (\$31.1 billion).

Total Assets

As at 31 March 2024, total assets were SAR 2,481.1 billion (\$661.6 billion) compared to SAR 2,477.9 billion as at 31 December 2023.

As at 31 December 2023, total assets were SAR 2,477.9 billion (\$660.8 billion) compared to SAR 2,492.9 billion as at 31 December 2022. This decrease was primarily attributable to a decrease in short-term investments, cash and cash equivalents and inventories. This was partially offset by an increase in property, plant and equipment and other assets and receivables. The decrease in short-term investments reflects the maturities of USD denominated time deposits. The lower cash and cash equivalents balance is primarily due to lower earnings during the year and higher cash paid for dividend distributions. This was partially offset by lower cash paid for settlement of income, zakat and other taxes, and cash inflows from maturities of short-term investments. The lower inventories balance is principally due to a decrease in crude oil, refined and chemical product inventories compared to the prior year, which is predominantly associated with lower product prices at year end. The increase in property, plant and equipment reflects increased drilling and development activities related to crude oil increments, and ongoing progress of multiple gas projects toward the goal of expanding gas production. This was partially offset by the reclassification of Saudi Iron and Steel Company (Hadeed)'s assets as held for sale. The increase in other assets and receivables is mainly due to the recognition of the long-term sales agreement associated with the Rongsheng acquisition and other long-term receivables and advances outstanding at year end.

As at 31 December 2022, total assets were SAR 2,492.9 billion compared to SAR 2,162.7 billion as at 31 December 2021. This increase was primarily attributable to an increase in short term investments, property, plant and equipment, inventories, and trade receivables. This was partially offset by a decrease in cash and cash equivalents balance. The increase in short-term investments reflects greater allocation of funds from cash and cash equivalents to USD and SAR denominated term deposits with a maturity of more than 90 days. The increase in property, plant and equipment reflects higher upstream capital expenditures in relation to drilling and development activities related to crude oil increments and gas projects. The higher inventories balance is primarily due to an increase in crude and refined and chemicals products inventories compared to the prior year, which is predominantly associated with higher product prices at year end. The increase in trade receivables is

mainly attributable to higher revenue associated with the impact of stronger sales prices and volumes at year-end. The lower cash and cash equivalents balance is mainly due to an increased allocation to short-term investments, higher cash paid for settlement of income, zakat and other taxes, and net repayment of borrowings. This was partially offset by higher earnings during the year.

Total Liabilities

As at 31 March 2024, total liabilities were SAR 758.8 billion (\$202.3 billion) compared to SAR 740.8 billion as at 31 December 2023.

As at 31 December 2023, total liabilities were SAR 740.8 billion (\$197.6 billion) compared to SAR 826.8 billion as at 31 December 2022. The decrease was primarily attributable to the impact of reduction in borrowings and income taxes and zakat payable, partially offset by higher deferred income tax liabilities and trade and other payables. The reduction in borrowings was predominately driven by the payment of the deferred consideration related to the SABIC acquisition, which was fully settled during the year. Income taxes and zakat payable decreased due to the impact of lower taxable income during the year. The increase in deferred income tax liabilities is mainly driven by changes in taxable temporary differences associated with property, plant and equipment, and provisions and other liabilities. Trade payables and other liabilities increased primarily as a result of higher purchases and other accrued materials and services outstanding at year-end.

As at 31 December 2022, total liabilities were SAR 826.8 billion compared to SAR 882.0 billion as at 31 December 2021. The decrease was primarily attributable to the impact of reduction in borrowings during the current year, partially offset by higher deferred income tax liabilities, trade and other payables, and income taxes and zakat payable. The reduction in borrowings was mainly driven by the payment of the deferred consideration related to the SABIC acquisition. The increase in deferred income tax liabilities is mainly driven by changes in taxable temporary differences associated with property, plant and equipment, provisions, and post-employment benefit obligations. Trade and other payables increased primarily as a result of higher purchases reflecting the impact of an increase in product prices. Income taxes and zakat payable increased due to the impact of higher taxable income in 2022.

Total equity

As at 31 March 2024, total equity was SAR 1,722.4 billion (\$459.3 billion) compared to SAR 1,737.1 billion as at 31 December 2023.

As at 31 December 2023, total equity was SAR 1,737.1 billion (\$463.2 billion) compared to SAR 1,666.1 billion as at 31 December 2022. This increase was primarily attributable to an increase in profits generated in the period net of dividends paid.

As at 31 December 2022, total equity was SAR 1,666.1 billion compared to SAR 1,280.7 billion as at 31 December 2021. This increase was primarily attributable to an increase in profits generated in the period, net of dividends paid and an increase in non-controlling interests largely driven by the sale of an equity interest in its subsidiary associated with Saudi Aramco's gas pipeline transaction in February 2022.

Liquidity and Capital Resources

The following table sets forth Saudi Aramco's summarised cash flow for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024:

	Year Ended 31 December			Three Month Periods Ended 31 March		
	2021	2022	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.\$	SAR	U.S.\$
	(in millions)					
Net cash provided by/(used in):						
Operating activities	522,601	698,152	537,814	143,417	148,647	125,969
Investing activities	(135,741)	(389,009)	(54,019)	(14,405)	90,324	48,030
Financing activities	(294,513)	(382,675)	(510,869)	(136,232)	(124,344)	(129,000)
						(34,400)

Source: The Financial Statements.

The Company primarily funds its operations with cash generated from operating activities and proceeds from borrowings as set out in "Management's Discussion and Analysis of Financial Position and Results of

Operations - Liquidity and Capital Resources – Liquidity” below. Saudi Aramco’s primary current uses of cash are ongoing operating expenses, capital expenditures and payments to, and settlements with, the Government of royalties, income, zakat and other taxes and dividends.

Saudi Aramco’s future capital requirements will depend on many factors, including the capacity expansion of the MGS and further strategic integration and diversification of its downstream operations.

Cash Provided by Operating Activities

Saudi Aramco’s cash flow is primarily generated from its operations. Net cash provided by operating activities for the three month period ended 31 March 2024 amounted to SAR 126.0 billion (\$33.6 billion) as compared to SAR 148.6 billion for the three month period ended 31 March 2023. This 15.2% decrease was primarily due to unfavourable movements in working capital and lower earnings resulting from lower crude oil volumes sold, weakening refining and chemicals product prices, and lower finance and other income. This was partially offset by a decrease in cash paid for the settlement of income, zakat and other taxes.

Net cash provided by operating activities for the year ended 31 December 2023 amounted to SAR 537.8 billion (\$143.4 billion) as compared to SAR 698.2 billion for the year ended 31 December 2022. This 23% decrease mainly reflects lower earnings resulting from lower crude oil prices and lower volumes sold, and lower refining and chemicals product prices. This was partially offset by favourable movements in working capital and a decrease in cash paid for the settlement of income, zakat and other taxes.

Net cash provided by operating activities for the year ended 31 December 2022 amounted to SAR 698.2 billion as compared to SAR 522.6 billion for the year ended 31 December 2021. This 34% increase from 2021 to 2022 primarily reflected higher earnings resulting from stronger crude oil prices and volumes sold and improved refining margins. This was partially offset by an increase in cash paid for the settlement of income, zakat and other taxes.

Cash Used in or Provided by Investing Activities

Net cash used in investing activities for the three month period ended 31 March 2024 amounted to SAR 48.0 billion (\$12.8 billion) as compared to net cash used in investing activities of SAR 90.3 billion for the three month period ended 31 March 2023. This 46.8% decrease was primarily due to a reduction in net maturities of short-term investments compared to the prior period.

Net cash used in investing activities for the year ended 31 December 2023 amounted to SAR 54.0 billion (\$14.4 billion) as compared to SAR 389.0 billion for the year ended 31 December 2022. This 86% decrease was primarily due to net cash inflow from maturities of short-term investments compared to a net outflow in 2022, partially offset by cash consideration paid for the acquisition of Valvoline Global Operations and higher upstream capital expenditures.

Net cash used in investing activities amounted to SAR 389.0 billion for the year ended 31 December 2022 as compared to SAR 135.7 billion for the year ended 31 December 2021. This 187% increase from 2021 to 2022 was primarily due to an increase in purchases of short-term investments and higher upstream expenditures during the year.

Capital Expenditures

The following table sets forth Saudi Aramco’s capital expenditures on a cash basis for each of its business segments for the years ended 31 December 2021, 2022 and 2023 and the three month periods ended 31 March 2023 and 2024:

	2021 SAR	Year Ended 31 December		2023 U.S.\$ (in millions)	Three Month Periods Ended 31 March		
		2022 SAR	2023 SAR		2023 SAR	2024 SAR	2024 U.S.\$
Upstream ⁽¹⁾	88,758	109,789	123,543	32,945	25,332	33,114	8,830
Downstream	28,724	29,541	32,735	8,729	7,147	6,882	1,835
Corporate	2,163	1,831	2,030	541	318	625	167
Total	119,645	141,161	158,308	42,215	32,797	40,621	10,832

Source: The Financial Statements.

(1) Includes exploration capital expenditures of SAR 6,338 million, SAR 10,939 million, SAR 15,750 million (\$4,200 million) and SAR 4,410 million (\$1,176 million) for the years ended 31 December 2021, 2022 and 2023 and the three month period ended 31 March 2024, respectively, and

development capital expenditures of SAR 35,846 million, SAR 42,278 million, SAR 49,470 million (\$13,192 million) and SAR 14,067 million (\$3,751 million) for the years ended 31 December 2021, 2022 and 2023 and the three month period ended 31 March 2024, respectively.

Saudi Aramco's capital expenditures for the three month period ended 31 March 2024 amounted to SAR 40.6 billion (\$10.8 billion) as compared to SAR 32.8 billion for three month period ended 31 March 2023. This 23.8% increase was primarily due to progress associated with crude oil increments to maintain MSC at 12.0 mmbpd and increased development activity to support further expansion of the Company's gas business.

Saudi Aramco's capital expenditures for the year ended 31 December 2023 amounted to SAR 158.3 billion (\$42.2 billion) as compared to SAR 141.2 billion for the year ended 31 December 2022. This 12% increase was primarily attributable to increased drilling and development activities related to crude oil increments, and ongoing progress of multiple gas projects toward the goal of expanding gas production.

Saudi Aramco's capital expenditures were SAR 141.2 billion for the year ended 31 December 2022 and SAR 119.6 billion for the year ended 31 December 2021. This 18% increase from 31 December 2021 to 31 December 2022 was primarily due to higher drilling and development activities related to increasing crude oil increments and gas projects. Saudi Aramco expects capital investments, including external investments, to be in the range of SAR 180.0 billion to SAR 217.5 billion (\$48.0 billion to \$58.0 billion) for the year ending 31 December 2024.

On 30 January 2024, the Government directed Saudi Aramco to maintain MSC at the current level of 12.0 million barrels of crude oil per day. As a result of this directive, the Company expects approximately \$40 billion to be reduced from its capital investment program over the next five years. Capital investments are expected to continue to grow through the middle of the decade.

In the near term, Saudi Aramco expects to allocate approximately 60% of its capital investment to its upstream segment, 30% to its downstream segment and 10% to new energies and other projects.

Cash Used in Financing Activities

Net cash used in financing activities for the three month period ended 31 March 2024 amounted to SAR 129.0 billion (\$34.4 billion) as compared to SAR 124.3 billion for three month period ended 31 March 2023. This 3.8% increase was mainly driven by payment of the performance-linked dividends, an increase of 4.0% in base dividends and an absence of cash received in connection with the JIGPC financing transaction in the prior year. This was partially offset by a reduction in repayments of borrowings.

Net cash used in financing activities for the year ended 31 December 2023 amounted to SAR 510.9 billion (\$136.2 billion) as compared to SAR 382.7 billion for the year ended 31 December 2022. This 33% increase predominately reflects payments associated with performance-linked dividends, an increase of 4.0% in base dividends and an absence of cash received in connection with Saudi Aramco's gas pipeline transaction in the prior year. This was partially offset by an increase in cash proceeds from borrowings.

Net cash used in financing activities amounted to SAR 382.7 billion for the year ended 31 December 2022 as compared to SAR 294.5 billion for the year ended 31 December 2021. This 30% increase was primarily due to higher repayment of borrowings largely attributable to the payment of deferred consideration related to the SABIC acquisition and the reduction in cash proceeds from borrowings. This was partially offset by cash received in connection with Saudi Aramco's gas pipeline transaction in February 2022.

Dividends and Distributions

In accordance with the Company's dividend policy, the Company's Board of Directors intends to declare regular and interim dividends at any time at its discretion. In 2021, 2022 and 2023, the Company's dividend payments totalled SAR 281.3 billion, SAR 281.3 billion and SAR 366.7 billion (\$97.8 billion), respectively. In the three month period ended 31 March 2024, the Company's dividend payments totalled SAR 116.5 billion (\$31.1 billion). In May 2024, the Company declared and paid dividends of SAR 116.5 billion (\$31.1 billion).

The Company currently distributes and intends to maintain a sustainable and progressive base dividend. The base dividend declared in each of the first and second quarters of 2024 was SAR 76.1 billion (\$20.3 billion) each. Based on these dividend amounts, the Company expects to declare total base dividends of SAR 304.4 billion (\$81.2 billion) in 2024. The base dividend amounts for the third and fourth quarters of 2024 have not been declared and are subject to the discretion of the Board.

In addition to the base dividend, the Company announced its intention to introduce performance-linked dividends in 2023 and to calculate the first performance-linked dividends based on the combined full-year results of 2022 and 2023 and based on 70% of the Saudi Aramco's combined full-year free cash flow for 2022 and 2023, net of the base dividend and other amounts, including external investments. These performance-linked dividends, intended to be distributed over six quarters, commenced distribution in the third quarter of 2023. The first distribution of these performance-linked dividends in the amount of SAR 37.0 billion (\$9.9 billion) was calculated based on the full-year results of 2022 and the half-year results for the period ended 30 June 2023. The second distribution of SAR 37.0 billion (\$9.9 billion) was paid in the fourth quarter of 2023 based on combined full-year results of 2022 and the nine months ended 30 September 2023. The third and fourth distributions of SAR 40.4 billion (\$10.8 billion) each were paid in the first and second quarters of 2024 based on combined full-year results of 2022 and 2023. These four distributions were calculated based on 70% of Saudi Aramco's annual free cash flow, net of the base dividend and other amounts, including external investments. All subsequent distributions in 2024 are also expected to be calculated based on the full-year results of 2022 and 2023 and paid over the third and fourth quarters of 2024. The total performance-linked dividend to be paid in 2024 is expected to be SAR 161.6 billion (\$43.1 billion) pursuant to the previously announced mechanism for determining the dividend based on Saudi Aramco's performance in 2022 and 2023, subject to the discretion of the Board of Directors. The Board of Directors will declare any performance-linked dividends at their discretion, after considering the Company's financial position and ability to fund commitments, including growth capital plans, and in accordance with the Company's dividend distribution policy.

Royal Order No. A/42, dated 26/01/1441 in the Hijri calendar (corresponding to 25 September 2019) provides that, to the extent that the Board of Directors determines that the amount of any quarterly cash dividend declared with respect to calendar years 2020 through 2024 would have been less than \$0.09375 per ordinary share (based on 200,000,000,000 ordinary shares outstanding) but for the Government forgoing its rights to such dividend as follows, the Government will forgo its right to receive the portion of cash dividends on its ordinary shares equal to the amount necessary to enable Saudi Aramco to first pay the minimum quarterly cash dividend amount described above to holders of ordinary shares other than the Government. The remaining amount of the declared dividend as determined by the Board of Directors in its discretion will be paid to the Government. In addition, dividends forgone will not accrue or otherwise be paid to the Government and the waiver applies to all ordinary shares not held by the Government from time to time and held from 2020 to 2024.

Any decision to pay dividends on the Shares and the amount of dividends to be paid will be made at the discretion of the Board subject to the Company's dividend distribution policy. Additionally, the dividend distribution policy may be changed by vote of an Ordinary General Assembly.

Borrowings

The following table sets forth the Company's borrowings as at 31 December 2021, 2022 and 2023 and 31 March 2024.

Borrowings as at 31 December 2021, 2022 and 2023 and 31 March 2024.

	As at 31 December			As at March 31		
	2021	2022	2023	2023	2024	2024
	SAR	SAR	SAR	U.S.\$	SAR	U.S.\$
<i>(in millions)</i>						
Non-current:						
Deferred consideration	188,723	81,168	—	—	—	—
Commercial borrowings	52,280	46,684	45,406	12,108	44,955	11,988
Debentures	98,449	89,585	81,092	21,625	80,999	21,600
Sukuk	34,560	34,300	18,689	4,983	29,944	7,985
Lease liabilities	38,108	43,073	45,224	12,060	48,409	12,909
Other financial arrangements	24,251	23,570	36,070	9,619	36,003	9,601
Total non-current	436,371	318,380	226,481	60,395	240,310	64,083
Current:						
Deferred consideration	33,544	40,995	—	—	—	—
Short-term bank financing	17,351	10,205	18,378	4,901	16,347	4,359
Commercial borrowings	10,556	6,065	8,498	2,266	8,209	2,189
Debentures	3,750	7,627	9,683	2,582	10,283	2,742
Sukuk	266	281	15,000	4,000	3,750	1,000
Lease liabilities	9,083	9,591	12,107	3,229	12,932	3,449
Total current	74,550	74,764	63,666	16,978	51,521	13,739

Source: The Financial Statements.

The Company has entered into long-term financing arrangements with various lenders, including secured arrangements with a carrying value of SAR 94,379 million, SAR 95,018 million and SAR 94,091 million (\$25.1 million) for 2021, 2022 and 2023, respectively. For further information, see Note 20 to the 2023 Financial Statements and Note 20 to the 2022 Financial Statements included elsewhere in this Base Prospectus.

The following table sets forth the Company's borrowing facilities as at 31 December 2023.

Borrowing facilities as at 31 December 2023

	Total facility ⁽¹⁾	Loan duration	Repaid during the year	Balance as at 31 December 2023	Maturity date
<i>(in millions SAR)</i>					
Bank borrowings	28,242	1 to 24 years	(5,345)	26,483	2024 – 2045
Sukuk (Shari'a compliant)	33,689	3 to 14 years	(911)	33,689	2024 – 2031
Export credit agencies	1,597	15 to 17 years	(641)	1,597	2025 – 2033
Public Investment Fund	820	15 years	(365)	820	2025
Saudi Industrial Development Fund (Shari'a compliant)	3,338	7 to 17 years	(357)	3,338	2025-2035
Ijarah / Procurement (Shari'a compliant)	3,677	7 to 23 years	-	3,512	2026-2039
Murabaha (Shari'a compliant)	26,238	5 to 24 years	(2,445)	15,919	2028-2032
Wakala (Shari'a compliant) and other Islamic financing	919	7 to 16 years	(26)	798	2028 – 2036
Revolving Credit Facilities	45,317	1 to 5 years	-	1,237	2024 – 2027
Short-term borrowings	33,245	Under 1 year	-	18,378	2024
Debentures	90,775	10 to 50 years	(7,425)	90,775	2024 – 2070
Deferred consideration ⁽²⁾	-	8 years	(116,980)	-	Not applicable
Lease Liabilities	-	-	(13,639)	57,331	Not defined
Other financing arrangements	36,270	11 to 25 years	-	36,270	2028 – 2046
	304,127		(148,134)	290,147	

Source: The Company and the Financial Statements

- (1) Includes total facility amounts and carrying amounts for certain long-term loans being repaid in instalments.
- (2) In 2023, the Company made payments in the amount of SAR 59.0 billion (\$15.7 billion), SAR 41.3 billion (\$11.0 billion) and SAR16.7 billion (\$4.5 billion), resulting in the full settlement of the deferred consideration.

Liquidity

Saudi Aramco believes that its existing cash and cash equivalents balance, together with amounts available under its committed borrowing arrangements and cash generated from operations, will be sufficient to meet its working capital requirements for at least the next 12 months. Saudi Aramco currently has access to revolving credit facilities, the Programme, its GMTN Programme and its Domestic Sukuk Programme. Certain of Saudi Aramco's subsidiaries also have entered into and have access to credit facilities, sukuk or other financing.

Cash that may be temporarily available as surplus to Saudi Aramco's immediate needs is carefully managed based on counterparty quality and investment guidelines to ensure it is secure and readily available to meet Saudi Aramco's cash requirements.

Revolving Credit Facilities

On 4 April 2022, the Company entered into new five-year unsecured revolving credit facilities aggregating to SAR 37.5 billion (\$10 billion) to replace the previously expired \$10 billion revolving credit facilities. The new facilities comprise USD denominated conventional facilities of SAR 30 billion (\$8 billion) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7.5 billion (\$2 billion). The conventional facilities also incorporate a SAR 7.5 billion (\$2.0 billion) swingline sublimit facility in support of the Company's establishment of a U.S. commercial paper programme. The Company will apply all amounts advanced to it under these facilities for general corporate purposes and towards its general working capital requirements. The Company has the option to extend the facilities' maturity date twice by one year each time. No amounts have been drawn against these facilities as of 31 December 2023. In addition, the Company has a number of other revolving credit facilities with aggregate borrowings of SAR 1.2 billion (\$320 million) and undrawn amounts of SAR 14.1 billion (\$3.8 billion) as of 31 December 2023.

Domestic Sukuk Programme

On 21 March 2017, Saudi Aramco established a Saudi Riyal denominated Domestic Sukuk Program for the issuance of up to SAR 37.5 billion (\$10 billion) in aggregate nominal amount of sukuk and was updated on 24 February 2021. On 10 April 2017, SAR 11.3 billion sukuk were issued under the program with a maturity date of 10 April 2024. On 28 March 2024 the maturity date of the sukuk issued was extended by one year to 10 April 2025, subject to an early redemption option.

The Programme

On 7 June 2021, Saudi Aramco established the Programme with an unlimited programme size. On 17 June 2021, SAR 22.5 billion (\$6.0 billion) in aggregate face amount of trust certificates were issued in three series under the Programme: SAR 3.75 billion (\$1 billion) trust certificates due 17 June 2024, SAR 7.5 billion (\$2 billion) trust certificates due June 2026 and SAR 11.25 billion (\$3 billion) trust certificates due 2031.

GMTN Programme

On 1 April 2019, Saudi Aramco established a Global Medium Term Note Programme (the "**GMTN Programme**") pursuant to which it may from time to time issue medium term notes. On 16 April 2019, Saudi Aramco issued \$12.0 billion in aggregate principal amount of senior unsecured notes under the Programme comprising five series: \$1.0 billion 2.750% notes due 2022; \$2.0 billion 2.875% notes due 2024; \$3.0 billion 3.500% notes due 2029; \$3.0 billion 4.250% notes due 2039 and \$3.0 billion 4.375% notes due 2049. On 24 November 2020, Saudi Aramco issued \$8.0 billion in aggregate principal amount of new senior unsecured medium term notes under the GMTN Programme comprising five series: \$0.5 billion 1.250% notes due 2023; \$1.0 billion 1.625% notes due 2025; \$2.0 billion 2.250% notes due 2030; \$2.25 billion 3.250% notes due 2050 and \$2.25 billion 3.500% notes due 2070.

Contractual Obligations

The following table sets forth Saudi Aramco's contractual obligations as at 31 December 2023:

	Payments Due Per Period			Total SAR SAR
	Less than 1 year SAR	1 – 5 years SAR	More than 5 years SAR	
	<i>(in millions)</i>			
Borrowings – other than leases ⁽¹⁾	55,931	72,048	193,512	321,491
Leases ⁽¹⁾	14,327	27,589	28,933	70,849
Purchase obligations ⁽²⁾	71,993	-	-	71,993
Total	142,251	99,637	222,445	464,333

Source: The Company.

(1) Maturities at contractual value of long-term borrowings and debentures and leases, including interest payments due under such instruments.

(2) Represents present value of expenditures required to settle the obligations.

The following table sets forth Saudi Aramco's decommissioning and environmental liabilities for the years ended 31 December 2021, 2022 and 2023:

	Year Ended 31 December		
	2021 SAR	2022 SAR	2023 SAR
	<i>(in millions)</i>		
Decommissioning liabilities ⁽¹⁾	18,296	17,568	15,150
Environmental liabilities ⁽¹⁾	824	770	698

Source: The Company.

(1) Represents present value of expenditures required to settle the obligation.

Saudi Aramco's off-balance sheet arrangements primarily relate to commitments and contingencies under guarantees issued by Saudi Aramco in connection with financing arrangements at Sadara and Petro Rabigh.

On 25 March 2021, Saudi Aramco and Dow, partners in Sadara, entered into agreements to provide Sadara additional feedstock by increasing the quantity of ethane and natural gasoline supplied by Saudi Aramco. These agreements also include a gradual increase in Saudi Aramco's rights to market, through SABIC, the finished products produced by Sadara over the next five years through an executive sales and operations planning committee. Additionally, Saudi Aramco and Dow agreed to guarantee up to an aggregate of SAR 13.9 billion (\$3.7 billion) in principal amount of senior debt in proportion to their ownership interests in Sadara.

In connection with Petro Rabigh, in March 2015, Saudi Aramco entered into a guarantee of 50% of the payment obligations to the credit providers of Petro Rabigh under its SAR 19.4 billion financing arrangements related to the Rabigh II Project. This guarantee was released on 30 September 2020, the completion date of the Rabigh II Project. Concurrently with the guarantee release, Saudi Aramco and Sumitomo entered into a debt service undertaking with the Rabigh II lenders, whereby each of them severally undertakes to pay 50% of any shortfalls in Rabigh II debt service until the final repayment date in June 2032, on a scheduled and not accelerated basis. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 622 million. Saudi Aramco and Sumitomo also arranged equity bridge loans in an aggregate amount of SAR 11.3 billion which they have severally guaranteed to meet the equity financing requirements under the senior finance agreements. Petro Rabigh repaid SAR 1.9 billion of the equity bridge loans out of the proceeds of a rights issuance in July 2022. The remaining equity bridge loans of SAR 9.3 billion matured in March 2023 and were refinanced by Petro Rabigh. Under the refinancing arrangement, Sumitomo guaranteed its share of the equity bridge loans, amounting to SAR 4.7 billion that was fully financed by external lenders. In addition, Saudi Aramco provided Petro Rabigh an equity bridge loan of SAR 3.0 billion while the remaining amount of its share, amounting to SAR 1.7 billion was provided by external lenders and was guaranteed by the Company. The refinanced equity bridge loans mature on 20 December 2027.

Quantitative and Qualitative Disclosure About Market Risk

General

Saudi Aramco is exposed to a number of market risks arising from its normal business activities. Such market risks principally involve the possibility that changes in commodity prices, currency exchange rates or interest rates will adversely affect the value of its financial assets and liabilities or future cash flows and earnings.

Commodity Price Risk

Saudi Aramco manages commodity price risks by using commodity swaps as a means of managing price and timing of risks arising from its trading in refined and chemicals products and NGL. Saudi Aramco operates within policies and procedures designed to ensure that risks, including those related to the default of counterparties, are managed within authorised limits.

Risk Management

Saudi Aramco uses derivative financial instruments with limited complexity to manage certain risk exposures and does not enter into financial instruments, including derivative financial instruments, for speculative purposes.

Foreign Currency Exchange Risk

Although Saudi Aramco operates internationally, it has limited exposure to the risk of foreign currency exchange rates as all significant transactions are based in the U.S. Dollar, its functional currency, or hedged. Saudi Aramco's limited foreign exchange risk is based on future commercial transactions or recognised assets or liabilities denominated in a currency that is not its functional currency. In addition, a substantial portion of Saudi Aramco's indebtedness and operating expenses are, and Saudi Aramco expects them to continue to be, denominated in or indexed to U.S. Dollars.

Management actively monitors the fluctuations in foreign currency exchange rates, and Saudi Aramco engages in hedging activities through the use of currency forward contracts and designated time deposits to manage up to 85% of its foreign exchange exposure. Saudi Aramco hedges significant transactions that are not based in its functional currency.

Interest Rate Risk

Saudi Aramco is exposed to interest rate risk from changes in interest rates that affect the fair value or future cash flows of financial instruments, principally borrowings, issued at variable and fixed rates. Borrowings issued at variable rates expose Saudi Aramco to cash flow interest rate risk which is partially offset by short-term time deposits and debt securities held at variable rates. Borrowings issued at fixed rates expose Saudi Aramco to fair value interest rate risk. Saudi Aramco may enter into interest rate swap agreements as part of its overall strategy to manage the interest rate risk on its debt. See "*Derivative Instruments and Hedging Activities*" below.

Credit Risk

Saudi Aramco is exposed to credit risk related to its counterparties not performing or honouring their obligations which could result in financial loss. Credit risk arises from credit exposures on trade and other receivables as well as from cash and cash equivalents, short-term investments, debt securities, and derivatives with financial institutions. The maximum exposure to credit risk is the carrying value of these assets.

Saudi Aramco's trade receivables arise from a global customer base which limits geographic concentrations of credit risk. Moreover, a credit risk policy is in place to ensure credit limits are extended to creditworthy counterparties and risk mitigation measures are defined and implemented accordingly. Saudi Aramco performs ongoing evaluations of its counterparties' financial standing and takes additional measures to mitigate credit risk when considered appropriate by means of letters of credit, bank guarantees or parent company guarantees.

In addition, the credit risk policy limits the amount of credit exposure to any individual counterparty based on their credit rating as well as other factors. Moreover, Saudi Aramco's investment policy limits exposure to credit risk arising from investment activities. The policy requires that cash and cash equivalents and short-term investments be invested with a diversified group of financial institutions with acceptable credit ratings. Saudi Aramco ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third party rating models. As at 31 December 2023, all the short-term investments were with financial institutions assigned a long-term credit rating of "BBB" or above.

Liquidity Risk

Saudi Aramco's liquidity risk management includes maintaining sufficient cash and cash equivalents and ensuring the availability of incremental funding through credit facilities. Management also monitors and forecasts Saudi Aramco's liquidity requirements based on current and non-current expected cash flows.

Saudi Aramco invests surplus cash in current accounts, time deposits, money market deposits, government repurchase agreements, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to meet forecasted cash flow requirements. Saudi Aramco prioritises security and liquidity over yield.

Securities Price Risk

Saudi Aramco is exposed to a limited amount of risk arising from investments in securities carried out at fair value. Saudi Aramco regularly reviews its positions in investment in securities considering current and expected future economic trends.

Summary of Material Accounting Policies

The 2022 Financial Statements and the 2023 Financial Statements were prepared in accordance with IFRS. The 2024 Three Month Interim Period Financial Statements were prepared in accordance with IAS 34. Below is a summary of material accounting policies applied by Saudi Aramco in preparing the Financial Statements:

Principles of Consolidation, Acquisition and Equity Accounting

Subsidiaries

The Financial Statements reflect the assets, liabilities and operations of Saudi Aramco and its subsidiaries. Subsidiaries are entities over which Saudi Aramco has control. Saudi Aramco controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which Saudi Aramco obtains control and continue to be consolidated until the date that such control ceases.

Intercompany balances and transactions, including unrealised profits and losses arising from intragroup transactions, have been eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies with those used by Saudi Aramco.

The acquisition method of accounting is used to account for business combinations, including those acquisitions of businesses under common control that have commercial substance. Acquisition related costs are expensed as incurred. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by Saudi Aramco, the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date the assets and liabilities are exchanged, irrespective of the extent of any non-controlling interests. The excess of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the fair value of the acquired identifiable net assets is recorded as goodwill. Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained under comparable terms and conditions. Any goodwill arising on acquisition is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the business combination's synergies. Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Saudi Aramco.

Saudi Aramco recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of income and comprehensive income, the consolidated statement of changes in equity and the consolidated balance sheet, respectively.

Saudi Aramco treats transactions with non-controlling interests that do not result in a loss of control as transactions between equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the previously held equity interest is re-measured to fair value at the acquisition date with any gains or losses arising from such re-measurement recognised in net income or other comprehensive income, as appropriate.

Joint Arrangements

Under IFRS 11 (Joint Arrangements), an arrangement in which two or more parties have joint control, is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Saudi Aramco has interests in both joint operations and joint ventures.

Joint Operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. Saudi Aramco recognises its direct rights to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

Joint Ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost.

Saudi Aramco's share of results of its joint ventures is recognised within net income, while its share of post-acquisition movements in other comprehensive income is recognised within other comprehensive income. The cumulative effect of these changes is adjusted against the carrying amount of Saudi Aramco's investments in joint ventures, which is presented separately in Saudi Aramco's consolidated balance sheet. When Saudi Aramco's share of losses in a joint venture equals or exceeds its interest in the joint venture including any other unsecured non-current receivables, Saudi Aramco does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, the difference between the carrying amount derecognised and the proceeds received is recognised in the consolidated statement of income.

Gains and losses on transactions between Saudi Aramco and joint ventures not realised through a sale to a third-party are eliminated to the extent of Saudi Aramco's interest in the joint ventures. Where necessary, adjustments are made to the financial statements of joint ventures to align their accounting policies with those used by Saudi Aramco.

Saudi Aramco's investments in joint ventures includes, when applicable, goodwill identified on acquisition, net of any accumulated impairment loss. Goodwill represents the excess of the cost of an acquisition over the fair value of Saudi Aramco's share of the net identifiable assets of the acquired joint venture at the date of acquisition.

Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

Associates

Associates are entities over which Saudi Aramco has significant influence. Significant influence is the power to participate in financial and operating policy decisions but without control or joint control over those policies and is generally reflected by a shareholding of between 20% and 50% of the voting rights. Investments in

associates are accounted for using the equity method of accounting and are initially recognised at cost. The accounting policies for joint ventures detailed above are also applied by Saudi Aramco to its associates.

Significant Accounting Judgments and Estimates

The acquisition of subsidiaries, joint arrangements and associates require management to estimate the fair values of the assets acquired and liabilities assumed. In addition, judgments are applied in the determination of whether control, joint control or significant influence is present with respect to investments in subsidiaries, joint arrangements or associates. Judgement is applied when determining if an entity is controlled by voting rights, potential voting rights or other rights granted through contractual arrangements and includes consideration of an entity's purpose and design, among other factors. Judgement is applied when assessing whether an arrangement is jointly controlled by all of its parties or by a group of the parties by taking decisions about relevant activities through unanimous consent of the parties sharing control. Judgement is also applied as to whether a joint arrangement is classified as a joint venture or joint operation taking into account specific facts and circumstances, such as the purpose and design of the arrangement, including with respect to its output, its relationship to the parties and its source of cash flows. Judgement is applied in determining whether significant influence is held by assessing factors such as representation on the Board of Directors, participation in policy-making processes, material transactions with the entity, interchange of managerial personnel, and provision of essential technical information. See Notes 7, 34, 35, 38, 39 and 40 to the 2023 Financial Statements.

Intangible Assets

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

Intangible assets other than exploration and evaluation costs and those with indefinite useful lives such as goodwill and brands acquired on acquisition of certain subsidiaries, consist primarily of brands and trademarks, franchise/customer relationships and computer software. See Notes 2(e), 4 and 6 to the 2023 Financial Statements. If acquired in a business combination, these intangible assets are recognised at their fair value at the date of acquisition and, if acquired separately, these intangible assets are recognised at cost. All these intangible assets are subsequently amortised on a straight-line basis over their estimated useful lives.

The following table sets forth estimated useful lives, in years, of the principal groups of these intangible assets:

Brands and trademarks	10 to 22
Franchise/customer relationships	5 to 25
Computer software	3 to 15

Source: The Company.

Amortisation is recorded in depreciation and amortisation in Saudi Aramco's consolidated statement of income.

Exploration and Evaluation

Exploration and evaluation costs are recorded under the successful efforts method. Under the successful efforts method, geological and geophysical costs are recognised as an expense when incurred and exploration costs associated with exploratory wells are initially capitalised on Saudi Aramco's consolidated balance sheet as an intangible asset until the drilling of the well is complete and the results have been evaluated. If potential commercial quantities of hydrocarbons are found, these costs continue to be capitalised, subject to further appraisal activities that would determine the commercial viability and technical feasibility of the reserves. If potentially commercial quantities of hydrocarbons have not been found, and no alternative use of the well is determined, the previously capitalised costs are written off to exploration in Saudi Aramco's consolidated statement of income.

Exploratory wells remain capitalised while additional appraisal drilling on the potential oil or gas field is performed or while optimum development plans are established. All such capitalised costs are not subject to amortisation, but at each reporting date are subject to regular technical and management review to confirm the continued intent to develop, or otherwise extract value from, the well. Where such intent no longer exists, the

costs are written off to exploration in Saudi Aramco's consolidated statement of income. Capitalised exploratory expenditures are, at each reporting date, subject to review for impairment indicators.

When proved reserves of hydrocarbons are determined and there is a firm plan for development approved by management, the relevant capitalised costs are transferred to property, plant and equipment.

Property, Plant and Equipment

Property, plant and equipment is stated on Saudi Aramco's consolidated balance sheet at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the construction or acquisition of the asset. Land and construction-in-progress are not depreciated. When a construction-in-progress asset is deemed available for use as intended by management, depreciation commences.

Subsequent expenditures, including major renovations, are included in an asset's carrying amount or recognised as a separate asset only when it is probable that future economic benefits associated with the item will flow to Saudi Aramco and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognised. All other repair and maintenance expenditures are expensed as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. See Notes 2(g) and 5 to the 2023 Financial Statements.

Where the life of expected hydrocarbon reserves substantially exceeds the economic or technical lives of the underlying assets, the straight-line method of depreciation is used. The unit of production method is used for fields where the expected reserve life is approximately equal to or less than the estimated useful lives of the underlying assets. Depletion rates are calculated on the basis of a group of wells or fields with similar characteristics based on proved developed reserves. The estimation of expected reserve lives reflects management's assessment of proved developed reserves and the related depletion strategy on a field-by-field basis. Depreciation expense on all other assets is calculated using the straight-line method to allocate the cost less residual values over the estimated useful lives. Depreciation expense is recorded in Saudi Aramco's consolidated statement of income.

Depreciation expense is calculated after determining an estimate of an asset's expected useful life and the expected residual value at the end of its useful life. The useful lives and residual values are determined by management at the time the asset is initially recognised and are reviewed annually for appropriateness or when events or conditions occur that impact capitalised costs, hydrocarbon reserves, residual values or estimated useful lives.

The estimated useful lives or, the lease term, if shorter, for right of use assets in years of principal groups of depreciable assets is as follows:

Land and land improvements	3 to 54
Buildings	5 to 50
Oil and gas properties	15 to 30
Plant, machinery and equipment	2 to 52
Depots, storage tanks and pipelines	4 to 30
Fixtures, IT and office equipment	2 to 20

Source: The Company.

Gains and losses on disposals of depreciable assets are recognised in net income. See Notes 2(g), 2(h) and 5 to the 2023 Financial Statements.

Impairment of Non-Financial Assets

At each reporting date, Saudi Aramco assesses whether there are any indications that a non-financial asset with a definite life might be impaired. Assets with indefinite useful lives such as goodwill and brand acquired on acquisition of certain subsidiaries (see Note 2(h) to the 2023 Financial Statements) are reviewed for impairment on an annual basis. If an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use ("VIU"). The fair value less costs of disposal calculation is based on either post-tax discounted cash flow models or available data from binding arm's length sales transactions for similar assets, or observable market prices less incremental costs of disposing of the asset. The VIU calculation is based on a post-tax risk adjusted discounted cash flow model. The use of post-tax discount

rates in determining VIU does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Impairment losses are recognised as a component of net income. If, in a subsequent period, the amount of a non-goodwill impairment loss decreases, a reversal of the previously recognised impairment loss is recognised in net income.

Significant Accounting Judgments and Estimates

Impairment tests are undertaken on the basis of the smallest identifiable group of assets (cash-generating unit), or individual assets, for which there are largely independent cash inflows. The key assumptions used to determine the different cash-generating units involve significant judgment by management.

For the purposes of determining whether impairment of items of property, plant and equipment has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating future cash flows for its VIU calculations are forecasted future oil, gas, refined product and chemical prices, expected production volumes, future operating and development costs, refining and petrochemical margins and changes to the discount rate used for the discounted cash flow model. There is an inherent uncertainty over forecasted information and assumptions. Changes in these assumptions and forecasts could impact the recoverable amounts of assets and any calculated impairment and reversals thereof.

Leases

Saudi Aramco's portfolio of leased assets mainly comprises land and buildings, drilling rigs, marine vessels, industrial facilities, equipment, storage and tanks, aircraft and vehicles. The determination of whether the contract is, or contains, a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Saudi Aramco recognises right-of-use assets and lease liabilities at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises lease liabilities at initial measurement, any initial direct costs incurred, any lease payments made at or before the commencement date and restoration costs less any lease incentives received. Subsequent to initial recognition the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis unless the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the asset reflects the exercise of the purchase option, in which case right of use assets are depreciated over the useful life of the underlying asset. Depreciation expense is recorded in the Consolidated Statement of Income. Right-of-use assets are included under property, plant and equipment. See Note 5 to the 2023 Financial Statements.

Lease liabilities are initially measured at the present value of lease payments. Lease payments include fixed lease payments, variable lease payments that depend on an index or rate, amounts payable for guaranteed residual values and payments to be made under extension or purchase or termination options, where applicable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Subsequent to initial recognition, the lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and adjusted for remeasurement to reflect any reassessments or lease modifications. Lease liabilities are included under borrowings. See Note 20 to the 2023 Financial Statements. Lease payments are allocated between the principal and finance costs. Finance costs are recorded as an expense in Saudi Aramco's consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Saudi Aramco has elected not to recognise right-of-use assets and lease liabilities for short-term and low-value leases. Lease payments under short-term and low-value leases are recorded as an expense in Saudi Aramco's consolidated statement of income on a straight-line basis over the lease term.

Significant Accounting Judgments and Estimates

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to not be terminated or to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee.

Investments and Other Financial Assets

Classification

Management determines the classification of its financial assets based on the business model for managing the financial assets and the contractual terms of the cash flows. Saudi Aramco's financial assets are classified into the following categories

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss). These include equity securities at fair value through profit or loss ("FVPL"), equity securities at fair value through other comprehensive income ("FVOCI"), debt securities at FVPL, and debt securities at FVOCI. In addition, certain revenue contracts provide for provisional pricing at the time of shipment with the final pricing based on an average market price for a particular future period. Such trade receivables are measured at fair value because the contractual cash flows are not solely payments of principal and interest; and
- those to be measured subsequently at amortized cost. These comprise debt securities at amortized cost, cash and cash equivalents, short-term investments, other assets and receivables, due from the Government, and trade receivables other than those subsequently measured at FVPL, as described above.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, which is the date on which Saudi Aramco commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Saudi Aramco has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, Saudi Aramco measures a financial asset at its fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed as a component of net income.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, are subsequently measured at amortised cost using the effective interest method. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised as a component of net income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

All equity investments and certain debt instruments are subsequently measured at fair value. Gains and losses on financial assets measured at fair value are recorded either through FVPL or FVOCI. For investments in debt securities, this depends on the business model within which the investment is held. Saudi Aramco reclassifies debt securities, when and only when, its business model for managing those assets changes. For investments in equity securities that are not held for trading whose gains and losses are recorded at FVPL, this depends on whether Saudi Aramco has made an irrevocable election at the time of initial recognition, due to the strategic nature of these investments, to account for such equity securities at FVOCI.

Impairment

Saudi Aramco assesses on a forward-looking basis, the expected credit losses associated with debt securities carried at either amortised cost or FVOCI. The impairment methodology applied depends on whether there has

been a significant increase in credit risk. For trade receivables, Saudi Aramco applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derivative Instruments and Hedging Activities

Derivative Instruments Classified as Held for Trading

Saudi Aramco uses commodity derivative financial instruments to manage exposure to price fluctuations which arise on purchase and sale transactions for physical deliveries of crude oil, natural gas liquids and various refined and bulk petrochemical products. The derivatives are initially recognised, and subsequently re-measured, at fair value and recorded as an asset, when the fair value is positive, or as a liability, when the fair value is negative, under trade receivables or trade payables and other liabilities in the consolidated balance sheet, respectively.

The fair value of the derivatives is determined in accordance with Saudi Aramco's derivative valuation policy by reference to the traded price of that instrument on the relevant exchange or over-the-counter markets at the consolidated balance sheet date. The gain or loss from the changes in the fair value of the swap from its value at inception is recognised in net income.

Derivative Instruments Designated as Hedges

Saudi Aramco uses interest rate swaps and currency forward contracts as derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange rates. These derivative financial instruments, designated as either fair value or cash flow hedges, are purchased from counterparties of high credit standing and are initially recognised, and subsequently remeasured, at fair value.

At the inception of the hedging transaction, Saudi Aramco documents the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedge transaction.

The fair value of a derivative financial instrument used for hedging purposes is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months; otherwise, it is classified as a non-current asset or liability.

Income Tax and Zakat

The Kingdom's Income Tax Law includes a multi-tiered structure of income tax rates for authorised producers of oil and hydrocarbons, which are based on the amount of in-Kingdom capital investments (with the income tax rate decreasing as the level of in-Kingdom capital investment increases). Under this structure, an income tax of 50% applies to Saudi Aramco, however, a 20% rate applies to Saudi Aramco's taxable income related to the exploration and production of non-associated natural gas (including gas condensates) as well as the collection, treatment, processing and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. Further, under the Kingdom's Income Tax Law, Saudi Aramco's interest in non-publicly traded in-Kingdom companies are generally subject to a 20% tax rate, unless such company is engaged in the production of oil and its associated hydrocarbon products, in which case, the 50% to 85% multi-tiered structure of income tax rates applies, except that a 20% rate would apply to such company's taxable income related to certain natural gas activities, as described above.

Additionally, effective 1 January 2020, the tax rate applicable to the Company's downstream activities is the general corporate tax rate of 20% that applies to all similar domestic downstream companies under the Income Tax Law, rather than the 50% to 85% multi-tiered structure of income tax rates that previously applied to domestic oil and hydrocarbons production companies in the Kingdom, on the condition that the Company separates its domestic downstream activities (from the oil and hydrocarbon production activities) into a separate legal entity before 31 December 2024. If the Company does not comply with this condition by 31 December 2024, its domestic downstream business will be subject to tax retrospectively on an annual basis for the years 2020 to 2024 in accordance with the multi-tiered tax rates applicable to domestic oil and hydrocarbon production companies.

Moreover, by Royal Decree No. M/153 dated 05/11/1441 in the Hijri calendar (corresponding to 26 June 2020), the Income Tax Law was amended to provide that, effective 1 January 2020, as an exception from the Income

Tax Law, shares owned (directly or indirectly) by persons engaged in oil and hydrocarbon production activities in companies listed on the Saudi Exchange are subject to zakat, including their indirect interest in those companies (at the level of the investee/subsidiary of such listed companies). As a result, Saudi Aramco's ownership interests in certain entities, including SABIC, Petro Rabigh, Saudi Electricity Company, Luberef, Marafiq, and The National Shipping Company of Saudi Arabia (Bahri) are subject to zakat instead of corporate income taxes.

Income tax expense for the period comprises current and deferred income tax expense. Income tax expense is recognised in net income, except to the extent that it relates to items recognised in other comprehensive income. In this case, the related income tax is also recognised in other comprehensive income.

Current income tax expense is calculated primarily on the basis of the Income Tax Law, as amended. In addition, income tax expense results from taxable income generated by foreign affiliates.

Deferred income tax is provided in full, using the liability method at tax rates enacted or substantively enacted at the end of the reporting period and expected to apply when the related deferred income tax is realised or settled on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In estimating such tax consequences, consideration is given to expected future events. Deferred income tax is not provided on initial recognition of an asset or liability in a transaction, other than a business combination that, at the time of the transaction, does not affect either the accounting profit or the taxable profit.

Deferred income tax assets are recognised where future recovery is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax is not provided for taxes on possible future distributions of retained earnings of subsidiaries where the timing of the distribution can be controlled and it is probable that the retained earnings will be substantially reinvested by the entities.

The zakat liability is computed using the zakat base subject to the minimum and maximum thresholds in accordance with the Zakat Implementing Regulations of the Zakat, Tax and Customs Authority in the Kingdom issued pursuant to Ministerial Resolution No. (1007) dated 08/19/1445 in the Hijri calendar (corresponding to 29 February 2024). The zakat provision is charged to the consolidated statement of income.

Significant Accounting Judgments and Estimates

Saudi Aramco establishes provisions, based on reasonable estimates, for potential claims by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as different interpretations of tax regulations by the taxable entity and the responsible tax authority and the outcome of previous negotiations. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow or in the expected amount to be settled would be recognised in net income in the period in which the change occurs. Deferred income tax assets are recognised only to the extent it is considered probable that those assets are recoverable. This includes an assessment of when those assets are likely to reverse and a judgment as to whether or not there will be sufficient taxable income available to offset the assets when they do reverse. This requires assumptions regarding future profitability. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred income tax assets as well as in the amounts recognised in net income in the period in which the change occurs.

Detailed taxation information, including current expense and deferred income tax assets and liabilities, is presented in Note 8 to the 2023 Financial Statements.

Inventories

Inventories are stated at the lower of cost or estimated net realisable value. Cost comprises all expenses to bring the inventories to their present location and condition and, for hydrocarbon and chemical inventories, is determined using the first-in, first-out method. For materials and supplies inventories, cost is determined using the weighted average method less an allowance for disposal of obsolete or surplus materials and supplies. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Due from the Government

The Government compensates Saudi Aramco through price equalisation and for past due trade receivables of specified Government, semi-Government and other entities with Government ownership or control to whom Saudi Aramco supplies specified products and services.

Revenue on sales to these specified Government, semi-Government and other entities with Government ownership or control is recognised upon the satisfaction of performance obligations, which occurs when control transfers to these customers. Control of the products is determined to be transferred when the title of products passes, which typically takes place when product is physically transferred to these customers. Once receivables from these customers are past due, these trade receivables are reclassified as a due from the Government current receivable.

In cases where any of these customers settle past due amounts, the Government guarantee receivable is credited with the amounts received. The balance is presented within due from the Government even if it is payable to the Government based on Saudi Aramco's expectation to settle the balance on a net basis with other amounts due from the Government.

Implementing regulations issued by the Government allow Saudi Aramco to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offset against any other amounts due and payable by Saudi Aramco to the Government. Balances due from the Government at 31 December of each year represent amounts to be settled through offset against tax payments.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and in banks, together with all highly liquid investments purchased with original maturities of three months or less.

Assets Classified as Held for Sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated, or amortized. An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. Non-current assets and disposal groups classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

Treasury shares

Treasury shares are recognised as a deduction from equity at the amount of consideration paid by Saudi Aramco for their acquisition, including any directly attributable transaction costs incurred.

Financial Liabilities

Saudi Aramco initially recognises a financial liability at fair value when it becomes party to the contractual provisions of an instrument. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Saudi Aramco's financial liabilities are classified into the following categories:

- those to be measured subsequently at FVPL, which mainly include derivative financial liabilities categorized as held for trading unless they are designated as hedges (see Note 2(k)). Derivative financial liabilities held for trading are included in current liabilities under trade payables and other liabilities with gains or losses recognised in net income. In addition, trade payables related to contracts with provisional pricing arrangements are subsequently measured at fair value through profit or loss; and
- those to be measured subsequently at amortized cost using the effective interest method, which mainly include borrowings, trade payables, excluding those with provisional pricing arrangements, and other liabilities.

Borrowing Costs

Any difference between borrowing proceeds and the redemption value is recognised as finance costs in Saudi Aramco's consolidated statement of income over the term of the borrowing using the effective interest method.

Borrowing costs are expensed as incurred except for those costs directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the cost of that asset until the asset is complete for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for intended use or sale.

Post-Employment Benefit Plans

Pension Plans

Funded pension plans are non-contributory plans for the majority of employees and are generally funded by payments by Saudi Aramco and where applicable by group companies to independent trusts or other separate entities. Assets held by the independent trusts and other separate entities are held at their fair value. Valuations of both funded and unfunded plans are performed annually by independent actuaries using the projected unit credit method. The valuations take into account employees' years of service, average or final pensionable remuneration and are discounted to their present value using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

The amount recognised in Saudi Aramco's consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The periodic pension cost included in operating costs in Saudi Aramco's consolidated statement of income in respect of defined benefit pension plans primarily represents the increase in the actuarially assessed present value of the obligation for pension benefits based on employee service during the year and the net interest on the net defined benefit liability or asset. Net interest is calculated by multiplying the defined benefit liability and plan assets by the discount rate applied to each plan at the beginning of each year, amended for changes to the defined benefit liability and plan assets as a result of benefit payments or contributions.

Past service costs, representing plan amendments, are recognised immediately as pension costs in Saudi Aramco's consolidated statement of income, regardless of the remaining vesting period.

Remeasurements representing actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, and the actual returns on plan assets excluding interest on plan assets, are credited or charged to equity, net of tax, through other comprehensive income.

For defined contribution plans where benefits depend solely on the amount contributed to or due to the employee's account and the returns earned from the investment of those contributions, plan cost is the amount contributed by or due from Saudi Aramco and is recognised as an expense in Saudi Aramco's consolidated statement of income.

Other Post-Employment Benefits

Saudi Aramco provides certain post-employment healthcare, life insurance and other benefits to retirees and certain former employees. The entitlement is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. To the extent these plans are not fully funded, a liability is recognised in Saudi Aramco's consolidated balance sheet. Valuations of benefits are performed by independent actuaries.

Such plans follow the same accounting methodology as used for defined benefit pension plans.

Significant Accounting Judgments and Estimates

The costs of defined benefit pension plans and post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, future healthcare costs, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in Note 21 to the 2023 Financial Statements included elsewhere in this Base Prospectus.

Share-based compensation

The cost of an equity-settled award granted to employees is measured by reference to the fair value of the equity instrument on the date the award is granted. This cost is recognised as an employee benefit expense in the consolidated statement of income with a corresponding increase in equity.

The cost of a cash-settled award granted to employees is measured by reference to the fair value of the liability at each consolidated balance sheet date until settlement. This cost is recognised as an employee benefit expense in the consolidated statement of income with the corresponding recognition of a liability on the consolidated balance sheet.

The cost of both the equity-settled and cash-settled awards is recognised over the vesting period, which is the period over which the employees render the required service for the award and any non-market performance condition attached to the award is required to be met. Additionally, for a cash-settled award, any changes in the fair value of the liability between the vesting date and the date of its settlement are also recognised in the consolidated statement of income within employee benefit expense.

In determining the fair value of an equity-settled or cash-settled award, an appropriate valuation method is applied. Service and non-market performance conditions are not taken into account in determining the fair value of the award, but during the vesting period the likelihood of the conditions being met is assessed as part of Saudi Aramco's best estimate of the number of awards that are expected to vest. Any market performance conditions and non-vesting conditions are taken into account in determining the award's fair value.

Provisions and Contingencies

Saudi Aramco records a provision and a corresponding asset for decommissioning activities in upstream operations for well plugging and abandonment. The decommissioning obligation for a well is recognised when it is drilled. Decommissioning provisions associated with downstream facilities are generally not recognised, as the potential obligations cannot be measured given their indeterminate settlement dates. The decommissioning obligations will be recognised in the period when sufficient information becomes available to estimate a range of potential settlement dates. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The value of the obligation is added to the carrying amount of the related asset and amortised over the useful life of the asset. The increase in the provision due to the passage of time is recognised as finance costs in the consolidated statement of income. Changes in future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows are recognised as a change in provision and related asset.

A contingent liability is disclosed where the existence of a possible obligation will only be confirmed by future events or where the amount of a present obligation cannot be measured with reasonable reliability or it is not probable that there will be an outflow of resources to settle that obligation. Contingent assets are not recognised, but are disclosed where the inflow of economic benefits is probable.

Significant Accounting Judgments and Estimates

Most of Saudi Aramco's well plugging and abandonment activities are many years into the future with technology and costs constantly changing. Estimates of the amounts of a provision are recognised based on current legal and constructive requirements and costs associated to abandon using existing technologies. Actual costs are uncertain and estimates can vary as a result of changes in the scope of the project or relevant laws and regulation. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations or changes in legislation. Changes to estimates related to future expected costs, discount rates and timing may have a material impact on the amounts presented. As a result, significant judgment is applied in the initial recognition and subsequent adjustment of the provision and the capitalised cost associated with decommissioning, plugging and abandonment obligations. Any subsequent adjustments to the provision are made prospectively. Detail on the particular assumptions applied when making certain non-current provisions is included in Note 22 to the 2023 Financial Statements.

Functional and Presentation Currency

The U.S. dollar is the functional currency of Saudi Aramco. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets or liabilities are translated at each reporting date using the prevailing reporting date exchange

rate. Non-monetary assets or liabilities measured at fair value are translated at the exchange rate on the date when fair value was last measured. Non-monetary assets or liabilities, other than those measured at fair value, are translated into the functional currency using the exchange relevant spot rates at the dates of the transactions. Foreign exchange gains and losses from these translations are recognised as a component of net income. The consolidated financial statements are presented in SAR. The financial position and results of the operations of Saudi Aramco, its subsidiaries, joint arrangements and associates that have a functional currency which is different from the presentation currency are translated to the presentation currency at reporting date exchange rates and the average exchange rates that approximate the cumulative effect of rates prevailing at the transaction dates, respectively. All resulting exchange differences are recognised through other comprehensive income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the reporting date exchange rate.

Translations from SAR to USD presented as supplementary information in the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, and consolidated statement of cash flows at 31 December 2023 and 2022, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the consolidated balance sheet dates.

Significant Accounting Judgments and Estimates

Saudi Aramco has determined that the U.S. Dollar is the functional currency as a substantial amount of its products are traded in U.S. Dollars in international markets. However, a substantial amount of costs of Saudi Aramco are denominated in Saudi Riyals which has been exchanged at a fixed rate to the U.S. Dollar since 1986. A change in the fixed exchange rate could impact the recorded revenue, expenses, assets and liabilities of Saudi Aramco.

Revenue Recognition and Sales Prices

Revenue from sales of crude oil and related products is recognised upon the satisfaction of performance obligations, which occurs when control transfers to the customer. Control of the products is determined to be transferred to the customer when the title of crude oil and related products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue contracts for crude oil and certain related products provide for provisional pricing at the time of shipment, with final pricing based on the average market price for a particular future period. Revenue on these contracts is recorded based on the estimate of the final price at the time control is transferred to the customer. Any difference between the estimate and the final price is recorded as a change in fair value of the related receivable, as part of revenue, in Saudi Aramco's consolidated statement of income. Where applicable the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

Other income related to sales

The Government compensates Saudi Aramco through price equalisation for revenue directly forgone as a result of Saudi Aramco's compliance with local regulations governing domestic sales and distribution of certain liquid products, LPG and certain other products. This compensation reflected in the Financial Statements is calculated by Saudi Aramco as the difference between the product's equalisation price and the corresponding domestic regulated price, net of Government fees, in accordance with the implementing regulations issued by the Government in 2017 and 2019.

This compensation is recorded as other income related to sales, that is taxable, when Saudi Aramco has satisfied its performance obligations through transfer of the title to the buyer, which occurs when product is physically transferred. The compensation due from the Government is characterised as a due from the Government current receivable and is recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment losses, if any. See Note 2(n) to the 2023 Financial Statements.

The implementing regulations allow Saudi Aramco to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offsetting may extend against any other amounts due and payable by Saudi Aramco to the Government.

Production Royalties

Royalties to the Government are calculated based on a progressive scheme applied to crude oil and condensate production. An effective royalty rate is applied to production based on Saudi Aramco's official selling prices. The effective royalty rate is determined based on a baseline marginal rate of 15% applied to prices up to \$70 per barrel, increasing to 45% applied to prices above \$70 per barrel and 80% applied to prices above \$100 per barrel. All such royalties are accounted for as an expense in Saudi Aramco's consolidated statement of income based on volumes sold during the year and are deductible costs for the Government income tax calculations.

Research and Development

Development costs that are expected to generate probable future economic benefits are capitalised as intangible assets and amortised over their estimated useful life. During the period of development, the asset is tested for impairment annually. All other research and development costs are recognised in net income as incurred.

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of Saudi Aramco, on or before the end of the reporting period but not distributed at the end of the reporting period.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the net income attributable to the ordinary shareholders of Saudi Aramco; and
- by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Reclassifications

Certain comparative amounts for 2022 in the notes to the consolidated financial statements have been reclassified to conform to the current year presentation.

New or Amended Standards

Saudi Aramco adopted the following IASB pronouncements, as endorsed in the Kingdom, effective for annual periods beginning on or after 1 January 2023:

Amendment to IAS 1, Presentation of Financial Statements

In February 2021, the IASB amended IAS 1, Presentation of Financial Statements, to require entities to disclose material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendment further clarifies that immaterial accounting policy information does not need to be disclosed, and if it is disclosed, it should not obscure material accounting policy information. This amendment does not have any significant impact on Saudi Aramco's consolidated financial statements.

Amendment to IAS 12, Income Taxes

In May 2023, the IASB issued an amendment to IAS 12, Income Taxes, relating to the International Tax Reform - Pillar Two Model Rules. This amendment applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development, including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendment requires entities to make additional disclosures in their annual financial statements regarding their current tax exposure to Pillar Two income taxes. Further, as required by the amendment, Saudi Aramco has applied the mandatory temporary exception to neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Saudi Aramco has performed a preliminary assessment of its exposure to Pillar Two income taxes for jurisdictions where it operates and where Pillar Two legislation has been enacted or substantively enacted as of the reporting date and will be effective for annual periods beginning on or after January 1, 2024. The legislation mandates a top-up tax liability for any difference between the Pillar Two effective tax rate per jurisdiction and the 15% minimum rate. Based on this preliminary assessment, Saudi Aramco is not expected to have any material exposure to Pillar Two top-up taxes.

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts, which introduces a new comprehensive accounting model for insurance contracts, and sets out the principles for the recognition, measurement, presentation and disclosure for the issuers of those contracts. The new standard replaces IFRS 4, Insurance Contracts, which was issued in 2005, and allowed insurers to use a range of different accounting treatments for insurance contracts. There is no material impact on Saudi Aramco's consolidated financial statements from the adoption of IFRS 17.

There are no other standards, amendments and interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions. Saudi Aramco has not early adopted any new accounting standards, interpretations or amendments that are issued but not yet effective.

BUSINESS

Overview

Saudi Aramco is the world's largest integrated energy and chemicals company. In the three month period ended 31 March 2024, it produced 12.4 million barrels per day of oil equivalent and, in the year ended 31 December 2023, it produced 12.8 million barrels per day of oil equivalent, including 10.7 million barrels per day of liquids and 10.7 bscfd of natural gas and ethane. As at 31 December 2023, its proved liquids reserves were 217.4 billion barrels and it had gross refining capacity of 7.9 million barrels per day and net chemicals production capacity of 59.6 million tonnes per annum.

Saudi Aramco seeks to enhance its preeminent upstream position by maintaining its oil and growing its gas production capacity and continuing to pursue integration of its upstream and downstream operations to secure demand for its crude oil. It also is continuing to enhance the resilience and strategic integration of its refining and chemicals portfolios to capture additional value across the hydrocarbon value chain and to improve the balance of its fuels and chemicals production.

Saudi Aramco aims to grow its business sustainably by leveraging technology and innovation to continue to lower its climate impact and by undertaking low carbon energy and sustainability initiatives throughout its operations both in the Kingdom and abroad with international partners. In October 2021, Saudi Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly owned operated assets by 2050 and, in August 2019, announced its objective to eliminate routine flaring by 2030. It also intends to maintain its position as a leader in upstream carbon intensity, with one of the lowest average upstream carbon intensities per unit of hydrocarbons produced and is pursuing a wide range of initiatives to reduce its upstream carbon intensity by at least 15% by 2035 against its 2018 baseline. It has also set a target to reduce its upstream methane intensity to near zero by 2030 and has made recent investments in renewable energy, CCS and low carbon fuels.

Saudi Aramco's heritage dates back to 1933 as an upstream venture founded by predecessors to Chevron and ExxonMobil. Its upstream operations are predominantly based in the Kingdom, and it operates a global downstream business. As at 31 December 2023, Saudi Aramco had two reportable segments, namely upstream and downstream, which are supported by corporate activities.

For the year ended 31 December 2023 and the three month period ended 31 March 2024, Saudi Aramco generated SAR 537.8 billion (\$143.4 billion) and SAR 126.0 billion (\$33.6 billion) in net cash provided by operating activities and SAR 379.5 billion (\$101.2 billion) and SAR 85.3 billion (\$22.8 billion) of Free Cash Flow, respectively. Saudi Aramco operates within a conservative financial framework that ensures its ability to invest through oil price cycles to maximise its long-term value and meet its sustainability ambitions. Its Gearing ratio was (6.3)% and (3.8)% as at 31 December 2023 and 31 March 2024, respectively. Free Cash Flow and Gearing are non-IFRS financial measures. For a definition of Free Cash Flow and Gearing and a reconciliation to the nearest financial measures calculated in accordance with IFRS, see "*Non-IFRS Financial Measures*".

Upstream

Saudi Aramco is a major producer of crude oil and condensate. For the three month period ended 31 March 2024, it produced 12.4 million barrels per day of oil equivalent and, for the year ended 31 December 2023, it produced 12.8 million barrels per day of oil equivalent, including 10.7 million barrels per day of liquids. Saudi Aramco manages the Kingdom's unique reserves and resource base to maximise long-term value pursuant to the Hydrocarbons Law, which mandates that Saudi Aramco's hydrocarbon operations promote long-term productivity of the Kingdom's reservoirs and support the prudent stewardship of its hydrocarbon resources.

As at 31 December 2023, the Kingdom's reserves in the fields Saudi Aramco operates consisted of 340.8 billion barrels of oil equivalent, including 261.7 billion barrels of crude oil and condensate, 37.4 billion barrels of NGL and 252.6 trillion standard cubic feet of natural gas.

Pursuant to the Concession, effective 24 December 2017, Saudi Aramco has the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, for an initial period of 40 years, which will be extended by the Government for 20 years provided Saudi Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an

additional 40 years beyond the prior 60-year period subject to Saudi Aramco and the Government agreeing on the terms of the extension. See “*Material Agreements—The Concession*”. The provision of a specified term in the Concession impacts the calculation of Saudi Aramco’s reserves as compared to the Kingdom’s reserves in the fields Saudi Aramco operates. The Concession also requires Saudi Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPG through domestic production or imports.

As at 31 December 2023, based on the initial 40-year period (which began in 2017) and 20-year extension of the Concession, Saudi Aramco’s reserves were 251.2 billion barrels of oil equivalent (sufficient for a proved reserves life of 54 years), consisting of 191.3 billion barrels of crude oil and condensate, 26.0 billion barrels of NGL and 207.5 trillion standard cubic feet of natural gas.

Saudi Aramco’s average upstream lifting cost was SAR 11.96 (\$3.19) per barrel of oil equivalent produced in 2023. In addition, its upstream capital expenditures for the year ended 31 December 2023 averaged SAR 23.7 (\$6.3) per barrel of oil equivalent produced. Saudi Aramco’s low cost position is due to its low depletion rate operational model, the unique nature of the Kingdom’s geological formations, favourable onshore and shallow water offshore environments in which Saudi Aramco’s reservoirs are located, synergies available from Saudi Aramco’s use of its large infrastructure and logistics networks and its scaled application of technology. Given the quality of most of Saudi Aramco’s reservoirs and its operational model, it is possible to achieve high recovery factors while maintaining relatively low water cut levels for long periods of time.

The Government determines the Kingdom’s maximum level of crude oil production in the exercise of its sovereign prerogative and requires Saudi Aramco to maintain MSC in excess of its then current production in accordance with the Hydrocarbons Law. It also uses this spare capacity as an alternative supply option in case of unplanned production outages and to maintain its production levels.

Saudi Aramco is the exclusive supplier of natural gas in the Kingdom. It owns and operates the Master Gas System (the “**MGS**”), which is an extensive network of pipelines that connects its key gas production and processing sites throughout the Kingdom, and has commenced reproduction activities from the Hawiyah Unayzah reservoir gas storage programme, with the goal of providing up to 2.0 bscfd of gas for reintroduction into the MGS in 2024 to enhance its ability to respond to seasonality of demand, which is driven by utility sector demand patterns, and to improve the utilisation rate of its gas assets. In support of its plan to develop its unconventional resources, in November 2021, Saudi Aramco commenced development of the Jafurah unconventional gas field. The Jafurah field is expected to commence production in 2025 and will gradually increase natural gas deliveries to reach a rate of 2.0 bscfd by 2030, which is expected to support growing local energy demand and provide feedstock for hydrogen and ammonia production.

Saudi Aramco expects to further expand its oil and gas reserves through new field discoveries, new reservoir additions in existing fields and delineation and reassessment of existing reservoirs and fields.

Downstream

Saudi Aramco has a large and growing, strategically integrated global downstream business. The downstream segment’s activities consist primarily of refining, petrochemicals, supply and trading, distribution, retail, base oils, lubricants and power generation. Saudi Aramco is also developing renewables, undertaking projects to capture emissions from its own facilities and the facilities of others and has ambitions to develop low carbon fuels and products, including blue hydrogen and blue ammonia.

As at 31 December 2023, Saudi Aramco had gross refining capacity of 7.9 million barrels per day and net refining capacity of 4.1 million barrels per day. The strategic integration of Saudi Aramco’s upstream and downstream segments provide opportunities for Saudi Aramco to secure and de-risk liquids demand to capture incremental value from the hydrocarbon supply chain by selling to its dedicated system of domestic and international refineries and petrochemical plants. In addition, the integration of Saudi Aramco’s refining and chemicals manufacturing assets provides an opportunity to capture additional value and continue the shift of its product portfolio to improve the balance of fuels and chemicals production.

Saudi Aramco’s downstream business is the single largest customer for the upstream business’s crude oil production, consuming 47% and 51% of its crude oil production in the year ended 31 December 2023 and the three month period ended 31 March 2024, respectively. Its upstream business produces all the crude oil supplied to and processed by Saudi Aramco’s refineries in the Kingdom and the majority of crude oil used by its international refineries. As at 31 December 2023, Saudi Aramco’s weighted average ownership percentage in

its international refineries was 34%, but it supplied an average of 54% of the crude oil used by those refineries for the year ended 31 December 2023. This crude oil placement provides benefits to the downstream operations, including a secure and reliable supply of high-quality crude oil, which helps to ensure a secure and reliable supply of refined and chemicals products to its downstream customers. In addition, Saudi Aramco intends to continue to grow its liquids-to-chemicals business, with a goal to increase its throughput in integrated refining and petrochemicals complexes to up to four million barrels per day by 2030.

As the sole supplier to the large domestic marketplace, Saudi Aramco's refining operations in the Kingdom, including its domestic affiliates, accounted for 62% of its net refining capacity in 2023. In addition to its domestic focus, Saudi Aramco is focusing its downstream investments in economies of high-growth, including China, India and Southeast Asia, while maintaining and opportunistically expanding its participation in material demand centres, such as the United States and Europe, and countries that rely on importing crude oil, such as Japan and South Korea.

Saudi Aramco's chemicals business operates in over 50 countries and spans from production of basic chemicals such as aromatics, olefins and polyolefins to more complex products such as polyols, isocyanates and synthetic rubber. The chemicals business continues to grow through capacity expansions in the Kingdom, increased ownership positions in affiliates and new investments, including its acquisition of the PIF's 70% equity interest in SABIC on 16 June 2020. Since the acquisition of a 70% stake in SABIC, Saudi Aramco has sought to achieve synergies in procurement, supply chain, marketing, feedstock optimisation, stream integration, operations and maintenance. Saudi Aramco expects to capture a total value of approximately SAR 11.3 billion to SAR 15.0 billion (\$3.0 billion to \$4.0 billion) in annual recurring synergies from this acquisition by 2025. Its investment in SABIC makes it a major global producer of petrochemicals and expands its capabilities in technology and product innovation, marketing and sales, procurement and manufacturing, among others. Its chemicals business is focused on participation in high-growth chemical markets with demand from industries such as electronics, automotive, appliances and packaging, among others.

In 2021, Saudi Aramco's downstream segment launched a transformation programme, seeking to realise incremental value from its portfolio through yield enhancements, stream integration and cost reduction. In support of this effort, a new Downstream operating model has been implemented, creating a more agile business. The ongoing transformation programme has delivered estimated incremental EBIT of SAR 15.0 billion (\$4.0 billion) in 2023.

Saudi Aramco's downstream segment also includes its crude oil marketing and product sales, distribution, retail and trading operations. These operations support Saudi Aramco's upstream and downstream operations by enabling it to optimise crude oil sales and product placement through its significant infrastructure network of pipelines and terminals and access to shipping and logistics resources. Saudi Aramco also maintains flexibility to respond to fluctuations in demand through its five crude oil grades and MSC. This flexibility contributes to its ability to meet its customers' needs and its reputation as one of the most reliable suppliers of crude oil and refined products, gas and NGL, meeting 99.9% of its delivery obligations on time in each of 2021 and 2022, 99.8% in 2023 and 99.7% for the first three months of 2024.

Corporate

Saudi Aramco's corporate activities primarily support the activities of its upstream and downstream segments, as well as the overall business. The corporate activities include technical services that are essential to the success of Saudi Aramco's core business, as well as human resources, finance, corporate affairs, legal and information technology.

In June 2021, Saudi Aramco completed a transaction pursuant to which it leased its stabilised crude oil pipeline network to one of its wholly owned subsidiaries for 25 years and leased back the exclusive rights to use, operate and maintain the pipeline network for that period. It then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 46.5 billion (\$12.4 billion) in cash. During the 25-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, the crude oil pipeline network, and the transaction will not impose any restrictions on its crude oil production volumes.

In addition, in February 2022, in a transaction similar to that described above with respect to the crude oil pipeline network, Saudi Aramco completed a transaction pursuant to which it leased its natural gas, NGL

products, ethane and stabilised gas condensate pipelines to one of its wholly owned subsidiaries for 20 years and leased back the exclusive rights to use, operate and maintain these pipelines for that period. It then sold 49% of the equity of the subsidiary to a consortium of international and domestic investors for upfront sale proceeds of SAR 58.1 billion (\$15.5 billion) in cash. During the 20-year lease period, the subsidiary will receive quarterly, volume-based tariff payments from Saudi Aramco, backed by minimum volume commitments. Saudi Aramco will at all times retain title to, and full operational control of, these pipelines and the transaction does not impose any restrictions on Saudi Aramco's gas production volumes.

Furthermore, Saudi Aramco intends to foster domestic businesses with the aim to grow its returns, enhance the reliability and resilience of its local supply chain and support the economic growth and diversification of the Kingdom's economy. Under its National Champions programme, which encompasses a set of initiatives to enable in-Kingdom business development, Saudi Aramco seeks to facilitate the creation of a diverse, sustainable, and globally competitive in-Kingdom energy sector as well as other diversified sectors. The National Champions programme encompasses a set of programmes focused around five strategic domains, namely sustainability, digital, industrial, manufacturing and social innovation, that aim to support the development of initial ideas for small, medium and large-sized enterprises to become global businesses, and aligns with the Kingdom's Vision 2030 and its Shareek programme. Other corporate programmes include the iktva, Namaat, and Taleed programmes, which together support in-Kingdom economic growth, innovation, job creation and small, medium and large-sized enterprise development.

Corporate History and Evolution

On 29 May 1933, the Government granted a concession to Socal giving it the right to explore for oil within the Kingdom's borders. Later that year, Socal incorporated CASOC as a subsidiary to manage the concession. Texaco acquired a 50% interest in CASOC in 1936. CASOC's first commercial success came in 1938 at a drill site in Dhahran, which quickly began producing more than 1,500 barrels of crude oil per day. In 1944, CASOC was renamed Arabian American Oil Company. In 1948, Standard Oil Company of New Jersey, which later became Exxon, purchased 30% of Arabian American Oil Company, and Socony-Vacuum Oil Company, which later became Mobil, purchased 10% to help provide market outlets and capital for the Kingdom's hydrocarbon reserves. In 1952, Arabian American Oil Company's headquarters moved from New York to Dhahran, and in 1973, the Government acquired an initial 25% participating interest in the concession, which increased to 60% in the following year. Arabian American Oil Company continued to grow and had become the world's largest oil producer in terms of volume produced in a single year by 1976. Between 1980 and 1981, the Government increased its participation interest in Arabian American Oil Company's crude oil concession rights, production and facilities to 100%. During the 1980s, Arabian American Oil Company increased its production volumes and expanded its infrastructure with the construction of the East-West pipeline, a 1,200 kilometer pipeline dedicated to transporting crude oil from Dhahran to Yanbu' on the Red Sea. In the 1980s and 1990s, Arabian American Oil Company established refining and marketing joint ventures in strategic geographies around the globe in order to further expand its market and product offerings.

In 1988, Saudi Arabian Oil Company, also known as Saudi Aramco, was established as a company with limited liability by virtue of Royal Decree No. M/8, dated 04/04/1409 in the Hijri calendar (corresponding to 13 November 1988), to assume the privileges and rights under the Original Concession.

On 1 January 2018, the Company was converted into a joint stock company pursuant to Council of Ministers Resolution No. 180 dated 01/04/1439 in the Hijri calendar (corresponding to 19 December 2017), was listed on 14/04/1441 in the Hijri calendar (corresponding to 11 December 2019), and was registered in the city of Dhahran under commercial registration No. 2052101150 dated 11/07/1439 in the Hijri calendar (corresponding to 28 March 2018) with Saudi Arabian Oil Company (Saudi Aramco) as its official name.

On 11 December 2019, the Company completed its IPO and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Shares at such time, sold 3.45 billion ordinary shares, or 1.725% of the Shares. In addition, concurrently with the IPO, the Company acquired 117.2 million of its Shares from the Government for a cash payment of SAR 3.75 billion (\$1.0 billion) and classified them as treasury shares for use by the Company for its employee share plans. On 13 February 2022, the Government announced the transfer of 4% of the Company's issued Shares to the PIF, followed by an additional 4% on 16 April 2023 to Sanabil Investments, a wholly owned subsidiary of the PIF, and an additional 8% on 7 March 2024 to the portfolios of PIF's wholly-owned companies. On 11 June 2024, the Government completed a secondary public offering of its shares in the Company, selling 1.545 billion ordinary

shares, equivalent to 0.64% of the Shares (excluding the overallotment option). In addition, the Company acquired 137.6 million of its Shares from the Government and classified them as treasury shares for use by the Company for its employee share plans. As a result, the Government currently directly owns 81.548% of the Shares.

On 11/10/1443 in the Hijri calendar (corresponding to 12 May 2022), the Extraordinary General Assembly resolved to increase the Company's share capital from sixty billion Saudi Riyals (SAR 60,000,000,000) divided into two hundred billion (200,000,000,000) Shares to seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings, and on 18/10/1444 in the Hijri calendar (corresponding to 8 May 2023), the Extraordinary General Assembly resolved to increase the Company's share capital from seventy-five billion Saudi Riyals (SAR 75,000,000,000) divided into two hundred and twenty billion (220,000,000,000) Shares to ninety billion Saudi Riyals (SAR 90,000,000,000) divided into two hundred and forty-two billion (242,000,000,000) Shares by capitalizing an amount of fifteen billion Saudi Riyals (SAR 15,000,000,000) from the Company's retained earnings. As a result, as at the date of this Base Prospectus, the share capital of the Company was SAR 90,000,000,000, which is fully paid, consisting of two hundred and forty two billion (242,000,000,000) Shares with no par value.

The Company's registered office is P.O. Box 5000, Dhahran 31311, Kingdom of Saudi Arabia and its telephone number is +966 13 873-6050. The Company's website is www.aramco.com.

Business Strategies

Saudi Aramco intends to continue to invest in crude oil exploration and production to maintain its position as the world's largest crude oil company by production volume.

Saudi Aramco believes that substantial investments in the oil industry continue to be required in the near to medium term to meet future global demand. Saudi Aramco intends to continue to invest in crude oil exploration and production through oil price cycles in order to meet this expected continued global demand and believes that its low lifting costs, low capital intensity and low upstream carbon intensity uniquely position it to benefit from these investments. Saudi Aramco believes that it produces one of the least carbon intensive sources of crude oil, which competitively positions it to benefit from continued pressure on the oil and gas industry to reduce the environmental impact of the industry's operations, and that by being a reliable and low carbon intensity producer, it will support energy access and security throughout the energy transition.

Saudi Aramco maintains its level of crude oil production by balancing production between maturing areas and newer production sources, tapping into new reservoirs when required to optimise the depletion rate of its fields. It also maintains its low-cost position due to its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favourable onshore and shallow water offshore environments in which its reservoirs are located, synergies from its use of its large infrastructure and logistics networks and its scaled application of technology.

The Government determines the level of MSC maintained by the Company and the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative in accordance with the Hydrocarbons Law. MSC is currently set at 12.0 million barrels of crude oil per day. The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production. While Saudi Aramco has a robust field maintenance philosophy that emphasises the reliability of its upstream operations, the MSC provides an alternative supply option in the event of unplanned production outages.

Saudi Aramco plans to further expand its gas business, including by developing its unconventional gas resources, increasing production and investing in additional infrastructure to meet the large and growing domestic demand for low-cost, lower carbon intensity energy.

Saudi Aramco plans to further expand its gas business to meet the expected substantial growth in domestic demand for gas, driven by continued economic and industrial development and the Government's plans to substitute liquids burning with gas in the utility sector. Accordingly, as sole supplier of gas to the Kingdom, Saudi Aramco aims to increase its gas production by more than 60% by 2030 from the 2021 level, subject to domestic demand, including from its low carbon hydrogen business. To satisfy these production targets, Saudi Aramco intends to further increase the capacity of the MGS and expand its natural gas reserves through new field discoveries, new reservoir additions in existing fields and the delineation and reassessment of existing

reservoirs and fields. In 2021, Saudi Aramco commenced development of the Jafurah field, a key component of its unconventional gas program. In November 2023, Saudi Aramco successfully produced the first unconventional tight gas from its South Ghawar operational area. In addition, through its conventional gas program, Saudi Aramco is undertaking several additional projects to grow its gas supply. It has commenced reproduction from the Hawiyah Unayzah reservoir gas storage program, with the goal of providing up to 2.0 bscfd of gas for reintroduction into the MGS in 2024 to enhance its ability to respond to seasonality of demand, which is driven by utility sector demand patterns, and to improve the utilisation rate of its gas assets. Saudi Aramco expects an increase of up to 1 million barrels per day in associated liquids in connection with anticipated growth in gas production by 2030.

Expanding the gas business enables Saudi Aramco to meet the energy needs of the Kingdom and continue to replace liquids with gas for the Kingdom's power generation, thereby lowering the carbon intensity of domestic energy production and availing more liquids for export. Gas production also yields NGL and condensate, which supplement Saudi Aramco's crude oil production and provide feedstock to its refining and petrochemical operations. In addition, liquids produced with associated and non-associated gas can be utilised in Saudi Aramco's liquids-to-chemicals business. In addition to domestic gas, Saudi Aramco is also opportunistically assessing LNG investments internationally.

Saudi Aramco intends to continue the strategic integration of its upstream and downstream businesses to capture additional value across the hydrocarbon chain.

Saudi Aramco intends to continue the strategic integration of its upstream and downstream businesses to secure and de-risk liquids demand through placement of larger volumes into its dedicated and growing system of domestic and international integrated refining and petrochemical production facilities. In addition, Saudi Aramco intends to continue to grow its liquids-to-chemicals business, with a goal to increase its throughput in integrated refining and petrochemicals complexes to up to four million barrels per day by 2030. This strategy enhances the resilience of Saudi Aramco's upstream business and enables it to capture additional value across the hydrocarbon value chain and diversify its sources of earnings, which also helps to mitigate the impact of oil price volatility. In the three month period ended 31 March 2024, 51% of crude oil produced by Saudi Aramco was delivered into this captive downstream system, compared to 47% in 2023, 44% in 2022 and 43% in 2021.

Saudi Aramco's acquisition of a 70% equity interest in SABIC in June 2020 has supported the expansion of its downstream activities, including integration between refining and chemicals and improving the balance of its product portfolio between fuels and chemicals, and provides a consistent outlet for its crude oil and gas. Saudi Aramco is also seeking to further diversify its downstream portfolio. Recent investments include:

- In November 2022, Saudi Aramco acquired from PKN Orlen a 30% equity stake in a 210,000 barrels per day refinery in Gdansk, Poland, a 100% equity stake in an associated wholesale business and a 50% equity stake in a jet fuel marketing joint venture with BP in Poland for a total purchase price of PLN 2,226.4 million (approximately SAR 1.8 billion (\$0.5 billion) as of November 2022).
- In December 2022, Saudi Aramco and TotalEnergies made a final investment decision for the construction of a large petrochemical complex in the Kingdom and in June 2023 awarded engineering, procurement and construction contracts worth SAR 41.3 billion (\$11.0 billion). The complex, known as Amiral, will be owned, operated and integrated with the existing SATORP refinery located in Jubail. Its commercial operation is expected to start in 2027.
- In March 2023, Saudi Aramco acquired Valvoline Global Operations, a lubricants manufacturer, for SAR 10.34 billion (\$2.76 billion), which is expected to complement Saudi Aramco's base oil business, as well as diversify and increase the resilience of its revenue streams.
- In March 2023, Saudi Aramco and S-Oil broke ground on the Shaheen project, which will be one of the world's largest refinery-integrated petrochemical steam crackers. The SAR 26.3 billion (\$7.0 billion) project will be located at S-Oil's existing site in Ulsan, South Korea, with a planned capacity to produce up to 3.2 million tonnes of petrochemicals annually. The complex is expected to be operational by 2026.
- In March 2023, Saudi Aramco entered into definitive agreements with North Huajin Chemical Industries Group Corporation and Panjin Xincheng Industrial Group Co., Ltd. to construct a major integrated refinery and petrochemical complex in northeast China. The complex is expected to be fully

operational by 2026 and will include a 300 mbpd refinery and petrochemical units with annual production capacity of 1.65 million tonnes of ethylene and 2.0 million tonnes of paraxylene and Saudi Aramco will have the right to supply up to 210 mbpd of crude oil feedstock to the complex.

- In July 2023, Saudi Aramco acquired a 10% equity stake in Rongsheng for SAR 12.8 billion (\$3.4 billion). As part of this investment, Saudi Aramco acquired the right to supply 480 mbpd of crude oil to China's largest integrated refining and chemicals complex, which is owned by an affiliate of Rongsheng.
- In January 2024, SABIC made a final investment decision for the construction of a large petrochemical complex in China's Fujian province. The project has an estimated cost of SAR 24.0 billion (\$6.4 billion). The complex is expected to have an ethylene capacity of up to 1.8 million tonnes per annum and construction is expected to be completed in 2027.
- In March 2024, Saudi Aramco completed its acquisition of a strategic equity interest in MidOcean Energy, a LNG company that recently acquired equity interests in three Australian LNG projects.

Saudi Aramco intends to enhance both its domestic and global downstream businesses in key high-growth economies such as China, India and Southeast Asia, which are integral to its existing business and future expansion strategy, as well as in other attractive markets. It also intends to maintain its presence in key large countries, such as the United States, and in countries that rely on imported crude oil, such as Japan and South Korea, and to opportunistically expand its global footprint through acquisitions in other markets.

Saudi Aramco's strategy for lower carbon intensity energy aims to position itself to continue its leadership in the energy business, de-risk its portfolio of assets and maintain competitiveness and differentiation in carbon-constrained scenarios.

Saudi Aramco aims to grow its business sustainably, notably by leveraging technology and innovation to lower its carbon emissions. It has one of the lowest average upstream carbon intensities per barrel produced and is pursuing a wide range of initiatives to reduce its upstream carbon intensity by at least 15% by 2035 against its 2018 baseline. It has also established a new internal organisation, "New Energies," to oversee its low carbon businesses, including renewables, hydrogen and CCS. This strategy has two main pillars: to lower the net carbon emissions of its upstream operations, with an ambition to reach net zero (Scope 1 and Scope 2) across its portfolio of wholly owned operated assets by 2050 and to develop lower carbon products and solutions across the energy, chemicals and materials industries, with the aim of building a robust and sustainable new business sector.

- *Lowering Carbon Emissions.* Saudi Aramco is developing projects to capture emissions from its own facilities and the facilities of others. In October 2021, Saudi Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly owned operated assets by 2050. Lowering Saudi Aramco's own net carbon emissions will require managing, reducing and balancing carbon emissions across its operations through a number of measures, including efficiency gains, renewable power investment, CCS and multiple offset initiatives. Saudi Aramco has several near-term projects under design for carbon dioxide sequestration and has set a goal of developing its CCS capacity to capture and sequester up to 14 million tonnes of carbon dioxide equivalent annually by 2035. In November 2022, Saudi Aramco signed a joint development agreement with SLB and Linde to construct a CCS hub in the Jubail Industrial Zone in the Kingdom. This project is expected to become one of the largest CCS hubs globally, as it is expected to capture up to nine million tonnes annually of carbon dioxide equivalent by 2027.
- *Developing Low Carbon Fuels, Products and Solutions.* Saudi Aramco is developing projects for low carbon fuels and products such as renewables and low carbon hydrogen and ammonia. In addition, gas supplies are being developed to meet growing domestic energy demand, which is expected to displace liquids-burning in power generation. Saudi Aramco aims to produce up to 11 million tonnes per year of blue ammonia by 2030, subject to securing offtake agreements. In 2022, an independent certification agency certified the blue hydrogen and ammonia production facilities of SABIC, which produced 37,810 tonnes of blue ammonia from April 2021 to March 2022, and SASREF, which produced 8,075 tonnes of blue hydrogen in 2021. Furthermore, in the second quarter of 2023, Saudi Aramco, through ATC and SABIC Agri-Nutrients, supplied three shipments of independently-certified low carbon

ammonia from the Kingdom to India, Japan and Taiwan for use in fertiliser production and for fuel in power generation.

Saudi Aramco is seeking to foster domestic businesses that will increase the long-term reliability of its supply chain and contribute to the Kingdom's economic development.

Saudi Aramco intends to foster domestic businesses that will enhance the reliability of its supply chain and subsequently support the economic growth and diversification of the Kingdom's economy by creating direct and indirect employment opportunities for Saudi Arabian nationals. Under its National Champions programme, which encompasses a set of initiatives to enable in-Kingdom business development, Saudi Aramco seeks to facilitate the creation of a diverse, sustainable and globally competitive in-Kingdom energy sector. In addition, Saudi Aramco is utilising the Kingdom's Shareek programme, which was announced in March 2021 and provides a framework to incentivise investments in the Kingdom which are aligned with Saudi Aramco's strategy and plans to improve its supply chain. In 2023, 65% of Saudi Aramco's spending was directed to domestic suppliers. As part of this strategy, Saudi Aramco strives to increase the use of in-Kingdom suppliers of goods and services to 70% by 2025 through its iktva programme.

Furthermore, in September 2021, Saudi Aramco announced a major expansion of its industrial investment programme, Namaat, to drive the continued growth and development of a resilient and sustainable domestic supply chain, which also strengthens and helps expand the private sector in the Kingdom. In addition, Saudi Aramco launched the Taleed programme in October 2022, which delivers funding and financial solutions to existing and new small and medium sized enterprises in the Kingdom.

Key Enablers of Saudi Aramco's Strategies

Key aspects of Saudi Aramco's operations that help enable it to achieve its strategies include:

- **People** - Saudi Aramco recognises the need to prepare its workforce of the future, thereby ensuring its capabilities match the requirements of its strategies by (a) advancing technical and professional skills, developing commercial and leadership competencies and supporting the progress of localisation and (b) focusing on diversity and inclusion. For more details, see "*Business—Employee Development and Other Programmes*".
- **Technology** – Saudi Aramco's technology programme aims to develop new solutions for its upstream and downstream businesses, and to help in diversifying its product portfolio, grow its business sustainably and achieve its net zero ambition. The program also aims to enable Saudi Aramco to grow its business competitively and sustainably in new areas such as new energies, advanced materials and digital solutions. For more details, see "*Business—Technology, Research and Development*".
- **Portfolio Optimisation** – Through its approach to portfolio optimisation, Saudi Aramco seeks to unlock value, enhance its capital structure and reallocate capital to higher growth and higher return investments. It has a comprehensive and disciplined internal approval process for capital expenditures, new projects and debt issuance. For more details, see "*Business—Operating Segments—Crude Oil and Condensate*", "*Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Investments and Acquisitions in Expansion of the Downstream Segment*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations—Liquidity and Capital Resources—Cash Used in Investing Activities—Capital Expenditures*".

Competitive Strengths

Upstream Competitive Strengths

Unrivalled scale of crude oil and condensate production and conventional proved reserves

In 2023, Saudi Aramco produced 12.8 million barrels per day of oil equivalent, including total liquids production of 10.7 million barrels per day. As at 31 December 2023, Saudi Aramco's proved liquids reserves were 217.4 billion barrels. Saudi Aramco believes that its portfolio includes the world's largest discovered conventional onshore oil field (Ghawar) and largest discovered conventional offshore oil field (Safaniyah).

Long reserves life and proven track record of low-cost reserves replacement

As at 31 December 2023, based on the initial 40-year period (which began in 2017) and 20-year extension of the Concession, Saudi Aramco's reserves were 251.2 billion barrels of oil equivalent (sufficient for a proved reserves life of 54 years). Saudi Aramco has historically replaced the Kingdom's reserves in a low-cost manner and on an organic basis through revisions of reserve estimates at existing fields by employing state-of-the-art reservoir simulation technologies and delineating existing fields' boundaries, as well as the discovery of new fields through exploration efforts.

Ability to produce multiple crude oil grades with access to global delivery points

The five grades of Arabian crude oil Saudi Aramco produces are highly compatible with most refineries globally. In addition, Saudi Aramco's multiple in-Kingdom and international crude oil delivery points comprise an established network of access points to the global marketplace, enabling it to maximise delivery options based on variations in demand and positioning it as the major base load crude supplier. Furthermore, Saudi Aramco's MSC and integrated logistics network, including crude oil in storage facilities, both inside and outside the Kingdom, allow it to vary its crude oil grade production which, combined with their compatibility with global refining systems, provides Saudi Aramco with a unique ability to respond to changes in demand for its crude oil grades.

Extensive high-quality gas reserves with exclusive access to the Kingdom's large and growing domestic marketplace

As at 31 December 2023, Saudi Aramco had 207.5 trillion standard cubic feet of proved natural gas reserves and in 2023, its natural gas and ethane production was 10.7 bscfd. In 2021, Saudi Aramco commenced development of the Jafurah unconventional gas field, which is expected to commence production in 2025 and will gradually increase natural gas deliveries to reach a rate of 2.0 bscfd by 2030. The liquids stemming from gas enhance the value of production since condensate and NGL generally command a higher margin than natural gas, supplement Saudi Aramco's crude oil production and provide feedstock for its refining and petrochemical operations. In addition, liquids produced with non-associated gas can be utilised in Saudi Aramco's liquids-to-chemicals business. Furthermore, Saudi Aramco operates the MGS, which is an extensive network of pipelines that connects its key gas production and processing sites with demand centres throughout the Kingdom, and has commenced reproduction activities from the Hawiyah Unayzah reservoir gas storage programme, with the goal of providing up to 2.0 bscfd of gas for reintroduction into the MGS in 2024 to enhance its ability to respond to seasonality of demand, which is driven by utility sector demand patterns, and to improve the utilisation rate of its gas assets.

Unique ability to capture value through exclusive active management of the world's largest conventional hydrocarbons reserves base

Saudi Aramco actively manages its prolific reserves base in accordance with the Kingdom's laws and regulations to maximise long-term value while optimising ultimate recovery from its fields. Because of the size and number of its fields and spare capacity, Saudi Aramco maintains its level of crude oil production by balancing production between maturing areas and newer production sources, tapping into new reservoirs when required to optimise the depletion rate of its fields. This approach, which differs from the typical industry practice of maximising production rates per field, is more capital efficient given the nature of the resources available and leads to more stable production and higher ultimate oil recoveries. In addition, this approach to reservoir management has contributed to Saudi Aramco achieving what it believes to be one of the lowest average upstream carbon intensities per unit of hydrocarbons produced.

Unique operational flexibility and opportunities to rapidly increase its crude oil production

The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production, which provides an alternative supply option in the event of unplanned production outages and allowing it to maintain its production levels.

Crude oil extraction with one of the lowest average upstream carbon intensities in the industry

Climate change concerns may cause demand for crude oil with lower average carbon intensities to increase relative to those with higher average carbon intensities. The Company's approach to reservoir management, low depletion rate operational model and focus on energy efficiency contribute to low upstream carbon intensity.

In addition, the Kingdom has a small number of large and productive oil fields, low per barrel gas flaring rates and low water production, resulting in less mass lifted per unit of oil produced and less energy used for fluid separation, handling, treatment and reinjection, all of which contribute to low upstream carbon intensity. The upstream carbon intensity of Saudi Aramco was 10.7 kilograms of carbon dioxide equivalent per barrel of oil equivalent for 2023. Saudi Aramco is pursuing a wide range of initiatives to reduce its upstream carbon intensity by at least 15% by 2035 against its 2018 baseline. In addition, it is pursuing initiatives to manage GHG emissions from its operations and assets by investing in cost-effective and efficient low emission technologies, including energy efficiency programmes and energy mix diversification.

Low lifting costs and capital expenditures per barrel of oil equivalent

Saudi Aramco's lifting costs are among the lowest in the world due to its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favourable onshore and shallow water offshore environments in which its reservoirs are located, synergies available from Saudi Aramco's use of its large infrastructure and logistics networks and its scaled application of technology. For the year ended 31 December 2023, Saudi Aramco's average upstream lifting cost was SAR 11.96 (\$3.19) per barrel of oil equivalent produced and its upstream capital expenditures averaged SAR 23.7 (\$6.3) per barrel of oil equivalent produced. This low-cost base enables Saudi Aramco to generate material cash flow from operations during periods of relatively high crude oil prices, and has enabled it to operate profitably and maintain positive cash flow from operations during periods of relatively low prices, including periods of disruption caused by COVID-19.

Downstream Competitive Strengths

Ability to monetise upstream production into a high-quality external customer base and through a captive downstream system

Saudi Aramco maintains its longstanding strategic customer supply relationships through the unique level of volumes it makes available to the market, its world-class supply reliability and crude oil quality. In addition, the integration of Saudi Aramco's upstream and downstream segments provides the opportunity to place crude oil into Saudi Aramco's downstream system, which is optimally designed to process Arabian crude oils. In the year ended 31 December 2023 and the three month period ended 31 March 2024, 47% and 51% of crude oil produced by Saudi Aramco was delivered into this captive downstream system, respectively.

Strong track record of supply reliability

Saudi Aramco has a strong track record as a reliable supplier of crude oil, refined products, gas and NGL, meeting 99.9% of its delivery obligations on time in each of 2021 and 2022, 99.8% in 2023 and 99.7% for the first three months of 2024.

World class partners that provide access to additional geographies, technological expertise, operational know-how and marketing capabilities

Saudi Aramco's partners in its joint ventures, joint operations and associate companies include Dow, ExxonMobil, Petronas, Sinopec, Sumitomo and TotalEnergies. These partnerships provide Saudi Aramco's joint ventures and joint operations with access to additional geographies, technological expertise, operational know-how and marketing capabilities. In 2022, Saudi Aramco announced a partnership with the Formula One team now known as Aston Martin Aramco Formula One™ Team to harness the shared commitment to engineering excellence and innovation. This partnership includes the placement of Valvoline Global Operations' lubricants into Aston Martin Formula One cars. Through the partnership, Saudi Aramco aims to drive development of high performance, more sustainable fuels and advanced lubricants, grow awareness of its high-quality products and support its ambition to supply premium fuels and lubricants to the global automotive sector.

Major petrochemicals producer globally

Saudi Aramco's chemicals business continues to grow through capacity expansions in the Kingdom, increased ownership positions in affiliates and new investments. Its chemicals business operates in over 50 countries and produces a range of chemicals. Its acquisition of a 70% equity interest in SABIC made Saudi Aramco a major global producer of petrochemicals and expands its capabilities in technology and product innovation, marketing and sales, procurement and manufacturing. It is also realising significant synergies from the SABIC integration,

including in procurement, supply chain, marketing, feedstock optimisation, stream integration, operations and maintenance. Saudi Aramco expects to capture a total value of approximately SAR 11.3 billion to SAR 15.0 billion (\$3.0 billion to \$4.0 billion) in annual recurring synergies from this acquisition by 2025. Saudi Aramco transferred to SABIC offtake rights and the marketing and sales responsibility for a number of its petrochemicals and polymer products and transferred to ATC the offtake and resale responsibility for a number of SABIC's liquid products. These changes are intended to take advantage of SABIC's capabilities in marketing solid chemical products, such as polymers, and ATC's capabilities in marketing fuels, aromatics, MTBE and other liquid products, driving further operational efficiencies, strengthening the brands of both companies and improving overall competitiveness.

Major integrated refiner and base oils and finished lubricant producer with a global network of complex, reliable assets in key regional markets and hubs

As at 31 December 2023, Saudi Aramco had gross refining capacity of 7.9 million barrels per day and net refining capacity of 4.1 million barrels per day. As the sole supplier of refined and chemicals products to the large domestic marketplace, Saudi Aramco's refining operations in the Kingdom, including its domestic affiliates, accounted for 62% of its net refining capacity in 2023. In addition to its domestic focus, Saudi Aramco is focusing its downstream investments in high-growth economies, including China, India and Southeast Asia, while maintaining and opportunistically expanding its participation in material demand centres, such as the United States, and countries that rely on importing crude oil, such as Japan and South Korea. Saudi Aramco continues to grow its finished lubricants business, including through recently acquiring Valvoline Global Operations, a lubricants manufacturer, for SAR 10.34 billion (\$2.76 billion). Saudi Aramco, through its subsidiaries (Luberef, Motiva and S-Oil), also operates a global base oils business and in 2023, sold 4.4 million tonnes of base oils.

Scale advantage with one of the largest refining portfolios globally

Saudi Aramco's in-Kingdom affiliated refineries and international refineries have been designed to have both scale and significant product upgrading capabilities, resulting in high refining complexity metrics. Refineries with higher complexity are generally more technically advanced and able to extract higher value from the crude oil they process by producing greater yields of high margin products. Saudi Aramco's in-Kingdom affiliated and international refining portfolio provides it with competitive refining assets in the geographies it serves and enables it to produce greater yields of high-margin downstream products than less complex refineries. These refining assets also provide an important platform upon which Saudi Aramco expects to grow its integrated refining and petrochemicals business, which is expected to improve the balance of fuels and petrochemicals production, expand Saudi Aramco's sources of earnings and provide resilience to oil price volatility.

Globally integrated trading activities, which optimises product supply to maximise returns

Saudi Aramco operates a global hydrocarbon trading business through ATC. ATC's trading activities provide Saudi Aramco with visibility into demand for Saudi Aramco's products, which enables it to benefit from time, product, technical and geographic arbitrage opportunities.

ATC is fully integrated with Saudi Aramco's downstream business and is the exclusive supplier to Saudi Aramco of refined products to meet demand for any fuel deficit in the Kingdom. In addition, ATC has an agreement with Saudi Aramco through which it can offtake crude oil produced by Saudi Aramco provided that the crude oil is exchanged for refined and chemicals products outside the Kingdom.

Financial and Other Competitive Strengths

High Operating Cash Flow, Free Cash Flow, EBIT, ROACE and low Gearing

Saudi Aramco generates significant cash flow and earnings and an attractive return on average capital employed. Its low lifting costs and capital expenditures per barrel of oil equivalent support profitability and cash flow performance throughout the oil price cycle, including during the disruptions caused by COVID-19. Saudi Aramco also operates within a conservative financial framework that enhances its ability to invest through fluctuations of oil price cycles to maximise long-term value creation while continuing to pay a sustainable dividend. As shown below, Saudi Aramco has high operating cash flow, Free Cash Flow, EBIT and ROACE and low Gearing.

	Year Ended 31 December 2023	Three Month Period Ended 31 March 2024
Net cash provided by operating activities (in billions)	SAR 537.8 (\$143.4)	SAR 126.0 (\$33.6)
Free Cash Flow (in billions)	SAR 379.5 (\$101.2)	SAR 85.3 (\$22.8)
EBIT (in billions)	SAR 865.0 (\$230.7)	SAR 201.4 (\$53.7)
ROACE ⁽¹⁾⁽²⁾	22.5%	21.7%
Gearing (at end of period) ⁽¹⁾	(6.3)%	(3.8)%

(1) In June 2024, the Company purchased 137,614,678 treasury shares as part of the Secondary Public Offering, which affects its ROACE and Gearing.

(2) Calculated on a 12-month rolling basis.

Free Cash Flow, EBIT, ROACE and Gearing are non-IFRS financial measures. For definitions of these terms and a reconciliation to the nearest financial measures calculated in accordance with IFRS, see “*Non-IFRS Financial Measures*”.

Ability to execute some of the world’s largest upstream and downstream capital projects

Saudi Aramco has a long track record of successfully executing some of the world’s largest upstream and downstream capital projects. Saudi Aramco completed several large crude oil and gas projects, including the Manifa project and the Fadhili Gas Plant, which added production capacity of 900,000 barrels per day and 2.5 bscfd, respectively. Most recently, in 2021, the ‘Ain Dar and Fazran crude oil increments were completed and successfully brought online. In addition, in 2019, Saudi Aramco entered into various agreements to increase the combined crude oil and natural gas production capacities at the Marjan and Berri fields, which are expected to add production capacity of 300,000 barrels per day and 250,000 barrels per day, respectively, by 2025. The construction and engineering activities for Marjan and Berri projects crude oil increments continue to progress. The facility will also be equipped to process associated gas and produced water. The MGS expansion project is expected to be fully operational in the fourth quarter of 2024, increasing the Kingdom’s overall gas supply capacity from 9.6 bscfd to 12.5 bscfd.

History of responsible environmental stewardship

Environmental stewardship and sustainability have been core elements of Saudi Aramco’s operational philosophy over the past four decades. Saudi Aramco’s approach to reservoir management and investments in technology and operational efficiency, reduction in flare gas and methane emissions and GHG management have contributed to it achieving what it believes to be one of the lowest average upstream carbon intensities per unit of hydrocarbons produced. In 2023, its carbon dioxide equivalent per boe produced was 10.7 kilograms, contributing positively to the Oil and Gas Climate Initiative (“OGCI”) 2025 carbon intensity target of 17 kilograms per boe. Saudi Aramco is a founding and active member of the OGCI, a collaboration between 12 major oil and gas companies whose shared mission is to act collectively in combating the climate challenge and to accelerate the global response to the risk of climate change. In addition, Saudi Aramco believes that its investments in cogeneration facilities located at several of its facilities have contributed to significant improvements in the energy efficiency of its operations.

Saudi Aramco has also made recent investments in renewable energy, CCS and low carbon fuels. For example, Saudi Aramco aims to invest in 12 GW of solar and wind energy in the Kingdom by 2030. Furthermore, in November 2022, Saudi Aramco signed a joint development agreement with SLB and Linde to construct a CCS hub in the Jubail Industrial Zone in the Kingdom. This project is expected to become one of the largest CCS hubs globally, as it is expected to capture up to nine million tonnes of carbon dioxide equivalents annually by 2027.

World scale integrated upstream and downstream infrastructure

Saudi Aramco’s strategically integrated upstream and downstream assets in the Kingdom cover the full hydrocarbon value chain and provide unique economies of scale and scope. Saudi Aramco’s production, processing, manufacturing and logistics infrastructure supports a lower overall cost structure with high supply reliability, capture significant synergies through co-location of assets and system-wide optimisation and is expected to enable further scalability supporting its growth plans in its upstream and downstream segments.

Operating Segments

Saudi Aramco's primary operating segments are its upstream segment and downstream segment. The upstream segment's activities consist of exploring for, developing and producing crude oil, condensate, gas and NGL. The downstream segment's activities consist primarily of refining and petrochemical manufacturing, supply and trading, fuel retail, base oil and finished lubricants, distribution and power generation, as well as logistics and marketing of crude oil and related services to international and domestic customers. Saudi Aramco's business support activities are included within its corporate activities.

Upstream

The upstream segment's activities consist of exploring for, developing and producing crude oil, condensate, natural gas and NGL. Pursuant to the Concession, Saudi Aramco has exclusive access to all hydrocarbons within the Kingdom, except the Excluded Areas, and is required to meet domestic demand for certain hydrocarbons, petroleum products and LPG through domestic production or imports. See "*Material Agreements—The Concession*".

As at 31 December 2023, based on the initial 40-year period (which began in 2017) and 20-year extension of the Concession, Saudi Aramco's reserves were 251.2 billion barrels of oil equivalent (sufficient for a proved reserves life of 54 years).

The majority of Saudi Aramco's reservoirs are geographically clustered in the Eastern Province of the Kingdom and adjacent Arabian Gulf and a large portion of its gas fields are co-located with its oil fields. In 2023, Saudi Aramco produced 12.8 million barrels per day of oil equivalent, including total liquids production of 10.7 million barrels per day, which generally command a higher margin than natural gas.

Saudi Aramco's lifting costs are among the lowest in the world due to its low depletion rate operational model, the unique nature of the Kingdom's geological formations, favourable onshore and shallow water offshore environments in which Saudi Aramco's reservoirs are located, synergies available from Saudi Aramco's use of its large infrastructure and logistics networks and its scaled application of technology. For the year ended 31 December 2023, Saudi Aramco's lifting cost averaged SAR 11.96 (\$3.19) per barrel of oil equivalent produced and its upstream capital expenditures averaged SAR 23.7 (\$6.3) per barrel of oil equivalent produced.

Reserves

As at 31 December 2023, the Kingdom's reserves in the fields Saudi Aramco operates consisted of 340.8 billion barrels of oil equivalent, including 261.7 billion barrels of crude oil and condensate, 37.4 billion barrels of NGL and 252.6 trillion standard cubic feet of natural gas, including 164.8 trillion standard cubic feet of non-associated gas.

Pursuant to the Concession, Saudi Aramco has the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, for an initial period of 40 years, which will be extended by the Government for 20 years provided Saudi Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years beyond the prior 60-year period subject to Saudi Aramco and the Government agreeing on the terms of the extension. See "*Material Agreements—The Concession*". The provision of a specified term in the Concession impacts the calculation of Saudi Aramco's reserves as compared to the Kingdom's reserves in the fields Saudi Aramco operates.

As at 31 December 2023, based on the initial 40-year period (which began in 2017) and 20-year extension of the Concession, Saudi Aramco's reserves were 251.2 billion barrels of oil equivalent consisting of 191.3 billion barrels of crude oil and condensate, 26.0 billion barrels of NGL and 207.5 trillion standard cubic feet of natural gas. Saudi Aramco's oil equivalent reserves were sufficient for proved reserves life of 54 years.

Saudi Aramco manages the Kingdom's unique hydrocarbon reserves and resources base to maximise long-term value pursuant to the Hydrocarbons Law, which mandates that Saudi Aramco's hydrocarbon operations promote long-term productivity of the Kingdom's reservoirs and support the prudent stewardship of its hydrocarbon resources. Saudi Aramco has historically replaced reserves on an organic basis through revisions of reserve estimates at existing fields and through delineation and exploration to identify new fields. As a result, the Kingdom's estimated proved reserves at the largest oil fields operated by Saudi Aramco have increased since the time of original production. The organic crude oil and condensate reserves replacement ratio based on the

Kingdom's reserves on a three-year rolling average from 2021 to 2023 was 101.1%. The organic oil equivalent reserves replacement ratio based on the Kingdom's reserves on a three-year rolling average from 2021 to 2023 was 126.1%. Reserves replacement ratios are calculated on reserves changes relative to net reservoir withdrawal from operated fields, rather than production volumes.

The following table sets forth Saudi Aramco's estimates of its proved reserves based on the term of the Concession.

	Crude Oil and Condensate (mmbbl)	Natural Gas (bscf)	NGL (mmbbl)	Combined (mmboe)
Reserves as at 31 December 2023	191,349	207,450	33,822	251,195

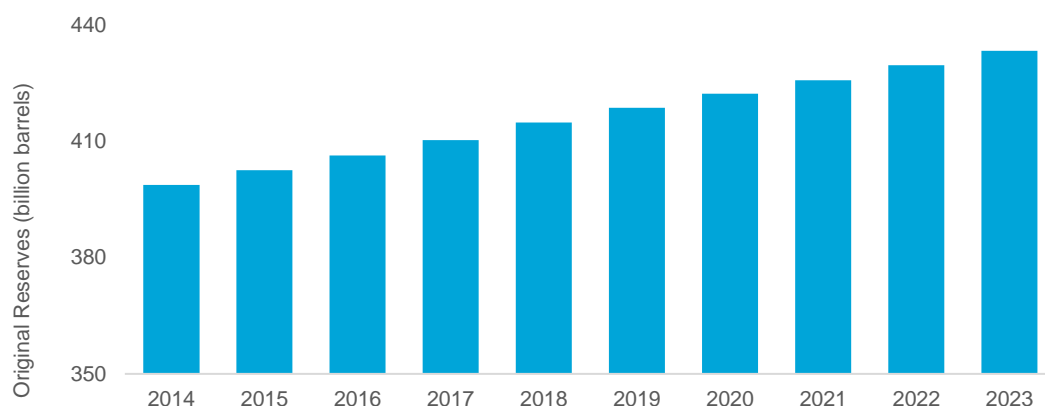
Source: The Company.

The following table sets forth Saudi Aramco's estimates of the Kingdom's proved reserves in the fields Saudi Aramco operates.

	Crude Oil Condensate (mmbbl)	Natural Gas (bscf)	NGL (mmbbl)	Combined (mmboe)
Reserves as at 31 December 2023	261,677	252,567	41,696	340,768

Source: The Company.

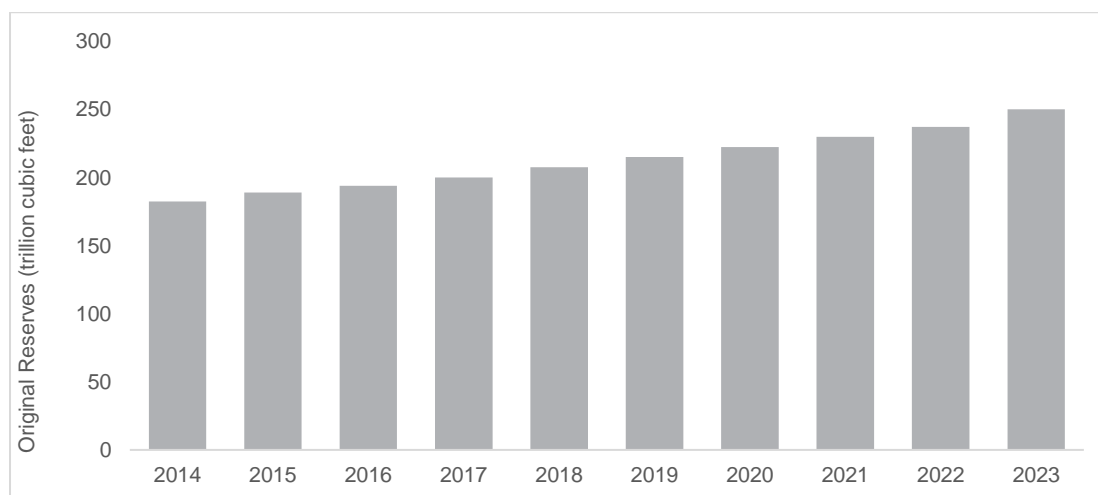
The following chart shows the growth of the Kingdom's original crude oil and condensate reserves from 2014 to 2023.



Source: The Company.

- (1) Original reserves is defined as the sum of cumulative actual production and remaining proved reserves to be produced, each determined at the time of assessment. See "Appendix B—Glossary of Measurement and Technical Terms—Certain Terminology".

The following chart shows the growth of the Kingdom's original non-associated gas reserves from 2014 to 2023.



Source: The Company.

- (1) Original reserves is defined as the sum of cumulative actual production and remaining proved reserves to be produced, each determined at the time of assessment. See “Appendix B—Glossary of Measurement and Technical Terms—Certain Terminology”.

Saudi Aramco’s reserve estimates conform to the SPE-PRMS definitions and guidelines, which is the internationally recognised industry standard sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists and Engineers. To estimate or update Saudi Aramco’s reserve estimates, the upstream segment employees responsible for reserves calculations perform technical analyses that are reviewed internally by progressively higher levels of management until finalised at year-end. Saudi Aramco annually updates its estimates as it acquires and interprets new data. For reservoirs that have been producing and have established certain performance trends, Saudi Aramco is typically able to reliably forecast the reservoir’s future production. For reservoirs that have little to no production history and new discoveries, Saudi Aramco undertakes further analysis in addition to multidisciplinary evaluation to formulate production forecasts.

Upstream Production

The following table highlights Saudi Aramco’s upstream production in 2021, 2022 and 2023:

	Year Ended 31 December		
	2021	2022	2023
Upstream production:			
Total liquids (mbpd)	10,359	11,540	10,682
Natural gas and ethane (mmscfd)	10,136	10,617	10,672
Total hydrocarbon production⁽¹⁾ (mboed)	12,343	13,617	12,767

Source: The Company.

- (1) Combined barrel of oil equivalent volume (mboed) is derived from mmscfd (for natural gas and ethane) by dividing the relevant product production by 5.400 (in the case of natural gas) and 3.330 (in the case of ethane).

Crude Oil and Condensate

Exploration and Development

A substantial portion of Saudi Aramco’s current crude oil exploration activities are focused in the Eastern Province, with lower levels of exploration and expenditures in known hydrocarbon-bearing basins in the Rub’ al-Khali, Northwest and Summan regions.

Saudi Aramco places a strong emphasis on operational performance improvement of its drilling operations by applying innovative drilling technologies and benchmarking of key metrics to identify trends and potential areas for improvement. Saudi Aramco believes that its approach to drilling and development has led to high levels of well integrity.

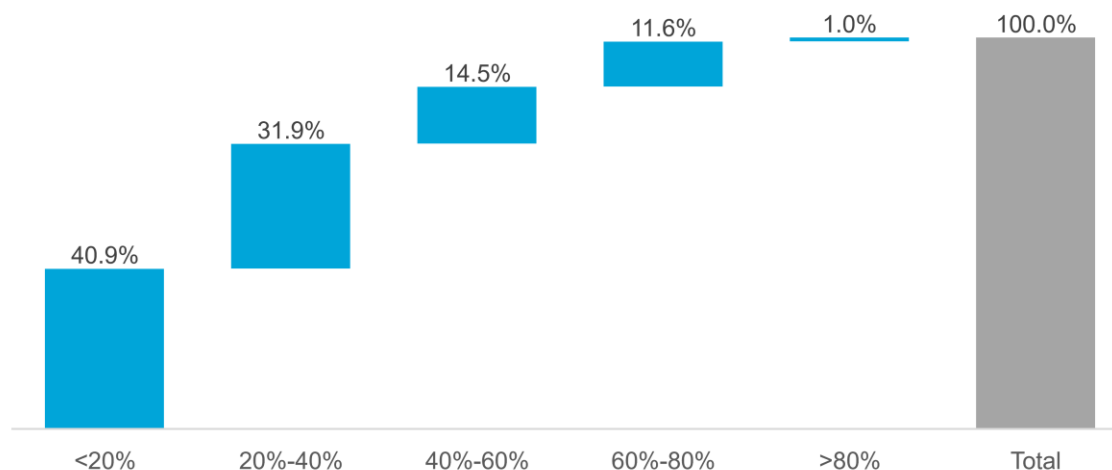
Reservoir Management and Production Strategy

Saudi Aramco actively manages its prolific reserves base in accordance with the Kingdom’s laws and regulations to maximise long-term value while optimising ultimate recovery from its fields. Because of the size and number of its fields and spare capacity, Saudi Aramco is able to maintain its level of overall production by tapping into new reservoirs when required to improve long-term value through portfolio capacity optimisation. This approach, which differs from the typical industry practice of maximising production rates per field, is more capital efficient given the nature of the resources available and leads to stable production and higher ultimate oil recoveries. In addition, this approach to reservoir management has contributed to Saudi Aramco achieving what it believes to be one of the lowest average upstream carbon intensities per unit of hydrocarbons produced. Saudi Aramco’s reservoir management and production strategy is characterised by its commitment to responsible and sustainable stewardship of its unique fields, ability to optimise supply and value, and high-quality crude oil with blend and supply flexibility.

Responsible and Sustainable Stewardship of Unique Fields

Most of Saudi Aramco’s crude oil fields have been producing for many decades at low depletion rates of 1% to 2% per year relative to estimated ultimate recovery. As at 31 December 2023, approximately 73% of the

Kingdom's proved crude oil reserves were in reservoirs that were less than 40% depleted. The following chart illustrates the depletion stage of the Kingdom's crude oil reservoirs as at 31 December 2023.



Source: The Company.

Saudi Aramco also aims to optimise recovery of its reserves. As at 31 December 2023, approximately 80% of the Kingdom's crude oil reserves had a recovery factor between 41% and 80% due to the high-quality of the reservoirs.

Saudi Aramco's main recovery mechanism for its oil reservoirs is peripheral water injection, which maintains reservoir pressure, maximises reservoir sweep and minimises water produced over time. In a few fields, Saudi Aramco employs other methods, such as re-injection of produced gas in gas caps. Given its low depletion stage, Saudi Aramco expects to continue to use these recovery mechanisms, combined with advanced technologies (for example, horizontal and multilateral wells, including wells that come into contact with more than five kilometers of the reservoir), to optimise horizontal and vertical reservoir sweep.

Ability to Optimise Supply and Value in the Event of a Market Disruption or Opportunity

The uniqueness of Saudi Aramco's reserves base provides flexibility to optimise its crude oil mix in response to changes in supply and demand. Saudi Aramco considers the long-term value of different crude oil grades, medium-term ability to market heavy crude oil grades in strategic markets and near-term requirements to efficiently respond to global market disruptions or opportunities.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Saudi Aramco to maintain MSC. Saudi Aramco maintains MSC in accordance with the Hydrocarbons Law. MSC is currently set at 12.0 million barrels of crude oil per day. The spare capacity afforded by maintaining an MSC provides operational flexibility to increase its production. Saudi Aramco also uses this spare capacity as an alternative supply option in case of unplanned production outages and to maintain its production levels. In addition, Saudi Aramco holds volumes in various storage facilities, both inside and outside the Kingdom, to supplement operational flexibility and supply reliability.

High Quality Crude Oil with Blend and Supply Flexibility

Saudi Aramco consistently produces five grades of Arabian crude oil, namely Arabian Super Light, Arabian Extra Light, Arabian Light, Arabian Medium and Arabian Heavy. Saudi Aramco's five crude oil grades and the wide range of blends that can be produced from them are compatible with most refineries globally. In addition, Saudi Aramco's MSC and integrated logistics network allow Saudi Aramco to vary crude oil production as required which, combined with the compatibility of these crude oil grades with global refining systems, provides Saudi Aramco with a unique ability to respond to changes in demand for its crude oil grades. This flexibility contributes to Saudi Aramco's reputation as one of the most reliable suppliers of crude oil and refined and chemicals products, gas and NGL, meeting 99.9% of its delivery obligations on time in each of 2021 and 2022, 99.8% in 2023 and 99.7% for the first three months of 2024.

Crude oil quality is measured primarily based on density, which is measured as API gravity, and sulfur content. API gravity is the specific gravity scale developed by the American Petroleum Institute. It represents the inverse measure of liquid hydrocarbon density against water, with lighter hydrocarbon liquids having higher API gravities. API gravity is used to classify crude oil by weight (*i.e.*, light, medium and heavy), which is the largest determinant of market value. All other things being equal, a lighter crude oil, which has a higher API gravity, is generally more valuable because, when processed through a refinery, it yields a greater percentage of lighter refined and chemicals products that are generally more valuable, such as naphtha used to produce gasoline or petrochemicals, jet fuel, heating oil and diesel, thereby delivering higher refining margins from that crude oil than from those with lower API gravities. Sulfur content also affects the value of crude oil. Because sulfur must be removed by refineries to produce finished refined and chemicals products, crude oil with lower sulfur content has a higher value.

Saudi Aramco classifies Arabian Super Light, Arabian Extra Light and Arabian Light as premium crude oil grades based on their API gravity and sulfur contents. The following table sets forth the API gravity and sulfur content of each of Saudi Aramco's crude oil grades and the percentage of crude oil reserves each grade accounted for as at 31 December 2023:

	API Gravity	Sulfur Content (wt%)	Percentage of Saudi Aramco's Crude Oil Reserves
Arabian Super Light	More than 40	Less than 0.5	0.86
Arabian Extra Light	36 – 40	0.5 – 1.3	13.52
Arabian Light	32 – 36	1.3 – 2.2	34.14
Arabian Medium	29 – 32	2.2 – 2.9	16.90
Arabian Heavy	Less than 29	More than 2.9	34.58

Source: The Company.

Principal Oil Fields

Saudi Aramco's resource base allows it to maintain its level of overall production by tapping into new reservoirs as costs rise in maturing areas, enhancing capital efficiency, increasing overall stability of production and ultimately improving total oil recoveries. Diversification of supply sources for crude oil from fresh reservoirs has the benefit of allowing lower depletion rates from existing fields and deferring costs for additional wells and facilities to handle higher total fluid displacement rates at such fields.

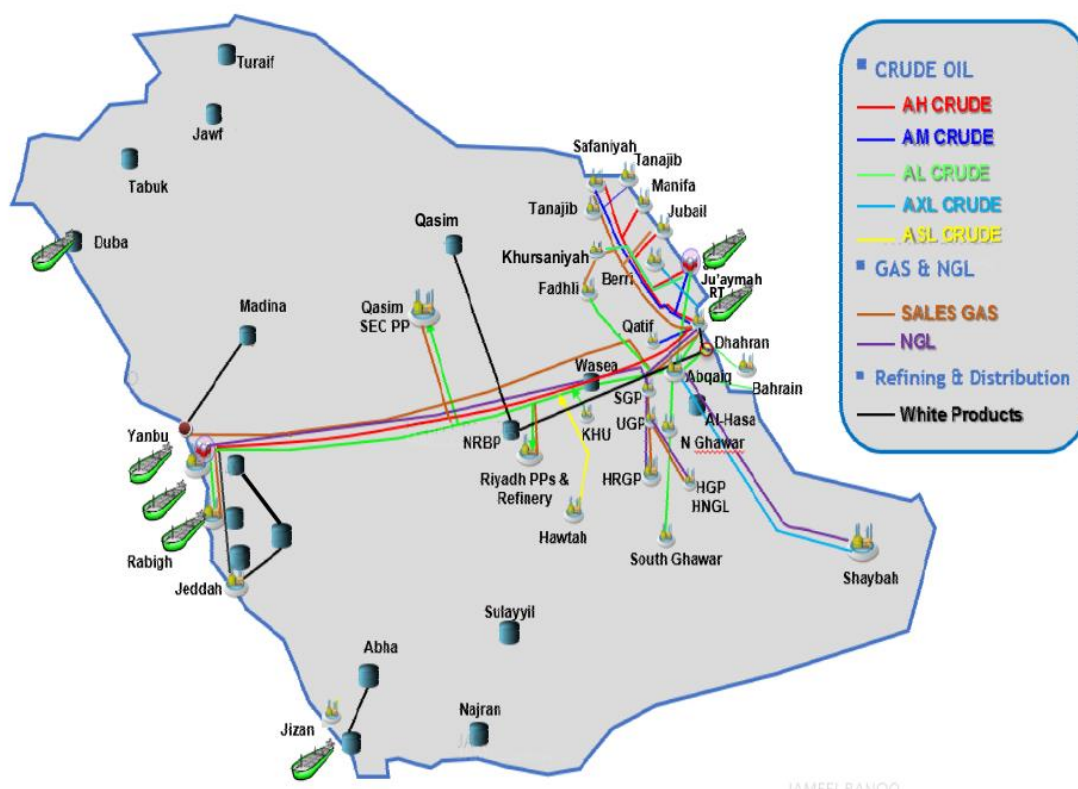
Recent Upstream Development Projects

Saudi Aramco has a long track record of executing some of the world's largest upstream capital projects in the oil and gas industry. It is in the process of increasing the crude oil and natural gas production capacities at the Marjan and Berri fields, which are expected to add production capacity of 300,000 barrels per day and 250,000 barrels per day, respectively, by 2025, and the Dammam development project, which is expected to add production capacity of 25,000 barrels per day in 2024 and 50,000 barrels per day of crude oil in 2027. In addition, the Zuluf crude oil increment is in the engineering phase and is expected to provide a central facility to process a total of 600,000 barrels per day of crude oil from the Zuluf field by 2026. Furthermore, the Tanajib gas processing facility is expected to be completed in 2025 with gas processing capacity of 2.6 bscfd.

Crude Oil Infrastructure

Saudi Aramco's principal fields are located in close proximity to each other within the Central and Eastern Provinces of the Kingdom. An extensive pipeline network connects Saudi Aramco's fields, processing plants and other facilities. The crude oil, condensate, natural gas and NGL that it produces travel through its pipelines to multiple facilities for processing into refined and chemicals products or to domestic customers or export terminals. In particular, the East-West pipeline is critical in linking oil production facilities in the Eastern Province with Yanbu' on the west coast, and providing flexibility to export from the east and west coast of the Kingdom. In addition, the Abqaiq facility processes a significant amount of Saudi Aramco's daily produced crude oil. The Abqaiq facility is Saudi Aramco's largest oil processing facility and the largest crude oil stabilisation plant in the world. Saudi Aramco has strategic international delivery points located in Rotterdam (Netherlands), Sidi Kerir (Egypt), Okinawa and Kiire (Japan) and Ulsan (South Korea).

The following map illustrates the location of Saudi Aramco's crude oil processing infrastructure in relation to certain Saudi Aramco facilities as at 31 December 2023.



Source: The Company.

HRGP – Haradh Gas Plant

HGP HNGL – Hawiyah Gas Plant & Hawiyah NGL Recovery Plant

KHU – Khurais

NRBP – North Riyadh Bulk Plant

Qasim SEC PP – Qasim Saudi Electric Company Power Plant

Riyadh PPs – Riyadh Power Plants & Refinery

RT – Ras Tanura Terminal

SGP – Shedgum Gas Plant

UGP – Uthmaniyah Gas Plant

Yanbu – Yanbu North Terminal, Yanbu South Terminal, Yanbu Refinery Terminal, Yanbu Distribution Hub, Yanbu NGL Fractionation, Yanbu Refinery, YASREF Refinery, SAMREF Refinery

Sales and Marketing

In the year ended 31 December 2023 and the three month period ended 31 March 2024, Saudi Aramco produced 12.8 million barrels per day of oil equivalent and 12.4 million barrels per day of oil equivalent and its downstream operations utilised 47% and 51% of its crude oil production, respectively.

Saudi Aramco’s crude oil sales agreements include pricing formulas that reflect the market prices in the relevant geographical region in which the oil will be delivered. The pricing formulas use “marker crudes” in each geographical region to determine a market-based price. The formulas also include price differentials for each grade in each region, which are set by Saudi Aramco on a monthly basis, and reflect crude oil quality differences vis-à-vis the marker crude oil and other factors, such as the value of competing crude oils, in-transit losses, freight allowances and other commercial considerations. These formula prices are also used for sales of Saudi Aramco’s crude oil to its in-Kingdom and international refineries.

In addition, the Concession requires Saudi Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPG. See “*Material Agreements—The Concession*”. In connection with this requirement, the Government mandates that crude oil and other products sold to third parties in the Kingdom are sold at regulated prices that are typically lower than the prices Saudi Aramco could obtain if it exported those products. Pursuant to an equalisation mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of Saudi Aramco’s compliance with the mandates related to crude oil and certain refined and chemicals products. Effective 1 January 2020, the Government expanded the equalisation mechanism to include LPG and certain other products. See “*Management’s Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco’s Financial Position and Results of Operations—Fiscal Regime*”.

Gas and NGL

As at 31 December 2023, Saudi Aramco had 207.5 trillion standard cubic feet of proved natural gas reserves and 26.0 billion barrels of proved NGL reserves.

In 2023, Saudi Aramco produced 10.7 bscfd of natural gas and ethane. As at 31 December 2023, the total conventional and unconventional gas processing capacity was 19.1 bscfd, which primarily feeds into the MGS, an extensive network of pipelines that connects Saudi Aramco's key gas production and processing sites with demand centres throughout the Kingdom. The liquids stemming from gas enhance the value of Saudi Aramco's natural gas production as liquids generally command higher prices than natural gas.

Pursuant to the Concession, Saudi Aramco is the exclusive supplier of natural gas in the Kingdom. Since 1980, Saudi Aramco has produced associated gas from oil production to supply the domestic energy marketplace, and in 1984 began producing non-associated gas to address growing domestic demand. Gas in the Kingdom is currently used primarily for power generation and water desalination activities, as well as in the industrial, chemicals and petrochemicals feedstock sectors. Domestic demand for gas is expected to grow substantially by 2030 due to continued strong economic and industrial growth, as well as the Government's plans to substitute liquids burning with gas in the utility sector.

Saudi Aramco's gas and NGL infrastructure currently consists of the following:

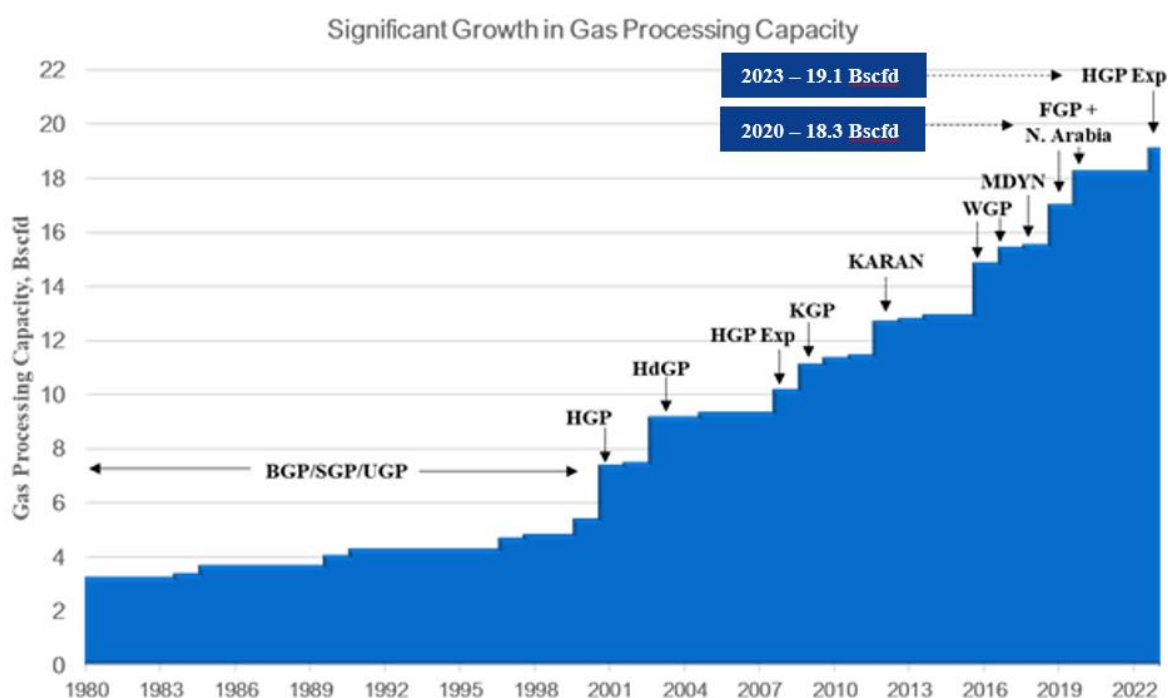
- ten gas processing plants—Berri, Shedgum, 'Uthmaniyah, Hawiyah, Haradh, Khursaniyah, Wasit, Midyan, North Arabia and Fadhili;
- two NGL recovery straddle plants—Hawiyah and Shaybah;
- four NGL fractionation plants—Juaymah, Yanbu', Ras Tanura and Wasit; and
- the MGS.

This infrastructure does not include the Shaybah processing capacity, since Shaybah gas capacity is used for NGL recovery but does not contribute natural gas to the MGS.

The decision to build the MGS was made in 1975 and the MGS has grown significantly as Saudi Aramco expanded its associated and non-associated gas production. Saudi Aramco is currently in the process of expanding the MGS to increase overall gas supply capacity from 9.6 bscfd to 12.5 bscfd, which is expected to be fully operational in the fourth quarter of 2024. The MGS collects natural gas produced in the Kingdom and distributes it in an efficient manner for domestic power generation and to other end users.

Between 2009 and 2023, Saudi Aramco completed a number of projects which increased its gas processing capacity. For example, the Fadhili Gas Plant reached its full gas processing capacity of 2.5 bscfd during the second quarter of 2020. Furthermore, Saudi Aramco completed the Hawiyah Gas Plant expansion, which added 0.8 bscfd of additional processing capacity, and the Haradh and Hawiyah gas compression projects. A number of projects are underway to further increase Saudi Aramco's gas processing capacity, including the Tanajib Gas Plant, which is expected to add 2.6 bscfd of additional processing capacity by 2025.

The following chart illustrates the historical increases in gas processing capacity from 1980 to 2023 (excluding Shaybah gas processing).



Source: The Company.

BGP/SGP/UGP – Berri/Shedgum/Uthmaniyah Gas Plants

FGP – Fadhili Gas Plant

HdGP – Haradh Gas Plant

HGP – Hawiyah Gas Plant

HGP Exp – Hawiyah Gas Plant Expansion

KGP – Khursaniyah Gas Plant

MDYN – Midyan

N.Arabia – North Arabia

WGP – Wasit Gas Plant

Exploration and Development

Saudi Aramco's non-associated gas exploration activity has yielded a number of major discoveries, with particular success in the Ghawar area and in deep reservoirs in the Arabian Gulf. Currently, the majority of Saudi Aramco's exploration activities relate to gas. Saudi Aramco has enjoyed high success rates in locating new reserves in known hydrocarbon basins adjacent to its existing fields and production infrastructure, allowing it to meet growing domestic demand at low costs, but exploration in new basins with high potential is also being carried out. Saudi Aramco expects to further expand its proved natural gas reserves through new field discoveries, new reservoir additions in existing fields and the delineation and reassessment of existing reservoirs and fields.

In addition to its gas exploration activities, Saudi Aramco developed the Flaring Minimisation Programme, which began nearly four decades ago with the introduction of the MGS. The programme provided for Saudi Aramco to capture associated gas from crude oil production and process it into products that can be sold in the Kingdom. In 2006, Saudi Aramco developed and deployed its Corporate Flaring Minimisation Roadmap, which established guidelines to further reduce and minimise its daily flaring and install flare gas recovery systems. Saudi Aramco remains committed to continue its efforts to further reduce flaring levels.

Reservoir Management and Production Strategy

Saudi Aramco's gas management and production strategy focuses on maximising economically recoverable gas using the best available methods and technologies. Its primary production strategy is focused on pressure depletion at moderate rates, with no aquifer support and little water production expected. The gas fields also make extensive use of advanced technologies (for example, horizontal, multilateral, extreme reach wells, multi-stage fracturing and underbalanced coiled tubing drilling). Due to demand patterns, with higher summer utilisation, there is significant opportunity to optimise value by balancing production between relatively mature fields with high-value liquids content and newer fields with longer remaining plateau production but lower liquids content. Further, optimisation to manage supply efficiently and meet the higher demand for gas during

peak months is anticipated through the implementation of a gas storage system using a partially depleted gas reservoir in the Ghawar area.

Saudi Aramco expects its associated gas supply to remain stable due to the quality of its fields and ability to replace reserves with low operational cost and risk. It has experienced a gradual decrease in the gas-to-oil ratio of its production portfolio, due to an increase in heavy oil production.

Principal Gas Fields

Saudi Aramco's crude oil production provides a base load of associated gas, which is rich in liquids. Its non-associated gas fields vary widely in reservoir properties, depths, pressures and compositions. In general, the southern area around the Ghawar field has rich gas at moderate depths and permeability, while the northern offshore fields (Karan, Arabiyah and Hasbah) have leaner gas in deeper reservoirs with high permeability. A large portion of its gas fields are co-located with its oil fields.

Gas Processing, NGL Recovery and Fractionation Facilities

Saudi Aramco's primary natural gas processing and fractionation facilities are strategically located near its fields to reduce transportation and pipeline compression costs, as well as the time required to deliver gas products to market. At the fractionation centres, gas and NGL streams are split into individual components: ethane (C2), propane (C3), butane (C4) and natural gasoline (C5+). The ethane production is currently marketed domestically. Propane, butane and natural gasoline are marketed both domestically and exported.

Delivery Commitments

Pursuant to the Concession, Saudi Aramco is the exclusive supplier of natural gas in the Kingdom. Saudi Aramco sells natural gas to power generation plants primarily pursuant to long-term contracts and to customers in the Kingdom's industrial sector. It also exports a portion of its NGL production.

Saudi Aramco's supply of natural gas to domestic customers is regulated by the Energy Supply Law and the prices paid by domestic customers are set by resolutions issued from time to time by the Government. Effective 27 March 2018, the Government implemented a price system for Regulated Gas Products to enable Saudi Aramco to realise a commercial rate of return suitable for the development and exploitation of the gas resources of the Kingdom. See "*Regulation of the Oil and Gas Industry in the Kingdom—Law of Gas Supplies and Pricing*", "*Regulation of the Oil and Gas Industry in the Kingdom—Regulated Domestic Pricing of Certain Hydrocarbons*" and "*Non-IFRS Financial Measures*".

Downstream

Saudi Aramco has a large, strategically integrated global downstream business. The downstream segment's activities consist primarily of refining, petrochemicals, supply and trading, distribution, retail, base oils, lubricants and power generation.

Saudi Aramco operates its refining business through its wholly owned operations and affiliated refineries with major global industry partners and is exploring new opportunities for downstream investments globally. This growth is reflected in the significant increase in its net refining capacity from 2.2 million barrels per day as at 31 December 2010 to 4.1 million barrels per day as at 31 December 2023. As at 31 December 2023, Saudi Aramco had gross refining capacity of 7.9 million barrels per day.

In the year ended 31 December 2023 and the three month period ended 31 March 2024, Saudi Aramco's downstream operations utilised 47% and 51% of its crude oil production, respectively. Saudi Aramco specifically designs and configures its refining system to optimise production using the crude oil it produces, which helps improve supply chain cost and operational efficiency in its refining operations and therefore supply of refined and chemicals products to its downstream customers. Saudi Aramco's downstream portfolio is highly sophisticated with full conversion refineries operated by Motiva, S-Oil, HDO, PRefChem, SATORP and YASREF.

Saudi Aramco has historically entered into downstream ventures inside and outside of the Kingdom with major international refining and chemical companies, such as Exxon (SAMREF) in 1982, Mobil (Luberef) in 1998, Sumitomo (Petro Rabigh) in 2005, TotalEnergies (SATORP) in 2008, Sinopec (YASREF) in 2010, Dow (Sadara) in 2011, Petronas (PRefChem) in 2018, Hyundai Oil bank in 2019, PKN Orlen in 2022, and Rongsheng

in 2023. Saudi Aramco believes these downstream investments diversify its revenue by integrating its oil and gas operations to optimise value across the hydrocarbon chain, supporting crude oil and gas demand and, in the case of international refining operations, facilitate the placement of Saudi Aramco's crude oil in large offtake volumes relative to Saudi Aramco's equity interest and capital costs.

Over the past several years, Saudi Aramco has increased its equity interests and management participation in certain of its affiliates in order to ensure that they are operated efficiently and profitably. For example, in 2015, Saudi Aramco increased its 34.2% equity interest in S-Oil to a 61.6% economic interest (63.4% on a non-diluted basis) and gained greater control over the company, it acquired full ownership in Motiva (formerly a joint venture with Shell) on 1 May 2017 and in ARLANXEO (an associate in partnership with Lanxess AG) on 31 December 2018 and acquired the 50% share of SASREF from Shell that it did not already own in September 2019.

In addition, on 16 June 2020, Saudi Aramco acquired the PIF's 70% equity interest in SABIC, which significantly expanded Saudi Aramco's chemicals business. Its chemicals business operates in over 50 countries and produces a range of chemicals. Also, in December 2019, it acquired a 17% equity interest in Hyundai Oil bank, an integrated refinery the portfolio of which includes oil refining, base oil, petrochemicals and a network of gas stations. In addition, in October 2019, it acquired all the equity interests in the Flint Hills chemicals plant in the United States, which is currently named Motiva Chemicals, enhancing its presence in refining, chemicals and wholesale markets. Another recent acquisition involved a 30% equity stake in PKN Orlen, a Polish refinery, alongside wholesale and jet fuel joint ventures, aimed at expanding its market reach. In March 2023, Saudi Aramco and S-Oil began construction of the Shaheen project, a large refinery-integrated petrochemical steam cracker located at S-Oil's existing site in South Korea, with a planned capacity to produce up to 3.2 million tonnes of petrochemicals annually. Saudi Aramco and TotalEnergies also made a final investment decision for the construction of a large petrochemical complex in the Kingdom, integrated with the existing SATORP refinery located in Jubail. In addition, Saudi Aramco entered into agreements with North Huajin Chemical Industries Group Corporation and Panjin Xincheng Industrial Group Co., Ltd. to construct a major integrated refinery and petrochemical complex in northeast China. The complex is expected to be fully operational by 2026 and will include a 300 mbpd refinery and petrochemicals unit with annual production capacity of 1.65 million tonnes of ethylene and 2.0 million tonnes of paraxylene and Saudi Aramco will have the right to supply up to 210 mbpd of crude oil feedstock to the complex. Furthermore, in 2023, Saudi Aramco acquired a 10% equity stake in Rongsheng Petrochemical Co. Ltd. (Rongsheng) for SAR 12.8 billion (\$3.4 billion), securing the right to supply 480 mbpd of crude oil feedstock to a major Chinese integrated refining and chemicals complex. In March 2024, Saudi Aramco acquired 100% of Esmax, a diversified downstream fuels and lubricants retailer in Chile. In May 2024, Saudi Aramco acquired a 40% equity stake in GO, a diversified downstream fuels, lubricants, and convenience stores operator in Pakistan. These transactions highlight Saudi Aramco's strategic expansion efforts and investments in diverse global markets.

Saudi Aramco has initiatives in place to improve operational and financial performance of its downstream business, such as capacity increases, asset upgrades, improvements in product yield and petrochemical integration. Saudi Aramco believes it can achieve a number of these improvements with low capital requirements. These improvements can be safely achieved at existing refining assets as key units demonstrate an operational track record that allows it to increase throughput. Moreover, Saudi Aramco's ongoing initiatives are also focused on optimising petrochemicals integration at existing facilities and developing new integrated facilities. Further projects are under consideration to increase this level of integration and capture additional value across the hydrocarbon chain, with a focus on integration of Saudi Aramco's refining assets.

Refining

Saudi Aramco operates one of the world's largest refining businesses, with gross refining capacity of 7.9 million barrels per day as at 31 December 2023. Its refining operations allow it to transform its crude oil, condensate and natural gas into refined products and chemicals for sale within the Kingdom and internationally. It specifically designs and configures its refining system to optimise production using the crude oil grades Saudi Aramco produces, which helps improve supply chain cost and operational efficiency in its refining operations and therefore supply of refined and chemicals products to its downstream customers.

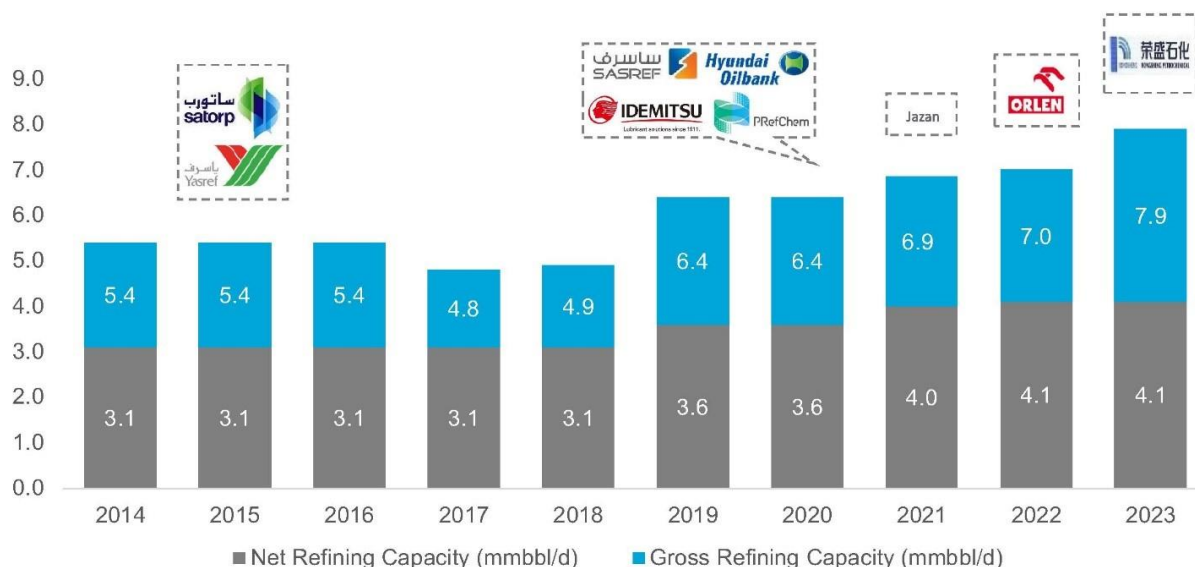
Saudi Aramco's refining operations are conducted in the Kingdom and internationally. The following table sets forth the gross refining capacity of its refineries as at 31 December 2023:

	Capacity (mbpd)
Domestic wholly owned	1,635
Domestic affiliated	1,690
International	4,529

Source: The Company.

Saudi Aramco's strategy is to continue increasing its integrated refining and chemicals capability domestically and expand its strategically integrated downstream business in high-growth economies, such as China, India and Southeast Asia, while maintaining and opportunistically expanding its participation in material demand centres, such as the United States, and countries that rely on importing crude oil, such as Japan and South Korea. Consistent with this strategy, it has invested in two refining and petrochemical joint ventures with Petronas, the Malaysian national oil company, collectively known as PRefChem. The PRefChem joint ventures include a 300,000 barrel per day refinery, an integrated steam cracker with capacity to produce 1.3 million tonnes of ethylene with associated propylene, butadiene, benzene, polyolefins and ethylene glycol facilities, all of which are located in Johor, Malaysia, adjacent to Singapore, Asia's refined and chemicals products trading hub. Other recent investments in its refining portfolio include Jazan, which commenced operations in the first quarter of 2021.

The following chart illustrates the changes in Saudi Aramco's refining capacity from 2014 to 2023.



Source: The Company.

In general, with respect to Saudi Aramco's international joint ventures, the joint venture company handles all or a portion of the local marketplace sales and each joint venture partner offtakes its equity share of refined and chemicals products that are not sold by the joint venture. Saudi Aramco takes its full equity share of the refined and chemicals products produced in the Kingdom and, in the case of Petro Rabigh, 100% of the refinery products, into its wholly owned distribution and trading system.

Domestic Refining

A substantial portion of Saudi Aramco's refining operations are located in the Kingdom. Saudi Aramco's domestic refineries receive all their crude oil, NGL and natural gas supply from its upstream production. Saudi Aramco's equity share of refined and chemicals products produced at its affiliated refineries in the Kingdom and the refined and chemicals products produced through its wholly owned refineries located within the Kingdom are primarily distributed wholesale to domestic fuels retailers and industrial customers. The balance of its share of domestically refined and chemicals products is exported internationally by its sales and trading arm. For further information regarding Saudi Aramco's supply and trading activities, see "Business—Operating Segments—Supply and Trading".

Domestic Wholly Owned Refining Operations

Saudi Aramco has five wholly owned refineries within the Kingdom, three of which were built specifically to supply transportation and utility fuels for the domestic marketplace. In 2023, Saudi Aramco placed 26% of its crude oil production in its in-Kingdom wholly owned and affiliated refineries.

The following table provides data about Saudi Aramco's domestic wholly owned refineries as at 31 December 2023:

	Asset Type	Capacity (mbpd)
Ras Tanura	Refining	550
Jazan	Refining and petrochemical	400
SASREF	Refining and petrochemical	305
Yanbu'	Refining	250
Riyadh	Refining	130
Total		1,635

Source: The Company.

Domestic Affiliated Operations

Saudi Aramco has four domestic affiliated refineries within the Kingdom. These refineries are highly competitive with other world-class facilities based on scale, configurations and product yields. Through its long-term supply agreements with these ventures, Saudi Aramco has the right to supply all crude processed at these refineries. All four of these domestic refineries manufacture products both for domestic consumption and export.

The following table provides data about Saudi Aramco's domestic affiliated refineries and marketing operations as at 31 December 2023:

	Asset Type		Gross Refining Capacity (mbpd)	Economic Interest (%)	Partner	Retail Sites
SATORP	Refining and petrochemical		460	62.5	TotalEnergies	
YASREF	Refining and petrochemical		430	62.5	Sinopec	
SAMREF	Refining		400	50.0	ExxonMobil	
Petro Rabigh	Refining and petrochemical		400	37.5	Sumitomo	
Tas'helat Marketing Company	Marketing		n/a	50.0	TotalEnergies	>200
Total			1,690			

Source: The Company.

International Refining

Saudi Aramco's international refining footprint is focused in key growth geographies, particularly in Asia, that offer an opportunity for Saudi Aramco to place its crude oil and reach new customers in growing economies that are net importers of crude oil. In 2023, Saudi Aramco's weighted average ownership percentage in its international refineries was 34% and it supplied an average of 54% of the crude oil used by those refineries. Product sales by Saudi Aramco's international ventures are generally facilitated by a distribution system owned by the respective joint venture through over 17,200 branded company-owned, company-operated or dealer-owned dealer-operated retail networks.

The following table provides data about Saudi Aramco's international refining and marketing operations as at 31 December 2023:

	Asset type	Location	Gross Refining Capacity (mbpd)	Economic Interest (%)	Partner	Retail Sites
Motiva (Port Arthur Refinery)	Refining and petrochemical	U.S.	635	100.0	—	5,300

	Asset type	Location	Gross Refining Capacity (mbpd)	Economic Interest (%)	Partner	Retail Sites
S-Oil	Refining and petrochemical	South Korea	669	61.6 ⁽¹⁾	—	>2,100
Hyundai Oil bank	Refining and petrochemical	South Korea	690	17.0	—	>2,200
FREP	Refining and petrochemical	China	280	25.0	Sinopec, ExxonMobil	—
SSPC	Marketing	China	—	22.5	Sinopec, ExxonMobil	>1000
Idemitsu Kosan	Refining and petrochemical	Japan	945	7.8	—	>6,400
PRefChem	Refining and petrochemical	Malaysia	300	50.0	Petronas	—
PKN Orlen (Gdansk Refinery)	Refining	Poland	210	30.0	—	—
ZPC (Rongsheng Petrochemical)	Refining and petrochemical	China	800	5.1 ⁽²⁾	—	—
Total			4,529⁽³⁾			

Source: The Company.

(1) Economic interest in S-Oil on a fully diluted basis. On a non-diluted basis, Saudi Aramco's shareholding in S-Oil is 63.4%.

(2) On 21 July 2023, Saudi Aramco acquired a 10% stake in Rongsheng, which holds a 51% ownership share in ZPC.

(3) On 1 March 2024, Saudi Aramco acquired a 100% equity interest in Esmax and on 31 May 2024, Saudi Aramco acquired a 40% equity stake in GO.

Chemicals

Saudi Aramco's chemicals businesses include participation in high-growth chemicals markets with demand from industries such as packaging, automotive and appliances and operates in over 50 countries. Saudi Aramco's chemicals business continues to grow through capacity expansion and new investments. As at 31 December 2023, it had a net chemicals production capacity of 59.6 million tonnes per year (excluding SABIC Agri-Nutrients).

Through its acquisition of SABIC, Saudi Aramco expanded its capabilities in procurement, manufacturing, marketing and sales. SABIC is an industry leader in multiple chemical segments and produces a wide range of products, including olefins, methanol, MTBE, aromatics, glycols, linear alpha olefins, polyethylene, polypropylene, polyethylene terephthalate, polyvinyl chloride, polystyrene, polycarbonate, and engineering thermoplastics and their blends.

Since the acquisition of a 70% stake in SABIC, Saudi Aramco has sought to achieve synergies in procurement, supply chain, marketing, feedstock optimisation, stream integration, operations and maintenance. Saudi Aramco expects to capture a total value of approximately SAR 11.3 billion to SAR 15.0 billion (\$3.0 billion to \$4.0 billion) in annual recurring synergies from this acquisition by 2025.

Saudi Aramco also conducts petrochemical manufacturing through affiliates located in the Kingdom, China, Japan, South Korea, Malaysia, the United States and the Netherlands with other key industry players, including Dow (Sadara), Sumitomo (Petro Rabigh), TotalEnergies (SATORP), PETRONAS (PRefChem), and Sinopec (YASREF and FREP). Through these affiliates and joint ventures, Saudi Aramco produces a wide range of commodity and differentiated petrochemicals.

Saudi Aramco and SABIC successfully converted oil derived from plastic waste into ISCC+ certified circular polymers for the first time in the region. Through the process, end-of-life plastics including non-sorted plastics are converted into plastic waste derived oil, which is then used as feedstock to produce certified circular polymers. Saudi Aramco aims to establish the first petrochemical circular value chain in the Kingdom to produce polymers from plastic waste, reducing the impact of single-use plastic on the environment.

Chemicals Facilities

The following table describes Saudi Aramco's standalone chemicals facilities as at 31 December 2023. Standalone chemicals facilities refer to chemicals production facilities that do not also produce refined products.

	Equity Interest	Partner	Location
SABIC	70.0%	—	Kingdom
Sadara	65.0%	Dow	Kingdom
ARLANXEO	100.0%	—	Netherlands

Source: The Company.

In addition to its standalone chemicals facilities, Saudi Aramco's integrated refining and chemicals business includes the following operations as at 31 December 2023.

	Equity Interest	Partner	Location
Domestic Operations:			
SATORP	62.5%	TotalEnergies	Kingdom
YASREF	62.5%	Sinopec	Kingdom
SASREF	100.0%	—	Kingdom
Petro Rabigh	37.5%	Sunitomo	Kingdom
Jazan	100.0%	—	Kingdom
International Operations:			
Motiva (Port Arthur Refinery)	100.0%	—	U.S.
S-Oil	61.6% ⁽¹⁾	—	South Korea
PRefChem	50.0%	Petronas	Malaysia
FREP	25.0%	Sinopec, ExxonMobil	China
Hyundai Oil bank	17.0%	—	South Korea
ZPC (Rongsheng Petrochemical)	5.1%	—	China

Source: The Company.

- (1) Economic interest in S-Oil on a fully diluted basis. On a non-diluted basis, Saudi Aramco's shareholding in S-Oil is 63.4%.
(2) On 21 July 2023, Saudi Aramco acquired a 10% equity interest in Rongsheng.

Saudi Aramco's integrated refining and chemicals operations are located in close proximity to major industrial and manufacturing hubs and, given their locations, have potential for asset upgrades. Their locations also present significant opportunities to develop petrochemical complexes and associated value parks adjacent to the production facilities, similar to the PlasChem Park adjacent to Sadara facilities and the Plus Tech Park adjacent to the Petro Rabigh facilities.

Commodity Petrochemicals (Olefins and Aromatics)

Saudi Aramco produces commodity petrochemicals including ethylene, propylene, paraxylene and benzene, which are either sold to third party customers or used to produce downstream derivatives such as polymers or chemicals intermediates. Ethylene is Saudi Aramco's primary chemical product and is the most widely used chemical in the petrochemical industry.

In December 2022, Saudi Aramco and TotalEnergies made a final investment decision for the construction of a large petrochemical complex in the Kingdom and in June 2023 awarded engineering, procurement and construction contracts for SAR 41.3 billion (\$11.0 billion). The complex, known as Amiral, will be owned, operated and integrated with the existing SATORP refinery located in Jubail and is expected to house one of the largest mixed-load steam crackers in the region, with a capacity to produce 1,650 kilotonnes per annum of ethylene and other industrial gases. Its commercial operation is expected to start in 2027.

Differentiated Petrochemicals (Polyolefins, Synthetic Rubber, Elastomers and Polyurethanes)

Polyolefins. Saudi Aramco's principal polyolefins are polyethylene and polypropylene. Polyolefins are primarily used in the manufacturing of packaging, automobiles, construction materials and a variety of consumer goods.

Synthetic Rubber and Elastomers. Synthetic rubber and elastomers are widely used in the manufacture of tyres, automotive parts, housewares, shoes, toys and in other industries. ARLANXEO is a major global supplier of such products.

Polyurethanes. Propylene oxide, polyols and isocyanates are the essential building blocks for the polyurethane industry, with end uses in automobiles, furniture, construction, appliances, coatings and adhesives.

Supply and Trading

In the year ended 31 December 2023, Saudi Aramco traded 4.7 million tonnes of liquid chemical products and an average of 6.8 million barrels per day of crude oil and refined petroleum products. With the recent increase in scale of its downstream operations, Saudi Aramco is well positioned to use its production and distribution network to optimise its supply and trading capabilities. By controlling the production, refining and distribution

processes and integrating them with its trading business, Saudi Aramco seeks to ensure that customers receive reliable service and consistent products. In addition, there is the potential to optimise product flows on a domestic and international basis across regional and global supply chains to maximise value.

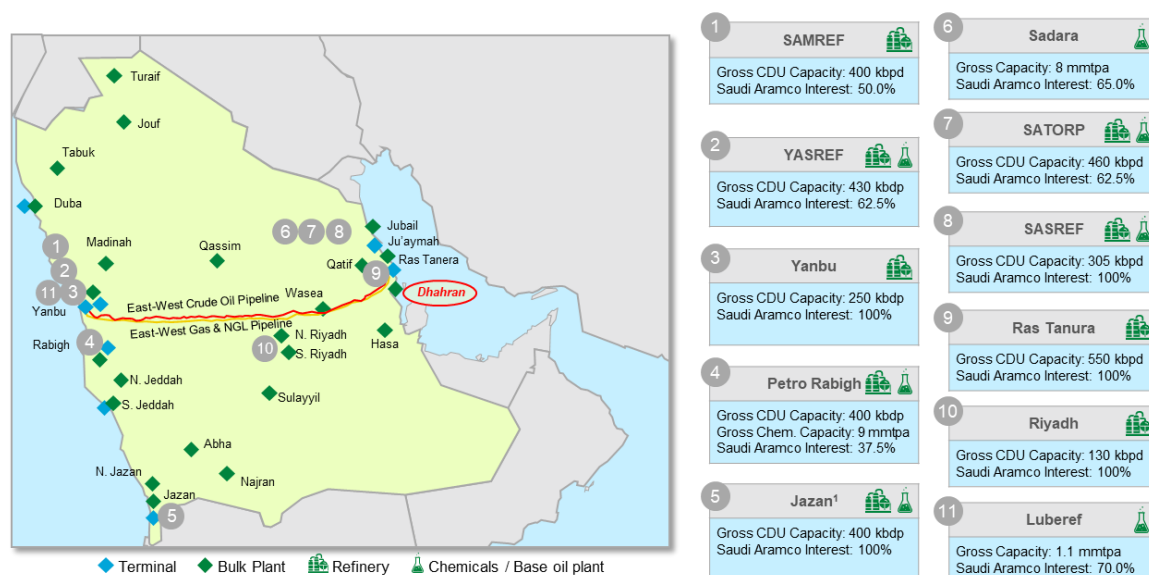
In January 2023, Saudi Aramco advanced its strategy to expand and integrate its global trading operations through an internal reorganisation, pursuant to which ATC acquired Motiva's U.S. trading business, providing it with a platform to supply Motiva with crude oil and feedstocks and to offtake and trade refined and chemicals products and chemicals generated by Motiva. The acquisition provides ATC with access to incremental volumes and markets that are expected to strengthen its trading capabilities.

Pipelines, Distribution and Terminals

Saudi Aramco supplies oil products to customers throughout the Kingdom, which provides it with reliable demand and allows for high utilisation of its domestic refining system. In order to meet this demand and help ensure high levels of supply reliability, Saudi Aramco has made significant investments in its Oil Supply Planning and Scheduling department ("OSPAS"). OSPAS employs a global distribution system that utilises sophisticated control and monitoring hardware and highly skilled personnel to ensure highly reliable operations that maximise the value of the crude oil and other products produced and sold by Saudi Aramco. OSPAS gains unique domestic market insights from a wide variety of sources, including Saudi Aramco's customers, product supply and price data and trading and marketing networks. OSPAS then conveys these market insights to the upstream and downstream businesses to optimise operations. In addition, Saudi Aramco's Kingdom-wide distribution network includes pipelines, bulk plants, air refueling sites and terminals that deliver crude oil, NGL, natural gas and refined and chemicals products. See "Gas and NGL" for details on the MGS. This network provides control and cost optimisation of the entire supply chain from well-head to the end customer.

In addition, Saudi Aramco has a 15% equity interest in the Arab Petroleum Pipeline Company (Sumed), a joint venture which operates the Sumed pipeline. The pipeline runs from the Red Sea to the Mediterranean Sea through Egypt and provides an alternative to the Suez Canal.

The following map illustrates Saudi Aramco's key domestic downstream infrastructure as at 31 December 2023.



Source: The Company.

Retail Operations

Saudi Aramco has continued to grow its fuel retail presence through its affiliates and investments, with over 17,200 service stations worldwide with more than 5,300 located in the United States, more than 5,500 in China and South Korea, more than 6,400 in Japan and more than 200 in the Kingdom.

In 2019, Saudi Aramco entered into a 50:50 joint venture with TotalEnergies to operate service stations in the Kingdom. In addition, in 2019, Saudi Aramco and TotalEnergies entered into an agreement to significantly

upgrade, re-brand and expand the range of retail services at a network of more than 200 service stations throughout the Kingdom.

In March 2024, Saudi Aramco acquired 100% of Esmax, a diversified downstream fuels and lubricants retailer in Chile. In May 2024, Saudi Aramco acquired a 40% equity stake in GO, a diversified downstream fuels, lubricants, and convenience stores operator in Pakistan. These strategic moves mark Saudi Aramco's inaugural downstream retail investments in South America and Pakistan. These investments aim to secure outlets for Saudi Aramco's refined products and facilitate the expansion of its retail business on an international scale. Additionally, these acquisitions are expected to further unlock new market opportunities for Valvoline-branded lubricants.

Base Oils and Lubricants

Saudi Aramco markets its base oils under three brand names: aramcoDURA for Group I base oil, aramcoPRIMA for Group II base oil and aramcoULTRA for Group III base oil. It has formed a marketing alliance with three of its affiliated companies that are major producers of Group I, Group II and Group III base oils (Luberef, Motiva and S-Oil) to globally market its base oils. In 2023, Saudi Aramco sold 4.4 million tonnes of base oils. In March 2023, Saudi Aramco acquired Valvoline Global Operations, a lubricants manufacturer, for SAR 10.34 billion (\$2.76 billion). This acquisition is intended to complement Saudi Aramco's line of premium branded lubricant products, optimise its global base oils production capabilities and expand its own R&D activities and partnerships with original equipment manufacturers. Saudi Aramco sold 0.2 million tonnes and 0.9 million tonnes of finished lubricants in 2022 and 2023, respectively.

Power Systems

As at 31 December 2023, Saudi Aramco's power operations comprised 18 captive power plants and associated transmission and distribution assets located across the Kingdom. These assets are primarily designed to provide electricity and steam to Saudi Aramco's upstream oil and gas production facilities, gas processing plants and wholly owned downstream refineries in a safe, reliable, efficient and profitable manner. Certain of these power assets are wholly owned by Saudi Aramco and some are owned by joint ventures in which Saudi Aramco has an ownership interest. Saudi Aramco also enters into offtake arrangements with independent power producers. In addition, Saudi Aramco currently owns a 6.9% stake in Saudi Electricity Company, the Kingdom's national electricity utility company, and an effective 29.8% stake in Marafiq, a domestic utility company that serves the industrial areas of Jubail and Yanbu'.

In 2023, Saudi Aramco generated 5.3 gigawatts of power, of which 4.2 gigawatts was used to meet internal demand and 1.1 gigawatts of spill power was transferred to the national grid.

Saudi Aramco plans to invest in or to have made a final investment decision with respect to 12 GW of solar PV and wind projects by 2030. For example, in May 2021, Saudi Aramco, entered into a shareholders' agreement with PIF and ACWA Power to invest in the Sudair Solar PV Plant and now holds a 30% interest in the project. The project is one of the largest solar plants in the region with a capacity of 1.5 GW and reached full power generation in January 2024. In addition, in August 2023, Saudi Aramco entered into another agreement with PIF and ACWA Power to invest in the development of the Al Shuaibah 1 and Al Shuaibah 2 solar PV projects. The projects are expected to have a combined capacity of 2.66 GW and are expected to commence power generation in 2025. Saudi Aramco is participating with PIF in this strategic energy programme that reflects its efforts to diversify the energy mix, advance energy solutions in the Kingdom and avail additional hydrocarbons.

In September 2021, Saudi Aramco entered into a financing arrangement of SAR 44.1 billion (\$11.8 billion) relating to the Jazan integrated gasification combined-cycle power plant, an air separation unit and certain ancillary assets. The transaction resulted in the creation of Jazan Integrated Gasification and Power Company ("JIGPC"), a Saudi Aramco joint venture consisting of Saudi Aramco Power Company, Air Products, ACWA Power and Air Products Qudra. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee. Saudi Aramco will supply feedstock to JIGPC, and JIGPC will produce power, steam, hydrogen and other utilities for Saudi Aramco.

Head Office Location

Saudi Aramco's head office is located in the city of Dhahran in the Kingdom.

Technology, Research and Development

Saudi Aramco assesses, develops and incorporates new technology in a manner tailored to its operations to ensure the long-term sustainability of its business, enhance its operational efficiency, increase profitability and reduce the environmental impact of its operations. The scale of Saudi Aramco's hydrocarbon reserves and operational capabilities enable it to realise significant benefits and value from technology development and deployment that would otherwise provide only incremental benefits.

Saudi Aramco focuses its technology initiatives in three areas: upstream, downstream and sustainability, and recognises the importance of embedding technology in its strategy and business culture. Upstream technology development is directed primarily to improving methods for discovering new hydrocarbon reserves, improving oil recovery, increasing productivity and reducing lifting costs. Downstream technology development is dedicated primarily to maximising value across the hydrocarbon chain, finding new and improved methods of producing products and diversifying revenue streams. Sustainability technology development is aimed at addressing global energy demand challenges, growing non-fuel applications for crude oil and demand for lower carbon intensity crude oil, advancing sustainable transport and driving high-impact low carbon intensity solutions.

Saudi Aramco manages a global network of research and technology centres aimed at delivering innovative breakthroughs to achieve its recovery, discovery, diversification and sustainability objectives. Key examples of such technologies deployed and under development include the following:

- *Digital ARC* is a platform that hosts and integrates Saudi Aramco's in-house developed technologies spanning its upstream segment with the goal of maximising the value of these technologies and accelerating the upstream segment's digital transformation. In its next iteration, the Digital Arc is expected to be able to use artificial intelligence and deep-learning to create solutions from Saudi Aramco's digital data lake, with the goal of increasing hydrocarbon discovery and improving production efficiency.
- *GeoDRIVE* is an integrated seismic imaging platform that enables ultra-high resolution subsurface mapping and characterisation for geophysical applications. This platform enables Saudi Aramco to efficiently analyse large amounts of seismic data with state-of-the-art imaging algorithms.
- *Smart Flooding* is a technology designed specifically to increase oil recovery in Saudi Aramco's carbonate reservoirs by optimising the ionic composition and properties of injected water. Saudi Aramco is able to deploy this technology through existing infrastructure.
- *TeraPOWERS* is Saudi Aramco's proprietary cornerstone modelling technology that is an evolutionary step from giga-cell to terra-cell reservoir simulation. TeraPOWERS uses over one trillion cells to simulate parallel basin and reservoir fluid movement with detail beyond that of other simulator technologies. This technology enables Saudi Aramco to model the physics of its reservoirs to prioritise prospects, reduce exploration risks and costs and sustainably manage its reservoirs.
- *Dammam-7* is one of the most powerful supercomputers in the world and was commissioned by Saudi Aramco and Saudi Telecom Company to run three-dimensional earth models with the intention of improving exploration and development capabilities. The new 55.4 petaflops supercomputer was named "Dammam-7" in tribute to the Kingdom's first commercial oil well.
- *Ghawar-1* is one of the most powerful supercomputers in the world and was commissioned by Saudi Aramco to run three-dimensional reservoir models to simulate its reservoirs at finer scale with the aim to further enhance the efficiency of its developments. The new 22.9 petaflops supercomputer was named "Ghawar-1" in tribute to the largest conventional oil field in the world.
- *Thermal Crude Oil to Chemicals* involves pre-treating crude oil to enable it to be directly introduced into a steam cracker with the goal of increasing chemical product yields from oil to upwards of 70%, while also reducing capital costs.
- *Catalytic Crude Oil to Chemicals* involves the direct cracking of crude oil in a high severity catalytic cracking reactor after first flashing the crude oil into low and high boiling streams. The aim of this technology is to increase chemical product yields from oil to upwards of 60% at lower capital costs.

- *Advanced Transport Technologies* involve in-house research and collaboration with engine technology developers and major automakers to improve internal combustion engine efficiency and reduce GHG and tailpipe emissions through new engine designs and fuel formulations.
- *Carbon Capture, Utilisation and Storage* includes the development of innovative technologies to capture and store carbon dioxide or utilise it in novel materials.
- *Hydrogen and Low Carbon Fuels* involves advancing solutions for lower carbon intensity hydrogen production, transport, ammonia backcracking and dispensing, as well as for production of lower carbon intensity synthetic fuels from carbon dioxide and hydrogen.

Saudi Aramco also operates an active venture capital programme through its subsidiary, Aramco Ventures with investment funds of SAR 26.3 billion (\$7.0 billion). Saudi Aramco has increased the venture capital funding available to Aramco Ventures by SAR 15.0 billion (\$4.0 billion), making it one of the top corporate venture capital funds in the world and more than doubling the total funding available to its venture capital programs to SAR 28.1 billion (\$7.5 billion), including Wa'ed Ventures. This venture capital program invests in the following areas:

- *Sustainability technologies* that support the Company's announced 2050 net-zero decarbonisation ambitions, as well as development of new lower-carbon fuels products, including the announcement of a \$1.5 billion sustainability fund at the Future Investment Initiative 2022.
- *Digital and industrial technologies* that can provide value to Saudi Aramco's operations.

Half of this new funding will be invested in disruptive technologies outside the energy sector and half will be earmarked for late-stage, larger-ticket ventures in the sustainability and digital domains.

Aramco Ventures also operates a \$1 billion venture capital fund, Prosperity7, which invests in disruptive technologies outside of the energy industry. Since inception, Aramco Ventures has made over 95 venture investments globally through these programmes, with over 35 technologies piloted or deployed in Saudi Aramco.

IT and Cybersecurity

Saudi Aramco relies on the security of information technology and operational technology systems. It has programmes, controls and processes in place designed to protect its data and systems, to ensure business continuity and operational recovery and to repel intrusion attempts. To respond to an ever-changing cyber threat landscape, Saudi Aramco has instituted a cybersecurity governance management model for its operations in the Kingdom, led by a Chief Information Security Officer, whose office establishes and maintains cybersecurity policies, directs the cybersecurity programmes and mandates relevant processes, capabilities and technologies. Saudi Aramco addresses cybersecurity at senior levels, including Board of Directors consideration and oversight of Saudi Aramco's cybersecurity posture and assessment of risks.

One of Saudi Aramco's main technology strengths is the communication and computing infrastructure it has built in the Kingdom to provide connectivity and computing solutions to its domestic operations infrastructure, which it continuously monitors for security events from multiple locations. This infrastructure reaches remote areas and connects Saudi Aramco's upstream and downstream hydrocarbon facilities, including cross-country pipelines. Saudi Aramco's infrastructure also includes satellite services that extend connectivity to both offshore and onshore drilling operations and marine services. Saudi Aramco's infrastructure additionally includes a high availability (Tier-4) corporate data centre and a remote disaster recovery site to further promote resilience and recovery.

Despite the presence of cybersecurity programmes, controls and processes, attempts to gain unauthorised access to Saudi Aramco networks have been successful in the past, and Saudi Aramco's operations remain potentially vulnerable to additional known or unknown threats. For further information on cybersecurity risks, see "*Risk Factors—Risks Related to Saudi Aramco's Operations and Activities—Saudi Aramco's operations are dependent on the reliability and security of its IT systems*".

Sustainability, Health and Safety and Environment

Sustainability

Saudi Aramco has developed a sustainability framework to help guide the Company and integrate sustainability into its corporate strategy and operations. The framework helps to identify and prioritise sustainability issues that impact its business, connecting the Kingdom's Vision 2030 to the Company's four focus areas: climate change and the energy transition, safe operations and people development, minimising environmental impact and growing societal value. Saudi Aramco's ambition is to achieve net-zero Scope 1 and Scope 2 GHG emissions across its wholly owned operated assets by 2050 and the Company has set interim targets to support its ambition to reduce or mitigate more than 50 million tonnes of carbon dioxide equivalent annually compared to business as usual 2035 forecast emissions. These ambitions complement the Kingdom's aim to reach net-zero emissions by 2060, announced as part of the Saudi Green Initiative. In June 2022, Saudi Aramco published its inaugural Sustainability Report, which presented an approach to integrating sustainability within its corporate strategy and operations, the sustainability issues that impact the business and its ambition, initiatives and performance. The Company published its third Sustainability Report in May 2024, adding 13 new key performance indicators ("**KPIs**") and metrics to provide greater quantitative and qualitative information across multiple ESG topics. This brings the total KPIs and metrics in this Sustainability Report to 74, with 18 metrics undergoing external assurance.

Saudi Aramco's Sustainability Steering Committee is responsible for identifying sustainability issues and their impact on long-term value creation for the business and its stakeholders. The Sustainability Steering Committee's membership is made up of senior vice presidents representing relevant business lines and administrative areas, and is led by the Executive Vice President of Strategy and Corporate Development. The Sustainability Steering Committee reports to both Saudi Aramco's Group Executive Committee and Group Strategy Committee.

Health and Safety

An enterprise-wide, organisationally driven focus on health and safety supports Saudi Aramco's goal of protecting its workforce, preventing property losses and avoiding business interruptions, while adapting to market and operating conditions. This involves establishing and maintaining Saudi Aramco standards that utilise a continuous improvement approach commonly used throughout the industry. Additionally, Saudi Aramco's robust and exacting standards reflect low risk tolerance with rigorously applied operational safety procedures. This is complemented by procedures for crisis management and business continuity designed to provide operational resilience and the ability to quickly respond to internal or external incidents to restore operations safely and efficiently in an orderly manner. The Sustainability, Risk and HSE Committee provides strategic direction and governance on health and safety matters.

The Health, Safety, Security and Environmental Committee, an executive management committee that is led by the CEO and includes other selected members of corporate management, establishes Saudi Aramco's safety policy and standards covering key issues, including emergency preparedness, incident reporting and investigation, competency and training, community awareness, off-job safety, risk management and asset integrity. The Health, Safety, Security and Environmental Committee actively tracks and monitors the safety performance across the organisation to extend accountability and improve safety performance.

Saudi Aramco has various occupational and environmental health programmes in place to protect its workforce and various communities from hazards that may arise from its operations or activities, including the Occupational Health Hazard Assessment, Hazard Materials Communication, Comprehensive Environmental Health Assessment and Contractor Camp Environmental Health Inspection programmes.

Saudi Aramco employs a Safety Management System ("**SMS**") aligned with Saudi Aramco's safety policy that drives a disciplined approach in establishing specific safety expectations and provides a framework for managers to fulfil their safety and loss prevention obligations. Saudi Aramco continually works proactively to deliver and improve its safety performance with respect to the expectations and objectives articulated in the SMS and its underlying programmes, processes, procedures, rules, standards and instructions.

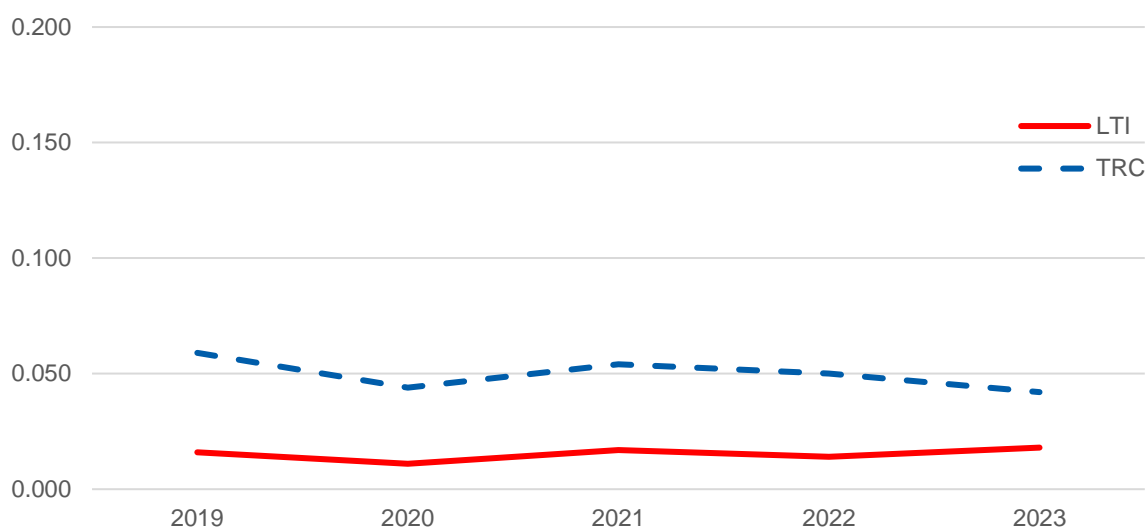
Health and Safety Key Performance Indicators

Saudi Aramco benchmarks its safety performance against industry standards and performance targets that are set in line with industry practices to improve safety performance. Safety performance is measured and tracked through key performance indicators established by and reported to the Sustainability, Risk and HSE Committee.

Formal and informal safety reviews are conducted by qualified reviewers to assure compliance and operational discipline.

In addition, the Company monitors its total recordable case (“**TRC**”) rate, which includes fatalities, lost time injuries/illnesses (“**LTI**”), restricted duty injuries/illnesses and medical treatment cases. The TRC rate for the Company’s total workforce of domestic wholly owned assets, including contractors, from 2019 to 2023 decreased from 0.059 per 200,000 work hours to 0.042 per 200,000 work hours. The LTI rate increased from 0.016 per 200,000 work hours in 2019 to 0.018 per 200,000 work hours in 2023.

The following chart shows the TRC rate and LTI rate for the Company’s total workforce, including contractors, from 2019 to 2023.



Source: The Company.

Moreover, the Company monitors the number of unplanned or uncontrolled releases of any material, including non-toxic and non-flammable materials, from a process that results in certain consequences articulated by the American Petroleum Institute Recommended Practice 754 (Process Safety Performance Indicators for the Refining and Petrochemical Industries) (“**PSE Tier 1**”) and fatalities. The following table shows the TRC Rate, LTI Rate, PSE Tier 1 incidents and fatalities for the Company in the Kingdom.

	2019 ⁽²⁾	2020 ⁽²⁾	2021 ⁽¹⁾	2022 ⁽¹⁾	2023 ⁽¹⁾
TRC Rate (incidents/200,000 workhours)	0.059	0.044	0.054	0.050	0.042
LTI Rate (incidents/200,000 workhours)	0.016	0.011	0.017	0.014	0.018
PSE Tier 1	4	9	8	11	15
Fatalities	6	1	1	5	3

(1) The Company and its operationally controlled entities.

(2) The Company.

Source: The Company.

Environment

Saudi Aramco’s operations are subject to a number of environmental laws, regulations, protocols and policies in each of the jurisdictions in which it operates, governing, among other things, the generation, storage, handling, use, disposal and transportation of hazardous materials, the emission and discharge of hazardous materials, ground water use and contamination, discharges of water, soil contamination, hazardous substances and wastes, industrial hygiene and occupational health. It seeks to comply with all applicable environmental laws, regulations, protocols and policies and has established management systems and other internal processes to identify emerging environmental risks and to prepare and execute a response plan to mitigate potential impacts of those risks. In addition, for certain of its operations within the Kingdom for which there are no applicable national environmental regulations, Saudi Aramco has developed environmental standards aligned with leading industry practices to achieve its environmental protection objectives. Furthermore, Saudi Aramco also conducts environmental impact assessments when evaluating new projects, including assessments of project design, construction, operations and decommissioning in compliance with applicable environmental

laws, regulations, protocols and policies. For a description of the domestic environmental regulations to which Saudi Aramco is subject and the multilateral environmental agreements to which the Kingdom is a party that are relevant to Saudi Aramco's operations in the Kingdom, see *"Risk Factors—Risks Related to Saudi Aramco's Operations and Activities—Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Saudi Aramco to incur costs or invest additional capital. In addition, Saudi Aramco may not fully meet its announced net-zero targets by 2050."* *"Business—Sustainability, Health and Safety and Environment—GHG Intensity"* and *"Regulation of the Oil and Gas Industry in the Kingdom"*.

The Sustainability, Risk and HSE Committee oversees the management of environmental risks and key environmental performance indicators, and Saudi Aramco has established a corporate risk management programme focused on environmental compliance. It also has established an environmental management system aligned to ISO 14001:2015 standards to manage environmental compliance and enhance environmental performance. Each subsidiary is responsible for establishing its own environmental compliance framework and monitoring ongoing compliance.

Saudi Aramco has measures in place to monitor and assess performance, to prevent releases that might occur and to remediate occurrences from facilities that it owns or operates. Since 2007, Saudi Aramco has implemented a groundwater remediation programme to systematically and consistently identify and implement clean-up assessments at impacted wholly owned Saudi Aramco facilities within the Kingdom. This programme quantifies risks that contaminated soil or groundwater pose on human health and the environment and also develops appropriate corrective solutions tailored to specific facilities. A key component of this programme is the prevention stage, which involves addressing soil and groundwater contamination sources, reviewing project designs and environmental impact assessments and conducting field investigations.

As at 31 December 2021, 2022 and 2023, Saudi Aramco established provisions of SAR 824 million, SAR 770 million and SAR 698 million (\$186 million) respectively, for environmental liabilities. Saudi Aramco relies on engineering studies, historical and technical experience, generally accepted accounting standards and other factors to identify and evaluate environmental-related reserves. These amounts primarily relate to liabilities for environmental projects driven by governmental mandates, projects for groundwater remediation and remediation of oil impoundments throughout Saudi Aramco's in-Kingdom wholly owned assets.

Operational Incidents

The Company proactively manages its operations in a manner that seeks to avoid hydrocarbon leaks and spills by maintaining asset integrity throughout the asset lifecycle, including by utilising modern technologies to monitor operations in real time and mitigate the risk of leaks. These technologies include high frequency radar, high-tech mooring buoys, intelligent early-warning systems and hydrodynamic modelling capabilities. Saudi Aramco had 13, 15 and 12 hydrocarbon spills for the years ended 31 December 2021, 2022 and 2023, respectively.

GHG emissions

Saudi Aramco's Sustainability Steering Committee reviews and advises management on climate strategy and the corporate risk assessment of sustainability matters, including overseeing the carbon footprint of operations and assets and assessing expectations on future energy, technology and climate change trends. Additionally, the Sustainability Steering Committee facilitates collaboration among relevant internal parties with respect to climate change matters.

The Kingdom has a small number of large and productive oil reservoirs, low per barrel gas flaring rates and low water production, resulting in less mass lifted per unit of oil produced and less energy used for fluid separation, handling, treatment and reinjection, all of which contribute to low upstream carbon intensity. For the years ended 31 December 2021, 2022 and 2023, the Company disclosed its direct (Scope 1) and indirect (Scope 2) GHG emission sources (consistent with the Greenhouse Gas Protocol guidelines – the Company's GHG emissions reporting is based on the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) GHG Protocol guidelines and the Company reports emissions using the operational control basis for measurement) from its wholly owned and operated facilities in the Kingdom, as well as its operationally controlled affiliates SASREF, Motiva and ARLANXEO, by type of emission as set forth in the following table:

	2021		2022		2023	
Type ⁽¹⁾	Carbon dioxide (million tonnes)	Total CO ₂ e (million tonnes)	Carbon dioxide (million tonnes)	Total CO ₂ e (million tonnes)	Carbon dioxide (million tonnes)	Total CO ₂ e (million tonnes)
Scope 1 ⁽¹⁾	51.23	52.25	54.46	55.70	52.98	54.35
Scope 2 ⁽¹⁾	15.43	15.53	15.99	16.13	18.06	18.21
Total	66.65	67.78	70.46	71.84	71.04	72.56

Source: The Company.

(1) CO₂e means carbon dioxide equivalent.

(2) Absolute GHG emission data reflect the Company's emissions from wholly owned in-Kingdom assets, SASREF, Motiva and ARLANXEO. GHG emissions and flaring inventories exclude the Jazan Refinery and the Fadhili Gas Plant.

For the year ended 31 December 2023, the Company's Scope 1 GHG emissions were 54.4 million tonnes of CO₂e and its Scope 2 GHG emissions were 18.2 million tonnes of CO₂e.

Saudi Aramco has set a target to reduce or mitigate its net Scope 1 and Scope 2 GHG emissions from both its upstream and downstream operations by 52 million tonnes of carbon dioxide equivalent per annum by 2035 compared to business as usual forecast emissions. The Company also commissioned a limited assurance engagement on the 2021, 2022 and 2023 GHG emissions in accordance with International Standards for Assurance Engagements 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

GHG Intensity

The upstream carbon intensity of Saudi Aramco was 10.7 kilograms of carbon dioxide equivalent per barrel of oil equivalent for 2023.

Saudi Aramco is pursuing various initiatives to manage the carbon emissions of its operations and assets and to reduce its upstream carbon intensity by at least 15% by 2035 against its 2018 baseline. These initiatives include the implementation of flare gas recovery systems, energy efficiency programmes, leak detection and repair programmes, investing in low-emission technologies such as carbon capture, and evaluating the potential utilisation of carbon dioxide in various applications, such as enhanced oil recovery. An enhanced leak detection and repair programme for its methane emissions in the Kingdom prioritises actions at operating facilities and includes efforts to develop and deploy new, more effective technologies to detect and reduce facility emissions.

Saudi Aramco participates in collaborations that help further its understanding of future energy, technology and potential climate change trends, including through R&D projects related to fuels, engines and new transport technologies. It is a founding member of the OGCI, a voluntary, CEO-led initiative composed of 12 global oil and gas companies committed to reducing GHG emissions through technology. Additionally, Saudi Aramco is collaborating within the oil and gas industry through memberships in joint platforms such as the International Petroleum Industry Environmental Conservation Association and the Petroleum Environmental Research Forum. Saudi Aramco also supports the Government's efforts to achieve the objectives set by the United Nations Framework Convention on Climate Change, the Paris Agreement, the United Nations Environment Programme, as well as other climate change mitigation and adaptation efforts.

Flaring

One of Saudi Aramco's long-standing initiatives is to efficiently and sustainably use associated gas. Since the 1970s, Saudi Aramco has acted to mitigate the negative environmental impacts of systematic flaring of associated gas by utilising the gas for power generation and petrochemicals production. Additionally, development of the MGS reduced Saudi Aramco's environmental impact and GHG emissions arising from flaring, in addition to supporting national economic growth. In order to further improve its environmental performance, Saudi Aramco established a flaring minimisation plan in 2006. For the years ended 31 December 2021, 2022 and 2023, the flaring intensity of the Company's wholly owned in-Kingdom operated assets, SASREF, Motiva and ARLANXEO was 5.51, 4.60 and 5.64 scf/boe, respectively. Additionally, the volume of flared gas for the in-Kingdom wholly owned and operated assets, SASREF, Motiva and ARLANXEO for the years ended 31 December 2021, 2022 and 2023 was 25.8, 23.8 and 27.5 bscf, respectively.

With an aim to further improve its environmental performance, in August 2019, Saudi Aramco formally endorsed and signed the World Bank's initiative of "Zero Routine Flaring by 2030" with the objective of sharing best practices and knowledge in flaring minimisation, report progress and demonstrate its efforts in reaching zero routine flaring. As at 31 December 2023, Saudi Aramco had less than 1% flaring of its gas production.

Methane Emissions

Saudi Aramco maintains a methane leak detection and repair programme covering all operating wholly owned facilities in the Kingdom. Upstream methane intensity was 0.05% for in-Kingdom wholly owned and operated assets for each of the years ended 31 December 2021, 2022 and 2023. Saudi Aramco is committed to reducing its upstream methane intensity to near zero by 2030.

Water Management

Saudi Aramco monitors the total volume of water used in its in-Kingdom operations, including treated water, desalinated seawater, groundwater and reused wastewater. Saudi Aramco has a water conservation policy that uses best practices and technologies to promote the use of sustainable sources of water, optimising water demand, maximising wastewater reuse and minimising water loss. Following the definition of freshwater consumption set forth by the IPIECA (an oil and gas industry association), Saudi Aramco consumed 89.90 million cubic meters of freshwater in 2023.

Additionally, the Company monitors its hydrocarbon discharges by deploying online monitoring systems to provide continuous, reliable and accurate measurements of hydrocarbons in wastewater effluents, helping to proactively manage hydrocarbon discharges to the marine environment in a timely manner.

Renewable Energy and Environmental Stewardship Projects

Saudi Aramco is investing in clean and lower carbon intensity energy and sustainability initiatives throughout its operations both in the Kingdom and abroad with international partners. It is deploying renewable energy systems in office buildings and industrial facilities such as production wells and bulk plants.

Saudi Aramco intends to continue investing in renewables as a complement to its energy products, leveraging the vast solar and wind resources in the Kingdom. For example, it plans to invest in or to have made a final investment decision with respect to 12 GW of solar PV and wind projects by 2030.

In the Kingdom, Saudi Aramco's operational areas include vast tracts of land and sea areas that contain important and sensitive habitats and species. This natural biodiversity is considered an important asset to the Kingdom and Saudi Aramco exerts considerable effort to document, protect and enhance the Kingdom's biodiversity. For example, Saudi Aramco has established a wildlife sanctuary near its Shaybah facility to promote and preserve biodiversity.

Saudi Aramco has also invested in sustainability projects, such as artificial reefs deployed in the Arabian Gulf, a fish hatchery in Abu Ali and reserving areas with significant biodiversity as Saudi Aramco Biodiversity Protection Areas. As of 31 December 2023, Saudi Aramco has planted approximately 30 million mangrove trees.

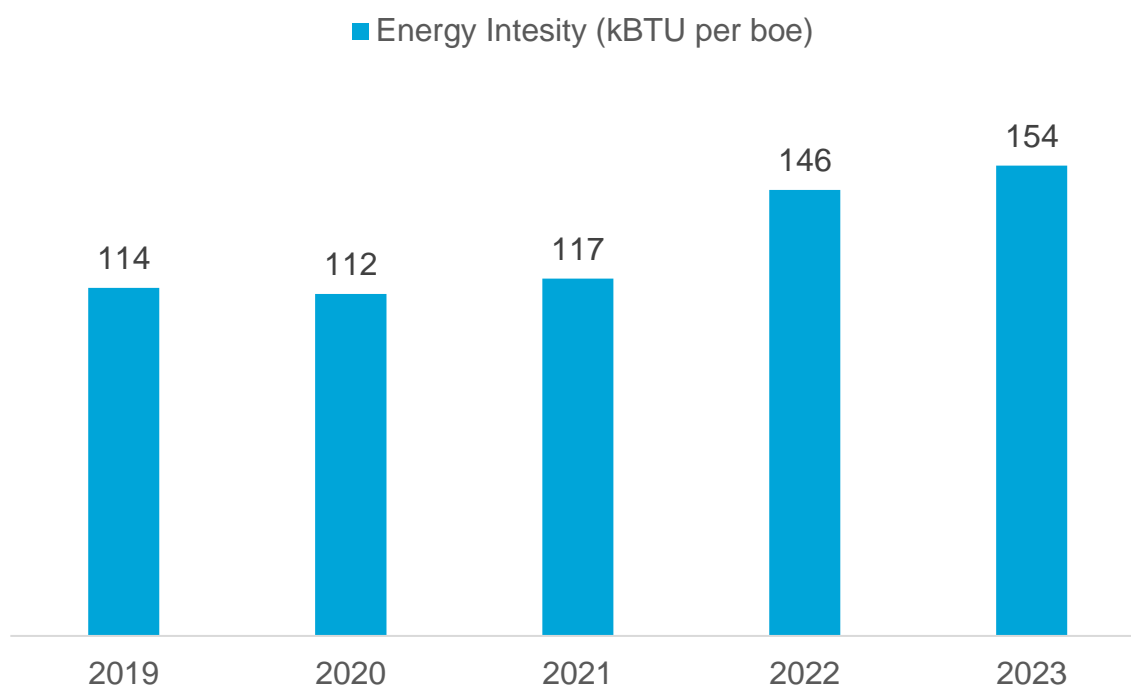
The Company has developed an environmental stewardship programme where staff and communities are encouraged to participate in protecting the environment. The stewardship programme also extends outside the Kingdom where Saudi Aramco collaborates with leading international conservation entities whom Saudi Aramco is assisting in the protection of biodiversity globally.

Energy Efficiency

The Company has been adopting and implementing energy efficient technologies and practices to reduce its energy consumption, reduce its GHG emissions, improve its plant and facility operations and promote an environmentally conscious corporate culture. As part of its energy management efforts, Saudi Aramco monitors the energy intensity of its oil and gas operations and other business activities.

The energy intensity of the Company's in-Kingdom wholly owned and operated assets was 146.2 thousand BTU per boe and 153.8 thousand BTU per boe in 2022 and 2023, respectively.

The following chart illustrates the energy intensity of the Company's in-Kingdom operated facilities from 2019 to 2023.



Source: The Company.

(1) In 2020 and 2021, the reporting boundary was Company in-Kingdom and in 2022 and 2023, the reporting boundary expanded to operational control. In 2022, at a Company in-Kingdom level, the energy intensity was 112.9 thousand Btu/boe.

Corporate Citizenship

Saudi Aramco engages in a range of corporate social responsibility projects and initiatives to support the communities and the environment in which it operates and leverages its know-how and operational capabilities in furtherance of these projects. Saudi Aramco considers these activities to be “corporate citizenship” projects and initiatives. In addition to projects undertaken on its own initiative, the Government has directed, and may in the future direct, Saudi Aramco to undertake projects or provide assistance for initiatives outside Saudi Aramco’s core businesses in furtherance of the Government’s objectives. 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.

The largest corporate citizenship project undertaken by Saudi Aramco on its own initiative was the construction of The King Abdulaziz Center for World Culture (“**ithra**”) in Dhahran, which opened in late 2017. **ithra** is the first of its kind in the Kingdom and contains a 16-floor “knowledge tower” with learning facilities, a children’s museum, performing arts theatre library and cinema. Through **ithra**, Saudi Aramco commits resources across the Kingdom to educating and inspiring youth culturally and through development of STEM knowledge and skills.

Other corporate citizenship initiatives have included the following:

- In 2007, the Government directed Saudi Aramco to build a world-class post-graduate university to complement existing universities in the Kingdom. KAUST sponsors and promotes advanced programmes in strategic fields of science, research and technology development in an effort to achieve the Kingdom’s strategic, economic and social goals and assist domestic industries in becoming competitive at an international level.
- In 2009, at the direction of the Government, Saudi Aramco took part in the establishment of KAPSARC, an international research and policy centre that investigates issues related to energy economics, the environment and energy policy. In 2015, KAPSARC moved into its Riyadh headquarters, constructed by Saudi Aramco.

- As a company operating in an industry that depends on STEM fields, Saudi Aramco has committed resources in the Kingdom, including through KAUST, and abroad to educating students in developing STEM skills. For example, Saudi Aramco facilitated the expansion of the Cambridge Chemistry Challenge at the University of Cambridge and assisted The Academy of Mathematics and Systems Science in China to expand its research and training capabilities in engineering and mathematics. Saudi Aramco also supports research on oil and gas in the Middle East and climate change through a fellowship programme at the Oxford Institute for Energy Studies at the University of Oxford.
- Saudi Aramco provided the funds, and a partner provided the land, to construct the Shamah Autism Center in Dammam. This was the first multidisciplinary autism centre for Saudi children in the Eastern Province of the Kingdom. In addition, Saudi Aramco constructed the Ajyal Center for Comprehensive Education & Life Skills. The centre serves children with developmental disabilities, including autism spectrum disorder, behaviour disorders and intellectual disabilities.
- In addition to environmental initiatives directly associated with operating its facilities, Saudi Aramco has established a wildlife sanctuary in the Rub' al-Khali near its Shaybah facility to promote and preserve biodiversity and, as of 31 December 2023, has planted approximately 30 million mangrove trees along the shores of the Arabian Gulf and established artificial reefs to protect and preserve ecosystems.
- Saudi Aramco partners with various institutions to support research of biodiversity, environmental challenges and climate change.
- Saudi Aramco has established a partnership with Technical & Vocational Training Corp. and other stakeholders to build training academies for young Saudis that provides training in various industry sectors through a sponsorship scheme followed by employment. As at 31 December 2023, Saudi Aramco has established a total of 16 national training centres in the Kingdom. The national training centre initiative was created as part of Saudi Aramco's objective to contribute to the development of the Kingdom's economy. The training centres aim to provide employment opportunities to Saudi nationals in various industries through a sponsorship scheme that provides training followed by employment. The training centres also provide a key platform that strengthens the impact of the iktva and Saudization programmes.
- With the goal of igniting entrepreneurship and enhancing the Kingdom's entrepreneurial and innovation ecosystem, Saudi Aramco established The Saudi Aramco Entrepreneurship Center (Wa'ed) in 2011. Wa'ed deploys a suite of programmes, including enterprise development, seed funding, debt financing and equity investments, to assist entrepreneurs in establishing and expanding their ventures. In 2023, the Company invested \$475 million in social investments globally.
- In April 2021, Saudi Aramco launched, in partnership with the Technical & Vocational Training Corp., the Saudi National Bank, HSBC, Citibank, J.P. Morgan, KPMG, Goldman Sachs, Deloitte, EY and Morgan Stanley, the Finance & Accounting Excellence Academy ("**Altamayyuz Academy**"). The Altamayyuz Academy offers a world-class finance programme for the Kingdom's top graduates developed in partnership with IE University, which adopts an immersive, interactive and experiential methodology to provide its graduates with real-world experience needed and sought by employers across the Kingdom.

Saudi Aramco's Corporate Citizenship Policy sets out four target areas for future expenditures: community economic growth and development, protection of the natural environment, community economic empowerment and community-based corporate citizenship initiatives.

Saudi Aramco expects to continue to engage in a range of corporate citizenship projects and initiatives in the future. These include projects and initiatives which Saudi Aramco believes contribute to society in the Kingdom and aid in the development of a skilled workforce.

For additional information about Saudi Aramco's corporate citizenship activities, see "*Management's Discussion and Analysis of Financial Position and Results of Operations—Components of Results of Operations—Selling, Administrative and General*" and "*Business—Corporate Citizenship*".

Business Development Projects

Saudi Aramco engages in business development projects that it believes benefit its core activities and support the development of the Kingdom's energy sector and local supply chain partners in ways that enhances its long-term commercial interests.

Through its subsidiary, SADCO, Saudi Aramco seeks to build a portfolio of companies and investments to enhance the resilience and competitiveness of its supply chain and create a platform for business diversification. For example, Saudi Aramco is building the International Maritime Industries, an industrial complex that aims to develop, operate and maintain a world-class maritime yard that will host manufacturing and service companies in the energy supply chain. See "*Related Party Transactions—Other Transactions*".

In addition, in support of Saudi Aramco's initiative to develop local supply chains to enhance its long-term commercial interests and reduce procurement costs, Saudi Aramco maintains its iktva programme to increase the use of in-Kingdom suppliers of goods and services. In 2023, 65% of Saudi Aramco's spending was directed to domestic suppliers and Saudi Aramco strives to increase the use of in-Kingdom suppliers of goods and services to 70% through its iktva programme and its development of the King Salman International Complex for Maritime Industries & Services.

In March 2021, the Government announced the launch of the new cooperative Shareek programme, designed to reinforce the private sector by providing it with support through various means, including financial, monetary, operational and regulatory support. The aim of the programme is to support the growth and diversification of the Saudi economy by providing new job opportunities, developing various sectors and strengthening the cooperation between the public and the private sector. In September 2021, Saudi Aramco announced a major expansion of its industrial investment programme, Namaat, to drive the continued growth and development of a resilient and sustainable domestic supply chain. This is achieved by utilising investments, domestic and international partnerships and regional expertise to help aspiring companies develop into national champions in the Kingdom. Saudi Aramco is utilising the Kingdom's Shareek programme that provides a framework to incentivise investments in the Kingdom that are aligned with Saudi Aramco's strategy. Saudi Aramco was the first to take advantage and tap into Shareek programme. In addition, Saudi Aramco launched the Taleed programme in October 2022, which supports the development of commercial ecosystems, enables SME growth and nurtures scalable and sustainable job creation.

As part of the Shareek programme, iktva and Taleed programmes, Saudi Aramco will seek to proactively support and partner with domestic businesses and ventures that contribute to the Kingdom's economic growth and development and are aligned with Saudi Aramco's business strategies. This is in addition to Saudi Aramco's existing programmes of early-stage venture capital investments, targeting new technology applications that may be deployed in its operations, or which may have a broader economic impact in the future.

Relationship with the Kingdom

Overview of the Relationship with the Kingdom

All hydrocarbons in the Kingdom are owned by the Kingdom and, upon extraction or recovery of such hydrocarbons by Saudi Aramco, title to such hydrocarbons automatically passes to it at the ownership transfer point. The Government has the exclusive authority to set production limits and MSC so as to manage the Kingdom's hydrocarbon resources, in accordance with the Hydrocarbons Law. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum hydrocarbon production at any time based on its sovereign energy security goals or for any other reason. The Government communicates its determination of such production limits to Saudi Aramco from time to time.

Pursuant to the Concession, Saudi Aramco has the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, for an initial period of 40 years from 06/04/1439 in the Hijri calendar (corresponding to 24 December 2017), which will be extended by the Government for 20 years provided Saudi Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years after the initial 20-year extension subject to Saudi Aramco and the Government agreeing on the terms of the extension. See "*Material Agreements—The Concession*".

The Kingdom is a member state of OPEC. OPEC is an intergovernmental organisation whose member countries meet periodically and engage in discussions in respect of crude oil. Any independent, sovereign decision that the Kingdom makes pursuant to such discussions is communicated by the Government to Saudi Aramco and can have a direct impact on Saudi Aramco. For additional information concerning Saudi Aramco's relationship with the Government, see *"Related Party Transactions"*.

The Concession

The Arabian American Oil Company Concession Agreement was ratified on 04/02/1352 in the Hijri calendar (corresponding to 29 May 1933) and granted the Company's predecessor certain exclusive rights, including the right to explore, drill, recover and treat crude oil and other hydrogen and carbon compounds in liquid or gaseous state located within certain areas of the Kingdom. Pursuant to Royal Decree No. M/8 dated 04/04/1409 in the Hijri calendar (corresponding to 13 November 1988) approving the Company's original articles, the Company enjoyed all the privileges and rights provided under the Arabian American Oil Company Concession Agreement, and all subsequent supplementary documents, agreements, governmental orders and decisions in connection therewith (collectively, the **"Original Concession"**). Effective 06/04/1439 in the Hijri calendar (corresponding to 24 December 2017), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of Energy (the **"Minister"**), and the Company entered into the revised Concession Agreement (the **"Concession"**), which was adopted under Royal Decree No. (M/38) and replaced and superseded in its entirety the Original Concession on such date (the **"Concession Effective Date"**). Further, on 20/01/1441 in the Hijri calendar (corresponding to 19 September 2019), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister, and the Company entered into an amendment to the Concession, with effect from 1 January 2020 (the **"Concession Amendment"**).

In return for certain royalty payments determined in accordance with the Concession to be made by the Company to the Government, the Government has granted the Company the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, for an initial period of 40 years from the Concession Effective Date, unless terminated earlier in accordance with its terms. The Government will issue a decision to extend the Concession for a period of 20 years on the 30th anniversary of the Concession Effective Date, unless the Company has not met certain specific conditions set forth in the Concession. The Concession can be further extended by an additional 40 years following the 60th anniversary of the Concession Effective Date by mutual agreement between the Government and the Company. The Excluded Areas consist of: (a) the boundaries of the Holy Mosques in Makkah Al-Mukarramah and Madinah Al-Munawwarah, (b) the partitioned territory and its adjoining offshore areas in accordance with the agreements between the Kingdom and the State of Kuwait and (c) the common zone in the Red Sea in accordance with the agreement between the Kingdom and the Republic of Sudan.

The Concession requires that all of the Company's contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise shall be on a commercial basis. The Concession also addresses other areas concerning the Company's relationship with the Kingdom, such as hydrocarbon discoveries and development, local labour requirements and communication of financial information, among other subjects.

For a more detailed summary of the Concession, See *"Material Agreements—The Concession"*.

Employee Development and Other Programmes

Saudi Aramco's employees and workplace culture are important to its success. Saudi Aramco increased its graduate hires from 1,459 in 2022 to 1,665 in 2023 and in 2023, it hired over 7,000 graduates, interns and apprentices. Saudi Aramco invests in its personnel and has implemented a number of training and skills development programmes. Saudi Aramco believes these programmes allow it to shape its workforce for the future. For example, it integrates hands-on technical training and online classes, rotational assignments between business lines within Saudi Aramco, internship and mentorship opportunities, sponsored university degree programmes and leadership courses to develop its own employees and talent. In addition, to promote professional development, Saudi Aramco has established and maintained an e-learning solution that contains a substantive set of courses that include tailored administrative, technical and business courses. This tool is accessible to all employees at no cost to enable continuous development. It also has an apprentice programme that supports high-achieving high school and vocational college students and teaches them skills to enable them to join Saudi Aramco's workforce. Moreover, in order to promote the adoption of its ethics and compliance principles into its corporate culture, Saudi Aramco provides regular training to employees across business lines,

as well as suppliers and contractors, in connection with its Anti-Bribery and Anti-Corruption, Conflict of Interest and Business Ethics policies.

As at 31 December 2021, 2022 and 2023, women comprised 5.6%, 6.4% and 7.2% of Saudi Aramco's workforce, respectively. Saudi Aramco aims to double its female workforce by 2030. To further increase the percentage of women employed by Saudi Aramco and to broaden the pool of qualified female employees in the energy sector generally, Saudi Aramco conducts STEM programming in elementary schools to encourage future careers in these fields. Saudi Aramco also sponsors young Saudi women pursuing degrees in STEM subjects through various training institutes, academies and a university scholarship programme.

Employees

As at 31 December 2021, 2022 and 2023, the Company employed 68,493, 70,496 and 73,311 people, respectively.

The Company achieved Saudization percentages of 90.5%, 90.9% and 90.3% as at 31 December 2021, 2022 and 2023, respectively.

For a description of the Kingdom's Saudization policy and its application to the Company, see "*Regulation of the Oil and Gas Industry in the Kingdom—Other Laws and Regulations—Saudization*".

Employees' Share Plan

The Company established the Saudi Aramco Share Plan to provide additional incentives to employees whose contributions are essential to the growth and success of the Company, to attract and retain qualified individuals and to further align the interests of such employees with shareholders of the Company. The Compensation Committee administers the plan and all sub-plans and has the authority to grant and determine the terms of awards thereunder, consisting of restricted shares and units, performance shares and units and other share based awards. Awards under the plan may be granted to full time employees of the Company and any of its subsidiaries and affiliates selected by the Compensation Committee to participate in the plan.

The Company established sub-plans consisting of (i) a long-term incentive plan for executives, (ii) a long-term incentive plan for other members of management, (iii) an incentive plan for certain other employees, (iv) a celebratory grant plan, pursuant to which eligible employees were awarded a one-time grant of restricted share units following the IPO and (v) an employee stock purchase plan. The Company may establish other sub-plans in the future.

On 11 December 2019, the Company acquired 117.2 million Shares from the Government for the purposes of issuing them to employees through the Company's share plans.

Business Continuity

There has been no suspension or interruption in the Company's business or that of its subsidiaries during the 12-month period preceding the date of this Base Prospectus which would affect or have a significant impact on their financial position and no material change in the nature of its or their business is contemplated.

MATERIAL AGREEMENTS

The Concession

Background

The Arabian American Oil Company Concession Agreement, which was entered into on 04/02/1352 in the Hijri calendar (corresponding to 29/05/1933) was ratified on 14/03/1352 in the Hijri calendar (corresponding to 7 July 1933) pursuant to Royal Decree No. 1135, pursuant to which the Government granted the Company's predecessors certain exclusive rights, including the right to explore, drill, recover and treat crude oil and other hydrocarbons located within certain areas of the Kingdom. Pursuant to Royal Decree No. M/8 dated 04/04/1409 in the Hijri calendar (corresponding to 13 November 1988) approving the Company's original articles, the Company has enjoyed all the privileges and rights provided under the Original Concession. Effective 06/04/1439 in the Hijri calendar (corresponding to 24 December 2017), the Government, represented by the Minister of Energy, and the Company entered into the Concession, which replaced and superseded in its entirety the Original Concession on the Concession Effective Date. Further, on 20/01/1441 in the Hijri calendar (corresponding to 19 September 2019), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of Energy, and the Company entered into the Concession Amendment, with effect from 1 January 2020. In this section, references to "Saudi Aramco" shall mean the Company as the signatory to the Concession.

Grant of Rights

The Concession grants Saudi Aramco the following rights to be exercised during the term of the Concession:

- the exclusive right to explore, drill, prospect, appraise, develop, extract, recover and produce hydrocarbons in the Concession Area;
- the non-exclusive right to manufacture, refine, treat, market, sell, transport and export hydrocarbons and their derivatives extracted, recovered, developed, produced, treated, refined, consumed, transported, manufactured, marketed, sold, exported or dealt with in any other way by Saudi Aramco or on its behalf pursuant to the rights granted to Saudi Aramco in the Concession;
- the exclusive right to market and distribute hydrocarbons, petroleum products and LPG in the Kingdom, with Saudi Aramco's commitment to meeting all the domestic market's needs for such products in accordance with the consumption requirements thereof through domestic production or imports in accordance with laws issued by the Government;
- the right to build, own and operate relevant facilities and assets as may be necessary or desirable to perform Saudi Aramco's operations within the Reserved Areas;
- certain rights related to lands, such as use of land, easements, water rights, right-of-way and other suitable rights of any part of the Concession Areas, that are outside the Reserved Area, designated in connection with Saudi Aramco's operations and transportation of products and free access to and use of any part of the Reserved Area;
- the right to purchase, lease, import or otherwise obtain all materials, equipment and any other supplies required for Saudi Aramco's operations;
- the right to conduct such other activity related to the foregoing subject to the provisions of the Concession and applicable law; and
- the right to receive Government assistance in securing the rights granted in the Concession, obtaining permits, licences and other special approvals and obtaining access, rights of way and water rights from third parties necessary for Saudi Aramco's operations.

Under the Concession, Saudi Aramco is required to obtain the necessary licences, permits and approvals that may be required pursuant to the Hydrocarbons Law, the Law of Gas Supplies (which was superseded by the Energy Supply Law) and Pricing and the regulations issued pursuant to these laws. All hydrocarbons in the Kingdom are owned by the Kingdom, and upon extraction or recovery of such hydrocarbons by Saudi Aramco, title to such hydrocarbons shall automatically pass to Saudi Aramco at the ownership transfer point. Saudi

Aramco has no rights to any natural resources existing in the Concession Area other than hydrocarbons except as otherwise provided in the Concession.

The rights granted to Saudi Aramco under the Concession are subject to the Hydrocarbons Law and other applicable laws and regulations, including production decisions issued by the Government pursuant to its sovereign authority. Saudi Aramco may not sell to any entity any Hydrocarbons or derivatives therefrom in violation of decisions the Government considers necessary for the protection of supreme security interests for the Kingdom in times of war or other emergency in international relations.

Term

The Concession will remain effective for 40 years from the Concession Effective Date, unless terminated earlier in accordance with its terms.

The Government will issue a decision to extend the Concession for a period of 20 years on the 30th anniversary of the Concession Effective Date, provided Saudi Aramco has fulfilled the following conditions: (a) Saudi Aramco has exerted reasonable efforts to maximise reserves and their recovery in the Concession Area, taking into consideration production decisions and Hydrocarbons market conditions; (b) Saudi Aramco has conducted its operations in a manner that (i) is economically efficient, (ii) enhances the productivity of the reservoirs in the long-term in the Concession Area and (iii) supports good management of hydrocarbons, in all cases, according to the Hydrocarbons Law; and (c) Saudi Aramco generally has conducted its activities and operations in the Kingdom in an economically efficient manner thereby enhancing the efficiency of the Kingdom's economy.

If the Concession is extended, as described in the previous paragraph, the Concession may be amended and extended for an additional 40 years following the 60th anniversary of the Concession Effective Date, if Saudi Aramco provides the Government with notice confirming its intent to extend the Concession, at any time from the beginning of the 50th anniversary until the end of the 53rd anniversary of the Concession Effective Date, provided that the parties undertake exclusive negotiations for a two-year period (which may be extended or reduced by the parties), commencing at the end of the 53rd anniversary of the Concession Effective Date, to reach an agreement on the terms and conditions of such amendment and extension. If the Government and Saudi Aramco are unable to reach agreement on the amendment and extension during such exclusive negotiation period, and the Government elects to negotiate with any third party to enter into an agreement with respect to any hydrocarbons activities or operations in the Concession Area, Saudi Aramco will have a priority right to enter into an agreement with the Government under the same terms and conditions as agreed between the Government and such third party, provided that Saudi Aramco notifies the Government of its desire to exercise the priority right within 120 days of its receipt of a written notice from the Government that includes the entire draft agreement with such third party with respect to such hydrocarbons activities and operations.

Conduct of Company's Operations

Pursuant to the Concession, all Company contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise are required to be on a commercial basis.

Saudi Aramco is required to conduct its operations efficiently to achieve the optimal economic balance between reducing the cost of production and raising the recovery rates of hydrocarbons.

Pursuant to applicable law and international industry standards, Saudi Aramco will (a) take all reasonable precautions to limit the damage to water and hydrocarbon bearing formations it may encounter during operations or upon abandonment of any well, (b) take all reasonable precautions to protect against fire and waste of hydrocarbons and water and (c) notify the Government as soon as possible of any damage that requires intervention affecting the fields or facilities and take all necessary measures to stop such damage.

Government Designated Areas

The Government may designate a "Government Designated Area" for any purposes specified by the Government, such as tourism areas, national parks, industrial zones, urban planning areas and mining licence areas, in a manner that shall not hinder Saudi Aramco's operations. The following will be deemed Government Designated Areas: areas located outside the Reserved Areas that are occupied by cities, streets, airports, ports, railways, public roads, public transportation, public communications, water projects, public utilities, military installations, economic and industrial cities, agricultural projects, wildlife protected areas, areas designated for

worship and historical and archaeological areas. If the studies conducted by Saudi Aramco show the possibility of hydrocarbons being under the surface of any of these Government Designated Areas, the Government may allow Saudi Aramco to carry out its operations as agreed with Saudi Aramco.

Discoveries and Reserved Areas

Saudi Aramco will inform the Government in writing of any new discovery of hydrocarbons in the Concession Area. If Saudi Aramco elects to reserve any part of the Concession Area for its operations, Saudi Aramco will provide a written request to the Government specifying (a) the location of such area and (b) Saudi Aramco's intended use of such area. Upon receipt of such request, the Government will take such action as it deems appropriate.

Should the area which Saudi Aramco desires to reserve fall within a Government Designated Area, the Government will cooperate with Saudi Aramco to allow Saudi Aramco to use such area for the production of the hydrocarbons discovered therein and for the conduct of its operations with due regard to limiting the impact of its operations on such area's intended use. The Government will not issue any deeds or licences or the like with respect to any land located within the Reserved Areas.

Saudi Aramco will compensate any person (other than Saudi Aramco) that holds an original property right on land in a Reserved Area pursuant to a deed that meets all legal and regulatory requirements obtained prior to the date such area has been so reserved (a "**Land Occupant**") in a Reserved Area for depriving such Land Occupant of its customary use of the land, provided that such rights held by any such person are valid and enforceable against Saudi Aramco.

Saudi Aramco will not hinder a Land Occupant's use of or access to its land in the Reserved Areas, provided that such use or access will not hinder Saudi Aramco's operations, or otherwise the Land Occupant will be entitled to compensation for being deprived of its customary use of the land. In the event that other rights exist within the Reserved Areas that would impede or disrupt Saudi Aramco's operations, the Government will intervene to protect the rights of Saudi Aramco under the Concession.

The Government may by written notice instruct Saudi Aramco to assess a Gas Field Development Project, following which Saudi Aramco will (a) commence assessment of the Gas Field Development Area, including, as appropriate, conducting exploration operations, and (b) determine if the projected volumes of natural gas to be produced by such Gas Field Development Project will be necessary to meet local demand. Should Saudi Aramco elect to develop any such field, it will prepare a development plan that describes the scope of development and the proposed economic terms relating to such project and submit such plan for review by the Government.

If Saudi Aramco elects not to undertake any Gas Field Development Project as identified by the Government, or if the Government and Saudi Aramco fail to agree on a development plan for such Gas Field Development Project within a period of up to five years (or such longer period as specified by the Government) after the date of the notice instructing Saudi Aramco to assess the Gas Field Development Project, Saudi Aramco will relinquish such field, if independent, and areas reasonably related thereto located within the Gas Field Development Area, provided that the Company need not relinquish any portion of the relevant Gas Field Development Area if: natural gas volumes from such Gas Field Development Project, based on governmental estimates, are not necessary to meet local demand for gas; (b) the Gas Field Development Area is located within the areas of Saudi Aramco's operations; or (c) the Gas Field Development Project would otherwise hinder, affect or interfere with Saudi Aramco's operations or the development of oil and condensate fields or reservoirs.

Saudi Aramco will relinquish any part of the Concession Area that (a) studies conducted by Saudi Aramco establish does not contain hydrocarbons or (b) Saudi Aramco determines not to be feasible for exploration operations during the term of the Concession.

Royalty and Taxes

Royalties payable to the Government with respect to Saudi Aramco's operations are calculated as follows:

- Commencing 1 January 2017, royalties for crude oil and condensates, including those used by the Company in its operations, were calculated based on a progressive scheme applied to crude oil and condensate production value, which was based on Saudi Aramco's official selling prices. The royalty rate was determined based on a baseline rate of 20% applied to the value of production at prices up to \$70 per barrel,

a marginal rate of 40% applied to the value of production at prices above \$70 per barrel up to \$100 per barrel and a marginal rate of 50% applied to the value of production at prices above \$100 per barrel.

- Pursuant to the Concession Amendment, commencing 1 January 2020, the royalties payable with respect to crude oil and condensates, including those used by Saudi Aramco in its operations, are determined based on a baseline rate of 15% applied to the value of production at prices up to \$70 per barrel, a marginal rate of 45% applied to the value of production at prices above \$70 per barrel up to \$100 per barrel and a marginal rate of 80% applied to the value of production at prices above \$100 per barrel.
- With respect to Saudi Aramco's production of natural gas, ethane and NGL, excluding those volumes used by Saudi Aramco for upstream operations and associated plants, crude oil and gas pipelines or storage and export facilities, royalties are calculated based on a flat royalty rate of 12.5% applied to a factor established by the Ministry of Energy. As at the date of this Base Prospectus, the factor to which this royalty is applied is \$0.035 per mmBTU for NGL (propane, butane and natural gasoline) and \$0.00 per mmBTU for natural gas (methane) and ethane. The Minister of Energy may amend the price on which such values are based, taking into account the price that achieves the targeted internal rate of return set by the Minister of Energy in coordination with Saudi Aramco.

In order to increase gas production to meet the needs of the Kingdom, the Government may choose not to collect royalties on natural gas, NGL (including ethane) and condensates for a period specified by the Government with respect to any field as required by the economics of such field's development. Pursuant to the Ministry of Energy's authority under the Concession, on 25 February 2018, the Ministry of Energy decided not to collect royalties from Saudi Aramco on condensate production for a grace period of five years beginning on 1 January 2018. On 17 September 2019, the Ministry of Energy issued Ministerial Resolution No. 1/422/1441, dated 18/01/1441 in the Hijri calendar (corresponding to 17 September 2019), which extends the period for which Saudi Aramco will not be obligated to pay royalties on condensate production after the current five-year period for an additional 10-year period, which may be further extended for subsequent 10-year periods, unless the Government determines the economics impacting gas field development do not warrant such an extension.

The Government has the option to take all or part of the royalty in kind from the produced hydrocarbons See *"Management's Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco's Financial Position and Results of Operations—Fiscal Regime—Income, Taxes and Zakat"*.

Set-Off

The set-off mechanism between the amounts due and payable to Saudi Aramco by the Government and the amounts due and payable by Saudi Aramco to the Government will be pursuant to applicable laws and regulations.

Preservation of Archaeological Sites

Saudi Aramco will take all reasonable measures to preserve archaeological sites that may be in its area of operations and will provide protection for archaeological artefacts it finds during its operations.

Books, Records and Inspection

Saudi Aramco will maintain and retain at any of its offices within the Kingdom, with respect to Saudi Aramco's operations in the Kingdom, all operational, financial, tax and other books and records for each period as required by applicable laws and regulations. Saudi Aramco's financial books and records will be prepared in accordance with the IFRS as endorsed by the Saudi Organization for Chartered and Professional Accountants or as determined by the Government from time to time. The Government and its authorised agents and representatives have the right, pursuant to applicable law, to review, inspect and audit all technical, operational, financial, tax and other records of Saudi Aramco, including the right to examine the systems for calibrating, measuring and weighing of hydrocarbons and to examine and test the instruments used therefor.

Saudi Aramco accounts will be held in U.S. Dollars, which is the controlling currency of the accounts for purposes of the Concession.

Human Resources

Saudi Aramco will employ Saudi Arabian nationals in all posts for which they have necessary qualifications, knowledge and experience, but may employ qualified non-Saudi Arabian nationals in posts for which they have the necessary qualifications and as necessary for Saudi Aramco's ability to compete and innovate in the event such posts could not be filled by Saudi Arabian nationals with the same qualifications and experience. Saudi Aramco will deliver to the Government, upon the Government's request, a report specifying the incentives and procedures to be implemented to increase the number of employed Saudi Arabian nationals in order to meet the percentage of Saudi Arabian nationals required by applicable law. Saudi Aramco is required to implement programmes to train employed Saudi Arabian nationals in aspects of the hydrocarbons industry and other associated specialties in order to fulfil Saudi Aramco's goals.

Access; Non-Interference

The Government has the right to inspect Saudi Aramco's operations related to exploration, prospecting, exploitation, manufacturing, refining, transportation and marketing. In coordination with Saudi Aramco, and taking into account Saudi Aramco's use conditions and safety rules, the instructions issued by the High Commission for Industrial Security at the Ministry of Interior and such other applicable safety and security rules and regulations, the Government may access installations and facilities utilised in Saudi Aramco's operations within the Reserved Areas for inspection purposes and in a manner that does not hinder or interfere with Saudi Aramco's operations.

Insurance

Saudi Aramco will provide such insurance coverage for its assets as it deems appropriate to meet the requirements of international industry standards and applicable law. Saudi Aramco is entitled to appoint affiliates as primary or additional insurers or as reinsurers, or to be self-insured.

Certain Obligations and Rights of the Parties

In no event will the exercise of any rights to acquire or use land, water or other natural products by Saudi Aramco imply any assignment of title by the Government or deprive the Government of the use of such rights in a manner that will not hinder or interfere with Saudi Aramco's operations. The Government will assist Saudi Aramco in securing, protecting and enforcing such rights to facilitate the orderly conduct of Saudi Aramco's operations in accordance with the Concession, including the acquisition by Saudi Aramco of necessary rights to any land in the Concession Area required for Saudi Aramco's exploration operations, provided that Saudi Aramco compensates, in accordance with applicable law, any person who owns the land pursuant to a deed that meets all legal and regulatory requirements and that is issued prior to Saudi Aramco's commencement of the exploration operations.

Saudi Aramco's operations in connection with the Concession will be exempt from the Kingdom's Competition Law.

Saudi Aramco will not pay or be responsible for any custom duties, custom returns, other direct or indirect import taxes or similar charges or any export duties on hydrocarbons.

The Government will provide to Saudi Aramco: (a) reasonable assistance with respect to Saudi Aramco's performance of its operations; (b) reasonable assistance to acquire any rights upon the request of Saudi Aramco and as permitted under applicable law and the Concession, including the right of the Government to expropriate property pursuant to the Kingdom's Law of Eminent Domain and Temporary Seizure of Real Estate; and (c) act in a timely manner when Government approvals are required pursuant to the Concession, giving due consideration, however, to the facts and circumstances and Government requirements at that time.

In the event of a national emergency resulting from war, threat of war, insurrection or critical shortage of hydrocarbons, the Government has the right to seize Hydrocarbons from Saudi Aramco, use the fields and facilities in the Concession Area during any such emergency and require Saudi Aramco to increase production from its operations in case it is unable to meet the Government's needs from Saudi Aramco's then-current production, provided that the Government compensates Saudi Aramco at fair value for such hydrocarbons and the use of such property.

Force Majeure

If Saudi Aramco's operations are delayed, curtailed or prevented by force majeure, then the time to carry out the obligations thereby affected and all other rights and obligations under the Concession (except for any obligations requiring payment of money due and payable) will be extended for a period equal to the period of the force majeure thus involved.

Termination

Except as described in "*Force Majeure*" above, Saudi Aramco will be in default under the Concession if Saudi Aramco persistently fails to perform its material obligations thereunder or fails to make any material, undisputed payment thereunder when due to the Government, and any such failure is continuing and has not been remedied (a) with respect to Saudi Aramco's payment obligations to the Government, within 90 days after a written notice of default is given to Saudi Aramco by the Government or (b) with respect to Saudi Aramco's material non-payment obligations, within a reasonably practicable cure period in light of the nature of such default starting from the date Saudi Aramco receives such written notice of default, provided that the foregoing will not be deemed a default while Saudi Aramco continues to undertake corrective actions with respect to such default during such cure period.

The Government has the right to terminate the Concession by written notice from the Government to Saudi Aramco to the extent a default has occurred and is continuing as set forth above. The Concession will also be terminated without notice or any other action on the date Saudi Aramco is duly dissolved.

Upon termination or expiry of the Concession, all properties of Saudi Aramco related to its upstream operations within the Kingdom and such plants, pipelines for the transfer of crude oil and gas and storage and export facilities directly related to such upstream operations, whether moveable or immovable, will become the property of the Government. Saudi Aramco will continue to own all of its other assets and will maintain the absolute right to dispose of or operate such assets or to continue its operations pursuant to applicable law.

Governing Law and Disputes

The Concession is governed by and construed in accordance with the applicable legislation in the Kingdom.

The Government and Saudi Aramco will attempt to resolve, in good faith and in an amicable and equitable manner, any dispute or claim in connection with the Concession through authorised representatives. If any such dispute is not so resolved between the parties within 90 days from the date on which either party receives written notification from the other party that such dispute exists, then either party will have the rights and remedies provided to such party under applicable law. In case of an on-going and continuous dispute relating to technical or operational matters, the parties may by mutual agreement appoint a qualified and independent hydrocarbons industry expert who will be jointly selected by the parties to review such dispute using international commercial and engineering standards, under the supervision of both the Government and Saudi Aramco and in accordance with procedures to be timely agreed to by the parties.

Assignments

Saudi Aramco may not assign, transfer or pledge any part of its rights and obligations under the Concession to any third party without the prior written consent of the Government.

Reports

As soon as practicable, Saudi Aramco will provide the Government with certain technical reports and any other reports the Government requests in relation to Saudi Aramco's operations. Saudi Aramco will furnish the Government (a) within 45 days after the end of the first, second and third quarters of each financial year, quarterly financial statements certified by an authorised financial officer of Saudi Aramco and, within 90 days after the end of each financial year, annual financial statements audited by an internationally recognised accounting firm acceptable to the Government, in each case, prepared in accordance with IFRS, (b) as soon as practically possible, the total sum of royalties, taxes and other amounts Saudi Aramco paid to the Government during the preceding month and periodical reports prepared by Saudi Aramco to set its sale prices for crude oil and (c) any other financial information the Government may request periodically or from time to time relating to Saudi Aramco's operations and financial position.

Agreements with Key Customers

There is no single customer that constituted 5% or more of Saudi Aramco's total revenue and other income related to sales in the years ended 31 December 2021, 2022 and 2023.

Agreements with Key Suppliers

The Company purchases materials and services from local and international suppliers. There is no single third party supplier that constituted 5% or more of Saudi Aramco's total purchases in the years ended 31 December 2021, 2022 and 2023.

Certain financing arrangements of Saudi Aramco

The following is a summary of material financing arrangements entered into by the Company:

Revolving Credit Facilities

On 4 April 2022, the Company entered into new five-year unsecured revolving credit facilities aggregating to SAR 37.5 billion (\$10 billion) to replace the previously expired \$10 billion revolving credit facilities. The new facilities comprise USD denominated conventional facilities of SAR 30 billion (\$8 billion) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7.5 billion (\$2 billion). The Company shall apply all amounts advanced to it under these facilities for general corporate purposes. The Company has the option to extend the facilities' maturity date twice by one year each time. No amounts have been drawn against these facilities as of 31 December 2023.

Domestic Sukuk Programme

On 21 March 2017, Saudi Aramco established a Saudi Riyal denominated Domestic Sukuk Program for the issuance of up to SAR 37.5 billion (\$10 billion) in aggregate nominal amount of sukuk, and was updated on 24 February 2021. On 10 April 2017, SAR 11.3 billion sukuk were issued under the program with a maturity date of 10 April 2024. On 28 March 2024, the maturity date of the sukuk issued was extended by one year to 10 April 2025, subject to an early redemption option.

The Programme

On 7 June 2021, Saudi Aramco established the Programme with an unlimited programme size. On 17 June 2021, SAR 22.5 billion (\$6.0 billion) in aggregate face amount of trust certificates were issued in three series under the Programme: SAR 3.75 billion (\$1 billion) trust certificates due 17 June 2024, SAR 7.5 billion (\$2 billion) trust certificates due June 2026 and SAR 11.25 billion (\$3 billion) trust certificates due 2031.

The GMTN Programme

On 1 April 2019, Saudi Aramco established the GMTN Programme pursuant to which it may from time to time issue medium term notes. On 16 April 2019, Saudi Aramco issued \$12.0 billion in aggregate principal amount of senior unsecured notes under the GMTN Programme comprising five series: \$1.0 billion 2.750% senior notes due 2022; \$2.0 billion 2.875% senior notes due 2024; \$3.0 billion 3.500% senior notes due 2029; \$3.0 billion 4.250% senior notes due 2039 and \$3.0 billion 4.375% senior notes due 2049. On 24 November 2020, Saudi Aramco issued \$8.0 billion in aggregate principal amount of new senior unsecured medium term notes under the GMTN Programme comprising five series: \$0.5 billion 1.250% senior notes due 2023; \$1.0 billion 1.625% senior notes due 2025; \$2.0 billion 2.250% senior notes due 2030; \$2.25 billion 3.250% senior notes due 2050 and \$2.25 billion 3.500% senior notes due 2070.

MANAGEMENT

The Board of Directors

The Board of Directors comprises 11 Directors elected by an Ordinary General Assembly convened in accordance with the Bylaws, except that, pursuant to the Bylaws, the President and Chief Executive Officer has a permanent membership on the Board of Directors without being subject to election or any further action by the General Assembly. The Companies Law, the Bylaws and the internal governance regulations of the Company determine the duties and responsibilities of the Board of Directors. The term of a Director is for a period not to exceed three years, subject to renewal or extension. There is no limit on the number of terms that a Director may serve on the Board of Directors.

The Bylaws set forth requirements concerning the composition of its Board of Directors, including that the number of independent directors must satisfy the minimum requirements of applicable laws and regulations in the Kingdom. The current Board of Directors was elected at the Company Ordinary General Assembly held on 27/10/1445 in the Hijri calendar (corresponding to 6 May 2024), and all Directors, other than the Company's President and CEO, Mr. Nasser, were elected for a term of three years commencing on 25/12/1445 in the Hijri calendar (corresponding to 1 July 2024) and ending on 25/01/1449 in the Hijri calendar (corresponding to 30 June 2027).

The business address of each Director is the registered address of the Company. There are no existing or potential conflicts of interest between any duties of any Director towards the Company and the Director's private interests or other duties.

The following table sets forth the current members of the Board of Directors:

Name	Position	Independent	Original Date of Appointment to the Board	Date of Appointment to the Current Board
H.E. Yasir O. Al-Rumayyan	Chairman, Non-Executive Director	No	20 June 2016	1 July 2024
H.E. Dr. Ibrahim A. Al-Assaf	Deputy Chairman, Non-Executive Director	No	2 January 1999	1 July 2024
H.E. Mohammed A. Al-Jadaan	Non-Executive Director	No	24 April 2018	1 July 2024
H.E. Faisal F. Alibrahim	Non-Executive Director	No	1 July 2024	1 July 2024
Mr. Andrew N. Liveris	Non-Executive Director	Yes	1 July 2018	1 July 2024
Ms. Lynn Laverty Elsenhans	Non-Executive Director	Yes	24 April 2018	1 July 2024
Mr. Mark A. Weinberger	Non-Executive Director	Yes	31 March 2020	1 July 2024
Mr. Stuart T. Gulliver	Non-Executive Director	Yes	1 July 2021	1 July 2024
Mr. Khalid H. Al-Dabbagh	Non-Executive Director	No	1 July 2021	1 July 2024
Mr. Robert W. Dudley	Non-Executive Director	Yes	1 July 2024	1 July 2024
Mr. Amin H. Nasser	Director, President and Chief Executive Officer	No	25 October 2010	1 July 2024

Source: The Company.

Biographies of the Directors

Brief biographies of all of the directors are set out below:

H.E. Yasir O. Al-Rumayyan (Chairman)

H.E. Yasir O. Al-Rumayyan, 54, is the Chairman of the Board. H.E. Al-Rumayyan has served as a Director of the Company since 2016. Currently, H.E. Al-Rumayyan serves as Governor and director of the board of the PIF. He also serves as Member of the Council of Economics and Development Affairs, as well as a director on the board of Reliance Industries.

H.E. Al-Rumayyan also currently serves in the following capacities:

- Chairman of NEOM Investment Fund, since 2023;
- Chairman of Magic Leap, Inc, since 2023;

- Member of the Board of Trustees of the Hevolution Foundation, since 2022;
- Chairman of the Future Investment Initiative Institute, since 2022;
- Director of Ceer National Automotive, since 2022;
- Director of Savvy Games Group, since 2022;
- Chairman of Aviation Services Company, since 2022;
- Chairman of LIV Golf Investments Ltd, since 2021;
- Director of Oil Park Development Company, since 2021;
- Chairman of Newcastle United Football Club, since 2021;
- Director of the Board of Destinations Development Company, since 2021;
- Member of the Large Companies Investment Committee (Shareek), since 2021;
- Chairman of Golf Saudi, since 2019;
- Director of NEOM Company, since 2019;
- Chairman of Saudi Arabian Mining Company (Ma'aden), since 2019;
- Director of the Red Sea Company, since 2018;
- Vice Chairman of Roshn Real Estate Company, since 2018;
- Director of Qiddiya Investment Company, since 2018;
- Chairman of Noon Investments Company, since 2017; and
- Chairman of Sanabil Investments, since 2017.

H.E. Al-Rumayyan has also held the following positions:

- Director of the board of Uber Technologies, Inc from 2016 to 2023;
- Director of the board of ARM Limited from 2018 to 2022;
- Director of the board of Red Sea Cruises Company from 2019 to 2022;
- Vice Chairman of Saudi Information Technology Company (SITE) from 2019 to 2022;
- Director of the board of SoftBank Group Corp. from 2017 to 2020;
- Member of the Board of Governors of the Islamic Development Bank from 2016 to 2020;
- Director of the board of the Saudi Industrial Development Fund from 2016 to 2020;
- Director of the board of the Saudi Exchange from 2014 to 2015;
- CEO and Director of Saudi Fransi Capital LLC from 2011 to 2015;
- Director of Corporate Finance and Issuance, CMA from 2008 to 2010; and
- Head of International Brokerage for Saudi Hollandi Bank from 1994 to 2004.

H.E. Al-Rumayyan obtained a B.S. in Accounting from King Faisal University in 1993 and completed a General Management Programme at Harvard Business School in 2007.

H.E. Dr. Ibrahim A. Al-Assaf

H.E. Dr. Ibrahim A. Al-Assaf, 75, has served as a Director of the Company since 1999. Currently, H.E. Dr. Al-Assaf serves as a Minister of State of the Kingdom and a member of the Council of Ministers, the Council of Political and Security Affairs, and the Council of Economic and Development Affairs. He also serves as a director on the board of the PIF.

H.E. Dr. Al-Assaf has also served in the following capacities:

- Minister of Foreign Affairs from 2018 to 2019;
- Minister of State of the Kingdom from 2016 to 2018;
- Chairman of Sanabil Investments Company from 2009 to 2017;
- Minister of Finance of the Kingdom from 1996 to 2016;
- Governor of the International Monetary Fund from 1996 to 2016;
- Governor of the World Bank from 1996 to 2016;
- Governor of the Arab Monetary Fund from 1996 to 2016; and
- Governor of the Islamic Development Bank from 1996 to 2016.

H.E. Dr. Al-Assaf obtained a B.S. in Economics and Political Science from King Saud University in 1971, an M.A. in Economics from the University of Denver in 1976 and earned a Ph.D. in Economics from Colorado State University in 1982.

H.E. Mohammed A. Al-Jadaan

H.E. Mohammed A. Al-Jadaan, 60, has served as a Director of the Company since 2018. Currently, H.E. Al-Jadaan serves as the Minister of Finance of the Kingdom and a member of the Council of Ministers. He also serves as a member of the Council for Economic and Development Affairs of Saudi Arabia.

H.E. Al-Jadaan also currently serves in the following capacities:

- Chairman of the General Authority for Awqaf, since 2022;
- Director of Economic Cities and Special Zones Authority, since 2022;
- Chairman of the Zakat, Tax and Customs Authority, since 2021;
- Chairman of Expenditure & Projects Efficiency Authority, since 2021;
- Chairman of Saudi Authority for Accredited Valuers, since 2021;
- Chairman of the National Center of Government Resources Systems, since 2021;
- Director of Digital Government Authority, since 2021;
- Director of Royal Commission for Makkah City and Holy Sites, since 2021;
- Chairman of the General Organization for Social Insurance, since 2020;
- Director of General Authority for Statistics, since 2020;
- Chairman of the National Center for Privatization & PPP (NCP), since 2019;
- Chairman of the National Debt Management Center, since 2019;
- Director of the Saudi Authority for Data and Artificial Intelligence, since 2019;
- Director of the Royal Commission for Riyadh City, since 2019;

- Committee Chairman of the Privatization Programme Committee, since 2019;
- Chairman of the Non-Oil Revenue Center, since 2018;
- Chairman of the State Properties General Authority, since 2018;
- Committee Chairman of the Fiscal Sustainability Programme Committee, since 2017;
- Committee Chairman of the Financial Sector Development Programme Committee, since 2017;
- Committee Chairman of the Fiscal Balance Programme Committee, since 2017;
- Director of National Development Fund, since 2017;
- Director of General Authority for Military Industries, since 2017;
- Director of the PIF, since 2016;
- Director of Military Industries Corporation, since 2016;
- Member of the board of Governors of the Islamic Development Bank, since 2016;
- Member of the board of Governors of the International Monetary Fund, since 2016;
- Member of the board of Governors of the World Bank, since 2016;
- Member of the board of Governors of the Arab Fund for Economic and Social Development, since 2016;
- Member of the board of Governors of the Arab Monetary Fund, since 2016;
- Member of the board of Governors of the Arab Bank for Economic Development in Africa, since 2016;
- Member of the board of Governors of the Asia Infrastructure Investment Bank, since 2016;
- Member of the board of Governors of the Arab Authority for Agricultural Investment and Development, since 2016; and
- Member of the board of Governors of the Arab Investment and Export Credit Guarantee Corporation, since 2016.

H.E. Al-Jadaan has also served in the following capacities:

- Acting Minister of Economy and Planning from 2020 to 2021;
- Chairman of the CMA from 2015 to 2016; and
- Co-founder and Managing Partner of Al-Jadaan & Partners Law Firm from 1996 to 2015.

H.E. Al-Jadaan obtained a B.A. in Islamic Shari'a, with a specialty in Islamic Economics from Imam Muhammad bin Saud Islamic University in 1986, and earned a degree in Legal Studies from the Institute of Public Administration, Riyadh in 1998.

H.E. Faisal F. Alibrahim

H.E. Faisal F. Alibrahim, 43, has served as a Director of the Company since 1 July 2024. Currently, H.E. Alibrahim is the Minister of Economy and Planning of Saudi Arabia and is also the Supervisor of the Secretariat of the Council of Economic and Development Affairs (CEDA) and a member of the council. He also serves as Chairman of the board of directors of the General Authority for Statistics and the National Infrastructure Fund (INFRA).

H.E. Alibrahim is also a member of several governmental committees such as the Finance Committee, the Strategic Management Committee, the CEDA Standing Committee, the Supreme National Investment Council, the Supreme National Council for Industry, the Supreme Transportation and Logistics Committee, the Large

Companies Investment Committee, the National Incentives Committee, the Privatization Program Committee, the Financial Sector Development Program Committee, and the National Transformation Program Committee.

H.E. Alibrahim also currently serves in the following capacities:

- Director of the Zakat, Tax and Customs Authority, since 2024;
- Director of the PIF, since 2023;
- Director of the National Center for Performance Management, since 2023;
- Director of the National Development Fund, since 2021;
- Director of the Royal Commission for Riyadh City, since 2021;
- Director of the General Organization for Social Insurance, since 2021;
- Director of the Cultural Development Fund, since 2021; and
- Director of the Local Content and Government Procurement Authority, since 2019.

H.E. Alibrahim has also served in the following capacities:

- Vice Minister of Economy and Planning from 2018 to 2021;
- Advisor to the Minister of Economy and Planning from 2016 to 2018; and
- Key position holder at the Company from 2009 to 2015, including Director of Commercial, King Salman International Complex for Maritime Industries and Service, head of Mergers and Acquisitions and Vice President of Aramco Development Company.

H.E. Alibrahim obtained a B.S. in Economics and a B.S. in Accounting, with a minor in Management Information Systems, from Pennsylvania State University in 2004 and an MBA from the Massachusetts Institute of Technology in 2009. H.E. Alibrahim is a World Economic Forum Young Global Leader and member of the UCLA Health International Advisory Board.

Mr. Andrew N. Liveris

Mr. Andrew N. Liveris, 70, has served as an independent Director of the Company since 2018. Currently, Mr. Liveris serves on the board of Lucid Motors, as Deputy Chairman of the board of Worley Parsons, and as a director on the boards of IBM Corporation and the Hevolution Foundation. He also serves on the board of Trustees of KAUST and the United States Council for International Business. He is the founder and Chairman of The Hellenic Initiative and was named the President of the Brisbane Organizing Committee for the 2032 Olympic and Paralympic Games. He is also an adviser to Teneo and the PIF, and a member of the Advisory boards of Sumitomo Mitsui Banking Corporation (SMBC), NEOM and Salesforce.com, Inc.

Mr. Liveris has also served in the following capacities:

- Executive Chairman on the board of DowDuPont Inc. from 2017 to 2018; and
- Chairman, President and CEO of The Dow Chemical Company from 2006 to 2018.

Mr. Liveris obtained a B.S. in Chemical Engineering from the University of Queensland in 1975, graduating with first class honors and awarded the University Medal. He was awarded honorary doctorates in Science from the University of Queensland in 2005, in Commercial Sciences from the University of Central Michigan in 2006, in Engineering from Michigan State University in 2015 and in Law from Northwood University in 2015.

Ms. Lynn Laverty Elsenhans

Ms. Lynn Laverty Elsenhans, 68, has served as an independent Director of the Company since 2018. Currently, Ms. Elsenhans serves as a director on the board of Baker Hughes Company.

Ms. Elsenhans has also served in the following capacities:

- Director of GlaxoSmithKline plc from 2012 to 2022;
- Director of Baker Hughes, a GE Company from 2017 to 2019;
- Director of Baker Hughes Inc. from 2012 to 2017;
- Director of Flowserve Corporation from 2014 to 2017;
- Director of International Paper Company from 2007 to 2012;
- President and CEO of Sunoco, Inc. from 2008 to 2012, becoming Chairwoman in 2009;
- Chairwoman of Sunoco Logistics Partners from 2008 to 2012, becoming CEO in 2010; and
- Executive at Royal Dutch Shell from 1980 to 2008, holding several senior executive roles including Executive Vice President Global Manufacturing.

Ms. Elsenhans obtained a B.A. in Applied Mathematics from Rice University in 1978, and an MBA from Harvard University in 1980.

Mr. Mark A. Weinberger

Mr. Mark A. Weinberger, 62, has served as an independent Director of the Company since 2020. Currently, Mr. Weinberger serves as a director on the boards of JPMorgan Chase, Johnson & Johnson and MetLife, Inc. He is a member on the board of Trustees for the Greater Washington Partnership, The Concord Coalition, Emory University, and Case Western Reserve University. He is a Strategic Adviser to the board of FCLTGlobal. He is a Senior Adviser to Stone Canyon Industries Holdings, Tanium, Teneo and Chief Executives for Corporate Purpose (CECP). He is an Executive Adviser to G100 and World 50. Mr. Weinberger sits on the board of directors of JUST Capital Foundation, Inc., the National Bureau of Economic Research (NBER) and the board of Advisers of American Council of Capital Formation. Mr. Weinberger is also a member of the Advisory board of the Liveris Academy for Innovation and Leadership at The University of Queensland.

Mr. Weinberger has also served in the following capacities:

- Global Chairman and CEO of Ernst & Young (EY) from 2013 to 2019 and a director since 2000, during which time he held a series of roles;
- Director on the board of U.S. Business Roundtable from 2014 to 2019;
- Director on the board of Catalyst, Inc. from 2013 to 2019;
- Co-Founder and Principal of Washington Counsel, P.C. (acquired by EY) from 1996 to 2000;
- Partner at Oldaker, Ryan & Leonard from 1995 to 1996;
- Member of the International Business Council at the World Economic Forum from 2013 to 2019;
- Global Agenda Steward for Economic Progress at the World Economic Forum; and
- Chairman of the International Business Leaders Advisory Council (IBLAC) from 2017 to 2018.

Mr. Weinberger has also served the U.S. government in the following capacities:

- Member of the President's Strategic and Policy Forum under President Trump in 2017;
- Member of the President's Infrastructure Task Force under President Obama from 2015 to 2016;
- Assistant Secretary of the U.S. Department of Treasury (Tax Policy) in 2001 and 2002;
- Member of the Social Security Administration Advisory board (appointed by President Clinton) in 2000;

- Chief of Staff to President Clinton’s Bipartisan Commission on Entitlement and Tax Reform in 1994; and
- Chief Tax and Budget Counsel, U.S. Senate to Senator John C. Danforth (R-Missouri) from 1991 to 1994.

Mr. Weinberger obtained a B.A. in Economics from Emory University in 1983. He also earned an MBA and a J.D. from Case Western Reserve University in 1987, and an L.L.M. in Taxation from Georgetown University Law Center in 1991.

He has an honorary doctorate from the Kogod School of Business at American University in Washington, D.C.

Mr. Stuart T. Gulliver

Mr. Stuart Gulliver, 65, has served as an independent Director of the Company since 2021. Mr. Gulliver currently serves as a director on the boards of the Saudi Awwal Bank and Jardine Matheson. He serves on the international advisory council for the Hong Kong Stock Exchange. He also serves as the Chairman for Maggie’s Cancer Charity.

Mr. Gulliver has also served in the following capacities:

- Group Chief Executive Officer with HSBC Holdings plc from 2011 to 2018;
- Chairman of the Hong Kong and Shanghai Banking Corporation from 2011 to 2018;
- Executive Director of HSBC Holdings plc from 2008 until 2018;
- Executive Director of the Hong Kong and Shanghai Banking Corporation from 2006 to 2018;
- Chairman of HSBC Private Banking Holdings (Suisse) SA from 2010 to 2011, and HSBC France from 2009 to 2012;
- Deputy Chairman of HSBC Trinkaus & Burkhardt AG from 2007 to 2011, and a member of its Supervisory board from 2006 to 2011;
- Group Managing Director, USA with HSBC from 2004 to 2011;
- Chairman of HSBC Bank plc, and HSBC Bank Middle East Limited, in 2010;
- Chief Executive Officer, Global Banking Markets & Global Asset Management with HSBC from 2006 to 2010;
- Co-head of Corporate Investment Banking and Markets from 2003 to 2006;
- Group General Manager at HSBC from 2000 to 2004;
- Head of Treasury and Capital Markets Asia Pacific for HSBC 1996 to 2002; and
- Joined HSBC as graduate trainee in 1980.

Mr. Gulliver obtained an M.A. in Jurisprudence from the University of Oxford in 1980.

Mr. Khalid H. Al-Dabbagh

Mr. Khalid H. Al-Dabbagh, 62, has served as a Director of the Company since 2021. Currently, Mr. Al-Dabbagh also serves as Chairman of the board of directors for SABIC, member of the investment committee of the PIF, director on the Board of Governors of the GCC Board Directors Institute, member of the World Economic Forum Chairpersons’ Committee and member of the King Abdulaziz Excellence Award Board Advisory Committee.

Mr. Al-Dabbagh has also served in the following capacities at the Company:

- Senior Vice President Finance, Strategy & Development from 2018 to 2021;

- Financial Controller from 2012 to 2018;
- Treasurer from 2010 to 2012;
- Manager of the Business Analysis Department, with Strategy & Marketing Analysis from 2008 to 2010;
- Acting Executive Director of Marketing, Supply and Joint Venture Coordination, 2008;
- Manager of Crude Oil Sales and Marketing, 2008;
- Director of Joint Venture Development and Support from 2006 to 2008;
- President and Chief Executive Officer for Saudi Petroleum International, Inc. in New York from 2003 to 2006; and
- Managing Director for Saudi Petroleum Limited in Tokyo from 2001 to 2003.

Mr. Al-Dabbagh has also previously served as:

- Chairman of the board of the SADCO from 2018 to 2021;
- Chairman of the Wisayah Investment Management Company from 2019 to 2021;
- Board member of the Pengerang Refining and Petrochemical (PRefChem) from 2018 to 2020;
- Board member of Sadara Chemical Company from 2015 to 2018;
- Board member of ARLANXEO Holding B.V. from 2016 to 2018;
- Board member of Aramco Ventures LLC from 2015 to 2018;
- Board member of the Saudi Aramco Entrepreneurship Center from 2014 to 2017;
- Board member of Aramco Trading Company (ATC) and the Chairman of its Board Audit Committee from 2011 to 2013;
- Board member of Saudi Aramco Base Oil Company (Luberef) from 2009 to 2011;
- Board member of Fujian Refining and Petrochemical Company from 2007 to 2009;
- Vice Chairman of Sinopec SenMei Products Company from 2007 to 2009;
- Board member of Showa Shell Sekiyu K.K. from 2007 to 2009; and
- Board member of the Arab Petroleum Pipeline Company (Sumed) from 2000 to 2001.

Mr. Al-Dabbagh obtained a B.S. degree in Industrial Engineering from the University of Toledo in 1985, and has completed a number of executive leadership programmes including the Senior Executive Programme at London Business School.

Mr. Robert W. Dudley

Mr. Robert Dudley, 68, has served as an independent Director of the Company since 1 July 2024. Currently, Mr. Dudley also serves as Chairman of the board of directors for Prism Global Management, LLC and Axio. Mr. Dudley also serves as a director on the boards of LyondellBasell Industries, Freeport-McMoran, Bahrain Petroleum Company (BAPCO) 8 Rivers Capital and RMI.

Mr. Dudley has also served as an executive at Amoco and then BP from 1979 to 2020, holding several senior executive roles, including the following positions:

- Group Chief Executive Officer with BP p.l.c. from 2010 to 2020;
- Managing director, BP's Asia and Americas Department from 2009 to 2010;

- President and Chief Executive Officer, TNK-BP from 2003 to 2009; and
- Director, Gas, Power and Renewables, BP Amoco from 2001 to 2002.

Mr. Dudley obtained a B.A. in Chemical Engineering from University of Illinois Urbana-Champaign in 1977, an M.A. in International Business from Thunderbird School of Global Management in 1978 and an MBA from Southern Methodist University in 1979.

Mr. Amin H. Nasser

Mr. Amin H. Nasser, 65, has served as the President and Chief Executive Officer of the Company since 2015. Mr. Nasser has been a Director since 2010. Currently, Mr. Nasser is a member of the International Advisory Board of KFUPM, the board of Trustees of KAUST, the World Economic Forum's International Business Council (IBC), the Massachusetts Institute of Technology Presidential CEO Advisory board, the JP Morgan International Council and the board of BlackRock, Inc.

Prior to serving as President and CEO, Mr. Nasser served in a number of leadership positions at the Company, including as Senior Vice President of Upstream from 2007 to 2015, and VP of Petroleum Engineering and Development from 2006 to 2007.

Mr. Nasser obtained a B.S. in Petroleum Engineering from KFUPM in 1982. He also completed the Senior Executive Programme at Columbia University in 2002, the Saudi Aramco Global Business Programme in 2000, and the Saudi Aramco Management Development Seminar in Washington, D.C. in 1999.

Committees

To optimise the management of the Company, the following committees of the Board of Directors were established: (i) the Audit Committee; (ii) the Nomination Committee; (iii) the Compensation Committee; and (iv) the Sustainability, Risk and HSE Committee. Each committee is chaired by an independent Non-Executive Director. Each Committee is required to have clear rules identifying its role, its powers and its responsibilities and minutes must be prepared for each meeting of each Committee.

The following is a summary of the structure, responsibilities and current members of each Committee:

Audit Committee

The primary role of the Audit Committee is to monitor the Company's affairs and assist the Board of Directors and its Directors with oversight of the financial reporting and disclosure process, including oversight of: (i) the integrity, effectiveness and accuracy of the Company's consolidated financial statements and reports, and the performance, soundness and effectiveness the Company's internal controls, audit, financial reporting and financial risk management; (ii) the qualifications and performance of the Company's internal auditor; (iii) the qualifications, independence and performance of the Company's independent external auditor; and (iv) the Company's compliance with legal and regulatory requirements. Audit Committee members are appointed for a period of no more than three years.

The Audit Committee comprises the following members as at the date of this Base Prospectus:

Name	Role
Ms. Lynn Laverty Elsenhans	Chair
H.E. Mohammed A. Al-Jadaan	Member
Mr. Peter L. Cella ⁽¹⁾	Member
Mr. Mark A. Weinberger	Member
Mr. Stuart T. Gulliver ⁽²⁾	Member

Source: The Company.

(1) The reconstitution of the Committees is anticipated to take place during the Board meeting in August 2024.

(2) The membership of the Audit Committee was reconstituted on 5 August 2021 to include Mr. Stuart T. Gulliver.

Nomination Committee

The primary role of the Nomination Committee is to lead the process of nominating, appointing and evaluating members of the Board of Directors of the Company and to ensure the effectiveness of the Board of Directors and the individual Directors. The Nomination Committee also evaluates and makes recommendations with

respect to the structure of the Board of Directors and composition of the committees of the Board of Directors. Further, the Nomination Committee evaluates and recommends to the Board of Directors the appointments of individuals (other than Directors) as officers of the Company, including those proposed to hold the title of vice president or higher or that are otherwise authorised by virtue of such appointment to bind or act on behalf of the Company. The Nomination Committee also proposes and makes recommendations to the Board of Directors with respect to the Company's relevant corporate governance practices and procedures.

The Nomination Committee comprises the following members as at the date of this Base Prospectus:

Name	Role
Mr. Andrew N. Liveris	Chair
H.E. Yasir O. Al-Rumayyan	Member
H.E. Dr. Ibrahim A. Al-Assaf	Member
H.E. Mohammad M. Al-Tuwaijri ⁽¹⁾	Member
Mr. Khalid H. Al-Dabbagh ⁽²⁾	Member

Source: The Company.

(1) The reconstitution of the Committees is anticipated to take place during the Board meeting in August 2024.

(2) The membership of the Nomination Committee was reconstituted on 5 August 2021 to include Mr. Khalid H. Al-Dabbagh.

Compensation Committee

The primary role of the Compensation Committee is to: (i) oversee the Company's policy on compensation and its implementation; (ii) develop individual compensation plans for Directors and executives of similar standing or performing duties equivalent to those of an executive vice president or higher; and (iii) review and design the annual compensation plans of the Company's management holding the title of vice president or undertaking substantially similar duties.

The Compensation Committee comprises the following members as at the date of this Base Prospectus:

Name	Role
Mr. Mark A. Weinberger ⁽¹⁾	Chair
H.E. Yasir O. Al-Rumayyan	Member
H.E. Mohammed A. Al-Jadaan	Member
Mr. Andrew N. Liveris	Member
Ms. Lynn Laverty Elsenhans ⁽²⁾	Member

Source: The Company.

(1) Mr. Mark A. Weinberger was appointed as Chair to the Compensation Committee on 5 August 2021.

(2) The membership of the Compensation Committee was reconstituted on 5 August 2021, to include Ms. Lynn Laverty Elsenhans.

Sustainability, Risk and HSE Committee

The primary role of the Sustainability, Risk and HSE Committee is to monitor the Company's overall risk management and to assist the Board with: (i) leadership, direction and oversight with respect to environmental, social, and governance matters which are likely to impact long-term value creation; (ii) governance and oversight of strategic and operational risks including providing leadership, direction and oversight with respect to the Company's risk appetite, risk tolerance, risk framework and risk strategy; and (iii) assisting the Board and the Audit Committee to foster a culture within the Company that emphasises and demonstrates the benefits of risk management.

Name	Role
Mr. Peter L. Cella ⁽¹⁾	Chair
H.E. Mohammad M. Al-Tuwaijri ⁽¹⁾	Member
Mr. Stuart T. Gulliver ⁽²⁾	Member
Mr. Amin H. Nasser	Member
Mr. Khalid H. Al-Dabbagh ⁽²⁾	Member

Source: The Company.

- (1) The reconstitution of the Committees is anticipated to take place during the Board meeting in August 2024.
- (2) The membership of the Sustainability, Risk & HSE Committee was reconstituted on 5 August 2021, to include Mr. Stuart T. Gulliver and Mr. Khalid H. Al-Dabbagh.

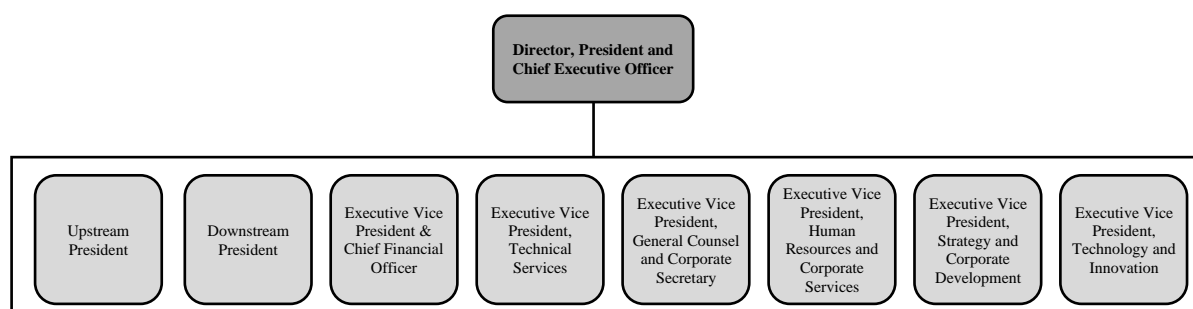
Senior Management

The Senior Management of the Company comprises qualified and experienced members with necessary knowledge and expertise to run the Company's business in line with the objectives and directives of the Board of Directors and the Shareholders. As required by Saudi law, the Company enters into employment agreements with its Senior Management when they are initially employed by the Company. Since the Company employs thousands of employees, it generally does not update its employment contracts, even if members of Senior Management change roles within the Company as is customary in the Kingdom. The Company has been successful in retaining its Senior Management, developing qualified employees and promoting them to senior positions in the Company.

In October 2022, the Board resolved to change the job titles of Senior Management as well as the officers of the Company to be closer in line with those broadly used in the market, effective 1 January 2023. Pursuant to this resolution, the title of Senior Vice President has been changed to Executive Vice President, the title of Vice President to Senior Vice President and the title of General Manager to Vice President. These changes do not affect organisational or reporting structures.

Furthermore, in May 2023, Saudi Aramco appointed Mr. Nasir K. Al-Naimi as President of its Upstream business and Mr. Mohammed Y. Al Qahtani as President of its Downstream business, both reporting along with its Executive Vice Presidents, to the Company's President & CEO. The newly created positions and appointments replace the previous Upstream and Downstream Executive Vice President positions and aim to drive the Company's long-term strategy across its global portfolio and value chain.

The following chart sets forth the composition of the Senior Management as at the date of this Base Prospectus.



Source: The Company.

The following table sets forth the members of the Senior Management as at the date of this Base Prospectus:

Name	Current Position	Date of Appointment to Senior Management
Mr. Amin H. Nasser	Director, President and Chief Executive Officer	17 September 2015
Mr. Nasir K. Al-Naimi	Upstream President	1 April 2021
Mr. Mohammed Y. Al Qahtani	Downstream President	1 January 2016
Mr. Ziad T. Al-Murshed	Executive Vice President & Chief Financial Officer	1 May 2022
Mr. Wail A. Al Jaafari	Executive Vice President, Technical Services	1 October 2023
Mr. Nabeel A. Al Mansour	Executive Vice President, General Counsel and Corporate Secretary	1 May 2016
Mr. Nabeel A. Al-Jama'	Executive Vice President, Human Resources and Corporate Services	1 July 2020
Mr. Ashraf A. Al Ghazzawi	Executive Vice President of Strategy & Corporate Development	1 January 2023
Mr. Ahmad O. Al-Khowaiter	Executive Vice President, Technology & Innovation	1 April 2023

Source: The Company.

Mr. Amin H. Nasser

See “*Management—Board of Directors—Mr. Amin H. Nasser*”.

Mr. Nasir K. Al-Naimi, Upstream President

Mr. Nasir K. Al-Naimi was appointed Upstream President effective 1 July 2023. Prior to this post, Mr. Al-Naimi held the position of Executive Vice President of Upstream since 1 April 2021 which followed a short period as acting business line head of Upstream, starting in September 2020.

He previously served as Vice President, Petroleum Engineering & Development from 2016 to 2020 and as Vice President, Northern Area Oil Operations from 2012 to 2016.

Mr. Al-Naimi was appointed as a board member of the Saudi Aramco Upstream Technology Company in 2017, and in April 2021, Mr Al-Naimi was appointed as chairman of the Saudi Aramco Upstream Technology board of directors. Previously, he was a board member of Saudi Aramco Mobil Refinery Company Limited, the Arabian Drilling Company, Aramco Ventures and the Saudi Aramco Technologies Company.

Mr. Al-Naimi joined the Company in 1980 and he has taken part in several leadership training programs, including the Asian Business & Culture Program in 2008, the London Business School Senior Executive Program in 2004 and the President’s Leadership Challenge in 1998. He received a B.S. degree in petroleum engineering from the University of Southern California in 1985.

Mr. Mohammed Y. Al Qahtani, Downstream President

Mr. Mohammed Y. Al Qahtani was appointed Downstream President, effective 1 July 2023. Prior to that, Mr. Al Qahtani held the position of Executive Vice President of Downstream, effective 13 September 2020.

Over the course of his career, Mr. Al Qahtani has demonstrated versatile leadership in roles spanning the Corporate, Upstream, and Downstream sectors. In 2007, he was president and CEO of Aramco Services Company in Houston, Texas. In 2008, he was appointed Saudi Aramco’s Chief Petroleum Engineer. In 2009, he assumed the position of executive director and then vice president of Petroleum Engineering & Development, followed by roles as vice president of Corporate Affairs and vice president of Corporate Planning. In 2016, Mr. Al Qahtani became a member of corporate management committee and was named senior vice president of Upstream.

Mr. Al Qahtani earned a Bachelor of Science degree in petroleum engineering from King Fahad University of Petroleum & Minerals in 1988, followed by a master’s degree and doctorate in the same field from the University of Southern California in 1992 and 1996, respectively. He has taken part in several leadership and management training programmes, including the IMD Leadership Programme in Lausanne, Switzerland, the Saudi Aramco Management Development Seminar in Washington, D.C., the Oil Economies Seminar in London, the Career Development and Training Program in Bahrain and the Oxford Energy Seminar in London.

In addition to leading the Downstream organisation, Mr. Al Qahtani serves as chairman of Aramco Trading Company (ATC), Motiva Enterprises, Saudi Aramco Jubail Refinery Company (SASREF), the King Salman Energy City Development Company and Saudi Aramco Total Refining and Petrochemical Company (SATORP). He is vice chairman of SABIC and a board member of the Saudi Arabian Mining Company (Ma’aden), S-OIL Corporation, the Dhahran Techno Valley Holding Company as well as the Gulf Petrochemicals and Chemicals Association (GPCA).

In addition, he is a member of the board of advisors for the Bilateral U.S.-Arab Chamber of Commerce. Other Boards on which he has served include the Saudi Council of Engineers, the Arabian Geophysical & Surveying Company Ltd. (ARGAS), PRefChem, and the International Society of Petroleum Engineers.

Mr. Ziad T. Al-Murshed, Executive Vice President & Chief Financial Officer

Mr. Ziad T. Al-Murshed was appointed Executive Vice President and Chief Financial Officer in May 2022. Mr. Al-Murshed has over 27 years of experience in the energy industry. He was appointed Acting Service Line Head for Finance, Strategy & Development in July 2021. Previously, Mr. Al-Murshed had served as the Vice

President of Fuels & Lubricants, the Vice President of International Operations, and the Vice President of Downstream Growth & Integration.

Prior to that, Mr. Al-Murshed served as the Executive Director of New Business Development and the General Manager and Head of Transaction Development, responsible for executing joint ventures, mergers, acquisitions, and divestitures, as well as third-party and other transactions.

Mr. Al-Murshed joined the Company in 1991 and started his career as a producing engineer in the Exploration and Producing business line; currently named Upstream. He then moved to Downstream in 1998 and assumed several responsibilities covering refining, marketing, and joint venture development and coordination.

From 2005 to 2008, he worked at Ras Tanura Refinery, where he was Superintendent of operations. In 2008, Mr. Al-Murshed moved to Corporate Planning, where he was responsible for the Company's long-range business plan. From 2010 to 2012, he served as Manager of Yanbu' NGL Fractionation Plant. In 2012, he was appointed Manager of Business Analysis in Corporate Planning, later becoming the Director of Economic & Energy Analysis. From 2013 to 2015, he was the Director of Strategic Planning for Saudi Aramco.

Mr. Al-Murshed is a member of the board of directors of SABIC and Chairman of the Wisayah Global Investment Company. He previously served on the board of the directors of Waed Ventures, Vice Chairman of the board of directors of the Industrialization and Energy Services Company (TAQA), Deputy Chairman of Arlanxeo, and a member of the board of managers of the International Maritime Industries Company. He also served on the boards of directors of S-Oil Corporation, Motiva Enterprises, Sadara Chemicals Company, the Saudi Authority for Industrial Cities and Technology Zones (Modon), and the Saudi Arabian Industrial Investment Company (Dussur).

Mr. Al-Murshed holds a B.S. degree in Chemical Engineering from Arizona State University, and an MBA from the Sloan School of Management at the Massachusetts Institute of Technology (MIT). He is also a graduate of the General Management Programme at Harvard Business School.

Mr. Wail A. Al Jaafari, Executive Vice President, Technical Services

Mr. Al Jaafari was appointed Executive Vice President of Technical Services, effective 1 October 2023, after serving as senior vice president of Southern Area Gas Operations (SAGO) since 1 September 2021.

Previously, Mr. Al Jaafari served as general manager with SAGO and as the director of IPO Structuring from May 2017 to December 2018. Prior to that, he was director of the Global Economic and Energy Analysis Department from September 2014 to May 2017, and director of the Portfolio Analysis and Decision Support Department from August 2013 to August 2014. He joined the company in October 1993, after earning a B.S. degree in Mechanical Engineering at King Fahd University of Petroleum and Minerals the same year.

Mr. Al Jaafari began his career as an engineer, serving in the Specialty Engineering Unit of the 'Uthmaniyah Gas Plant (UGP). In UGP and until May 2005, Mr. Al Jaafari handled several functions including maintenance engineer, supervisor for Area Maintenance, senior supervisor for Planning and Scheduling, senior supervisor of Area Maintenance and superintendent of Engineering Division. In May 2005, Mr. Al Jaafari was assigned as engineering specialist in New Business Evaluation Department during which he led in the Industrial Ventures Group. In January 2006, he moved to the Hawiyah NGL Recovery Plant as senior operations engineer responsible for commissioning, after which he was named superintendent for Hawiyah NGL Maintenance in July 2008. In December 2008, Mr. Al Jaafari was assigned as head of commissioning for the academic and research facilities in King Abdullah University of Science and Technology.

In October 2010, he was named senior planning/analysis consultant in Corporate Planning and acted as the department manager of the Long-Range Planning Department leading Saudi Aramco's Business Plan until May 2012 when he departed to the USA to undertake the MIT Sloan Fellows Programme.

Following Mr. Al Jaafari's return in 2013, he was assigned permanently as the manager, Portfolio Analysis and Decision Support Department and also completed acting assignments as director for Kingdom Economic and Energy Analysis Department, manager of the Khursaniyah Gas Plant Department, general manager of Planning, Budgeting and Business Performance, and general manager of Procurement, before being named general manager for Southern Area Gas Operations.

Mr. Al Jaafari has completed a number of leadership courses since joining the Company, including the President's Leadership Challenge, the Saudi Aramco Management Development Seminar, the Advanced Management Programme, and an executive MBA via the MIT Sloan Fellows Programme. Mr. Al Jaafari sits on the boards of the Johns Hopkins Aramco Healthcare Company (JHAH) and serves as the Chairman of Power Cogeneration Plant Company (PCPC), National Industrial Training Institute (NITI) and National Power Academy (NPA).

Mr. Nabeel A. Al Mansour, Executive Vice President, General Counsel and Corporate Secretary

Mr. Nabeel A. Al Mansour was appointed to the position of General Counsel and Corporate Secretary in May 2016. In 2017, Mr. Al Mansour was also appointed as Executive Vice President.

Mr. Al Mansour began his career with the Company in 1988 as a participant in the College Degree Programme for Non-Employees, earning a B.S. degree in Systems Engineering from KFUPM in 1990.

Following participation in the Information Technology Professional Development Programme and assignments with Engineering Services, he was selected in 1996 for the Company's Out-of-Kingdom Law Degree Programme, through which he earned his Juris Doctor degree with honours in Law from Oklahoma City University in the United States.

After completion of the bar exam and working for a leading U.S. law firm in New York, Mr. Al Mansour returned to the Kingdom in 2000 and joined the Saudi Aramco Law organisation, where he held numerous positions of increasing scope and responsibility. He led the Saudi Aramco team that supported the development of Sadara, and he led a number of legal teams in connection with oil and gas concessions and other investment agreements, including participating in negotiations with various international oil companies ("IOCs") for significant investments in the Kingdom's non-associated gas sector. He also served as Board Secretary to a number of joint venture companies established by Saudi Aramco and IOCs.

Mr. Al Mansour served as Associate General Counsel from April 2011 to February 2014, championing a multi-year strategic programme in the Law organisation, which led to transforming it into a best-in-class international legal organisation. He was also responsible for overseeing multiple legal practice areas including litigation, international trade, and project development and finance.

In February 2014, he was appointed Executive Director of Procurement & Supply Chain Management, overseeing the corporate supply chain, contracting activities, and the Company's global materials logistics operations. He was named Vice President of that organisation in May 2015 and then, in October 2015, was appointed Deputy General Counsel in Law.

Mr. Nabeel A. Al-Jama', Executive Vice President, Human Resources & Corporate Services

Mr. Nabeel A. Al-Jama' was appointed Executive Vice President, Human Resources and Corporate Services (HR&CS) effective 1 July 2020. Prior to that, Mr. Al-Jama' served as Acting Service Line Head for Operations & Business Services since January 2020. His experience as a member of executive management has been extensive and varied. Before assuming his role as a service line head, Mr. Al Jama' was Vice President of Corporate Affairs, a role he assumed in June 2018.

He was previously Vice President of Human Resources from November 2017, after serving in the Office of the Minister of Energy, Industry and Mineral Resources since June 2016.

Mr. Al-Jama' had previously been appointed Vice President, Pipelines, Distribution & Terminals in May 2015.

Prior to that, Mr. Al-Jama' had been Executive Director, Industrial Services, from January 2012 to January 2015.

He started with the Company in 1980 in the Home Ownership Division, after which he joined the Company's College Degree Programme, earning a B.S. degree in 1985 and then an M.S. degree in 1998, both in Community & Regional Planning from KFUPM.

Mr. Al-Jama' returned to the Home Ownership Division in 1985, where he became Supervisor of the Home Ownership Unit in 1993 after serving in a variety of administrative roles. In 1998, Mr. Al-Jama' became director of Saudi Aramco Built Government Schools before taking on the role of Administrator, Home Ownership &

Community Development in September 2000. In February 2002, he became Manager of Central Community Services.

During that time, he completed several assignments in diverse organisations within Employee Relations & Training and the Central Community Services Department, as well as roles as acting General Manager of Medical Operations, acting Personnel Director, and acting Executive Director, Community, Buildings & Office Services.

In 2006, Mr. Al-Jama' was elevated to General Manager, Training & Career Development and in 2008 he was promoted to acting Executive Director of Community Services. In 2009, he was permanently assigned as Executive Director, Community Services and in 2012, he moved to Industrial Services. In February 2015, Mr. Al-Jama' transferred to Pipelines, Distribution & Terminals.

Mr. Al-Jama is the Chairman of the board for the Johns Hopkins Aramco Healthcare Company and the Aramco Foundation. Until April 2021, he was a board member of Saudi Aramco Asia Company.

Mr. Ashraf A. Al Ghazzawi, Executive Vice President, Strategy & Corporate Development

Mr. Ashraf A. Al Ghazzawi was appointed Executive Vice President, Strategy & Corporate Development effective 1 April 2023. He was previously Vice President of Strategy and Market Analysis, where he led corporate strategy development, sustainability, investments planning, global energy market analysis, and enterprise risk management. Prior to that, Mr. Al Ghazzawi was the Company's Group Treasurer as well as the General Manager of Planning, Budgeting and Performance Management, a finance organisation responsible for developing and overseeing the Company's business plans and group financial performance. Mr. Al Ghazzawi also held leadership positions at various organisations covering engineering, research, technology, and capital planning.

Mr. Al Ghazzawi is the Chairman of the Boards of Wa'ed Ventures, SADC and Sadara Chemical Company. He is also a board director in Aramco Ventures and Johns Hopkins Aramco Healthcare Company.

Mr. Al Ghazzawi has been with the Company for over 28 years. He has a Ph.D. degree in Engineering from the University of Manchester and is a graduate of the Harvard Business School Programme for Leadership Development.

Mr. Ahmad O. Al-Khowaiter, Executive Vice President, Technology and Innovation

Mr. Ahmad O. Al-Khowaiter was appointed Executive Vice President, Technology & Innovation, effective 1 April 2023. Prior to that, Mr. Al-Khowaiter served as Senior Vice President and Chief Technology Officer, effective May 2015.

Mr. Al-Khowaiter joined the Company in 1984 and completed a B.S. degree in Chemical Engineering from King Fahd University of Petroleum and Minerals in 1988. After earning an M.S. degree in Chemical Engineering from the University of California, Mr. Al-Khowaiter joined the Process & Control Systems Department in July 1996.

After joining the Hawiyah Gas Plant Project as a project engineer in 1997, he became a senior project engineer in 1999. In 2000, Mr. Al-Khowaiter was given a division-level leadership role and led the commissioning of the Hawiyah Gas Plant. In 2002, he was transferred to the Haradh Gas Plant during the construction and commissioning phase and served as superintendent of Gas Plant Operations.

Between 2004 and 2005, he attended the Massachusetts Institute of Technology's Sloan Fellowship Programme, earning an MNA.

In July 2005, Mr. Al-Khowaiter was named manager, Facilities Planning, and in 2006, he led the development of the master plan for the King Abdullah University of Science & Technology.

Mr. Al-Khowaiter returned to Saudi Aramco in November 2009 and became director of New Business Evaluation, before being promoted to chief engineer, a position he served in until 2014. In 2014, he undertook a temporary assignment as Executive Head of Power Systems before being appointed as Chief Technology Officer, Technical Oversight & Coordination in January 2015.

Mr. Al-Khowaiter is also currently a member of the board of directors of SADC, the King Abdulaziz City of Science & Technology (KACST), NEOM Energy and Water Company and Plant Digital for Industry Company (Plant.Digital).

Corporate Governance

In May 2018, the Board of Directors adopted Saudi Aramco's Corporate Governance Manual and implemented certain policies and procedures pursuant to the CMA's Corporate Governance Regulations, together with certain global ethics and compliance policies. The Company has also developed and continues to implement and refine various ethics and regulatory compliance programmes, including programmes designed to effectively address obligations related to ethics, anti-bribery and anti-corruption, competition, conflicts of interest, disclosure controls, insider trading, related parties transactions, data privacy, international trade controls and internal investigations. The Company plans to regularly review and identify additional policies and procedures that it believes are appropriate for a company of its size and structure and in its industry.

The Company has implemented a Code of Business Conduct, which provides guidelines to the Directors, Senior Management, employees and contract employees of the Company on, among other things, health, safety and environmental protection, competition and antitrust, anti-bribery and anticorruption, international trade controls, insider trading and compliance with applicable law.

The Company has established an ongoing internal training plan in support of the Company's ethics and regulatory compliance programmes, and requires personnel to provide various certifications attesting to awareness of, and adherence to, the Company's ethical and regulatory compliance standards.

Compensation of Directors and Senior Executives

As required by Saudi law, Saudi Aramco entered into employment agreements with its employees who constitute its Senior Management when the relevant person was initially hired by Saudi Aramco. Since Saudi Aramco employs thousands of employees, it generally does not update its employment contracts, even if members of Senior Management change roles within Saudi Aramco. In general, under these contracts, members of Senior Management are entitled, in addition to their regular salary and allowances, to incentive award annual bonuses based on Saudi Aramco's annual performance. Each non-executive Saudi Aramco Director is paid a regular director fee for his or her service. For additional information, see Note 29(d) to the 2023 Financial Statements.

RELATED PARTY TRANSACTIONS

The Concession

For a summary of the Concession, see “*Material Agreements—The Concession*”.

The Ministry of Energy Framework Agreement

On 5 September 2019, the Company and the Ministry of Energy entered into an agreement to establish a framework for the Company to provide certain services and studies as requested by the Ministry of Energy (the “**Framework Agreement**”). The Framework Agreement is effective as at 25/04/1440 in the Hijri calendar (corresponding to 1 January 2019) and provides that the scope of services and studies furnished by the Company to the Ministry of Energy will be agreed on a case-by-case basis prior to undertaking such performance. If the service or study is requested by the Ministry of Energy and in the interest of the Company, is connected to the Company’s operations and serves the Company’s objectives, then the Company will be solely responsible for the associated costs. Otherwise, the Company will be reimbursed for any other services required by the Ministry of Energy and any services or studies or other work requiring expenditures requested by the Government. The Framework Agreement provides that the maximum aggregate costs of services and studies that the Company shall perform under the agreement shall not exceed \$100 million per year.

Commercial Transactions

Saudi Aramco sells crude oil, gas and refined and chemicals products and provides services to certain Government entities, including branches of the Government, and commercial entities in which the Government has share ownership or control. The most significant commercial transaction has been with Saudi Electricity Company.

The Government guarantees amounts due to Saudi Aramco from certain of these entities, subject to a limit on the amount of the guarantee for each entity. The aggregate amount guaranteed in 2021, 2022 and 2023 was SAR 12.8 billion, SAR 11.2 billion and SAR 13.2 billion, respectively. See “*Regulation of the Oil and Gas Industry in the Kingdom—Regulated Domestic Pricing of Certain Hydrocarbons—Government Guarantee*”.

Sales of crude oil and certain refined and chemicals products sold to third parties in the Kingdom are at regulated prices, which are typically lower than prices Saudi Aramco could obtain if it exported those products. See “*Regulation of the Oil and Gas Industry in the Kingdom—Regulated Domestic Pricing of Certain Hydrocarbons*”. Pursuant to an equalisation mechanism, the Government compensates Saudi Aramco for the revenue it directly forgoes as a result of Saudi Aramco’s compliance with the mandates related to crude oil and certain refined and chemicals products. Effective 1 January 2020, the Government expanded the equalisation mechanism to include LPG and certain other products. See “*Management’s Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco’s Financial Position and Results of Operations—Fiscal Regime*”. For these products, Saudi Aramco is entitled to compensation from the Government in an amount equal to the cost of revenues directly forgone as a result of compliance with the Kingdom’s current pricing mandates. For financial reporting purposes, Saudi Aramco records the equalisation amount as other income related to sales on its consolidated statement of income and is subject to income tax on that amount. For the years ended 31 December 2021, 2022 and 2023 and the three month period ended 31 March 2024, Saudi Aramco’s other income related to sales was SAR 154.8 billion, SAR 259.4 billion, SAR 203.1 billion (\$54.2 billion) and SAR 35.8 billion (\$9.5 billion), respectively.

On 17 September 2019, the Council of Ministers Resolution No. 55, dated 18/01/1441 in the Hijri calendar (corresponding to 17 September 2019), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/423/1441, dated 18/01/1441 in the Hijri calendar (corresponding to 17 September 2019), were passed, superseding prior resolutions. Under the updated resolutions, when licensees sell any Regulated Gas Product at a Domestic Gas Price below the corresponding Blended Price, licensees are entitled to compensation from the Government in an amount equal to the cost of the revenues they directly forgo as a result of licensees’ compliance with the Kingdom’s current pricing mandates. In the event that the Blended Price is less than the Domestic Gas Price, the difference would be due from licensees to the Government. The compensation due to Saudi Aramco from the Government is accounted for on a monthly basis and is calculated as the positive difference between the Blended Prices and the Domestic Gas Prices (minus any Government fees and taxes). Saudi Aramco must provide the Ministry of Energy with a statement detailing the total amount due to Saudi Aramco in a monthly period no later than 30 days after the relevant monthly

period end. Saudi Aramco may then offset this compensation against any taxes payable, and in the event taxes are insufficient, any other amounts due and payable by Saudi Aramco to the Government, such as royalties. See *“Regulation of the Oil and Gas Industry in the Kingdom—Regulated Domestic Pricing of Certain Hydrocarbons—Gas Pricing”*.

Sales to Government-Owned or Controlled Entities

Saudi Aramco entered into several oil and gas supply agreements with Saudi Electricity Company pursuant to which Saudi Aramco supplies crude oil, gas and other products, including condensate, fuel oil and diesel, to certain of Saudi Electricity Company’s power plants. Saudi Electricity Company is the Kingdom’s national electricity utility company and is listed on the Saudi Exchange. As at 31 December 2023, Saudi Aramco owned 6.9% of its outstanding common stock. As part of the Kingdom’s plan of restructuring the electricity sector, Saudi Electricity Company transferred its entire stake in Saudi Power Procurement Company (“SPPC”) to the Government in June 2022 and novated its supply agreements with Saudi Aramco to SPPC.

The agreements generally have a term between six months and five years and are automatically renewed unless terminated by one of the parties. Most of the agreements limit the amount of oil or gas that can be supplied per day or, in a few agreements, for the term of the agreement. The agreements provide for Saudi Aramco to receive the prevailing domestic price or the Government regulated domestic price for the respective products. Saudi Aramco recognised revenue of SAR 8.4 billion, SAR 10.2 billion, SAR 10.5 billion (\$2.8 billion) and SAR 3.1 billion (\$0.8 billion) under these agreements in 2021, 2022 and 2023 and the three month period ended 31 March 2024, respectively. See *“Management’s Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco’s Financial Position and Results of Operations—Fiscal Regime”*.

In addition, for the years ended 31 December 2021, 2022 and 2023 and the three month period ended 31 March 2024, Saudi Aramco provided to Saudi Electricity Company and, subsequently to SPPC, excess electricity generated by Saudi Aramco’s facilities with a value of, SAR 675 million, SAR 386 million, SAR 413 million (\$110 million) and SAR 75 million (\$20 million), respectively.

Sales to Government Branches and Other Related Parties

For the years ended 31 December 2021, 2022 and 2023, Saudi Aramco provided crude oil, gas and refined and chemicals products and certain services to Saudi Arabian Airlines, Saudi Power Procurement Company, Saline Water Conversion Company, Saudi Arabian Mining Company, various branches of the Government and other entities owned or controlled by the Government. For the years ended December 2021, 2022 and 2023 and the three month period ended 31 March 2024, Saudi Aramco provided crude oil, gas and refined and chemicals products and certain services with a value of, SAR 7,729 million, SAR 11,273 million, SAR 10,016 million (\$2,671 million) and SAR 3.0 billion (\$0.8 billion), respectively, for which it received compensation. See *“Management’s Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco’s Financial Position and Results of Operations—Fiscal Regime”*.

Purchases from Government-Owned or Controlled Commercial Entities

Saudi Aramco purchases electricity from the Saudi Electricity Company. Prices for such purchases totalled SAR 8,085 million, SAR 3,803 million and SAR 4,868 billion (\$1,298 billion) and SAR 1.0 billion (\$0.3 billion) for the years ended 31 December 2021, 2022 and 2023 and the three month period ended 31 March 2024, respectively.

Corporate Citizenship

Saudi Aramco engages in a range of corporate social responsibility projects to support the communities and the environment in which it operates and leverages its know-how and operational capabilities in furtherance of these projects. Saudi Aramco considers these activities to be “corporate citizenship” projects and initiatives.

In addition to projects undertaken on its own initiative, the Government has directed, and may in the future direct, Saudi Aramco to undertake projects or provide technical assistance for initiatives outside Saudi Aramco’s core businesses in furtherance of the Government’s objectives. Beginning on 24 December 2017, 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. For additional information about Saudi Aramco’s corporate citizenship activities, see *“Business—Corporate Citizenship”* and

“Management’s Discussion and Analysis of Financial Position and Results of Operations—Factors Affecting Saudi Aramco’s Financial Position and Results of Operations—Fiscal Regime”.

Other Transactions

Saudi Aramco has an ongoing relationship with the Government through other transactional arrangements, for which Saudi Aramco is reimbursed in several different manners. For projects on which Saudi Aramco provides financing and arranges for completion of the project, it receives a reimbursement of its expenses through a reduction in taxes payable. The reduction in taxes payable is considered payment of income tax obligations in the Financial Statements.

Saudi Aramco, through SADC, owns a 40.1% interest in International Maritime Industries, a joint venture with The National Shipping Company of Saudi Arabia-Bahri, Maritime Offshore Limited, a wholly owned subsidiary of Lamprell plc, and Korea Shipbuilding and Offshore Engineering (“KSOE”), which will develop, operate and maintain a maritime yard under construction in the Kingdom, as well as the design, manufacture, and maintenance and repair of ships and rigs. The complex will also include a joint venture between SADC, KSOE and Dussur to manufacture maritime equipment.

Transactions with Directors and Senior Management

Other than with respect to compensation arrangements, as at the date of this Base Prospectus there are no transactions in which any of Saudi Aramco’s Directors or Senior Management or an immediate family member thereof had or will have a direct or indirect material interest or were not entered into on an arm’s length basis.

Approval of Related Party Transactions

Saudi Aramco has adopted a policy and related procedures for related party transactions, which establishes general guidelines for its engagement in transactions with related parties and provides that such transactions with related parties be reviewed by the Audit Committee in accordance with the Audit Committee’s charter or the Board of Directors in accordance with the Bylaws and applicable laws and regulations. With respect to related party transactions with the Government, under the terms of the Concession, all contracts among Saudi Aramco and any Government agency are required to be on a commercial basis, regardless of whether the transaction is for the supply of hydrocarbons products, services or otherwise. Pursuant to Saudi Aramco policy, Saudi Aramco is required to negotiate related party transactions on an arm’s length basis and such transactions are subject to review by the Audit Committee or the Board of Directors. The Bylaws require that no member of the Board of Directors nor any officer of Saudi Aramco may have a personal interest, as determined by the Board of Directors, in any transaction made on behalf of Saudi Aramco, unless prior authorisation is received from the Board of Directors.

REGULATION OF THE OIL AND GAS INDUSTRY IN THE KINGDOM

Overview of Governance, Legal Foundations and Economic Principles

Governance

The Kingdom is a monarchy with a political system rooted in the traditions and culture of Islam. It was established by the late King Abdul Aziz bin Abdul Rahman bin Faisal Al Saud (the “**Founder**”) in 1932, with the issuance of Royal Decree No. 2716, dated 17/05/1351 in the Hijri calendar (corresponding to 23 September 1932). The Custodian of the Two Holy Mosques, King Salman bin Abdulaziz bin Abdul Rahman bin Faisal bin Turki bin Abdullah bin Mohammed bin Saud, has been the Kingdom’s Head of State since 23 January 2015.

The Basic Law of the Kingdom (the “**Basic Law**”) was promulgated under Royal Order No. A/90, dated 27/08/1412 in the Hijri calendar (corresponding to 1 March 1992) and provides that the Holy Quran and Sunnah (*i.e.*, the traditions of the Prophet Mohammad (PBUH)) form the primary sources of law in the Kingdom). The Basic Law sets out the framework for government and provides for the powers and authorities of the executive, administrative, and judicial authorities of the Kingdom, under the ultimate authority of the King. The Basic Law also sets forth, in general terms, the respective rights and obligations of the Kingdom and its citizens.

The Monarchy in the Kingdom is limited to the sons of the Founder and their male descendants, among whom a Crown Prince is selected and appointed pursuant to the Law of the Allegiance Council. The King also appoints and relieves Deputy Prime Ministers and members of the Council of Ministers and specifies the government departments, agencies, and authorities for which a minister shall be responsible by Royal Order.

The Law of the Council of Ministers sets forth the power of the Council of Ministers with respect to internal and foreign affairs, and to the organisation of the agencies of the Government and coordination among them. It also sets forth the requirements that ministers must meet, and their powers and accountability, among other things. The Council of Ministers is responsible for, among other things, executive and administrative matters such as foreign and domestic policy, defence, finance, health and education. Pursuant to Royal Order No. A/61 dated 01/03/1444 in the Hijri calendar (corresponding to 27 September 2022), His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al Saud was appointed as Prime Minister as an exception to the provision of Article 56 of the Basic Law and related provisions in the Law of the Council of Ministers. The King presides over the Council of Ministers if he attends the Council of Ministers meetings. The Prime Minister is assisted in the discharge of his functions by the members of the Council of Ministers in accordance with the provisions of the Basic Law and other laws.

Legal Foundations

Saudi law is derived from the Basic Law and legislation is enacted in various forms, the most common of which are Royal Orders, Royal Decrees, High Orders, Council of Ministers’ resolutions, ministerial resolutions and ministerial circulars having the force of law.

The Basic Law provides that all God’s bestowed wealth, be it underground, on the surface, or in national territorial waters, on the land or maritime domains under the Kingdom’s control are the property of the Kingdom. The Basic Law states that the law can set forth the means for exploiting, protecting and developing such resources for the benefit, security and economic prosperity of the Kingdom. No concession can be granted and no public resources of the Kingdom can be exploited except pursuant to a law in accordance with the Basic Law.

The Basic Law provides that the Kingdom will guarantee private property and its inviolability and requires that no one be deprived of their property except for the public interest, provided the owner is fairly compensated.

Law on Hydrocarbons

Overview

The Hydrocarbons Law was enacted by Royal Decree No. M/37, dated 02/04/1439 in the Hijri calendar (corresponding to 20 December 2017) and applies to hydrocarbons, hydrocarbon resources, hydrocarbon operations and hydrocarbon deposits existing within the territory of the Kingdom.

Licences

No hydrocarbon operations can be conducted in the Kingdom without obtaining a licence in accordance with the Hydrocarbons Law. The Government grants licences related to hydrocarbon operations pursuant to regulations, procedures and policies established from time to time, which outline the terms and conditions relating to the granting of a licence.

The grant of a licence pursuant to the Hydrocarbons Law does not confer any right of ownership of the soil or subsoil in the licence area. In addition, the Government retains the right to explore for and exploit any natural resource other than hydrocarbons in the licence area and may exercise such right in a manner that does not prejudice the licensee's rights and does not hinder the hydrocarbon operations conducted by a licensee.

Ownership Rights

Under the Hydrocarbons Law, the Kingdom exercises sovereignty over all hydrocarbon deposits, hydrocarbons and hydrocarbon resources. All hydrocarbons in the Kingdom are owned by the Kingdom and, upon extraction or recovery of such hydrocarbons by the licensee, title to such hydrocarbons shall automatically pass to the licensee at the ownership transfer point. The Kingdom's ownership of hydrocarbon deposits and hydrocarbon resources may not be transferred.

Supervision and Implementation of the Hydrocarbons Law

The Ministry of Energy is the only body responsible for implementing the Hydrocarbons Law and overseeing all aspects of a licensee's hydrocarbons operations, including the licensee's technical operations and the review of all the licensee's revenues and expenses. The Ministry of Energy is also responsible for preparing and overseeing the national strategies and policies related to hydrocarbons to ensure the implementation, development and appropriate use of hydrocarbon resources, and conservation of the Kingdom's hydrocarbon reserves for future generations.

Production Decisions

The Kingdom has the sovereign, exclusive and binding authority to make production decisions related to both the maximum level of hydrocarbons that a licensee can produce at any given point in time and the level of MSC that a licensee must maintain. In each case, the Kingdom shall take into account the Kingdom's economic development, environment conservation, national security, political and developmental goals, foreign policy, diplomatic considerations, domestic energy needs, public interest and any other sovereign interest when making a production decision. In setting the level of MSC, consideration shall be given to the economic or operational effects of a licensee. A licensee must provide the Kingdom with any requested information relating to hydrocarbons exploration, extraction and production, including financial and technical data, discovery data and any other information that could facilitate the issuance of a production decision. The Kingdom has unrestricted access to such information.

Conservation of Hydrocarbon Resources

The Hydrocarbons Law requires that hydrocarbons operations be managed professionally and proficiently in accordance with the Hydrocarbons Law and regulations and international industry standards, and in an economically feasible and efficient manner that promotes the long-term productivity of reservoirs in the licensed area and supports the prudent stewardship of hydrocarbon resources and hydrocarbons, and limits their migration.

Additional Licensees' Obligations

A licensee is responsible for taking all prudent and sound procedures to ensure the safety of the licensee's hydrocarbon operations and facilities, in accordance with international industry standards and applicable laws. A licensee is also obligated to take all required precautions, in accordance with the relevant hydrocarbons regulations and international industry standards, to prevent waste and leakage of hydrocarbons, damage to formations containing water and hydrocarbons during drilling, repairing or deepening of wells, or in events of abandonment or relinquishment, and to prevent leakage of gas and liquids into bearing layers or other layers.

The Hydrocarbons Law prohibits any licensee from selling to any entity any hydrocarbons or derivatives obtained through the license in violation of what the Kingdom considers necessary to protect the fundamental security interests of the Kingdom in times of war or other emergencies in international relations.

Energy Supply Law

The Energy Supply Law was enacted by Royal Decree No. M/80, dated 04/06/1444 in the Hijri calendar (corresponding to 28 December 2022), which became effective on 15/08/1444 in the Hijri calendar (corresponding to 7 March 2023). The Energy Supply Law replaces the GSPR and regulates the energy allocation to consumers in the fields of power production, crude oil refining, petrochemicals production, water desalination, industry, mining, agriculture, construction, communications, transportation, logistics and other fields. The Energy Supply Law also regulates the licensing of natural gas and its liquids activities, as well as activities related to hydrogen and others. The Ministry of Energy allocates these products in accordance with their availability and the criteria set by a designated energy allocation committee.

The royal decree enacting the Energy Supply Law provides for a transitional period of two years from the date of its enactment and allows for licences issued under the GSPR to remain in effect and licensees to operate under the conditions imposed by the GSPR for that period. As at the date of this Base Prospectus, the Ministry of Energy has not yet adopted implementing regulations under the Energy Supply Law and, subsequently, Saudi Aramco continues to rely on its licences issued under the GSPR.

Regulated Domestic Pricing of Certain Hydrocarbons

Setting of Domestic Prices for Regulated Hydrocarbons

Pursuant to a series of Council of Ministers Resolutions, the Kingdom has established regulated prices for domestic sales of certain hydrocarbons: crude oil, natural gas (including ethane), NGL (propane, butane and natural gasoline) and certain refined and chemicals products (kerosene, diesel, heavy fuel oil and gasoline).

Liquids Price Equalisation

Pursuant to Council of Ministers Resolution No. 406, dated 28/06/1438 in the Hijri calendar (corresponding to 27 March 2017), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/2465/1439, dated 10/04/1439 in the Hijri calendar (corresponding to 28 December 2017), when the Company sells crude oil and certain refined and chemicals products (each a “**Relevant Liquid Product**”) domestically at a price below the corresponding equalisation prices (described below), the Company is entitled to compensation from the Government in an amount equal to the cost of the revenues directly forgone as a result of the Company’s compliance with the Kingdom’s current pricing mandates (the “**Liquids Price Equalisation**”). The Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/424/1441, dated 18/01/1441 in the Hijri calendar (corresponding to 17 September 2019), effective 05/05/1441 in the Hijri calendar (corresponding to 1 January 2020), superseded the prior Ministerial Resolution and expands the equalisation mechanism to include LPG and certain other products. In the event the equalisation price is less than the regulated price, the difference would be due from the Company to the Government.

The Ministry of Energy and the Ministry of Finance are responsible for administering the Liquids Price Equalisation regime, including the setting of the equalisation prices from time to time. The equalisation prices are established separately by the Ministry of Energy and the Ministry of Finance for each Relevant Liquid Product using a combination of either internationally recognised indices or, where relevant, the Company’s official selling price and, depending on the Relevant Liquid Product, on the basis of export parity, import parity or a combination of both. The Company is required to provide information and technical assistance to the Ministry of Energy as necessary for this purpose.

The compensation from the Government is calculated as the positive difference between the equalisation prices and the regulated prices (minus any Government fees). The Company provides the Ministry of Energy with a statement detailing any amounts due and may offset such amounts against any taxes or other amounts payable by the Company to the Government.

Gas Pricing

From time to time, the Kingdom establishes certain prices for the domestic sale of gas hydrocarbons (the “**Domestic Gas Price**”), including those for Regulated Gas Products. Pursuant to Council of Ministers Resolution No. 370, dated 10/07/1439 in the Hijri calendar (corresponding to 27 March 2018), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 01-5928-1439, dated as at 27/08/1439 in the Hijri calendar (corresponding to 13 May 2018), effective 29/06/1439 in the Hijri calendar (corresponding to 17 March 2018), the Kingdom established the price due to licensees for the domestic sale of Regulated Gas Products (the “**Blended Price**”) in order to ensure that such licensees making gas investments realise a commercial rate of return suitable for the development and exploitation of gas resources in the Kingdom (with reasonable rates of return on existing non-associated gas projects and on incremental future non-associated projects).

Effective 18/01/1441 in the Hijri calendar (corresponding to 17 September 2019), Council of Ministers Resolution No. 55, dated 18/01/1441 in the Hijri calendar (corresponding to 17 September 2019), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/423/1441, dated 18/01/1441 in the Hijri calendar (corresponding to 17 September 2019), were passed, superseding the prior Council of Ministers’ resolutions and ministerial resolutions, and removing the requirement that the Domestic Gas Price be no less than the Blended Price. The new framework instead provides that the licensees are entitled to compensation from the Government in an amount equal to the cost of the revenues directly forgone as a result of the licensees’ compliance with the Kingdom’s pricing mandates if the Domestic Gas Prices are not set at least at the Blended Prices. In the event that the Blended Price is less than the Domestic Gas Price, the difference would be due from the Company to the Government.

The Ministry of Energy and the Ministry of Finance are responsible for administering this regime, including setting the Blended Prices from time to time. The Blended Prices are established separately by the Ministry of Energy and the Ministry of Finance for each Regulated Gas Product. The Company is required to provide information and technical assistance to the Ministry of Energy as necessary for this purpose.

The compensation from the Government is accounted for on a monthly basis and is calculated as the positive difference between the Blended Prices and the Domestic Gas Prices (minus any Government fees). The Company must provide the Ministry of Energy with a statement detailing the total amount due to the Company in a monthly period no later than 30 days after the relevant monthly period end. The Company may then offset this compensation against any taxes payable, and in the event taxes are insufficient, any other amounts due and payable by the Company to the Government, such as royalties.

Government Guarantee

The Company sells hydrocarbon products to various Government and semi-Government entities, including ministries and other branches of the Government, and separate legal entities in which the Government has share ownership or control. Effective 03/04/1438 in the Hijri calendar (corresponding to 1 January 2017), the Government guaranteed amounts due to the Company from these entities, subject to a limit on the amount of the guarantee for each entity. The aggregate amount guaranteed in 2021, 2022 and 2023 was SAR 12.8 billion, SAR 11.2 billion and SAR 13.2 billion, respectively. Prior to the beginning of each subsequent fiscal year or during such year upon the change to any Government established domestic prices for hydrocarbon products (such regulated sales constituting the majority of the sales to Government and semi-Government entities covered by the guarantee), the Ministry of Energy will consult with the Ministry of Finance and will provide the Company with a list of the entities to be covered by the guarantee for that year and the guarantee limit for each covered entity. Government entities previously covered will remain subject to the guarantee, but the guarantee will cease with respect to any entity in which the Government has share ownership or control if such entity pays amounts due to the Company on a timely basis for five years. The Company is permitted to discontinue supply to any such Government or semi-Government customer upon the exhaustion of the credit limit or if such customer is no longer a guaranteed customer and fails to pay any amounts when due. The Company may set off any guaranteed amounts that are past due against taxes due to the Government, or if the amount of taxes are inadequate, any other amounts the Company owes to the Government.

Other Laws and Regulations

Petrochemical Regulations

Royal Order No. 10030, dated 15/02/1443 in the Hijri calendar (corresponding to 22 September 2021), stipulates that the Ministry of Energy will oversee and regulate the petrochemical production operations in the following sector value chain (N+3,N+2,N+1,N), whereas the Ministry of Industry and Mineral Resources will be in charge of overseeing and regulating transformative industries (industrial applications) that depend on petrochemicals.

Health and Safety Regulations

Health and safety matters associated with oil and gas activities are regulated through several Government authorities, including the Ministry of Interior. In addition, the High Commission for Industrial Security issues safety and fire protection directives for industrial facilities which set forth minimum requirements for health and safety management systems. Health and safety principles and obligations are included in Part 8 (Protection against Occupational Hazards, Major Industrial Accidents and Work Injuries, and Health and Social Services) of the Saudi Arabian Labour Law issued under Royal Decree No. M/51, dated 23/08/1426 in the Hijri calendar (corresponding to 27 September 2005), as amended, and Part 5 of the Social Insurance Law, enacted by Royal Decree No. M/22 dated 06/09/1389 in the Hijri calendar (corresponding to 15 October 1969) as amended by Royal Decree No. M/33 dated 03/09/1421 in the Hijri calendar (corresponding to 29 November 2000).

Environmental Regulations

Pursuant to Royal Decree No. M/165, dated 19/11/1441 in the Hijri calendar (corresponding to 10 July 2020) (the “**Environmental Law**”), the Ministry of Environment Water and Agriculture (the “**MEWA**”) and the national centres for the environmental sector are charged with the general supervision and regulation of environmental affairs in the Kingdom. The Environmental Law sets out wide-ranging prohibitions of pollution and contamination of air, land and water. Individuals carrying out environmental activities, which are defined as operational or technical activities related to the environmental sector, or activities that would have an environmental impact, which is defined as any negative or positive change that affects the environment as a result of engaging in any activity, are required to comply with requirements of the Environmental Law and the environmental specifications, standards, measurements and guidelines prescribed by the MEWA and the national centres. Prior to the initiation of a project, an environmental impact assessment, which is a study to identify, assess, and evaluate the environmental impact that may result from the establishment, operation, modification or dismantling of any project or activity in order to integrate and include all environmental considerations, and to identify the alternatives and the procedures necessary for the protection of the environment, must be completed in accordance with the relevant environmental specifications and standards.

Royal Decree No. M/159, dated 11/11/1441 in the Hijri calendar (corresponding to 2 July 2020) (the “**Water Law**”), aims to protect the Kingdom’s water sources, grow additional sources, and ensure their sustainability. The Ministry of Energy signed a Memorandum of Understanding with the MEWA whereby the Ministry of Energy will be responsible for the application of certain provisions of the Water Law for certain facilities falling under its supervision.

Apart from national environmental legislation, other regulations are applicable in certain areas of the Kingdom. For example, the Royal Commission for Jubail and Yanbu’ has issued detailed local environmental regulations applicable to facilities located within the Royal Commission areas and contractors operating therein. The Company separately requires compliance with environmental standards in certain circumstances. For example, the Company administers the oil loading terminals at Ras Tanura, Ju’aymah and several smaller terminals independently of the Saudi Ports Authority.

Saudization

The Kingdom has promulgated a Saudization policy (“**Saudization**”) implemented by the Ministry of Human Resources and Social Development. Saudization requires Saudi companies to ensure that a certain percentage of their workforce comprises Saudi nationals. Further, investors in the energy sector are encouraged to abide by the Kingdom’s broad policies of ensuring a commitment to the training and employment of Saudis. The Nitaqat Saudization Programme (the “**Nitaqat Programme**”) was approved pursuant to the Minister of Labour and Social Development Resolution No. 4040, dated 12/10/1432 in the Hijri calendar (corresponding to 10 September 2011), based on Council of Ministers Resolution No. 50, dated 21/05/1415 in the Hijri calendar

(corresponding to 27 October 1994), which was applied as at 12/10/1432 in the Hijri calendar (corresponding to 10 September 2011). The Ministry of Human Resources and Social Development established the Nitaqat Programme to encourage establishments to hire Saudi nationals. The Nitaqat Programme assesses an establishment's Saudization performance based on specific ranges of compliance, which are platinum, green (which is further divided into low, medium and high ranges), yellow and red. The Company has been classified under the "High Green" category, which means that the Company complies with current Saudization requirements and allows it to secure work visas. As at 31 December 2023, approximately 90.3% of the Company's employees were Saudi nationals.

SUMMARY OF THE PRINCIPAL TRANSACTION DOCUMENTS

The following is a summary of certain provisions of the principal Transaction Documents and is qualified in its entirety by reference to the detailed provisions of the principal Transaction Documents. Copies of the Transaction Documents will be available for inspection during usual business hours at the specified offices of the Trustee and the Principal Paying Agent (as defined in the Conditions).

Master Purchase Agreement

The Master Purchase Agreement will be entered into on 9 July 2024 between the Trustee (in its capacity as purchaser of the Initial Assets or the Additional Assets, as the case may be) and the Obligor (in its capacity as “**Seller**”) and will be governed by English law. A supplemental purchase agreement (a “**Supplemental Purchase Agreement**”) between the same parties will be entered into on the Issue Date of each Tranche of Certificates and will also be governed by English law.

Pursuant to the Master Purchase Agreement, on the Issue Date of each Tranche, the Seller will sell and transfer to the Trustee, and the Trustee will purchase and accept the transfer from the Seller of the Seller’s interests, rights, title, benefits and entitlements, present and future, in, to and under the relevant Initial Assets (in the case of the first Tranche of the relevant Series) or the relevant Additional Assets (in the case of the each subsequent Tranche of the relevant Series), in each case, for the purchase price specified in the Supplemental Purchase Agreement, which will be payable on the Issue Date of the first Tranche of the relevant Series. The Trustee will use no less than 55% of the issue proceeds of the relevant Tranche to purchase such Initial Assets or Additional Assets (as the case may be) pursuant to the Master Purchase Agreement and the relevant Supplemental Purchase Agreement. The relevant Initial Assets or Additional Assets (as the case may be) will be set out in the schedule to the relevant Supplemental Purchase Agreement.

Master Lease Agreement

The Master Lease Agreement will be entered into on 9 July 2024 between the Trustee (in its capacity as lessor of the relevant Lease Assets of each Series) and the Obligor (in its capacity as “**Lessee**”) and will be governed by English law. A supplemental lease agreement (a “**Supplemental Lease Agreement**”) between the same parties will be entered into on the Issue Date of the first Tranche of each Series and will also be governed by English law.

Pursuant to the Master Lease Agreement, the Trustee may, from time to time, in relation to the first Tranche issued under a Series, agree to lease to the Lessee, and the Lessee may agree to lease from the Trustee, the relevant Lease Assets for the relevant Lease Term in consideration for the payment of Rental by the Lessee on each Rental Payment Date for each Lease Period of the relevant Lease Term upon and subject to the terms and conditions contained in the Master Lease Agreement and the relevant Supplemental Lease Agreement. On: (i) the Issue Date of the first Tranche issued under a Series; or (ii) any Substitution Date (as defined in the Sale Undertaking, which date shall be no earlier than 10 Business Days after the date of the Substitution Notice) on which a Total Substitution Event occurs; or (iii) the date on which a Replacement Lease Assets Purchase Agreement (as defined below under “—*Service Agency Agreement—Replacement of Assets*”) is entered into, the Trustee and the Lessee will enter into a Supplemental Lease Agreement on that Issue Date, Substitution Date or the date of such Replacement Lease Assets Purchase Agreement (as the case may be) which will, among other things, specify the Lease Assets as at that Issue Date, Substitution Date or the date of such Replacement Lease Assets Purchase Agreement (as applicable). On each date on which Additional Assets are acquired pursuant to the Purchase Agreement, the Trustee and the Lessee shall enter into an addendum to the relevant Supplemental Lease Agreement with respect to such Additional Assets.

In relation to each Series, the Lessee shall pay, without any prior notice or demand (a) each Rental (less any Supplementary Rental and Additional Supplementary Rental (each as defined below)) by no later than the Business Day immediately preceding the relevant Rental Payment Date, (b) any Supplementary Rental on the first Business Day of the first Lease Period commencing after the Services Invoice Date, (c) any Additional Supplementary Rental on the first Business Day of the first Lease Period commencing after the ASCA Request Date and (d) the Initial Supplementary Rental on the Lease Commencement Date, in each case by crediting such amounts to the Collection Account.

Under the terms of the Master Lease Agreement and the relevant Supplemental Lease Agreement, the Lessee shall, at its own cost and expense, be responsible for: (a) performing or procuring the performance of all

Ordinary Maintenance and Repair required for the relevant Lease Assets during each Lease Period; and (b) the payment of all common, utility and other expenses (including, without limitation, those relating to electricity, gas and water) incurred in connection with the use of the relevant Lease Assets.

The Trustee shall be responsible for:

- (a) the performance of all Major Maintenance and Structural Repair;
- (b) the payment of Proprietorship Taxes (if any); and
- (c) obtaining insurance for the Lease Assets and, to the extent that it is reasonable and commercially practicable, in a manner compliant with *Shari'a* principles,

and the Lessee acknowledges that the Trustee will procure that the Service Agent, in accordance with the terms and conditions set out in the Service Agency Agreement, shall perform, or shall procure the performance of, all Major Maintenance and Structural Repair, the payment of Proprietorship Taxes (if any) and obtaining insurance for the relevant Lease Assets.

In relation to each Series, no later than the Business Day prior to the commencement of each Lease Period (other than the first Lease Period and the Additional Lease Period), the Trustee (or the Service Agent on its behalf) shall send a Lease Renewal Notice to the Lessee, which shall set forth the amount of Rental payable by the Trustee with respect to the following Lease Period. Such Lease Renewal Notice shall be irrevocable and the Lessee hereby agrees that, unless it rejects such Lease Renewal Notice by 5.00 p.m. London time on the same day on which it receives such notice from the Trustee (or the Service Agent on its behalf) (in which case it acknowledges that such rejection will constitute an Obligor Event), it will be deemed to have received and accepted each such notice as and when delivered. Where there is any delay or failure by the Trustee (or the Service Agent on its behalf) in delivering a Lease Renewal Notice, the Rental for the relevant Lease Period shall accrue at the same rate as the Rental for the immediately preceding Lease Period.

The Lessor (or the Service Agent on its behalf) shall notify the Lessee in writing of any Additional Services Charge Amount to be paid or incurred, and that an amount of Additional Supplementary Rental (equal to such Additional Services Charge Amount) will be payable. Such notice shall be irrevocable and, unless the Lessee rejects such notice (in which case it acknowledges that such rejection will constitute an Obligor Event), the Lessee will be deemed to have accepted such notice and will be required to pay the requested amount of Additional Supplementary Rental in accordance with such notice as and when delivered.

In relation to each Series, the Lessee has undertaken that it will, among other things, ensure that the Lessee maintains actual or constructive possession, custody or control of the Lease Assets at all times, other than as expressly permitted under the terms of the Master Lease Agreement and the other Transaction Documents.

If a Total Loss Event occurs with respect to the Lease Assets of a Series, then, without prejudice to any right or remedy that the Trustee may have under any Transaction Document or by law in respect of that Series, the Lease in respect of that Series shall automatically terminate and the Trustee will be entitled (in addition to any amounts payable pursuant to the Service Agency Agreement) to any due and unpaid Rental in respect of that Series up to the date on which the Total Loss Event occurred. If a Total Loss Event occurs with respect to the Lease Assets of a Series (and the Lease in respect of that Series has automatically terminated in accordance with the preceding sentence) and the Lease Assets have been replaced pursuant to a Replacement Lease Assets Purchase Agreement in accordance with the Service Agency Agreement, on the date of the relevant Replacement Lease Assets Purchase Agreement, the Trustee shall give a Lease Replacement Notice to the Lessee and the Trustee and the Lessee shall enter into a replacement Supplemental Lease Agreement, pursuant to such Lease Replacement Notice. In such case, the Replacement Lease Assets will be leased to the Lessee under the replacement Supplemental Lease Agreement, which shall be effective from the date of the Replacement Lease Assets Purchase Agreement and shall supersede the existing Supplemental Lease Agreement in respect of that Series in its entirety, subject to and in accordance with the Master Lease Agreement.

If a Partial Loss Event occurs with respect to one or more Lease Assets of a Series, the Lessee may, on or before the 30th day after the Partial Loss Event (and provided that the relevant Impaired Asset(s) have not already been replaced pursuant to a Replacement Lease Assets Purchase Agreement in accordance with the Service Agency Agreement), deliver to the Lessor a notice of termination of the relevant Lease (a “**Partial Loss Termination Notice**”), which termination shall be effective on the 61st day after the date of the Partial Loss Event. If,

following a Partial Loss Event with respect to one or more Lease Assets of a Series, the Obligor fails to replace the Impaired Asset(s) on or before the 60th day after the date of the Partial Loss Event as described above, without prejudice to any right or remedy that the Trustee may have under any Transaction Document or by law in respect of that Series, the Lease in respect of that Series shall automatically terminate on the 61st day after the Partial Loss Event occurred. The occurrence of a Partial Loss Termination Event shall constitute a Dissolution Event but shall not constitute an Obligor Event.

If a Partial Loss Event occurs with respect to one or more Lease Assets of a Series, the Lessee may, on or before the 30th day after the Partial Loss Event, deliver a request (a “**Rental Reimbursement Request**”) to the Lessor for a proportionate reduction in rental by way of reimbursement of an amount of Rental (a “**Rental Reimbursement Amount**”) to take into account the loss and/or impairment of the relevant Impaired Asset(s) subject to the Partial Loss Event with respect to the period from and including the date of the Partial Loss Event to (and excluding) the earlier of (i) the 60th day following the date of the Partial Loss Event and (ii) the date of replacement of the relevant Impaired Asset(s) pursuant to a Replacement Lease Assets Purchase Agreement in accordance with the Service Agency Agreement. If the Lessee makes such a Rental Reimbursement Request, the Lessor (or the Service Agent on its behalf) shall, from the Insurance Proceeds and/or the Partial Loss Shortfall Amount paid in accordance with the Service Agency Agreement, pay the Rental Reimbursement Amount to the Lessee on the Partial Loss Reimbursement Date.

All Rental and other payments by the Lessee to the Trustee under the Master Lease Agreement must be made in the Specified Currency without set off or counterclaim of any kind and without any deduction or withholding for or on account of Tax unless required by law and, in the event that a deduction or withholding is imposed by or on behalf of any relevant taxing authority in relation to the Rental or any corresponding payment by the Trustee pursuant to the Certificates, the Lessee shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no such deduction or withholding had been made and accordingly, the Lessee undertakes to pay to the Trustee or such other persons as the Trustee may direct such additional amounts forthwith upon demand and in the manner and currency prescribed under the Master Lease Agreement.

Service Agency Agreement

The Service Agency Agreement will be entered into on 9 July 2024 between the Trustee (in its capacity as trustee and as Lessor) and the Obligor (in its capacity as Service Agent) and will be governed by English law.

The Services

Pursuant to the Service Agency Agreement, in relation to each Series, the Trustee appointed the Service Agent to provide certain services and perform certain obligations relating to the Lease Assets (the “**Services**”) in accordance with the terms of the Service Agency Agreement, including, among other things, the following:

- (a) the Service Agent shall carry out all Major Maintenance and Structural Repair in respect of the Lease Assets of each Series on behalf of the Trustee (as lessor);
- (b) so long as the Trustee remains the owner of the Lease Assets of any Series, the Service Agent, on behalf of the Trustee, shall pay all Proprietorship Taxes (if any) charged, levied or claimed in respect of the Lease Assets by any relevant taxing authority; and
- (c) the Service Agent shall:
 - (i) be responsible for ensuring that the Lease Assets of each Series are, so long as the Certificates of that Series are outstanding, properly insured to the extent consistent with general industry practice by prudent owners of similar assets and, to the extent that it is reasonable and commercially practicable, in a *Shari’a* compliant manner (the “**Insurances**”) against a Total Loss Event or a Partial Loss Event in an insured amount in the Specified Currency of the relevant Series, at all times, at least equal to the Insurance Coverage Amount;
 - (ii) promptly make a claim in respect of each loss relating to the Lease Assets in accordance with the terms of the Insurances and diligently pursue such claim under the terms of the Insurances;
 - (iii) ensure that, in the event of a Total Loss Event occurring, unless the Lease Assets have been replaced in the manner described below, all Insurance Proceeds in an amount at least equal to

the Insurance Coverage Amount are paid in the Specified Currency of that Series directly into the Transaction Account or, in the event that the Insurance Proceeds are to be used for the acquisition of Replacement Lease Assets in accordance with the below provisions, the Collection Account, as soon as practicable and in any event by no later than close of business in the Kingdom on the 60th day after the occurrence of the Total Loss Event;

- (iv) if within 60 days of the Issue Date of the first Tranche of the relevant Series and for any reason, the Service Agent is not in compliance with paragraph (i), it shall immediately deliver written notice to the Trustee and the Delegate of such non-compliance and the details thereof. The delivery of the notice referred to in this paragraph (iv) to the Trustee and the Delegate in relation to non-compliance with paragraph (i) shall constitute an Obligor Event (or a dissolution event for that particular Series); and
- (v) ensure that, in the event of a Partial Loss Event occurring, unless the relevant Impaired Asset(s) have been replaced in the manner described below, Insurance Proceeds in an amount at least equal to the aggregate of (i) the Value of the relevant Impaired Asset(s); and (ii) the Rental Reimbursement Amount (if any) (together, the **“Partial Loss Coverage Amount”**) is paid in the Specified Currency of that Series directly into the Transaction Account or, in the event that the Insurance Proceeds are to be used for the acquisition of Replacement Lease Assets as described below, the Collection Account, as soon as practicable and in any event by no later than close of business in the Kingdom on the 60th day after the occurrence of the Partial Loss Event.

The Service Agent shall provide the Services under the Service Agency Agreement in accordance with all applicable laws and regulations and with the degree of skill and care that it would exercise in respect of its own assets.

In consideration for the Service Agent acting as agent of the Trustee in relation to the Lease Assets of each Series the Service Agent shall be paid a fee of U.S.\$100 on the date of the Service Agency Agreement (the receipt and adequacy of which will be acknowledged by the Service Agent under the Service Agency Agreement).

All Expenses Reserve Amount

As an advance to the Service Agent for Services Charge Amounts to be paid or incurred by it in respect of the Services, the Trustee shall procure that (a) an amount (the **“All Expenses Reserve Amount”**) is credited to the Collection Account on the relevant Lease Commencement Date and (b) the All Expenses Reserve Amount is replenished in accordance with the Service Agency Agreement.

Notwithstanding any other provision in the Service Agency Agreement, the Service Agent shall not be permitted to incur or pay any liability in any Lease Period in respect of the Services to be performed in relation to the relevant Lease Assets which, individually or in the aggregate, would exceed the All Expenses Reserve Amount in such Lease Period (the amount by which such liability exceeds the All Expenses Reserve Amount, an **“Additional Services Charge Amount”**, which amount shall be denominated in the Specified Currency and, if required, the exchange rate for conversion into the Specified Currency shall be determined by the Service Agent) unless: (a) a request for such incurrence or payment of an Additional Services Charge Amount has been made by the Service Agent to the Lessor in accordance with the Service Agency Agreement; and (b) the Lessor has approved such request. If, during any Lease Period, the Service Agent incurs or pays such liability without first satisfying the foregoing conditions (a) and (b), then it shall be deemed to have unconditionally agreed to satisfy, donate and pay all such liabilities from its own account and the Lessor shall have no responsibility whatsoever in connection with such liability.

Total Loss Event and Partial Loss Event

The Service Agent shall promptly notify the Trustee and the Delegate forthwith upon the occurrence of a Total Loss Event or Partial Loss Event, and provide a description of, an explanation of the reasons for, and evidence of, the Total Loss Event or Partial Loss Event, as the case may be and, in the case of a Partial Loss Event, a written opinion from a recognised independent industry expert certifying that a Partial Loss Event has occurred. In the case of a Total Loss Event, the Trustee, upon receipt of such notice from the Service Agent, or otherwise upon having actual knowledge or express notice of the occurrence of a Total Loss Event, shall promptly give

notice to Certificateholders, in accordance with the Conditions, of the occurrence of the Total Loss Event and that, from the date of such notice, and until any further notice from the Trustee, as determined in consultation with the *Shari'a* Adviser, the Certificates should only be tradable in accordance with the *Shari'a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis).

If a Total Loss Event or a Partial Loss Event occurs in relation to a Series and, notwithstanding the obligations of the Service Agent to insure the Lease Assets as described above, an amount (if any) less than (i) in the case of a Total Loss Event, the Insurance Coverage Amount or (ii) in the case of a Partial Loss Event, the Partial Loss Coverage Amount, is credited to the Transaction Account or the Collection Account, as applicable, in accordance with the above provisions (in the case of a Total Loss Event, the difference between (i) the Insurance Coverage Amount and (ii) the amount credited to the Transaction Account or the Collection Account, as applicable, being the “**Total Loss Shortfall Amount**”) and, in the case of a Partial Loss Event, the difference between (i) the Partial Loss Coverage Amount and (ii) the amount credited to the Transaction Account or the Collection Account, as applicable, being the “**Partial Loss Shortfall Amount**”, then the Service Agent (unless it proves beyond any doubt that any shortfall in the Insurance Proceeds is neither attributable to its negligence nor its failing to comply with the terms of the Service Agency Agreement relating to insurance) acknowledges that it shall have failed in its responsibility to properly insure the Lease Assets of that Series and accordingly irrevocably and unconditionally undertakes to pay (in the Specified Currency of that Series in same day, freely transferable, cleared funds) the Total Loss Shortfall Amount or the Partial Loss Shortfall Amount, as applicable, directly into the Transaction Account or, in the event that the Insurance Proceeds are to be used for the acquisition of Replacement Lease Assets in accordance with the following paragraph, the Collection Account, as soon as practicable and in any event by no later than close of business in the Kingdom on the 60th day after the Total Loss Event or the Partial Loss Event, as applicable, has occurred. Thereafter, and subject to the Service Agent’s strict compliance with the Service Agency Agreement, any Insurance Proceeds received from any insurer in respect of the relevant Lease Assets shall be for the Obligor’s sole account and the Trustee shall have no further claim against the Obligor for failing to comply with its insurance obligations.

Upon the occurrence of a Total Loss Event, unless the relevant Lease Assets have been replaced in accordance with the Service Agency Agreement, which replacement shall, on the date of such replacement be notified by the Trustee to the Certificateholders and such notice shall include a confirmation that the Certificates may be traded at any price from the date of such notice, the Trustee shall redeem all of the Certificates by no later than the close of business in London on the 61st day after the occurrence of the Total Loss Event (a “**Total Loss Event Dissolution Date**”). Any such redemption of Certificates shall be at their Dissolution Distribution Amount using either: (i) the proceeds of insurance payable in respect of the Total Loss Event which are required to be paid into the Transaction Account by no later than the 60th day after the occurrence of the Total Loss Event; or (ii) if the insurance proceeds (if any) standing to the credit of the Transaction Account on the 60th day following the occurrence of a Total Loss Event are less than Insurance Coverage Amount, the amount standing to the credit of the Transaction Account on the 61st day following the occurrence of a Total Loss Event, representing the aggregate of the insurance proceeds paid in respect of any Total Loss Event (if any) and the Total Loss Shortfall Amount funded by the Service Agent in accordance with the terms of the Service Agency Agreement and, in each case, the outstanding amounts payable under the Master Murabaha Agreement.

Replacement of Assets

If, following the occurrence of a Total Loss Event or a Partial Loss Event (and provided that, in the case of a Partial Loss Event, the Lessee has not already delivered a Partial Loss Termination Notice to the Lessor in accordance with the Master Lease Agreement), the Service Agent receives notice from the Obligor that replacement Lease Assets (“**Replacement Lease Assets**”) are available on or before the 59th day after the occurrence of the Total Loss Event or Partial Loss Event, as the case may be, the Trustee may, pursuant to and on the terms of a separate purchase agreement substantially in the form, *mutatis mutandis*, of a Supplemental Purchase Agreement (a “**Replacement Lease Assets Purchase Agreement**”), purchase such Replacement Lease Assets from the Obligor (or any entity acting on behalf of the Obligor) by way of payment by the Service Agent on behalf of the Trustee of the Insurance Proceeds (or the assignment of the rights to the Insurance Proceeds) and/or the Total Loss Shortfall Amount or Partial Loss Shortfall Amount, as applicable, paid into the Transaction Account, pursuant to the Service Agency Agreement (if any), to or to the order of the Obligor and the transfer to the Obligor by the Trustee of any residual interest it may hold in the relevant Lease Assets (in the case of a Total Loss Event) or the relevant Impaired Asset(s) (in the case of a Partial Loss Event) (including any

remaining rights in respect of any Insurance Proceeds), in consideration for the sale, transfer and conveyance by the Obligor of the Replacement Lease Assets to the Trustee.

On the date of any Replacement Lease Assets Purchase Agreement entered into following a Total Loss Event, pursuant to and in accordance with the Master Lease Agreement, the Trustee shall give a Lease Replacement Notice to the Lessee, and the Trustee and the Lessee shall enter into a corresponding replacement Supplemental Lease Agreement. The replacement of the relevant Lease Assets with the relevant Replacement Lease Assets shall be subject to such replacement Supplemental Lease Agreement being entered into between the Trustee and the Lessee in accordance with the Master Lease Agreement, which shall specify the details of the relevant Replacement Lease Assets. On the same date as such replacement Supplemental Lease Agreement, the Trustee shall forthwith notify Certificateholders of the replacement of the Lease Assets and that the Certificates may be traded at any price from the date of such notice to Certificateholders.

On the date of any Replacement Lease Assets Purchase Agreement entered into following a Partial Loss Event, the Trustee and the Lessee shall amend the relevant schedule to the Supplemental Lease Agreement to reflect the replacement of the relevant Impaired Asset(s) with the relevant Replacement Lease Assets.

Accounts

In relation to each Series, the Service Agent shall maintain a ledger account (the “**Collection Account**”) in its books with respect to each Series, which shall be denominated in the Specified Currency and be non-interest bearing. All payments of Rental and the payment of Initial Supplementary Rental (in each case payable pursuant to the Supplemental Lease Agreement with respect to the relevant Series) and all Murabaha Profit Instalments (payable pursuant to the Murabaha Contract in respect of each Tranche), will be recorded in the Collection Account.

The Service Agent shall use all reasonable endeavours to ensure the timely receipt of all Rental and Murabaha Profit Instalment payments (free and clear of, and without withholding or deduction for, Taxes), investigate non-payment of such Rental and/or Murabaha Profit Instalment payments, as applicable, use its best efforts to collect or enforce the collection of such amounts under the relevant Supplemental Lease Agreement and/or Murabaha Contract, as applicable, as and when the same shall become due and shall record such payments of Rental and/or Murabaha Profit Instalment in the Collection Account.

On the Business Day prior to each Periodic Distribution Date, amounts standing to the credit of the Collection Account (other than any amounts of Initial Supplementary Rental and/or Supplementary Rental, and/or any Insurance Proceeds) will be applied by the Service Agent on behalf of the Trustee in payment into the Transaction Account of an amount equal to the Periodic Distribution Amount payable on such Periodic Distribution Date.

The Service Agent may deduct amounts standing to the credit of the Collection Account (other than any amounts of Initial Supplementary Rental and/or Supplementary Rental, and/or any Insurance Proceeds) at any time during the relevant Lease Term and use such amounts for its own account, *provided that* it shall immediately re-credit all such amounts to the Collection Account (for on-payment to the relevant Transaction Account) (a) if, on the Business Day prior to a Periodic Distribution Date, so required to fund a shortfall between: (i) the amount standing to the credit of the relevant Transaction Account; and (ii) the Periodic Distribution Amount payable on such Periodic Distribution Date, or (b) upon the occurrence of a Dissolution Event, a Tangibility Event or a Total Loss Event.

Following payment in full of all amounts due and payable under the Certificates of the relevant Series on the Scheduled Dissolution Date (or any earlier Dissolution Date on which all of the Certificates of the relevant Series are redeemed), the Service Agent shall be entitled to retain any remaining amount standing to the credit of the Collection Account for its own account as an incentive payment for acting as Service Agent.

Expenses, Replenishment and Credit

Subject to the provisions described in “—*All Expenses Reserve Amount*” above, the Service Agent shall, in relation to each Series, on or prior to each Services Invoice Date, submit to the Lessor or its agent one or more invoices for any Services Charge Amount incurred by it in the Lease Period of each Series in which such Services Invoice Date falls and such invoice(s) shall be denominated in the Specified Currency and, if required, the exchange rate for conversion into the Specified Currency shall be determined by the Service Agent.

Subject to the provisions described in “—*All Expenses Reserve Amount*” above, the Service Agent shall submit to the Lessor or its agent a request for the Trustee’s approval of the Service Agent paying or incurring any proposed liability comprising an Additional Services Charge Amount prior to paying or incurring such Additional Services Charge Amount (the date of such request being the “**ASCA Request Date**”).

Subject always to the terms of the Supplemental Lease Agreement with respect to the relevant Series and the provisions described in “—*All Expenses Reserve Amount*” above: (a) the Lessor shall procure that an amount equal to each Services Charge Amount notified in accordance with the foregoing is credited to the Collection Account on the first Business Day of the first Lease Period commencing after the Services Invoice Date; and (b) the Lessor shall procure the reimbursement of the Service Agent for each Additional Services Charge Amount approved in accordance with the provisions described in “—*All Expenses Reserve Amount*” above on the first Business Day of the first Lease Period commencing after the ASCA Request Date or, if any Lease is terminated prior to a Rental Payment Date, on the date of termination of such Lease.

No replenishment in an amount equal to a Services Charge Amount shall take place in accordance with the provisions described in “—*All Expenses Reserve Amount*” above, unless the Service Agent evidences the payment or incurrence of each liability comprising such Services Charge Amount by delivering to the Trustee receipts, invoices or other proper evidence of payment on the Services Invoice Date.

An amount equal to an Additional Services Charge Amount shall not be reimbursed in accordance with this paragraph unless the Service Agent evidences the requirement for the payment or the requirement for the incurrence of each liability comprising such Additional Services Charge Amount by delivering to the Trustee quotations or other proper evidence of such requirement by no later than the ASCA Request Date.

Tangibility

The Service Agent shall ensure that at all times (including following (a) a substitution of Lease Assets pursuant to the Sale Undertaking, (b) a partial dissolution of the Certificates of the relevant Series or (c) the issuance of additional Certificates), the Tangibility Ratio is more than 50%. If the Tangibility Ratio falls to 50% or less (but is 33% or more), the Service Agent shall take any and all steps as may be reasonably required to ensure such Tangibility Ratio is restored to more than 50% within the time period determined by the *Shari’a* Adviser. Failure of the Service Agent to comply with the obligations in this paragraph will not constitute an Obligor Event.

The Service Agent shall deliver a notice (“**Tangibility Event Trustee Notice**”) to the Trustee within 10 Kingdom business days of becoming aware of the occurrence of a Tangibility Event. The Trustee, upon receipt of such notice from the Service Agent, shall promptly deliver a notice (the “**Tangibility Event Notice**”) to the Delegate and the Certificateholders in accordance with the Conditions, which shall (i) set forth an explanation of the reasons for, and evidence of, the fall in the Tangibility Ratio, (ii) state that, as determined in consultation with the *Shari’a* Adviser, the Certificates should only be tradable in accordance with the *Shari’a* principles of debt trading (such as the principle that debt is to be traded against tangible assets and/or eligible commodities on a spot settlement basis), and (iii) specify the Tangibility Event Put Period, during which Certificateholders may elect to have their Certificates redeemed, in whole or in part, on the Tangibility Event Put Date at their Dissolution Distribution Amount; and (iv) state that on the Tangibility Event Delisting Date, the Certificates will be delisted from any stock exchange on which the Certificates have been admitted to listing. For the avoidance of doubt, the failure by the Service Agent to comply with any of the obligations in this paragraph shall not constitute an Obligor Event, save that, a failure by the Service Agent to deliver the Tangibility Event Trustee Notice in accordance with this paragraph shall constitute an Obligor Event.

Shari’a Adviser

The Service Agent shall ensure that on and from the Issue Date of each Series, the *Shari’a* Adviser is appointed to (a) advise the Service Agent on any *Shari’a* related matters relating to the Transaction Documents and the Certificates; and (b) provide guidance to the Service Agent as to the compliance of the Transaction Documents and the Certificates with the requirements from time to time of the *Shari’a* standards of the Accounting and Auditing Organisation for Islamic Financial Institutions.

Other provisions

The Service Agent has agreed in the Service Agency Agreement (and except as provided herein and subject to certain relevant provisions of the Purchase Undertaking and the Sale Undertaking) that all payments by it under the Service Agency Agreement will be made without any deduction or withholding for or on account of any present or future Taxes imposed by the Relevant Taxing Jurisdictions unless required by law and without set-off or counterclaim of any kind. If there is any deduction or withholding, the Service Agent shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made and accordingly the Service Agent undertakes in the Service Agency Agreement to pay to the Trustee or such other persons as the Trustee may direct such additional amounts forthwith upon demand and in the manner and currency prescribed in the Service Agency Agreement. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), the Service Agent will pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer for same day value so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee. The payment obligations of the Service Agent under the Service Agency Agreement will be direct, unsubordinated and unsecured obligations of the Service Agent and shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Service Agent, present and future.

Purchase Undertaking

The Purchase Undertaking will be executed as a deed on 9 July 2024 by the Obligor as obligor in favour of the Trustee and the Delegate and will be governed by English law.

In relation to each Series, and *provided that* a Total Loss Event has not occurred in respect of the Lease Assets of that Series, the Obligor pursuant to the Purchase Undertaking shall irrevocably grant the Trustee and the Delegate (on behalf of itself and the Certificateholders) the following rights:

- (a) *provided that* a Dissolution Event has occurred, a Dissolution Notice has been delivered in accordance with the Conditions, to require the Obligor to purchase and accept the transfer on the Dissolution Event Redemption Date specified in the Exercise Notice of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Lease Assets at the Exercise Price;
- (b) to require the Obligor, on the Scheduled Dissolution Date, to purchase and accept the transfer of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Lease Assets at the Exercise Price;
- (c) *provided that:*
 - (i) Certificateholder Put Right is specified as applicable in the applicable Final Terms; and
 - (ii) a holder or holders of the relevant Certificates have exercised the Certificateholder Put Right in accordance with the Conditions,to require the Obligor, on to the relevant Certificateholder Put Right Date, to purchase and accept the transfer on the Certificateholder Put Right Date of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Certificateholder Put Right Lease Assets at the Certificateholder Put Right Exercise Price;
- (d) *provided that:*
 - (i) Change of Control Put Right is specified as applicable in the applicable Final Terms; and
 - (ii) a Change of Control Put Event has occurred and a holder or holders of the relevant Certificates have exercised the Change of Control Put Right in accordance with the Conditions,to require the Obligor, on the relevant Change of Control Put Date, to purchase and accept the transfer on the Change of Control Put Date of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Change of Control Put Right Lease Assets at the Change of Control Put Right Exercise Price; and

- (e) *provided that* a Tangibility Event has occurred and a holder or holders of the relevant Certificates have exercised the Tangibility Event Put Right in accordance with the Conditions, to require the Obligor, on the relevant Tangibility Event Put Date, to purchase and accept the transfer on the Tangibility Event Put Date (*provided that* the relevant Tangibility Event Notice has been revoked by the Trustee in accordance with the Conditions) of all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Tangibility Event Put Right Lease Assets at the Tangibility Event Put Right Exercise Price,

in each case, with regard to such Lease Assets on an "as is" basis and otherwise on the terms and subject to the conditions of the Purchase Undertaking.

If the Delegate exercises its option prior to the Scheduled Dissolution Date of the relevant Series, an Exercise Notice will be required to be delivered by the Delegate under the Purchase Undertaking.

The Obligor has agreed in the Purchase Undertaking that, save as set out in the Purchase Undertaking, all payments by it under the Purchase Undertaking will be made without any deduction or withholding for or on account of any present or future Taxes imposed by the Relevant Taxing Jurisdictions unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Obligor shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), the Obligor will agree in the Purchase Undertaking to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer for same day value so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee. The payment obligations of the Obligor under the Purchase Undertaking will be direct, unsubordinated and unsecured obligations of the Obligor and shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Obligor, present and future. Notwithstanding the above, if all of the Certificates of a Series are being redeemed in full an amount equal to the relevant Additional Services Charge Amount to be paid by the Obligor as part of any Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Tangibility Event Put Right Exercise Price (as applicable) under the Purchase Undertaking (upon exercise of the applicable right granted thereunder) and any Additional Services Charge Amount to be paid by the Trustee under the Service Agency Agreement in respect of which the Lessee is required to make a corresponding payment of Additional Supplementary Rental under the Master Lease Agreement and the relevant Supplemental Lease Agreement but such payment has not been made shall be set off against one another, and the obligation to pay that part of the Exercise Price (payable by the Obligor upon exercise of the applicable right granted pursuant to the Purchase Undertaking) shall be discharged by such set-off.

In the Purchase Undertaking, the Obligor has undertaken to comply with all provisions of the Conditions and the Transaction Documents to which it is a party and which are expressed to be applicable to it.

The Obligor has further undertaken to the Trustee in the Purchase Undertaking that if the relevant Exercise Price, Certificateholder Put Right Exercise Price or Change of Control Put Right Exercise Price is not paid in accordance with the Purchase Undertaking for any reason whatsoever, and provided that, at the time of delivery of the relevant Exercise Notice, the Saudi Arabian Oil Company (Saudi Aramco) remains in actual or constructive possession, custody or control of all or any part of the relevant Lease Assets, Certificateholder Put Right Lease Assets, Change of Control Put Right Lease Assets or Tangibility Event Put Right Lease Assets, as the case may be, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the Certificates then outstanding or the relevant Certificates to be redeemed on the Certificateholder Put Right Date, the Change of Control Put Date or the Tangibility Event Put Date, as the case may be, and, accordingly, the amount payable under any such indemnity claim will equal the relevant Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Tangibility Event Put Right Exercise Price (as applicable), in each case without duplication.

Payment of an amount equal to the Exercise Price, the Certificateholder Put Right Exercise Price, the Change of Control Put Right Exercise Price or the Tangibility Event Put Right Exercise Price (as applicable) to the credit of the Transaction Account in accordance with the preceding paragraph shall evidence the acceptance of the Exercise Notice by the Obligor delivered in accordance with the provisions of the Purchase Undertaking

and the conclusion of the transfer of the rights, title, interest, benefits and entitlements of the Trustee in, to and under the relevant Lease Assets, Certificateholder Put Right Lease Assets, Change of Control Put Right Lease Assets or Tangibility Event Put Right Lease Assets (as the case may be) to the Obligor.

Sale Undertaking

The Sale Undertaking will be executed as a deed on 9 July 2024 by the Trustee in favour of the Obligor and will be governed by English law.

In relation to each Series, pursuant to the Sale Undertaking, the Trustee shall irrevocably grant to the Obligor the right:

- (a) on the conditions described in Condition 8.2 (*Early Dissolution for Taxation Reasons*), to require the Trustee to sell, transfer and convey to the Obligor on the Early Tax Dissolution Date all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Lease Assets at the Exercise Price by executing a sale agreement;
- (b) if and to the extent that any Certificates have been purchased and are to be cancelled pursuant to Condition 8.11 (*Purchases*) and 8.12 (*Cancellation*) (the "**Cancellation Certificates**"), to require the Trustee to purchase the Cancellation Certificates from the Obligor in consideration for:
 - (i) the sale and transfer of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under a proportion of the Lease Assets not exceeding such proportion as is determined by dividing: (i) the aggregate outstanding face amount of Certificates to be cancelled pursuant to Condition 8.11 (*Purchases*) and 8.12 (*Cancellation*); by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series (the "**Cancellation Proportion**"); and
 - (ii) the payment of an amount equal to the product of the aggregate amounts of the Deferred Sale Price under each Murabaha Contract relating to the relevant Series and the Cancellation Proportion, as determined on the relevant date on which the Cancellation Certificates are to be cancelled immediately prior to the redemption and cancellation of the relevant Cancellation Certificates,in each case, by executing a sale agreement;
- (c) *provided that* Optional Dissolution Right is specified as applicable in the applicable Final Terms and the Obligor has exercised the Optional Dissolution Right in accordance with the Conditions, to require the Trustee to sell and transfer to the Obligor all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under a proportion of the Lease Assets not exceeding such proportion as is determined by dividing: (i) the aggregate outstanding face amount of Certificates to be redeemed pursuant to the exercise of the Optional Dissolution Right; by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series immediately prior to such redemption (the "**Optional Dissolution Proportion**"), at the Optional Dissolution Exercise Price by executing a sale agreement;
- (d) *provided that* Make Whole Dissolution Right is specified as applicable in the applicable Final Terms and the Obligor has exercised the Make Whole Dissolution Right in accordance with the Conditions, to require the Trustee to sell and transfer to the Obligor all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under a proportion of the Lease Assets not exceeding such proportion as is determined by dividing: (i) the aggregate outstanding face amount of Certificates to be redeemed pursuant to the exercise of the Make Whole Dissolution Right; by (ii) the aggregate outstanding face amount of the Certificates of the relevant Series immediately prior to such redemption (the "**Make Whole Dissolution Proportion**"), at the Make Whole Dissolution Exercise Price by executing a sale agreement;
- (e) to require, from time to time at the Obligor's sole discretion, the Trustee to sell, transfer and convey all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under any or all of the Lease Assets (the "**Substituted Assets**") to it in exchange for New Assets of a Value which is equal to or greater than the Value of the Substituted Assets (as certified by the Obligor in the relevant Substitution Notice), and *provided that* the New Assets are Eligible Assets. The substitution of the

Substituted Assets with the New Assets will become effective on the date specified in the Substitution Notice to be delivered by the Obligor, by the Trustee and the Obligor entering into a sale agreement. In the event that Substituted Assets constitute all of the Lease Assets of the Series on the relevant Substitution Date (as defined in the Sale Undertaking, which date shall be no earlier than 10 Business Days after the date of the Substitution Notice), the then existing Supplemental Lease Agreement shall terminate and the Trustee and the Lessee will enter into a Supplemental Lease Agreement on that Substitution Date which will, among other things, specify the New Assets as the Lease Assets as at that Substitution Date. The relevant schedule to each relevant Supplemental Lease Agreement listing the Lease Assets shall be updated on each date on which any Lease Asset under that Series is transferred to the Obligor in accordance with the Transaction Documents; and

- (f) *provided that* 75% or more of the initial aggregate face amount of the Certificates of a Series have been redeemed or, as the case may be, purchased, pursuant to Condition 8.6 (*Dissolution at the Option of Certificateholders (Change of Control Put Right)*) or Condition 8.7 (*Dissolution at the Option of Certificateholders (Tangibility Event Put Right)*), to oblige the Trustee to sell and transfer to the Obligor on the Clean-Up Dissolution Date specified in the relevant Exercise Notice all of the Trustee's interests, rights, title, benefits and entitlements, present and future, in, to and under the Lease Assets at the Exercise Price.

Master Murabaha Agreement

The Master Murabaha Agreement will be entered into on 9 July 2024 between the Trustee and the Obligor and will be governed by English law.

In connection with each Tranche under each Series of Certificates, the Trustee may desire to enter into a Commodity Murabaha Trade with the Obligor (in its capacity as buyer, the "**Buyer**") using a portion of the issue proceeds of the relevant Tranche as specified in the applicable Final Terms and which will be no more than 45% of the issue proceeds of that Tranche.

Pursuant to the Master Murabaha Agreement, the Trustee has undertaken that, on receipt of a Notice of Request to Purchase from the Buyer, the Trustee (acting through the Commodity Agent) may purchase the relevant Commodities no later than 10.30 a.m. on the relevant Issue Date (or such other time as may be agreed in writing by the Buyer and the Trustee), which are the subject of that Notice of Request to Purchase from the Commodity Supplier at the relevant Commodity Purchase Price in accordance with the terms set out in that Notice of Request to Purchase; and following such purchase of the relevant Commodities, offer to sell those Commodities to the Buyer at the relevant Deferred Sale Price on deferred payment terms in accordance with the Master Murabaha Agreement.

Following the purchase of the Commodities by the Trustee (acting through the Commodity Agent) *provided that* the Trustee has acquired title to, and (actual or constructive) possession of, the Commodities, the Trustee shall deliver no later than 11 a.m. London time (or such other time as may be agreed between the Buyer and the Trustee) on the Issue Date an Offer Notice to the Buyer (with a copy to the Commodity Agent) indicating the Trustee's acceptance of the terms of the Notice of Request to Purchase made by the Buyer and detailing the terms of the offer for the sale of the Commodities to the Buyer from the Trustee.

Pursuant to the Master Murabaha Agreement, the Buyer has irrevocably and unconditionally undertaken to accept the terms of, countersign and deliver to the Trustee (with a copy to the Commodity Agent) any Offer Notice delivered to it in accordance with the Master Murabaha Agreement and (as a result of the Trustee having acted on the request of the Buyer set out in the Notice of Request to Purchase) purchase the Commodities acquired by the Trustee (acting through the Commodity Agent), in each case no later than 12 p.m. London time (or such other time as may be agreed between the Buyer and the Trustee) on the Issue Date (or such other time as may be agreed in writing by the Buyer and the Trustee) at the relevant Deferred Sale Price.

As soon as the Buyer has countersigned the Offer Notice, the relevant Murabaha Contract shall be created between the Trustee and the Buyer upon the terms of that Offer Notice and incorporating the terms and conditions set out in the Master Murabaha Agreement; and ownership of and, upon the Buyer obtaining (actual or constructive) possession of the relevant Commodities, all risks in and to the Commodities shall immediately pass to and be vested in the Buyer, together with all rights and obligations relating thereto including the benefit of all of the Commodity Supplier's warranties and representations which are capable of being so transferred.

The Buyer may (but has no obligation to) following the purchase of the Commodities by the Buyer from the Trustee, and *provided that* the Buyer has acquired title to, and possession of, the Commodities, sell those Commodities to a third party.

Except as otherwise provided in the Master Murabaha Agreement, in connection with each Murabaha Contract, the Buyer has irrevocably and unconditionally undertaken to pay to the Trustee the Deferred Sale Price in accordance with the Master Murabaha Agreement and in the amounts and on the dates as specified in the relevant Offer Notice. Notwithstanding the foregoing, in accordance with the Master Murabaha Agreement, the amount and due date of the Deferred Sale Price shall be subject to adjustment (without further formality) as provided below:

- (a) the outstanding Deferred Sale Price shall become immediately due and payable on the Business Day immediately preceding the Early Tax Dissolution Date;
- (b) the Optional Dissolution Proportion of the outstanding Deferred Sale Price shall become immediately due and payable on the Business Day immediately preceding the Optional Dissolution Date;
- (c) the Make Whole Dissolution Proportion of the outstanding Deferred Sale Price shall become immediately due and payable on the Business Day immediately preceding the Make Whole Dissolution Date;
- (d) the Certificateholders Put Right Proportion of the outstanding Deferred Sale Price shall become immediately due and payable on the Business Day immediately preceding the Certificateholders Put Right Date;
- (e) the Change of Control Put Right Proportion of the outstanding Deferred Sale Price shall become immediately due and payable on the Business Day immediately preceding the Change of Control Put Date;
- (f) the Tangibility Event Put Right Proportion of the outstanding Deferred Sale Price shall become immediately due and payable on the Business Day immediately preceding the Tangibility Event Put Date;
- (g) the outstanding Deferred Sale Price shall become immediately due and payable on the Dissolution Event Redemption Date;
- (h) the outstanding Deferred Sale Price shall become immediately due and payable on the Total Loss Event Dissolution Date;
- (i) the outstanding Deferred Sale Price shall become immediately due and payable on the Clean-Up Dissolution Date;
- (j) the Cancellation Proportion of the outstanding Deferred Sale Price shall be deemed to be cancelled with effect from the Cancellation Date; and
- (k) where, in the case of paragraphs (b), (c), (d), (e), (f) and (j) above, less than the full amount of the outstanding Deferred Sale Price has been paid or cancelled (as applicable), the future payment of the relevant part of the Deferred Sale Price as originally provided in the relevant Offer Notice (as adjusted pursuant to this paragraph (k), if applicable) shall be reduced by the Optional Dissolution Proportion, the Make Whole Dissolution Proportion, the Certificateholder Put Right Proportion, the Change of Control Put Right Proportion, the Tangibility Event Put Right Proportion or the Cancellation Proportion (as applicable) and the remaining amount of the Deferred Sale Price following such reduction shall be due and payable in the amount as so adjusted but otherwise on the same date(s) as specified in the Offer Notice and otherwise in accordance with its terms and the terms of the Master Murabaha Agreement.

For the avoidance of doubt, the adjustments referred to above shall not result in there being any rebate payable by the Trustee to the Buyer in respect of the Deferred Sale Price.

The Deferred Sale Price, including as may be adjusted in accordance with the provisions of the preceding paragraph, shall be paid by the Buyer to the Trustee in cleared funds by crediting: (i) the Murabaha Profit Instalments and on the dates, each as specified in the Annex to the relevant Offer Notice, to the Collection

Account; and (ii) any amount specified as being payable on the relevant Dissolution Date pursuant to the preceding paragraph, as the case may be, to the Transaction Account.

The Buyer has agreed in the Master Murabaha Agreement that all payments by it under the Master Murabaha Agreement will be made in the Specified Currency and without any deduction or withholding for or on account of any present or future Taxes imposed by the Relevant Taxing Jurisdictions unless required by law and without set-off or counterclaim of any kind and, in the event that there is any deduction or withholding, the Buyer shall pay all additional amounts as will result in the receipt by the Trustee of such net amounts as would have been received by it if no deduction or withholding had been made. In addition, if additional amounts are payable by the Trustee in respect of the Certificates in accordance with Condition 10 (*Taxation*), the Buyer has agreed in the Master Murabaha Agreement to pay to the Trustee an amount equal to such additional amounts by payment to the Transaction Account by wire transfer for same day value so that the full amount which would otherwise have been due and payable under the Certificates is received by the Trustee. The payment obligations of the Buyer under the Master Murabaha Agreement and each Murabaha Contract will be direct, unsubordinated and unsecured obligations of the Buyer and shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Buyer, present and future.

The Master Trust Deed, as supplemented by each Supplemental Trust Deed

The Master Trust Deed will be entered into on 9 July 2024 between the Trustee, the Obligor and the Delegate and will be governed by English law. A Supplemental Trust Deed between the same parties will be entered into on the Issue Date of each Tranche of Certificates and will also be governed by English law.

Upon issue of the Certificates of any Series, the Master Trust Deed and the relevant Supplemental Trust Deed shall together constitute the trust over the relevant Trust Assets declared by the Trustee in relation to such Series.

The Trust Assets in respect of each Series of Certificates comprise (unless otherwise specified in the relevant Supplemental Trust Deed), amongst other things, the cash proceeds of the issue of the Certificates, the interests, rights, title, benefits and entitlements, present and future, of the Trustee in, to and under the Transaction Documents (save as set out in Condition 5.1 (*Trust Assets*)) and any amounts standing to the credit of the relevant Transaction Account, as more particularly described in Condition 5.1 (*Trust Assets*).

Pursuant to the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed, the Trustee will, in relation to each Series of Certificates, *inter alia*:

- (a) hold the relevant Trust Assets on trust absolutely for the holders of the Certificates as beneficiaries in respect of that Series only; and
- (b) act as trustee in respect of the Trust Assets, distribute the income from the Trust Assets and perform its duties in accordance with the provisions of the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed.

The Trustee irrevocably and unconditionally appointed the Delegate to be its attorney and to execute, deliver and perfect all documents, and to exercise all of the present and future duties, powers (including the power to sub-delegate), rights, authorities and discretions vested in the Trustee by the Master Trust Deed that the Delegate may consider to be necessary or desirable in order, upon the occurrence of a Dissolution Event, and subject to its being indemnified and/or secured and/or pre-funded to its satisfaction, to: (i) exercise all of the rights of the Trustee under the Purchase Undertaking, the Master Murabaha Agreement and any of the other Transaction Documents; and (ii) make such distributions from the Trust Assets as the Trustee is bound to make in accordance with the Master Trust Deed as supplemented by the relevant Supplemental Trust Deed. The appointment of such delegate is intended to be in the interests of the Certificateholders and does not affect the Trustee's continuing role and obligations as sole trustee.

The Master Trust Deed specifies that the rights of recourse in respect of Certificates shall be limited to the amounts from time to time available and comprising the relevant Trust Assets of that Series. The Certificateholders have no claim or recourse against the Trustee to the extent the Trust Assets have been exhausted following which all obligations of the Trustee shall be extinguished.

A non-interest bearing Transaction Account in London will be established in respect of each Series of Certificates. Monies received in the Transaction Account in respect of each Series will, *inter alia*, comprise

revenues from the Lease Assets other than in the nature of sale, capital or principal payments, and amounts of the Deferred Sale Price paid by the Obligor pursuant to a Commodity Murabaha Trade (see “—*Service Agency Agreement*” and “—*Master Murabaha Agreement*” above). The Master Trust Deed provides that all monies credited to the Transaction Account in respect of each Series will be applied in the order of priority set out in Condition 5.2 (*Application of Proceeds from Trust Assets*).

The Obligor has covenanted and undertaken in the Master Trust Deed that:

- (a) if the relevant Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price, Tangibility Event Put Right Exercise Price, Optional Dissolution Exercise Price or Make Whole Dissolution Exercise Price is not paid in accordance with the Transaction Documents for any reason whatsoever, and provided that, at the time of delivery of the relevant Exercise Notice, Saudi Arabian Oil Company (Saudi Aramco) remains in actual or constructive possession, custody or control of all or any part of the relevant Lease Assets, Certificateholder Put Right Lease Assets, Change of Control Put Right Lease Assets or Tangibility Event Put Right Lease Assets, as the case may be, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price, Tangibility Event Put Right Exercise Price, Optional Dissolution Exercise Price or Make Whole Dissolution Exercise Price (as the case may be); and
- (b) if the aggregate amount of each outstanding Deferred Sale Price relating to the relevant Series is not paid on the relevant Dissolution Date in accordance with the provisions of the Master Murabaha Agreement for any reason whatsoever, the Obligor shall (as an independent, severable and separately enforceable obligation) fully indemnify the Trustee for the purpose of redemption in full of the outstanding Certificates and, accordingly, the amount payable under any such indemnity claim will equal the aggregate amount of each outstanding Deferred Sale Price relating to the relevant Series.

If and to the extent the Trustee has exercised its rights under Condition 20 (*Further Issues*) to issue additional Certificates in respect of a Series, on the date of issue of such additional Certificates, the Trustee will execute a Declaration of Commingling of Assets for and on behalf of the holders of the existing Certificates and the holders of such additional Certificates so issued, declaring that the Additional Assets and the Lease Assets in respect of the relevant Series as in existence immediately prior to the creation and issue of the additional Certificates and each Commodity Murabaha Trade made pursuant to the Master Murabaha Agreement (and all rights arising under or with respect thereto) in relation to the relevant Series are commingled and shall collectively comprise part of the Trust Assets for the benefit of the holders of the existing Certificates and the holders of such additional Certificates as tenants in common *pro rata* according to the face amount of Certificates held by each Certificateholder in accordance with the Master Trust Deed.

Shari’a Compliance

Each Transaction Document provides that each of SA Global Sukuk Limited and Saudi Arabian Oil Company (Saudi Aramco) (as applicable) agrees that it has accepted the *Shari’a* compliant nature of the Transaction Documents to which it is a party and, to the extent permitted by law, further agrees that:

- (a) it shall not claim that any of its obligations under the Transaction Documents to which it is a party (or any provision thereof) is *ultra vires* or not compliant with the principles of *Sharia*;
- (b) it shall not take any steps or bring any proceedings in any forum to challenge the *Shari’a* compliance of the Transaction Documents to which it is a party; and
- (c) none of its obligations under the Transaction Documents to which it is a party shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that the Transaction Documents to which it is a party are not compliant with the principles of *Shari’a*.

Defined Terms

For the purposes of this Summary of the Principal Transaction Documents:

“Additional Assets” means, in relation to an Additional Tranche, the Eligible Assets specified as such in the relevant Supplemental Purchase Agreement;

“Additional Tranche” means any additional Tranche of Certificates issued pursuant to Condition 20 (*Further Issues*);

“Additional Lease Commencement Date” means the date from and including the due date for payment of the Outstanding Exercise Price;

“Additional Lease Period” means the period from, and including, the Additional Lease Commencement Date to, but excluding, the date on which the sale and purchase in respect of the Trustee’s interests, rights, benefits and entitlements in and to the relevant Lease Assets occurs (including the payment in full of any Outstanding Exercise Price and all other accrued amounts by the Obligor);

“Assets” means the Initial Assets (in relation to the first Tranche of each Series), the Additional Assets (in relation to an Additional Tranche) or any Replacement Lease Assets;

“Asset Purchase Price” means, in relation to each Tranche, the purchase price payable by the Trustee in respect of the relevant Assets, as set out in the relevant Supplemental Purchase Agreement;

“Additional Supplementary Rental” means, in relation to a Lease Period, the aggregate of all amounts of additional supplementary rental that the Lessee has agreed to pay in respect of such Lease Period in accordance with the provisions of the Master Lease Agreement;

“Certificateholder Put Right Exercise Price” means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Certificateholder Put Right for the relevant Series; *plus*
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; *plus*
- (c) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any outstanding Additional Services Charge Amount (in respect of which the Lessee is required to make a corresponding payment of Additional Supplementary Rental but such payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement), and any other Priority Amounts which remain outstanding as at the Certificateholder Put Right Date); *plus*
- (d) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Certificateholder Put Right as specified in the applicable Final Terms,

less, an amount equal to the aggregate of each outstanding Deferred Sale Price relating to that Series which has been paid into the Transaction Account in accordance with the Master Murabaha Agreement and which shall be available on the applicable Certificateholder Put Right Date;

“Certificateholders Put Right Proportion” means such proportion as is determined by dividing (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Certificateholders Put Right by (b) the aggregate outstanding face amount of the Certificates of the relevant Series immediately prior to such redemption;

“Change of Control Put Right Exercise Price” means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Change of Control Put Right for the relevant Series; *plus*

- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; *plus*
- (c) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any outstanding Additional Services Charge Amount (in respect of which the Lessee is required to make a corresponding payment of Additional Supplementary Rental but such payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement), and any other Priority Amounts which remain outstanding as at the Change of Control Put Date); *plus*
- (d) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Change of Control Put Right as specified in the applicable Final Terms,

less, an amount equal to the aggregate of each outstanding Deferred Sale Price relating to that Series which has been paid into the Transaction Account in accordance with the Master Murabaha Agreement and which shall be available on the applicable Change of Control Put Date;

“Change of Control Put Right Proportion” means such proportion as is determined by dividing (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Change of Control Put Right by (b) the aggregate outstanding face amount of the Certificates of the relevant Series immediately prior to such redemption;

“Commodities” means any of the commodities traded over the counter, which comprise any *Shari’a* compliant London Metal Exchange approved non-ferrous base metals, platinum group metals, or other *Shari’a* compliant commodities acceptable to the Buyer and the Trustee, which, in each case, must be kept in London Metal Exchange approved, non-United Kingdom bonded warehouses or secure vaults;

“Commodity Purchase Price” means, in relation to each Series and each Tranche under each Series and the corresponding Murabaha Contract, the aggregate amount payable to the relevant Commodity Supplier by or on behalf of the Trustee for the purchase of the Commodities from the relevant Commodity Supplier by the Trustee, specified as such in the relevant Notice of Request to Purchase and which amount shall be equal to the relevant Murabaha Cost Price;

“Commodity Supplier” means the vendor of Commodities as specified in the relevant Notice of Request to Purchase;

“Deferred Payment Date” means, in relation to a Murabaha Contract, the deferred payment dates with respect to the Deferred Sale Price, as specified as such in the annex to the relevant Offer Notice;

“Deferred Sale Price” means, in relation to a Murabaha Contract, the aggregate of the applicable Commodity Purchase Price and Murabaha Profit and specified as such in the Offer Notice;

“Eligible Asset” means any tangible non real estate related asset (including, but not limited to, fixed plant and machinery and infrastructure) located in the Kingdom that is free and clear of all Encumbrances, is owned by the Seller and is capable of being sold and leased;

“Encumbrance” means any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect;

“Exercise Price” means, in relation to each Series, the aggregate of:

- (a) the aggregate face amount of Certificates then outstanding for the relevant Series; *plus*
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Certificates of the relevant Series; *plus*
- (c) without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any outstanding Additional Services Charge Amount (in respect of which the Lessee is required to make a corresponding payment of Additional

Supplementary Rental but such payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement), and any other Priority Amounts which remain outstanding as at the Dissolution Event Redemption Date or Scheduled Dissolution Date (as the case may be)); *plus*

- (d) any other amounts payable on redemption of the Certificates of the relevant Series as specified in the applicable Final Terms,

less, the aggregate of:

- (i) an amount equal to the aggregate of each outstanding Deferred Sale Price relating to that Series which has been paid into the Transaction Account in accordance with the terms of the Master Murabaha Agreement and which shall be available on the applicable Dissolution Date; and
- (ii) in the case of a Dissolution Event arising as a result of a Partial Loss Event, an amount equal to the Insurance Proceeds and/or Partial Loss Shortfall Amount paid into the Transaction Account in accordance with the Service Agency Agreement and which shall be available on the applicable Dissolution Date in accordance with the Service Agency Agreement less the amount of any Rental Reimbursement Amount paid to the Lessee in accordance with clause 3.7 of the Master Lease Agreement;

“Exercise Price Due Date” means the due date for payment of the relevant Exercise Price, Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Tangibility Event Put Right Exercise Price, as the case may, be in accordance with the Purchase Undertaking;

“Impaired Asset” means a Lease Asset in respect of which a Partial Loss Event has occurred;

“Initial Assets” means, in relation to the first Tranche of each Series, the Eligible Assets specified as such in the relevant Supplemental Purchase Agreement;

“Insurance Coverage Amount” means, in relation to each Series, an amount equal to the aggregate of:

- (a) the aggregate face amount of Certificates then outstanding for the relevant Series; *plus*
- (b) an amount equal to all accrued but unpaid Periodic Distribution Amounts (if any) relating to the Certificates of the relevant Series; *plus*
- (c) an amount equal to the Periodic Distribution Amounts that would have accrued had a Total Loss Event not occurred during the period beginning on and including the date on which the Total Loss Event occurred and ending on and including the 61st day following the occurrence of the Total Loss Event; *plus*
- (d) without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any outstanding Additional Services Charge Amount (in respect of which the Lessee agreed to make a corresponding payment of Additional Supplementary Rental but such payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement), and any other Priority Amounts which remain outstanding as at the Total Loss Event Dissolution Date); *plus*
- (e) any other amounts payable on redemption of the Certificates of the relevant Series as specified in the applicable Final Terms,

less, an amount equal to the aggregate of each outstanding Deferred Sale Price relating to that Series;

“Lease” means, in relation to a Series, the lease created pursuant to the Master Lease Agreement and the relevant Supplemental Lease Agreement in connection with that Series;

“Lease Assets” means, in relation to a Series, the assets set out in a schedule to the relevant Supplemental Lease Agreement as such schedule shall be amended from time to time in accordance with the terms of the Master Lease Agreement, including, for the avoidance of doubt, to take into account:

- (a) the acquisition of Additional Assets by the Trustee from time to time;
- (b) the repair, refurbishment or upgrading of such assets from time to time as a result of any Major Maintenance and Structural Repair and/or any Ordinary Maintenance and Repair;
- (c) the substitution of Lease Assets for new Eligible Assets in accordance with the terms of the Sale Undertaking; and
- (d) any replacement of the Lease Assets following a Total Loss Event or the Impaired Asset(s) following a Partial Loss Event by the application by the Service Agent of any relevant proceeds of Insurances (or the rights to such proceeds of the Insurances) and/or Total Loss Shortfall Amount or Partial Loss Shortfall Amount, as the case may be, towards such replacement pursuant to the Service Agency Agreement,

and, *provided however that* “the Lease Assets” shall not include any asset the title to which has been the subject of a Total Loss Event or Partial Loss Event, or which has been sold or transferred to the Obligor under the terms of the relevant Transaction Documents;

“Lease Commencement Date” means, in relation to a Series:

- (a) the Issue Date of the first Tranche of Certificates to be issued under that Series;
- (b) in the event that a Total Substitution Event occurs and a new Supplemental Lease Agreement is entered into in respect of that Series in accordance with the terms of the Sale Undertaking, the Substitution Date on which the Total Substitution Event occurred; or
- (c) in the event that, following the occurrence of a Total Loss Event, the relevant Lease Assets are replaced with Replacement Lease Assets in accordance with the Service Agency Agreement and a new Supplemental Lease Agreement is entered into in respect of that Series, the date on which the relevant Replacement Lease Assets Purchase Agreement is entered into,

in each case, being the date on which the relevant Lease shall commence in accordance with the Service Agency Agreement and the relevant Supplemental Lease Agreement;

“Lease End Date” means, in relation to a Series, the Scheduled Dissolution Date of that Series, unless:

- (a) the relevant Lease is terminated on an earlier date in accordance with the terms of the Service Agency Agreement, in which case it shall mean the date on which such early termination becomes effective; or
- (b) the Lease End Date is extended in accordance with clause 2.10 of the Master Lease Agreement, in which case it shall mean the last day of the Additional Lease Period;

“Lease Period” means, in relation to a Series, the period from, and including, a relevant Rental Payment Date (or with respect to the first Lease Period under that Series, from, and including, the relevant Lease Commencement Date) to, but excluding, the immediately following Rental Payment Date (or, with respect to the final Lease Period of that Series, the relevant Lease End Date) and shall, where the context allows, include any Additional Lease Period;

“Lease Replacement Notice” means a lease replacement notice substantially in the form scheduled to the Master Lease Agreement;

“Lease Term” means, in relation to a Series, the period from and including the relevant Lease Commencement Date to but excluding the relevant Lease End Date;

“Make Whole Dissolution Exercise Price” means, in relation to each Series, the aggregate of:

- (a) the Make Whole Amount; *plus*

- (b) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any outstanding Additional Services Charge Amount (in respect of which the Lessee is required to make a corresponding payment of Additional Supplementary Rental but such payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement), and any other Priority Amounts which remain outstanding as at the Make Whole Dissolution Date); *plus*
- (c) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Make Whole Dissolution Right as specified in the applicable Final Terms,

less, an amount equal to the aggregate of each outstanding Deferred Sale Price relating to that Series which has been paid into the Transaction Account in accordance with the Master Murabaha Agreement and which shall be available on the applicable Make Whole Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Make Whole Dissolution Right;

“Major Maintenance and Structural Repair” means all structural repair and major maintenance (other than Ordinary Maintenance and Repair), including doing such acts or things and taking such steps to ensure that the Lease Assets suffer no damage, loss or diminution in value, without which the Lease Assets could not be reasonably and properly used by the Lessee;

“Murabaha Contract” means an individual contract for the sale of Commodities at a deferred sale price and made pursuant to the Master Murabaha Agreement by the delivery of both an Offer Notice by the Trustee to the Buyer and the subsequent countersignature of such Offer Notice by the Buyer in accordance with the terms of the Master Murabaha Agreement;

“Murabaha Cost Price” means, in relation to a Series and each Tranche under a Series, the relevant proportion of the proceeds of the issue of the Certificates of that Tranche under that Series which are to be applied in the acquisition of Commodities by or on behalf of the Trustee for the purposes of the entry into of a Murabaha Contract pursuant to the terms of the Master Murabaha Agreement and specified as such in the applicable Final Terms and which, in relation to any Tranche under a Series, shall be an amount equal to the face amount of the Certificates issued pursuant to the relevant Tranche of Certificates less the Asset Purchase Price (in the case of the first Tranche of Certificates or the relevant Additional Tranche, as the case may be), in each case, as at the relevant Issue Date *provided that* such amount shall not be greater than 45% of the face amount of the Certificates issued pursuant to the relevant Tranche of Certificates;

“Murabaha Profit” means, in relation to a proposed Murabaha Contract relating to a Tranche, the amount specified as such in the applicable Final Terms;

“Murabaha Profit Instalment” means, in relation to a proposed Murabaha Contract relating to a Tranche, each instalment of the Murabaha Profit, payable on the Deferred Payment Dates as specified in the annex to the relevant Offer Notice;

“Murabaha Proportion” means, in relation to a proposed Murabaha Contract relating to a Tranche, the proportion borne by the Commodity Purchase Price of that Murabaha Contract to the face amount of the Certificates issued pursuant to that Tranche;

“New Assets” means Eligible Assets specified as such in a Substitution Notice;

“Notice of Request to Purchase” has the meaning given to it in the Master Murabaha Agreement;

“Offer Notice” means an offer notice to be issued by the Trustee to the Buyer substantially in the form scheduled to the Master Murabaha Agreement;

“Ordinary Maintenance and Repair” means all repairs, replacements, acts, maintenance and upkeep works required for the general use and operation of the Lease Assets and to keep, repair, maintain and preserve the Lease Assets in good order, state and condition;

“Optional Dissolution Exercise Price” means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Optional Dissolution Right for the relevant Series; *plus*
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; *plus*
- (c) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any outstanding Additional Services Charge Amount (in respect of which the Lessee is required to make a corresponding payment of Additional Supplementary Rental but such payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease Agreement), and any other Priority Amounts which remain outstanding as at the Optional Dissolution Date); *plus*
- (d) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Optional Dissolution Right as specified in the applicable Final Terms,

less, an amount equal to the aggregate of each outstanding Deferred Sale Price relating to that Series which has been paid into the Transaction Account in accordance with the Master Murabaha Agreement and which shall be available on the applicable Optional Dissolution Date to pay a proportion of the aggregate amounts payable on redemption of the Certificates being redeemed following exercise of the Optional Dissolution Right;

“Outstanding Exercise Price” means any Exercise Price or, where the Certificates of any Series are being redeemed in full and if applicable, any Certificateholder Put Right Exercise Price, Change of Control Put Right Exercise Price or Tangibility Event Put Right Exercise Price that is due but not paid;

“Partial Loss Event” means, in relation to each Series, the partial impairment of one or more of the Lease Assets in a manner that substantially deprives the Lessee from the benefits expected from the Lease Assets, as determined by the Service Agent acting for and on behalf of the Trustee and the occurrence of which has been certified in writing by a recognised independent industry expert, which has not arisen as a result of the Lessee’s negligence or misconduct (and which does not constitute a Total Loss Event);

“Partial Loss Termination Event” means, with respect to any Series, the termination of the Lease on the 61st day after the occurrence of a Partial Loss Event as a result of either: (a) delivery by the Obligor of a Partial Loss Termination Notice to the Trustee on or before the 30th day after the Partial Loss Event in accordance with clause 7.2(a) of the Master Lease Agreement; or (b) failure by the Obligor to replace the relevant Impaired Assets on or before the 60th day after the date of the Partial Loss Event in accordance with clause 7.2(b) of the Master Lease Agreement;

“Partial Loss Termination Notice” has the meaning given to it in the Master Lease Agreement;

“Priority Amounts” means any amounts described in Condition 5.2(a);

“Proprietorship Taxes” means all Taxes in relation to the relevant Lease Assets, imposed, charged or levied by law, regulation or decree against a proprietor, but excluding all Taxes that are imposed, charged or levied by law, regulation or decree against a lessee or a tenant;

“Rental” means, for each Lease Period in relation to a Series, an amount equal to:

- (a) for each Lease Period (other than an Additional Lease Period which commences on or after the relevant Scheduled Dissolution Date) in relation to a Series, an amount equal to the Periodic Distribution Amount for the corresponding Return Accumulation Period as determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*);
- (b) for each Additional Lease Period which commences on or after the relevant Scheduled Dissolution Date, an amount equal to the Periodic Distribution Amount for the corresponding Periodic Distribution Period as determined in accordance with Condition 7.3 (*Calculation of Periodic Distribution Amount*);
- (c) the Supplementary Rental and the Additional Supplementary Rental (in each case, if any),

less, the aggregate of any Murabaha Profit Instalment payable in respect of such Lease Period pursuant to any Murabaha Contract(s);

“Rental Payment Date” means, in relation to each Series, the date which is the Business Day immediately preceding each Periodic Distribution Date under that Series and (if applicable) the last day of an Additional Lease Period under that Series;

“Services Charge Amount” means, in respect of a Lease Period under each Series, all payments made or liabilities incurred or paid by the Service Agent in respect of the Services performed in relation to the Lease Assets of the relevant Series during that Lease Period but excluding any payments or liabilities which comprise any Additional Services Charge Amounts (in each case, inclusive of any Taxes);

“Services Invoice Date” means, in relation to a Lease Period under a Series in which the Services Charge Amount was paid or incurred, the fifth Business Day prior to:

- (a) the Rental Payment Date applicable to that Lease Period;
- (b) the date of termination of the Lease, in the case of the termination of the relevant Lease prior to a Rental Payment Date; or
- (c) the Lease End Date, in the case of the final Lease Period (including as a result of a Total Loss Event or a Total Substitution Event);

“Shari’a Adviser” has the meaning given to it in the Service Agency Agreement;

“Substitution Notice” means a substitution notice substantially in the form scheduled to the Sale Undertaking;

“Supplementary Rental” means, in respect of a Lease Period of a Series, an amount equal to the Services Charge Amount applicable to: (a) the immediately preceding Lease Period (if any) in respect of the relevant Series; or (b) where a new Supplemental Lease Agreement is being entered into following the occurrence of a Total Substitution Event or a Total Loss Event, the final Lease Period under the immediately preceding Supplemental Lease Agreement in respect of the same Series;

“Tangibility Event” shall occur if the Tangibility Ratio falls below 33%, other than as a result of a Total Loss Event or a Partial Loss Event;

“Tangibility Event Delisting Date” shall be the date falling 15 days after the Tangibility Event Put Date (and if such date is not a business day, the next following business day (being, for this purpose, a day on which each stock exchange on which the Certificates have been admitted to listing is open for business));

“Tangibility Event Put Date” shall be the first Business Day falling 75 days after the expiry of the Tangibility Event Put Period;

“Tangibility Event Put Period” shall be the period commencing on (and including) the date on which the Tangibility Event Notice is given and ending on (and including) the date which is 30 days after the date on which the Tangibility Event Notice is given;

“Tangibility Event Put Right Exercise Price” means, in relation to each Series, the aggregate of:

- (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Tangibility Event Put Right for the relevant Series; *plus*
- (b) all accrued but unpaid Periodic Distribution Amounts (if any) relating to such Certificates being redeemed; *plus*
- (c) if all of the Certificates of a Series are being redeemed, without duplication or double counting, an amount representing any amounts payable by the Trustee (in any capacity) in relation to such Series under the Transaction Documents (including but not limited to costs and expenses due but unpaid to the Delegate, any outstanding Additional Services Charge Amount (in respect of which the Lessee is required to make a corresponding payment of Additional Supplementary Rental but such payment has not been made in accordance with the Master Lease Agreement and the relevant Supplemental Lease

Agreement), and any other Priority Amounts which remain outstanding as at the Tangibility Event Put Date); plus

- (d) any other amounts payable in relation to the Certificates being redeemed on the exercise of the Tangibility Event Put Right as specified in the applicable Final Terms,

less, an amount equal to the aggregate of each outstanding Deferred Sale Price relating to that Series which has been paid into the Transaction Account in accordance with the Master Murabaha Agreement and which shall be available on the applicable Tangibility Event Put Date;

“Tangibility Event Put Right Proportion” means such proportion as is determined by dividing (a) the aggregate outstanding face amount of the Certificates being redeemed pursuant to the Tangibility Event Put Right by (b) the aggregate outstanding face amount of the Certificates of the relevant Series immediately prior to such redemption;

“Tangibility Ratio” means, at any time, the ratio of (a) the aggregate Value of the Lease Assets to (b) the aggregate of (i) the aggregate Value of the Lease Assets and (ii) the aggregate amounts of each outstanding Deferred Sale Price relating to the relevant Series;

“Taxes” means any tax, levy, impost, duty or other charge or withholding or deduction of a similar nature;

“Total Loss Event” means, in relation to each Series:

- (a) the total loss or destruction of, or damage to, all of the Lease Assets of the relevant Series or any event or occurrence that renders all of the Lease Assets of the relevant Series permanently unfit for any economic use and the repair or remedial work in respect thereof is wholly uneconomical; or
- (b) the Trustee ceases to own the entirety of the Lease Assets of the relevant Series (including, without limitation, as a result of nationalisation, expropriation, requisition, confiscation, attachment or such other analogous event) other than in accordance with the terms of the Transaction Documents;

“Total Substitution Event” means, in relation to each Series, the substitution of all (and not part only) of the Lease Assets for new Eligible Assets in accordance with the terms of the Sale Undertaking;

“Transaction Account” means, in relation to a particular Series, the non-interest bearing transaction account in London established by the Trustee and held with the Principal Paying Agent denominated in the Specified Currency, details of which are set out in the applicable Final Terms into which, among other things, the Obligor will deposit all amounts due to the Trustee under the Transaction Documents; and

“Value” means, at any time in respect of any Asset or Lease Asset, as the case may be, the amount in the Specified Currency (following conversion, if necessary, of any relevant amount(s)) determined by the Obligor acting reasonably as being equal to the value of that Asset or Lease Asset, as the case may be, on the date that it was purchased or otherwise acquired by the Trustee as set out in the relevant Sale Agreement and/or Supplemental Purchase Agreement, as the case may be.

TAXATION AND ZAKAT

The following is a general description of certain tax/zakat considerations relating to the Certificates as in effect on the date of this Base Prospectus and is subject to any change in law or relevant rules and practice that may take effect after such date (possibly with retrospective effect). It does not purport to be a complete analysis of all tax/zakat considerations relating to the Certificates and does not constitute legal or tax/zakat advice nor does it address the considerations that are dependent on individual circumstances, whether in those jurisdictions or elsewhere. It is not intended and does not constitute tax/Zakat advice. Prospective purchasers of Certificates are advised to consult their own tax/zakat advisers as to the consequences under the tax/zakat laws of the countries of their respective citizenship, residence or domicile or applicable tax/zakat laws in respect of acquiring, holding and/or disposing Certificates and/or receiving any payments thereunder. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any changes in law that might take effect after such date.

Prospective purchasers of Certificates should note that neither the Trustee nor the Obligor is obligated to update this section for any subsequent changes or modification to the applicable tax/zakat regulations. Also, investors should note that the appointment by an investor in any Certificates, or any person through which an investor holds any Certificates, of a custodian, collection agent or similar person in relation to such Certificates in any jurisdiction may have tax/zakat implications. Investors should consult their own tax/zakat advisers in relation to the tax consequences for them of any such appointment.

Cayman Islands Taxation

Under existing Cayman Islands laws, payments on the Certificates to be issued under the Programme will not be subject to taxation in the Cayman Islands and no withholding under Cayman Islands law will be required on the payment to any holder of the Certificates, nor will gains derived from the disposal of the Certificates be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax. Subject as set out below, no capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Certificates.

The Trustee has received from the Governor-in-Cabinet of the Cayman Islands, pursuant to the Tax Concessions Act (As Revised), of the Cayman Islands, an undertaking dated 11 May 2021 that for a period of 20 years from the date of the grant of the undertaking no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Trustee or its operations and, in addition, that no tax to be levied on profits, income, gains or appreciations which is in the nature of estate duty or inheritance tax shall be payable on or in respect of the shares, debentures or other obligations (which includes the Certificates) of the Trustee or by way of the withholding in whole or in part of any relevant payment (as defined in section 6(3) of the Tax Concessions Act (As Revised), of the Cayman Islands).

No capital or stamp duties are levied in the Cayman Islands on the issue, transfer or redemption of Certificates. However, an instrument transferring title to such Certificates, if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty. An annual registration fee is payable by the Trustee to the Cayman Islands Registrar of Companies which is calculated by reference to the nominal amount of the Trustee's authorised share capital. At current rates, this annual registration fee is approximately U.S.\$854. The foregoing is based on current law and practice in the Cayman Islands and this is subject to change therein.

Kingdom of Saudi Arabia Taxation

Overview of Saudi tax law and Zakat regulations

Income Tax

According to the income tax law issued under Royal Decree No. M/1 dated 15/01/1425H (corresponding to 6 March 2004) and its Implementing Regulations issued under Ministerial Resolution No. 1535 dated 11/06/1425H (corresponding to 28 July 2004), as amended from time to time (the “**Income Tax Law**”), a resident company in the Kingdom with foreign (i.e., non-GCC) ownership (on its foreign partner's (shareholder's) share) and a non-resident who carries out business in the Kingdom through a Permanent Establishment (as defined below) are subject to corporate income tax in the Kingdom at the rate of 20% (if not engaged in oil and hydrocarbon production activities, see below). Resident companies wholly owned by GCC Persons (in addition to persons subject to zakat listed below under the section entitled “*Zakat*”) are subject to

zakat instead of corporate income tax. Resident companies owned jointly by GCC and non-GCC Persons are subject to corporate income tax in respect of the share of their taxable profit attributable to the ownership (legal or beneficial) percentage held by non-GCC Persons and zakat on the ownership (legal or beneficial) percentage held by GCC Persons.

Shares held directly by GCC Persons or via other GCC companies (where the shareholding structure does not fall outside of the GCC) in a resident company are subject to zakat and not income tax. In determining the tax/zakat profile of a Saudi tax/zakat resident company, the ZATCA applies a “look-through” approach to determine whether the up-stream shareholding structure at any point exists outside of the GCC (i.e., at the ultimate shareholder level).

Saudi resident entities operating in the oil and hydrocarbon production sector are subject to corporate income tax irrespective of the nationality of their shareholders/owners. According to the Income Tax Law, the tax rates applicable to such entities to range from 50% to 85% depending on the level of total capital investment of the relevant entity:

- entities with total capital investment in the Kingdom of more than SAR 375 billion (\$100 billion) are subject to 50% corporate income tax;
- entities with total capital investment in the Kingdom between SAR 300 billion (\$80 billion) to SAR 375 billion (\$100 billion) are subject to 65% corporate income tax;
- entities with total capital investment in the Kingdom between SAR 225 billion (\$60 billion) to SAR 300 billion (\$80 billion) are subject to 75% corporate income tax; and
- entities with total capital investment in the Kingdom of less than SAR 225 billion (\$60 billion) are subject to 85% corporate income tax.

However, Royal Decree No. M/13, dated 18/1/1441 in the Hijri calendar (corresponding to 17 September 2019), Council of Ministers Resolution No. 54, dated 18/1/1441 in the Hijri calendar (corresponding to 17 September 2019) and Ministerial Resolution issued by the Ministry of Finance No. 559, dated 10/2/1441 in the Hijri calendar (corresponding to 9 October 2019) provide that the tax rate applicable to the downstream activities of certain taxpayers undertaking domestic oil and hydrocarbon production activities will be the general corporate tax rate of 20%, for a five-year period beginning on 1 January 2020, provided the relevant taxpayer separates its downstream activities (from the oil and other hydrocarbon production activities) into an independent legal entity before 31 December 2024. If the taxpayer does not comply in separating its downstream activities from the oil and other hydrocarbon production activities by 31 December 2024, income from downstream activities will be taxed retroactively on an annual basis for such five-year period in accordance with the multi-tiered tax rates applicable to domestic oil and hydrocarbon production companies. In such a case, the taxpayer will be required to pay the difference in taxes due to the Government.

In addition, effective 1 January 2018, a 20% corporate income tax rate applies to companies engaged in natural gas investment activities. Companies involved in both oil and hydrocarbon production activities as well as natural gas investment activities are required to prepare tax computation for each activity separately.

Furthermore, according to the Income Tax Law, ownership by companies engaged in oil and hydrocarbon production activities in Saudi Arabian entities that are not carrying out oil and hydrocarbon production activities should generally be subject to corporate income tax at 20% (at the level of the investee/subsidiary). Additionally, by Royal Decree No. M/153 dated 05/11/1441 in the Hijri calendar (corresponding to 26 June 2020), the Income Tax Law was amended to provide that companies listed on the Saudi Exchange are not subject to corporate income tax with respect to shares owned (directly or indirectly) by companies engaged in oil and hydrocarbon production activities and instead are subject to zakat, including their indirect interest in those companies (at the level of the investee/subsidiary of such listed companies).

Non-GCC natural persons resident in the Kingdom who are not performing commercial activities in the Kingdom (as defined in Chapter 1—Article 1 of the Income Tax Law, and Chapter 1—Article 1 of the New Zakat Regulations) are not currently subject to income tax or zakat in the Kingdom according to existing practices of ZATCA (as compliance/administration of Income Tax Law is not currently enforced by ZATCA on natural persons).

Zakat

Zakat is a religious obligation imposed on Muslims under *Shari'a* to pay a fixed percentage of their wealth for the relief of poverty. The Ministry of Finance has issued zakat implementing regulations under Ministerial Resolution No. 2216 dated 7/7/1440 in the Hijri calendar (corresponding to 14 March 2019), as amended under Ministerial Resolution No. 58705 dated 21/09/1444H (corresponding to 12 April 2023) ("**Zakat Regulations**"), which are effective for financial years starting 1 January 2019.

Additionally, the Ministry of Finance has issued new zakat implementing regulations under Ministerial Resolution No. 1007 dated 19/08/1445H (corresponding to 29 February 2024) (the "**New Zakat Regulations**"). The New Zakat Regulations are effective (and replace the existing Zakat Regulations) for financial years starting 1 January 2024. Investors are advised to consult their zakat/tax advisors on the specific implications of these New Zakat Regulations.

The rules governing the calculation of zakat are complex. Separate rules are applicable for the calculation of zakat by zakat payers who are engaged in the Kingdom in financing activities (as defined in the New Zakat Regulations) and zakat payers who are engaged in the Kingdom in non-financing activities. This "*Taxation and Zakat—Kingdom of Saudi Arabia Taxation*" section broadly covers the zakat consequences of investment in the Certificates by the investors who are engaged in non-financing activities in the Kingdom.

According to the New Zakat Regulations, zakat is assessed on/applicable to:

- a Saudi/GCC resident person who performs an activity under a licence in the Kingdom;
- a sole proprietorship owned by a Saudi/GCC and established in the Kingdom as per the relevant laws and regulations in force in the Kingdom;
- a company owned by a Saudi/GCC and established in the Kingdom, as per the relevant laws and regulations in force in the Kingdom, and the share of a Saudi/GCC partner or shareholder in resident companies and the shares of governmental authorities and establishments and the equivalent;
- financing funds licensed by the Capital Market Authority;
- resident companies owned by the Government, and resident companies owned by the Public Investment Fund in accordance with the provisions of relevant Royal Decrees and Ministerial Resolutions; and
- the shares of a non-Saudi/GCC shareholder in resident companies listed on the Saudi Exchange, with the exception of the shares of non-Saudi/GCC founders as per the company's law or the Articles of Association or relevant legal documents.

Notwithstanding the above, zakat is not assessed/applicable to (as mentioned in Articles 6, 7 and 8 of the New Zakat Regulations):

- (i) persons subject to the Income Tax Law and the shares of corporate persons which are subject to income tax;
- (ii) resident capital companies on the shares owned directly or indirectly by persons engaged in oil and hydrocarbon production activities, whether natural or corporate persons, residents or non-residents, except for the shares owned directly or indirectly by persons engaged in oil and hydrocarbon production activities in capital companies listed on the Saudi Exchange and the shares directly or indirectly owned by these companies in capital companies; and
- (iii) persons exempt from being subject to zakat (as defined in Article 7 of the New Zakat Regulations) and to whomever ZATCA issues a decision to exempt from zakat.

There are certain rules that apply to the method of calculating the zakat liability. The zakat base for persons engaged in non-financing activities is generally computed by adding the ending balances of equity, loans and credit balances (subject to certain conditions), provisions and the difference between the adjusted net profit or loss for zakat purposes and the accounting net profit/(loss), reduced by, among other items, certain deductible long-term investments and fixed assets among other deduction items. The zakat base is currently levied on the higher of the minimum or actual zakat base.

Additionally, under the New Zakat Regulations, the minimum zakat base for zakat payers who are engaged in non-financing activities is the lower of (i) total non-deductible assets plus the difference between net adjusted profit/(loss) and net accounting profit/(loss) or (ii) net adjusted profit. The maximum zakat base is the total of equity components and their equivalents (such as profits under distribution classified as a liability, shareholder loans and certain other amounts classified as equity for zakat purposes). The determination of the maximum zakat base relies on the values reflected on the zakat payer's Statement of Financial Position at the close of the zakatable year, factoring in the difference between the accounting net profit/(loss) and the adjusted profit/(loss) for zakat purposes.

The zakat rate under the New Zakat Regulations for both the zakat base and net adjusted income/(loss) is approximately 2.578% if a zakat payer is following the Gregorian financial year and 2.5% if a zakat payer is following the Hijri financial year.

It should be noted Article 55 of the New Zakat Regulations outlines the zakat treatment of investments in sukuk and bonds. More specifically, the investment in sukuk are deductible by the general zakat payers from their zakat base if the following conditions are met:

- (a) the investment is not held for trading purposes;
- (b) the sukuk issuer treats these issuances as capital/equity for zakat purposes, regardless of the classification of such instruments in the financial statements, when calculating the zakat base;
- (c) the issuer has declared to ZATCA that these securities/instruments have been treated as capital in their zakat return through any document accepted by ZATCA; and
- (d) the issuer does not change the treatment of sukuk/bonds, mentioned in the point (b) above, under their zakat return during the period in which the sukuk are due.

Prior to the amendment under the existing Zakat Regulations and the New Zakat Regulations, investors in sukuk and bonds who are resident zakat payers in the Kingdom (other than zakat payers who are engaged in financing activities (as defined in the New Zakat Regulations) who are subject to different zakat rules) were not allowed to claim the investment in sukuk as deductible from their zakat base (whether these were long-term or short-term investments) on the basis that issuers were not subjecting these sukuk to zakat in their zakat base.

GCC natural persons resident in the Kingdom for tax/zakat purposes should in principle be subject to zakat in the Kingdom if they carry out activities (as defined in Chapter 1 – Article 1 of the New Zakat Regulations) in the Kingdom. However, zakat compliance/administration is not currently enforced by ZATCA for such individuals.

Withholding Tax

Saudi Arabian resident persons and permanent establishments of non-resident entities registered in Saudi Arabia are required to withhold taxes on payments to non-residents, including GCC residents, if such payment is from a source in the Kingdom. Saudi Arabian withholding tax (“**WHT**”) rates vary from 5% to 20% depending on the nature of the underlying taxable payment. WHT is imposed on payments against services and not the sale of goods. Services are defined to mean anything done for consideration other than the purchase and sale of goods and other property.

Rental charges and loan fees (akin to interest) charges paid to non-residents attract a 5% withholding tax unless such WHT is reduced or eliminated pursuant to the terms of an applicable double tax treaty (see below). Payments of rental and murabaha profits (which are typically treated by ZATCA under financing arrangements similar to interest payments for tax purposes) made by the Obligor to the Trustee should also generally be treated as interest payments for Saudi Arabia tax purposes and attract 5% Saudi WHT.

Withholding tax is reduced or eliminated pursuant to the provisions of an applicable double tax treaty signed between a non-resident's country of tax residence and Saudi Arabia. Application of double tax treaties in Saudi Arabia may take place under one of two methods: (i) a refund mechanism which requires the payor to subject the relevant payment to WHT as per the Income Tax Law and then a refund request of the WHT may be submitted to ZATCA; or (ii) the automatic application of double tax treaties which provides for the possibility of the payor to not subject the relevant payment to WHT in the first place. Both mechanisms require the beneficiary/recipient to provide certain documents and forms to ZATCA (such as a tax residency certificate).

No Saudi WHT should arise on the payments from the Trustee to the Certificateholders on the basis that the Trustee is not a resident, and does not have a permanent establishment, in Saudi Arabia for tax purposes.

Certain Tax and Zakat Implications for Certificateholders

GCC Certificateholders who are Resident in Saudi Arabia

Certificateholders who are GCC Persons and resident in Saudi Arabia for tax purposes (as defined in Chapter 2 – Article 3 of the Income Tax Law and Chapter 3 - Article 4 of the New Zakat Regulations) are not subject to any Saudi Arabian income tax, whether by way of WHT or direct assessment, in respect of any profit payment received or gain realised in respect of the Certificates. However, such Certificateholders will be subject to zakat in respect of any profit payment received or gain realised in respect of the Certificates (to the extent they are legal entities registered for zakat purposes in the Kingdom and not natural persons) including capital gain on sale/transfer of Certificates. Additionally, the deduction of investment in the Certificates from the zakat base of such Certificateholders is dependent on whether the conditions as mentioned in Article 55 of the New Zakat Regulations are met. Moreover, the deduction is permitted for Zakat payers engaged in financing activities (as defined in the New Zakat Regulations) in the Kingdom for which different zakat rules apply.

GCC individuals resident in the Kingdom for tax/zakat purposes should in principle be subject to zakat in the Kingdom if they carry out activities in the Kingdom; however, zakat compliance/administration is not currently enforced by ZATCA for such individuals (unless they carry out such activities through establishments).

Non-GCC Certificateholders who are Resident in Saudi Arabia

Certificateholders who are non-GCC legal entities and resident in Saudi Arabia for tax purposes (as defined in Chapter 2 – Article 3 of the Income Tax Law) should be subject to Saudi Arabian corporate income tax at the rate of 20% (assuming they are owned by non-GCC persons and not listed on a financial market in the Kingdom) on any profit payment received or gain realised in respect of the Certificates but they will not be subject to any zakat.

The considerations described above also apply to Saudi Arabian companies wholly-owned by non-GCC Persons (which should be subject to Saudi Arabian corporate income tax) and on the income attributable to the ownership of non-GCC Persons in Saudi Arabian companies (which should be subject to Saudi Arabian corporate income tax on the profits attributable to such non-GCC ownership).

Certificateholders, who are non-GCC individuals and resident in Saudi Arabia and not performing commercial activities in Saudi Arabia (as defined in Chapter 1 – Article 1 of the Income Tax Law) are not currently subject to Saudi Arabian income tax or zakat on any profit received or gain realised in respect of the Certificates, according to existing practices of ZATCA (as compliance/administration of Income Tax Law is not currently enforced by ZATCA on such individuals).

Certificateholders who are not Resident in Saudi Arabia

Certificateholders, either natural persons or legal entities, who are not resident in Saudi Arabia (whether such Certificateholders are GCC nationals or non-GCC nationals (including Certificateholders resident in GCC countries other than the Kingdom)) and do not have a Permanent Establishment in Saudi Arabia for tax purposes, should not be subject to Saudi Arabian WHT on any payments received by them in respect of the Certificates, on the basis that such payments are paid by the Trustee which is not a resident in Saudi Arabia for tax purposes.

Non-resident entities having a Permanent Establishment in Saudi Arabia are subject to Saudi Arabian corporate income tax at the rate of 20% in respect of any profit payments received or gain realised in respect of the Certificates and attributable to such Permanent Establishment, but will not be subject to zakat.

Indirect and Transfer taxes

There are no transfer taxes currently applicable in the Kingdom (other than the newly introduced rules for real estate transaction/transfer taxes).

The Kingdom has introduced VAT with an effective date of 1 January 2018 pursuant to ratifying the GCC VAT Agreement between the GCC member states. To this effect, VAT legislation has also been issued by ZATCA

in line with the GCC framework agreement. The VAT legislation in the Kingdom exempts certain financial services (including interest for financing, which would include financing in the form of Certificates) from VAT.

Definitions

For the purposes of this summary:

- (a) A “**GCC Person**” means: (i) a natural person having the nationality of any of the GCC countries and (ii) any legal entity wholly owned by GCC nationals and established under the laws of a GCC country;
- (b) Subject to the exceptions stipulated in the Income Tax Law, a “**Permanent Establishment**” of a non-resident in the Kingdom represents a permanent place for the non-resident’s activity where such person conducts the activity either fully or partly, which also includes any activity conducted by the non-resident through an agent. A non-resident carrying out an activity in the Kingdom through a licensed branch is considered to have a Permanent Establishment in the Kingdom.
- (c) A person is “**resident**” in Saudi Arabia for tax purposes (as defined in Chapter 2—Article 3 of the Income Tax Law and Chapter 3 – Article 4 of the New Zakat Regulations), if it meets the following conditions:
 - (i) a natural person is considered a tax resident in Saudi Arabia for a taxable/zakatable year if such person meets either of the two following conditions:
 - (1) such person has a permanent place of abode in Saudi Arabia and is physically present in Saudi Arabia for a total of not less than 30 days in the taxable/zakatable year; or
 - (2) such person is physically present in Saudi Arabia for a period of not less than 183 days in the taxable/zakatable year; and
 - (ii) a company is considered a tax/zakat resident in Saudi Arabia during a taxable year if it meets either of the following conditions:
 - (1) it is formed in accordance with the Saudi Companies Law; or
 - (2) its place of central control and management is located in Saudi Arabia.

Certificateholders should not be deemed to be Resident in Saudi Arabia solely by reason of holding any Certificates.

United States Federal Income Taxation

The following summary discusses the principal U.S. federal income tax consequences of the acquisition, ownership and disposition of the Certificates. Except as specifically noted below, this discussion applies only to Certificates purchased at original issuance at their “issue price” (i.e., the first price at which a substantial amount of the Certificates is sold to the public for cash, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers) and that are held as capital assets for U.S. federal income tax purposes by U.S. Holders (as defined below).

The Trust intends to treat the Certificates under the rules applicable to debt instruments for U.S. federal income tax purposes. Under such treatment, U.S. Holders will not be required to take account of income and expenses incurred at the level of the Trust. The following discussion assumes that such treatment would be respected. Prospective investors should note, however, that the classification of an instrument as debt is highly factual. No rulings have been or will be sought from the IRS with respect to the classification of the Certificates in general or with respect to any particular Certificates, and there can be no assurance that the IRS will not challenge any statement or conclusion in the following discussion or, if challenged, that a court will uphold such statement or conclusion.

The IRS may therefore seek to characterise the Certificates as interests in the Trust for U.S. federal income tax purposes. In that event, if the Trust is treated as a grantor trust, the Trustee and U.S. Holders would be subject to certain information reporting applicable to foreign trusts and U.S. Holders would be required to take account of income and expenses incurred at the level of the Trust. U.S. Holders that fail to comply with the applicable information reporting requirements in a timely manner could be subject to significant penalties. The Trustee

does not expect that it will provide information that would allow either itself or U.S. Holders to comply with foreign trust reporting obligations if they were determined to be applicable. If the Certificates are treated as interests in a trust and the Trust is not treated as a grantor trust, it is possible that the U.S. Holders could be treated as holding interests in a passive foreign investment company (“**PFIC**”) which could have materially adverse tax consequences to U.S. Holders. Treatment of the Certificates as interests in a trust may cause the timing, amount, and character of the U.S. Holder’s income to be different from those described below and may subject the U.S. Holder to certain transfer reporting requirements, including under the Foreign Account Tax Compliance Act (“**FATCA**”). The rules governing FATCA have not yet been fully developed in this regard, and the future application of FATCA to the Trust and the Certificates is uncertain.

U.S. Holders should consult their tax advisers as to the potential application of the foreign trust reporting rules, the possibility that the Certificates will be classified as equity interests in a PFIC, the rules regarding FATCA, and the consequences of owning an equity interest in a PFIC and the tax consequences generally with respect to an investment in the Certificates.

This discussion does not describe all of the tax consequences that may be relevant in light of a Certificateholder’s particular circumstances or to Certificateholders subject to special rules, such as:

- banks and other financial institutions;
- insurance companies;
- dealers in securities or foreign currencies;
- traders in securities or foreign currencies electing to mark their positions to market;
- regulated investment companies;
- real estate investment trusts;
- tax-exempt organisations;
- persons subject to the alternative minimum tax;
- persons subject to special tax accounting rules as a result of any item of gross income with respect to the Certificates being taken into account in an applicable financial statement;
- persons holding Certificates as part of a hedging transaction, “straddle”, conversion transaction or other integrated transaction;
- former citizens and residents of the United States;
- U.S. Holders whose functional currency is not the U.S. dollar; or
- entities or arrangements classified as partnerships for U.S. federal income tax purposes and investors therein.

This summary is based on Code, administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations, changes to any of which subsequent to the date of this Base Prospectus may affect the tax consequences described below. This summary does not address any U.S. federal tax consequences other than U.S. federal income tax consequences, such as the estate tax, gift tax or the Medicare tax on net investment income. Moreover, this summary deals only with Certificates with a term of 30 years or less. Persons considering the purchase of a particular Tranche of Certificates should consult the relevant supplement to this Base Prospectus (if any) issued in connection with that Tranche of Certificates for any discussion regarding U.S. federal income taxation and should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

As used herein, the term “**U.S. Holder**” means a beneficial owner of a Certificate that is for U.S. federal income tax purposes:

- an individual that is a citizen or resident of the United States;

- a corporation created or organised in or under the laws of the United States, or any state thereof (including the District of Columbia);
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust (i) if a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) if such trust has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds Certificates, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the activities of the partnership. Partners of partnerships holding Certificates should consult with their tax advisers regarding the U.S. federal tax consequences of an investment in the Certificates.

Payments of Periodic Distribution Amounts

Periodic Distribution Amounts paid on a Certificate will be taxable to a U.S. Holder as ordinary income at the time it accrues or is received in accordance with the Certificateholder's method of accounting for U.S. federal income tax purposes, to the extent that such Periodic Distribution Amount is "qualified stated interest" (as defined below).

Stated profit (or its equivalent) that is unconditionally payable, or constructively received under Section 451 of the Code, in cash or property (other than in debt instruments of the same issuer) at least annually during the entire term of the Certificate and equal to the outstanding principal balance of the Certificate multiplied by a single fixed rate of profit, will be treated as "**qualified stated interest**". In addition, profit on a Floating Rate Certificate that is unconditionally payable, or will be constructively received under Section 451 of the Code, in cash or property (other than debt instruments issued by the same issuer) at least annually will constitute "qualified stated interest" if the Certificate is a "variable rate debt instrument" ("**VRDI**") under the rules described below and the profit is payable at a single "qualified floating rate" or single "objective rate" (each as defined below). If the Certificate is a VRDI but the profit is payable other than at a single qualified floating rate or at a single objective rate, special rules apply to determine the portion of such profit that constitutes "qualified stated interest." See "*Original Issue Discount—Floating Rate Certificates that are VRDIs*" below. Profit earned by a U.S. Holder with respect to a Certificate will generally constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the Certificateholder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances. Special rules governing the treatment of profit paid with respect to short-term Certificates, original issue discount Certificates, contingent payment debt instruments and foreign currency Certificates are described under "*Short-Term Certificates*", "*Original Issue Discount*", "*Contingent Payment Debt Instruments*" and "*Foreign Currency Certificates*".

Definition of Variable Rate Debt Instrument. A Certificate is a VRDI if all of the four following conditions are met. First, the "issue price" of the Certificate (as described below) must not exceed the total noncontingent principal payments by more than an amount equal to the lesser of (i) 0.015 multiplied by the product of the total noncontingent principal payments and the number of complete years to maturity from the issue date (or, in the case of a Certificate that provides for payment of any amount other than qualified stated interest before maturity, its weighted average maturity) and (ii) 15% of the total noncontingent principal payments. Second, the Certificate must generally provide for stated profit (or its equivalent) (compounded or paid at least annually) at (a) one or more qualified floating rates, (b) a single fixed rate and one or more qualified floating rates, (c) a single objective rate or (d) a single fixed rate and a single objective rate that is a "qualified inverse floating rate" (as defined below). Third, the Certificate must provide that a qualified floating rate or objective rate in effect at any time during the term of the Certificate is set at the value of the rate on any day that is no earlier than three months prior to the first day on which that value is in effect and no later than one year following that first day. Fourth, the Certificate may not provide for any principal payments that are contingent except as provided in the first requirement set forth above.

Subject to certain exceptions, a variable rate of profit on a Certificate is a "**qualified floating rate**" if variations in the value of the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Certificate is denominated. A variable rate will be considered a

qualified floating rate if the variable rate equals (i) the product of an otherwise qualified floating rate and a fixed multiple (i.e., a spread multiplier) that is greater than 0.65, but not more than 1.35 or (ii) an otherwise qualified floating rate (or the product described in clause (i)) plus or minus a fixed rate (i.e., a spread). If the variable rate equals the product of an otherwise qualified floating rate and a single spread multiplier greater than 1.35 or less than or equal to 0.65, however, such rate will generally constitute an objective rate, described more fully below. A variable rate will not be considered a qualified floating rate if the variable rate is subject to a cap, floor, governor (i.e., a restriction on the amount of increase or decrease in the stated profit rate) or similar restriction that is reasonably expected as of the issue date to cause the yield on the Certificate to be significantly more or less than the expected yield determined without the restriction (other than a cap, floor or governor that is fixed throughout the term of the Certificate).

Subject to certain exceptions, an “**objective rate**” is a rate (other than a qualified floating rate) that is determined using a single fixed formula and that is based on objective financial or economic information that is neither within the Trustee’s control (or the control of a related party) nor unique to the Trustee’s circumstances (or the circumstances of a related party). Notwithstanding the first sentence of this paragraph, a rate on a Certificate is not an objective rate if it is reasonably expected that the average value of the rate during the first half of the Certificate’s term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Certificate’s term. An objective rate is a “**qualified inverse floating rate**” if (a) the rate is equal to a fixed rate minus a qualified floating rate and (b) the variations in the rate can reasonably be expected to reflect inversely contemporaneous variations in the qualified floating rate (disregarding any caps, floors, governors or similar restrictions that would not, as described above, cause a rate to fail to be a qualified floating rate).

Unless otherwise provided in the relevant supplement to this Base Prospectus (if any) issued in connection with a particular Tranche of Certificates, it is expected, and this discussion assumes, that a Floating Rate Certificate will qualify as a VRDI. If a Floating Rate Certificate does not qualify as a VRDI, then the Floating Rate Certificate will generally be treated as a contingent payment debt instrument, as discussed below under “*Contingent Payment Debt Instruments*”.

Original Issue Discount

Except in the case of a short-term Certificate, a Certificate that has an “issue price” that is less than its “stated redemption price at maturity” will be considered to have been issued at an original issue discount (“**OID**”) for U.S. federal income tax purposes (and will be referred to as an “original issue discount Certificate”) unless the Certificate satisfies a *de minimis* threshold (as described below). The “issue price” of a Certificate generally will be the first price at which a substantial amount of the Certificates are sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The “stated redemption price at maturity” of a Certificate generally will equal the sum of all payments required to be made under the Certificate other than payments of qualified stated interest.

If the difference between a Certificate’s stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., 1/4 of 1% of the stated redemption price at maturity multiplied by the number of complete years to maturity (or, in the case of a Certificate that provides for payment of any amount other than qualified stated interest prior to maturity, the weighted average maturity of the Certificate), the Certificate will not be considered to have OID. U.S. Holders of Certificates with a *de minimis* amount of OID will include this OID in income, as capital gain, on a *pro rata* basis as principal payments are made on the Certificate.

A U.S. Holder may make an election to include in gross income all profit that accrues on any Certificate (including qualified stated interest, OID, *de minimis* OID, market discount, *de minimis* market discount and unstated profit, as adjusted by any amortisable bond premium or acquisition premium) in accordance with a constant yield method based on the compounding of profit, and may revoke such election only with the permission of the IRS (a “**constant yield election**”).

The Trustee may have an unconditional option to redeem, or U.S. Holders may have an unconditional option to require the Trustee to redeem, a Certificate prior to its stated maturity date. Under applicable regulations, if the Trustee has an unconditional option to redeem a Certificate prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Certificate may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Certificate as the stated redemption price at maturity, the yield on the Certificate would be lower than its yield to maturity. If the U.S. Holders have

an unconditional option to require the Trustee to redeem a Certificate prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Certificate would be higher than its yield to maturity. If it was presumed that such an option would be so exercised but this option is not in fact exercised, the Certificate would be treated, solely for purposes of calculating OID, as if it were redeemed, and a new Certificate were issued, on the presumed exercise date for an amount equal to the Certificate's adjusted issue price on that date. The adjusted issue price of an original issue discount Certificate is defined as the sum of the issue price of the Certificate and the aggregate amount of previously accrued OID, less any prior payments other than payments of qualified stated interest.

Fixed Rate Certificates. In the case of a Fixed Rate Certificate that is an original issue discount Certificate, U.S. Holders of such Certificate will be required to include OID in income for U.S. federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of profit, regardless of whether cash attributable to this income is received.

Floating Rate Certificates that are VRDIs. In the case of a Floating Rate Certificate that is a VRDI and that provides for profit at a single variable rate, the amount of qualified stated interest and the amount of OID, if any, includible in income during a taxable year are determined under the rules applicable to Fixed Rate Certificates (described above) by assuming that the variable rate is a fixed rate equal to (i) in the case of a qualified floating rate or a qualified inverse floating rate, the value, as of the issue date, of the qualified floating rate or qualified inverse floating rate, or (ii) in the case of an objective rate (other than a qualified inverse floating rate), the fixed rate that reflects the yield that is reasonably expected for the Certificate. Qualified stated profit allocable to an accrual period is increased (or decreased) if the profit actually paid during an accrual period exceeds (or is less than) the profit assumed to be paid during the accrual period.

If a Certificate that is a VRDI does not provide for profit at a single variable rate as described above, the amount of profit and OID accruals are determined by constructing an equivalent fixed rate debt instrument, as follows:

- **First**, in the case of an instrument that provides for stated profit at one or more qualified floating rates or at a qualified inverse floating rate and, in addition, at a fixed rate (other than a fixed rate that is treated as, together with a variable rate, a single qualified floating rate or objective rate), replace the fixed rate with a qualified floating rate (or qualified inverse floating rate) such that the fair market value of the instrument, so modified, as of the issue date would be approximately the same as the fair market value of the unmodified instrument.
- **Second**, determine the fixed rate substitute for each variable rate provided by the Certificate. The fixed rate substitute for each qualified floating rate provided by the Certificate is the value of that qualified floating rate on the issue date. If the Certificate provides for two or more qualified floating rates with different intervals between profit adjustment dates (for example, the 30-day commercial paper rate and quarterly Term SOFR), the fixed rate substitutes are based on intervals that are equal in length (for example, the 90-day commercial paper rate and quarterly Term SOFR, or the 30-day commercial paper rate and monthly Term SOFR). The fixed rate substitute for an objective rate that is a qualified inverse floating rate is the value of the qualified inverse floating rate on the issue date. The fixed rate substitute for an objective rate (other than a qualified inverse floating rate) is a fixed rate that reflects the yield that is reasonably expected for the Certificate.
- **Third**, construct an equivalent fixed rate debt instrument that has terms that are identical to those provided under the Certificate, except that the equivalent fixed rate debt instrument provides for the fixed rate substitutes determined in the second step, in lieu of the qualified floating rates or objective rate provided by the Certificate.
- **Fourth**, determine the amount of qualified stated interest and OID for the equivalent fixed rate debt instrument under the rules (described above) for Fixed Rate Certificates. These amounts are taken into account as if the US Holder held the equivalent fixed rate debt instrument. See “*Payments of Periodic Distribution Amounts*” and “*Original Issue Discount—Fixed Rate Certificates*” above.
- **Fifth**, make appropriate adjustments for the actual values of the variable rates. In this step, qualified stated interest or, in certain circumstances, OID allocable to an accrual period is increased (or decreased) if the profit actually accrued or paid during the accrual period exceeds (or is less than) the profit assumed to be accrued or paid during the accrual period under the equivalent fixed rate debt instrument.

Market Discount

If a U.S. Holder purchases a Certificate (other than a short-term Certificate) for an amount that is less than its stated redemption price at maturity or, in the case of an original issue discount Certificate, its adjusted issue price, the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than a specified *de minimis* amount.

A U.S. Holder will be required to treat any principal payment (or, in the case of an original issue discount Certificate, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange, retirement or other disposition of a Certificate, including disposition in certain non-recognition transactions, as ordinary income to the extent of the market discount accrued on the Certificate at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the Certificateholder to include market discount in income as it accrues, or pursuant to a constant yield election (as described under “*Original Issue Discount*”) by the Certificateholder. In addition, the U.S. Holder may be required to defer, until the maturity of the Certificate or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Certificate.

If a U.S. Holder makes a constant yield election for a Certificate with market discount, such election will result in a deemed election for all market discount bonds acquired by the Certificateholder on or after the first day of the first taxable year to which such election applies. This election may only be revoked with the consent of the IRS.

Acquisition Premium and Amortisable Bond Premium

A U.S. Holder who purchases a Certificate for an amount that is greater than the Certificate’s adjusted issue price, but less than or equal to the sum of all amounts payable on the Certificate after the purchase date other than payments of qualified stated interest will be considered to have purchased the Certificate at an acquisition premium. Under the acquisition premium rules, the amount of OID that the U.S. Holder must include in its gross income with respect to the Certificate for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Holder purchases a Certificate for an amount in excess of the sum of the remaining amounts payable on the Certificate (other than qualified stated interest), the Certificateholder will be considered to have purchased the Certificate with amortisable bond premium equal in amount to such excess and will not be required to include any OID in gross income. The Certificateholder may elect to amortise this premium as an offset to qualified stated interest, using a constant yield method, over the remaining term of the Certificate. Special rules may apply in the case of a Certificate that is subject to optional redemption. A Certificateholder who elects to amortise bond premium must reduce its tax basis in the Certificate by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the Certificateholder and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under “*Original Issue Discount*”) for a Certificate with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the Certificateholder’s debt instruments with amortisable bond premium.

Sale, Exchange, Retirement or the Taxable Disposition of the Certificates

Upon the sale, exchange, retirement or other taxable disposition of a Certificate, a U.S. Holder will generally recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange, retirement or other taxable disposition and the Certificateholder’s adjusted tax basis in the Certificate. A U.S. Holder’s adjusted tax basis in a Certificate generally will equal the acquisition cost of the Certificate increased by the amount of OID and market discount included in the Holder’s gross income and decreased by any payment received from the Trustee other than a payment of qualified stated interest and any amortisable bond premium taken into account. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. Holder’s foreign tax credit limitation and, as a result, the use of foreign tax credits relating to any non-U.S. income tax imposed upon gains in respect of the Certificates may be limited. For these purposes, the amount realised does not include any amount attributable to accrued profit on the Certificate. Amounts attributable to accrued profit (including OID) are treated as profit as described under “*Payments of Periodic Distribution Amounts*” and “*Original Issue Discount*”.

Except as described below, gain or loss realised on the sale, exchange, retirement or other taxable disposition of a Certificate will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange, retirement or other taxable disposition the U.S. Holder has held the Certificate for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Certificate, to the extent of any accrued discount not previously included in the Certificateholder's taxable income. See "*Original Issue Discount*" and "*Market Discount*". In addition, other exceptions to this general rule apply in the case of short-term Certificates, foreign currency Certificates, and contingent payment debt instruments. See "*Short-Term Certificates*", "*Foreign Currency Certificates*" and "*Contingent Payment Debt Instruments*". The deductibility of capital losses is subject to limitations.

Replacement of Profit Rate with a Replacement Rate Following a Benchmark Event

Following the occurrence of a Benchmark Event, the Profit Rate on any relevant series of Certificates will be determined based on the applicable Successor Rate or Alternative Reference Rate (each a "**Replacement Rate**"). It is possible that the replacement of an Original Reference Rate with a Replacement Rate could be treated, for U.S. federal income tax purposes, as a significant modification of such Certificates, in which case, such "old" Certificates would be treated as having been exchanged for "new" Certificates (a "**Deemed Exchange**"). Upon the occurrence of a Deemed Exchange, a U.S. Holder may be required to recognise taxable gain with respect to such Certificates as a result of such Deemed Exchange. In addition, such deemed "new" Certificates may be treated as being issued with OID. Notwithstanding the foregoing, and although this issue is not free from doubt, since any such replacement of an Original Reference Rate with a Replacement Rate would occur pursuant to the original terms of the Certificates, a Deemed Exchange is not expected to occur and a U.S. Holder is not expected to be required to recognise taxable gain with respect to the Certificates in connection therewith. U.S. Holders should consult their tax advisors regarding the impact of a Benchmark Event in their investment in the Certificates.

Short-Term Certificates

A Certificate that matures one year or less from its date of issuance (a "**short-term Certificate**") will be treated as being issued at a discount and none of the profit paid on the Certificate will be treated as qualified stated interest. In general, a cash method U.S. Holder of a short-term Certificate is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so, with the consequence that the reporting of such income is deferred until it is received. Certificateholders who so elect and certain other Certificateholders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Certificate will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. Holders will be required to defer deductions for any profit paid on indebtedness incurred to purchase or carry short-term Certificates in an amount not exceeding the accrued discount (which includes profit that is payable but that has not been included in gross income) with respect to such short-term Certificate until the accrued discount is included in income. A U.S. Holder's tax basis in a short-term Certificate is increased by the amount included in such holder's income with respect to such Certificate.

Contingent Payment Debt Instruments

If the terms of the Certificates provide for certain contingencies that affect the timing and amount of payments (including certain Floating Rate Certificates that do not qualify as VRDIs), they will be "contingent payment debt instruments" for U.S. federal income tax purposes. Under the rules that govern the treatment of contingent payment debt instruments, no payment on such Certificates qualifies as qualified stated interest. Rather, a U.S. Holder must accrue profit for U.S. federal income tax purposes based on a "comparable yield" and account for differences between actual payments on the Certificate and the Certificate's "projected payment schedule" as described below. The comparable yield is determined by the Trustee at the time of issuance of the Certificates and, in general, equals the annual yield an issuer would pay, as of the issue date, on a fixed-rate, nonconvertible debt instrument with no contingent payments, but with terms and conditions otherwise comparable to the contingent payment debt instrument. The comparable yield may be greater than or less than the stated profit, if any, with respect to the Certificates. Solely for the purpose of determining the amount of profit that a

U.S. Holder will be required to accrue on a contingent payment debt instrument, the Trustee will be required to construct a “projected payment schedule” that represents a series of payments the amount and timing of which would produce a yield to maturity on the contingent payment debt instrument equal to the comparable yield.

Neither the comparable yield nor the projected payment schedule would constitute a representation regarding the actual amount, if any, that the contingent payment debt instrument will pay.

For U.S. federal income tax purposes, a U.S. Holder will be required to use the comparable yield and the projected payment schedule established by the Trustee in determining profit accruals and adjustments in respect of a contingent payment debt instrument, unless the Certificateholder timely discloses and justifies the use of a different comparable yield and projected payment schedule to the IRS.

A U.S. Holder, regardless of its method of accounting for U.S. federal income tax purposes, will be required to accrue profit on a contingent payment debt instrument at the comparable yield, adjusted upward or downward to reflect the difference, if any, between the actual and the projected amount of any contingent payments on the contingent payment debt instrument (as set forth below). As such, a U.S. Holder may be required to include profit in income each year in excess of any stated profit payments actually received in that year, if any.

A U.S. Holder will be required to recognise ordinary income on the profit equal to the amount of any net positive adjustment, i.e., the excess of actual payments over projected payments, in respect of a contingent payment debt instrument for a taxable year. A net negative adjustment, i.e., the excess of projected payments over actual payments, in respect of a contingent payment debt instrument for a taxable year:

- will first reduce the amount of profit in respect of the contingent payment debt instrument that a Certificateholder would otherwise be required to include in income in the taxable year;
- to the extent of any excess, will give rise to an ordinary loss equal to the extent of the U.S. Holder’s profit income on the contingent debt obligation during prior taxable years, reduced to the extent such profit was offset by prior net negative adjustments; and
- to the extent of any excess after the application of the previous two bullet points, will be carried forward as a negative adjustment to offset future profit income with respect to the contingent debt obligation or to reduce the amount realised on a sale, exchange or retirement of the contingent debt obligation.

A net negative adjustment will not be subject to the 2.0% floor limitation imposed on miscellaneous deductions when miscellaneous deductions become available again to individual U.S. Holders for tax years beginning on or after 1 January 2026. Where a U.S. Holder purchases a contingent payment debt instrument for a price other than its adjusted issue price, the difference between the purchase price and the adjusted issue price must be reasonably allocated to the daily portions of profit or projected payments with respect to the contingent payment debt instrument over its remaining term and treated as a positive or negative adjustment, as the case may be, with respect to each period to which it is allocated.

Upon a sale, exchange, retirement or other taxable disposition of a contingent payment debt instrument, a U.S. Holder generally will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the Certificateholder’s adjusted basis in the contingent payment debt instrument. A U.S. Holder’s adjusted basis in a Certificate that is a contingent payment debt instrument generally will be the acquisition cost of the Certificate, increased by the profit previously accrued by the U.S. Holder on the Certificate under these rules, disregarding any net positive and net negative adjustments, and decreased by the amount of any non-contingent payments and the projected amount of any contingent payments previously made on the Certificate. A U.S. Holder generally will treat any gain as profit (treated as ordinary income, and any loss as ordinary loss to the extent of the excess of previous profit inclusions in excess of the total net negative adjustments previously taken into account as ordinary losses, and the balance as capital loss. The deductibility of capital losses is subject to limitations. In addition, if a Certificateholder recognises loss above certain thresholds, the Certificateholder may be required to file a disclosure statement with the IRS (as described under “*Other Reporting Requirements*”).

Special rules will apply if one or more contingent payments on a contingent debt obligation become fixed. For purposes of the preceding sentence, a payment (including an amount payable at maturity) will be treated as fixed if (and when) all remaining contingencies with respect to it are remote or incidental within the meaning of the contingent debt regulations. A U.S. Holder’s tax basis in the contingent debt obligation and the character of

any gain or loss on the sale of the contingent debt obligation would also be affected. U.S. Holders are urged to consult their tax advisers concerning the application of these special rules.

Foreign Currency Certificates

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of Certificates that are denominated in a currency other than the U.S. dollar or the payments of profit or principal on which are payable in a currency other than the U.S. dollar (“**foreign currency Certificates**”). However, the U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of currency-linked Certificates and non-functional currency contingent payment debt instruments are not discussed herein and, if applicable, will be discussed in a supplement to this Base Prospectus issued in connection with the issuance of such Certificates and instruments.

The rules applicable to foreign currency Certificates could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Certificate to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Certificates are complex and may depend on the Certificateholder’s particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a Certificateholder should make any of these elections may depend on the Certificateholder’s particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Certificates.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Certificate will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder’s tax basis in the foreign currency.

An accrual method U.S. Holder will be required to include in income the U.S. dollar value of the amount of profit, which is treated as ordinary income, (including OID or market discount, but reduced by acquisition premium and amortisable bond premium, to the extent applicable) that has accrued and is otherwise required to be taken into account with respect to a foreign currency Certificate during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year. The U.S. Holder will recognise ordinary income or loss with respect to accrued profit on the date the income is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment received (determined on the date the payment is received) in respect of the accrual period (or, where a Certificateholder receives U.S. dollars, the amount of the payment in respect of the accrual period) and the U.S. dollar value of profit that has accrued during the accrual period (as determined above). Rules similar to these rules apply in the case of a cash method taxpayer required to currently accrue OID or market discount.

An accrual method U.S. Holder may elect to translate profit (including OID) into U.S. dollars at the spot rate on the last day of the profit accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the date of receipt is within five business days of the last day of the profit accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

OID, market discount, acquisition premium and amortisable bond premium on a foreign currency Certificate are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall be determined in accordance with the rules relating to accrued profit described above.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce income on the profit in units of the relevant foreign currency. In that event, amortisable bond premium will be computed in foreign currency. A U.S. Holder making the election to amortise bond premium may recognise exchange gain or loss each period equal to the difference between the U.S. dollar value of bond premium with respect to such period determined on the date the profit attributable to such period is received and the U.S. dollar value of such amortised bond premium determined on the date of the acquisition of the

Certificates. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Certificate with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium (subject to the treatment of foreign currency gain or loss below).

A U.S. Holder's adjusted tax basis in a foreign currency Certificate will generally equal the "U.S. dollar cost" (as defined herein) of the Certificate to such holder increased by any previously accrued OID or market discount and decreased by any amortised premium and cash payments on the Certificate other than qualified stated interest. The "U.S. dollar cost" of a Certificate purchased with foreign currency will generally be the U.S. dollar value of the purchase price based on the spot rate of exchange on the date of purchase (or based on the spot rate of exchange on the settlement date of the purchase, in the case of Certificates traded on an established securities market that are purchased by a cash basis U.S. Holder or an electing accrual basis U.S. Holder). If a U.S. Holder receives foreign currency on a sale, exchange, retirement, or other taxable disposition of a Certificate, the amount realised generally will be based on the U.S. dollar value of such foreign currency translated at the spot rate on the date of disposition. In the case of a Certificate that is considered to be traded on an established securities market, a cash basis U.S. Holder and, if it so elects, an accrual basis U.S. Holder, will determine the U.S. dollar value of such foreign currency by translating such amount at the spot rate on the settlement date of the disposition. The special election available to accrual basis U.S. Holders in regard to the purchase and disposition of Certificates traded on an established securities market must be applied consistently to all debt instruments held by the U.S. Holder and cannot be changed without the consent of the IRS. If the Certificates are not traded on an established securities market (or the relevant holder is an accrual basis U.S. Holder that does not make the special settlement date election), a U.S. Holder will recognise exchange gain or loss to the extent that there are exchange rate fluctuations between the disposition date and the settlement date.

Gain or loss realised upon the sale, exchange, retirement or other taxable disposition of a foreign currency Certificate that is attributable to fluctuation in currency exchange rates will be ordinary income or loss which will not be treated as an adjustment of profit. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the foreign currency purchase price of the Certificate, determined on the date the payment is received or the Certificate is disposed of, and (ii) the U.S. dollar value of the foreign currency purchase price of the Certificate, determined on the date the U.S. Holder acquired the Certificate (adjusted, in each case, for any amortised bond premium that has been taken into account prior to the date of the sale, exchange or retirement). Payments received attributable to accrued profit will be treated in accordance with the rules applicable to payments of profit on foreign currency Certificates described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the Certificateholder on the sale, exchange, retirement or other taxable disposition of the foreign currency Certificate. The source of the foreign currency gain or loss will be determined by reference to the residence of the Certificateholder or the "qualified business unit" of the Certificateholder on whose books the Certificate is properly reflected. Any gain or loss realised by these Certificateholders in excess of the foreign currency gain or loss will be capital gain or loss except that any gain will be treated as ordinary income to the extent of any accrued market discount or, in the case of short term Certificate, to the extent of any discount not previously included in the Certificateholder's income. Certificateholders should consult their tax advisers with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Certificate accrue.

Further Issues of Certificates

The Trustee may from time to time without the consent of the Certificateholders create and issue additional trust certificates as described under "*Terms and Conditions of the Certificates*". These additional trust certificates, even if they are treated for non-tax purposes as part of the same series as the original Certificates, in some cases may be treated as a separate series for U.S. federal income tax purposes. In such case, the additional trust certificates may be considered to have OID (or a greater amount of OID) which may affect the market value of the original Certificates if the additional trust certificates are not otherwise distinguishable from the original Certificates.

Other Types of Certificates

Certain types of Certificates that may be issued by the Issuer under the Programme are not discussed herein. To the extent applicable, the U.S. federal income tax considerations will be specified in the relevant supplement to this Base Prospectus issued in connection with those Certificates.

Non-U.S. Holders

Subject to the discussion below under “—*Backup Withholding and Information Reporting*”, a Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Certificates and gain from the sale, redemption or other disposition of the Certificates unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the U.S.; or (ii) in the case of any gain realised on the sale or exchange of a Certificate by an individual Non-U.S. Holder, that Holder is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met.

Backup Withholding and Information Reporting

Information returns may be filed with the IRS in connection with payments on the Certificates (including any accrued OID) and the proceeds from a sale or other disposition of the Certificates. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures or otherwise establish an exemption from backup withholding. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the Certificateholder’s U.S. federal income tax liability and may entitle them to a refund, *provided that* the required information is timely furnished to the IRS.

Other Reporting Requirements

A U.S. taxpayer that participates in a “reportable transaction” will be required to disclose its participation to the IRS by attaching Form 8886 to their tax returns and retaining a copy of all documents and records relating to the transaction. The scope and application of these rules is not entirely clear and whether an investment in a Certificate constitutes a “reportable transaction” for any holder depends on the holder’s particular circumstances. For example, a U.S. Holder may be required to treat a foreign currency exchange loss from the Certificates as a reportable transaction if the loss exceeds certain thresholds. In the event the acquisition, ownership or disposition of Certificates constitutes participation in a “reportable transaction” for purposes of these rules, a U.S. Holder will be required to disclose its investment by filing Form 8886 with the IRS. Prospective purchasers should consult their tax advisers regarding the application of these rules to the acquisition, ownership or disposition of Certificates and should be aware that the Trustee (or other participants in the transaction) may determine that the investor list maintenance requirement applies to the transaction and comply accordingly with this requirement.

Certain U.S. Holders who are individuals (which may include certain entities treated as individuals for these purposes) are required to report information relating to an interest in Certificates, subject to certain exceptions (including an exception for Certificates held in accounts maintained by certain financial institutions). U.S. Holders should consult their tax advisers regarding the effect, if any, of this legislation on their ownership and disposition of the Certificates.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a Certificateholder’s particular situation. Certificateholders should consult their tax advisers with respect to the tax consequences to them of the ownership and disposition of the Certificates, including the tax consequences under state, local, non-U.S. and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

Foreign Account Tax Compliance Act and Information Exchange Regulations

FATCA imposes a reporting regime and potentially a 30% withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a “**foreign financial institution**”, or “**FFI**” (as defined by FATCA)) that does not become a “Participating FFI” by entering into an agreement with the IRS to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a “United States account” of the Trustee (a “**Recalcitrant Holder**”). The Trustee may be classified as an FFI.

FATCA applies to payments from sources within the United States and will apply to “foreign passthru payments” (a term not yet defined) no earlier than the date that is two years after the publication of the final

regulations defining “**foreign passthru payment**”. This withholding would potentially apply to payments in respect of any Certificates that are issued after the “**grandfathering date**”, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date. If Certificates are issued on or before the grandfathering date, and additional Certificates of the same series are issued after that date, the additional Certificates may not be treated as grandfathered, which may have negative consequences for the existing Certificates, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements to facilitate the implementation of FATCA (each, an “**IGA**”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “**Reporting FI**” not subject to withholding under FATCA on any payments it receives. Further, it is expected that an FFI in a Model 1 IGA jurisdiction generally would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being a “**FATCA Withholding**”) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS.

In particular, the Cayman Islands has signed an inter-governmental agreement to improve international tax compliance and the exchange of information with the United States (the “**US IGA**”). The Cayman Islands has also signed, along with over 100 other countries, a multilateral competent authority agreement to implement the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard (“**CRS**” and together with the US IGA, “**AEOI**”).

Cayman Islands regulations have been issued to give effect to the US IGA and CRS (collectively, the “**AEOI Regulations**”). Pursuant to the AEOI Regulations, the Cayman Islands Tax Information Authority (the “**TIA**”) has published guidance notes on the application of the US IGA and CRS.

All Cayman Islands “Financial Institutions” are required to comply with the registration, due diligence and reporting requirements of the AEOI Regulations, unless they are able to rely on an exemption that allows them to become a “Non-Reporting Financial Institution” (as defined in the relevant AEOI Regulations) with respect to one or more of the AEOI regimes, in which case only the registration requirement would apply under CRS. The Fund does not propose to rely on any Non-Reporting Financial Institution exemption and therefore intends to comply with all of the requirements of the AEOI Regulations.

To the extent the Trustee cannot be treated as a “Non-Reporting Cayman Islands Financial Institution” (as defined in the US IGA) by qualifying for one of the categories set out in Annex II thereto (for example, by being a Sponsored Investment Entity (as defined therein)), the Trustee may be a “Reporting Cayman Islands Financial Institution” (as defined therein). As such, the Trustee would be required to register with the IRS to obtain a Global Intermediary Identification Number and to report to the TIA any payments made to Specified US Persons with respect to US Reportable Accounts (each such term as defined in the US IGA). The Trustee may be a Cayman Reporting Financial Institution under the CRS and, as such, required to register with the TIA and report information about its account holders on an annual basis. The TIA will exchange information in connection with US Reportable Accounts with the IRS under the terms of the relevant IGA and information about account holders with other tax authorities in accordance with CRS.

Under the terms of the US IGA, withholding generally should not be imposed on payments made to the Trustee unless the IRS has specifically listed the Trustee as a “Non Participating Financial Institution”, or on payments made by the Trustee to the Certificateholders unless the Trustee has assumed responsibility for withholding under United States tax law.

Whilst the Certificates are in global form and held within Euroclear or Clearstream (together, the “**ICSDs**”), it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Certificates by the Trustee, any paying agent and the Common Depositary for ICSDs, given that each of the entities in the payment chain between the Trustee and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Certificates. The documentation in respect of the Certificates expressly contemplates the possibility that the Certificates may go into individual form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, individual Certificates will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and Model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Trustee and to payments they may receive in connection with the Certificates.

CERTAIN ERISA CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended (“**ERISA**”), and Section 4975 of the Code, impose certain restrictions on: (i) “employee benefit plans” (as defined in Section 3(3) of ERISA) that are subject to Title I of ERISA; (ii) “plans” (as defined in Section 4975(e)(1) of the Code) that are subject to Section 4975 of the Code, including individual retirement accounts and Keogh plans (together with (i), “**Plans**”); (iii) persons or entities whose underlying assets include, or are deemed to include under the U.S. Department of Labor regulation at 29 C.F.R. § 2510.3-101, as modified by Section 3(42) of ERISA (the “**Plan Asset Rules**”), for purposes of Title I of ERISA or Section 4975 of the Code, “plan assets” by reason of a Plan’s investment in such persons or entities (each of (i)-(iii), a “**Benefit Plan Investor**”); and (iv) persons who have certain specified relationships to a Plan, including the Plan’s fiduciaries and other service providers (“**parties in interest**” under ERISA and “**disqualified persons**” under the Code; collectively, “**Parties in Interest**”). ERISA also imposes certain duties on persons who are fiduciaries of Plans that are subject to Title I of ERISA, and Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions between a Plan and Parties in Interest. Violations of these rules may result in the imposition of excise taxes and other penalties and liabilities under ERISA and the Code.

Section 406 of ERISA and Section 4975 of the Code prohibit a broad range of transactions involving the assets of a Benefit Plan Investor and Parties in Interest, unless a statutory or administrative exemption is available. Parties in Interest that participate in a non-exempt prohibited transaction may be subject to penalties imposed under ERISA and/or excise taxes imposed pursuant to Section 4975 of the Code, unless a statutory or administrative exemption is available. In addition, the fiduciary of the Benefit Plan Investor that is engaged in such a non-exempt prohibited transaction may be subject to penalties under ERISA and the Code.

“Governmental plans” (as defined in Section 3(32) of ERISA), “church plans” (as defined in Section 3(33) of ERISA) that have made no election under Section 410(d) of the Code, non-U.S. plans (as described in Section 4(b)(4) of ERISA) and other plans that are not Benefit Plan Investors, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code, may nevertheless be subject to federal, state, local, non-U.S. or other laws or regulations that are substantially similar to the prohibited transaction provisions of Section 406 of ERISA or Section 4975 of the Code (“**Similar Law**”). Accordingly, fiduciaries on any such plans should consult with their counsel before purchasing the Certificates (or any interest therein).

The Plan Asset Rules sets out the standards that will apply for determining what constitutes the assets of a Benefit Plan Investor with respect to the Benefit Plan Investor’s investment in an entity for purposes of certain provisions of ERISA, including the fiduciary responsibility provisions of Title I of ERISA, Section 406 of ERISA and Section 4975 of the Code. Under the Plan Asset Rules, if a Benefit Plan Investor invests in an “**equity interest**” of an entity that is neither a “publicly-offered security” nor a security issued by an investment company registered under the Investment Company Act, the Benefit Plan Investor’s assets include both the equity interest and an undivided interest in each of the entity’s underlying assets, unless it is established that the entity is an “operating company” or that equity participation in the entity by Benefit Plan Investors is not “significant”. The Plan Asset Rules generally defines equity participation in an entity by Benefit Plan Investors as “significant” if 25 percent or more of the total value of any class of equity interest in the entity is held by Benefit Plan Investors, excluding any interest held by (i) persons or entities (other than Benefit Plan Investors) that have discretionary authority or control over the assets of the entity, or that provide investment advice with respect to such assets for a fee, directly or indirectly, or (ii) “affiliates” (as defined in paragraph (f)(3) of the Plan Asset Rules) thereof. If the assets of the Trust were deemed to be assets of a Benefit Plan Investor or “plan assets” for purposes of Title I of ERISA or Section 4975 of the Code, the Trustee, and any other party with discretionary control over such assets, would be subject to certain fiduciary obligations under ERISA and certain transactions that the Trust might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under ERISA or Section 4975 of the Code and might have to be rescinded.

Accordingly, each initial purchaser and subsequent transferee of the Certificates (or any interest therein) and each subsequent transferee will be deemed to have represented, warranted and agreed, by its purchase or holding of Certificates (or any interest therein), that: (A) it is not, and is not acting on behalf of (and for so long as it holds Certificates (or any interest therein) will not be, and will not be acting on behalf of): (i) a Benefit Plan Investor; or (ii) a governmental, church, non-U.S. or other plan that is subject to Similar Law, unless, under this subsection (ii), its acquisition, holding and disposition of the Certificates (or any interest therein) will not

constitute or result in a violation of any Similar Law; and (B) it and any person causing it to acquire any of the Certificates (or any interest therein) agrees to indemnify and hold harmless the Trust, the Trustee Administrator, the Trustee, the Obligor, the Delegate, the Agents, the Arrangers and the Dealers and their respective affiliates from any cost, damage or loss incurred by them as a result of it being or being deemed to be a Benefit Plan Investor or a plan subject to any Similar Law. Each fiduciary of a Similar Law plan should consult with its legal or other advisers concerning the potential consequences to the plan under any applicable Similar Law of an investment in the Certificates (or any interest therein). This Base Prospectus is not directed to any particular investor, nor does it address the needs of any particular investor.

SUBSCRIPTION AND SALE

Certificates may be offered from time to time by the Trustee to any one or more of the Dealers and any additional dealer(s) appointed under the Programme from time to time by the Trustee and the Obligor (the “**Dealers**”). The arrangements under which Certificates may from time to time be offered by the Trustee to, and purchased by, the Dealers are set out in an amended and restated dealer agreement dated 9 July 2024 (as amended and/or supplemented and/or restated from time to time) (the “**Dealer Agreement**”) and made between the Trustee, the Obligor, the Arrangers and the Dealers. The Trustee, the Obligor and the Dealers will agree the form and terms and conditions of the relevant Certificates, the price at which such Certificates will be purchased by the Dealers and the commissions or other agreed deductibles (if any) payable or allowable by the Trustee and the Obligor in respect of such purchase. The Obligor has agreed to indemnify the Dealers against certain liabilities in connection with the offer and the sale of the Certificates. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Certificates.

The Obligor may apply all or part of the proceeds of any of Certificates issued under the Programme in repayment of all or part of any credit facilities that may have been, or may in the future be, extended to the Obligor or its portfolio companies by the Dealers or their affiliates.

General

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws, regulations and directives in force in any jurisdiction in which it purchases, offers, sells or delivers Certificates or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Certificates under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Trustee, the Obligor or any of the other Dealers shall have any responsibility therefor.

None of the Trustee, the Obligor, the Delegate or the Dealers represents that Certificates may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

Selling restrictions may be supplemented or modified with the agreement of the Trustee and the Obligor. Any such supplement or modification may be set out in the Final Terms (in the case of a supplement or modification relevant only to a particular Tranche of Certificates) or in a supplement to this Base Prospectus.

No representation is made that any action has been or will be taken in any jurisdiction which would, or is intended to, permit a public offering of any Certificates, or possession or distribution of this Base Prospectus or any other offering materials or Final Terms in any country or jurisdiction where action for that purpose is required.

United States

Each Dealer has acknowledged that the Certificates have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act and applicable state securities laws. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Certificates: (i) as part of their distribution at any time; and (ii) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Certificates on a syndicated basis, the relevant lead manager, of all Certificates of the Tranche, except in accordance with Rule 903 of Regulation S or Rule 144A. Accordingly, neither it, nor its affiliates, nor any person acting on its or their behalf has engaged in or will engage in any directed selling efforts (as defined in Regulation S) with respect to the Certificates, and it and they have complied with and will comply with the offering restrictions requirement of Regulation S. Each

Dealer further agrees that, at or prior to confirmation of sale of Certificates (other than a sale of Certificates pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Certificates from it during the distribution compliance period a confirmation or other notice to substantially the following effect:

“The Certificates covered hereby have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons: (i) as part of their distribution at any time; or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of Certificates of which such Certificates are a part, except in either case in a transaction exempt from or not subject to the registration requirements of the Securities Act to a person that the seller reasonably believes is a “**qualified institutional buyer**” (within the meaning of Rule 144A under the Securities Act) that is also a “**qualified purchaser**” (as defined in Section 2(a)(51)(A) of the U.S. Investment Company Act of 1940, as amended). Terms used above have the meanings given to them by Regulation S under the Securities Act”.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it nor any of its affiliates, nor any person acting on its or their behalf has engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Rule 502(c) of Regulation D under the Securities Act) in connection with any offer and sale of the Certificates in the United States.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it is a QIB that is also a QP. Each Dealer may, through its respective U.S. registered broker-dealer affiliates, arrange for the offer and resale of the Certificates in the United States only to QIBs that are also QPs in a transaction not involving any public offering.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has offered and sold and will offer and sell the Certificates in the United States only to persons whom it reasonably believes are QIBs that are also QPs who can represent that: (A) they are QIBs that are also QPs; (B) they are not broker-dealers who own and invest on a discretionary basis less than U.S.\$25 million in securities of unaffiliated issuers; (C) they are not a participant-directed employee plan, such as a 401(k) plan; (D) they are acting for their own account, or the account of one or more QIBs, each of which is a QP; (E) they are not formed for the purpose of investing in the Trustee; (F) each account for which they are purchasing will hold and transfer at least U.S.\$200,000 in face amount of Certificates at any time; (G) they understand that the Trustee may receive a list of participants holding positions in its securities from one or more book-entry depositories; and (H) they will provide notice of the transfer restrictions set forth in this Base Prospectus to any subsequent transferees.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that neither it, nor any of its affiliates nor any person acting on its or their behalf has entered into and will not enter into any contractual arrangement with any distributor (as that term is defined in Regulation S) with respect to the distribution or delivery of Certificates, except with its affiliates or with the prior written consent of the Trustee and the Obligor.

Until 40 days after the commencement of the offering of any Series of Certificates, an offer or sale of such Certificates within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

To the extent that the Trustee is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Trustee has agreed to furnish to holders of Certificates and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

Canada

The Certificates may be sold only to purchasers in Canada purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection

73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Certificates must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Base Prospectus or any applicable Final Terms (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts ("**NI 33-105**") or Ontario Instrument 33-507 *Exemption from Underwriting Conflicts Disclosure Requirements*, the Dealers are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with the offering of any Certificates.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Certificates specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the EEA.

For the purposes of this provision the expression "**retail investor**" means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

If the Final Terms in respect of any Certificates specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "**Member State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in that Member State, except that it may make an offer of such Certificates to the public in that Member State:

- (a) *Qualified investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Obligor for any such offer; or
- (c) *Other exempt offers*: at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Certificates referred to in (a) to (c) above shall require the Trustee or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Certificates to the public**" in relation to any Certificates in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the applicable Final Terms in respect of any Certificates specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of UK MiFIR.

If the Final Terms in respect of any Certificates specifies “Prohibition of Sales to UK Retail Investors” as “Not Applicable”, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Certificates which are the subject of the offering contemplated by this Base Prospectus as completed by the applicable Final Terms in relation thereto to the public in the United Kingdom except that it may make an offer of such Certificates to the public in the United Kingdom:

- (a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Trustee and the Obligor for any such offer; or
- (c) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Certificates referred to in (a) to (c) above shall require the Trustee or any Dealer to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression “**an offer of Certificates to the public**” in relation to any Certificates means the communication in any form and by any means of sufficient information on the terms of the offer and the Certificates to be offered so as to enable an investor to decide to purchase or subscribe for the Certificates.

Other Regulatory Restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that:

- (a) in relation to any Certificates which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Certificates other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Certificates would otherwise constitute a contravention of Section 19 of the FSMA by the Trustee or the Obligor;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the FSMA) received by it in connection with the issue or sale of the Certificates in circumstances in which Section 21(1) of the FSMA does not apply to the Trustee or the Obligor; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Certificates in, from or otherwise involving the United Kingdom.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not made and will not make, whether directly or indirectly, any offer or invitation to the public in the Cayman Islands to subscribe for the Certificates.

Republic of Italy

The offering of Certificates has not been cleared by the *Commissione Nazionale per la Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, directly or indirectly, any Certificates to the public in the Republic of Italy.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it will not offer, sell or deliver, directly or indirectly, any Certificates or distribute copies of this Base Prospectus or of any other document relating to the Certificates in the Republic of Italy except:

- (a) pursuant to Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”), to qualified investors (*investitori qualificati*), as defined under Article 35, paragraph 1, letter d) of CONSOB regulation No. 20307 of 15 February, 2018, as amended (“**Regulation No. 20307**”), pursuant to Article 34-ter, first paragraph, letter b), of CONSOB Regulation No. 11971 of May 14, 1999, as amended (“**Regulation No. 11971**”); or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1, paragraph 4, of the Prospectus Regulation and Article 100 of Legislative Decree of February 24, 1998, No. 58, as amended (the “**Italian Financial Act**”) and their implementing CONSOB regulations including Regulation No. 11971.

Any such offer, sale or delivery of the Certificates or distribution of copies of this Base Prospectus or any other document relating to the Certificates in the Republic of Italy must be in compliance with the selling restrictions under paragraphs (a) and (b) above and:

- (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Italian Financial Act, Regulation No. 20307, Legislative Decree No. 385 of 1 September 1993 as amended (the “**Banking Act**”) and any other applicable laws or regulation;
- (ii) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended, pursuant to which the Bank of Italy may request information on the offering or issue of securities in the Italy or by Italian persons outside of Italy; and
- (iii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or the Bank of Italy or any other Italian authority.

Any investor purchasing the Certificates is solely responsible for ensuring that any offer, sale, transfer, delivery or resale of the Certificates by such investor occurs in compliance with applicable Italian laws and regulations.

Switzerland

Each Dealer has acknowledged and agreed that any offering of Certificates in Switzerland is exempt from the requirement to prepare and publish a prospectus under the Swiss Financial Services Act (“**FinSA**”) and no application has or will be made to admit the Certificates to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that: (i) the Certificates may not be publicly offered, sold or advertised by it, directly or indirectly, in or from Switzerland; and (ii)

neither this Base Prospectus nor any other offering or marketing material relating to the Certificates may be publicly distributed or otherwise made publicly available by it in Switzerland.

Kingdom of Saudi Arabia

No action has been or will be taken in the Kingdom of Saudi Arabia that would permit a public offering of the Certificates.

The Certificates may thus not be advertised, offered or sold to any person in the Kingdom of Saudi Arabia other than to “institutional clients” and “qualified clients” under Article 8(a)(1) of the “Rules on the Offer of Securities and Continuing Obligations” issued by the Board of the CMA pursuant to its resolution number 3-123-2017 dated 09/04/1439 in the Hijri calendar, corresponding to 27 December 2017 (as amended from time to time, the “**KSA Regulations**”) or by way of a limited offer under Article 9 of the KSA Regulations.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any offer of Certificates made by it to an investor in Saudi Arabia or who is a Saudi person will be made in compliance with either Article 8(a)(1) or Article 9 and Article 10 of the KSA Regulations.

Each offer of Certificates shall not therefore constitute a “public offer”, an “exempt offer” or a “parallel market offer” pursuant to the KSA Regulations, but is subject to the restrictions on secondary market activity under Article 14 of the KSA Regulations.

Although HSBC Bank plc is appointed as Dealer pursuant to the Dealer Agreement and may be appointed as a manager pursuant to the relevant subscription agreement, HSBC Saudi Arabia, which is a Capital Market Institution licensed by the CMA, will be the relevant legal entity for all regulated activities in the Kingdom of Saudi Arabia relating to the issuance of any Certificates, including offering and related applications to the CMA.

Kingdom of Bahrain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold, and will not offer or sell, any Certificates in the Kingdom of Bahrain except on a private placement basis to persons in the Kingdom of Bahrain who are “accredited investors”. For this purpose, an “**accredited investor**” means:

- (a) an individual holding financial assets (either singly or jointly with a spouse) of U.S.\$1,000,000 or more excluding that person’s principal place of residence;
- (b) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.\$1,000,000;
- (c) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund); or
- (d) any other entity which is an “accredited” investor as defined in the Central Bank of Bahrain Rulebook.

State of Kuwait

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Certificates will be offered, marketed and/or sold in Kuwait unless all necessary approvals from the Kuwait Capital Markets Authority pursuant to Law No. 7 of 2010 Concerning the Establishment of the Capital Markets Authority and the Regulating of Securities Activities, and its executive bylaws (each as amended) (the “**CML Rules**”) together with the various resolutions, regulations, guidance principles and instructions issued pursuant thereto, or in connection therewith (regardless of nomenclature) or any other applicable law or regulation in Kuwait, have been given in respect of the offering, marketing, and sale, of the Certificates. For the avoidance of doubt, no Certificates shall be offered, marketed and/or sold in Kuwait except on a private placement basis to Professional Clients (as defined in Module 1 of the executive bylaws of the CML Rules (each as amended)).

United Arab Emirates (excluding the Abu Dhabi Global Market and the Dubai International Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates to be issued under the Programme have not been and will not be offered, sold or publicly promoted or advertised by it in the United Arab Emirates other than in compliance with any laws applicable in the United Arab Emirates governing the issue, offering and sale of securities.

Abu Dhabi Global Market

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Abu Dhabi Global Market unless such offer is:

- (a) an “Exempt Offer” in accordance with the Financial Services Regulatory Authority (the “**FSRA**”) Financial Services and Markets Regulations (the “**FSMR**”) and the FSRA Markets Rules;
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.4.1 of the FSRA Conduct of Business Rules; and
- (c) made only in circumstances in which section 18(1) of the FSMR does not apply.

Dubai International Financial Centre

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered and will not offer the Certificates to be issued under the Programme to any person in the Dubai International Financial Centre unless such offer is:

- (a) an “Exempt Offer” in accordance with the Markets Rules (MKT) Module of the Dubai Financial Services Authority (the “**DFSA**”) rulebook; and
- (b) made only to persons who meet the Professional Client criteria set out in Rule 2.3.3 of the Conduct of Business (COB) Module of the DFSA rulebook.

State of Qatar (including the Qatar Financial Centre)

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered, and will not offer, sell or deliver at any time, directly or indirectly, any Certificates in the State of Qatar (including the Qatar Financial Centre), except: (i) in compliance with all applicable laws and regulations of the State of Qatar (including the Qatar Financial Centre); and (ii) through persons or corporate entities authorised and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar (including the Qatar Financial Centre). This Base Prospectus has not been reviewed or approved by the Qatar Central Bank, the Qatar Exchange, the Qatar Financial Centre Regulatory Authority or the Qatar Financial Markets Authority and is only intended for specific recipients, in compliance with the foregoing.

Japan

Each Dealer understands that the Certificates have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**FIEA**”) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold Certificates and will not, directly or indirectly, offer or sell any Certificates in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Certificates other than: (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “**SFO**”) and any rules made under the SFO; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**Ordinance**”) or which do not constitute an offer to the public within the meaning of the Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Certificates, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Certificates which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

South Korea

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered, sold or delivered and will not offer, sell or deliver, directly or indirectly, any Certificates in South Korea or to or for the account or benefit of any South Korean resident (as such term is defined in the Foreign Exchange Transaction Law of South Korea) except as permitted under applicable South Korean laws and regulations.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that it has not offered or sold any Certificates or caused the Certificates to be made the subject of an invitation for subscription or purchase, and will not offer or sell any Certificates or cause the Certificates to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Certificates, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Malaysia

This Base Prospectus has not been registered as a prospectus with the Securities Commission of Malaysia (“**SC**”). Accordingly, each Dealer has acknowledged, represented and agreed, and each further Dealer appointed under the Programme will be required to acknowledge, represent and agree, that:

- (a) no approval from the Securities Commission Malaysia is or will be obtained and/or no lodgement to the SC under the Lodge and Launch Framework issued by the SC has been or will be made for the offering of the Certificates on the basis that the Certificates will be issued and offered exclusively to persons outside Malaysia; and
- (b) this Base Prospectus has not been registered as a prospectus with the SC under the Capital Markets and Services Act 2007 of Malaysia; and
- (c) the Certificates may not be offered, sold, transferred or otherwise disposed of, directly or indirectly, nor may any document or other material in connection therewith be distributed, to a person in Malaysia except by way of a secondary transaction of the Certificates which does not involve retail investors, and a prospectus has not been issued.

Indonesia

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that the Certificates will not be offered or sold directly or indirectly, in Indonesia or to any citizen of Indonesia (wherever they are domiciled) or to any resident of Indonesia in a manner that constitutes a public offering under the laws and regulations of Indonesia (including Law Number 8 of 1995 regarding Capital Markets) and that this Base Prospectus will not be distributed in Indonesia or passed on in a manner which constitutes a public offering in Indonesia under the laws and regulations of Indonesia (including Law Number 8 of 1995 regarding Capital Markets).

Brunei

This Base Prospectus has not been and will not be registered, delivered to, licensed or permitted by the Autoriti Monetari Brunei Darussalam with the Authority designated under the Brunei Darussalam Securities Markets Order (the “SMO”) nor has it been registered with the Registrar of Companies, Registrar of International Business Companies.

Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates will not be offered or sold or made the subject of an invitation for subscription or purchase nor will this Base Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of Certificates be circulated or distributed, whether directly or indirectly, to any person in Brunei other than: (a) to an accredited investor under Section 20 of the SMO; (b) an expert investor under Section 20 of the SMO; or (c) an institutional investor under Section 20 of the SMO, and in accordance with the conditions specified in Section 117 of the SMO.

The People’s Republic of China

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Base Prospectus will not and may not be circulated or distributed in the People’s Republic of China (the “PRC”) and the Certificates will not and may not be offered or sold, directly or indirectly, to any resident of the PRC, or offered or sold to any person for reoffering or resale, directly or indirectly, to any resident of the PRC (for such purposes, excluding Hong Kong, Macau and Taiwan), except pursuant to applicable laws and regulations of the PRC.

Taiwan

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Certificates have not been, and shall not be, offered, sold or re-sold, directly or indirectly to investors other than “professional institutional investors” as defined under Paragraph 2, of Article 4 of the Financial Consumer Protection Act of the Republic of China (“ROC”), which currently includes overseas and domestic (i) banks, securities firms, futures firms and insurance companies (excluding insurance agencies, insurance brokers and insurance surveyors), the foregoing as further described in greater detail in Paragraph 3 of Article 2 of the Organisation Act of the Financial Supervisory Commission, (ii) fund management companies, government investment institutions, government funds, pension funds, mutual funds, unit trusts, and funds managed by financial service enterprises pursuant to the ROC Securities Investment Trust and Consulting Act, the ROC Future Trading Act or the ROC Trust Enterprise Act or investment assets mandated and delivered by or transferred for trust by financial consumers, and (iii) other institutions recognised by the Financial Supervisory Commission of the ROC.

TRANSFER RESTRICTIONS

Transfer Restrictions

As a result of the following restrictions, purchasers of Certificates in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Certificates.

Each purchaser of Certificates (other than a person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate) or person wishing to transfer an interest from one Global Certificate to another or from global to definitive form or *vice versa*, will be required to acknowledge, represent and agree, and each person purchasing an interest in a Global Certificate with a view to holding it in the form of an interest in the same Global Certificate will be deemed to have acknowledged, represented and agreed, as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (i) that either: (a) it is a QIB that is also a QP, purchasing (or holding) the Certificates for its own account or for the account of one or more QIBs that are also QPs in a minimum face amount, in each case, of U.S.\$200,000 (or the equivalent amount in a foreign currency) and it is aware that any sale to it is being made in reliance on Rule 144A; or (b) it is outside the United States and is not a U.S. person;
- (ii) that it is not a broker-dealer which owns and invests on a discretionary basis less than U.S.\$25,000,000 in securities of unaffiliated issuers;
- (iii) that it is not a participant-directed employee plan, such as a 401(k) plan, or a trust holding the assets of such a plan;
- (iv) that it is not formed, reformed or recapitalised for the purpose of investing in the Trustee, unless all of the beneficial owners of its securities are both QIBs and QPs;
- (v) that it has not invested more than 40% of its assets in the Certificates (or beneficial interests therein) and/or other securities of the Trustee after giving effect to the purchase of the Certificates (or beneficial interests therein), unless all of the beneficial owners of its securities are both QIBs and QPs;
- (vi) that if it is an investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and was formed on or before April 30, 1996, it has received the consent of its beneficial owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a QP in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules promulgated thereunder;
- (vii) that it is not a partnership, common trust fund, or corporation, special trust, pension fund or retirement plan, or other entity, in which the partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners, as the case may be, may designate the particular investment to be made, or the allocation thereof, unless all such partners, beneficiaries, beneficial owners, participants, shareholders or other equity owners are both QIBs and QPs;
- (viii) that it, and each account for which it is purchasing, will hold and transfer at least the minimum denomination of the Certificates;
- (ix) that it understands that the Trustee may receive a list of participants holding positions in its securities from one or more book-entry depositories;
- (x) that the Certificates are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Certificates and the Master Trust Deed have not been and will not be registered under the Securities Act or any other applicable U.S. State securities laws and, accordingly, the Certificates may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons, except as set forth below;
- (xi) that, unless it holds an interest in an Unrestricted Global Certificate and is a non-U.S. person located outside the United States, if in the future it decides to resell, pledge or otherwise transfer the Certificates or any ownership interest in the Certificates, it will do so prior to the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act: (a) to the Trustee or any affiliate thereof; (b) inside the United States to a person whom the seller reasonably believes is a

QIB that is also a QP purchasing for its own account or for the account of a QIB that is also a QP in a transaction meeting the requirements of Rule 144A; (c) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act; (d) pursuant to the exemption from registration provided by Rule 144 under the Securities Act (if available) or any other available exemption from the registration requirement of the Securities Act; or (e) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;

- (xii) it will, and will require each subsequent holder to, notify any purchaser or transferee, as applicable, of the Certificates from it of the resale and transfer restrictions referred to in paragraph (vii) above, if then applicable;
- (xiii) that Certificates initially offered in the United States to QIBs that are also QPs will be represented by one or more Restricted Global Certificates, and that Certificates offered outside the United States in reliance on Regulation S will be represented by one or more Unrestricted Global Certificates;
- (xiv) that it understands that the Trustee has the power to compel any beneficial owner of Certificates represented by a Restricted Global Certificate that is a U.S. person and is not a QIB that is also a QP to sell its interest in such Certificates, or may sell such interest on behalf of such owner. The Trustee has the right to refuse to honour the transfer of an interest in any Restricted Global Certificate to a U.S. person who is not a QIB that is also a QP. Any purported transfer of an interest in a Restricted Global Certificate to a purchaser that does not comply with the requirements of the transfer restrictions herein will be of no force and effect and will be void *ab initio*;
- (xv) that (a) it is not and is not acting on behalf of: (i) a Plan, or (ii) a governmental, church or non-U.S. plan or entity whose underlying assets are deemed to include the assets of any such plan, unless, under this subsection (ii), the purchase and holding of the Certificate would not result in a violation of any Similar Law or subject the Trust or any transaction thereby to any such Similar Law and (b) it will not sell or otherwise transfer any Certificates or interest to any person unless the same foregoing representations and warranties apply to that person;
- (xvi) that the Certificates in registered form, other than the Unrestricted Global Certificates, will bear a legend to the following effect unless otherwise agreed to by the Trustee:

“THIS SECURITY HAS NOT BEEN NOR WILL BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS, NEITHER THE TRUSTEE NOR THE OBLIGOR HAS REGISTERED OR INTENDS TO REGISTER AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**INVESTMENT COMPANY ACT**”), AND, ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER: (A) REPRESENTS THAT IT IS A “**QUALIFIED INSTITUTIONAL BUYER**” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A “**QIB**”) THAT IS ALSO A QUALIFIED PURCHASER WITHIN THE MEANING OF SECTION 2(a)(51)(A) OF THE INVESTMENT COMPANY ACT (A “**QP**”), PURCHASING THE SECURITIES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS THAT ARE QPS IN A MINIMUM FACE AMOUNT, IN EACH CASE, OF U.S.\$200,000 (OR THE EQUIVALENT AMOUNT IN A FOREIGN CURRENCY); (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THE SECURITIES EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND, PRIOR TO EXPIRATION OF THE APPLICABLE REQUIRED HOLDING PERIOD DETERMINED PURSUANT TO RULE 144 OF THE SECURITIES ACT FROM THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE TRUSTEE OR AN AFFILIATE OF THE TRUSTEE WAS THE OWNER OF SUCH SECURITIES OTHER THAN: (1) TO THE TRUSTEE OR ANY AFFILIATE THEREOF; (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QIB WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT THAT IS ALSO A QP PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB THAT IS ALSO A QP IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A; (3) OUTSIDE THE UNITED

STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT; (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (“**RULE 144**”) (IF AVAILABLE); OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR REALES OF THE SECURITY.

ANY REALE OR OTHER TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) WHICH IS NOT MADE IN COMPLIANCE WITH THE RESTRICTIONS SET FORTH HEREIN WILL BE OF NO FORCE AND EFFECT, WILL BE NULL AND VOID *AB INITIO* AND WILL NOT OPERATE TO TRANSFER ANY RIGHTS TO THE TRANSFEREE, NOTWITHSTANDING ANY INSTRUCTIONS TO THE CONTRARY TO THE TRUSTEE OR ANY OF ITS AGENTS. IN ADDITION TO THE FOREGOING, IN THE EVENT OF A TRANSFER OF THIS SECURITY (OR BENEFICIAL INTEREST HEREIN) TO A U.S. PERSON WITHIN THE MEANING OF REGULATION S THAT IS NOT A QIB THAT IS ALSO A QP, THE TRUSTEE MAY: (A) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON WHO: (I) IS A U.S. PERSON WHO IS A QIB THAT IS ALSO A QP THAT IS OTHERWISE QUALIFIED TO PURCHASE THIS SECURITY OR INTEREST HEREIN IN A TRANSACTION EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT; OR (II) IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S; OR (B) COMPEL SUCH TRANSFEREE TO SELL THIS SECURITY OR ITS INTEREST HEREIN TO A PERSON DESIGNATED BY OR ACCEPTABLE TO THE TRUSTEE AT A PRICE EQUAL TO THE LESSER OF: (X) THE PURCHASE PRICE THEREFOR PAID BY THE ORIGINAL TRANSFEREE; (Y) 100% OF THE FACE AMOUNT THEREOF; OR (Z) THE FAIR MARKET VALUE THEREOF. THE TRUSTEE HAS THE RIGHT TO REFUSE TO HONOUR A TRANSFER OF THIS SECURITY OR INTEREST HEREIN TO A U.S. PERSON WHO IS NOT A QIB THAT IS ALSO A QP. EACH TRANSFEROR OF THIS SECURITY WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE AGENCY AGREEMENT TO ITS TRANSFEREE. NEITHER THE TRUSTEE NOR THE OBLIGOR HAS REGISTERED AND NONE OF THEM INTENDS TO REGISTER UNDER THE INVESTMENT COMPANY ACT.

BY ACCEPTING THIS CERTIFICATE (OR ANY INTEREST HEREIN) EACH BENEFICIAL OWNER HEREOF, AND EACH FIDUCIARY ACTING ON BEHALF OF THE BENEFICIAL OWNER (BOTH IN ITS INDIVIDUAL AND CORPORATE CAPACITY), WILL BE DEEMED TO REPRESENT, WARRANT AND AGREE THAT: (A) IT IS NOT, AND IT IS NOT ACTING ON BEHALF OF (AND FOR SO LONG AS IT HOLDS THIS CERTIFICATE (OR ANY INTEREST HEREIN) WILL NOT BE, AND WILL NOT BE ACTING ON BEHALF OF): (I) AN “EMPLOYEE BENEFIT PLAN” (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”)) THAT IS SUBJECT TO THE PROVISIONS OF TITLE I OF ERISA, (II) A “PLAN” (AS DEFINED IN SECTION 4975(e)(1) OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (“**CODE**”)), THAT IS SUBJECT TO SECTION 4975 OF THE CODE, OR (III) A PERSON OR ENTITY WHOSE UNDERLYING ASSETS INCLUDE, OR ARE DEEMED TO INCLUDE UNDER THE U.S. DEPARTMENT OF LABOR REGULATION AT 29 C.F.R. § 2510.3-101, AS MODIFIED BY SECTION 3(42) OF ERISA, FOR PURPOSES OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, “PLAN ASSETS” BY REASON OF AN EMPLOYEE BENEFIT PLAN’S OR PLAN’S INVESTMENT IN THE PERSON OR ENTITY (EACH OF (I)-(III), A “**BENEFIT PLAN INVESTOR**”), OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS OR REGULATIONS THAT ARE SUBSTANTIALLY SIMILAR TO THE PROHIBITED TRANSACTION PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (“**SIMILAR LAW**”), UNLESS, UNDER THIS SUBSECTION (IV), ITS ACQUISITION, HOLDING AND DISPOSITION OF THIS CERTIFICATE (OR ANY INTEREST HEREIN) DOES NOT AND WILL NOT CONSTITUTE OR

RESULT IN A VIOLATION OF ANY SIMILAR LAW; AND (B) IT AND ANY PERSON CAUSING IT TO ACQUIRE THIS CERTIFICATE (OR ANY INTEREST HEREIN) SHALL INDEMNIFY AND HOLD HARMLESS THE TRUST, THE TRUSTEE ADMINISTRATOR, THE TRUSTEE, THE OBLIGOR, THE ARRANGERS, THE DEALERS, THE DELEGATE, THE AGENTS AND THEIR RESPECTIVE AFFILIATES FROM ANY COST, DAMAGE OR LOSS INCURRED BY THEM AS A RESULT OF IT BEING OR BEING DEEMED TO BE A BENEFIT PLAN INVESTOR OR A PLAN SUBJECT TO ANY SIMILAR LAW. NO PURCHASE BY OR TRANSFER TO A BENEFIT PLAN INVESTOR OF THIS CERTIFICATE (OR ANY INTEREST HEREIN) WILL BE EFFECTIVE, AND NEITHER THE TRUSTEE NOR THE DELEGATE WILL RECOGNISE ANY SUCH ACQUISITION OR TRANSFER.

THE TRUSTEE MAY COMPEL EACH BENEFICIAL HOLDER HEREOF TO CERTIFY PERIODICALLY THAT SUCH OWNER IS A QIB THAT IS ALSO A QP.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE TRANSACTION DOCUMENTS REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDERS OF SUCH SECURITIES SENT TO THEIR REGISTERED ADDRESSES, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).”;

- (xvii) that the Certificates in registered form which are registered in the name of a nominee of DTC will bear an additional legend to the following effect unless otherwise agreed to by the Trustee:

“UNLESS THIS GLOBAL CERTIFICATE IS PRESENTED BY AN AUTHORISED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION, (“DTC”), TO THE TRUSTEE OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY REGISTERED CERTIFICATE ISSUED IN EXCHANGE FOR THIS GLOBAL CERTIFICATE OR ANY PORTION HEREOF IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUIRED BY AN AUTHORISED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORISED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON OTHER THAN DTC OR A NOMINEE THEREOF IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS GLOBAL SECURITY MAY NOT BE EXCHANGED, IN WHOLE OR IN PART, FOR A SECURITY REGISTERED IN THE NAME OF ANY PERSON OTHER THAN THE DEPOSITORY TRUST COMPANY OR A NOMINEE THEREOF EXCEPT IN THE LIMITED CIRCUMSTANCES SET FORTH IN THIS GLOBAL SECURITY, AND MAY NOT BE TRANSFERRED, IN WHOLE OR IN PART, EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THIS LEGEND. BENEFICIAL INTERESTS IN THIS GLOBAL SECURITY MAY NOT BE TRANSFERRED EXCEPT IN ACCORDANCE WITH THIS LEGEND.”;

- (xviii) if it holds an interest in an Unrestricted Global Certificate, that if it should resell or otherwise transfer the Certificates prior to the expiration of the distribution compliance period (defined as 40 days after the later of the commencement of the offering and the closing date with respect to the original issuance of the Certificates of the Tranche of which it forms part), it will do so only: (a)(i) outside the United States in compliance with Rule 903 or 904 under the Securities Act; or (ii) to a QIB that is also a QP in compliance with Rule 144A; and (b) in accordance with all applicable U.S. State securities laws; and it

acknowledges that the Unrestricted Global Certificates will bear a legend to the following effect unless otherwise agreed to by the Trustee:

“THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT AND PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. THIS LEGEND SHALL CEASE TO APPLY UPON THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE CERTIFICATES OF THE TRANCHE OF WHICH THIS CERTIFICATE FORMS PART.”; and

- (xix) that the Trustee, each Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Trustee; and if it is acquiring any Certificates as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Please see “*Form of the Certificates*”.

No sale of Legended Certificates in the United States to any one purchaser will be for less than U.S.\$200,000 (or the equivalent amount in a foreign currency) face amount and no Legended Certificate will be issued in connection with such a sale in a smaller face amount. If the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or the equivalent amount in a foreign currency) in face amount of Certificates.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and/or Clearstream (together, the “Clearing Systems”) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Trustee, the Obligor nor any other party to the Transaction Documents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Certificates held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The information in this section concerning the Clearing Systems has been obtained from sources that the Trustee and the Obligor believe to be reliable, but neither the Trustee, the Obligor nor any Agent or Dealer takes any responsibility for the accuracy thereof. The Trustee and the Obligor confirm that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

DTC Book-Entry System

Certificates whether as part of the initial distribution of the Certificates or in the secondary market, are eligible to be held in book-entry form in DTC.

DTC has advised the Trustee and the Obligor that it is a limited purpose trust company organised under the New York Banking Law, a “banking organisation” within the meaning of the New York Banking Law, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to Section 17A of the Exchange Act. DTC holds securities that its participants (“**Participants**”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerised book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants (“**Direct Participants**”) include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC System is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“**Indirect Participants**”).

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**DTC Rules**”), DTC makes book-entry transfers of Certificates among Direct Participants on whose behalf it acts with respect to Certificates accepted into DTC’s book-entry settlement system (“**DTC Certificates**”) as described below, and receives and transmits distributions of principal and profit on DTC Certificates. The DTC Rules are on file with the SEC. Direct Participants and Indirect Participants with which beneficial owners of DTC Certificates (“**Owners**”) have accounts with respect to the DTC Certificates similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Certificates through Direct Participants or Indirect Participants will not possess Certificates, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest with respect to the DTC Certificates.

Purchases of DTC Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Certificates on DTC’s records. The ownership interest of each actual purchaser of each DTC Certificate (“**Beneficial Owner**”) is in turn to be recorded on the Direct and Indirect Participant’s records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Certificates, except in the event that use of the book-entry system for the DTC Certificates is discontinued.

To facilitate subsequent transfers, all DTC Certificates deposited by Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. The deposit of DTC Certificates with DTC and their

registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Certificates. Under its usual procedures, DTC mails an Omnibus Proxy to the Trustee as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and profit payments on the DTC Certificates will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC or the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and profit to DTC is the responsibility of the Trustee, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursements of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, DTC will exchange the DTC Certificates for Individual Certificates, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Certificate, will be legended as set forth under "*Transfer Restrictions*".

Book-entry Ownership of and Payments in respect of DTC Certificates

The Trustee may apply to DTC in order to have each Tranche of Certificates represented by the Restricted Global Certificate, and if applicable, the Unrestricted Global Certificate, accepted in its book-entry settlement system. Upon the issue of any Global Certificates, DTC or its custodian will credit, on its internal book-entry system, the respective face amounts of the individual beneficial interests represented by such Global Certificate to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer.

Ownership of beneficial interests in a Global Certificate will be limited to Direct Participants or Indirect Participants. Ownership of beneficial interests in a Global Certificate will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect Participants).

Payments in U.S. dollars of principal and profit in respect of a Global Certificate registered in the name of DTC's nominee will be made to such nominee as the registered holder of such Certificate. In the case of any payment in a currency other than U.S. dollars, payment will be made to the relevant Paying Agent on behalf of DTC's nominee and the relevant Paying Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Global Certificate in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Trustee expects DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Trustee also expects that payments by Participants to beneficial

owners of Certificates will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Paying Agents, the Registrars, the Delegate or the Trustee. Payments of principal, premium, if any, and profit, if any, on Certificates to DTC are the responsibility of the Trustee.

Euroclear and Clearstream

Euroclear and Clearstream each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective accountholders. Euroclear and Clearstream provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream is available to other institutions that clear through or maintain a custodial relationship with an accountholder of either system. Investors may hold their interests in Global Certificates directly through Euroclear or Clearstream if they are accountholders or indirectly through organisation which are accountholders therein.

Transfers of Certificates Represented by Global Certificates

Transfers of any interests in Certificates represented by a Global Certificate will be effected in accordance with the customary rules and operating procedures of Euroclear, Clearstream and/or DTC, as the case may be. The laws of some states within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Certificates represented by a Global Certificate to such persons may depend upon the ability to exchange such Certificates for Individual Certificates. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a Person having an interest in Certificates represented by a Global Certificate held by DTC to pledge such Certificates to persons or entities that do not participate in the DTC system or to otherwise take action in respect of such Certificates may depend upon the ability to exchange such Certificates for Certificates in definitive form. The ability of any holder of Certificates represented by a Global Certificate held by DTC to resell, pledge or otherwise transfer such Certificates may be impaired if the proposed transferee of such Certificates is not eligible to hold such Certificates through a direct or indirect participant in the DTC system.

Transfers at any time by a holder of a book-entry interest in a Restricted Global Certificate to a transferee who takes delivery of such book-entry interest through an Unrestricted Global Certificate for the same Series of Certificates will only be made upon delivery to the relevant Registrar of a certificate setting forth compliance with the provisions of Regulation S. Prior to the expiration of the distribution compliance period (as defined in Regulation S), ownership of book-entry interests in an Unrestricted Global Certificate will be limited to persons that have accounts with Euroclear, Clearstream and/or DTC, as the case may be, or persons who hold such book-entry interest through Euroclear, Clearstream and/or DTC, as the case may be, and any sale or transfer of such book-entry interest to a U.S. Person (within the meaning of Regulation S) shall not be permitted during such period unless such resale or transfer is made pursuant to Rule 144A. Transfers at any time by a holder of a book-entry interest in an Unrestricted Global Certificate to a transferee who takes delivery of such book-entry interest through a Restricted Global Certificate for the same Series of Certificates will only be made upon receipt by the relevant Registrar or the relevant Transfer Agent of a written certificate from the transferor of such book-entry interest to the effect that such transfer is being made to a person whom such transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under “*Transfer Restrictions*” and in accordance with any applicable securities laws of any state of the United States.

Subject to compliance with the transfer restrictions applicable to the Registered Certificates described under “*Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrars, the Delegate and/or the Paying Agents, as the case may be, and any custodian with whom the relevant Global Certificates have been deposited.

On or after the relevant issue date for any Series, transfers of Certificates of such Series between accountholders in Euroclear or Clearstream and transfers of Certificates of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in DTC and Euroclear or Clearstream participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear or Clearstream on the other, transfers of interests in the relevant Global Certificates will be effected through the relevant Registrar and/or the relevant Transfer Agent, as the case may be, and the custodian receiving instructions (and, where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear or Clearstream accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payments must be made separately.

Euroclear, Clearstream and DTC have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Global Certificates among participants and accountholders of Euroclear, Clearstream and DTC. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Trustee, the Obligor, the Delegate, the Agents or any Dealer(s) will be responsible for any performance by Euroclear, Clearstream and DTC or its respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Certificates represented by Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial interests.

GENERAL INFORMATION

Authorisation

Each of the Trustee and the Obligor has obtained all necessary consents, approvals and authorisations in connection with the establishment and update of the Programme.

The update of the Programme and the issuance of Certificates thereunder has been duly authorised by a resolution of the board of directors of the Obligor dated 20 December 2021 and by a resolution of the board of directors of the Trustee dated 3 July 2024.

Each of the Trustee and the Obligor will obtain, from time to time, all necessary consents, approvals and authorisations in connection with the issue and performance of the Certificates.

Listing and Admission to Trading

It is expected that each Tranche of Certificates which is to be admitted for listing on the Official List and to trading on the Main Market will be admitted separately as and when issued, subject only to the issue of the Global Certificate representing the Certificates of that Tranche. The listing of the Programme in respect of Certificates to be issued under the Programme during the 12-month period from the date of this Base Prospectus is expected to be granted on or around 11 July 2024.

Unlisted Certificates may be issued pursuant to the Programme.

Documents Available

For the period of 12 months following the date of this Base Prospectus, physical copies of the following documents will, when published, be available for inspection and/or collection by Certificateholders from the registered office of the Obligor and from the specified office of the Principal Paying Agent, for the time being in 8 Canada Square, London E14 5HQ, United Kingdom and on the website of the Obligor at www.aramco.com/investors:

- (i) the constitutional documents of each of the Trustee and the Obligor (with an English translation thereof, where applicable);
- (ii) the Financial Statements;
- (iii) the Master Trust Deed and the Agency Agreement;
- (iv) a copy of this Base Prospectus; and
- (v) any future base prospectuses, information memoranda, applicable Final Terms (save that the applicable Final Terms relating to a Certificate which is neither admitted to trading on a regulated market in the EEA or the UK nor offered in the EEA or the UK in circumstances where a Base Prospectus is required to be published under the Prospectus Regulation or UK Prospectus Regulation will only be available for inspection by a holder of such Certificate and such holder must produce evidence satisfactory to the Obligor and the Principal Paying Agent as to its holding of Certificates and identity) and supplements to this Base Prospectus and any other documents incorporated herein or therein by reference. If the Certificates are to be admitted to trading on the regulated Main Market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service.

The English language translations of the constitutional documents of the Obligor are accurate and direct translations of the original foreign language documents. In the event of a discrepancy between the English language translation and the foreign language version, the foreign language version will prevail.

Clearing Systems

The Certificates have been accepted for clearance through DTC, Euroclear and Clearstream. The appropriate common code, International Securities Identification Number (ISIN) and/or the Committee on Uniform Security Identification Procedures (CUSIP) Number in relation to the Certificates of each Tranche will be specified in

the applicable Final Terms. The applicable Final Terms shall specify any other clearing system as shall have accepted the relevant Certificates for clearance together with any further appropriate information.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

Conditions for Determining Price

The price and amount of Certificates to be issued from time to time under the Programme will be determined by the Trustee, the Obligor and the relevant Dealers at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial performance or financial position of the Trustee and there has been no material adverse change in the prospects of the Trustee, in each case, since the date of its incorporation.

There has been no significant change in the financial performance or financial position of the Obligor and its subsidiaries, taken as a whole, since 31 March 2024, and no material adverse change in the prospects of the Obligor since 31 December 2023.

Litigation

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trustee is aware) in the 12 months preceding the date of this Base Prospectus that may have, or have in such period had, a significant effect on the Trustee's financial position or profitability.

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Obligor is aware) in the 12 months preceding the date of this Base Prospectus that may have, or have in such period had, a significant effect on the Obligor's financial position or profitability.

Auditor

The current auditor of Saudi Aramco is PricewaterhouseCoopers - Public Accountants. PricewaterhouseCoopers - Public Accountants is registered with SOCPA, the professional body that oversees audit firms in the Kingdom of Saudi Arabia. Saudi Aramco's 2022 Financial Statements and 2023 Financial Statements included in this Base Prospectus have been audited by PricewaterhouseCoopers - Public Accountants, independent auditor, as stated in its audit reports appearing herein. The business address of PricewaterhouseCoopers - Public Accountants is c/o Saudi Aramco, P.O. Box 1659, Dhahran 31311, Kingdom of Saudi Arabia.

With respect to the unaudited financial information of Saudi Aramco for the three month period ended 31 March 2024, included in this Base Prospectus, PricewaterhouseCoopers - Public Accountants reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated 6 May 2024 appearing herein states that they did not audit and they do not express an opinion on that unaudited financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

Legal Entity Identifier

The LEI code of the Trustee is 5493007DFAVKU7UOGR47.

The LEI code of the Obligor is 5586006WD91QHB7J4X50.

Obligor Website, Websites and Web Links

The Obligor's website is www.aramco.com. The websites and/or web links referred to in this Base Prospectus are included for information purposes only and the content of such websites or web links is not incorporated into, and does not form part of, this Base Prospectus and has not been scrutinised or approved by the FCA.

Conditions for determining price

The price and amount of Certificates to be issued under the Programme will be determined at the time of issue in accordance with prevailing market conditions.

Dealers transacting with the Trustee and the Obligor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Trustee or the Obligor in the ordinary course of business for which they may receive fees. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Trustee or the Obligor or either of their affiliates. Certain of the Dealers or their affiliates have a lending relationship with the Trustee and/or the Obligor, and of those that do, they may hedge their credit exposure to the Trustee and/or the Obligor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions, which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Certificates issued under the Programme. Any such short positions could adversely affect future trading prices of Certificates issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

APPENDIX A—GLOSSARY OF DEFINED TERMS

2022 Financial Statements	The audited consolidated financial statements of Saudi Aramco as at and for the year ended 31 December 2022 (with comparative data as at and for the year ended 31 December 2021) prepared in accordance with IFRS.
2023 Financial Statements	The audited consolidated financial statements of Saudi Aramco as at and for the year ended 31 December 2023 (with comparative data as at and for the year ended 31 December 2022) prepared in accordance with IFRS.
2024 Three Month Interim Period Financial Statements	The condensed consolidated interim financial report of Saudi Aramco as at and for the three month period ended 31 March 2024 (unaudited) (with comparative data for the three month period ended 31 March 2023) prepared in accordance with IAS 34.
affiliate	Pursuant to the definition stated in the Glossary of Defined Terms of the CMA Regulations, a person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect, save that where such term refers to the Trustee, it shall not include any other entities for which MaplesFS Limited acts as share trustee.
AGOC	Aramco Gulf Operations Company Ltd, a wholly owned subsidiary of the Company.
API	The American Petroleum Institute, which is the major United States trade association for the oil and gas industry.
ARLANXEO	Arlanxeo Holding B.V., a wholly owned subsidiary of the Company.
Arrangers	Citigroup Global Markets Limited HSBC Bank plc J.P. Morgan Securities plc
ATC	Aramco Trading Company, a wholly owned subsidiary of the Company.
Board or the Board of Directors	The Board of Directors of the Company.
Board Secretary	The Secretary of the Board of Directors.
BP	BP plc.
Bylaws	The Bylaws of the Company, approved by Council of Ministers Resolution No. 180 dated 01/04/1439 in the Hijri calendar (corresponding to 19 December 2017), which came into effect on 1 January 2018.
CAGR	Compound annual growth rate (the average annual growth rate over a specified period of time longer than one year).
Capital Market Law	The Capital Market Law promulgated by Royal Decree No.M/30 of 06/02/1424 in the Hijri calendar (corresponding to 31 July 2003) and its amendments.
CASOC	California Arabian Standard Oil Company.

CCS	Carbon capture, utilisation and storage.
Certificates	The Trust Certificates issued under the Programme.
Chevron	Chevron Corporation.
CMA	The Capital Market Authority of the Kingdom, including, where the context permits, any committee, sub-committee, employee or agent to whom any of its functions may be delegated.
CMA Regulations	The implementing regulations to the Capital Market Law issued and amended by the CMA from time to time, including but not limited to the Corporate Governance Regulation and the KSA Regulations.
Code	The U.S. Internal Revenue Code of 1986, as amended.
Companies Law	The Companies Law, issued under Royal Decree (M/132) dated 01/12/1443 in the Hijri calendar (corresponding to 30 June 2022).
Company	Saudi Arabian Oil Company (Saudi Aramco).
Competition Law	The Competition Law, issued under Royal Decree (M/75) dated 29/06/1440 in the Hijri calendar (corresponding to 6 March 2019).
Concession	The Concession Agreement dated 6/4/1439 in the Hijri calendar (corresponding to 24 December 2017) between the Government (represented by the Minister of Energy), and the Company, promulgated by Royal Decree No. (M/38), as amended.
Concession Amendment	As defined in the “ <i>Business – The Concession</i> ” section.
Concession Area	The territorial lands and maritime areas of the Kingdom, other than the Excluded Areas.
Corporate Governance Regulation	The Corporate Governance Regulation issued by the CMA’s Board, according to the Companies Law, by virtue of the CMA’s Board resolution No.8-16-2017, dated 16/05/1438 in the Hijri calendar (corresponding to 13 February 2017), and as amended by the CMA’s Board Resolution No.8-5-2023, dated 25/06/1444 in the Hijri calendar (corresponding to 18 January 2023).
Council of Ministers	The cabinet of the Kingdom.
Dealers	<p>Citigroup Global Markets Limited First Abu Dhabi Bank PJSC Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Morgan Stanley & Co. International plc SNB Capital Company Standard Chartered Bank</p> <p>and any other Dealers appointed in accordance with the Dealer Agreement.</p>
Delegate	HSBC Corporate Trustee Company (UK) Limited.
Directors	The members of the Board of Directors.
Dow	Dow Inc.

Energy Supply Law	The Energy Supply Law enacted by Royal Decree No. (M/80) dated 04/06/1444 in the Hijri calendar (corresponding to 28 December 2022).
Esmax	Esmax Distribución SpA
Excluded Areas	The limited area excluded from the Company's rights under the Concession consisting of: (a) the boundaries of the Holy Mosques in Makkah Al-Mukarramah and Madinah Al-Munawwarah, (b) the partitioned territory and its adjoining offshore areas in accordance with the agreements between the Kingdom and the State of Kuwait and (c) the common zone in the Red Sea in accordance with the agreement between the Kingdom and the Republic of Sudan.
Extraordinary General Assembly	The extraordinary general assembly of the Shareholders held in accordance with the Bylaws.
ExxonMobil	ExxonMobil Corporation.
FCA	The Financial Conduct Authority, a financial regulatory body in the United Kingdom.
Financial Statements	The 2022 Financial Statements, the 2023 Financial Statements and the 2024 Three Month Interim Period Financial Statements.
FREP	Fujian Refining & Petrochemical Company Ltd., a joint venture established among Saudi Aramco Asia Company Limited, Fujian Petrochemical Company Ltd. (itself a joint venture between Sinopec and the Fujian, China provincial government) and ExxonMobil China Petroleum & Petrochemical Company Ltd.
Gas Field Development Area	The location of the relevant field in connection with a Gas Field Development Project.
Gas Field Development Project	Each development of specified non-associated gas fields located in the Concession Area.
GCC	The Cooperation Council for the Arab States of the Gulf.
GDP	Gross domestic product (the broadest quantitative measure of a nation's total economic activity, representing the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time).
General Assembly	An Ordinary General Assembly or Extraordinary General Assembly of the Company.
GHG	Greenhouse gas.
Government	The Government of the Kingdom of Saudi Arabia. In the context of acting as a Shareholder of the Company, the Government is the State.
GSPR	The Law of Gas Supplies and Pricing enacted by Royal Decree No. M/36, dated 25/06/1424 in the Hijri calendar (corresponding to 23 August 2003).
Hydrocarbons Law	Law governing hydrocarbons, hydrocarbon resources and hydrocarbon operations existing within the Kingdom, enacted by Royal Decree No. M/37, dated 02/04/1439 in the Hijri calendar (corresponding to 20 December 2017).

IAS 34	International Accounting Standard 34 “Interim Financial Reporting” that is endorsed in the Kingdom and other standards and pronouncements issued by SOCPA.
IASB	International Accounting Standards Board.
Idemitsu Kosan	Idemitsu Kosan Co., Ltd.
IFRS	International Financial Reporting Standards as issued by the IASB that are endorsed in the Kingdom and other standards and pronouncements issued by SOCPA.
iktva	In-Kingdom Total Value Add, a programme launched in 2015 by Saudi Aramco to increase the use of in-Kingdom suppliers of goods and services.
Income Tax Law	Income Tax Law issued under Royal Decree No. M/1 dated 15/01/1425 in the Hijri calendar (corresponding to 6 March 2004) and its Implementing Regulations issued under Ministerial Resolution No. 1535 dated 11/6/1425 in the Hijri calendar (corresponding to 11 August 2004), as amended from time to time.
Investor’s Currency	The currency or currency unit an investor’s financial activities are principally denominated in.
IOCs	International oil companies.
IRS	The U.S. Internal Revenue Service.
KAPSARC	King Abdullah Petroleum Studies and Research Center.
KAUST	King Abdullah University of Science and Technology.
KFUPM	King Fahd University of Petroleum and Minerals.
Kingdom	The Kingdom of Saudi Arabia.
KSA Regulations	Rules on the Offer of Securities and Continuing Obligations issued by the Board of the CMA pursuant to its resolution number 3-123-2017 dated 09/04/1439 in the Hijri calendar, corresponding to 27 December 2017 (as amended from time to time).
Lanxess	Lanxess Deutschland GmbH.
LCIA	The London Court of International Arbitration.
Luberef	Saudi Aramco Base Oil Company - Luberef, an affiliate of the Company and a publicly traded company listed on the Saudi Exchange.
MENA	Middle East and North Africa.
MEWA	The Ministry of the Environment, Water and Agriculture of the Kingdom.
MGS	Master Gas System, an extensive network of pipelines that connects Saudi Aramco’s key gas production and processing sites with demand centres throughout the Kingdom.
Ministry of Energy	The Ministry of Energy of the Kingdom.
Ministry of Human Resources and Social Development	The Ministry of Human Resources and Social Development of the Kingdom.

Ministry of Industry and Mineral Resources	The Ministry of Industry and Mineral Resources of the Kingdom.
Motiva	Motiva Enterprises LLC, a wholly owned subsidiary of the Company.
New York Convention	The New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958.
Obligor	Saudi Arabian Oil Company (Saudi Aramco), a joint stock company incorporated under the laws of the Kingdom of Saudi Arabia with commercial registration number 2052101150.
OECD	Organisation for Economic Co-operation and Development.
OID	Original issue discount.
OPEC	Organisation of the Petroleum Exporting Countries.
Ordinary General Assembly	An ordinary general assembly of the Company's shareholders held in accordance with the Bylaws.
Paris Agreement	An agreement within the United Nations Framework Convention on Climate Change.
Participants	Direct Participants and Indirect Participants.
Person	Any natural or legal person recognised as such under the laws of the Kingdom.
Petro Rabigh	Rabigh Refining and Petrochemical Company, a joint venture between the Company and Sumitomo Chemical Co., Ltd and a publicly traded company listed on the Saudi Exchange.
Petronas	Petroliaam Nasional Bhd.
PIF	The Public Investment Fund of the Kingdom.
PRefChem	Together, PRefChem Petrochemical and PRefChem Refining.
PRefChem Petrochemical	Pengerang Petrochemical Company Sdn. Bhd, a joint venture between the Company and Petronas.
PRefChem Refining	Pengerang Refining Company Sdn. Bhd, a joint venture between the Company and Petronas.
R&D	Research and development.
Regulated Gas Products	Gas hydrocarbons which are subject to the Kingdom's gas pricing regime, including natural gas, ethane and NGL (propane, butane and natural gasoline).
Reserved Areas	The areas reserved for the Company's operations within the Concession Area.
Rongsheng	Rongsheng Petrochemical Co. Ltd., in which Saudi Aramco holds a 10% equity interest.
SABIC	Saudi Basic Industries Corporation, a subsidiary of the Company and a publicly traded company listed on the Saudi Exchange.
Sadara	Sadara Chemical Company, a joint venture between the Company and a subsidiary of Dow.

SADCO	Saudi Aramco Development Company, a wholly owned subsidiary of the Company.
SAMREF	Saudi Aramco Mobil Refinery Company Limited, a joint venture between the Company and ExxonMobil.
SAPCO	Saudi Aramco Power Company, a wholly-owned subsidiary of the Company.
SAR or Saudi Riyal	Saudi Arabian Riyal, the lawful currency of the Kingdom.
SASREF	Saudi Aramco Jubail Refinery Company, a wholly owned subsidiary of the Company.
SATORP	Saudi Aramco Total Refining and Petrochemical Company, a joint venture between the Company and Total Refining Saudi Arabia SAS.
Saudi Aramco	The Company, together with its consolidated subsidiaries, and where the context requires, its joint operations, joint ventures and associates.
Saudi Aramco Share Plan	The share plan or sub-plans established by the Company pursuant to which Share-based incentives and awards may be issued by the Company to senior executives and employees of the Company and its subsidiaries and affiliates.
Saudi Exchange	The Saudi Exchange Company, or Tadawul, the sole entity authorised in the Kingdom to act as a securities exchange.
Saudization	Replacement of expatriate workers by Saudi citizens in private sector jobs.
Senior Executives	The members of the senior management of Saudi Aramco listed in “ <i>Management—Senior Management</i> ”.
Senior Management	The Senior Executives and other officers of Saudi Aramco who, while subordinate to the Senior Executives, are still involved in the management of Saudi Aramco and participate in driving its strategies, decisions or operations.
Shareholder or Shareholders	Any owner(s) of Shares.
Shares	Two hundred and forty two billion (242,000,000,000) fully paid ordinary shares of the Company.
Shari’a	Islamic religious law.
Shell	Royal Dutch Shell plc.
short-term Certificate	A Certificate that matures one year or less from its date of issuance.
Sinopec	China Petroleum & Chemical Corporation.
Socal	Standard Oil of California.
SOCPA	Saudi Organisation for Chartered and Professional Accountants.
S-Oil	S-Oil Corporation, an affiliate of the Company and a publicly traded company listed on the Korea Exchange.
SPE-PRMS	Society of Petroleum Engineers-Petroleum Resources Management System.

SSPC	Sinopec SenMei (Fujian) Petroleum Company Limited, a joint venture between the Company, Sinopec and ExxonMobil China Petroleum & Petrochemical Company Limited.
Stellar	Stellar Insurance, Ltd, a wholly owned subsidiary of the Company.
STEM	Science, technology, engineering and mathematics.
Subsidiary or Subsidiaries	Pursuant to the definition in the Glossary of Defined Terms of the CMA Regulations, in relation to a company, any other company controlled by such company.
Sumitomo	Sumitomo Chemical Co., Ltd.
Sustainability, Risk and HSE Committee	The Sustainability, Risk and HSE Committee of the Company. For more information, please see the “Management – Sustainability, Risk and HSE Committee” section.
Term SOFR	The forward-looking term rate based on the secured overnight financing rate.
TotalEnergies	TotalEnergies SE
Trustee	SA Global Sukuk Limited, an exempted company incorporated with limited liability in the Cayman Islands with registered number 375160.
Trustee Administrator	MaplesFS Limited in its capacity as the administrator of the Trustee.
Valvoline Global Operations	VGP Holdings LLC (formerly Valvoline Inc.’s global products business), a wholly owned subsidiary of Saudi Aramco.
VAT	Value-added tax.
Volcker Rule	Section 619 of the U.S. Dodd-Frank Act and the corresponding implementing regulations.
VRDI	A variable rate debt instrument.
YASREF	Yanbu’ Aramco Sinopec Refining Company Limited, a joint venture between the Company and Sinopec Century Bright Capital Investment (Amsterdam) B.V.
ZATCA	The Zakat, Tax and Customs Authority.

APPENDIX B—GLOSSARY OF MEASUREMENT AND TECHNICAL TERMS

Certain Abbreviations and Related Terms

barrels or bbls	Barrels of crude oil, condensate or refined and chemicals products.
boe	Barrels of oil equivalent.
bscf	Billion standard cubic feet.
bscfd	Billion standard cubic feet per day.
kBTU	Thousand British Thermal Units.
mboed	Thousand barrels of oil equivalent per day.
mbpd	Thousand barrels per day.
mmbbl	Million barrels of crude oil, condensate or refined and chemicals products.
mmboe	Million barrels of oil equivalent.
mmbpd	Million barrels per day
mmBTU	Million British Thermal Units.
mmscfd	Million standard cubic feet per day.
scf	Standard cubic feet.
tscf	Trillion standard cubic feet.

Certain Terminology

Arabian Extra Light	Crude oil with API gravity of 36° to 40° and sulfur content between 0.5% and 1.3%.
Arabian Heavy	Crude oil with API gravity less than 29° and sulfur content greater than 2.9%.
Arabian Light	Crude oil with API gravity of 32° to 36° and sulfur content between 1.3% and 2.2%.
Arabian Medium	Crude oil with API gravity of 29° to 32° and sulfur content between 2.2% and 2.9%.
Arabian Super Light	Crude oil with API gravity more than 40° and sulfur content less than 0.5%.
condensate	Light hydrocarbon substances produced with raw gas which condenses into liquid at normal temperatures and pressures associated with surface production equipment.
crude oil	A mixture of hydrocarbons that exists in liquid phase in natural underground reservoirs and, when referring to Saudi Aramco's amount of crude oil production, includes blended condensate.
delineation	A process by which new wells are drilled in order to determine the boundaries of a discovered oil or gas field, both its areal extent and its vertical hydrocarbon column.

gross production capacity	The total combined production capacity of the Company and the joint ventures and other entities in which the Company owns an equity interest.
gross refining capacity	The total combined refining capacity of the Company and the joint ventures and other entities in which the Company owns an equity interest.
lifting costs	Oil and gas operations (i) production related expenses; (ii) taxes other than income taxes (if applicable); and (iii) production related general and administrative expenses. Lifting costs exclude exploration, royalty, R&D, public service costs, gain or loss on disposal of property, plant and equipment and depreciation costs.
liquids	Crude oil, condensate and NGL.
LNG	Liquefied natural gas.
low carbon hydrogen	Hydrogen that is derived from methods that generate minimal GHG emissions or significantly reduced GHG emissions compared to traditional hydrogen production processes.
LPG	Liquefied petroleum gas, which is a mixture of saturated and unsaturated hydrocarbons, with up to five carbon atoms, used mainly as household fuel.
MSC	The average maximum number of barrels per day of crude oil that can be produced for one year during any future planning period, after taking into account all planned capital expenditures and maintenance, repair and operating costs, and after being given three months to make operational adjustments.
MTBE	Methyl tertiary butyl ether, an intermediate product used in the blending of gasoline.
net production capacity	The Company's equity share of its gross production capacity, calculated by multiplying the gross production capacity of each facility in which the Company has an equity interest by the Company's percentage equity ownership in the entity that owns the facility.
net refining capacity	The Company's equity share of its gross refining capacity, calculated by multiplying the gross refining capacity of each refinery in which the Company has an equity interest by the Company's percentage equity ownership in the entity that owns the refinery.
NGL	Natural gas liquids, which are liquid or liquefied hydrocarbons produced in the manufacture, purification and stabilisation of natural gas. For purposes of reserves, ethane is included in NGL. For purposes of production, ethane is excluded from NGL.
original reserves	The sum of cumulative actual production and remaining proved reserves to be produced, each determined at the time of assessment. Also known as "initial reserves" or "estimated ultimate recovery".
production costs	The sum of operating costs and depreciation, reflecting both the erosion of asset value over time on an accounting basis and the cost of operating the business.
proved reserves	Those quantities of liquids and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible—from a given date forward, from

known reservoirs, and under existing economic conditions, operating methods and government regulations—prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

reserves life

Calculated on a barrel of oil equivalent basis by dividing proved reserves as at a given year-end by production for that year.

reserves replacement ratio

The reserves added during a period divided by net reservoir withdrawal for that period.

upstream carbon intensity

Upstream carbon intensity is the ratio of total upstream GHG emissions (Scopes 1 and 2) to production sold from the upstream operations of the assets that Saudi Aramco wholly owns or operates. This metric is used to measure the upstream GHG emission intensity of oil and gas production and does not include GHG emissions associated with the end use of hydrocarbons.

water cut

Ratio of water produced compared to the volume of total liquids produced from an oil or gas well.

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Report on review of the condensed consolidated interim financial report

To the shareholders of Saudi Arabian Oil Company

Introduction

We have reviewed the accompanying condensed consolidated balance sheet of Saudi Arabian Oil Company and its subsidiaries as at March 31, 2024 and the related condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended and other explanatory notes (the “condensed consolidated interim financial report”). Management is responsible for the preparation and presentation of this condensed consolidated interim financial report in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on this condensed consolidated interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, ‘Review of interim financial information performed by the independent auditor of the entity’, that is endorsed in the Kingdom of Saudi Arabia. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial report is not prepared, in all material respects, in accordance with International Accounting Standard 34, ‘Interim Financial Reporting’, that is endorsed in the Kingdom of Saudi Arabia.

PricewaterhouseCoopers

Omar M. Al Sagga
License No. 369

May 6, 2024

Saudi Aramco

First quarter interim report 2024

All amounts in millions of Saudi Riyals unless otherwise stated

Condensed consolidated statement of income

	Note	SAR		USD*	
		1 st quarter 2024	1 st quarter 2023	1 st quarter 2024	1 st quarter 2023
Revenue	10	402,037	417,460	107,210	111,323
Other income related to sales		35,810	42,373	9,549	11,299
Revenue and other income related to sales		437,847	459,833	116,759	122,622
Royalties and other taxes		(52,232)	(68,242)	(13,928)	(18,198)
Purchases		(110,011)	(106,369)	(29,336)	(28,365)
Producing and manufacturing		(24,271)	(23,133)	(6,473)	(6,169)
Selling, administrative and general		(22,109)	(15,247)	(5,896)	(4,066)
Exploration		(2,593)	(1,752)	(691)	(467)
Research and development		(1,156)	(931)	(308)	(248)
Depreciation and amortization	5,6	(23,427)	(21,975)	(6,247)	(5,860)
Operating costs		(235,799)	(237,649)	(62,879)	(63,373)
Operating income		202,048	222,184	53,880	59,249
Share of results of joint ventures and associates		(778)	(741)	(208)	(198)
Finance and other income		6,769	10,968	1,805	2,925
Finance costs		(3,025)	(3,177)	(807)	(847)
Income before income taxes and zakat		205,014	229,234	54,670	61,129
Income taxes and zakat	7	(102,743)	(109,692)	(27,398)	(29,251)
Net income		102,271	119,542	27,272	31,878
Net income (loss) attributable to					
Shareholders' equity		103,356	117,471	27,562	31,326
Non-controlling interests		(1,085)	2,071	(290)	552
		102,271	119,542	27,272	31,878
Earnings per share (basic and diluted)		0.43	0.49	0.11	0.13

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



Amin H. Nasser
Director,
President & Chief Executive Officer



Ziad T. Al Murshed
Executive Vice President
& Chief Financial Officer



Bassam M. Asiri
Senior Vice President
& Controller

Condensed consolidated statement of comprehensive income

	Note	SAR		USD*	
		1 st quarter 2024	1 st quarter 2023	1 st quarter 2024	1 st quarter 2023
Net income		102,271	119,542	27,272	31,878
Other comprehensive income (loss), net of tax	8				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefits		2,298	(2,153)	613	(574)
Share of post-employment benefits remeasurement from joint ventures and associates		(57)	100	(15)	27
Changes in fair value of equity investments classified as fair value through other comprehensive income		1,110	(247)	296	(66)
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		39	(25)	10	(7)
Changes in fair value of debt securities classified as fair value through other comprehensive income		30	63	8	17
Share of other comprehensive income of joint ventures and associates		(1,233)	1,013	(329)	270
Currency translation differences		(824)	(935)	(219)	(249)
		1,363	(2,184)	364	(582)
Total comprehensive income		103,634	117,358	27,636	31,296
Total comprehensive income (loss) attributable to					
Shareholders' equity		105,296	115,577	28,079	30,821
Non-controlling interests		(1,662)	1,781	(443)	475
		103,634	117,358	27,636	31,296

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Saudi Aramco

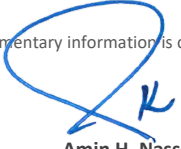
First quarter interim report 2024

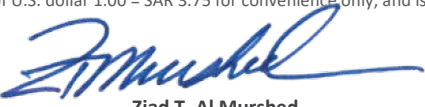
All amounts in millions of Saudi Riyals unless otherwise stated

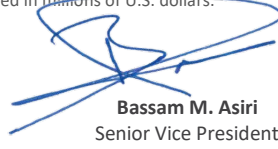
Condensed consolidated balance sheet

	Note	SAR		USD*	
		At March 31, 2024	At December 31, 2023	At March 31, 2024	At December 31, 2023
Assets					
Non-current assets					
Property, plant and equipment	5	1,411,857	1,384,717	376,495	369,258
Intangible assets	6	165,785	164,554	44,209	43,881
Investments in joint ventures and associates		68,405	69,474	18,241	18,526
Deferred income tax assets		21,532	20,560	5,742	5,483
Post-employment benefits		28,599	24,661	7,627	6,576
Other assets and receivables		51,377	48,265	13,701	12,871
Investments in securities		35,660	33,974	9,509	9,060
		1,783,215	1,746,205	475,524	465,655
Current assets					
Inventories		94,203	85,951	25,121	22,920
Trade receivables		176,276	163,919	47,007	43,712
Due from the Government		38,474	49,378	10,260	13,168
Other assets and receivables		30,107	33,747	8,028	8,999
Short-term investments		100,758	184,343	26,869	49,158
Cash and cash equivalents		243,972	198,973	65,059	53,059
		683,790	716,311	182,344	191,016
Assets classified as held for sale		14,134	15,424	3,769	4,113
		697,924	731,735	186,113	195,129
Total assets		2,481,139	2,477,940	661,637	660,784
Equity and liabilities					
Shareholders' equity					
Share capital		90,000	90,000	24,000	24,000
Additional paid-in capital		26,981	26,981	7,195	7,195
Treasury shares		(1,009)	(1,362)	(269)	(363)
Retained earnings:					
Unappropriated		1,400,235	1,411,474	373,396	376,394
Appropriated		6,000	6,000	1,600	1,600
Other reserves	8	1,503	1,514	401	403
		1,523,710	1,534,607	406,323	409,229
Non-controlling interests		198,665	202,485	52,977	53,996
		1,722,375	1,737,092	459,300	463,225
Non-current liabilities					
Borrowings	9	240,310	226,481	64,083	60,395
Deferred income tax liabilities		149,441	142,449	39,851	37,986
Post-employment benefits		26,249	26,147	7,000	6,973
Provisions and other liabilities		28,633	28,205	7,635	7,521
		444,633	423,282	118,569	112,875
Current liabilities					
Trade payables and other liabilities		151,010	151,553	40,269	40,414
Obligations to the Government:					
Income taxes and zakat	7	86,531	82,539	23,075	22,010
Royalties		19,839	14,107	5,290	3,762
Borrowings	9	51,521	63,666	13,739	16,978
		308,901	311,865	82,373	83,164
Liabilities directly associated with assets classified as held for sale		5,230	5,701	1,395	1,520
		314,131	317,566	83,768	84,684
Total liabilities		758,764	740,848	202,337	197,559
Total equity and liabilities		2,481,139	2,477,940	661,637	660,784

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.


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& Controller

Condensed consolidated statement of changes in equity

	SAR								USD*
	Shareholders' equity								
			Retained earnings			Other reserves		Non-controlling	
	Share capital	Additional paid-in capital	Treasury shares	Unappropriated	Appropriated	(Note 8)	interests	Total	Total
Balance at January 1, 2023	75,000	26,981	(2,236)	1,339,892	6,000	3,279	217,231	1,666,147	444,306
Net income (loss)	-	-	-	117,471	-	-	2,071	119,542	31,878
Other comprehensive income (loss)	-	-	-	-	-	(1,894)	(290)	(2,184)	(582)
Total comprehensive income (loss)	-	-	-	117,471	-	(1,894)	1,781	117,358	31,296
Transfer of post-employment benefits remeasurement	-	-	-	(2,054)	-	2,054	-	-	-
Transfer of share of post-employment benefits remeasurement from joint ventures and associates	-	-	-	100	-	(100)	-	-	-
Treasury shares issued to employees	-	-	305	(126)	-	(20)	-	159	43
Share-based compensation	-	-	-	(1)	-	108	-	107	28
Dividends (Note 17)	-	-	-	(73,150)	-	-	-	(73,150)	(19,507)
Dividends to non-controlling interests and other	-	-	-	-	-	-	(3,801)	(3,801)	(1,014)
Balance at March 31, 2023	75,000	26,981	(1,931)	1,382,132	6,000	3,427	215,211	1,706,820	455,152
Balance at January 1, 2024	90,000	26,981	(1,362)	1,411,474	6,000	1,514	202,485	1,737,092	463,225
Net income (loss)	-	-	-	103,356	-	-	(1,085)	102,271	27,272
Other comprehensive income (loss)	-	-	-	-	-	1,940	(577)	1,363	364
Total comprehensive income (loss)	-	-	-	103,356	-	1,940	(1,662)	103,634	27,636
Transfer of post-employment benefits remeasurement (Note 8)	-	-	-	2,124	-	(2,124)	-	-	-
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 8)	-	-	-	(57)	-	57	-	-	-
Treasury shares issued to employees	-	-	353	(158)	-	(10)	-	185	49
Share-based compensation	-	-	-	(1)	-	126	-	125	33
Dividends (Note 17)	-	-	-	(116,503)	-	-	-	(116,503)	(31,067)
Dividends to non-controlling interests and other	-	-	-	-	-	-	(2,158)	(2,158)	(576)
Balance at March 31, 2024	90,000	26,981	(1,009)	1,400,235	6,000	1,503	198,665	1,722,375	459,300

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Saudi Aramco

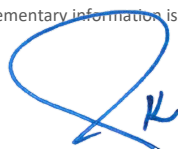
First quarter interim report 2024

All amounts in millions of Saudi Riyals unless otherwise stated

Condensed consolidated statement of cash flows

	Note	SAR		USD*	
		1 st quarter 2024	1 st quarter 2023	1 st quarter 2024	1 st quarter 2023
Income before income taxes and zakat		205,014	229,234	54,670	61,129
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities					
Depreciation and amortization	5,6	23,427	21,975	6,247	5,860
Exploration and evaluation costs written off		739	516	197	138
Loss on disposal of property, plant and equipment		364	620	97	166
Loss on fair value measurement of assets classified as held for sale		366	-	97	-
Inventory movement		565	936	151	250
Share of results of joint ventures and associates		778	741	208	198
Finance and other income		(6,769)	(10,968)	(1,805)	(2,925)
Finance costs		3,025	3,177	807	847
Change in fair value of investments through profit or loss		(98)	(93)	(26)	(25)
Change in joint ventures and associates inventory profit elimination		590	8	157	2
Other		95	870	26	232
Change in working capital					
Inventories		(8,472)	13,893	(2,260)	3,705
Trade receivables		(11,693)	1,713	(3,118)	456
Due from the Government		10,904	9,885	2,908	2,636
Other assets and receivables		3,151	1,929	841	514
Trade payables and other liabilities		(3,736)	(8,227)	(996)	(2,193)
Royalties payable		5,732	1,241	1,528	331
Other changes					
Other assets and receivables		(3,850)	(4,348)	(1,027)	(1,159)
Provisions and other liabilities		(61)	232	(16)	61
Post-employment benefits		29	305	7	82
Settlement of income, zakat and other taxes		(94,131)	(114,992)	(25,101)	(30,665)
Net cash provided by operating activities		125,969	148,647	33,592	39,640
Net cash provided by investing activities					
Capital expenditures	4	(40,621)	(32,797)	(10,832)	(8,746)
Acquisition of affiliates, net of cash acquired	16	(1,267)	(9,886)	(338)	(2,636)
Additional investments in joint ventures and associates		(1,548)	(104)	(413)	(28)
Distributions from joint ventures and associates		1,009	1,322	269	352
Dividends from investments in securities		12	21	3	6
Interest received		7,216	6,813	1,925	1,816
Investments in securities - net		(356)	(656)	(95)	(175)
Net maturities of short-term investments		83,585	125,611	22,289	33,497
Net cash provided by investing activities		48,030	90,324	12,808	24,086
Net cash used in financing activities					
Dividends paid to shareholders of the Company	17	(116,503)	(73,150)	(31,067)	(19,507)
Dividends paid to non-controlling interests in subsidiaries		(4,214)	(1,856)	(1,124)	(495)
Proceeds from issue of treasury shares		186	155	50	41
Proceeds from borrowings		2,788	15,708	743	4,188
Repayments of borrowings		(4,838)	(59,851)	(1,290)	(15,960)
Principal portion of lease payments		(3,641)	(3,146)	(971)	(839)
Interest paid		(2,778)	(2,204)	(741)	(587)
Net cash used in financing activities		(129,000)	(124,344)	(34,400)	(33,159)
Net increase in cash and cash equivalents		44,999	114,627	12,000	30,567
Cash and cash equivalents at beginning of the period		198,973	226,047	53,059	60,279
Cash and cash equivalents at end of the period		243,972	340,674	65,059	90,846

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



Amin H. Nasser
Director,
President & Chief Executive Officer



Ziad T. Al Murshed
Executive Vice President
& Chief Financial Officer



Bassam M. Asiri
Senior Vice President
& Controller

Notes to the condensed consolidated interim financial report

1. General information

The Saudi Arabian Oil Company (the "Company"), with headquarters located in Dhahran, Kingdom of Saudi Arabia (the "Kingdom"), is engaged in prospecting, exploring, drilling and extracting hydrocarbon substances ("Upstream") and processing, manufacturing, refining and marketing these hydrocarbon substances ("Downstream"). The Company was formed on November 13, 1988 by Royal Decree No. M/8; however, its history dates back to May 29, 1933 when the Saudi Arabian Government (the "Government") granted a concession to the Company's predecessor for the right to, among other things, explore the Kingdom for hydrocarbons. Effective January 1, 2018, Council of Ministers Resolution No. 180, dated 1/4/1439H (December 19, 2017), converted the Company to a Saudi Joint Stock Company with new Bylaws.

On December 11, 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold an aggregate of 3.45 billion ordinary shares, or 1.73% of the Company's share capital.

On February 13, 2022, the Government transferred 4% of the Company's issued shares to the Public Investment Fund ("PIF"), the sovereign wealth fund of the Kingdom, followed by another transfer of 4% on April 16, 2023 to Saudi Arabian Investment Company ("Sanabil Investments"), a wholly-owned company of PIF. Further, on March 7, 2024, the Government announced the transfer of an additional 8% of the Company's issued shares to PIF's wholly-owned companies. Following the transfers, the Government remains the Company's largest shareholder, retaining a 82.19% direct shareholding.

The condensed consolidated interim financial report of the Company and its subsidiaries (together "Saudi Aramco") was approved by the Board of Directors on May 6, 2024.

2. Basis of preparation and material accounting policy information

The condensed consolidated interim financial report has been prepared in accordance with International Accounting Standard 34 ("IAS 34"), Interim Financial Reporting, that is endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). This condensed consolidated interim financial report is consistent with the accounting policies and methods of computation and presentation set out in Saudi Aramco's consolidated financial statements for the year ended December 31, 2023.

The results for the interim periods are unaudited and include all adjustments necessary for a fair presentation of the results for the periods presented. This condensed consolidated interim financial report should be read in conjunction with the consolidated financial statements and related notes for the year ended December 31, 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") that are endorsed in the Kingdom, and other standards and pronouncements issued by SOCPA. The consolidated financial statements for the year ended December 31, 2023 are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB").

Translations from SAR to USD presented as supplementary information in the condensed consolidated statement of income, condensed consolidated statement of comprehensive income, condensed consolidated balance sheet, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows at March 31, 2024 and December 31, 2023 and for the three-month periods ended March 31, 2024 and 2023, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the balance sheet dates.

New or amended standards

- (i) There are no amendments or interpretations that are effective for annual periods beginning on or after January 1, 2024 that have a material impact on the condensed consolidated interim financial report.
- (ii) Saudi Aramco has not early adopted any new accounting standards, interpretations or amendments that are issued but not yet effective.

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All amounts in millions of Saudi Riyals unless otherwise stated

3. Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. Management believes that the fair values of Saudi Aramco's financial assets and liabilities that are measured and recognized at amortized cost are not materially different from their carrying amounts at the end of the reporting period.

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at March 31, 2024 and December 31, 2023, based on the prescribed fair value measurement hierarchy on a recurring basis. Saudi Aramco did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at March 31, 2024 and December 31, 2023. There were no changes made to any of the valuation techniques and valuation processes applied as of December 31, 2023 and changes in unobservable inputs are not expected to materially impact the fair values.

Assets	Level 1 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
At March 31, 2024				
Investments in securities:				
Equity securities at Fair Value Through Other Comprehensive Income ("FVOCI")	14,551	37	2,121	16,709
Debt securities at FVOCI	87	8,862	-	8,949
Equity securities at Fair Value Through Profit or Loss ("FVPL")	564	1,717	8,172	10,453
Debt securities at FVPL	-	188	-	188
	15,202	10,804	10,293	36,299
Other assets and receivables:				
Interest rate swaps	-	842	-	842
Commodity derivative contracts	-	2,901	-	2,901
Currency forward contracts	-	41	-	41
Financial assets - option rights	-	-	4,059	4,059
	-	3,784	4,059	7,843
Trade receivables related to contracts with provisional pricing arrangements	-	-	123,837	123,837
Total assets	15,202	14,588	138,189	167,979
At December 31, 2023				
Investments in securities:				
Equity securities at FVOCI	13,376	36	2,143	15,555
Debt securities at FVOCI	75	8,884	-	8,959
Equity securities at FVPL	548	1,628	7,908	10,084
Debt securities at FVPL	-	176	-	176
	13,999	10,724	10,051	34,774
Other assets and receivables:				
Interest rate swaps	-	556	-	556
Commodity derivative contracts	-	3,651	486	4,137
Currency forward contracts	-	80	-	80
Financial assets - option rights	-	-	3,745	3,745
	-	4,287	4,231	8,518
Trade receivables related to contracts with provisional pricing arrangements	-	-	98,978	98,978
Total assets	13,999	15,011	113,260	142,270

3. Fair value estimation continued

Liabilities	Level 1 ⁱ	Level 2 ⁱⁱ	Level 3 ⁱⁱⁱ	Total
At March 31, 2024				
Trade payables and other liabilities:				
Interest rate swaps	-	6	-	6
Commodity derivative contracts	-	3,488	-	3,488
Currency forward contracts	-	86	-	86
Trade payables related to contracts with provisional pricing arrangements	-	-	38,794	38,794
	-	3,580	38,794	42,374
Provisions and other liabilities:				
Financial liabilities - options and forward contracts	-	-	2,135	2,135
Total liabilities	-	3,580	40,929	44,509
At December 31, 2023				
Trade payables and other liabilities:				
Interest rate swaps	-	21	-	21
Commodity derivative contracts	225	2,776	126	3,127
Currency forward contracts	-	49	-	49
Trade payables related to contracts with provisional pricing arrangements	-	-	35,598	35,598
	225	2,846	35,724	38,795
Provisions and other liabilities:				
Financial liabilities - options and forward contracts	-	-	2,011	2,011
Total liabilities	225	2,846	37,735	40,806

i. Quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii. Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

iii. Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The changes in Level 3 investments in securities for the three-month period ended March 31, 2024 and the year ended December 31, 2023 are as follows:

	March 31, 2024	December 31, 2023
Beginning	10,051	8,490
Net additions	247	1,633
Net unrealized fair value loss	(9)	(64)
Realized gain (loss)	4	(8)
Ending	10,293	10,051

The movement in trade receivables and trade payables related to contracts with provisional pricing arrangements mainly arises from sales and purchase transactions made during the period, net of settlements. Unrealized fair value movements on these trade receivables and trade payables are not significant.

The change in the carrying amount of commodity derivative contracts primarily relates to purchase and sales of derivative contracts, including recognition of a gain or loss that results from adjusting a derivative to fair value. Fair value movements on commodity derivative contracts are not significant.

The movements in financial assets – option rights and financial liabilities – options and forward contracts, being put, call and forward contracts on equity instruments of certain non-wholly-owned subsidiaries, are mainly due to changes in the unrealized fair values of those contracts during the period.

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4. Operating segments

Saudi Aramco is engaged in prospecting, exploring, drilling, extracting, processing, manufacturing, refining and marketing hydrocarbon substances within the Kingdom and has interests in refining, petrochemical, distribution, marketing and storage facilities outside the Kingdom.

Saudi Aramco's operating segments are established on the basis of those components that are evaluated regularly by the President & CEO, considered to be the Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of Saudi Aramco's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, costs and a broad range of key performance indicators in addition to segment profitability.

For management purposes, Saudi Aramco is organized into business units based on the main types of activities. At March 31, 2024, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a Corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production. Downstream activities consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services, including Human Resources, Finance and IT not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

There are no differences from the consolidated financial statements for the year ended December 31, 2023 in the basis of segmentation or in the basis of measurement of segment earnings before interest, income taxes and zakat.

Information by segments for the three-month period ended March 31, 2024 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	186,415	214,888	734	-	402,037
Other income related to sales	10,422	25,388	-	-	35,810
Inter-segment revenue	94,683	9,088	77	(103,848)	-
Earnings (losses) before interest, income taxes and zakat	205,342	4,615	(3,725)	(4,848)	201,384
Finance income					6,655
Finance costs					(3,025)
Income before income taxes and zakat					205,014
Capital expenditures - cash basis	33,114	6,882	625	-	40,621

Information by segments for the three-month period ended March 31, 2023 is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
External revenue	201,239	215,778	443	-	417,460
Other income related to sales	12,896	29,477	-	-	42,373
Inter-segment revenue	87,779	8,707	61	(96,547)	-
Earnings (losses) before interest, income taxes and zakat	215,278	12,830	(2,849)	(3,711)	221,548
Finance income					10,863
Finance costs					(3,177)
Income before income taxes and zakat					229,234
Capital expenditures - cash basis	25,332	7,147	318	-	32,797

5. Property, plant and equipment

	Land and land improvements	Buildings	Oil and gas properties	Plant, machinery and equipment	Depots, storage tanks and pipelines	Fixtures, IT and office equipment	Construction-in- progress	Total
Cost								
January 1, 2024	52,179	91,438	693,089	979,354	109,506	20,935	305,724	2,252,225
Additions ¹	310	609	13	6,936	523	57	43,319	51,767
Acquisition (Note 16(a))	1,019	103	-	173	-	23	47	1,365
Construction completed	265	773	13,508	7,839	2,452	228	(25,065)	-
Currency translation differences	(285)	(266)	-	(2,324)	(265)	(51)	(380)	(3,571)
Transfers and adjustments	-	(356)	(98)	(263)	7	54	(101)	(757)
Transfer of exploration and evaluation assets	-	-	-	-	-	-	155	155
Retirements and sales	(5)	(92)	-	(1,298)	(77)	(50)	(28)	(1,550)
March 31, 2024	53,483	92,209	706,512	990,417	112,146	21,196	323,671	2,299,634
Accumulated depreciation								
January 1, 2024	(21,148)	(43,341)	(266,274)	(474,771)	(48,597)	(13,377)	-	(867,508)
Charge for the period	(366)	(824)	(5,672)	(14,842)	(864)	(384)	-	(22,952)
Currency translation differences	7	163	-	1,411	125	39	-	1,745
Transfers and adjustments	(5)	3	(38)	(149)	(28)	(31)	-	(248)
Retirements and sales	4	53	-	1,057	26	46	-	1,186
March 31, 2024	(21,508)	(43,946)	(271,984)	(487,294)	(49,338)	(13,707)	-	(887,777)
Property, plant and equipment - net, March 31, 2024	31,975	48,263	434,528	503,123	62,808	7,489	323,671	1,411,857

1. Additions include borrowing costs capitalized during the three-month period ended March 31, 2024, amounting to SAR 2,329, which were calculated using an average annualized capitalization rate of 5.51%.

Additions to right-of-use assets during the three-month period ended March 31, 2024 were SAR 7,819. Acquisition of right-of-use assets during the three-month period ended March 31, 2024 were SAR 981. The following table presents depreciation charges and net carrying amounts of right-of-use assets by class of assets.

	Depreciation expense for the three-month period ended March 31, 2024	Net carrying amount at March 31, 2024
Land and land improvements	56	6,505
Buildings	120	3,643
Oil and gas properties	4	8
Plant, machinery and equipment	3,497	54,725
Depots, storage tanks and pipelines	124	2,524
Fixtures, IT and office equipment	31	238
	3,832	67,643

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6. Intangible assets

	Goodwill	Exploration and evaluation	Brands and trademarks	Franchise/customer relationships	Computer software	Other ¹	Total
Cost							
January 1, 2024	101,010	20,013	24,982	21,701	4,233	3,876	175,815
Additions	-	1,977	-	-	16	24	2,017
Acquisition (Note 16(a))	657	-	1	-	3	-	661
Currency translation differences	(7)	-	(88)	(47)	(10)	(44)	(196)
Transfers and adjustments	-	-	-	-	(44)	24	(20)
Transfer of exploration and evaluation assets	-	(155)	-	-	-	-	(155)
Retirements and write offs	-	(739)	-	-	(44)	-	(783)
March 31, 2024	101,660	21,096	24,895	21,654	4,154	3,880	177,339
Accumulated amortization							
January 1, 2024	-	-	(2,795)	(4,465)	(2,681)	(1,320)	(11,261)
Charge for the period	-	-	(46)	(287)	(72)	(70)	(475)
Currency translation differences	-	-	56	44	9	34	143
Transfers and adjustments	-	-	-	-	-	(5)	(5)
Retirements and write offs	-	-	-	-	44	-	44
March 31, 2024	-	-	(2,785)	(4,708)	(2,700)	(1,361)	(11,554)
Intangible assets - net, March 31, 2024	101,660	21,096	22,110	16,946	1,454	2,519	165,785

1. Other intangible assets with a net book value of SAR 2,519 as at March 31, 2024 comprise of processing and offtake agreements, licenses, technology, usage rights, patents and intellectual property.

7. Income taxes and zakat

(a) Kingdom income tax rates

The Company is subject to an income tax rate of 20% on its Downstream activities and on the activities of exploration and production of non-associated natural gas, including gas condensates, as well as the collection, treatment, processing, fractionation and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. All other activities are subject to an income tax rate of 50%, in accordance with the Saudi Arabian Income Tax Law of 2004 and its amendments (the "Tax Law"). The 20% income tax rate applicable to the Company's Downstream activities, which came into effect on January 1, 2020, is conditional on the Company separating its Downstream activities under the control of one or more separate wholly-owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%. The Company expects to transfer its Downstream activities in line with the applicable requirements.

Additionally, according to the Tax Law, shares held directly or indirectly in listed companies on the Saudi Exchange by taxpayers engaged in oil and hydrocarbon activities are exempt from the application of corporate income tax. As a result, the Company's ownership interests in such companies are subject to zakat.

The reconciliation of tax charge at the Kingdom statutory rates to consolidated tax and zakat expense is as follows:

	1 st quarter 2024	1 st quarter 2023
Income before income taxes and zakat	205,014	229,234
Less: Income subject to zakat	(1,355)	(2,941)
Income subject to income tax	203,659	226,293
Income taxes at the Kingdom's statutory tax rates	99,323	112,099
Tax effect of:		
Loss (income) not subject to tax at statutory rates and other	3,045	(2,933)
Income tax expense	102,368	109,166
Zakat expense	375	526
Total income tax and zakat expense	102,743	109,692

7. Income taxes and zakat continued

(b) Income tax and zakat expense

	1 st quarter 2024	1 st quarter 2023
Current income tax - Kingdom	96,810	104,400
Current income tax - Foreign	1,300	1,837
Deferred income tax - Kingdom	4,668	3,071
Deferred income tax - Foreign	(410)	(142)
Zakat - Kingdom	375	526
	102,743	109,692

(c) Income tax and zakat obligation to the Government

	2024	2023
January 1	82,539	104,978
Provided during the period	97,185	104,926
Payments during the period by the Company (Note 14)	(38,575)	(56,728)
Payments during the period by subsidiaries and joint operations	(1,435)	(560)
Settlements of due from the Government	(49,757)	(53,709)
Other settlements	(3,426)	(1,211)
March 31	86,531	97,696

8. Other reserves

	Currency translation differences	Investments in securities at FVOCI	Post-employment benefits	Share-based compensation reserve	Cash flow hedges and other	Share of other comprehensive income (loss) of joint ventures and associates	Foreign currency translation gains (losses)	Cash flow hedges and other	Total
January 1, 2024	(3,840)	3,979	-	331	25	1,172	(153)		1,514
Current period change	(824)	1,199	-	126	39	(1,335)	102		(693)
Remeasurement gain (loss) ¹	-	-	3,893	-	-	-	(57)		3,836
Transfer to retained earnings	-	-	(2,124)	(10)	-	-	57		(2,077)
Tax effect	-	(59)	(1,595)	-	-	-	-		(1,654)
Less: amounts related to non-controlling interests	344	2	(174)	-	5	400	-		577
March 31, 2024	(4,320)	5,121	-	447	69	237	(51)		1,503

1. The remeasurement gain (loss) is primarily due to the net impact arising from changes in discount rates used to determine the present value of the post-employment benefit obligations and changes in the fair value of post-employment benefit plan assets.

9. Borrowings

	At March 31, 2024			At December 31, 2023		
	Non-current	Current	Total	Non-current	Current	Total
Conventional:						
Debentures	80,999	10,283	91,282	81,092	9,683	90,775
Bank borrowings	23,589	4,530	28,119	22,853	3,630	26,483
Short-term borrowings	-	16,347	16,347	-	18,378	18,378
Revolving credit facilities	-	-	-	-	1,237	1,237
Export credit agencies	895	703	1,598	941	656	1,597
Public Investment Fund	416	404	820	455	365	820
Other financing arrangements	36,003	243	36,246	36,070	200	36,270
	141,902	32,510	174,412	141,411	34,149	175,560
Shari'a compliant:						
Sukuk (Note 9(a))	29,944	3,750	33,694	18,689	15,000	33,689
Murabaha (Note 9(b))	12,888	2,032	14,920	13,830	2,089	15,919
Saudi Industrial Development Fund	2,879	257	3,136	3,057	281	3,338
Ijarah/Procurement	3,517	13	3,530	3,499	13	3,512
Wakala	771	27	798	771	27	798
	49,999	6,079	56,078	39,846	17,410	57,256
Borrowings – other than leases	191,901	38,589	230,490	181,257	51,559	232,816
Lease liabilities	48,409	12,932	61,341	45,224	12,107	57,331
Total borrowings	240,310	51,521	291,831	226,481	63,666	290,147

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9. Borrowings continued

(a) Sukuk

On March 28, 2024, the maturity date of the Sukuk issued on April 10, 2017, with a par value of SAR 11,250, was extended by one year from its original maturity date of April 10, 2024, subject to an early redemption option.

(b) Murabaha

Murabaha borrowings of a subsidiary amounting to SAR 938, repayable in semi-annual installments until 2029, were early settled by the subsidiary on March 28, 2024.

10. Revenue

	1 st quarter 2024	1 st quarter 2023
Revenue from contracts with customers	397,281	415,937
Movement between provisional and final prices	2,122	(857)
Other revenue	2,634	2,380
	402,037	417,460

Disaggregation of revenue from contracts with customers

Saudi Aramco's revenue from contracts with customers according to product type and source is as follows:

	1 st quarter 2024			
	Upstream	Downstream	Corporate	Total
Crude oil	173,780	26,054	-	199,834
Refined and chemical products	-	182,231	-	182,231
Natural gas and NGLs	10,523	1,405	-	11,928
Metal products	-	3,288	-	3,288
Revenue from contracts with customers	184,303	212,978	-	397,281
Movement between provisional and final prices	2,017	105	-	2,122
Other revenue	95	1,805	734	2,634
External revenue	186,415	214,888	734	402,037

	1 st quarter 2023			
	Upstream	Downstream	Corporate	Total
Crude oil	191,828	21,338	-	213,166
Refined and chemical products	-	188,312	-	188,312
Natural gas and NGLs	10,063	1,135	-	11,198
Metal products	-	3,261	-	3,261
Revenue from contracts with customers	201,891	214,046	-	415,937
Movement between provisional and final prices	(749)	(108)	-	(857)
Other revenue	97	1,840	443	2,380
External revenue	201,239	215,778	443	417,460

11. Non-cash investing and financing activities

Investing and financing activities for the three-month period ended March 31, 2024 include additions to right-of-use assets of SAR 7,819 (March 31, 2023: SAR 3,309), asset retirement provisions of nil (March 31, 2023: SAR 95) and equity awards issued to employees of SAR 167 (March 31, 2023: SAR 149).

12. Commitments

Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 216,885 and SAR 222,938 at March 31, 2024 and December 31, 2023, respectively. In addition, leases contracted for but not yet commenced were SAR 32,187 and SAR 26,369 at March 31, 2024 and December 31, 2023, respectively.

13. Contingencies

Saudi Aramco has contingent assets and liabilities with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingencies arise in the ordinary course of business. It is not anticipated that any material adjustments will result from these contingencies.

14. Payments to the Government by the Company

	1 st quarter 2024	1 st quarter 2023
Income taxes (Note 7(c))	38,575	56,728
Royalties	44,659	51,009
Dividends	95,766	68,918

15. Related party transactions and balances

(a) Transactions

	1 st quarter 2024	1 st quarter 2023
Joint ventures:		
Revenue from sales	5,805	5,569
Other revenue	30	4
Interest income	53	38
Purchases	7,526	6,510
Service expenses	26	4
Associates:		
Revenue from sales	19,740	18,675
Other revenue	64	68
Interest income	116	83
Purchases	11,250	14,993
Service expenses	64	26
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	6,611	5,486
Other income related to sales	35,810	42,373
Other revenue	184	210
Purchases	2,378	2,633
Service expenses	124	98
Lease expenses	319	244

(b) Balances

	At March 31, 2024	At December 31, 2023
Joint ventures:		
Other assets and receivables	5,179	5,378
Trade receivables	5,704	4,976
Interest receivable	503	581
Trade payables and other liabilities	7,894	6,236
Associates:		
Other assets and receivables	5,524	4,882
Trade receivables	12,330	12,971
Trade payables and other liabilities	6,450	6,139
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables	829	1,151
Trade receivables	3,480	2,606
Due from the Government	38,474	49,378
Trade payables and other liabilities	1,380	1,448
Borrowings	7,481	7,736

(c) Compensation of key management personnel

Compensation policies for and composition of key management personnel remain consistent with 2023.

Saudi Aramco

First quarter interim report 2024

All amounts in millions of Saudi Riyals unless otherwise stated

16. Investments in affiliates

(a) Esmax Distribución SpA (“Esmax”)

On March 1, 2024, the Company announced the completion of the acquisition of a 100% equity stake in Esmax Distribución SpA (“Esmax”), through its wholly-owned subsidiary, Aramco Overseas Company B.V. (“AOC”), from Southern Cross Group, a Latin America-focused private equity company, for a purchase consideration of SAR 1,373, subject to customary adjustments. Esmax is one of the leading diversified downstream fuels and lubricants retailers in Chile, and its operations include retail fuel stations, airport operations, fuel distribution terminals and a lubricant blending plant. The transaction represents Saudi Aramco’s first downstream retail investment in South America and enables it to secure outlets for its refined products, including fuel placement from Motiva. It also creates a platform to launch the Aramco brand in South America while strengthening its downstream value chain and unlocks new market opportunities for its Valvoline-branded lubricants.

The transaction resulted in Saudi Aramco obtaining control of Esmax. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date. The purchase price allocation, as performed by an independent valuer, has not been concluded. Based on the preliminary purchase price allocation, total identifiable net assets of SAR 716 and goodwill of SAR 657 have been recognized at the acquisition date.

Post-acquisition, Esmax contributed revenues of SAR 829 and net income of SAR 26, which are included in the condensed consolidated statement of income. If the acquisition had occurred on January 1, 2024, management estimates that consolidated revenue and net income for the three-month period ended March 31, 2024 would have been higher by SAR 1,564 and SAR 15, respectively.

(b) MidOcean Holdings II, L.P.

On September 27, 2023, AOC, a wholly-owned subsidiary of the Company, entered into definitive agreements to acquire a strategic minority stake in MidOcean Holdings II, L.P., which in turn owns MidOcean Energy, LLC (“MidOcean Energy”). MidOcean Energy is a Liquefied Natural Gas (“LNG”) company, formed and managed by EIG Global Energy Partners with the objective of building a high-quality, long term LNG portfolio, and has recently acquired interests in a portfolio of Australian LNG projects. This strategic partnership marks Saudi Aramco’s first international investment in LNG. The transaction closed on March 21, 2024, with Saudi Aramco investing SAR 195, which has been accounted for as an investment in associate. As part of the transaction, Saudi Aramco has an option to increase its equity interest and associated rights in the future.

17. Dividends

Dividends declared and paid on ordinary shares are as follows:

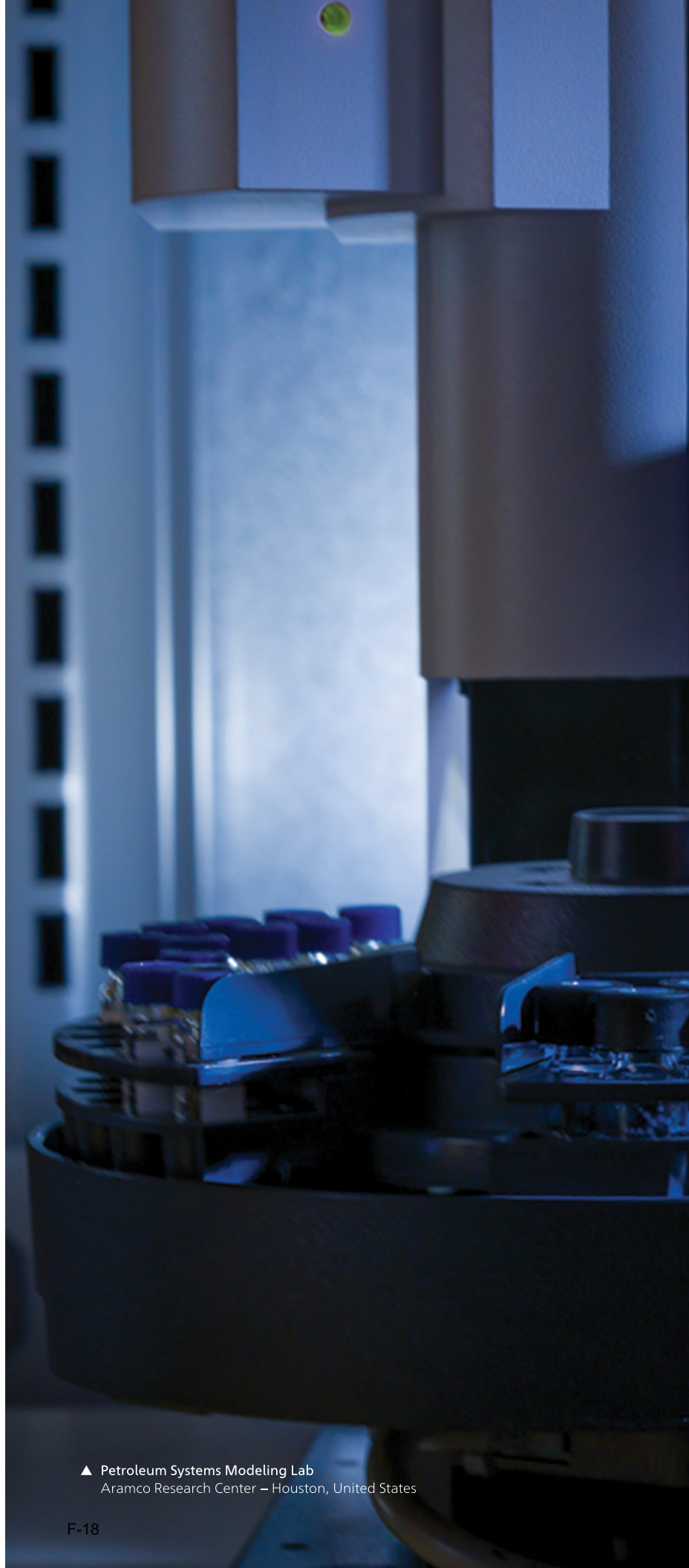
	1 st quarter 2024	1 st quarter 2023	SAR per share	
			1 st quarter 2024	1 st quarter 2023
Dividends declared and paid in the quarter:				
March	116,503	73,150	0.4815	0.3326
Total ¹	116,503	73,150	0.4815	0.3326
Dividends declared on May 6, 2024 and May 8, 2023 ²	116,509	73,160	0.4815	0.3024

1. Includes SAR 40,407 (SAR 0.1670 per share) of performance-linked dividend, which was first declared and paid in the third quarter of 2023.

2. Dividend of SAR 116,509 (SAR 0.4815 per share) represents a base dividend of SAR 76,100 (SAR 0.3145 per share) and a performance-linked dividend of SAR 40,409 (SAR 0.1670 per share). These dividends are not reflected in the condensed consolidated interim financial report and will be deducted from unappropriated retained earnings in the second quarter of 2024.



unlocking



▲ Petroleum Systems Modeling Lab
Aramco Research Center – Houston, United States



unlocking

OPPORTUNITY

We invest in growth and
innovate for sustainability,
unlocking opportunities that
bring energy to the world.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Arabian Oil Company (the "Company") and its subsidiaries (together the "Group") as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of income for the year ended December 31, 2023;
- the consolidated statement of comprehensive income for the year ended December 31, 2023;
- the consolidated balance sheet as at December 31, 2023;
- the consolidated statement of changes in equity for the year ended December 31, 2023;
- the consolidated statement of cash flows for the year ended December 31, 2023; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.

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Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Our audit approach

Overview



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the following table. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Overall Group materiality	SAR 30.0 billion (2022: SAR 37.5 billion).
How we determined it	Based on a percentage of income before income taxes and zakat.
Rationale for the materiality benchmark applied	Income before income taxes and zakat is an important benchmark for the users of the consolidated financial statements and is a generally accepted benchmark for profit-oriented groups.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above SAR 2.3 billion.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's operations are conducted through many components in different parts of the world. The most significant component within the Group is the Company itself and most of the audit effort was spent by the Group engagement team based in Dhahran, Kingdom of Saudi Arabia. The Group engagement team also directed the work done by the various component teams across different locations and performed audit procedures on the consolidation workings and disclosures.

We identified five other components where a full-scope audit on the respective components' financial information was performed under our instructions. Members of the Group engagement team performed the full-scope audit of the component located in Dhahran, Kingdom of Saudi Arabia. Component teams in Riyadh, Kingdom of Saudi Arabia, the United States of America and the Republic of Korea performed full-scope audits of the components at those locations. We also requested certain other component teams to perform audit procedures over specified financial statement line items. The selection of these components was based on qualitative and quantitative considerations, including whether the component accounted for a significant proportion of individual consolidated financial statement line items.

The Group engagement team's involvement in the audit work performed by component teams considered the relative significance and complexity of the individual component. This included allocating overall Group materiality to the different components, sending formal instructions, obtaining regular updates on progress and results of procedures as well as reviewing deliverables and selected underlying working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Assessment of the recoverability of the goodwill and brand recognised as part of the SABIC acquisition</p> <p>International Accounting Standard (“IAS”) 36 ‘Impairment of Assets’, that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and intangible assets that have indefinite useful lives to be tested annually for impairment, irrespective of whether there is any indication of impairment.</p> <p>Management performed an assessment of recoverability of the goodwill and brand (determined to have an indefinite useful life) recognised as part of the SABIC acquisition during the year ended December 31, 2020. The carrying amounts of these assets were SAR 99.1 billion and SAR 18.1 billion, respectively, as at December 31, 2023.</p> <p>Goodwill has been allocated to the Downstream operating segment. Therefore, the goodwill impairment test was performed at the Downstream operating segment level. The brand test was performed based on an aggregation of the relevant Cash-Generating Units (“CGUs”).</p> <p>The recoverable amounts were determined based on value-in-use derived using discounted cash flow models. Each of the models were based on the most recent approved financial plans and included 10-year projection periods with terminal values assumed thereafter.</p> <p>The exercise performed by management supported the goodwill and brand carrying values and did not identify the need for any impairment charges to be recognised.</p> <p>We considered this to be a key audit matter given the significant judgment and estimates involved in determining recoverable amounts and the uncertainty inherent in the underlying forecasts and assumptions. The key inputs to the recoverable amounts included the:</p> <ul style="list-style-type: none"> • Cash flows during the 10-year projection periods including commodity prices, margins and other underlying assumptions; • Terminal values; and • Pre-tax discount rates. <p><i>Refer to Note 2(e), Note 2(h) and Note 6 to the consolidated financial statements for further information.</i></p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We considered the appropriateness of management’s allocation of goodwill to the Downstream operating segment and brand to the aggregation of the relevant CGUs, based on the requirements of IAS 36 ‘Impairment of Assets’, that is endorsed in the Kingdom of Saudi Arabia. • We considered the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for both goodwill and brand. • With input from internal valuation experts, where considered necessary, we performed the following procedures on management’s valuation models, as deemed appropriate: <ul style="list-style-type: none"> - Considered the consistency of certain unobservable inputs underlying the 10-year cash flows such as expected product volumes and costs with approved financial plans; - Compared a sample of forecast commodity prices and margins underlying the 10-year cash flows to market data points; - Evaluated the reasonableness of approved financial plans by comparison to historical results; - Assessed the reasonableness of the approach and inputs used to determine the terminal values; - Evaluated the reasonableness of the pre-tax discount rates used by cross-checking the underlying assumptions against observable market data; - Tested the mathematical accuracy and logical integrity of the models; and - Tested management’s sensitivity analyses that considered the impact of changes in assumptions on the outcome of the impairment assessments. • We considered the reasonableness of the movements in the recoverable amounts during the year ended December 31, 2023 in view of the changes in the underlying key assumptions. • We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter	How our audit addressed the Key audit matter
<p>Assessment of the recoverability of property, plant and equipment</p> <p>Management performed an assessment to consider whether there was any indication that items of property, plant and equipment as at December 31, 2023 may be impaired.</p> <p>For certain Downstream operating segment CGUs where such indicators were identified, recoverable amounts were determined. The recoverable amounts were based on value-in-use derived using discounted cash flow models, and determined to be higher than the fair value less costs of disposal.</p> <p>Based on a comparison of recoverable amounts with carrying values, an aggregate impairment charge of SAR 3.1 billion was recorded as part of depreciation and amortization in the consolidated financial statements.</p> <p>We considered this to be a key audit matter given the significant judgment and estimates involved in identifying impairment indicators and in determining recoverable amounts of the property, plant and equipment as well as the uncertainty inherent in the underlying forecasts and assumptions. The key inputs to the recoverable amounts included the following, where applicable:</p> <ul style="list-style-type: none"> • Cash flows during the projection periods including commodity prices, margins and other underlying assumptions; • Terminal values; and • Pre-tax discount rates. <p><i>Refer to Note 2(g), Note 2(h) and Note 5 to the consolidated financial statements for further information.</i></p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We considered the reasonableness of management's assessments of impairment indicators considering our knowledge of internal and external factors based on the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia. • We considered the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for the relevant CGUs. • With input from internal valuation experts, where considered necessary, we performed the following procedures on management's valuation models, as deemed appropriate: <ul style="list-style-type: none"> - Considered the consistency of certain unobservable inputs underlying the cash flows such as expected product volumes and future costs with approved financial plans; - Compared a sample of forecast commodity prices and margins underlying the cash flows to market data points; - Evaluated the reasonableness of approved financial plans by comparison to historical results; - Assessed the reasonableness of the approach and inputs used to determine the terminal values; - Evaluated the reasonableness of the pre-tax discount rates used by cross-checking the underlying assumptions against observable market data; - Tested the mathematical accuracy and logical integrity of the models; and - Tested management's sensitivity analyses that considered the impact of changes in assumptions on the outcome of the impairment assessments. • We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Bylaws, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to read "Omar M. Al Sagga", written over a horizontal line.

Omar M. Al Sagga
License No. 369

March 8, 2024

Consolidated statement of income

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2023	2022	2023	2022
Revenue	24	1,653,281	2,006,955	440,875	535,188
Other income related to sales		203,092	259,418	54,158	69,178
Revenue and other income related to sales		1,856,373	2,266,373	495,033	604,366
Royalties and other taxes		(231,795)	(341,510)	(61,812)	(91,069)
Purchases	25	(471,225)	(490,690)	(125,660)	(130,851)
Producing and manufacturing		(96,523)	(101,912)	(25,739)	(27,177)
Selling, administrative and general		(76,890)	(83,700)	(20,504)	(22,320)
Exploration		(9,416)	(8,447)	(2,511)	(2,253)
Research and development		(5,197)	(4,419)	(1,386)	(1,178)
Depreciation and amortization	5,6	(97,040)	(91,618)	(25,877)	(24,431)
Operating costs		(988,086)	(1,122,296)	(263,489)	(299,279)
Operating income		868,287	1,144,077	231,544	305,087
Share of results of joint ventures and associates	7	(4,001)	2,873	(1,067)	766
Finance and other income	27	31,967	14,894	8,524	3,972
Finance costs	20	(8,186)	(8,882)	(2,183)	(2,369)
Income before income taxes and zakat		888,067	1,152,962	236,818	307,456
Income taxes and zakat	8	(433,303)	(548,957)	(115,547)	(146,388)
Net income		454,764	604,005	121,271	161,068
Net income attributable to					
Shareholders' equity		452,753	597,215	120,734	159,257
Non-controlling interests		2,011	6,790	537	1,811
		454,764	604,005	121,271	161,068
Earnings per share (basic and diluted)	37	1.87	2.47	0.50	0.66

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



H.E. Yasir O. Al-Rumayyan
Chairman of the Board



Amin H. Nasser
President & Chief Executive Officer



Ziad T. Al Murshed
Executive Vice President & Chief Financial Officer

Consolidated statement of comprehensive income

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2023	2022	2023	2022
Net income		454,764	604,005	121,271	161,068
Other comprehensive income (loss), net of tax	18				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefits		(25)	21,208	(7)	5,655
Share of post-employment benefits remeasurement from joint ventures and associates		90	144	24	38
Changes in fair value of equity investments classified as fair value through other comprehensive income		(1,671)	(211)	(446)	(56)
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		(1,044)	1,450	(278)	387
Changes in fair value of debt securities classified as fair value through other comprehensive income		520	(427)	139	(114)
Share of other comprehensive income of joint ventures and associates		1,250	351	333	94
Currency translation differences		(829)	(3,889)	(221)	(1,037)
		(1,709)	18,626	(456)	4,967
Total comprehensive income		453,055	622,631	120,815	166,035
Total comprehensive income attributable to					
Shareholders' equity		451,111	615,245	120,296	164,065
Non-controlling interests		1,944	7,386	519	1,970
		453,055	622,631	120,815	166,035

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



H.E. Yasir O. Al-Rumayyan
Chairman of the Board



Amin H. Nasser
President & Chief Executive Officer



Ziad T. Al Murshed
Executive Vice President & Chief Financial Officer

Consolidated balance sheet

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		At December 31		At December 31	
		2023	2022	2023	2022
Assets					
Non-current assets					
Property, plant and equipment	5	1,384,717	1,303,266	369,258	347,538
Intangible assets	6	164,554	159,328	43,881	42,487
Investments in joint ventures and associates	7	69,474	72,196	18,526	19,252
Deferred income tax assets	8	20,560	18,093	5,483	4,825
Post-employment benefits	21	24,661	23,034	6,576	6,142
Other assets and receivables	9	48,265	32,418	12,871	8,645
Investments in securities	10	33,974	26,758	9,060	7,136
		1,746,205	1,635,093	465,655	436,025
Current assets					
Inventories	11	85,951	100,528	22,920	26,808
Trade receivables	12	163,919	164,442	43,712	43,851
Due from the Government	13	49,378	54,545	13,168	14,545
Other assets and receivables	9	33,747	31,054	8,999	8,281
Short-term investments	14	184,343	281,215	49,158	74,991
Cash and cash equivalents	15	198,973	226,047	53,059	60,279
		716,311	857,831	191,016	228,755
Assets classified as held for sale	34(a)	15,424	–	4,113	–
		731,735	857,831	195,129	228,755
Total assets		2,477,940	2,492,924	660,784	664,780
Equity and liabilities					
Shareholders' equity					
Share capital		90,000	75,000	24,000	20,000
Additional paid-in capital		26,981	26,981	7,195	7,195
Treasury shares	16	(1,362)	(2,236)	(363)	(596)
Retained earnings:					
Unappropriated		1,411,474	1,339,892	376,394	357,305
Appropriated		6,000	6,000	1,600	1,600
Other reserves	18	1,514	3,279	403	874
		1,534,607	1,448,916	409,229	386,378
Non-controlling interests	19	202,485	217,231	53,996	57,928
		1,737,092	1,666,147	463,225	444,306
Non-current liabilities					
Borrowings	20	226,481	318,380	60,395	84,901
Deferred income tax liabilities	8	142,449	122,311	37,986	32,616
Post-employment benefits	21	26,147	26,923	6,973	7,179
Provisions and other liabilities	22	28,205	27,777	7,521	7,408
		423,282	495,391	112,875	132,104
Current liabilities					
Trade payables and other liabilities	23	151,553	135,390	40,414	36,104
Obligations to the Government:					
Income taxes and zakat	8	82,539	104,978	22,010	27,995
Royalties		14,107	16,254	3,762	4,334
Borrowings	20	63,666	74,764	16,978	19,937
		311,865	331,386	83,164	88,370
Liabilities directly associated with assets classified as held for sale	34(a)	5,701	–	1,520	–
		317,566	331,386	84,684	88,370
Total liabilities		740,848	826,777	197,559	220,474
Total equity and liabilities		2,477,940	2,492,924	660,784	664,780

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



H.E. Yasir O. Al-Rumayyan
Chairman of the Board



Amin H. Nasser
President & Chief Executive Officer



Ziad T. Al Murshed
Executive Vice President & Chief Financial Officer

Consolidated statement of changes in equity

All amounts in millions of Saudi Riyals unless otherwise stated

	SAR							USD*	
	Shareholders' equity								
	Share capital	Additional paid-in capital	Treasury shares	Retained earnings		Other reserves (Note 18)	Non-controlling interests	Total	Total
				Unappropriated	Appropriated ¹				
Balance at January 1, 2022	60,000	26,981	(2,828)	1,018,443	6,000	4,661	167,411	1,280,668	341,512
Net income	–	–	–	597,215	–	–	6,790	604,005	161,068
Other comprehensive income	–	–	–	–	–	18,030	596	18,626	4,967
Total comprehensive income	–	–	–	597,215	–	18,030	7,386	622,631	166,035
Transfer of post-employment benefits remeasurement (Note 18)	–	–	–	19,427	–	(19,427)	–	–	–
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	–	–	–	144	–	(144)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	592	99	–	(137)	–	554	147
Share-based compensation	–	–	–	(3)	–	296	–	293	78
Dividends (Note 36)	–	–	–	(281,318)	–	–	–	(281,318)	(75,018)
Bonus shares issued (Note 36)	15,000	–	–	(15,000)	–	–	–	–	–
Sale of non-controlling equity interest in a subsidiary (Note 34(c))	–	–	–	–	–	–	58,125	58,125	15,500
Acquisition of non-controlling interests in certain subsidiaries	–	–	–	(3)	–	–	(227)	(230)	(62)
Dividends to non-controlling interests and other	–	–	–	888	–	–	(15,464)	(14,576)	(3,886)
Balance at December 31, 2022	75,000	26,981	(2,236)	1,339,892	6,000	3,279	217,231	1,666,147	444,306
Net income (loss)	–	–	–	452,753	–	–	2,011	454,764	121,271
Other comprehensive income (loss)	–	–	–	–	–	(1,642)	(67)	(1,709)	(456)
Total comprehensive income (loss)	–	–	–	452,753	–	(1,642)	1,944	453,055	120,815
Transfer of post-employment benefits remeasurement (Note 18)	–	–	–	66	–	(66)	–	–	–
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	–	–	–	90	–	(90)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	874	232	–	(439)	–	667	178
Share-based compensation	–	–	–	(4)	–	472	–	468	125
Dividends (Note 36)	–	–	–	(366,674)	–	–	–	(366,674)	(97,780)
Bonus shares issued (Note 36)	15,000	–	–	(15,000)	–	–	–	–	–
Dividends to non-controlling interests and other	–	–	–	119	–	–	(16,690)	(16,571)	(4,419)
Balance at December 31, 2023	90,000	26,981	(1,362)	1,411,474	6,000	1,514	202,485	1,737,092	463,225

1. Appropriated retained earnings, originally established under the 1988 Articles of the Saudi Arabian Oil Company, represent a legal reserve which is not available for distribution. This amount is maintained pursuant to the Bylaws adopted on January 1, 2018 (Note 1).

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Chairman of the Board



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President & Chief Executive Officer



Ziad T. Al Murshed
Executive Vice President & Chief Financial Officer

H.E. Yasir O. Al-

Consolidated statement of cash flows

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2023	2022	2023	2022
Income before income taxes and zakat		888,067	1,152,962	236,818	307,456
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities					
Depreciation and amortization	5,6	97,040	91,618	25,877	24,431
Exploration and evaluation costs written off	6	3,018	2,916	804	777
Loss on disposal of property, plant and equipment		1,805	3,861	482	1,029
Loss on fair value measurement of assets classified as held for sale	34(a)	3,219	–	858	–
Inventory movement		832	1,525	222	407
Share of results of joint ventures and associates	7	4,001	(2,873)	1,067	(766)
Finance and other income	27	(31,967)	(14,894)	(8,524)	(3,972)
Finance costs	20	8,186	8,882	2,183	2,369
Change in fair value of investments through profit or loss		(347)	237	(92)	64
Change in joint ventures and associates inventory profit elimination	7	(389)	(373)	(103)	(99)
Other		406	1,205	108	322
Change in working capital					
Inventories		11,285	(26,555)	3,010	(7,082)
Trade receivables		47	(22,906)	12	(6,108)
Due from the Government		5,167	(13,228)	1,377	(3,527)
Other assets and receivables		(3,005)	(462)	(801)	(123)
Trade payables and other liabilities		9,946	13,745	2,653	3,665
Royalties payable		(2,147)	2,190	(572)	584
Other changes					
Other assets and receivables	35(c)	(17,740)	2,973	(4,731)	792
Provisions and other liabilities		476	(411)	126	(109)
Post-employment benefits		1,034	596	276	158
Settlement of income, zakat and other taxes	8	(441,120)	(502,856)	(117,633)	(134,094)
Net cash provided by operating activities		537,814	698,152	143,417	186,174
Capital expenditures	4	(158,308)	(141,161)	(42,215)	(37,643)
Acquisition of affiliates, net of cash acquired	35(a)	(9,878)	(1,708)	(2,634)	(455)
Additional investments in joint ventures and associates	7	(3,607)	(1,489)	(962)	(397)
Proceeds from sale of equity interest in an associate	34(b)	–	1,651	–	440
Distributions from joint ventures and associates	7	3,545	4,535	945	1,210
Dividends from investments in securities	27	411	390	110	104
Interest received		25,628	5,950	6,834	1,587
Investments in securities – net	35(c)	(8,682)	(3,035)	(2,316)	(810)
Net maturities (purchases) of short-term investments		96,872	(254,142)	25,833	(67,772)
Net cash used in investing activities		(54,019)	(389,009)	(14,405)	(103,736)
Dividends paid to shareholders of the Company	36	(366,674)	(281,318)	(97,780)	(75,018)
Dividends paid to non-controlling interests in subsidiaries		(14,428)	(14,417)	(3,848)	(3,845)
Proceeds from sale of non-controlling equity interest in a subsidiary		–	58,125	–	15,500
Acquisition of non-controlling interests in certain subsidiaries		–	(230)	–	(62)
Proceeds from issue of treasury shares	16	662	550	176	146
Proceeds from borrowings		32,057	9,082	8,549	2,422
Repayments of borrowings		(134,495)	(132,514)	(35,865)	(35,337)
Principal portion of lease payments		(13,639)	(12,114)	(3,637)	(3,230)
Interest paid		(14,352)	(9,839)	(3,827)	(2,623)
Net cash used in financing activities		(510,869)	(382,675)	(136,232)	(102,047)
Net decrease in cash and cash equivalents		(27,074)	(73,532)	(7,220)	(19,609)
Cash and cash equivalents at beginning of the year		226,047	299,579	60,279	79,888
Cash and cash equivalents at end of the year		198,973	226,047	53,059	60,279

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Chairman of the Board



Amin H. Nasser
President & Chief Executive Officer



Ziad T. Al Murshed
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Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

1. General information

The Saudi Arabian Oil Company (the "Company"), with headquarters located in Dhahran, Kingdom of Saudi Arabia (the "Kingdom"), is engaged in prospecting, exploring, drilling and extracting hydrocarbon substances ("Upstream") and processing, manufacturing, refining and marketing these hydrocarbon substances ("Downstream"). The Company was formed on November 13, 1988, by Royal Decree No. M/8; however, its history dates back to May 29, 1933, when the Saudi Arabian Government (the "Government") granted a concession to the Company's predecessor for the right to, among other things, explore the Kingdom for hydrocarbons.

On December 20, 2017, Royal Decree No. M/37 dated 2/4/1439H was issued approving the Hydrocarbons Law, which applies to the Kingdom's hydrocarbons and hydrocarbon operations. Under the Hydrocarbons Law, all hydrocarbon deposits, hydrocarbons and hydrocarbon resources are the property of the Kingdom until ownership is transferred at the well head or when extracted. Further, the Hydrocarbons Law codifies the Government's sole authority to set the maximum amount of hydrocarbons production by the Company and the maximum sustainable capacity that the Company must maintain.

All natural resources within the Kingdom, including hydrocarbons, are owned by the Kingdom. Through a concession in 1933, the Government granted the Company the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in certain areas. As of December 24, 2017, the Company's original concession agreement was replaced and superseded by an amended concession agreement (the "Concession Agreement") which provides the Company the exclusive right to explore, drill, prospect, appraise, develop, extract, recover, and produce hydrocarbons in the concession area. The Company is also provided the exclusive right to market and distribute hydrocarbons, petroleum products and liquid petroleum gas ("LPG") in the Kingdom along with the non-exclusive right to manufacture, refine, and treat production and to market, sell, transport and export such production.

The initial term of the Concession Agreement is for 40 years, which shall be extended by the Government for 20 years unless the Company does not satisfy certain conditions commensurate with its then current operating practices. In addition, the Concession Agreement may be amended and extended for an additional 40 years beyond the original 60-year period, subject to the Company and the Government agreeing on the terms of such extension.

Effective January 1, 2018, Council of Ministers Resolution No. 180, dated 1/4/1439H (December 19, 2017) converted the Company to a Saudi Joint Stock Company with new Bylaws. The Company's 1988 Articles were cancelled as of January 1, 2018, pursuant to Royal Decree No. M/36, dated 2/4/1439H (December 20, 2017). The Company's Commercial Registration Number is 2052101150. The Company's share capital was set at Saudi Riyal ("SAR") 60,000, divided into 200 billion fully paid ordinary shares with equal voting rights without par value. On May 12, 2022 and May 8, 2023, after obtaining necessary approvals from the competent authorities in relation to the issuance of bonus shares, the Extraordinary General Assembly ("EGA") approved the increases in the Company's share capital by SAR 15,000 and SAR 15,000, respectively, and the commensurate increase in the number of the Company's issued ordinary shares by 20 billion and 22 billion, respectively. The Company's share capital after these increases is SAR 90,000, divided into 242 billion fully paid ordinary shares with equal voting rights without par value (Note 36).

On December 11, 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold an aggregate of 3.45 billion ordinary shares, or 1.73% of the Company's share capital. In addition, concurrent with the IPO, the Company acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750, and classified them as treasury shares (Note 16). These shares are being used by the Company for its employee share plans (Note 17).

On February 13, 2022, the Government transferred 4% of the Company's issued shares to the Public Investment Fund ("PIF"), the sovereign wealth fund of the Kingdom, followed by another transfer of 4% on April 16, 2023 to Saudi Arabian Investment Company ("Sanabil Investments"), a wholly-owned company of PIF. Further, on March 7, 2024, the Government announced the transfer of an additional 8% of the Company's issued shares to PIF's wholly-owned companies. Following the transfers, the Government remains the Company's largest shareholder, retaining a 82.19% direct shareholding.

The consolidated financial statements of the Company and its subsidiaries (together "Saudi Aramco") were approved by the Board of Directors on March 8, 2024.

2. Material accounting policy information and significant judgments and estimates

The material accounting policies applied in the preparation of these consolidated financial statements are set out below.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The consolidated financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB"). Amounts and balances relating to Shari'a compliant financial instruments are disclosed separately.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(a) Basis of preparation continued

The consolidated financial statements have been prepared under the historical cost convention except for certain items measured at fair value, which are primarily investments in securities, derivatives, certain trade receivables and payables, and post-employment benefit plan assets. Further, assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. The accounting policies that follow have been consistently applied to all years presented, unless otherwise stated.

(b) Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise judgment in applying Saudi Aramco's accounting policies and in the use of certain critical accounting estimates and assumptions concerning the future. Management has made various judgments that may significantly impact the valuation and presentation of assets and liabilities. In addition, management also applies judgment when undertaking the estimation procedures necessary to calculate assets, liabilities, revenue and expenses. Accounting estimates, by definition, may not equal the related actual results and are subject to change based on experience and new information.

The areas requiring the most significant judgments, estimates and assumptions in the preparation of the consolidated financial statements are: accounting for interests in subsidiaries, joint arrangements and associates, fair values of assets acquired and liabilities assumed on acquisition, recoverability of asset carrying amounts, determining the lease term, taxation, provisions, post-retirement obligations and determination of functional currency and are set out in the individual accounting policies below.

Net zero ambition and the energy transition

Saudi Aramco's ambition is to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across its wholly-owned operated assets. Low lifting costs and lower upstream carbon intensity, associated with the production of both oil and gas, compared to its peers, facilitates Saudi Aramco to continuously supply hydrocarbon products through the energy transition for the foreseeable future. Saudi Aramco's greenhouse gas emissions mitigation targets are to be achieved through: further improving energy efficiency and managing flaring and methane emissions; investing in renewable energy projects and certificates; carbon capture and storage; and developing an offsetting program that includes planting mangroves and purchasing carbon offsets through voluntary markets.

Climate change considerations are key elements of Saudi Aramco's strategic planning processes, which include judgments and estimates relating to the pace of the energy transition and associated demand forecasts, and their impact on commodity prices, margins, and growth rates. Such judgments and estimates, used in the preparation of the 2023 consolidated financial statements, are consistent with Saudi Aramco's long-term strategy and the profile of its operations, and are subject to change as market factors, policies and regulations evolve. Saudi Aramco will continue to assess its financial plans, estimates, and assumptions concerning the economic environment and the pace of the energy transition to update any impacts on the financial statements in future periods.

(c) New or amended standards

- (i) Saudi Aramco adopted the following IASB pronouncements, as endorsed in the Kingdom, effective for annual periods beginning on or after January 1, 2023:

Amendment to IAS 1, Presentation of Financial Statements

In February 2021, the IASB amended IAS 1, Presentation of Financial Statements, to require entities to disclose material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendment further clarifies that immaterial accounting policy information does not need to be disclosed, and if it is disclosed, it should not obscure material accounting policy information. This amendment does not have any significant impact on Saudi Aramco's consolidated financial statements.

Amendment to IAS 12, Income Taxes

In May 2023, the IASB issued an amendment to IAS 12, Income Taxes, relating to the International Tax Reform – Pillar Two Model Rules. This amendment applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules. The amendment requires entities to make additional disclosures in their annual financial statements regarding their current tax exposure to Pillar Two income taxes. Further, as required by the amendment, Saudi Aramco has applied the mandatory temporary exception to neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Saudi Aramco has performed a preliminary assessment of its exposure to Pillar Two income taxes for jurisdictions where it operates and where Pillar Two legislation has been enacted or substantively enacted as of the reporting date and will be effective for annual periods beginning on or after January 1, 2024. The legislation mandates a top-up tax liability for any difference between the Pillar Two effective tax rate per jurisdiction and the 15% minimum rate. Based on this preliminary assessment, Saudi Aramco is not expected to have any material exposure to Pillar Two top-up taxes.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(c) New or amended standards continued

IFRS 17, Insurance Contracts

In May 2017, the IASB issued IFRS 17, Insurance Contracts, which introduces a new comprehensive accounting model for insurance contracts, and sets out the principles for the recognition, measurement, presentation and disclosure for the issuers of those contracts. The new standard replaces IFRS 4, Insurance Contracts, which was issued in 2005, and allowed insurers to use a range of different accounting treatments for insurance contracts. There is no material impact on Saudi Aramco's consolidated financial statements from the adoption of IFRS 17.

There are no other standards, amendments or interpretations that are effective for annual periods beginning on or after January 1, 2023, that have a material impact on the current or future reporting periods or on foreseeable future transactions.

- (ii) Saudi Aramco has not early adopted any new accounting standards, interpretations or amendments that are issued but not yet effective.

(d) Principles of consolidation, acquisition and equity accounting

(i) Subsidiaries

The consolidated financial statements reflect the assets, liabilities and operations of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

Intercompany balances and transactions, including unrealized profits and losses arising from intragroup transactions, have been eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies with those used by the Company.

The acquisition method of accounting is used to account for business combinations, including those acquisitions of businesses under common control that have commercial substance. Acquisition related costs are expensed as incurred. The consideration transferred to acquire a subsidiary comprises the fair value of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by Saudi Aramco, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date the assets and liabilities are exchanged, irrespective of the extent of any non-controlling interests. The excess of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the fair value of the acquired identifiable net assets is recorded as goodwill. Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained under comparable terms and conditions. Any goodwill arising on acquisition is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the business combination's synergies.

Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Saudi Aramco. Saudi Aramco recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated balance sheet, respectively.

Saudi Aramco treats transactions with non-controlling interests that do not result in a loss of control as transactions between equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the previously held equity interest is remeasured to fair value at the acquisition date with any gains or losses arising from such remeasurement recognized in net income or other comprehensive income, as appropriate.

(ii) Joint arrangements

Under IFRS 11, Joint Arrangements, an arrangement in which two or more parties have joint control is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Saudi Aramco has interests in both joint operations and joint ventures.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(d) Principles of consolidation, acquisition and equity accounting continued

1) Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. Saudi Aramco recognizes its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses.

2) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost.

Saudi Aramco's share of results of its joint ventures is recognized within net income, while its share of post-acquisition movements in other comprehensive income is recognized within other comprehensive income. The cumulative effect of these changes is adjusted against the carrying amount of Saudi Aramco's investments in joint ventures, which is presented separately in the consolidated balance sheet. When Saudi Aramco's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, Saudi Aramco does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, the difference between the carrying amount derecognized and the proceeds received is recognized in the consolidated statement of income.

Gains and losses on transactions between Saudi Aramco and joint ventures not realized through a sale to a third party are eliminated to the extent of Saudi Aramco's interest in the joint ventures. Where necessary, adjustments are made to the financial statements of joint ventures to align their accounting policies with those used by Saudi Aramco.

Saudi Aramco's investments in joint ventures includes, when applicable, goodwill identified on acquisition, net of any accumulated impairment loss. Goodwill represents the excess of the cost of an acquisition over the fair value of Saudi Aramco's share of the net identifiable assets of the acquired joint venture at the date of acquisition.

Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

(iii) Associates

Associates are entities over which Saudi Aramco has significant influence. Significant influence is the power to participate in financial and operating policy decisions but without control or joint control over those policies and is generally reflected by a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The accounting policies for joint ventures detailed in Note 2(d)(ii)(2) above are also applied by Saudi Aramco to its associates.

Significant accounting judgments and estimates

The acquisition of subsidiaries, joint arrangements and associates require management to estimate the fair values of the assets acquired and liabilities assumed. In addition, judgments are applied in the determination of whether control, joint control or significant influence is present with respect to investments in subsidiaries, joint arrangements or associates. Judgment is applied when determining if an entity is controlled by voting rights, potential voting rights or other rights granted through contractual arrangements and includes consideration of an entity's purpose and design, among other factors. Judgment is applied when assessing whether an arrangement is jointly controlled by all of its parties or by a group of the parties by taking decisions about relevant activities through unanimous consent of the parties sharing control. Judgment is also applied as to whether a joint arrangement is classified as a joint venture or joint operation taking into account specific facts and circumstances, such as the purpose and design of the arrangement, including with respect to its output, its relationship to the parties and its source of cash flows. Judgment is applied in determining whether significant influence is held by assessing factors such as representation on the board of directors, participation in policy-making processes, material transactions with the entity, interchange of managerial personnel, and provision of essential technical information. Refer to Notes 7, 34, 35, 38, 39 and 40.

(e) Intangible assets

Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(e) Intangible assets continued

Intangible assets other than exploration and evaluation costs (Note 2(f)) and those with indefinite useful lives such as goodwill and brands acquired on acquisition of certain subsidiaries, consist primarily of brands and trademarks, franchise/customer relationships and computer software. If acquired in a business combination, these intangible assets are recognized at their fair value at the date of acquisition and, if acquired separately, these intangible assets are recognized at cost. All these intangible assets are subsequently amortized on a straight-line basis over their estimated useful lives.

The following table sets forth estimated useful lives, in years, of the principal groups of these intangible assets:

Brands and trademarks	10 to 22
Franchise/customer relationships	5 to 25
Computer software	3 to 15

Amortization is recorded in depreciation and amortization in the consolidated statement of income.

(f) Exploration and evaluation

Exploration and evaluation costs are recorded under the successful efforts method. Under the successful efforts method, geological and geophysical costs are recognized as an expense when incurred and exploration costs associated with exploratory wells are initially capitalized on the consolidated balance sheet as an intangible asset until the drilling of the well is complete and the results have been evaluated. If potential commercial quantities of hydrocarbons are found, these costs continue to be capitalized subject to further appraisal activities that would determine the commercial viability and technical feasibility of the reserves. If potentially commercial quantities of hydrocarbons have not been found, and no alternative use of the well is determined, the previously capitalized costs are written off to exploration in the consolidated statement of income.

Exploratory wells remain capitalized while additional appraisal drilling on the potential oil and/or gas field is performed or while optimum development plans are established. All such capitalized costs are not subject to amortization, but at each reporting date are subject to regular technical and management review to confirm the continued intent to develop, or otherwise extract value from the well. Where such intent no longer exists, the costs are written off to exploration in the consolidated statement of income. Capitalized exploratory expenditures are, at each reporting date, subject to review for impairment indicators.

When proved reserves of hydrocarbons are determined and there is a firm plan for development approved by management, the relevant capitalized costs are transferred to property, plant and equipment.

(g) Property, plant and equipment

Property, plant and equipment is stated on the consolidated balance sheet at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the construction and/or acquisition of the asset (Note 2(s)). Land and construction-in-progress are not depreciated. When a construction-in-progress asset is deemed available for use as intended by management, depreciation commences.

Subsequent expenditures including major renovations are included in an asset's carrying amount, or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to Saudi Aramco and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognized. All other repair and maintenance expenditures are expensed as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met (Note 2(v)).

Where the life of expected hydrocarbon reserves substantially exceeds the economic or technical lives of the underlying assets, the straight-line method of depreciation is used. The unit of production method is used for fields where the expected reserve life is approximately equal to or less than the estimated useful lives of the underlying assets. Depletion rates are calculated on the basis of a group of wells or fields with similar characteristics based on proved developed reserves. The estimation of expected reserve lives reflects management's assessment of proved developed reserves and the related depletion strategy on a field-by-field basis. Depreciation expense on all other assets is calculated using the straight-line method to allocate the cost less residual values over the estimated useful lives. Depreciation expense is recorded in the consolidated statement of income.

Depreciation expense is calculated after determining an estimate of an asset's expected useful life and the expected residual value at the end of its useful life. The useful lives and residual values are determined by management at the time the asset is initially recognized and are reviewed annually for appropriateness or when events or conditions occur that impact capitalized costs, hydrocarbon reserves, residual values or estimated useful lives.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(g) Property, plant and equipment continued

The estimated useful lives or, for right-of-use assets the lease term, if shorter (Note 2(i)), in years, of principal groups of depreciable assets is as follows:

Land and land improvements	3 to 54
Buildings	5 to 50
Oil and gas properties	15 to 30
Plant, machinery and equipment	2 to 52
Depots, storage tanks and pipelines	4 to 30
Fixtures, IT and office equipment	2 to 20

Gains and losses on disposals of depreciable assets are recognized in net income.

(h) Impairment of non-financial assets

At each reporting date, Saudi Aramco assesses, whether there are any indications that a non-financial asset with a definite life might be impaired. Assets with indefinite useful lives, such as goodwill and brands acquired on acquisition of certain subsidiaries, are reviewed for impairment on an annual basis. If an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use ("VIU"). The fair value less costs of disposal calculation is based on either, post-tax discounted cash flow models or available data from binding arm's length sales transactions for similar assets, or observable market prices less incremental costs of disposing of the asset. The VIU calculation is based on a post-tax risk adjusted discounted cash flow model. The use of post-tax discount rates in determining VIU does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Impairment losses are recognized as a component of net income. If, in a subsequent period, the amount of a non-goodwill impairment loss decreases, a reversal of the previously recognized impairment loss is recognized in net income.

Significant accounting judgments and estimates

Impairment tests are undertaken on the basis of the smallest identifiable group of assets (cash-generating unit), or individual assets, for which there are largely independent cash inflows. The key assumptions used to determine the different cash-generating units involves significant judgment by management.

For the purposes of determining whether impairment of items of property, plant and equipment has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating future cash flows for its VIU calculations are forecasted future oil, gas, refined product and chemical prices, expected production volumes, future operating and development costs, refining and petrochemical margins and changes to the discount rate used for the discounted cash flow model. There is an inherent uncertainty over forecasted information and assumptions. Changes in these assumptions and forecasts could impact the recoverable amounts of assets and any calculated impairment and reversals thereof.

(i) Leases

Saudi Aramco's portfolio of leased assets mainly comprises land and buildings, drilling rigs, marine vessels, industrial facilities, equipment, storage and tanks, aircraft and vehicles. The determination of whether the contract is, or contains, a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Saudi Aramco recognizes right-of-use assets and lease liabilities at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises lease liabilities at initial measurement, any initial direct costs incurred, any lease payments made at or before the commencement date, and restoration costs less any lease incentives received. Subsequent to initial recognition the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis unless the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the asset reflects the exercise of the purchase option, in which case right-of-use assets are depreciated over the useful life of the underlying asset. Depreciation expense is recorded in the consolidated statement of income. Right-of-use assets are included under property, plant and equipment (Note 5).

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(i) Leases continued

Lease liabilities are initially measured at the present value of lease payments. Lease payments include fixed lease payments, variable lease payments that depend on an index or rate, amounts payable for guaranteed residual values and payments to be made under extension or purchase or termination options, where applicable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Subsequent to initial recognition, the lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and adjusted for remeasurement to reflect any reassessments or lease modifications. Lease liabilities are included under borrowings (Note 20). Lease payments are allocated between the principal and finance costs. Finance costs are recorded as an expense in the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Saudi Aramco has elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases. Lease payments under short-term and low-value leases are recorded as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Significant accounting judgments and estimates

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to not be terminated or to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee.

(j) Investments and other financial assets

(i) Classification

Management determines the classification of its financial assets based on its business model for managing the financial assets and the contractual terms of the cash flows. Saudi Aramco's financial assets are classified into the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss). These include equity securities at fair value through profit or loss ("FVPL"), equity securities at fair value through other comprehensive income ("FVOCI"), debt securities at FVPL, and debt securities at FVOCI. In addition, certain revenue contracts provide for provisional pricing at the time of shipment with the final pricing based on an average market price for a particular future period. Such trade receivables are measured at fair value because the contractual cash flows are not solely payments of principal and interest; and
- those to be measured subsequently at amortized cost. These comprise debt securities at amortized cost, cash and cash equivalents, short-term investments, other assets and receivables, due from the Government, and trade receivables other than those subsequently measured at FVPL, as described above.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date, which is the date on which Saudi Aramco commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Saudi Aramco has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, Saudi Aramco measures a financial asset at its fair value plus, in the case of a financial asset not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed as a component of net income.

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are subsequently measured at amortized cost using the effective interest method. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized as a component of net income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

All equity investments and certain debt instruments are subsequently measured at fair value. Gains and losses on financial assets measured at fair value are recorded either through profit or loss, or other comprehensive income. For investments in debt securities, this depends on the business model within which the investment is held. Saudi Aramco reclassifies debt securities, when and only when, its business model for managing those assets changes. For investments in equity securities that are not held for trading whose gains and losses are recorded in profit or loss, this depends on whether Saudi Aramco has made an irrevocable election at the time of initial recognition, due to the strategic nature of these investments, to account for such equity securities at fair value through other comprehensive income.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(j) Investments and other financial assets continued

(iv) Impairment

Saudi Aramco assesses, on a forward-looking basis, the expected credit losses associated with debt securities carried at either amortized cost or FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, Saudi Aramco applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(k) Derivative instruments and hedging activities

(i) Derivative instruments classified as held for trading

Saudi Aramco uses commodity derivative financial instruments to manage exposure to price fluctuations, which arise on purchase and sale transactions for physical deliveries of crude, natural gas liquids and various refined and bulk petrochemical products. The derivatives are initially recognized, and subsequently remeasured at fair value and recorded as an asset, when the fair value is positive, or as a liability, when the fair value is negative, under trade receivables or trade payables and other liabilities in the consolidated balance sheet, respectively.

The fair value of the derivatives is determined in accordance with Saudi Aramco's derivative valuation policy by reference to the traded price of that instrument on the relevant exchange or over-the-counter markets at the consolidated balance sheet date. The gain or loss from the changes in the fair value of the swap from its value at inception is recognized in net income.

(ii) Derivative instruments designated as hedges

Saudi Aramco uses interest rate swaps and currency forward contracts as derivative financial instruments to manage its exposure to fluctuations in interest rates and foreign exchange rates. These derivative financial instruments, designated as either fair value or cash flow hedges, are purchased from counterparties of high credit standing and are initially recognized, and subsequently remeasured, at fair value.

At the inception of the hedging transaction, Saudi Aramco documents the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedge transaction.

The fair value of a derivative financial instrument used for hedging purposes is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months; otherwise, it is classified as a non-current asset or liability.

(l) Income tax and zakat

Income tax expense for the period comprises current and deferred income tax expense. Income tax expense is recognized in net income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the related income tax is also recognized in other comprehensive income.

Current income tax expense is calculated primarily on the basis of the Saudi Arabian Income Tax Law of 2004 and its amendments (the "Tax Law"). In addition, income tax expense results from taxable income generated by foreign affiliates.

Deferred income tax is provided in full, using the liability method at tax rates enacted or substantively enacted at the end of the reporting period and expected to apply when the related deferred income tax is realized or settled on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In estimating such tax consequences, consideration is given to expected future events. Deferred income tax is not provided on initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction, does not affect either the accounting profit or the taxable profit. As required by the amendment to IAS 12 (Note 2(c)(i)), Saudi Aramco has applied the mandatory temporary exception to neither recognize nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Deferred income tax assets are recognized where future recovery is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax is not provided for taxes on possible future distributions of retained earnings of subsidiaries where the timing of the distribution can be controlled and it is probable that the retained earnings will be substantially reinvested by the entities.

Zakat is levied at the higher of adjusted income subject to zakat or the zakat base in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom. Zakat is computed using the zakat base. The zakat provision is charged to the consolidated statement of income.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(l) Income tax and zakat continued

Significant accounting judgments and estimates

Saudi Aramco establishes provisions, based on reasonable estimates, for potential claims by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as different interpretations of tax regulations by the taxable entity and the responsible tax authority and the outcome of previous negotiations. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in net income in the period in which the change occurs. Deferred income tax assets are recognized only to the extent it is considered probable that those assets are recoverable. This includes an assessment of when those assets are likely to reverse, and a judgment as to whether or not there will be sufficient taxable income available to offset the assets when they do reverse. This requires assumptions regarding future profitability. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred income tax assets as well as in the amounts recognized in net income in the period in which the change occurs.

Detailed taxation information, including current expense and deferred income tax assets and liabilities, is presented in Note 8.

(m) Inventories

Inventories are stated at the lower of cost or estimated net realizable value. Cost comprises all expenses to bring inventories to their present location and condition and, for hydrocarbon and chemical inventories, is determined using the first-in, first-out ("FIFO") method. For materials and supplies inventories, cost is determined using the weighted average method, less an allowance for disposal of obsolete and/or surplus materials and supplies. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(n) Due from the Government

The Government compensates the Company through price equalization (Note 2(y)) and for past due trade receivables of specified Government, semi-Government and other entities with Government ownership or control to whom the Company supplies specified products and services.

Revenue on sales to these specified Government, semi-Government and other entities with Government ownership or control is recognized upon the satisfaction of performance obligations, which occurs when control transfers to these customers. Control of the products is determined to be transferred when the title of products passes, which typically takes place when product is physically transferred to these customers. Once receivables from these customers are past due, these trade receivables are reclassified as a due from the Government current receivable. In cases where any of these customers settle past due amounts, the Government guarantee receivable is credited with the amounts received. The balance is presented within due from the Government even if it is payable to the Government based on the Company's expectation to settle the balance on a net basis with other amounts due from the Government.

Implementing regulations issued by the Government allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offset against any other amounts due and payable by the Company to the Government. Balances due from the Government at December 31 represent amounts to be settled through offset against tax payments.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks together with all highly liquid investments purchased with original maturities of three months or less.

(p) Assets classified as held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable.

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell, and are not depreciated, or amortized. An impairment loss is recognized for any initial or subsequent write-down of the asset to fair value less costs to sell. Non-current assets and disposal groups classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(q) Treasury shares

Treasury shares are recognized as a deduction from equity at the amount of consideration paid by the Company for their acquisition, including any directly attributable transaction costs incurred.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(r) Financial liabilities

Saudi Aramco initially recognizes a financial liability at fair value when it becomes party to the contractual provisions of an instrument. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Saudi Aramco's financial liabilities are classified into the following categories:

- those to be measured subsequently at FVPL, which mainly include derivative financial liabilities categorized as held for trading unless they are designated as hedges (Note 2(k)). Derivative financial liabilities held for trading are included in current liabilities under trade payables and other liabilities with gains or losses recognized in net income. In addition, trade payables related to contracts with provisional pricing arrangements are subsequently measured at fair value through profit or loss; and
- those to be measured subsequently at amortized cost using the effective interest method, which mainly include borrowings, trade payables, excluding those with provisional pricing arrangements, and other liabilities.

(s) Borrowing costs

Any difference between borrowing proceeds and the redemption value is recognized as finance costs in the consolidated statement of income over the term of the borrowing using the effective interest method.

Borrowing costs are expensed as incurred except for those costs directly attributable to the acquisition, construction or production of a qualifying asset which are capitalized as part of the cost of that asset until the asset is complete for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for intended use or sale.

(t) Post-employment benefit plans

(i) Pension plans

Funded pension plans are non-contributory plans for the majority of employees and are generally funded by payments by Saudi Aramco and where applicable by group companies to independent trusts or other separate entities. Assets held by the independent trusts and other separate entities are held at their fair value. Valuations of both funded and unfunded plans are performed annually by independent actuaries using the projected unit credit method. The valuations take into account employees' years of service, average or final pensionable remuneration, and are discounted to their present value using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

The amount recognized in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The periodic pension cost included in operating costs in the consolidated statement of income in respect of defined benefit pension plans primarily represents the increase in the actuarially assessed present value of the obligation for pension benefits based on employee service during the year and the net interest on the net defined benefit liability or asset. Net interest is calculated by multiplying the defined benefit liability and plan assets by the discount rate applied to each plan at the beginning of each year, amended for changes to the defined benefit liability and plan assets as a result of benefit payments or contributions.

Past service costs, representing plan amendments, are recognized immediately as pension costs in the consolidated statement of income, regardless of the remaining vesting period.

Remeasurements representing actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, and the actual returns on plan assets excluding interest on plan assets, are credited or charged to equity, net of tax, through other comprehensive income.

For defined contribution plans where benefits depend solely on the amount contributed to or due to the employee's account and the returns earned from the investment of those contributions, plan cost is the amount contributed by or due from Saudi Aramco and is recognized as an expense in the consolidated statement of income.

(ii) Other post-employment benefits

Saudi Aramco provides certain post-employment healthcare, life insurance and other benefits to retirees and certain former employees. The entitlement is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. To the extent these plans are not fully funded, a liability is recognized in the consolidated balance sheet. Valuations of benefits are performed by independent actuaries.

Such plans follow the same accounting methodology as used for defined benefit pension plans.

Significant accounting judgments and estimates

The costs of defined benefit pension plans and post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, future healthcare costs, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in Note 21.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(u) Share-based compensation

The cost of an equity-settled award granted to employees is measured by reference to the fair value of the equity instrument on the date the award is granted. This cost is recognized as an employee benefit expense in the consolidated statement of income with a corresponding increase in equity.

The cost of a cash-settled award granted to employees is measured by reference to the fair value of the liability at each consolidated balance sheet date until settlement. This cost is recognized as an employee benefit expense in the consolidated statement of income with the corresponding recognition of a liability on the consolidated balance sheet.

The cost of both the equity-settled and cash-settled awards is recognized over the vesting period, which is the period over which the employees render the required service for the award and any non-market performance condition attached to the award is required to be met. Additionally, for a cash-settled award, any changes in the fair value of the liability between the vesting date and the date of its settlement are also recognized in the consolidated statement of income within employee benefit expense.

In determining the fair value of an equity-settled or cash-settled award, an appropriate valuation method is applied. Service and non-market performance conditions are not taken into account in determining the fair value of the award, but during the vesting period the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of awards that are expected to vest. Any market performance conditions and non-vesting conditions are taken into account in determining the award's fair value.

(v) Provisions and contingencies

Saudi Aramco records a provision, and a corresponding asset, for decommissioning activities in Upstream operations for well plugging and abandonment. The decommissioning obligation for a well is recognized when it is drilled. Decommissioning provisions associated with Downstream facilities are generally not recognized, as the potential obligations cannot be measured, given their indeterminate settlement dates. The decommissioning obligations will be recognized in the period when sufficient information becomes available to estimate a range of potential settlement dates. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The value of the obligation is added to the carrying amount of the related asset and amortized over the useful life of the asset. The increase in the provision due to the passage of time is recognized as finance costs in the consolidated statement of income. Changes in future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows are recognized as a change in provision and related asset.

A contingent liability is disclosed where the existence of a possible obligation will only be confirmed by future events or where the amount of a present obligation cannot be measured with reasonable reliability or it is not probable that there will be an outflow of resources to settle that obligation. Contingent assets are not recognized, but are disclosed where the inflow of economic benefits is probable.

Significant accounting judgments and estimates

Most of Saudi Aramco's well plugging and abandonment activities are many years into the future with technology and costs constantly changing. Estimates of the amounts of a provision are recognized based on current legal and constructive requirements and costs associated to abandon using existing technologies. Actual costs are uncertain and estimates can vary as a result of changes in the scope of the project and/or relevant laws and regulation. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations, or changes in legislation. Changes to estimates related to future expected costs, discount rates and timing may have a material impact on the amounts presented. As a result, significant judgment is applied in the initial recognition and subsequent adjustment of the provision and the capitalized cost associated with decommissioning, plugging and abandonment obligations. Any subsequent adjustments to the provision are made prospectively. Detail on the particular assumptions applied when making certain non-current provisions is included in Note 22.

(w) Functional and presentation currency

The U.S. dollar ("USD") is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets or liabilities are translated at each reporting date using the prevailing reporting date exchange rate. Non-monetary assets or liabilities measured at fair value are translated at the exchange rate on the date when fair value was last measured. Non-monetary assets or liabilities, other than those measured at fair value, are translated into the functional currency using the exchange relevant spot rates at the dates of the transactions. Foreign exchange gains and losses from these translations are recognized as a component of net income.

The consolidated financial statements are presented in SAR. The financial position and results of the operations of the Company, subsidiaries, joint arrangements and associates that have a functional currency which is different from the presentation currency are translated to the presentation currency at reporting date exchange rates and the average exchange rates that approximate the cumulative effect of rates prevailing at the transaction dates, respectively. All resulting exchange differences are recognized through other comprehensive income.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(w) Functional and presentation currency continued

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the reporting date exchange rate.

Translations from SAR to USD presented as supplementary information in the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, and consolidated statement of cash flows at December 31, 2023 and 2022, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the consolidated balance sheet dates.

Significant accounting judgments and estimates

The Company has determined that USD is the functional currency as a substantial amount of its products are traded in USD in international markets. However, a substantial amount of costs of the Company are denominated in SAR, which has been exchanged at a fixed rate to USD since 1986. A change in the fixed exchange rate could impact the recorded revenue, expenses, assets and liabilities of the Company.

(x) Revenue recognition and sales prices

Revenue from sales of crude oil and related products is recognized upon the satisfaction of performance obligations, which occurs when control transfers to the customer. Control of the products is determined to be transferred to the customer when the title of crude oil and related products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue contracts for crude oil and certain related products provide for provisional pricing at the time of shipment, with final pricing based on the average market price for a particular future period. Revenue on these contracts is recorded based on the estimate of the final price at the time control is transferred to the customer. Any difference between the estimate and the final price is recorded as a change in fair value of the related receivable, as part of revenue, in the consolidated statement of income. Where applicable the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

(y) Other income related to sales

The Government compensates the Company through price equalization for revenue directly forgone as a result of the Company's compliance with local regulations governing domestic sales and distribution of certain liquid products, LPGs and certain other products. This compensation reflected in these consolidated financial statements, is calculated by the Company as the difference between the product's equalization price and the corresponding domestic regulated price, net of Government fees, in accordance with the implementing regulations issued by the Government in 2017 and 2019.

This compensation is recorded as other income related to sales, that is taxable, when the Company has satisfied its performance obligations through transfer of the title to the buyer, which occurs when product is physically transferred. The compensation due from the Government is characterized as a due from the Government (Note 2(n)) current receivable and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment losses, if any.

The implementing regulations allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offsetting may extend against any other amounts due and payable by the Company to the Government.

(z) Production royalties

Royalties to the Government are calculated based on a progressive scheme applied to crude oil production. An effective royalty rate is applied to production based on the Company's official selling prices. The effective royalty rate is determined based on a baseline marginal rate of 15% applied to prices up to \$70 per barrel, increasing to 45% applied to prices above \$70 per barrel and 80% applied to prices above \$100 per barrel. All such royalties are accounted for as an expense in the consolidated statement of income based on volumes sold during the year and are deductible costs for the Government income tax calculations.

(aa) Research and development

Development costs that are expected to generate probable future economic benefits are capitalized as intangible assets and amortized over their estimated useful life. During the period of development, the asset is tested for impairment annually. All other research and development costs are recognized in net income as incurred.

(bb) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Material accounting policy information and significant judgments and estimates continued

(cc) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the net income attributable to the ordinary shareholders of the Company
- by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(dd) Reclassifications

Certain comparative amounts for 2022 in the notes to the consolidated financial statements have been reclassified to conform to the current year presentation.

3. Financial risk management

Financial risks include market risk (including foreign currency exchange risk, price risk, and interest rate risk), credit risk, and liquidity risk. Financial risk management is carried out primarily by a central treasury department. The adequacy of financial risk management policies is regularly reviewed with consideration of current activities and market conditions on a consolidated basis. Saudi Aramco uses derivative financial instruments with limited complexity to manage certain risk exposures and does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Financial risk factors

(i) Market risk

1) Foreign currency exchange risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

Saudi Aramco operates internationally but has limited exposure to financial risk due to changes in foreign currency exchange rates as most significant transactions are denominated in its functional currency (Note 2(w)), are linked to its functional currency or are hedged. Saudi Aramco's limited foreign currency exchange risk arises from future commercial transactions or recognized assets or liabilities denominated in a currency that is not Saudi Aramco's functional currency. In addition, a substantial amount of costs of Saudi Aramco are denominated in SAR which has been at a fixed rate to USD since 1986. A change in the fixed exchange rate would result in foreign exchange differences being recognized in the consolidated financial statements.

Saudi Aramco engages in foreign currency hedging activities through the use of currency forward contracts to manage its exposure from significant transactions denominated in a foreign currency. The hedge ratio considers variability in potential outcomes, spot rates, as well as interest rates on a transaction by transaction basis.

The notional amounts of outstanding currency forward contracts designated as hedging instruments are included in Note 30.

2) Price risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Price risk primarily stems from investments in securities and commodity trading.

a) Investments in securities

Saudi Aramco has limited exposure to price risk with such risk arising from investments in securities carried at fair value.

Saudi Aramco regularly reviews its positions in investments in securities considering current and expected future economic trends.

At December 31, 2023 and 2022, a change in fair value due to a movement of 5% in the price of listed equity securities would result in a change in other comprehensive income before income taxes and zakat of SAR 669 and SAR 435, respectively.

At December 31, 2023 and 2022, a change in fair value due to a movement of 5% in the unit price of equities and mutual and hedge funds would result in a change in income before income taxes and zakat of SAR 26 and SAR 15, respectively.

b) Commodity derivative contracts

Saudi Aramco trades crude, natural gas liquids and various refined and bulk petrochemical products and uses commodity derivatives as a means of managing price and timing of risks arising from this trading. In effecting these transactions, Saudi Aramco operates within policies and procedures designed to ensure that risks, including those related to the default of counterparties, are managed within authorized limits. The notional amounts of outstanding commodity derivative contracts are included in Note 30.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(a) Financial risk factors continued

3) Interest rate risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Saudi Aramco is exposed to interest rate risk from changes in interest rates that affect the fair value or future cash flows of financial instruments, principally borrowings, issued at variable and fixed rates. Borrowings issued at variable rates expose Saudi Aramco to cash flow interest rate risk, which is partially offset by short-term time deposits and debt securities held at variable rates. Borrowings issued at fixed rates expose Saudi Aramco to fair value interest rate risk. Saudi Aramco may enter into interest rate swap agreements as part of its overall strategy to manage the interest rate risk on its debt.

At December 31, 2023 and 2022, a change of 1% in market interest rates, with all other variables held constant, would result in a net change of SAR 1,281 and SAR 2,161, respectively, in Saudi Aramco's income before income taxes and zakat as a result of the effect of higher or lower market interest rates.

The notional amounts of interest rate swap contracts are included in Note 30.

(ii) Credit risk

Credit risk is the risk that counterparties might not fulfill their contractual payment obligations towards an entity.

Saudi Aramco is exposed to credit risk related to its counterparties not performing or honoring their obligations, which could result in financial loss. Credit risk arises from credit exposures on trade and other receivables as well as from cash and cash equivalents, short-term investments, debt securities, and derivatives with financial institutions. The maximum exposure to credit risk is the carrying value of these assets.

Saudi Aramco's trade receivables arise from a global customer base, which limits geographic concentrations of credit risk. Moreover, a credit risk policy is in place to ensure credit limits are extended to creditworthy counterparties and risk mitigation measures are defined and implemented accordingly. Saudi Aramco performs ongoing evaluations of its counterparties' financial standing and takes additional measures to mitigate credit risk when considered appropriate, including but not limited to letters of credits, bank guarantees or parent company guarantees.

In addition, the credit risk policy limits the amount of credit exposure to any individual counterparty based on their credit rating as well as other factors. Moreover, Saudi Aramco's investment policy limits exposure to credit risk arising from investment activities. The policy requires that cash and cash equivalents and short-term investments be invested with a diversified group of financial institutions with acceptable credit ratings. Saudi Aramco ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third-party rating models. At December 31, 2023, all short-term investments were with financial institutions assigned a long-term credit rating of "BBB" (2022: "BBB") or above.

Employee home loans (Note 9) and debt securities are generally considered to have low credit risk based on history of default and thus the impairment provision recognized during the year based on the general approach allowed by IFRS 9, where applicable, was substantially limited to 12-month expected losses.

Saudi Aramco applies the simplified approach allowed by IFRS 9 in providing for expected credit losses for trade receivables, which uses the lifetime expected credit loss provision for all trade receivables. Such credit losses have historically been nominal and the loss allowance for trade receivables (Note 12) is not material.

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Saudi Aramco's liquidity risk management includes maintaining sufficient cash and cash equivalents and ensuring the availability of incremental funding through credit facilities (Note 20). Management also monitors and forecasts Saudi Aramco's liquidity requirements based on current and non-current expected cash flows.

Saudi Aramco invests surplus cash in current accounts, time deposits, money market instruments, government repurchase agreements, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to meet forecasted cash flow requirements. Saudi Aramco prioritizes security and liquidity over yield.

Note 20 analyzes Saudi Aramco's borrowings into relevant maturity groupings based on the balances associated with each contractual maturity date at the end of the reporting period.

Saudi Aramco's derivative liabilities relate to contracts that mature within 12 months from the balance sheet date, except for certain interest rate swaps and financial liabilities – options and forward contracts that have maturity dates of more than five years.

Saudi Aramco has financial guarantees arising in the ordinary course of business. The earliest period in which such guarantees can be called is the effective date as defined in the related agreements. The maximum exposure is limited to the gross value of such guarantees.

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(b) Capital structure management

Saudi Aramco seeks to maintain a prudent capital structure, comprised of borrowings and shareholders' equity, to support its capital investment plans and maintain a sustainable dividend profile. Maintaining sufficient financial flexibility is considered strategically important to mitigate industry cyclicality, while also enabling the pursuit of organic and inorganic investment opportunities. Borrowings or dividends will result in an adjustment to Saudi Aramco's capital structure.

Gearing is a measure of the degree to which Saudi Aramco's operations are financed by debt. Saudi Aramco defines gearing as the ratio of net debt / (cash) (total borrowings less cash and cash equivalents, short-term investments, investments in debt securities (current and non-current), and non-current cash investments) to total equity and net debt / (cash). Saudi Aramco's gearing ratios at December 31, 2023 and 2022, were as follows:

	2023	2022
Total borrowings (current and non-current)	290,147	393,144
Cash and cash equivalents	(198,973)	(226,047)
Short-term investments	(184,343)	(281,215)
Investments in debt securities (current and non-current)	(9,584)	(8,565)
Non-current cash investments	–	–
Net cash	(102,753)	(122,683)
Total equity	1,737,092	1,666,147
Total equity and net cash	1,634,339	1,543,464
Gearing	(6.3)%	(7.9)%

(c) Casualty loss risk retention

Saudi Aramco's casualty loss risk strategy includes a risk retention and insurance program, including providing coverage to certain joint arrangements and associates limited to Saudi Aramco's percentage interest in the relevant entity. Current maximum risk retention is SAR 3,301 per loss event (2022: SAR 3,190) and various insurance limits apply, of which the risk retention forms a part. Should a credible loss event occur, the maximum insurance limit above retention is SAR 4,388 (2022: SAR 4,498) per event dependent on the circumstances.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. Management believes that the fair values of Saudi Aramco's financial assets and liabilities that are measured and recognized at amortized cost are not materially different from their carrying amounts at the end of the reporting period.

Saudi Aramco measures financial instruments such as derivatives, equity investments and debt securities classified as FVPL, and equity investments and debt securities classified as FVOCI, at fair value at each consolidated balance sheet date. Saudi Aramco uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(d) Fair value estimation continued

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at December 31, 2023 and 2022, based on the prescribed fair value measurement hierarchy on a recurring basis. Saudi Aramco did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at December 31, 2023 and 2022.

Assets	Level 1	Level 2	Level 3	Total
2023				
Investments in securities:				
Equity securities at FVOCI	13,376	36	2,143	15,555
Debt securities at FVOCI	75	8,884	–	8,959
Equity securities at FVPL	548	1,628	7,908	10,084
Debt securities at FVPL	–	176	–	176
Trade receivables related to contracts with provisional pricing arrangements	–	–	98,978	98,978
	13,999	10,724	109,029	133,752
Other assets and receivables:				
Interest rate swaps	–	556	–	556
Commodity derivative contracts	–	3,651	486	4,137
Currency forward contracts	–	80	–	80
Financial assets – option rights	–	–	3,745	3,745
	–	4,287	4,231	8,518
Total assets	13,999	15,011	113,260	142,270
2022				
Investments in securities:				
Equity securities at FVOCI	8,699	33	2,285	11,017
Debt securities at FVOCI	47	7,463	–	7,510
Equity securities at FVPL	318	1,562	6,201	8,081
Debt securities at FVPL	53	82	4	139
Trade receivables related to contracts with provisional pricing arrangements	–	–	113,542	113,542
	9,117	9,140	122,032	140,289
Other assets and receivables:				
Interest rate swaps	–	734	–	734
Commodity derivative contracts	–	2,987	47	3,034
Currency forward contracts	–	130	–	130
Financial assets – option rights	–	–	2,687	2,687
	–	3,851	2,734	6,585
Total assets	9,117	12,991	124,766	146,874

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(d) Fair value estimation continued

Liabilities	Level 1	Level 2	Level 3	Total
2023				
Trade payables and other liabilities:				
Interest rate swaps	–	21	–	21
Commodity derivative contracts	225	2,776	126	3,127
Currency forward contracts	–	49	–	49
Trade payables related to contracts with provisional pricing arrangements	–	–	35,598	35,598
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	2,011	2,011
Total liabilities	225	2,846	37,735	40,806
2022				
Trade payables and other liabilities:				
Interest rate swaps	–	16	–	16
Commodity derivative contracts	228	2,358	81	2,667
Currency forward contracts	–	134	–	134
Trade payables related to contracts with provisional pricing arrangements	–	–	17,060	17,060
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	2,929	2,929
Total liabilities	228	2,508	20,070	22,806

The valuation techniques for Saudi Aramco's investments in securities are described in Note 10. The changes in Level 3 investments in securities for the years ended December 31, 2023 and 2022, are as follows:

	2023	2022
January 1	8,490	5,268
Net additions	1,633	2,790
Net unrealized fair value (loss) gain	(64)	391
Realized (loss) gain	(8)	41
December 31	10,051	8,490

The movement in trade receivables and trade payables related to contracts with provisional pricing arrangements is mainly arising from sales and purchase transactions made during the year, net of settlements (Notes 12 and 23). Unrealized fair value movements on these trade receivables and trade payables are not significant.

The change in the carrying amount of commodity derivative contracts primarily relates to purchase and sales of derivative contracts, including recognition of a gain or loss that results from adjusting a derivative to fair value. Fair value movements on commodity derivative contracts are not significant.

The movements in financial assets – option rights and financial liabilities – options and forward contracts, being put, call and forward contracts on equity instruments of certain non-wholly-owned subsidiaries, are mainly due to changes in the unrealized fair values of those contracts during the period.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments

Saudi Aramco is engaged in prospecting, exploring, drilling, extracting, processing, manufacturing, refining and marketing hydrocarbon substances within the Kingdom and has interests in refining, petrochemical, distribution, marketing and storage facilities outside the Kingdom.

Saudi Aramco's operating segments are established on the basis of those components that are evaluated regularly by the President & CEO, considered to be the Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of Saudi Aramco's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, costs and a broad range of key performance indicators in addition to segment profitability.

For management purposes, Saudi Aramco is organized into business units based on the main types of activities. At December 31, 2023, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a Corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production. Downstream activities consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services including Human Resources, Finance and IT, not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies used by Saudi Aramco in reporting segments internally are the same as those described in Note 2 of the consolidated financial statements. There are no differences from the consolidated financial statements for the year ended December 31, 2022 in the basis of segmentation or in the basis of measurement of segment earnings before interest, income taxes and zakat, except for some limited changes in the pricing basis of certain inter-segment transactions between Upstream and Downstream.

Information by segments is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
2023					
External revenue	784,642	866,688	1,951	–	1,653,281
Other income related to sales	71,361	131,731	–	–	203,092
Inter-segment revenue	355,770	35,093	312	(391,175)	–
Share of results of joint ventures and associates	(21)	(3,555)	(425)	–	(4,001)
Depreciation and amortization	(48,997)	(42,352)	(5,691)	–	(97,040)
Dividends and other income	–	736	15	–	751
Earnings (losses) before interest, income taxes and zakat	863,549	21,184	(18,220)	(1,476)	865,037
Finance income					31,216
Finance costs					(8,186)
Income before income taxes and zakat					888,067
Capital expenditures – cash basis	123,543	32,735	2,030	–	158,308
2022					
External revenue	1,024,628	980,681	1,646	–	2,006,955
Other income related to sales	85,475	173,943	–	–	259,418
Inter-segment revenue	463,302	45,090	305	(508,697)	–
Share of results of joint ventures and associates	(16)	3,195	(306)	–	2,873
Depreciation and amortization	(44,209)	(41,425)	(5,984)	–	(91,618)
Dividends and other income	–	2,469	–	–	2,469
Earnings (losses) before interest, income taxes and zakat	1,092,425	79,292	(19,667)	(2,631)	1,149,419
Finance income					12,425
Finance costs					(8,882)
Income before income taxes and zakat					1,152,962
Capital expenditures – cash basis	109,789	29,541	1,831	–	141,161

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments continued

Information by geographical area is as follows:

	In-Kingdom	Out-of-Kingdom	Total
2023			
External revenue	1,011,932	641,349	1,653,281
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,431,965	186,780	1,618,745
2022			
External revenue	1,293,097	713,858	2,006,955
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,328,545	206,245	1,534,790

Revenue from sales to external customers by region is based on the location of the Saudi Aramco entity, which made the sale. Out-of-Kingdom revenue includes sales of SAR 194,072 originating from the United States of America ("USA") (2022: SAR 223,731).

Property, plant and equipment, intangible assets and investments in joint ventures and associates by region are based on the location of the Saudi Aramco entity holding the assets.

5. Property, plant and equipment

	Land and land improvements	Buildings	Oil and gas properties	Plant, machinery and equipment	Depots, storage tanks and pipelines	Fixtures, IT and office equipment	Construction-in-progress	Total
Cost								
January 1, 2023	50,738	91,617	641,029	937,307	95,610	20,755	262,903	2,099,959
Additions ¹	660	1,000	292	21,507	375	248	164,142	188,224
Acquisition (Note 35(a))	482	806	–	779	35	44	139	2,285
Construction completed	1,358	2,815	55,216	47,290	14,232	802	(121,713)	–
Currency translation differences	(59)	171	–	813	(106)	8	85	912
Transfers and adjustments ²	(125)	(77)	(3,024)	398	316	84	(670)	(3,098)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	1,858	1,858
Transfer to assets held for sale	(312)	(4,087)	–	(21,758)	–	(415)	(741)	(27,313)
Retirements and sales	(563)	(807)	(424)	(6,982)	(956)	(591)	(279)	(10,602)
December 31, 2023	52,179	91,438	693,089	979,354	109,506	20,935	305,724	2,252,225
Accumulated depreciation								
January 1, 2023	(19,411)	(42,330)	(244,678)	(431,840)	(45,802)	(12,632)	–	(796,693)
Charge for the year ²	(1,934)	(4,038)	(21,810)	(61,840)	(3,377)	(1,681)	–	(94,680)
Currency translation differences	(4)	(90)	–	(741)	44	(9)	–	(800)
Transfers and adjustments	(57)	10	(15)	(1,106)	(13)	(12)	–	(1,193)
Transfer to assets held for sale	64	2,436	–	15,773	–	393	–	18,666
Retirements and sales	194	671	229	4,983	551	564	–	7,192
December 31, 2023	(21,148)	(43,341)	(266,274)	(474,771)	(48,597)	(13,377)	–	(867,508)
Property, plant and equipment – net, December 31, 2023	31,031	48,097	426,815	504,583	60,909	7,558	305,724	1,384,717

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment continued

	Land and land improvements	Buildings	Oil and gas properties	Plant, machinery and equipment	Depots, storage tanks and pipelines	Fixtures, IT and office equipment	Construction-in-progress	Total
Cost								
January 1, 2022	47,926	86,411	596,495	883,216	84,110	19,554	246,175	1,963,887
Additions ¹	1,118	642	281	19,209	294	293	132,819	154,656
Acquisitions	42	39	–	62	–	17	14	174
Construction completed	1,839	6,056	46,991	47,748	11,695	1,441	(115,770)	–
Currency translation differences	(452)	(578)	2	(5,041)	(438)	(105)	(253)	(6,865)
Transfers and adjustments ²	331	(240)	17	(198)	365	46	(3,088)	(2,767)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	3,386	3,386
Retirements and sales	(66)	(713)	(2,757)	(7,689)	(416)	(491)	(380)	(12,512)
December 31, 2022	50,738	91,617	641,029	937,307	95,610	20,755	262,903	2,099,959
Accumulated depreciation								
January 1, 2022	(17,989)	(38,603)	(225,273)	(382,413)	(43,679)	(11,614)	–	(719,571)
Charge for the year ²	(1,441)	(4,810)	(19,766)	(58,945)	(2,646)	(1,565)	–	(89,173)
Currency translation differences	5	317	–	2,976	175	84	–	3,557
Transfers and adjustments	(13)	138	20	(245)	(34)	(23)	–	(157)
Retirements and sales	27	628	341	6,787	382	486	–	8,651
December 31, 2022	(19,411)	(42,330)	(244,678)	(431,840)	(45,802)	(12,632)	–	(796,693)
Property, plant and equipment – net, December 31, 2022	31,327	49,287	396,351	505,467	49,808	8,123	262,903	1,303,266

1. Additions include borrowing costs capitalized during the year ended December 31, 2023, amounting to SAR 8,204 (2022: SAR 4,826), which were calculated using an average annualized capitalization rate of 5.36% (2022: 3.24%).

2. During the year ended December 31, 2023, Saudi Aramco recognized an impairment loss of SAR 3,110 (2022: SAR 3,690) mainly relating to plant, machinery and equipment of certain downstream facilities. The impairment was recognized as a result of changed market conditions and was calculated based on the recoverable amount of SAR 10,132 (2022: SAR 25,100), which was determined using VIU calculations. The pre-tax discount rate used in the calculations was 10.2%. In addition, a write-down of SAR 907 was recorded for the year ended December 31, 2023 (2022: SAR 476) on certain downstream facilities, including facilities under construction of SAR 377 (2022: SAR 122).

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment continued

Additions to right-of-use assets during the year ended December 31, 2023, were SAR 18,083 (2022: SAR 16,065). Acquisition of right-of-use assets during the year ended December 31, 2023, amounted to SAR 364 (2022: SAR 8). The following table presents depreciation expense and net carrying amounts of right-of-use assets by class of assets. Information on lease liabilities and related finance costs is provided in Note 20.

	Depreciation expense for the year ended December 31, 2023	Net carrying amount at December 31, 2023	Depreciation expense for the year ended December 31, 2022	Net carrying amount at December 31, 2022
Land and land improvements	161	5,160	199	5,044
Buildings	510	3,210	596	2,981
Oil and gas properties	11	–	15	11
Plant, machinery and equipment	12,116	52,196	10,455	48,735
Depots, storage tanks and pipelines	338	2,250	296	2,194
Fixtures, IT and office equipment	128	263	124	345
	13,264	63,079	11,685	59,310

6. Intangible assets

	Goodwill	Exploration and evaluation ¹	Brands and trademarks	Franchise/ customer relationships	Computer software	Other ²	Total
Cost							
January 1, 2023	100,603	17,971	22,730	19,647	5,854	4,031	170,836
Additions	–	6,918	–	–	81	113	7,112
Acquisition (Note 35(a))	410	–	2,288	2,073	–	267	5,038
Currency translation differences	(3)	–	(15)	(2)	11	34	25
Transfers and adjustments	–	–	(21)	(17)	(58)	(388)	(484)
Transfer of exploration and evaluation assets	–	(1,858)	–	–	–	–	(1,858)
Transfer to assets held for sale	–	–	–	–	–	(167)	(167)
Retirements and write offs	–	(3,018)	–	–	(1,655)	(14)	(4,687)
December 31, 2023	101,010	20,013	24,982	21,701	4,233	3,876	175,815
Accumulated amortization							
January 1, 2023	–	–	(2,559)	(3,362)	(4,066)	(1,521)	(11,508)
Charge for the year	–	–	(254)	(1,118)	(302)	(309)	(1,983)
Currency translation differences	–	–	(2)	(2)	(10)	(28)	(42)
Transfers and adjustments	–	–	20	17	42	380	459
Transfer to assets held for sale	–	–	–	–	–	146	146
Retirements and write offs	–	–	–	–	1,655	12	1,667
December 31, 2023	–	–	(2,795)	(4,465)	(2,681)	(1,320)	(11,261)
Intangible assets – net, December 31, 2023	101,010	20,013	22,187	17,236	1,552	2,556	164,554

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

6. Intangible assets continued

	Goodwill	Exploration and evaluation ¹	Brands and trademarks	Franchise/ customer relationships	Computer software	Other ²	Total
Cost							
January 1, 2022	100,188	19,219	22,874	19,720	5,149	2,929	170,079
Additions	–	5,054	–	–	292	89	5,435
Acquisitions	426	–	–	4	400	1,108	1,938
Currency translation differences	(11)	–	(74)	(12)	(24)	(92)	(213)
Transfers and adjustments	–	–	(70)	(65)	55	23	(57)
Transfer of exploration and evaluation assets	–	(3,386)	–	–	–	–	(3,386)
Retirements and write offs	–	(2,916)	–	–	(18)	(26)	(2,960)
December 31, 2022	100,603	17,971	22,730	19,647	5,854	4,031	170,836
Accumulated amortization							
January 1, 2022	–	–	(2,235)	(2,367)	(3,721)	(1,088)	(9,411)
Charge for the year ³	–	–	(391)	(980)	(359)	(593)	(2,323)
Currency translation differences	–	–	(3)	(1)	20	63	79
Transfers and adjustments	–	–	70	(14)	(11)	92	137
Retirements and write offs	–	–	–	–	5	5	10
December 31, 2022	–	–	(2,559)	(3,362)	(4,066)	(1,521)	(11,508)
Intangible assets – net, December 31, 2022	100,603	17,971	20,171	16,285	1,788	2,510	159,328

1. Cash used for exploration and evaluation operating activities in 2023 was SAR 6,398 (2022: SAR 5,531) and expenditures for investing activities were SAR 6,918 (2022: SAR 5,054).

2. Other intangible assets with a net book value of SAR 2,556 as at December 31, 2023 (2022: SAR 2,510) comprise processing and offtake agreements, licenses, technology, usage rights, patents and intellectual property.

3. In 2022, Saudi Aramco recognized a write-down on certain other intangible assets of SAR 330.

Saudi Aramco performed an annual impairment test for the goodwill acquired as part of the SABIC acquisition, amounting to SAR 99,116 at December 31, 2023 and 2022, which is allocated to the Downstream segment. The recoverable amount of the Downstream segment was determined based on VIU calculations which require use of certain assumptions. The calculations used cash flow projections for a period of 10 years based on financial plans approved by management. Cash flows were discounted and aggregated with a terminal value. Management's estimate for the cash flows is based on past performance and management's expectation of the future. This includes management's forecast for prices and margins for the downstream operations. The growth rate of 2.25% (2022: 2.25%) used in the terminal value calculation represents the long-term inflation forecast. The pre-tax discount rate for the VIU calculations was 9.9% (2022: 11.1%). As a result of the analysis, management did not identify any impairment of goodwill related to the SABIC acquisition.

Saudi Aramco also performed an annual impairment test for the brand acquired as part of the SABIC acquisition, which has been determined to have an indefinite useful life, amounting to SAR 18,140 at December 31, 2023 and 2022. The impairment test was performed by aggregating the relevant cash-generating units. Cash flows were calculated in the same way as for the goodwill impairment test. The pre-tax discount rate for the VIU calculations was 9.1% (2022: 10.9%). As a result of the analysis, management did not identify any impairment.

Pre-tax discount rates of 10.9% and 11.7% in the VIU calculations for the goodwill and the brand, respectively, would result in the recoverable amounts to be equal to the carrying amounts used in the annual impairment tests. Further, management believes that a 1% decrease in the growth rate, or a reasonable range of increase or decrease in any of the other assumptions used for cash flow projections, individually, would not change the outcome of the impairment analysis for the goodwill or the brand.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates

Company	Equity ownership 2023/2022	Principal place of business	Nature of activities	Carrying amount at December 31, 2023	Carrying amount at December 31, 2022
Joint ventures					
Saudi Yanbu Petrochemical Company ("Yanpet") ¹	50%	Saudi Arabia	Petrochemicals	9,943	10,362
Al-Jubail Petrochemical Company ("Kemya") ¹	50%	Saudi Arabia	Petrochemicals	6,108	6,438
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC") ¹	50%	China	Petrochemicals	5,481	6,251
Eastern Petrochemical Company ("Sharq") ¹	50%	Saudi Arabia	Petrochemicals	4,758	5,235
Sadara Chemical Company ("Sadara") ^{2,3}	65%	Saudi Arabia	Petrochemicals	1,139	3,769
Other				6,811	4,646
				34,240	36,701
Associates					
Clariant AG ("Clariant") ^{1,4}	31.5%	Switzerland	Specialty chemical	7,522	7,968
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank") ⁶	17%	South Korea	Refining/ marketing/ petrochemicals	3,560	3,467
Ma'aden Phosphate Company ("MPC") ¹	30%	Saudi Arabia	Agri-nutrients	3,277	3,396
Aluminium Bahrain BSC ("ALBA") ^{1,4}	20.6%	Bahrain	Aluminum	3,134	3,208
Power and Water Utility Company for Jubail and Yanbu ("Marafiq") ⁴ (Note 34(b))	35%	Saudi Arabia	Utilities	3,008	3,020
Rabigh Refining and Petrochemical Company ("Petro Rabigh") ^{3,4,5}	37.5%	Saudi Arabia	Refining/ petrochemicals	2,786	4,415
The National Shipping Company of Saudi Arabia ("Bahri") ⁴	20%	Saudi Arabia	Global logistics services	2,570	2,262
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC") ^{1,6}	15%	Saudi Arabia	Agri-nutrients	2,189	2,075
Fujian Refining and Petrochemical Company Limited ("FREPC")	25%	China	Refining/ petrochemicals	1,640	1,790
Other				5,548	3,894
				35,234	35,495
				69,474	72,196

1. Equity ownership represents shareholding by SABIC, which is 70% owned by Saudi Aramco.

2. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint venture does not qualify as a subsidiary and has not been consolidated.

3. Saudi Aramco has provided guarantees as described in Note 33.

4. Listed company.

5. On July 6, 2022, the Company subscribed to its share in the Petro Rabigh Rights Issue Offering for an amount of SAR 2,981 through the conversion of an outstanding loan receivable as described in Note 33(b).

6. Agreements and constitutive documents provide Saudi Aramco significant influence over this entity.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

The components of the change in the investments in joint ventures and associates for the years ended December 31 are as follows:

	Joint ventures		Associates	
	2023	2022	2023	2022
January 1	36,701	38,003	35,495	31,556
Acquisitions (Note 35)	393	36	–	853
Share of results of joint ventures and associates	(2,831)	(918)	(1,170)	3,791
Additional investment	2,025	1,338	1,582	3,132
Distributions	(1,924)	(2,856)	(1,621)	(1,679)
Sale of equity interest (Note 34(b))	–	–	–	(1,187)
Change in elimination of profit in inventory	255	352	134	21
Share of other comprehensive income (loss)	1,248	748	92	(253)
Other	(1,627)	(2)	722	(739)
December 31	34,240	36,701	35,234	35,495

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2023, are set out below:

Summarized balance sheet

At December 31, 2023

	Yanpet	Clariant ¹	Kemysa	SSTPC	Sharq	Hyundai Oilbank ²	MPC	ALBA	Marafiq	Petro Rabigh ³	Bahri	MWSPC	FREP	Sadara ³
Current assets:														
Cash and cash equivalents	831	1,189	502	1,576	480	1,106	1,817	589	1,187	1,372	2,913	1,191	1,725	1,018
Other	3,420	8,069	3,948	1,301	3,046	18,788	4,848	5,739	1,938	10,567	2,389	4,431	6,858	7,352
Total current assets	4,251	9,258	4,450	2,877	3,526	19,894	6,665	6,328	3,125	11,939	5,302	5,622	8,583	8,370
Non-current assets	4,556	14,431	10,021	9,937	10,245	37,303	12,085	18,902	19,928	51,264	17,809	23,968	6,399	47,062
Current liabilities:														
Financial liabilities (excluding trade payables and other liabilities)	8	2,570	5	901	4	6,932	1,429	2,022	804	10,900	797	618	4,358	281
Other	1,548	3,496	1,864	2,365	1,614	11,263	573	1,652	1,524	11,856	2,009	2,818	2,494	4,951
Total current liabilities	1,556	6,066	1,869	3,266	1,618	18,195	2,002	3,674	2,328	22,756	2,806	3,436	6,852	5,232
Non-current liabilities	1,191	6,992	1,355	3,050	2,583	20,943	4,551	3,877	12,522	29,896	7,663	14,572	1,568	47,820
Net assets	6,060	10,631	11,247	6,498	9,570	18,059	12,197	17,679	8,203	10,551	12,642	11,582	6,562	2,380
Saudi Aramco interest	50%	31.5%	50%	50%	50%	17%	30%	20.6%	35%	37.5%	20%	15%	25%	65%
Saudi Aramco share	3,030	3,349	5,624	3,249	4,785	3,070	3,659	3,642	2,871	3,957	2,528	1,737	1,641	1,547
Fair value and other adjustments at Saudi Aramco level	6,913	4,173	484	2,232	(27)	490	(382)	(508)	137	(1,171)	42	452	(1)	(408)
Investment balance at December 31	9,943	7,522	6,108	5,481	4,758	3,560	3,277	3,134	3,008	2,786	2,570	2,189	1,640	1,139

1. The information provided for Clariant is at June 30, 2023, and for the six months then ended.

2. The information provided for Hyundai Oilbank is at September 30, 2023, and for the nine months then ended.

3. Information disclosed reflects estimated results.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized statement of comprehensive income

Year ended December 31, 2023

	Yanpet	Clariant ¹	Kemysa	SSTPC	Sharq	Hyundai Oilbank ²	MPC	ALBA	Marafiq	Petro Rabigh ³	Bahri	MWSPC	FREP	Sadara ³
Revenue	5,594	9,529	8,974	9,819	7,489	58,254	6,770	15,255	6,389	44,604	8,778	7,314	31,999	10,708
Depreciation and amortization	558	501	792	695	1,391	1,851	1,142	1,323	1,228	3,221	1,406	1,081	858	3,124
Conventional interest income	27	54	13	60	1	365	135	-	87	27	-	162	73	66
Interest expense	65	188	61	108	44	1,326	265	615	478	2,217	622	996	167	2,426
Income tax expense (benefit)	176	167	138	(224)	(31)	152	121	2	46	(100)	101	320	184	79
Net income (loss)	1,042	960	1,403	(747)	(599)	480	762	1,166	526	(4,693)	1,793	1,259	478	(3,777)
Dividends received from JVs/associates	597	182	1,009	-	182	275	450	288	193	-	49	56	-	-

1. The information provided for Clariant is at June 30, 2023, and for the six months then ended.

2. The information provided for Hyundai Oilbank is at September 30, 2023, and for the nine months then ended.

3. Information disclosed reflects estimated results.

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net (loss) income	(402)	1,676

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2022, are set out below:

Summarized balance sheet

At December 31, 2022

	Yanpet	Clariant ¹	Kemys	SSTPC	Sharq	Hyundai Oilbank ²	MPC	ALBA	Marafiq	Petro Rabigh ³	Bahri	MWSPC	FREP	Sadara ³
Current assets:														
Cash and cash equivalents	395	1,436	688	2,455	270	1,205	328	6,190	686	2,045	2,529	1,274	2,002	2,058
Other	4,419	9,951	4,164	1,400	3,977	19,797	5,932	932	3,187	10,216	3,039	6,226	6,066	8,409
Total current assets	4,814	11,387	4,852	3,855	4,247	21,002	6,260	7,122	3,873	12,261	5,568	7,500	8,068	10,467
Non-current assets	4,784	16,377	10,532	10,882	10,662	34,733	12,327	18,931	20,354	53,318	17,329	24,166	7,035	49,747
Current liabilities:														
Financial liabilities (excluding trade payables and other liabilities)	34	2,379	563	899	10	4,365	62	1,236	744	14,038	1,078	659	3,569	289
Other	2,189	6,597	1,855	2,549	1,723	13,528	1,532	1,586	1,669	12,893	1,727	2,755	2,230	5,005
Total current liabilities	2,223	8,976	2,418	3,448	1,733	17,893	1,594	2,822	2,413	26,931	2,805	3,414	5,799	5,294
Non-current liabilities	1,140	6,932	1,248	3,830	2,569	20,186	4,049	5,089	13,568	23,393	8,963	17,557	2,142	48,335
Net assets	6,235	11,856	11,718	7,459	10,607	17,656	12,944	18,142	8,246	15,255	11,129	10,695	7,162	6,585
Saudi Aramco interest	50%	31.5%	50%	50%	50%	17%	30%	20.6%	35%	37.5%	20%	15%	25%	65%
Saudi Aramco share	3,118	3,735	5,859	3,730	5,304	3,002	3,883	3,737	2,886	5,721	2,226	1,604	1,791	4,280
Fair value and other adjustments at Saudi Aramco level	7,244	4,233	579	2,521	(69)	465	(487)	(529)	134	(1,306)	36	471	(1)	(511)
Investment balance at December 31	10,362	7,968	6,438	6,251	5,235	3,467	3,396	3,208	3,020	4,415	2,262	2,075	1,790	3,769

1. The information provided for Clariant is at June 30, 2022, and for the six months then ended.

2. The information provided for Hyundai Oilbank is at September 30, 2022, and for the nine months then ended.

3. Information disclosed reflects estimated results.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized statement of comprehensive income

Year ended December 31, 2022

	Yanpet	Clariant ¹	Kemysa	SSTPC	Sharq	Hyundai Oilbank ²	MPC	ALBA	Marafiq	Petro Rabigh ³	Bahri	MWSPC	FREP	Sadara ³
Revenue	6,993	10,457	10,157	9,793	9,654	77,797	10,701	18,325	6,505	55,952	8,583	10,313	33,114	16,725
Depreciation and amortization	483	559	819	542	1,378	1,692	1,061	1,269	1,174	3,039	1,332	1,323	1,033	3,314
Conventional interest income	7	33	2	–	5	137	61	–	51	280	–	66	60	–
Interest expense	41	180	58	62	24	1,801	185	189	298	1,359	297	586	184	2,278
Income tax expense	176	265	334	–	11	1,579	152	4	6	48	93	308	321	61
Net income (loss)	1,171	1,575	2,229	(915)	(266)	4,228	4,870	4,143	846	(1,115)	1,163	3,477	(922)	(1,993)
Dividends received from JVs/associates	720	163	1,045	257	773	193	225	247	189	–	–	–	256	–

1. The information provided for Clariant is at June 30, 2022, and for the six months then ended.

2. The information provided for Hyundai Oilbank is at September 30, 2022, and for the nine months then ended.

3. Information disclosed reflects estimated results.

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income	87	1,513

Saudi Aramco's share of the fair value of the listed associates at December 31, together with their carrying value at those dates, is as follows:

	Fair value		Carrying value	
	2023	2022	2023	2022
Clariant	5,786	6,217	7,522	7,968
Petro Rabigh	6,479	6,692	2,786	4,415
Marafiq (Note 34(b))	5,670	4,104	3,008	3,020
Bahri	3,257	2,904	2,570	2,262
ALBA	3,335	3,165	3,134	3,208

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat

(a) Kingdom income tax rates

The Company is subject to an income tax rate of 20% on its Downstream activities and on the activities of exploration and production of non-associated natural gas, including gas condensates, as well as the collection, treatment, processing, fractionation and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. All other activities are subject to an income tax rate of 50%, in accordance with the Tax Law. The 20% income tax rate applicable to the Company's Downstream activities, which came into effect on January 1, 2020, is conditional on the Company separating its Downstream activities under the control of one or more separate wholly-owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%. The Company expects to transfer its Downstream activities in line with the applicable requirements within the specified period.

Additionally, according to the Tax Law, shares held directly or indirectly in listed companies on the Saudi Exchange by taxpayers engaged in oil and hydrocarbon activities are exempt from the application of corporate income tax. As a result, the Company's ownership interests in such companies are subject to zakat.

The reconciliation of tax charge at the Kingdom statutory rates to consolidated tax and zakat expense is as follows:

	2023	2022
Income before income taxes and zakat	888,067	1,152,962
Less: Income subject to zakat	(2,674)	(24,682)
Income subject to income tax	885,393	1,128,280
Income taxes at the Kingdom's statutory tax rates	428,966	548,473
Tax effect of:		
Loss (income) not subject to tax at statutory rates and other	2,888	(1,497)
Income tax expense	431,854	546,976
Zakat expense	1,449	1,981
Total income tax and zakat expense	433,303	548,957

(b) Income tax and zakat expense

	2023	2022
Current income tax – Kingdom	409,931	512,587
Current income tax – Foreign	5,066	5,331
Deferred income tax – Kingdom	19,638	28,091
Deferred income tax – Foreign	(2,781)	967
Zakat – Kingdom	1,449	1,981
	433,303	548,957

Saudi Aramco paid foreign taxes of SAR 7,519 and SAR 2,741 for the years ended December 31, 2023 and 2022, respectively.

Income tax charge recorded through other comprehensive income was SAR 248 for the year ended December 31, 2023 (2022: SAR 14,936).

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(c) Income tax and zakat obligation to the Government

	2023	2022
January 1	104,978	90,525
Provided during the period	411,380	514,568
Payments during the period by the Company (Note 28)	(200,189)	(232,661)
Payments during the period by subsidiaries and joint operations	(14,227)	(10,644)
Settlements of due from the Government	(214,032)	(251,476)
Other settlements	(5,153)	(5,334)
Transfer to liabilities associated with assets held for sale	(218)	–
December 31	82,539	104,978

(d) Deferred income tax

	2023	2022
Deferred income tax assets:		
Kingdom	17,466	16,680
U.S. Federal and State	172	134
Other foreign	2,922	1,279
	20,560	18,093
Deferred income tax liabilities:		
Kingdom	133,921	113,163
U.S. Federal and State	4,995	5,355
Other foreign	3,533	3,793
	142,449	122,311
Net deferred income tax liabilities	(121,889)	(104,218)

The gross movement of the net deferred income tax position is as follows:

	2023	2022
January 1	(104,218)	(59,881)
Current period charge to income	(16,857)	(29,058)
Other reserves charge	(248)	(14,936)
Other adjustments	(566)	(343)
December 31	(121,889)	(104,218)

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(d) Deferred income tax continued

The movement in deferred income tax assets (liabilities) for the years ended December 31 is as follows:

	Post-employment benefits	Investment in subsidiary	Undistributed earnings	Provisions and other	Loss carry-forward	Property plant and equipment and intangible assets	Investments in securities at FVOCI	Total
January 1, 2022								
Deferred income tax assets	4,236	–	–	1,806	9,661	(734)	–	14,969
Deferred income tax liabilities	8,314	(4,980)	(1,097)	20,149	10,139	(106,984)	(391)	(74,850)
	12,550	(4,980)	(1,097)	21,955	19,800	(107,718)	(391)	(59,881)
Recognized during the year								
Current period (charges) credits to income ¹	(792)	354	(193)	(4,268)	(5,366)	(18,793)	–	(29,058)
Other reserves (charges) credits	(14,979)	–	–	–	–	–	43	(14,936)
Other adjustments	–	–	–	(343)	–	–	–	(343)
	(15,771)	354	(193)	(4,611)	(5,366)	(18,793)	43	(44,337)
December 31, 2022								
Deferred income tax assets	2,953	–	–	7,729	8,137	(726)	–	18,093
Deferred income tax liabilities	(6,174)	(4,626)	(1,290)	9,615	6,297	(125,785)	(348)	(122,311)
	(3,221)	(4,626)	(1,290)	17,344	14,434	(126,511)	(348)	(104,218)
Recognized during the year								
Current period (charges) credits to income ¹	(672)	538	(45)	(998)	(68)	(15,612)	–	(16,857)
Other reserves (charges) credits	(505)	–	–	–	–	–	257	(248)
Other adjustments	–	–	–	(566)	–	–	–	(566)
	(1,177)	538	(45)	(1,564)	(68)	(15,612)	257	(17,671)
December 31, 2023								
Deferred income tax assets	2,729	–	–	11,604	6,943	(718)	2	20,560
Deferred income tax liabilities	(7,127)	(4,088)	(1,335)	4,176	7,423	(141,405)	(93)	(142,449)
	(4,398)	(4,088)	(1,335)	15,780	14,366	(142,123)	(91)	(121,889)

1. Current period charge includes the net impact of SAR 3,112 (2022: 8,971) recognized in relation to unrealized fair value movements on the long-term agreements for the pipelines transactions (Note 19).

A deferred income tax liability has not been recognized with regard to the undistributed earnings of certain subsidiaries, which are considered to be permanently reinvested in their respective businesses. Such earnings would be taxed only upon distribution. There was no material cumulative taxable undistributed earnings or unrecognized deferred income tax liability for such subsidiaries at December 31, 2023 and 2022. Also, a deferred income tax asset has not been recognized largely related to cumulative unused tax losses of certain subsidiaries with carry-forward periods from 2024 to indefinite. Such losses are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. The cumulative amount of the unused tax losses and other items is SAR 52,622 and SAR 41,178 at December 31, 2023 and 2022, respectively, and the unrecognized deferred income tax asset is SAR 13,019 and SAR 11,077 at December 31, 2023 and 2022, respectively.

(e) Income tax and zakat assessments

The Company and the majority of its affiliates are subject to tax review and audit in tax jurisdictions where they operate. In June 2020, the Company and its wholly-owned domestic affiliates were notified that the Saudi Arabian income tax submissions for all years up to and including the year ended December 31, 2019 were accepted as filed.

For the Company's other domestic and international affiliates, examinations of tax and zakat returns for certain prior years had not been completed as of December 31, 2023; however, the Company is not aware of any significant claims. Therefore, no material provision for any additional income tax and zakat liability has been recorded in the consolidated financial statements.

All amounts in millions of Saudi Riyals unless otherwise stated

9. Other assets and receivables

	2023	2022
Non-current:		
Home loans (Note 9(a))	12,427	12,890
Loans to joint ventures and associates (Note 29(b))	9,866	6,461
Loans and advances	9,066	7,734
Advance payment related to long-term sales agreement (Note 35(c))	5,833	–
Derivative assets (Note 3)	4,299	2,687
Receivable from Government, semi-Government and other entities with Government ownership or control (Note 29(b))	1,151	510
Home ownership construction	692	364
Lease receivable from associates (Note 29(b))	389	408
Other	4,542	1,364
	48,265	32,418
Current:		
Employee and other receivables	9,043	7,613
Tax receivables	8,286	9,302
Prepaid expenses	4,840	3,493
Derivative assets (Note 3)	4,219	3,898
Interest receivable	2,211	3,396
Home loans (Note 9(a))	1,318	1,115
Investments in securities (Note 10)	1,249	905
Receivables from joint ventures and associates (Note 29(b))	5	13
Other	2,576	1,319
	33,747	31,054

(a) Home loans

The home ownership programs provide subsidized non-interest-bearing loans to eligible Saudi Arabian employees. Loans are repayable through payroll deductions and are net of associated subsidies. Any balance remaining upon the death, permanent disability or termination of an employee under the Chronic Medical Condition Program is forgiven. An analysis of the home loans balance is as follows:

	2023	2022
Gross amounts receivable	19,066	18,568
Less:		
Discount	(4,604)	(3,830)
Allowance for doubtful home loans	(555)	(528)
Subsidies	(162)	(205)
Net amounts receivable	13,745	14,005
Current	(1,318)	(1,115)
Non-current	12,427	12,890

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities

	Equity ownership percentage 2023/2022	Carrying amount at December 31, 2023	Carrying amount at December 31, 2022
Investments in equity securities			
Equity securities at FVOCI:			
Listed securities:			
Saudi Electricity Company ("SEC")	6.9%	5,480	6,667
Rongsheng Petrochemical Co., Ltd. ("Rongsheng Petrochemical") (Note 35(c))	10.0%	5,536	–
Idemitsu Kosan Co. Ltd. ("Idemitsu")	7.8%	2,360	2,032
Unlisted securities:			
Arab Petroleum Pipelines Company ("SUMED")	15.0%	769	859
Industrialization and Energy Services Company ("TAQA")	7.1%	626	611
Daehan Oil Pipeline Corporation	8.9%	165	158
Other		619	690
Equity securities at FVPL:			
Listed securities		548	318
Unlisted securities		9,536	7,763
		25,639	19,098
Investments in debt securities			
Debt securities at FVOCI:			
Listed securities		75	47
Unlisted securities:			
USD debt securities with fixed interest rates ranging from 0.3% to 10.8% (2022: 0.1% to 13.9%) and maturity dates between 2024 and 2072 (2022: 2023 and 2071)		7,073	5,865
USD debt securities with variable interest rates and maturity dates between 2024 and 2073 (2022: 2023 and 2069)		806	915
Mutual and hedge funds		1,005	683
Debt securities at FVPL:			
Listed securities		–	53
Unlisted securities		176	86
Debt securities at amortized cost:			
Unlisted securities:			
Debt securities with fixed interest rates ranging from 2.5% to 5.1% (2022: 3.2% to 5.1%) and maturity dates between 2024 and 2043 (2022: 2023 and 2043)		188	523
Debt securities with variable interest rates and maturity dates between 2024 and 2028 (2022: 2024 and 2028)		261	393
		9,584	8,565
Total investments in securities		35,223	27,663
Current portion (Note 9)		(1,249)	(905)
Non-current		33,974	26,758

All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities continued

Equity investments designated at FVOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these equity investments at FVOCI as recognizing short-term fluctuations in these investments' fair value in net income would not be consistent with Saudi Aramco's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

The fair value of SUMED is based on expected cash flows discounted using a rate based on market interest rates and a risk premium specific to the unlisted security which was 18.1% and 16.1% at December 31, 2023 and 2022, respectively. The fair value of TAQA is based on an earnings growth factor for unlisted equity securities from market information for similar types of companies. The fair value of Daehan Oil Pipeline Corporation is determined using discounted cash flow analysis based on the risk-adjusted yield.

The fair value of other unlisted equity and debt securities is determined based on valuation techniques, including discounted cash flows, using both observable and unobservable inputs that are categorized in level 2 and level 3, respectively, of the fair value hierarchy.

The maximum exposure to credit risk at the reporting date of the investments in debt securities is the fair value. To limit credit risk, Saudi Aramco's investment policy requires that these securities be diversified. Credit ratings for debt securities held at December 31, 2023, range from AAA to BB (2022: AAA to BB) as set out by internationally recognized credit rating agencies.

The movement in investments in securities is as follows:

	2023	2022
January 1	27,663	25,676
Net additions	8,596	3,002
Net unrealized fair value loss	(1,061)	(918)
Net unrealized foreign currency gain (loss)	25	(97)
December 31	35,223	27,663
Current (Note 9)	(1,249)	(905)
Non-current	33,974	26,758

Net additions include unsettled transactions of SAR (86) at December 31, 2023 (2022: SAR (33)).

11. Inventories

	2023	2022
Crude oil, refined products and chemicals	70,512	81,698
Materials and supplies – net	14,157	17,054
Natural gas liquids and other	1,282	1,776
	85,951	100,528

During 2023, a write-down to net realizable value of SAR 914 (2022: SAR 1,759) was recognized in the consolidated statement of income for a portion of the hydrocarbon and chemical inventories purchased from third parties by certain affiliates.

The carrying amount of materials and supplies are shown net of an allowance for obsolete and surplus materials with movement as follows:

	2023	2022
Balance, January 1	3,214	3,448
Net movement in allowance	(82)	(234)
Balance, December 31	3,132	3,214

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

12. Trade receivables

Trade receivables from export and local sales are denominated primarily in USD and SAR, respectively. The components of trade receivables are as follows:

	2023	2022
Arising from export and local sales at international prices	153,883	154,858
Arising from local sales at Kingdom regulated prices	10,287	9,865
	164,170	164,723
Less: Loss allowance	(251)	(281)
	163,919	164,442

Trade receivables relating to certain contracts with provisional pricing arrangements are measured at fair value. The fair value was calculated using forward curves and future prices. These trade receivables are classified as level 3 in the fair value hierarchy (Note 3(d)) due to the inclusion of unobservable inputs, including counterparty credit risk in the fair value calculation.

As described in Note 2(n), the Government, through the Ministry of Finance, provided a guarantee to the Company in the event that certain Government, semi-Government and other entities with Government ownership or control are unable to settle within the terms agreed with the Company.

The movement of the allowance for trade receivables related to past due sales is as follows:

	2023	2022
January 1	281	265
Net movement in allowance	(30)	16
December 31	251	281

13. Due from the Government

	2023	2022
Other income related to sales (Note 2(y))	50,274	53,109
Government guarantee (Note 2(n))	(1,156)	603
Other	260	833
Note 29(b)	49,378	54,545

14. Short-term investments

	2023	2022
USD time deposits	123,851	206,633
USD Murabaha time deposits (Shari'a compliant)	10,009	11,809
USD commercial paper	—	28,241
SAR time deposits	9,188	5,843
SAR repurchase agreements (Shari'a compliant)	21,648	11,700
SAR Murabaha time deposits (Shari'a compliant)	19,583	16,514
South Korean Won time deposits	64	475
	184,343	281,215

All amounts in millions of Saudi Riyals unless otherwise stated

15. Cash and cash equivalents

	2023	2022
Cash at bank and in hand	67,348	95,579
USD time deposits	87,783	91,490
USD Murabaha time deposits (Shari'a compliant)	25,661	15,544
SAR time deposits	1,545	323
SAR repurchase agreements (Shari'a compliant)	1,808	5,351
SAR Murabaha time deposits (Shari'a compliant)	11,588	17,190
South Korean Won time deposits	3,240	570
	198,973	226,047

16. Treasury shares

On December 11, 2019, the Company acquired 117.2 million ordinary shares from the Government for cash consideration of SAR 3,750. These shares were classified by the Company as treasury shares for the purposes of issuing them to the Company's employees upon vesting or purchase of the shares in the employee share plans, including those that the Company may adopt in the future. The number of treasury shares issued to employees during 2023 was 31.4 million (2022: 19.7 million) in relation to employee share plans (Note 17). Further, the number of treasury shares held by the Company increased by 6.1 million ordinary shares as a result of the issuance of bonus shares during 2023 (2022: 8 million) (Note 36). The number of treasury shares outstanding as at December 31, 2023, was 51.3 million (2022: 76.6 million).

17. Share-based compensation

Share-based compensation relates to grants or issuance of ordinary shares awarded to the Company's eligible employees under the respective plan terms. Awards are generally equity-settled; however, in limited circumstances awards may be settled in cash. The Company recognized the following share-based compensation expense in the consolidated statement of income, as an employee benefit expense, for the years ended December 31, 2023 and 2022:

	Equity-settled	Cash-settled	Total
2023			
Share-based compensation expense	472	10	482
2022			
Share-based compensation expense	296	3	299

At December 31, 2023, the total carrying amount of the liabilities in respect of the cash settlement elements and dividend equivalents of the respective awards was SAR 16 (2022: SAR 20) and the intrinsic value of such liabilities, which had vested during the year, was SAR 17 (2022: SAR 5).

Awards granted or shares issued during the year relate to the Long-Term Incentive Plan for Executives ("ELTIP") and the Long-Term Incentive Plan for Management ("MLTIP"), the Long-Term Incentive Plan for certain other eligible employees ("LTIP") and the Employee Share Purchase Plan ("ESPP").

Awards for all plans were granted for nil consideration, with the exception for ESPP, under which shares were issued at a discount of 20% to the fair market value of the shares at each purchase date. The fair values of awards granted were determined by reference to the market values of the Company's ordinary shares on the grant dates for equity-settled awards and at the consolidated balance sheet date for cash-settled awards. Where applicable, the fair values of the awards subject to market-based performance measures were estimated using an appropriate valuation method.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

17. Share-based compensation continued

	Number of shares granted (in millions)	Weighted average fair value per share (SAR)
2023		
ESPP	25	33.17
ELTIP	2	31.55
MLTIP	2	31.55
LTIP	2	31.55
2022		
ESPP	18	38.51
ELTIP	2	41.55
MLTIP	3	41.55
LTIP	1	41.85

The number of awards settled in shares during the year in relation to the employee share plans was 31.4 million (2022: 19.7 million).

Participants in the plans (other than the ESPP) are entitled to dividend equivalents, if dividends are paid to ordinary shareholders, during the vesting period. Such dividend equivalents will be paid in cash on vesting of the awards. Accordingly, no adjustment for expected dividends during the vesting period was made in determining the fair value of the awards. Participants in all plans become entitled to dividends only after shares have been issued to the participants as the registered holders.

The vesting of ELTIP is dependent on the achievement of (a) specified non-market and market-based performance measures over a three-year performance period, and (b) required service, except for certain qualifying leavers. Upon vesting, 50% of the vested awards are required to be held by the participants for an additional two years, except for certain qualifying leavers. The awards will be settled with the participants in shares on vesting.

The vesting of MLTIP is dependent on the participants achieving (a) specified individual performance targets over a one-year performance period, and (b) required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest after the end of the performance period, and the remaining 75% of the awards will vest in equal installments over three years from thereon, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

The vesting of LTIP is dependent only on the participants achieving required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest immediately, and the remaining 75% of the awards will vest in equal installments over three years, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

Shares issued under the ESPP are required to be held until the earlier of one year from the date of issuance or at the time of cessation of employment.

All amounts in millions of Saudi Riyals unless otherwise stated

18. Other reserves

	Currency translation differences	Investments in securities at FVOCI	Post-employment benefits	Share-based compensation reserve	Cash flow hedges and other	Share of other comprehensive income (loss) of joint ventures and associates		Total
						Foreign currency translation gains (losses)	Cash flow hedges and other	
January 1, 2022	(564)	5,769	–	139	(397)	733	(1,019)	4,661
Current period change	(3,889)	(681)	–	296	1,450	(672)	1,023	(2,473)
Remeasurement gain	–	–	36,187	–	–	–	144	36,331
Transfer to retained earnings	–	–	(19,427)	(137)	–	–	(144)	(19,708)
Tax effect	–	43	(14,979)	–	–	–	–	(14,936)
Less: amounts related to non-controlling interests	1,046	24	(1,781)	–	(19)	134	–	(596)
December 31, 2022	(3,407)	5,155	–	298	1,034	195	4	3,279
Current period change	(829)	(1,408)	–	472	(1,044)	1,407	(157)	(1,559)
Remeasurement gain	–	–	480	–	–	–	90	570
Transfer to retained earnings	–	–	(66)	(439)	–	–	(90)	(595)
Tax effect	–	257	(505)	–	–	–	–	(248)
Less: amounts related to non-controlling interests	396	(25)	91	–	35	(430)	–	67
December 31, 2023	(3,840)	3,979	–	331	25	1,172	(153)	1,514

19. Non-controlling interests

Summarized consolidated financial information (100%) for each subsidiary that has non-controlling interests that are material to Saudi Aramco are set out below. The amounts disclosed for each subsidiary are before inter-company eliminations:

Summarized statement of comprehensive income Year ended December 31

	2023				2022			
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	AGPC ¹	S-Oil Corporation
Revenue and other income (loss)	156,259	(4,988)	9,446	102,803	199,556	(9,536)	(5,438)	123,300
Net (loss) income	(3,705)	(3,990)	7,549	2,516	17,456	(7,841)	(4,358)	5,513
Other comprehensive income (loss)	221	–	–	(439)	2,471	–	–	(1,466)
Total comprehensive (loss) income	(3,484)	(3,990)	7,549	2,077	19,927	(7,841)	(4,358)	4,047
Net (loss) income attributable to non-controlling interests	(1,159)	(1,955)	3,699	966	9,915	(3,842)	(2,135)	2,116
Dividends paid to non-controlling interests	(8,723)	(2,168)	(2,603)	(413)	(10,163)	(2,258)	(908)	(705)

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

19. Non-controlling interests continued

On June 17, 2021, the Company sold a 49% equity interest in Aramco Oil Pipelines Company ("AOPC") to EIG Pearl Holdings S.à r.l. ("EIG") for upfront sale proceeds of SAR 46,547 (\$12,412) in cash. Further, on February 23, 2022, the Company sold a 49% equity interest in Aramco Gas Pipelines Company ("AGPC") to GreenSaif Pipelines Bidco S.à r.l. ("GreenSaif") for upfront proceeds of SAR 58,125 (\$15,500) in cash (Note 34(c)). AOPC and AGPC are expected to make quarterly distributions to their respective ordinary shareholders from available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to EIG and GreenSaif, the shareholdings of EIG and GreenSaif in AOPC and AGPC, respectively, represent non-controlling interests and, therefore, the upfront sale proceeds were recognized in the consolidated financial statements as non-controlling interest within equity.

Net loss of AOPC includes an unrealized loss of SAR 10,010, and net income of AGPC includes an unrealized gain of SAR 1,712, on their financial assets measured at FVPL at December 31, 2023 (2022: unrealized losses of SAR 13,819 and SAR 10,105, respectively).

Summarized balance sheet At December 31

	2023				2022			
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	AGPC	S-Oil Corporation
Current assets	101,235	5,955	7,189	28,054	106,620	6,529	10,447	27,240
Non-current assets	242,704	73,043	107,899	37,223	259,613	81,273	103,410	33,866
Total assets	343,939	78,998	115,088	65,277	366,233	87,802	113,857	61,106
Current liabilities	53,475	424	435	26,693	48,679	806	1,444	24,281
Non-current liabilities	48,548	–	–	10,290	49,759	–	–	9,461
Total liabilities	102,023	424	435	36,983	98,438	806	1,444	33,742
Net assets	241,916	78,574	114,653	28,294	267,795	86,996	112,413	27,364
Accumulated non-controlling interest	94,511	38,501	56,180	10,859	106,535	42,628	55,082	10,502

Current assets of AOPC and AGPC as at December 31, 2023 and 2022, mainly include current portion of financial assets measured at FVPL, cash received and trade receivables from the Company in respect of quarterly volume-based tariff.

Summarized statement of cash flows Year ended December 31

	2023				2022			
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	AGPC ¹	S-Oil Corporation
Cash flows from operating activities	21,469	4,425	4,680	7,635	34,418	4,384	2,479	4,628
Cash flows from investing activities	(8,801)	–	34	(5,873)	(9,375)	–	–	(2,209)
Cash flows from financing activities	(20,314)	(4,429)	(5,310)	71	(26,385)	(4,609)	(1,853)	(4,695)
Net (decrease) increase in cash and cash equivalents	(7,646)	(4)	(596)	1,833	(1,342)	(225)	626	(2,276)

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings

		2023			2022		
	Note	Non-current	Current	Total	Non-current	Current	Total
Conventional:							
Deferred consideration	a	–	–	–	81,168	40,995	122,163
Debentures	b	81,092	9,683	90,775	89,585	7,627	97,212
Bank borrowings	c	22,853	3,630	26,483	20,998	2,166	23,164
Short-term borrowings	d	–	18,378	18,378	–	10,205	10,205
Revolving credit facilities	e	–	1,237	1,237	–	–	–
Export credit agencies	f	941	656	1,597	1,582	657	2,239
Public Investment Fund	g	455	365	820	820	365	1,185
Other financing arrangements	h	36,070	200	36,270	23,570	408	23,978
		141,411	34,149	175,560	217,723	62,423	280,146
Shari’a compliant:							
Sukuk	i	18,689	15,000	33,689	34,300	281	34,581
Murabaha	j	13,830	2,089	15,919	16,158	2,135	18,293
Saudi Industrial Development Fund	k	3,057	281	3,338	3,441	295	3,736
Ijarah/Procurement	l	3,499	13	3,512	2,688	13	2,701
Wakala	m	771	27	798	997	26	1,023
		39,846	17,410	57,256	57,584	2,750	60,334
Borrowings – other than leases		181,257	51,559	232,816	275,307	65,173	340,480
Lease liabilities		45,224	12,107	57,331	43,073	9,591	52,664
Total borrowings		226,481	63,666	290,147	318,380	74,764	393,144

The carrying amounts of borrowings above are net of unamortized transaction costs of SAR 1,274 (2022: SAR 1,477). Interest payable on borrowings is included in trade payables and other liabilities.

The finance costs recognized in the consolidated statement of income are as follows:

	2023	2022
Finance costs:		
Conventional borrowings	2,781	4,863
Shari'a compliant financial instruments	2,665	1,777
Lease liabilities	2,229	1,732
Unwinding of discount	511	510
	8,186	8,882

In addition, finance costs amounting to SAR 8,204 were capitalized in property, plant and equipment during the year ended December 31, 2023 (2022: SAR 4,826) (Note 5).

Borrowings – other than leases

Saudi Aramco has entered into long-term financing arrangements with various lenders. These financing arrangements limit the creation of additional liens and/or financing obligations and some of these arrangements are secured predominantly over certain property, plant and equipment of Saudi Aramco aggregating to SAR 94,091 (2022: SAR 95,018). Additionally, certain financing arrangements require compliance by Saudi Aramco with covenants to maintain certain financial and other conditions. Saudi Aramco has complied with these covenants throughout the reporting period. The fair value of borrowings excluding lease liabilities at December 31, 2023, was approximately SAR 219,253 (2022: SAR 319,910). This was mainly determined using inputs that are categorized in level 1 or level 2 of the fair value hierarchy, except for the fair value of other financing arrangements that was primarily determined using level 3 inputs.

A majority of the contracts and agreements referencing USD LIBOR, recognized at December 31, 2022, were renegotiated with counterparties and transitioned to alternative benchmark rates in 2023. In addition, for borrowings of certain affiliates amounting to SAR 22,684 at December 31, 2023, Synthetic USD LIBOR has been used under fallback arrangements provided in the underlying financing agreements, which will be transitioned to reflect the agreed benchmark rates.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

(a) Deferred consideration

Deferred consideration represented the amount payable to PIF for the SABIC acquisition in 2020. The amount was payable over several installments, in the form of promissory notes, from August 2020 to April 2028. During the year ended December 31, 2023, the Company made the following repayments:

- (i) On March 13, 2023, the Company, in agreement with PIF, made a partial prepayment of SAR 59,040 (\$15,744), which resulted in a gain of SAR 4,634 (\$1,236).
- (ii) On April 7, 2023, the Company repaid the outstanding amounts of the promissory notes due on or before April 7, 2023, aggregating to SAR 41,250 (\$11,000).
- (iii) On May 2, 2023, the Company, in agreement with PIF, made a final prepayment of SAR 16,691 (\$4,451), which resulted in a gain of SAR 1,141 (\$304).

Following the above repayments, the outstanding amount of deferred consideration was fully settled.

(b) Debentures

- (i) In October 2018, SABIC issued five-year and 10-year USD denominated \$1,000 bonds each, equivalent to a total of SAR 7,500 (\$2,000). These bonds are unsecured and carry coupon rates of 4% and 4.5%, respectively. The bonds are issued in accordance with the Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. The bonds are listed on the Irish Stock Exchange ("Euronext Dublin") and the proceeds were used for refinancing maturing debt. In 2023, bonds with five-year maturities, aggregating to a principal amount of SAR 3,750 (\$1,000) and carrying a coupon rate of 4%, were repaid.

In September 2020, SABIC issued 10-year and 30-year USD denominated \$500 bonds each, equivalent to a total of SAR 3,750 (\$1,000). These bonds are unsecured and carry coupon rates of 2.15% and 3%, respectively. Both bonds are issued in accordance with Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. These bonds are listed on the Euronext Dublin and the 30-year bond is dual listed on the Taipei Exchange in Taiwan, China. The proceeds were used for general purposes and refinancing maturing debt.

- (ii) On April 16, 2019, the Company issued five tranches of USD denominated unsecured notes aggregating to an equivalent of SAR 45,000 (\$12,000) and consisting of three-year maturities for SAR 3,750 (\$1,000) with a coupon rate of 2.75%, five-year maturities for SAR 7,500 (\$2,000) with a coupon rate of 2.875%, 10-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 3.5%, 20-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 4.25%, and 30-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 4.375%. The notes were issued and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. Interest is payable semi-annually in arrears on April 16 and October 16. The notes are listed on the London Stock Exchange's Regulated Market and the proceeds were for general corporate purposes. At initial recognition, the Company recorded an amount of SAR 44,460 (\$11,856) for the issuance proceeds, net of discounts and estimated transaction costs. On April 16, 2022, notes with three-year maturities, aggregating to a principal amount of SAR 3,750 (\$1,000) and carrying a coupon rate of 2.75%, were repaid.

On November 24, 2020, the Company issued another series of USD denominated unsecured notes, aggregating to an equivalent of SAR 30,000 (\$8,000), consisting of maturity dates of three years to 50 years paid at the end of the maturity date with coupon rates ranging from 1.25% to 3.50%. At initial recognition, the Company recorded an amount of SAR 29,625 (\$7,900) for the issuance proceeds, net of discounts. On November 24, 2023, notes with three-year maturities, aggregating to a principal amount of SAR 1,875 (\$500) and carrying a coupon rate of 1.25%, were repaid.

- (iii) Debentures amounting to SAR 8,078, denominated in South Korean Won, have been issued in capital markets with interest rates ranging from 1.49% to 4.8% and with maturities from 2024 to 2033. In 2023, debentures with three to seven-year maturities, aggregating to a principal amount of SAR 1,695, were repaid.
- (iv) Certain notes denominated in USD have been issued in capital markets, by a wholly-owned subsidiary of Saudi Aramco, with fixed and variable interest rates and with maturities from 2027 to 2040. In September 2022, following a cash tender offer to buy-back its outstanding senior notes issued in January 2010 and maturing on January 15, 2040, notes with a principal amount of SAR 1,226 (\$327) were redeemed for a cash payment of SAR 1,260 (\$336). The buy-back resulted in a gain of SAR 188 (\$50), which was recognized in the consolidated statement of income.

Discounts and transaction costs are amortized using the effective interest method and are reflected as finance costs in the consolidated statement of income.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

(c) Bank borrowings

Saudi Aramco has commercial and other facility agreements with a number of banks with a total carrying amount at December 31, 2023 of SAR 26,483 (2022: SAR 23,164). The facilities are primarily repayable in semi-annual installments from November 2008 to September 2045. Interest is payable on amounts drawn and is mainly calculated at a market rate plus a margin. As at December 31, 2023, an amount of SAR 1,759 (2022: SAR 2,259) was undrawn against these facilities.

(d) Short-term borrowings

Saudi Aramco has short-term borrowing facilities with a number of banks with a total carrying amount at December 31, 2023 of SAR 18,378 (2022: SAR 10,205), including debt factoring arrangements of SAR 4,237 (2022: SAR 3,551) and a financial liability related to repurchase agreements of SAR 5,377 (2022: nil). The maturity period of short-term facilities is less than one year and they incur interest at a market rate plus a margin. As at December 31, 2023, an amount of SAR 14,871 (2022: SAR 16,795) was available for drawdown against these facilities.

(e) Revolving credit facilities

On April 4, 2022, the Company entered into a new five-year common terms agreement for unsecured revolving credit facilities aggregating to SAR 37,500 (\$10,000), to replace facilities which expired during 2022. The new facilities comprise USD denominated conventional facilities of SAR 30,000 (\$8,000) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7,500 (\$2,000) (Note 20(j)). The conventional facilities also incorporate a SAR 7,500 (\$2,000) swingline sublimit facility in support of the Company's establishment of a U.S. commercial paper program. The common terms agreement provides the framework and common lending terms for the facilities and the Company has the option of up to two extensions of one year each. The Company shall apply all amounts advanced to it under these facilities for general corporate purposes and towards its general working capital requirements. The entire amounts of these facilities were undrawn as at December 31, 2023 and 2022. In addition, Saudi Aramco has a number of other revolving credit facilities with an aggregate carrying amount of SAR 1,237 (2022: nil), and undrawn amount of SAR 14,080 (2022: SAR 17,708) at December 31, 2023.

(f) Export credit agencies

Saudi Aramco has borrowing agreements with a number of export credit agencies with a total carrying amount at December 31, 2023, of SAR 1,597 (2022: SAR 2,239). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2033. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(g) Public Investment Fund

Saudi Aramco has borrowing agreements with the PIF with a total carrying amount at December 31, 2023, of SAR 820 (2022: SAR 1,185). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2025. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(h) Other financing arrangements

Other financing arrangements comprise borrowings from non-financial institutions under commercial terms.

On September 27, 2021, the Company entered into a financing arrangement with the Jazan Integrated Gasification and Power Company ("JIGPC"), a joint operation of Saudi Aramco, for an amount of SAR 44,063. Upon closing Saudi Aramco recognized an amount of SAR 21,226, representing the amount due to the other shareholders of JIGPC, in relation to the first tranche of SAR 26,532 under the financing arrangement. The second tranche of SAR 15,563 was received on January 19, 2023, of which SAR 12,450 is the amount due to the other shareholders of JIGPC. The remaining amount to be received under the financing arrangement as at December 31, 2023 is SAR 1,968. The total amount under the arrangement is repayable in monthly installments, commencing from October 2021 to October 2046.

(i) Sukuk

A Sukuk is a financial instrument similar to a bond that complies with Islamic financing principles.

- (i) On October 9, 2011, Saudi Aramco issued Sukuk for SAR 2,344 at par value, with semi-annual repayments from December 20, 2014 to December 20, 2025. In May 2023, Saudi Aramco fully redeemed the remaining outstanding Sukuk with par value of SAR 911.
- (ii) On April 10, 2017, Saudi Aramco issued Sukuk for SAR 11,250 at par value as part of a SAR 37,500 program. The Sukuk issuance provides a return based on Saudi Arabian Interbank Offered Rate ("SAIBOR") plus a predetermined margin payable semi-annually on April 10 and October 10. These Sukuk mature on April 10, 2024. In accordance with the terms of the Sukuk, 51% of the proceeds from issuance are invested in Mudaraba assets and the remaining 49% are used in a Murabaha arrangement.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

(iii) On June 17, 2021, Saudi Aramco issued three tranches of USD denominated Sukuk trust certificates aggregating to an equivalent of SAR 22,500 (\$6,000) at par value with semi-annual payments on June 17 and December 17. The Shari'a compliant senior unsecured certificates consist of three-year maturities of SAR 3,750 (\$1,000) with a coupon rate of 0.946%, five-year maturities of SAR 7,500 (\$2,000) with a coupon rate of 1.602% and 10-year maturities of SAR 11,250 (\$3,000) with a coupon rate of 2.694%. In accordance with the terms of the Sukuk, 55% of the proceeds from issuance are structured as an Ijarah and the remaining 45% are structured as a Murabaha arrangement. The certificates were listed on the London Stock Exchange's Regulated Market and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. The proceeds are for general corporate purposes and the Sukuk mature between 2024 and 2031. At initial recognition, the Company recorded an amount of SAR 22,399 (\$5,973) for the issuance proceeds, net of estimated transaction costs.

(j) Murabaha

Saudi Aramco has various Murabaha Shari'a compliant borrowings from a number of financial intuitions. The borrowed amounts are repayable in semi-annual installments from 2008 to 2032. Commission is payable on amounts drawn and is calculated at a market rate plus a margin. In addition, Saudi Aramco also has access to unutilized Murabaha facilities of SAR 10,320 (2022: SAR 9,880), including the SAR denominated Islamic Murabaha facility of SAR 7,500 (Note 20(e)) (2022: SAR 7,500).

(k) Saudi Industrial Development Fund

Saudi Aramco has various borrowing agreements with the Saudi Industrial Development Fund. The amounts borrowed are not subject to periodic financial charges and are repayable in semi-annual installments from 2008 to 2035. As at December 31, 2023, no amounts were available for drawdown under these agreements (2022: SAR 48).

(l) Ijarah/Procurement

Saudi Aramco has Procurement and Ijarah Shari'a compliant Islamic facility agreements with a number of banks. The facilities are repayable in semi-annual installments from 2014 to 2039. As at December 31, 2023, an amount of SAR 165 (2022: SAR 603) was undrawn under these facilities.

(m) Wakala

Saudi Aramco has Shari'a compliant Islamic facility agreements with a number of lenders. The facilities utilize a Wakala financing structure which is an agency arrangement. The facilities are repayable in installments on a semi-annual basis, from 2019 to 2036. An amount of SAR 120 was undrawn as at December 31, 2023 (2022: SAR 271), under these facilities.

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The lessor has ownership of the assets during the term of the contract and is typically responsible for the operation, insurance and maintenance of the assets until termination of the underlying agreements. For certain leases, the lessor shall transfer its rights, title and interest in the assets to the lessee on the last day of the agreements; for others, there are no further obligations on completion of agreements. Performance guarantees are provided by the lessor under the terms of the agreements.

The cash outflow related to the principal portion of leases for the year ended December 31, 2023, was SAR 13,639 (2022: SAR 12,114). Expenses relating to short-term and low value leases were recognized in the consolidated statement of income for the year ended December 31, 2023, and amounted to SAR 956 (2022: SAR 518) and SAR 309 (2022: SAR 261), respectively.

The maturities of borrowings are as follows:

	No later than one year	Later than one year and no later than five years	Later than five years	Total contractual amount	Total carrying amount
2023					
Borrowings – other than leases	55,931	72,048	193,512	321,491	232,816
Leases	14,327	27,589	28,933	70,849	57,331
	70,258	99,637	222,445	392,340	290,147
2022					
Borrowings – other than leases	74,640	171,825	214,391	460,856	340,480
Leases	12,788	28,118	29,194	70,100	52,664
	87,428	199,943	243,585	530,956	393,144

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

The movement of borrowings is as follows:

	Long-term borrowings	Short-term borrowings and revolving credit facilities	Lease liabilities	Total liabilities from financing activities
January 1, 2022	446,379	17,351	47,191	510,921
Cash flows	(116,281)	(7,151)	(12,114)	(135,546)
Non-cash changes:				
Lease additions	–	–	16,358	16,358
Foreign exchange adjustment	(665)	–	(170)	(835)
Accretion of liabilities and others ¹	842	5	1,399	2,246
December 31, 2022	330,275	10,205	52,664	393,144
Cash flows	(111,999)	9,561	(13,639)	(116,077)
Non-cash changes:				
Lease additions	–	–	18,056	18,056
Foreign exchange adjustment	(141)	(214)	(96)	(451)
Transfer to liabilities associated with assets held for sale	(543)	–	–	(543)
Accretion of liabilities and others ¹	(4,391)	63	346	(3,982)
December 31, 2023	213,201	19,615	57,331	290,147

1. Amount for long-term borrowings includes a gain of SAR 5,775 (2022: net gain of SAR 3,064) on prepayments of deferred consideration to PIF (Note 20(a)).

21. Post-employment benefits

Saudi Aramco sponsors or participates in several funded and unfunded defined benefit pension plans and other post-employment benefit plans that provide pension, severance, death, medical and other benefits to substantially all of its employees primarily in the Kingdom. The majority of the defined benefit plans for the Kingdom-based employees are governed under the Kingdom's Labor Law, applicable benefit plan laws of the USA, and/or Company policies. Benefits to employees of group companies are provided based on local regulations and practices of the respective jurisdiction.

Retirement benefits for defined benefit pension plans are paid, primarily, in the form of lump sum payments upon retirement based on final salary and length of service. Other post-employment benefits such as medical are used to cover retired employees and eligible dependents of retirees for medical services in line with the plan policy documents.

At December 31, the net liability recognized for employee defined benefit plans in the consolidated balance sheet is as follows:

	2023	2022
Pension plans	(7,784)	(7,481)
Medical and other post-employment benefit plans	9,270	11,370
Net benefit liability	1,486	3,889
Represented by:		
Non-current assets	(24,661)	(23,034)
Non-current liabilities	26,147	26,923
Net benefit liability	1,486	3,889

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

The status of Saudi Aramco's pension and other post-employment defined benefit plans is as follows:

	Pension benefits		Other benefits	
	2023	2022	2023	2022
Net benefit obligation by funding:				
Present value of funded obligations	66,746	62,666	96,034	87,187
Fair value of plan assets	(80,258)	(74,393)	(94,380)	(84,270)
Benefit (surplus) deficit	(13,512)	(11,727)	1,654	2,917
Present value of unfunded obligations	5,728	4,246	7,616	8,453
Net benefit (asset) liability	(7,784)	(7,481)	9,270	11,370
Change in benefit obligations:				
Benefit obligations, January 1	66,912	85,504	95,640	136,042
Current service cost	3,169	4,455	2,220	3,551
Interest cost	3,255	2,546	5,265	4,305
Past service cost	563	173	23	–
Remeasurement	3,870	(21,161)	4,204	(44,351)
Plan participants' contribution	38	45	–	–
Benefits paid	(3,514)	(4,669)	(2,745)	(2,434)
Transfer to liabilities associated with assets held for sale	(2,556)	–	(211)	–
Foreign currency translation and other	737	19	(746)	(1,473)
Benefit obligations, December 31	72,474	66,912	103,650	95,640
Change in plan assets:				
Fair value of plan assets, January 1	(74,393)	(86,888)	(84,270)	(93,929)
Interest income	(4,024)	(2,726)	(4,718)	(2,948)
Remeasurement	(3,053)	13,965	(5,501)	15,360
Employer contributions	(3,188)	(3,746)	(2,636)	(5,258)
Benefits paid	3,514	4,669	2,745	2,434
Foreign currency translation and other	886	333	–	71
Fair value of plan assets, December 31	(80,258)	(74,393)	(94,380)	(84,270)
Net benefit (asset) liability at December 31	(7,784)	(7,481)	9,270	11,370

The weighted average duration of the pension benefit obligations is 12 years at December 31, 2023, and 12 years at December 31, 2022. The weighted average duration of the other benefit obligations is 18 years at December 31, 2023, and 17 years at December 31, 2022.

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

The components of net defined benefit cost, before tax, are primarily recognized in producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income. Remeasurements are included in the consolidated statement of comprehensive income. Net defined benefit cost and remeasurements for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2023	2022	2023	2022
Amounts recognized in net income:				
Current service cost	3,169	4,455	2,220	3,551
Past service cost	563	173	23	–
Net interest (income) cost	(769)	(180)	547	1,357
Other	–	–	(38)	–
	2,963	4,448	2,752	4,908
Amounts recognized in other comprehensive income:				
(Gains) losses from changes in demographic assumptions	(98)	12	323	5,501
Losses (gains) from changes in financial assumptions	2,336	(23,044)	4,699	(50,212)
Losses (gains) from changes in experience adjustments	1,632	1,871	(818)	360
Returns on plan assets (excluding interest income)	(3,053)	13,965	(5,501)	15,360
	817	(7,196)	(1,297)	(28,991)
Net defined benefit loss (gain) before income taxes	3,780	(2,748)	1,455	(24,083)

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, based in part on market conditions. Any changes in these assumptions will impact the carrying amount of the defined benefit obligations.

The significant assumptions used to determine the present value of the defined benefit obligations for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2023	2022	2023	2022
Discount rate	5.1%	5.4%	5.3%	5.6%
Salary growth rate	5.5%	5.2%	–	–
Annual average medical claim cost, in whole SAR			31,800	29,138
Health care participation rate			95.0%	95.0%
Assumed health care trend rates:				
Cost-trend rate			6.0%	6.5%
Rate to which cost-trend is to decline			5.0%	5.0%
Year that the rate reaches the ultimate rate			2026	2026

All the above assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of the defined benefit obligations.

Saudi Aramco determines the discount rate used to calculate the present value of estimated future cash outflows expected to be required to settle the post-employment benefit plan obligations. In determining the appropriate discount rate, Saudi Aramco considers the interest rates of high-quality corporate bonds in the USA that have terms to maturity approximating the terms of the related defined benefit obligation.

The salary growth rate assumption is based on a study of recent years' salary experience and reflects management's outlook for future increases. The annual average medical claim cost assumption is based on medical costs incurred in external medical providers, on behalf of the Company's employees and retirees. The health care participation rate considers the historical participation rate, amongst others, derived from the best available historical data. The assumed health care cost-trend rates reflect Saudi Aramco's historical experience and management's expectations regarding future trends.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

Mortality assumptions are reviewed regularly and set based on actuarial advice in accordance with best practice and statistics, adjusted to reflect the experience and improvements to longevity. Relevant life expectancies are as follows:

Life expectancy at age:	Saudi plans		U.S. plans	
	Male	Female	Male	Female
50	33.7	36.4	35.6	37.5
60	24.5	26.8	26.5	27.9
60 (currently aged 40)	26.3	28.4	28.0	29.4

The sensitivity of the overall defined benefit obligations to changes in the principal assumptions, keeping all other assumptions constant, is presented below. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation from one another.

	Change in assumption	Impact on obligation	2023	2022
Ultimate health care cost-trend rates	Increase by 0.5%	Increase by	9,825	8,633
	Decrease by 0.5%	Decrease by	(8,648)	(7,624)
Discount rate – other benefits	Increase by 0.5%	Decrease by	(8,385)	(7,305)
	Decrease by 0.5%	Increase by	9,604	8,336
Discount rate – pension benefits	Increase by 0.5%	Decrease by	(3,795)	(3,675)
	Decrease by 0.5%	Increase by	4,028	3,638
Salary growth rate	Increase by 0.5%	Increase by	2,014	2,055
	Decrease by 0.5%	Decrease by	(2,213)	(2,269)
Annual average medical claim cost	Increase by 5%	Increase by	4,770	4,350
	Decrease by 5%	Decrease by	(4,770)	(4,350)
Life expectancy	Increase by 1 year	Increase by	3,484	2,963
	Decrease by 1 year	Decrease by	(3,664)	(3,090)
Health care participation rate	Increase by 5%	Increase by	1,260	1,245
	Decrease by 5%	Decrease by	(1,298)	(1,283)

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

Plan assets consist of the following:

	2023	2022
Cash	4,793	5,381
Equity instruments	31,712	30,315
Investment funds	62,178	65,663
Bonds	75,066	55,500
Sukuk (Shari'a compliant)	889	1,804
	174,638	158,663

Plan assets are administered under the oversight of the Company or one of its subsidiaries and managed by independent trustees or separate entities, in a manner consistent with fiduciary obligations and principles, acting in the best interest of plan participants. The objectives of the plans are to maximize investment returns consistent with prudent risk over a long-term investment horizon in order to secure retiree benefits and minimize corporate funding.

All plan assets are held separately, solely to pay retiree benefits. Funded Saudi plans have the right to transfer assets held in excess of the plan's defined benefit obligation to another funded Saudi plan. The right to transfer such assets is solely in respect of amounts held in excess of the plan's defined benefit obligations and solely to plans with defined benefit obligations exceeding the value of assets held. Where Saudi Aramco has no rights to a refund of plan assets, surplus assets are recognized on the consolidated balance sheet on the basis that economic benefit can be gained through a reduction in future contributions.

Through its post-employment benefit plans, Saudi Aramco is exposed to a number of risks including asset volatility, changes in bond yields, inflation and life expectancy. Investment risk is minimized through diversification of investments among fixed income, equity, and alternative asset classes. Asset allocation is determined by an asset liability modeling study. The target asset allocation is, approximately, 17% (2022: 25%) equity instruments, 46% (2022: 38%) debt instruments, and 37% (2022: 37%) alternative assets. Inflation risk is partially offset by equities inflation and life expectancy risk is borne by Saudi Aramco.

Plan assets include transferable securities with a fair value of SAR 2,749 (2022: SAR 6,794) in the Company and its affiliated entities.

Employer contributions to defined benefit plans are estimated to be SAR 6,871 in 2024. While the Saudi plans are not governed by regulatory minimum funding requirements, the funding objective is to reach full funding of the larger plans only. Saudi Aramco pays annual contributions equal to benefit payments. Asset outperformance is expected to meet the shortfall between assets and the assessed liabilities within a reasonable period. Funding for the U.S. plans sponsored by Aramco Shared Benefit Company, a wholly-owned subsidiary of the Company, is recommended by the actuary in order to meet Saudi Aramco's funding strategy to meet benefit plan expenses using applicable U.S. plan funding rules. Other plans follow local regulations or contractual obligations to meet minimum funding requirements.

In addition to the above plans, Saudi Aramco maintains or participates in defined contribution plans for which Saudi Aramco's legal or constructive obligation is limited to the contributions. The costs of the defined contribution plans, which are included principally within producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income, are SAR 1,322 and SAR 1,201 for the years ended December 31, 2023 and 2022, respectively (Note 26).

22. Provisions and other liabilities

	2023	2022
Asset retirement	15,150	17,568
Environmental	698	770
Derivative liabilities (Note 3)	2,011	2,929
Other non-current liabilities	10,346	6,510
	28,205	27,777

Asset retirement provisions relate to the future plugging and abandonment of oil and natural gas wells and the decommissioning of certain Downstream assets. The environmental provision is for the remediation of ground water and soil contamination. Payments to settle these provisions will occur on an ongoing basis and will continue over the lives of the operating assets, which can exceed 50 years for the time when it is necessary to abandon oil and natural gas wells. The amount and timing of settlement in respect of these provisions are uncertain and dependent on various factors that are not always within management's control. Derivative liabilities comprise financial liabilities relating to options and forward contracts.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

22. Provisions and other liabilities continued

The movements in asset retirement and environmental provisions are as follows:

	Asset retirement	Environmental
January 1, 2022	18,296	824
Revision to estimate	(1,770)	(8)
Additional provisions	626	4
Unwinding of discount	431	4
Amounts charged against provisions	(15)	(54)
December 31, 2022	17,568	770
Revision to estimate	(3,461)	23
Additional provisions	664	30
Unwinding of discount	458	15
Amounts charged against provisions	(79)	(140)
December 31, 2023	15,150	698

23. Trade payables and other liabilities

	2023	2022
Trade payables	71,993	65,425
Accrued materials and services	44,633	34,083
Amounts due to related parties (Note 29(b))	13,823	15,431
Employee related payables	10,769	10,304
Derivative liabilities (Note 3)	3,197	2,817
Other	7,138	7,330
	151,553	135,390

Trade payables relating to certain contracts with provisional pricing arrangements are measured at fair value. The fair value was calculated using forward curves and future prices. These trade payables are classified as level 3 in the fair value hierarchy (Note 3(d)) due to the inclusion of unobservable inputs, including counterparty credit risk in the fair value calculation.

24. Revenue

	2023	2022
Revenue from contracts with customers	1,644,114	2,003,347
Movement between provisional and final prices	(549)	(3,397)
Other revenue	9,716	7,005
	1,653,281	2,006,955
Other revenue:		
Services provided to:		
Government, semi-Government and other entities with Government ownership or control (Note 29(a))	934	1,061
Third parties	2,168	698
Joint ventures and associates (Note 29(a))	210	195
Freight	555	1,076
Other	5,849	3,975
	9,716	7,005

Revenue from contracts with customers is measured at a transaction price agreed under the contract and the payment is due within 10 to 120 days from the invoice date depending on specific terms of the contract.

Transaction prices are not adjusted for the time value of money, as Saudi Aramco does not have any contracts where the period between the transfer of product to the customer and payment by the customer exceeds one year.

All amounts in millions of Saudi Riyals unless otherwise stated

24. Revenue continued

Disaggregation of revenue from contracts with customers

Saudi Aramco's revenue from contracts with customers according to product type and source is as follows:

	2023			
	Upstream	Downstream	Corporate	Total
Crude oil	746,689	91,945	–	838,634
Refined and chemical products	–	750,355	–	750,355
Natural gas and NGLs	38,053	4,018	–	42,071
Metal products	–	13,054	–	13,054
Revenue from contracts with customers	784,742	859,372	–	1,644,114
Movement between provisional and final prices	(475)	(74)	–	(549)
Other revenue	375	7,390	1,951	9,716
External revenue	784,642	866,688	1,951	1,653,281

	2022			
	Upstream	Downstream	Corporate	Total
Crude oil	971,325	105,401	–	1,076,726
Refined and chemical products	–	835,884	–	835,884
Natural gas and NGLs	56,055	19,292	–	75,347
Metal products	–	15,390	–	15,390
Revenue from contracts with customers	1,027,380	975,967	–	2,003,347
Movement between provisional and final prices	(3,142)	(255)	–	(3,397)
Other revenue	390	4,969	1,646	7,005
External revenue	1,024,628	980,681	1,646	2,006,955

25. Purchases

	2023	2022
Refined and chemical products	277,022	291,696
Crude oil	162,236	152,556
NGL and other products	31,967	46,438
	471,225	490,690

Purchases primarily consist of refined products, chemicals, crude oil and NGL purchased from third parties for use in Downstream operations and to meet demand for products in the Kingdom when it exceeds Saudi Aramco's production of the relevant product. Saudi Aramco also purchases products from third parties in certain markets where it is more cost effective compared to procuring them from other business units.

26. Employee benefit expense

	2023	2022
Salaries and wages	49,530	44,736
Social security costs	3,280	2,927
Post-retirement benefits (Note 21):		
Defined benefit plans	5,715	9,356
Defined contribution plans	1,322	1,201
Share-based compensation (Note 17)	482	299
	60,329	58,519

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

27. Finance and other income

	2023	2022
Interest income	22,275	7,955
Gain on partial prepayment of deferred consideration to PIF	5,775	3,281
Investment income	3,166	1,189
Dividend income from investments in securities	411	390
Other	340	2,079
	31,967	14,894

28. Payments to the Government by Saudi Arabian Oil Company

	2023	2022
Income taxes (Note 8(c))	200,189	232,661
Royalties	213,216	349,270
Dividends	333,699	265,066

29. Related party transactions

(a) Transactions

	2023	2022
Joint ventures:		
Revenue from sales	23,899	28,155
Other revenue (Note 24)	34	30
Interest income	23	161
Purchases	25,729	30,574
Service expenses	11	8
Associates:		
Revenue from sales	90,045	77,048
Other revenue (Note 24)	176	165
Interest income	124	113
Purchases	46,260	72,503
Service expenses	135	158
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	23,355	23,351
Other income related to sales	203,092	259,418
Other revenue (Note 24)	934	1,061
Purchases	14,194	12,761
Service expenses	563	409
Lease expenses	1,015	791

Goods are purchased and sold according to supply agreements in force. Note 33 includes additional information on loans to joint ventures and associates.

All amounts in millions of Saudi Riyals unless otherwise stated

29. Related party transactions continued

(b) Balances

	2023	2022
Joint ventures:		
Other assets and receivables (Note 9)	5,378	5,363
Trade receivables	4,976	5,096
Interest receivable	581	371
Trade payables and other liabilities (Note 23)	6,236	7,060
Associates:		
Other assets and receivables (Note 9)	4,882	1,519
Trade receivables	12,971	13,410
Trade payables and other liabilities (Note 23)	6,139	6,278
Borrowings	–	15
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables (Note 9)	1,151	510
Trade receivables	2,606	3,874
Due from the Government (Note 13)	49,378	54,545
Trade payables and other liabilities (Note 23)	1,448	2,093
Borrowings	7,736	128,026

Sales to and receivables from Government, semi-Government and other entities with Government ownership or control are made on specific terms within the relevant regulatory framework in the Kingdom.

(c) Compensation of key management personnel

Key management personnel of Saudi Aramco included directors and senior executive management. The compensation paid or payable to key management for services is shown below:

	2023	2022
Short-term employee benefits	90	80
Post-employment benefits	58	43
Share-based compensation	34	25
Other long-term benefits	4	3
	186	151

(d) Other transactions with key management personnel

Other than as set out in Note 29(c), there were no reportable transactions between Saudi Aramco and members of key management personnel or their close family members during the year ended December 31, 2023 (2022: nil).

30. Derivative instruments and hedging activities

Saudi Aramco uses interest rate swap contracts to manage exposure to interest rate risk mainly resulting from borrowings. These hedges are designated as cash flow hedges. Saudi Aramco also engages in hedging activities through the use of currency forward contracts in relation to firm commitments under procurement contracts and highly probable forecast transactions. These hedges are designated as fair value hedges and cash flow hedges, respectively. Further, Saudi Aramco uses short-term commodity derivative contracts to manage exposure to price fluctuations.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

30. Derivative instruments and hedging activities continued

The notional amounts of currency forward contracts and interest rate swap contracts designated as hedging instruments and outstanding commodity derivative contracts are as follows:

	2023	2022
Interest rate swaps	10,399	10,658
Currency forward contracts	4,794	4,830
Commodity derivative contracts	18,488	29,846
	33,681	45,334

31. Non-cash investing and financing activities

Investing and financing activities during 2023 include additions to right-of-use assets of SAR 18,083 (2022: SAR 16,065), asset retirement provisions of SAR 295 (2022: SAR 467), and equity awards issued to employees of SAR 211 (2022: SAR 70) (Note 17). Further, investing activities during 2022 include an additional investment in Petro Rabigh as part of a subscription to a rights issuance offering through conversion of a non-current loan receivable of SAR 2,981.

32. Commitments

(a) Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 222,938 and SAR 172,639 at December 31, 2023 and 2022, respectively. In addition, leases contracted for but not yet commenced were SAR 26,369 and SAR 18,326 at December 31, 2023 and 2022, respectively.

(b) International Maritime Industries Company ("IMI")

In 2017, Saudi Aramco Development Company ("SADCO"), a wholly-owned subsidiary of the Company, Maritime Offshore Limited, a wholly-owned subsidiary of Lamprell plc, Bahri and Korea Shipbuilding and Offshore Engineering Co., Ltd ("KSOE") formed a company, IMI, in which SADCO owns 40.1%, Maritime Offshore Limited owns 20%, Bahri owns 19.9% and KSOE owns 20%. The principal activities of IMI are the development, operation, and maintenance of a maritime yard under construction by the Government, as well as, the design, manufacture, maintenance and repair of ships and rigs. The maritime yard is divided into four main operational zones and completion of the construction of the individual zones will vary, with the final yard completion and handover expected in 2025. SADCO has committed to fund IMI up to SAR 1,053 through equity contributions. At December 31, 2023, the full amount of SAR 1,053 (2022: SAR 916) has been drawn down by IMI. In addition, Saudi Aramco has guaranteed the purchase of 20 offshore rigs over a 10-year period beginning in 2023. One of these rigs was delivered in 2023, and accordingly, the commitment as at December 31, 2023 for the 19 remaining rigs amounted to SAR 23,201.

(c) Arabian Rig Manufacturing Company ("ARM")

In June 2018, SADCO and NOV Downhole Eurasia Limited formed a company, ARM (Note 40), to provide onshore land drilling manufacturing, equipment and services to SANAD and the Middle East and North Africa region. The Company committed to invest SAR 225, of which, SAR 207 is invested at December 31, 2023. In addition, SADCO has guaranteed the purchase of 50 onshore rigs over a 10-year period beginning in 2022. Five of these rigs were delivered up to the end of 2023, and accordingly, the remaining commitment as at December 31, 2023 amounted to SAR 8,380. SADCO has the option to cancel the rig orders for a maximum financial exposure of SAR 1,181.

All amounts in millions of Saudi Riyals unless otherwise stated

32. Commitments continued

(d) Other

- (i) The Company and The Dow Chemical Company ("Dow") equally committed to comply with the Ministry of Energy feedstock agreement to support the development of Chemical Value Parks in the Kingdom in the total amount of SAR 375. The first payment of approximately SAR 38 will be deposited within one month from the date of supplying Sadara with additional ethane. The remaining funds will be paid over nine years at SAR 38 annually. Saudi Aramco's commitment of SAR 188 is outstanding at December 31, 2023.
- (ii) In order to comply with past Government directives, the Company expects to sell portions of its equity in Saudi Aramco Total Refining and Petrochemical Company and Yanbu Aramco Sinopec Refining Company Limited (Note 39) through a public offering of shares in Saudi Arabia.
- (iii) Saudi Aramco is committed to comply with the Government directive to guarantee that Saudi Aramco Total Refining and Petrochemical Company shall spend a total of SAR 375 over a 10-year period ending December 31, 2025 on social responsibility programs. At December 31, 2023, SAR 217 remains to be spent.
- (iv) Saudi Aramco is committed to comply with the Government directive to guarantee that Yanbu Aramco Sinopec Refining Company Limited shall spend a total of SAR 375 on social responsibility programs by September 30, 2025. At December 31, 2023, SAR 131 remains to be spent.
- (v) Saudi Aramco has commitments of SAR 492 (2022: SAR 264) to invest in private equity investments both inside and outside the Kingdom. Such commitments can be called on demand.
- (vi) Saudi Aramco has commitments of SAR 79 (2022: SAR 173) to fund additional loans and acquire additional unlisted equity investments of certain small to mid-sized enterprises in the Kingdom. The commitments can be called by the enterprises upon meeting certain conditions.
- (vii) Saudi Aramco has commitments of SAR 1,175 (2022: SAR 2,107) in relation to capital contributions for certain other affiliates.

33. Contingencies

Saudi Aramco has contingent assets and liabilities with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingencies arise in the ordinary course of business. It is not anticipated that any material adjustments will result from these contingencies.

Saudi Aramco also has contingent liabilities with respect to the following:

(a) Sadara

On March 25, 2021, Sadara entered into various agreements to restructure its senior project financing debt amounting to SAR 37,280. Terms of the restructuring include a principal repayment grace period until June 2026 and an extension of the final maturity date from 2029 to 2038. In connection with the restructuring, the Company and Dow have agreed to guarantee up to an aggregate of SAR 13,875 of senior debt principal and its associated interest in proportion to their ownership interests in Sadara. Further, the Company and Dow have agreed to provide guarantees and support, in proportion to their ownership interest in Sadara, for interest payment shortfalls on all outstanding senior debt until June 2026, working capital shortfall support up to SAR 1,875 in 2030, as well as an undertaking to provide acceptable credit support to cover the required Debt Service Reserve Account balance, which needs to be funded prior to June 2026.

In addition to the senior debt restructuring, effective March 25, 2021, the Company, Dow (and/or their affiliates) and Sadara have also entered into agreements to (i) provide additional feedstock by increasing the allocated quantity of ethane and natural gasoline supplied by Saudi Aramco, and (ii) gradually increase Saudi Aramco's rights to market, through SABIC, its equity share of finished products produced by Sadara (subject to certain agreed terms) over the next five to 10 years. The Company has provided a guarantee for the payment and performance obligations of SABIC under the Product Marketing and Lifting Agreement.

On June 17, 2021, Excellent Performance Chemical Company ("EPCC"), a wholly-owned subsidiary of the Company, and Sadara entered into a SAR 1,500 subordinated revolving credit facility to provide shortfall funding to Sadara. The facility, originally scheduled to mature in June 2023, has been extended till June 2026. As of December 31, 2023, the facility was not utilized.

With respect to Sadara's fuel and feedstock allocation, Saudi Aramco has provided two letters of credit to the Ministry of Energy for SAR 169 and SAR 152 to construct epoxy plants and for the development of projects to support conversion industries in the Kingdom.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

33. Contingencies continued

(b) Petro Rabigh

In 2020, the two founding shareholders of Petro Rabigh, the Company and Sumitomo Chemical Co. Ltd., entered into a debt service undertaking with lenders of the Rabigh II Project, whereby each founding shareholder, on a several basis, undertakes to pay 50% of any shortfalls in scheduled (and not accelerated) Rabigh II debt service on each Rabigh II payment date until the earlier of the final Rabigh II repayment date in June 2032 or the full repayment of SAR 5,625 of the equity bridge loans. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 622.

On September 30, 2020, Petro Rabigh entered into revolving loan facilities in an aggregate amount of SAR 5,625 with the Company and Sumika Finance Company Limited, a wholly-owned subsidiary of Sumitomo Chemical Co. Ltd. An amount of SAR 3,525 was utilized as at December 31, 2023. In 2020, Petro Rabigh also entered into another revolving loan facility for SAR 1,875 with the Company, which remained unutilized as at December 31, 2023. The facilities mature on December 31, 2024.

The founding shareholders arranged equity bridge loans ("the EBLs") in an aggregate amount of SAR 11,250 which the founding shareholders guarantee on a several and equal basis, to meet the equity financing requirements under the senior finance agreements. Petro Rabigh repaid SAR 1,940 of the equity bridge loans out of the proceeds of the rights issuance in July 2022. The remaining EBLs of SAR 9,310 matured on March 20, 2023 and were refinanced by Petro Rabigh. Under the refinancing arrangement, Sumitomo Chemical Co. Ltd. guaranteed its share of the equity bridge loans, amounting to SAR 4,655, that was fully financed by external lenders. In addition, the Company, through its wholly-owned subsidiary, Aramco Overseas Company B.V. ("AOC"), provided Petro Rabigh an equity bridge loan of SAR 3,000, while the remaining amount of its share, amounting to SAR 1,655, was provided by external lenders and was guaranteed by the Company. The refinanced equity bridge loans mature on December 20, 2027.

(c) Noor Al Shuaibah Holding Company

On May 2, 2023, Saudi Aramco Power Company ("SAPCO"), a wholly-owned subsidiary of the Company, entered into a shareholders' agreement with the Water and Electricity Holding Company ("Badeel"), wholly-owned by PIF, and ACWA Power Company, to invest in Noor Al Shuaibah Holding Company for the development of Al Shuaibah 1 and Al Shuaibah 2 solar photovoltaic power generating plants in Makkah province in the Kingdom (the "Projects"). The Projects will have a combined capacity of over 2.6 gigawatts and commercial operations are expected to commence by 2025. The estimated total cost of the Projects is SAR 8,919 which will be funded through a mix of senior debt financing and equity bridge loans. The Company guaranteed SAPCO's 30% share of the equity bridge loans, amounting to approximately SAR 800, under the terms of the project financing. The equity bridge loans were fully drawn as of December 31, 2023. Further, additional guarantees amounting to SAR 347 have been provided to support SAPCO's obligations related to the Projects.

(d) Other

Saudi Aramco has provided guarantees of SAR 1,863 (2022: SAR 2,110) in relation to borrowings and other obligations of certain other affiliates, arising in the ordinary course of business.

34. Sale of equity interests in affiliates

(a) Saudi Iron and Steel Company ("Hadeed")

On September 3, 2023, SABIC, a subsidiary of Saudi Aramco, announced the signing of an agreement to sell its 100% shareholding in the Saudi Iron and Steel Company ("Hadeed") to PIF. This transaction will enable SABIC, which is part of the Downstream segment, to optimize its portfolio and focus on its core business. The completion of the transaction is subject to customary conditions and regulatory approvals, and is expected to occur in 2024.

Following the signing of the agreement, assets and liabilities of Hadeed were classified as held for sale, and were presented separately on the consolidated balance sheet. At the Saudi Aramco level, a loss on fair value measurement of SAR 3,219 was recognized within selling, administrative and general expenses in the consolidated statement of income to reduce the carrying amount of the assets to their fair value less costs to sell, that was determined based on the sale agreement.

As at December 31, 2023, the major classes of Hadeed's assets classified as held for sale comprise property, plant and equipment and intangible assets of SAR 5,335, inventories of SAR 3,904, trade receivables of SAR 2,765, and other assets of SAR 3,420. The liabilities directly associated with assets classified as held for sale comprise trade payables of SAR 529, post-employment benefit obligations of SAR 2,957, and other liabilities of SAR 2,215.

(b) Power and Water Utility Company for Jubail and Yanbu ("Marafiq")

On November 24, 2022, Marafiq, an associate of Saudi Aramco, announced the listing of its shares on the Main Market of the Saudi Exchange following the successful completion of its IPO. The IPO comprised shares offered by the majority shareholders of Marafiq, including Saudi Aramco Power Company and SABIC, in proportion to their shareholding. Following the completion of the IPO, the aggregate equity ownership of the aforementioned Saudi Aramco subsidiaries in Marafiq reduced from 49.6% to 35%, resulting in proceeds of SAR 1,651 and a gain of SAR 464. The carrying value of the investment in Marafiq in the consolidated financial statements at December 31, 2023, was SAR 3,008 (2022: SAR 3,020).

All amounts in millions of Saudi Riyals unless otherwise stated

34. Sale of equity interests in affiliates continued

(c) Aramco Gas Pipelines Company ("AGPC")

On February 23, 2022, the Company sold a 49% equity interest in AGPC, a newly formed wholly-owned subsidiary of the Company, to GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif") for upfront proceeds of SAR 58,125 (\$15,500) in cash.

GreenSaif is an entity owned by a consortium of investors led by affiliates of BlackRock Real Assets and Hassana Investment Company, the investment management arm of the General Organization for Social Insurance ("GOSI") in the Kingdom. GreenSaif, as a shareholder of AGPC, is entitled to receive quarterly distributions of its pro rata share of AGPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to GreenSaif, in line with the principles outlined in Note 2(d), GreenSaif's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds are recognized in the consolidated financial statements as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its gas pipelines network to AGPC for a 20-year period. Concurrently, AGPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 20-year period in exchange for a quarterly, volume-based tariff payable by the Company to AGPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

35. Investments in affiliates and securities

(a) Investments in subsidiaries

(i) Valvoline Inc.'s global products business

On March 1, 2023, AOC, a wholly-owned subsidiary of the Company, acquired a 100% equity interest in Valvoline Inc.'s global products business ("VGP Holdings LLC") for a cash consideration of SAR 10,338 (\$2,757), including customary adjustments. VGP Holdings LLC is one of the leading worldwide independent producer and distributor of premium branded automotive, commercial and industrial lubricants, and automotive chemicals. This strategic acquisition is expected to complement Saudi Aramco's line of premium branded lubricant products, optimize its global base oils production capabilities, and expand its own research and development activities and partnerships with original equipment manufacturers.

The transaction resulted in Saudi Aramco obtaining control of VGP Holdings LLC. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date.

Saudi Aramco engaged an independent valuer in order to determine the fair value of the assets and liabilities of VGP Holdings LLC as part of the purchase price allocation process. The fair values of the identifiable assets and liabilities are as follows:

Cash and cash equivalents	460
Trade receivables, inventories and other current assets	3,854
Property, plant and equipment (Note 5)	2,285
Intangible assets (Note 6)	4,628
Other non-current assets	512
Trade payables and other current liabilities	(1,275)
Non-current liabilities	(536)
Total identifiable net assets at fair value	9,928
Goodwill (Note 6)	410
Purchase consideration	10,338

Acquisition and transaction costs of SAR 161 were expensed as selling, administrative and general expenses in the consolidated statement of income for the year ended December 31, 2023.

Post-acquisition, VGP Holdings LLC contributed revenues of SAR 9,428 and net income of SAR 668, which is included in the consolidated statement of income. If the acquisition had occurred on January 1, 2023, management estimates that consolidated revenue and net income for the year ended December 31, 2023 would have been SAR 11,189 and SAR 802, respectively.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

35. Investments in affiliates and securities continued

(a) Investments in subsidiaries continued

(ii) Grupa LOTOS S.A. transaction

On January 12, 2022, AOC, a wholly-owned subsidiary of the Company, entered into share purchase agreements with Grupa LOTOS Spółka Akcyjna ("Grupa LOTOS S.A."), a subsidiary of Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN"), to purchase shares in certain entities of Grupa LOTOS S.A. Under this transaction, AOC acquired 100% equity interest in LOTOS SPV 1 Sp. z o.o. for a cash consideration of SAR 930 (\$248), in addition to acquiring 30% of the issued share capital of LOTOS Asphalt sp. z o.o. and 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o. for SAR 889 (\$237) (Note 35(b)(iii)). These acquisitions are in line with Saudi Aramco's strategy of expanding its downstream presence in Europe and further expanding its crude imports into Poland.

Prior to completion of the transaction, an organized part of the wholesale business operated by LOTOS Paliwa sp. z o.o. ("LOTOS Paliwa"), a subsidiary of Grupa LOTOS S.A., was transferred to LOTOS SPV 1 Sp. z o.o., subsequently renamed as Aramco Fuels Poland sp. z o.o. ("AFP"). AFP is engaged in the acquisition, storage, blending, marketing, transportation, distribution and the sale of fuel to wholesale customers.

The closing of the transaction occurred on November 30, 2022. The transaction resulted in Saudi Aramco obtaining control of AFP. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date.

Saudi Aramco engaged an independent valuer in order to determine the fair value of the assets and liabilities of AFP as part of the purchase price allocation process. Based on the fair values of the total identifiable net assets and liabilities of SAR 909, including cash acquired of SAR 513, goodwill of SAR 21 has been recognized.

Acquisition and transaction costs of SAR 37 were expensed as selling, administrative, and general expenses in the consolidated statement of income for the year ended December 31, 2022.

Post-acquisition, AFP contributed revenues of SAR 2,043 and net income of SAR 14, for the year ended December 31, 2022 which is included in the consolidated statement of income.

(b) Investments in joint ventures and associates

(i) Huajin Aramco Petrochemical Co., Ltd. ("HAPCO")

On March 25, 2023, AOC, a wholly-owned subsidiary of the Company, entered into definitive agreements with North Huajin Chemical Industries Group Corporation ("North Huajin") and Panjin Xincheng Industrial Group Co., Ltd. ("Panjin Xincheng") to construct the HAPCO refinery and petrochemical complex in Panjin City, Liaoning Province, China. AOC owns a 30% interest in HAPCO, while North Huajin and Panjin Xincheng own 51% and 19%, respectively. The investment in HAPCO has been accounted for as an associate. The complex, expected to be completed in 2026 with an estimated construction cost of RMB 83.7 billion (SAR 44,362), will be financed through a combination of debt and equity. The facility will combine a 300,000 barrels per day ("bpd") refinery and a petrochemical plant with annual production capacity of 1.65 million metric tons of ethylene and 2 million metric tons of paraxylene. Saudi Aramco's share of the equity contribution is RMB 8.4 billion (SAR 4,436), of which RMB 5.8 billion (SAR 3,090) was undrawn as at December 31, 2023.

(ii) MidOcean Energy ("MidOcean")

On September 27, 2023, AOC, a wholly-owned subsidiary of the Company, entered into definitive agreements to acquire a strategic minority stake in MidOcean Energy ("MidOcean") for a purchase consideration of SAR 1,875 (\$500), with an option to increase its shareholding and associated rights in the future. MidOcean is a Liquefied Natural Gas ("LNG") company, formed and managed by EIG Global Energy Partners with the objective of building a portfolio of high-quality, long term LNG interests, and is currently in the process of acquiring interests in four Australian LNG projects, with a growth strategy to create a diversified global LNG business. The strategic partnership with MidOcean marks Saudi Aramco's first international investment in LNG. The transaction is expected to close during 2024, subject to customary closing conditions and regulatory approvals.

All amounts in millions of Saudi Riyals unless otherwise stated

35. Investments in affiliates and securities continued

(b) Investments in joint ventures and associates continued

(iii) Grupa LOTOS S.A. transaction

On November 30, 2022, AOC acquired 30% of the issued share capital of LOTOS Asfalt sp. z o.o., subsequently renamed as Rafineria Gdańska sp. z o.o. ("POLREF"), for SAR 853 (\$227). The remaining 70% of the equity interest is held by PKN ORLEN (Note 35(a)(ii)). The investment in POLREF has been accounted for as an associate. POLREF operates an oil refinery located in Gdańsk, Poland. Post-acquisition, the refinery processes the crude oil supplied by PKN ORLEN and AFP into finished products, in exchange for a processing fee.

In addition, on November 30, 2022, AOC acquired 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o., subsequently renamed as Air BP Aramco Poland sp. z o.o. ("AIRBP"), for SAR 36 (\$10). The remaining 50% of the issued share capital of AIRBP is retained by BP Europa SE (Note 35(a)(ii)). The investment in AIRBP has been accounted for as a joint venture. The business of AIRBP includes acquisition, storage, transport, distribution and sale of aviation fuels in bulk or having them delivered into aircrafts in and outside of Poland.

(c) Investment in securities

Rongsheng Petrochemical

On July 21, 2023, the Company announced the completion of the acquisition of a 10% equity interest in Rongsheng Petrochemical from Zhejiang Rongsheng Holding Group Co., Ltd., through its wholly-owned subsidiary, AOC, for a total transaction value of RMB 24.6 billion (SAR 12,767). The acquisition of the equity interest in Rongsheng Petrochemical, a company listed on the Shenzhen Stock Exchange in China, follows the signing of definitive strategic agreements by the companies, as announced on March 27, 2023. Among other assets, Rongsheng Petrochemical owns a 51% equity interest in Zhejiang Petroleum & Chemical Co., Ltd. ("ZPC"), which in turn owns and operates the largest integrated refining and chemicals complex in China with a capacity to process 800,000 bpd of crude oil and to produce 4.2 million metric tons of ethylene per year. Through this strategic arrangement, Saudi Aramco would significantly expand its downstream presence in China, including supplying 480,000 bpd of crude oil to ZPC, under a long-term sales agreement. Upon completion, Saudi Aramco recognized an equity investment at fair value through other comprehensive income of SAR 6,399 within investments in securities (Note 10), and a non-current other asset of SAR 5,932 (Note 9), relating to a payment made for the long-term sales agreement, which is amortized over the term of the agreement. In addition, a loss of SAR 436 was recognized in selling, administrative and general expenses in the consolidated statement of income, representing fair value changes to the market price up to the completion date.

36. Dividends

	2023	2022	SAR per share	
			2023	2022
Dividends declared and paid each quarter:				
March	73,150	70,331	0.3326	0.3518
June ¹	73,160	70,328	0.3024	0.3198
September ¹	110,181	70,329	0.4554	0.3198
December ¹	110,183	70,330	0.4554	0.3198
Total ²	366,674	281,318	1.5458	1.3112
Dividends declared on March 8, 2024 and March 10, 2023 ^{1,3}	116,503	73,150	0.4815	0.3326

1. Dividends per share of SAR 0.3024, SAR 0.4554, SAR 0.4554 and SAR 0.4815, declared on May 8, 2023, August 6, 2023, November 6, 2023, and March 8, 2024, respectively, reflect the effect of the issuance of the bonus shares approved on May 8, 2023, as described below.

2. Performance-linked dividends were introduced in the third quarter of 2023 and amount to SAR 74,035 (SAR 0.3060 per share) out of the total dividends declared and paid during the year.

3. Dividend of SAR 116,503 (SAR 0.4815 per share) represents a base dividend of SAR 76,096 (SAR 0.3145 per share) and a performance-linked dividend of SAR 40,407 (SAR 0.1670 per share). These dividends are not reflected in the consolidated financial statements and will be deducted from unappropriated retained earnings in the year ending December 31, 2024.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

36. Dividends continued

On May 12, 2022, after obtaining necessary approvals from the competent authorities, the Extraordinary General Assembly ("EGA") approved the increase of the Company's share capital by SAR 15,000 and the commensurate increase of the number of the Company's issued ordinary shares by 20 billion without par value. Such increase was effected through capitalization of the Company's retained earnings. Each shareholder was granted one (1) bonus share for every ten (10) shares owned. The Company's share capital after the increase was SAR 75,000, divided into 220 billion fully paid ordinary shares with equal voting rights without par value.

On May 8, 2023, after obtaining necessary approvals from the competent authorities, the EGA approved the increase of the Company's share capital by SAR 15,000 and the commensurate increase of the number of the Company's issued ordinary shares by 22 billion without par value. Such increase was effected through capitalization of the Company's retained earnings. Each shareholder was granted one (1) bonus share for every ten (10) shares owned. The Company's share capital after the increase is SAR 90,000, divided into 242 billion fully paid ordinary shares with equal voting rights without par value.

37. Earnings per share

The following table reflects the net income and number of shares used in the earnings per share calculations:

	2023	2022
Net income attributable to the ordinary shareholders of the Company	452,753	597,215
Weighted average number of ordinary shares (in millions) (Note 2(cc)) ¹	241,933	241,907
Earnings per share for net income attributable to the ordinary shareholders of the Company (in Saudi Riyals) ¹	1.87	2.47

1. Earnings per share for the years ended December 31, 2023 and 2022 have been calculated by retrospectively adjusting the weighted average number of outstanding shares to reflect the effect of the issuance of bonus shares approved on May 8, 2023 (Note 36).

Potential ordinary shares during the year ended December 31, 2023, related to employees' share-based compensation in respect of employee share plans that were awarded to the Company's eligible employees under those plan terms (Note 17). These share plans did not have a significant dilution effect on basic earnings per share for the years ended December 31, 2023 and 2022.

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
A. Wholly-owned:						
4 Rivers Energy LLC	Retail fuel operations	100%	USA	–	–	–
AOC Management Consultancies LLC	Consulting services	100%	UAE	–	–	–
Aramco (Beijing) Venture Management Consultant Co., Ltd.	Investment	100%	China	8	8	–
Aramco Affiliated Services Company	Support services	100%	USA	1	–	–
Aramco Asia India Private Limited	Purchasing and other services	100%	India	1	1	–
Aramco Asia Japan K.K.	Purchasing and other services	100%	Japan	65	394	4
Aramco Asia Korea Limited	Marketing and vendor sourcing activities	100%	South Korea	59	17	1
Aramco Asia Singapore Pte. Ltd.	Purchasing and other services	100%	Singapore	24	18	–
Aramco Associated Company	Aircraft operations	100%	USA	160	317	20
Aramco Capital Company, LLC	Aircraft leasing	100%	USA	62	–	2
Aramco Chemicals Company	Chemicals	100%	Saudi Arabia	344	42	16
Aramco Far East (Beijing) Business Services Co., Ltd.	Petrochemical purchasing, sales and other services	100%	China	514	155	11
Aramco Financial Services Company	Financing	100%	USA	135	3	4
Aramco Fuels Poland sp. z o.o.	Wholesale fuel operations	100%	Poland	215	1,778	26
Aramco Gulf Operations Company Limited	Production and sale of crude oil	100%	Saudi Arabia	4,886	1,955	177
Aramco Innovations Limited Liability Company	Research and commercialization	100%	Russia	11	16	–
Aramco International Gas Holding Co B.V.	Financing	100%	Netherlands	–	–	–
Aramco InvestCo GP B.V.	Financing	100%	Netherlands	–	–	–
Aramco InvestCo NewCo Sub B.V.	Financing	100%	Netherlands	–	–	–
Aramco Lubricants and Retail Company	Retail fuel marketing	100%	Saudi Arabia	70	83	–
Aramco Overseas - Egypt	Personnel and other support services	100%	Egypt	–	–	–
Aramco Overseas Company B.V.	Purchasing and other services	100%	Netherlands	16,815	2,314	1,113
Aramco Overseas Company Spain, S.L.	Personnel and other support services	100%	Spain	–	1	–
Aramco Overseas Company UK Limited	Personnel and other support services	100%	United Kingdom	1	73	–
Aramco Overseas Malaysia SDN. BHD.	Personnel and other support services	100%	Malaysia	13	12	–
Aramco Performance Materials LLC	Petrochemical manufacture and sales	100%	USA	–	–	1
Aramco Services Company	Purchasing, engineering and other services	100%	USA	7,446	508	224
Aramco Shared Benefits Company	Benefits administration	100%	USA	1	1	–
Aramco Sohar Overseas SPC	Personnel and other support services	100%	Oman	–	–	–
Aramco Trading Americas Holding Inc.	Holding	100%	USA	2	2	–
Aramco Trading Americas LLC (formerly, Motiva Trading LLC)	Purchasing and sale of petroleum goods and other services	100%	USA	917	17,848	120
Aramco Trading Company	Importing, exporting and trading of crude oil, refined and chemical products	100%	Saudi Arabia	10,141	8,094	414

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
Aramco Trading Dubai Company Limited	Importing, exporting and trading of crude oil and refined products	100%	UAE	–	33	–
Aramco Trading Fujairah FZE	Importing and exporting refined products	100%	UAE	326	8,709	195
Aramco Trading Limited	Importing and exporting refined products	100%	United Kingdom	256	2,550	216
Aramco Trading Singapore Pte. Ltd.	Marketing and sales support	100%	Singapore	2,337	9,443	86
Aramco Valvoline Global Holding Corp.	Holding company	100%	USA	–	–	–
Aramco Venture Management Consultant Company LLC	Consulting services	100%	USA	2	11	–
Aramco Ventures Company	Investment	100%	Saudi Arabia	120	58	–
Aramco Ventures Holdings Limited	Investment	100%	Guernsey	407	–	–
Aramco Ventures Investments Limited	Investment	100%	Guernsey	2,877	–	–
ARLANXEO Holding B.V.	Development, manufacture, and marketing of high-performance rubber	100%	Netherlands	771	2,563	28
ARLANXEO Belgium N.V.		100%	Belgium	104	120	–
ARLANXEO Branch Offices B.V.		100%	Netherlands	30	–	–
ARLANXEO Brasil S.A.		100%	Brazil	453	175	4
ARLANXEO Canada Inc.		100%	Canada	283	208	–
ARLANXEO Deutschland GmbH		100%	Germany	233	313	–
ARLANXEO Elastomères France S.A.S.		100%	France	7	96	–
ARLANXEO Emulsion Rubber France S.A.S.		100%	France	37	126	–
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.		100%	China	445	243	5
ARLANXEO India Private Limited		100%	India	5	1	–
ARLANXEO Netherlands B.V.		100%	Netherlands	487	251	8
ARLANXEO Singapore Pte. Ltd.		100%	Singapore	159	500	–
ARLANXEO Switzerland S.A.		100%	Switzerland	9	3	–
ARLANXEO USA LLC		100%	USA	338	192	–
Bolanter Corporation N.V.	Crude oil storage	100%	Curaçao	34	–	2
Briar Rose Ventures LLC	Real estate holdings	100%	USA	–	–	–
Canyon Lake Holdings LLC	Retail fuel operations	100%	USA	–	–	–
Ellis Enterprises B.V.	Product sales and manufacturing/distribution	100%	Netherlands	2	–	6
Ellis Enterprises East doo Kruševac	Product sales and manufacturing/distribution	100%	Serbia	10	–	–
Energy City Development Company	Industrial development	100%	Saudi Arabia	64	56	1
Energy City Operating Company	Industrial development	100%	Saudi Arabia	33	17	–
Excellent Performance Chemicals Company	Petrochemical manufacture and sales	100%	Saudi Arabia	697	2	251
Global Digital Integrated Solutions Company	Information technology	100%	Saudi Arabia	101	115	–
Investment Management Company	Investment management of post-employment benefit plans	100%	Saudi Arabia	3	–	–
Lex Capital LLC	Financing/funding company	100%	USA	4	–	–
Motiva Enterprises LLC	Refining and marketing	100%	USA	2,772	12,845	289

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

				Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation			
Motiva Pipeline LLC	Pipeline transport	100%	USA	—	—	—
Mukamala Oil Field Services Limited	Oil field services	100%	Saudi Arabia	344	—	10
Mukamalah Aviation Company (formerly, Mukamala International Investments Company)	Aviation	100%	Saudi Arabia	9	133	6
P.T. Valvoline Lubricants and Chemicals Indonesia	Product sales	100%	Indonesia	3	—	—
Pandlewood Corporation N.V.	Financing	100%	Curaçao	1,311	1	50
Pedernales Ventures II LLC	Investment	100%	USA	294	—	—
Pedernales Ventures LLC	Retail fuel operations	100%	USA	—	—	—
PT Aramco Overseas Indonesia	Project management support	100%	Indonesia	1	—	—
Qingdao Valvoline Automotive Services Co., Ltd.	Product sales	100%	China	—	—	—
SAEV Europe Limited	Investment	100%	United Kingdom	6	6	—
SAEV Guernsey 1 Ltd	Investment	100%	Guernsey	325	—	—
SAEV Guernsey Holdings Limited	Investment	100%	Guernsey	2,459	—	—
Saudi Aramco Asia Company Limited	Investment	100%	Saudi Arabia	2,935	—	137
Saudi Aramco Capital Company Limited	Investment	100%	Guernsey	—	—	—
Saudi Aramco Development Company	Investment	100%	Saudi Arabia	1,107	—	21
Saudi Aramco Energy Ventures US LLC	Investment	100%	USA	3	7	—
Saudi Aramco Entrepreneurship Center Company Limited	Financing	100%	Saudi Arabia	315	11	13
Saudi Aramco Entrepreneurship Venture Company Limited	Investment	100%	Saudi Arabia	960	4	—
Saudi Aramco Jubail Refinery Company	Refining	100%	Saudi Arabia	5,775	942	—
Saudi Aramco Power Company	Power generation	100%	Saudi Arabia	6,771	13	192
Saudi Aramco Sukuk Company	Investment	100%	Saudi Arabia	1	166	—
Saudi Aramco Technologies Company	Research and commercialization	100%	Saudi Arabia	208	30	—
Saudi Aramco Upstream Technology Company	Research and commercialization	100%	Saudi Arabia	19	3	—
Saudi Petroleum International, Inc.	Marketing support services	100%	USA	36	60	2
Saudi Petroleum Overseas, Ltd.	Marketing support and tanker services	100%	United Kingdom	66	21	2
Saudi Refining, Inc.	Refining and marketing	100%	USA	2,189	84	89
Sofon Industries Company	Investment in maritime activities	100%	Saudi Arabia	34	14	1
Sofon Naval Industries Company	Manufacturing of naval vessels	100%	Saudi Arabia	—	—	—
Stellar Insurance, Ltd.	Insurance	100%	Bermuda	11,440	770	266
Valvoline (Australia) Pty. Limited	Product sales and manufacturing/ distribution	100%	Australia	22	—	1
Valvoline (Deutschland) GmbH	Product sales	100%	Germany	—	—	—
Valvoline (Shanghai) Chemical Co., Ltd.	Product sales	100%	China	36	26	—
Valvoline (Thailand) Ltd.	Product sales	100%	Thailand	25	—	—
Valvoline (Zhangjiagang) Lubricants Co., Ltd.	Manufacturing and distribution	100%	China	17	103	—
Valvoline Canada Corp.	Product sales and manufacturing/ distribution	100%	Canada	28	—	—
Valvoline Canada Holdings B.V.	Holding company	100%	Netherlands	—	—	—

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
Valvoline Europe Holdings LLC	Holding company	100%	USA	–	–	–
Valvoline Holdings 2 B.V.	Holding company	100%	Netherlands	11	–	8
Valvoline Holdings Pte. Ltd.	Holding company	100%	Singapore	1	–	–
Valvoline Indonesia Holdings LLC	Holding company	100%	USA	–	–	–
Valvoline International de Mexico S. de R.L. de C.V.	Product sales	100%	Mexico	47	–	–
Valvoline International Holdings Inc.	Holding company	100%	USA	–	–	–
Valvoline International Inc.	Product sales	100%	USA	25	–	–
Valvoline International Servicios de Mexico S. de R.L. de C.V.	Payroll/employment	100%	Mexico	1	–	–
Valvoline Investments B.V.	Investing/holding company	100%	Netherlands	–	–	–
Valvoline Italy S.r.l.	Product sales	100%	Italy	–	–	–
Valvoline Lubricants & Solutions India Private Limited	Payroll/employment	100%	India	7	–	–
Valvoline ME FZE	Product sales	100%	UAE	2	–	3
Valvoline Middle East DMCC	Holding company	100%	UAE	2	–	3
Valvoline New Zealand Limited	Product sales	100%	New Zealand	4	–	–
Valvoline Poland Sp. z o.o.	Product sales	100%	Poland	7	–	–
Valvoline Pte Ltd.	Product sales	100%	Singapore	16	1	1
Valvoline South Africa Proprietary Ltd	Product sales	100%	South Africa	7	–	–
Valvoline Spain S.L.	Product sales	100%	Spain	3	–	–
Valvoline UK Limited	Product sales	100%	United Kingdom	–	–	–
VCA Solutions, LLC	Product sales	100%	USA	6	6	–
Vela International Marine Limited	Marine management and transportation	100%	Liberia	11,214	1	446
VGP Holdings LLC	Holding company	100%	USA	770	1,860	31
VGP IPCo LLC	IP company	100%	USA	–	–	–
Wisayah Global Investment Company	Investment services	100%	Saudi Arabia	311	53	11
B. Non-wholly-owned:						
Aramco Gas Pipelines Company	Pipeline transport	51%	Saudi Arabia	27	–	30
Aramco Oil Pipelines Company	Pipeline transport	51%	Saudi Arabia	1	1	–
Aramco Training Services Company ⁵	Training	49%	USA	1	–	–
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd. ⁵	Development, manufacture, and marketing of high-performance rubber	50%	China	68	20	2
Johns Hopkins Aramco Healthcare Company	Healthcare	80%	Saudi Arabia	702	815	3
SA Global Sukuk Limited ⁵	Investment	0%	Cayman Islands	–	–	–
Saudi Aramco Base Oil Company ^{6,7}	Production and sale of petroleum-based lubricants	70%	Saudi Arabia	–	–	–
Saudi Aramco Nabors Drilling Company ⁵	Drilling	50%	Saudi Arabia	1,055	2,174	49
Saudi Aramco Rowan Offshore Drilling Company ⁵	Drilling	50%	Saudi Arabia	348	3,020	14
S-International Ltd.	Purchasing and sale of petroleum goods	61.6%	The Independent State of Samoa	5	–	–
S-Oil Corporation	Refining	61.6%	South Korea	6,031	28,811	162
S-Oil Singapore Pte. Ltd.	Marketing support	61.6%	Singapore	75	180	3
Saudi Basic Industries Corporation ("SABIC") ⁷	Holding	70%	Saudi Arabia	–	–	–
SABIC Luxembourg S.à r.l. ("SLUX")	Petrochemicals	70%	Luxembourg	–	–	–

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

					Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation				
SABIC Industrial Investments Company ("SIIC")	Investments	70%	Saudi Arabia				
SABIC Agri-Nutrients Company ("SABIC AN") ⁵	Agri-nutrients	35.1%	Saudi Arabia				
SABIC Investment and Local Content Development Company ("NUSANED")	Investment	70%	Saudi Arabia				
Arabian Petrochemical Company ("PETROKEMYA")	Petrochemicals	70%	Saudi Arabia				
Saudi Iron and Steel Company ("HADEED") (Note 34(a))	Metals	70%	Saudi Arabia				
Saudi European Petrochemical Company ("IBN ZAHR")	Petrochemicals	56%	Saudi Arabia				
Jubail United Petrochemical Company ("UNITED")	Petrochemicals	52.5%	Saudi Arabia				
Saudi Methanol Company ("AR-RAZI")	Petrochemicals	52.5%	Saudi Arabia				
National Industrial Gases Company ("GAS")	Utilities	51.8%	Saudi Arabia				
Yanbu National Petrochemical Company ("YANSAB") ⁵	Petrochemicals	36.5%	Saudi Arabia				
National Methanol Company ("IBN-SINA") ⁵	Petrochemicals	35%	Saudi Arabia				
Arabian Industrial Fibers Company ("IBN RUSHD") ⁵	Petrochemicals	33.9%	Saudi Arabia				
Saudi Kayan Petrochemical Company ("SAUDI KAYAN") ⁵	Petrochemicals	24.5%	Saudi Arabia				
SABIC Innovative Plastics Argentina SRL	Petrochemicals	70%	Argentina				
SABIC High Performance Plastic ("SHPP") Argentina SRL	Specialties	70%	Argentina				
SABIC Australia Pty Ltd.	Petrochemicals	70%	Australia				
SABIC Innovative Plastics Aus GmbH	Petrochemicals	70%	Austria				
SABIC Innovative Plastics GmbH & Co. KG	Petrochemicals	70%	Austria				
SABIC Innovative Plastics South America- Indústria e Comércio de Plásticos Ltda	Petrochemicals	70%	Brazil				
SHPP South America Comércio de Plásticos Ltda	Specialties	70%	Brazil				
NV Pijpleiding Antwerpen-Limburg-Luik (PALL)	Support services	70%	Belgium				
SABIC Belgium NV	Petrochemicals	70%	Belgium				
SHPP Canada, Inc.	Specialties	70%	Canada				
SABIC Petrochemicals Canada, Inc.	Petrochemicals	70%	Canada				
SABIC Innovative Plastics (China) Co., Ltd.	Petrochemicals	70%	China				
SABIC Innovative Plastics (Chongqing) Co., Ltd.	Petrochemicals	70%	China				
SABIC Innovative Plastics International Trading (Shanghai) Ltd.	Petrochemicals	70%	China				
SHPP (Shanghai) Co., Ltd.	Specialties	70%	China				
SABIC (Shanghai) Trading Co. Ltd.	Petrochemicals	70%	China				
SABIC (China) Research & Development Co. Ltd.	Petrochemicals	70%	China				
SABIC China Holding Co. Ltd.	Petrochemicals	70%	China				
SABIC Innovative Plastics Czech s.r.o.	Petrochemicals	70%	Czech Republic				
SHPP Czech s.r.o.	Specialties	70%	Czech Republic				
SABIC Innovative Plastics Denmark Aps	Petrochemicals	70%	Denmark				
SABIC Nordic A/S	Petrochemicals	70%	Denmark				

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

				Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation			
SABIC Innovative Plastics Finland OY	Petrochemicals	70%	Finland			
SHPP Finland OY	Specialties	70%	Finland			
SABIC France S.A.S.	Petrochemicals	70%	France			
SABIC Innovative Plastics France S.A.S.	Petrochemicals	70%	France			
SHPP France S.A.S.	Specialties	70%	France			
SABIC Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Holding Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics Holding Germany GmbH	Petrochemicals	70%	Germany			
SABIC Polyolefine GmbH	Petrochemicals	70%	Germany			
SHPP Germany GmbH	Specialties	70%	Germany			
SD Verwaltungs GmbH	Administrative company	70%	Germany			
SD Lizenzverwertungs GmbH & Co KG ⁴	License company	70%	Germany			
SD Beteiligungs GmbH & Co KG ⁴	Specialties	70%	Germany			
SABIC Greece M.E.P.E.	Petrochemicals	70%	Greece			
SABIC Innovative Plastics Hong Kong Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Innovative Plastics SIT Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Taiwan Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SHPP Hong Kong	Specialties	70%	Hong Kong, China			
SABIC Hungary Kft.	Petrochemicals	70%	Hungary			
SABIC Innovative Plastics Kereskedelmi Kft.	Petrochemicals	70%	Hungary			
SHPP Hungary Kft.	Specialties	70%	Hungary			
SABIC India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics India Private Ltd.	Petrochemicals	70%	India			
SABIC R&T Pvt Ltd.	Petrochemicals	70%	India			
High Performance Plastics India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics Italy Srl	Petrochemicals	70%	Italy			
SABIC Italia Srl	Petrochemicals	70%	Italy			
SABIC Sales Italy Srl	Specialties	70%	Italy			
SHPP Italy Srl	Specialties	70%	Italy			
SHPP Sales Italy Srl	Specialties	70%	Italy			
SHPP Japan LLC	Petrochemicals	70%	Japan			
SABIC Petrochemicals Japan LLC	Petrochemicals	70%	Japan			
SABIC Korea Ltd.	Petrochemicals	70%	South Korea			
SHPP Korea Ltd.	Specialties	70%	South Korea			
SABIC Innovative Plastics Malaysia Sdn Bhd	Petrochemicals	70%	Malaysia			
SHPP Malaysia Sdn Bhd	Specialties	70%	Malaysia			
SABIC Innovative Plastics Mexico S de RL de CV	Petrochemicals	70%	Mexico			
High Performance Plastics Manufacturing Mexico S de RL de CV	Specialties	70%	Mexico			
BV Snij-Unie HiFi	Petrochemicals	70%	Netherlands			
SABIC Capital B.V.	Financing	70%	Netherlands			
National Global Business Services Company	Shared service	70%	Saudi Arabia			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

					Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation				
SABIC Capital I B.V.	Financing	70%	Netherlands				
SABIC Capital II B.V.	Financing	70%	Netherlands				
Petrochemical Pipeline Services B.V.	Petrochemicals	70%	Netherlands				
SABIC Europe B.V.	Petrochemicals	70%	Netherlands				
SABIC Global Technologies B.V.	Petrochemicals	70%	Netherlands				
SABIC International Holdings B.V.	Petrochemicals	70%	Netherlands				
SABIC Innovative Plastics B.V.	Petrochemicals	70%	Netherlands				
SABIC Innovative Plastics GP B.V.	Petrochemicals	70%	Netherlands				
SABIC Innovative Plastics Holding B.V.	Petrochemicals	70%	Netherlands				
SABIC Innovative Plastics Utilities B.V.	Petrochemicals	70%	Netherlands				
SABIC Licensing B.V.	Petrochemicals	70%	Netherlands				
SABIC Limburg B.V.	Petrochemicals	70%	Netherlands				
SABIC Sales Europe B.V.	Petrochemicals	70%	Netherlands				
SABIC Petrochemicals B.V.	Petrochemicals	70%	Netherlands				
SABIC Ventures B.V.	Petrochemicals	70%	Netherlands				
SABIC Mining B.V.	Petrochemicals	70%	Netherlands				
SHPP Holding B.V.	Specialties	70%	Netherlands				
SHPP Global Technologies B.V.	Specialties	70%	Netherlands				
SHPP Ventures B.V.	Specialties	70%	Netherlands				
SHPP Capital B.V.	Financing	70%	Netherlands				
SHPP Capital I B.V.	Financing	70%	Netherlands				
SHPP Capital II B.V.	Financing	70%	Netherlands				
SHPP B.V.	Specialties	70%	Netherlands				
SHPP Sales B.V.	Specialties	70%	Netherlands				
SABIC Innovative Plastics Poland Sp. Z o.o.	Petrochemicals	70%	Poland				
SABIC Poland Sp. Z o.o.	Petrochemicals	70%	Poland				
SHPP Poland Sp. Z o.o.	Specialties	70%	Poland				
SABIC Canada, Inc.	Petrochemical	70%	Canada				
F&S BV	Petrochemical	70%	Netherlands				
F&S Holding BV	Petrochemical	70%	Netherlands				
F&S US LLC	Petrochemical	70%	USA				
Forms & Sheets Spain, S.L.	Petrochemical	70%	Spain				
Films & Sheets Korea Ltd.	Petrochemical	70%	Korea				
F&S France SAS	Petrochemical	70%	France				
F&S Germany GmbH	Petrochemical	70%	Germany				
F&S Japan LLC	Petrochemical	70%	Japan				
Films & Sheets South America Ltd.	Petrochemical	70%	Brazil				
F&S Capital I BV	Petrochemical	70%	Netherlands				
F&S (SEA) Singapore Sales Pte Ltd	Petrochemical	70%	Singapore				
F&S Sales India Private Limited	Petrochemical	70%	India				
F&S Malaysia Sdn. Bhd	Petrochemical	70%	Malaysia				
Film & Sheets Hong Kong Co. Ltd	Petrochemical	70%	Hong Kong, China				
F&S China Co. Ltd.	Petrochemical	70%	China				

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All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

				Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation			
LLC SABIC Eastern Europe	Petrochemicals	70%	Russia			
SABIC Innovative Plastics Rus Z.o.o.	Petrochemicals	70%	Russia			
SHPP Russia OOO	Specialties	70%	Russia			
SABIC Innovative Plastics (SEA) Pte. Ltd.	Petrochemicals	70%	Singapore			
SABIC Innovative Plastics Holding Singapore Pte. Ltd.	Petrochemicals	70%	Singapore			
SHPP Singapore Pte. Ltd.	Specialties	70%	Singapore			
SABIC Asia Pacific Pte Ltd ("SAPPL")	Petrochemicals, agri-nutrients	70%	Singapore			
SABIC Innovative Plastics Espana ScpA	Petrochemicals	70%	Spain			
SABIC Sales Spain SL	Petrochemicals	70%	Spain			
SABIC Marketing Ibérica S.A.	Petrochemicals	70%	Spain			
SHPP Manufacturing Spain SL	Specialties	70%	Spain			
SHPP Marketing Plastics SL	Specialties	70%	Spain			
Saudi Innovative Plastics Sweden AB	Petrochemicals	70%	Sweden			
SHPP Thailand Co. Ltd.	Specialties	70%	Thailand			
SABIC (Thailand) Co. Ltd.	Petrochemicals	70%	Thailand			
SHPP Petrokimya Ticaret Ltd Sirketi	Specialties	70%	Turkey			
SABIC Global Ltd.	Petrochemicals	70%	United Kingdom			
SABIC Tees Holdings Ltd.	Petrochemicals	70%	United Kingdom			
SHPP Manufacturing UK Ltd.	Specialties	70%	United Kingdom			
SABIC Innovative Plastics Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Pension Trustee Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Petrochemicals Ltd.	Petrochemicals	70%	United Kingdom			
SHPP Sales UK Ltd.	Specialties	70%	United Kingdom			
Exatec, LLC	Petrochemicals	70%	USA			
SABIC Americas LLC	Petrochemicals, agri-nutrients	70%	USA			
SABIC US Holdings LP	Petrochemicals	70%	USA			
SABIC Innovative Plastics Mt. Vernon, LLC	Petrochemicals	70%	USA			
SABIC Innovative Plastics US LLC	Petrochemicals	70%	USA			
SABIC Petrochemicals Holding US, LLC	Petrochemicals	70%	USA			
SABIC Ventures US Holdings LLC	Petrochemicals	70%	USA			
SABIC US Projects LLC	Petrochemicals	70%	USA			
SABIC US Methanol LLC	Petrochemicals	70%	USA			
SHPP US LLC	Specialties	70%	USA			
JVSS Holding Co Inc.	Specialties	70%	USA			
Scientific Design Co. Inc.	Specialties	70%	USA			
SABIC Vietnam Company Ltd.	Petrochemicals	70%	Vietnam			
SHPP Vietnam Co Ltd	Specialties	70%	Vietnam			
SABCAP Insurance Limited ("SABCAP")	Insurance	70%	Guernsey			
SABIC Petrokimya Ticaret Limited ("SABIC TURKEY")	Petrochemicals	70%	Turkey			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

				Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation			
SABIC Middle East Offshore Company ("SABIC MIDDLE EAST") ⁴	Petrochemicals	70%	Lebanon			
SABIC Middle East Business Management LLC	Petrochemicals	70%	Jordan			
SABIC South Africa Proprietary Ltd.	Petrochemicals	70%	South Africa			
SABIC Africa for Trade & Marketing ("S.A.E.")	Petrochemicals	70%	Egypt			
SABIC Morocco	Petrochemicals	70%	Morocco			
SABIC Global Mobility Company FZ LLC ("GMC")	Personnel and other support services	70%	UAE			
SABIC Global Mobility ("GMC LLC") ⁴	Personnel and other support services	70%	UAE			
SABIC Tunisia	Petrochemicals	70%	Tunisia			
SABIC Kenya	Petrochemicals	70%	Kenya			
SABIC Pakistan (Pvt.) Ltd.	Petrochemicals	70%	Pakistan			
SABIC East Africa for Trade and Marketing LLC	Petrochemicals	70%	Egypt			
International Shipping and Transportation Co. ("ISTC")	Supply chain	69.3%	Saudi Arabia			
SABIC Supply Chain Services Limited Company ("SSCS")	Supply chain	69.3%	Saudi Arabia			
SABIC Terminal Services ("SABTANK")	Supply chain	63%	Saudi Arabia			
Jubail Chemical Storage and Services Company ("CHEMTANK") ⁵	Supply chain	40.6%	Saudi Arabia			
SABIC Agri-Nutrients Investment Company ("SANIC") ⁵	Agri-nutrients	35.1%	Saudi Arabia			
National Chemical Fertiliser Company ("IBN AL-BAYTAR") ⁵	Agri-nutrients	35.1%	Saudi Arabia			
Al-Jubail Fertiliser Company ("AL BAYRONI") ⁵	Agri-nutrients	17.5%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.

2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.

3. Represents 100% amounts of subsidiaries, after elimination of intercompany transactions.

4. Under liquidation.

5. Agreements and constitutive documents provide Saudi Aramco control.

6. In December 2022, Saudi Aramco Base Oil Company ("Luberef") listed its shares on the Saudi Exchange following the successful completion of its IPO. There was no change in the Company's shareholding interest following the listing.

7. Information for conventional financial assets, conventional financial liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint operations of Saudi Arabian Oil Company

				Conventional financial assets as of December 31, 2023 ^{2,3}	Conventional financial liabilities as of December 31, 2023 ³	Interest income from conventional financial assets for the year ended December 31, 2023 ³
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation			
Al-Khafji Joint Operations	Oil and gas exploration and production	50%	Saudi-Kuwaiti Partitioned Zone	—	—	—
Fadhili Plant Cogeneration Company	Power generation	30%	Saudi Arabia	37	534	—
Jazan Integrated Gasification and Power Company	Power systems	20%	Saudi Arabia	120	3,028	9
Korea Electric Power Corporation for Power Company	Power generation	40%	Saudi Arabia	5	228	—
Maasvlakte Olie Terminal C.V.	Tank storage	9.6%	Netherlands	—	69	—
Maasvlakte Olie Terminal N.V.	Tank storage	16.7%	Netherlands	—	—	—
Pengerang Petrochemical Company SDN. BHD.	Petrochemicals	50%	Malaysia	103	2,969	3
Pengerang Refining Company SDN. BHD.	Refining	50%	Malaysia	350	20,228	10
Power Cogeneration Plant Company	Power generation	50%	Saudi Arabia	50	327	—
Saudi Aramco Mobil Refinery Company Ltd	Refining	50%	Saudi Arabia	78	924	26
Saudi Aramco Total Refining and Petrochemical Company ⁴	Refining/petrochemicals	62.5%	Saudi Arabia	1,508	7,546	244
Tanajib Cogeneration Power Company	Power systems	40%	Saudi Arabia	5	813	—
Yanbu Aramco Sinopec Refining Company Limited ⁴	Refining	62.5%	Saudi Arabia	1,348	3,554	—
Geismar ⁵	Petrochemicals	8%	USA			
Gulf Coast Growth Venture LLC ("GCGV") ⁵	Petrochemicals	35%	USA			
Saudi Acrylic Butanol Company ("SABUCO") ⁵	Petrochemicals	8.2%	Saudi Arabia			
Saudi Methacrylates Company ("SAMAC") ⁵	Petrochemicals	35%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.

2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.

3. Represents Saudi Aramco's share of conventional financial assets, financial liabilities and interest income.

4. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint operation does not qualify as a subsidiary.

5. Information for conventional financial assets, conventional financial liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

All amounts in millions of Saudi Riyals unless otherwise stated

40. Joint ventures and associates of Saudi Arabian Oil Company

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2023 ²	Conventional financial liabilities as of December 31, 2023 ²	Interest income from conventional financial assets for the year ended December 31, 2023 ²
A. Joint ventures:						
AIR BP Aramco Poland sp. z o.o.	Aviation fuels	50%	Poland	95	55	—
Arabian Rig Manufacturing Company	Rig manufacturing	30%	Saudi Arabia	247	1,213	—
Energy City Logistics Company	Logistics	51%	Saudi Arabia	19	4	—
First Coast Energy, L.L.P.	Marketing	50%	USA	18	166	—
HAERTOL Chemie GmbH	Coolant manufacturer	50%	Germany	35	14	—
Jasara Program Management Company	Engineering services	20%	Saudi Arabia	365	152	—
Juniper Ventures of Texas LLC	Marketing	60%	USA	4	34	—
Latitude Ventures JV LLC	Leasing and developing retail gas stations	35%	USA	—	4	—
Lubrival	Product sales	51%	Ecuador	59	46	—
Middle East Cloud and Digital Transformation Company Limited	Information technology	51%	Saudi Arabia	53	22	—
Middle East Information Technology Solutions	Information technology	49%	Saudi Arabia	23	6	—
Novel Non-Metallic Solutions Manufacturing	Manufacturing	50%	Saudi Arabia	98	57	—
Plant Digital for Industry Company	Industrial digital solutions	50%	Saudi Arabia	—	—	—
Port Neches Link LLC	Pipelines	5%	USA	7	2	—
Sadara Chemical Company	Petrochemicals	65%	Saudi Arabia	5,294	40,489	66
Saudi Arabian Industrial Investment Company	Investment	42.5%	Saudi Arabia	218	60	3
Saudi Engines Manufacturing Company	Manufacturing	55%	Saudi Arabia	3	46	—
Saudi Silk Road Industrial Services Company	Investment services	20%	Saudi Arabia	94	10	—
Shanghai VC Lubricating Oil Co., Ltd	Product sales	50%	China	205	94	1
Shanghai ZhiSheng Automobile Technology Co Ltd	Product sales	49%	China	12	2	—
S-OIL TotalEnergies Lubricants Co., Ltd.	Lubricants production and sales	30.8%	South Korea	142	221	—
Star Enterprise ³	Pension administration	50%	USA	6	—	—
Synkedia Biscay EIA	E-fuels demo production	50%	Spain	—	—	—
Tas'helat Marketing Company	Marketing	50%	Saudi Arabia	167	245	—
Tuwaiq Casting & Forging Company	Metals	15%	Saudi Arabia	414	1,513	—
Valvoline Cummins Argentina	Product sales	50%	Argentina	25	48	3
Valvoline Cummins Private Limited	Product sales	50%	India	153	191	—
Valvoline de Colombia	Product sales	51%	Colombia	6	3	—
VC Lubricating Oil Co., Ltd.	Holding company	50%	Hong Kong, China	—	—	—
Advanced Energy Storage System Investment Company ("AESSIC") ^{3,4}	Renewable energy	34.1%	Saudi Arabia			
Al-Jubail Petrochemical Company ("Kemya") ⁴	Petrochemicals	35%	Saudi Arabia			
Cosmar Company ("COSMAR") ⁴	Petrochemicals	35%	USA			
Eastern Petrochemical Company ("Sharq") ⁴	Petrochemicals	35%	Saudi Arabia			
ETG Inputs Holdco Limited ("EHL") ⁴	Agri-nutrients	17.2%	UAE			
Isotopes Company ("IHC") ⁴	Machinery equipment	9.4%	Saudi Arabia			
Mauritania Saudi Mining & Steel Company S.A. ("TAKAMUL") ^{4,5}	Mining (metal)	35%	Mauritania			
SABIC Fujian Petrochemicals Co., Ltd. ("FUJIAN") ⁴	Petrochemicals	35.7%	China			
SABIC Plastic Energy Advanced Recycling BV ("SPEAR") ⁴	Petrochemicals	35%	Netherlands			
SABIC SK Nexelene Company Pte. Ltd. ("SSNC") ⁴	Petrochemicals	35%	Singapore			
Saudi Pallet Manufacturing Company ("SPMC") ⁴	Logistic	26.6%	Saudi Arabia			

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

40. Joint ventures and associates of Saudi Arabian Oil Company continued

				Conventional	Conventional	Interest income
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	financial assets as of December 31, 2023 ²	financial liabilities as of December 31, 2023 ²	from conventional financial assets for the year ended December 31, 2023 ²
Saudi Yanbu Petrochemical Company ("Yanpet") ⁴	Petrochemicals	35%	Saudi Arabia			
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC") ⁴	Petrochemicals	35%	China			
Utility Support Group B.V. ("USG") ⁴	Utilities	35%	Netherlands			
B. Associates:						
ASMO for Logistics Services Company	Logistics	49%	Saudi Arabia	—	—	—
BP AOC Pumpstation Maatschap	Storage	50%	Netherlands	—	—	—
BP ESSO AOC Maatschap	Storage	34.4%	Netherlands	—	—	—
Fuel Cell Innovation Co., Ltd.	Fuel cell manufacturing	12.3%	South Korea	1	36	—
Fujian Refining and Petrochemical Company Limited	Refining/ petrochemicals	25%	China	4,818	7,866	73
GCC Electrical Equipment Testing Lab	Inspection	20%	Saudi Arabia	223	32	—
Huajin Aramco Petrochemical Co., Ltd.	Refining/ petrochemicals	30%	China	572	1,806	2
Hyundai Oilbank Co., Ltd.	Refining/ marketing/ petrochemicals	17%	South Korea	7,092	38,253	953
International Maritime Industries Company	Maritime	40.1%	Saudi Arabia	135	329	—
Lukoil Saudi Arabia Energy Limited ³	Exploration	20%	British Virgin Islands	—	—	—
Noor Al Shuaibah Holding Company	Power generation	30%	Saudi Arabia	—	—	—
Power and Water Utility Company for Jubail and Yanbu ⁴	Utilities	29.8%	Saudi Arabia	—	—	—
Rabigh Refining and Petrochemical Company ⁴	Refining/ petrochemicals	37.5%	Saudi Arabia	—	—	—
Rafineria Gdańska sp. z o.o.	Refining	30%	Poland	1,311	525	—
Sinopec Senmei (Fujian) Petroleum Company Limited	Marketing/ petrochemicals	22.5%	China	2,949	3,086	41
Sudair 1 Holding Company	Holding	30.3%	Saudi Arabia	—	1	—
Team Terminal B.V.	Storage	34.4%	Netherlands	—	—	—
The National Shipping Company of Saudi Arabia ⁴	Global logistics services	20%	Saudi Arabia	—	—	—
Aluminium Bahrain BSC ("ALBA") ⁴	Aluminum	14.4%	Bahrain	—	—	—
ARG mbH & Co KG ("ARG") ⁴	Transportation	17.5%	Germany	—	—	—
ARG Verwaltungs GmbH ⁴	Administrative company	17.5%	Germany	—	—	—
Clariant AG ("Clariant") ⁴	Specialty chemical	22.1%	Switzerland	—	—	—
German Pipeline Development Company GMBH ("GPDC") ⁴	Transportation	27.3%	Germany	—	—	—
Gulf Aluminum and Rolling Mills Company ("GARMCO") ⁴	Aluminum	10.4%	Bahrain	—	—	—
Gulf Petrochemical Industries Company ("GPIC") ⁴	Agri-nutrients, petrochemicals	11.7%	Bahrain	—	—	—
Ma'aden Phosphate Company ("MPC") ⁴	Agri-nutrients	21%	Saudi Arabia	—	—	—
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC") ⁴	Agri-nutrients	10.5%	Saudi Arabia	—	—	—
Mallinda, Inc. ("MALLINDA") ⁴	Ventures	18.3%	USA	—	—	—

All amounts in millions of Saudi Riyals unless otherwise stated

40. Joint ventures and associates of Saudi Arabian Oil Company continued

				Conventional financial assets as of December 31, 2023 ²	Conventional financial liabilities as of December 31, 2023 ²	Interest income from conventional financial assets for the year ended December 31, 2023 ²
	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation			
National Chemical Carrier Company ("NCC") ⁴	Transportation	14%	Saudi Arabia			
Nusaned Fund I ⁴	Equity investments	35%	Saudi Arabia			
Nusaned Fund II ⁴	Equity investments	42%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.

2. Represents 100% amounts of conventional financial assets, financial liabilities and interest income.

3. Under liquidation.

4. Information for conventional financial assets, conventional financial liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

5. TAKAMUL, a joint venture of Hadeed, is included in other assets classified as held for sale (Note 34(a)).

41. Events after the reporting period

(i) SABIC Fujian Petrochemicals Co., Ltd

On January 21, 2024, SABIC, a subsidiary of Saudi Aramco, announced its decision to develop a petrochemical complex located in China's Fujian province, in partnership with Fujian Fuhua Gulei Petrochemical Company Limited. The complex, with an estimated cost of SAR 24,000, will be jointly owned by SABIC and Fujian Fuhua Gulei Petrochemical, 51% and 49%, respectively, through their ownership of the joint venture, SABIC Fujian Petrochemicals Co., Ltd.

(ii) Esmax Distribución SpA ("Esmax")

On March 1, 2024, the Company announced the completion of the acquisition of a 100% equity stake in Esmax Distribución SpA ("Esmax"), through its wholly-owned subsidiary, AOC, from Southern Cross Group, a Latin America-focused private equity company. Esmax is one of the leading diversified downstream fuels and lubricants retailers in Chile, and its operations include retail fuel stations, airport operations, fuel distribution terminals and a lubricant blending plant. The transaction represents Saudi Aramco's first downstream retail investment in South America and would enable it to secure outlets for its refined products, including fuel placement from Motiva. It would also create a platform to launch the Aramco brand in South America while strengthening its downstream value chain and unlock new market opportunities for its Valvoline-branded lubricants.



Saudi Arabian Oil Company
Consolidated financial statements
for the year ended December 31, 2022





Independent auditor's report to the shareholders of Saudi Arabian Oil Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Arabian Oil Company (the "Company") and its subsidiaries (together the "Group") as at December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of income for the year ended December 31, 2022;
- the consolidated statement of comprehensive income for the year ended December 31, 2022;
- the consolidated balance sheet as at December 31, 2022;
- the consolidated statement of changes in equity for the year ended December 31, 2022;
- the consolidated statement of cash flows for the year ended December 31, 2022; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

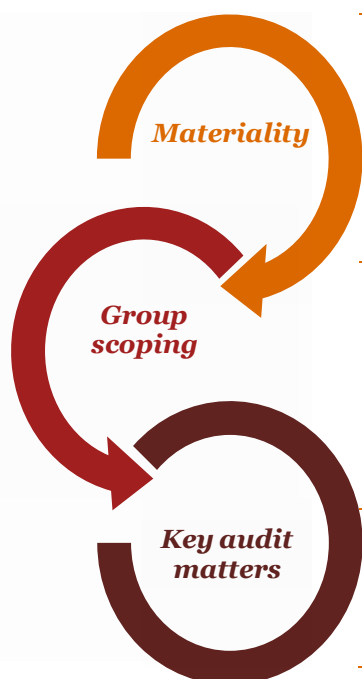
We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), endorsed in the Kingdom of Saudi Arabia (the "Code"), that is relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with the Code's requirements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Our audit approach

Overview



- We determined overall Group materiality taking into account the profit-oriented nature of the Group.
- Based on income before income taxes and zakat of Saudi Riyals ("SAR") 1,153 billion, we determined our overall Group materiality at SAR 37.5 billion.
- Our quantitative threshold for reporting misstatements to those charged with governance was set at SAR 2.8 billion.

Based on their size, complexity and risk:

- We selected the Company's standalone operations and five other components located in the Kingdom of Saudi Arabia, the United States of America, the Republic of Korea and Malaysia for full-scope audits; and
- We also determined a number of other components to be in scope for the Group audit, in respect of which appropriate audit procedures were performed.

Our key audit matters comprise the following:

- Assessment of recoverability of the goodwill and brand recognised as part of the Saudi Basic Industries Corporation ("SABIC") acquisition; and
- Accounting for the gas pipelines transaction.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Overall Group materiality	SAR 37.5 billion (2021: SAR 28.1 billion).
How we determined it	Based on income before income taxes and zakat.
Rationale for the materiality benchmark applied	Income before income taxes and zakat is an important benchmark for the Group's stakeholders and is a generally accepted benchmark for profit-oriented groups.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above SAR 2.8 billion.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's operations are conducted through many components in different parts of the world. In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or component auditors from other PwC network firms or other audit firms operating under our instructions. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the Group's consolidated financial statements as a whole.

The most significant component within the Group is the Company itself and most of the audit effort was spent by the Group engagement team based in Dhahran, Kingdom of Saudi Arabia. We identified five additional components where a full-scope audit on the respective components' financial information was performed under our instructions. Members of the Group engagement team performed the full-scope audit of the component located in Dhahran, Kingdom of Saudi Arabia. Component teams in Riyadh, Kingdom of Saudi Arabia, the United States of America, the Republic of Korea and Malaysia performed full-scope audits of the components at those locations based on our instructions. We also instructed certain other component teams to perform an audit or specified procedures on material consolidated financial statement line items as part of our overall Group audit scoping strategy. The selection of these components was based on qualitative and quantitative considerations, including whether the component accounted for a significant proportion of individual consolidated financial statement line items.

The Group engagement team's involvement in the audit work performed by component teams considered the relative significance and complexity of the individual component. This included allocating materiality to the different components, sending formal instructions, obtaining regular updates on progress and results of procedures as well as reviewing deliverables and the relevant underlying working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Assessment of recoverability of the goodwill and brand recognised as part of the SABIC acquisition</p> <p>International Accounting Standard (“IAS”) 36 ‘Impairment of Assets’, that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and intangible assets that have indefinite useful lives to be tested annually for impairment, irrespective of whether there is any indication of impairment.</p> <p>Management performed an assessment of recoverability of the goodwill and brand (determined to have an indefinite useful life) recognised as part of the SABIC acquisition. The carrying amounts of these assets were SAR 99.1 billion and SAR 18.1 billion, respectively, at December 31, 2022.</p> <p>Goodwill has been allocated to the Downstream operating segment. Therefore, the goodwill impairment test was performed at the Downstream operating segment level. The brand test was performed based on an aggregation of the relevant cash-generating units.</p> <p>The recoverable amounts were determined based on value-in-use calculations derived using discounted cash flow models. The models were based on the most recent financial plans and included 10-year projection periods with terminal values assumed thereafter.</p> <p>The exercise performed by management supported the goodwill and brand carrying values and did not identify the need for any impairment charges to be recognised.</p> <p>We considered this to be a key audit matter given the significant judgment and estimates involved in determining recoverable amounts and the uncertainty inherent in the underlying forecasts and assumptions. The key inputs and assumptions in determining the recoverable amounts included the:</p> <ul style="list-style-type: none"> • Cash flows during the 10-year periods including commodity prices and margins; • Terminal values; and • Pre-tax discount rates. <p><i>Refer to Note 2(f), Note 2(i) and Note 6 to the consolidated financial statements for further information.</i></p>	<p>Our procedures included the following:</p> <ul style="list-style-type: none"> • We evaluated the appropriateness of management’s allocation of goodwill to the Downstream operating segment and brand to the aggregation of the relevant cash-generating units, based on the requirements of IAS 36 ‘Impairment of Assets’, that is endorsed in the Kingdom of Saudi Arabia. • We assessed the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for the goodwill and brand in light of the requirements of IAS 36 ‘Impairment of Assets’, that is endorsed in the Kingdom of Saudi Arabia. • With input from internal valuation experts, where considered necessary, we performed the following procedures on management’s value-in-use calculations, as deemed appropriate: <ul style="list-style-type: none"> - Considered the consistency of certain unobservable inputs underlying the 10-year cash flows such as expected product volumes and future costs with approved financial plans; - Compared a sample of forecast commodity prices and margins underlying the 10-year cash flows to market data points; - Evaluated the reasonableness of approved financial plans by comparison to historical results; - Assessed the reasonableness of the approach and inputs used to determine the terminal values by benchmarking to observable market practice and information; - Evaluated the reasonableness of the pre-tax discount rates used by cross-checking the underlying assumptions against observable market data; - Tested the mathematical accuracy and logical integrity of the models; and - Tested management’s sensitivity analyses that considered the impact of changes in assumptions on the outcome of the impairment assessments. • We considered the reasonableness of the movement in the recoverable amounts at December 31, 2022 compared to the prior year in light of changes in the underlying inputs and assumptions. • We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter	How our audit addressed the key audit matter
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Accounting for the gas pipelines transaction

The Company sold a 49% equity interest in Aramco Gas Pipelines Company ("AGPC") in February 2022 to GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif") for upfront sale proceeds of SAR 58.1 billion.

As part of the arrangement, immediately prior to the sale, the Company leased usage rights to its gas pipelines network to AGPC for a 20-year period. Simultaneously, AGPC granted the Company the exclusive right to use, operate and maintain the pipelines during this period in exchange for a tariff. The Company retained title to, and operational control of, the pipelines.

Under the agreed terms and conditions, GreenSaif is entitled to receive dividend distributions from AGPC based on its share of available cash, when the Company pays discretionary dividends to its ordinary shareholders.

Given the discretionary nature of GreenSaif's entitlement to dividends, the upfront sale proceeds have been recognized as a non-controlling interest in the consolidated financial statements.

We considered this to be a key audit matter given the nature and materiality of the transaction as well as the judgment involved in determining the classification of AGPC as a subsidiary and the accounting treatment of the sale proceeds as a non-controlling interest.

Refer to Note 2(e) and Note 34(b) to the consolidated financial statements for further information.

Our procedures included the following:

- We held discussions with management to understand the legal structure of the arrangement and the nature of transactions on closing in February 2022 and during the 20-year period.
- We read the relevant agreements and considered the consistency of the underlying terms and conditions with the accounting treatments.
- With input from internal accounting specialists, we considered appropriateness of the accounting treatment of:
 - AGPC as a subsidiary; and
 - Sale proceeds as a non-controlling interest, keeping in view the potential alternative treatment.
- With input from internal valuation experts, where considered necessary, we assessed the reasonableness of the carrying value determined by management of AGPC's net assets immediately prior to the sale.
- We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Bylaws, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read "Omar M. Al Sagga".

Omar M. Al Sagga
License No. 369

March 10, 2023

Consolidated statement of income

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2022	2021	2022	2021
Revenue	24	2,006,955	1,346,930	535,188	359,181
Other income related to sales		259,418	154,828	69,178	41,287
Revenue and other income related to sales		2,266,373	1,501,758	604,366	400,468
Royalties and other taxes		(341,510)	(144,793)	(91,069)	(38,611)
Purchases	25	(490,690)	(352,377)	(130,851)	(93,967)
Producing and manufacturing		(101,912)	(76,495)	(27,177)	(20,399)
Selling, administrative and general		(83,700)	(59,496)	(22,320)	(15,866)
Exploration		(8,447)	(7,285)	(2,253)	(1,943)
Research and development		(4,419)	(3,873)	(1,178)	(1,033)
Depreciation and amortization	5,6	(91,618)	(85,521)	(24,431)	(22,805)
Operating costs		(1,122,296)	(729,840)	(299,279)	(194,624)
Operating income		1,144,077	771,918	305,087	205,844
Share of results of joint ventures and associates	7	2,873	7,874	766	2,100
Finance and other income	27	14,894	1,787	3,972	477
Finance costs	20	(8,882)	(12,058)	(2,369)	(3,215)
Income before income taxes and zakat		1,152,962	769,521	307,456	205,206
Income taxes and zakat	8	(548,957)	(357,125)	(146,388)	(95,234)
Net income		604,005	412,396	161,068	109,972
Net income attributable to					
Shareholders' equity		597,215	395,203	159,257	105,387
Non-controlling interests		6,790	17,193	1,811	4,585
		604,005	412,396	161,068	109,972
Earnings per share (basic and diluted)	37	2.72	1.80	0.72	0.48

* This supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only, and is presented in millions of U.S. dollars.



H.E. Yasir O. Al-Rumayyan
Chairman of the Board



Amin H. Nasser
President & Chief Executive Officer



Ziad T. Al Murshed
Executive Vice President
& Chief Financial Officer

Consolidated statement of comprehensive income

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2022	2021	2022	2021
Net income		604,005	412,396	161,068	109,972
Other comprehensive income (loss), net of tax	18				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefits		21,208	10,190	5,655	2,717
Share of post-employment benefits remeasurement from joint ventures and associates		144	270	38	72
Changes in fair value of equity investments classified as fair value through other comprehensive income		(211)	851	(56)	227
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		1,450	323	387	86
Changes in fair value of debt securities classified as fair value through other comprehensive income		(427)	(556)	(114)	(148)
Share of other comprehensive income (loss) of joint ventures and associates		351	(417)	94	(111)
Currency translation differences		(3,889)	(2,798)	(1,037)	(746)
		18,626	7,863	4,967	2,097
Total comprehensive income		622,631	420,259	166,035	112,069
Total comprehensive income attributable to					
Shareholders' equity		615,245	403,586	164,065	107,623
Non-controlling interests		7,386	16,673	1,970	4,446
		622,631	420,259	166,035	112,069

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& Chief Financial Officer

Consolidated balance sheet

All amounts in millions of Saudi Riyals unless otherwise stated

		SAR		USD*	
		At December 31		At December 31	
	Note	2022	2021	2022	2021
Assets					
Non-current assets					
Property, plant and equipment	5	1,303,266	1,244,316	347,538	331,818
Intangible assets	6	159,328	160,668	42,487	42,845
Investments in joint ventures and associates	7	72,196	69,559	19,252	18,549
Deferred income tax assets	8	18,093	14,969	4,825	3,992
Post-employment benefits	21	23,034	–	6,142	–
Other assets and receivables	9	32,418	37,776	8,645	10,073
Investments in securities	10	26,758	24,161	7,136	6,443
		1,635,093	1,551,449	436,025	413,720
Current assets					
Inventories	11	100,528	74,703	26,808	19,921
Trade receivables	12	164,442	140,373	43,851	37,433
Due from the Government	13	54,545	41,317	14,545	11,018
Other assets and receivables	9	31,054	28,196	8,281	7,519
Short-term investments	14	281,215	27,073	74,991	7,219
Cash and cash equivalents	15	226,047	299,579	60,279	79,888
		857,831	611,241	228,755	162,998
Total assets		2,492,924	2,162,690	664,780	576,718
Equity and liabilities					
Shareholders' equity					
Share capital		75,000	60,000	20,000	16,000
Additional paid-in capital		26,981	26,981	7,195	7,195
Treasury shares	16	(2,236)	(2,828)	(596)	(754)
Retained earnings:					
Unappropriated		1,339,892	1,018,443	357,305	271,585
Appropriated		6,000	6,000	1,600	1,600
Other reserves	18	3,279	4,661	874	1,243
		1,448,916	1,113,257	386,378	296,869
Non-controlling interests	19	217,231	167,411	57,928	44,643
		1,666,147	1,280,668	444,306	341,512
Non-current liabilities					
Borrowings	20	318,380	436,371	84,901	116,366
Deferred income tax liabilities	8	122,311	74,850	32,616	19,960
Post-employment benefits	21	26,923	40,729	7,179	10,861
Provisions and other liabilities	22	27,777	26,244	7,408	6,998
		495,391	578,194	132,104	154,185
Current liabilities					
Trade and other payables	23	135,390	124,689	36,104	33,251
Obligations to the Government:					
Income taxes and zakat	8	104,978	90,525	27,995	24,140
Royalties		16,254	14,064	4,334	3,750
Borrowings	20	74,764	74,550	19,937	19,880
		331,386	303,828	88,370	81,021
Total liabilities		826,777	882,022	220,474	235,206
Total equity and liabilities		2,492,924	2,162,690	664,780	576,718

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& Chief Financial Officer

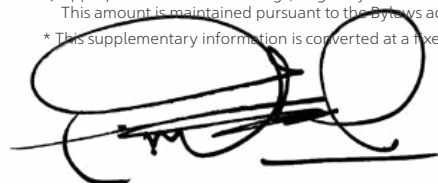
Consolidated statement of changes in equity

All amounts in millions of Saudi Riyals unless otherwise stated

	SAR								USD*
	Shareholders' equity								Total
	Share capital	Additional paid-in capital	Treasury shares	Retained earnings		Other reserves (Note 18)	Non-controlling interests	Total	
				Unappropriated	Appropriated¹				
Balance at January 1, 2021	60,000	26,981	(3,264)	895,273	6,000	5,858	110,246	1,101,094	293,625
Net income	–	–	–	395,203	–	–	17,193	412,396	109,972
Other comprehensive income (loss)	–	–	–	–	–	8,383	(520)	7,863	2,097
Total comprehensive income	–	–	–	395,203	–	8,383	16,673	420,259	112,069
Transfer of post-employment benefits remeasurement (Note 18)	–	–	–	9,392	–	(9,392)	–	–	–
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	–	–	–	270	–	(270)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	436	38	–	(125)	–	349	94
Share-based compensation	–	–	–	(13)	–	207	–	194	52
Dividends (Note 36)	–	–	–	(281,305)	–	–	–	(281,305)	(75,015)
Sale of non-controlling equity interest in a subsidiary (Note 34)	–	–	–	–	–	–	46,547	46,547	12,412
Change in ownership interest of certain subsidiaries	–	–	–	(415)	–	–	838	423	113
Dividends to non-controlling interests and other	–	–	–	–	–	–	(6,893)	(6,893)	(1,838)
Balance at December 31, 2021	60,000	26,981	(2,828)	1,018,443	6,000	4,661	167,411	1,280,668	341,512
Net income	–	–	–	597,215	–	–	6,790	604,005	161,068
Other comprehensive income	–	–	–	–	–	18,030	596	18,626	4,967
Total comprehensive income	–	–	–	597,215	–	18,030	7,386	622,631	166,035
Transfer of post-employment benefits remeasurement (Note 18)	–	–	–	19,427	–	(19,427)	–	–	–
Transfer of share of post-employment benefits remeasurement from joint ventures and associates (Note 18)	–	–	–	144	–	(144)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	592	99	–	(137)	–	554	147
Share-based compensation	–	–	–	(3)	–	296	–	293	78
Dividends (Note 36)	–	–	–	(281,318)	–	–	–	(281,318)	(75,018)
Bonus shares issued (Note 36)	15,000	–	–	(15,000)	–	–	–	–	–
Sale of non-controlling equity interest in a subsidiary (Note 34)	–	–	–	–	–	–	58,125	58,125	15,500
Acquisition of non-controlling interests in certain subsidiaries	–	–	–	(3)	–	–	(227)	(230)	(62)
Dividends to non-controlling interests and other	–	–	–	888	–	–	(15,464)	(14,576)	(3,886)
Balance at December 31, 2022	75,000	26,981	(2,236)	1,339,892	6,000	3,279	217,231	1,666,147	444,306

1) Appropriated retained earnings, originally established under the 1988 Articles of the Saudi Arabian Oil Company, represent a legal reserve which is not available for distribution. This amount is maintained pursuant to the Bylaws adopted on January 1, 2018 (Note 1).

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Amin H. Nasser
President & Chief Executive Officer



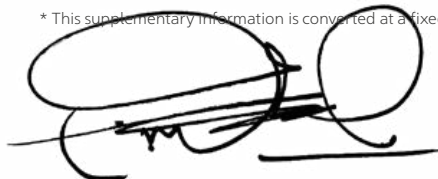
Ziad T. Al Murshed
Executive Vice President
& Chief Financial Officer

Consolidated statement of cash flows

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2022	2021	2022	2021
Income before income taxes and zakat		1,152,962	769,521	307,456	205,206
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities					
Depreciation and amortization	5,6	91,618	85,521	24,431	22,805
Exploration and evaluation costs written off	6	2,916	2,875	777	767
Loss on disposal of property, plant and equipment		3,861	3,971	1,029	1,059
Inventory movement		1,525	453	407	121
Share of results of joint ventures and associates	7	(2,873)	(7,874)	(766)	(2,100)
Finance and other income	27	(14,894)	(1,787)	(3,972)	(477)
Finance costs	20	8,882	12,058	2,369	3,215
Change in fair value of investments through profit or loss		237	27	64	7
Change in joint ventures and associates inventory profit elimination	7	(373)	550	(99)	147
Other		1,205	3,256	322	868
Change in working capital					
Inventories		(26,555)	(23,157)	(7,082)	(6,175)
Trade receivables		(22,906)	(55,190)	(6,108)	(14,718)
Due from the Government		(13,228)	(12,422)	(3,527)	(3,313)
Other assets and receivables		(462)	(8,565)	(123)	(2,284)
Trade and other payables		13,745	35,763	3,665	9,537
Royalties payable		2,190	5,809	584	1,549
Other changes					
Other assets and receivables		2,973	1,263	792	337
Provisions and other liabilities		(411)	680	(109)	181
Post-employment benefits		596	2,667	158	712
Settlement of income, zakat and other taxes	8	(502,856)	(292,818)	(134,094)	(78,084)
Net cash provided by operating activities		698,152	522,601	186,174	139,360
Capital expenditures	4	(141,161)	(119,645)	(37,643)	(31,905)
Acquisition of affiliates, net of cash acquired		(1,708)	–	(455)	–
Distributions from joint ventures and associates	7	4,535	4,651	1,210	1,240
Additional investments in joint ventures and associates	7	(1,489)	(557)	(397)	(149)
Proceeds from sale of equity interest in an associate	34(a)	1,651	–	440	–
Dividends from investments in securities	27	390	369	104	99
Interest received		5,950	1,232	1,587	329
Net investments in securities		(3,035)	(1,519)	(810)	(406)
Net purchases of short-term investments		(254,142)	(20,272)	(67,772)	(5,405)
Net cash used in investing activities		(389,009)	(135,741)	(103,736)	(36,197)
Dividends paid to shareholders of the Company	36	(281,318)	(281,305)	(75,018)	(75,015)
Dividends paid to non-controlling interests in subsidiaries		(14,417)	(7,112)	(3,845)	(1,896)
Proceeds from sale of non-controlling equity interest in a subsidiary		58,125	46,547	15,500	12,412
Acquisition of non-controlling interests in certain subsidiaries		(230)	–	(62)	–
Proceeds from issue of treasury shares	16	550	384	146	103
Proceeds from borrowings		9,082	42,213	2,422	11,256
Repayments of borrowings		(132,514)	(73,563)	(35,337)	(19,617)
Principal portion of lease payments		(12,114)	(12,143)	(3,230)	(3,238)
Interest paid		(9,839)	(9,534)	(2,623)	(2,542)
Net cash used in financing activities		(382,675)	(294,513)	(102,047)	(78,537)
Net (decrease) increase in cash and cash equivalents		(73,532)	92,347	(19,609)	24,626
Cash and cash equivalents at beginning of the year		299,579	207,232	79,888	55,262
Cash and cash equivalents at end of the year		226,047	299,579	60,279	79,888

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H.E. Yasir O. Al-Rumayyan
Chairman of the Board



Amin H. Nasser
President & Chief Executive Officer



Ziad T. Al Murshed
Executive Vice President
& Chief Financial Officer

Notes to the consolidated financial statements

All amounts in millions of Saudi Riyals unless otherwise stated

1. General information

The Saudi Arabian Oil Company (the "Company"), with headquarters located in Dhahran, Kingdom of Saudi Arabia (the "Kingdom"), is engaged in prospecting, exploring, drilling and extracting hydrocarbon substances ("Upstream") and processing, manufacturing, refining and marketing these hydrocarbon substances ("Downstream"). The Company was formed on November 13, 1988, by Royal Decree No. M/8; however, its history dates back to May 29, 1933, when the Saudi Arabian Government (the "Government") granted a concession to the Company's predecessor for the right to, among other things, explore the Kingdom for hydrocarbons.

On December 20, 2017, Royal Decree No. M/37 dated 2/4/1439H was issued approving the Hydrocarbons Law, which applies to the Kingdom's hydrocarbons and hydrocarbon operations. Under the Hydrocarbons Law, all hydrocarbon deposits, hydrocarbons and hydrocarbon resources are the property of the Kingdom until ownership is transferred at the well head or when extracted. Further, the Hydrocarbons Law codifies the Government's sole authority to set the maximum amount of hydrocarbons production by the Company and the maximum sustainable capacity that the Company must maintain.

All natural resources within the Kingdom, including hydrocarbons, are owned by the Kingdom. Through a concession in 1933, the Government granted the Company the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in certain areas. As of December 24, 2017, the Company's original concession agreement was replaced and superseded by an amended concession agreement (the "Concession Agreement") which provides the Company the exclusive right to explore, drill, prospect, appraise, develop, extract, recover, and produce hydrocarbons in the concession area. The Company is also provided the exclusive right to market and distribute hydrocarbons, petroleum products and liquid petroleum gas ("LPG") in the Kingdom along with the non-exclusive right to manufacture, refine, and treat production and to market, sell, transport and export such production.

The initial term of the Concession Agreement is for 40 years, which shall be extended by the Government for 20 years unless the Company does not satisfy certain conditions commensurate with its then current operating practices. In addition, the Concession Agreement may be amended and extended for an additional 40 years beyond the original 60-year period, subject to the Company and the Government agreeing on the terms of such extension.

Effective January 1, 2018, Council of Minister's Resolution No. 180, dated 1/4/1439H (December 19, 2017) converted the Company to a Saudi Joint Stock Company with new Bylaws. The Company's 1988 Articles were cancelled as of January 1, 2018, pursuant to Royal Decree No. M/36, dated 2/4/1439H (December 20, 2017). The Company's Commercial Registration Number is 2052101150. The Company's share capital was set at Saudi Riyal ("SAR") 60,000, divided into 200 billion fully paid ordinary shares with equal voting rights without par value. On May 12, 2022, after obtaining necessary approvals from the competent authorities in relation to the issuance of bonus shares, the Extraordinary General Assembly ("EGA") approved the increase in the Company's share capital by SAR 15,000 and the commensurate increase in the number of the Company's issued ordinary shares by 20 billion without par value. The Company's share capital after the increase is SAR 75,000, divided into 220 billion fully paid ordinary shares with equal voting rights without par value (Note 36).

On December 11, 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Exchange. In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold an aggregate of 3.45 billion ordinary shares, or 1.73% of the Company's share capital. In addition, concurrent with the IPO, the Company acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750, and classified them as treasury shares (Note 16). These shares are being used by the Company for its employee share plans (Note 17).

On February 13, 2022, the Government transferred 8 billion ordinary shares, or 4% of the Company's share capital, to the Public Investment Fund ("PIF"), the sovereign wealth fund of the Kingdom. Following the transfer, the Government remains the Company's largest shareholder, retaining a 94.19% direct shareholding.

The consolidated financial statements of the Company and its subsidiaries (together "Saudi Aramco") were approved by the Board of Directors on March 10, 2023.

2. Summary of significant accounting policies, judgments and estimates

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The consolidated financial statements provide comparative information in respect of the previous period.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The consolidated financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB"). Amounts and balances relating to Shari'a compliant financial instruments of the Company, its subsidiaries and investments are disclosed separately. All other relevant amounts and balances relate to conventional financial instruments.

The consolidated financial statements have been prepared under the historical cost convention except for certain items measured at fair value, which are primarily investments in securities, derivatives and certain trade receivables. The accounting policies that follow have been consistently applied to all years presented, unless otherwise stated.

2. Summary of significant accounting policies, judgments and estimates continued

(b) Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise judgment in applying Saudi Aramco's accounting policies and in the use of certain critical accounting estimates and assumptions concerning the future. Management has made various judgments that may significantly impact the valuation and presentation of assets and liabilities. In addition, management also applies judgment when undertaking the estimation procedures necessary to calculate assets, liabilities, revenue and expenses. Accounting estimates, by definition, may not equal the related actual results and are subject to change based on experience and new information. The areas requiring the most significant judgments, estimates and assumptions in the preparation of the consolidated financial statements are: accounting for interests in subsidiaries, joint arrangements and associates, fair values of assets acquired and liabilities assumed on acquisition, recoverability of asset carrying amounts, determining the lease term, taxation, provisions, post-retirement obligations and determination of functional currency and are set out in the individual accounting policies below.

Net zero ambition and the energy transition

Saudi Aramco's ambition is to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across its wholly-owned operated assets. Low lifting costs and low-carbon production intensity, compared to its peers, facilitates Saudi Aramco to continuously supply hydrocarbon products through the energy transition for the foreseeable future. Saudi Aramco is targeting emissions reductions to be achieved by improving energy efficiency and management of flaring and methane emissions; investing in renewable energy projects and certificates; carbon capture and storage; and developing an offsetting program that includes planting mangroves and purchasing carbon offsets through voluntary markets.

Saudi Aramco performed a review of the impact of climate change on its financial statements, including an assessment of risks due to climate change on material financial statement line items, significant judgments, and material estimation uncertainties. Estimates, such as the pace of energy transition and demand forecasts, and their impact on commodity prices, margins, and growth rates, include assumptions and inherent uncertainties that will be subject to change as market factors, policy and regulation evolve. The outcome of our review confirmed that the judgments and estimates used in the preparation of the 2022 consolidated financial statements are consistent with Saudi Aramco's long-term strategy and the profile of its operations. Saudi Aramco will continue to update its financial plans, estimates, and assumptions concerning the economic environment and the pace of the energy transition.

(c) New or amended standards

- (i) Saudi Aramco adopted the following IASB pronouncement, as endorsed in the Kingdom, effective for annual periods beginning on or after January 1, 2022:

Amendment to IAS 16, Property, Plant and Equipment

In May 2020, the IASB issued an amendment to IAS 16, Property, Plant and Equipment, which prohibits the deduction from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, the proceeds from selling such items, and the costs of producing those items, are recognized in profit or loss. There is no material impact on Saudi Aramco's consolidated financial statements from adopting this amendment to IAS 16.

- (ii) There are no standards, amendments or interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

(d) Interbank Offered Rate ("IBOR") reform

IBOR reform represents the reform and replacement of interest rate benchmarks, such as the London Interbank Offered Rate ("LIBOR") by global regulators. On March 5, 2021, the UK's Financial Conduct Authority announced the future cessation and loss of representativeness of the LIBOR benchmarks. Saudi Aramco has a number of contracts, primarily referenced to U.S. dollar ("USD") LIBOR, of which most applicable tenors will cease to be published on June 30, 2023.

In this regard, the IASB issued amendments to IAS 39, Financial Instruments: Recognition and Measurement, IFRS 4, Insurance Contracts, IFRS 7, Financial Instruments: Disclosures, IFRS 9, Financial Instruments, and IFRS 16, Leases, as part of Phase 2 of a two-phase project for IBOR reform, which address issues that arise from the implementation of the reform. These amendments, issued on August 27, 2020, and effective January 1, 2021, include: (1) providing practical expedients in relation to accounting for instruments to which the amortized cost measurement applies by updating the effective interest rate to account for a change in the basis for determining the contractual cash flows without adjusting the carrying amount; (2) additional temporary exceptions from applying specific hedge accounting requirements, including permitted changes to hedge designation without the hedging relationship being discontinued when Phase 1 reliefs cease; and (3) additional disclosures related to IBOR reform, including managing the transition to alternative benchmark rates, its progress and the risks arising from the transition, quantitative information about financial instruments that have yet to transition to new benchmarks and changes in the entity's risk management strategy where this arises.

Saudi Aramco has established an IBOR Transition Project, the scope of which includes analyzing the exposure to IBOR benchmarks, evaluating the impact of the transition and providing support and guidance to all impacted internal stakeholders. As per the transition plan, all contracts and agreements related to the below mentioned financial instruments will be renegotiated with counterparties to reflect the alternative benchmark.

2. Summary of significant accounting policies, judgments and estimates continued

(d) Interbank Offered Rate ("IBOR") reform continued

The following table contains details of all financial instruments of Saudi Aramco referencing USD LIBOR, recognized at December 31, 2022, which expire after the cessation dates, and which have not yet transitioned to an alternative benchmark:

As at December 31, 2022	Carrying amounts of financial instruments yet to transition to alternative benchmarks: USD LIBOR
Non-derivative financial assets	4,826
Non-derivative financial liabilities	35,719
Derivative financial assets ¹	720

1. Represents hedging instruments with a nominal value of SAR 8,768.

(e) Principles of consolidation, acquisition and equity accounting

(i) Subsidiaries

The consolidated financial statements reflect the assets, liabilities and operations of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

Intercompany balances and transactions, including unrealized profits and losses arising from intragroup transactions, have been eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies with those used by the Company.

The acquisition method of accounting is used to account for business combinations, including those acquisitions of businesses under common control that have commercial substance. Acquisition related costs are expensed as incurred. The consideration transferred to acquire a subsidiary comprises the fair value of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by Saudi Aramco, the fair value of any asset or liability resulting from a contingent consideration arrangement, and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date the assets and liabilities are exchanged, irrespective of the extent of any non-controlling interests. The excess of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the fair value of the acquired identifiable net assets is recorded as goodwill. Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained under comparable terms and conditions. Any goodwill arising on acquisition is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the business combination's synergies. Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Saudi Aramco.

Saudi Aramco recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated balance sheet, respectively.

Saudi Aramco treats transactions with non-controlling interests that do not result in a loss of control as transactions between equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the previously held equity interest is remeasured to fair value at the acquisition date with any gains or losses arising from such remeasurement recognized in net income or other comprehensive income, as appropriate.

(ii) Joint arrangements

Under IFRS 11, Joint Arrangements, an arrangement in which two or more parties have joint control is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Saudi Aramco has interests in both joint operations and joint ventures.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

(e) Principles of consolidation, acquisition and equity accounting continued

1) Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. In relation to its interests in joint operations, Saudi Aramco recognizes its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

2) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost.

Saudi Aramco's share of results of its joint ventures is recognized within net income, while its share of post-acquisition movements in other comprehensive income is recognized within other comprehensive income. The cumulative effect of these changes is adjusted against the carrying amount of Saudi Aramco's investments in joint ventures, which is presented separately in the consolidated balance sheet. When Saudi Aramco's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, Saudi Aramco does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, the difference between the carrying amount derecognized and the proceeds received is recognized in the consolidated statement of income.

Gains and losses on transactions between Saudi Aramco and joint ventures not realized through a sale to a third party are eliminated to the extent of Saudi Aramco's interest in the joint ventures. Where necessary, adjustments are made to the financial statements of joint ventures to align their accounting policies with those used by Saudi Aramco.

Saudi Aramco's investments in joint ventures includes, when applicable, goodwill identified on acquisition, net of any accumulated impairment loss. Goodwill represents the excess of the cost of an acquisition over the fair value of Saudi Aramco's share of the net identifiable assets of the acquired joint venture at the date of acquisition.

Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

(iii) Associates

Associates are entities over which Saudi Aramco has significant influence. Significant influence is the power to participate in financial and operating policy decisions but with no control or joint control over those policies and is generally reflected by a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The accounting policies for joint ventures detailed in Note 2(e)(ii)(2) above are also applied by Saudi Aramco to its associates.

Significant accounting judgments and estimates

The acquisition of subsidiaries, joint arrangements and associates require management to estimate the fair values of the assets acquired and liabilities assumed. In addition, judgments are applied in the determination of whether control, joint control or significant influence is present with respect to investments in subsidiaries, joint arrangements or associates. Judgment is applied when determining if an entity is controlled by voting rights, potential voting rights or other rights granted through contractual arrangements and includes consideration of an entity's purpose and design, among other factors. Judgment is applied when assessing whether an arrangement is jointly controlled by all of its parties or by a group of the parties by taking decisions about relevant activities through unanimous consent of the parties sharing control. Judgment is also applied as to whether a joint arrangement is classified as a joint venture or joint operation taking into account specific facts and circumstances, such as the purpose and design of the arrangement, including with respect to its output, its relationship to the parties and its source of cash flows. Judgment is applied in determining whether significant influence is held by assessing factors such as representation on the board of directors, participation in policy-making processes, material transactions with the entity, interchange of managerial personnel, and provision of essential technical information. Refer to Notes 7, 34, 35, 38, and 39.

(f) Intangible assets

Goodwill on the acquisition of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

2. Summary of significant accounting policies, judgments and estimates continued

(f) Intangible assets continued

Intangible assets other than exploration and evaluation costs (Note 2(g)) and those with indefinite useful lives such as goodwill and brand acquired on acquisition of Saudi Basic Industries Corporation ("SABIC") in 2020, consist primarily of brands and trademarks, franchise/customer relationships and computer software. If acquired in a business combination, these intangible assets are recognized at their fair value at the date of acquisition and, if acquired separately, these intangible assets are recognized at cost. All these intangible assets are subsequently amortized on a straight-line basis over their estimated useful lives.

The following table sets forth estimated useful lives, in years, of the principal groups of these intangible assets:

Brands and trademarks	10 to 22
Franchise/customer relationships	5 to 25
Computer software	3 to 15

Amortization is recorded in depreciation and amortization in the consolidated statement of income.

(g) Exploration and evaluation

Exploration and evaluation costs are recorded under the successful efforts method. Under the successful efforts method, geological and geophysical costs are recognized as an expense when incurred and exploration costs associated with exploratory wells are initially capitalized on the consolidated balance sheet as an intangible asset until the drilling of the well is complete and the results have been evaluated. If potential commercial quantities of hydrocarbons are found, these costs continue to be capitalized subject to further appraisal activities that would determine the commercial viability and technical feasibility of the reserves. If potentially commercial quantities of hydrocarbons have not been found, and no alternative use of the well is determined, the previously capitalized costs are written off to exploration in the consolidated statement of income.

Exploratory wells remain capitalized while additional appraisal drilling on the potential oil and/or gas field is performed or while optimum development plans are established. All such capitalized costs are not subject to amortization, but at each reporting date are subject to regular technical and management review to confirm the continued intent to develop, or otherwise extract value from the well. Where such intent no longer exists, the costs are written off to exploration in the consolidated statement of income. Capitalized exploratory expenditures are, at each reporting date, subject to review for impairment indicators.

When proved reserves of hydrocarbons are determined and there is a firm plan for development approved by management, the relevant capitalized costs are transferred to property, plant and equipment.

(h) Property, plant and equipment

Property, plant and equipment is stated on the consolidated balance sheet at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the construction and/or acquisition of the asset (Note 2(s)). Land and construction-in-progress are not depreciated. When a construction-in-progress asset is deemed available for use as intended by management, depreciation commences.

Subsequent expenditures including major renovations are included in an asset's carrying amount, or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to Saudi Aramco and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognized. All other repair and maintenance expenditures are expensed as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met (Note 2(v)).

Where the life of expected hydrocarbon reserves substantially exceeds the economic or technical lives of the underlying assets, the straight-line method of depreciation is used. The unit of production method is used for fields where the expected reserve life is approximately equal to or less than the estimated useful lives of the underlying assets. Depletion rates are calculated on the basis of a group of wells or fields with similar characteristics based on proved developed reserves. The estimation of expected reserve lives reflects management's assessment of proved developed reserves and the related depletion strategy on a field-by-field basis. Depreciation expense on all other assets is calculated using the straight-line method to allocate the cost less residual values over the estimated useful lives. Depreciation expense is recorded in the consolidated statement of income.

Depreciation expense is calculated after determining an estimate of an asset's expected useful life and the expected residual value at the end of its useful life. The useful lives and residual values are determined by management at the time the asset is initially recognized and are reviewed annually for appropriateness or when events or conditions occur that impact capitalized costs, hydrocarbon reserves, residual values or estimated useful lives.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

(h) Property, plant and equipment continued

The estimated useful lives or, for right-of-use assets the lease term, if shorter (Note 2(j)), in years, of principal groups of depreciable assets is as follows:

Land and land improvements	3 to 54
Buildings	5 to 50
Oil and gas properties	15 to 30
Plant, machinery and equipment	2 to 52
Depots, storage tanks and pipelines	4 to 30
Fixtures, IT and office equipment	2 to 20

Gains and losses on disposals of depreciable assets are recognized in net income.

(i) Impairment of non-financial assets

Saudi Aramco assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired except that assets with indefinite useful lives such as goodwill and brand acquired on acquisition of SABIC in 2020 are reviewed for impairment on an annual basis. If an indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use ("VIU"). The fair value less costs of disposal calculation is based on either, post-tax discounted cash flow models or available data from binding arm's length sales transactions for similar assets, or observable market prices less incremental costs for disposing of the asset. The VIU calculation is based on a post-tax risk adjusted discounted cash flow model. The use of post-tax discount rates in determining VIU does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Impairment losses are recognized as a component of net income. If, in a subsequent period, the amount of a non-goodwill impairment loss decreases, a reversal of the previously recognized impairment loss is recognized in net income.

Significant accounting judgments and estimates

Impairment tests are undertaken on the basis of the smallest identifiable group of assets (cash-generating unit), or individual assets, for which there are largely independent cash inflows. The key assumptions used to determine the different cash-generating units involves significant judgment from management.

For the purposes of determining whether impairment of items of property, plant and equipment has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating future cash flows for its VIU calculations are forecasted future oil, gas, refined product and chemical prices, expected production volumes, future operating and development costs, refining and petrochemical margins and changes to the discount rate used for the discounted cash flow model. There is an inherent uncertainty over forecasted information and assumptions. Changes in these assumptions and forecasts could impact the recoverable amounts of assets and any calculated impairment and reversals thereof.

(j) Leases

Saudi Aramco's portfolio of leased assets mainly comprises land and buildings, drilling rigs, marine vessels, industrial facilities, equipment, storage and tanks, aircraft and vehicles. The determination of whether the contract is, or contains, a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Saudi Aramco recognizes right-of-use assets and lease liabilities at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises lease liabilities at initial measurement, any initial direct costs incurred, any lease payments made at or before the commencement date, and restoration costs less any lease incentives received. Subsequent to initial recognition the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis unless the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the asset reflects the exercise of the purchase option, in which case right-of-use assets are depreciated over the useful life of the underlying asset. Depreciation expense is recorded in the consolidated statement of income. Right-of-use assets are included under property, plant and equipment (Note 5).

2. Summary of significant accounting policies, judgments and estimates continued

(j) Leases continued

Lease liabilities are initially measured at the present value of lease payments. Lease payments include fixed lease payments, variable lease payments that depend on an index or rate, amounts payable for guaranteed residual values and payments to be made under extension or purchase or termination options, where applicable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Subsequent to initial recognition, the lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and adjusted for remeasurement to reflect any reassessments or lease modifications. Lease liabilities are included under borrowings (Note 20). Lease payments are allocated between the principal and finance costs. Finance costs are recorded as an expense in the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Saudi Aramco has elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases. Lease payments under short-term and low-value leases are recorded as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Significant accounting judgments and estimates

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to not be terminated or to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee.

(k) Investments and other financial assets

(i) Classification

Management determines the classification of its financial assets based on the business model for managing the financial assets and the contractual terms of the cash flows. Saudi Aramco's financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortized cost.

For financial assets measured at fair value, gains and losses are recorded either in net income or other comprehensive income. For investments in debt securities, this depends on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this depends on whether Saudi Aramco has made an irrevocable election at the time of initial recognition, due to the strategic nature of these investments, to account for such equity investments at fair value through other comprehensive income. Saudi Aramco reclassifies debt securities, when and only when, its business model for managing those assets changes. Certain revenue contracts provide for provisional pricing at the time of shipment with the final pricing based on an average market price for a particular future period. Such trade receivables are measured at fair value because the contractual cash flows are not solely payments of principal and interest. All other trade receivables meet the criteria for amortized cost measurement under IFRS 9.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date, which is the date on which Saudi Aramco commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Saudi Aramco has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, Saudi Aramco measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed as a component of net income. Saudi Aramco subsequently measures all equity investments at fair value.

Equity investments:

Where Saudi Aramco has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to net income following the derecognition of the investment. Dividends from such investments continue to be recognized as a component of net income when Saudi Aramco's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized as a component of net income.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

(k) Investments and other financial assets continued

Debt securities:

Subsequent measurement of debt securities depends on Saudi Aramco's business model for managing the asset and the cash flow characteristics of the asset. Debt securities are classified into the following three measurement categories:

1) Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest method. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized as a component of net income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

2) Fair value through other comprehensive income ("FVOCI"):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses which are recognized as a component of net income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to net income. Interest income from these financial assets is included in finance income using the effective interest method.

3) Fair value through profit or loss ("FVPL"):

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognized as a component of net income in the period in which it arises. Financial assets at FVPL are included in non-current assets unless management intends to dispose of the asset within 12 months from the end of the reporting period, in which case the asset is included in current assets.

Other financial assets:

Other financial assets are classified into the following categories:

1) Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a financial asset that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized as a component of net income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate.

Financial assets at amortized cost comprise cash and cash equivalents, short-term investments, other assets and receivables, due from the Government and trade receivables other than those subsequently measured at FVPL, as described below.

2) Fair value through profit or loss:

Trade receivables related to contracts with provisional pricing arrangements are subsequently measured at FVPL.

(iv) Impairment

Saudi Aramco assesses on a forward-looking basis, the expected credit losses associated with debt securities carried at either amortized cost or FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, Saudi Aramco applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(l) Derivative instruments and hedging activities

Saudi Aramco's use of derivative instruments does not have a material effect on its financial position or results of operations.

(i) Derivative instruments classified as held for trading

Saudi Aramco uses commodity derivative financial instruments to manage exposure to price fluctuations, which arise on purchase and sale transactions for physical deliveries of crude, natural gas liquids and various refined and bulk petrochemical products. The derivatives are initially recognized, and subsequently remeasured at fair value and recorded as an asset, when the fair value is positive, or as a liability, when the fair value is negative, under trade receivables or trade and other payables in the consolidated balance sheet, respectively.

The fair value of the derivatives is determined in accordance with Saudi Aramco's derivative valuation policy by reference to the traded price of that instrument on the relevant exchange or over-the-counter markets at the consolidated balance sheet date. The gain or loss from the changes in the fair value of the swap from its value at inception is recognized in net income.

(ii) Derivative instruments designated as hedges

Saudi Aramco uses interest rate swaps and currency forward contracts to manage its exposure to fluctuations in interest rates and foreign exchange rates. These derivative financial instruments, designated as either fair value or cash flow hedges, are purchased from counterparties of high credit standing and are initially recognized, and subsequently remeasured, at fair value.

At the inception of the hedging transaction, Saudi Aramco documents the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedge transaction.

2. Summary of significant accounting policies, judgments and estimates continued

(l) Derivative instruments and hedging activities continued

The fair value of a derivative financial instrument used for hedging purposes is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months; otherwise, it is classified as a non-current asset or liability.

1) Fair value hedges

A fair value hedge is a hedge of the fair value of a recognized asset or liability or firm commitment. Saudi Aramco designates certain currency forward contracts as fair value hedges. The gain or loss from the changes in the fair value of the currency forward contracts is recognized in net income, together with changes in the fair value of the hedged item.

2) Cash flow hedges

A cash flow hedge is a hedge of a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Any gain or loss relating to the effective portion of changes in the fair value of interest rate swap contracts is recognized in other comprehensive income, with the ineffective portion recognized immediately in net income.

Gains and losses deferred through other comprehensive income are reclassified to net income at the time the hedged item affects net income. However, when a hedged item is a forecast transaction resulting in the recognition of a non-financial asset or non-financial liability, the gains and losses deferred through other comprehensive income, if any, are included in the initial cost or other carrying amount of the asset or liability. When a hedging instrument expires, any cumulative gain or loss deferred through other comprehensive income will remain until the forecast transaction is recognized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss deferred through other comprehensive income is immediately reclassified to net income.

(m) Income tax and zakat

Income tax expense for the period comprises current and deferred income tax expense. Income tax expense is recognized in net income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the related income tax is also recognized in other comprehensive income.

Current income tax expense is calculated primarily on the basis of the Tax Law. In addition, income tax expense results from taxable income generated by foreign affiliates.

Deferred income tax is provided in full, using the liability method at tax rates enacted or substantively enacted at the end of the reporting period and expected to apply when the related deferred income tax is realized or settled on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In estimating such tax consequences, consideration is given to expected future events. Deferred income tax is not provided on initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction, does not affect either the accounting profit or the taxable profit.

Deferred income tax assets are recognized where future recovery is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax is not provided for taxes on possible future distributions of retained earnings of subsidiaries where the timing of the distribution can be controlled and it is probable that the retained earnings will be substantially reinvested by the entities.

Zakat is levied at the higher of adjusted income subject to zakat or the zakat base in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom. Zakat is computed using the zakat base. The zakat provision is charged to the consolidated statement of income.

Significant accounting judgments and estimates

Saudi Aramco establishes provisions, based on reasonable estimates, for potential claims by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as different interpretations of tax regulations by the taxable entity and the responsible tax authority and the outcome of previous negotiations. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in net income in the period in which the change occurs. Deferred income tax assets are recognized only to the extent it is considered probable that those assets are recoverable. This includes an assessment of when those assets are likely to reverse, and a judgment as to whether or not there will be sufficient taxable income available to offset the assets when they do reverse. This requires assumptions regarding future profitability. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred income tax assets as well as in the amounts recognized in net income in the period in which the change occurs.

Detailed taxation information, including current expense and deferred income tax assets and liabilities, is presented in Note 8.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

(n) Inventories

Inventories are stated at the lower of cost or estimated net realizable value. Cost comprises all expenses to bring inventories to their present location and condition and, for hydrocarbon and chemical inventories, is determined using the first-in, first-out ("FIFO") method. For materials and supplies inventories, cost is determined using the weighted average method, less an allowance for disposal of obsolete and/or surplus materials and supplies. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(o) Due from the Government

The Government compensates the Company through price equalization (Note 2(z)) and for past due trade receivables of specified Government, semi-Government and other entities with Government ownership or control to whom the Company supplies specified products and services.

Revenue on sales to these specified Government, semi-Government and other entities with Government ownership or control is recognized upon the satisfaction of performance obligations, which occurs when control transfers to these customers. Control of the products is determined to be transferred when the title of products passes, which typically takes place when product is physically transferred to these customers. Once receivables from these customers are past due, these trade receivables are reclassified as a due from the Government current receivable. In cases where any of these customers settle past due amounts, the Government guarantee receivable is credited with the amounts received. The balance is presented within due from the Government even if it is payable to the Government based on the Company's expectation to settle the balance on a net basis with other amounts due from the Government.

Implementing regulations issued by the Government allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offset against any other amounts due and payable by the Company to the Government. Balances due from the Government at December 31 represent amounts to be settled through offset against tax payments.

(p) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks together with all highly liquid investments purchased with original maturities of three months or less.

(q) Treasury shares

Treasury shares are recognized as a deduction from equity at the amount of consideration paid by the Company for their acquisition, including any directly attributable transaction costs incurred.

(r) Financial liabilities

Saudi Aramco recognizes a financial liability when it becomes party to the contractual provisions of an instrument.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Upon derecognition, the difference between the carrying amount and the consideration paid to discharge or cancel the liability is recognized in the consolidated statement of income. Further, when an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Financial liabilities are classified at initial recognition as financial liabilities at FVPL or as financial liabilities measured at amortized cost, as appropriate.

Saudi Aramco's financial liabilities are:

(i) Financial liabilities at FVPL

Derivative financial liabilities are categorized as held for trading unless they are designated as hedges (Note 2(l)). Derivative financial liabilities held for trading are included in current liabilities under trade and other payables with gains or losses recognized in net income.

(ii) Financial liabilities at amortized cost

Financial liabilities other than financial liabilities at FVPL are classified as financial liabilities measured at amortized cost and are recorded net of transaction costs. Such financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Discounting is omitted when the effect is immaterial. Financial liabilities measured at amortized cost are included in current liabilities, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current liabilities.

Financial liabilities at amortized cost include trade and other payables and borrowings. Financial liabilities are disclosed separately from financial assets in the consolidated balance sheet unless there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2. Summary of significant accounting policies, judgments and estimates continued

(s) Borrowing costs

Any difference between borrowing proceeds and the redemption value is recognized as finance costs in the consolidated statement of income over the term of the borrowing using the effective interest method.

Borrowing costs are expensed as incurred except for those costs directly attributable to the acquisition, construction or production of a qualifying asset which are capitalized as part of the cost of that asset until the asset is complete for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for intended use or sale.

(t) Post-employment benefit plans

(i) Pension plans

Funded pension plans are non-contributory plans for the majority of employees and are generally funded by payments by Saudi Aramco and where applicable by group companies to independent trusts or other separate entities. Assets held by the independent trusts and other separate entities are held at their fair value. Valuations of both funded and unfunded plans are performed annually by independent actuaries using the projected unit credit method. The valuations take into account employees' years of service, average or final pensionable remuneration, and are discounted to their present value using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

The amount recognized in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The periodic pension cost included in operating costs in the consolidated statement of income in respect of defined benefit pension plans primarily represents the increase in the actuarially assessed present value of the obligation for pension benefits based on employee service during the year and the net interest on the net defined benefit liability or asset. Net interest is calculated by multiplying the defined benefit liability and plan assets by the discount rate applied to each plan at the beginning of each year, amended for changes to the defined benefit liability and plan assets as a result of benefit payments or contributions.

Past service costs, representing plan amendments, are recognized immediately as pension costs in the consolidated statement of income, regardless of the remaining vesting period.

Remeasurements representing actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, and the actual returns on plan assets excluding interest on plan assets, are credited or charged to equity, net of tax, through other comprehensive income.

For defined contribution plans where benefits depend solely on the amount contributed to or due to the employee's account and the returns earned from the investment of those contributions, plan cost is the amount contributed by or due from Saudi Aramco and is recognized as an expense in the consolidated statement of income.

(ii) Other post-employment benefits

Saudi Aramco provides certain post-employment healthcare, life insurance and other benefits to retirees and certain former employees. The entitlement is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. To the extent these plans are not fully funded, a liability is recognized in the consolidated balance sheet. Valuations of benefits are performed by independent actuaries.

Such plans follow the same accounting methodology as used for defined benefit pension plans.

Significant accounting judgments and estimates

The costs of defined benefit pension plans and post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, future healthcare costs, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in Note 21.

(u) Share-based compensation

The cost of an equity-settled award granted to employees is measured by reference to the fair value of the equity instrument on the date the award is granted. This cost is recognized as an employee benefit expense in the consolidated statement of income with a corresponding increase in equity.

The cost of a cash-settled award granted to employees is measured by reference to the fair value of the liability at each consolidated balance sheet date until settlement. This cost is recognized as an employee benefit expense in the consolidated statement of income with the corresponding recognition of a liability on the consolidated balance sheet.

The cost of both the equity-settled and cash-settled awards is recognized over the vesting period, which is the period over which the employees render the required service for the award and any non-market performance condition attached to the award is required to be met. Additionally, for a cash-settled award, any changes in the fair value of the liability between the vesting date and the date of its settlement are also recognized in the consolidated statement of income within employee benefit expense.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

(u) Share-based compensation continued

In determining the fair value of an equity-settled or cash-settled award, an appropriate valuation method is applied. Service and non-market performance conditions are not taken into account in determining the fair value of the award, but during the vesting period the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of awards that are expected to vest. Any market performance conditions and non-vesting conditions are taken into account in determining the award's fair value.

(v) Provisions and contingencies

Provisions are liabilities where the timing or amount of future expenditures is uncertain. Provisions are recognized when Saudi Aramco has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are recorded at the best estimate of the present value of the expenditure required to settle the obligation at the end of the reporting period. Amounts are discounted, unless the effect of discounting is immaterial, using an appropriate discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense within finance costs in the consolidated statement of income.

Saudi Aramco records a provision and a corresponding asset for decommissioning activities in Upstream operations for well plugging and abandonment. The decommissioning obligation for a well is recognized when it is drilled. Decommissioning provisions associated with Downstream facilities are generally not recognized, as the potential obligations cannot be measured, given their indeterminate settlement dates. The decommissioning obligations will be recognized in the period when sufficient information becomes available to estimate a range of potential settlement dates. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The value of the obligation is added to the carrying amount of the related asset and amortized over the useful life of the asset. The increase in the provision due to the passage of time is recognized as finance costs in the consolidated statement of income. Changes in future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows are recognized as a change in provision and related asset.

A contingent liability is disclosed where the existence of a possible obligation will only be confirmed by future events or where the amount of a present obligation cannot be measured with reasonable reliability or it is not probable that there will be an outflow of resources to settle that obligation. Contingent assets are not recognized, but are disclosed where the inflow of economic benefits is probable.

Significant accounting judgments and estimates

Most of Saudi Aramco's well plugging and abandonment activities are many years into the future with technology and costs constantly changing. Estimates of the amounts of a provision are recognized based on current legal and constructive requirements and costs associated to abandon using existing technologies. Actual costs are uncertain and estimates can vary as a result of changes in the scope of the project and/or relevant laws and regulation. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations, or changes in legislation. Changes to estimates related to future expected costs, discount rates and timing may have a material impact on the amounts presented. As a result, significant judgment is applied in the initial recognition and subsequent adjustment of the provision and the capitalized cost associated with decommissioning, plugging and abandonment obligations. Any subsequent adjustments to the provision are made prospectively. Detail on the particular assumptions applied when making certain non-current provisions is included in Note 22.

(w) Foreign currency translation

The USD is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign currency monetary assets or liabilities are translated at each reporting date using the prevailing reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized as a component of net income. Non-monetary assets and liabilities, other than those measured at fair value, are translated using the exchange rate at the date of the transactions.

Significant accounting judgments and estimates

The Company has determined that USD is the functional currency as a substantial amount of its products are traded in USD in international markets. However, a substantial amount of costs of the Company are denominated in SAR, which has been exchanged at a fixed rate to USD since 1986. A change in the fixed exchange rate could impact the recorded revenue, expenses, assets and liabilities of the Company.

2. Summary of significant accounting policies, judgments and estimates continued

(x) Presentation currency

The consolidated financial statements are presented in SAR. The financial position and results of the operations of the Company, subsidiaries, joint arrangements and associates that have a functional currency which is different from the presentation currency are translated at reporting date exchange rates and the average exchange rates that approximate the cumulative effect of rates prevailing at the transaction dates, respectively. All resulting exchange differences are recognized through other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognized in net income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the reporting date exchange rate.

Translations from SAR to USD presented as supplementary information in the consolidated statement of income, consolidated statement of comprehensive income, consolidated balance sheet, consolidated statement of changes in equity, and consolidated statement of cash flows at December 31, 2022 and 2021, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the consolidated balance sheet dates.

(y) Revenue recognition and sales prices

Revenue from sales of crude oil and related products is recognized upon the satisfaction of performance obligations, which occurs when control transfers to the customer. Control of the products is determined to be transferred to the customer when the title of crude oil and related products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue contracts for crude oil and certain related products provide for provisional pricing at the time of shipment, with final pricing based on the average market price for a particular future period. Revenue on these contracts is recorded based on the estimate of the final price at the time control is transferred to the customer. Any difference between the estimate and the final price is recorded as a change in fair value of the related receivable, as part of revenue, in the consolidated statement of income. Where applicable the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

(z) Other income related to sales

The Government compensates the Company through price equalization for revenue directly forgone as a result of the Company's compliance with local regulations governing domestic sales and distribution of certain liquid products, LPGs and certain other products. This compensation reflected in these consolidated financial statements, is calculated by the Company as the difference between the product's equalization price and the corresponding domestic regulated price, net of Government fees, in accordance with the implementing regulations issued by the Government in 2017 and 2019.

This compensation is recorded as other income related to sales, that is taxable, when the Company has satisfied its performance obligations through transfer of the title to the buyer, which occurs when product is physically transferred. The compensation due from the Government is characterized as a due from the Government (Note 2(o)) current receivable and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment losses, if any.

The implementing regulations allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offsetting may extend against any other amounts due and payable by the Company to the Government.

(aa) Production royalties

Royalties to the Government are calculated based on a progressive scheme applied to crude oil production. An effective royalty rate is applied to production based on the Company's official selling prices. The effective royalty rate is determined based on a baseline marginal rate of 15% applied to prices up to \$70 per barrel, increasing to 45% applied to prices above \$70 per barrel and 80% applied to prices above \$100 per barrel. All such royalties are accounted for as an expense in the consolidated statement of income and are deductible costs for Government income tax calculations.

(bb) Research and development

Development costs that are expected to generate probable future economic benefits are capitalized as intangible assets and amortized over their estimated useful life. During the period of development, the asset is tested for impairment annually. All other research and development costs are recognized in net income as incurred.

(cc) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

2. Summary of significant accounting policies, judgments and estimates continued

(dd) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the net income attributable to the ordinary shareholders of the Company
- by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. Financial risk management

Financial risks include market risk (including foreign currency exchange risk, price risk, and interest rate risk), credit risk, and liquidity risk. Financial risk management is carried out primarily by a central treasury department. The adequacy of financial risk management policies is regularly reviewed with consideration of current activities and market conditions on a consolidated basis. Saudi Aramco uses derivative financial instruments with limited complexity to manage certain risk exposures and does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Financial risk factors

(i) Market risk

1) Foreign currency exchange risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

Saudi Aramco operates internationally but has limited exposure to financial risk due to changes in foreign currency exchange rates as most significant transactions are denominated in its functional currency (Note 2(w)), are linked to its functional currency or are hedged. Saudi Aramco's limited foreign currency exchange risk arises from future commercial transactions or recognized assets or liabilities denominated in a currency that is not Saudi Aramco's functional currency. In addition, a substantial amount of costs of Saudi Aramco are denominated in SAR which has been at a fixed rate to USD since 1986. A change in the fixed exchange rate would result in foreign exchange differences being recognized in the consolidated financial statements.

Saudi Aramco engages in foreign currency hedging activities through the use of currency forward contracts to manage its exposure from significant transactions denominated in a foreign currency. The hedge ratio considers variability in potential outcomes, spot rates, as well as interest rates, and on a transaction by transaction basis, can cover up to 100% of the exposure at inception.

The notional amounts of outstanding currency forward contracts designated as hedging instruments are included in Note 30.

2) Price risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Price risk primarily stems from investments in securities and commodity trading.

a) Investments in securities

Saudi Aramco has limited exposure to price risk with such risk arising from investments in securities carried at fair value.

Saudi Aramco regularly reviews its positions in investments in securities considering current and expected future economic trends.

At December 31, 2022 and 2021, a change in fair value due to a movement of 5% in the price of listed equity securities would result in a change in other comprehensive income before income taxes of SAR 435 and SAR 457, respectively.

At December 31, 2022 and 2021, a change in fair value due to a movement of 5% in the unit price of equities and mutual and hedge funds would result in a change in income before income taxes of SAR 15 and SAR 18, respectively.

b) Commodity derivative contracts

Saudi Aramco trades crude, natural gas liquids and various refined and bulk petrochemical products and uses commodity derivatives as a means of managing price and timing of risks arising from this trading. In effecting these transactions, Saudi Aramco operates within policies and procedures designed to ensure that risks, including those related to the default of counterparties, are managed within authorized limits. The notional amounts of outstanding commodity derivative contracts are included in Note 30.

3. Financial risk management continued

(a) Financial risk factors continued

3) Interest rate risk – The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Saudi Aramco is exposed to interest rate risk from changes in interest rates that affect the fair value or future cash flows of financial instruments, principally borrowings, issued at variable and fixed rates. Borrowings issued at variable rates expose Saudi Aramco to cash flow interest rate risk, which is partially offset by short-term time deposits and debt securities held at variable rates. Borrowings issued at fixed rates expose Saudi Aramco to fair value interest rate risk. Saudi Aramco may enter into interest rate swap agreements as part of its overall strategy to manage the interest rate risk on its debt.

At December 31, 2022 and 2021, a change of 1% in market interest rates, with all other variables held constant, would result in a net change of SAR 2,161 and SAR 2,127, respectively, in Saudi Aramco's income before income taxes as a result of the effect of higher or lower market interest rates.

The notional amounts of interest rate swap contracts are included in Note 30.

(ii) Credit risk

Credit risk is the risk that counterparties might not fulfill their contractual payment obligations towards an entity.

Saudi Aramco is exposed to credit risk related to its counterparties not performing or honoring their obligations, which could result in financial loss. Credit risk arises from credit exposures on trade and other receivables as well as from cash and cash equivalents, short-term investments, debt securities, and derivatives with financial institutions. The maximum exposure to credit risk is the carrying value of these assets.

Saudi Aramco's trade receivables arise from a global customer base, which limits geographic concentrations of credit risk. Moreover, a credit risk policy is in place to ensure credit limits are extended to creditworthy counterparties and risk mitigation measures are defined and implemented accordingly. Saudi Aramco performs ongoing evaluations of its counterparties' financial standing and takes additional measures to mitigate credit risk when considered appropriate, including but not limited to letters of credits, bank guarantees or parent company guarantees.

In addition, the credit risk policy limits the amount of credit exposure to any individual counterparty based on their credit rating as well as other factors. Moreover, Saudi Aramco's investment policy limits exposure to credit risk arising from investment activities. The policy requires that cash and cash equivalents and short-term investments be invested with a diversified group of financial institutions with acceptable credit ratings. Saudi Aramco ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third-party rating models. At December 31, 2022, all short-term investments were with financial institutions assigned a long-term credit rating of "BBB" (2021: "BBB") or above.

Employee home loans (Note 9) and debt securities are generally considered to have low credit risk based on history of default and thus the impairment provision recognized during the year based on the general approach allowed by IFRS 9, where applicable, was substantially limited to 12-month expected losses.

Saudi Aramco applies the simplified approach allowed by IFRS 9 in providing for expected credit losses for trade receivables, which uses the lifetime expected credit loss provision for all trade receivables. Such credit losses have historically been nominal and the loss allowance for trade receivables (Note 12) is not material.

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Saudi Aramco's liquidity risk management includes maintaining sufficient cash and cash equivalents and ensuring the availability of incremental funding through credit facilities (Note 20). Management also monitors and forecasts Saudi Aramco's liquidity requirements based on current and non-current expected cash flows.

Saudi Aramco invests surplus cash in current accounts, time deposits, money market instruments, government repurchase agreements, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to meet forecasted cash flow requirements. Saudi Aramco prioritizes security and liquidity over yield.

Note 20 analyzes Saudi Aramco's borrowings into relevant maturity groupings based on the balances associated with each contractual maturity date at the end of the reporting period.

Saudi Aramco has financial guarantees arising in the ordinary course of business. The earliest period in which such guarantees can be called is the effective date as defined in the related agreements. The maximum exposure is limited to the gross value of such guarantees.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(b) Capital structure management

Saudi Aramco seeks to maintain a prudent capital structure, comprised of borrowings and shareholders' equity, to support its capital investment plans and maintain a sustainable dividend profile. Maintaining sufficient financial flexibility is considered strategically important to mitigate industry cyclicality, while also enabling the pursuit of organic and inorganic investment opportunities. Borrowings or dividends will result in an adjustment to Saudi Aramco's capital structure.

Gearing is a measure of the degree to which Saudi Aramco's operations are financed by debt. Saudi Aramco defines gearing as the ratio of net (cash) / debt (total borrowings less cash and cash equivalents, short-term investments, investments in debt securities (current and non-current), and non-current cash investments) to total equity and net (cash) / debt. Saudi Aramco's gearing ratios at December 31, 2022, and December 31, 2021, were as follows:

	2022	2021
Total borrowings (current and non-current)	393,144	510,921
Cash and cash equivalents	(226,047)	(299,579)
Short-term investments	(281,215)	(27,073)
Investments in debt securities (current and non-current)	(8,565)	(8,966)
Non-current cash investments	–	–
Net (cash) / debt	(122,683)	175,303
Total equity	1,666,147	1,280,668
Total equity and net (cash) / debt	1,543,464	1,455,971
Gearing	(7.9)%	12.0%

Previously, Saudi Aramco defined gearing as the ratio of net debt (total borrowings less cash and cash equivalents) to net debt plus total equity. The gearing under the previous definition would have been 9.1% and 14.2% as at December 31, 2022, and December 31, 2021, respectively.

(c) Casualty loss risk retention

Saudi Aramco's casualty loss risk strategy includes a risk retention and insurance program, including providing coverage to certain joint arrangements and associates limited to Saudi Aramco's percentage interest in the relevant entity. Current maximum risk retention is SAR 3,190 per loss event (2021: SAR 2,988) and various insurance limits apply, of which the risk retention forms a part. Should a credible loss event occur, the maximum insurance limit above retention is SAR 4,498 (2021: SAR 4,700) per event dependent on the circumstances.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. Management believes that the fair values of Saudi Aramco's financial assets and liabilities that are measured and recognized at amortized cost are not materially different from their carrying amounts at the end of the reporting period.

Saudi Aramco measures financial instruments such as derivatives, equity investments and debt securities classified as FVPL, and equity investments and debt securities classified as FVOCI, at fair value at each consolidated balance sheet date. Saudi Aramco uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3. Financial risk management continued

(d) Fair value estimation continued

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at December 31, 2022 and 2021, based on the prescribed fair value measurement hierarchy on a recurring basis. Saudi Aramco did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at December 31, 2022 and 2021.

Assets	Level 1	Level 2	Level 3	Total
2022				
Investments in securities:				
Equity securities at FVOCI	8,699	33	2,285	11,017
Debt securities at FVOCI	47	7,463	–	7,510
Equity securities at FVPL	318	1,562	6,201	8,081
Debt securities at FVPL	53	82	4	139
Trade receivables related to contracts with provisional pricing arrangements	–	–	113,542	113,542
	9,117	9,140	122,032	140,289
Other assets and receivables:				
Interest rate swaps	–	734	–	734
Commodity derivative contracts	–	2,987	47	3,034
Currency forward contracts	–	130	–	130
Financial assets – option rights	–	–	2,687	2,687
	–	3,851	2,734	6,585
Total assets	9,117	12,991	124,766	146,874
2021				
Investments in securities:				
Equity securities at FVOCI	9,134	88	1,340	10,562
Debt securities at FVOCI	37	7,846	–	7,883
Equity securities at FVPL	359	1,861	3,928	6,148
Debt securities at FVPL	53	–	–	53
Trade receivables related to contracts with provisional pricing arrangements	–	–	109,440	109,440
	9,583	9,795	114,708	134,086
Other assets and receivables:				
Interest rate swaps	–	9	–	9
Commodity derivative contracts	–	1,489	83	1,572
Currency forward contracts	–	32	–	32
Financial assets – option rights	–	–	2,390	2,390
	–	1,530	2,473	4,003
Total assets	9,583	11,325	117,181	138,089
Liabilities	Level 1	Level 2	Level 3	Total
2022				
Trade and other payables:				
Interest rate swaps	–	16	–	16
Commodity derivative contracts	228	2,358	81	2,667
Currency forward contracts	–	134	–	134
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	2,929	2,929
Total liabilities	228	2,508	3,010	5,746
2021				
Trade and other payables:				
Interest rate swaps	–	427	–	427
Commodity derivative contracts	201	1,755	43	1,999
Currency forward contracts	–	151	–	151
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	3,301	3,301
Total liabilities	201	2,333	3,344	5,878

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

(d) Fair value estimation continued

The valuation techniques for Saudi Aramco's investments in securities are described in Note 10. The changes in Level 3 investments in securities for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
January 1	5,268	4,970
Net additions (disposals)	2,790	(5)
Net unrealized fair value gain	391	407
Realized gain (loss)	41	(104)
December 31	8,490	5,268

The movement in trade receivables related to contracts with provisional pricing arrangements mainly relates to sales transactions, net of settlements, made during the period, resulting from contracts with customers (Note 12). Unrealized fair value movements on these trade receivables are not significant.

The change in the carrying amount of commodity derivative contracts primarily relates to purchase and sales of derivative contracts, including recognition of a gain or loss that results from adjusting a derivative to fair value. Fair value movements on commodity derivatives are not significant.

The movement in the financial assets and liabilities relating to options and forward contracts on Saudi Aramco's own equity instruments in certain subsidiaries, is mainly due to the change in the unrealized fair value during the period.

4. Operating segments

Saudi Aramco is engaged in prospecting, exploring, drilling, extracting, processing, manufacturing, refining and marketing hydrocarbon substances within the Kingdom and has interests in refining, petrochemical, distribution, marketing and storage facilities outside the Kingdom.

Saudi Aramco's operating segments are established on the basis of those components that are evaluated regularly by the CEO, considered to be the Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of Saudi Aramco's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, costs and a broad range of key performance indicators in addition to segment profitability.

For management purposes, Saudi Aramco is organized into business units based on the main types of activities. At December 31, 2022, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a Corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production. Downstream activities consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services including Human Resources, Finance and IT not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies used by Saudi Aramco in reporting segments internally are the same as those described in Note 2 of the consolidated financial statements.

Information by segments is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
2022					
External revenue	1,024,628	980,681	1,646	–	2,006,955
Other income related to sales	85,475	173,943	–	–	259,418
Inter-segment revenue	463,302	45,090	305	(508,697)	–
Share of results of joint ventures and associates	(16)	3,195	(306)	–	2,873
Depreciation and amortization	(44,209)	(41,425)	(5,984)	–	(91,618)
Dividends and other income	–	2,469	–	–	2,469
Earnings (losses) before interest, income taxes and zakat	1,092,425	79,292	(19,667)	(2,631)	1,149,419
Finance income					12,425
Finance costs					(8,882)
Income before income taxes and zakat					1,152,962
Capital expenditures – cash basis	109,789	29,541	1,831	–	141,161

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments continued

	Upstream	Downstream	Corporate	Eliminations	Consolidated
2021					
External revenue	656,066	689,377	1,487	–	1,346,930
Other income related to sales	58,905	95,923	–	–	154,828
Inter-segment revenue	300,466	37,728	291	(338,485)	–
Share of results of joint ventures and associates	(6)	8,066	(186)	–	7,874
Depreciation and amortization	(42,503)	(37,764)	(5,254)	–	(85,521)
Dividends and other income	–	336	46	–	382
Earnings (losses) before interest, income taxes and zakat	750,118	62,190	(13,533)	(18,601)	780,174
Finance income					1,405
Finance costs					(12,058)
Income before income taxes and zakat					769,521
Capital expenditures – cash basis	88,758	28,724	2,163	–	119,645

Information by geographical area is as follows:

	In-Kingdom	Out-of-Kingdom	Total
2022			
External revenue	1,293,097	713,858	2,006,955
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,328,545	206,245	1,534,790
2021			
External revenue	892,467	454,463	1,346,930
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,221,638	252,905	1,474,543

Revenue from sales to external customers by region is based on the location of the Saudi Aramco entity, which made the sale. Out-of-Kingdom revenue includes sales of SAR 223,731 originating from the United States of America ("USA") (2021: SAR 148,488).

Property, plant and equipment, intangible assets and investments in joint ventures and associates by region are based on the location of the Saudi Aramco entity holding the assets.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment

	Land and land improvements	Buildings	Oil and gas properties	Plant, machinery and equipment	Depots, storage tanks and pipelines	Fixtures, IT and office equipment	Construction-in-progress	Total
Cost								
January 1, 2022	53,099	86,411	596,495	878,043	84,110	19,554	246,175	1,963,887
Additions ¹	1,118	642	281	19,209	294	293	132,819	154,656
Acquisitions	42	39	–	62	–	17	14	174
Construction completed	1,839	6,056	46,991	47,748	11,695	1,441	(115,770)	–
Currency translation differences	(452)	(578)	2	(5,041)	(438)	(105)	(253)	(6,865)
Transfers and adjustments ²	331	(240)	17	(198)	365	46	(3,088)	(2,767)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	3,386	3,386
Retirements and sales	(66)	(713)	(2,757)	(7,689)	(416)	(491)	(380)	(12,512)
December 31, 2022	55,911	91,617	641,029	932,134	95,610	20,755	262,903	2,099,959
Accumulated depreciation								
January 1, 2022	(17,989)	(38,603)	(225,273)	(382,413)	(43,679)	(11,614)	–	(719,571)
Charge for the year ²	(1,441)	(4,810)	(19,766)	(58,945)	(2,646)	(1,565)	–	(89,173)
Currency translation differences	5	317	–	2,976	175	84	–	3,557
Transfers and adjustments	(13)	138	20	(245)	(34)	(23)	–	(157)
Retirements and sales	27	628	341	6,787	382	486	–	8,651
December 31, 2022	(19,411)	(42,330)	(244,678)	(431,840)	(45,802)	(12,632)	–	(796,693)
Property, plant and equipment – net, December 31, 2022	36,500	49,287	396,351	500,294	49,808	8,123	262,903	1,303,266
Cost								
January 1, 2021	52,464	83,070	560,187	827,044	78,357	18,902	242,450	1,862,474
Additions ¹	581	2,093	386	13,025	144	579	109,792	126,600
Construction completed	799	2,919	37,146	57,832	5,215	941	(104,852)	–
Currency translation differences	(619)	(748)	–	(5,702)	(602)	(131)	(497)	(8,299)
Transfers and adjustments ²	99	386	(229)	(2,804)	1,280	(44)	(2,336)	(3,648)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	2,365	2,365
Retirements and sales	(225)	(1,309)	(995)	(11,352)	(284)	(693)	(747)	(15,605)
December 31, 2021	53,099	86,411	596,495	878,043	84,110	19,554	246,175	1,963,887
Accumulated depreciation								
January 1, 2021	(16,618)	(36,587)	(207,678)	(339,740)	(41,364)	(11,027)	–	(653,014)
Charge for the year ²	(1,407)	(3,549)	(18,026)	(55,505)	(3,077)	(1,390)	–	(82,954)
Currency translation differences	4	434	–	3,023	232	103	–	3,796
Transfers and adjustments	(10)	40	20	648	249	20	–	967
Retirements and sales	42	1,059	411	9,161	281	680	–	11,634
December 31, 2021	(17,989)	(38,603)	(225,273)	(382,413)	(43,679)	(11,614)	–	(719,571)
Property, plant and equipment – net, December 31, 2021	35,110	47,808	371,222	495,630	40,431	7,940	246,175	1,244,316

1. Additions include borrowing costs capitalized during the year ended December 31, 2022, amounting to SAR 4,826 (2021: SAR 3,285), which were calculated using an average annualized capitalization rate of 3.24% (2021: 2.65%).

2. During the year ended December 31, 2022, Saudi Aramco recognized an impairment loss of SAR 3,690 mainly relating to plant, machinery and equipment of certain downstream facilities. The impairment loss was recognized as a result of changed market conditions and was calculated based on the recoverable amount of SAR 25,100, which was determined using value in use calculations. In addition, Saudi Aramco recognized a write-down of SAR 476 (2021: SAR 875) on certain downstream facilities, including facilities under construction of SAR 122 (2021: SAR 140).

5. Property, plant and equipment continued

Additions to right-of-use assets during the year ended December 31, 2022, were SAR 16,065 (2021: SAR 12,270). Acquisition of right-of-use assets during the year ended December 31, 2022, amounted to SAR 8 (2021: nil). The following table presents depreciation charges and net carrying amounts of right-of-use assets by class of assets. Information on lease liabilities and related finance costs is provided in Note 20.

	Depreciation expense for the year ended December 31, 2022	Net carrying amount at December 31, 2022	Depreciation expense for the year ended December 31, 2021	Net carrying amount at December 31, 2021
Land and land improvements	199	5,044	190	3,773
Buildings	596	2,981	727	3,596
Oil and gas properties	15	11	5	25
Plant, machinery and equipment	10,455	48,735	10,134	36,933
Depots, storage tanks and pipelines	296	2,194	334	2,198
Fixtures, IT and office equipment	124	345	93	463
	11,685	59,310	11,483	46,988

6. Intangible assets

	Goodwill	Exploration and evaluation ¹	Brands and trademarks	Franchise/customer relationships	Computer software	Other ²	Total
Cost							
January 1, 2022	100,188	19,219	22,874	19,720	5,149	2,929	170,079
Additions	–	5,054	–	–	292	89	5,435
Acquisitions	426	–	–	4	400	1,108	1,938
Currency translation differences	(11)	–	(74)	(12)	(24)	(92)	(213)
Transfers and adjustments	–	–	(70)	(65)	55	23	(57)
Transfer of exploration and evaluation assets	–	(3,386)	–	–	–	–	(3,386)
Retirements and write offs	–	(2,916)	–	–	(18)	(26)	(2,960)
December 31, 2022	100,603	17,971	22,730	19,647	5,854	4,031	170,836
Accumulated amortization							
January 1, 2022	–	–	(2,235)	(2,367)	(3,721)	(1,088)	(9,411)
Charge for the year ³	–	–	(391)	(980)	(359)	(593)	(2,323)
Currency translation differences	–	–	(3)	(1)	20	63	79
Transfers and adjustments	–	–	70	(14)	(11)	92	137
Retirements and write offs	–	–	–	–	5	5	10
December 31, 2022	–	–	(2,559)	(3,362)	(4,066)	(1,521)	(11,508)
Intangible assets – net, December 31, 2022	100,603	17,971	20,171	16,285	1,788	2,510	159,328

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

6. Intangible assets continued

	Goodwill	Exploration and evaluation ¹	Brands and trademarks	Franchise/customer relationships	Computer software	Other ²	Total
Cost							
January 1, 2021	100,204	21,160	23,077	19,827	5,065	2,849	172,182
Additions	–	3,299	–	–	134	243	3,676
Currency translation differences	(16)	–	(119)	(23)	(36)	(136)	(330)
Transfers and adjustments	–	–	(84)	(84)	1	128	(39)
Transfer of exploration and evaluation assets	–	(2,365)	–	–	–	–	(2,365)
Retirements and write offs	–	(2,875)	–	–	(15)	(155)	(3,045)
December 31, 2021	100,188	19,219	22,874	19,720	5,149	2,929	170,079
Accumulated amortization							
January 1, 2021	–	–	(1,915)	(1,501)	(3,270)	(949)	(7,635)
Charge for the year	–	–	(410)	(953)	(483)	(581)	(2,427)
Currency translation differences	–	–	6	3	10	285	304
Transfers and adjustments	–	–	84	84	7	6	181
Retirements and write offs	–	–	–	–	15	151	166
December 31, 2021	–	–	(2,235)	(2,367)	(3,721)	(1,088)	(9,411)
Intangible assets – net, December 31, 2021	100,188	19,219	20,639	17,353	1,428	1,841	160,668

1. Cash used for exploration and evaluation operating activities in 2022 was SAR 5,531 (2021: SAR 4,410) and expenditures for investing activities were SAR 5,054 (2021: SAR 3,299).

2. Other intangible assets with a net book value of SAR 2,510 (2021: SAR 1,841) comprise of licenses, technology, usage rights and processing and offtake agreements of SAR 1,695 (2021: SAR 593) and patents and intellectual property of SAR 815 (2021: SAR 1,248). Processing and offtake agreements of SAR 1,083 were acquired during 2022 (2021: Nil).

3. Saudi Aramco recognized a write-down of SAR 330 on certain other intangible assets during the year (2021: Nil).

Intangible assets recognized on acquisitions are amortized on a straight-line basis over their estimated useful lives, with the exception of goodwill, which has an indefinite useful life, and the SABIC brand, which has been determined to have an indefinite useful life and are not subject to amortization.

Saudi Aramco performed an annual impairment test for the goodwill acquired as part of the SABIC acquisition, amounting to SAR 99,116 at December 31, 2022 and 2021, which is allocated to the Downstream operating segment. The recoverable amount of the Downstream operating segment was determined based on VIU calculations which require use of certain assumptions. The calculations used cash flow projections for a period of 10 years based on financial plans approved by management. Cash flows were discounted and aggregated with a terminal value. Management's estimate for the cash flows is based on past performance and management's expectation of the future. This includes management's forecast for prices and margins for the downstream operations. The growth rate used in the terminal value calculation represents long-term inflation forecast. Pre-tax discount rate of 11.1% (2021: 8.6%) was applied to the cash flows. As a result of the analysis, management did not identify any impairment of goodwill related to the SABIC acquisition.

Saudi Aramco also performed an annual impairment test for the brand acquired as part of the SABIC acquisition amounting to SAR 18,140 at December 31, 2022 and 2021. The impairment test was performed by aggregating the relevant cash-generating units. Cash flows were calculated in the same way as for the goodwill impairment test. The cash flows were discounted using the pre-tax discount rate of 10.9% (2021: 7.8%). As a result of the analysis, management did not identify any impairment.

Management believes that a 1% increase in the discount rates, a 1% decrease in the growth rate, or a reasonable range of increase or decrease in any of the other assumptions used for cash flow projections, individually, would not change the outcome of the impairment analysis for the goodwill or the brand.

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates

Company	Equity ownership 2022/2021	Principal place of business	Nature of activities	Carrying amount at December 31, 2022	Carrying amount at December 31, 2021
Joint ventures					
Saudi Yanbu Petrochemical Company ("Yanpet") ¹	50%	Saudi Arabia	Petrochemicals	10,362	10,597
Al-Jubail Petrochemical Company ("Kemya") ¹	50%	Saudi Arabia	Petrochemicals	6,438	6,229
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC") ¹	50%	China	Petrochemicals	6,251	7,644
Eastern Petrochemical Company ("Sharq") ¹	50%	Saudi Arabia	Petrochemicals	5,235	5,912
Sadara Chemical Company ("Sadara") ^{2,3}	65%	Saudi Arabia	Petrochemicals	3,769	4,070
Other				4,646	3,551
				36,701	38,003
Associates					
Clariant AG ("Clariant") ^{1,4}	31.5%	Switzerland	Specialty chemical	7,968	8,465
Rabigh Refining and Petrochemical Company ("Petro Rabigh") ^{3,4,5}	37.5%	Saudi Arabia	Refining/ petrochemicals	4,415	1,838
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank") ⁶	17%	South Korea	Refining/marketing/ petrochemicals	3,467	3,684
Ma'aden Phosphate Company ("MPC") ¹	30%	Saudi Arabia	Agri-nutrients	3,396	2,162
Aluminium Bahrain BSC ("ALBA") ^{1,4}	20.6%	Bahrain	Aluminum	3,208	2,477
Power and Water Utility Company for Jubail and Yanbu ("Marafiq") ⁴ (Note 34(a))	35%/49.6%	Saudi Arabia	Utilities	3,020	3,924
National Shipping Company of Saudi Arabia ("Bahri") ⁴	20%	Saudi Arabia	Global logistics services	2,262	2,141
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC") ^{1,6}	15%	Saudi Arabia	Agri-nutrients	2,075	1,586
Fujian Refining and Petrochemical Company Limited ("FREPC")	25%	China	Refining/ petrochemicals	1,790	2,466
Other				3,894	2,813
				35,495	31,556
				72,196	69,559

1. Equity ownership represents shareholding by SABIC, which is 70% owned by Saudi Aramco.

2. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint venture does not qualify as a subsidiary and has not been consolidated.

3. Saudi Aramco has provided guarantees as described in Note 33.

4. Listed company.

5. On July 6, 2022, the Company subscribed to its share in the Petro Rabigh Rights Issue Offering for an amount of SAR 2,981 through the conversion of an outstanding loan receivable as described in Note 32(c).

6. Agreements and constitutive documents provide Saudi Aramco significant influence over this entity.

The components of the change in the investments in joint ventures and associates for the years ended December 31 are as follows:

	Joint ventures		Associates	
	2022	2021	2022	2021
January 1	38,003	36,198	31,556	29,778
Acquisitions (Note 35(c))	36	–	853	–
Share of results of joint ventures and associates	(918)	4,606	3,791	3,268
Additional investment	1,338	373	3,132	184
Distributions	(2,856)	(3,738)	(1,679)	(913)
Sale of equity interest (Note 34(a))	–	–	(1,187)	–
Change in elimination of profit in inventory	352	(442)	21	(108)
Share of other comprehensive income (loss)	748	145	(253)	(292)
Other	(2)	861	(739)	(361)
December 31	36,701	38,003	35,495	31,556

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2022, are set out below:

Summarized balance sheet

At December 31, 2022

	Yanpet	Clariant	Kemysa	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Current assets:														
Cash and cash equivalents	395	1,436	688	2,455	270	2,045	2,058	1,205	328	6,190	686	2,529	1,274	2,002
Other	4,419	9,951	4,164	1,400	3,977	10,216	8,409	19,797	5,932	932	3,187	3,039	6,226	6,066
Total current assets	4,814	11,387	4,852	3,855	4,247	12,261	10,467	21,002	6,260	7,122	3,873	5,568	7,500	8,068
Non-current assets	4,784	16,377	10,532	10,882	10,662	53,318	49,747	34,733	12,327	18,931	20,354	17,329	24,166	7,035
Current liabilities:														
Financial liabilities (excluding trade and other payables)	34	2,379	563	899	10	14,038	289	4,365	62	1,236	744	1,078	659	3,569
Other	2,189	6,597	1,855	2,549	1,723	12,893	5,005	13,528	1,532	1,586	1,669	1,727	2,755	2,230
Total current liabilities	2,223	8,976	2,418	3,448	1,733	26,931	5,294	17,893	1,594	2,822	2,413	2,805	3,414	5,799
Non-current liabilities	1,140	6,932	1,248	3,830	2,569	23,393	48,335	20,186	4,049	5,089	13,568	8,963	17,557	2,142
Net assets	6,235	11,856	11,718	7,459	10,607	15,255	6,585	17,656	12,944	18,142	8,246	11,129	10,695	7,162
Saudi Aramco interest	50%	31.5%	50%	50%	50%	37.5%	65%	17%	30%	20.6%	35%	20%	15%	25%
Saudi Aramco share	3,118	3,735	5,859	3,730	5,304	5,721	4,280	3,002	3,883	3,737	2,886	2,226	1,604	1,791
Fair value and other adjustments at Saudi Aramco level	7,244	4,233	579	2,521	(69)	(1,306)	(511)	465	(487)	(529)	134	36	471	(1)
Investment balance at December 31	10,362	7,968	6,438	6,251	5,235	4,415	3,769	3,467	3,396	3,208	3,020	2,262	2,075	1,790

Summarized statement of comprehensive income

Year ended December 31, 2022

	Yanpet	Clariant	Kemysa	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Revenue	6,993	10,457	10,157	9,793	9,654	55,952	16,725	95,665	10,701	18,325	6,505	8,583	10,313	33,114
Depreciation and amortization	483	559	819	542	1,378	3,039	3,314	1,789	1,061	1,269	1,174	1,332	1,323	1,033
Conventional interest income	7	33	2	–	5	280	–	183	61	–	51	–	66	60
Interest expense	41	180	58	62	24	1,359	2,278	2,409	185	189	298	297	586	184
Income tax expense	176	265	334	–	11	48	61	2,113	152	4	6	93	308	321
Net income (loss)	1,171	1,575	2,229	(915)	(266)	(1,115)	(1,993)	4,772	4,870	4,143	846	1,075	3,477	(922)
Dividends received from JVs/associates	720	163	1,045	257	773	–	–	224	225	247	189	–	–	256

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income	87	1,513

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2021, are set out below:

Summarized balance sheet

At December 31, 2021

	Yanpet	Clariant	Kemya	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Current assets:														
Cash and cash equivalents	555	1,693	89	2,838	663	3,972	1,990	1,101	687	928	657	1,666	1,300	3,859
Other	4,435	7,328	4,224	2,023	4,831	13,923	10,175	16,554	3,664	6,180	3,387	2,564	2,545	5,505
Total current assets	4,990	9,021	4,313	4,861	5,494	17,895	12,165	17,655	4,351	7,108	4,044	4,230	3,845	9,364
Non-current assets	4,576	16,316	11,119	11,932	11,408	55,467	51,415	39,244	12,860	19,000	20,100	17,519	25,029	8,314
Current liabilities:														
Financial liabilities (excluding trade and other payables)	1,713	3,093	1,922	1,285	1,370	19,487	3,294	4,517	2,615	2,245	1,369	4,921	608	686
Other	647	5,977	336	1,155	839	14,314	2,448	11,815	238	1,848	1,483	2,205	2,462	2,952
Total current liabilities	2,360	9,070	2,258	2,440	2,209	33,801	5,742	16,332	2,853	4,093	2,852	7,126	3,070	3,638
Non-current liabilities	1,434	8,258	2,000	4,699	2,700	31,255	50,829	22,915	5,528	7,064	13,955	4,780	18,583	4,175
Net assets	5,772	8,009	11,174	9,654	11,993	8,306	7,009	17,652	8,830	14,951	7,337	9,843	7,221	9,865
Saudi Aramco interest	50%	31.5%	50%	50%	50%	37.5%	65%	17%	30%	20.6%	49.6%	20%	15%	25%
Saudi Aramco share	2,886	2,523	5,587	4,827	5,997	3,115	4,556	3,001	2,649	3,080	3,639	1,969	1,083	2,466
Fair value and other adjustments at Saudi Aramco level	7,711	5,942	642	2,817	(85)	(1,277)	(486)	683	(487)	(603)	285	172	503	–
Investment balance at December 31	10,597	8,465	6,229	7,644	5,912	1,838	4,070	3,684	2,162	2,477	3,924	2,141	1,586	2,466

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized statement of comprehensive income

Year ended December 31, 2021

	Yanpet	Clariant	Kemys	SSTPC	Sharq	Petro Rabigh	Sadara	Hyundai Oilbank	MPC	ALBA	Marafiq	Bahri	MWSPC	FREP
Revenue	7,597	17,838	9,820	11,157	10,420	45,683	17,697	59,815	6,567	15,766	4,636	5,073	6,161	27,451
Depreciation and amortization	463	1,089	874	682	1,379	3,185	3,498	1,218	1,068	1,223	1,033	890	–	1,428
Conventional interest income	1	98	–	123	3	196	2	301	9	23	14	–	1	85
Interest expense	38	286	70	53	36	1,089	2,178	817	–	389	182	178	441	239
Income tax expense	350	416	456	239	311	263	223	625	56	10	72	63	97	347
Net income	2,522	1,522	2,550	594	1,753	2,037	2,903	1,387	1,769	4,495	423	178	918	1,109
Dividends received from JVs/associates	1,360	298	730	275	1,273	–	–	54	–	77	75	158	–	37

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income (loss)	227	(581)

Saudi Aramco's share of the fair value of the listed associates at December 31, together with their carrying value at those dates, is as follows:

	Fair value		Carrying value	
	2022	2021	2022	2021
Clariant	6,217	8,160	7,968	8,465
Petro Rabigh	6,692	6,800	4,415	1,838
Marafiq (Note 34(a))	4,104	–	3,020	3,924
Bahri	2,904	2,555	2,262	2,141
ALBA	3,165	2,330	3,208	2,477

8. Income taxes and zakat

(a) Kingdom income tax rates

The Company is subject to an income tax rate of 20% on its Downstream activities and on the activities of exploration and production of non-associated natural gas, including gas condensates, as well as the collection, treatment, processing, fractionation and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. All other activities are subject to an income tax rate of 50%, in accordance with the Tax Law. The 20% income tax rate applicable to the Company's Downstream activities, which came into effect on January 1, 2020, is conditional on the Company separating its Downstream activities under the control of one or more separate wholly owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%. The Company expects to transfer all its Downstream activities into a separate legal entity or entities within the period specified.

Additionally, according to the Tax Law, shares held directly or indirectly in listed companies on the Saudi Exchange by taxpayers engaged in oil and hydrocarbon activities are exempt from the application of corporate income tax. As a result, the Company's ownership interests in such companies are subject to zakat.

The reconciliation of tax charge at the Kingdom statutory rates to consolidated tax and zakat expense is as follows:

	2022	2021
Income before income taxes and zakat	1,152,962	769,521
Less: Income subject to zakat	(24,682)	(27,766)
Income subject to income tax	1,128,280	741,755
Income taxes at the Kingdom's statutory tax rates	548,473	356,610
Tax effect of:		
Income not subject to tax at statutory rates and other	(1,497)	(1,455)
Income tax expense	546,976	355,155
Zakat expense	1,981	1,970
Total income tax and zakat expense	548,957	357,125

(b) Income tax and zakat expense

	2022	2021
Current income tax – Kingdom	512,587	338,506
Current income tax – Foreign	5,331	877
Deferred income tax – Kingdom	28,091	13,060
Deferred income tax – Foreign	967	2,712
Zakat – Kingdom	1,981	1,970
	548,957	357,125

Saudi Aramco paid foreign taxes of SAR 2,741 and SAR 808 for the years ended December 31, 2022 and 2021, respectively.

Income tax charge recorded through other comprehensive income was SAR 14,936 for the year ended December 31, 2022 (2021: SAR 6,010).

(c) Income tax and zakat obligation to the Government

	2022	2021
January 1	90,525	42,059
Provided during the period	514,568	340,476
Payments during the period by the Company (Note 28)	(232,661)	(141,699)
Payments during the period by subsidiaries and joint operations	(10,644)	(3,816)
Settlements of due from the Government	(251,476)	(142,419)
Other settlements	(5,334)	(4,076)
December 31	104,978	90,525

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(d) Deferred income tax

	2022	2021
Deferred income tax assets:		
Kingdom	16,680	13,716
U.S. Federal and State	134	88
Other foreign	1,279	1,165
	18,093	14,969
Deferred income tax liabilities:		
Kingdom	113,163	67,298
U.S. Federal and State	5,355	3,422
Other foreign	3,793	4,130
	122,311	74,850
Net deferred income tax liabilities	(104,218)	(59,881)

The gross movement of the net deferred income tax position is as follows:

	2022	2021
January 1	(59,881)	(38,341)
Current period charge to income	(29,058)	(15,772)
Other reserves charge	(14,936)	(6,010)
Other adjustments	(343)	242
December 31	(104,218)	(59,881)

8. Income taxes and zakat continued

(d) Deferred income tax continued

The movement in deferred income tax assets (liabilities) for the years ended December 31 is as follows:

	Post-employment benefits	Investment in subsidiary	Undistributed earnings	Provisions and other	Loss carry-forward	Property plant and equipment and intangible assets	Investments in securities at FVOCI	Total
January 1, 2021								
Deferred income tax assets	4,301	–	–	1,650	9,983	(654)	–	15,280
Deferred income tax liabilities	13,657	(4,519)	(787)	17,809	11,694	(91,229)	(246)	(53,621)
	17,958	(4,519)	(787)	19,459	21,677	(91,883)	(246)	(38,341)
Recognized during the year								
Current period credits (charges) to income	457	(461)	(310)	2,254	(1,877)	(15,835)	–	(15,772)
Other reserves charges	(5,865)	–	–	–	–	–	(145)	(6,010)
Other adjustments	–	–	–	242	–	–	–	242
	(5,408)	(461)	(310)	2,496	(1,877)	(15,835)	(145)	(21,540)
December 31, 2021								
Deferred income tax assets	4,236	–	–	1,806	9,661	(734)	–	14,969
Deferred income tax liabilities	8,314	(4,980)	(1,097)	20,149	10,139	(106,984)	(391)	(74,850)
	12,550	(4,980)	(1,097)	21,955	19,800	(107,718)	(391)	(59,881)
Recognized during the year								
Current period (charges) credits to income ¹	(792)	354	(193)	(4,268)	(5,366)	(18,793)	–	(29,058)
Other reserves (charges) credits	(14,979)	–	–	–	–	–	43	(14,936)
Other adjustments	–	–	–	(343)	–	–	–	(343)
	(15,771)	354	(193)	(4,611)	(5,366)	(18,793)	43	(44,337)
December 31, 2022								
Deferred income tax assets	2,953	–	–	7,729	8,137	(726)	–	18,093
Deferred income tax liabilities	(6,174)	(4,626)	(1,290)	9,615	6,297	(125,785)	(348)	(122,311)
	(3,221)	(4,626)	(1,290)	17,344	14,434	(126,511)	(348)	(104,218)

1. Current period charge includes the net impact of SAR 8,971 recognized in relation to unrealized fair value movements on the long-term agreements for the pipelines transactions (Note 34).

A deferred income tax liability has not been recognized with regard to the undistributed earnings of certain subsidiaries, which are considered to be permanently reinvested in their respective businesses. Such earnings would be taxed only upon distribution. There was no material cumulative taxable undistributed earnings or unrecognized deferred income tax liability for such subsidiaries at December 31, 2022 and 2021. Also, a deferred income tax asset has not been recognized largely related to cumulative unused tax losses of certain subsidiaries with carry-forward periods from 2023 to indefinite. Such losses are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. The cumulative amount of the unused tax losses and other items is SAR 41,178 and SAR 37,791 at December 31, 2022 and 2021, respectively, and the unrecognized deferred income tax asset is SAR 11,077 and SAR 9,296 at December 31, 2022 and 2021, respectively.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(e) Income tax and zakat assessments

The Company and the majority of its affiliates are subject to tax review and audit in tax jurisdictions where they operate. In June 2020, the Company and its wholly owned domestic affiliates were notified that the Saudi Arabian income tax submissions for all years up to and including the year ended December 31, 2019 were accepted as filed.

For the Company's other domestic and international affiliates, examinations of tax and zakat returns for certain prior years had not been completed as of December 31, 2022; however, the Company is not aware of any significant claims. Therefore, no material provision for any additional income tax and zakat liability has been recorded in the consolidated financial statements.

9. Other assets and receivables

	2022	2021
Non-current:		
Home loans	12,890	12,919
Loans and advances	7,734	6,819
Loans to joint ventures and associates (Note 29(b))	6,461	12,299
Financial assets – option rights	2,687	2,390
Receivable from Government, semi-Government and other entities with Government ownership or control (Note 29(b))	510	509
Lease receivable from associates (Note 29(b))	408	416
Home ownership construction	364	1,529
Other	1,364	895
	32,418	37,776
Current:		
Tax receivables	9,302	9,442
Employee and other receivables	7,613	9,066
Investments in securities (Note 10)	905	1,515
Derivative assets	3,898	1,613
Prepaid expenses	3,493	4,358
Interest receivable	3,396	390
Home loans	1,115	1,088
Receivables from joint ventures and associates (Note 29(b))	13	41
Assets held for sale	–	78
Other	1,319	605
	31,054	28,196

Home loans

The home ownership programs provide subsidized non-interest-bearing loans to eligible Saudi Arabian employees. Loans are repayable through payroll deductions and are net of associated subsidies. Any balance remaining upon the death, permanent disability or termination of an employee under the Chronic Medical Condition Program is forgiven. An analysis of the home loans balance is as follows:

	2022	2021
Gross amounts receivable	18,568	16,251
Less:		
Discount	(3,830)	(1,503)
Allowance for doubtful home loans	(528)	(495)
Subsidies	(205)	(246)
Net amounts receivable	14,005	14,007
Current	(1,115)	(1,088)
Non-current	12,890	12,919

10. Investments in securities

	Equity ownership percentage 2022/2021	Carrying amount at December 31, 2022	Carrying amount at December 31, 2021
Investments in equity securities			
Equity securities at FVOCI:			
Listed securities:			
Saudi Electricity Company ("SEC")	6.9%	6,667	6,921
Idemitsu Kosan Co. Ltd. ("Idemitsu")	7.8%	2,032	2,213
Unlisted securities:			
Arab Petroleum Pipelines Company ("Sumed")	15.0%	859	821
Industrialization and Energy Services Company ("TAQA")	7.1%/4.6%	611	152
Daehan Oil Pipeline Corporation ("Daehan")	8.9%	158	168
Other		690	287
Equity securities at FVPL:			
Listed securities		318	359
Unlisted securities		7,763	5,789
		19,098	16,710
Investments in debt securities			
Debt securities at FVOCI:			
Listed securities		47	37
Unlisted securities:			
USD debt securities with fixed interest rates ranging from 0.1% to 13.9% (2021: 0.1% to 13.9%) and maturity dates between 2023 and 2071 (2021: 2022 and 2071)		5,865	6,248
USD debt securities with variable interest rates and maturity dates between 2023 and 2069 (2021: 2022 and 2069)		915	938
Mutual and hedge funds		683	660
Debt securities at FVPL:			
Listed securities		53	53
Unlisted securities		86	–
Debt securities at amortized cost:			
Unlisted securities:			
Debt securities with fixed interest rates ranging from 3.2% to 5.1% (2021: 2.5% to 5.1%) and maturity dates between 2023 and 2043 (2021: 2022 and 2043)		523	603
Debt securities with variable interest rates and maturity dates between 2024 and 2028 (2021: 2022 and 2028)		393	427
		8,565	8,966
Total investments in securities		27,663	25,676
Current portion (Note 9)		(905)	(1,515)
Non-current		26,758	24,161

Equity investments designated at FVOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these equity investments at FVOCI as recognizing short-term fluctuations in these investments' fair value in net income would not be consistent with Saudi Aramco's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

The fair value of Sumed is based on expected cash flows discounted using a rate based on market interest rates and a risk premium specific to the unlisted security which was 16.1% and 11.35% at December 31, 2022 and 2021, respectively. The fair value of TAQA is based on an earnings growth factor for unlisted equity securities from market information for similar types of companies. The fair value of Daehan is determined using discounted cash flow analysis based on the risk-adjusted yield.

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All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities continued

The maximum exposure to credit risk at the reporting date of the investments in debt securities is the fair value. To limit credit risk, Saudi Aramco's investment policy requires that these securities be diversified. Credit ratings for debt securities held at December 31, 2022, range from AAA to BB (2021: AAA to BB) as set out by internationally recognized credit rating agencies.

The movement in investments in securities is as follows:

	2022	2021
January 1	25,676	23,687
Net additions	3,002	1,252
Net unrealized fair value (loss) gain	(918)	413
Net unrealized foreign currency (loss) gain	(97)	324
December 31	27,663	25,676
Current (Note 9)	(905)	(1,515)
Non-current	26,758	24,161

Net additions include unsettled transactions of SAR (33) at December 31, 2022 (2021: SAR (267)).

11. Inventories

	2022	2021
Crude oil, refined products and chemicals	81,698	58,242
Materials and supplies – net	17,054	16,104
Natural gas liquids and other	1,776	357
	100,528	74,703

The carrying amount of materials and supplies are shown net of an allowance for obsolete and surplus materials with movement as follows:

	2022	2021
Balance, January 1	3,448	2,995
Net movement in allowance	(234)	453
Balance, December 31	3,214	3,448

During 2022, a portion of the inventory purchased from third parties by certain affiliates amounting to SAR 1,759 (2021: nil) was written-down to its net realizable value.

12. Trade receivables

Trade receivables from export and local sales are denominated primarily in USD and SAR, respectively.

The components of trade receivables are as follows:

	2022	2021
Arising from export and local sales at international prices	154,858	130,821
Arising from local sales at Kingdom regulated prices	9,865	9,817
	164,723	140,638
Less: Loss allowance	(281)	(265)
	164,442	140,373

Trade receivables relating to certain contracts with provisional pricing arrangements are measured at fair value. The fair value was calculated using forward curves and future prices. These trade receivables are classified as level 3 in the fair value hierarchy (Note 3(d)) due to the inclusion of unobservable inputs, including counterparty credit risk in the fair value calculation.

As described in Note 2(o), the Government, through the Ministry of Finance, provided a guarantee to the Company in the event that certain Government, semi-Government and other entities with Government ownership or control are unable to settle within the terms agreed with the Company.

The movement of the allowance for trade receivables related to past due sales is as follows:

	2022	2021
January 1	265	1,069
Net movement in allowance	16	(804)
December 31	281	265

13. Due from the Government

	2022	2021
Other income related to sales (Note 2(z))	53,109	42,960
Government guarantee (Note 2(o))	603	(2,150)
Other	833	507
Note 29(b)	54,545	41,317

14. Short-term investments

	2022	2021
USD time deposits	206,633	1,661
USD Murabaha time deposits (Shari'a compliant)	11,809	1,957
USD commercial paper	28,241	–
SAR time deposits	5,843	1,880
SAR repurchase agreements (Shari'a compliant)	11,700	–
SAR Murabaha time deposits (Shari'a compliant)	16,514	21,510
South Korean Won time deposits	475	65
	281,215	27,073

15. Cash and cash equivalents

	2022	2021
Cash at bank and in hand	95,579	52,805
USD time deposits	91,490	195,766
USD Murabaha time deposits (Shari'a compliant)	15,544	21,210
SAR time deposits	323	3,574
SAR repurchase agreements (Shari'a compliant)	5,351	–
SAR Murabaha time deposits (Shari'a compliant)	17,190	20,119
South Korean Won time deposits	570	6,105
	226,047	299,579

16. Treasury shares

On December 11, 2019, the Company acquired 117.2 million ordinary shares from the Government for cash consideration of SAR 3,750. These shares were classified by the Company as treasury shares for the purposes of issuing them to the Company's employees upon vesting or purchase of the shares in the employee share plans, including those that the Company may adopt in the future. The number of treasury shares issued to employees during 2022 was 19.7 million (2021: 13.7 million) in relation to employee share plans (Note 17). Further, the number of treasury shares held by the Company increased by 8 million ordinary shares as a result of the issuance of bonus shares during 2022 (Note 36). The number of treasury shares outstanding as at December 31, 2022, was 76.6 million (2021: 88.3 million).

17. Share-based compensation

Share-based compensation relates to grants or issuance of ordinary shares awarded to the Company's eligible employees under the respective plan terms. Awards are generally equity-settled; however, in limited circumstances awards may be settled in cash. The Company recognized the following share-based compensation expense in the consolidated statement of income, as an employee benefit expense, for the years ended December 31, 2022 and 2021:

	Equity-settled	Cash-settled	Total
2022			
Share-based compensation expense	296	3	299
2021			
Share-based compensation expense	207	2	209

At December 31, 2022, the total carrying amount of the liabilities in respect of the cash settlement elements and dividend equivalents of the respective awards was SAR 20 (2021: SAR 17) and the intrinsic value of such liabilities, which had vested during the year, was SAR 5 (2021: SAR 3).

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17. Share-based compensation continued

Awards granted or shares issued during the year relate to the Long-Term Incentive Plan for Executives ("ELTIP") and the Long-Term Incentive Plan for Management ("MLTIP"), the Long-Term Incentive Plan for certain other eligible employees ("LTIP") and the Employee Share Purchase Plan ("ESPP").

Awards for all plans were granted for nil consideration, with the exception for ESPP, under which shares were issued at a discount of 20% to the fair market value of the shares at each purchase date. The fair values of awards granted were determined by reference to the market values of the Company's ordinary shares on the grant dates for equity-settled awards and at the consolidated balance sheet date for cash-settled awards. Where applicable, the fair values of the awards subject to market-based performance measures were estimated using an appropriate valuation method.

	Number of shares granted (in millions)	Weighted average fair value per share (SAR)
2022		
ESPP	18	38.51
ELTIP	2	41.55
MLTIP	3	41.55
LTIP	1	41.85
2021		
ESPP	14	35.28
ELTIP	2	32.59
MLTIP	3	34.50
LTIP	1	35.50

The number of awards settled in shares during the year in relation to the employee share plans was 19.7 million (2021: 13.7 million).

Participants in the plans (other than the ESPP) are entitled to dividend equivalents, if dividends are paid to ordinary shareholders, during the vesting period. Such dividend equivalents will be paid in cash on vesting of the awards. Accordingly, no adjustment for expected dividends during the vesting period was made in determining the fair value of the awards. Participants in all plans become entitled to dividends only after shares have been issued to the participants as the registered holders.

The vesting of ELTIP is dependent on the achievement of (a) specified non-market and market-based performance measures over a three-year performance period, and (b) required service, except for certain qualifying leavers. Upon vesting, 50% of the vested awards are required to be held by the participants for an additional two years, except for certain qualifying leavers. The awards will be settled with the participants in shares on vesting.

The vesting of MLTIP is dependent on the participants achieving (a) specified individual performance targets over a one-year performance period, and (b) required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest after the end of the performance period, and the remaining 75% of the awards will vest in equal installments over three years from thereon, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

The vesting of LTIP is dependent only on the participants achieving required service, except for certain qualifying leavers. The awards are subject to graded vesting. Twenty-five percent of the awards will vest immediately, and the remaining 75% of the awards will vest in equal installments over three years, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

Shares issued under the ESPP are required to be held until the earlier of one year from the date of issuance or at the time of cessation of employment.

All amounts in millions of Saudi Riyals unless otherwise stated

18. Other reserves

	Currency translation differences	Investments in securities at FVOCI	Post-employment benefits	Share-based compensation reserve	Cash flow hedges and other	Share of other comprehensive income (loss) of joint ventures and associates		Total
						Foreign currency translation gains (losses)	Cash flow hedges and other	
January 1, 2021	1,192	5,356	–	57	(727)	1,022	(1,042)	5,858
Current period change	(2,798)	440	–	207	323	(440)	23	(2,245)
Remeasurement gain	–	–	16,055	–	–	–	270	16,325
Transfer to retained earnings	–	–	(9,392)	(125)	–	–	(270)	(9,787)
Tax effect	–	(145)	(5,865)	–	–	–	–	(6,010)
Less: amounts related to non-controlling interests	1,042	118	(798)	–	7	151	–	520
December 31, 2021	(564)	5,769	–	139	(397)	733	(1,019)	4,661
Current period change	(3,889)	(681)	–	296	1,450	(672)	1,023	(2,473)
Remeasurement gain	–	–	36,187	–	–	–	144	36,331
Transfer to retained earnings	–	–	(19,427)	(137)	–	–	(144)	(19,708)
Tax effect	–	43	(14,979)	–	–	–	–	(14,936)
Less: amounts related to non-controlling interests	1,046	24	(1,781)	–	(19)	134	–	(596)
December 31, 2022	(3,407)	5,155	–	298	1,034	195	4	3,279

19. Non-controlling interests

Summarized consolidated financial information (100%) for each subsidiary that has non-controlling interests that are material to Saudi Aramco are set out below. The amounts disclosed for each subsidiary are before inter-company eliminations:

Summarized statement of comprehensive income Year ended December 31

	2022				2021		
	SABIC	AOPC	AGPC ¹	S-Oil Corporation	SABIC	AOPC ¹	S-Oil Corporation
Revenue and other income (loss)	199,556	(9,536)	(5,438)	123,300	174,885	5,301	89,993
Net income (loss)	17,456	(7,841)	(4,358)	5,513	25,890	4,451	4,463
Other comprehensive income (loss)	2,471	–	–	(1,466)	199	–	(1,988)
Total comprehensive income (loss)	19,927	(7,841)	(4,358)	4,047	26,089	4,451	2,475
Net income (loss) attributable to non-controlling interests	9,915	(3,842)	(2,135)	2,116	12,691	2,181	1,712
Dividends paid to non-controlling interests	(10,163)	(2,258)	(908)	(705)	(6,687)	–	(145)

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

On June 17, 2021, the Company sold a 49% equity interest in Aramco Oil Pipelines Company (“AOPC”) to EIG Pearl Holdings S.à r.l. Further, on February 23, 2022, the Company sold a 49% equity interest in Aramco Gas Pipelines Company (“AGPC”) to GreenSaif Pipelines Bidco S.à r.l. Both companies are expected to make quarterly distributions to their respective ordinary shareholders from available cash (Note 34). Current assets of these companies as at December 31, 2022, provided in the table below, mainly include cash received and trade receivables from the Company in respect of quarterly volume-based tariff. Net losses of AOPC and AGPC for 2022 include unrealized losses of SAR 13,819 and SAR 10,105, respectively, on their financial assets measured at FVPL at December 31, 2022.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

19. Non-controlling interests continued

Summarized balance sheet

At December 31

	2022				2021		
	SABIC	AOPC	AGPC	S-Oil Corporation	SABIC	AOPC	S-Oil Corporation
Current assets	106,620	1,526	4,481	27,240	107,509	229	26,483
Non-current assets	259,613	86,276	109,376	33,866	270,960	100,065	36,341
Total assets	366,233	87,802	113,857	61,106	378,469	100,294	62,824
Current liabilities	48,679	806	1,444	24,281	49,864	851	26,543
Non-current liabilities	49,759	-	-	9,461	60,844	-	11,145
Total liabilities	98,438	806	1,444	33,742	110,708	851	37,688
Net assets	267,795	86,996	112,413	27,364	267,761	99,443	25,136
Accumulated non-controlling interest	106,535	42,628	55,082	10,502	106,909	48,728	9,647

Summarized statement of cash flows

Year ended December 31

	2022				2021		
	SABIC	AOPC	AGPC ¹	S-Oil Corporation	SABIC	AOPC ¹	S-Oil Corporation
Cash flows from operating activities	34,418	4,384	2,479	4,628	39,225	229	5,693
Cash flows from investing activities	(9,375)	-	-	(2,209)	(5,760)	-	180
Cash flows from financing activities	(26,385)	(4,609)	(1,853)	(4,695)	(25,219)	-	(2,318)
Net (decrease) increase in cash and cash equivalents	(1,342)	(225)	626	(2,276)	8,246	229	3,555

1. Amounts included are for the period from the date of sale of the non-controlling equity interest in the subsidiary.

20. Borrowings

		2022			2021		
	Note	Non-current	Current	Total	Non-current	Current	Total
Conventional:							
Deferred consideration	a	81,168	40,995	122,163	188,723	33,544	222,267
Debentures	b	89,585	7,627	97,212	98,449	3,750	102,199
Bank borrowings	c	20,998	2,166	23,164	22,937	6,850	29,787
Short-term borrowings	d	–	10,205	10,205	–	11,981	11,981
Revolving credit facilities	e	–	–	–	–	5,370	5,370
Export credit agencies	f	1,582	657	2,239	2,065	770	2,835
Public Investment Fund	g	820	365	1,185	1,185	641	1,826
Other financing arrangements	h	23,570	408	23,978	24,251	–	24,251
Shari’a compliant:							
Sukuk	i	34,300	281	34,581	34,560	266	34,826
Murabaha	j	16,158	2,135	18,293	19,099	390	19,489
Saudi Industrial Development Fund	k	3,441	295	3,736	3,428	1,083	4,511
Ijarah/Procurement	l	2,688	13	2,701	2,534	800	3,334
Wakala	m	997	26	1,023	1,032	22	1,054
		275,307	65,173	340,480	398,263	65,467	463,730
Lease liabilities		43,073	9,591	52,664	38,108	9,083	47,191
		318,380	74,764	393,144	436,371	74,550	510,921

The carrying amounts of borrowings above are net of unamortized transaction costs of SAR 1,477 (2021: SAR 1,605).

The finance costs recognized in the consolidated statement of income are as follows:

	2022	2021
Finance costs:		
Conventional borrowings	4,863	8,490
Shari'a compliant financial instruments	1,777	980
Lease liabilities	1,732	2,138
Unwinding of discount	510	450
	8,882	12,058

In addition, finance costs amounting to SAR 4,826 were capitalized in property, plant and equipment during the year ended December 31, 2022 (2021: SAR 3,285) (Note 5).

Borrowings – other than leases

Saudi Aramco has entered into long-term financing arrangements with various lenders. These financing arrangements limit the creation of additional liens and/or financing obligations and certain of these arrangements are secured over certain property, plant and equipment, and other non-current assets of Saudi Aramco with a total carrying value of SAR 95,018 (2021: SAR 94,379). Additionally, certain financing arrangements require compliance by Saudi Aramco with covenants to maintain certain financial and other conditions. Saudi Aramco has complied with these covenants throughout the reporting period. The fair value of borrowings excluding lease liabilities at December 31, 2022, was approximately SAR 319,910. This was mainly determined using inputs that are categorized in level 1 or level 2 of the fair value hierarchy, except for the fair value of other financing arrangements that was primarily determined using level 3 inputs.

(a) Deferred consideration

Deferred consideration represents the amount payable to PIF for the SABIC acquisition in 2020. The amount is payable over several installments from August 2020 to April 2028, pursuant to a seller loan provided by PIF. On January 24, 2022, the Company, in agreement with PIF, made a partial prepayment of SAR 28,579 (\$7,621), which reduced the principal amounts of two promissory notes payable on or before April 7, 2024 and April 7, 2026, by SAR 26,250 (\$7,000) and SAR 3,750 (\$1,000), respectively. In addition, on June 30, 2022, the Company made a second partial prepayment of SAR 38,192 (\$10,185), which reduced the principal amount of a promissory note payable on or before April 7, 2025 by SAR 9,375 (\$2,500) and further reduced the principal amount of the promissory note payable on or before April 7, 2026 by SAR 35,625 (\$9,500). These partial prepayments resulted in a net gain of SAR 3,064 (\$817), which was recognized in the consolidated statement of income.

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All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

The amounts of outstanding installments as at December 31, 2022, which are represented by promissory notes denominated in USD, are as follows:

	Original			Outstanding	
	Principal	Loan charge	Repayment/ partial prepayment	Principal	Loan charge
On or before August 2, 2020	26,250	–	(26,250)	–	–
On or before April 7, 2021	18,750	–	(18,750)	–	–
On or before April 7, 2022	31,875	1,875	(33,750)	–	–
On or before April 7, 2023	39,375	1,875	–	39,375	1,875
On or before April 7, 2024 ¹	39,375	2,250	(26,250)	13,125	2,250
On or before April 7, 2025 ¹	39,375	3,000	(9,375)	30,000	3,000
On or before April 7, 2026 ¹	64,125	5,625	(39,375)	24,750	5,625
On or before April 7, 2027	–	3,750	–	–	3,750
On or before April 7, 2028	–	3,750	–	–	3,750
Total amount of outstanding installments	259,125	22,125	(153,750)	107,250	20,250

1. Amount for partial prepayment represents the reduction in the principal amount of the promissory note.

The carrying amount of deferred consideration at the reporting date is measured at amortized cost using the effective interest method.

On March 7, 2023, the Company agreed with PIF to make a third partial prepayment of SAR 59,040 (\$15,744) on or before March 15, 2023, which will fully or partially reduce the above outstanding amounts of the promissory notes payable between 2024 and 2028 (Note 40).

(b) Debentures

(i) In October 2018, SABIC issued five-year and 10-year USD denominated \$1,000 bonds each, equivalent to a total of SAR 7,500 (\$2,000). These bonds are unsecured and carry coupon rates of 4% and 4.5%, respectively. The bonds are issued in accordance with the Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. The bonds are listed on the Irish Stock Exchange ("Euronext Dublin") and the proceeds were used for refinancing maturing debt.

In September 2020, SABIC issued 10-year and 30-year USD denominated \$500 bonds each, equivalent to a total of SAR 3,750 (\$1,000). These bonds are unsecured and carry coupon rates of 2.15% and 3%, respectively. Both bonds are issued in accordance with Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. These bonds are listed on the Euronext Dublin and the 30-year bond is dual listed on the Taipei Exchange in Taiwan, China. The proceeds were used for general purposes and refinancing maturing debt.

(ii) On April 16, 2019, the Company issued five tranches of USD denominated unsecured notes aggregating to an equivalent of SAR 45,000 (\$12,000) and consisting of three-year maturities for SAR 3,750 (\$1,000) with a coupon rate of 2.75%, five-year maturities for SAR 7,500 (\$2,000) with a coupon rate of 2.875%, 10-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 3.5%, 20-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 4.25%, and 30-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 4.375%. The notes were issued and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. Interest is payable semi-annually in arrears on April 16 and October 16. The notes are listed on the London Stock Exchange's Regulated Market and the proceeds were for general corporate purposes. At initial recognition, the Company recorded an amount of SAR 44,460 (\$11,856) for the issuance proceeds, net of discounts and estimated transaction costs. On April 16, 2022, notes with three-year maturities, aggregating to a principal amount of SAR 3,750 (\$1,000) and carrying a coupon rate of 2.75%, were repaid.

On November 24, 2020, the Company issued another series of USD denominated unsecured notes, aggregating to an equivalent of SAR 30,000 (\$8,000), consisting of maturity dates of three years to 50 years paid at the end of the maturity date with coupon rates ranging from 1.25% to 3.50%. At initial recognition, the Company recorded an amount of SAR 29,625 (\$7,900) for the issuance proceeds, net of discounts.

(iii) Debentures amounting to SAR 8,931, denominated in South Korean Won, have been issued in capital markets with interest rates ranging from 1.40% to 3.47% and with maturities from 2023 to 2032.

(iv) Certain notes denominated in USD have been issued in capital markets, by a wholly owned subsidiary of the Company, with fixed and variable interest rates and with maturities from 2027 to 2040. In September 2022, following a cash tender offer to buy-back its outstanding senior notes issued in January 2010 and maturing on January 15, 2040, notes with a principal amount of SAR 1,226 (\$327) were redeemed for a cash payment of SAR 1,260 (\$336). The buy-back resulted in a gain of SAR 188 (\$50), which was recognized in the consolidated statement of income. The remaining principal amount of the notes at December 31, 2022, was SAR 2,524 (\$673).

Discounts and transaction costs are amortized using the effective interest method and are reflected as finance costs in the consolidated statement of income.

(c) Bank borrowings

Saudi Aramco has commercial and other facility agreements with a number of banks with a total carrying amount at December 31, 2022, of SAR 23,164 (2021: SAR 29,787). The facilities are primarily repayable in semi-annual installments from November 2008 to September 2045. Commission is payable on amounts drawn and is mainly calculated at a market rate plus a margin.

20. Borrowings continued

Borrowings – other than leases continued

In 2021, Saudi Aramco entered into certain new conventional borrowing facilities aggregating to SAR 3,296. The facilities' tenors range from seven years to 24 years and these are repayable in semi-annual installments from August 2025 to September 2045.

As at December 31, 2022, an amount of SAR 2,259 (2021: SAR 1,909) was undrawn against these facilities.

(d) Short-term borrowings

Saudi Aramco has short-term borrowing facilities with a number of banks with a total carrying amount at December 31, 2022, of SAR 10,205 (2021: SAR 11,981), including debt factoring arrangements of SAR 3,551 (2021: SAR 4,398). These facilities have a maturity period of less than one year and incur interest at a market rate plus a margin. As at December 31, 2022, an amount of SAR 16,795 (2021: SAR 12,844) was available for drawdown against these facilities.

(e) Revolving credit facilities

On April 4, 2022, the Company entered into a new five-year common terms agreement for unsecured revolving credit facilities aggregating to SAR 37,500 (\$10,000), to replace facilities which expired during the year. The new facilities comprise USD denominated conventional facilities of SAR 30,000 (\$8,000) and a SAR denominated Shari'a compliant Murabaha facility of SAR 7,500 (\$2,000) (Note 20(j)). The conventional facilities also incorporate a SAR 7,500 (\$2,000) swingline sublimit facility in support of the Company's establishment of a U.S. commercial paper program. The common terms agreement provides the framework and common lending terms for the facilities and the Company has the option of up to two extensions of one year each. The Company shall apply all amounts advanced to it under these facilities for general corporate purposes and towards its general working capital requirements. The entire amounts of these facilities were undrawn as at December 31, 2022. In addition, Saudi Aramco has a number of other revolving credit facilities with an aggregate carrying amount of nil (2021: SAR 5,370), and undrawn amount of SAR 17,708 (2021: SAR 44,205) at December 31, 2022.

(f) Export credit agencies

Saudi Aramco has borrowing agreements with a number of export credit agencies with a total carrying amount at December 31, 2022, of SAR 2,239 (2021: SAR 2,835). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2025. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(g) Public Investment Fund

Saudi Aramco has borrowing agreements with the PIF with a total carrying amount at December 31, 2022, of SAR 1,185 (2021: SAR 1,826). The amounts borrowed are repayable in semi-annual installments from December 2014 to December 2025. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(h) Other financing arrangements

Other financing arrangements comprise borrowings from non-financial institutions under commercial terms.

On September 27, 2021, the Company entered into a financing arrangement with Air Products, ACWA Power and Air Products Qudra relating to the Jazan Integrated Gasification Combined-Cycle ("IGCC") power plant, an Air Separation Unit ("ASU") and certain ancillary assets. The transaction entailed creation of the Jazan Integrated Gasification and Power Company ("JIGPC"), a limited liability company, with Saudi Aramco Power Company ("SAPCO"), a wholly owned subsidiary of the Company owning 20%, while Air Products, ACWA Power and Air Products Qudra own 46%, 25% and 9%, respectively (Note 35(b)). The total proceeds of the transaction are SAR 44,063. Upon closing Saudi Aramco recognized an amount of SAR 21,226, representing the amount due to the other shareholders of JIGPC, in relation to the first tranche of SAR 26,532 under the financing arrangement. The second tranche of SAR 15,563 was received on January 19, 2023, of which SAR 12,450 is the amount due to the other shareholders of JIGPC (Note 40). The remaining amount of SAR 1,968 under the financing arrangement is expected to be received by the end of 2023. The total amount under the arrangement is repayable in monthly installments, commencing from October 2021 to October 2046.

(i) Sukuk

A Sukuk is a financial instrument similar to a bond that complies with Islamic financing principles.

- (i) On October 9, 2011, Saudi Aramco issued Sukuk for SAR 2,344 at par value, with semi-annual repayments from December 20, 2014 to December 20, 2025 that provides a rate of return above SAIBOR. The Sukuk was structured as Istisnah for pre-construction and Ijarah for post-construction of the project.
- (ii) On April 10, 2017, Saudi Aramco issued Sukuk for SAR 11,250 at par value as part of a SAR 37,500 program. The Sukuk issuance provides a return based on Saudi Arabian Interbank Offered Rate ("SAIBOR") plus a predetermined margin payable semi-annually on April 10 and October 10. The Sukuk matures on April 10, 2024. In accordance with the terms of the Sukuk, 51% of the proceeds from issuance are invested in Mudaraba assets and the remaining 49% are used in a Murabaha arrangement.
- (iii) On June 17, 2021, Saudi Aramco issued three tranches of USD denominated Sukuk trust certificates aggregating to an equivalent of SAR 22,500 (\$6,000) at par value with semi-annual payments on June 17 and December 17. The Shari'a compliant senior unsecured certificates consist of three-year maturities for SAR 3,750 (\$1,000) with a coupon rate of 0.946%, five-year maturities of SAR 7,500 (\$2,000) with a coupon rate of 1.602% and 10-year maturities of SAR 11,250 (\$3,000) with a coupon rate of 2.694%. In accordance with the terms of the Sukuk, 55% of the proceeds from issuance are structured as an Ijara and the remaining 45% are structured as a Murabaha arrangement. The certificates were listed on the London Stock Exchange's Regulated Market and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. The proceeds are for general corporate purposes and the Sukuk mature between 2024 and 2031. At initial recognition, the Company recorded an amount of SAR 22,399 (\$5,973) for the issuance proceeds, net of estimated transaction costs.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Borrowings – other than leases continued

(j) Murabaha

Saudi Aramco has various Murabaha Shari'a compliant borrowings from a number of financial intuitions. The borrowed amounts are repayable in semi-annual installments from 2008 to 2032. Commission is payable on amounts drawn and is calculated at a market rate plus a margin. In addition, Saudi Aramco also has access to unutilized Murabaha facilities of SAR 9,880, including the SAR denominated Islamic Murabaha facility of SAR 7,500 (Note 20(e)) (2021: SAR 11,625).

(k) Saudi Industrial Development Fund

Saudi Aramco has various borrowing agreements with the Saudi Industrial Development Fund. The amounts borrowed are not subject to periodic financial charges and are repayable in semi-annual installments from 2008 to 2035. As at December 31, 2022, an amount of SAR 48 (2021: SAR 115) was available for drawdown under these agreements.

In 2021, Saudi Aramco entered into a facility agreement with the Saudi Industrial Development Fund for an amount of SAR 1,200. The facility was fully drawn in 2021 and is repayable in semi-annual installments from 2026 to 2035.

(l) Ijarah/Procurement

Saudi Aramco has Procurement and Ijarah Shari'a compliant Islamic facility agreements with a number of banks. The facilities are repayable in semi-annual installments from 2014 to 2039.

In 2021, Saudi Aramco entered into new Ijarah Shari'a compliant Islamic facility agreements aggregating to SAR 1,542. The facilities are repayable in semi-annual installments from 2026 to 2028.

As at December 31, 2022, an amount of SAR 603 (2021: SAR 618) was undrawn under these facilities.

(m) Wakala

Saudi Aramco has Shari'a compliant Islamic facility agreements with a number of lenders. The facilities utilize a Wakala financing structure which is an agency arrangement. The facilities are repayable in installments on a semi-annual basis, from 2019 to 2036.

In 2021, Saudi Aramco entered into a new Wakala facility agreement amounting to SAR 394. The facility is repayable in semi-annual installments from 2026 to 2028. The total amount recognized as at December 31, 2022, was SAR 198 (2021: SAR 198).

An amount of SAR 271 was undrawn as at December 31, 2022 (2021: SAR 241), under these facilities.

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The lessor has ownership of the assets during the term of the contract and is typically responsible for the operation, insurance and maintenance of the assets until termination of the underlying agreements. For certain leases, the lessor shall transfer its rights, title and interest in the assets to the lessee on the last day of the agreements; for others, there are no further obligations on completion of agreements. Performance guarantees are provided by the lessor under the terms of the agreements.

The total cash outflow for leases for the year ended December 31, 2022, was SAR 12,114 (2021: SAR 12,143). Expenses relating to short-term and low value leases were recognized in the consolidated statement of income for the year ended December 31, 2022, and amounted to SAR 518 (2021: SAR 329) and SAR 261 (2021: SAR 403), respectively.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Lease liabilities continued

The maturities of borrowings are as follows:

	No later than one year	Later than one year and no later than five years	Later than five years	Total contractual amount	Total carrying amount
2022					
Borrowings – other than leases	74,640	171,825	214,391	460,856	340,480
Leases	12,788	28,118	29,194	70,100	52,664
	87,428	199,943	243,585	530,956	393,144
2021					
Borrowings – other than leases	71,989	295,106	216,161	583,256	463,730
Leases	10,823	23,696	21,994	56,513	47,191
	82,812	318,802	238,155	639,769	510,921

The movement of borrowings is as follows:

	Long-term borrowings	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1, 2021	422,417	60,085	53,575	536,077
Cash flows	12,406	(43,756)	(12,143)	(43,493)
Non-cash changes:				
Other financing arrangements (Note 35(b))	8,146	–	(7,333)	813
Lease additions	–	–	12,442	12,442
Foreign exchange adjustment	(1,033)	(35)	(197)	(1,265)
Accretion of liabilities and others	4,443	1,057	847	6,347
December 31, 2021	446,379	17,351	47,191	510,921
Cash flows	(116,281)	(7,151)	(12,114)	(135,546)
Non-cash changes:				
Lease additions	–	–	16,358	16,358
Foreign exchange adjustment	(665)	–	(170)	(835)
Accretion of liabilities and others	842	5	1,399	2,246
December 31, 2022	330,275	10,205	52,664	393,144

21. Post-employment benefits

Saudi Aramco sponsors or participates in several funded and unfunded defined benefit pension plans and other post-employment benefit plans that provide pension, severance, death, medical and other benefits to substantially all of its employees primarily in the Kingdom. The majority of the defined benefit plans for the Kingdom-based employees are governed under the Kingdom's Labor Law, applicable benefit plan laws of the USA, and/or Company policies. Benefits to employees of group companies are provided based on local regulations and practices of the respective jurisdiction.

Retirement benefits for defined benefit pension plans are paid, primarily, in the form of lump sum payments upon retirement based on final salary and length of service. Other post-employment benefits such as medical are used to cover retired employees and eligible dependents of retirees for medical services in line with the plan policy documents.

At December 31, the net liability recognized for employee defined benefit plans in the consolidated balance sheet is as follows:

	2022	2021
Pension plans	(7,481)	(1,384)
Medical and other post-employment benefit plans	11,370	42,113
Net benefit liability	3,889	40,729
Represented by:		
Non-current assets	(23,034)	–
Non-current liabilities	26,923	40,729
Net benefit liability	3,889	40,729

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

The status of Saudi Aramco's pension and other post-employment defined benefit plans is as follows:

	Pension benefits		Other benefits	
	2022	2021	2022	2021
Net benefit obligation by funding:				
Present value of funded obligations	62,666	80,726	87,187	123,281
Fair value of plan assets	(74,393)	(86,888)	(84,270)	(93,929)
Benefit (surplus) deficit	(11,727)	(6,162)	2,917	29,352
Present value of unfunded obligations	4,246	4,778	8,453	12,761
Net benefit (asset) liability	(7,481)	(1,384)	11,370	42,113
Change in benefit obligations:				
Benefit obligations, January 1	85,504	90,495	136,042	124,669
Current service cost	4,455	4,560	3,551	3,008
Interest cost	2,546	2,269	4,305	3,799
Past service cost (credit)	173	(458)	–	1,755
Remeasurement	(21,161)	(4,065)	(44,351)	4,157
Plan participants' contribution	45	56	–	–
Benefits paid	(4,669)	(5,861)	(2,434)	(2,396)
Settlements	–	(38)	–	–
Foreign currency translation and other	19	(1,454)	(1,473)	1,050
Benefit obligations, December 31	66,912	85,504	95,640	136,042
Change in plan assets:				
Fair value of plan assets, January 1	(86,888)	(78,328)	(93,929)	(82,629)
Interest income	(2,726)	(2,295)	(2,948)	(2,749)
Remeasurement	13,965	(7,496)	15,360	(8,651)
Employer contributions	(3,746)	(5,130)	(5,258)	(2,288)
Benefits paid	4,669	5,861	2,434	2,396
Settlements	–	38	–	–
Foreign currency translation and other	333	462	71	(8)
Fair value of plan assets, December 31	(74,393)	(86,888)	(84,270)	(93,929)
Net benefit (asset) liability at December 31	(7,481)	(1,384)	11,370	42,113

The weighted average duration of the pension benefit obligations is 12 years at December 31, 2022, and 13 years at December 31, 2021. The weighted average duration of the other benefit obligations is 17 years at December 31, 2022, and 21 years at December 31, 2021.

21. Post-employment benefits continued

The components of net defined benefit cost, before tax, are primarily recognized in producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income. Remeasurements are included in the consolidated statement of comprehensive income. Net defined benefit cost and remeasurements for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2022	2021	2022	2021
Amounts recognized in net income:				
Current service cost	4,455	4,560	3,551	3,008
Past service cost (credit)	173	(458)	–	1,755
Net interest (income) cost	(180)	(26)	1,357	1,050
	4,448	4,076	4,908	5,813
Amounts recognized in other comprehensive income:				
Losses from changes in demographic assumptions	12	80	5,501	1,448
(Gains) losses from changes in financial assumptions	(23,044)	(4,351)	(50,212)	2,004
Losses from changes in experience adjustments	1,871	206	360	705
Returns on plan assets (excluding interest income)	13,965	(7,496)	15,360	(8,651)
	(7,196)	(11,561)	(28,991)	(4,494)
Net defined benefit (gain) loss before income taxes	(2,748)	(7,485)	(24,083)	1,319

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, based in part on market conditions. Any changes in these assumptions will impact the carrying amount of the defined benefit obligations.

The significant assumptions used to determine the present value of the defined benefit obligations for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2022	2021	2022	2021
Discount rate	5.4%	2.9%	5.6%	3.1%
Salary growth rate	5.2%	4.7%	–	–
Annual average medical claim cost, in whole SAR			29,138	27,638
Health care participation rate			95.0%	95.0%
Assumed health care trend rates:				
Cost-trend rate			6.5%	7.0%
Rate to which cost-trend is to decline			5.0%	5.0%
Year that the rate reaches the ultimate rate			2026	2026

All the above assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of the defined benefit obligations.

Saudi Aramco determines the discount rate used to calculate the present value of estimated future cash outflows expected to be required to settle the post-employment benefit plan obligations. In determining the appropriate discount rate, Saudi Aramco considers the interest rates of high-quality corporate bonds in the USA that have terms to maturity approximating the terms of the related defined benefit obligation.

The salary growth rate assumption is based on a study of recent years' salary experience and reflects management's outlook for future increases. The annual average medical claim cost assumption is based on medical costs incurred in external medical providers, on behalf of the Company's employees and retirees. The health care participation rate considers the historical participation rate, amongst others, derived from the best available historical data. The assumed health care cost-trend rates reflect Saudi Aramco's historical experience and management's expectations regarding future trends.

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All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefits continued

Mortality assumptions are reviewed regularly and set based on actuarial advice in accordance with best practice and statistics, adjusted to reflect the experience and improvements to longevity. Relevant life expectancies are as follows:

Life expectancy at age:	Saudi plans		U.S. plans	
	Male	Female	Male	Female
50	33.6	36.3	35.6	37.4
60	24.4	26.7	26.4	27.8
60 (currently aged 40)	26.1	28.3	27.9	29.3

The sensitivity of the overall defined benefit obligations to changes in the principal assumptions, keeping all other assumptions constant, is presented below. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation from one another.

	Change in assumption	Impact on obligation	2022	2021
Ultimate health care cost-trend rates	Increase by 0.5%	Increase by	8,633	14,715
	Decrease by 0.5%	Decrease by	(7,624)	(12,795)
Discount rate – other benefits	Increase by 0.5%	Decrease by	(7,305)	(12,896)
	Decrease by 0.5%	Increase by	8,336	14,993
Discount rate – pension benefits	Increase by 0.5%	Decrease by	(3,675)	(5,948)
	Decrease by 0.5%	Increase by	3,638	6,319
Salary growth rate	Increase by 0.5%	Increase by	2,055	3,210
	Decrease by 0.5%	Decrease by	(2,269)	(3,754)
Annual average medical claim cost	Increase by 5%	Increase by	4,350	6,240
	Decrease by 5%	Decrease by	(4,350)	(6,240)
Life expectancy	Increase by 1 year	Increase by	2,963	6,090
	Decrease by 1 year	Decrease by	(3,090)	(6,109)
Health care participation rate	Increase by 5%	Increase by	1,245	1,984
	Decrease by 5%	Decrease by	(1,283)	(2,033)

Plan assets consist of the following:

	2022	2021
Cash	5,381	5,584
Equity instruments	30,315	48,703
Investment funds	65,663	72,031
Bonds	55,500	52,324
Sukuk (Shari'a compliant)	1,804	2,175
	158,663	180,817

Plan assets are administered under the oversight of the Company or one of its subsidiaries and managed by independent trustees or separate entities, in a manner consistent with fiduciary obligations and principles, acting in the best interest of plan participants. The objectives of the plans are to maximize investment returns consistent with prudent risk over a long-term investment horizon in order to secure retiree benefits and minimize corporate funding.

All plan assets are held separately, solely to pay retiree benefits. Funded Saudi plans have the right to transfer assets held in excess of the plan's defined benefit obligation to another funded Saudi plan. The right to transfer such assets is solely in respect of amounts held in excess of the plan's defined benefit obligations and solely to plans with defined benefit obligations exceeding the value of assets held. Where Saudi Aramco has no rights to a refund of plan assets, surplus assets are recognized on the consolidated balance sheet on the basis that economic benefit can be gained through a reduction in future contributions.

Through its post-employment benefit plans, Saudi Aramco is exposed to a number of risks including asset volatility, changes in bond yields, inflation and life expectancy. Investment risk is minimized through diversification of investments among fixed income, equity, and alternative asset classes. Asset allocation is determined by an asset liability modeling study. The target asset allocation is, approximately, 25% (2021: 36%) equity instruments, 38% (2021: 31%) debt instruments, and 37% (2021: 33%) alternative assets. Inflation risk is partially offset by equities inflation and life expectancy risk is borne by Saudi Aramco.

21. Post-employment benefits continued

Plan assets include transferable securities with a fair value of SAR 6,794 (2021: SAR 7,192) in the Company and its affiliated entities.

Employer contributions to defined benefit plans are estimated to be SAR 6,738 in 2023. While the Saudi plans are generally not governed by regulatory minimum funding requirements, the funding objective is to reach full funding of the larger plans only. Saudi Aramco pays annual contributions equal to benefit payments. Asset outperformance is expected to meet the shortfall between assets and the assessed liabilities within a reasonable period. Funding for the U.S. plans sponsored by Aramco Shared Benefit Company, a wholly owned subsidiary of the Company, is recommended by the actuary in order to meet Saudi Aramco's funding strategy to meet benefit plan expenses using applicable U.S. plan funding rules. Other plans follow local regulations or contractual obligations to meet minimum funding requirements.

In addition to the above plans, Saudi Aramco maintains or participates in defined contribution plans for which Saudi Aramco's legal or constructive obligation is limited to the contributions. The costs of the defined contribution plans, which are included principally within producing and manufacturing, and selling, administrative and general expenses in the consolidated statement of income, are SAR 1,201 and SAR 1,634 for the years ended December 31, 2022 and 2021, respectively (Note 26).

22. Provisions and other liabilities

	2022	2021
Asset retirement	17,568	18,296
Environmental	770	824
Financial liability – options and forward contracts	2,929	3,301
Other non-current liabilities	6,510	3,823
	27,777	26,244

Asset retirement provisions relate to the future plugging and abandonment of oil and natural gas wells and the decommissioning of certain Downstream assets. The environmental provision is for the remediation of ground water and soil contamination. Payments to settle these provisions will occur on an ongoing basis and will continue over the lives of the operating assets, which can exceed 50 years for the time when it is necessary to abandon oil and natural gas wells. The amount and timing of settlement in respect of these provisions are uncertain and dependent on various factors that are not always within management's control.

The movements in asset retirement and environmental provisions are as follows:

	Asset retirement	Environmental
January 1, 2021	17,339	940
Revision to estimate	154	(75)
Additional provisions	368	4
Unwinding of discount	446	4
Amounts charged against provisions	(11)	(49)
December 31, 2021	18,296	824
Revision to estimate	(1,770)	(8)
Additional provisions	626	4
Unwinding of discount	431	4
Amounts charged against provisions	(15)	(54)
December 31, 2022	17,568	770

23. Trade and other payables

	2022	2021
Trade payables	65,425	55,325
Accrued materials and services	36,900	37,509
Amounts due to related parties (Note 29(b))	15,431	17,678
Employee related payables	10,304	8,801
Other	7,330	5,376
	135,390	124,689

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All amounts in millions of Saudi Riyals unless otherwise stated

24. Revenue

	2022	2021
Revenue from contracts with customers	2,003,347	1,335,391
Movement between provisional and final prices	(3,397)	5,299
Other revenue	7,005	6,240
	2,006,955	1,346,930
Other revenue:		
Services provided to:		
Government, semi-Government and other entities with Government ownership or control (Note 29(a))	1,061	1,061
Third parties	698	814
Joint ventures and associates (Note 29(a))	195	683
Freight	1,076	1,474
Other	3,975	2,208
	7,005	6,240

Revenue from contracts with customers is measured at a transaction price agreed under the contract and the payment is due within 10 to 120 days from the invoice date depending on specific terms of the contract.

Transaction prices are not adjusted for the time value of money, as Saudi Aramco does not have any contracts where the period between the transfer of product to the customer and payment by the customer exceeds one year.

Disaggregation of revenue from contracts with customers

Saudi Aramco's revenue from contracts with customers according to product type and source is as follows:

	2022			
	Upstream	Downstream	Corporate	Total
Crude oil	971,325	105,401	–	1,076,726
Refined and chemical products	–	835,884	–	835,884
Natural gas and NGLs	56,055	19,292	–	75,347
Metal products	–	15,390	–	15,390
Revenue from contracts with customers	1,027,380	975,967	–	2,003,347
Movement between provisional and final prices	(3,142)	(255)	–	(3,397)
Other revenue	390	4,969	1,646	7,005
External revenue	1,024,628	980,681	1,646	2,006,955

	2021			
	Upstream	Downstream	Corporate	Total
Crude oil	600,673	60,208	–	660,881
Refined and chemical products	–	607,771	–	607,771
Natural gas and NGLs	49,956	3,992	–	53,948
Metal products	–	12,791	–	12,791
Revenue from contracts with customers	650,629	684,762	–	1,335,391
Movement between provisional and final prices	5,026	273	–	5,299
Other revenue	411	4,342	1,487	6,240
External revenue	656,066	689,377	1,487	1,346,930

25. Purchases

	2022	2021
Refined and chemical products	291,696	226,649
Crude oil	152,556	93,418
NGL and other products	46,438	32,310
	490,690	352,377

Purchases primarily consist of refined products, chemicals, crude oil and NGL purchased from third parties for use in Downstream operations and to meet demand for products in the Kingdom when it exceeds Saudi Aramco's production of the relevant product. Saudi Aramco also purchases products from third parties in certain markets where it is more cost effective compared to procuring them from other business units.

26. Employee benefit expense

	2022	2021
Salaries and wages	41,387	38,389
Social security costs	2,750	2,627
Post-retirement benefits (Note 21):		
Defined benefit plans	9,356	9,889
Defined contribution plans	1,201	1,634
Share-based compensation (Note 17)	299	209
	54,993	52,748

27. Finance and other income

	2022	2021
Interest income	7,955	795
Gain on partial prepayment of deferred consideration to PIF	3,281	–
Investment income	1,189	610
Dividend income from investments in securities	390	369
Other	2,079	13
	14,894	1,787

28. Payments to the Government by Saudi Arabian Oil Company

	2022	2021
Income taxes (Note 8(c))	232,661	141,699
Royalties	349,270	138,999
Dividends	265,066	276,335

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All amounts in millions of Saudi Riyals unless otherwise stated

29. Related party transactions

(a) Transactions

	2022	2021
Joint ventures:		
Revenue from sales	28,155	23,003
Other revenue (Note 24)	30	124
Interest income	161	105
Purchases	30,574	22,466
Service expenses	8	11
Associates:		
Revenue from sales	77,048	65,355
Other revenue (Note 24)	165	559
Interest income	113	135
Purchases	72,503	57,214
Service expenses	158	150
Lease expenses	–	188
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	23,351	17,644
Other income related to sales	259,418	154,828
Other revenue (Note 24)	1,061	1,061
Purchases	12,761	73,091
Service expenses	409	634
Lease expenses	791	461

Goods are purchased and sold according to supply agreements in force. Note 33 includes additional information on loans to joint ventures and associates.

(b) Balances

	2022	2021
Joint ventures:		
Other assets and receivables (Note 9)	5,363	5,943
Trade receivables	5,096	4,755
Interest receivable	371	233
Trade and other payables (Note 23)	7,060	6,803
Associates:		
Other assets and receivables (Note 9)	1,519	6,813
Trade receivables	13,410	14,794
Trade and other payables (Note 23)	6,278	7,916
Borrowings	15	15
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables (Note 9)	510	509
Trade receivables	3,874	3,056
Due from the Government (Note 13)	54,545	41,317
Trade and other payables (Note 23)	2,093	2,959
Borrowings	128,026	229,525

Sales to and receivables from Government, semi-Government and other entities with Government ownership or control are made on specific terms within the relevant regulatory framework in the Kingdom.

29. Related party transactions continued

(c) Compensation of key management personnel

Key management personnel of Saudi Aramco included directors and senior executive management. The compensation paid or payable to key management for services is shown below:

	2022	2021
Short-term employee benefits	80	75
Post-employment benefits	43	31
Share-based compensation	25	–
Other long-term benefits	3	30
	151	136

(d) Other transactions with key management personnel

Other than as set out in Note 29(c), there were no reportable transactions between Saudi Aramco and members of key management personnel or their close family members during the year ended December 31, 2022 (2021: nil).

30. Derivative instruments and hedging activities

Saudi Aramco uses interest rate swap contracts to manage exposure to interest rate risk mainly resulting from borrowings. These hedges are designated as cash flow hedges. Saudi Aramco also engages in hedging activities through the use of currency forward contracts in relation to firm commitments under procurement contracts and highly probable forecast transactions. These hedges are designated as fair value hedges and cash flow hedges, respectively. Further, Saudi Aramco uses short-term commodity derivative contracts to manage exposure to price fluctuations.

The notional amounts of currency forward contracts and interest rate swap contracts designated as hedging instruments and outstanding commodity derivative contracts are as follows:

	2022	2021
Interest rate swaps	10,658	11,055
Currency forward contracts	4,830	7,512
Commodity derivative contracts	29,846	35,115
	45,334	53,682

31. Non-cash investing and financing activities

Investing and financing activities during 2022 include additions to right-of-use assets of SAR 16,065 (2021: SAR 12,270), asset retirement provisions of SAR 467 (2021: SAR 355), and equity awards issued to employees of SAR 70 (Note 17) (2021: SAR 52). Further, investing activities during 2022 include an additional investment in Petro Rabigh as part of a subscription to a rights issuance offering through conversion of a non-current loan receivable of SAR 2,981 (Note 32(c)). During 2021, investing and financing activities included proceeds from the JIGPC financing arrangement net of the ASU purchase consideration of SAR 8,146 (Note 35(b)).

32. Commitments

(a) Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 172,639 and SAR 159,145 at December 31, 2022 and 2021, respectively. In addition, leases contracted for but not yet commenced were SAR 18,326 and SAR 10,309 at December 31, 2022 and 2021, respectively.

(b) Sadara

In March 2020, the Company and The Dow Chemical Company ("Dow") equally committed to comply with the Ministry of Energy feedstock agreement to support the development of Chemical Value Parks in the Kingdom with an amount of SAR 375. The first payment of nearly SAR 38 will be deposited within one month from the date of supplying Sadara with additional ethane. The remaining funds will be deposited over nine years at SAR 38 annually. Saudi Aramco's commitment of SAR 188 is outstanding at December 31, 2022.

(c) Petro Rabigh

In December 2021, the Company signed a commitment letter to fully exercise its right to subscribe to its 37.5% share in the Petro Rabigh Rights Issue Offering, representing 298 million shares, for a maximum commitment of SAR 2,981. After obtaining necessary approvals from the competent authorities, the shareholders of Petro Rabigh approved the capital increase through offering 795 million shares for a total amount of SAR 7,950, at the Extraordinary General Meeting held on June 8, 2022. The rights issuance closed on July 6, 2022 and the Company and Sumitomo Chemical Co. Ltd., the founding shareholders, subscribed to their proportionate share in the offering, funded through debt-to-equity conversion of their non-current loan receivable from Petro Rabigh. Upon closing of the rights issuance, the loan receivable of SAR 2,981 was converted to an equity investment.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

32. Commitments continued

(d) International Maritime Industries Company ("IMIC")

In 2017, Saudi Aramco Development Company ("SADCO"), a wholly owned subsidiary of the Company, Maritime Offshore Limited, a wholly owned subsidiary of Lamprell plc, Bahri and Korea Shipbuilding and Offshore Engineering ("KSOE") formed a company, IMIC, in which SADCO owns 40.1%, Maritime Offshore Limited owns 20%, Bahri owns 19.9% and KSOE owns 20%. The principal activities of IMIC are the development, operation, and maintenance of a maritime yard under construction by the Government, as well as, the design, manufacture, maintenance and repair of ships and rigs. The maritime yard is divided into four main operational zones and completion of the construction of the individual zones will vary, with the final yard completion and handover expected by the end of 2023. SADCO has committed to fund IMIC up to SAR 1,053 through equity contributions. At December 31, 2022, SAR 916 (2021: SAR 766) has been drawn down by IMIC.

(e) Saudi Aramco Rowan Offshore Drilling Company ("ARO Drilling")

In 2017, SADCO and Rowan Rex Limited formed a company, ARO Drilling (Note 38), to provide offshore drilling services to the Company. In 2018, Mukamala Oil Field Services Limited ("MOFSL") was incorporated as a subsidiary of SADCO and all the investment and related commitments of ARO Drilling were transferred to MOFSL by way of a Novation Agreement. MOFSL has committed to invest SAR 2,719 through equity and shareholder loans, of which SAR 2,453 has been drawn down at December 31, 2022. In addition, the Company has committed to lease 20 offshore rigs over a 10-year period beginning in 2023 for an estimated value of SAR 41,468.

(f) Saudi Aramco Nabors Drilling Company ("SANAD")

In 2017, SADCO and Nabors International Netherlands BV formed a company, SANAD (Note 38), to provide onshore drilling services to the Company. In 2018, MOFSL was incorporated as a subsidiary of SADCO and all the investment and related commitments of SANAD were transferred to MOFSL by way of a Novation Agreement. The Company has committed to lease 50 onshore rigs over a 10-year period beginning in 2022 for an estimated value of SAR 23,214.

(g) Arabian Rig Manufacturing Company ("ARM")

In June 2018, SADCO and NOV Downhole Eurasia Limited formed a company, ARM (Note 39), to provide onshore land drilling manufacturing, equipment and services to SANAD and the Middle East and North Africa region. The Company committed to invest SAR 225, of which, SAR 72 is invested at December 31, 2022. In addition, SADCO has guaranteed the purchase of 50 onshore rigs over a 10-year period beginning in 2022. Two of these rigs were delivered in 2022, and accordingly, the remaining commitment amount stands at SAR 8,348, as at December 31, 2022. SADCO has the option to cancel the rig orders for a maximum financial exposure of SAR 1,260.

(h) Saudi Engines Manufacturing Company ("SEMCO")

On May 19, 2019, SADCO, Korea Shipbuilding and Offshore Engineering ("KSOE"), and the Saudi Arabian Industrial Investment Company ("Dussur") entered into an agreement to form a company to set up an engine manufacturing and after-sales facility in the Kingdom. A limited liability company, SEMCO, was formed on November 16, 2020 by SADCO, which owns 55% of the company, while KSOE and Dussur own 30% and 15%, respectively. SADCO is a 25% shareholder of Dussur. Total investment in SEMCO will be up to SAR 646 of which SADCO's share will be up to SAR 355. At December 31, 2022, SAR 86 has been drawn down by SEMCO.

(i) Other

- (i) In order to comply with past Government directives, the Company expects to sell portions of its equity in Saudi Aramco Total Refining and Petrochemical Company and Yanbu Aramco Sinopec Refining Company Limited (Note 39) through a public offering of shares in Saudi Arabia.
- (ii) Saudi Aramco is committed to comply with the Government directive to guarantee that Saudi Aramco Total Refining and Petrochemical Company shall spend a total of SAR 375 over a 10-year period ending December 31, 2025 on social responsibility programs. At December 31, 2022, SAR 217 remains to be spent.
- (iii) Saudi Aramco is committed to comply with the Government directive to guarantee that Yanbu Aramco Sinopec Refining Company Limited shall spend a total of SAR 375 on social responsibility programs by September 30, 2025. At December 31, 2022, SAR 131 remains to be spent.
- (iv) Saudi Aramco has commitments of SAR 264 (2021: SAR 287) to invest in private equity investments both inside and outside the Kingdom. Such commitments can be called on demand.
- (v) Saudi Aramco has commitments of SAR 173 (2021: SAR 79) to fund additional loans and acquire additional unlisted equity investments of certain small to mid-sized enterprises in the Kingdom. The commitments can be called by the enterprises upon meeting certain conditions.
- (vi) Saudi Aramco has commitments of SAR 2,107 (2021: SAR 602) in relation to capital contributions for certain other affiliates.

33. Contingencies

Saudi Aramco has contingent assets and liabilities with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingencies arise in the ordinary course of business. It is not anticipated that any material adjustments will result from these contingencies.

Saudi Aramco also has contingent liabilities with respect to the following:

(a) Sadara

On March 25, 2021, Sadara entered into various agreements to restructure its senior project financing debt amounting to SAR 37,280. Terms of the restructuring include a principal repayment grace period until June 2026 and an extension of the final maturity date from 2029 to 2038. In connection with the restructuring, the Company and Dow have agreed to guarantee up to an aggregate of SAR 13,875 of senior debt principal and its associated interest in proportion to their ownership interests in Sadara. Further, the Company and Dow have agreed to provide guarantees and support, in proportion to their ownership interest in Sadara, for interest payment shortfalls on all outstanding senior debt until June 2026, working capital shortfall support up to SAR 1,875 in 2030, as well as an undertaking to provide acceptable credit support to cover the required Debt Service Reserve Account balance, which needs to be funded prior to June 2026.

In addition to the senior debt restructuring, effective March 25, 2021, the Company, Dow (and/or their affiliates) and Sadara have also entered into agreements to (i) provide additional feedstock by increasing the allocated quantity of ethane and natural gasoline supplied by Saudi Aramco, and (ii) gradually increase Saudi Aramco's rights to market, through SABIC, its equity share of finished products produced by Sadara (subject to certain agreed terms) over the next five to 10 years. The Company has provided a guarantee for the payment and performance obligations of SABIC under the Product Marketing and Lifting Agreement.

On June 17, 2021, Excellent Performance Chemical Company ("EPCC"), a wholly owned subsidiary of the Company, and Sadara entered into a new SAR 1,500 subordinated revolving credit facility to provide shortfall funding to Sadara. As of December 31, 2022, the facility was not utilized. Unless extended, the facility is scheduled to mature in June 2023. The unutilized amount of SAR 1,357 under the subordinated credit facility entered on June 17, 2013 has been cancelled.

With respect to Sadara's fuel and feedstock allocation, Saudi Aramco has provided two letters of credit to the Ministry of Energy for SAR 169 and SAR 225, respectively, to construct epoxy plants and for the development of projects to support conversion industries in the Kingdom. In July 2021, the second letter of credit was reduced from SAR 225 to SAR 169 reflecting the sponsor payment for the Ethylene Oxide and Propylene Oxide Pipeline project for Sadara. In April 2022, the second letter of credit was further reduced to SAR 152.

(b) Petro Rabigh

In March 2015, the two founding shareholders of Petro Rabigh, the Company and Sumitomo Chemical Co. Ltd., concluded external long-term debt financing arrangements with lenders on behalf of Petro Rabigh for the Rabigh II Project ("the Project") in the amount of SAR 19,380 for which the two shareholders provided guarantees for their equal share of the debt financing (the "Completion Guarantees"). On September 30, 2020, Petro Rabigh achieved project completion under its senior finance agreements and, as a result, the founding shareholders were released from their obligations under the Completion Guarantees. As part of project completion, the founding shareholders entered into a debt service undertaking with the Rabigh II lenders, whereby each founding shareholder, on a several basis, undertakes to pay 50% of any shortfalls in scheduled (and not accelerated) Rabigh II debt service on each Rabigh II payment date until the earlier of the final Rabigh II repayment date in June 2032 or the repayment of SAR 5,625 of the outstanding equity bridge loans. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 622.

The founding shareholders arranged equity bridge loans ("the EBLs") in an aggregate amount of SAR 11,250 which the founding shareholders guarantee on a several and equal basis, to meet the equity financing requirements under the senior finance agreements. Upon closing of the rights issuance (Note 32(c)), Petro Rabigh repaid SAR 1,940 of its equity bridge loans out of the proceeds of the rights issuance. The maturity date for the remaining EBLs of SAR 9,310 was extended to March 20, 2023.

On September 30, 2020, Petro Rabigh entered into revolving loan facilities in an aggregate amount of SAR 5,625 with the Company and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical Co. Ltd. Unless extended, these facilities will mature in December 2023. As of December 31, 2022, an amount of SAR 2,175 was outstanding under these facilities, of which the Company's share was SAR 1,088. Petro Rabigh also entered into another revolving loan facility for SAR 1,875 with the Company, which, unless extended, matures in December 2023. As at December 31, 2022, no amount was utilized under this facility.

(c) Other

Saudi Aramco has provided guarantees of SAR 2,110 (2021: SAR 4,151) in relation to borrowings and other obligations of certain other affiliates, arising in the ordinary course of business.

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All amounts in millions of Saudi Riyals unless otherwise stated

34. Sale of equity interests in affiliates

(a) Power and Water Utility Company for Jubail and Yanbu ("Marafiq")

On November 24, 2022, Marafiq, an associate of Saudi Aramco, announced the listing of its shares on the Main Market of the Saudi Exchange following the successful completion of its IPO. The IPO comprised shares offered by the majority shareholders of Marafiq, including Saudi Aramco Power Company and SABIC, in proportion to their shareholding. Following the completion of the IPO, the aggregate equity ownership of the aforementioned Saudi Aramco subsidiaries in Marafiq reduced from 49.6% to 35%, resulting in proceeds of SAR 1,651 and a gain of SAR 464. The carrying value of the investment in Marafiq in the consolidated financial statements at December 31, 2022, was SAR 3,020 (December 31, 2021: SAR 3,924).

(b) Aramco Gas Pipelines Company ("AGPC")

On February 23, 2022, the Company sold a 49% equity interest in AGPC, a newly formed wholly owned subsidiary of the Company, to GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif") for upfront proceeds of SAR 58,125 (\$15,500) in cash.

GreenSaif is an entity owned by a consortium of investors led by affiliates of BlackRock Real Assets and Hassana Investment Company, the investment management arm of the General Organization for Social Insurance ("GOSI") in the Kingdom. GreenSaif, as a shareholder of AGPC, is entitled to receive quarterly distributions of its pro rata share of AGPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to GreenSaif, in line with the principles outlined in Note 2(e), GreenSaif's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds are recognized in the consolidated financial statements as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its gas pipelines network to AGPC for a 20-year period. Concurrently, AGPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 20-year period in exchange for a quarterly, volume-based tariff payable by the Company to AGPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

(c) Aramco Oil Pipelines Company ("AOPC")

On June 17, 2021, the Company sold a 49% equity interest in AOPC, a newly formed wholly owned subsidiary of the Company, to EIG Pearl Holdings S.à r.l. ("EIG") for upfront sale proceeds of SAR 46,547 (\$12,412) in cash.

EIG is an entity owned by a consortium of investors led by EIG Global Energy Partners. EIG, as a shareholder of AOPC, is entitled to receive quarterly distributions of its pro rata share of AOPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to EIG, in line with the principles outlined in Note 2(e), EIG's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds have been recognized in the consolidated financial statements as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its stabilized crude oil pipelines network to AOPC for a 25-year period. Concurrently, AOPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 25-year period in exchange for a quarterly, volume-based tariff payable by the Company to AOPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

35. Investments in affiliates

(a) Investments in subsidiaries

(i) Grupa LOTOS S.A. transaction

On January 12, 2022, Aramco Overseas Company B.V. ("AOC"), a wholly owned subsidiary of Saudi Aramco, entered into share purchase agreements with Grupa LOTOS Spółka Akcyjna ("Grupa LOTOS S.A."), a subsidiary of Polski Koncern Naftowy ORLEN S.A. ("PKN ORLEN"), to purchase shares in certain entities of Grupa LOTOS S.A. Under this transaction, AOC acquired 100% equity interest in LOTOS SPV 1 Sp. z o.o. for a cash consideration of SAR 930 (\$248), in addition to acquiring 30% of the issued share capital of LOTOS Asphalt sp. z o.o. and 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o. for SAR 889 (\$237) (Note 35(c)). These acquisitions are in line with Saudi Aramco's strategy of expanding its downstream presence in Europe and further expanding its crude imports into Poland.

Prior to completion of the transaction, an organized part of the wholesale business operated by LOTOS Paliwa sp. z o.o. ("LOTOS Paliwa"), a subsidiary of Grupa LOTOS S.A., was transferred to LOTOS SPV 1 Sp. z o.o., subsequently renamed as Aramco Fuels Poland sp. z o.o. ("AFP"). AFP is engaged in the acquisition, storage, blending, marketing, transportation, distribution and the sale of fuel to wholesale customers.

The closing of the transaction occurred on November 30, 2022. The transaction resulted in Saudi Aramco obtaining control of AFP. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date.

Saudi Aramco engaged an independent valuer in order to determine the fair value of the assets and liabilities of AFP as part of the purchase price allocation process. Based on the preliminary fair values of the total identifiable net assets and liabilities of SAR 909, including cash acquired of SAR 513, goodwill of SAR 21 has been recognized.

35. Investments in affiliates continued

(a) Investments in subsidiaries continued

Acquisition and transaction costs of SAR 37 were expensed as selling, administrative, and general expenses in the consolidated statement of income for the year ended December 31, 2022.

Post-acquisition, AFP contributed revenues of SAR 2,043 and net profit of SAR 14, which is included in the consolidated statement of income.

(ii) SABIC Agri-Nutrients Investment Company ("SANIC")

On January 4, 2021, SABIC Agri-Nutrients Company ("SABIC AN"), formerly Saudi Arabian Fertilizer Company ("SAFCO"), acquired 100% of the issued share capital of SANIC from SABIC. The total value of shares in SANIC is set at SAR 4,809, the consideration for which was paid by issuing 59,368,738 ordinary new shares in SABIC AN to SABIC valued at SAR 81 per share, thereby increasing the ownership by SABIC of SABIC AN from 43% to 50.1%. Under the terms of the transaction, the settlement of working capital and net debt at SANIC since the transaction date, amounted to SAR 2. A net loss of SAR 677 arising from this transaction has been recognized in retained earnings, which represents Saudi Aramco's share of the loss recorded by SABIC.

(b) Investments in joint operations

Jazan Integrated Gasification and Power Company ("JIGPC")

On September 27, 2021, Saudi Aramco entered into an arrangement with Air Products, ACWA Power and Air Products Qudra relating to the Jazan Integrated Gasification Combined-Cycle ("IGCC") power plant, an Air Separation Unit ("ASU") and certain ancillary assets (together, "the facility"). The transaction entailed creation of JIGPC, a limited liability company, with SAPCO, a wholly owned subsidiary of the Company owning 20%, while Air Products, ACWA Power and Air Products Qudra own 46%, 25% and 9%, respectively. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee. Saudi Aramco will supply feedstock to JIGPC, and JIGPC will produce power, steam, hydrogen and other utilities for Saudi Aramco. The transaction has been accounted for as a financing arrangement and the assets remain in the books of the Company. Based on the facts and circumstances, including the source of cash flows as well as the purpose and design of the arrangement, in line with the principles outlined in Note 2(e), JIGPC has been accounted for as a joint operation by Saudi Aramco.

SAPCO's total contribution in JIGPC, as a shareholder, is expected to be SAR 3,600, of which an amount of SAR 3,443 has been contributed as of the date of issuance of the consolidated financial statements. The financial close of the transaction occurred on October 27, 2021. The total proceeds of the transaction are SAR 44,063, of which, the Company received the first tranche of SAR 18,386, net of the ASU purchase consideration of SAR 8,146. The ASU, which was previously accounted for as a lease, was purchased by the Company and transferred with the rest of the facility as part of the closing. The second tranche of SAR 15,563 was received on January 19, 2023, with the remaining amount of SAR 1,968 expected to be received by the end of 2023 (Notes 20(h), 40).

(c) Investments in joint ventures and associates

Grupa LOTOS S.A. transaction

On November 30, 2022, AOC acquired 30% of the issued share capital of LOTOS Asphalt sp. z o.o., subsequently renamed as Rafineria Gdańska sp. z o.o. ("POLREF"), for SAR 853 (\$227). The remaining 70% of the equity interest is held by PKN ORLEN (Note 35(a)(i)). The investment in POLREF has been accounted for as an associate. POLREF operates an oil refinery located in Gdańsk, Poland. Post-acquisition, the refinery processes the crude oil supplied by PKN ORLEN and AFP into finished products, in exchange for a processing fee.

In addition, on November 30, 2022, AOC acquired 50% of the issued share capital of LOTOS-Air BP Polska sp. z o.o., subsequently renamed as Air BP Aramco Poland sp. z o.o. ("AIRBP"), for SAR 36 (\$10). The remaining 50% of the issued share capital of AIRBP is retained by BP Europa SE (Note 35(a)(i)). The investment in AIRBP has been accounted for as a joint venture. The business of AIRBP includes acquisition, storage, transport, distribution and sale of aviation fuels in bulk or having them delivered into aircrafts in and outside of Poland.

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36. Dividends

Dividends declared and paid on ordinary shares are as follows:

	2022	2021	SAR per share	
			2022	2021
Quarter:				
March ¹	70,331	70,325	0.35	0.35
June ²	70,328	70,325	0.32	0.35
September ²	70,329	70,327	0.32	0.35
December ²	70,330	70,328	0.32	0.35
Total dividends declared and paid	281,318	281,305	1.31	1.40
Dividends declared on March 10, 2023 and March 18, 2022 ^{2,3}	73,150	70,331	0.33	0.35

1. Dividends of SAR 70,331 paid in 2022 relate to 2021 results. Dividends of SAR 70,325 paid in 2021 relate to 2020 results.

2. Dividend per share reflects the effect of the issuance of the bonus shares approved on May 12, 2022, as described below.

3. The consolidated financial statements do not reflect a dividend to shareholders of approximately SAR 73,150, which was declared on March 10, 2023 (March 18, 2022: SAR 70,331). This dividend will be deducted from unappropriated retained earnings in the year ending December 31, 2023.

On May 12, 2022, after obtaining necessary approvals from the competent authorities, the Extraordinary General Assembly ("EGA") approved the increase of the Company's share capital by SAR 15,000 and the commensurate increase of the number of the Company's issued ordinary shares by 20 billion without par value. Such increase was effected through capitalization of the Company's retained earnings. Each shareholder was granted one (1) bonus share for every ten (10) shares owned. The Company's share capital after the increase is SAR 75,000, divided into 220 billion fully paid ordinary shares with equal voting rights without par value.

On March 10, 2023, the Board of Directors recommended to the EGA to increase the Company's share capital by granting bonus shares to its shareholders through capitalization of SAR 15,000 from retained earnings and by increasing the number of the issued ordinary shares by 22 billion without par value. The increase of the share capital and the number of ordinary shares is subject to obtaining necessary approvals from competent authorities and the EGA, which will be announced later as per regulatory requirements. Once the EGA approves the capital increase, eligible shareholders will be entitled to receive one (1) bonus share for every ten (10) shares owned, and the Company's share capital will increase to SAR 90,000, divided into 242 billion fully paid ordinary shares with equal voting rights without par value.

37. Earnings per share

The following table reflects the net income and number of shares used in the earnings per share calculations:

	2022	2021
Net income attributable to the ordinary shareholders of the Company	597,215	395,203
Weighted average number of ordinary shares (in millions) (Note 2(dd)) ¹	219,913	219,897
Earnings per share for net income attributable to the ordinary shareholders of the Company (in Saudi Riyals) ¹	2.72	1.80

1. Earnings per share for the years ended December 31, 2022 and 2021 have been calculated by retrospectively adjusting the weighted average number of outstanding shares to reflect the effect of the issuance of bonus shares approved on May 12, 2022 (Note 36).

Potential ordinary shares during the year ended December 31, 2022, related to employees' share-based compensation in respect of employee share plans that were awarded to the Company's eligible employees under those plan terms (Note 17). These share plans did not have a significant dilution effect on basic earnings per share for the years ended December 31, 2022 and 2021.

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
A. Wholly owned:						
4 Rivers Energy LLC	Retail fuel operations	100%	USA	–	–	–
Aramco (Beijing) Venture Management Consultant Co., Ltd.	Investment	100%	China	8	7	–
Aramco Affiliated Services Company	Support services	100%	USA	1	–	–
Aramco Asia India Private Limited	Purchasing and other services	100%	India	24	15	–
Aramco Asia Japan K.K.	Purchasing and other services	100%	Japan	86	305	1
Aramco Asia Korea Limited	Marketing and vendor sourcing activities	100%	South Korea	44	10	1
Aramco Asia Singapore Pte. Ltd.	Purchasing and other services	100%	Singapore	25	30	–
Aramco Associated Company	Aircraft operations	100%	USA	169	430	19
Aramco Capital Company, LLC	Aircraft leasing	100%	USA	38	–	–
Aramco Chemicals Company	Chemicals	100%	Saudi Arabia	339	54	6
Aramco Far East (Beijing) Business Services Co., Ltd.	Petrochemical purchasing, sales and other services	100%	China	642	53	10
Aramco Financial Services Company	Financing	100%	USA	20	(1)	–
Aramco Fuels Poland sp. z o.o.	Wholesale fuel operations	100%	Poland	597	1,936	2
Aramco Gulf Operations Company Limited	Production and sale of crude oil	100%	Saudi Arabia	2,397	1,869	44
Aramco Innovations Limited Liability Company	Research and commercialization	100%	Russia	16	20	–
Aramco International Company Limited ⁴	Support services	100%	British Virgin Islands	–	–	–
Aramco Lubricants and Retail Company	Retail fuel marketing	100%	Saudi Arabia	116	52	–
Aramco Overseas – Egypt	Personnel and other support services	100%	Egypt	–	–	–
Aramco Overseas Company B.V.	Purchasing and other services	100%	Netherlands	32,696	2,316	554
Aramco Overseas Company Spain, S.L.	Personnel and other support services	100%	Spain	–	1	–
Aramco Overseas Company UK Limited	Personnel and other support services	100%	United Kingdom	3	77	–
Aramco Overseas Malaysia SDN. BHD.	Personnel and other support services	100%	Malaysia	5	9	–
Aramco Performance Materials LLC	Petrochemical manufacture and sales	100%	USA	10	7	–
Aramco Services Company	Purchasing, engineering and other services	100%	USA	6,181	583	9
Aramco Shared Benefits Company	Benefits administration	100%	USA	1	1	–
Aramco Trading Americas Holding Inc.	Holding	100%	USA	–	–	–
Aramco Trading Americas LLC (formerly, Motiva Trading LLC)	Purchasing and sale of petroleum goods and other services	100%	USA	1,180	1,546	–
Aramco Trading Company	Importing, exporting and trading of crude oil, refined and chemical products	100%	Saudi Arabia	5,419	7,676	62
Aramco Trading Fujairah FZE	Importing and exporting refined products	100%	UAE	2,521	4,148	49

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
Aramco Trading Limited	Importing and exporting refined products	100%	United Kingdom	212	3,240	22
Aramco Trading Singapore Pte. Ltd.	Marketing and sales support	100%	Singapore	885	7,128	3
Aramco Venture Management Consultant Company LLC	Consulting services	100%	USA	1	12	–
Aramco Ventures Holdings Limited	Investment	100%	Guernsey	271	–	–
Aramco Ventures Investments Limited	Investment	100%	Guernsey	2,221	–	–
ARLANXEO Holding B.V.	Development, manufacture, and marketing of high-performance rubber	100%	Netherlands	582	2,886	16
ARLANXEO Belgium N.V.		100%	Belgium	306	(117)	–
ARLANXEO Branch Offices B.V.		100%	Netherlands	23	–	–
ARLANXEO Brasil S.A.		100%	Brazil	(317)	(180)	(4)
ARLANXEO Canada Inc.		100%	Canada	346	(221)	–
ARLANXEO Deutschland GmbH		100%	Germany	359	(345)	–
ARLANXEO Elastomères France S.A.S.		100%	France	(91)	(129)	–
ARLANXEO Emulsion Rubber France S.A.S.		100%	France	(474)	(144)	–
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.		100%	China	396	(249)	(1)
ARLANXEO India Private Limited		100%	India	10	(1)	–
ARLANXEO Netherlands B.V.		100%	Netherlands	128	(219)	(7)
ARLANXEO Singapore Pte. Ltd.		100%	Singapore	49	(514)	–
ARLANXEO Switzerland S.A.		100%	Switzerland	382	(2)	–
ARLANXEO USA LLC		100%	USA	258	(325)	–
Aurora Capital Holdings LLC	Real estate holdings	100%	USA	–	–	–
Bolanter Corporation N.V.	Crude oil storage	100%	Curaçao	39	–	–
Briar Rose Ventures LLC	Real estate holdings	100%	USA	–	–	–
Canyon Lake Holdings LLC	Retail fuel operations	100%	USA	–	–	–
Excellent Performance Chemicals Company	Petrochemical manufacture and sales	100%	Saudi Arabia	708	2	161
Global Digital Integrated Solutions Company	Information technology	100%	Saudi Arabia	–	–	–
Investment Management Company	Investment management of post-employment benefit plans	100%	Saudi Arabia	4	–	–
Motiva Enterprises LLC	Refining and marketing	100%	USA	3,702	25,457	322
Motiva Pipeline LLC	Pipeline transport	100%	USA	–	–	–
Mukamala Oil Field Services Limited	Oil field services	100%	Saudi Arabia	295	–	2
Mukamalah Aviation Company (formerly, Mukamalah International Investments Company)	Aviation	100%	Saudi Arabia	–	–	–
Pandlewood Corporation N.V.	Financing	100%	Curaçao	1,260	1	29
Pedernales Ventures LLC	Retail fuel operations	100%	USA	–	–	–
Pedernales Ventures II LLC	Investment	100%	USA	294	–	–
PT Aramco Overseas Indonesia	Project management support	100%	Indonesia	–	–	–
SAEV Europe Limited	Investment	100%	United Kingdom	5	3	–

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
SAEV Guernsey 1 Ltd	Investment	100%	Guernsey	226	—	—
SAEV Guernsey Holdings Limited	Investment	100%	Guernsey	1,794	—	—
Saudi Aramco Asia Company Limited	Investment	100%	Saudi Arabia	2,600	—	35
Saudi Aramco Capital Company Limited	Investment	100%	Guernsey	—	—	—
Saudi Aramco Development Company	Investment	100%	Saudi Arabia	880	—	5
Saudi Aramco Energy Ventures LLC	Investment	100%	Saudi Arabia	31	—	—
Saudi Aramco Energy Ventures US LLC	Investment	100%	USA	4	4	—
Saudi Aramco Entrepreneurship Center Company Limited	Financing	100%	Saudi Arabia	213	11	7
Saudi Aramco Entrepreneurship Venture Company Limited	Investment	100%	Saudi Arabia	824	—	—
Saudi Aramco Jubail Refinery Company	Refining	100%	Saudi Arabia	4,254	812	—
Saudi Aramco Power Company	Power generation	100%	Saudi Arabia	8,464	9	129
Saudi Aramco Sukuk Company	Investment	100%	Saudi Arabia	1	126	—
Saudi Aramco Technologies Company	Research and commercialization	100%	Saudi Arabia	250	93	—
Saudi Aramco Upstream Technology Company	Research and commercialization	100%	Saudi Arabia	20	7	—
Saudi Petroleum International, Inc.	Marketing support services	100%	USA	40	58	—
Saudi Petroleum Overseas, Ltd.	Marketing support and tanker services	100%	United Kingdom	53	29	1
Saudi Petroleum, Ltd. ⁴	Marketing support and tanker services	100%	British Virgin Islands	—	—	—
Saudi Refining, Inc.	Refining and marketing	100%	USA	570	441	20
Sofon Industries Company	Maritime holdings	100%	Saudi Arabia	—	—	—
Stellar Insurance, Ltd.	Insurance	100%	Bermuda	10,256	713	211
Vela International Marine Limited	Marine management and transportation	100%	Liberia	10,768	—	174
Wisayah Global Investment Company	Investment services	100%	Saudi Arabia	296	35	2
B. Non-wholly owned:						
Aramco Gas Pipelines Company	Pipeline transport	51%	Saudi Arabia	622	—	5
Aramco Oil Pipelines Company	Pipeline transport	51%	Saudi Arabia	2	2	—
Aramco Training Services Company ⁵	Training	49%	USA	1	—	—
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd. ⁵	Development, manufacture, and marketing of high-performance rubber	50%	China	98	(17)	(1)
Johns Hopkins Aramco Healthcare Company	Healthcare	80%	Saudi Arabia	624	619	1
SA Global Sukuk Limited ⁵	Investment	0%	Cayman Islands	—	—	—
Saudi Aramco Base Oil Company ⁶	Production and sale of petroleum-based lubricants	70%	Saudi Arabia	1,904	776	31
Saudi Aramco Nabors Drilling Company ⁵	Drilling	50%	Saudi Arabia	1,136	1,901	21
Saudi Aramco Rowan Offshore Drilling Company ⁵	Drilling	50%	Saudi Arabia	622	2,386	12
S-International Ltd.	Purchasing and sale of petroleum goods	61.6%	The Independent State of Samoa	4	—	—
S-Oil Corporation	Refining	61.6%	South Korea	4,535	26,098	90
S-Oil Singapore Pte. Ltd.	Marketing support	61.6%	Singapore	33	90	1

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
Saudi Basic Industries Corporation ("SABIC") ⁷	Holding	70%	Saudi Arabia			
SABIC Luxembourg S.à r.l. ("SLUX")	Petrochemicals	70%	Luxembourg			
SABIC Industrial Investments Company ("SIIC")	Investments	70%	Saudi Arabia			
SABIC Agri-Nutrients Company ("SABIC AN") ⁵	Agri-nutrients	35.1%	Saudi Arabia			
SABIC Investment and Local Content Development Company ("NUSANED")	Investment	70%	Saudi Arabia			
Arabian Petrochemical Company ("PETROKEMYA")	Petrochemicals	70%	Saudi Arabia			
Saudi Iron and Steel Company ("HADEED")	Metals	70%	Saudi Arabia			
Saudi European Petrochemical Company ("IBN ZAHR")	Petrochemicals	56%	Saudi Arabia			
Jubail United Petrochemical Company ("UNITED")	Petrochemicals	52.5%	Saudi Arabia			
Saudi Methanol Company ("AR-RAZI")	Petrochemicals	52.5%	Saudi Arabia			
National Industrial Gases Company ("GAS")	Utilities	51.8%	Saudi Arabia			
Yanbu National Petrochemical Company ("YANSAB") ⁵	Petrochemicals	36.4%	Saudi Arabia			
National Methanol Company ("IBN-SINA") ⁵	Petrochemicals	35%	Saudi Arabia			
Arabian Industrial Fibers Company ("IBN RUSHD") ⁵	Petrochemicals	33.9%	Saudi Arabia			
Saudi Kayan Petrochemical Company ("SAUDI KAYAN") ⁵	Petrochemicals	24.5%	Saudi Arabia			
SABIC Innovative Plastics Argentina SRL	Petrochemicals	70%	Argentina			
SABIC High Performance Plastic ("SHPP") Argentina SRL	Specialties	70%	Argentina			
SABIC Australia Pty Ltd.	Petrochemicals	70%	Australia			
SABIC Innovative Plastics Aus GmbH	Petrochemicals	70%	Austria			
SABIC Innovative Plastics GmbH & Co. KG	Petrochemicals	70%	Austria			
SABIC Innovative Plastics South America-Indústria e Comércio de Plásticos Ltda	Petrochemicals	70%	Brazil			
SHPP South America Comércio de Plásticos Ltda	Specialties	70%	Brazil			
NV Pijpleiding Antwerpen-Limburg-Luik (PALL)	Support services	70%	Belgium			
SABIC Belgium NV	Petrochemicals	70%	Belgium			
SHPP Canada, Inc.	Specialties	70%	Canada			
SABIC Petrochemicals Canada, Inc.	Petrochemicals	70%	Canada			
SABIC Innovative Plastics (China) Co., Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics (Chongqing) Co., Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics International Trading (Shanghai) Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics Management (Shanghai) Co., Ltd. ⁴	Petrochemicals	70%	China			
SHPP (Shanghai) Co., Ltd.	Specialties	70%	China			

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
SABIC (Shanghai) Trading Co. Ltd.	Petrochemicals	70%	China			
SABIC (China) Research & Development Co. Ltd.	Petrochemicals	70%	China			
SABIC China Holding Co. Ltd.	Petrochemicals	70%	China			
SABIC Innovative Plastics Czech s.r.o.	Petrochemicals	70%	Czech Republic			
SHPP Czech s.r.o.	Specialties	70%	Czech Republic			
SABIC Innovative Plastics Denmark Aps	Petrochemicals	70%	Denmark			
SABIC Nordic A/S	Petrochemicals	70%	Denmark			
SABIC Innovative Plastics Finland OY	Petrochemicals	70%	Finland			
SHPP Finland OY	Specialties	70%	Finland			
SABIC France S.A.S.	Petrochemicals	70%	France			
SABIC Innovative Plastics France S.A.S.	Petrochemicals	70%	France			
SHPP France S.A.S.	Specialties	70%	France			
SABIC Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Holding Deutschland GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics GmbH	Petrochemicals	70%	Germany			
SABIC Innovative Plastics Holding Germany GmbH	Petrochemicals	70%	Germany			
SABIC Polyolefine GmbH	Petrochemicals	70%	Germany			
SHPP Germany GmbH	Specialties	70%	Germany			
SD Verwaltungs GmbH	Administrative company	70%	Germany			
SD Lizenzverwertungs GmbH & Co KG	License company	70%	Germany			
SD Beteiligungs GmbH & Co KG	Specialties	70%	Germany			
SABIC Greece M.E.P.E. ⁴	Petrochemicals	70%	Greece			
SABIC Innovative Plastics Hong Kong Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Innovative Plastics SIT Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SABIC Taiwan Holding Ltd.	Petrochemicals	70%	Hong Kong, China			
SHPP Hong Kong	Specialties	70%	Hong Kong, China			
SABIC Hungary Kft.	Petrochemicals	70%	Hungary			
SABIC Innovative Plastics Kereskedelmi Kft.	Petrochemicals	70%	Hungary			
SHPP Hungary Kft.	Specialties	70%	Hungary			
SABIC India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics India Private Ltd.	Petrochemicals	70%	India			
SABIC R&T Pvt Ltd.	Petrochemicals	70%	India			
High Performance Plastics India Pvt Ltd.	Petrochemicals	70%	India			
SABIC Innovative Plastics Italy Srl	Petrochemicals	70%	Italy			
SABIC Italia Srl	Petrochemicals	70%	Italy			
SABIC Sales Italy Srl	Specialties	70%	Italy			
SHPP Italy Srl	Specialties	70%	Italy			
SHPP Sales Italy Srl	Specialties	70%	Italy			
SHPP Japan LLC	Petrochemicals	70%	Japan			
SABIC Petrochemicals Japan LLC	Petrochemicals	70%	Japan			

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All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
SABIC Korea Ltd.	Petrochemicals	70%	South Korea			
SHPP Korea Ltd.	Specialties	70%	South Korea			
SABIC Innovative Plastics Malaysia Sdn Bhd	Petrochemicals	70%	Malaysia			
SHPP Malaysia Sdn Bhd	Specialties	70%	Malaysia			
SABIC Innovative Plastics Mexico S de RL de CV	Petrochemicals	70%	Mexico			
High Performance Plastics Manufacturing Mexico S de RL de CV	Specialties	70%	Mexico			
BV Snij-Unie HiFi	Petrochemicals	70%	Netherlands			
SABIC Capital B.V.	Financing	70%	Netherlands			
SABIC Capital I B.V.	Financing	70%	Netherlands			
SABIC Capital II B.V.	Financing	70%	Netherlands			
Petrochemical Pipeline Services B.V.	Petrochemicals	70%	Netherlands			
SABIC Europe B.V.	Petrochemicals	70%	Netherlands			
SABIC Global Technologies B.V.	Petrochemicals	70%	Netherlands			
SABIC International Holdings B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics GP B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics Holding B.V.	Petrochemicals	70%	Netherlands			
SABIC Innovative Plastics Utilities B.V.	Petrochemicals	70%	Netherlands			
SABIC Licensing B.V.	Petrochemicals	70%	Netherlands			
SABIC Limburg B.V.	Petrochemicals	70%	Netherlands			
SABIC Sales Europe B.V.	Petrochemicals	70%	Netherlands			
SABIC Petrochemicals B.V.	Petrochemicals	70%	Netherlands			
SABIC Ventures B.V.	Petrochemicals	70%	Netherlands			
SABIC Mining B.V.	Petrochemicals	70%	Netherlands			
SHPP Holding B.V.	Specialties	70%	Netherlands			
SHPP Global Technologies B.V.	Specialties	70%	Netherlands			
SHPP Ventures B.V.	Specialties	70%	Netherlands			
SHPP Capital B.V.	Financing	70%	Netherlands			
SHPP Capital I B.V.	Financing	70%	Netherlands			
SHPP Capital II B.V.	Financing	70%	Netherlands			
SHPP B.V.	Specialties	70%	Netherlands			
SHPP Sales B.V.	Specialties	70%	Netherlands			
SABIC Innovative Plastics Poland Sp. Z o.o.	Petrochemicals	70%	Poland			
SABIC Poland Sp. Z o.o.	Petrochemicals	70%	Poland			
SHPP Poland Sp. Z o.o.	Specialties	70%	Poland			
LLC SABIC Eastern Europe	Petrochemicals	70%	Russia			
SABIC Innovative Plastics Rus OOO	Petrochemicals	70%	Russia			
SHPP Russia OOO	Specialties	70%	Russia			
SABIC Innovative Plastics (SEA) Pte. Ltd.	Petrochemicals	70%	Singapore			
SABIC Innovative Plastics Holding Singapore Pte. Ltd.	Petrochemicals	70%	Singapore			
SHPP Singapore Pte. Ltd.	Specialties	70%	Singapore			
SABIC Asia Pacific Pte Ltd ("SAPPL")	Petrochemicals, agri-nutrients	70%	Singapore			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
SABIC Innovative Plastics Espana ScpA	Petrochemicals	70%	Spain			
SABIC Innovative Plastics GP BV, Sociedad en Comandita	Petrochemicals	70%	Spain			
SABIC Sales Spain SL	Petrochemicals	70%	Spain			
SABIC Marketing Ibérica S.A.	Petrochemicals	70%	Spain			
SHPP Manufacturing Spain SL	Specialties	70%	Spain			
SHPP Marketing Plastics SL	Specialties	70%	Spain			
Saudi Innovative Plastics Sweden AB	Petrochemicals	70%	Sweden			
SHPP Thailand Co. Ltd.	Specialties	70%	Thailand			
SABIC (Thailand) Co. Ltd.	Petrochemicals	70%	Thailand			
SHPP Petrokimya Ticaret Ltd Sirketi	Specialties	70%	Turkey			
SABIC Global Ltd.	Petrochemicals	70%	United Kingdom			
SABIC Tees Holdings Ltd.	Petrochemicals	70%	United Kingdom			
SHPP Manufacturing UK Ltd.	Specialties	70%	United Kingdom			
SABIC Innovative Plastics Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Pension Trustee Ltd.	Petrochemicals	70%	United Kingdom			
SABIC UK Petrochemicals Ltd.	Petrochemicals	70%	United Kingdom			
SHPP Sales UK Ltd.	Specialties	70%	United Kingdom			
Exatec, LLC	Petrochemicals	70%	USA			
Mt. Vernon Phenol Plant Partnership ⁴	Petrochemicals	70%	USA			
SABIC Americas LLC	Petrochemicals, agri-nutrients	70%	USA			
SABIC US Holdings LP	Petrochemicals	70%	USA			
SABIC Innovative Plastics Mt. Vernon, LLC	Petrochemicals	70%	USA			
SABIC Innovative Plastics US LLC	Petrochemicals	70%	USA			
SABIC Petrochemicals Holding US, LLC	Petrochemicals	70%	USA			
SABIC Ventures US Holdings LLC	Petrochemicals	70%	USA			
SABIC US Projects LLC	Petrochemicals	70%	USA			
SABIC Americas Growth LLC	Petrochemicals	70%	USA			
SABIC US Methanol LLC	Petrochemicals	70%	USA			
SHPP US LLC	Specialties	70%	USA			
JVSS Holding Co Inc.	Specialties	70%	USA			
Scientific Design Co. Inc.	Specialties	70%	USA			
SABIC Vietnam Company Ltd.	Petrochemicals	70%	Vietnam			
SHPP Vietnam Co Ltd	Specialties	70%	Vietnam			
SABCAP Insurance Limited ("SABCAP")	Insurance	70%	Guernsey			
SABIC Petrokimya Ticaret Limited ("SABIC TURKEY")	Petrochemicals	70%	Turkey			
SABIC Middle East Offshore Company ("SABIC MIDDLE EAST") ⁴	Petrochemicals	70%	Lebanon			
SABIC Middle East Business Management LLC	Petrochemicals	70%	Jordan			
SABIC South Africa Proprietary Ltd.	Petrochemicals	70%	South Africa			
SABIC Africa for Trade & Marketing ("S.A.E.")	Petrochemicals	70%	Egypt			
SABIC Morocco	Petrochemicals	70%	Morocco			

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All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
SABIC Global Mobility Company FZ LLC ("GMC")	Personnel and other support services	70%	UAE			
SABIC Global Mobility ("GMC LLC") ⁴	Personnel and other support services	70%	UAE			
SABIC Tunisia	Petrochemicals	70%	Tunisia			
SABIC Kenya	Petrochemicals	70%	Kenya			
SABIC Pakistan (Pvt.) Ltd.	Petrochemicals	70%	Pakistan			
SABIC East Africa for Trade and Marketing LLC	Petrochemicals	70%	Egypt			
International Shipping and Transportation Co. ("ISTC")	Supply chain	69.3%	Saudi Arabia			
SABIC Supply Chain Services Limited Company ("SSCS")	Supply chain	70%	Saudi Arabia			
SABIC Terminal Services ("SABTANK")	Supply chain	63%	Saudi Arabia			
Jubail Chemical Storage and Services Company ("CHEMTANK") ⁵	Supply chain	40.6%	Saudi Arabia			
SABIC Agri-Nutrients Investment Company ("SANIC")	Agri-nutrients	70%	Saudi Arabia			
National Chemical Fertiliser Company ("IBN AL-BAYTAR") ⁵	Agri-nutrients	35.1%	Saudi Arabia			
Al-Jubail Fertiliser Company ("AL BAYRONI") ⁵	Agri-nutrients	35%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.

2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.

3. Represents 100% amounts of subsidiaries, after elimination of intercompany transactions.

4. Under liquidation.

5. Agreements and constitutive documents provide Saudi Aramco control.

6. In December 2022, Saudi Aramco Base Oil Company ("Luberef") listed its shares on the Saudi Exchange following the successful completion of its IPO. There was no change in the Company's shareholding interest following the listing.

7. Information for conventional financial assets, liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

8. Energy City Development Company and Energy City Operating Company, which are wholly owned unconsolidated structured entities, and Energy City Logistics Company, a jointly-held entity whose shares are held by Energy City Development Company, are not included in the above listing.

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint arrangements and associates of Saudi Arabian Oil Company

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
A. Joint operations:						
Al-Khafji Joint Operations	Oil and gas exploration and production	50%	Saudi-Kuwaiti Partitioned Zone	–	–	–
Fadhili Plant Cogeneration Company	Power generation	30%	Saudi Arabia	25	567	–
Jazan Integrated Gasification and Power Company	Power systems	20%	Saudi Arabia	132	1,491	(15)
Maasvlakte Olie Terminal C.V.	Tank storage	9.6%	Netherlands	–	691	5
Maasvlakte Olie Terminal N.V.	Tank storage	16.7%	Netherlands	–	–	–
Pengerang Petrochemical Company SDN. BHD.	Petrochemicals	50%	Malaysia	53	2,515	–
Pengerang Refining Company SDN. BHD.	Refining	50%	Malaysia	52	18,619	2
Power Cogeneration Plant Company	Power generation	50%	Saudi Arabia	34	342	–
Saudi Aramco Mobil Refinery Company Ltd	Refining	50%	Saudi Arabia	886	2,027	16
Saudi Aramco Total Refining and Petrochemical Company ⁴	Refining/ petrochemicals	62.5%	Saudi Arabia	3,238	6,509	70
Tanajib Cogeneration Power Company	Power systems	40%	Saudi Arabia	13	496	–
Yanbu Aramco Sinopec Refining Company Limited ⁴	Refining	62.5%	Saudi Arabia	2,230	3,863	–
Geismar ⁵	Petrochemicals	8%	USA	–	–	–
Gulf Coast Growth Venture LLC ("GCGV") ⁵	Petrochemicals	35%	USA	–	–	–
Saudi Acrylic Butanol Company ("SABUCO") ⁵	Petrochemicals	8.2%	Saudi Arabia	–	–	–
Saudi Methacrylates Company ("SAMAC") ⁵	Petrochemicals	35%	Saudi Arabia	–	–	–
B. Joint ventures:						
AIR BP Aramco Poland sp. z o.o.	Aviation fuels	50%	Poland	71	69	–
Arabian Rig Manufacturing Company	Rig manufacturing	30%	Saudi Arabia	109	1,163	–
First Coast Energy, L.L.P.	Marketing	50%	USA	51	358	–
Huajin Aramco Petrochemical Co., Ltd.	Petrochemicals	35%	China	–	–	–
Jasara Program Management Company	Engineering services	20%	Saudi Arabia	209	66	–
Juniper Ventures of Texas LLC	Marketing	60%	USA	14	24	–
Middle East Cloud and Digital Transformation Company Limited	Information technology	51%	Saudi Arabia	–	–	–
Middle East Information Technology Solutions	Information technology	49%	Saudi Arabia	85	–	–
Novel Non-Metallic Solutions Manufacturing	Manufacturing	50%	Saudi Arabia	188	–	–
Port Neches Link LLC	Pipelines	5%	USA	–	–	–
Sadara Chemical Company	Petrochemicals	65%	Saudi Arabia	7,355	41,001	48
Saudi Arabian Industrial Investment Company	Investment	42.5%	Saudi Arabia	1,229	18	33
Saudi Engines Manufacturing Company	Manufacturing	55%	Saudi Arabia	92	10	–
Saudi Silk Road Industrial Services Company	Investment services	20%	Saudi Arabia	106	8	–
S-OIL TotalEnergies Lubricants Co., Ltd.	Lubricants production and sales	30.8%	South Korea	198	303	–
Star Enterprise ⁶	Pension administration	50%	USA	4	10	–
Tas'helat Marketing Company	Marketing	50%	Saudi Arabia	201	188	–

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint arrangements and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
Tuwaik Casting & Forging Company	Metals	15%	Saudi Arabia	41	125	—
Advanced Energy Storage System Investment Company ("AESSIC") ⁵	Renewable energy	34.1%	Saudi Arabia			
Al-Jubail Petrochemical Company ("Kemya") ⁵	Petrochemicals	35%	Saudi Arabia			
Cosmar Company ("COSMAR") ⁵	Petrochemicals	35%	USA			
Eastern Petrochemical Company ("Sharq") ⁵	Petrochemicals	35%	Saudi Arabia			
Isotopes Company ("IHC") ⁵	Machinery equipment	9%	Saudi Arabia			
SABIC Fujian Petrochemicals Co., Ltd. ("FUJIAN") ⁵	Petrochemicals	35.7%	China			
SABIC Plastic Energy Advanced Recycling BV ("SPEAR") ⁵	Petrochemicals	35%	Netherlands			
SABIC SK Nexelene Company Pte. Ltd. ("SSNC") ⁵	Petrochemicals	35%	Singapore			
Saudi Pallet Manufacturing Company ("SPMC") ⁵	Logistic	21.4%	Saudi Arabia			
Saudi Yanbu Petrochemical Company ("Yanpet") ⁵	Petrochemicals	35%	Saudi Arabia			
Sinopec SABIC Tianjin Petrochemical Company Limited ("SSTPC") ⁵	Petrochemicals	35%	China			
Utility Support Group B.V. ("USG") ⁵	Utilities	35%	Netherlands			
C. Associates:						
BP AOC Pumpstation Maatschap	Storage	50%	Netherlands	—	—	—
BP ESSO AOC Maatschap	Storage	34.4%	Netherlands	—	—	—
Fuel Cell Innovation Co., Ltd.	Fuel cell manufacturing	12.3%	South Korea	3	24	—
Fujian Refining and Petrochemical Company Limited	Refining/ petrochemicals	25%	China	4,296	7,829	60
GCC Electrical Equipment Testing Lab	Inspection	20%	Saudi Arabia	97	40	—
Hyundai Oilbank Co., Ltd.	Refining/ marketing/ petrochemicals	17%	South Korea	9,940	35,074	183
International Maritime Industries Company	Maritime	40.1%	Saudi Arabia	857	519	6
Lukoil Saudi Arabia Energy Limited ⁶	Exploration	20%	British Virgin Islands	—	—	—
Power and Water Utility Company for Jubail and Yanbu ⁵	Utilities	29.8%	Saudi Arabia	—	—	—
Rabigh Refining and Petrochemical Company ⁵	Refining/ petrochemicals	37.5%	Saudi Arabia			
Rafineria Gdańska sp. z o.o.	Refining	30%	Poland	365	721	2
Sinopec Senmei (Fujian) Petroleum Company Limited ⁷	Marketing/ petrochemicals	22.5%	China	2,633	5,603	47
Sudair 1 Holding Company	Holding	30.3%	Saudi Arabia	—	—	—
Team Terminal B.V.	Storage	34.4%	Netherlands	—	—	—
The National Shipping Company of Saudi Arabia ⁵	Global logistics services	20%	Saudi Arabia			
Aluminium Bahrain BSC ("ALBA") ⁵	Aluminum	14.4%	Bahrain			
ARG mbH & Co KG ("ARG") ⁵	Transportation	17.5%	Germany			
ARG Verwaltungs GmbH ⁵	Administrative company	17.5%	Germany			
Clariant AG ("Clariant") ⁵	Specialty chemical	22.1%	Switzerland			
German Pipeline Development Company GMBH ("GPDC") ⁵	Transportation	27.3%	Germany			
Gulf Aluminum and Rolling Mills Company ("GARMCO") ⁵	Aluminum	21.3%	Bahrain			

39. Joint arrangements and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ¹	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2022 ^{2,3}	Conventional financial liabilities as of December 31, 2022 ³	Interest income from conventional financial assets for the year ended December 31, 2022 ³
Gulf Petrochemical Industries Company ("GPIC") ⁵	Agri-nutrients, petrochemicals	11.7%	Bahrain			
Ma'aden Phosphate Company ("MPC") ⁵	Agri-nutrients	21%	Saudi Arabia			
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC") ⁵	Agri-nutrients	10.5%	Saudi Arabia			
Mallinda, Inc. ("MALLINDA") ⁵	Ventures	18.3%	USA			
Mauritania Saudi Mining & Steel Company S.A. ("TAKAMUL") ⁵	Mining (metal)	35%	Mauritania			
National Chemical Carrier Company ("NCC") ⁵	Transportation	14%	Saudi Arabia			
Nusaned Fund I ⁵	Equity investments	35%	Saudi Arabia			
Nusaned Fund II ⁵	Equity investments	42%	Saudi Arabia			

1. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.

2. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.

3. Represents Saudi Aramco's share of conventional financial assets, financial liabilities and interest income.

4. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint operation does not qualify as a subsidiary.

5. Information for conventional financial assets, liabilities and interest income from conventional financial assets not included for entities and groups listed on the Saudi Exchange.

6. Under liquidation.

40. Events after the reporting period

(a) Jazan Integrated Gasification and Power Company ("JIGPC")

On January 19, 2023, Saudi Aramco received SAR 15,563 in respect of the second tranche of the financing arrangement with JIGPC (Notes 20(h), 35(b)). The remaining amount of SAR 1,968 under the financing arrangement is expected to be received by the end of 2023.

(b) Valvoline Inc.'s global products business

On March 1, 2023, Aramco Overseas Company B.V. ("AOC"), a wholly owned subsidiary of the Company, closed the transaction for the acquisition of a 100% equity interest in Valvoline Inc.'s global products business ("VGP Holdings LLC"). The purchase price is SAR 9,938 (\$2,650) in cash, subject to certain customary adjustments. VGP Holdings LLC is a leading worldwide independent producer and distributor of premium branded automotive, commercial and industrial lubricants, and automotive chemicals. This strategic acquisition will complement Saudi Aramco's line of premium branded lubricant products, optimize its global base oils production capabilities, and expand its own research and development activities and partnerships with original equipment manufacturers.

The transaction resulted in Saudi Aramco obtaining control of VGP Holdings LLC. Saudi Aramco accounts for acquisitions of subsidiaries using the acquisition method of accounting. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date. Due to the timing of the acquisition, the initial accounting for the business combination has not been completed at the time the consolidated financial statements were authorized for issuance.

(c) Private Sector Partnership Reinforcement Program ("Shareek")

On March 1, 2023, it was announced that Saudi Aramco executed the Shareek Support Framework Agreement (the "Agreement") with Shareek. The Agreement sets out the eligibility conditions that Saudi Aramco would need to satisfy in order to voluntarily apply for and receive incentives from Shareek. Saudi Aramco intends to utilize these incentives to expand its business and strengthen its supply chain in the Kingdom. To maintain eligibility for Shareek incentives, Saudi Aramco would need to, among other conditions, deploy certain of its capital and operational expenditure in the Kingdom until 2030. Any incentives received are subject to such eligibility conditions being met.

(d) Partial prepayment of deferred consideration to PIF

On March 7, 2023, the Company agreed with PIF to make a third partial prepayment of SAR 59,040 (\$15,744) on or before March 15, 2023. This partial prepayment will fully reduce the outstanding principal amount of SAR 13,125 (\$3,500) of the promissory note payable on or before April 7, 2024, and will partially reduce the outstanding principal amounts of the promissory notes payable on or before April 7, 2025, and April 7, 2026, by SAR 14,438 (\$3,850) and SAR 21,562 (\$5,750), respectively. The outstanding amounts of the loan charge promissory notes payable between 2024 and 2028, aggregating to SAR 18,375 (\$4,900), will also be fully reduced (Note 20). This partial prepayment will result in a gain of approximately SAR 4,635 (\$1,236).



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