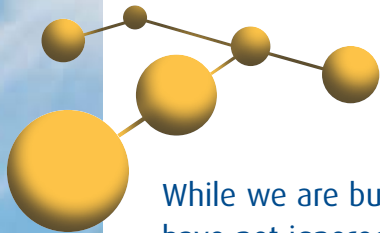


Raising Our Potential



While we are building assets and broadening our portfolio, we have not ignored the capacity building that is so essential to the company’s successful transformation. As we expand our business and geographical reach, the need to strengthen the talent pipeline and develop and retain a world-class workforce has never been more important. This is especially true in light of the shift in the company’s age demographic and the challenges it poses to bridge the knowledge gap across employee generations.

NEW SAUDI DIRECT HIRES



Programs are in place to enhance workforce planning, recruitment and retention. At the same time, we are continuing to build our training and development efforts to provide our people with the right learning opportunities. In addition, we are implementing performance management systems to enable us to evaluate and reward our employees appropriately and select leaders and professionals based on performance-based criteria. Offering our employees challenging career opportunities to enrich their learning will allow them to grow with the company.

TRAINING PROGRAMS ARE EVOLVING TO MEET THE NEEDS OF A MORE COMPLEX BUSINESS PORTFOLIO.

RAISING OUR POTENTIAL

OPERATIONAL HEALTH AND SAFETY

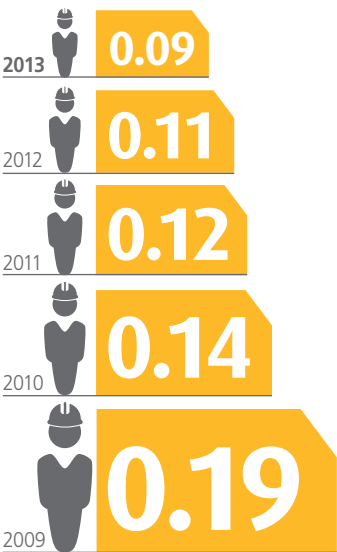
The hydrocarbon industry has inherent risks. Yet from its inception 80 years ago, the company has worked to embed safety as a core value in everything it does. A culture of safety is supported inside the company and promoted in our communities through a variety of initiatives that tackle our society’s most critical safety challenges. This safety culture will become even more important over time as Saudi Aramco increases the scale of its operations and ventures into new businesses such as petrochemicals and unconventional gas. Saudi Aramco was involved in several major safety initiatives during 2013 to both strengthen its safety culture and enhance safety across its operations, including:

- *Assessing and controlling risks: Risk-based safety management approaches identify hazards, analyze the risks associated with the hazards in terms of both consequences and likelihood, and assess measures to control the risks. The application of risk management principles, especially during the current period of expansion, can more effectively determine how to allocate resources to eliminate, mitigate or control risks.*
- *Improving safety standards, inspections and audits: The company introduced several new guides, standards and requirements related to safety management. A number of comprehensive risk-based inspections in line with industry recommended practices were conducted to ensure company operations meet those evolving standards.*
- *Conducting safety training and education: Our Safety Leadership and World-Class Safety Workshops equip management with the skills to be visible safety leaders and provide supervisors with practical tools to elevate safety in their operating areas to world-class levels.*

- *Recognizing safety achievements: The company’s Exceptional Safety Achievement Recognition Program recognized employees in 2013 for their contributions toward the development of proactive safety initiatives that made a positive impact on safety within their organizations and the company.*

As a result of these and numerous other safety initiatives, our lost-time injury (LTI) rate in 2013 dropped by 18.2 percent from 2012—and 25 percent from 2011—to 0.09 per 200,000 work hours. The second phase of Petro Rabigh has achieved 6 million accident-free work hours, and six other refineries reached between 1 million and 5 million accident-free work hours. This improvement was largely the result of rigorous in-the-field training and adherence to policies. For example, roughly every 50 workers at the Manifa project had a “safety man” during construction, and detailed evacuation plans have been put in place and well-rehearsed. Management at YASREF conducted 16 emergency drills and approximately 1,500 safety workshops for 32,000 individuals. In fact, such intensive safety procedures are standard across Saudi Aramco’s numerous facilities.

LOST-TIME INJURY RATE
(Lost-time injuries per 200,000 work hours)



445

CONTRACTOR
SAFETY PREQUALIFI-
CATIONS SINCE 2010

Promoting Safe Behavior to Our Contractors

Despite these positive achievements, there were also some serious safety failures in 2013, and Saudi Aramco has taken steps to address these deficiencies. Regrettably, we lost two company employees and 14 contractors this year in on-the-job incidents. We will continue to learn lessons from each of these tragic events, and the safety of our employee and contractor workforce will continue to be our foremost priority. The expansion of company facilities and operations over the past decade has resulted in more contractors working on company projects, and with these increased numbers, there is increased responsibility to ensure their safety. At the operational level, the key areas of focus include eliminating risky behavior, while at the same time stressing rigorous adherence to our safety standards and processes.

In 2013, contractor safety remained an important element of Saudi Aramco’s Safety Management System. The company issued a review guide for contractor site safety that outlined the necessary safety reviews for long-form capital construction contracts. To ensure that contractors meet company expectations regarding safety, the company implements strict requirements during the contractor selection and monitoring processes, including contractor safety prequalification and on-site safety performance monitoring. We also held contractor safety seminars and a Contractor Safety Symposium to address contractor-related safety initiatives and standards to improve communication on safety-related matters between contractor management and the company.



PROFESSIONAL DEVELOPMENT

Saudi Aramco coordinated with KFUPM and Dammam Community College to introduce a new degree program titled “Associate of Applied Science Degree in Safety Technology,” making it available to company employees through a new sponsorship program. The degree is a three-year program, including a foundation year. The program was launched successfully in November 2013 with nine qualified company enrollees across company business lines. This type of program is the first to be introduced within the Kingdom and will be highly beneficial for those candidates who will eventually graduate and be prepared to become safety technicians supporting operations.

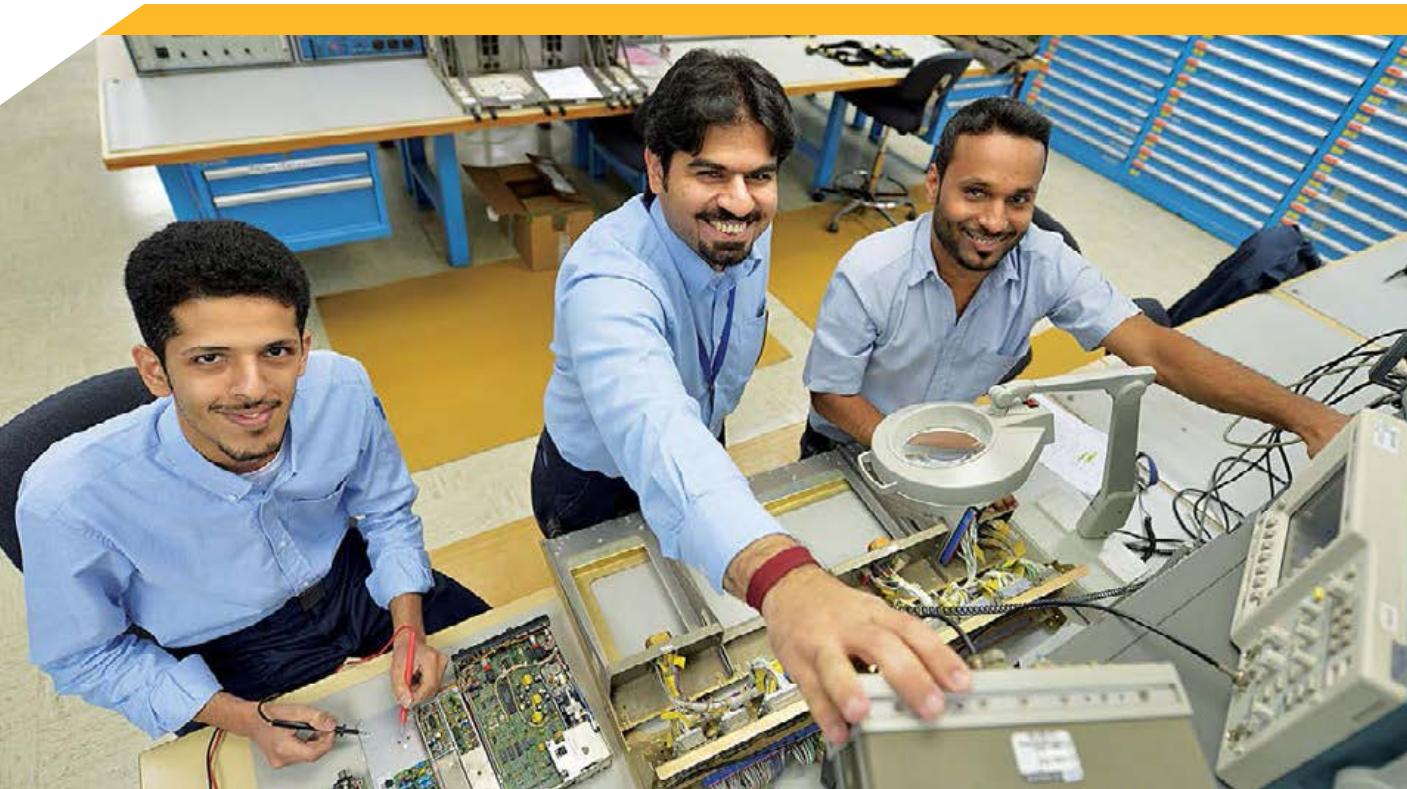
The Saudi Aramco Professional Development Academy (SAPDA) is a six-week corporate onboarding program for newly hired young professionals. The program is based on four cornerstones: Business Communication, Professional Leadership, Community Service, and Health and Safety. Participants attend workshops, interactive sessions, Leader as Teacher events, site visits and field trips. In addition, they apply learning through team projects. Accomplishments are showcased at the end of the program through a participant-led showcase

and graduation event attended by company management. In 2013, a total of 395 participants graduated from the program. Major accomplishments in 2013 included the introduction of a foundational workshop on Emotional Intelligence and the rollout of a new Project Management workshop developed in-house. The overall participant satisfaction level for the SAPDA program in 2013 was 82 percent.

GRADUATES FROM SAUDI ARAMCO PROFESSIONAL DEVELOPMENT ACADEMY



RAISING OUR POTENTIAL



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THIS TRAINING PROGRAM (YASREF TRAINEES WORKING IN A MOTIVA FACILITY) IS A GREAT EXAMPLE OF INFORMATION SHARING THROUGHOUT THE GREATER SAUDI ARAMCO ENTERPRISE. WE ARE UTILIZING THE KNOWLEDGE AND EXPERIENCE IN ONE JOINT VENTURE TO DEVELOP THE SAME IN A NEW JOINT VENTURE.—NABEEL AMUDI, PRESIDENT, SAUDI REFINING INC.

”

A new Accelerated Development Program for Young Engineers, 14 weeks in duration, aims to address the on-boarding development needs of new engineers, increase technical competency and bridge the talent gap for new hires in an accelerated manner. The Maintenance, Gas & NGL Processing and Oil Processing program elements have been developed and were launched in September 2013 in collaboration with the French Institute of Petroleum.

Sadara Training Program

Our European affiliate, Aramco Overseas Company (AOC), in 2013 supported approximately 150 on-the-job trainees from Sadara who are on assignment with venture partner The Dow Chemical Company at locations in the

Netherlands, Germany and Portugal. At year-end, 14 trainees had successfully completed their training assignments and returned to Saudi Arabia.

YASREF Training Program

In 2013, the Motiva joint venture in the United States implemented a program to train Saudi refining professionals to operate state-of-the-art equipment similar to that being installed at the YASREF refinery in Saudi Arabia. Three separate groups of trainees, mostly in their early 20s, were assigned to Motiva’s Port Arthur refinery in Texas to learn how to operate and maintain a delayed coker unit, which heats residual oil from the refining process to maximize the recovery of valuable liquid hydrocarbons to produce petroleum coke,

primarily used for fuel. The newly built delayed coker unit at Motiva is similar to the new unit being constructed at YASREF. The trainees received maintenance training, in-the-field operations training, and learned the skills that will enable them to work productively and safely at the plant.

By working with the world’s top technologies, the trainees are the “pioneers” of YASREF. Many will eventually impart their knowledge to others and have the opportunity to become supervisors and foremen. When fully staffed, the YASREF refinery will have about 500 operators and maintenance technicians, of which 250 to 300 will be working with delayed coker units.

Leadership Engine

Developing our human resources remains the key strategy for building our corporate capacity, expanding our business portfolio and creating growth opportunities for our employees. Saudi Aramco’s Leadership Engine is part of a set of a development pipelines for leaders at all levels, designed to help the organization create a culture where innovation and creativity

“

THE PROGRAM IS PART OF A SET OF A DEVELOPMENT PIPELINES FOR LEADERS AT ALL LEVELS, WHICH WILL HELP THE ORGANIZATION TO CREATE A CULTURE WHERE INNOVATION AND CREATIVITY ARE VALUED AND ALL EMPLOYEES ARE RECOGNIZED FOR THEIR CONTRIBUTIONS. BY CREATING AN OPEN AND TRUSTING CLIMATE, LEADERS WILL BETTER UNDERSTAND THE ASPIRATIONS OF TEAM MEMBERS AND HELP THEM TO DEVELOP TO THEIR FULL POTENTIAL.”

DANIELA KING, LEADERSHIP ENGINE

“THIS IS NOT LIKE ANY COURSE WE’VE ATTENDED. OUR WHOLE STYLE OF THINKING HAS CHANGED. FAHAD AL-SHAMMARY, FOREMAN, KHURSANIYAH GAS PLANT

”

are valued and all employees are recognized for their contributions. The completion of a five-month pilot project may well signify the beginning of a new era in shaping the development of our leaders of tomorrow. Initiated by a proposal generated by the Leadership Engine team, the program plans to provide industrial unit heads with a set of leadership tools to lead and inspire high-performing teams. The program took 18 unit heads on an extended developmental leadership journey, providing focused learning sessions, monthly business applications and supportive coaching sessions.



RAISING OUR POTENTIAL



FOSTERING INNOVATION

As Saudi Aramco continues to expand its portfolio, it is imperative that the company is at the forefront of technologies that maximize hydrocarbon recovery as well as supporting expansion into chemicals and higher-value derivatives. We're pushing forward from a traditional role as buyers and consumers of technology to our new global technology and R&D strategy. Saudi Aramco filed 152 patents in 2013 with the U.S. Patent and Trademark Office. The company was also granted 57 patents, only one short of the all-time company record set the previous year.

We envision becoming an enabler and creator of new technologies, and we are leveraging our new network of satellite research centers in North America, Europe and Asia to achieve this vision. In the past 18 months, the company and its subsidiaries have made substantial progress in its global R&D program, opening new research centers at the King Abdullah University of Science and Technology on the Red Sea in Thuwal, Saudi Arabia, and internationally in Aberdeen, Cambridge (Massachusetts), Delft, the Netherlands, Paris and, in the near future, Beijing. The two other U.S.-based centers will be officially inaugurated in 2014 in Houston and Detroit. We

IDEAS SUBMITTED THROUGH
IDEA MANAGEMENT SYSTEM

2013
6,201

PATENTS GRANTED BY
U.S. PATENT AND
TRADEMARK OFFICE

2013
57®



SPONSORING INNOVATIVE RESEARCH: In 2013, Zeid Al Ghareeb, a Saudi Aramco sponsored student pursuing a Ph.D. in Petroleum Engineering at the Massachusetts Institute of Technology, was awarded a Seed Fund grant of \$150,000 for doctoral research from the MIT Energy Initiative (MITEI). The proposed research was endorsed by founding and sustaining members of the MITEI including Saudi Aramco, BP, Shell, Schlumberger and Chevron, among many others. Al Ghareeb was recognized for his research titled "Optimum Decision Making in Reservoir Management Using Reduced-Order Models." Al Ghareeb's research focuses on broadening the application of oil reservoir simulation for decision making in light of geological, operational and financial uncertainties using fast, physics-based reduced-order models

are working with the Korea Advanced Institute of Science and Technology to pursue a broad-based, long-term carbon management program, investigating carbon capture as well as its conversion into useful products.

An equally important driver of the R&D program is the role it will play in strengthening the Kingdom's research capacity, as well as the commercialization and manufacturing of company technologies. A core outcome of the global network is the ability to bring benefit to the Kingdom of Saudi Arabia through innovations that foster growth. Strategically located in geographic centers of excellence, the centers are ideally situated to access novel ideas and tap global talent wherever particular strengths may lie. The network aligns with and advances the groundbreaking work being conducted at our Exploration and Petroleum Engineering Center's Advanced Research Center and our Research and Development Center, both based in Dhahran.

We are also pursuing a myriad of research and technology development programs. We continue to establish partnerships with esteemed academic institutions such as King Fahd University of Petroleum and Minerals (KFUPM), King Abdullah University of Science and Technology (KAUST), the Massachusetts Institute of Technology (MIT) and the Georgia Institute of Technology in Atlanta in the U.S.

We also directly sponsor, at full cost to the company, more than 2,000 undergraduate and post-graduate university students through our College Degree Program for Saudi Aramco employees and non-employees. Supported by our Houston-based affiliate Aramco Services Company (ASC), the program is responsible for 1,129 Saudi Arabian students in 163 universities throughout North America. Of those, 780 students are earning a bachelor's degree and 35 are earning an associate degree as part of the non-employee program. The remaining students are employees, and 307 are earning graduate degrees while seven are earning associate degrees.

Supporting our efforts to accelerate the development and deployment of technology is the Saudi Aramco Energy Ventures subsidiary (SAEV). Its mission is to invest globally in startup and high-growth companies with technologies that are of strategic importance to the company, particularly with respect to its downstream operations.

Within Saudi Aramco, we continue to strengthen and sustain a robust, creative and innovative organizational culture. Our state-of-the-art Idea Management System is paramount to administering our innovation portfolio. The system enables higher-quality ideas, improves idea tracking and reporting, and provides a platform for innovation campaigns.



RAISING OUR POTENTIAL



EXPANSION OF EMPLOYEE ENGAGEMENT

Generation Y—those born after 1980—currently make up about 25 percent of our workforce. By 2020 they will be the largest demographic in Saudi Aramco and represent the company’s leaders of tomorrow. Therefore, it is imperative that we engage these individuals in our strategic transformation process and ensure that their voices are heard as we move forward.

25 PERCENT OF SAUDI ARAMCO WORKFORCE BORN AFTER 1980



The Young Leaders Advisory Board (YLAB) was created in 2011 as an agent of change and sounding board for the company throughout the company’s transformation. YLAB’s mission is to engage and inspire Saudi Aramco’s young population and serve as an active resource, providing solutions that drive the company toward achieving the Strategic Intent.

YLAB is comprised of male and female employees aged 35 and under. Currently YLAB consists of 16 Saudi Aramco employees, two of whom are full-time coordinators temporarily assigned to Saudi Aramco’s Strategic Transformation Office for a term of 1.5 years. Members are a diverse group of individuals representing different business lines, salary levels, educational backgrounds and geographical areas. The YLAB team supports and executes projects that provide generational perspective and allow the company’s youth population to actively participate in the strategic transformation.



6,546 Employees receiving leadership training

Support Services

As a global, integrated energy enterprise, Saudi Aramco relies on a wide variety of support services across the company. Hard-working employees from organizations such as Marine, Transportation, Law, Finance, Corporate Planning and Human Resources (among many others) play a critical role in realizing the company’s full potential.

Saudi Aramco’s Information Technology organization plays a key role in enabling the success of the company. In 2013, Information Technology conducted more than 15 workshops and security briefings Kingdom-wide to highlight lessons learned from the 2012 cyber-security incident at Saudi Aramco and shared recommendations on implementing security controls based on international standards and practices. Organizations and business partners participating in the workshops included: the Saudi Electricity Company, the Capital Market Authority, the Saudi Arabian Monetary Agency, numerous Saudi banks, the Yanbu’ Royal Commission, SABIC, and joint ventures SAMREF, Luberef and YASREF, the Saudi Arabian Mining Company (Ma’aden), KFUPM and the Public Pension Agency.

ETHICS AND INTEGRITY

Saudi Aramco prides itself on being the world’s largest oil company and for being one of the most respected. It is our reputation for reliability, our ability to deliver on our commitments, our good governance and our culture of innovation and teamwork that have made us among the most admired companies in the world. As our future business activities and operations substantially grow in scale and complexity, it is crucial that we continue to earn the reputation we have built over the past eight decades.

Saudi Aramco has always maintained the highest ethical and legal standards in the way it conducts its business, and firmly believes that the foundation of corporate integrity is personal integrity.

Code of Conduct

Our Business Conduct Handbook summarizes the principles and standards that enable each and every employee to preserve and build on Saudi Aramco’s proud legacy, such as correct workplace conduct and personal accountability. It supplements various corporate manuals and outlines the company’s policies on conflict of interest, financial integrity, workplace harassment, fair practices, safety, health and the environment, safeguarding assets and

information, and employee responsibility. It essentially reaffirms the guiding principles by which Saudi Aramco has achieved extraordinary success.

Anti-Corruption

In addition to the policies outlined in the Business Conduct Handbook, Saudi Aramco’s robust Conflict of Interest and Business Ethics Policies are mandatory and are agreed to by each of its employees. The policy is proactively communicated to line and executive management, potential candidates and regular employees through various activities. Internal communication and reporting channels have been established to allow employees and third parties to report business ethics violations. A General Auditor Hotline is available to provide a secure and confidential venue for employees and outsiders to report suspected fraud, unethical conduct and irregularities.

At Saudi Aramco, we conduct intensive internal programs designed to increase ethical awareness and integrity among our personnel, while ensuring effective auditing and enforcement capabilities are in place to prevent fraud and abuse. In 2013, Saudi Aramco focused its internal fraud prevention and awareness campaign on defining gray areas, analyzing several ethical scenarios, and introducing means to

RAISING OUR POTENTIAL



ABQAIQ IS THE LARGEST CRUDE OIL STABILIZATION PLANT IN THE WORLD.

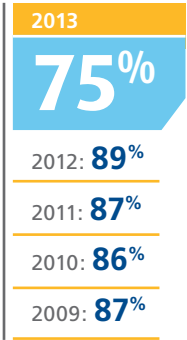
VALUE OF MATERIAL PROCUREMENT SPENDING
(in millions) AWARDED TO LOCAL MARKET



VALUE OF SERVICE PROCUREMENT *(in millions)* AWARDED TO LOCAL COMPANIES



PERCENTAGE OF MATERIAL PROCUREMENT SPENDING AWARDED TO LOCAL MARKET



PERCENTAGE VALUE OF SERVICE PROCUREMENT AWARDED TO LOCAL COMPANIES



reach the best ethical decisions. The campaign visited more than 10 sites, conducted more than 80 sessions with approximately 4,300 people, and established a partnership with five administrative areas.

Global Suppliers

Through Corporate Purchase Agreements (CPAs) with global suppliers, Saudi Aramco aims to better leverage our combined materials and service expenditures, not only to obtain better pricing, but also to promote more local manufacturing (up to 50 percent by 2018), higher Saudization levels (up to 70 percent by 2018) and increased foreign investment. The company obligates global service contractors and suppliers to hire Saudi nationals from the day contracts become effective. In addition, contractors are also obligated to increase the Saudi manpower yearly during the course of the contract. To ensure compliance, Saudization is part of both prequalification and technical evaluation on all long-term contracts.

In 2013, the company signed CPAs with four leading global suppliers to cover materials and services for drilling completion equipment. These agreements, valued at over \$4 billion, mark a major milestone in the evolving partnerships between Saudi Aramco and its strategic partners.

LOCALIZATION

Saudi Aramco values our relationship with local suppliers as key to our ongoing success, and we have implemented several initiatives to help develop a competitive local industry. The approach to developing local manufacturing and higher Saudization levels is threefold:

- *Secure longer-term purchasing agreements with local manufacturers by providing them with a business stream that fosters their long-term viability.*
- *Provide technical support to improve new manufacturers' technical abilities ensuring they bring production up to international standards and specifications.*
- *Encourage local manufacturers and service providers to increase their Saudization levels.*

Examples include contract negotiations requiring certain suppliers to build local manufacturing facilities, close collaboration with service providers to meet or exceed their workforce Saudization targets, ensuring compliance through prequalification and technical evaluation of all long-form contracts. One of the major enhancements of the standard contract template is the creation of a new schedule that standardizes Saudization terms and conditions to ensure consistent and effective implementation of Saudization requirements.

Our Annual Suppliers Forum was conducted in Dammam with more than 1,000 participants. The intent of the forum was to advance excellence in the Saudi Aramco supply chain, increase suppliers' awareness of the Saudi Aramco Supplier Performance Metrics and provide an opportunity to interact with suppliers.

Supplier Code of Conduct

Saudi Aramco is committed to conducting business in an ethical manner and has established the Supplier Code of Conduct to ensure our suppliers and contractors share these commitments. Saudi Aramco suppliers include vendors, manufacturers, contractors and sub-contractors who are registered with Saudi Aramco and seeking to provide goods, services, or personnel (including consultants) to Saudi Aramco, or are currently parties to agreements for such purposes with Saudi Aramco or one of its contractors.

Saudi Aramco suppliers must comply with all applicable laws, codes and regulations as set forth in procurement documents. In addition, the Supplier Code of Conduct outlines mandatory policies on environmental, health and safety issues, fair trade practices, ethical sourcing, conflicts of interest, bribery, kickbacks, gifts and fraud, monitoring and compliance. Saudi Aramco's Supplier Code of Conduct helps promote ethics across the Kingdom's private sector and assures our suppliers that we hold ourselves to those same standards.