



In-Kingdom Total Value Add (IKTVA) Program

Creating Value in the Kingdom

IKTVA Workshop – 2017 First Time Filers



Introducing the
In-Kingdom Total Value
Add Program (IKTVA)

IKTVA Overview

iktva

IKTVA is a program,
not a metric

IKTVA will work with
suppliers in a new
way for success

IKTVA is a Saudi Aramco
Strategic Imperative

Saudi Aramco vision is to enable a
globally competitive Saudi
Industrial Base

2021 TARGETS ARE:



70% Local Content



Thousands of Jobs



30% Exports



strengthening the value chain



HRH Prince Saud bin Nayef bin Abdulaziz accepts from Amin Nasser a model of a drill bit from a machine entirely made in Saudi Arabia during the launch of iktva. The program was launched yesterday in Dammam.

Saudi Aramco launches In-Kingdom Total Value Add program

Dammam — Designed to increase investment, economic diversification, job creation, and workforce development within the Kingdom, Saudi Aramco on Tuesday launched the In-Kingdom Total Value Add (IKTVA) program.

The program will increase local content development of the supply chain in support of the company's growth and Kingdom economic diversification objectives. Its goal is to double the production of locally manufactured energy-related goods and services contracted

by Saudi Aramco to 70%, as well as increase the exporting of Saudi-made energy goods and services to 30% by 2021.

Tuesday's launch ceremony was held under the patronage of HRH Prince Saud bin Nayef bin Abdulaziz, Governor of the Eastern Province.

"IKTVA will create win-win, mutually beneficial partnerships between Saudi Aramco and our suppliers," said Amin Nasser, president and CEO. "The scale of our diversified

energy business and associated capital expenditure programs clearly creates significant opportunities for those suppliers ready, willing, and able to invest in Saudi Arabia and partner with Saudi Aramco on a long-term, sustainable basis."

IKTVA will also prioritize workforce development and help create direct and indirect jobs for Saudis in energy-related sectors.

see page 3

iktva creating value together in the Kingdom

The In-Kingdom Total Value Add (IKTVA) program promotes local content development, leading to higher levels of Saudization and local spending to boost the Kingdom's economy, capabilities, and supply chain.

What is iktva?

- 1 It is a strategic imperative for Saudi's sustainable development
- 2 It works with suppliers, for long-term, mutual benefit
- 3 It is a value-creation program



our goals by 2021



70%
Local Content

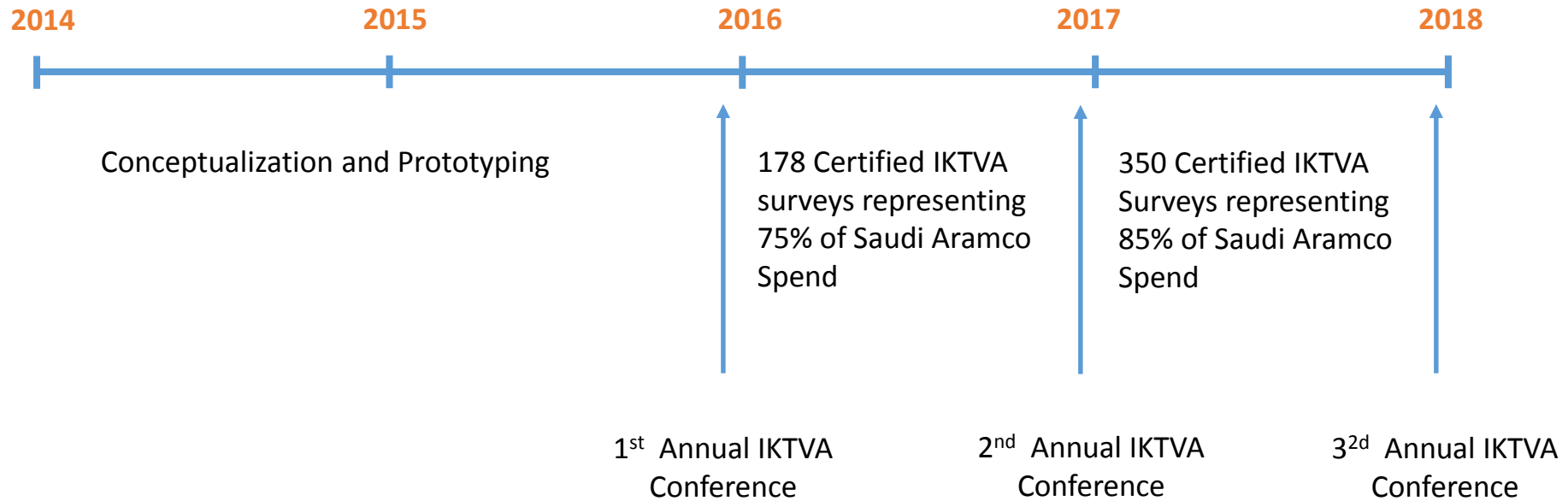


30%
Exports



70%
Exports

IKTVA Timeline



Creating Value in the Kingdom



IKTVA within Saudi Aramco Policy

SAUDI ARAMCO POLICY STATEMENT

PROCUREMENT RESPONSIBILITY

Policy Statement

Materials Supply is the sole Company agency responsible for the procurement of materials and services except as delegated by Corporate Management or as provided for in approved policies and contractual arrangements. This responsibility includes the management of the Company's relationships with its suppliers.

Regulations

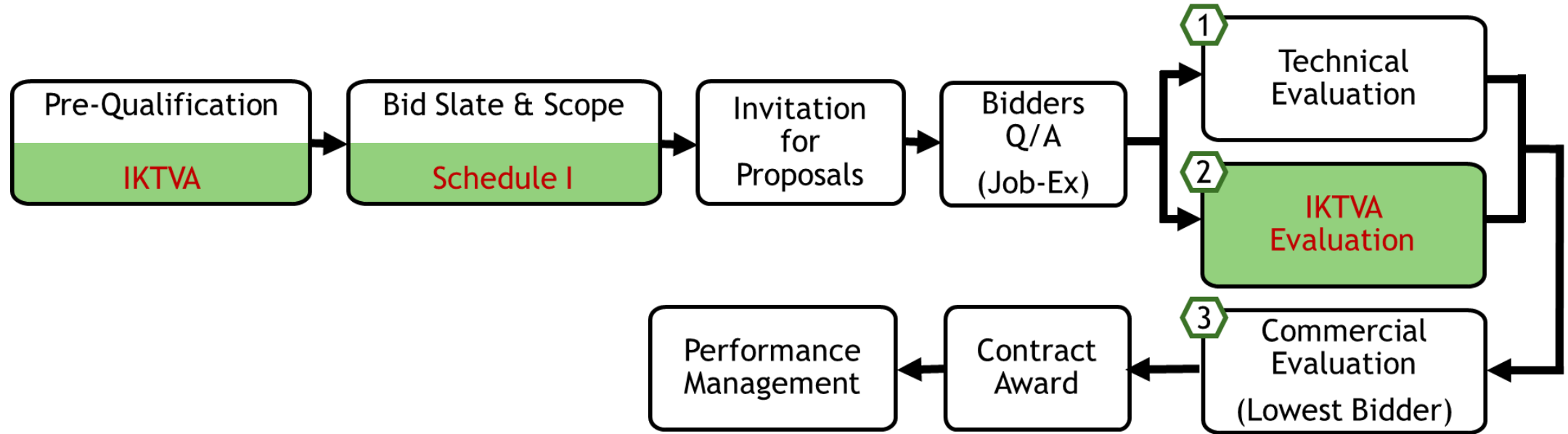
1. The Company will ensure reliable, safe, and cost-effective worldwide supply chain capabilities to support uninterrupted operations.
2. The Company will maintain a commercial environment that will attract highly qualified, competitive suppliers, with full compliance with the applicable laws in the area of operation.
3. The Company has a long term commercial interest in developing local supply chain capabilities and supporting industries. Therefore, the Company encourages the development of a strong local supplier community in its areas of operations. To meet this objective, value-adding Saudi Arabian supply sources will be used preferentially when technically and commercially viable.
4. The Company will proactively identify and utilize all surplus materials. Materials Supply will act as the sole agency for all sales of Company excess materials and equipment.

DATE: 7/6/15 DATE: 8/2/15

RECOMMENDED: [Signature] APPROVED: [Signature]
Secretary President and
Management Committee Chief Executive Officer

“The Company has a long term commercial interest in developing local supply chain capabilities and supporting industries. Therefore, the Company encourages the development of a strong local supplier community in its areas of operations. To meet this objective, **value-adding Saudi Arabian supply sources** will be used preferentially when technically and commercially viable.”

IKTVA in Procurement Process



1. No Change in technical evaluation process
2. An iktva evaluation step has been established
3. No change in commercial evaluation process

IKTVA Formula

The objective is to drive key activities towards localization and job creation, which will be assessed against the following metrics:

- A. Localized goods and services (\$)
- B. Salaries paid to Saudis (\$)
- C. Training & Development of Saudis (\$)
- D. Supplier Development Spend (\$)
- r. Local Research and Development (\$)
- X. Export Revenue Factor (%)

E. In relation to revenue

Supplier IKTVA Formula

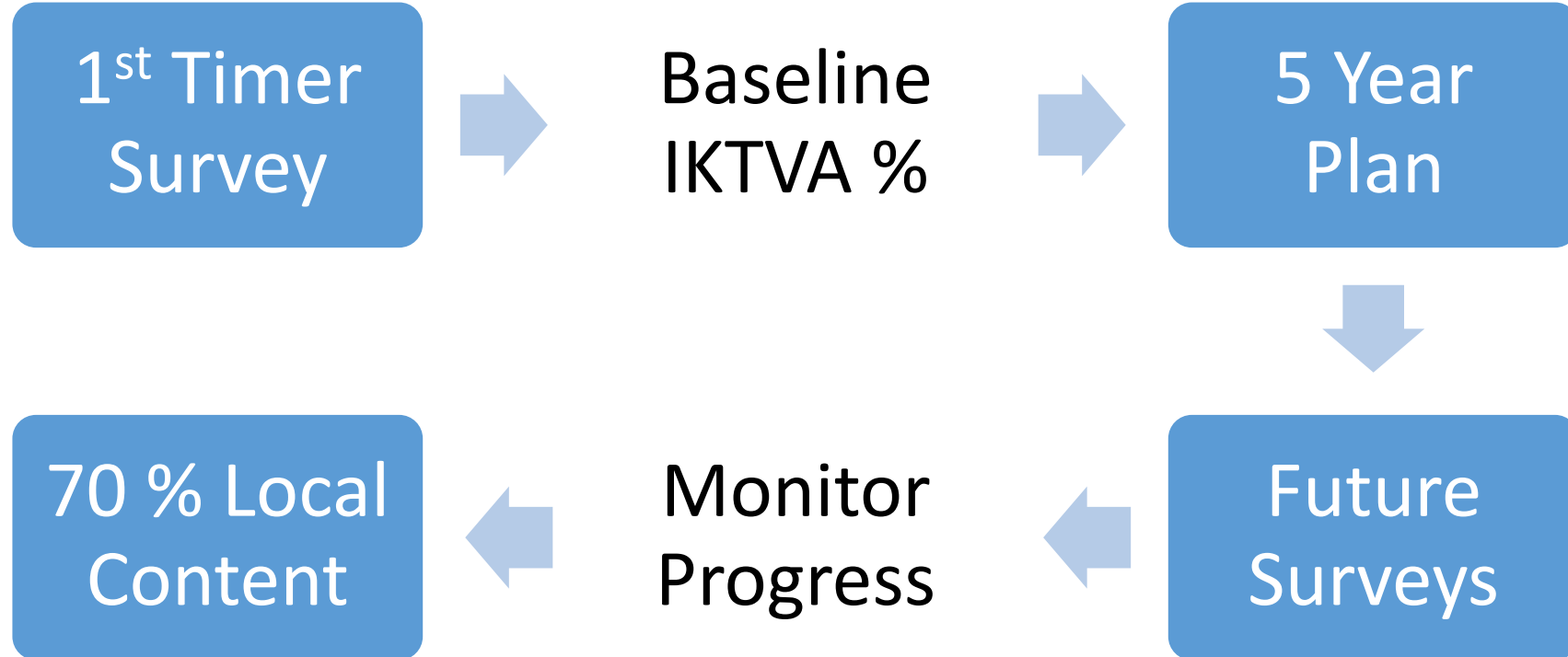
$$\% \text{ IKTVA} = \left[\frac{A+B+C+D+r}{E} \right] + X$$

$$X = \left[\frac{\text{Export Revenue as a \% of Total Revenue}}{30\% \text{ Export Target}} \right] * 10\% \text{ points (max of 10\%)}$$

DEFINITION

The IKTVA program drives, measures and monitors the “added-value” brought to the Kingdom by a supplier.

IKTVA in Action



IKTVA Survey Worksheet

ABC Company		31-Dec-15		31-Dec-16		31-Dec-17	
In-Kingdom Total Value Add (IKTVA) Survey (\$US)		Saudi Aramco	Total KSA	Saudi Aramco	Total KSA	Saudi Aramco	Total KSA
1.0 In-Kingdom (IK) Based Revenue							
IK Based Customers Served by IK Operations	Sales to all IK customers (KSA includes sales to Saudi Aramco) from operations based IK.	\$11,200,000	\$31,000,000	\$12,000,000	\$38,400,000	\$20,000,000	\$48,000,000
IK Based Customers Served by out-of-Kingdom (OOK) Operations	Sales to all IK customers from operations based OOK.	\$14,000,000	\$15,000,000	\$18,000,000	\$18,000,000	\$12,000,000	\$20,000,000
Export Sales	Sales from IK operations to OOK customers.		\$1,000,000		\$1,600,000		\$2,000,000
Total Revenue		\$25,200,000	\$47,000,000	\$30,000,000	\$58,000,000	\$32,000,000	\$70,000,000
2.0 In-Kingdom Goods, Services & Depreciation/Amortization							
Goods & Services	Portion of goods and services purchased from in-Kingdom suppliers related to the revenue generated from in-Kingdom based sales (see above). Total KSA number is derived directly from the Supplier Table tab.	\$2,100,000	\$6,000,000	\$2,418,000	\$8,060,000	\$4,000,000	\$10,000,000
Depreciation & Amortization	Portion of depreciation/amortization from fixed assets acquired from IK suppliers. Total KSA number is derived directly from the Depreciation Tab (Section 1f).			\$0	\$0	\$80,000	\$200,000
Total		\$2,100,000	\$6,000,000	\$2,418,000	\$8,060,000	\$4,080,000	\$10,200,000
3.0 Saudi Compensation							
Number of Saudi National Employees	Headcounts should be taken from year end GOSI report.	28	80	30	100	60	150
Total Number of IK Employees (All)			225		268		330
Total Saudi National Salaries, Wages, and Benefits	Compensation amounts for the year including salaries & wages, bonuses, housing, and transportation including compensation for all Saudis, including Saudis working OOK. Excludes costs related to SPSP, interns and co-ops (these costs should be included in Training & Qualification).	\$980,000	\$2,800,000	\$1,050,000	\$3,500,000	\$2,400,000	\$6,000,000
Average Compensation / Saudi		\$35,000	\$35,000	\$35,000	\$35,000	\$40,000	\$40,000
4.0 Training & Development of Saudis							
Headcount	Number of Saudi participating in technical training & qualification activities (both IK and OOK).		22		20		75
Training & Development Costs	Training, development and qualification expenses related to Saudi Nationals.	\$17,500	\$50,000	\$30,000	\$100,000	\$200,000	\$500,000
5.0 Supplier and Customer Development							
	Costs incurred by company to support development of IK supply chain capabilities.	\$0	\$0	\$0	\$0	\$120,000	\$300,000
6.0 In-Kingdom Research & Development							
	IK Portion from Section 7	\$0	\$0	\$0	\$0	\$80,000	\$200,000
Pre-Export IKTVA Ratio		12%	19%	12%	20%	22%	25%
Export Revenue Factor						1%	1%
Final IKTVA Ratio		12%	19%	12%	20%	22%	26%
Saudization %			36%		37%		45%
7.0 In-Kingdom Investments							
Total Capital Expenditures	See Capital Expenditures worksheet		\$0		\$0		\$5,000,000
Total Research & Development Expenses	Operating expenses related to research and development activities conducted in-Kingdom, including costs of expats and those incurred with OOK suppliers.						
	IK Portion		\$0		\$0		\$200,000
	OOK Portion		\$0		\$0		\$300,000
	Total R&D		\$0		\$0		\$500,000

- 3 years provided to create baseline
- Report both Saudi Aramco and Total KSA (including Saudi Aramco)

General Instructions

1. All financial amounts should be reported in USD.
2. Amounts reported should correspond to the company's fiscal year end.
3. Assumptions and calculation methodologies utilized should be consistent with prior years and with recognized accounting standards.
4. Amounts should not be double counted. For example, if Training Costs are listed, these costs should not also be included in Goods and Services or Payroll.
5. For JVs and subsidiaries, incorporate Parent's share of operations into their own IKTVA calculation – **in general one consolidated submission** per parent company
 - Talk to us if you have questions or want to submit individually
 - Intercompany transactions should be eliminated
6. Reports will be submitted annually
7. Create supporting documentations similar to that used in financial audits.
8. Use the right survey tool
 - First time filer survey
 - Repeat filers

Company Information

Company Contact Information	
Company Name:	Name of Company
Fiscal Year End:	12/31/2017
Address:	
Comm Reg#	
Vendor ID#s	
Contact Person	
Name:	
e-mail:	
Office #:	
Mobile #:	

2. Please provide a brief description of the types of goods and services provided to Saudi Aramco and other KSA customers:

3. Please provide a brief overview of the company's actions and accomplishments to support and promote IKTV and Saudization.

4. Please list the city and country of any of the company's operations that provide goods and services to customers located in KSA:

5. Please complete the table below for companies that are affiliated or related (subsidiary, JV, etc.) to your company that are included in the IKTV calculations:

Vendor ID #	Company Name	Ownership %	Co-Owner Name
Types of G&S			
IKTV Progress			

Affiliates Included

Operating Locations

Category E – Section 1.0: Revenue

		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
1.0 In-Kingdom (IK) Based Revenue			
IK Based Customers Served by IK Operations	Sales to all IK customers (KSA includes sales to Saudi Aramco) from operations based IK.	\$20,000,000	\$48,000,000
IK Based Customers Served by out-of-Kingdom (OOK) Operations	Sales to all IK customers from operations based OOK.	\$12,000,000	\$20,000,000
Export Sales	Sales from IK operations to OOK customers.		\$2,000,000
Total Revenue		\$32,000,000	\$70,000,000

Includes revenue from Aramco

- Includes company-wide revenue including affiliates
 - IK sourced
 - OOK sourced
- For partially owned entities of the company, partial credit is given
- Saudi Aramco Revenue:
 - Includes indirect revenue through agents and EPC revenue
 - Excludes partially owned subsidiaries and JVs
- Saudi Aramco revenue amounts should be confirmed with Saudi Aramco through IKTVASurveyinfo@aramco.com

Revenue Ratio
\$20 mil / \$50 mil = 40%

Category A – Section 2.0 – Goods and Services

NARJES.MOHSEN		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
Goods & Services	Portion of goods and services purchased from in-Kingdom suppliers related to the revenue generated from in-Kingdom based sales (see above). Total KSA number is derived directly from the Supplier Table tab (Section 8).	\$4,000,000	\$10,000,000
Depreciation & Amortization	Portion of depreciation/amortization from fixed		\$200,000
Total			\$10,200,000

Goods & Services ≠ COGS or COS

Category A – Section 2.0 – Goods and Services

NARJES.MOHSEN		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
Goods & Services	Portion of goods and services purchased from in-Kingdom suppliers related to the revenue generated from in-Kingdom based sales (see above). Total KSA number is derived directly from the Supplier Table tab (Section 8).	\$4,000,000	\$10,000,000
Depreciation & Amortization	Portion of depreciation/amortization from fixed		\$200,000
Total			\$10,200,000

Goods & Services = IK COGS/COS + SG&A + R&D

Category A – Section 2.0 – Goods and Services

		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
Goods & Services	Portion of goods and services purchased from in-Kingdom suppliers related to the revenue generated from in-Kingdom based sales (see above). Total KSA number is derived directly from the Supplier Table tab (Section 8).	\$4,000,000	\$10,000,000
Depreciation & Amortization	Portion of depreciation/amortization from fixed assets acquired from IK suppliers. Total KSA number is derived directly from the Depreciation Tab (Section 11).	\$80,000	\$200,000
Total		\$4,080,000	\$10,200,000

Include:

- Selling, marketing, and other administration and other operating cost
- Financing charges
- Insurance
- Expat benefits (if from IK provider)

Exclude:

- Taxes, customs, duties, zakat, withholding taxes, iqama/visa fees
- Cost included in other sections
- Capital expenditures

Section 8.0 – Top in-Kingdom Suppliers

8.0 Top In-Kingdom Suppliers¹

						31-Dec-17				
Supplier Name	Commercial Registration Number	Brief Description of the Types of Materials/Service Provided	Business Segment	Produced Locally or Imported? (Materials Only)	IKTVA Ratio Source (Estimated or Provided)	Saudi Aramco Portion %	Total Purchases from IK Suppliers	Supplier's IKTVA Ratio	In-Kingdom Portion	Saudi Aramco Portion \$
Industrial Fabrication Company (IFC)	1234567892	Fabricated pressure vessels	Static Equipment Manufacturing	Locally Produced	Estimated	40%	\$10,000,000	30%	\$3,000,000	\$1,200,000
SOS Company	9876543216	Security Services	Security Services	NA - Service	Estimated	40%	\$1,500,000	70%	\$1,050,000	\$420,000
T&A for telecommunications	1478523695	Telecommunications Services	Utilities	NA - Service	Estimated	40%	\$650,000	80%	\$520,000	\$208,000
Alseef Catering Company	7412589639	Catering	Food Industry & Catering	NA - Service	Estimated	40%	\$450,000	40%	\$180,000	\$72,000
Elias Trading Company	9632587413	Valves	Trading Company	Imported	Estimated	40%	\$300,000	0%	\$0	\$0
						40%	\$0	0%	\$0	\$0
						40%	\$0	0%	\$0	\$0
Financing Costs						40%	\$500,000	70%	\$350,000	\$140,000
Expats Benefits						40%	\$1,000,000	40%	\$400,000	\$160,000
Other						40%	\$4,500,000	100%	\$4,500,000	\$1,800,000
Total²							\$18,900,000		\$10,000,000	\$4,000,000

76%

>
70%

Category A – Section 2.0 – Goods and Services

		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
Goods & Services	Portion of goods and services purchased from in-Kingdom suppliers related to the revenue generated from in-Kingdom based sales (see above). Total KSA number is derived directly from the Supplier Table tab (Section 8).	\$4,000,000	\$10,000,000
Depreciation & Amortization	Portion of depreciation/amortization from fixed assets acquired from IK suppliers. Total KSA number is derived directly from the Depreciation Tab (Section 11).	\$80,000	\$200,000
Total		\$4,080,000	\$10,200,000

8.0 Top In-Kingdom Suppliers¹

						31-Dec-17				
Supplier Name	Commercial Registration Number	Brief Description of the Types of Materials/Service Provided	Business Segment	Produced Locally or Imported? (Materials Only)	IKTVA Ratio Source (Estimated or Provided)	Saudi Aramco Portion %	Total Purchases from IK Suppliers	Supplier's IKTVA Ratio	In-Kingdom Portion	Saudi Aramco Portion \$
Industrial Fabrication Company (IFC)	1234567892	Fabricated pressure vessels	Static Equipment Manufacturing	Locally Produced	Estimated	40%	\$10,000,000	30%	\$3,000,000	\$1,200,000
SOS Company	9876543216	Security Services	Security Services	NA - Service	Estimated	40%	\$1,500,000	70%	\$1,050,000	\$420,000
T&A for telecommunications	1478523695	Telecommunications Services	Utilities	NA - Service	Estimated	40%	\$650,000	80%	\$520,000	\$208,000
Alseef Catering Company	7412589639	Catering	Food Industry & Catering	NA - Service	Estimated	40%	\$450,000	40%	\$180,000	\$72,000
Elias Trading Company	9632587413	Valves	Trading Company	Imported	Estimated	40%	\$300,000	0%	\$0	\$0
						40%	\$0	0%	\$0	\$0
						40%	\$0	0%	\$0	\$0
Financing Costs						40%	\$500,000	70%	\$350,000	\$140,000
Expats Benefits						40%	\$1,000,000	40%	\$400,000	\$160,000
Other						40%	\$4,500,000	100%	\$4,500,000	\$1,800,000
Total²							\$18,900,000		\$10,000,000	\$4,000,000

Category A – Section 2.0 – Goods and Services

		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
Goods & Services	Portion of goods and services purchased from in-Kingdom suppliers related to the revenue generated from in-Kingdom based sales (see above). Total KSA number is derived directly from the Supplier Table tab (Section 8).	\$4,000,000	\$10,000,000
Depreciation & Amortization	Portion of depreciation/amortization from fixed assets acquired from IK suppliers. Total KSA number is derived directly from the Depreciation Tab (Section 11).	\$80,000	\$200,000
Total		\$4,080,000	\$10,200,000

(\$US)

11.0 Asset Depreciation & Amortization

	In-Kingdom Portion	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2007	\$0	\$0										
2008	\$0	\$0	\$0									
2009	\$0	\$0	\$0	\$0								
2010	\$0	\$0	\$0	\$0	\$0							
2011	\$0	\$0	\$0	\$0	\$0	\$0						
2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	\$2,000,000		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Totals		\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000

Category A – Section 2.0 – Goods and Services

NARJES.MOHSSEN		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
Goods & Services	Portion of goods and services purchased from in-Kingdom suppliers related to the revenue generated from in-Kingdom based sales (see above). Total KSA number is derived directly from the Supplier Table tab (Section 8). NARJES.MOHSSEN	\$4,000,000	\$10,000,000
Depreciation & Amortization	Portion of depreciation/amortization from fixed assets acquired from IK suppliers. Total KSA number is derived directly from the Depreciation Tab (Section 11). NARJES.MOHSSEN	\$80,000	\$200,000
Total		\$4,080,000	\$10,200,000

Sales Revenue
Ratio (40%)

Unless otherwise justifiable, Saudi Aramco Goods & Services can be estimated using a simple ratio.

Challenges:

- Inventory fluctuations
- Length of supplier table

Category B – Section 3.0 - Saudi Payroll

	Description ¹	31-Dec-17	
		Saudi Aramco	Total KSA
Number of Saudi National Employees	Headcounts should be taken from year end GOSI report.	60	150
Total Number of IK Employees (All Nationalities)			330
Total Saudi National Salaries, Wages, and Benefits	Compensation amounts for the year Including salaries & wages, bonuses, housing, and transportation including compensation for all Saudis, including Saudis working OOK. Excludes costs related to SPSP, interns and co-ops (these costs should be included in Training & Qualification).	\$2,400,000	\$6,000,000
Average Compensation / Saudi National		\$40,000	\$40,000

Sales Revenue
Ratio (40%)

Unless otherwise justifiable, Saudi Aramco headcount and compensation can be estimated using the revenue ratio.

Can include Saudi Expat
compensation and
headcount

Section 9.0- Saudi Jobs

9.0 Saudi Jobs

			31-Dec-17			
	Jobs Categories ¹	ALAA.SAIF.1 Description ²	Saudi Headcount	Expats Headcount	Total	Saudization %
1	Managers	Chief executives, senior officials, and managers	5	1	6	83%
2	Professionals	Science, engineering, business, administration, and IT professionals	45	50	95	47%
3	Technicians and associate professionals	Science, engineering, business, administration, and IT associate professionals	10	5	15	67%
4	Clerical support workers	General and keyboard, customer services, numerical and material recording clerks	20	4	24	83%
5	Service and sales workers	Personal service, sales, personal care, and protective services workers	0	0	-	NA
6	Skilled agricultural, forestry and fishery workers	Market-oriented skilled agricultural, forestry, and fishing workers	0	0	-	NA
7	Craft and related trades workers	Building, metal, machinery, handicraft, electrical and electronic, and related trades workers	70	100	170	ALAA.S 41%
8	Plant and machine operators, and assemblers	Stationary plant and machine operators, assemblers, drivers and mobile plant operators	0	0	-	NA
9	Elementary occupations	Cleaners, helpers, labourers, and elementary workers	0	20	20	0%
0	Armed forces occupations	Commissioned/non-commissioned armed forces officers, and armed forces occupations	0	0	-	NA
Total			150	180	330	45%

¹ Categories above are based on ISCO (International Standard Classification of Occupations)

² Please refer to <http://www.ilo.org/public/english/bureau/stat/isco/docs/resol08.pdf> for more details.

Category B – Section 3.0 - Saudi Payroll

	Description ¹	31-Dec-17	
		Saudi Aramco	Total KSA
Number of Saudi National Employees	Headcounts should be taken from year end GOSI report.	60	150
Total Number of IK Employees (All Nationalities)			330
Total Saudi National Salaries, Wages, and Benefits	Compensation amounts for the year Including salaries & wages, bonuses, housing, and transportation including compensation for all Saudis, including Saudis working OOK. Excludes costs related to SPSP, interns and co-ops (these costs should be included in Training & Qualification).	\$2,400,000	\$6,000,000
Average Compensation / Saudi National		\$40,000	\$40,000

9.0 Saudi Jobs

	Jobs Categories ¹	Description ²	31-Dec-17			
			Saudi Headcount	Expats Headcount	Total	Saudization %
1	Managers	Chief executives, senior officials, and managers	1	1	2	83%
2	Professionals	Science, engineering, business, administration, and IT professionals	50	50	100	47%
3	Technicians and associate professionals	Science, engineering, business, administration, and IT associate professionals	5	5	10	67%
4	Clerical support workers	General and keyboard, customer services, numerical and material recording clerks	4	4	8	83%
5	Service and sales workers	Personal service, sales, personal care, and protective services workers	0	0	0	NA
6	Skilled agricultural, forestry and fishery workers	Market-oriented skilled agricultural, forestry, and fishing workers	0	0	0	NA
7	Craft and related trades workers	Building, metal, machinery, handicraft, electrical and electronic, and related trades workers	100	100	200	41%
8	Plant and machine operators, and assemblers	Stationary plant and machine operators, assemblers, drivers and mobile plant operators	0	0	0	NA
9	Elementary occupations	Cleaners, helpers, labourers, and elementary workers	20	20	40	0%
0	Armed forces occupations	Commissioned/non-commissioned armed forces officers, and armed forces occupations	0	0	0	NA
Total			150	180	330	45%

Category C – Section 4.0 - Training & Development

		31-Dec-17	
		Saudi Aramco	Total KSA
Headcount	NARJES.MOHSEN		75
Training & Development Costs	Training, development and qualification expenses related to Saudi Nationals.	\$200,000	\$500,000

Can include IK and OOK costs if related to Training & Development of Saudis:

- Training fees
- Travel and accommodation
- Expats and outside consultants costs

Category D – Section 5.0 – Supplier Development

		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
5.0 Supplier and Customer Development	Costs incurred by company to support development of IK supply chain capabilities.	\$120,000	\$300,000

- Can include customer training & development costs related to skills/capabilities improvements
 - Does not include installation, commissioning and other contract required development activities
- Can also include OOK cost

Category R- Section 6.0 – Research & Development

NARJES.MOHSEN		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
6.0 In-Kingdom Research & Development	IK Portion from Section 7	\$80,000	\$200,000

7.0 In-Kingdom Investments			
Total Capital Expenditures	See Capital Expenditures worksheet		\$5,000,000
Total Research & Development Expenses	Operating expenses related to research and development activities conducted in-Kingdom, including costs of expats and those incurred with OOK suppliers.		
	IK Portion		\$200,000
	OOK Portion		\$300,000
	Total R&D		\$500,000

IK Only

Split IK/OOK

Use international accounting standards to determine what qualifies as R&D

Section 7.0- In-Kingdom Investment

7.0 In-Kingdom Investments		NARJES.MOHSSEN	
EN	Total Capital Expenditures	See Capital Expenditures worksheet	\$5,000,000
	Total Research & Development Expenses	Operating expenses related to research and development activities conducted in-Kingdom, including costs of expats and those incurred with OOK suppliers.	
		IK Portion	\$200,000
		OOK Portion	\$300,000
		Total R&D	\$500,000



Section 7.0- In-Kingdom Investment

7.0 In-Kingdom Investments		NARJES.MOHSEN	
Total Capital Expenditures	See Capital Expenditures worksheet		\$5,000,000
Total Research & Development Expenses	Operating expenses related to research and development activities conducted in-Kingdom, including costs of expats and those incurred with OOK suppliers.		
	IK Portion		\$200,000
	OOK Portion		\$300,000
	Total R&D		\$500,000

10.0 Capital Expenditure Net Additions

		31-Dec-17			
Asset Class	Examples	Total Acquisition Price	Purchased IK?	IKTVA Ratio	In-Kingdom Portion
Land	Real estate, unimproved property	\$1,500,000	YES	100%	\$1,500,000
		\$0	NO		\$0
Land Improvements	Site improvements, utilities, fencing, paving, grading, concrete, infrastructure	\$0	YES	45%	\$0
		\$0	NO		\$0
Buildings	Open/enclosed sheds, office buildings, manufacturing facilities, warehouses, camps, portables	\$1,000,000	YES	40%	\$400,000
		\$0	NO		\$0
Building Improvements	Water treatment, water heating, compressed air system, air conditioning, process cooling water, ALAA, SAIF, 1	\$0	YES	25%	\$0
		\$0	NO		\$0
Furniture & Fixtures	Office furniture, desks, cubicles, office chairs, etc.	\$0	YES	20%	\$0
		\$0	NO		\$0
Appliances	Refrigerators, ovens, washers/dryers	\$0	YES	15%	\$0
		\$0	NO		\$0
Manufacturing Equipment	Lathes, milling machines, CNC, grinders, rolling mills, welders, coating equipment, tooling, etc.	\$0	YES	10%	\$0
		\$0	NO		\$0
Support Equipment	Cranes, stands, dollies, racks	\$900,000	YES	10%	\$90,000
		\$0	NO		\$0
Test Equipment	Test stands, test instruments, test tooling	\$0	YES	10%	\$0
		\$480,000	NO		\$0
Other (Describe)		\$0		0%	\$0
Total		\$5,000,000			\$2,000,000

Section 10.0 – Capital Expenditures

10.0 Capital Expenditure Net Additions

Asset Class	Examples	31-Dec-17			
		Total Aquisition Price	Purchased IK?	IKTVA Ratio	In-Kingdom Portion
Land	Real estate, unimproved property	\$1,500,000	YES	100%	\$1,500,000
		\$0	NO	0%	\$0
Land Improvements	Site improvements, utilities, fencing, paving, grading, concrete, infrastructure	\$0	YES	45%	\$0
		\$0	NO	0%	\$0
Buildings	Open/enclosed sheds, office buildings, manufacturing facilities, warehouses, camps, portables	\$1,000,000	YES	40%	\$400,000
		\$0	NO	0%	\$0
Building Improvements	Water treatment, water heating, compressed air system, air conditioning, process cooling water, ALAA, SATF.1	\$0	YES	25%	\$0
		\$0	NO	0%	\$0
Furniture & Fixtures	Office furniture, desks, cubicles, office chairs, etc.	\$0	YES	20%	\$0
		\$0	NO	0%	\$0
Appliances	Refrigerators, ovens, washers/dryers	\$0	YES	15%	\$0
		\$0	NO	0%	\$0
Manufacturing Equipment	Lathes, milling machines, CNC, grinders, rolling mills, welders, coating equipment, tooling, etc.	\$0	YES	10%	\$0
		\$0	NO	0%	\$0
Support Equipment	Cranes, stands, dollies, racks	\$900,000	YES	10%	\$90,000
		\$0	NO	0%	\$0
Test Equipment	Test stands, test instruments, test tooling	\$0	YES	10%	\$0
		\$480,000	NO	0%	\$0
Other (Describe)		\$0		0%	\$0
Total		\$5,000,000			\$2,000,000

Can be completed going back 10 years at supplier's option

Section 11.0 – Asset Depreciation & Amortization

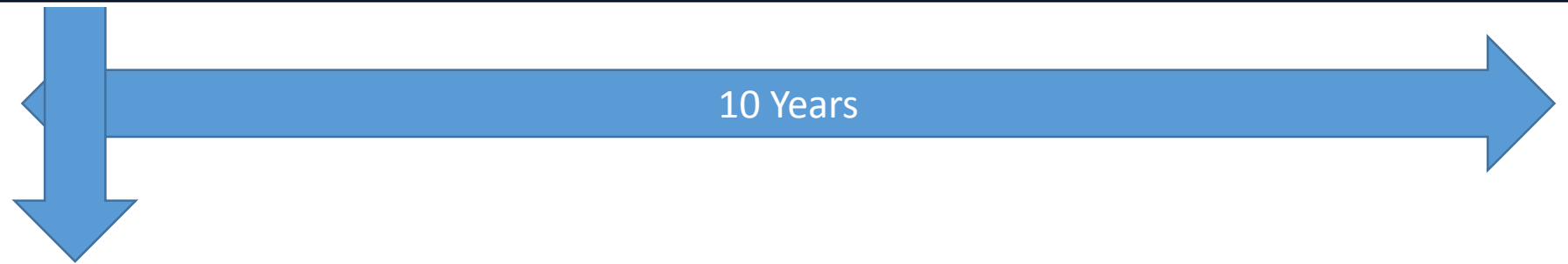
	In-Kingdom Portion	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2007	\$0	\$0										
2008	\$0	\$0	\$0									
2009	\$0	\$0	\$0	\$0								
2010	\$0	\$0	\$0	\$0	\$0							
2011	\$0	\$0	\$0	\$0	\$0	\$0						
2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	\$2,000,000		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000

Totals	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Appliances												
	Refrigerators, ovens, washers/dryers											
Manufacturing Equipment	Lathes, milling machines, CNC, grinders, rolling mills, welders, coating equipment, tooling, etc											
Support Equipment	Cranes, stands, dollies, racks											
Test Equipment	Test stands, test instruments, test tooling											
Other (Describe)												
Total												

Section 11.0 – Asset Depreciation & Amortization

	In-Kingdom Portion	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2007	\$0	\$0										
2008	\$0	\$0	\$0									
2009	\$0	\$0	\$0	\$0								
2010	\$0	\$0	\$0	\$0	\$0							
2011	\$0	\$0	\$0	\$0	\$0	\$0						
2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	\$2,000,000		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000

Totals	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
--------	-----	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------	-----------



Section 2.0 Goods, Services, Depreciation and Amortization

Category A – Section 2.0 – Goods and Services

		31-Dec-17	
	Description ¹	Saudi Aramco	Total KSA
Goods & Services	Portion of goods and services purchased from in-Kingdom suppliers related to the revenue generated from in-Kingdom based sales (see above). Total KSA number is derived directly from the Supplier Table tab (Section 8).	\$4,000,000	\$10,000,000
Depreciation & Amortization	Portion of depreciation/amortization from fixed assets acquired from IK suppliers. Total KSA number is derived directly from the Depreciation Tab (Section 11).	\$80,000	\$200,000
Total		\$4,080,000	\$10,200,000

(\$US)

11.0 Asset Depreciation & Amortization

	In-Kingdom Portion	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
2007	\$0	\$0										
2008	\$0	\$0	\$0									
2009	\$0	\$0	\$0	\$0								
2010	\$0	\$0	\$0	\$0	\$0							
2011	\$0	\$0	\$0	\$0	\$0	\$0						
2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0					
2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0				
2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	\$2,000,000		\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000
Totals		\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000

Section 12.0 – Female Employment

12.0 Female Employment

		2016	2017
Description ¹		Total KSA	Total KSA
Female Payroll			
Number of Saudi National Female Employees	Headcounts should be taken from year end GOSI report.	10	15
Total Female Saudi National Salaries, Wages, and Benefits	Compensation amounts for the year including salaries & wages, bonuses, housing, and transportation including compensation for all Saudis, including expats. Excludes costs related to SPSP, interns and co-ops (these costs should be included in Training & Qualification).	\$250,000	\$450,000
Average Compensation / Saudi National		\$25,000	\$30,000
Training & Development of Female Workforce			
Headcount	Number of Saudi females participating in technical training & qualification activities (both IK and OOK).	2	8
Training & Qualification Costs	Training & qualification expenses related to female Saudi Nationals.	\$8,000	\$25,000

Additional Information

Roles of Female Employees

Please name the 5 main roles of female employees in your company.

1. _____
2. _____
3. _____
4. _____
5. _____

Policies/initiatives to Drive Female Participation

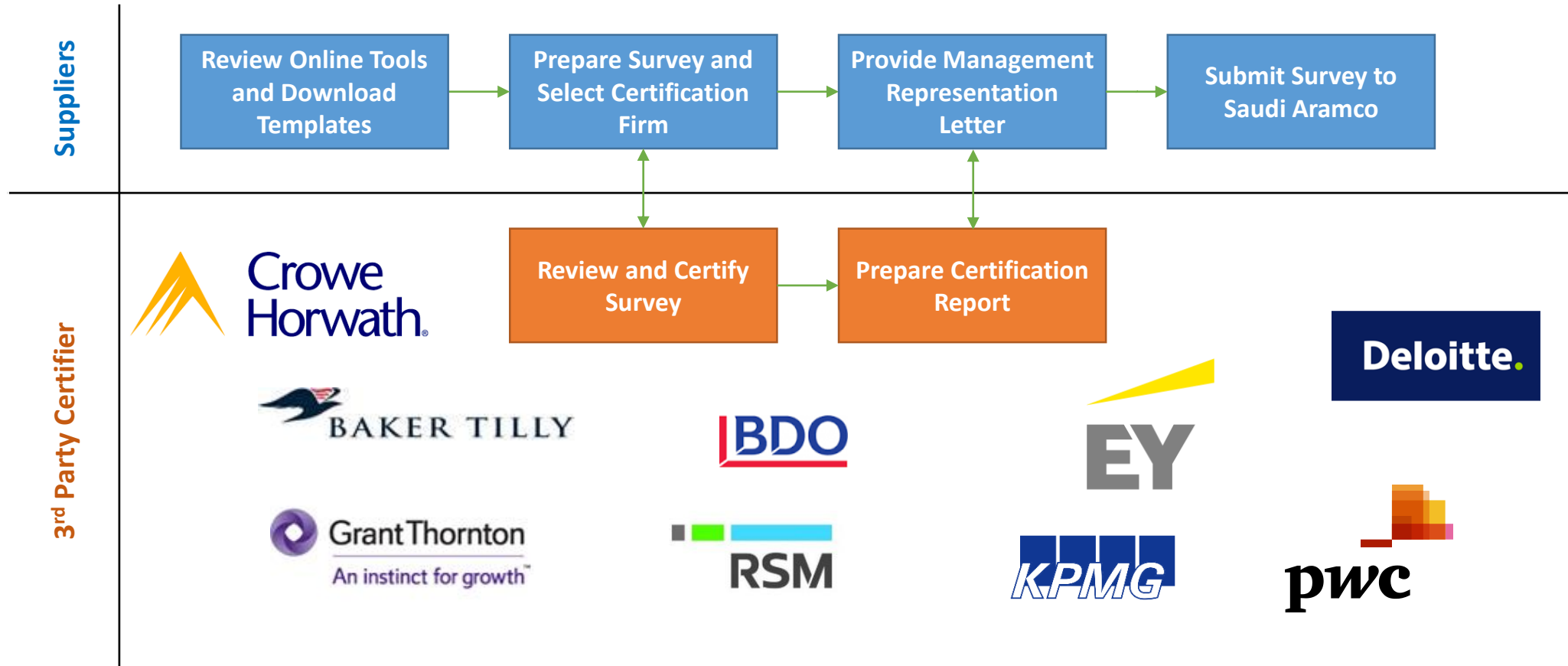
Please name any policies or initiatives your company has in place to drive female participation.

Barriers to Employing Females

Please name the 5 main bottlenecks your company faces for employing females.

1. _____
2. _____
3. _____
4. _____
5. _____

IKTVA Survey Preparation and Submission



Supplier Training and Support for IKTVA Certification

1 www.iktva.sa



2 iktva summary presentation



3 iktva survey template

Localization / Saudization Questionnaire

1.0 Address
(Company Name):
Address:
Contact Person:
Name:
e-mail:
Office Phone #:
Mobile #:

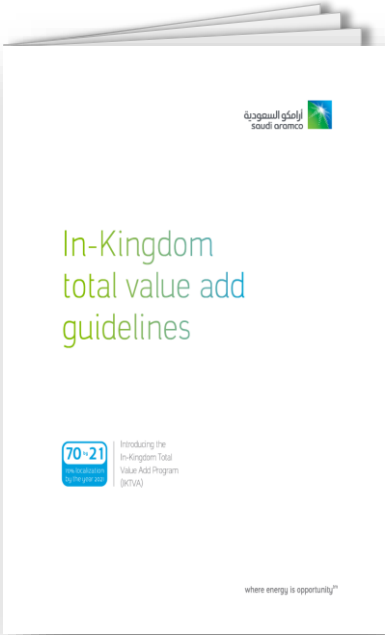
(US\$)

Occupation ¹	2013		2014		2015		Remarks
	Saudi Aramco	ESA	Saudi Aramco	ESA	Saudi Aramco	ESA	
2.0 Revenue							
In-Kingdom Based Customers	\$0	\$0	\$0	\$0	\$0	\$0	
Export Sales	\$0	\$0	\$0	\$0	\$0	\$0	
Total Revenue	\$0	\$0	\$0	\$0	\$0	\$0	
3.0 Goods & Services							
Portion of Goods and Services Purchased from In-Kingdom Suppliers Relative to Revenue Generated from In-Kingdom Based Sales (See Above). For Supplier Types, Please Apply Supplier's IKTVA Rate to the Contract/Transaction.	\$0	\$0	\$0	\$0	\$0	\$0	
4.0 Employment							
Number of Saudi National Employees	0	0	0	0	0	0	
Total Number of In-Kingdom Employees (All Nationalities)	0	0	0	0	0	0	
Total Saudi National Salaries, Wages, and Benefits	\$0	\$0	\$0	\$0	\$0	\$0	
Compensation Amounts for the Year Including Salaries & Wages, Bonuses, Housing, and Transportation Including Compensation of Saudi Experts. Excluded Costs Related to SPPF, Interest and Co-ops (These Costs Should be Included in Training Average Compensation / Saudi).	\$0	\$0	\$0	\$0	\$0	\$0	
5.0 Training & Qualification of							
Headcount	0	0	0	0	0	0	
Number of Saudi Nationals that Participated in Training & Qualification Activities (Both In-Kingdom and Out-of-Kingdom)	0	0	0	0	0	0	
Training & Qualification Costs	\$0	\$0	\$0	\$0	\$0	\$0	
6.0 Supplier Development							
Costs incurred by company to support development of supply chain capabilities	\$0	\$0	\$0	\$0	\$0	\$0	
7.0 In-Kingdom Investment							
Capital Expenditure	\$0	\$0	\$0	\$0	\$0	\$0	
Research & Development	\$0	\$0	\$0	\$0	\$0	\$0	
Production Facilities	\$0	\$0	\$0	\$0	\$0	\$0	
Training Equipment and Infrastructure	\$0	\$0	\$0	\$0	\$0	\$0	
R&D Equipment & Facilities	\$0	\$0	\$0	\$0	\$0	\$0	
Other	\$0	\$0	\$0	\$0	\$0	\$0	
Total capital expenditure	\$0	\$0	\$0	\$0	\$0	\$0	
R&D Operating Expenses	\$0	\$0	\$0	\$0	\$0	\$0	
IKTVA Ratio	0%	0%	0%	0%	0%	0%	
Exemptions ²	0%	0%	0%	0%	0%	0%	

¹ Please Refer to the Bureau of Labor Statistics for the definitions of the occupations.

iktvasurveyinfo@Aramco.com

4 Detailed guidelines for iktva survey

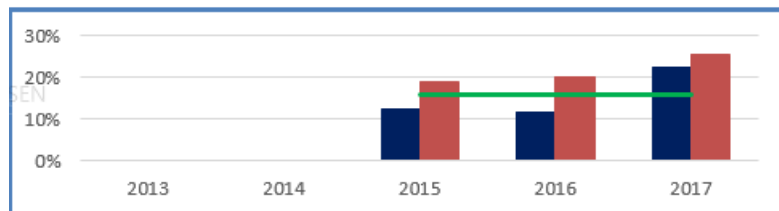


ABC Company Baseline IKTVA Summary	Saudi Aramco Average Annual Spend (3 yr):	\$29.1	mm
	Annual Average IKTVA\$ (3 yr):	\$4.4	mm

Draft Executive Summary

IKTVA Baseline (3 yr wtd avg)	SA	KSA
	16%	22%

Five Year Trend

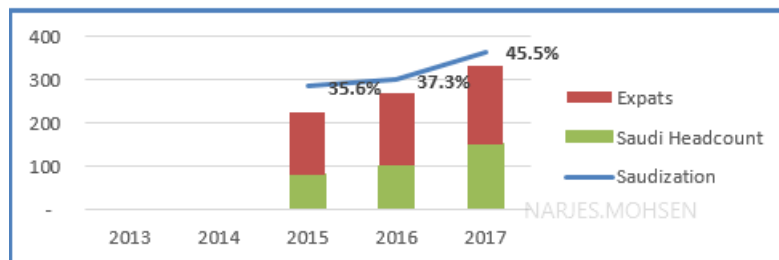


IKTVA Components (3 yr wtd avg)	SA	KSA
------------------------------------	----	-----

A. Goods & Services	9.9%	13.9%
B. Saudi Compensation	5.1%	7.0%
C. Training & Development	0.3%	0.4%
D. Supplier Development	0.1%	0.2%
r. Research & Development	0.1%	0.1%
X. Export Revenue Factor	0.2%	0.4%

Most Recent Saudization	45%
-------------------------	-----

Five Year Trend



Commentary

1. The company manufactures, imports, and distributes downhole equipment.
2. Saudi Aramco represents 50% of the company's in-Kingdom revenue.
3. 2017 KSA revenue of \$70 million, a 21% increase from the previous year.
4. To support IKTVA, the company is:
 - a. Hired more Saudis to fill key manufacturing positions.
 - b. Donated equipment to the National Welding Training Center.
 - c. Conducted IKTVA seminar with supply chain partners.
 - d. Working with a new supplier to upgrade quality.
 - e. Replaced two OOK suppliers with IK sources.

Other Key Data (mm)	2013	2014	2015	2016	2017
Export Sales			\$ 1.0	\$ 1.6	\$ 2.0
IK Capital Expenditures			\$ -	\$ -	\$ 5.0
Total R&D			\$ -	\$ -	\$ 0.5
Headcount - Saudi			80	100	150
Headcount - Total			225	268	330

Thank you

Contact Information

iktvasurveyinfo@Aramco.com