



In-Kingdom Total Value Add (iktva) Program

5-Year IKTVA Plan Format Guide

iktva

70 by 21

70% localization
by the year 2021

Introduction

The in-Kingdom Total Value add (IKTVA) Program is designed to drive domestic value creation and maximize long-term economic growth and diversification to support a rapidly changing Saudi economy.

Creating a level playing field

- Uniform evaluations (services and materials)
- Access to information
- Supplier solution center

Strategic imperative

A bedrock of Saudi Aramco's strategy is to create value in every aspect of our business, maximizing long-term economic growth and diversification. Through the in-Kingdom Total Value Add (IKTVA) Program, Saudi Aramco is taking action to drive additional domestic value creation to support a rapidly changing Kingdom and foster future prosperity.

Partnership and collaboration

- Supplier focused
- Jointly develop action plans
- Mutual benefit and commitment

Opportunity

- Diversified local Saudi economy
- Better trained, qualified Saudi workforce
- Export your local content to neighboring GCC markets

IKTVA supplier engagement

- Cooperative engagement - suppliers and Saudi Aramco
- Sponsorship from both

Objective

To drive key activities toward localization and job creation.



IKTVA planning

To enable focus and drive IKTVA to success, Saudi Aramco is engaging our suppliers to create 5 year IKTVA plans and implement those plans as the instrument to drive IKTVA metrics to the levels suggested by Saudi Aramco.

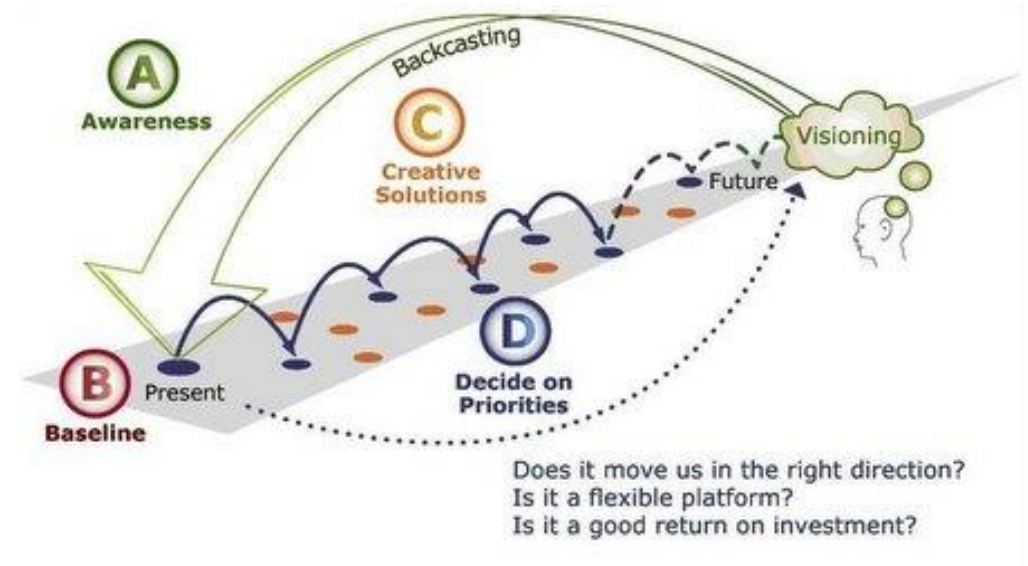
The intent of this guide is to give Saudi Aramco suppliers a framework of suggested inputs as IKTVA plans are created and stewarded forward. The guide is not exhaustive and each supplier and sector will have its own nuances and differences that require the supplier to plan and customize accordingly.

As you embark on the journey of creating your 5 Year IKTVA plan utilizing this guide, you will find that you have collected a tremendous amount of valuable data. The key question asked is “Now What?” You must take this information and present it in a way that tells a detailed story of how you plan to get from 2017 to 2022 and achieve the desired goals set forth in the IKTVA program. Key questions that must be answered as you complete this are:

1. Have we documented each year what the expected benchmarks, milestones and outcomes will be?
2. Have we tied all of our multiple business lines together to paint the whole picture of our company and its respective IKTVA plan?
3. Do the objectives and milestones selected achieve our future state as outlined?
4. Is the plan executable as presented?
5. Is the plan clear, concise and consistent?

A Suggested Methodology: Backcasting

- **Backcasting** is a planning method that starts with defining a desirable future and then works backwards, to identify policies and programs that will connect the future to the present.



Format Guide Objective:

Saudi Aramco is providing you this guide to allow your organization to create and provide the most valuable and comprehensive 5 Year IKTVA plan possible. While this outline is comprehensive in nature, some items based on your material or service may not be applicable. Our expectation is that you follow the provided outline in the formulation of your plan and provide in a Microsoft PowerPoint (.ppt) format. This document should be carefully created and presented in a way that is suitable for Executive Management review. Items with an * have an example on page 7 and 8 of this guide.

Section I. Company Background

This section should include all relevant corporate background details as it pertains to the plan.

- A. Annual Updated Executive Summary Sheet*
- B. Year by year objectives/milestones tied back to IKTVA enhancements, used for KPI for the plan and relationship in table format
- C. Current Corporate Structure
- D. In-Kingdom Operating Locations/Contact Details and Core Team Roster
- E. In-Kingdom Company History
 - Investments Prior to 2013 and other In Kingdom Activities not listed elsewhere

Section II. Goods and Services

This section should include relevant details as it pertains to the cost structure and supply chains surrounding your material or service.

- A. Supply Chain Overview Map*
- B. Detailed Cost Structures and Forecasts for five (5) years*
- C. IKTVA Potential with Existing and/or Potential Local Suppliers
- D. Key Global Supply Chain Partners Listing
- E. In Kingdom Manufacturers Listing and amount spent with IK Manufacturers and the five (5) year plan to increase these values
- F. End to End Value Chain Map (identifying IKTVA opportunities at each step)*



TIP: Determine information you require from Saudi Aramco
Saudi Aramco will assist in providing the best available data in the forms of forecasts for the next 10 years. The suppliers' responsibility is to define what is sufficient information to make the appropriate business decisions.

Section III. Human Resources

This section should include relevant details as it pertains to the hiring, training and utilization of Saudi Nationals in your workforce.

- A. Number of Saudis Employed, by job function
- B. Five (5) Year Hiring Plan of Saudis by job function and year
- C. Number of Saudis currently in training (Defined)
- D. Five (5) Year Training Plan (Defined by number and training discipline)
- E. Current Saudization, next five (5) year plan
- F. Total workforce, % of Saudis as a total and five (5) year plan
- G. Saudi Training Budget plan for five (5) years (\$)
- H. In-Kingdom Higher Education Collaboration
- I. IKTVA opportunities with peers and across industry sectors, such as shared training facilities

Section IV. Supplier Development

This section should include relevant details as it pertains to enhancing IKTVA through developing and expanding In-Kingdom existing and potential suppliers.

- A. Five (5) Year spend budget for supplier development broken down per year
- B. Development plans for In-Kingdom Suppliers (Number per year, detailed actions, etc.)
- C. Gap Analysis for Supply Chain (highlighting items or services not currently offered In-Kingdom and how it would affect IKTVA if they were)
- D. Developing new sources of supply by attracting localization



TIP: Highlight opportunities

The IKTVA plans allow suppliers to demonstrate areas for IKTVA enhancements along the total value chain. Opportunities for enhanced value creation, end to end solutions, and in-Kingdom development should all be highlighted and presented.

Section V. Research and Development Initiatives

This section should include relevant details pertaining to the introduction or expansion of your Research and Development (R&D) activities In-Kingdom.

- A. Five (5) Year In-Kingdom Technology Roadmap *
- B. Five (5) Year R&D budget and detailed plans with key milestones
- C. Five (5) Year Technology Acquisition and/or Deployment Plans

Section VI. Exports

This section should include relevant details pertaining to enhancing IKTVA through exporting Made in Saudi Arabia Products.

- A. Current Export \$ Volume
- B. Five (5) Year Export Growth Plan with Targets and Milestones
- C. Five (5) year Global Market Share Projections

Section VII. Business and Market Challenges

This section should include relevant details pertaining to the challenges your business faces in achieving the objectives outlined by Saudi Aramco. These challenges can exist in many areas, please highlight them here.

- A. Historic and Current Facility Utilization
- B. Historic and Current Employee and Asset Utilization
- C. Global Competitive Challenges
- D. Availability of Local Candidates
- E. Availability of Raw Materials or Equipment
- F. Needs for Changes to Procurement Practices by Saudi Aramco.
- G. Other Barriers to Success



TIP: Don't forget to ask!

The IKTVA plans provide a forum for suppliers to submit what-if scenarios. For example, “If Saudi Aramco offered a long-term contract for our goods or services, we could increase our IKTVA by 30% over five (5) Years.” Be creative, but realistic: this is your opportunity to ask questions.

Section VIII. 5 Year IKTVA Plan

The final section is where all numbers from the previous 8 sections are calculated showing the year by year changes in the IKTVA values. The expectation is that these are KPI figures that can be reviewed and evaluated each year, to ensure compliance of the plan by management of both organizations.

- A. Utilizing benchmark values from 2017, create the models for the next five (5) years highlighting your path for IKTVA growth
- B. Show details on how you will get from one value to the other citing specific examples
- C. Your Account Manager is available to answer questions in regards to the plan or its contents, however, it is your responsibility for content and formatting.

IKTVA Plan Submission

Upon completion of your Plan, please submit online at <https://www.iktva.sa/iktva-submission>



TIP: What should the plan look like?

The IKTVA plan is specific to each company, but the plan should contain the principles and outline set forth in this guideline. The key part of the plan is it should be clear with measurable benchmarks as well as be executable as presented. We recommend graphics illustrating and highlighting key items as well

Executive Summary Sheet 2018

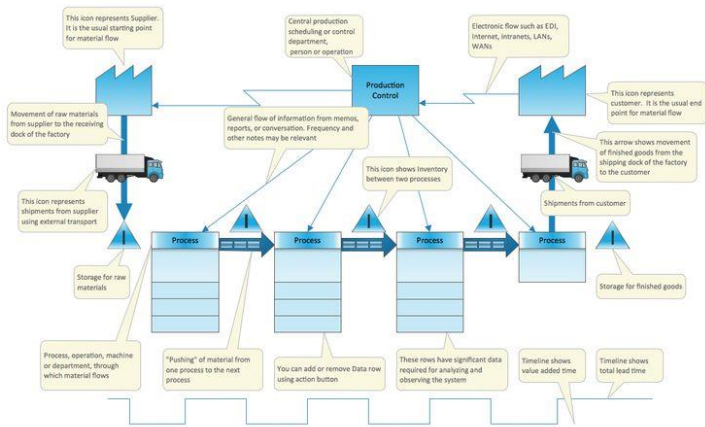


Key Milestones:

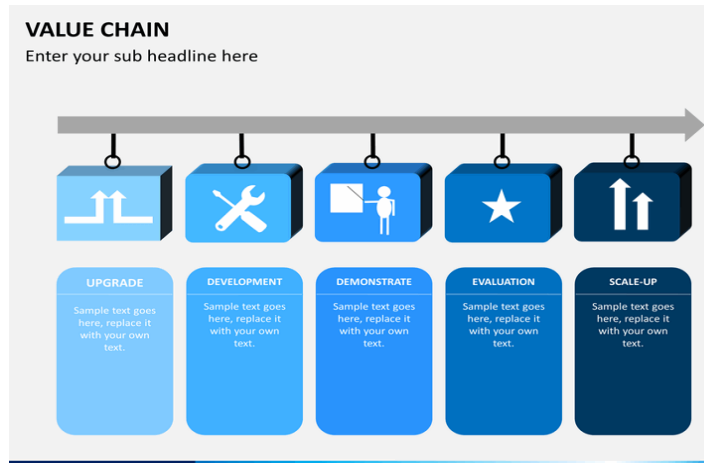
Future Key Capital Investments	Major Assumptions for Action Plan
<ul style="list-style-type: none"> Expected value: Description: Expected value: Description: 	

Performance KPI Value	2016 Baseline	2017 Actuals	2018 Plan	2019 Plan	2020 Plan	2021 Plan	2022 Plan
Goods & Services (A) (USD & iktva Percentage)							
Saudi Compensation (B) (USD & iktva Percentage)							
Training & Development (C) (USD & iktva Percentage)							
Supplier Development (D) (USD & iktva Percentage)							
IK R&D (r) (USD & iktva Percentage)							
IKTVA %							
Saudization %							
Saudi Jobs Created							
Number of Saudis Trained							
Number of Saudis Trained							

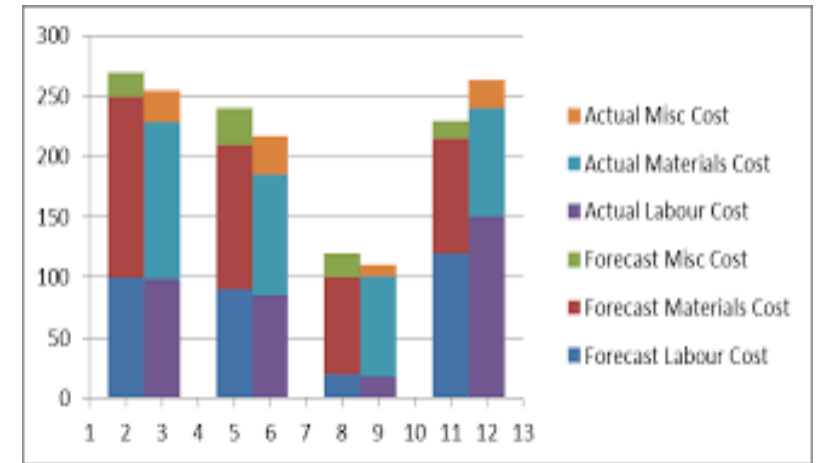
Supply Chain Overview Map



End to End Value Chain Map



Detailed Cost Stack Up



Technology Roadmap

