

# 2017 IKTVA Survey

Steps to Complete 2017 IKTVA Survey



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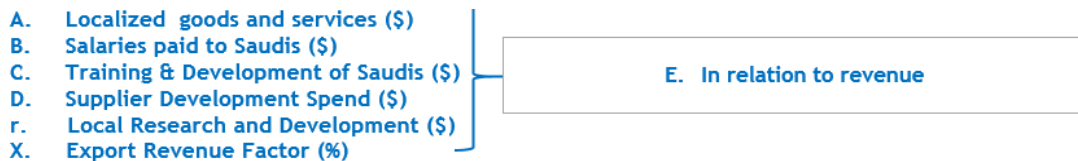
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# Introduction

The IKTVA program requires our suppliers to report qualitative and quantitative information that falls into eight major categories:

- > Revenue;
- > Goods, Services, and Depreciation/Amortization;
- > Saudi Payroll Related Costs;
- > Saudi Training and Development;
- > Saudi Supplier Development;
- > Research and Development;
- > Investments; and
- > Other.

From this data, Saudi Aramco calculates an IKTVA ratio that approximates the percent of Saudi Aramco’s spend that remains in Kingdom or develops the Kingdom’s supply chain and capabilities. The IKTVA ratio formula is illustrated below:



BRADLEY.NIELSON

Supplier IKTVA Formula

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

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

### Remember:

- > Saudi Aramco requires third party verification of the company’s IKTVA survey. Visit [www.iktva.sa/auditfirms/](http://www.iktva.sa/auditfirms/) to see the list of our approved auditors.
- > First time filers will be required to complete IKTVA data for three years.
- > Reports will be submitted annually
  - New Filer is due within 7 months after the company’s fiscal year end.
  - Repeat Filer is due within 5 months after the company’s fiscal year end.
- > Self-certification is sufficient for companies with out of Kingdom operations only, and/or minimal In-Kingdom content (less than 5%), or companies in startup mode operating at a loss.

Please contact Saudi Aramco’s IKTVA Support Group for further guidance at [iktvasurveyinfo@aramco.com](mailto:iktvasurveyinfo@aramco.com)

# Case Study

The purpose of this guide is to walk you through how to complete the survey by using a hypothetical company, A.H.S. Metalworks (AHSM). The case study will only focus on completing the survey for a single year, although the methodology will be the same for all years included in the survey. This guide should be used in combination with the 2017 IKTVA Survey Guide, which contains more detailed instructions.

**AHSM** is a multinational manufacturing company with operations in Houston, Dammam and Jeddah. It has two main product lines:

- Pressure vessels which are produced in their factory in Dammam.
- Valves which are produced in Houston and imported to their warehouse and distribution center located in Jeddah. Valve sales are made directly with the Houston company.

AHSM's controller and director of human resources have been tasked with completing the company's IKTVA survey and have gathered the following financial and payroll data.



## REVENUES

AHSM pressure vessel operation in KSA sells to Saudi Aramco and other customers located in-Kingdom in addition to having several other customers located in the GCC region. In 2017, pressure vessel sales totaled \$50 million, broken down as follows:

1. Saudi Aramco \$20 million
2. Other KSA customers \$28 million, and export sales \$2 million.

AHSM also has multiple KSA customers for valves. During 2017, valve sales to Saudi Aramco were \$12 million and other KSA customers were \$8 million.

## GOODS AND SERVICES

The company has over 50 in-Kingdom suppliers. However, 5 suppliers in addition to financing costs and expat benefits made up over 75% of their in-Kingdom purchases which totaled \$18.9 million in 2017. Their total in-Kingdom spend is as follows:

1. Industrial Fabrication Company	\$10,000,000
2. SOS Company	\$1,500,000
3. Expat Benefits	\$1,000,000
4. T&A for Telecommunications	\$650,000
5. Financing Costs	\$500,000
6. Alseef Catering Company	\$450,000
7. Elias Trading Company	\$300,000
8. All other	\$4,500,000

In addition to its in-Kingdom spend, the company also spends approximately \$35 million with out-of-Kingdom suppliers.

## PERSONNEL



AHSM's local headcount includes 150 Saudis and 180 expat employees. The total payroll costs, including all benefits for these employees, were \$12 million. These costs were evenly split between the Saudi and expat employee bases, each totaling \$6 million. The Saudi employees include 15 women who are paid a total of \$450,000.

## TRAINING AND DEVELOPMENT

AHSM has an active on-the-job and outside the company training program that was headed up by an expat employee. Since the company places such a high emphasis on learning, high potential employees prepare a learning plan and spend 40 hours a year obtaining some type of training. The estimated cost of this program is \$500,000 as follows:

1. Expat Employee	\$300,000
2. Tuition and class fees	\$180,000
3. Supplies, facilities, etc.	\$20,000

AHSM estimates that \$375,000, or 75% of the costs outlined above, are related to their Saudi workforce.

In addition to those costs, AHSM spent \$50,000 on travel and accommodations for the Saudi employees to attend courses out-of-Kingdom and donated another \$75,000 in cash and equipment to a local training center focuses on welding and machining skills.

As a result of the above training related costs, AHSM estimates it spent \$500,000 in training and development of its Saudi workforce in 2017, \$25,000 of which was spent for training targeted at women.

## SUPPLIER DEVELOPMENT

To increase its IKTVA ratio, AHSM has been actively pursuing local sources of materials and exploring expanding its Jeddah operations to include some manufacturing and assembly. It hired an expat employee that spends his fulltime efforts looking for new local sources, qualifying and certifying those sources, and overseeing quality and delivery for the first year. The expat's total compensation is \$200,000 per year. In addition, AHSM was approached by a startup company that was located next door to its warehouse in Jeddah. The company, which specializes in machining of metal parts, proposed to machine AHSM's cast valve casings instead of having the finished casings imported from Houston. In order to handle the volume and capacity required, the startup would need additional equipment and software. After having completed a comprehensive cost benefit analysis, AHSM donated \$100,000 of imported CNC equipment and CAD software to the startup, bringing the total supplier development costs up to \$300,000 for the year.

## RESEARCH AND DEVELOPMENT

The company also conducts extensive research and development in its Dammam facility exploring ways composites might be used to replace steel in some of their components. In 2017, they spent \$500,000 on R&D. Of this amount, \$300,000 was spent on two expat employees. The remaining \$200,000 was paid to a local technology development center associated with KFUPM.



## CAPITAL EXPENDITURES

During 2017, AHSM acquired \$5 million in property, plant, and equipment to support its operations in Saudi Arabia. Some of those assets were imported while others were procured locally. Below is a breakdown of the assets acquired during 2017.

1. Land for new facility	\$1,500,000
2. Building	1,000,000
3. Support equipment	900,000
4. Test equipment (imported)	480,000
5. IT / Telecom equipment	100,000
6. Software (imported)	400,000
7. Forklift (imported)	20,000
8. Process equipment (imported)	600,000

# General Instruction

- All financial amounts should be reported in USD.
- Amounts reported should correspond to the company's fiscal year end audited financial statements.
- Revenues and costs reported in the IKTVA survey should be consistent with the revenues and costs the company would report utilizing International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP) in Saudi Arabia.
- 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.
- In most instances, companies are required to submit an IKTVA survey covering all of its in-Kingdom (IK) operations and revenue. However, Saudi Aramco may ask some suppliers to file separate IKTVA surveys if they operate in multiple segments.
- For companies with partially owned Joint Ventures (JVs), affiliates and subsidiaries that file a consolidated return, they will only recognize their ownership share of the related companies' results.
- For consolidated submissions, intercompany transactions between related entities should be eliminated.
- Assumptions and calculation methodologies utilized should be consistent with prior years and with recognized accounting standards.
- There are two columns for data for each year in the IKTVA survey: one column is for Saudi Aramco only and the other is for all in-Kingdom customers, including Saudi Aramco, and exports.
- Amounts reported in the IKTVA surveys need to be supported by appropriate and auditable documentation similar to what is used in financial audits.
- Survey fields/cells with **BLACK** numbers contain formulas and calculations derived from the input fields and should not be changed. On the other hand, fields/cells that contain numbers in **GREEN** are for data input.
- **IMPORTANT:** The Excel survey tool has been password protected to maintain the integrity of the formulas used to calculate and analyze your company's IKTVA data. All data input cells necessary to complete the survey are unlocked. This password protection feature should not be tampered with. Any Excel files submitted without the password protection in place will not be accepted and the company will need to refile its survey using the approved Excel file.
- The right survey tool should be used (First Time or Repeat Filer version) and can be found at: <https://www.iktva.sa/iktva-package/>

Page 1

Company Information

1



# Page 1: Company Information

Page 1 outlines general company information. In this page, the supplier is required to complete:

- 1) Company's name, address, the main point of contact, company's fiscal year end, commercial registration number(s), and Saudi Aramco vender identification number(s), if applicable.

Company Contact Information	
Company Name:	A.H.S. Metalworks
Fiscal Year End:	12/31/2017
Address:	AHSM Head Office, 31 <sup>st</sup> Street, 2 <sup>nd</sup> Industrial City, PO Box 2571, Dammam 31461, Saudi Arabia
Comm Reg#	1232467511
Vendor ID#s	10104328
Contact Person	
Name:	Ahmed Nouri ALAA.SAIF.1
e-mail:	<a href="mailto:ahmed.nouri.1@ahsm.com">ahmed.nouri.1@ahsm.com</a>
Office #:	00966 13 816 1060 ext 109
Mobile #:	00966 505 907 3322

- 2) A brief description of the goods and services provided by the company.

<b>3. Please provide a brief overview of the company's actions and accomplishments to support and promote IKTV and Saudization.</b>
The company manufacturers pressure vessels and valves.

3) Company's progress to support the IKTVA program during the last year.

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

1. Localizing the procurement process.
2. Hiring Saudis in professional and managerial positions.
3. Providing different types of training for Saudis including technical and soft skills.
4. Conducting IKTVA awareness sessions to our customers and suppliers.
5. Providing support to local suppliers as well as local development centers.

4) List of global geographical locations from where the company operates to support Saudi Aramco or other KSA customers.

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

1. Dammam    2. Jeddah    3. Houston

ALAA.SAIF.1

5) A list of any companies, including percentage ownership and vendor identification number if applicable, of the company's related entities included in the survey.

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

Vendor ID #	Company Name	Owner-ship %	Co-Owner Name
12365468	A.H.S. Metalworks Inc (Houston)	100%	

ALAA.SAIF.1

Page 2

IKTVA Schedule

2

## Page 2: IKTVA Schedule

Page 2: IKTVA Schedule, which contains all of the IKTVA categories, is the heart of the survey. It contains all of the information necessary to calculate your IKTVA ratio. Some of the data are directly input, while others are derived from supporting schedules.

### Category E - Section 1.0: Revenue

The revenue section captures revenue generated from goods and services provided to Saudi Aramco, other KSA customers and exports from In-Kingdom operations.

In AHSM's case, total revenue is \$70 million, including \$50 million from pressure vessels and \$20 million from valves. During 2017, Saudi Aramco sales included \$20 million in pressure vessels and \$12 million in valves. The company also exported \$2 million to various other GCC customers. Based on this information, Section 1.0 would be completed as follows:

#### A.H.S. Metalworks In-Kingdom Total Value Add (IKTVA) Survey

(\$US)

	Description <sup>1</sup>	31-Dec-17	
		Saudi Aramco	Total KSA
<b>1.0 In-Kingdom (IK) Based Revenue</b>			
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
	ALAA.SAIF.1		
<b>Total Revenue</b>		<b>\$32,000,000</b>	<b>\$70,000,000</b>

#### Remember:

- For partially owned entities of the company, partial credit is given.
- Saudi Aramco Revenue:
  - Subset of Total KSA Revenue
  - Includes indirect revenue through agents and EPC revenue
  - Excludes Saudi Aramco's partially owned subsidiaries and JVs
  - Should be confirmed with Saudi Aramco through [IKTVASurveyinfo@aramco.com](mailto:IKTVASurveyinfo@aramco.com)
- To qualify as export revenue:
  - The end user of the goods or services must be located outside KSA.
  - The economic activity for the transaction(s) involves the transfer of goods or the rendering of services for these end users.
- Decide on which methodology will be used to allocate costs and headcount to Saudi Aramco:
  - Revenue Ratio [Default setting in the survey]
 
$$\frac{\text{Saudi Aramco Revenue from IK Operations}}{\text{Total KSA Revenue from IK Operations} + \text{Exports}} \times \text{Total KSA Costs/Headcounts}$$

In the example above, the revenue ratio is (40%)
  - Direct Costing

## Category A - Section 2.0: Goods, Services, and Depreciation/Amortization

The Goods, Services and Depreciation/Amortization section provides the company's IK supply chain purchases.

		31-Dec-17	
Description <sup>1</sup>		Saudi Aramco	Total KSA
<b>2.0 In-Kingdom Goods, Services &amp; Depreciation/Amortization</b>			
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
<b>Total</b>		<b>\$4,080,000</b>	<b>\$10,200,000</b>

The Goods and Services category is not meant to be limited to costs used to derive gross margins as would be found on a traditional income statement. In addition to expenditures that would normally be included in Cost of Goods Sold, Cost of Sales, or Cost of Services, the Goods and Services category is intended to capture purchases from all IK suppliers regardless of how it is classified on an income statement.

		31-Dec-17	
Description <sup>1</sup>		Saudi Aramco	Total KSA
<b>2.0 In-Kingdom Goods, Services &amp; Depreciation/Amortization</b>			
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
<b>Total</b>		<b>\$4,080,000</b>	<b>\$10,200,000</b>

### 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

The amounts for Goods and Services in the Saudi Aramco and Total KSA columns are derived from Section 8.0 Top In-Kingdom Suppliers. Thus, In order to complete Goods and Services, you need to complete Section 8.0 first. These totals from Section 8.0 will populate the Goods and Services amounts in Section 2.0 as shown below.

		31-Dec-17	
Description <sup>1</sup>		Saudi Aramco	Total KSA
<b>2.0 In-Kingdom Goods, Services &amp; Depreciation/Amortization</b>			
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
<b>Total</b>		<b>\$4,080,000</b>	<b>\$10,200,000</b>

8.0 Top In-Kingdom Suppliers<sup>1</sup>

						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
<b>Total<sup>2</sup></b>							<b>\$18,900,000</b>		<b>\$10,000,000</b>	<b>\$4,000,000</b>

Depreciation and Amortization includes part of the cost of fixed or other tangible and intangible long terms assets procured IK.

		31-Dec-17	
Description <sup>1</sup>		Saudi Aramco	Total KSA
<b>2.0 In-Kingdom Goods, Services &amp; Depreciation/Amortization</b>			
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
<b>Total</b>		<b>\$4,080,000</b>	<b>\$10,200,000</b>

The Total KSA Depreciation and Amortization amount comes from Section 11.0 Asset Depreciation & Amortization as shown below.

		31-Dec-17	
		Saudi Aramco	Total KSA
<b>2.0 In-Kingdom Goods, Services &amp; Depreciation/Amortization</b>			
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
<b>Total</b>		<b>\$4,080,000</b>	<b>\$10,200,000</b>

**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
<b>Totals</b>	\$0	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000

To complete Total KSA Depreciation and Amortization, you need to complete Section 10.0 Capital Expenditure Net Additions. The amounts in Section 10.0 will also automatically populate Section 11.0 Asset Depreciation & Amortization.

**Remember:**

Saudi Aramco costs can be allocated using Revenue Ratio or Direct Costing methodologies.

In the example above, the revenue ratio (40%) is being used.



## Category B - Section 3.0: Saudi Compensation

This section is for both headcount and compensation information related to the company's Saudi employees.

The company should report total Saudi headcount, including Saudi employees living and working OOK, and total company headcount. These numbers are reported under the Total KSA column and derived from Section 9.0 Saudi Jobs.

To complete headcount data for 2016 and 2017, Section 9.0 has to be completed first.

		31-Dec-17	
		Saudi Aramco	Total KSA
<b>3.0 Saudi Compensation</b>			
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
<b>Average Compensation / Saudi National</b>		<b>\$40,000</b>	<b>\$40,000</b>

### 9.0 Saudi Jobs

		31-Dec-17			
Jobs Categories <sup>1</sup>	Description <sup>2</sup>	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	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
<b>Total</b>		<b>150</b>	<b>180</b>	<b>330</b>	<b>45%</b>

To complete this section, AHMS started with its organization chart and determined, by job type/description, which of 10 Job Categories listed in Section 9.0 Saudi Jobs was appropriate. After categorizing and splitting its employee base into Saudi and expat components for each position, the HR Director checked the year end GOSI report to ensure the numbers were consistent. After completing Section 9.0, AHMS input \$6 million into Section 3.0, which represents the amount of Saudi compensation. No expat compensation is included in this section. While the majority of the expat compensation should be excluded, IK benefits provided to expats can be included in the goods and services (Section 2.0). In AHMS's case, \$1 million listed as "Expatriate Benefits" represents the expats' allowances for housing, education assistance, transportation and medical benefits.



**Remember:**

- > The headcount data comes directly from the company’s fiscal year-end GOSI reports while total Saudi compensation should come from the company’s payroll records.
- > Saudi Aramco costs and headcounts can be allocated using Revenue Ratio or Direct Costing methodologies.

In the example above, the revenue ratio (40%) is being used.

## Category C - Section 4.0: Training & Development of Saudis

This section has two main components which are trained headcount and training and development costs. AHSM spent \$625,000 on its training program. However, it can only claim \$500,000 - the portion which is directly related to training of Saudis and its contribution to the training center.

	Description <sup>1</sup>	31-Dec-17	
		Saudi Aramco	Total KSA
<b>4.0 Training &amp; Development of Saudis</b>			
Headcount	Number of Saudi participating in technical training & qualification activities (both IK and OOK).		75
Training & Development Costs	Training, development and qualification expenses related to Saudi Nationals.	\$200,000	\$500,000

### Examples of costs to include:

- Travel and accommodations
- Training courses
- Annual software license fees related to training
- Outside training consultants
- Portion of compensation for expats related to training Saudis
- SPSP, internship, and co-op sponsorship costs
- Donations and contributions to training academies and institutes

**Remember:**

- Category C includes costs related to training: in-house or externally, technical or non-technical, IK or OOK.
- Category C can also include expat and OOK services providers involved in the training of Saudis.
- If a Saudi trainee attends more than one training course, s/he should be counted as one trained headcount. However, all of the expenses related to the training sessions can be reported as Training and Development costs.
- Saudi Aramco costs can be allocated using Revenue Ratio or Direct Costing methodologies.

In the example above, the revenue ratio (40%) is being used.

## Category D - Section 5.0: Supplier and Customer Development

Supplier and Customer Development Costs include activities such as supplier and customer training, supplier certification programs, design for manufacturability initiatives, quality control inspections, and qualification support. The full \$300,000 AHSM spent on local sourcing and supplier development activities can be included even though it includes expat and imported equipment costs.

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

**Remember:**

- Customer development costs do not include sales and marketing activities, installation, commissioning, or other costs that are contractually required.
- OOK costs related to Supplier and Customer Development can be included.
- Saudi Aramco costs can be allocated using Revenue Ratio or Direct Costing methodologies.

In the example above, the revenue ratio (40%) is being used.

## Category r - Section 6.0: In-Kingdom Research & Development

Category r includes IK costs related to performing research and development activities in the Kingdom. These costs are a subset of costs reported in Section 7.0 In-Kingdom Investments. For AHSM, the total \$500,000 spent on R&D is reported in Section 7.0. It is broken into IK and OOK portions in this section. The \$200,000 IK portion will automatically populate Section 6.0 In-Kingdom Research & Development. The link between Section 6.0 and Section 7.0 is shown below.

	Description <sup>1</sup>	31-Dec-17	
		Saudi Aramco	Total KSA
<b>6.0 In-Kingdom Research &amp; Development</b>	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

### Remember:

- > The types of costs that can be classified as R&D should be consistent with guidance provided by IFRS or Saudi Arabian Generally Accepted Accounting Principles.
- > Only the IK portion costs will be incorporated into Section 6.0.
- > Saudi Aramco costs can be allocated using Revenue Ratio or Direct Costing methodologies.

In the example above, the revenue ratio (40%) is being used.

## Section 7.0: In-Kingdom Investment

This section captures two important items: net capital expenditure additions and research and development (R&D) expenses for the year.

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

Capital Expenditure amounts are derived from the more detailed amounts entered in Section 10.0 Capital Expenditure Net Additions. Section 7.0 totals include assets purchased and placed in service during the year, even if purchased from OOK sources.

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

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,	\$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	AA, 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
IT and Telecom Equipment	Computers, copiers, telephones, PBX switches, VOIP equipment	\$100,000	YES	10%	\$10,000
		\$0	NO		\$0
Software	Computer software	\$0	YES	10%	\$0
		\$400,000	NO		\$0
Vehicles - Light	Trucks, vans, cars, trailers, fork lifts, etc.	\$0	YES	10%	\$0
		\$20,000	NO		\$0
Vehicles - Heavy	Construction equipment, earth movers, semi's, mobile cranes	\$0	YES	15%	\$0
		\$0	NO		\$0
Process Equipment	Vessels, pumps, tanks, process compressors, heat transfer, etc.	\$0	YES	25%	\$0
		\$600,000	NO		\$0
Specialty Equipment	Heat treatment furnace/ equipment	\$0	YES	25%	\$0
		\$0	NO		\$0
Drilling	Onshore & offshore rigs	\$0	YES	15%	\$0
		\$0	NO		\$0
Other (Describe)		\$0		0%	\$0
Other (Describe)		\$0		0%	\$0
Other (Describe)		\$0		0%	\$0
<b>Total</b>		<b>\$5,000,000</b>			<b>\$2,000,000</b>

**Research & Development Expenses** should contain the total amount of annual operating expenses related to research and development (R&D) activities conducted IK. Capitalized costs can only be included to the extent they are amortized. International accounting standards define what expenses qualify as R&D.

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

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**Remember:**

The total research and development costs should include expat compensation and OOK goods and services. However, only the IK portion costs will be incorporated into Section 6.0 of the IKVA ratio calculation.

Page 3

Top In-Kingdom Suppliers

3

# Page 3 - Section 8.0: Top In-Kingdom Suppliers

This section captures the company’s IK spend with its supply chain. The list of the IK suppliers should be sorted in descending order based on amounts purchased for the most recent year reported.

## 8.0 Top In-Kingdom Suppliers<sup>1</sup>

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)	31-Dec-17				
						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
ALL SALES						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
<b>Total<sup>2</sup></b>							<b>\$18,900,000</b>		<b>\$10,000,000</b>	<b>\$4,000,000</b>

The supplier has to input the following information into the table:

- Supplier’s name.
- Supplier’s commercial registration number.
- Types of goods and/or services provided.
- For materials, from the drop down menu, select produced IK or imported.
- From the drop down menu, considering the types of goods and services provided, select the right segment for that supplier.
- From the drop down menu, select the source of IKTVA ratio (estimated or provided).
- The percentage of spend with the supplier that represents Saudi Aramco’s share. If the company is using the Revenue Ratio to allocate costs to Saudi Aramco, then nothing needs to be input as Revenue Ratio is the default methodology. This should only be overwritten if the company is using Direct Costing to assign its costs to Saudi Aramco.
- Total purchases for the year for that supplier.
- Supplier’s IKTVA ratio. The default setting for this field relies on the inputs for “Business Segment” and for materials “Procured Locally or Imported”. This field will be automatically populated after selecting the supplier’s segment. On the other hand, the ratio will be adjusted to 0% for materials if they are imported. However, the IKTVA ratio can be overwritten if the actual IKTVA ratio is provided by the supplier, or if the company has strong justification to use a different ratio than that provided in the Saudi Aramco guidance.



The top IK supplier table also includes two lines that are specifically assigned to financing costs and expat benefits. Instead of listing individual suppliers for these items, only summary totals are required. The remaining descriptive columns can remain blank.

8.0 Top In-Kingdom Suppliers<sup>1</sup>

						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
<b>Financing Costs</b>						40%	\$500,000	70%	\$350,000	\$140,000
<b>Expats Benefits</b>						40%	\$1,000,000	40%	\$400,000	\$160,000
<b>Other</b>						40%	\$4,500,000	100%	\$4,500,000	\$1,800,000
<b>Total<sup>2</sup></b>							\$18,900,000		\$10,000,000	\$4,000,000

Once the by-supplier detail totals 70% of the company's IK spend, the company can stop adding suppliers to the list. Any remaining IK purchases can be listed as "Other" (see last line on the table) and the company can use an IKTVA ratio of 100% for this line.

8.0 Top In-Kingdom Suppliers<sup>1</sup>

						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
<b>Financing Costs</b>						40%	\$500,000	70%	\$350,000	\$140,000
<b>Expats Benefits</b>						40%	\$1,000,000	40%	\$400,000	\$160,000
<b>Other</b>						40%	\$4,500,000	100%	\$4,500,000	\$1,800,000
<b>Total<sup>2</sup></b>							\$18,900,000		\$10,000,000	\$4,000,000

Alternatively when the company reaches 50 suppliers, it can also stop and add the remaining IK spend in "Other." However, if the supplier detail provided is less than 70%, then the IKTVA ratio applied to Other row will be reduced accordingly.

In Section 8.0, AHSM will list its top five suppliers in descending order. As listing financing costs and expat benefits will make up more than 70% of AHSM's total purchases, AHSM will add these costs at the bottom of the Top In-Kingdom Supplier table (see rows 59 and 60), then include \$4.5 million of other IK purchases on the last line - "Other". The \$35 million spent with OOK suppliers is excluded. Next, AHSM will describe the types of goods or services procured from the supplier, select the proper segment, and then note whether the materials are imported or produced locally. The IKTVA ratios will be populated automatically once AHSM completes the business segment field. However, regardless of the chosen segment, if the provided material is imported, the IKTVA ratio will be adjusted to 0%. AHSM will use the populated IKTVA ratios as it doesn't have the actual IKTVA ratios for its suppliers. Finally, AHSM will indicate the source of the supplier's IKTVA ratio. In AHSM's case, the source of IKTVA ratio will be estimated for all companies. The IKTVA ratios can be overwritten if they are actual ratios provided by the suppliers or if the company has strong justification to not use the estimates given by Saudi Aramco. The Saudi Aramco Portion %



and Supplier's IKTVA Ratio columns will also be automatically populated, but can be overwritten if needed.

As can be seen from the table above, once the suppliers' IKTVA ratios are applied, AHSM will receive \$10 million of IK credit for its \$18.9 million of purchases. Using the Revenue Ratio to assign costs will result in 40%, or \$4 million, being assigned to Saudi Aramco. As a reminder, the \$10 million IK portion for Total KSA and the \$4 million for Saudi Aramco will automatically update Section 2.0 In-Kingdom Goods, Services, & Depreciation/Amortization.

**Remember:**

- OOK suppliers and any intercompany supply sources that are consolidated into the IKTVA survey must be excluded.
- If significant, you may need to adjust the purchasing data for timing differences and/or changes in inventory or base this table on consumption, not purchases.
- If the supplier provides goods or services that fit into multiple segments with different IKTVA rates, you should assign the segment and IKTVA score that represent the majority of the goods/services provided, or list the supplier on two separate lines.
- Completing financing and expat benefits costs is not required in some cases. For example, if these items are not part of the 70% of the total goods and services, the amounts of financing costs and expat benefits can be added to the Other row.

Page 4

Saudi Jobs

4

## Page 4 - Section 9.0: Saudi Jobs

In this section, the company will categorize its total employment base into one of 10 categories according to the International Standard Classification of Occupations. This standard is published by the International Labour Organization based in Geneva, Switzerland (see <http://www.ilo.org/public/english/bureau/stat/isco/docs/resol08.pdf> for a copy of the standard). See Section 3.0 Saudi Compensation for an overview of how AHMS completed this table.

### 9.0 Saudi Jobs

Jobs Categories <sup>1</sup>	Description <sup>2</sup>	31-Dec-17			
		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	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
<b>Total</b>		150	180	330	45%

Page 5

Capital Investments

5

# Page 5 - Section 10.0: Capital Investments

The IKTVA survey includes capital expenditures that the company has made for its IK operations. For first time filers, the details for its annual capital expenditures are listed on Page 5a CAPEX Table, and summarized on Page 5 Capital Investments. Repeat filers only need to provide detail for one year on Page 5 Capital Investments.

To complete the table below, the company will need to know the description of the assets, their costs, and their acquisition sources. For assets acquired from IK sources, the Asset Class determines which IKTVA ratio is applied to the acquisition price of the IK procured assets.

Please note that disposals should only be deducted if included in a previous IKTVA survey. The amount deducted will be the net book value after allowing for depreciation on a 10-year straight-line basis. Disposals are netted with acquisitions by Asset Class to be reported in the IKTVA survey.

As mentioned earlier, during 2017, AHSM acquired \$5 million in property, plant, and equipment to support its operations in Saudi Arabia. AHSM reviewed its fixed asset register and categorized each asset as either being procured from an IK source or an OOK source. Next AHSM categorized its assets into the Asset Classes listed in Section 10. Having done this, AHSM is ready to complete section 10. Below is a breakdown of the assets acquired during 2017 and how they would appear in the table.

1. Land for new facility \$1,500,000
2. Building 1,000,000
3. Support equipment 900,000
4. Test equipment (imported) 480,000
5. IT / Telecom equipment 100,000
6. Software (imported) 400,000
7. Forklift (imported) 20,000
8. Process equipment (imported) 600,000

## 10.0 Capital Expenditure Net Additions

ALAA.SAIF.1		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,	\$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	\$480,000	NO	10%	\$0
		\$0	YES	15%	\$0
IT and Telecom Equipment	Computers, copiers, telephones, PBX switches, VOIP equipment	\$100,000	YES	10%	\$10,000
		\$0	NO		\$0
Software	Computer software	\$400,000	YES	10%	\$0
		\$0	NO		\$0
Vehicles - Light	Trucks, vans, cars, trailers, fork lifts, etc.	\$20,000	NO		\$0
		\$0	YES	10%	\$0
Vehicles - Heavy	Construction equipment, earth movers, semi's, mobile cranes	\$0	NO		\$0
		\$0	NO		\$0
Process Equipment	Vessels, pumps, tanks, process compressors, heat transfer, etc.	\$600,000	NO		\$0
		\$0	YES	25%	\$0
Specialty Equipment	Heat treatment furnace/ equipment	\$0	NO		\$0
		\$0	YES	25%	\$0
Drilling	Onshore & offshore rigs	\$0	YES	15%	\$0
		\$0	NO		\$0
Other (Describe)		\$0		0%	\$0
Other (Describe)		\$0		0%	\$0
Other (Describe)		\$0		0%	\$0
<b>Total</b>		<b>\$5,000,000</b>			<b>\$2,000,000</b>

The totals from the Capital Expenditure Net Additions will carry forward to two other sections. The \$5 million will automatically update Section 7.0 In-Kingdom Investments and the \$2 million IK portion will automatically update Section 11.0 Depreciation & Amortization.

**Remember:**

- Major refurbishments and repairs, if capitalized for financial reporting purposes, should be included.
- Exclude construction in progress or assets that have not yet been placed in service.
- Exclude assets that are not utilized in operating the business.
- Book value of dispositions should be netted with acquisitions for the year.
- A capital intensive company may choose to go back 11 years. At a minimum, first time filers should include capital asset information on Page 5a CAPEX Table for the years referenced on Page 2 IKTVA Schedule.

Page 6

Depreciation and Amortization

6

# Page 6 - Section 11.0: Depreciation and Amortization

Section 11.0 is automatically populated based on capital and intangible expenditure details provided in Section 10.0 Capital Expenditure Net Additions (see below). For estimated useful lives, we selected a very simplified method. All of the assets acquired that year, even including land which is not normally depreciated, are depreciated or amortized over a 10 year life regardless of its actual useful life.

As a reminder, the annual depreciation calculated in Section 11.0 will update the Depreciation & Amortization line in Section 2.0 In-Kingdom Goods, Services, and Depreciation/Amortization.

In AHSM's case, the \$2 million IK portion of its capital expenditures for 2017 listed in Section 10.0 will be depreciated over 10 years. The total depreciation for 2017, resulting from the prior 10 years of capital expenditures, will populate the required total in Section 2.0.

### 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
<b>Totals</b>			\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000

### 10.0 Capital Expenditure Net Additions

Asset Class	Examples	Total Acquisition Price	31-Dec-17		
			Purchased IK?	IKTVA Ratio	In-Kingdom Portion
Land	Real estate, unimproved property	\$1,500,000	YES	100%	\$1,500,000
Land Improvements	Site improvements, utilities, fencing, paving, grading, concrete, structure	\$0	NO		\$0
Buildings	Open/enclosed sheds, office buildings, manufacturing facilities, warehouses, camps, portables	\$1,000,000	YES	40%	\$400,000
Building Improvements	Water treatment, waste heating, compressed air system, air conditioning, process cooling water	\$0	NO		\$0
Furniture & Fixtures	Office furniture, desks, cubicles, office chairs, etc.	\$0	NO		\$0
Appliances	Refrigerators, ovens, washers/dryers	\$0	YES	15%	\$0
Manufacturing Equipment	Lathes, milling machines, CNC, grinder, rolling mills, welders, coating equipment, tooling, etc.	\$0	NO		\$0
Support Equipment	Cranes, stands, dollies, racks	\$900,000	YES	10%	\$90,000
Test Equipment	Test stands, test instruments, test tooling	\$0	NO		\$0
IT and Telecom Equipment	Computers, copiers, telephones, PBX switches, VOIP equipment	\$480,000	NO		\$0
Software	Computer software	\$100,000	YES	10%	\$10,000
Vehicles - Light	Trucks, vans, cars, trailers, fork lifts, etc.	\$400,000	YES	10%	\$40,000
Vehicles - Heavy	Construction equipment, earth movers, semi's, mobile cranes	\$20,000	NO		\$0
Process Equipment	Vessels, pumps, tanks, process compressors, heat transfer, etc.	\$0	YES	15%	\$0
Specialty Equipment	Heat treatment furnace/ equipment	\$600,000	NO		\$0
Drilling	Onshore & offshore rigs	\$0	YES	25%	\$0
Other (Describe)		\$0	NO		\$0
Other (Describe)		\$0	NO		\$0
Other (Describe)		\$0	NO		\$0
<b>Total</b>		\$5,000,000			\$2,000,000

**Note:**  
Repeat filers will input the In-Kingdom portion for years 2008 to 2016 from the prior year certified survey. Data will be provided with the Revenue Confirmation Request.



Page 7

Female Employment

7

# Page 7 - Section 12.0: Female Employment

In this section, the company provides both headcount and cost information related to its female employees. Costs and headcounts related to Saudi females will be a subset of the information provided for total Saudis.

AHSM has employed 15 Saudi women with a total compensation of \$450,000 and provided training to eight of them at a cost of \$25,000. AHSM would complete this section as follows:

12.0 Female Employment		2017
Description <sup>a</sup>		Total KSA
<b>Female Payroll</b>		
Number of Saudi National Female Employees	Headcounts should be taken from year end GOSI report.	15
Total Female Saudi National Salaries, Wages, and Benefits ALAA.SAIF.1	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).	\$450,000
Average Compensation / Saudi National		\$30,000
<b>Training &amp; Development of Female Workforce</b>		
Headcount	Number of Saudi females participating in technical training & qualification activities (both IK and OOK).	8
Training & Qualification Costs	Training & qualification expenses related to female Saudi Nationals. AIF.1	\$25,000

AHMS will also name the main roles of female employees, policies or initiatives in place to attract female participation, and the bottlenecks it faces for employing and retaining female employees.

### Additional Information

#### Roles of Female Employees

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

- 1. HR manager
- 2. Industrial Engineer
- 3. IT System Analyst
- 4. Training Coordinator
- 5. Accountant

#### Policies/initiatives to Drive Female Participation

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

- Creating a good work environment for females ALAA.SAIF.1
- Hiring females in professional positions with attractive salaries
- Providing several types of training.

#### Barriers to Employing Females

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

- 1. Business nature
- 2. Cultural restrictions
- 3. Location of the workplace
- 4. \_\_\_\_\_
- 5. \_\_\_\_\_

ALAA.SAIF.1

# Final Steps

Submitting IKTVA Survey

8

# Final Steps

## Submitting the Company's Survey

Once the company has completed the survey and received the report from its auditor, the company can submit its survey through the website (<https://www.iktva.sa/survey-submissions/>).

The submission should include the following:

- A PDF of the full auditor's report.
- A copy of the Management Representation Letter provided to the auditor. The Management Representation Letter should be signed by the company's top operational and financial officers and must include the company's stamp. No submissions will be accepted without the signatures or stamp. This letter should be included in the PDF report in item 1 above.
- A copy of the survey tool/Excel file.

**IMPORTANT:** The Excel survey tool has been password protected to maintain the integrity of the formulas used to calculate and analyze your company's IKTVA data. All data input cells necessary to complete the survey are unlocked. This password protection feature should not be tampered with. Any Excel surveys submitted without the password protection in place will be rejected and the company will need to refile its survey using the approved Excel file.

No hard copies of the reports will be accepted. Only soft copies of the report and the Excel survey will be accepted.

English


**70 by 21**  
70% localization by the year 2021

THE IN-KINGDOM TOTAL VALUE ADD (IKTVA) PROGRAM

**IT'S A WIN-WIN, AND WIN AGAIN PROGRAM**



**70%**  
LOCAL CONTENT



**500,000**  
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**30%**  
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### Important Message

Dear Supplier:

With respect to awareness and training for Saudi Aramco's In-Kingdom Total Value Add (IKTVA) Program, please be advised that there are no Saudi Aramco approved or endorsed IKTVA training providers either inside or outside the Kingdom. Please also be advised that Saudi Aramco does not require its suppliers to receive any specific formal or informal training to satisfy the IKTVA requirements as may be set out in Saudi Aramco's tenders.

Any questions or concerns regarding this matter should be addressed to iktva team email address: [iktva@aramco.com](mailto:iktva@aramco.com).



Visit our website [www.iktva.sa](http://www.iktva.sa) for additional information.

### Presentations



**In-Kingdom Total Value Add (IKTVA) Program**  
Creating Value in the Kingdom

**70-21** Introducing the In-Kingdom Total Value Add Program (IKTVA) Tuesday, December 01, 2015 Danman Office Building



[IKTVASurveyinfo@aramco.com](mailto:IKTVASurveyinfo@aramco.com)



### Survey Guide

