



the in-Kingdom Total Value Add (IKTVA) Program

creating value in the Kingdom

journey

1940

Seeds of socioeconomic development:

- Built infrastructure.
- Encouraged entrepreneurship among Saudi employees.
- Introduced purchasing policy 1963, premium payments 1977.

1980

Seeds for a vibrant chemical industry:

- Master Gas System.
- Massive development of the company's human capital.

1990

Focus on 'value adding' O&G industry:

- Introduced contracting policy for local contractors.
- Introduced a local enterprise support policy.

2000

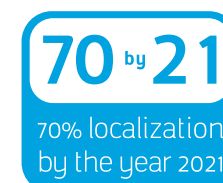
Concrete steps to increase local content development:

- Established NBD in 2003.
- Merged services and procurement functions.
- Mandated Saudization in major contracts.

2010 - 2015

Competitive Saudi energy sector:

- Serving Saudi Aramco's needs.
- Exporting to the region and the world.
- IKTVA Program.



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

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

today's key messages

What is IKTVA?

- IKTVA is a Saudi Aramco strategic imperative
- IKTVA works with suppliers, in a new way for mutual benefit
- IKTVA is a value-creation program, not a metric

Saudi Aramco's vision is to enable a globally competitive Saudi industrial base to deliver 2021 targets:



70%
Local Content



500,000
Jobs



30%
Exports

the in-Kingdom Total Value Add (IKTVA) Program

Definition

The IKTVA Program drives, measures and monitors the "added-value" brought to the Kingdom by a supplier.

Objective

To drive key activities toward localization and job creation, which will be assessed against the following metrics:

- A. Localized goods and services (\$)
- B. Salaries paid to Saudis (\$)
- C. Training and development of Saudis (\$)
- D. Supplier development spend (\$)
- E. In relation to revenue (spend from Saudi Aramco)

Additional info.

- Number of Saudi employees
- Investment (\$)
- R&D spend (\$)
- Exports (\$)

Supplier IKTVA formula:

$$\% \text{ IKTVA} = \left[\frac{A+B+C+D}{E} \right] \times 100$$



IKTVA Supplier Engagement Program

Engagement framework:

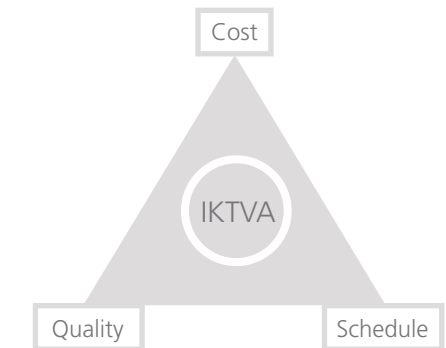
- Cooperative engagement – suppliers and Saudi Aramco
- Sponsorship from both
- Active engagement from both

The process:

1. IKTVA baseline	2. IKTVA action plan	3. Monitoring
<ul style="list-style-type: none"> • Establish 3 year history • Consistent format • Guidance documents • Done by a third party 	<p>For Saudi Aramco & the supplier:</p> <ul style="list-style-type: none"> • Detailed activities & deliverables • Established metrics • Establish timeline 	<ul style="list-style-type: none"> • Quarterly status updates to sponsors • Annual reporting • Fixed KPIs

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Maximizing the economy:



IKTVA is embedded from start to finish into Saudi Aramco procurement and contracting cycles:

1. Planning > 2. Design > 3. Construction > 4. Operation

Supplier solution center

A single window to Saudi Aramco:

- Dedicated supplier relationship managers
- Registration support
- Pre-qualification technical support
- Liaison with external stakeholder
- Supplier call center

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70 by 21
70% localization
by the year 2021

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When is this program taking effect?
Tuesday, December 1, 2015