SHAPING TOMORROW

2012 CORPORATE CITIZENSHIP REPORT
SAUDI ARAMCO IS SHAPING TOMORROW BY STRATEGICALLY FOCUSING ITS LONG-TERM BUSINESS STRATEGY ON GENERATING POSITIVE OUTCOMES FOR THE PEOPLE OF SAUDI ARABIA

ALL I. AL-NAAIM
CHAIRMAN OF THE BOARD OF DIRECTORS

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SHAPING TOMORROW | ABOUT THIS REPORT

This 2012 Corporate Citizenship Report and its companion publication, the 2012 Annual Review, continue our annual practice of reporting on our operational, organizational, social and environmental achievements and goals. Our reporting has been informed by internationally recognized guidelines developed by the Global Reporting Initiative (GRI) and the International Petroleum Industry Environmental Conservation Association (IPIECA). These guidelines help us identify, structure, prioritize, evaluate and present key issues that are relevant and meaningful to our stakeholders. For past reports, please visit www.saudiaramco.com.

© Copyright 2013 Saudi Aramco All Rights Reserved
The Custodian of the Two Holy Mosques,
King ‘Abd Allah ibn ‘Abd Al-‘Aziz Al Sa‘ud

His Royal Highness Salman ibn ‘Abd Al-‘Aziz Al Sa‘ud
The Crown Prince, Deputy Prime Minister and Minister of Defense
OVERVIEW

The Saudi Arabian Oil Company (Saudi Aramco), a fully integrated, globally operating oil and chemicals enterprise, is the state-owned oil company of the Kingdom of Saudi Arabia. Through our 80-year history we have become a world leader in hydrocarbons exploration, production, refining, distribution, shipping and marketing, and the world’s top exporter of crude oil and natural gas liquids (NGLs).

We report to the Supreme Council for Petroleum and Minerals Affairs, chaired by the Custodian of the Two Holy Mosques, King ‘Abd Allah ibn ‘Abd Al-‘Aziz Al Sa’ud. Through our 80-year history we have become a world leader in hydrocarbons exploration, production, refining, distribution, shipping and marketing, and the world’s top exporter of crude oil and natural gas liquids (NGLs). As stewards of Saudi Arabia’s vast resource wealth, we undertake ambitious and far-reaching projects on a commercial basis to support the Kingdom’s development goals and sustainable economic growth, while helping to meet the world’s need for energy. Our massive undertakings in refining, petrochemicals and unconventional gas exploration underscore our commitment to contributing to the job growth and economic diversification that are vital to Saudi Aramco’s, as well as the Kingdom’s, future prosperity.

Headquartered in Dhahran, Saudi Arabia, Saudi Aramco and its affiliates have offices throughout the Kingdom. Our network of subsidiary companies also has offices in North America, Europe and Asia. Our subsidiaries and affiliates are located in Saudi Arabia, China, the United States, Japan, the Republic of Korea, India, the United Kingdom, the Netherlands, Singapore, the United Arab Emirates and Egypt.

We manage conventional crude oil reserves of 260.2 billion barrels and gas reserves of 284.8 trillion standard cubic feet. In 2012, we produced 3.479 billion barrels of oil, about one in every eight barrels produced in the world and the most we have produced in a single year. Our gas production, in terms of raw gas to gas plants, was 9.506 trillion cubic feet, an 8.3 percent increase from 2011, and also the most we have produced in a single year. Our downstream accomplishments include our rank as the sixth largest refiner in the world and the world’s top exporter of natural gas liquids (NGLs).

We produce 3.924 trillion standard cubic feet of gas in 2012, the highest ever for Saudi Aramco. As stewards of Saudi Arabia’s vast resource wealth, we undertake ambitious and far-reaching projects on a commercial basis to support the Kingdom’s development goals and sustainable economic growth while helping to meet the world’s need for energy. Our massive undertakings in refining, petrochemicals and unconventional gas exploration underscore our commitment to contributing to the job growth and economic diversification that are vital to Saudi Aramco’s, as well as the Kingdom’s, future prosperity.

INTERNATIONAL OPERATIONS/EXPORT SHIPPING ROUTES

DOMESTIC OPERATIONS

OVERVIEW OF 2012 OPERATIONAL HIGHLIGHTS AND ACHIEVEMENTS

260.2 BILLION BARLERS OF CONVENTIONAL CRUDE OIL AND CONDENSATE RESERVES

3.479 BILLION BARLERS OF CRUDE OIL PRODUCED IN 2012

9.506 MILLION BARLERS PER DAY (BPD) OF CRUDE OIL PRODUCED, THE HIGHEST EVER FOR SAUDI ARAMCO

482.0 MILLION BARLERS OF NATURAL GAS LIQUIDS PRODUCED IN 2012

1.317 MILLION BARLERS PER DAY OF NGLS PRODUCED

284.8 TRILLION STANDARD CUBIC FEET (SCF) OF NATURAL GAS RESERVES

3.924 TRILLION SCF OF GAS PRODUCED IN 2012

10.7 MILLION SCF PER DAY OF GAS PRODUCED, THE HIGHEST EVER FOR SAUDI ARAMCO

6th LARGEST REFINER IN THE WORLD WITH WORLDWIDE CAPACITY OF 2.4 MILLION BPD

WHO WE ARE AND WHAT WE DO

WHO WE ARE AND WHAT WE DO

INTERNATIONAL OPERATIONS/EXPORT SHIPPINg ROUTES

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WHO WE ARE AND WHAT WE DO
Our Values
At Saudi Aramco, our corporate values guide our business conduct and underpin all of our operations, helping the company to succeed and maintain our position as one of the most respected companies in the world. Employees are expected to live by these values and promote them throughout the business.

In late 2012, we launched a company-wide campaign with the double objective of raising awareness and engaging employees in a meaningful dialogue about the values. Throughout 2013, we will continue to engage employees on the values, conducting workshops for managers and delivering a mandatory e-learning course for all employees. We will also distribute a set of Values Management Handbooks for managers to help them inject values communications into the regular cycle of their departments’ activities.

During 2012 we refocused and streamlined our corporate values, consolidating the previous 10 into five:

- **Excellence**: We drive for best results, and are agile in addressing new challenges
- **Safety**: We operate safely and are committed to the well-being of our workforce
- **Accountability**: We take responsibility for our actions and for meeting corporate objectives
- **Integrity**: We follow ethical standards in conducting our business
- **Citizenship**: We are a positive influence on the kingdom and its environment, and in the communities in which we live and work

Saudi Aramco’s Board of Directors

**Top Row (from left):**
- H.E. Mohammed A. Al-Sheikh is chairman of the board of the Capital Market Authority of Saudi Arabia.
- Abdulaziz F. Al-Khayyal is senior vice president of Industrial Relations at Saudi Aramco.
- Salim S. Al-Aydh is senior vice president at Saudi Aramco with special portfolio.
- Amin H. Nasser is senior vice president of Upstream at Saudi Aramco.
- H.E. Dr. Ibrahim A. Al-Assaf is minister of Finance for Saudi Arabia.
- Khalid A. Al-Falih is president and chief executive officer of Saudi Aramco.
- Sir Mark Moody-Stuart is a former chairman of Royal Dutch Shell.
- H.E. Dr. Khaled S. Al-Sultan is rector of King Fahd University for Petroleum and Minerals (KFUPM) in Dhahran.
- H.E. Dr. Mohammed I. Al Suwaiyel is president of King Abdulaziz City for Science & Technology (KACST).
- Peter Woicke is a former managing director of the World Bank and chief executive officer of the International Finance Corporation.

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The Kingdom of Saudi Arabia faces many challenges in the 21st century — and this brings great opportunities for our citizens. As our country continues to diversify its economy, new business and employment opportunities present themselves. As it has been for nearly 80 years, Saudi Aramco is at the forefront by driving economic growth in the Kingdom.

The interests and priorities of the company, and of the country, are mutually reinforcing and overlapping. It is clearer than ever that Saudi Aramco’s business goals are intertwined with the Kingdom’s societal, economic and environmental goals.

One essential example of this can be seen in our downstream activities. In my message in last year’s Corporate Citizenship Report, I pointed out that the expansion of Saudi Aramco’s downstream portfolio would spawn new industries in the Kingdom and create well-paid, sought-after jobs.

That is why we have developed the 2020 Energy Sector Human Resources Strategy to ensure that economic growth translates into employment opportunities for Saudis. This method of job creation is complemented by Saudi Aramco’s support of entrepreneurs and small- and medium-sized businesses through the Wa’ed Entrepreneurship Center and Saudi Aramco Energy Ventures. Furthermore, Saudi Aramco continues to invest in the readiness of local suppliers and manufacturers to compete on a global stage.

Another notable example of the confluence of Saudi Aramco’s and the Kingdom’s goals can be seen in our contributions to national energy programs. The company’s quickening pace of innovation in renewable and fuel-efficient technology will support national efforts to decrease domestic energy intensity while preparing the company to compete in an increasingly diverse global energy marketplace.

Finally, Saudi Aramco’s annual support of thousands of students — ranging from foundational science, technology, engineering and math education in the early years to advanced specialized degrees at top universities in the Kingdom and around the world — will help ensure that Saudi Arabia’s growing economy has the knowledge base it needs for generations to come. Ultimately, investment in the talent of people is the Kingdom’s overriding priority.

This report chronicles an important year in the history of both the company and the Kingdom. It conveys the many ways in which Saudi Aramco is shaping tomorrow by strategically focusing its long-term business strategy on generating positive outcomes for the people of Saudi Arabia.

With Saudi Aramco’s scale, competence and influence comes increased responsibility to all our stakeholders, from the local communities in which we operate, to our employees and partners, to the government. This is rightly so — the company depends on all of these stakeholders for its success, and they should share in the benefits of that success.

I am proud to say that in 2012, the company rose to meet these expectations, providing reliable, affordable energy in a safe, secure and environmentally responsible way while investing in the well-being of the communities and countries in which we operate. It was a year of great forward steps in Saudi Aramco’s journey as a corporate citizen.

This is largely due to the transformation that is taking place inside the company as we re-organize and re-tool in pursuit of becoming the world’s leading integrated energy and chemicals company by 2020. On this path of change, our citizenship approach is both being built into the design of the transformation and being shaped by it.

As I look back on 2012, I see countless examples of this. We deepened our engagement with suppliers by collaborating to advance ethics, Saudization and safety. We increased our efforts in renewable energy development. We enhanced our environmental protection programs, including our corporate biodiversity initiative, which is supporting the creation of a mangrove eco-park and a wildlife preserve. We were recognized for best-in-class health-care and wellness programs. We also launched Ilma Youth — a program designed to inspire 2 million Saudi youths in science, technology, engineering and math — and our Kingdomwide cultural programs attracted more than 2 million visitors.

Looking forward to 2013, we will continue to mature in these areas and others. We will ramp up our support of entrepreneurs and small- and medium-sized businesses through funding and incubation programs, support the government in its ambitious National Energy Strategy to improve energy efficiency and economic value creation, increase our investments in training and development, and build systems and awareness to encourage better health and safety among our employees and the broader population.

Saudi Aramco’s citizenship approach is, and will increasingly be, an integral enabler of our company’s continued growth and success — which is in turn an integral enabler of prosperity, well-being and aspiration in the Kingdom. The activities described in this report go far beyond charity; they are driven by the conviction that keeping our reputation as a reliable supplier of energy requires us to put our employees and partners, our communities and environment, our country and the countries we are guests in, at the forefront of all we do. This has been the Saudi Aramco way for 80 years.

I thank all of our employees, partners and other stakeholders who have made this forward progress possible — and look forward to continued collaboration and movement toward our common goals.

Khalid A. Al-Falih
President and Chief Executive Officer
CITIZENSHIP AT SAUDI ARAMCO

Saudi Aramco knows it has an important role to play in shaping tomorrow for the Kingdom of Saudi Arabia. We are constantly seeking to enhance our positive impacts on the Kingdom’s economy, its communities and young people, and its natural environment.

While supplying energy to the world is our core purpose, our sense of civic duty and mission extend far beyond running a successful business. Since its inception, Saudi Aramco has strived to operate with strong and consistent principles: treating employees and local communities with respect, carefully managing environmental impacts, and sharing the benefits of success— all with the intention of contributing to a prosperous future for the Kingdom and for the world at large. These tenets represent our approach to citizenship and corporate social responsibility, which have been a core aspect of our management culture through the years.

This approach to citizenship has served as a driver of not just our own success, but also the success of Saudi Arabia. In many ways, Saudi Aramco’s business strategy is a citizenship strategy with long-term ambitions directly tied to positive outcomes for both the company and the Kingdom. This report outlines some of the many ways in which Saudi Aramco is Shaping Tomorrow by giving back to the Saudi economy, supporting productive and resilient communities, expanding the Kingdom’s base of knowledge and expertise, and enhancing the environmental sustainability of our business while expanding into new energy markets. As we make strides toward our 2020 strategic intent, our citizenship activities have progressed in support of that intent.

THE PRINCIPLES OF OUR CORPORATE CITIZENSHIP STRATEGY.

OUR CORPORATE CITIZENSHIP STRATEGY IS GUIDED BY FOUR ONGOING PRACTICES:

- RESPOND TO THE NEEDS OF SOCIETY: Our citizenship initiatives are based on clearly defined needs within the communities in which we operate and on the development objectives of the Kingdom as a whole.
- CREATE STRATEGIC COLLABORATIONS: Working with others builds scale and optimizes outcomes, and allows us to leverage shared values and complementary strengths of other organizations.
- BUILD ON OUR CORE BUSINESS STRENGTHS: Maximizing our positive impacts requires us to leverage our expertise—“doing what we do best.”
- EVALUATE OUR PERFORMANCE ON AN ONGOING BASIS: We continue to review all of our corporate citizenship activities against a rigorous framework to ensure they remain relevant to our core business objectives and the communities in which we operate.

SAUDI ARAMCO HAS PLAYED AN IMPORTANT ROLE IN THE INFRASTRUCTURAL, ECONOMIC AND CULTURAL DEVELOPMENT OF THE KINGDOM. OVER THE YEARS, THIS ROLE HAS BECOME INCREASINGLY STRATEGIC, TARGETED AND INNOVATIVE.

THE OUR STRATEGIC INTENT: BY 2020, SAUDI ARAMCO PLANS TO BE THE WORLD’S LEADING INTEGRATED ENERGY AND CHEMICALS COMPANY, FOCUSED ON MAXIMIZING INCOME, WHILE FACILITATING THE SUSTAINABLE AND DIVERSIFIED EXPANSION OF THE ECONOMY, AND ENABLING A GLOBALLY COMPETITIVE AND VIBRANT SAUDI ENERGY SECTOR

AN INNOVATION MINDSET IS A DRIVER OF CONTINUOUS IMPROVEMENT IN ALL FOUR CITIZENSHIP PillARS

OUR CITIZENSHIP PillARS:

- ECONOMY
  - Our Focus
    - Leveraging our core business
    - Developing local content
    - Enabling entrepreneurship
    - Building a competitive workforce in the Kingdom
  - Innovation Mindset
    - Reimagining tech
    - Transforming industry
    - Innovating value

- COMMUNITY
  - Our Focus
    - Building a culture of safety
    - Promoting community health and well-being
    - Targeting our charitable giving
  - Innovation Mindset
    - Nurturing innovation
    - Investing in education
    - Inspiring Saudi Arabia’s young people
    - Protecting biodiversity

- KNOWLEDGE
  - Our Focus
    - Nurturing innovation
    - Investing in education
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Traffic Safety
We work to improve traffic safety in the Eastern Province by focusing on the 4 E’s of traffic safety: engineering, education, enforcement and emergency response.

Saudi Aramco Cultural Programs
We had more than 2 million visitors to our cultural programs in Riyadh, Jiddah, Dhahran and al-Hasa.

Dhahran Techno Valley
Saudi Aramco is a strategic partner of Dhahran Techno Valley, where major international companies have built research centers.

King Abdulaziz Center for World Culture
We are building the visionary King Abdulaziz Center for World Culture as part of our commitment to promoting knowledge in the Kingdom.

Wa’ed Entrepreneurship Center
We trained 284 entrepreneurs and funded the top entrepreneurial ventures from among them.

Math and Science Education
We educated students Kingdomwide in math and science through our BLOSSOMS program, Mathletics, and the Siemens Science Discovery Initiative.

Carbon capture and injection project
We made significant progress on this groundbreaking project, which will begin to capture some 40 million standard cubic feet of carbon dioxide from our operations in 2013.

Jazan Refinery
We signed major contracts with eight companies to carry out the ambitious development of the Jazan Refinery and Terminal Project.

Ras Tanura Eco-Park
We created the master plan for the region’s first mangrove eco-park.

Shaybah Wildlife Sanctuary
We carried out the ecological assessment and master plan for a 600 square kilometer wildlife sanctuary for endangered species.

KAPSARC
We are building the King Abdullah Petroleum Studies and Research Center, an innovative global center for energy, environmental research and policy studies.

Unconventional Gas Exploration
We began appraisal drillings as part of our Unconventional Gas Initiative, which – if successful – will enhance economic livelihoods in these regions.

SAPHERe
We are training peer educators in schools on health and lifestyle topics.
ECONOMY

Sustaining economic growth and development

In our wider society, we encourage entrepreneurship and on-going training. Small- and medium-sized enterprises (SMEs), with support and necessary capital, are effectively contributing to economic growth and creating a spirit of entrepreneurship that is beneficial to Saudi Aramco and the country at large. We also focus on training, apprenticing and educating Saudi workers so they can fill the specialized jobs that enable economic growth and diversification.

Our comprehensive approach toward strengthening our local economy focuses on leveraging our core business, developing local content, enabling entrepreneurship, and building a competitive workforce in the Kingdom.

COMMUNITY

Helping communities thrive

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Priority: Saudi Arabia’s future prosperity requires a diverse economy that includes the production of advanced petroleum products and the further development of other industries. Saudi Aramco is uniquely positioned to encourage private sector growth and support additional employment for the increasing numbers of young Saudis entering the job market.

Approach: Our approach starts with a long-term mindset that allows us to focus on leveraging our core business activities to grow the Saudi economy in a sustainable and balanced way. For example, we encourage investment in adjacent industrial “clusters” that serve our operations, while also providing training to local manufacturers and our suppliers on topics ranging from safety to ethics.

Our highlight achievements in 2012 include:

- 29% increase from 2011 in the number of Saudi employees hired.
- Over $26 billion in material and service procurement spending awarded locally.
- 5,590 Saudi high school graduates and vocational college graduates trained in our apprenticeship program.
- 190 participants completed our Women in Business program.
- 284 trainees participated in Wa’ed, our entrepreneur development initiative.

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Building the Kingdom’s knowledge base for the future

Saudi Aramco is also building the King Abdulaziz Center for World Culture, a world-class institution for fostering learning, creative inspiration and cross-cultural connections. We dedicate significant resources and project management assistance to support government programs and institutions aimed at advancing national educational ambitions. We launched Ithra Youth, an ambitious program to inspire 2 million young Saudis by 2020. This program and others build competencies in the STEM areas and support the future employability of the Kingdom’s students. At the same time, we invest heavily in opportunities to encourage innovation, cultural awareness and life-long learning in Saudi Arabia’s young people.

Our highlight achievements in 2012 include:
• 10,000 Saudi youth reached and 100,000 learning hours delivered by mobile iSpark.
• 87% increase from 2011 in patents granted to Saudi Aramco by the United States Patent and Trademark Office.
• 595 high school teachers trained in science and math, a 27% increase on the previous year.
• 4,200 students in 100 schools used Mathletics, our online educational tool.
• 2.2 million visitors attended our Cultural Programs in Dhahran, Riyadh, Jiddah and al-Hasa.
• 23,643 students visited our Mobile Library.
• More than 50 Innovation Awareness events held across the company.
• 28 Saudi Aramco-built public schools renovated.

Our approach toward building the Kingdom’s knowledge base for the future focuses on nurturing innovation, investing in education, and inspiring Saudi Arabia’s young people.

The development of alternative energy solutions to supplement oil and gas is increasingly important for meeting domestic energy demand and diversifying our products and services. Saudi Aramco is making significant efforts toward developing energy-efficient and renewable energy technologies. We are also leveraging our capabilities and resources to generate a clean-energy sector in the Kingdom and protecting areas of high biodiversity.

Our highlight achievements in 2012 include:
• 8.87% reduction in facilities energy intensity.
• 3.07% reduction in total energy consumption.
• 2% reduction in sulfur dioxide emissions from our upstream facilities.
• 91 environmental compliance assessments carried out at Saudi Aramco facilities.
• 972 tons of paper, carton, plastic, glass and aluminum, and 11,263 toner cartridges collected for recycling.
• 30,000 houses surveyed for energy efficiency performance.
• 100,000 mangrove seedlings planted along the Gulf Coast; a 100% increase on last year.
• Flaring of 68,100 barrels of crude oil avoided by introducing a program of zero flaring of fluids in offshore well intervention programs.

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17 Saudi Aramco 2012 Corporate Citizenship Report

SAUDI YOUTH REACHED AND 100,000 LEARNING HOURS DELIVERED BY MOBILE ISPARK
HIGH SCHOOL TEACHERS TRAINED IN SCIENCE AND MATH, A 27% INCREASE ON THE PREVIOUS YEAR
STUDENTS IN 100 SCHOOLS USED MATHETICS, OUR ONLINE EDUCATIONAL TOOL
ECONOMY

Leveraging our core business

1,000 DIRECT JOBS

4,000 INDIRECT JOBS

Jobs expected to be created by the Jazan Refinery and Terminal project

37 NEW LOCAL MANUFACTURERS APPROVED IN 2012

98 NEW LOCAL SUPPLIERS APPROVED IN 2012

8 MAJOR CONTRACT PACKAGES SIGNED FOR JAZAN REFINERY AND TERMINAL PROJECT

Enabling entrepreneurship

1st WA’ED VENTURE CAPITAL INVESTMENTS APPROVED IN 2012

274 2011

284 2012

Young Entrepreneurs Trained through Wa’ed

Developing local content

VALUE OF SERVICE PROCUREMENT AWARDED TO LOCAL COMPANIES

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>100%</td>
<td>77%</td>
<td>75%</td>
<td>85%</td>
</tr>
</tbody>
</table>

77% 2010

85% 2012

Building a competitive workforce in the Kingdom

4,074 2011

5,590 2012

Saudi high school graduates and vocational college graduates trained in the Apprenticeship Program

190 PARTICIPANTS COMPLETING WOMEN IN BUSINESS PROGRAM

1,342 2011

1,431 2012

Participants in our college degree program for non-employees

322 2011

352 2012

Employees in our advanced degree program

1,000 DIRECT JOBS

4,000 INDIRECT JOBS

jobs expected to be created by the Jazan Refinery and Terminal project

37 NEW LOCAL MANUFACTURERS APPROVED IN 2012

98 NEW LOCAL SUPPLIERS APPROVED IN 2012

8 MAJOR CONTRACT PACKAGES SIGNED FOR JAZAN REFINERY AND TERMINAL PROJECT

1st WA’ED VENTURE CAPITAL INVESTMENTS APPROVED IN 2012

274 2011

284 2012

Young Entrepreneurs Trained through Wa’ed

4.0 2011

19.5 2011

4.5 2012

21.7 2012

Local procurement spending awarded (in billions of U.S. dollars)

4.0 2011

19.5 2011

4.5 2012

21.7 2012

Local procurement spending awarded (in billions of U.S. dollars)
OVERVIEW

Saudi Aramco is committed to sustaining economic growth and development in the Kingdom. We strategically leverage our core business in a way that not only drives economic success but also benefits the Kingdom. Our approach starts with a long-term mindset, allowing us to evaluate immediate business factors and consider other material issues such as diversifying our operations, the development of all the regions in the Kingdom, and the continuous development of the Saudi workforce. These and other issues are significant to our long-term business success and the success of the Kingdom.

Saudi Arabia’s economy is growing fast, and Saudi Aramco’s goal is to continue to support, enable and drive continued long-term growth. In 2012, Saudi Arabia enjoyed a 6.8 percent growth rate, spurred by $718 billion in government spending over the past five years. Saudi Aramco contributed to this growth as it drives to become the world’s leading integrated energy and chemical company by 2020. We recognize that we cannot grow our business in isolation. Therefore we believe Saudi Aramco should be an enabler and a capacity builder for the Kingdom, as well as an economic driver.

For example, in 2012, our continuing expansion into chemicals spawned new conversion industries, began attracting investment, and will create 25,000 direct and 80,000 indirect local jobs. Our focus on developing a globally competitive vibrant energy services sector will create an additional 500,000 direct and indirect jobs in the Kingdom. The ripple effect of our work can be seen throughout our communities. A new project may encourage investment in Saudi manufacturing, develop industrial “clusters” adjacent to our operations, and provide training to local manufacturers and suppliers in areas ranging from safety to ethics.

In the wider society, we provide entrepreneurs and small- and medium-sized enterprises (SMEs) with the support and capital necessary to grow their businesses. We also focus on training, apprenticing and educating Saudi workers so they can fill the specialized jobs created by the economic growth and diversification.

The following sections of this chapter — leveraging our core business, developing local content, enabling entrepreneurship, and building a competitive workforce in the Kingdom — describe this comprehensive approach toward strengthening the Kingdom’s economy.

OVER THE PAST ALMOST 80 YEARS, SAUDI ARAMCO HAS BUILT EXTENSIVE OPERATIONAL INFRASTRUCTURE AND AMASSED A WEALTH OF KNOWLEDGE AND EXPERTISE. WE PLAN TO SHARE THIS EXPERTISE AS PART OF OUR CORPORATE CITIZENSHIP STRATEGY
Regional Economic Development
In addition to pursuing diversification both of the economy and the energy mix, Saudi Aramco seeks to guarantee that resulting development is spread throughout the Kingdom. This is in line with the government’s strategy to ensure that economic development is geographically balanced and works to generate new industries and skilled jobs in all regions.

The Jazan Economic City project, with Saudi Aramco’s Jazan Refinery and Terminal Project as its economic backbone, is the most significant example of our efforts in this area. The project will be the nucleus for industrialization of the region, and its Integrated Gasification Combined Cycle (IGCC) complex will economically and efficiently generate 2,400 MW of electricity to cover the refinery’s needs, enable the development of small industries nearby and provide power for cities in the area. The project is expected to create over 1,000 direct and 4,000 indirect jobs, and process 400,000 barrels per day (bpd) of Arabian crude oil when completed in 2016. To put this into context, only three refineries have been commissioned on this scale anywhere in the last 20 years. The complex, and those of similar scale in Jubail and Yanbu’, will be models of comprehensive, sustainable development.

As part of our new localized recruitment program, during 2012 we held a recruitment workshop in Jazan that resulted in the hiring of 100 Saudi nationals from the region. We also completed the front-end engineering design work for the Jazan project and awarded major contracts for the engineering, procurement and construction phases of the project. With the conclusion of this tendering process, Saudi Aramco has now launched the execution phase.

Land Reservation
Another important aspect of Saudi Aramco’s commitment to ensuring the Kingdom’s future economic success is preserving lands where we have discovered oil and gas to maximize the market value of those resources, while also considering the public’s interest in these lands. We continuously review our reservation areas in a manner that weighs both the public interest and our current and future objectives of meeting domestic and international energy demand. The use of these lands is governed by strategic and technical standards that take into consideration the technology available to extract the resources, as well as the Kingdom’s strategic objectives.

With safety as our utmost priority, Saudi Aramco carefully considers proposals to construct housing, commercial, industrial or government complexes near our areas of operation. To ensure the public’s safety, as well as to protect our pipelines, fields and wells, we work to ensure that our facilities are surrounded by rights-of-way in accordance with international technical standards and government instructions.

Developing Local Content
Priority: A robust and efficient local supply chain — in both manufacturing and services — is required to meet the demands of an increasingly diverse and integrated local economy.

To become a leading integrated energy and chemicals company, Saudi Aramco needs a vibrant and diversified local community of suppliers. Saudi Aramco’s approach to developing local suppliers is four-fold: set local procurement targets, encourage investment in local suppliers, build the capacity of local suppliers, and help suppliers to increase their Saudization levels.

By 2020, Saudi Aramco plans to meet 70 percent of its material procurement needs with locally manufactured goods. In 2012, we were at 35 percent, up from 32 percent in 2011. In 2012, Saudi Aramco approved 37 new local manufacturers, bringing the number of registered local manufacturers to 1,014.

Building the Capacity of Our Supply Chain
Recognizing the substantial investment required to establish new manufacturing facilities, Saudi Aramco’s Local Manufacturing Development Program (LMDP) works to secure long-term purchasing agreements with local manufacturers, providing them a business stream that fosters their long-term viability. The concept of these agreements is to encourage potential investors to pursue new local manufacturing opportunities by allocating a certain percentage of Saudi Aramco’s business for a particular commodity in return for the establishment of local manufacturing facilities.

“THE HIGHLIGHT OF NEXT YEAR’S PROGRAM IS THE JAZAN REFINERY. THIS IS TRULY SIGNIFICANT BECAUSE WE WILL BE OPENING UP A NEW DEVELOPMENT AREA THAT HAS NOT BEEN TOUCHED WITH MUCH INDUSTRY, THE SOUTHWEST”

KHALID A. AL-FALIH, SAUDI ARAMCO PRESIDENT AND CEO

We have previously released land for public benefit, such as the release of 700,000 square meters to the Ministry of Health to build a specialized hospital in Dammam, providing the land for the National Industrial Training Institute in al-Hasa and sites in the Eastern Province for the Government Industrial Cities Authority.

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Service Agreements Awarded to Local Companies (%) Goods Purchased that were Manufactured Locally (%)
WE WERE RECENTLY SUCCESSFUL IN ENCOURAGING A $250 MILLION INVESTMENT IN EIGHT NEW MANUFACTURING FACILITIES, RESULTING IN THE CREATION OF 400 NEW JOBS

In 2012, construction was completed and the factories began producing pipes, and drilling and wellhead equipment.

To further support our suppliers, Saudi Aramco is developing a market intelligence platform that will allow current and potential business partners to understand Saudi Aramco’s spending projections for goods and services and, plan accordingly. To develop the market intelligence, we analyze our own spending on goods and services and identify gaps in the Kingdom’s supply chain. We use the findings to refine our incentive plan and encourage investors to fill the supply chain gaps. Our analysis and findings are currently limited to our own spending, but we plan to gradually include analysis of other energy sector players. All information will be made available online, with varying degrees of access granted to the public and suppliers.

Operating Ethically

Working with ethics and integrity is a key element of Saudi Aramco’s approach to business and corporate citizenship. It is an essential requirement in maintaining our license to operate and ensuring we are responsible stewards of the Kingdom’s resource wealth.

We are committed to the highest ethical and legal standards in the conduct of our business, and we require that our employees, contractors and suppliers share the same commitment. We have robust compliance policies and procedures to prevent, detect and punish misconduct by employees. The company has equally high expectations for ethical and lawful conduct of our suppliers and business partners, and our Supplier Code of Conduct applies to every contractor, subcontractor and vendor, who must accept it in writing.

Saudization of the Workforce

In 2012, we increased our minimum local manufacturing Saudization requirement from 20 percent in 2011 to 30 percent, with a goal of 5 percent annual increase until 2020, when we specified Saudization rate will be 40 percent.

To support suppliers in ensuring they meet the Saudization requirements, Saudi Aramco developed a dashboard to determine their eligibility

ECONOMY

Saudi Aramco promotes ethics in the supply chain: As part of our ongoing efforts to build our suppliers’ capacity and encourage responsible business practices, Saudi Aramco hosted its second annual supplier forum, focused on business ethics and fraud prevention. The seminar introduced suppliers to a new handbook explaining how to develop training programs that cover ethical dilemmas, confidentiality, fraud awareness and motivation. The seminar also trained suppliers on the changes to our Supplier Code of Conduct, which suppliers must sign and agree to. At the 2012 supplier forum, Saudi Aramco plans to discuss common performance issues and confirm that each supplier now has its own fraud, ethics, safety and compliance programs.

To increase employment opportunities for local engineers, Saudi Aramco’s General Engineering Services Plus (GES+) initiative helps establish alliances between local engineering companies and internationally recognized engineering firms so that the majority of engineering services requirements can be met by in-Kingdom firms. For the GES+ contracts, Saudization requirements are set at 25 percent for engineers and designers and 50 percent for other categories. In 2013, we will have at least five active GES+ contracts with local engineering companies.

Promoting a National Maritime Industry

Also in 2012, we announced the merger of the fleets and operations of our subsidiary Vela International Marine Limited with the National Shipping Company of Saudi Arabia (Bahri). The merger will create a formidable global shipping company, which will promote the development of a thriving national maritime industry that creates jobs and other long-term opportunities for the Kingdom. Under this long-term shipping contract, Bahri will become the exclusive transporter of crude oil sold by Saudi Aramco on a delivery basis.

ECONOMY

IT Security Knowledge Sharing

Sharing our expertise with other in-Kingdom companies is in all of our mutual interests. For example, following a cyber-attack on our internal online network services, we hosted representatives from the government and the Kingdom’s largest corporations for a workshop to share insights on information technology security, protection and crisis response. At the meeting, we shared our experience regarding crisis management and response strategies to counter cyber threats.
ENABLING ENTREPRENEURSHIP

Priority: To contribute to the Kingdom’s economic growth and diversification, small businesses and entrepreneurs need access to funding, expertise and guidance.

Thanks to the new jobs they create and the economic development they generate, small- and medium-sized enterprises (SMEs) represent an average of 80 percent of the national economies of developed nations. Creating an environment in which these businesses can flourish is therefore a key part of ensuring the economic success of Saudi Aramco and diversifying the Kingdom’s economy.

Wa’ed Entrepreneurship Center

Saudi Aramco’s subsidiary, Wa’ed, promotes entrepreneurship to support economic growth, diversification and social development in Saudi Arabia. Its mission is to facilitate the growth of sustainable SMEs, expansion of the Kingdom’s pool of entrepreneurs, and development of an entrepreneurial ecosystem.

In 2012, Wa’ed received more than double the applications we expected. After a selection process, Wa’ed trained 284 entrepreneurs on how to formulate and develop business plans, and funded the top-entrepreneurial ventures from among them. Wa’ed also launched its public website, as well as an online portal to facilitate collaboration between applicants, entrepreneurs and Wa’ed staff.

Wa’ed Venture Capital was registered in 2012 to complement Wa’ed’s loan financing by providing direct equity investments in innovative companies with less predictable cash flows and larger funding requirements. Wa’ed Venture Capital is expected to create quality jobs for Saudis and accelerate the development of high-impact, innovative ventures. A number of investments and loans were approved for funding in 2012.

Wa’ed also opened the Information and Communication Technology (ICT) Business Incubator at King Fahd University for Petroleum and Minerals (KFUPM). The incubator will provide a pipeline of applicants, entrepreneurs and Wa’ed staff.

We’d completed an Energy SME study and identified four focus areas:

- Scale up existing SMEs that provide materials and services to Saudi Aramco.
- Create new SMEs to contribute to the value chain of suppliers to Saudi Aramco.
- Promote energy SMEs across the value chain of Saudi Aramco’s strategic initiatives.
- Promote energy SMEs across the value chain in Saudi Arabia, such as in renewable energy.

In response to this study, Wa’ed signed memoranda of understanding with General Electric, Sadara and Schlumberger, targeting the localization of products and services within these companies’ supply chains. Wa’ed is partnering with these companies to identify opportunities for SMEs in their supply chains, develop new local start-ups, and support existing SME suppliers. To support these initiatives, Wa’ed is planning to build an SME center.

Wa’ed Fuels Green Growth: Wa’ed was crucial in helping Mohamed Masoud turn his business dream into a reality. By supporting Mohamed’s idea, assisting in the development of a sound business plan and navigating through the complex financing process, Wa’ed helped Mohamed establish his own company in Jiddah – Trewind Recycling. The company uses waste destined for landfill sites to create environmentally friendly products and materials. Today, this expanding business is not only creating other jobs for young Saudis, but helping to make Saudi Arabia a cleaner, greener and healthier place to live.

Saudi Aramco Energy Ventures

In April 2012, Saudi Aramco Energy Ventures (SAEV) was established as a wholly owned subsidiary to pursue investments in early- and growth-stage technology companies to accelerate the flow of technology to Saudi Aramco. The investments are targeted in the sectors of upstream oil and gas, downstream operations and value-added products, and alternative energies and energy efficiency. SAEV screened more than 150 funds as potential investments in 2012. In June, SAEV made its first investment, in Braemar Energy Ventures Fund III. In December, a second investment was approved. SAEV also expanded its reach by establishing international arms – Energy Capital Management in Europe and Aramco Energy Ventures in the U.S.

In response to this study, Wa’ed signed memoranda of understanding with General Electric, Sadara and Schlumberger, targeting the localization of products and services within these companies’ supply chains. Wa’ed is partnering with these companies to identify opportunities for SMEs in their supply chains, develop new local start-ups, and support existing SME suppliers. To support these initiatives, Wa’ed is planning to build an SME center.

“WE ARE REACHING DEEP INTO SAUDI SOCIETY TO DEVELOP EDUCATIONAL PROGRAMS — PARTICULARLY AROUND THE ‘STEM’ DISCIPLINES OF SCIENCE, TECHNOLOGY, ENGINEERING AND MATH — AND TO CULTIVATE AN INTELLECTUAL ENVIRONMENT IN WHICH INNOVATION AND ENTREPRENEURSHIP CAN FLOURISH”

KHALID A. AL-FALIH, SAUDI ARAMCO PRESIDENT AND CEO
In 2012, Saudi Aramco established an embedded research group at KAUST to focus on projects related to biocapture, robotics, fuel technology, chemical membranes and advanced materials.

King Abdullah Petroleum Studies and Research Center (KAPSARC): With its campus currently being built in Riyadh, KAPSARC plans to push forward insight and understanding of energy challenges and opportunities, both domestically and globally, through high caliber research in energy economics, policy, technology and the environment, and to advance the knowledge of efficient and sustainable energy production and consumption. Saudi Aramco and KAPSARC collaborate on a number of areas of research, particularly with regard to the Kingdom’s energy initiatives.

Vocational Training and Apprenticeship Programs

Saudi Aramco is a strategic partner of vocational training institutes in the Kingdom. As of 2012, there were 3,425 new enrolments in the apprenticeship program, bringing the total to 9,590. Of these, there were 2,868 new enrolments in the Saudi Aramco apprenticeship program, bringing the total to 6,460. At our joint and equity ventures, there were 597 new enrolments, bringing the total to 950.

Women in the Workplace

Building a competitive national workforce also means encouraging the participation of women in the workplace. In 2010, Saudi Aramco launched the Women in Business program to help women achieve professional success by training them in a three-day workshop on topics such as assertiveness, managing workplace conflict, work-life balance, inter-gender communication skills, networking and finding mentors. In addition to the workshops, the program also facilitates networking and mentorships among its alumini. In 2012, 190 women participated in 12 workshops.

The year 2012 also saw the launch of Qudwa, an affinity group that strives to unleash this talent and is through programs that capitalize on the unique qualities existing among men and women. Qudwa, which means “role model” in Arabic, is an employee-driven initiative at Saudi Aramco that encourages its members to network, share knowledge, and mentor, with special consideration for gender issues in the workplace. Qudwa has grown since its launch in April 2012 to include more than 1,200 members – 882 men and 322 women. While it is still in its early stages, the group aspires to lead the region in nurturing young professionals via networking and skill-building workshops and serving as a platform to showcase their talents. The group is also constructing a non-technical mentoring program for young professionals.

“Men and women bring unique talents and strengths. We have to realize that we can capitalize on those. It’s what we need to become more competitive as a company. Saudi Aramco’s got talent, and it is through programs like Women in Business that we can unleash this talent and motivate our females to benefit from the opportunities that are now becoming available to them”

Sharon K. Wilson, Women in Business Program Designer
## Promoting community health and well-being

<table>
<thead>
<tr>
<th>Metric</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees participating in Wellness Program</td>
<td>1,458</td>
<td>9,000</td>
</tr>
<tr>
<td>Medical facilities receiving Saudi Aramco Medical Services Organization development support</td>
<td>82</td>
<td>88</td>
</tr>
<tr>
<td>Employees enrolled in the Smoking Cessation Program</td>
<td>630</td>
<td>3,627</td>
</tr>
<tr>
<td><strong>100%</strong> Saudi Aramco Medical Services Organization facilities that have expanded smoke-free zones</td>
<td></td>
<td></td>
</tr>
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## Building a culture of safety

<table>
<thead>
<tr>
<th>Metric</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students who participated in traffic-safety education program</td>
<td>15,430</td>
<td>24,000</td>
</tr>
<tr>
<td>Employees participating in wellness program</td>
<td>42,870</td>
<td></td>
</tr>
<tr>
<td>Visitors to the Safe Driving Challenge</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Fire extinguishers installed in homes in 2012 and residents trained to use them</td>
<td>8,000</td>
<td></td>
</tr>
</tbody>
</table>

## Targeting our charitable giving

<table>
<thead>
<tr>
<th>Metric</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of new charities approved for funding as part of the In-Kingdom donation strategy</td>
<td>5,921</td>
<td>7,474</td>
</tr>
<tr>
<td>Volunteer service hours at Saudi Aramco Cultural Program</td>
<td>200,000</td>
<td></td>
</tr>
</tbody>
</table>

## Helping communities thrive

- **Promoting community health and well-being**
  - Employees participating in Wellness Program: 1,458 (2011), 9,000 (2012)
  - 100% Saudi Aramco Medical Services Organization facilities that have expanded smoke-free zones

- **Building a culture of safety**
  - Students who participated in traffic-safety education program: 15,430 (2011), 24,000 (2012)
  - Employees participating in wellness program: 42,870
  - Visitors to the Safe Driving Challenge: 14
  - Fire extinguishers installed in homes in 2012 and residents trained to use them: 8,000

- **Targeting our charitable giving**
  - Number of new charities approved for funding as part of the In-Kingdom donation strategy: 5,921 (2011), 7,474 (2012)
  - Volunteer service hours at Saudi Aramco Cultural Program: 200,000
Priority 1:
Traffic safety is a major concern in the Kingdom with an average of 20 people dying every day in Saudi Arabia due to road accidents. With 29 deaths per 100,000 people, Saudi Arabia has one of the highest traffic fatality rates among developing countries.

Priority 2:
In recent years, Saudi Arabia has experienced a sharp increase in diseases such as diabetes and cardiovascular disease.

Priority 3:
There are many strong non-profit organizations in the Kingdom in need of funding to continue and scale their important contributions to the communities they serve.

OVERVIEW
Healthy Saudis and a dynamic, effective civil society help our communities thrive. Saudi Aramco recognizes the importance of thriving communities and has prioritized the support of healthy, safe and engaged communities since our founding nearly 80 years ago.

While Saudi Arabia has witnessed remarkable social and economic development in recent decades, the future of its communities requires a greater focus on wellness: lowering the levels of smoking, improving healthy eating, and encouraging physical activity.

Making the country’s highways safer is also a top priority for us. Our Traffic Safety Signature Program is reducing traffic fatalities by improving the engineering of roads, educating drivers, tightening enforcement, and improving emergency response.

Saudi Aramco’s charitable giving builds the capacity of select non-profit organizations across the Kingdom. Our charitable giving programs emphasize alignment with our economy, community, knowledge and environmental priorities. We also prioritize the development of project management, implementation and evaluation skills of non-profit practitioners.

The following sections of this chapter — building a culture of safety, promoting community health and well-being, and targeting our charitable giving — describe this comprehensive approach toward supporting healthy and vibrant communities.

EMERGENCY CARE:
Saudi Aramco supported the improvement of emergency medical treatment for victims of traffic accidents by providing training for the Eastern Province Red Crescent on pre-hospital and advanced trauma life support. In addition, Saudi Aramco built one response center and is working with the Red Crescent to identify locations for four more.

EDUCATION:
In 2012, Saudi Aramco finished the development of the traffic safety curricula and educational materials for kindergarten and first-graders. The curricula and materials for second to 12th grade are currently under development, and we expect to distribute them to 650,000 students in 2013. In 2012, we had nearly 43,000 visitors to the Safe Driving Challenge Simulator, which is a traffic safety exhibit equipped with driving simulators that demonstrate hands-on defensive driving techniques. In 2013, we are also aiming to establish a traffic safety educational village and to revise the curricula of two driving schools in the Eastern Province.

BUILDING A CULTURE OF SAFETY

Traffic Safety
Traffic safety is a major concern in the Kingdom with an average of 20 people dying every day in Saudi Arabia due to road accidents. With 29 deaths per 100,000 people, Saudi Arabia has one of the highest traffic fatality rates among developing countries.

Saudi Aramco recognizes that motor vehicle accidents are a major threat to the safety of our employees on and off the job. In 2012, our Traffic Safety Signature Program focused on working with stakeholders to increase the impact of our initiatives in the “four E’s” of traffic safety, as shown in the box below.

ENFORCEMENT:
In 2012, Saudi Aramco upgraded the systems of 14 traffic police and highway security command centers. In 2013, Saudi Aramco plans to install 23 mobile speed cameras.

ENGINEERING:
In addition to our ongoing efforts to improve the safety of intersections and roadways, Saudi Aramco works with the Eastern Province Ministry of Transportation, the Eastern Province Municipality and the al-Hasa Municipality to set up traffic engineering departments and provide training. In 2013, we plan to complete two traffic studies, one study of truck movement and two road safety audits of major highways.
Fire Safety
The Saudi Aramco Fire Protection Department (FPD) educates employees and the public about fire prevention. In 2012, the FPD launched its School Fire Safety Program throughout the Kingdom under the title of “Together for Fire-Free Schools.” The program has educated more than 1 million teachers and students about fire safety at schools and trained them on conducting safe evacuation drills. In addition, Saudi Aramco installed 8,000 fire extinguishers in homes in 2012 and trained residents on how to use them. Once again in addition, Saudi Aramco installed 8,000 fire extinguishers in homes in 2012 and trained residents on how to use them. Once again, Saudi Aramco installed 8,000 fire extinguishers in homes in 2012 and trained residents on how to use them. Once again, Saudi Aramco installed 8,000 fire extinguishers in homes in 2012 and trained residents on how to use them.

In 2012, the opening of the first service line, cancer care, transformed the way SAMSO delivers care to cancer patients by integrating the formerly fragmented oncology services into a single building.

Saudia Aramco also coordinates with the Ministry of Health. Saudi Aramco has also coordinated with the Ministry of Health. Saudi Aramco has also coordinated with the Ministry of Health. Saudi Aramco has also coordinated with the Ministry of Health.

To date, Saudi Aramco’s nursing outreach program has trained 2,212 nurses from hospitals across the Kingdom in coordination with the Ministry of Health. Saudi Aramco has also consulted with the Ministry of Labor on the establishment and implementation of a national occupational health and safety program.

In another effort to promote healthy lifestyles in the community, Saudi Aramco’s radio station broadcasts a series of one-minute health awareness segments across the Eastern Province. Each segment shares important information on key health topics, including cancer screening, nutrition, hygiene, stress, flu vaccinations, diabetes, and medication management.

According to the Ministry of Health, tobacco use is on the rise in the Kingdom of Saudi Arabia, especially among youth and women. Saudi Aramco’s smoking cessation program supports employees and their dependents as they quit smoking by treating smoking as a behavioral and physiological addiction. To meet the growing demand for effective treatment for tobacco use and dependence, Saudi Aramco nominated 13 of its health-care professionals from across the Kingdom to complete Tobacco Treatment Specialist Training and Certification. In addition, all of Saudi Aramco’s health-care facilities completed the transformation in 2012 to having expanded smoke-free zones around them.

Innovative 3D exhibit shows the health consequences of everyday lifestyle choices: In response to the challenge of rising instances of obesity and diabetes, Saudi Aramco introduced the first 3D Healthy Lifestyle Gallery and Clinic to 23,491 employees and community members. The innovative 3D gallery and clinic strive to empower visitors to take charge of their lifestyle by showing the link between their health status and the daily choices they make. When visitors enter the gallery, they are posed the question, “Which Khalid are you?” The 3-D glasses help visitors visualize the consequences of their lifestyle choices, such as smoking, physical inactivity and unhealthy eating. Medical students volunteering at the gallery load the tours and share with visitors ways to reduce the risk of chronic disease. A health kiosk allows visitors to check their body mass index, weight and blood pressure. The clinic detected 779 undiagnosed high-risk members of the public and provided the first statistically significant study of the association between biometrics and lifestyle in Saudi Arabia.

In 2012, the Saudi Aramco Peer Health Education and Reinforcement (SAPHERe) initiative was fully launched to promote healthy lifestyles among Saudi Arabian youth ages 13 to 17. Drawing from best practice models in behavioral change and peer education, SAPHERe plans to train teenagers on exercise, nutrition, tobacco use awareness and prevention, and life skills. During the 2012-2013 academic year, the program was launched in 10 government schools with the goal of training 36 mentors, 96 female peer educators, and 144 male peer educators. SAPHERe means “ambassador” in Arabic, and after training, young SAPHERe graduates are empowered to develop and deliver health promotion projects for their peers and communities. After five years, the SAPHERe program will be implemented at the national level by the Ministry of Education.

In 2012, the opening of the first service line, cancer care, transformed the way SAMSO delivers care to cancer patients by integrating the formerly fragmented oncology services into a single building.沙特阿拉伯的消防保护部门（FPD）教育员工和公众有关消防安全。2012年，FPD推出了在学校开展消防安全活动的计划，名为“一起为无火学校”。该计划教育了超过100万师生了解学校消防安全知识，并培训他们在学校进行安全疏散演习。此外，沙特阿拉伯在2012年安装了8000个灭火器，在家中对居民进行了如何使用灭火器的培训。再次，沙特阿拉伯在2012年安装了8000个灭火器，在家中对居民进行了如何使用灭火器的培训。再次，沙特阿拉伯在2012年安装了8000个灭火器，在家中对居民进行了如何使用灭火器的培训。再次，沙特阿拉伯在2012年安装了8000个灭火器，在家中对居民进行了如何使用灭火器的培训。再次，沙特阿拉伯在2012年安装了8000个灭火器，在家中对居民进行了如何使用灭火器的培训。再次。2012年，沙特阿拉伯的第一条服务热线——癌症护理，以整合原癌症服务的问题，将原分散的肿瘤科服务整合到一个实体中。

沙特阿拉伯与卫生部合作。沙特阿拉伯与卫生部合作。沙特阿拉伯与卫生部合作。沙特阿拉伯与卫生部合作。到目前为止，沙特阿拉伯护理团队已培训了2212名来自医院的护士，与卫生部合作。沙特阿拉伯已咨询与劳动部合作，建立实施和实施了一项国家职业健康和安全计划。

在推动健康生活方式的社区努力中，沙特阿拉伯的广播电台广播了一系列一分钟的健康意识段落，覆盖了东部省份。每个段落都分享了重要的健康主题信息，包括癌症筛查、营养、卫生、压力、流感疫苗接种、糖尿病和药物管理。

根据卫生部的数据，烟草使用在沙特阿拉伯，尤其是青少年和女性中呈上升趋势。这期间，沙特阿拉伯的戒烟计划通过治疗吸烟作为行为和生理学的成瘾，支持员工和其依赖者在他们戒烟时将其吸烟作为行为和生理学的成瘾。为了满足日益增长的对有效治疗烟草使用的需要，沙特阿拉伯提名了13名卫生保健专业人员从全国范围内完成烟草治疗专家培训和认证。在附加情况下，所有沙特阿拉伯的健康护理设施完成了2012年的转型，以扩大吸烟区的不受限制的区域。

沙特阿拉伯的戒烟诊所展示了的健康后果的日常生活选择：响应增加肥胖和糖尿病的挑战，沙特阿拉伯推出了第一间3D健康生活方式的画廊和诊所，为23,491名员工和社区成员服务。这个创新的3D画廊和诊所努力启发访客掌控他们的生活方式，通过展示他们健康状况与日常决定之间的联系。当访客进入画廊时，他们被问道一个问题，“你是哪个克莱德？”3D眼镜帮助访客可视化他们的生活方式选择的后果，如吸烟、缺乏运动和不健康的饮食。医学院学生在画廊内引导游览，并与访客分享减少慢性疾病风险的方法。健康站允许访客检查其身体质量指数、体重和血压。该诊所检测了779名未诊断的高风险社区成员，并为首次提供了统计数据的与生物测量和生活方式在沙特阿拉伯的关联。

在2012年，沙特阿拉伯的同伴健康教育与强化（SAPHERe）倡议被完全推出，以推动青少年健康生活方式。沙特阿拉伯从最佳实践模式中学习行为改变和同伴教育的计划。SAPHERe计划在2012-2013学年期间，该计划在10所政府学校启动，目标是培训36名导师，96名女性同伴教育者，以及144名男性同伴教育者。SAPHERe在阿拉伯语中是“大使”的意思，经过培训，年轻的SAPHERe毕业生被授权开发和为同龄人和社区成员提供健康促进项目。五年后，SAPHERe计划将在全国范围内由教育部执行。

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There are many strong non-profit organizations in the Kingdom in need of funding to continue and scale their important contributions to the communities they serve.

Donation Strategy
Since the establishment of Saudi Aramco’s donation fund in 1940, we have supported local charities, research and development, and access to health care. Our donation strategy promotes our citizenship goals through the strategic use of donation funds. The strategy is based on our Four Pillars of Corporate Citizenship and addresses pressing societal needs by directly engaging with charitable organizations across the Kingdom.

Saudi Aramco’s donation giving has three categories: annual gifts, unplanned requests, and targeted charitable giving. For the first category, we make annual donations to select academic institutions and charitable organizations. For the second category, we allocate funds to respond to requests for donations and sponsorships that come throughout the year. For the third category, we strategically partner with local charitable organizations to build their capacity. These programs are chosen based on our “VISA” selection criteria (Visible, Impactful, Aligned, Sustainable and Aliased) and the programs’ Kingdom-wide reach. With our targeted charitable giving, we are proactively involved in building local organizations’ capacity for program design, implementation, management and monitoring of the program activities.

Targeted Giving
In 2012, seven charities were approved through our targeted charitable giving program:
• Juwel Charitable Women Association
• Al-Rahma Medical Charitable Society
• Saudi Association for Hearing Impairment
• Productive Families Center (Iana)
• Charity Association for Orphans Care (Bena’a)
• Plaf Al-Ahfa Development and Benevolent Society
• Al-Ahfa Disabled Association

The five programs chosen for funding in 2011 achieved the following impacts and results in 2012:
• Expanding “edutainment” halls for people with special needs: Based on the popularity of the “edutainment” hall for people with special needs in Damman, two similar halls were established, one in Yanbu’ through the Al-Birr Charitable Society and the other in Riyadh through the Adult Motor Impairment Association.
• Renovating houses of needy families: Three charitable organizations in the Eastern Province renovated 46 houses and apartments of needy families to improve their safety and sanitation. New appliances, such as refrigerators and stoves, were also supplied to the families.
• Providing life skills courses for orphans with special conditions: Through partnerships with two charitable organizations, 100 male orphans and 100 female orphans with special needs participated in a program designed to increase their self-esteem and leadership skills.
• Educating the community through Early Detection Mobile Clinics: Four vans were funded to serve as mobile clinics to tour schools, malls and villages in the Eastern Province and educate the public about good health. The mobile clinics screen visitors’ Body Mass Index (BMI), blood pressure and blood sugar content. The clinics also educate visitors on the dangers of drug and tobacco use.
• Offering rehabilitation and vocational training for juvenile delinquents: Due to the high re-admission rate at a juvenile correction house in Damman, a personal development program was established to teach character building, English skills and computer skills. The program plans to provide the juveniles with life skills and marketable job skills.

In 2013, Saudi Aramco will focus on targeted in-Kingdom donations in the following five areas:
• Building the capacity of charitable organizations: Saudi Aramco plans to donate to a non-profit management training course run by the King Khalid Foundation, the American University in Cairo, the Columbia Business School, and the International NGO Training and Research Center (INTRAC). The donation will provide 30,000 training hours to employees of 30 charitable organizations Kingdomwide on non-profit management, strategic analysis, leadership, decision-making, and acquiring and allocating resources.
• Providing medical services in under-served areas of the Kingdom: Through this donation, 20,000 patients in rural areas will be provided with medication and medical devices. The program will also educate patients on how to properly take their medications.
• Supporting orphans: Saudi Aramco will continue to donate to charitable organizations to provide life skills and job skills training for 5,000 male and female orphans Kingdom-wide.
• Rehableting prisoners: Through this program, 160 prisoners and 50 of their family members from across the Kingdom will receive job skills and life skills training. The vocational training program will train them in office administration, computer applications, and English.
• Supporting families’ productivity: This program will enable 700 families with no source of income to learn how to start and manage a micro-business. The program will enable participants to start businesses as bakers, beauticians or handcraft artisans.

Our Donation Strategy Promotes Our Citizenship Goals Through the Strategic Use of Donation Funds

Our goals include:
• Establish a traffic safety educational village
• Fund construction of 4 Emergency Rapid Response Centers
• Continue working to substantially reduce traffic fatalities and serious injuries in the Eastern Province.
• Develop and deliver traffic safety curricula to 650,000 students to 12th-grade students.
• Implement the Saudi Aramco Peer Health Exchange and Reinforcement (SAPHER) project in 6-10 schools.
• Focus on building the capacity of charitable organizations through specialized management training in 2013.

Community
As an active member of the community, we are committed to supporting local initiatives that align with our mission of helping to improve the quality of life for community members.”

Funding for the center is expected in 2013 with the facility slated for completion in 2015.
**Nurturing innovation**

Participants in ispark at the Saudi Aramco Cultural Program

- **3,792** employees submitting ideas to the idea management system
- **6,629** ideas submitted
- **547** ideas approved
- **240** ideas implemented

**Inspiring Saudi Arabia’s young people**

- **1,600** participants in ispark at the Saudi Aramco Cultural Program
- **547** patents granted by the US Patent and Trademark Office

**Innovation Program**

- **144 students** who participated in the summer gifted program (ASPRE)
- **2.2M visitors** to Saudi Aramco cultural programs
- **100,000 students** delivered learning hours
- **10,000 students** reached

**Investing in education**

- **100 schools**
- **4,200 students**
- **162 schools** (in eastern province)
- **29,643 students**

- **19,000 visits** to our blended learning open source science or math studies (blossoms) website
- **20 teachers** trained through blossoms
- **470 high school teachers** trained in science and math as part of the iThra Youth Program

**STUDENTS IMPACTED BY SAUDI ARAMCO & SIEMENS DISCOVERY INITIATIVE**

- **400** students in 2010
- **15,000** students in 2011
- **16,500** students in 2012

**UNIVERSITY CHAIRS SUPPORTED**

- **10** in 2010
- **11** in 2011
- **14** in 2012

**Participants in Keystone Innovation Program**

- **6** participants in 2011
- **20** participants in 2012

**High school teachers trained in science and math as part of the iThra Youth Program**

- **200 teachers** trained through blossoms

**Visitors to Saudi Aramco Cultural Programs**

- **162 schools**
- **29,643 students**

**SAUDI ARAMCO BUILT PUBLIC SCHOOLS RENOVATED**

- **28 schools**

**LEARNING HOURS DELIVERED**

- **1,600 students** reached

**STUDENTS REACHED**

- **2011: 1,600 students**
- **2012: 2,000 students**

**LEARNING HOURS DELIVERED**

- **2011: 100,000 students**
- **2012: 144 students**
Saudi Aramco is helping to develop the next generation of highly skilled workers and intellectually curious citizens. With more than 35 percent of the Kingdom’s population 15 years old and younger, the education challenge is now greater than ever. Through training and professional development initiatives focused on science, technology, engineering and math (STEM) skills and the construction of the King Abdulaziz Center for World Culture, Saudi Aramco is helping to build the Kingdom’s knowledge base for the future.

In recent decades, Saudi Arabia has invested heavily in educational infrastructure and providing higher education opportunities. Saudi Aramco dedicates significant resources and project management capacity toward developing an array of programs and institutions aimed at advancing national educational ambitions. This is part of Saudi Aramco’s legacy of investing in education, which started when Saudi Aramco opened its first school for Saudis in 1940.

Building a knowledge-based economy requires creativity, cultural awareness and intellectual curiosity. Saudi Aramco’s flagship cultural initiative, the King Abdulaziz Center for World Culture, will help Saudis connect their own culture to that of others around the world, serving as a catalyst for creativity and innovation.

The Center is designed to become a beacon of knowledge, creativity and cross-cultural engagement in the Kingdom. It will offer a world-class museum, public library, historical archives, children’s educational center, and conference and performance facilities. Its iconic buildings continued to take shape in 2012 near Saudi Aramco’s headquarters in Dhahran.

The following sections of this chapter — nurturing innovation, investing in education, and inspiring Saudi Arabia’s young people — describe a comprehensive approach toward building a strong knowledge base in the Kingdom.

Priority 1: Saudi Arabia plans to increase its global competitiveness — and as history has shown, economic success requires the active nurturing of innovation and creativity.

Priority 2: Tomorrow’s jobs will require highly developed STEM (science, technology, engineering and math) skills from today’s students.

Priority 3: Participation in a knowledge-based economy will require creativity, cultural awareness and intellectual curiosity.

SAUDI ARAMCO’S FLAGSHIP CULTURAL INITIATIVE, THE KING ABDULAZIZ CENTER FOR WORLD CULTURE, WILL HELP SAUDIS CONNECT THEIR OWN CULTURE TO THAT OF OTHERS AROUND THE WORLD, SERVING AS A CATALYST FOR CREATIVITY AND INNOVATION
NURTURING INNOVATION

Prioritize:
Saudi Aramco plans to increase its global competitiveness — and as history has shown, economic success requires the active nurturing of innovation and creativity.

Saudi Aramco believes and history has shown that innovation is necessary for enabling the Kingdom’s economy and education systems to successfully compete on a global level. We took significant steps in 2012 to create new alliances and further develop existing ones that will help move the company and the Kingdom toward becoming a leader in innovation, research and development.

Championing Research and Development

Saudi Aramco is a strategic partner of KFUPM’s Dhahran Techno Valley Company (DTVC), located adjacent to our headquarters in Dhahran. DTVC plans to create a research and development hub in Dhahran, bridging the gap between academia and the energy sector. With more than 15 major companies currently operating in DTVC, it is quickly becoming one of the Middle East’s most influential industrial technology nuclei.

In December, the DTVC Board approved six key technology themes that will be the focus of its technology commercialization efforts: advanced materials, geosciences and petroleum engineering, refining and chemical processes, water management, production and treatment, energy efficiency and renewable energy, and advanced computing.

In 2012, DTVC’s Science Park continued to attract leading companies with the inaugurations of several research and technology development centers. These inaugurations included the following centers: Honeywell, focusing on advanced engineering in catalytic processes and software development.

In addition, Emerson, a global leader in technology and engineering, has announced it is planning to establish its own center in the DTVC.

To access best-in-class talent and strengthen collaboration in addressing technical challenges, Saudi Aramco’s subsidiaries are establishing international research centers in strategic locations around the world, including Delft, Aberdeen and Paris in Europe; Cambridge, Houston, Boston, and Detroit in the U.S.; and Beijing and Seoul in Asia. These centers follow the first research center established at King Abdullah University of Science and Technology (KAUST), which was tasked with undertaking projects related to biocapture, robotics, fuel technology, chemicals, membranes and advanced materials. All of the centers are expected to be fully operational in 2013.

Fostering Innovation at Saudi Aramco

Within Saudi Aramco, we continue to strengthen and sustain a robust, creative and innovative organizational culture. Our state-of-the-art Idea Management System is paramount to administering our innovation portfolio. The system enables higher-quality ideas, improves idea tracking and reporting, and provides the platform for innovation campaigns. In 2012, the system captured 6,629 ideas submitted by 3,792 employees. A total of 547 were approved and 240 were fully implemented to achieve operational improvements and significant cost savings.

This year we introduced targeted innovation campaigns, whereby organizations within Saudi Aramco can engage employees with specific business challenges. We also continued our corporate-wide Innovation Tournaments in 2012. Our most recent Innovation Tournament focused on improving stationary assets reliability and captured over 1,380 ideas. About 190 submissions have been shortlisted for further review and evaluation by subject matter experts, and the winners are expected to be awarded in early 2013.

In another effort to encourage innovation throughout the company, we enrolled 300 employees in innovation courses and hosted 50 Innovation awareness events.

In 2012, Saudi Aramco pursued the commercialization of three innovative technologies. The goal is to maximize profitability by capturing the value of the intellectual property, and contributing to Saudi Arabia’s economic development through the localization of technology.

As a demonstration of its leadership in intellectual property in the Kingdom, Saudi Aramco was granted 156 patents by the U.S. Patent and Trademark Office in 2012, the most patents for the company in a single year. Saudi Aramco filed 194 patents in 2012 and was able to reduce the time taken to file a patent to three months. Cumulatively, Saudi Aramco has been granted 218 patents, and has filed 460 applications that are pending.

PATENTS GRANTED BY THE US PATENT AND TRADEMARKS OFFICE

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<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
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<tr>
<td>Patents</td>
<td>474</td>
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</table>

In the DTVC, innovation is also taking place in academia and the energy sector. With more than 15 major companies currently operating in DTVC, it is quickly becoming one of the Middle East’s most influential industrial technology nuclei.

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In 2012, DTVC’s Science Park continued to attract leading companies with the inaugurations of several research and technology development centers. These inaugurations included the following centers:

- Honeywell, focusing on advanced engineering in catalytic processes and software development.
- Baker Hughes, furthering the understanding of the complex science and technology involved in developing unconventional resources.
- Rasen Saudi Arabia, developing new technologies in high-resolution quality defect identification, pipeline clearing and intelligent robotic inspection.
- Amiantit, researching composite and pipe technologies.

StandingO: A web-based software solution that helps individuals improve their presentation skills and overcome stage fright.

Swipe-a-Service: A smartphone app that complies a vetted list of service providers.

Vivid: An interactive wall hanging with translation software and wireless motion and sound sensors that dynamically converts this data into live art pieces.

In 2012, Saudi Aramco's Keystone Innovation Center helped bring to market innovative products to meet the country's key challenges.

The Keystone Innovation Center was fully launched in 2012. The 200-hour certified program is a collaborative venture between Saudi Aramco’s King Abdullahazizi Center for World Culture and the Arts, Science Labs of Harvard University. The 2012 program resulted in five innovative projects receiving venture capital investment guidance. The projects included the following:

- KareSpot: A smartphone app that strives to close the gap between volunteers and volunteering opportunities in the Gulf.
- Live It: A game that encourages entrepreneurship by incorporating realistic scenarios for users to experience taking risks and developing businesses.

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Technology and the Sultan bin Abdulaziz Science

There were 19,000 visits to the accompanying video library containing over 50 math and science lessons. BLOSSOMS was developed in 2009 to promote inquiry-based learning at an early age. It is critical to preparing students for scientific study later in life. In collaboration with the Ministry of Education and Siemens, Saudi Aramco launched the Siemens Science Discovery Initiative in 2009 to promote science education by sending “discovery kits” to kindergarten and first-grade classrooms in public schools. The kits include scientific experiments on energy, electricity, environment and health. The goal of the project is to distribute 3,400 kits, train 2,000 teachers on inquiry-based learning and how to use the kits, and impact over 50,000 children. In 2012, in the second phase of the project, we distributed 1,100 kits, trained 606 teachers, and impacted 16,500 students in the Western Province. For the third phase, we plan to implement this program in the Central Province.

Saudi Aramco also sponsored the second class of the Siemens Science Clubs in Dammam and al-Khobar in 2012, in collaboration with the Ministry of Education. To encourage students to study math and science at university level, Saudi Aramco works to engage their interest early. After a successful pilot in 2011, Saudi Aramco established 20 Math and Science Clubs in Dammam and al-Khobar in 2012, in collaboration with the Ministry of Education.

Looking for a better understanding of how knowledge is gained in the Kingdom. To better understand literacy rates and barriers to knowledge acquisition, Saudi Aramco began planning in late 2012 for the first nation-wide study of reading trends and patterns in Saudi society. The study will provide accurate statistics, recommendations, and tailored regional and national action plans that will be an important tool in supporting literacy and knowledge acquisition.

Investing in Higher Education: Saudi Aramco has historically invested in a number of vocational training institutes and higher education institutions. In addition to our strategic partnerships with the institutions described below, Saudi Aramco supports 14 university chains across the Kingdom.

• King Abdullah University of Science and Technology (KAUST): Located adjacent to Saudi Aramco’s headquarters in Dhahran, KAUST has been a key source of Saudi talent for two decades. More than half of our engineers and leaders are graduates of KAUST. King Abdullah and KAUST are strategic partners on research, teaching and professional training.

• King Fahd University of Petroleum and Technology (KFUPM): Located adjacent to Saudi Aramco’s headquarters in Dhahran, KFUPM has been a key source of Saudi talent for decades. More than half of our engineers and leaders are graduates of KFUPM. Saudi Aramco and KFUPM are strategic partners on research, teaching and professional training.

• National Industrial Training Institute (NITI): Currently being built on land donated by Saudi Aramco in al-Hasa, NITI will offer industrial training mainly to high school graduates to qualify them for work in oil, gas, petrochemical and construction industries. The result of a strategic partnership between Saudi Aramco and the Technical & Vocational Training Corporation, it is expected to be completed in 2014.

• Saudi Petroleum Services Polytechnic: SPSP supports the Saudization of the oil and gas industry by producing well-qualified Saudi graduates who are highly trained in technical skills. As a main supporter of SPSP, Saudi Aramco collaborates on the development of curricula and provides hands-on learning opportunities.

Investing in Higher Education: In 2012, the Siemens Science Clubs were an initiative for high school students to conduct university-level research under the mentorship of KAUST professors. In 2012, 40 high-caliber male and female high school students participated in the program. In 2012, Saudi Aramco completed a project to translate and host “TilingLearning Org” content in Arabic. The website provides young people an opportunity to learn about career paths in engineering.

Promoting Literacy

What is also required is a deeper understanding of how knowledge is acquired in the Kingdom. To better understand literacy rates and barriers to knowledge acquisition, Saudi Aramco began planning in late 2012 for the first nationwide study of reading trends and patterns in Saudi society. The study will provide accurate statistics, recommendations, and tailored regional and national action plans that will be an important tool in supporting literacy and knowledge acquisition.

INVESTING IN EDUCATION

Priority: tomorrow’s jobs will require highly developed STEM (science, technology, engineering and math) skills from today’s students.

Building a knowledge-based economy begins with investing in education. Saudi Aramco has a long history of investing in education, from childhood education through advanced degrees, particularly in science, technology, engineering and math disciplines.

Encouraging STEM Skills

In 2012, the Blended Learning Open Source Science or Math Studies (BLOSSOMS) project was successfully completed with the development of 20 videos in math, physics, chemistry and biology. Across the Kingdom, 200 teachers completed training in 2012 on how to use the videos in their classrooms, bringing the total number of trained teachers to 400. There were 19,000 visits to the accompanying video library containing over 50 math and science lessons. BLOSSOMS was developed in collaboration with the Massachusetts Institute of Technology and the Sultan bin Abdulaziz Science and Technology Center.

STUDENTS PARTICIPATING IN SAUDI ARAMCO HIGHER EDUCATION PROGRAMS

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<th>1,431</th>
<th>COLLEGE DEGREE PROGRAM NON-EMPLOYEES</th>
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<td>COLLEGE PREPARATORY PROGRAM</td>
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• King Fahd University of Petroleum and Technology (KFUPM): Located adjacent to Saudi Aramco’s headquarters in Dhahran, KFUPM has been a key source of Saudi talent for decades. More than half of our engineers and leaders are graduates of KFUPM. Saudi Aramco and KFUPM are strategic partners on research, teaching and professional training.

• National Industrial Training Institute (NITI): Currently being built on land donated by Saudi Aramco in al-Hasa, NITI will offer industrial training mainly to high school graduates to qualify them for work in oil, gas, petrochemical and construction industries. The result of a strategic partnership between Saudi Aramco and the Technical & Vocational Training Corporation, it is expected to be completed in 2014.

• Saudi Petroleum Services Polytechnic: SPSP supports the Saudization of the oil and gas industry by producing well-qualified Saudi graduates who are highly trained in technical skills. As a main supporter of SPSP, Saudi Aramco collaborates on the development of curricula and provides hands-on learning opportunities.
INSPIRING SAUDI ARABIA’S YOUNG PEOPLE

Priority: Participation in a knowledge-based economy will require creativity, cultural awareness and intellectual curiosity.

iThra Youth

In 2012, Saudi Aramco announced the visionary education program iThra Youth, which seeks to reach and inspire 2 million young Saudis by 2020, as a complement to the company’s ongoing investments and initiatives in education. iThra Youth is a key initiative of King Abdulaziz Center for World Culture, striving to inspire young people to be lifelong learners, creative innovators and critical thinkers. The following extracurricular enrichment programs serve this goal:

• iSpark: The flagship program of iThra Youth, iSpark, offers interactive workshops to enhance knowledge in four modules: science, technology, art and multimedia, through partnerships with international institutions. During Saudi Aramco’s 2012 Summer Cultural Program, 2,000 students completed 40,000 certified educational hours and produced 500 projects. The program trained 100 teachers on how to use the modules. Through iSpark Mobile, an additional 10,000 Saudi youth across the Eastern Province took part in interactive workshops.

• iDiscover: Saudi Aramco has historically run math camps in winter for students and teachers, with 80 students and 12 teachers participating in 2012. Late in the year, the program was revamped and rebranded as iDiscover and will include in 2013 a series of rigorous, creative and innovative science and math camps in Hail, Jiddah, Yanbu’, Jazan and al-Hasa in the fall of 2012 for the first time, drawing about 400,000 visitors.

• iExcel: In 2012, about 2,400 students in 10 Saudi Aramco-built public schools in the Eastern Province participated in the iExcel program. The program covered topics such as safety, character building, health, art, recycling and environmental protection. The program was introduced to girls’ schools for the first time in 2012.

ASPREE

In association with the King Abdulaziz and His Companions Foundation for Giftedness and Creativity (Mawhiba), Saudi Aramco hosted the 2012 Summer Gifted Program (ASPREE) for high-achieving Saudi high school students. The program focuses on maximizing students’ intellectual ability, harnessing their abilities to serve community needs, and opening doors for them to explore a variety of academic fields. In 2012, 104 male and 40 female students from public high schools took part in the program.

The Saudi Aramco Cultural Program

The Saudi Aramco Cultural Program inspires and educates millions of people each year and 2012 was no exception, attracting more than 1.5 million visitors in Dhahran, Riyadh and Jiddah. The program featured the first showing in the Kingdom of the renowned international exhibit “1,001 Inventions: The Enduring Legacy of Muslim Civilization,” as well as an art café, a children’s theater, outdoor performances, documentaries, traditional Saudi dancing, stand-up comedy, and a four-week certified workshop conducted by the National Youth Theatre of Great Britain for more than 100 local youth.

The hugely popular cultural program was reprised during the ‘Id al-Fitr holiday, which was attended by 662,000 people. Saudi Aramco also took the cultural program to al-Hassa in the fall of 2012 for the first time, drawing about 400,000 visitors.

The cultural program’s success was largely due to the efforts of 1,000 volunteers, who devoted a total of 200,000 service hours. Recruitment of these volunteers was aided in 2012 with the development of a unique volunteer website and recruiting management system, which was used by other Saudi Aramco volunteer programs such as our Mangrove Plantation Program, beach clean-up days, the World Environment Day exhibition, and others.

Volunteering provides valuable experience and skills for young Saudis: Saudi Aramco organizes hundreds of students and young people every year to volunteer at its cultural programs, which provides them with transferable job skills as well as meaningful opportunities to give back to their communities. The 20-hour training and orientation that Saudi Aramco provides before the events, as well as the unique experience volunteers get while in their roles, is widely recognized by prospective employers.

“SAUDIARAMCO wasthebeginningofvolunteeringinmy life, and there are not enough words to satisfy all the benefits I got from volunteering with them. One of their best programs I volunteered in was the cultural program in Dhahran, al-Hasa and Ras Tanura. My communications skills during this program improved a lot, which is really important for me as a future doctor. In addition, dealing as a first responder with many medical cases added experience and knowledge to my background. Now I have 1,199 volunteering hours with Saudi Aramco, including 581 patient contact hours”

MEDICALSTUDENTFAISALAHMAD KATBI
In 2012, the Center achieved significant growth in three key areas—the people, buildings and programs that currently comprise the Center.

**People**
The Center's staffing increased by about 22 percent in 2012, bringing the number of dedicated staff to 109. Twenty-four additional employees were hired after an extensive recruitment campaign, and included communications professionals, researchers, library and archives experts, and exhibit fabricators. Professional development was also a priority, including seven internships with leading international cultural institutions.

**Exhibits and Galleries**
Extensive use of cutting-edge technology to engage visitors, enhance learning experiences and integrate cultural programming is one of the Center's designed points of distinction. To meet this major goal, the Center is working with a leading multi-media technology creator to develop interactive technologies and experiences across 11 applications and multiple center components. In 2012, 80 percent of the detailed design was completed, with fabrication expected in 2014.

**Library and Archives**
Library and Archives collections and research efforts grew during 2012 through partnerships with the King Abdulaziz Foundation for Research and Archives (Ad-Dara), the King Abdulaziz Public Library, the Saudi Commission of Tourism and Antiquities, and the Arab Thought Foundation, as well as through relationships with local and regional institutions and leaders. Center library staff continued working toward their opening-day goal to offer a collection of 220,000 print and media titles—with a potential for up to 500,000 titles—plus a collection of 220,000 print and media titles, which will serve as a valuable repository and greatly enhance research within the Kingdom.

**Energy Science Center**
The former Saudi Aramco Exhibit in Dhahran will be revamped as a high-tech media-driven science center focused on petroleum and its origin, exploration, processing, distribution, uses and alternatives within the context of global energy demand.

**Children's Discovery Zone**
Seven zones emphasize hands-on learning and learning through play. The zones will explore Islamic Arts, technology sound, marine science, other cultures, and creative expression. “Book nooks” will be scattered throughout, and the Children's Discovery Zone will have six classrooms for school groups.

**Gallery 4 Arabian Journeys**
This permanent exhibit will detail the Arabian Peninsula’s natural and social history through a combination of unique artifacts and highly interactive features. Immersive panorama filming will fill the gallery walls, and over 200 artifacts will illustrate both the rich diversity of wildlife and the ways people live in the many different environments of the region.

**Energy Science Center**
The former Saudi Aramco Exhibit in Dhahran will be revamped as a high-tech media-driven science center focused on petroleum and its origin, exploration, processing, distribution, uses and alternatives within the context of global energy demand.
ENVIRONMENT

Reducing our environmental impacts

- **8.87%** REDUCTION IN OVERALL ENERGY INTENSITY (REFLECTING THE CONSUMED ENERGY PER BARREL PRODUCED), COMPARED TO 2011
- **132.1** CUMULATIVE REDUCTION OF ANNUAL FUEL SAVINGS SINCE THE INCEPTION OF THE ENERGY MANAGEMENT PROGRAM IN 2000 IN THOUSAND BARRELS PER DAY OF OIL EQUIVALENT
- **933** OFFICE AND RESIDENTIAL PAPER AND CARTONS (TONS)
- **38.5** OFFICE AND RESIDENTIAL PLASTIC, GLASS AND ALUMINUM (TONS)
- **11,263** TONER CARTRIDGES
- Recycled through community recycling programs
- **68,100** FLARING OF BARRELS OF CRUDE OIL AVOIDED BY INTRODUCING A PROGRAM OF ZERO FLARING OF FLUIDS IN OFFSHORE WELL INTERVENTION PROGRAMS
- **1.0M** MILLION TONS OF CARBON DIOXIDE EMISSIONS AVOIDED IN 2012

Efficiently meeting the Kingdom’s energy demands

- **30,000** HOUSES SURVEYED FOR ENERGY EFFICIENCY PERFORMANCE
- **100,000** MANGROVE SEEDLINGS PLANTED ALONG THE ARABIAN GULF COAST
- **3,000** VISITORS TO ANNUAL ENERGY CONSERVATION CAMPAIGN IN DHAHrán
- **1** MANGROVE ECO-PARK PLANNED FOR RAS TAMURA
- **3.44%** REDUCTION IN TOTAL ENERGY CONSUMPTION IN 2011
- **100,000** MANGROVE SEEDLINGS PLANTED ALONG THE ARABIAN GULF COAST
- **3.07%** REDUCTION IN TOTAL ENERGY CONSUMPTION IN 2012

Protecting biodiversity

- **68,100** FLARING OF BARRELS OF CRUDE OIL AVOIDED BY INTRODUCING A PROGRAM OF ZERO FLARING OF FLUIDS IN OFFSHORE WELL INTERVENTION PROGRAMS
- **3,000** VISITORS TO ANNUAL ENERGY CONSERVATION CAMPAIGN IN DHAHrán
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OvERvIEw

Saudi Aramco recognizes that the long-term health of our company cannot be separated from the health of the environment in which we operate, and that our “license to operate” is dependent upon responsible environmental stewardship. We are committed to decreasing the environmental impact of our operations and products, and we constantly seek solutions to environmental issues that affect the energy industry.

As a global corporate citizen, we have a role to play in addressing greenhouse gas emissions. Our approach focuses on carbon management challenges and encourages innovative technological solutions. In 2012, we avoided 1.0 million tons of CO₂ emissions. We also piloted a polymer-free fracturing fluid technology, made significant progress on our first carbon capture and injection project, and further reduced flaring in our upstream facilities. Our Al-Midra office building and the King Abdullah Petroleum Studies and Research Center were recognized in 2012 for their low environmental impact by the U.S. Green Building Council’s LEED certification.

Saudi Aramco is investing heavily in energy efficiency, exploring renewable energy technologies and leveraging our extensive energy capabilities and resources to generate a thriving clean energy sector in the Kingdom. Our work with the Kingdom’s Energy Efficiency Program and National Energy Efficiency Hub has seen improvements in building codes, new fuel economy standards for vehicles, and establishment of operating strategies at Qurayyah power plant that resulted in the savings of 13,000 barrels of crude oil per day.

WE ARE COMMITTED TO DECREASING THE ENVIRONMENTAL IMPACT OF OUR OPERATIONS AND PRODUCTS, AND WE CONSTANTLY SEEK SOLUTIONS TO ENVIRONMENTAL ISSUES THAT AFFECT THE ENERGY INDUSTRY

Priority 1:
Minimizing the environmental impact of our operations is one of Saudi Aramco’s most important citizenship roles.

Priority 2:
Domestic demand for energy continues to grow, and Saudi Arabia has one of the world’s highest energy intensity ratings.

Priority 3:
The Kingdom is home to a wide variety of ecologically sensitive habitats that require careful stewardship.

We are also exploring opportunities to further develop renewable energy technologies by creating a Renewable Energy Academy in partnership with leading institutions such as the Massachusetts Institute of Technology, the Lawrence Berkeley National Laboratory, the Masdar Institute for Science and Technology, and the King Abdullah University of Science and Technology. The academy will focus on developing Saudi Aramco’s knowledge about solar photovoltaics. The year 2012 also saw the completion of a project to study wind potential at Qusim, Shedgum and the Gulf of Aqaba.

Finally, we are working to protect biodiversity and build awareness of ecosystems throughout the Kingdom. In 2012, Saudi Aramco planted 100,000 mangroves along the Arabian Gulf Coast and began development of an educational facility designed to build awareness of the ecological importance of mangroves. We also completed a one-year feasibility survey for developing artificial reefs.

The following sections of this chapter — reducing our environmental impacts, efficiently meeting the Kingdom’s energy demands, and protecting biodiversity — describe our comprehensive approach to protecting the environment.
Reducing Our Environmental Impacts

The quality of the environment is one of Saudi Aramco's most important citizenship roles.

As Aramco’s operational footprint continues to grow, we remain committed to reducing the impact we have on the environment. We are building on the strong foundations laid down in 1963 with the creation of our landmark Environmental Protection Policy. We continue our dedication to demonstrating that resource-based economic development can be compatible with the conservation of the natural environment.'

Environmental stewardship is integral to our activities and embedded into our operations and research programs. It is a responsibility with which we involve our employees, and is more crucial than ever as growing demand for energy drives the search for alternative sources of oil and gas. This search is also taking oil and gas companies worldwide into more environmentally sensitive areas. Saudi Aramco plans to go beyond compliance and achieve best-in-class performance to protect our environment.

Managing Environmental Performance

Our approach is based on robust management and effective monitoring of environmental issues throughout our operations. Our Environmental Performance Assessment Program is an effective management tool for assessing facility compliance with company and government environmental standards. It focuses on 21 environmental indicators — including air quality, wastewater management of solid and hazardous waste, ground water quality and environmental control systems — as well as emissions control for facilities, such as environmental awareness and training. These detailed assessments provide a basis from which to improve our performance in specific and targeted ways. When facilities are found to not meet an environmental standard, the operating organization is required to submit an action plan to the Environmental Protection Department (EPD). EPD then track the case until it is adequately resolved. During 2012, we conducted 967 environmental compliance assessments and had an overall decline in the number of open findings requiring resolution.

Energy

Since 2000, Saudi Aramco has had an Energy Management Program with four objectives:

- Reduce the energy KPI of existing facilities by 2%.
- Design all Saudi Aramco’s facilities to be energy-efficient.
- Promote energy efficiency at the national level.
- Reduce overall energy costs and conserve resources used in producing energy.

In 2012, Saudi Aramco’s overall actual energy performance improved, as 2012 energy intensity, expressed in MJB of energy required to produce one barrel of oil equivalent product, decreased by 8.87 percent compared to 2011. In fact, the feed processed by our facilities increased by 12.31 percent from 2011 to 2012, while energy consumption increased only by 3.16 percent.

Since 2000, our energy assessments have identified 671 energy savings opportunities requiring capital investments or operational improvements. Of these, 369 have been implemented, most of which required simple operational modifications. In 2012, we conducted seven energy assessments of our facilities and implemented 49 energy saving initiatives, six of which were capital investments. Through these initiatives, we achieved a 3.07 percent reduction in our total energy consumption for the year, while setting records for oil and gas production. Our cumulative reduction in energy consumption since the inception of the Energy Management Program in 2000 has now reached 130,000 barrels of oil equivalent per day.

Aramco’s energy efficiency performance is significantly helped by the cogeneration facilities at our plants, which typically have thermal efficiencies above 70 percent, well above the national average for power generation efficiency. As a result of such efficient generation during 2012, Saudi Aramco saved approximately 176 million scfd of gas, compared to the national efficiency average. This savings is based on the fuel reduction to produce a certain amount of power and steam using cogeneration compared to the use of boilers to generate the same quantity of steam and the importation of the same amount of electricity from the national grid.

In 2013, we plan to conduct an energy assessment to enhance cogeneration energy efficiency. The ultimate objective of the cogeneration program is to fully satisfy Saudi Aramco’s electricity and partially meet the steam demand. In the coming 15 years, many of the company’s boilers will reach the end of their useful lives, and the plan is to replace their capacities with steam produced by cogeneration.

Saudi Aramco is currently pursuing a major lead-by-example initiative to enhance energy efficiency in buildings and transportation in the following ways:

- Updating engineering standards on AC, lighting and thermal insulation.
- Establishing energy guidelines for future home ownership developments.
- Retrofitting of existing Saudi Aramco buildings, commercial and residential.
- Devising guidelines for energy audits and sustainable urban development.
- Enhancing the fuel efficiency of Saudi Aramco’s Transportation fleet.

One example is the first successful pilot of a technology called Electron-Beam Flue Gas Treatment as an environmentally acceptable solution to burning high sulfur liquid fuels. The pilot showed that more than 90 percent of sulfur dioxide and nitrogen oxide emissions generated during the burning of heavy fuel oil could be converted into high-quality agricultural fertilizer in an environmentally friendly and economically feasible manner. This technology not only helps us to improve our environmental performance, but could also soon be applied across the industry.

Carbon Management at Saudi Aramco: It is perhaps one of the most difficult challenges for developing nations to address, but effective carbon management is becoming a priority – especially for those involved in energy production. Both the Kingdom of Saudi Arabia and Saudi Aramco are proactively seeking ways to address CO2 emissions. Meeting global and domestic demands for energy while addressing climate change presents many challenges, but also opportunities for the energy industry. In response, Saudi Aramco has developed a robust Carbon Management Strategy, coordinated by the Carbon Management Steering Committee. The strategy focuses on development and deployment of state-of-the-art technologies, as well as raising regional and industry awareness. To achieve this, the company established a Carbon Management Roadmap which consists of six main focus areas:

- Reducing carbon dioxide emissions from mobile sources.
- Capturing carbon dioxide from stationary sources.
- Enhancing oil recovery using carbon dioxide injection.

Saudi Aramco was the only company recognized in the MIDDLE EAST

The Association of Energy Engineers Presented Saudi Aramco with Its Corporate Energy Award During the 35th World Energy Engineering Congress for the Middle East Region, Held in the U.S. in Atlanta, Georgia. Saudi Aramco was the Only Company Recognized in the Middle East

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We continued to successfully implement our first carbon dioxide capture demonstration project, which has plumped into a world-class demonstration steered by a multidisciplinary team. For this project, we aim to capture CO2 from the Hawiyah NGL facilities and gas plants last year, we were able to continue reducing our flaring and have cut it by more than 50 percent since 2010. We were also able to reduce sulfur dioxide emissions by 7 percent from our upstream facilities during 2012, all while producing higher levels of crude, gas and natural gas liquids. We also made significant reductions in flaring rates at our downstream Tidnish Refinery as part of the facility’s short-term Flare Minimization Program, resulting in annual savings of $1.4 million. Going forward, all facilities will follow the “Guidelines for Facility Flaring Minimization Plan,” which was completed in 2012. As a result of our extensive efforts in this important area, we were recognized by the World Bank-led Global Gas Flaring Reduction forum in London, where we received an award for Excellence in Gas Flaring Reduction.

Saudi Aramco develops fuel formula to cut gas engines’ CO2 emissions: A key component of Saudi Aramco’s Carbon Management Strategy is reducing carbon emissions from mobile sources. As part of this, Saudi Aramco demonstrated the potential of specific fuel formulates and engine technologies in lowering the CO2 emissions in modern car gasoline engines, at a technology demonstration event in Aachen, Germany. In partnership with FEV (a German engine design company), the research team chose an innovative approach in fuel development by not working on future fuels in isolation, but rather looking at the fuel and the engine as a single system to be optimized synergistically. The joint research resulted in experimental fuels that will enable future engines to be even smaller and capable of running on higher boosting pressures without compromising performance. However the greatest achievement is that this fuel/engine combination was found to be 26 percent more fuel efficient than current best-in-class gasoline engines, and will therefore emit significantly less CO2, with no increased cost anticipated for motorists. This builds on a significant achievement in the potential to reduce carbon emissions from mobile sources made in 2011, when Saudi Aramco unveiled the world’s first concept Mobile Carbon Capture Vehicle.

Saudi Aramco has been a pioneer in flaring reduction since the 1970s. Our current Flare Minimization Program is a structured program to reduce flaring by deploying Flare Monitoring Systems across our gas value chain for the measurement, recording and reporting of flaring. After the successful completion of site-specific Flare Monitoring Systems for all refineries, natural gas liquids (NGL) facilities and gas plants last year, we were able to continue reducing our flaring and have cut it by more than 50 percent since 2010. We were also able to reduce sulfur dioxide emissions by 7 percent from our upstream facilities during 2012, all while producing higher levels of crude, gas and natural gas liquids.

We also made significant reductions in flaring rates at our downstream Tidnish Refinery as part of the facility’s short-term Flare Minimization Program, resulting in annual savings of $1.4 million. Going forward, all facilities will follow the “Guidelines for Facility Flaring Minimization Plan,” which was completed in 2012. As a result of our extensive efforts in this important area, we were recognized by the World Bank-led Global Gas Flaring Reduction forum in London, where we received an award for Excellence in Gas Flaring Reduction.

GLOBAL GAS FLARING REDUCTION FORUM MANAGER BENT SVENSSON

This development was opportunity, given the increasing demand for natural gas to fuel power generation and water desalination in the Kingdom. Saudi Aramco is exploring new methods for using fracturing fluid technology to get the maximum amount of natural gas out of the ground with minimum ecological impact. While conventional fracturing fluids occasionally generate an environmental impact by breaking beyond their targets, polymer-free fluids have proven to be easier to control and faster to break down after the fracturing operation, which lessens the environmental impact.

This year the Recycling Program was expanded to cover outlying and non-core area office buildings in Abqaiq, Ras Tanura and Uthmaniyah as well as at more remote camps. Furthermore, more than 15 recycling awareness campaigns were conducted in local communities, schools and universities. We also conducted 30 campaigns that were targeted company employees and their families. In total, over 21,000 people attended our recycling campaigns. Our efforts in this area resulted in the collection of approximately 972 tons of paper, carton, plastic, glass and aluminum, plus 11,263 toner cartridges at company sites for reuse and recycling.

Outside of our operations, we launched a recycling program at our affiliate Sudo/ al-Khali Company and delivered awareness presentations to students and staff at Prince Mohammad bin Fahd University and the Military Industries Corporation.

“SAUDI ARAMCO’S CONSTANT FOCUS ON ENVIRONMENTAL STEWARDSHIP HAS LED IT TO PUSH FOR NEW AND BETTER WAYS TO CONDUCT FRACTURING OPERATIONS WITH THE LEAST ENVIRONMENTAL IMPACT POSSIBLE”

SAAD AL-DRIVEESH, GENERAL SUPERVISOR, GHAWAR GAS PRODUCTION ENGINEERING DIVISION
Domestic demand for energy continues to grow, and Saudi Arabia has one of the world's highest energy intensity ratings. Forecasts show that at current rates, growing energy demand within the Kingdom will pose a serious challenge to Saudi Aramco and the Kingdom's future without significant change in energy efficiency and the mix of energy sources available to the Kingdom. Today, the Kingdom's economy requires energy at an intensity level two times the world average, and domestic energy demand is estimated to more than double by 2035.

To address these issues, and to make our own business more competitive, we are working at multiple levels to foster innovative solutions for the clean, reliable, and efficient use of hydrocarbon fuels in the Kingdom. We are driving significant research into renewable energy technologies and leveraging our extensive energy capabilities to generate a competitive clean energy sector in Saudi Arabia.

Saudi Aramco “LEEDs” the way in environmental design: The landmark Al-Midra Tower Building located in our North Port office complex in Dhahran, qualified for Silver Leadership in Energy and Environmental (LEED) Certification. The solar panel sun shades cover 4,500 parking spaces in the Al-Midra parking lot and have a peak generating capacity of 10 megawatts. In addition, the King Abdulaziz Petroleum Studies and Research Center (KAPSARC) project in Riyadh recently obtained the first LEED Certification for Homes outside North America. This globally recognized certification is awarded by the United States Green Building Council, and demonstrates that building design and construction have shown significant consideration for:

- the environment.
- human health.
- comfort.
- preservation of natural resources.
- energy conservation.

Energy Conservation and Efficiency

Through our Energy Conservation Policy, Saudi Aramco commits to:
- Actively support national energy policies.
- Develop and coordinate energy conservation and optimization strategies with governmental agencies and utility companies.
- Foster initiatives and programs that seek to satisfy the Kingdom’s energy demands in an economical and environmentally acceptable manner.
- Utilize innovative and efficient technologies that are economically justifiable.

To achieve this, we are using our expertise to support the Energy to the Kingdom (E2K) team to develop solutions to energy efficiency challenges at a national level. As part of our corporate social responsibility program, Saudi Aramco helped develop a national energy-efficiency program, officially known as the Saudi Energy Efficiency Program (SEEP). The program is overseen by a subcommittee from the Saudi Energy Efficiency Center (SEEC). This subcommittee is headed by the Ministry of Petroleum and Minerals, and consists of members from all key government and private entities.

SEEP plans to improve the energy efficiency in three key sectors: industry, buildings and transportation. These sectors constitute over 90 percent of the local energy consumption. The program will define challenging yet achievable energy targets for each sector based on a thorough bottom-up analysis. The program has eight working teams consisting of approximately 60 professionals from 20 organizations. The targeted date for the completion of the program is the third quarter of 2013.

In 2012, we contributed to progress toward SEEP’s objectives in the following sectors:
- Buildings: Saudi Aramco surveyed approximately 30,000 houses, and discovered that 70 percent lack insulation. Consequently, the Saudi building code was updated to ensure that proper insulation is installed. We also worked with the Saudi Arabian Standards Organization to mandate energy efficiency guidelines that were developed the previous year.
- Industry: In 2012, Saudi Aramco focused on the steel, cement and petrochemical industries, and collected and benchmarked energy intensity data from all major producers, leading to the development of an energy efficiency framework for new and existing plants in each sector.
- Transportation: We proposed fuel economy reporting and labeling after reviewing transportation energy efficiency initiatives around the world. Fuel economy reporting and labeling were also developed, and have been proposed for all vehicles in the country.

Sustainable Development Initiatives

Saudi Aramco has undertaken initiatives to help architects and builders design energy-efficient buildings. Building Material Optimization is a powerful software tool that helps architects and builders design energy-efficient buildings. This software will allow building designers to define, store, and reuse optimal building envelope scenarios, making it a powerful tool for ensuring energy-efficient envelope construction. As the first software of its kind specific to Saudi Arabia, it will be available online to registered manufacturers and designers, and will serve as the in-Kingdom knowledge source for defining energy savings from building envelope assemblies. In addition, the database promotes use of certified energy-efficient materials as well as encourages building envelope energy modeling.

Climate Zone Map for Saudi Arabia: Also the first of its kind in Saudi Arabia, this map will allow designers and builders to easily and quickly comply with the building envelope energy-efficiency requirements using the prescriptive compliance path of the Saudi energy building code. This tool is aligned with international best practices and will assist electrical energy savings in Saudi buildings.

In collaboration with the Saudi Electricity Company, Saudi Aramco established a virtual National Energy Efficiency Hub, with the objective of improving the energy efficiency of the Kingdom’s major sectors’ operational efficiency. Work is currently in progress to convert this concept into a physical center in Riyadh that will be able to remotely monitor and analyze the operational efficiency of the utility sector.

Renewable Energy Technologies

Saudi Aramco is also making considerable efforts at multiple levels to develop a renewable energy sector that can improve the availability of energy to the Kingdom, increase energy efficiency, and provide skilled employment opportunities. We plan to help the Kingdom become the world’s leading research and development hub and eventually a powerhouse across the full value chain of the emerging renewable energy sector.

At the national level, we are contributing to the development of a comprehensive National Renewable Energy Strategy for the Kingdom. Renewable energy targets as part of the Kingdom’s utility fuel mix have been considered, and we have also proposed a phased implementation plan to cater for uncertainties associated with renewable energy technology and potential gas discoveries.

At the company level, we are establishing a Renewable Energy Academy. We are partnering with leading institutions such as the Massachusetts Institute of Technology, the Lawrence Berkeley National Laboratory, the Masdar Institute for Science and Technology, and the King Abdulaziz University of Science and Technology to develop the curricula for solar photovoltaic training courses for technicians, engineers and project managers.

While the academy, which will open in 2013, will initially admit up to 150 Saudi Aramco employees annually, training will soon be extended to external parties, and enrollment is expected to quadruple.

As part of an effort to create a national data library to assess the potential contribution of wind energy to the Kingdom’s energy mix, Saudi Aramco installed multiple 90 meter high wind towers at locations in Qasim, Shadagm and the Gulf of Aqaba to collect wind data over a one-year period. The data collected will be used as part of feasibility studies for future wind project developments across Saudi Arabia, based on the site wind conditions, additional infrastructure requirements and cost of electricity generation.

Saudi Aramco views solar power as both an important clean energy source and an important future industry for the Kingdom. Building on the significant research and investments made in 2011, we completed the installation of the Dhahrان solar test field, which hosts technologies from 26 vendors. The ultimate objective of the solar field is to monitor and assess the development of emerging technologies and their application in the Kingdom. Data collected in 2012 highlights a 45 percent performance gap between the best and worst performing panels.
PROTECTING BIODIVERSITY

Priority: Protecting Biodiversity

The Kingdom is home to a wide variety of ecologically sensitive habitats that require careful stewardship. Saudi Aramco does not limit its environmental stewardship activities to within the perimeters of its facilities. The company has an extensive history of promoting environmental awareness, protecting ecologically sensitive areas, and leveraging our environmental capabilities and resources to enhance environmental knowledge and maturity toward a more environmentally responsible culture.

Mangrove Habitats

In 2012, we made significant progress on our Corporate Biodiversity Initiative. With the help of our local communities, we planted over 100,000 mangrove seedlings along the Arabian Gulf coast. This is double the amount planted in 2011 and represents a significant step toward our goal of planting 1 million mangrove trees by 2016 to help rehabilitate a crucial component of the Kingdom’s ecosystem. This builds on a commitment to rehabilitate mangrove habitats that dates back over two decades, when Saudi Aramco teamed up with King Fahd University of Petroleum and Minerals, to transplant mangrove seedlings as part of a joint rehabilitation study. These habitats are among the most productive ecosystems in the marine environment, providing important nursing grounds for many commercial fishes, shrimp and crab—the life blood of the Kingdom’s fishing industry.

In an effort to increase awareness of the need to preserve mangrove habitats and highlight the company’s efforts in protecting and restoring them, Saudi Aramco developed a detailed plan for a Mangrove Eco-Park located in Ras Tanura, close to Tarut Bay. Over the course of the year, Saudi Aramco completed habitat surveys and an environmental master plan for the mangrove eco-park, which included the park zonation and component elements with construction considerations. The park will be the first of its kind in the country, featuring a 1.5 kilometer elevated boardwalk that meanders through mangroves to highlight the ecological importance of mangrove habitats to the public. Supported by a state-of-the-art research center, the eco-park will promote environmental awareness, provide educational opportunities, support ecological research and leverage local content development, as well as support valuable marine wildlife.

Reef Habitats

In further recognition of the importance of ecologically sensitive areas, the rich biodiversity of our marine habitats and the recent decline of these habitats due to human activities and rising sea surface temperatures, we are working to develop artificial stable reef systems within Saudi Aramco marine areas in the Arabian Gulf. During 2012 we conducted a detailed technical study that identified locations for artificial reef developments suitable for selected commercial fish species. The study also provided guidance on optimum design and materials for the Gulf salinity and currents, which are important for the reef durability and utilization by marine species. Over the course of 2013, we will begin construction and deployment of the reefs at the selected sites.

“ANYONE WHO LOOKS CLOSELY AT OUR SURROUNDINGS SHOULD OBSERVE THAT THE EXISTENCE AND PERSISTENCE OF PLANT AND ANIMAL LIFE IN THE SAUDI ARABIAN DESERT IS A KIND OF MIRACLE OF TENACITY. BEFORE THE DISCOVERY OF OIL IN SAUDI ARABIA IN THE 1930S, THIS WAS WELL APPRECIATED. TODAY WE MUST CONTINUE TO ATTEND TO AND CARE FOR OUR DELICATE NATURAL ENVIRONMENT”

KHALID A. AL-FALIH, SAUDI ARAMCO PRESIDENT AND CEO

THE MANGROVE ECO-PARK IS SET TO BECOME AN ENVIRONMENTAL LANDMARK IN KINGDOM. THERE’S NOTHING LIKE IT IN THE ENTIRE REGION”

DR. KHALED AL-ABDULRAZED, ENVIRONMENTAL PROTECTION DEPARTMENT

Saudi Aramco returns rare species to Shaybah: In line with our environmental protection strategy, Saudi Aramco completed the first ecological assessment of species in Shaybah, with a master plan developed and approved for a 600 square kilometer wildlife sanctuary shortly thereafter. The survey revealed that the proposed reserve area was an important habitat for rare animals, birds, reptiles and invertebrates. Consequently, the animals set to benefit most from the reserve were not captured during the survey, the reserve will support the reintroduction of endangered species such as the Arabian oryx and fennec foxes after their decimation in recent times through hunting and poaching. The proximity of the reserve to Saudi Aramco’s Shaybah oil field operations and the commitment displayed by Shaybah Producing Department in establishing the reserve serves as proof that oil exploitation and environmental protection can co-exist.

LOOKING FORWARD

Our goals include:

• Reduce total energy consumption of our existing facilities by 2 percent in 2013.
• Reduce water consumption by 70 percent over the next decade through leveraging technologies and best industry practices.
• Implement Environmental Monitoring Systems at all remaining refining and NGL facilities in 2013.

• Begin to train efficiency managers for major buildings at Saudi Aramco in 2013.
• Begin Renewable Energy Academy courses.
• Implement flare gas recovery projects at the ‘Uthmaniyah, Shedgum and Safaniyah gas plants during 2013.
CITIZENSHIP AROUND THE WORLD

Saudi Aramco believes that its long-term success depends on being a good citizen everywhere the company or its affiliates do business. Along with the activities noted below, our international contributions include the support we provide to the students we send to universities around the world, to assist them in contributing to the communities where they are receiving their education.

USA

Global Reliability Forum

Aramco Services Co. (ASC) hosted the second annual Global Reliability Forum. The forum drew approximately 450 industry experts, thought leaders and engineering specialists from around the world to discuss creative solutions for building and maintaining a strong, reliable infrastructure for a secure energy future.

Houston Half Marathon

For the eighth consecutive year, ASC employees lent their support to various charities by participating in the Aramco Houston Half Marathon. The multi-race running event not only raised $2.3 million for charity, but also received a Silver ReSport Certification from the Council for Responsible Sport.

Houston Food Bank

Fifty-five ASC employees, family members and summer students packaged, sorted and handled 21,074 pounds of food to help feed the hungry in the Houston area.

Road to Success

Close to 200 students participated in our Road to Success program in 2012 – nearly a 40 percent increase from the previous year. This orientation program for Saudi Aramco-sponsored students studying at U.S. universities addresses issues such as cultural awareness, campus life, personal and driver safety, and time management.

Roads of Arabia Exhibition

Saudi Aramco was one of the principal sponsors of the “Roads of Arabia: Archaeology and History of the Kingdom of Saudi Arabia” at the Smithsonian’s Museum of Asian Art in Washington, D.C.

Reef Restoration

ASC has begun an oyster reef restoration project on the Gulf Coast, with activities including oyster gardening, oyster reef construction and oyster shell recycling.

EUROPE

Pediatric Health

Aramco Overseas Co. supports the pediatrics department of the San Raffaele Hospital in Milan, Italy, which is one of Europe’s largest science parks devoted to biomedical and biotechnology research. Its pediatric division is a regional center for the diagnosis and treatment of diabetes mellitus in children and adolescents.

International Model United Nations

AOC was a sponsor of The Hague International Model United Nations, which was attended by 3,200 students from more than 200 international schools.

Big Bang Fair

AOC helped to inspire the next generation of scientists with our sponsorship of the Big Bang Fair at the National Exhibition Center in Birmingham, United Kingdom, which was attended by more than 60,000 people.

British Science Festival

AOC supported the British Science Festival in Aberdeen. Organized by the British Science Association, the festival is one of Europe’s largest celebrations of science, engineering and technology.

ASIA

Poverty Alleviation

Aramco Asia struck a partnership with the China Foundation for Poverty Alleviation to donate funds to improve conditions in schools for migrant workers’ children across China.

Social Welfare

Aramco Asia partnered with the China Social Welfare Foundation to provide free lunches to children in China’s poor rural areas. The project received the top China Charity Award in 2012.

Burn Victim Treatment

Saudi Aramco donated to the Hallym Burn Foundation, the only foundation for child burn victims in Korea, to help children from low-income households receive better medical treatment.

Protecting Biodiversity

Saudi Aramco is working in partnership with China Green Foundation to support projects of outdoor monitoring, inspection, and roost protection of rare and endangered wild animals in the Gailingong Mountain National Nature Reserve in Yunnan province.

Environmental Research

In Japan, Saudi Aramco has teamed up with Okinawa Institute of Science & Technology to set up a joint research and development fund on marine environment protection. The company also made a donation to the University of the Ryukyu to set up Saudi Aramco Okinawa Mangrove Ecosystem Preservation Research Fund.
OUR OUTLOOK

Saudi Aramco knows it has an important role to play in shaping tomorrow for the Kingdom, not just our company. We are constantly seeking to enhance our positive impacts on our economy, communities, young people and natural environment. Looking forward to 2013, we are planning to progress in the following key strategic areas:

Partnering to increase impacts
Saudi Aramco seeks to be an enabler in the community. We believe the best way we can leverage our core capacities is to partner with other entities to share knowledge, increase capacity and multiply impacts. We seek to partner with other companies, non-profits, government agencies and individuals on projects of strategic importance to us in our role as a corporate citizen. In 2013, we will review our partnership evaluation criteria.

Driving innovation and creativity
Innovation is not only at the heart of our company’s operations, but also at the heart of our work in the community. We see innovation and creativity as vital to building a knowledge-based and diversified economy. Therefore, in 2013 we will focus on instilling innovation and creativity in all of our citizenship activities.

Delivering on what matters
In 2013, we will focus more on delivering on what matters to our stakeholders. Our vast range of activities in the Kingdom indicates the depth of our involvement and engagement, but in 2013 we will increase the focus of our activities on addressing those challenges that matter most to our company and our communities.