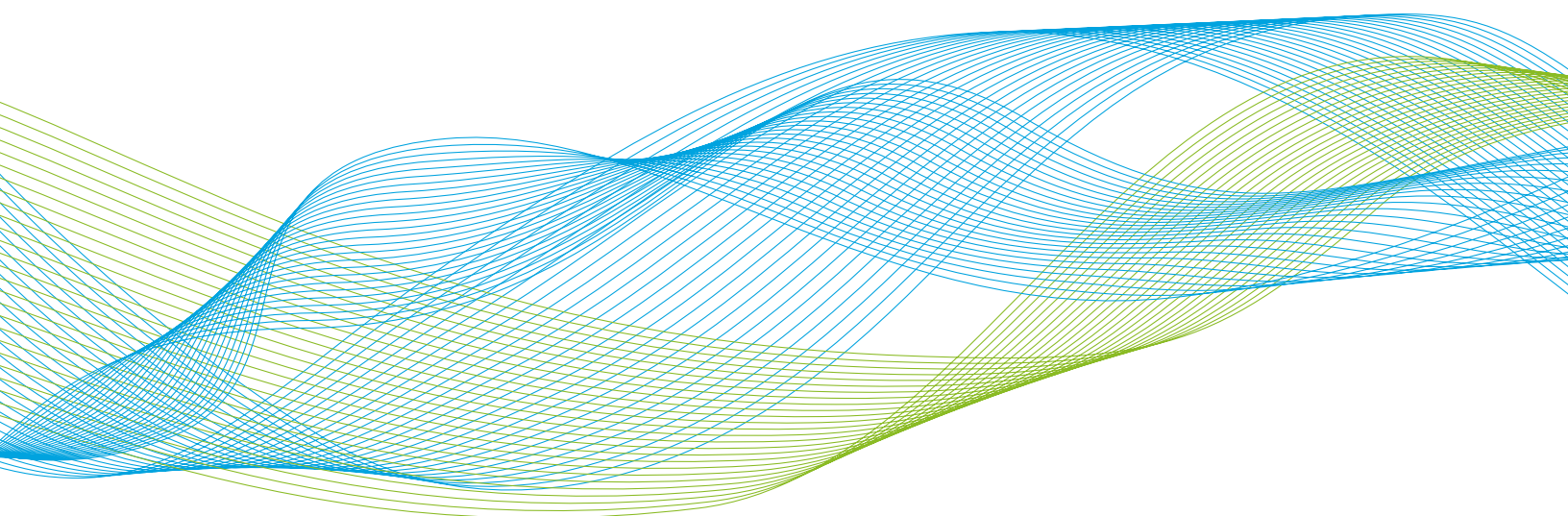




Energy security
for a sustainable world

Energy security for a sustainable world



Aramco is one of the world's largest integrated energy and chemicals companies, creating value across the hydrocarbon chain and delivering societal and economic benefits to the Kingdom and communities who rely on the vital energy we supply.

We are committed to playing a leading role in the energy transition. We have a responsibility to help the world achieve a net-zero economy, and our people are working hard to solve the world's sustainability challenges.

For our customers, we are a supplier of choice.
For our shareholders, we provide long-term value creation.
For communities around the world, our ambition is to provide reliable, affordable, sustainable energy.

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This Annual Report covers financial and operational aspects of Aramco and is issued in both Arabic and English. The print version is identical to its PDF counterpart, which is available at aramco.com. The Arabic version prevails in the event of any discrepancy. The images in this document are representative of the services provided by Aramco. Wherever possible, sustainable printing techniques were used.

The information contained in Sections 1 – 7 of this Annual Report constitutes the Board of Directors' report.



King Salman bin Abdulaziz Al-Saud
The Custodian of the Two Holy Mosques



His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud
Crown Prince, Deputy Prime Minister and Minister of Defense of the Kingdom of Saudi Arabia

Aramco

History	06
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Continuing conventional energy investment

Shaybah Gas-Oil Separation Plant, Saudi Arabia

Energy security, economic development, and affordability are current gaps in the world's energy transition strategy, and during 2021 Aramco continued to focus on increasing its Maximum Sustainable Capacity to 13.0 mmbpd, and its capital allocation strategy.





Aramco's history dates back more than 85 years, when a small group of intrepid adventurers set out to explore the deserts of Saudi Arabia

The birth of Arabian oil

1933-1944

- 1933** Oil concession agreement signed with Standard Oil of California which creates the California Arabian Standard Oil Company (CASOC) to manage the concession
- 1938** Oil discovered at Dammam Well No. 7
- 1939** Oil exports began
- 1944** CASOC renamed the Arabian American Oil Company

Expansion

1945-1965

- 1948** Standard Oil Company of New Jersey, later Exxon, purchases 30% of Arabian American Oil Company, and Socony-Vacuum Oil Company, later Mobil, purchases 10% to help provide market outlets
- 1949** Oil production hits 500 mbpd
- 1952** Headquarters moved from New York City to Dhahran
- 1958** Oil production exceeds 1 mmbpd
- 1965** Oil production exceeds 2 mmbpd

Making a name for itself

1966-1988

- 1971** Oil production averages 4.5 mmbpd
- 1973** The Saudi Government acquires an initial 25% participating interest in the concession, which increases to 60% the following year
- 1975** Decision made to build the Master Gas System, enabling one of the world's largest gas markets, transforming the national energy mix toward clean fuel, and building the cornerstone for the economy's industrialization
- 1976** Becomes the world's leading oil producer in terms of volume produced in a single year
- 1980** Saudi Government increases its participation interest in the crude oil concession rights, production and facilities to 100%
- 1988** Saudi Arabian Oil Company (Saudi Aramco) officially established

Rub' al-Khali, Saudi Arabia

In 1939, on the northern edge of the Rub' al-Khali, Aramco explored the Jafurah sands, and 82 years later the Company announced development of Saudi Arabia's largest non-associated gas field, Jafurah.

Natural gas, a lower-carbon energy source, has a critical role to play in the world's energy transition, and commercializing the estimated 200 tscf of unconventional gas in place in the vast Jafurah basin is expected to contribute to Saudi Arabia's goal to produce half of its electricity from gas, and half from renewables — and make the Kingdom one of the world's largest gas producers.

A global company

1989-2014

- 1989** First international downstream joint venture established in the U.S.
- 1991** First Asian downstream joint venture established in South Korea
- 1993** Aramco assumes the assets and operations of Saudi Arabian Marketing and Refining Company, a Government-owned in-Kingdom refining and international product marketing organization
- 2009** Petro Rabigh, Aramco's first petrochemical plant, begins production
- 2011** Sadara Chemical Company formed
- 2014** SATORP and YASREF refineries come online

Transformation and resilience

2015-2020

- 2017** Aramco acquires full ownership of Motiva
- 2018** Aramco becomes a joint stock company

Commercial production of unconventional resources commences in north Arabia
- 2019** Aramco becomes a public company with shares listed on Tadawul

\$12.0 billion of Senior Unsecured Notes issued and listed on the London Stock Exchange (LSE)
- 2020** Highest single-day crude oil production of 12.1 mmbpd

Historic acquisition of a 70% stake in SABIC transforms Aramco into a major global petrochemicals producer

Sustainability and energy security

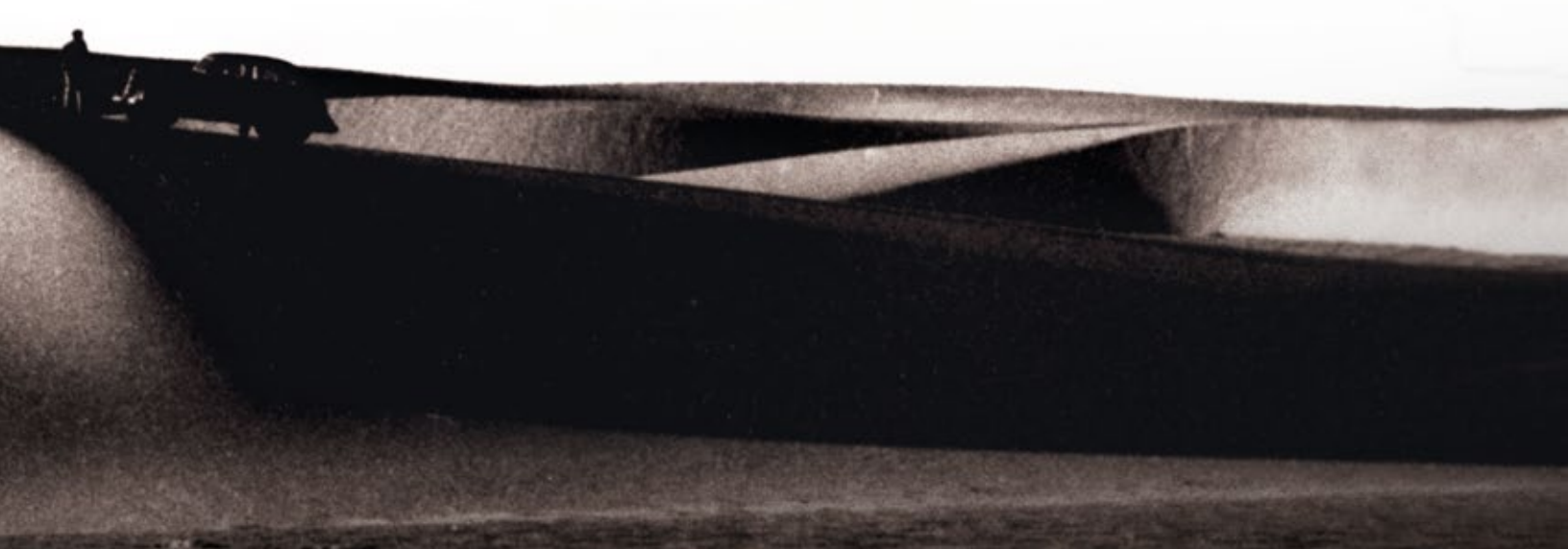
2021

- 2021** 49% of Aramco Oil Pipelines Company sold to a consortium of international investors

Highest single-day natural gas production of 10.8 bscfd

Ambition announced to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across wholly-owned operated assets by 2050

Energy infrastructure deal signed to sell 49% of Aramco Gas Pipelines Company (AGPC) to a consortium of investors



Delivering exceptional performance and supporting the energy transition



Reducing emissions from energy production and use, while at the same time satisfying the world's growing energy requirements, is the biggest dual challenge facing our industry."

Dear Shareholders,

In 2021, Aramco continued to focus on generating long-term shareholder value while also taking significant steps to position the Company for continued success in a world transitioning to a cleaner energy future.

With global demand for crude oil strengthening as economic activity accelerated in key markets, Aramco utilized its operational agility to deliver both strong earnings and cash flows for the year. Our net income was SAR 412.4 billion (\$110.0 billion). This strong operational and financial performance allowed the Company to declare total cash dividends of SAR 281.3 billion (\$75.0 billion) for 2021, and the Board of Directors also recommended granting shareholders one new additional bonus share for every 10 shares they hold.

Against a backdrop of higher prices for our upstream products and better margins in our Downstream business, we take a long-term view while delivering on our strategic objectives.

We are maintaining a highly-disciplined and flexible approach to capital allocation as we expand our business so our customers will continue to have access to the reliable energy they need to support the growth they desire. In Upstream, we are working on increasing our Maximum Sustainable Capacity as per the Government's direction. In Downstream, we are growing and diversifying our operations while also integrating SABIC as Aramco's chemicals arm.

Creating value for shareholders and society

The improved market sentiment provided us with an excellent opportunity to unlock further value from Aramco's asset base through the ongoing portfolio optimization program. The Company entered into two energy infrastructure deals in 2021 with a total value of SAR 104.6 billion (\$27.9 billion). This resulted in one group of investors taking a 49% equity stake in Aramco's stabilized crude oil pipeline network in June, and a second group taking a 49% equity stake in our natural gas pipeline network following the closing of that transaction in February 2022.

In a further demonstration of global investor confidence in Aramco's long-term value creation story, our inaugural international U.S. dollar Shari'a compliant offering was well received. The SAR 22.5 billion (\$6.0 billion) transaction not only illustrates our unique value proposition but also serves to further diversify our funding sources as well as expand our investor base.

The Company remains at the forefront of enabling and enhancing the Kingdom's industrial, technology and sustainability infrastructure to help create new jobs and further diversify the domestic economy. Aramco has taken a leading role in the Shareek program launched by the Government of Saudi Arabia in March last year. The word "shareek" means partner in Arabic, and as the name suggests, the program is designed to promote increased public-private partnerships through a range of finance, funding, tax, and regulatory incentives. In alignment with Shareek, we continue to expand our iktva initiative to further develop our local supply chain, while also launching Aramco Namaat as we seek to make a positive social and economic impact.

The development of the Jafurah unconventional gas field is another example of our efforts to create value. In addition to making Saudi Arabia one of the world's largest natural gas producers, Jafurah is expected to contribute to the Kingdom's goal of producing half of its electricity from gas and half from renewables.

Tackling the climate challenge

In step with the Saudi Green Initiative, the Company announced its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across our wholly-owned operated assets by 2050, which in turn will help support the Kingdom's own 2060 net-zero aim.

We did not make nor do we take this ambition for our Company lightly. We fully recognize both the scale and the urgency of the global climate challenge. As one of the world's largest integrated energy and chemicals companies, and as stewards of the Kingdom's vast hydrocarbon resources, we have a critical role to play in helping the complex transition to a lower emissions future be as orderly as possible.

As demand for energy continues to grow in response to an expanding world population and rising living standards, we believe oil and gas will still play a vital role for decades to come. The suggestion that hydrocarbons can be quickly eliminated from the global energy mix is unrealistic as doing so would severely impede and negatively impact trade and travel. Instead, society as a whole must seek a stable and inclusive energy transition that meets the needs of people in both the developed and developing world.

Reducing emissions from energy production and use, while at the same time satisfying the world's growing energy requirements, is the biggest dual challenge facing our industry. With our low upstream carbon intensity and our low-cost oil, as well as our demonstrated capacity to innovate, we firmly believe Aramco is well positioned for the future.

Maintaining good governance

As we chart our course forward, we also welcomed two new members to our Board of Directors in 2021: Stuart T. Gulliver, former Group CEO of HSBC, and Khalid H. Al-Dabbagh, former Senior Vice President, Finance, Strategy and Development of Aramco. Both were elected to the Board at our Ordinary Annual General Assembly meeting in July, filling seats vacated by H.E. Nabeel M. Al-Amudi and Sir Mark Moody-Stuart. On behalf of the Board, I would like to take this opportunity to express our deep appreciation to both Nabeel and Sir Mark for their valuable contributions to Aramco.

Our continued success would also not be possible without the visionary leadership of the Custodian of the Two Holy Mosques King Salman bin Abdulaziz Al-Saud, and His Royal Highness Prince Mohammed bin Salman bin Abdulaziz Al-Saud, Crown Prince, Deputy Prime Minister and Minister of Defense of the Kingdom of Saudi Arabia.

In addition, we thank the Ministry of Energy of the Kingdom of Saudi Arabia for their ongoing support of Aramco.

Recognizing our many stakeholders

In February 2022, the Government transferred 4% of its shares in the Company to the Public Investment Fund. This private transfer did not affect the Company's total number of issued shares and does not have any impact on the Company's operations, strategy, dividend distribution policy, or governance framework. The Government remains Aramco's largest shareholder.

Aramco has long played a special role in providing energy that powers the development of countries and communities around the world. It is not an exaggeration to suggest that each and every day billions of people, directly and indirectly, depend on a reliable supply of energy that originates from Aramco.

Our ability to reliably meet these energy demands is dependent on the hard work of a talented team. And on behalf of the Board of Directors, I want to take this opportunity to acknowledge the men and women of Aramco for their dedication and commitment. I also want to express our collective appreciation to our customers, partners, suppliers, and contractors for their ongoing support.

Finally, to our shareholders, we thank you for your continued confidence in our Company.

H.E. Yasir O. Al-Rumayyan
Chairman of the Board of Directors

Generating value and providing reliable, cleaner energy



Longer-term, we will continue to position Aramco to be a **cornerstone of world energy security**, providing reliable and ever-cleaner energy throughout the global energy transition.”

Dear Shareholders,

With hindsight, there are certain points at certain times that stand out as pivotal, and in 2021 there were several such moments.

Globally, we saw economic momentum return in many countries along with growing optimism that rising vaccinations would be a turning point to mark the beginning of the end of the pandemic. Related to our industry, there were signs of energy supply concerns in some parts of the world, which should serve to illustrate the potential consequences of further under-investment in conventional energy production.

Aramco also marked a number of milestones in 2021 that are highlighted in this report. The most significant, by far, was announcing our ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across the Company's wholly-owned operated assets by 2050. Other key achievements included two landmark transactions to monetize our pipelines infrastructure. We also moved forward with the development of the Jafurah unconventional gas field, which has the potential to make Saudi Arabia one of the world's leading gas producers by 2030. In addition to declaring total cash dividends of SAR 281.3 billion (\$75.0 billion) for 2021, the Board also recommended the granting of bonus shares to shareholders in recognition of our outstanding operational performance and financial results for the year.

From a personal perspective, I am proud of how well my colleagues adapted to the challenges presented by COVID-19. Indeed, their overwhelmingly positive response to a Company-led vaccination campaign was instrumental in our ability to maintain uninterrupted operations.

Building our business

In our Upstream operations, we are expanding our capability to increase our crude oil Maximum Sustainable Capacity from 12.0 mmbpd to 13.0 mmbpd. This additional capacity is expected to come on-stream by 2027. We have completed work on crude oil increments at 'Ain Dar and Fazran, which will provide access to secondary reservoirs with a combined capacity of 175 mmbpd. And we are progressing with engineering and construction at Marjan and Berri that will add a combined production capacity of 550 mmbpd of crude oil by 2025.

Meanwhile, with gas likely to play a critical role in the energy transition, we believe the development and commercialization of the Jafurah unconventional field will have positive implications for energy security and economic development. Containing an estimated 200 tscf of gas in place, Jafurah will provide high-value feedstock for our petrochemicals business and complement our plans for lower-carbon hydrogen production in the future. When completed, Jafurah will be one of the most modern, cost-efficient unconventional resource programs in the industry.

Our Hawiyah Gas Plant expansion is expected to be on-stream in 2022, and we continue to advance the Hawiyah Unayzah reservoir gas storage program to provide some 2.0 bscfd of gas for reintroduction into the Master Gas System by 2024. And from our existing gas operations, we achieved the highest single-day natural gas production in our history of 10.8 bscfd.

During 2021, we also continued to expand our downstream operations, including the successful start-up of our 400 mmbpd Jazan Refinery. And in October, we opened the first Aramco-branded service station as part of our joint venture with TotalEnergies to develop a premium retail network in the Kingdom. Also domestically, we launched a new line of automotive lubricants under the ORIZON® brand. The integration with SABIC progressed with the marketing and sales of several Aramco petrochemical products being transferred to SABIC, while offtake and resale activities for certain SABIC products are moving to Aramco Trading Company.

Innovation continues to be a priority for Aramco. Early in 2021, we commissioned one of the most powerful supercomputers in the world to run three-dimensional earth modeling to enhance efficiencies in exploration and production. In a fitting tribute to the Kingdom's first commercial oil well, our new 55.4-petaflops supercomputer was named "Dammam-7." Aramco was also granted 864 U.S. patents last year, making us a leader within our industry.

Advancing the energy transition

As a company, we remain deeply committed to playing a leading role in helping to ensure a stable and inclusive energy transition. Across our global research network, Aramco scientists are pursuing answers to critical energy questions facing our industry and the world as a whole. At our R&D centers we are working on a range of cutting-edge technologies, including ultra-efficient engines, carbon capture, utilization, and storage, and also non-combustible uses for oil.

Clearly our path to meet our aforementioned net-zero ambition will not be a straight line, and achieving this in less than three decades will not be easy. What is also clear is that Aramco is coming from a position of strength. Our upstream carbon intensity of 11.2 kg of CO₂ equivalent per barrel of oil equivalent is one of the lowest in our industry.

Additionally, as part of our support for a smooth global energy transition, we continue to explore the potential of hydrogen as a new source of lower-carbon energy. In 2021, Aramco also made its first significant investment in renewables by taking a 30% stake in the 1.5 GW Sudair Solar PV Plant, which is expected to start producing electricity in the second half of 2022.

We will be providing further detail on our various sustainability-related initiatives in our inaugural stand-alone Sustainability Report, which is scheduled for publication later this year.

Generating value through partnerships

Aramco has long believed that collaboration is critical to identifying sustainable solutions. In 2021, we continued working with numerous partners to generate long-term value.

This included establishing the Altamayyuz Finance and Accounting Excellence Academy to create a skilled talent pool for the Company to draw from, as well as support a thriving financial sector in the Kingdom. This first-of-its-kind collaboration involves global banks along with leading international and domestic accounting firms.

During 2021, we took an active role in the Kingdom's new Shareek program as it provides attractive incentives to encourage partnerships and investments that will create additional shareholder value. We also launched Aramco Namaat, an extension of our industrial investment program, and we continued to expand iktva, our local supply chain initiative. All three programs are designed to help drive economic growth and create opportunities across industries for local businesses, small and medium enterprises, and entrepreneurial start-ups.

Looking ahead with confidence

As we look ahead to the future, we are optimistic that energy demand will remain relatively healthy. Longer-term, we will continue to position Aramco to be a cornerstone of world energy security, providing reliable and ever-cleaner energy throughout the global energy transition.

While we cannot shape future events for Aramco, I am confident that we are shaping Aramco for future events. This confidence is based on many factors, including our history of overcoming challenges and our Company's demonstrated technical excellence. But the main reason for such optimism is our people — who strive each and every day to deliver the energy the world needs to enable both growth and progress in societies and to transform people's lives.

Amin H. Nasser
President and Chief Executive Officer

Year of achievements

First quarter



Dammam-7 supercomputer

Aramco is evolving as one of the world's leading digitalized energy companies, and inaugurated one of the top supercomputers in the world, Dammam-7.

Start-up of Jazan Refinery

Aramco safely and successfully started-up the Jazan Refinery, and work is progressing well to reach the 400 mbpd design capacity.

Mangrove Eco-Park

On the Arabian Gulf shoreline, Aramco opened its Mangrove Eco-Park, the first facility in the Kingdom dedicated to the preservation of mangrove forests.

Preserving the environment

Aramco planted one million new native trees and eight million mangroves.

Roseyar

Aramco inaugurated a rose factory in al-Taif to employ women to produce skin care products containing highly-regarded local rose oil.

Second quarter



Aramco Oil Pipelines Company

Aramco's landmark SAR 46.5 billion (\$12.4 billion) energy infrastructure deal involved the sale of a 49% equity interest in Aramco Oil Pipelines Company (AOPC) to a consortium of international investors.

Shareek

Aramco announced its leading role in the new cooperative Shareek program to support and partner with domestic businesses and ventures aligned with Aramco's business strategy.

Inaugural international U.S. dollar sukuk

Aramco successfully raised SAR 22.5 billion (\$6.0 billion) in June following the sale to leading institutional investors of U.S. dollar-denominated Shari'a compliant securities, listed on the London Stock Exchange.

Expanding Upstream

Aramco successfully completed and tied-in the 'Ain Dar and Fazran crude oil increments, and construction progress continued on the Marjan and Berri increment programs.

Altamayyuz

Aramco inaugurated the Altamayyuz Finance and Accounting Excellence Academy.

Third quarter



Namaat

The expansion of the Company's industrial investment program, Aramco Namaat, aims to ensure greater reliability of energy supply, localize the industrial supply chain, and create jobs.

Investing in solar

Aramco invested in the 1.5 GW Sudair Solar PV project, which will be Saudi Arabia's largest solar farm when completed.

Financing arrangement in connection with the Jazan Integrated Gasification Combined-Cycle Power Plant

Aramco entered into a SAR 44.1 billion (\$11.8 billion) financing arrangement with Air Products, ACWA Power and Air Products Qudra in relation to the Jazan Integrated Gasification Combined-Cycle (IGCC) Power Plant, Air Separation Unit and certain ancillary assets.

Fourth quarter



Net-zero

Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050.

Aramco-branded retail fuel network

Aramco launched its first branded in-Kingdom service station as part of its joint venture with TotalEnergies.

Jafurah development

Aramco commenced the development of the vast Jafurah unconventional gas field, the largest non-associated gas field in Saudi Arabia.

New domestic marketplace with ORIZON®

Aramco entered the domestic lubricants marketplace, offering consumers a new line of lubricant products under the ORIZON® brand.

Aramco Gas Pipelines Company

The Company signed a SAR 58.1 billion (\$15.5 billion) energy infrastructure deal to sell a 49% equity interest in Aramco Gas Pipelines Company (AGPC) to a consortium of investors. The transaction closed in February 2022.

Global operations

Americas

Argentina, Brazil, Canada, Mexico



United States of America



- Countries of operation
- Aramco headquarters
- Subsidiary* offices
- Crude oil and natural gas production facilities
- Refining, petrochemical and manufacturing facilities
- Terminals and distribution hubs
- Aramco retail fuels network
- Technology and innovation centers

* Subsidiaries are separate legal entities from the Company.



Europe

Armenia, Azerbaijan, Czech Republic, Finland, Georgia, Hungary, Portugal	○
Estonia	●
Austria	○ ●
Denmark, Greece, Poland, Sweden	○ ●
Russia	○ ●
Belgium, Germany, Italy, Turkey	○ ● ●
France	○ ● ●
Netherlands, Spain, United Kingdom	○ ● ● ●

Middle East and Africa

Bahrain	●
Egypt, Ethiopia, Iraq, Jordan, Kenya, Tunisia	○
Morocco, South Africa, United Arab Emirates	○ ●
Saudi Arabia	● ○ ● ● ● ●

Asia and Australia

Australia, Indonesia, Pakistan, Philippines	○
Vietnam	○ ●
Malaysia, Singapore, Thailand	○ ● ●
India	○ ● ● ●
China, Japan, South Korea	○ ● ● ● ●



Capturing value across the hydrocarbon life cycle

Who we are

Our vision

Aramco's vision is to be the world's preeminent integrated energy and chemicals company, operating in a safe, sustainable and reliable manner.

Our mission

Aramco strives to provide its shareholders with resilient value creation through crude oil price cycles by maintaining its preeminence in oil and gas production, capturing additional value across the hydrocarbon value chain, and profitably growing its portfolio.

Our values

Excellence



At Aramco, excellence translates into all aspects of our workplace. It is our personal and group commitment to doing what we do well. We drive for best results and are agile in addressing new challenges.

Safety



Safety is an integral part of Aramco's culture. We are committed to providing a safe and respectful working environment for all with the appropriate safety procedures and policies in place on-site and within the community.

Citizenship



No matter where in the world we are conducting business, it is important to be known as a good corporate citizen and to be a positive influence within communities. As a global company in Saudi Arabia, we take this role seriously.

Integrity



The integrity of business at Aramco is based on the ethical standards of our employees in our everyday operations. Integrity is a precious asset, it is our reputation. The foundation of corporate integrity is personal integrity.

Accountability



Accountability means all employees at Aramco take responsibility for their actions in meeting corporate objectives. Accountability for achieving Aramco's overarching business objectives starts with the goals and objectives outlined by the President and CEO, for its business lines, and pervades through Aramco.

Underpinned by our environmental,

Upstream carbon intensity
(kg of CO₂e/boe)

11.2

Flaring intensity¹
(scf/boe)

5.51

What we do

Aramco directs its strategic focus on four themes:

Upstream preeminence: maintain Aramco's position as the world's largest crude oil producer by volume and one of the lowest-cost producers.

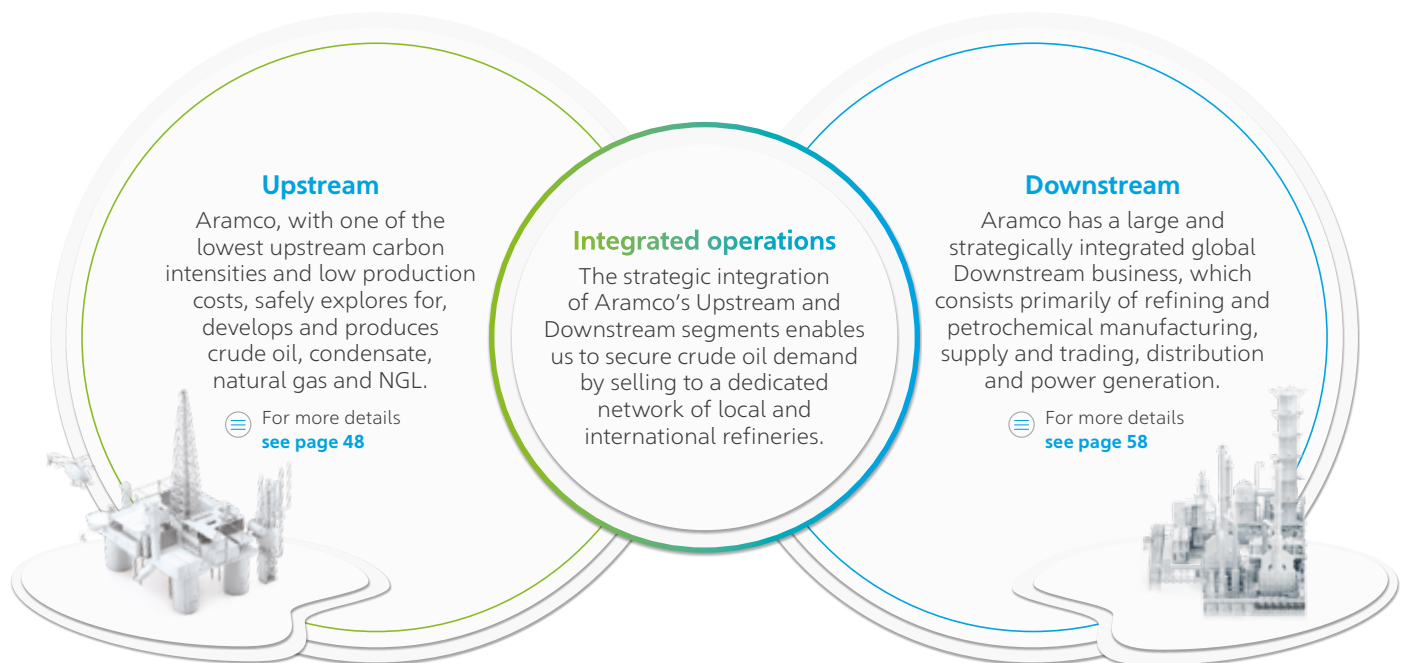
Downstream integration: continue the strategic integration of Aramco's Upstream and Downstream businesses to capture additional value across the hydrocarbon chain.

Low carbon: develop low-carbon products and solutions across the energy, chemicals, and materials sectors.

Localization and the promotion of national champions: facilitate the development of a diverse, sustainable in-Kingdom energy ecosystem to underpin the Company's competitiveness.

For more details [see page 29](#)

Our operations



social and governance activities

Lost time injuries/illness rate (LTI)^{2,3}
(per 200,000 work hours)

0.017

Granted U.S. patents

864

1. Company's emissions from wholly-owned in-Kingdom operated assets, SASREF, Motiva, and ARLANXEO.
2. Applies to Saudi Arabian Oil Company (the Company) and operationally controlled entities.
3. Total workforce (employees and contractors).

How we add value across the hydrocarbon life cycle

Aramco's conventional proved reserves, crude oil production and profitability are unrivaled. Its skilled workforce, supported by leading-edge technology, delivers safe, reliable, low-cost and low-carbon intensity crude oil production, with secure demand provided by its growing Downstream business

Explore and produce

Aramco manages the Kingdom's unique hydrocarbon reserves base, and is committed to optimizing production and maximizing long-term value.

Total hydrocarbon reserves
(billion boe)

253.6

Total hydrocarbon production
(mmboed)

12.3

Maximum Sustainable Capacity (MSC)
(mmbpd)

12.0

Total crude oil and condensate reserves
(billion barrels)

196.9

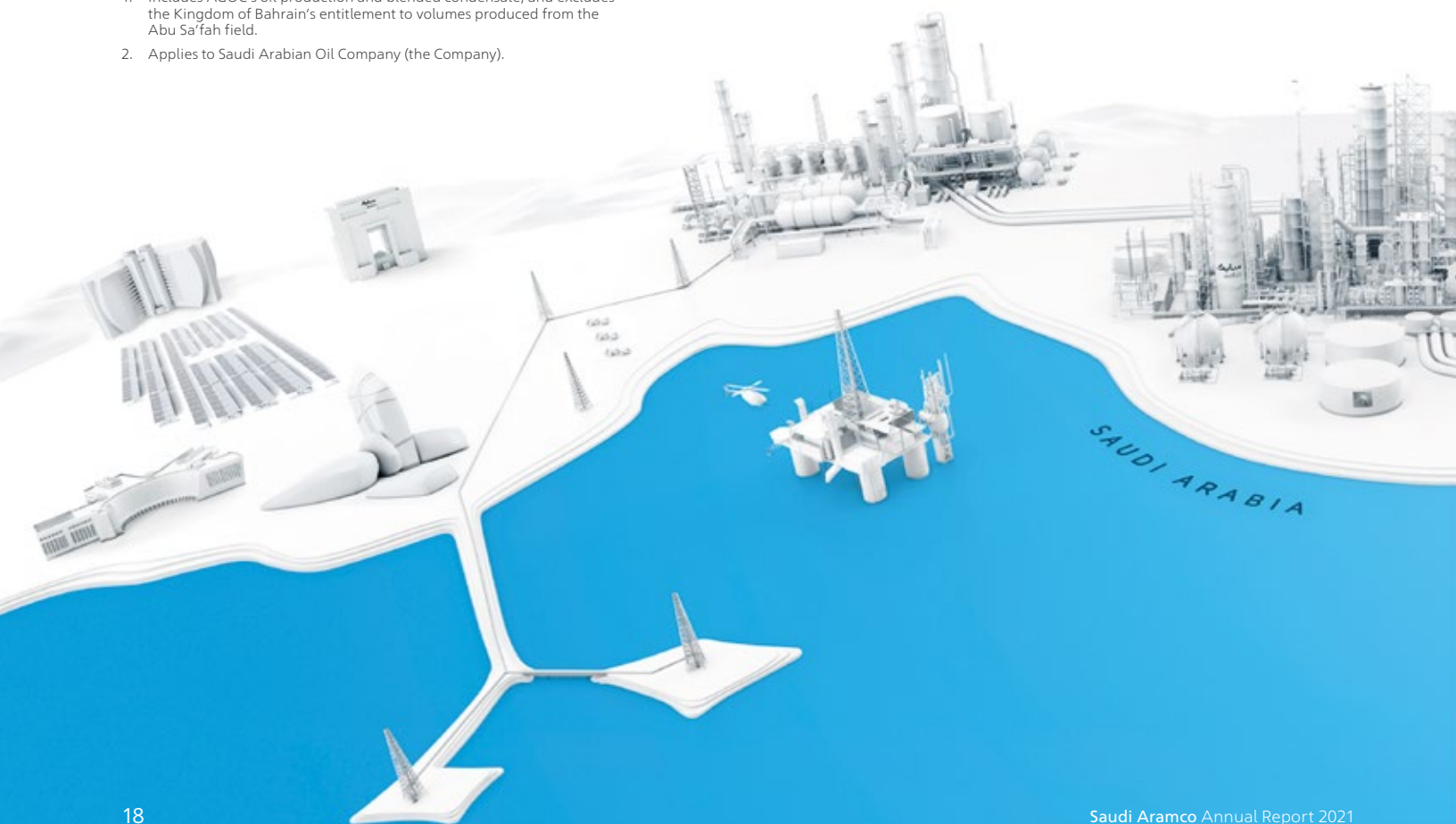
Total crude oil production¹
(mmbpd)

9.2

Refine and manufacture

Through its global network of refineries and chemicals businesses, Aramco produces critical industry feedstock and essential fuels and petrochemicals that meet the needs of communities around the world.

1. Includes AGOC's oil production and blended condensate, and excludes the Kingdom of Bahrain's entitlement to volumes produced from the Abu Sa'fah field.
2. Applies to Saudi Arabian Oil Company (the Company).



Net refining capacity
(mmbpd)

4.0

Net chemicals production capacity
(million tons per year)

53.8

Distribute

Aramco delivers upstream production to a high-quality external customer base and a dedicated downstream system. Aramco also provides high-value products to the Kingdom and internationally in large and high-growth markets through its supply and trading, distribution and retail operations.

Reliability²
(%)

99.9

Crude oil exports
(mmbpd)

6.3

Total traded volumes
(mmbpd)

5.7



Creating shareholder value

Net income

(billion)

SAR412

\$110

EBIT*

(billion)

SAR780

\$208

Free cash flow*

(billion)

SAR403

\$107

Dividends paid

(billion)

SAR281

\$75

Earnings per share

(basic and diluted)

SAR1.98

\$0.53

Gearing*

(%)

14.2

ROACE*

(%)

24.4

Upstream capital expenditures

(per boe)

SAR18.4

\$4.9

Upstream lifting cost

(per boe)

SAR11.3

\$3.0

* Non-IFRS measure. Refer to Section 3: Results and performance.



Innovating flaring minimization

Khurais Field, Saudi Arabia

Technology for drilling has come a long way, and at Aramco the first portion of gas associated with a well's new crude oil production is gathered rather than flared.

2

Business overview and strategy

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Strategy 29

Getting closer to customers

Riyadh, Saudi Arabia

Aramco, continuing to build recognition of its brands, expanded its presence in Saudi Arabia's direct-to-consumer market during 2021 by unveiling its first Aramco-branded retail service station in Riyadh.





One of the world's largest integrated energy and chemicals companies

Aramco's Upstream operations are primarily based in Saudi Arabia, while the **Downstream business** is global.

Overview

Aramco is one of the world's largest integrated energy and chemicals companies. Aramco's operating segments are Upstream and Downstream, which are supported by corporate activities. Aramco's Upstream operations are primarily based in Saudi Arabia, while the Downstream business is global.

In 2021, Aramco's average hydrocarbon production was 12.3 mmboed, including 9.2 mmbpd of crude oil (including blended condensate and AGOC's production in the partitioned territory and its adjoining offshore areas in accordance with the agreements between the Kingdom and the State of Kuwait, but excluding the Kingdom of Bahrain's entitlement to volumes produced from the Abu Sa'fah field). As at December 31, 2021, based on the initial 40-year period and 20-year extension of the Concession, Aramco's reserves stood at 253.6 billion boe, including 196.9 billion barrels of crude oil and condensate, 25.2 billion barrels of NGL, and 194.5 tscf of natural gas. In addition, as at December 31, 2021, Aramco had a gross refining capacity of 6.8 mmbpd and net chemicals production capacity of 53.8 million tons per year.

Upstream

The Upstream segment's activities consist of safely exploring for, developing, and producing crude oil, condensate, natural gas and NGL. Aramco manages the Kingdom's unique reserves and resources base to optimize production and maximize long-term value pursuant to the Hydrocarbons Law, which mandates that Aramco's hydrocarbon operations promote long-term productivity of the Kingdom's reservoirs and support the prudent stewardship of its hydrocarbon resources.

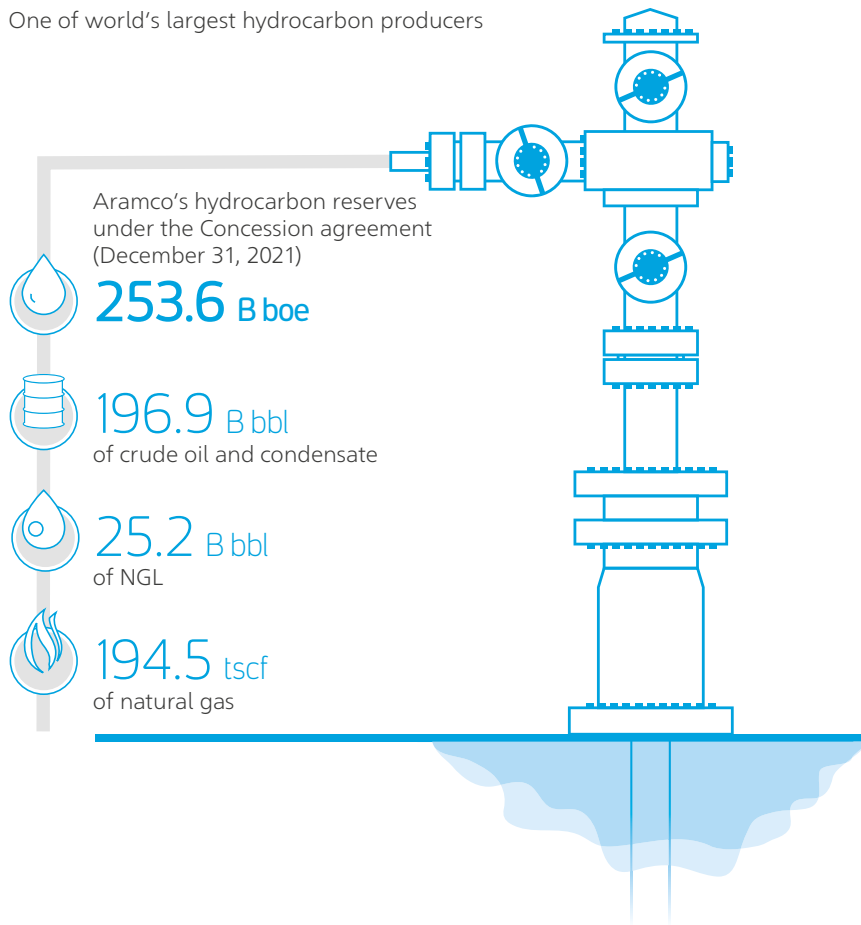
Aramco's principal fields are located in close proximity to each other within the Central and Eastern Provinces of the Kingdom. An extensive pipeline network connects Aramco's fields, processing plants, and other facilities. The produced crude oil, condensate, natural gas and NGL travel through Aramco's pipelines to multiple facilities for processing into refined and petrochemical products, or to domestic customers or export terminals. In particular, Aramco's East-West Pipeline is critical in linking oil production facilities in the Eastern Province with Yanbu' on the west coast, and providing flexibility to export from the east and west coasts of the Kingdom.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Aramco to maintain Maximum Sustainable Capacity (MSC). As at December 31, 2021, Aramco's MSC was maintained at 12.0 mmbpd of crude oil. In line with the Government's mandate for MSC to be increased to 13.0 mmbpd, Aramco is proceeding with its plans to gradually reach the mandated MSC by 2027 through multiple increments. The spare capacity afforded by maintaining MSC enables Aramco to rapidly increase its crude oil production above planned levels in response to changes in global crude oil supply and demand. Aramco also uses this spare capacity as an alternative supply option in case of unplanned production outages at any field and to maintain its production levels during routine field maintenance.

Aramco's MSC was maintained at
12.0 mmbpd
of crude oil as at December 31, 2021.

Unrivaled reserves

One of world's largest hydrocarbon producers



Aramco is the exclusive supplier of natural gas in the Kingdom and its gas portfolio is rich in liquids, demonstrated by the production of 1.0 mmbpd of NGL and 0.2 mmbpd of unblended condensate in 2021. Aramco owns and operates the Master Gas System (MGS), which is an extensive network of pipelines that connects its key gas production and processing sites throughout the Kingdom. In 2021, Aramco commenced development of the vast Jafurah unconventional gas field, which is considered the largest non-associated gas field in the Kingdom and hosts the largest liquids-rich shale gas development in the Middle East with an estimated 200 tscf of gas in place. The project aims to meet rising demand for high-value petrochemicals feedstock, complement Aramco's focus on hydrogen, support expansion of its integrated gas portfolio, and is expected to contribute to greenhouse gas (GHG) avoidance in the domestic energy sector.

Aramco seeks to further expand its oil and gas reserves through new field discoveries, new reservoir additions in existing fields, and delineation and reassessment of existing reservoirs and fields. The Company continued its focus on oil and gas reserves replacement which led to the discovery of five gas fields comprising three conventional and two unconventional discoveries.

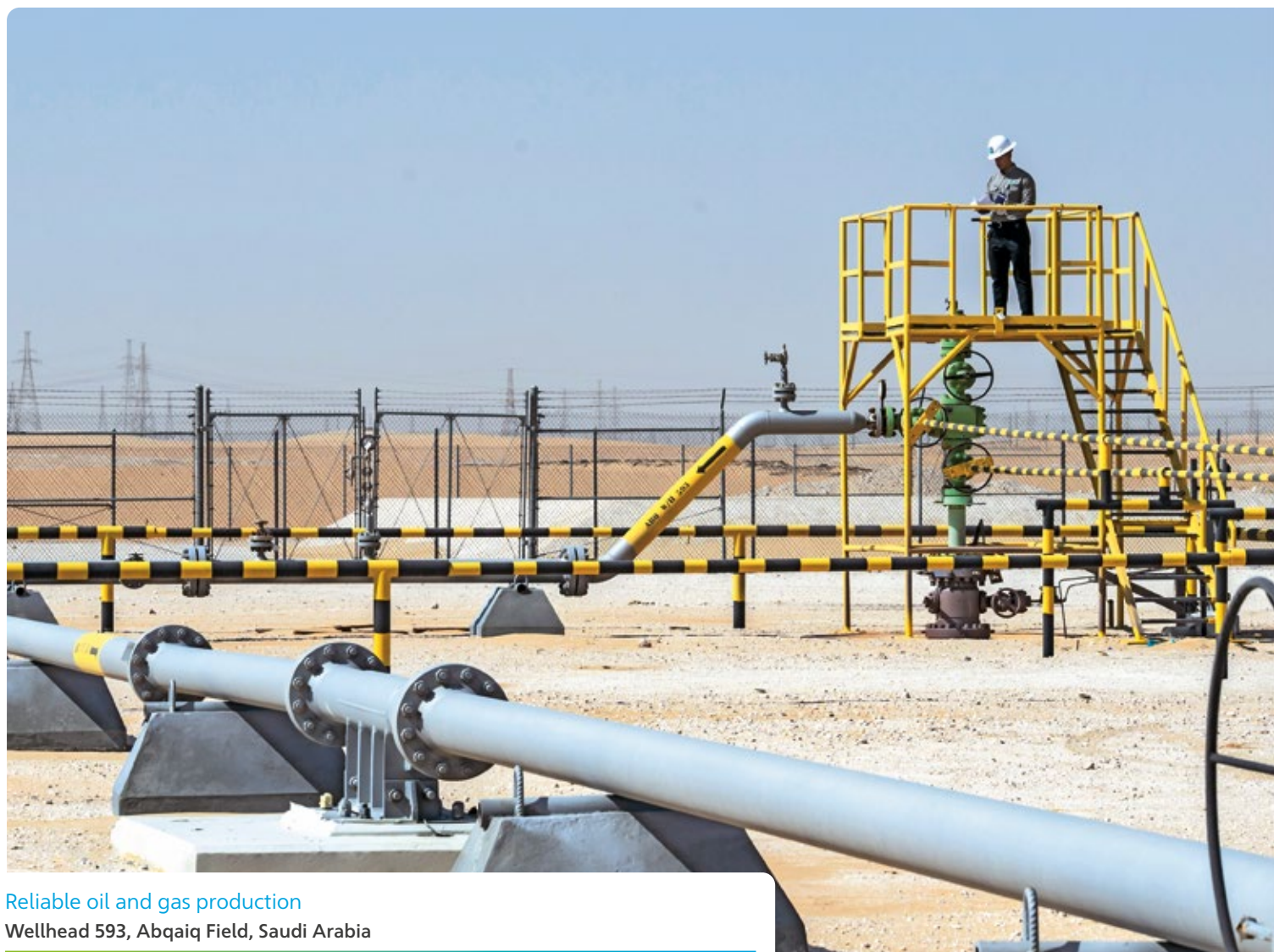
Downstream

Aramco has a large, strategically integrated global Downstream business. The Downstream segment's activities consist of refining and petrochemical manufacturing, base oils and lubricants, retail operations, distribution, supply and trading, and power generation.

The strategic integration of Aramco's Upstream and Downstream segments provides an opportunity for Aramco to

secure crude oil demand and capture incremental value from the hydrocarbon value chain by selling to its dedicated system of domestic and international wholly-owned and affiliated refineries and petrochemical plants. This crude placement provides significant benefits to Aramco's downstream operations, including a secure and reliable supply of high-quality crude oil, which helps to ensure a secure and reliable supply of refined and petrochemical products to their customers.

Aramco's Downstream business is the largest customer for the Upstream segment's crude oil production, consuming 43% of its crude oil production in 2021. Aramco's Upstream business produces all the crude oil supplied to and processed by Aramco's wholly-owned and affiliated refineries in the Kingdom, and provides the majority of crude oil used by its international refineries.



Reliable oil and gas production

Wellhead 593, Abqaiq Field, Saudi Arabia

Aramco, with exceptional supply reliability, produces five Arabian crude oil grades — Heavy, Medium, Light, Extra Light, and Super Light — which are highly compatible with most refineries globally.

Aramco's refining operations in the Kingdom, including its domestic affiliates and local distribution system, provide Aramco access to a large domestic marketplace to which it is the sole supplier. In addition to its domestic focus, Aramco is directing its downstream investments in areas of high growth, including China, India, Southeast Asia, material demand centers such as the United States and Europe, and countries that rely on importing crude oil, such as Japan and South Korea. In January 2022, Aramco

signed agreements with Polish refiner and fuel retailer PKN Orlen, which will expand Aramco's European downstream presence through investments in Poland's refining, wholesale, and jet fuel marketing segments. Completion of the transaction is subject to regulatory approvals.

Aramco also has an integrated petrochemicals business within its Downstream segment, which enables it to capture incremental margin in the hydrocarbon value chain. Aramco's chemicals business continues to grow through capacity expansions and increasing ownership positions in affiliates and new investments. This includes its recent acquisition of a 70% stake in SABIC from the PIF. Aramco's investment in SABIC makes it a major global producer of petrochemicals and expands its capabilities in procurement, manufacturing, marketing and sales, and supports Aramco's liquids-to-chemicals conversion strategies. Synergies in multiple areas, including procurement, stream integration, feedstock optimization, and maintenance activities are being pursued.

Aramco's expanding global network of refineries and chemicals joint ventures provide access to new markets for the Company's products, and allows it to strategically place crude oil volumes across different geographies.

Corporate

Aramco's Upstream and Downstream segments, as well as the overall business, are supported by corporate activities. This includes technical services essential to the success of Aramco's core business, as well as human resources, finance, legal, corporate affairs and IT. Additionally, the integrated corporate development organization, established in 2020, has a mandate to optimize Aramco's asset portfolio by assessing and monetizing certain existing assets.

Aramco's corporate activities are underpinned by Aramco's commitment to good governance and leadership, which includes environmental, social and governance practices (Section 4: ESG), risk management (Section 5: Risk) and corporate governance (Section 6: Corporate governance).

In efforts to optimize its portfolio and advance its strategic alignment program, in 2021 the Company signed two energy infrastructure deals with different investor consortiums worth SAR 46.5 billion (\$12.4 billion) and SAR 58.1 billion (\$15.5 billion), involving Aramco's stabilized crude oil pipeline and gas pipeline networks, respectively. In addition, Aramco secured access to low-cost and diversified funding by leveraging positive market sentiment and its proven ability to obtain external financing, issuing SAR 22.5 billion (\$6.0 billion) of U.S. dollar-denominated Shari'a compliant securities at very favorable terms.

Aramco's Downstream business is the **largest customer for the Upstream segment's crude oil production.**



Global energy demand recovery

Global

The global economy experienced a strong recovery in 2021, reflecting increased mobility and the resumption of business activities. As such, the outlook for global energy demand remains robust. This represents a significant shift from 2020, which was severely impacted by the COVID-19 pandemic and its related lockdowns and recurring outbreaks of the virus. Accordingly, the global economy grew by 5.6% in 2021, compared to a 3.9% contraction in 2020, according to IHS Markit estimates.

The IHS Markit Global Crude Oil Markets Outlook estimates global oil demand increased by 5.7 mmbpd in 2021 to 96.8 mmbpd, while global oil supply is estimated to have averaged 96.2 mmbpd in 2021. The global market was therefore in an undersupplied position during the year.

ICE Brent crude oil price averaged \$71 per barrel in 2021, approximately 65% higher than the average of \$43 per barrel in 2020.

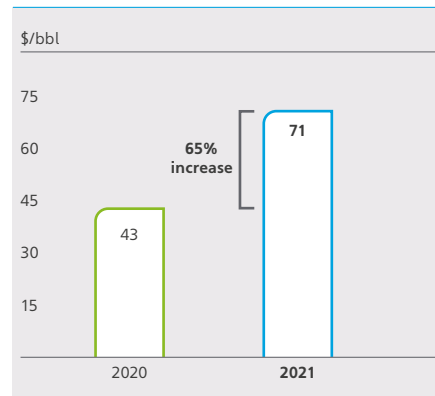
Domestic

According to the General Authority for Statistics' latest release, the Kingdom's GDP is estimated to have grown by 3.3% in 2021, vis-à-vis the previous year. This represents a significant increase when compared to the 4.1% contraction registered in 2020. The GDP growth in 2021 comes as a result of economic recovery from the COVID-19 pandemic and in particular the growth of non-oil activities by 6.6%, Government services activities by 1.5%, and to a lesser extent, from oil activities growth of 0.2%.

In line with the economic recovery, overall domestic energy demand increased by 2.8% during 2021. Demand growth was spearheaded by a 6.4% increase in transportation fuels, largely as a result of the phasing out of the COVID-19 containment measures.

In line with the economic recovery, overall domestic energy demand increased by 2.8% during 2021.

Average ICE Brent crude oil price



Positioning Aramco for the future

The Company's strategy is driven by the belief that the world's need for affordable, reliable and sustainable energy will continue to grow, and that a broad mix of energy solutions will be required to meet this demand, including oil and gas.

Within this context, Aramco's vision is to be the world's preeminent integrated energy and chemicals company, operating in a safe, sustainable and reliable manner.

To achieve this vision, Aramco focuses on four strategic themes across its businesses:

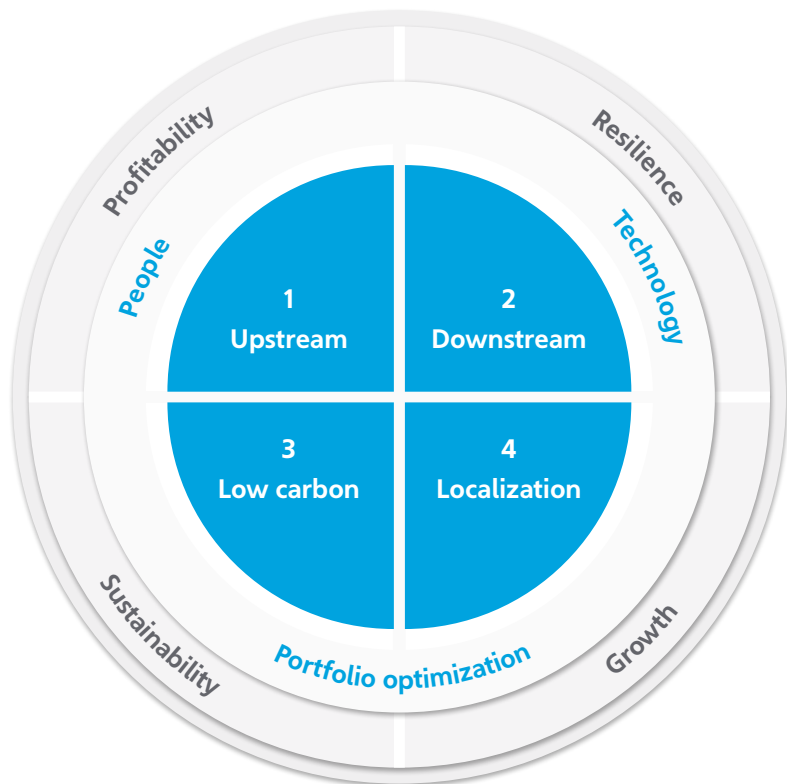
- **Upstream preeminence:** as the principal engine of value generation, the Company intends to maintain its position as the world's largest crude oil producer by production volume and one of the lowest-cost producers. The Company's vast reserves base, spare capacity, and unique operational flexibility allow it to effectively respond to changes in demand;
- **Downstream integration:** the Company has a dedicated system of domestic and internationally wholly-owned and affiliated refineries that are critical to monetizing the Company's upstream production. Through continued strategic integration, the Company captures additional value across the hydrocarbon chain;
- **Low carbon:** the Company aims to continue to lower the net carbon emissions of its operations and to support the global energy transition through development of low-carbon products and solutions across the energy, chemicals, and materials sectors; and
- **Localization and the promotion of national champions:** facilitating the development of a diverse, sustainable and globally competitive in-Kingdom energy ecosystem to underpin the Company's competitiveness and support the Kingdom's economic development.

The Company's strategy requires a number of enablers to be successful. Foremost among these are:

- **People:** preparing the workforce for the challenges the Company will face in the future;
- **Technology:** innovating, developing and deploying technology to boost competitiveness and provide economical solutions to sustainability issues; and
- **Portfolio optimization:** continuously optimizing the Company's portfolio to free up capital for redeployment.

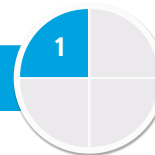
Aramco seeks to deliver value across four dimensions:

- **Profitability:** by reinforcing its competitive positions across its upstream and downstream activities;
- **Resilience:** both operational and financial, enabling the Company to deliver stable dividends to its shareholders through crude oil price cycles and to maintain a high investment-grade credit rating;
- **Growth:** both in its traditional oil and gas activities and new businesses; and
- **Sustainability:** embedded within all its activities.



Four strategic themes

Upstream preeminence



Oil

Aramco intends to maintain its position as the world's largest crude oil company by production volume. Its reserves, operational capabilities and spare capacity allow it to increase production in response to demand.

Aramco maintains its desired level of crude oil production by balancing production between maturing areas and newer production sources, tapping into new reservoirs when required to optimize the depletion rate of its fields. It also maintains its low-cost position due to the unique nature of the Kingdom's geological formations, favorable onshore and shallow water offshore environments in which Aramco's reservoirs are located, synergies from Aramco's use of its large infrastructure and logistics networks, its low depletion rate operational model, and its scaled application of technology.

Aramco seeks to maintain its position as one of the world's most reliable crude oil suppliers. The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Aramco to maintain an MSC in excess of its current production in accordance with the Hydrocarbons Law.

In line with the Government's mandate to increase its MSC to 13.0 mmbpd, Aramco is proceeding with plans to gradually reach the mandated MSC through multiple increments. The spare capacity afforded by maintaining an MSC provides operational flexibility to respond rapidly to changes in global crude oil supply and demand. While Aramco has a robust field maintenance philosophy that emphasizes the reliability of its upstream operations, the MSC provides an alternative supply option in the event of unplanned production outages at any field.

Aramco utilizes term agreements for selling crude oil to major consumers globally. These agreements provide supply predictability to customers by standardizing price and delivery terms to major regional demand centers. Aramco continues to invest in its sophisticated and extensive crude oil distribution and dispatch system, which maintains Aramco's supply reliability.

Aramco also seeks to preserve the low upstream carbon intensity of its crude oil production, which places it among the world's least carbon intensive sources of crude oil production.

Gas

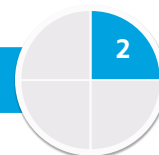
Aramco plans to further expand its gas business, including the development of its unconventional gas resources, increasing production and investing in additional infrastructure to meet the large and growing domestic demand for low-cost, cleaner energy.

Domestic gas demand growth is driven by power generation, water desalination, petrochemical production, and other industrial consumption in the Kingdom.

In 2021, the Company announced the award of contracts worth \$10.0 billion for the vast Jafurah field development, a key component of its unconventional gas program, which will contribute to greenhouse gas emissions avoidance in the domestic energy sector.

The Company is also looking into monetizing part of its growing domestic gas production through the production of blue hydrogen and ammonia, which it expects to play an important future role in providing low-carbon energy.

Important side benefits of Aramco's gas production are the significant yields of NGL and condensate, which supplement crude oil production and provide feedstock to the refining and petrochemical industries.



Downstream integration

Aramco intends to continue the strategic integration of its Upstream and Downstream businesses to facilitate the placement of the Company's crude oil in larger offtake volumes through a dedicated system of domestic and international wholly-owned and affiliated refineries, allowing it to capture additional value across the hydrocarbon chain, expand its sources of earnings, and provide resilience to oil price volatility.

Aramco's 70% equity interest in SABIC supports the significant expansion of Aramco's downstream activities, particularly in its chemicals business, and provides additional opportunities for Aramco to supply mixed feedstock of crude oil, refinery products and gas to manufacture petrochemical products. Changing patterns of demand, including growth in chemicals demand and the long-term risk of decline in fuels demand, are driving the Company's strategy to favor investments in facilities with high liquids-to-chemicals conversion rates.

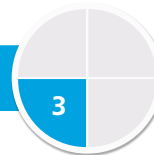
Geographically, Aramco intends to enhance both its domestic and global downstream businesses in key high-growth geographies such as China, India and Southeast Asia, which are integral to Aramco's existing business and future expansion strategy, as well as in other attractive markets. Aramco also intends to maintain its presence in key large countries, such as the United States, and in countries that rely on imported crude oil, such as Japan and South Korea.

Aramco continues to expand global recognition of its brands. One aspect of this strategy is to introduce its brands to existing domestic and international marketing businesses, including at retail service stations, and further develop its petrochemicals and base oil brands. As new marketing activities are added to its business portfolio, Aramco intends to use its own brands to build recognition of its position in the global energy sector.

In October 2021, Aramco and TotalEnergies launched the first two service stations of their joint retail network in Saudi Arabia. It follows the signing of a joint venture agreement between Aramco and TotalEnergies in 2019, with plans to significantly upgrade a network of over 200 service stations and expand the range of quality retail services available across the Kingdom. This network will comprise Aramco and TotalEnergies-branded stations, providing motorists with premium fuels and retail services.

Four strategic themes continued

Low carbon



The Company's low-carbon strategy, which seeks to address climate-related risks and opportunities, aims to de-risk its businesses and maintain competitiveness and differentiation in carbon-constrained scenarios.

The strategy has two main dimensions: lower the net carbon emissions of the Company's operations (Scope 1 and Scope 2) over time; and, develop low-carbon products and solutions across the energy, chemicals and materials space.

- Lowering the Company's own net carbon emissions calls for managing, reducing, and balancing carbon emissions across operations through a raft of measures that span efficiency gains, renewable power, carbon capture, utilization, and storage, and multiple offset initiatives.

- Developing low-carbon products and solutions aims primarily at sustaining and diversifying demand for oil and gas through competitive technologies and selective business initiatives. These include blue hydrogen and ammonia, low-carbon fuels, and gas to complement renewables in the domestic energy mix and to reduce liquids-burning in power generation. These initiatives will further help the Company capture the growing market for low-carbon products and solutions.

Aramco aims to grow its business sustainably, notably by leveraging technology and innovation to lower its climate impact. Aramco intends to maintain its position as a leader in upstream carbon intensity, with one of the lowest carbon footprints per unit of hydrocarbons produced. In October 2021,

Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050. This ambition is an important part of the Company's focus on long-term shareholder value creation and complements the Kingdom of Saudi Arabia's aim to reach net-zero emissions by 2060, announced as part of the Saudi Green Initiative (SGI). The Company is also pursuing a wide range of initiatives to further lower its upstream carbon intensity.

Key enablers

People

Aramco recognizes the need to prepare its workforce of the future, thereby ensuring the Company's capabilities match the requirements of its strategy. There are two key dimensions to this enabler:

- Enabling the Company's growth ambitions by advancing technical and professional skills, developing commercial and leadership competencies, and supporting the progress of localization and national champions; and
- Making the Company more sustainable, with a focus on diversity and inclusion.

Technology

Aramco's technology program aims to develop new solutions for its Upstream and Downstream businesses, and to help in diversifying its product portfolio and grow its business sustainably. An increasing share of its investment in technology and research and development addresses the sustainability objective. Such sustainability requires not only fast and large-scale deployment of existing solutions, such as renewable energy, carbon capture, utilization, and storage, and nature-based solutions, but also the creation and advancement of new low-carbon solutions that have both environmental and commercial potential. Examples of the new solutions that Aramco believes will positively impact

its business sustainability, and which are being actively pursued, include:

- Directly converting liquids-to-chemicals;
- Producing hydrogen with carbon capture, utilization, and storage;
- Expanding non-metallic applications;
- Accelerating large-scale deployment of carbon capture, utilization, and storage;
- Enabling sustainable transport through more efficient engines and low-carbon fuels; and
- Accelerating technology-based offsetting solutions such as direct air capture.

Localization and national champions

4

In addition to Aramco's core businesses, the Company is seeking to foster new businesses that will increase the long-term reliability and competitiveness of the Company's ecosystem, as well as contributing to the Kingdom's economic development.

This is key to ensuring Aramco's long-term cost and productivity leadership, sustainability, and resilience. Objectives are two-fold: localizing the Company's supply chain; and promoting national champions.

In March 2021, the Government of Saudi Arabia announced the Shareek program. Shareek offers a framework to accelerate investments that are aligned with the Company's strategy and is relevant for the Company's plans for domestic liquids-to-chemicals, for blue hydrogen and ammonia, for low carbon generally, and for fostering a more competitive and resilient energy ecosystem. Part of Shareek is concerned with the Kingdom's industrial development, which has many touchpoints with the Company's own ecosystem. In September 2021, the Company announced a major expansion of its industrial investment program, Aramco Namaat, that will leverage a range of incentives offered by Shareek.

Portfolio optimization

Through portfolio optimization, Aramco seeks to unlock value, enhance its capital structure and reallocate capital to higher growth and return investments. Aramco has a comprehensive and disciplined internal approval process for capital expenditures, new projects and debt issuance. It analyzes future projects based on strategic, operational, commercial, and financial targets. Aramco's unique reserves and resource base, operational flexibility, field management practices, and strong cash flow generation serve as a foundation for its low gearing and flexibility to allocate capital.

During 2021, Aramco has continued its portfolio optimization efforts, notably executing a number of large value adding transactions around existing infrastructure assets that attracted international investors, thereby allowing the Company to reallocate capital towards its focus areas. Transactions have included: the sale of a 49% equity interest in Aramco Oil Pipelines Company (AOPC), an Aramco subsidiary, to a consortium of international investors including EIG Global Energy Partners and Mubadala for SAR 46.5 billion (\$12.4 billion); the signing of a SAR 58.1 billion (\$15.5 billion) energy infrastructure deal to divest 49% of

Aramco Gas Pipelines Company (AGPC) to a consortium of investors that closed in February 2022; and entering into financing arrangements in connection with the Jazan Integrated Gasification Combined-Cycle Power Plant and associated infrastructure.

3

Results and performance

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Strategic integration of Upstream and Downstream businesses

Jazan Economic City, Saudi Arabia

Aramco, with a strategy to sell crude oil to its dedicated network of local and international refineries, safely started-up the Jazan Refinery in 2021.





Exceptional performance

Financial highlights

Net income
(billion)

SAR412

\$110
2020: \$49

EBIT*
(billion)

SAR780

\$208
2020: \$101

Free cash flow*
(billion)

SAR403

\$107
2020: \$49

**Net cash provided by
operating activities**
(billion)

SAR523

\$139
2020: \$76

Capital expenditures
(billion)

SAR120

\$32
2020: \$27

Dividends paid
(billion)

SAR281

\$75
2020: \$70

Dividends paid per share

SAR1.40

\$0.37
2020: \$0.35

ROACE*
(%)

24.4

2020: 13.2

Gearing*
(%)

14.2

2020: 23.0

Earnings per share
(basic and diluted)

SAR1.98

\$0.53
2020: \$0.25

**Average realized
crude oil price**
(\$/barrel)

70.5

2020: 40.6

* Non-IFRS measure: refer to "Non-IFRS measures reconciliations and definitions" for further details.



Hawiyah NGL Recovery Plant, Saudi Arabia

Operational highlights

MSC (mmbpd)	Hydrocarbon production (mmboed)	Crude oil production ¹ (mmbpd)
12.0	12.3	9.2
2020: 12.0	2020: 12.4	2020: 9.2

Net refining capacity (mmbpd)	Net chemicals production capacity (million tons per year)	Reliability ² (%)
4.0	53.8	99.9
2020: 3.6	2020: 53.1	2020: 99.9

Upstream carbon intensity (kg of CO ₂ e/boe)	Flaring intensity ³ (scf/boe)	Total recordable case frequency ⁴ (per 200,000 work hours)
11.2	5.51	0.054
2020: 10.6	2020: 5.97	

1. Includes blended condensate and AGOC's production but excludes the Kingdom of Bahrain's entitlement to volumes produced from the Abu Sa'fah field.
2. Applies to Saudi Arabian Oil Company (the Company).
3. The Company's GHG emissions inventory includes emissions from wholly-owned in-Kingdom operated assets, SASREF, Motiva, and ARLANXEO.
4. The Company and its operationally controlled entities.



Continued agility, resilience, and fiscal discipline



We saw a rebound in the global economy with increased demand and higher prices for energy products, which translated into **strong financial results.**”

Dear Shareholders,

Aramco's extraordinary performance in 2021 is a testament to our fiscal discipline and flexibility through evolving market conditions.

During the year, we saw a rebound in the global economy with increased demand and higher prices for energy products, which translated into strong financial results. For the year ended December 31, 2021, Aramco's net income was SAR 412.4 billion (\$110.0 billion) with free cash flow of SAR 403.0 billion (\$107.5 billion) and ROACE of 24.4%. We also continued to strengthen our balance sheet, and improved our gearing ratio to 14.2% at the end of 2021 from 23.0% at the end of 2020.

With this outstanding performance, we declared cash dividends of SAR 281.3 billion (\$75.0 billion) for 2021, and our Board recommended capitalizing SAR 15.0 billion (\$4.0 billion) of retained earnings to support the distribution of bonus shares to shareholders, in the amount of one share for every 10 shares held.

Going forward, our financial framework will remain focused on long-term shareholder value creation and centered around three main pillars. First, we will continue to prudently optimize our capital structure to maintain a high investment grade rating with sufficient capacity. Second, we will ensure optionality and execution flexibility through diversified funding sources with optimized costs. Finally, we will continue our proven capital discipline and financial prudence through crude oil price cycles.

Optimizing capital, unlocking value

We continue to maintain our flexible approach to capital spending, as this represents a distinct competitive advantage for Aramco. Our capital expenditures increased by 18.4% in 2021 to SAR 119.6 billion (\$31.9 billion), and we expect our 2022 capital expenditures to be approximately SAR 150.0 to 187.5 billion (\$40.0 to 50.0 billion). This reflects our belief that hydrocarbons will continue to

be a vital part of the global energy mix, and captures the opportunity to create considerable shareholder value from the current global under-investment in the oil and gas industry that may result in a supply gap in the mid to long run.

During 2021, we progressed with our portfolio optimization program and completed a SAR 46.5 billion (\$12.4 billion) infrastructure deal with an international consortium of investors. As part of the deal, we sold a 49% equity interest in a subsidiary that holds leasing rights for Aramco's stabilized crude oil pipeline network. We signed a similar deal with a second group of investors for our gas pipeline network of SAR 58.1 billion (\$15.5 billion) that closed in February 2022. We also entered into a financing arrangement with a joint operation company in relation to the Jazan Integrated Gasification Combined-Cycle (IGCC) Power Plant, an Air Separation Unit, and other ancillary assets for SAR 44.1 billion (\$11.8 billion). These transactions demonstrate continued investor confidence in Aramco's long-term outlook, as well as the attractiveness of the Kingdom to institutional investors.

To further diversify our funding sources and expand our investor base, Aramco successfully raised SAR 22.5 billion (\$6.0 billion) through the issuance of our inaugural U.S. dollar-denominated Shari'a compliant securities. Our offering was the largest order book ever recorded globally for a dollar-denominated sukuk transaction. This successfully expanded our investor pool, primarily by adding international investors seeking Shari'a compliant instruments. The healthy subscription was a strong endorsement from international investors as we continue to broaden our investor base in line with our financing strategy, while maintaining our strong credit rating.

The integration of SABIC into the Aramco group is progressing ahead of plan, and we have realized SAR 6 billion (\$1.6 billion) in synergies to date. We have implemented a go-to-market strategy for all products, realigned marketing, and optimized the



Shareholder value in a carbon-conscious world

Saudi Stock Exchange (Tadawul), Saudi Arabia

Aramco, a major oil producer with one of the lowest upstream carbon intensities and production costs, is well placed to play a pivotal role in a stable and inclusive global energy transition, and continues to focus on long-term shareholder value.

commercial and supply chain activities of both companies to enhance the value we deliver to customers. By 2025, we expect to capture a total value of approximately SAR 11.3 billion to SAR 15.0 billion (\$3.0 billion to \$4.0 billion) in annual recurring synergies in multiple areas, including procurement, stream integration, feedstock optimization, and maintenance activities, among others.

These activities demonstrate Aramco's financial strength, agility, and cash generating ability, enabling the Company to deliver exceptional shareholder returns.

Investing for the future

We are investing in advanced technologies and solutions to further lower our emissions to enable the Company to fulfill its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions

across wholly-owned operated assets by 2050. As a complement to our energy products portfolio, we continue to pursue the commercial viability of emerging energy sources such as blue hydrogen and ammonia to primarily sustain and diversify demand for oil and gas, while enabling our customers to deliver on their climate objectives.

In partnership with the Public Investment Fund and ACWA Power, Aramco also entered into a shareholders' agreement for a 30% interest in the Sudair Solar PV Plant, one of the largest solar plants in the region with a capacity of 1.5 GW. This represents our first participation in the Public Investment Fund's renewables program.

As a major oil and gas producer with one of the lowest upstream carbon intensities and one of the lowest production costs

within the industry, Aramco is well positioned to play a pivotal role in a stable and inclusive global energy transition. Given Aramco's unique value proposition, we remain extremely positive about the growth prospects for our Company in an increasingly carbon-conscious world.

Ziad T. Al Murshed

Acting Service Line Head, Finance, Strategy & Development and Acting Chief Financial Officer

Continuing global demand recovery

Aramco completed a SAR 46.5 billion (\$12.4 billion) **energy infrastructure transaction** in June 2021.

The financial information of Aramco set forth below, as at December 31, 2021 and 2020, and for the years then ended, has been derived without material adjustment from, and is qualified in its entirety by, the Financial Statements contained in Section 8: Consolidated financial statements. It should be read in conjunction with the financial statements, Section 5: Risk, and other financial data included elsewhere in this Annual Report.

Key factors affecting Aramco's financial results

The following is a discussion of the most significant factors that have impacted Aramco's financial position and results of operations for the year ended December 31, 2021.

Supply, demand and prices for hydrocarbons, and refined and chemicals products

Aramco's results of operations and cash flows are primarily driven by market prices and volumes sold of hydrocarbons, and refined and chemicals products. Global demand for petroleum products in 2021 continued to recover from the lows of 2020, resulting in higher prices for hydrocarbons, and improved margins for refined and chemicals products.

In the Kingdom, the Government regulates the oil and gas industry and establishes the Kingdom's maximum level of hydrocarbon production in the exercise of its sovereign prerogative. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum hydrocarbon production levels at any time based on its strategic energy security goals or for any other reason. Therefore, Aramco's results of operations may depend in part on these sovereign decisions with respect to production levels.

Portfolio optimization and value creation program

The Company completed a SAR 46.5 billion (\$12.4 billion) energy infrastructure transaction in June 2021. The transaction involved the sale of a 49% equity interest in Aramco Oil Pipelines Company (AOPC), an Aramco subsidiary, to a consortium of international investors including EIG Global Energy Partners and Mubadala. As part of the transaction, AOPC leased and leased back usage rights in Aramco's stabilized crude oil pipeline network for a 25-year period in exchange for regular tariff payments derived from transportation of oil through Aramco's stabilized crude oil pipeline network. Under the terms of the transaction, Aramco retains full ownership and operational control of its stabilized crude oil pipeline network.

Aramco entered into a financing arrangement of SAR 44.1 billion (\$11.8 billion) in September 2021 relating to the Jazan Integrated Gasification Combined-Cycle Power Plant, an Air Separation Unit and certain ancillary assets (together, the facility). The transaction resulted in the creation of Jazan Integrated Gasification and Power Company (JIGPC), an Aramco joint operation consisting of Saudi Aramco Power Company, Air Products, ACWA Power and Air Products Qudra. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee. Consistent with the terms of the transaction, the transfer of the facility to JIGPC has been recorded as a financing arrangement and therefore the facility will remain on the books of Aramco.

International sukuk program

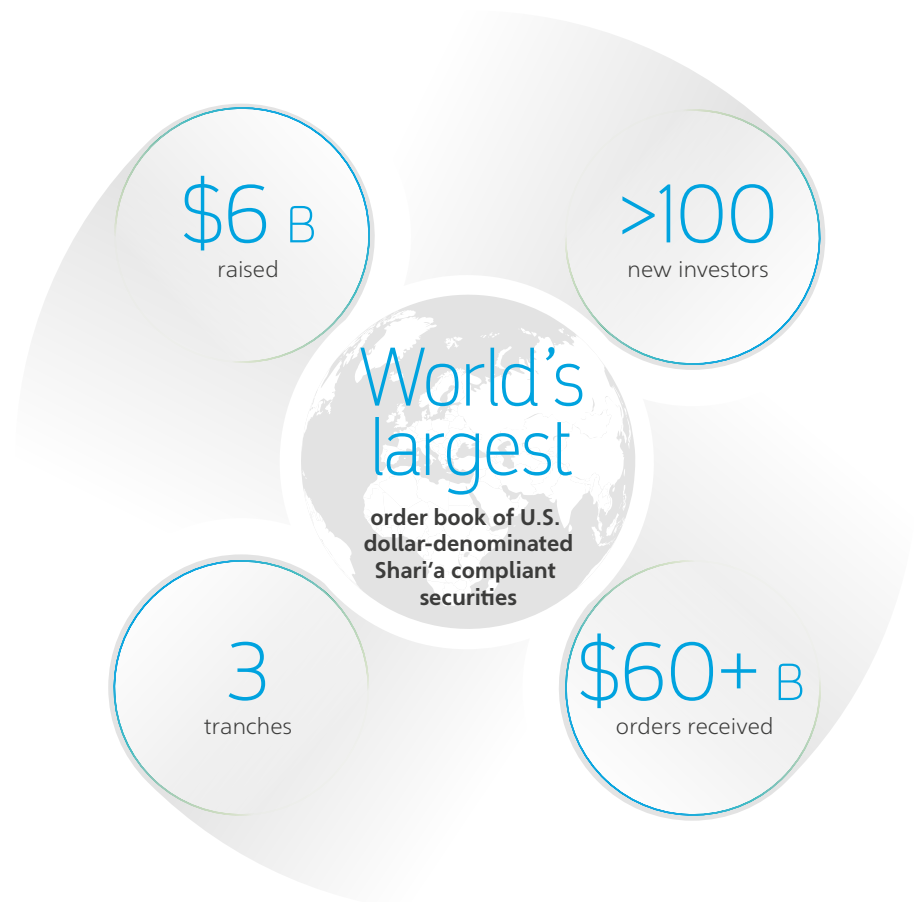
In June, Aramco successfully raised SAR 22.5 billion (\$6.0 billion) through the issuance of its inaugural international, U.S. dollar-denominated Shari'a compliant securities (U.S. dollar sukuk) under the newly established international sukuk program. The U.S. dollar sukuk are listed on the London Stock Exchange's main market.

Consolidation of SABIC

Aramco's 2021 consolidated results of operations and cash flows include SABIC's full-year results. In comparison, the 2020 results only included SABIC's earnings for the period following Aramco's acquisition of a 70% equity interest, on June 16, 2020.

Debut U.S. dollar sukuk

Landmark achievement demonstrating Aramco's unique value proposition



Summarized consolidated statement of income

All amounts in millions unless otherwise stated	SAR		USD*		
	Year ended December 31		Year ended December 31		% change
	2021	2020	2021	2020	
Revenue and other income related to sales	1,501,758	862,091	400,468	229,891	74.2%
Operating costs	(729,840)	(478,731)	(194,624)	(127,662)	52.5%
Operating income	771,918	383,360	205,844	102,229	101.4%
Income before income taxes and zakat	769,521	372,424	205,206	99,313	106.6%
Income taxes and zakat	(357,125)	(188,661)	(95,234)	(50,310)	89.3%
Net income	412,396	183,763	109,972	49,003	124.4%
Average realized crude oil price (\$/bbl)			70.5	40.6	73.6%
ROACE**	24.4%	13.2%	24.4%	13.2%	11.2 pp

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

** Refer to "Non-IFRS measures reconciliations and definitions" for further details.

Financial results

Aramco's strong earnings and cash flows in 2021 are a reflection of rebounding global energy demand, coupled with Aramco's unique operational flexibility and low-cost base.

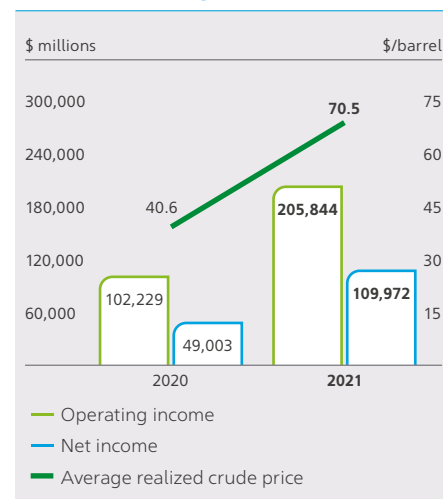
Revenues and other income related to sales for the year ended December 31, 2021, were SAR 1,501,758 (\$400,468), compared to SAR 862,091 (\$229,891), for the year ended December 31, 2020. The increase of 74.2% was mainly attributable to higher crude oil prices, stronger refined and chemicals product prices, and the consolidation of SABIC's full-year revenues.

Operating costs increased by SAR 251,109 (\$66,962), or 52.5%, from SAR 478,731 (\$127,662) to SAR 729,840 (\$194,624), for the years ended December 31, 2020, and 2021, respectively. This was principally due to an increase in total purchases driven by higher prices, an increase in production royalties resulting from stronger crude oil prices and a higher average effective royalty rate, and the consolidation of SABIC's full-year operating costs. The increase in operating costs was partially offset by favorable inventory movements during the year.

Income before income taxes and zakat increased by SAR 397,097 (\$105,893), or 106.6%, primarily due to higher crude oil prices, the consolidation of SABIC's full-year results, and stronger refining and chemicals margins. This was partially offset by higher total purchases and an increase in production royalties.

Income taxes and zakat for the year ended December 31, 2021, was SAR 357,125 (\$95,234), compared to SAR 188,661 (\$50,310) in 2020. The increase was mainly driven by higher taxable income recorded in 2021.

Income vs. average realized crude price



Summarized consolidated balance sheet

	SAR		USD*		
	As at December 31		As at December 31		
	2021	2020	2021	2020	% change
All amounts in millions unless otherwise stated					
Total assets	2,162,690	1,914,261	576,718	510,470	13.0%
Total liabilities	882,022	813,167	235,206	216,845	8.5%
Significant balance sheet movements:					
Property, plant and equipment	1,244,316	1,209,460	331,818	322,523	2.9%
Trade receivables	140,373	85,183	37,433	22,715	64.8%
Cash and cash equivalents	299,579	207,232	79,888	55,262	44.6%
Non-controlling interests	167,411	110,246	44,643	29,399	51.9%
Borrowings (non-current and current)	510,921	536,077	136,246	142,954	(4.7)%
Deferred income tax liabilities	74,850	53,621	19,960	14,299	39.6%
Trade and other payables	124,689	93,740	33,251	24,998	33.0%
Income taxes and zakat payable	90,525	42,059	24,140	11,216	115.2%
Gearing**	14.2%	23.0%	14.2%	23.0%	(8.8) pp

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

** Refer to "Non-IFRS measures reconciliations and definitions" for further details.

Financial position

Total assets were SAR 2,162,690 (\$576,718) as at December 31, 2021, compared to SAR 1,914,261 (\$510,470), as at December 31, 2020. The movement was largely due to an increase in property, plant and equipment, trade receivables and cash and cash equivalents.

The increase in property, plant and equipment reflects higher capital expenditures in relation to crude oil increments, the Tanajib Gas Plant, other development drilling programs, and additions from SABIC during the year.

Trade receivables increased mostly due to the impact of higher prices for the sale of crude oil and refined and chemicals products.

The higher cash and cash equivalents balance is mainly attributable to an increase in operating cash flows, cash proceeds related to Aramco's crude oil pipeline and JIGPC transactions, and the issuance of its U.S. dollar sukuk. This was partially offset by a net repayment of borrowings.

Total liabilities were SAR 882,022 (\$235,206) at December 31, 2021, compared to SAR 813,167 (\$216,845), as at December 31, 2020. The increase was primarily due to higher deferred income tax liabilities, trade and other payables, and income taxes and zakat payable, partially offset by a reduction of borrowings during the current year.

The increase in deferred income tax liabilities is mainly driven by changes in taxable temporary differences associated with property, plant and equipment, provisions, and post-employment benefit obligations.

Trade and other payables increased as a result of higher prices relating to purchases of crude oil and refined products. Income taxes and zakat payable increased due to the impact of higher taxable income in 2021.

The reduction in borrowings was driven by the repayment of a term loan facility and payment of the deferred consideration related to the SABIC acquisition, partly offset by the issuance of the U.S. dollar sukuk and financing proceeds associated with the JIGPC transaction.

Non-controlling interest was SAR 167,411 (\$44,643) at December 31, 2021, compared to SAR 110,246 (\$29,399), at December 31, 2020. The increase was largely attributable to the sale of equity interest in AOPC associated with Aramco's crude oil pipeline transaction.

Summarized consolidated statement of cash flows

	SAR		USD*		
	Year ended December 31		Year ended December 31		
	2021	2020	2021	2020	% change
All amounts in millions unless otherwise stated					
Net cash provided by operating activities	522,601	285,297	139,360	76,079	83.2%
Net cash used in investing activities	(135,741)	(20,899)	(36,197)	(5,573)	549.5%
Net cash used in financing activities	(294,513)	(234,872)	(78,537)	(62,632)	25.4%
Cash and cash equivalents at end of the year	299,579	207,232	79,888	55,262	44.6%
Capital expenditures	(119,645)	(101,030)	(31,905)	(26,942)	18.4%
Free cash flow**	402,956	184,267	107,455	49,137	118.7%

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

** Refer to "Non-IFRS measures reconciliations and definitions" for further details.

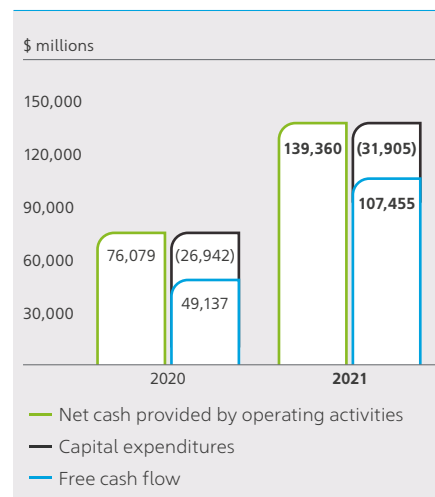
Cash flows

Net cash provided by operating activities was SAR 522,601 (\$139,360) for the year ended December 31, 2021, compared to SAR 285,297 (\$76,079) reported in 2020. The increase of SAR 237,304 (\$63,281) primarily reflects higher earnings resulting from stronger crude oil prices and improved refining and chemicals margins. This was partially offset by unfavorable changes in working capital, mainly due to higher receivables driven by stronger prices, and an increase in cash paid for the settlement of income, zakat and other taxes.

Net cash used in investing activities was SAR 135,741 (\$36,197) for the year ended December 31, 2021, compared to SAR 20,899 (\$5,573) in 2020, an outflow of SAR 114,842 (\$30,624). This was mainly due to an increase in short-term investments and the absence of cash inflows relating to cash acquired on acquisition of SABIC in 2020. In addition, net cash in 2021 was also impacted by an increase in capital expenditures related to crude oil increments, the Tanajib Gas Plant, other development drilling programs, and the consolidation of SABIC's full-year capital expenditures.

Net cash used in financing activities was SAR 294,513 (\$78,537) in 2021, compared with SAR 234,872 (\$62,632) in 2020. The increase in financing-related cash outflows of SAR 59,641 (\$15,905) mainly reflects higher dividend payments and net repayment of borrowings, largely attributable to payments of a term loan facility and deferred consideration related to the SABIC acquisition, partially offset by cash received in association with the U.S. dollar sukuk and the JIGPC transaction. The overall increase in cash outflows was offset by cash received in connection with Aramco's crude oil pipeline transaction.

Cash flows



Non-IFRS measures reconciliations and definitions

This Annual Report includes certain non-IFRS financial measures (ROACE, free cash flow, gearing and EBIT) which Aramco uses to make informed decisions about its financial position and operating performance or liquidity. These non-IFRS financial measures have been included in this Report to facilitate a better understanding of Aramco's historical trends of operation and financial position.

Aramco uses non-IFRS financial measures as supplementary information to its IFRS-based operating performance and

financial position. The non-IFRS financial measures are not defined by, or presented in accordance with, IFRS. The non-IFRS financial measures are not measurements of Aramco's operating performance or liquidity under IFRS and should not be used instead of, or considered as alternatives to, any measures of performance or liquidity under IFRS. The non-IFRS financial measures relate to the reporting periods described in this Annual Report and are not intended to be predictive of future results. In addition, other companies, including those in

Aramco's industry, may calculate similarly titled non-IFRS financial measures differently from Aramco. Because companies do not necessarily calculate these non-IFRS financial measures in the same manner, Aramco's presentation of such non-IFRS financial measures may not be comparable to other similarly titled non-IFRS financial measures used by other companies.

Return on average capital employed (ROACE)

ROACE measures the efficiency of Aramco's utilization of capital. Aramco defines ROACE as net income before finance costs, net of income taxes and zakat, as a percentage of average capital employed, calculated on a 12-month rolling basis. Average capital employed is the average of total borrowings plus total equity at the beginning and end of the

applicable period. Aramco utilizes ROACE to evaluate management's performance and demonstrate to its shareholders that capital has been used effectively.

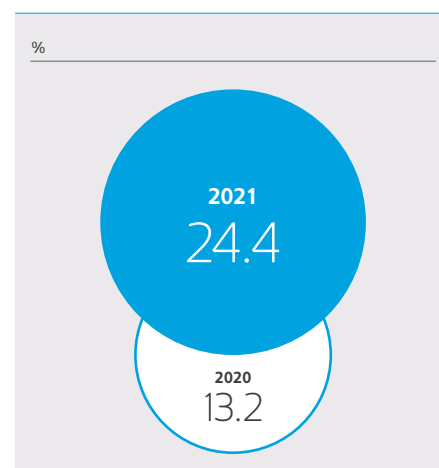
ROACE for the year ended December 31, 2021, was 24.4%, compared to 13.2% in 2020. This increase was primarily attributable to higher earnings, mainly

reflecting stronger crude oil prices, improved refining and chemicals margins, and the consolidation of SABIC's full-year results. This was partially offset by higher average capital employed during the year, mainly resulting from the acquisition of SABIC in June 2020.

	SAR		USD*	
	Twelve months ended December 31		Twelve months ended December 31	
	2021	2020	2021	2020
All amounts in millions unless otherwise stated				
Net income	412,396	183,763	109,972	49,003
Finance costs, net of income taxes and zakat	6,029	5,282	1,608	1,409
Net income before finance costs, net of income taxes and zakat	418,425	189,045	111,580	50,412
As at period start:				
Non-current borrowings	436,920	150,690	116,512	40,184
Current borrowings	99,157	24,895	26,442	6,639
Total equity	1,101,094	1,046,235	293,625	278,996
Capital employed	1,637,171	1,221,820	436,579	325,819
As at period end:				
Non-current borrowings	436,371	436,920	116,366	116,512
Current borrowings	74,550	99,157	19,880	26,442
Total equity	1,280,668	1,101,094	341,512	293,625
Capital employed	1,791,589	1,637,171	477,758	436,579
Average capital employed	1,714,380	1,429,496	457,169	381,199
ROACE	24.4%	13.2%	24.4%	13.2%

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

ROACE



Free cash flow

Aramco uses free cash flow to evaluate its cash available for financing activities, including dividend payments. Aramco defines free cash flow as net cash provided by operating activities less capital expenditures.

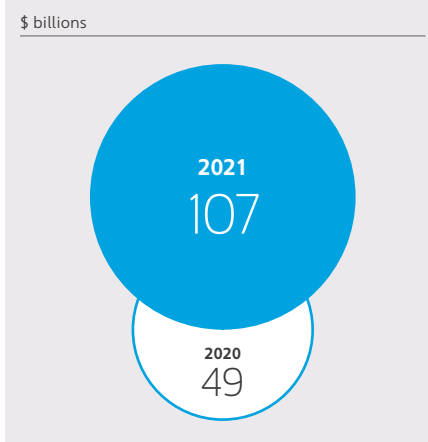
Free cash flow in 2021 was SAR 402,956 (\$107,455), compared to SAR 184,267 (\$49,137) in 2020, an increase of SAR 218,689 (\$58,318), or 118.7%. This was largely due to higher operating

cash flows, mainly driven by stronger crude oil prices and improved refining and chemicals margins. This was partially offset by unfavorable changes in working capital, higher cash paid for the settlement of income, zakat and other taxes, an increase in capital expenditures related to crude oil increments, the Tanajib Gas Plant, other development drilling programs, and the consolidation of SABIC's full-year capital expenditures.

All amounts in millions unless otherwise stated	SAR		USD*	
	Year ended December 31		Year ended December 31	
	2021	2020	2021	2020
Net cash provided by operating activities	522,601	285,297	139,360	76,079
Capital expenditures	(119,645)	(101,030)	(31,905)	(26,942)
Free cash flow	402,956	184,267	107,455	49,137

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Free cash flow



Gearing

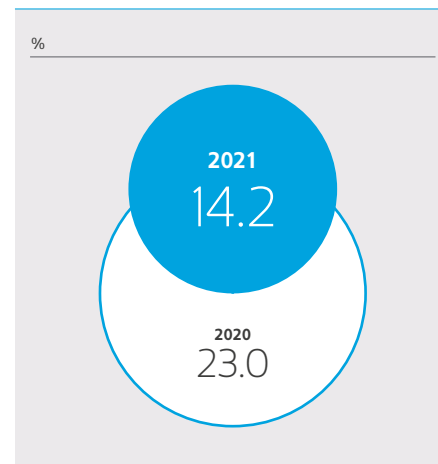
Gearing is a measure of the degree to which Aramco's operations are financed by debt. Aramco defines gearing as the ratio of net debt (total borrowings less cash and cash equivalents) to net debt plus total equity. Management believes that gearing is widely used by analysts and investors in the oil and gas industry to indicate a company's financial health and flexibility.

Aramco's gearing ratio was 14.2% as at December 31, 2021, compared to 23.0% as at December 31, 2020. The decrease in gearing was a result of higher cash and cash equivalents as at December 31, 2021, mainly driven by stronger operating cash flows attributable to higher crude oil prices, improved refining and chemicals margins, the consolidation of SABIC's full-year results and cash proceeds in connection with Aramco's crude oil pipeline transaction.

All amounts in millions unless otherwise stated	SAR		USD*	
	As at December 31		As at December 31	
	2021	2020	2021	2020
Total borrowings (current and non-current)	510,921	536,077	136,246	142,954
Cash and cash equivalents	(299,579)	(207,232)	(79,888)	(55,262)
Net debt	211,342	328,845	56,358	87,692
Total equity	1,280,668	1,101,094	341,512	293,625
Total equity and net debt	1,492,010	1,429,939	397,870	381,317
Gearing	14.2%	23.0%	14.2%	23.0%

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Gearing



Earnings before interest, income taxes and zakat (EBIT)

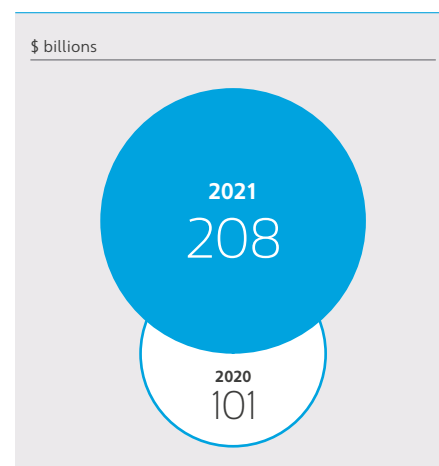
Aramco defines EBIT as net income plus finance costs and income taxes and zakat, less finance income. Aramco believes EBIT provides useful information regarding its financial performance to analysts and investors.

EBIT for 2021 was SAR 780,174 (\$208,046), compared to SAR 380,217 (\$101,391) in 2020. This increase of SAR 399,957 (\$106,655), or 105.2%, principally reflects the impact of stronger crude oil prices, improved refining and chemicals margins, and the consolidation of SABIC's full-year results.

	SAR		USD*	
	Year ended December 31		Year ended December 31	
All amounts in millions unless otherwise stated	2021	2020	2021	2020
Net income	412,396	183,763	109,972	49,003
Finance income	(1,405)	(2,771)	(375)	(739)
Finance costs	12,058	10,564	3,215	2,817
Income taxes and zakat	357,125	188,661	95,234	50,310
Earnings before interest, income taxes and zakat	780,174	380,217	208,046	101,391

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

EBIT



Upstream competitive strengths



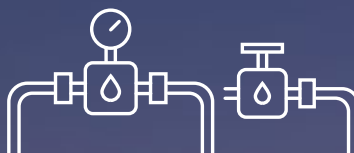
Unrivalled scale of crude oil and condensate production, and conventional proved reserves



Prolonged reserves life and proven track record of low-cost reserves replacement



Ability to produce multiple crude grades with access to global crude oil delivery points



Extensive high-quality gas reserves with exclusive access to the Kingdom's large and growing domestic marketplace



Proven ability to execute some of the world's largest upstream capital projects



Abqaiq Plants, Saudi Arabia



Unique ability to capture value through active management of the world's largest conventional hydrocarbons reserves base



Unique operational flexibility to respond to changes in supply and demand



Crude oil extraction with one of the lowest average upstream carbon intensities in the industry



Low lifting costs and capital expenditures per barrel of oil equivalent



Upstream overview



Our Upstream business pulled together in the face of challenging circumstances to maintain **Aramco's well-known standard of reliability** and achieve substantial progress on our long-term goals. With our Company's net-zero ambition, we continue our focus on further reducing our carbon footprint while maintaining our leadership in the industry, and ensuring the health and well-being of our communities remains our first priority."

Nasir K. Al-Naimi
Senior Vice President, Upstream

The Upstream segment's activities consist of exploring for, developing and producing crude oil, condensate, natural gas and NGL. Aramco manages the Kingdom's unique reserves and resource base to optimize production and maximize long-term value pursuant to the Hydrocarbons Law. Under this mandate, Aramco's hydrocarbon operations aim to promote long-term productivity of the Kingdom's reservoirs and support the prudent stewardship of its hydrocarbon resources.

As set out in the Concession, Aramco has the exclusive rights to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, for an initial period of 40 years, to be extended by the Government for 20 years provided Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years beyond this 60-year period subject to Aramco and the Government agreeing the terms of the extension. The provision of a specified term in the Concession impacts the calculation of Aramco's reserves as compared to the Kingdom's reserves in the fields Aramco operates.

The Concession also requires Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPGs through domestic production or imports.

As at December 31, 2021, Aramco's reserves under the Concession agreement were 253.6 billion boe (2020: 255.2 billion boe), including 196.9 billion barrels (2020: 198.8 billion barrels) of crude oil and condensate, 25.2 billion barrels (2020: 25.2 billion barrels) of NGL, and 194.5 tscf (2020: 191.6 tscf) of natural gas.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative and requires Aramco to maintain MSC in excess of its then current production in accordance with the Hydrocarbons Law. MSC was maintained at 12.0 mmbpd for the year ended December 31, 2021.

Key events in 2021

Started to proceed with the Government's mandate for MSC to be increased from 12.0 mmbpd to 13.0 mmbpd.

Commenced the development of the vast Jafurah unconventional gas field, the largest non-associated gas field in the Kingdom.

In line with the Government's mandate for MSC to be increased to 13.0 mmbpd, Aramco is proceeding with its plans to gradually reach the mandated MSC by 2027 through multiple increments. The spare capacity afforded by maintaining MSC enables Aramco to rapidly increase its crude oil production above planned levels in response to changing global crude oil supply and demand, as an alternative supply option in case of unplanned production outages at any field and to maintain production levels during routine field maintenance.

In 2021, Aramco maintained its position as one of the world's largest producers of crude oil and condensate with an average total daily hydrocarbon production of 12.3 mmboed (2020: 12.4 mmboed), including 9.2 mmbpd (2020: 9.2 mmbpd) of crude oil¹. For the year ended December 31, 2021, approximately 84% (2020: 84%) of the aggregate hydrocarbon production consisted of liquids, which generally command a higher margin.

In 2021, Aramco also maintained its position as one of the lowest-cost producers globally. The average upstream lifting cost was SAR 11.3 (\$3.0) per boe produced in both 2021 and 2020, while the upstream capital expenditures averaged SAR 18.4 (\$4.9) (2020: SAR 15.0 (\$4.0)) per boe produced. This competitive advantage is a result of the Company's robust fiscal discipline and is further strengthened by the unique nature of the Company's oil in place endowment and its thoughtful stewardship over generations. The Kingdom's geological formations, favorable onshore and shallow water offshore reservoirs, best-in-class reservoir management and the sheer scale of its hydrocarbon reserves are industry differentiators. Moreover, synergies created by effectively leveraging the large infrastructure and logistics networks, low-depletion rate operating model, and its scaled application of technology, all combine to deliver its competitive advantage.

9.2 mmbpd

Average crude oil production in 2021.

1. Includes blended condensate and AGOC's share of the production in the partitioned territory and its adjoining offshore areas in accordance with the agreements between the Kingdom and the State of Kuwait, but excluding the Kingdom of Bahrain's entitlement to volumes produced from the Abu Sa'fah field.

Successfully completed the 'Ain Dar and Fazran crude oil increments.

Maintained low upstream carbon intensity of 11.2 kg of CO₂e/boe.

Achieved a new single-day natural gas production record of 10.8 bscfd.

Maintained its low-cost position with average lifting cost and average capital expenditures of SAR 11.3 (\$3.0) and SAR 18.4 (\$4.9) per boe produced, respectively.

Commissioned the Dammam-7 supercomputer which is among the most powerful in the world with a processing capacity of 55.4 petaflops.

Maintained total hydrocarbon reserves under the Concession agreement at 253.6 billion boe.

Upstream hydrocarbon production

		Year ended December 31		% change
		2021	2020	
Crude oil ¹	mbpd	9,219	9,236	(0.2)%
Condensate	mbpd	175	194	(9.8)%
Natural gasoline	mbpd	200	201	(0.5)%
Butane	mbpd	291	303	(4.0)%
Propane	mbpd	474	500	(5.2)%
Total liquids	mbpd	10,359	10,434	(0.7)%
Natural gas	mmscfd	9,202	9,034	1.9%
Ethane	mmscfd	934	950	(1.7)%
Total gas	mmscfd	10,136	9,984	1.5%
Total hydrocarbon production²	mboed	12,343	12,392	(0.4)%

1. Includes AGOC's oil production and blended condensate and excludes the Kingdom of Bahrain's entitlement to volumes produced from the Abu Sa'fah field.

2. Total hydrocarbon production (mboed) is derived from mmscfd (for natural gas and ethane) by dividing the relevant product production by 5.400 (in the case of natural gas) and 3.330 (in the case of ethane).

Upstream financial results

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	2021	2020	2021	2020	% change
Revenue and other income related to sales (including inter-segment revenue)	1,015,437	605,470	270,783	161,459	67.7%
Earnings before interest, income taxes and zakat	750,118	413,214	200,031	110,190	81.5%
Capital expenditures – cash basis	88,758	73,651	23,669	19,640	20.5%

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings before interest, income taxes and zakat (EBIT) for the year ended December 31, 2021, totaled SAR 750,118 (\$200,031), compared to SAR 413,214 (\$110,190) in 2020, an increase of SAR 336,904 (\$89,841), or 81.5%. This remarkable increase in EBIT was mainly driven by the favorable movements in average realized crude oil prices following the improved energy market conditions in 2021.

Capital expenditures in 2021 increased by 20.5%, compared to the year ended December 31, 2020, from SAR 73,651 (\$19,640) to SAR 88,758 (\$23,669). This increase was primarily due to increased activities in relation to crude oil increments, the Tanajib Gas Plant, and other development drilling programs.



Investing for energy security

Fabrication yard in Dammam, Saudi Arabia

Aramco maintains a highly disciplined and flexible approach to capital allocation, and during 2021 construction progress continued at the fabrication yard for the Marjan and Berri increment programs.

Upstream operations

Crude oil

Overview

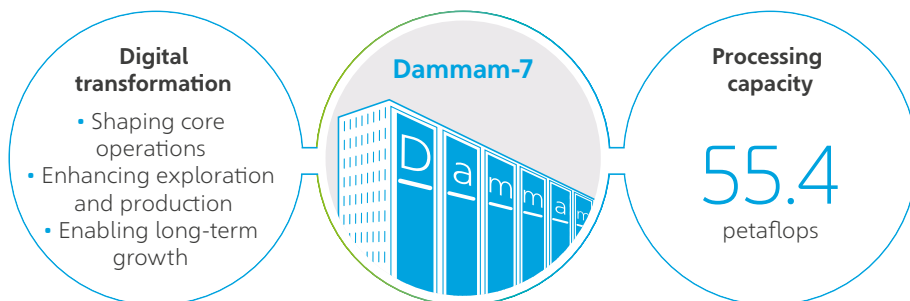
Aramco actively manages its prolific reserves base to maximize long-term value while optimizing ultimate recovery from its fields. Because of the size, number, and spare capacity of its fields, the Company is able to maintain its desired level of overall production by tapping into new reservoirs when required to improve long-term value through portfolio capacity optimization. Diversification of supply sources for crude oil from new reservoirs has the benefit of allowing lower depletion rates from existing fields and deferring costs for additional wells and facilities to handle higher total fluid displacement rates at such fields.

Aramco's principal fields are located in close proximity to each other within the Central and Eastern Provinces of the Kingdom. Aramco believes that its portfolio includes the world's largest discovered conventional onshore oil field (Ghawar) and largest discovered conventional offshore oil field (Safaniyah). The crude oil, condensate, natural gas and NGL that Aramco produces from its fields travel through the extensive network of pipelines to multiple facilities for processing into refined and petrochemical products, or to domestic customers or export terminals. In particular, Aramco's East-West Pipeline is critical in linking oil production facilities in the Eastern Province with Yanbu' on the west coast, and providing flexibility to export from the east and west coasts of the Kingdom.

Aramco actively manages its prolific reserves base to **maximize long-term value** while optimizing ultimate recovery from its fields.

Dammam-7 supercomputer

Technology and innovation growth enabler



Aramco owns and operates the Abqaiq facility, which is its largest oil processing facility and the largest crude oil stabilization plant in the world. Aramco also operates four crude export terminals that contribute to its operational flexibility and supply reliability. In addition, Aramco has strategic international delivery points located in Rotterdam (the Netherlands), Ain Sukhna (Egypt), Fujairah (United Arab Emirates) and Okinawa (Japan).

Aramco consistently produces five grades of Arabian crude oil: Arabian Super Light, Arabian Extra Light, Arabian Light, Arabian Medium, and Arabian Heavy. These crude grades and the wide range of blends that can be produced from them are compatible with most global refineries. In 2021, Arabian Super Light, Arabian Extra Light and Arabian Light accounted for approximately 66% (2020: 69%) of Aramco's total crude oil production and were classified as premium grades. Cumulatively, Aramco produced 9.2 mmbpd (2020: 9.2 mmbpd) of crude oil (including AGOC's oil production and blended condensate, but excluding the Kingdom of Bahrain's entitlement to volumes produced from the Abu Sa'fah field), of which approximately 5.2 mmbpd (2020: 5.6 mmbpd) was sold to third-party customers. In 2021, Aramco's Downstream business was the largest customer of Upstream's crude oil, consuming approximately 43% of its crude oil production (2020: 39%).

Performance and achievements

Highlights are listed below:

- The 'Ain Dar and Fazran crude oil increments have been completed and successfully tied-in. These projects are targeting secondary reservoirs with a combined production capacity of 175 mbpd;
- The Marjan and Berri crude oil increment programs are in the final stages of detailed engineering, and construction activities continue to progress. The Marjan and Berri projects are expected to add production capacity of 300 mbpd and 250 mbpd, respectively, by 2025;
- Construction activities are continuing on the Dammam development project, which is expected to add 25 mbpd and 50 mbpd of crude oil by 2024 and 2026, respectively;
- The Zuluf crude oil increment is expected to provide a central facility to process a total of 600 mbpd of crude oil from the Zuluf field by 2026. The facility will also be equipped to process associated gas, condensate and produced water;

- Upstream continues to invest in cutting-edge technologies and digital transformation programs. In January 2021, Aramco and Saudi Telecom Company commissioned the Dammam-7 supercomputer. Named after Saudi Arabia's first successful oil well, the Dammam-7 supercomputer is among the most powerful in the world with a processing capacity of 55.4 petaflops. Dammam-7 is capable of running detailed three-dimensional earth models with the intent of improving exploration and development successes while reducing associated risks; and
- The World Economic Forum has recognized a third Aramco facility, Abqaiq, for its pioneering adoption and integration of cutting-edge technologies of the Fourth Industrial Revolution (4IR). The Abqaiq oil processing facility, the largest oil processing plant in the world, joins Aramco's 'Uthmaniyah Gas Plant and Khurais oil complex in the Forum's prestigious Global Lighthouse Network. Global Lighthouse status is awarded to projects that demonstrate leadership in 4IR technologies to transform factories, value chains and business models and is a testament to the importance Aramco places on its Digital Transformation Program.

Gas and NGL

Overview

Aramco's non-associated gas fields vary widely in reservoir properties, depths, pressures and compositions. In general, the southern area around the Ghawar field has rich gas at moderate depths and permeability, while the northern offshore fields (Karan, Arabiyah and Hasbah) have leaner gas in deeper reservoirs with high permeability. Additionally, Aramco's crude oil production provides a base load of associated gas, which is rich in liquids.

Aramco's primary natural gas processing and fractionation facilities are located in Ghawar and the northern and western areas of the Kingdom. The Company's facilities are strategically located near its fields to reduce transportation and pipeline compression costs, as well as the time required to deliver gas products to marketplace. As at December 31, 2021, the total conventional and unconventional raw gas processing capacity was 18.3 bscfd (2020: 18.3 bscfd), which primarily feeds into the Master Gas System (MGS), an extensive network of pipelines that connects Aramco's key gas production and processing sites throughout the Kingdom.

Pursuant to the Concession, Aramco is the exclusive supplier of natural gas in the Kingdom. Aramco sells natural gas to power generation plants primarily pursuant to long-term contracts and to customers in the Kingdom's industrial sector. The supply of natural gas to domestic customers is regulated by the Law of Gas Supplies and Pricing (GSPR), and the prices paid by domestic customers are set by resolutions issued from time to time by the Council of Ministers.

Additionally, effective January 1, 2020, LPGs and certain other products were added to the price equalization mechanism to compensate Aramco for revenue directly forgone as a result of its compliance with the Government mandates related to domestic sales of those products by the Company. Aramco also exports a portion of its NGL production.

In 2021, Aramco produced approximately 9.2 bscfd of natural gas (2020: 9.0 bscfd), 0.9 bscfd of ethane (2020: 1.0 bscfd), and 0.2 mmbpd of unblended condensate (2020: 0.2 mmbpd). NGL production in 2021 was 1.0 mmbpd (2020: 1.0 mmbpd).



CO₂ capture and reinjection

Hawiyah NGL Recovery Plant, Saudi Arabia

Carbon capture, utilization and storage are important in meeting climate goals, and Aramco's carbon dioxide (CO₂) capture and reinjection project has returned CO₂ underground since 2015.

Performance and achievements

In 2021, Aramco continued to progress a number of major gas projects within the Kingdom to meet domestic demand. The Company also achieved a historic single-day production record, producing 10.8 bscfd of natural gas during the peak-demand summer months.

Major gas projects throughout 2021 were as follows:

- The Hawiyah Gas Plant expansion, part of the Haradh Gas increment program, is in an advanced stage of construction and is expected to be on-stream in 2022;
- The Hawiyah and Haradh compression projects are in the later stages of completion, with both due to come on-stream by the end of 2022 adding 1.3 bscfd of raw gas;
- The Hawiyah Unayzah reservoir gas storage program is approaching the final engineering design phase, and procurement and construction activities continue to progress. The program is designed to provide up to 2.0 bscfd of gas for reintroduction into the MGS by 2024; and
- Construction continues at the Tanajib Gas Plant, part of the Marjan development program. Once completed, the project will add 2.5 bscfd of additional processing capacity from Marjan, Safaniyah and Zuluf fields. The project is expected to be on-stream by 2025.

Exploration

Overview

Through Aramco's exploration program, the Company continued its efforts to achieve the strategic objectives and associated targets of growing the Kingdom's original oil in place endowment and increasing the Kingdom's non-associated gas initially in place endowment. The program is aligned with strategic value drivers to maximize profitability and lower future finding and development costs through exploring for high-value premium crude and accelerating infrastructure-led gas exploration and delineation programs.

Crude oil

The majority of Aramco's current crude oil exploration activities are focused in the Eastern Province, with lower levels of exploration and expenditure in known hydrocarbon-bearing basins in the Rub' al-Khali, Northwest and Summan regions. Aramco places strong emphasis on improving the operational performance of its drilling activities by applying innovative technologies and benchmarking of key metrics to identify trends and potential areas for enhancement. Aramco believes that its approach to drilling and development has led to high levels of well integrity.

Natural gas

Aramco's non-associated gas exploration activities have yielded a number of major discoveries, with particular success in the Ghawar area and in deep reservoirs in the Arabian Gulf. Aramco has enjoyed high success rates in locating new reserves in known hydrocarbon basins adjacent to its existing fields and production infrastructure, allowing it to meet growing domestic demand at low-cost, while also exploring in new basins with high potential.

Aramco is looking to further expand its natural gas reserves through new field discoveries, new reservoir additions in existing fields, and the delineation and reassessment of existing reservoirs and fields.

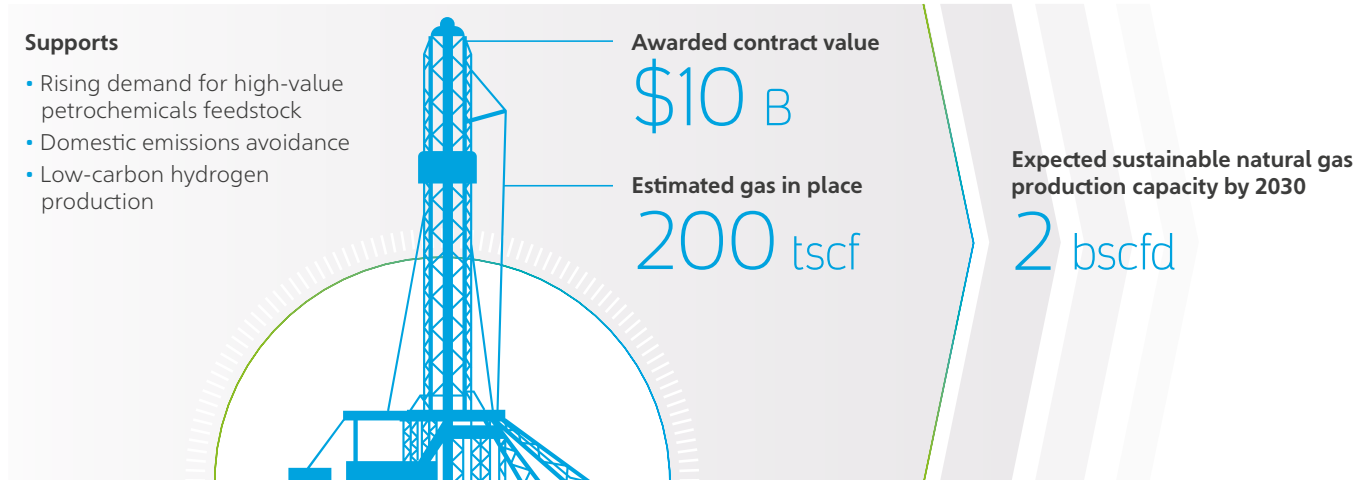
Unconventional resources

Aramco, through its unconventional resource program, is assessing several areas within the Kingdom for their potential to deliver gas and associated liquids to help meet future domestic energy needs. The unconventional resource program consists of exploration activities, pilots, producing wells and production facilities, with the objective of developing unconventional gas resources in support of the Kingdom's growing demand for gas, and to offset the use of crude oil for power generation.

Aramco places strong emphasis on improving the operational performance of its drilling activities by applying innovative technologies and benchmarking of key metrics to identify trends and potential areas for enhancement.

Jafurah basin development

Expanding gas operations through unconventional gas



Performance and achievements

Aramco's exploration activities resulted in the discovery of five gas fields including two unconventional discoveries.

In support of Aramco's plan to develop its unconventional resources, in November 2021 Aramco started the development of the vast Jafurah unconventional gas field. This is the largest non-associated gas field in the Kingdom and it hosts the largest liquids-rich shale gas development in the Middle East with an estimated 200 tscf of gas in place. The field is spread over an area measuring 17,000 km² and production of natural gas at Jafurah is expected to increase from 200 mmscfd in 2025 to reach a sustainable gas rate of 2.0 bscfd of natural gas by 2030.

The Company has awarded subsurface and engineering, procurement and construction contracts worth \$10.0 billion for the Jafurah Gas Plant and gas compression facilities, as well as infrastructure and related surface facilities. The facility will be developed in different phases and is expected to reach its planned processing capacity of 3.1 bscfd by 2027. Gas has a critical role to play in the energy transition and it will help significantly reduce emissions in the domestic energy sector, while providing a feedstock for low-carbon hydrogen and ammonia.

Outlook for 2022

Aramco will continue its investments in future growth projects including the MSC expansion to 13.0 mmbpd.

By 2027 MSC is expected to increase to

13.0 mmbpd

from 12.0 mmbpd, as Aramco is implementing the Government's expansion directive.

Downstream competitive strengths



Ability to monetize upstream production into a high-quality external customer base and through a captive downstream system



Strong track record of supply reliability



World-class partners that provide access to additional geographies, technological expertise, operational know-how, and marketing capabilities



Major petrochemicals producer globally



S-Oil residue upgrading complex, South Korea



Major integrated refiner with a global network of complex, reliable assets in key regional markets and hubs



Scale and complexity advantage with one of the largest refining portfolios globally



Ability to execute some of the world's largest downstream capital projects



Downstream overview



Downstream's record earnings in 2021 highlight our focus on operational performance, our strong safety record, and our ongoing integration efforts with SABIC. We continued to optimize our portfolio via the sale of an interest in our oil and gas pipelines business, we've launched our Aramco-branded retail business, and we've embarked on a portfolio-wide transformation program which will further strengthen our earnings potential in the years to come."

Mohammed Y. Al Qahtani

Senior Vice President, Downstream

Aramco has a large, strategically integrated global downstream business. The Downstream segment's activities consist of refining and petrochemical manufacturing, base oils and lubricants, retail operations, distribution, supply and trading, and power generation. These support Aramco's Upstream and Downstream businesses by enabling it to optimize crude oil sales and product placement through its significant infrastructure network of pipelines and terminals, and to access shipping and logistics resources.

The strategic integration of Aramco's Upstream and Downstream segments provides an opportunity for Aramco to secure crude oil demand by selling to its dedicated system of domestic and international wholly-owned and affiliated refineries. In 2021, Aramco's downstream operations consumed 43% (2020: 39%) of its crude oil production.

Aramco's downstream investments diversify its revenue and integrate its oil and gas operations to optimize value across the hydrocarbon chain, supporting crude oil and gas demand and facilitating the placement of its crude oil.

Aramco's net refining capacity totals 4.0 mmbpd at December 31, 2021 (2020: 3.6 mmbpd), while the gross refining capacity at December 31, 2021, was 6.8 mmbpd (2020: 6.4 mmbpd).

Aramco also has an integrated petrochemicals business within its Downstream segment, which captures additional incremental value. Aramco's chemicals business spans from production of basic chemicals such as aromatics, olefins and polyolefins, to more complex products such as polyols, isocyanates and synthetic rubber. The chemicals business continues to grow through capacity expansions and increasing ownership positions in affiliates and new investments, including the acquisition of the PIF's 70% equity interest in SABIC on June 16, 2020. SABIC is a globally diversified chemicals company with manufacturing in the Americas, Europe, Middle East, and Asia Pacific.

Key events in 2021

Signed a SAR 58.1 billion (\$15.5 billion) energy infrastructure deal to divest 49% of Aramco Gas Pipelines Company (AGPC) to a consortium of investors that closed in February 2022.

Maintained Aramco's strong reputation for dependable operations with 99.9% reliability in 2021.

Completed a SAR 46.5 billion (\$12.4 billion) energy infrastructure deal to divest 49% of Aramco Oil Pipelines Company (AOPC) to a consortium of international investors.

Following the SABIC acquisition, Aramco's chemicals business now operates in over 50 countries. Including SABIC, Aramco had a net chemicals production capacity of 53.8 million tons per year as at December 31, 2021 (2020: 53.1 million tons per year).

Aramco's majority interest in SABIC increases the proportion of petrochemicals production in its Downstream portfolio and supports its downstream growth ambitions. In addition, this acquisition facilitates the application of SABIC's expertise in the chemicals industry to Aramco's existing and future integrated downstream facilities. Aramco's investment in SABIC, and having it become the chemicals arm as well as an integral member of the Aramco group, makes Aramco a major global producer of petrochemicals, and expands its capabilities in procurement, manufacturing, marketing and sales, and supports Aramco's liquids-to-chemicals conversion strategies.

Aramco's ongoing initiatives focus on optimizing petrochemicals integration at existing facilities, and capturing additional value across the hydrocarbon chain. Two such projects, both currently in the FEED stage, include the development of an olefins cracker and polyethylene complex that will be integrated at the SATORP refinery, in partnership with TotalEnergies, and the development of an olefins cracker and polyethylene complex, combined with the first deployment of Aramco's oil-to-chemicals technology, integrated with the S-Oil Refinery in Ulsan, South Korea.

In 2021, the Downstream segment embarked on a transformation program, seeking to unlock incremental value from its portfolio through yield enhancements, stream integration and cost reductions. In support of this effort, a new downstream operating model has been implemented, creating a more agile business.

43%

of Aramco's Upstream crude oil production was consumed by its Downstream operations in 2021.

Entered into a financing arrangement of SAR 44.1 billion (\$11.8 billion) in connection with the Jazan Integrated Gasification Combined-Cycle Power Plant and associated infrastructure.

Opened the first Aramco-branded service station in Riyadh, as part of a joint venture with TotalEnergies to develop a premium retail network in the Kingdom, and launched a new line of lubricants products under the ORIZON® brand.

Entered into a shareholders' agreement, in partnership with PIF and ACWA Power, for a 30% interest in the 1.5 GW Sudair Solar PV Plant project.

Consolidated marketing and sales of petrochemicals under SABIC, and fuel products under Aramco Trading Company.

Achieved financial close for the establishment of the Tanajib Cogeneration Power Company (TCPC), in which Aramco will hold a 40% working interest and receive all volumes of electricity, steam and water produced by TCPC.

Started-up the Jazan Refinery with work progressing well to reach the 400 mbpd design capacity.

Downstream financial results

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	2021	2020	2021	2020	% change
Revenue and other income related to sales (including inter-segment revenue)	823,028	441,221	219,474	117,659	86.5%
Earnings (losses) before interest, income taxes and zakat	62,190	(20,170)	16,584	(5,379)	408.3%
Capital expenditures – cash basis	28,724	26,097	7,660	6,959	10.1%

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings (losses) before interest, income taxes and zakat (EBIT) for the year ended December 31, 2021, was a profit of SAR 62,190 (\$16,584), compared to a loss of SAR 20,170 (\$5,379) in 2020. This significant recovery in earnings was mainly

driven by improved refining and chemicals margins as energy market fundamentals improved. EBIT was further enhanced by the first full-year of consolidation of SABIC's results.

Capital expenditures increased by 10.1% from SAR 26,097 (\$6,959) in 2020 to SAR 28,724 (\$7,660) in 2021. This increase was primarily attributable to the consolidation of SABIC's full-year capital expenditures, partly offset by lower spend on projects nearing completion.



Innovating cleaner fuels

Dhahran, Saudi Arabia

A research engineer conducts commercial testing of Aramco's patented catalyst technology, which is deployed in the Company's Riyadh and Ras Tanura refineries and brings leading production efficiency and emissions mitigation benefits to refining.

Downstream operations

Refining

Overview

Aramco operates one of the world's largest refining businesses, with gross refining capacity of 6.8 mmbpd as at December 31, 2021 (December 31, 2020: 6.4 mmbpd), and net refining capacity of 4.0 mmbpd (December 31, 2020: 3.6 mmbpd). Aramco's refining operations are conducted in the Kingdom and internationally through wholly-owned and affiliated refineries. The refining operations allow Aramco to transform its crude oil and NGL into refined products for sale within the Kingdom and internationally.

Specifically, Aramco designs and configures its refining system to optimize production using the crude oil it produces. This helps reduce supply chain cost and improve efficiency in refining operations, and therefore the supply of refined products to its downstream customers.

6.8 mmbpd

Gross refining capacity
as at December 31, 2021.

Domestic refining

Aramco's in-Kingdom refineries, both wholly-owned and affiliated, receive their crude oil supply from Aramco's upstream production. These refineries accounted for 64% of Aramco's net refining capacity in 2021 (December 31, 2020: 59%). Together with the local distribution system, this provides Aramco unique access to the large domestic marketplace to which it is the sole supplier.

In 2021, Aramco placed 27% (2020: 23%) of its crude oil production to in-Kingdom wholly-owned and affiliated refineries. Aramco's equity share of refined products and the refined products produced through its wholly-owned refineries located within the Kingdom are primarily distributed wholesale to domestic fuel retailers and industrial customers through Aramco's pipelines, distribution and terminals system.

Domestic wholly-owned refining operations

Following the start-up of the Jazan Refinery, Aramco has five wholly-owned refineries in the Kingdom, which help to meet domestic refined product demand.

Domestic affiliated refining operations

Aramco's four domestic affiliated refineries within the Kingdom are highly competitive with other world-class facilities based on scale, configuration and product yields. Through long-term supply agreements with these ventures, Aramco has the right to supply all crude processed at these refineries.

International refining

In addition to increasing its in-Kingdom refining capability, Aramco seeks to expand its strategically integrated Downstream business in high-growth economies such as China, India and Southeast Asia, while maintaining its current participation in material demand centers, such as the United States and Europe, and countries that rely on importing crude oil, such as Japan and South Korea.

Aramco has invested in two refining and petrochemical joint ventures with PETRONAS, collectively known as PRefChem. These assets are located in Johor, Malaysia, adjacent to Singapore, Asia's refined products trading hub. These facilities had commenced start-up in the second half of 2019; however, operations were postponed and are planned to restart in the second quarter of 2022. Aramco will provide a significant proportion of PRefChem's crude supply under a long-term supply agreement. Aramco believes this presents an expansion opportunity in Southeast Asia and opens up new markets for its crude oil production.

Aramco seeks to expand its strategically integrated Downstream business in high-growth economies such as China, India and Southeast Asia, while maintaining its current participation in material demand centers.

53.8 million tons per year

Net chemicals production capacity as at December 31, 2021.

In 2021, Aramco's weighted average ownership percentage in its international refineries was 41% (2020: 42%), but it supplied an average of 54% (2020: 54%) of the crude oil used by those refineries. This crude placement provides significant benefits to Aramco's operations, including a secure and reliable supply of high-quality crude oil, which helps to ensure a secure and reliable supply of refined products to its downstream customers.

The net refining capacity of Aramco's international wholly-owned and affiliated refineries was 1.5 mmbpd (2020: 1.5 mmbpd). Product sales by Aramco's international ventures are facilitated through multiple distribution channels, including systems owned by the respective affiliates through a network of over 17,000 branded service stations.

Performance and achievements

Aramco safely and successfully started-up the Jazan Refinery, and work is progressing well to reach the 400 mmbpd design capacity.

In 2021, Aramco placed 11% (2020: 9%) of its crude oil production, or 1.0 mmbpd, to its domestic wholly-owned refineries, and 16% (2020: 14%), or 1.5 mmbpd, to its domestic affiliated refineries. Moreover, Aramco supplied 15% (2020: 15%), or 1.4 mmbpd, of its crude oil production to its international wholly-owned and affiliated refineries.

Chemicals

Overview

Aramco's chemicals business represents an extension of the hydrocarbon value chain and strategically complements its refining operations. Aramco's chemicals business, including its interest in SABIC, operates in over 50 countries and produces a range of chemicals. Aramco's growing operations in chemicals include participation in high-growth chemical markets with demand from industries such as packaging, automotive and appliances.

Aramco's chemicals business continues to grow through capacity expansion in the Kingdom, and increasing ownership positions in affiliates and new investments, including its acquisition of the PIF's 70% equity interest in SABIC in June 2020. SABIC is an industry leader in multiple chemical segments, and produces a wide range of products including olefins, methanol, MTBE, aromatics, glycols, linear alpha olefins, polyethylene, polypropylene, polyethylene terephthalate, polyvinyl chloride, polystyrene, polycarbonate, and engineering thermoplastics and their blends. Including SABIC, Aramco had a net chemicals production capacity of 53.8 million tons per year as at December 31, 2021 (2020: 53.1 million tons per year).

Aramco's investment in SABIC makes it a major global producer of petrochemicals and expands its capabilities in procurement, manufacturing, marketing and sales. Synergies in multiple areas, including procurement, stream integration, feedstock optimization, and maintenance activities are being pursued.

In addition to SABIC, Aramco also conducts petrochemical manufacturing through affiliates located in the Kingdom, China, Japan, South Korea, Malaysia, the United States, and the Netherlands, with other key industry players, including Dow (Sadar), Sumitomo (Petro Rabigh), TotalEnergies (SATORP), PETRONAS (PRefChem), and Sinopec (YASREF and FREP). Through these affiliates, Aramco produces a wide range of commodity and differentiated petrochemicals.

Performance and achievements

Aramco continues to execute its strategy toward becoming a top-tier integrated chemicals company through growth, integration, innovation, operational excellence, and development of its product portfolio. Investments made in integrated refining and chemicals and in stand-alone chemicals illustrate Aramco's commitment and ambition to be the world's preeminent integrated energy and chemicals company.

Representing a significant step in SABIC becoming the primary chemicals arm and an integral member of the Aramco group, Aramco transferred the marketing and sales responsibility for a number of Aramco petrochemicals and polymers products to SABIC. In addition, the offtake and resale responsibility for a number of SABIC products is being transferred to Aramco Trading Company (ATC). These changes are intended to focus SABIC on polymers and chemical products, while ATC focuses on fuels, aromatics and MTBE, driving further operational efficiencies, strengthening the brands of both companies, and improving overall competitiveness. Considerable synergies are also being captured, mainly in procurement, supply chain, feedstock optimization, stream integration, operations, and maintenance.

Aramco and the Dow Chemical Company (Dow), partners in the Sadara Chemical Company (Sadara) joint venture, entered into agreements to provide additional feedstock by increasing the quantity of ethane and natural gasoline supplied by Aramco. These also include a gradual increase in Aramco's rights to market, through SABIC, the finished products produced by Sadara over the next five years through an executive sales and operations planning committee.

Base oils and lubricants

Overview

Aramco's three major producers and marketers of base oils, Luberef, Motiva and S-Oil, continue to deliver high-quality and technically differentiated products to its global customer base. Aramco markets its base oil products using the official Aramco brands: aramcoDURA® (Group I), aramcoPRIMA® (Group II), and aramcoULTRA® (Group III).

In keeping with Aramco's strategy to capture incremental value across the hydrocarbon chain, Aramco entered the Kingdom's domestic lubricants market offering consumers a new line of lubricant products under the ORIZON® brand. ORIZON® products are engineered to the highest standards and meet the latest lubricant specifications required by original equipment manufacturers.

Performance and achievements

During the year, along with the launch of ORIZON® products, Aramco opened its first ORIZONCARE® service center to provide efficient automotive services. ORIZONCARE® centers will offer a distinguished customer experience, and further expand the ORIZON® brand in the domestic lubricants market.

In 2021, Aramco sold 4.5 million tons (2020: 4.1 million tons) of base oils, maintaining its position as one of the leading marketers of base oils globally.



Entering into Saudi Arabia's domestic lubricants market

Saudi Arabia

In 2021 Aramco launched its ORIZON® product line in Saudi Arabia, offering high-quality synthetic and semi-synthetic lubricants for gasoline and heavy-duty diesel engines, as well as driveline products, greases and brake fluids.

Retail operations

Overview

Aramco has developed a retail strategy that focuses on establishing its own brand presence in the Kingdom as part of its long-term goal to be a primary global retail player. This includes offering consumers a new line of automotive services, coupled with branded finished lubricant products, as part of its commitment to diversify its downstream portfolio.

Performance and achievements

Aramco and TotalEnergies have launched the first two service stations of their joint retail network in Riyadh, Saudi Arabia's capital, and Saihat, in the country's Eastern Province. It follows the signing of a joint venture agreement between Aramco and TotalEnergies in 2019, with plans to significantly upgrade a network of more than 200 service stations and expand the range of quality retail services available across the Kingdom. This network will comprise Aramco and TotalEnergies-branded stations, providing motorists with premium fuels and retail services.

Aramco has continued to grow its fuel retail presence through its affiliates, supplying refined products to more than 17,000 service stations worldwide with 5,300 located in the United States, more than 5,300 in China and South Korea, 6,400 in Japan, and more than 200 service stations in Saudi Arabia.

Pipelines, distributions and terminals

Overview

Aramco's Kingdom-wide distribution network includes pipelines, bulk plants, air refueling sites and terminals that deliver crude oil, NGL, natural gas, and refined products. The pipelines and bulk plants network, and the terminals on the east and west coast, enable the transportation of hydrocarbons for export and for delivery to customers across the Kingdom. Further, Aramco's East-West Pipeline links oil production facilities in the Eastern Province with Yanbu' on the west coast, providing flexibility to export from the east and west coasts of the Kingdom.

Aramco's MGS, an extensive network of pipelines that connects its key gas production and processing sites with customers throughout the Kingdom, is currently undergoing an expansion. The system's current capacity is 9.6 bscfd of natural gas supplying eastern, central and western industrial complexes.

The MGS Expansion Phase II will increase overall gas supply capacity to 12.5 bscfd, including expansion of the East-West MGS to ultimately deliver 5.2 bscfd to the central and western regions to support future utility and industrial development. The project is expected to be completed in the second half of 2022.

In addition, Aramco has a 15% equity interest in the Arab Petroleum Pipeline Company (Sumed Company), a joint venture which operates the Sumed pipeline. The pipeline runs from the Red Sea to the Mediterranean Sea through Egypt and provides an alternative to the Suez Canal.

Performance and achievements

In 2021, the operational resilience of the Company's infrastructure was demonstrated, with hydrocarbons continuing to be delivered to customers safely and on time, despite the internal and external challenges due to the global pandemic, as well as the sabotage attacks on facilities. The well-established emergency response systems and contingency plans helped to respond effectively to any emergencies and incidents.

As part of its portfolio optimization program to unlock value and maximize shareholder return, the Company completed a SAR 46.5 billion (\$12.4 billion) lease and leaseback deal in June 2021. The transaction involves the sale of a 49% equity interest in Aramco Oil Pipelines Company (AOPC), an Aramco subsidiary, to a consortium of international investors including EIG Global Energy Partners and Mubadala. The transaction does not impose any restrictions on Aramco's crude oil production volumes, and Aramco continues to retain full legal ownership and operational control of the crude oil pipelines network.

In December 2021, in one of the world's largest energy infrastructure deals, the Company signed a SAR 58.1 billion (\$15.5 billion) lease and leaseback deal that involves its gas pipeline network, in which Aramco will hold a 51% majority stake in Aramco Gas Pipelines Company (AGPC) and sell a 49% stake to a consortium of investors led by BlackRock and Hassana. The transaction closed in February 2022. Similar to the stabilized crude oil pipelines deal, Aramco will continue to retain full legal ownership and operational control of its gas pipelines network and the transaction does not impose any restrictions on Aramco's gas production volumes.

These transactions represent significant progress in Aramco's asset optimization program, unlock additional value from its diverse asset base, and underscore Aramco's commitment to long-term value creation.

Supply and trading

Overview

Aramco manages crude oil sales operations, along with a large and growing portfolio of refining and chemicals facilities in Asia, Europe, and North America. As part of its strategy to unlock additional value, Aramco is expanding its crude oil, refined products and chemicals trading to significantly grow total traded volumes over the next few years.

Aramco's worldwide trading activities adopted a globally integrated business model to capture maximum value through greater market access and coverage. Currently, Aramco has five global trading offices operating worldwide, with wider access to customers and greater market coverage.

With the recent increase in scale of its downstream operations, Aramco is well positioned to use its production and distribution network to optimize its supply and trading capabilities. By optimizing the production, refining and distribution processes and integrating them with its trading business, Aramco seeks to ensure that customers receive reliable service and consistent products. In addition, there is the potential to optimize product flows on a domestic and international basis across regional and global supply chains to maximize value.

These operations support Aramco's upstream and downstream activities by enabling it to optimize crude oil sales and product placement through its significant infrastructure network of pipelines and terminals, and access to shipping and logistics resources. Aramco also maintains flexibility to respond to fluctuations in demand through its five crude grades and MSC.

Performance and achievements

In 2021, Aramco traded an average of 5.7 mmbpd (2020: 4.7 mmbpd) of crude oil and refined petroleum products, and 2.4 million tons of liquid chemical products (2020: 3.0 million tons). In 2021, Aramco's total crude oil exports averaged 6.3 mmbpd (2020: 6.7 mmbpd).

The Company continued to demonstrate its renowned operational flexibility in response to customer requirements, while managing events such as the 25-day interruption following Winter Storm Uri at the Motiva Refinery in the United States. In addition, the Company continued its strong track record of supply reliability by delivering crude and other products in a timely manner with 99.9% reliability in 2021 (2020: 99.9%) despite disruptions caused by COVID-19.

As part of realizing value-adding synergies in connection with the SABIC acquisition, the offtake and resale responsibility of a number of SABIC products is being transferred to Aramco Trading Company (ATC). This change allows ATC to focus on fuels, aromatics and MTBE while driving further operational efficiencies.

Strong track record of supply reliability by delivering crude and other products in a timely manner with 99.9% reliability in 2021.

Power

Overview

As at December 31, 2021, Aramco's power operations comprised 17 captive power plants (2020: 17) and associated transmission and distribution assets located across the Kingdom. These assets are primarily designed to provide electricity and steam to Aramco's oil and gas production facilities, gas processing plants and wholly-owned refineries in a safe, reliable, efficient and profitable manner. Some of these power assets are wholly-owned while others are owned by joint ventures in which Aramco has an ownership interest. Aramco also enters into offtake arrangements with independent power producers.

In addition, Aramco currently owns a 6.9% stake in the Saudi Electricity Company (SEC), the Kingdom's national electricity utility company, and an effective 42.2% (2020: 42.2%) stake in Marafiq, a domestic utility company that serves the industrial areas of Jubail and Yanbu'.

The Company also remains committed to the global energy transition and views renewable energy as a complement to its own energy products, supported by vast solar and wind resources in-Kingdom.

Performance and achievements

In 2021, Aramco generated 5.2 GW (2020: 5.4 GW) of power, of which 3.3 GW (2020: 3.3 GW) were used to meet internal demand, and 1.3 GW (2020: 1.6 GW) of spill power was transferred to the national grid. In 2021, the Fadhili Power Plant joint venture supplied 0.6 GW (2020: 0.5 GW) to SEC.

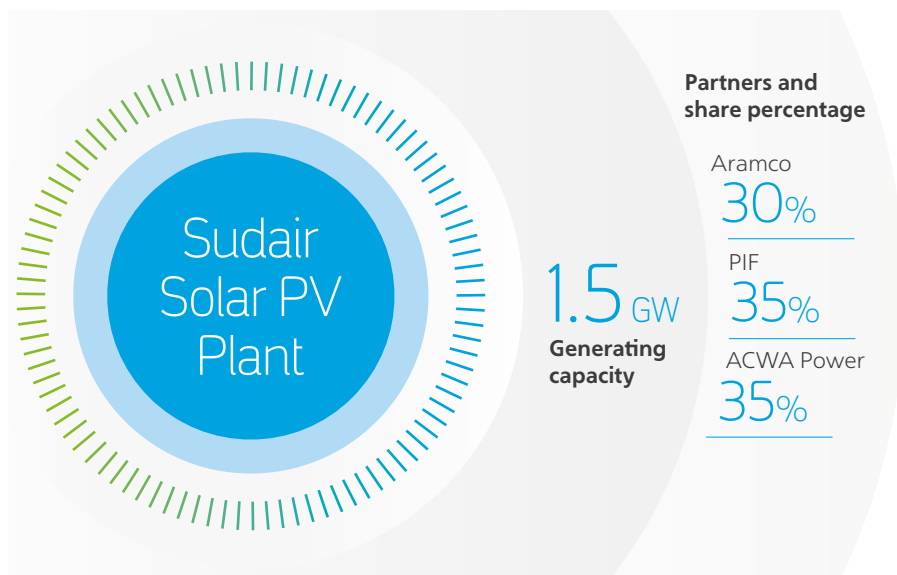
Aramco, via its wholly-owned subsidiary, SAPCO, entered into a shareholders' agreement with PIF and ACWA Power to invest in the Sudair Solar PV Plant, holding a 30% interest in the project. The project is one of the largest solar plants in the region with a capacity of 1.5 GW. Aramco's investment in the project marks its first participation in PIF's renewable energy program, reflecting Aramco's efforts to advance sustainable energy solutions within Saudi Arabia. The first phase of the project is expected to begin producing electricity during the second half of 2022.

In August 2021, Tanajib Cogeneration Power Company (TCPC) was established as a limited liability company for the purposes of electricity generation, transmission and distribution, water desalination, transportation, and distribution. TCPC is 40% owned by SAPCO and 60% owned by Tanajib Cogeneration Holding Company Ltd. (a consortium between Marubeni Corporation and Abu Dhabi National Energy Company PJSC (TAQA)). TCPC is the lead developer under a 20-year Build Own Operate and Transfer (BOOT) arrangement where the Company will be the sole offtaker of the electricity, steam, and water. In October 2021, project financing was closed with external lenders, as part of which the Company provided equity funding-related guarantees.

In September 2021, Aramco entered into a financing arrangement of SAR 44.1 billion (\$11.8 billion) relating to the Jazan Integrated Gasification Combined-Cycle (IGCC) Power Plant, an Air Separation Unit, and certain ancillary assets. The transaction resulted in the creation of Jazan Integrated Gasification and Power Company (JIGPC), an Aramco joint venture consisting of Saudi Aramco Power Company, Air Products, ACWA Power and Air Products Qudra. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee. Aramco will supply feedstock to JIGPC, and JIGPC will produce power, steam, hydrogen and other utilities for Aramco. JIGPC aims to enhance the overall value of the Jazan Refinery and the IGCC Power Plant, and will aid in transforming the Jazan Province and positioning it for additional foreign investment and private sector involvement.

Advancing sustainable energy solutions

Saudi Arabia's largest solar PV plant





Generating value

Jazan Economic City, Saudi Arabia

Aramco entered into a financing arrangement relating to the Integrated Gasification Combined-Cycle Power Plant, an Air Separation Unit, and certain ancillary assets at the Jazan Refinery Complex.

Outlook for 2022

Aramco's Downstream segment will continue to integrate across the value chain with investments throughout its operations with the aim of creating additional value while diversifying the portfolio and mitigating the volatility of earnings. As such, in January 2022 Aramco signed agreements with Polish refiner and fuel retailer PKN Orlen, which will expand Aramco's European downstream presence

through investments in Poland's refining, wholesale, and jet fuel marketing segments. Completion of the transaction is subject to regulatory approvals.

To continue creating value, the Downstream segment aims to increase refining capacity, grow liquids-to-chemicals production, expand trading activities, and leverage the downstream transformation program to increase efficiency.

Unlocking value

Overview

Aramco's corporate activities primarily support its Upstream and Downstream segments, as well as the overall business. The corporate activities include technical services that are essential to the success of Aramco's core business, as well as human resources, finance, legal, corporate affairs and IT.

Aramco's integrated corporate development organization, established in 2020, is mandated to maximize value creation by efficiently executing portfolio optimization and growth opportunities in line with corporate strategies. This would enable the Company to unlock the value of its assets and redeploy it toward opportunities with growth prospects and attractive returns.

Performance and achievements

As part of its portfolio optimization efforts, in June 2021 the Company successfully completed a SAR 46.5 billion (\$12.4 billion) energy infrastructure deal with a consortium of international investors including EIG Global Energy Partners and Mubadala to sell a 49% interest in Aramco Oil Pipelines Company (AOPC), an Aramco subsidiary. As part of the transaction, AOPC leased usage rights in Aramco's stabilized crude oil pipelines network and leased them back to Aramco for a 25-year period. In return, AOPC will receive tariff payments for the crude oil that flows through the pipelines network. The transaction did not impose any restrictions on Aramco's crude oil production volumes, and Aramco continues to retain full legal ownership and operational control of the crude oil pipelines network.

To unlock further value and maximize shareholder returns, in December 2021 the Company signed a SAR 58.1 billion (\$15.5 billion) energy infrastructure deal with a consortium of investors led by BlackRock Real Assets and Hassana Investment Company to sell a 49% interest in a newly formed subsidiary, Aramco Gas Pipelines Company (AGPC). The transaction closed in February 2022. As part of the transaction, AGPC leased usage rights in Aramco's gas pipelines network and leased them back to Aramco for a 20-year period. In return, AGPC will receive a tariff payable by Aramco for specified gas products that flow through the pipelines network. Similar to the stabilized crude oil pipelines deal, Aramco will continue to retain full legal ownership and operational control of its gas pipelines network and the transaction does not impose any restrictions on Aramco's gas production volumes.

The improving sentiment in the energy market offered Aramco an opportunity to further optimize its capital structure and manage liquidity. Aramco successfully raised SAR 22.5 billion (\$6.0 billion) through the issuance of its inaugural international U.S. dollar-denominated Shari'a compliant securities under the newly established international sukuk program. The offering led to a healthy subscription from a broad group of global investors, demonstrating Aramco's unique value proposition, further diversifying its funding sources, and expanding its investor base. The securities are listed on the London Stock Exchange's main market.

These transactions demonstrate investor confidence in Aramco's long-term outlook, while reinforcing Aramco's role as a catalyst for attracting significant foreign institutional investors into the Kingdom.

Aramco's corporate activities include a focus on the development of its workforce as well as attracting new talent. In 2021, this was demonstrated by the launch of the Altamayyuz Finance and Accounting Excellence Academy, a collaboration between Aramco and leading accountancy firms and investment banks. The Academy establishes a finance and accounting center of excellence in the Kingdom, creating a skilled talent pool for the Company to draw from and will support the growth of financial services in the region.

The improving sentiment in the energy market offered Aramco an opportunity to further optimize its capital structure and manage liquidity.

Corporate financial results

	SAR		USD*		
	Year ended December 31		Year ended December 31		
All amounts in millions unless otherwise stated	2021	2020	2021	2020	% change
Earnings (losses) before interest, income taxes and zakat	(13,533)	(17,041)	(3,609)	(4,544)	(20.6)%
Capital expenditures – cash basis	2,163	1,282	577	342	68.7%

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

Earnings (losses) before interest, income taxes and zakat (EBIT) is principally driven by the cost of the corporate organization, the affiliates recognized under the corporate segment, and the corporate outreach and citizenship activities. The decrease in losses in 2021 was mainly attributable to lower employee-related costs during the year.

Corporate capital expenditures increased during the year due to higher community and various industrial support projects.



Keeping Aramco moving

Saudi Arabia

Aramco efficiently moves its people and assets to where they are needed, and the Company's intelligent mobility center, inaugurated in 2021, maximizes the optimal use of the Company's transportation assets.

4

Environmental, social and governance

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to sustainability74

Climate change and the
energy transition76

Minimizing environmental
impacts78

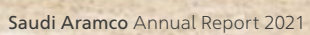
Accelerating human
potential80

Growing societal value82

Biodiversity conservation coexisting with oil and gas Safaniyah offshore oil field, Saudi Arabia

In 1963, Aramco issued its first formal Company environmental policy statement, and today some of Saudi Arabia's most biologically diverse areas can be found alongside Aramco's operating sites.





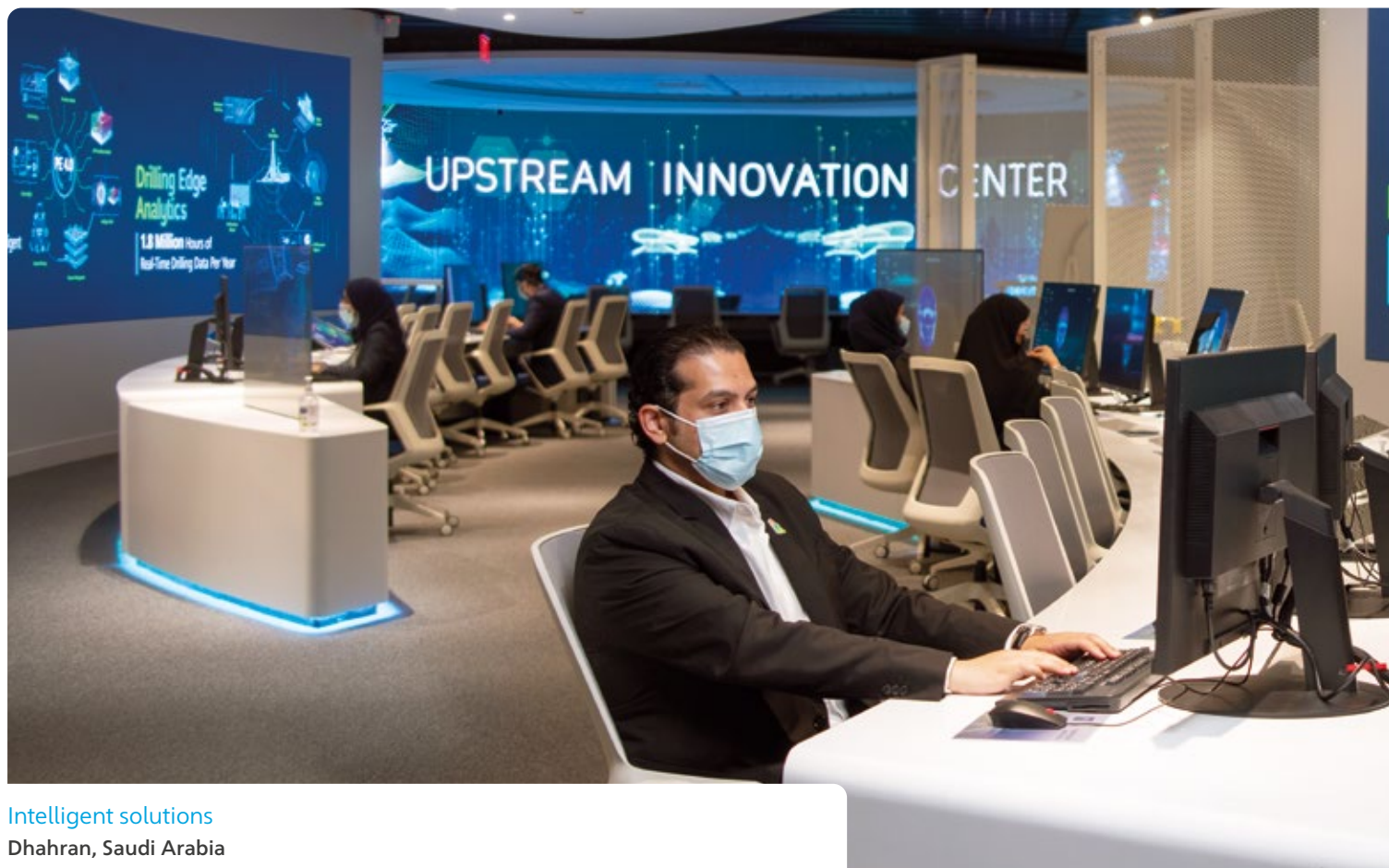
Committed to responsible operations

At the center of the Company's business lies a multi-generational commitment to be a **responsible custodian** of Saudi Arabia's enormous energy resources.

Aramco's approach

The financial resilience and long-term sustainability of the business depends on Aramco's ability to leverage its competitive position in both its Upstream and Downstream businesses, while balancing society's demands for progress and economic growth with the need to reduce emissions and waste, and become a more circular economy. The Company's strategy positions Aramco to successfully navigate and benefit from the global energy and materials transition.

At the center of the Company's business lies a multi-generational commitment to be a responsible custodian of Saudi Arabia's enormous energy resources. In meeting this responsibility, the Company has delivered significant societal and economic benefits to the Kingdom and the communities, economies, and countries that rely on the vital and reliable energy Aramco supplies.



Intelligent solutions

Dhahran, Saudi Arabia

Aramco, with a multi-generational commitment to be a responsible custodian of Saudi Arabia's energy resources, uses sophisticated predictive technology in its Upstream Innovation Center to further minimize carbon emissions.

Sustainability governance

The Board of Directors oversees sustainability at the Company through the Risk and HSE Committee. The Risk and HSE Committee receives periodic updates from management regarding the Company's sustainability framework and performance across a range of Key Performance Indicators (KPIs) and goals, and provides guidance with respect to strategy, commitments, and important areas of focus. The Risk and HSE Committee reports its findings to the Board.

At a management level, the Company's Sustainability Steering Committee (SSC) aligns all sustainability-related activities under the guidance and oversight of a single body. The SSC is comprised of Aramco vice presidents representing business lines and administrative areas, and is led by the Senior Vice President of Technical Services.

Please see the Governance section of this report for more details.

Four areas of focus

Materiality assessments and external benchmarking have identified four sustainability areas of focus:

- Climate change and the energy transition;
- Minimizing environmental impacts;
- Accelerating human potential; and
- Growing societal value.

The Company takes both a strategic and operational approach as it seeks to address these important issues, and has identified KPIs for each focus area. The Company will expand on its performance and plans in these areas in its 2021 Sustainability Report.



Aramco has a unique role to play in helping the world navigate towards a low-carbon future. Oil and gas will be part of the energy mix for decades to come; however, rapidly reducing emissions associated with these products is a strategic and urgent necessity if global climate goals are to be met. Aramco supports the objectives set by the Paris Agreement, which aims to strengthen the global response to the threat of climate change. Aramco is able to leverage its strengths, which includes access to the natural resources to meet the energy needs of society, by maximizing the value of the energy and materials it produces while minimizing the negative impact of greenhouse gases.

The Company's many decades of careful long-term reservoir management and meaningful technology investments underpin its low-cost, efficient operations that have helped it maximize value from the Kingdom's resources. Supporting this is Aramco's ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions by 2050 across its wholly-owned operated assets, and eliminate routine flaring by 2030. This is an important part of the Company's focus on long-term value creation, and complements the Kingdom's aim to reach net-zero emissions by 2060, announced as part of the Saudi Green Initiative.

In 2021, Aramco commenced development of the Jafurah unconventional gas field, representing a milestone in the Company's efforts to expand its integrated gas portfolio and support Saudi Arabia's goal to produce half its electricity from gas and half from renewables. Gas produced from Jafurah will supply cleaner energy to the domestic energy sector and provide feedstock for blue hydrogen and ammonia production. Aramco also invested in the Sudair Solar PV project, the first project under the PIF's renewable energy program and capable of producing 1.5 GW of renewable energy once fully operational.

Aramco is a founding member of the Oil and Gas Climate Initiative (OGCI) and collaborates with industry peers and companies along the value chain to deliver tangible climate change solutions. In September 2021, Aramco and other OGCI members agreed to accelerate their collective actions and invest in new technologies to help decarbonize society and reach a circular carbon economy faster. In addition, OGCI members committed to reduce the average carbon intensity of aggregate upstream operated assets to 17.0 kilograms of carbon dioxide equivalent per barrel of oil equivalent by 2025, and reduce the average methane intensity of aggregate upstream oil and gas operations to well below 0.2% by 2025.

GHG emissions

Aramco's GHG emissions management program monitors Scope 1 and Scope 2 emissions consistent with the Greenhouse Gas Protocol guidelines¹. An important metric for Aramco is the carbon intensity from upstream operations, which is among the lowest in the industry and is achieved through efficient operations, best-in-class management of the Company's prolific reservoirs, sound engineering, and the robust deployment of technologies.

Aramco is committed to reducing flaring across its business, with investment in flare gas recovery systems and programs to improve asset integrity, energy efficiency, leak detection, and repairs. As a signatory to the World Bank's "Zero Routine Flaring by 2030" initiative, Aramco shares best practices and knowledge with peer companies to ensure its work has a broader, positive impact. And to maintain its low upstream carbon intensity, Aramco is developing a carbon capture and storage hub to permanently sequester captured CO₂ emissions underground.

In 2021, Scope 1 emissions and upstream carbon intensity increased as gas production, which has a higher carbon intensity than crude production, assumed a larger share of the Company's production mix. Additionally, emissions from the Fadhili Gas Plant are included in the 2021 GHG emissions inventory.

	2021 ³	2020 ⁴
Scope 1 emissions² (million metric tons of CO ₂ e)	55.0	50.2
Scope 2 emissions² (million metric tons of CO ₂ e)	17.1	18.1

	2021	2020
Upstream carbon intensity⁵ (kg of CO ₂ e/boe)	11.2	10.6

	2021	2020
Flaring intensity² (scf per boe)	5.51	5.97

1. The Company's GHG emissions reporting is based on the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD) GHG protocol guidelines. The Company reports emissions using the operational control basis for measurement.
2. The Company's GHG emissions inventory includes emissions from wholly-owned in-Kingdom operated assets, SASREF, Motiva, and ARLANXEO.
3. Jazan Refinery is excluded from 2021 GHG emissions inventory. 2021 absolute GHG emissions figures are estimates and subject to change upon completion of data validation and third-party verification in the second quarter of 2022.
4. Fadhili Gas Plant and Jazan Refinery are excluded from 2020 GHG emissions inventory.
5. 2021 intensity value is subject to change upon completion of data validation and third-party verification in the second quarter of 2022.

Key 2021 metrics

Scope 1 emissions²

(million metric tons of CO₂e)

55.0

Scope 2 emissions²

(million metric tons of CO₂e)

17.1

Upstream carbon intensity⁵

(kg of CO₂e/boe)

11.2



LDAR in action

Hawiyah NGL, Saudi Arabia

To reduce methane emissions, Aramco has implemented a leak detection and repair program (LDAR) across its operations and conducts manual LDAR surveys.

In 2021, the Company established a new biodiversity policy that commits the Company to a **net positive impact** on biodiversity across its operations.

Aramco aspires to limit its environmental footprint, conserve the natural resources it uses, and build a legacy of improving natural habitats and protecting shared resources. This means limiting freshwater use in our operations and protecting sensitive ecological areas to support Aramco's commitment to preserving the Kingdom's environment and the areas where it operates.

The Company's comprehensive water conservation efforts include maximizing wastewater reuse, minimizing water losses, and supplementing freshwater with alternative sources like seawater. Aramco operates the Qurayyah Seawater Injection Plant, one of the world's largest seawater desalination facilities, to support production operations, and in 2021 the Company commissioned a solar thermal system at the facility covering 2,000 m² to provide clean energy and reduce fuel consumption. During the year, the Company also completed work on a new industrial water system at the Khurais Increment Project to use seawater for plant processes instead of freshwater. Aramco's commitment to water efficiency reduces pressure on natural water resources and helps ensure its availability for future generations.

The slight increase in freshwater consumption in 2021 was mainly due to inclusion of water use by well completion activities in upstream operations.

	2021	2020
Freshwater consumption¹ (million cubic meters)	33.78	32.85

In 2021, the Company established a new biodiversity policy that commits the Company to a net positive impact on biodiversity across its operations.

During the year, two specific milestones were achieved. The Company opened the Mangrove Eco-Park, a 63 km² mangrove forest that is the first of its kind in the Kingdom dedicated to preserving these sensitive habitats, and the culmination of a project spanning nearly a decade. The park will provide a sanctuary for marine life and over 100 species of birds, and will capture and absorb atmospheric carbon within the surrounding sediment. The second milestone is the successful completion of the Company's one million trees initiative and the commencement of a second phase to plant an additional million trees, as well as the planting of eight million mangroves. Through these actions, Aramco aims to mitigate desertification, enhance biodiversity and capture atmospheric carbon.

The Company opened a

63 km²

Mangrove Eco-Park.

1. Applies to Saudi Arabian Oil Company (the Company).

Key 2021 metrics

Freshwater consumption¹
(million cubic meters)

33.78



Mangrove Eco-Park

Ras Tanura, Saudi Arabia

The Company's 63 km² Mangrove Eco-Park near Ras Tanura is dedicated to protecting the sensitive natural habitats of one of the Kingdom's last naturally occurring mangrove forests, and features a 1.5 km elevated wood composite boardwalk to take visitors through the heart of the park.

Aramco prioritizes the safety of its employees, their dependents, and its contractors. They are the Company's greatest resource, and their health and well-being are critical to its success. By supporting and empowering its workforce, regardless of gender, ethnicity, or disability, Aramco seeks to grow and harness the potential of its people for their benefit and that of the Company and the communities where it operates.

Safety is a core corporate value that drives Aramco to proactively identify and mitigate hazards to ensure safe operations and minimize business interruptions. Operating in demanding environments while dealing with hydrocarbons brings inherent risk, which is why the safety of employees, contractors, communities, and assets is Aramco's top priority.

The Company has a target of zero fatalities, but tragically, one contractor fatality occurred in 2021 at a construction site. This incident was thoroughly investigated, with root causes identified and action plans developed to avoid reoccurrence.

To protect its workforce, the Company combines an enterprise-wide safety focus with robust policies and standards under the umbrella of the Health, Safety, Security and Environment (HSSE) Committee. The Company also deploys its subject matter experts to independently assess the compliance and implementation of its Safety Management System, and develop action plans to further improve safety performance.

A commitment to safety and safe operations is also a requirement for Aramco's contractors. Since the inception of the Construction Safety Index (CSI) in 2019, the Company completed over 11,000 risk-based inspections and issued more than 3,700 CSI reports, contributing to the enhancement of contractor safety.

As part of its ongoing response to COVID-19, and in collaboration with the Ministry of Health, the Company swiftly implemented a vaccination program to its employees, dependents, retirees, and trainees.

	Expanded Scope 2021 ¹	2021 ²	2020 ²
Tier 1 process safety events	11	8	9
TRC frequency^{3,4}	0.054	0.046	0.044
LTI rate^{3,4}	0.017	0.013	0.011
Number of fatalities³	1	1	1

Since then, the program's reach has expanded, with seven permanent COVID-19 vaccination centers established within Aramco facilities in addition to nine remote satellite centers within Aramco operational areas. As a result, 100% of the workforce have completed dose one and two, and almost all employees have completed dose three of the vaccine either through the Johns Hopkins Aramco Healthcare Company or through the Ministry of Health vaccination centers.

At the direction of the Board, the scope of the 2021 safety performance metrics has been expanded to include the Company and its operationally controlled entities, where 2020 data included in-Kingdom wholly-owned and operated assets. For comparison purposes, 2021 data for in-Kingdom wholly-owned and operated assets has also been stated.

People and communities

The Company is committed to growing diversity and inclusion (D&I) in the workforce. A diverse workforce encourages a global perspective and fosters innovation, collaboration, and respect. Attracting and cultivating the best talent is a priority, and Aramco regards individual differences as opportunities for creativity and growth.

In 2021, over 16,000 participants attended Aramco D&I programs and events, which raise awareness and reinforce the importance of D&I in the workplace. A key component of the Company's D&I strategy is empowering women and promoting female participation in the workforce. This starts with supporting women as they enter university, and in 2021 females accounted for approximately 48% of active overall enrollment in the Company-sponsored College Preparatory Program.

This program is an important recruitment mechanism to attract female employees, particularly in the science, technology, engineering, and mathematics (STEM) fields.

The Company also expanded its outreach to in-Kingdom universities to promote STEM offerings to women, and hosts Women of Saudi Aramco panel sessions to highlight the diversity among female employees and their contributions to the success of Aramco.

During the year, the Company launched the D&I HR Working Committee and the D&I Project Management Office. Together, these groups take a proactive approach to recruit females and people with disabilities to the workforce, and then develop, engage, and retain them as Aramco employees. In 2021, the Company saw notable shifts in hiring, with women comprising 31% of all direct hires in the year, raising the percentage of females in the workforce to 5.6%. As well, more people with disabilities were hired than in the past three years combined.

	2021	2020
Company employees²	68,493	66,800
Female employees² (%)	5.6	5.1

Aramco also works with the Government and the business community to develop the skills of the local workforce. During the year, the Altamayyuz Finance and Accounting Excellence Academy was inaugurated, offering programs to new graduates seeking professional certifications and helping to build a thriving in-Kingdom financial sector. Two cohorts of nearly 90 candidates entered the Academy in 2021.

1. The Company and its operationally controlled entities.
2. Applies to Saudi Arabian Oil Company (the Company).
3. Total workforce (employees and contractors).
4. Per 200,000 work hours.

Key 2021 metrics

Tier 1 process safety events¹

11

TRC frequency^{1,3,4}

0.054

LTI rate^{1,3,4}

0.017



Culture of safety

Yanbu', Saudi Arabia

Throughout the year, Aramco Senior Management conduct rigorous safety performance reviews at the Company's operating sites.

Developing local supply chains

Aramco supports the economic growth and diversification of Saudi Arabia and is committed to creating direct and indirect employment opportunities for Saudi Arabian nationals. In alignment with the Kingdom's Shareek corporate investment initiative, the Company has established programs intended to drive a world-class in-Kingdom energy and industrial ecosystem.

The Company is building a world-class local supply chain, through the Company's In-Kingdom Total Value-Add (iktva) program, to serve the needs of the Company and its partners, and facilitate development of a diverse, sustainable, and globally competitive in-Kingdom energy sector. Aramco operates responsibly through sustainable procurement and supports its value chain in adopting the same values and standards across in-Kingdom and international operations. Investment in the Kingdom's domestic oil and gas ecosystem enhances the reliability of the Company's supply chain and optimizes operational costs

and inventories, strengthening Aramco's ability to meet commitments to customers around the world.

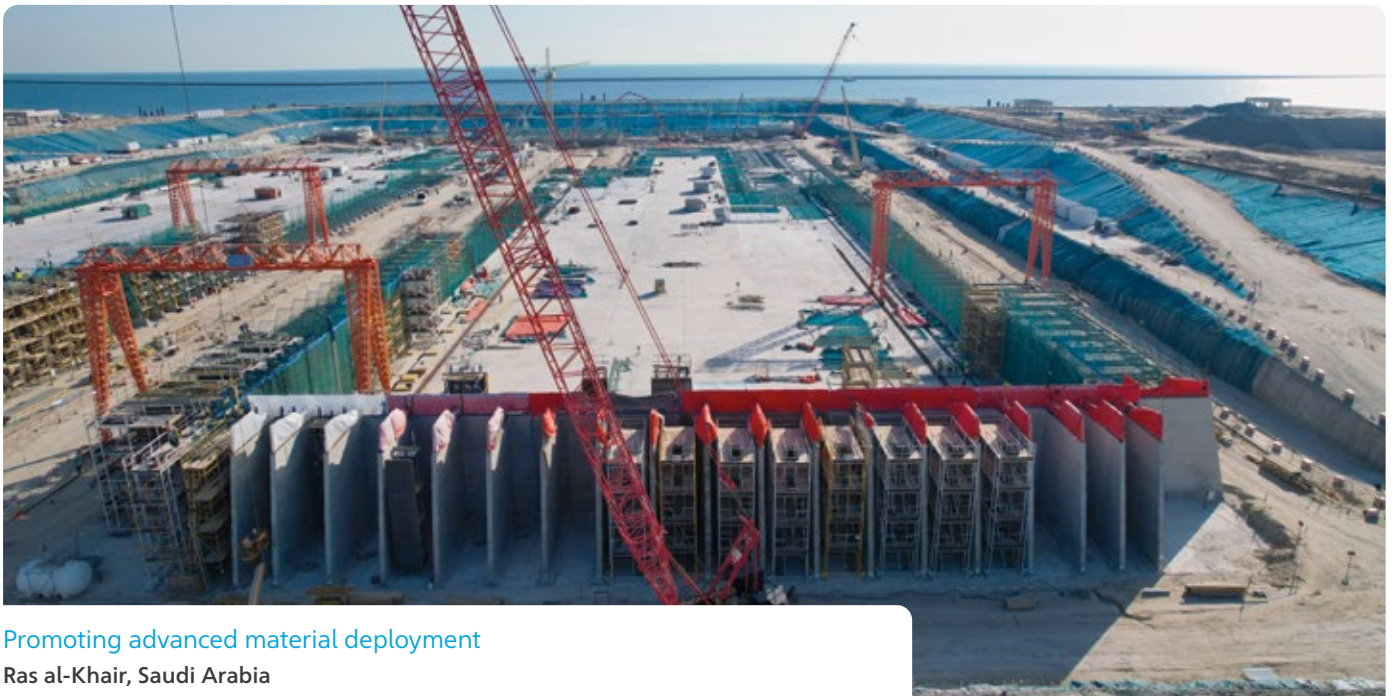
In support of these efforts, and aligned with iktva and the Kingdom's Shareek program, Aramco launched Namaat, a major expansion of the Company's Industrial Investment Program, to forge world-class partnerships in sustainability, technology, industrials, and advanced materials. With Namaat, Aramco seeks to drive the continued growth and development of a resilient and sustainable private sector in the Kingdom.

Aramco also supports the growth of sustainable traditional professions in-Kingdom. During the year, Aramco inaugurated Roseyar, a skin care products factory in al-Taif. The initiative aims to help small industries and employ Saudi women, and Aramco assisted with the retrofitting of an existing building and provided workforce training, maintenance and operational support for the facility, which can produce up to 100,000 units of skin care products annually.

In 2021, 59% of the Company's spending was directed to domestic suppliers, representing billions of dollars in economic activity that remained in-Kingdom in support of the local economy.

	2021	2020
iktva ¹ (%)	59.0	57.5

Aramco supports the economic growth and diversification of Saudi Arabia and is committed to creating direct and indirect employment opportunities for Saudi Arabian nationals.



Promoting advanced material deployment

Ras al-Khair, Saudi Arabia

The Company deployed non-metallic solutions in the construction of the King Salman International Complex for Maritime Industries and Services, which will be one of the Middle East's largest maritime industrial yards.

1. Applies to Saudi Arabian Oil Company (the Company).

Key 2021 metrics

iktva¹
(%)

59.0



Growing business for all al-Taif, Saudi Arabia

In 2021, the Company inaugurated Roseyar, a skin care products factory in al-Taif, which is one of the Company's citizenship initiatives focused on supporting small industries and empowering women.

5

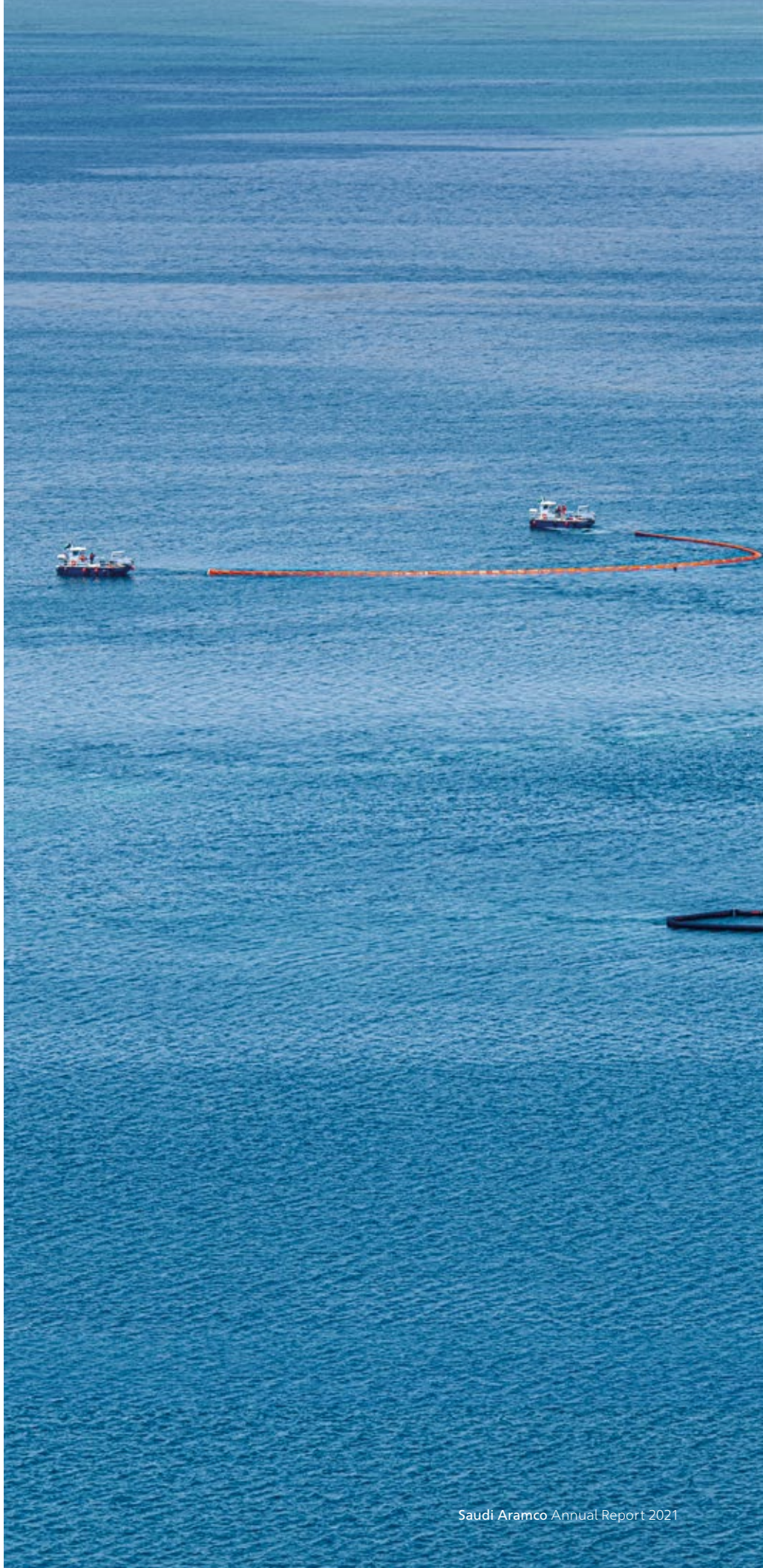
Risk

Risk management	86
Risk factors	88

Response readiness

Arabian Gulf, Saudi Arabia

Aramco, committed to environmental protection, regularly conducts simulated drills to both test and confirm its oil spill response readiness.





Managing risk exposures

Risk objectives

Aramco operates in an industry characterized by price volatility, hazardous operations, and uncertain project outcomes. Taking informed risks is an inherent and necessary part of doing business. Aramco manages its strategic, operational, compliance and financial risks by continuously assessing them and undertaking appropriate responses. Business decisions are made after due consideration of rewards and associated risks.

Risk management framework

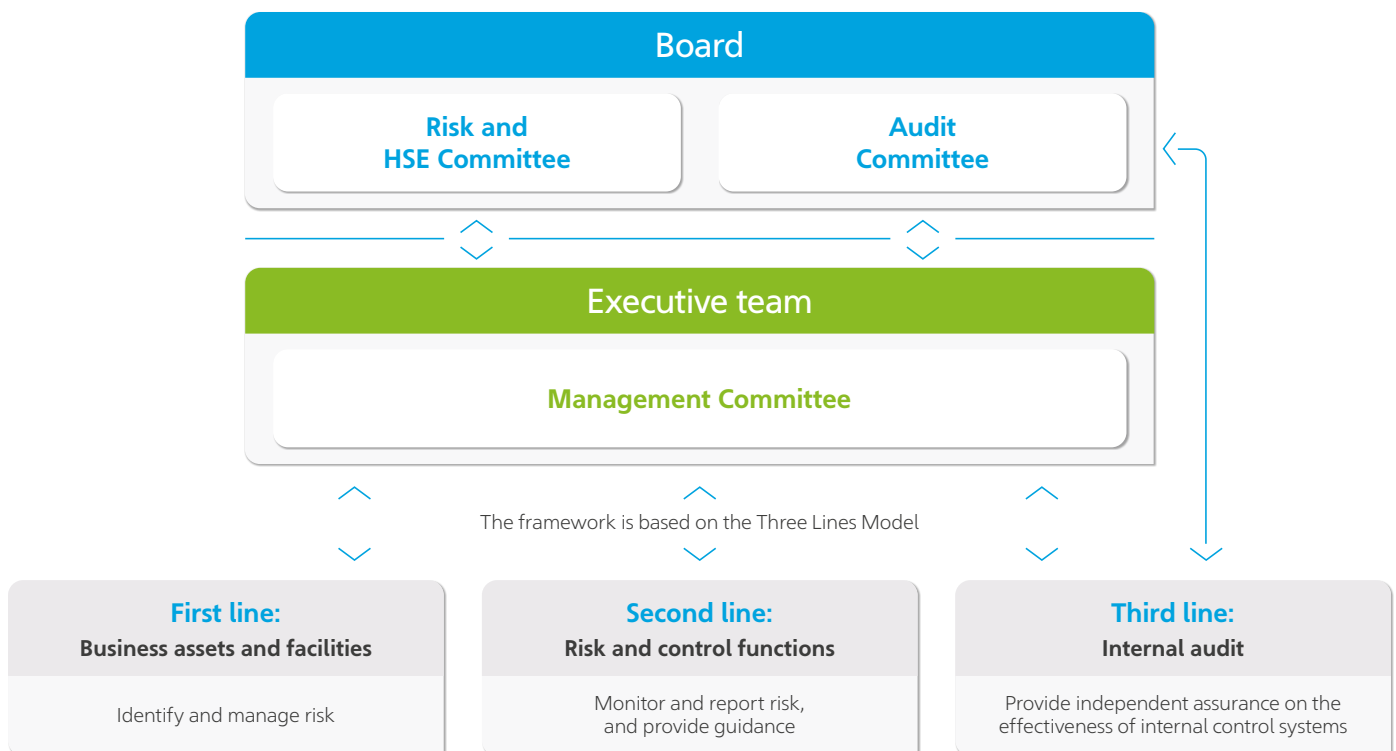
The Board of Directors provides risk oversight as a component of its strategic leadership. The Risk and HSE Committee of the Board oversees the risk management framework and monitors specific top corporate risks.

The primary role of the Risk and HSE Committee is to monitor overall management of risk and activities relating to health, safety and the environment and to assist the Board of Directors with:

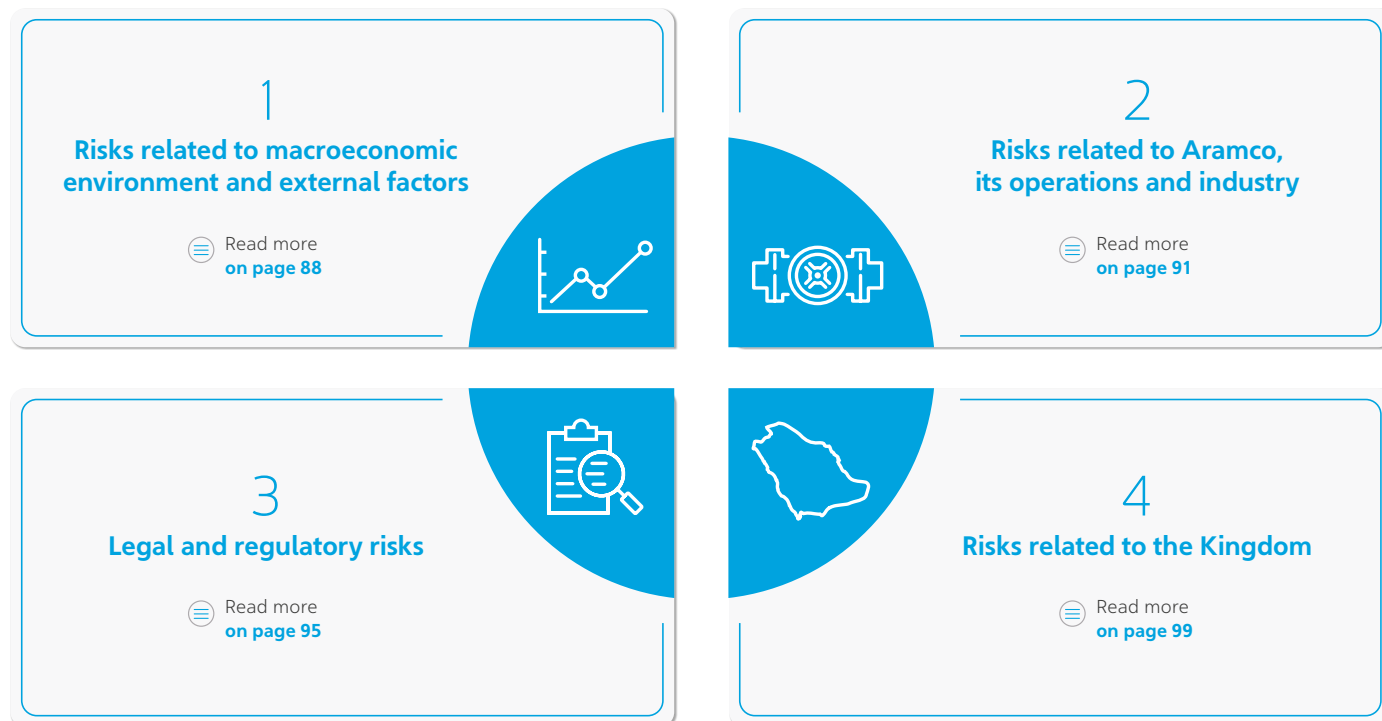
- (i) leadership, direction, and oversight with respect to the Company's risk appetite, risk tolerance, risk framework, and risk strategy;
- (ii) governance and management of strategic, operational, sustainability, and environmental, social and governance (ESG) related risks; and
- (iii) assisting the Board and the Audit Committee, to foster a culture within the Company that emphasizes and demonstrates the benefits of risk management. The Audit Committee focuses on financial risks, including financial reporting and treasury risks, as well as on internal and external compliance.

Aramco's enterprise risk management (ERM) framework follows the Three Lines Model. The operating businesses and support organizations form the first line, as risk owners, and have primary responsibility for identifying and managing their risks. The second line comprises dedicated risk management functions, responsible for monitoring and reporting on risks, and providing guidance to risk owners. Risk management functions include Loss Prevention, Environmental Protection, Information Security, Corporate Emergency Management and Continuity, Corporate Compliance, and Financial Risk Management organizations, as well as the Corporate Enterprise Risk Management group. Internal Audit, as the third line, provides management and the Audit Committee with independent assurance on the effectiveness of internal control systems. Aramco's Global ERM Policy requires subsidiaries and operationally controlled affiliates to manage risks in a structured manner, overseen by their Boards of Directors. Aramco also monitors affiliates' risks and encourages affiliates to apply ERM principles and practices to their management of risks.

Enterprise risk management framework



Principal risk categories



Management-level oversight of the ERM framework is provided by the Management Committee, chaired by the President and CEO. He also chairs the HSSE Committee, which oversees health, safety, security, and environmental risk management; the Strategy Council, which reviews matters of strategic risk; and the Conflicts of Interest and Business Ethics Committee. Various other management-level committees oversee specific risk-related topics, such as the Sustainability Steering Committee and the Information Security Risk Management Steering Committee.

Business risk assessment

The process by which individual organizations identify, assess, mitigate, monitor and report risks to achieve business objectives is integrated into Aramco's annual planning cycle through a system based on ISO 31000 principles and guidelines.

This includes the escalation, as appropriate, of risk ownership through Aramco's organizational levels, resulting in a hierarchy of risks from individual departmental risks to corporate risks. Annually, the Management Committee reviews the composition of the top risks, taking into consideration risks reported from the businesses and a top-down scan for new and emerging risks. The Management Committee is updated quarterly on individual risks, and every year several risks are presented in detail to the Management Committee and the Board's Risk and HSE Committee.

Decision-making

To reduce planning uncertainty and help manage the variability of outcomes, Aramco has embedded risk assessment into its strategic and investment planning. Strategic scenarios are stress-tested, and the investment portfolio is optimized using stochastic risk modeling. Individual projects and investments pass through a gated decision process that includes risk assessments and value assurance reviews.

Risk factors

The following risks, which are identified as material, do not necessarily comprise all the risks affecting Aramco. There may be additional risks that Aramco is currently not aware of, or that Aramco currently believes are immaterial, which may in the future become material or affect Aramco's business, financial position and results of operations, or the market price of the shares. As a result of these and other risks, the forward-looking events and circumstances discussed in this Annual Report might not occur in the way Aramco expects, or at all. All forward-looking statements in this Annual Report should be considered in light of these explanations.

The risks described in this section are not presented in order of priority based on their importance or expected effect on Aramco.

Understanding risks

Risks related to macroeconomic environment and external factors

Aramco's results of operations and cash flow are significantly impacted by international crude oil supply and demand, and the price at which it sells crude oil.

Sales of crude oil are the largest component of Aramco's consolidated revenue and other income related to sales, accounting for 49.1% and 47.0% for the years ended December 31, 2020, and 2021, respectively. Accordingly, Aramco's operations and cash flow results are significantly impacted by the price at which it sells crude oil.

International crude oil supply and demand and the sales price for crude oil are affected by many factors that are beyond Aramco's control, including:

- Markets' expectations with respect to future supply of petroleum and petroleum products, demand and price changes;
- Global economic and political conditions and geopolitical events, including any that impact international trade (including trade routes);
- Decisions regarding production levels by the Kingdom or other producing states (the Kingdom is a member country of OPEC) (see Section 3: Results and performance);
- The impact of natural disasters and public health pandemics or epidemics (such as COVID-19) on supply and demand for crude oil, general economic conditions, and the ability to deliver crude oil;
- The development of new crude oil exploration, production and transportation methods or technological advancements in existing methods, including hydraulic fracturing or "fracking";
- Capital investments of oil and gas companies relating to the exploration, development and production of crude oil reserves;
- The impact of climate change on the demand for, and price of, hydrocarbons (see risk — Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Aramco to incur costs or invest additional capital);
- Changes to environmental or other regulations or laws applicable to crude oil and related products or the energy industry (see risk — Aramco's operations are subject to environmental protection, health and safety laws and regulations, and increased concerns regarding the safe use of chemicals and plastics and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations);
- Prices of alternative energies, including renewable energy;
- The electrification of transportation, technological developments in the cost or endurance of fuel cells for electric vehicles, and changes in transportation-mode preferences, including ride-sharing;
- Weather conditions affecting supply and demand;
- Fluctuations in the value of the U.S. dollar, the currency in which crude oil is priced globally; and
- Crude oil trading activities.

International crude oil prices have fluctuated significantly in the past and may remain volatile. Between January 2016 and December 2021, Brent prices generally fluctuated between \$40.0 and \$70.0 per barrel. However, Brent prices fell below \$20.0 per barrel in mid-March 2020 in response to the impact of the COVID-19 pandemic on worldwide demand for oil and economic activity, as well as other supply and demand factors, and did not recover to above \$60.0 per barrel until February 2021. Fluctuations in the price at which Aramco is able to sell crude oil have previously, and could in the future, cause Aramco's results of operations and cash flow to vary significantly. In addition, decreases in the price at which Aramco is able to sell its crude oil could have a material adverse effect on Aramco's results of operations and cash flow.

The COVID-19 pandemic and its impact on business and economic conditions has had, and is expected to continue to have, negative effects on Aramco's business, financial position, cash flow, results of operations, and price of its securities.

The COVID-19 pandemic and measures taken to combat it continue to have a widespread impact on business and economic conditions, including on the demand for crude oil, natural gas, refined products, and petrochemicals. Public health authorities and governments at local, national, and international levels have, at various times, announced various measures to respond to the pandemic, including restrictions on travel, voluntary or mandatory quarantines, workforce reductions of personnel who are deemed to be nonessential, and the full closure of business activities deemed to be nonessential. These measures have severely impacted economic activity and led to lower demand for crude oil, natural gas, refined products, and petrochemicals. Moreover, the COVID-19 pandemic has resulted in volatility in global capital markets and investor sentiment, which may affect the availability, amount, and type of financing available to Aramco in the future.

In addition to its impact on economic activity, COVID-19 has had, and could continue to have, a direct impact on Aramco's operations. In the Kingdom, public health authorities have taken various measures to combat the spread of COVID-19. For example, in March 2020 a temporary nationwide curfew was introduced, which required Aramco to adjust working hours for some personnel. In addition, the health of some of Aramco's employees has been impacted and some of its personnel have been quarantined. If public health authorities determine that persons suspected of or confirmed to have COVID-19, have spent time at any of Aramco's facilities, Aramco may be required to pause certain operations or close certain facilities for a considerable time. If a significant percentage of Aramco's workforce is unable to work, or if Aramco is required to close facilities because of illness or government restrictions in connection with the COVID-19 pandemic, Aramco's operations may be negatively impacted.

Aramco is not able to predict how long the COVID-19 pandemic will persist, how long the measures that have been introduced to respond to it will be in place, or if additional restrictive measures may be reintroduced. Aramco also cannot predict how long the effects of COVID-19 and the efforts to contain it will continue to impact its business after the pandemic is under control or if additional, more restrictive measures to combat the pandemic will be implemented. These impacts could result in a worsening of the effects of the pandemic on Aramco's business, cash flows, results of operations, and price of its securities. The extent to which COVID-19 could impact Aramco's business depends on future developments that are highly uncertain and are outside of Aramco's control, including new information which may quickly emerge concerning the severity of the virus, the scope of the pandemic, and actions to contain the virus or treat its impact and the efficacy of such actions, among others.

Aramco operates in a highly competitive environment. Competitive pressure could have a material adverse impact on the price at which it sells crude oil and other products.

The sale of crude oil outside the Kingdom is very competitive. Aramco's primary competitors for the sale of crude oil outside the Kingdom include NOCs and IOCs, many of which have substantial crude oil reserves and financial resources. The primary factors affecting competition are the price, quantity, and quality of crude oil produced. Increased competitive pressures could have a material adverse impact on prices at which Aramco can sell crude oil and its regional and global market share.

In addition, outside the Kingdom, Aramco's refineries in its Downstream segment are subject to competition in the geographies to which they sell refined products or petrochemicals. Competitors include, but are not limited to, refineries located in, or in close proximity to, the relevant geographies, and in the case of refineries that are net importers, from other international producers. Operating efficiencies and production costs are key factors affecting competition for refined products and chemicals. Accordingly,

if the operating efficiencies and production costs of Aramco's refineries are not sufficiently competitive in the geographies they serve, Aramco's business, financial position, and results of operations could be materially and adversely impacted.

Climate change concerns and impacts could reduce global demand for hydrocarbons and hydrocarbon-based products and could cause Aramco to incur costs or invest additional capital.

Climate change concerns manifested in government policies, laws and regulations, international agreements and treaties, lawsuits against energy companies, investor pressure, public sentiment, fossil fuel divestment campaigns, and other actions may reduce global demand for hydrocarbons, and may propel a shift toward lower carbon intensity fossil fuels such as gas or alternative energy sources. In particular, increasing pressure on governments, businesses, organizations and individuals to reduce GHG emissions has led to a variety of actions that aim to reduce the use of fossil fuels. This includes, among others, more stringent limitations on GHG emissions, increased energy efficiency standards, mandates for renewable energy and other alternative energy sources, carbon taxes, and emission cap and trade regimes.

The regulatory landscape has been evolving rapidly, and it is difficult to predict the ultimate impact GHG-related laws, regulations, lawsuits, and international agreements will have on Aramco. In the

future, areas in which Aramco operates that are not currently subject to GHG regulation may become regulated and existing GHG regulations may become more stringent. Existing and future climate change concerns and impacts could also shift demand to other fuels and reduce demand for hydrocarbons and hydrocarbon-based products.

In addition, international agreements to limit or reduce GHG emissions are currently in various stages of implementation. For example, the Paris Agreement became effective in November 2016, and many countries that ratified the Paris Agreement are adopting domestic measures, referred to as nationally determined contributions, to meet its goals, which include reducing their use of fossil fuels and increasing their use of alternative energy sources. In addition, at the United Nations' 26th Conference of the Parties (COP26), diplomats from almost 200 countries agreed in the Glasgow Climate Pact to accelerate development and deployment of clean power generation, increase

carbon-cutting commitments, and phase down the use of coal. A reduction in demand for hydrocarbons and hydrocarbon-based products could have a material adverse effect on Aramco's business, financial position, and results of operations.

Furthermore, many companies have announced net-zero commitments that contemplate significant reductions and offsets of GHG emissions over a specified period of time. In line with the Kingdom's announced commitments and the Saudi Green Initiative (SGI) Forum, Aramco announced its ambition to achieve net-zero Scope 1 and Scope 2 greenhouse gas emissions across its wholly-owned operated assets by 2050, which in turn will help support the Kingdom's own 2060 net-zero goal. If Aramco does not meet its announced net-zero targets, or if Aramco's efforts do not meet increasing societal or stakeholder expectations and standards, Aramco's reputation, employee retention, and business may be negatively impacted.

Terrorism and armed conflict may materially and adversely affect Aramco.

Aramco's facilities have been targeted by terrorist and other attacks. For example, in March 2021, the Riyadh refinery was subject to an attack by unmanned aerial vehicles. The incident did not have any impact on Aramco's supply of refined products to its customers. In September 2019, the Abqaiq facility and the Khurais processing facility were subject to attack by unmanned aerial vehicles and missiles. Abqaiq is Aramco's largest oil processing facility. The Khurais field is one of Aramco's principal oil fields. These attacks resulted in the temporary suspension of processing at Abqaiq and Khurais. As a

result, overall crude oil production and associated gas production were reduced and Aramco took a number of actions to minimize the impact of lower Arabian Light and Arabian Extra Light production by tapping into Aramco's inventories located outside the Kingdom and swapping grades of deliveries to Arabian Medium and Arabian Heavy.

In addition, in May and August 2019, the East-West Pipeline and the Shaybah field, respectively, were targeted by unmanned aerial vehicle attacks. These attacks resulted in fires and damage to the

processing and cogeneration infrastructure at the Shaybah NGL facility. Furthermore, since 2017, areas of the Kingdom have been subject to ballistic missile and other aerial attacks from Yemen, including areas of the Kingdom where Aramco has facilities or operations. Any additional terrorist or other attacks could have a material adverse effect on Aramco's business, financial position, and results of operations which could cause Aramco to expend significant funds.

Risks related to Aramco, its operations and industry

Aramco exports a substantial portion of its crude oil and refined products to customers in Asia, and adverse economic or political developments in Asia could impact its results of operations.

Aramco exports a substantial portion of its crude oil and refined products to customers in Asia. In 2021, customers in Asia, including Aramco's affiliated refineries located in Asia, purchased 81% of its crude exports and 55% of its total crude production.

In addition, Aramco expects to export additional crude to Asia as new downstream assets in Asia commence operations.

Aramco expects crude exports to customers in Asia to continue to constitute a significant percentage of its total export

and production volumes. Furthermore, the refined, chemical and petrochemical products that are produced at Aramco's joint ventures and international operations in Asia are generally sold locally and exported to other Asian countries. Since early 2020, economic conditions in Asia have been significantly impacted by the outbreak of COVID-19. If there is a prolonged slowdown in economic growth in the future, an economic recession, or other adverse economic or political development in Asia, Aramco may experience a material reduction in demand for its products by

its customers located in the region. Moreover, any such development in other parts of the world, including political and social instability or armed conflict in the Middle East and North Africa (MENA) region, may result in other producers supplying surplus capacity to Asia, thereby increasing competition for customers in Asia and affecting the prices at which Aramco sells its products to customers there. A significant decrease in demand for Aramco's products in Asia could have a material adverse effect on its business, financial position, and results of operations.

Aramco is subject to operational risks and hazards that may have a significant impact on its operations or result in significant liabilities and costs.

Aramco is subject to operational risks common in the oil and gas industry, including:

- Crude oil or gas spills, pipeline leaks and ruptures, storage tank leaks, and accidents involving explosions, fires, blowouts and surface cratering;
- Power shortages or failures;
- Mechanical or equipment failures;
- Transportation interruptions and accidents;
- Tropical monsoons, storms, floods, and other natural disasters (including weather conditions associated with climate change); and
- Chemical spills, discharges, or releases of toxic or hazardous substances or gases.

These risks could result in damage to, or destruction of, Aramco's properties and facilities, death or injury to people, and harm to the environment, which could have a significant impact on its operations or result in significant liabilities and remediation costs. In addition, Aramco is not insured against all risks, and insurance in connection with certain risks and hazards may not be available (see risk — Aramco could be subject to losses from risks related to insufficient insurance). To the extent a subcontractor was responsible for the damage, Aramco's recourse to the relevant subcontractor may be limited by contract or the financial viability of such subcontractor. Such occurrences could also interrupt Aramco's operations, delay Aramco's projects or damage its reputation, which could have a material adverse effect on its business.

Furthermore, the majority of Aramco's assets are located in the Kingdom and it relies heavily on a cross-country pipeline system and terminal facilities to transport crude oil and products through the Kingdom. Aramco also depends on critical assets to process its crude oil, such as the Abqaiq facility, which is its largest oil processing facility and processes a significant amount of Aramco's daily produced crude oil. The East-West Pipeline, the Shaybah NGL facility, the Abqaiq facility, and the Khurais processing facility have been subject to attacks within the last few years. If Aramco's critical transport systems or processing facilities were subject to significant disruption, it could have a material adverse effect on Aramco's business, financial position, and results of operations (see risk — Terrorism and armed conflict may materially and adversely affect Aramco).

Estimates of proved hydrocarbon reserves depend on significant interpretations, assumptions, and judgments. Any significant deviation or changes in existing economic and operating conditions could affect the estimated quantity and value of Aramco's proved reserves.

Aramco's reserve estimates conform to the SPE-PRMS definitions and guidelines, which are internationally recognized industry standards. Aramco's and D&M's estimates of the quantity of Aramco's proved hydrocarbon reserves depend on significant interpretations, assumptions and judgments relating to available geological, geophysical, engineering, contractual, economic and other information, and take into account existing economic and operating conditions and commercial viability as at the date the reserve estimates are made.

There can be no assurance that the interpretations, assumptions and judgments utilized by Aramco to estimate proved reserves, or those utilized by D&M for the purposes of preparing its certification letter, will prove to be accurate. Any significant deviation from these interpretations, assumptions or judgments could materially affect the estimated quantity or value of Aramco's proved reserves. In addition, these estimates could change due to new information from production or drilling activities, changes in economic factors, including changes in the price of hydrocarbons, changes to laws,

regulations, the terms of the Concession or other events. Further, declining hydrocarbon prices may cause certain proved reserves to no longer be considered commercially viable, which could result in downward adjustments to Aramco's estimates of Aramco's proved reserves, impairment of Aramco's assets, or changes to Aramco's capital expenditures and production plans. Moreover, proved reserves estimates are subject to change due to changes in published rules or changes in guidelines. Any material reduction in the quantity or value of Aramco's proved reserves could adversely affect Aramco's business.

The independent third-party certification letter does not cover the entirety of the Kingdom's estimated reserves.

Aramco retained independent petroleum consultants, D&M, to independently evaluate, as at December 31, 2019, reservoirs Aramco believes accounted for approximately 85% of its proved oil reserves to which it has rights under the Concession and remain to be produced after December 31, 2019, but before December 31, 2077 (the end of the initial 40-year term of the Concession plus the first 20-year extension). Aramco chose this

scope because of the overall scale of the Kingdom's reserves and the concentration of deposits in the major reservoirs that were assessed. Further independent assessment of the Kingdom's smaller reservoirs would have taken several years to complete. D&M's reserves estimation of 214.2 billion barrels of oil equivalent reserves for the reservoirs it evaluated was within 1% of Aramco's internal estimation for the same reservoirs for

the same Concession time period. There is no independent third-party certification letter with respect to the balance of the Kingdom's proved oil equivalent reserves or as at a more recent date than December 31, 2019. Any material deviation in the quantity of proved reserves could have a material adverse effect on Aramco's financial position.

Aramco could be subject to losses from risks related to insufficient insurance.

Aramco insures against risk primarily by self-insuring through its captive insurance subsidiary, Stellar, which provides insurance exclusively to Aramco. Aramco also obtains insurance in certain areas from third-party providers in excess of the coverage provided through Stellar.

Aramco does not insure against all risks and its insurance may not protect it against liability from all potential events, particularly catastrophic events such as

major crude oil spills, environmental disasters, terrorist attacks, or acts of war. In addition, it does not maintain business interruption insurance for disruptions to its operations, and certain of its operations are insured separately from the rest of its business. Furthermore, there can be no assurance that Aramco can continue to renew its existing levels of coverage on commercially acceptable terms, or at all. As a result, it could incur significant losses from uninsured risks or

risks for which its insurance does not cover the entire loss. Any such losses could have a material adverse effect on Aramco's business, financial position, and results of operations.

Aramco's ability to achieve its strategic growth objectives depends on the successful delivery of current and future projects.

Aramco's ability to achieve its strategic growth objectives depends, in part, on the successful, timely, and cost-effective delivery of capital projects carried out by Aramco, or by it along with joint venture or affiliate partners. Aramco faces numerous challenges in developing such projects, including:

- Fluctuations in the prices for hydrocarbons, which may impact its ability to finance its projects from its cash flow from operating activities or make projects less economically feasible or rendered uneconomic;
- Making economic estimates or assumptions based on data or conditions, including crude oil and gas price assumptions, which may change;
- Constraints on the availability and cost of skilled labor, contractors, materials, equipment and facilities;

- Its ability to obtain funding necessary for the implementation of the relevant project on terms acceptable to it, or at all;
- Difficulties in obtaining necessary permits, complying with applicable regulations and changes to applicable laws or regulations;
- Difficulties coordinating multiple contractors and subcontractors involved in complex projects; and
- Undertaking projects or ventures in new lines of business in which Aramco has limited or no prior operating experience.

These challenges have led and could lead to delays in the completion of projects and increased project costs. If projects are delayed, cost more than expected, or do not generate the expected return, Aramco's operations and expected levels of production could be impacted. These occurrences could result in Aramco reviewing and recognizing impairments

on its projects, assuming liabilities of joint venture or affiliate partners or other consequences, any of which could have a material adverse effect on Aramco's business, financial position, and results of operations.

In addition, many of Aramco's projects require significant capital expenditures. If cash flows from operating activities and funds from external financial resources are not sufficient to cover Aramco's capital expenditure requirements, Aramco may be required to reallocate available capital among its projects or modify its capital expenditure plans, which may result in delays to, or cancellation of, certain projects or deferral of certain capital expenditures. Any change to Aramco's capital expenditure plans could, in turn, have a material adverse effect on Aramco's growth objectives and its business, financial position and results of operations.

Aramco's historical results of operations may not be easily compared from year to year.

In recent years, the Government has adopted a number of changes to the fiscal regime under which Aramco operates. These changes have a material impact on Aramco's results of operations and make its consolidated financial statements for certain periods less comparable, particularly with respect to revenue and

other income related to sales, royalties, other taxes, income taxes, and zakat. Accordingly, Aramco's historical results of operations are not necessarily determinative of its likely future cash flows, results of operations, or rate of growth, and its past performance should not be relied upon as an indication of its

future performance. For a more detailed discussion of the fiscal regime changes and their effect on Aramco's consolidated financial statements, see Section 3: Results and performance, Section 7: Additional financial and legal information, and Section 8: Consolidated financial statements.

Aramco may not realize some or all of the expected benefits of recent or future acquisitions, including the SABIC acquisition.

Aramco has engaged in and may continue to engage in acquisitions of businesses, technologies, services, products, and other assets from time to time. Any such acquisition entails various risks, including that Aramco may not be able to accurately assess the value, strengths, and weaknesses of the acquisition or investment targets, effectively integrate the purchased businesses or assets, achieve the expected synergies or recover the purchase costs of the acquired businesses or assets. Aramco may also incur unanticipated costs or assume unexpected liabilities and losses in connection with any business or asset it acquires, including in relation to the retention of key employees, legal

contingencies (such as contractual, financial, regulatory, environmental, or other obligations and liabilities) and risks related to the acquired business and the maintenance and integration of procedures, controls and quality standards. These difficulties could impact Aramco's ongoing business, distract its management and employees and increase its expenses which could, in turn, have a material adverse effect on its business, financial position, and results of operations.

On June 16, 2020, Aramco acquired the PIF's 70% equity interest in SABIC for total consideration of \$69.1 billion. For the acquisition to be successful for Aramco,

Aramco will need to manage its ownership stake in SABIC in a manner which supports the optimization of SABIC's performance. The realization of such benefits may be affected by a number of factors, many of which are beyond Aramco's control. Failure to realize some or all of the anticipated benefits of the acquisition may impact Aramco's financial performance and prospects, including the growth of its Downstream business.

Aramco is exposed to risks related to operating in several countries.

A substantial portion of Aramco's downstream operations is conducted outside the Kingdom. Risks inherent in operating in several countries include:

- Complying with, and managing changes to and developments in, a variety of laws and regulations, including without limitation, with respect to price regulations, data privacy, cybersecurity, human rights, the environment, forced divestment of assets, expropriation of property, and cancellation or forced renegotiation of contract rights;
- Complying with tax regimes in multiple jurisdictions, and the imposition of new or increased withholding or other taxes or royalties;
- The imposition of new, or changes to existing, transfer pricing regulations or the imposition of new restrictions on foreign trade, investment, or travel;
- Adverse changes in economic and trade sanctions, import or export controls, and national security measures resulting in business disruptions, including delays or denials of import or export licenses or blocked or rejected financial transactions;
- Conducting business through a number of subsidiaries, joint operations and joint ventures and challenges implementing Aramco's policies and procedures in such entities; and
- Fluctuations in foreign currency exchange rates.

Operating in several countries also requires significant management attention and resources. The occurrence of any of these risks may be burdensome and could have a material adverse effect on Aramco's business, financial position, and results of operations.

Aramco is dependent on Senior Management and key personnel.

Aramco operates in a competitive environment, and its success depends upon its ability to identify, hire, develop, motivate and retain highly qualified Senior Management and key personnel. Aramco's Senior Management and key personnel may voluntarily terminate their

employment with Aramco or leave their positions due to reasons beyond Aramco's control. If Aramco experiences a large number of departures of its oil and gas experts in a relatively short period of time, attracting and retaining a sufficient number of replacement personnel may

be challenging. If Aramco is unable to hire and retain Senior Management and key personnel with requisite skills and expertise, it could have a material adverse effect on Aramco's business, financial position, and results of operations.

Aramco's operations are dependent on the reliability and security of its IT systems.

Aramco relies on the security of critical information and operational technology systems. Cyber incidents may negatively impact these or other functions, and particularly in relation to industrial control systems, may result in physical damage, injury or loss of life, and environmental harm. Aramco's systems are a high-profile target for sophisticated cyberattacks by nation-states, criminal hackers and competitors, and Aramco routinely fends off malicious attempts to gain unauthorized systems access.

However, there is a risk that determined attackers with access to the necessary resources could successfully penetrate Aramco systems. Attempts to gain unauthorized access to Aramco networks have been successful in the past, including a 2012 cyberattack in which Aramco resorted to manual procedures for certain nonoperational related matters while the breach was contained. To date, none of these attempts have been material to Aramco's financial performance or reputation. Nonetheless, the nature and

breadth of any potential future cyberattack remain unknown, and remote work arrangements in response to the outbreak of COVID-19 may increase the risk of cybersecurity incidents, data breaches or cyberattacks. Such incidents could result in significant costs, including investigation and remediation expenses, regulatory scrutiny, legal liability and the loss of personal or sensitive business or third-party information, and could have a material adverse effect on Aramco's operations and reputation.

Legal and regulatory risks



Aramco is and has been subject to litigation, including with respect to international trade litigation, disputes, or agreements, and may be subject to additional litigation in the future.

Aramco is and has been subject to significant litigation, primarily in the United States and the Kingdom. Some of the most significant U.S. litigation has involved allegations of violations of antitrust laws arising, in part, from the Kingdom's membership and participation in OPEC. Such antitrust litigation sought extensive relief, including treble damages, divestiture of assets in the United States, and disgorgement of profits. If granted, this relief could have had a material adverse impact on Aramco.

In addition, increasing attention on climate change risks may result in increased litigation against Aramco and its affiliated companies. Claims relating to climate change matters have been filed against companies in the oil and gas industry by private parties, shareholders, public interest organizations, state attorneys general, cities, and other localities, especially in the United States and Europe. In certain cases, the lawsuits demand that the defendants pay financial amounts as compensation for alleged past and future damages resulting from climate change. Other lawsuits seek court orders requiring energy companies to reduce the GHG emissions associated with their businesses and products.

Furthermore, oil and gas companies have been subject to a growing number of lawsuits alleging damages from the companies' contributions to climate change, failure to protect the environment from the effects of their operations, concealing information about the consequences of the use of their products on climate change, misleading the public by engaging in greenwashing and similar matters. Motiva, a U.S. affiliate of Aramco that engages in refining and other activities in the United States, has been named in several of these lawsuits, and Aramco and its affiliated companies may be named in similar lawsuits in the future.

To date, the OPEC-related antitrust lawsuits have been dismissed on the basis of various sovereign defenses under U.S. law, including the political question and the act of state doctrines, sovereign immunity under the Foreign Sovereign Immunity Act (FSIA) and other legal defenses. However, there is no assurance that Aramco will prevail on the basis of these defenses in the future in connection with OPEC-related or other lawsuits, and Aramco and its affiliated companies could be subject to similar claims elsewhere in the future where it may not have similar defenses. In addition, there is a risk that laws could be enacted in the future that would expressly remove or weaken certain sovereign defenses, including sovereign immunity under FSIA with respect to certain claims.

Litigation could result in substantial costs (including civil or criminal penalties, or both, damages or the imposition of import trade measures) and require Aramco to devote substantial resources and divert management attention, any of which may have a material adverse effect on its business, financial position and results of operations.

Moreover, exports of crude oil, refined products, and petrochemicals by Aramco or its affiliates to foreign countries may be affected by litigation, regulatory actions, investigations, disputes or agreements that lead to the imposition of import trade measures, including anti-dumping and countervailing duties, safeguard measures, import licensing and customs requirements, and new or increased tariffs, quotas or embargoes. The possibility and effect of any such measures will depend on the laws governing the foreign country to which the applicable products are being exported and applicable international trade agreements. Foreign countries may take such measures for political or other reasons, including reasons unrelated to Aramco's actions

or operations. Since the majority of Aramco's products are exported, any such measures may have a material adverse effect on Aramco's business, financial position, and results of operations.

In addition, the Kingdom is a party to international trade agreements, such as World Trade Organization agreements that include commitments by the Kingdom with respect to the composition of its laws, regulations and practices that impact international trade. The Kingdom may become a party to other such agreements in the future. Compliance by the Kingdom with any such commitments may directly or indirectly impact Aramco and could cause it to alter its operations in a manner that is costly or otherwise has a material adverse effect on its business, financial position, or results of operations. If the Kingdom fails to comply with these commitments, Aramco's business operations could be exposed to scrutiny, and Aramco or its affiliates' exports could be subject to potential remedial measures, such as duties, which could have a material adverse effect on Aramco's business, financial position and results of operations.

Additionally, from time to time, Aramco has been subject to and remains subject to, claims for title to land on which it conducts drilling and other operations. For example, in the case of *Al-Qarqani et al. v. Arabian American Oil Company*, which has now been dismissed for lack of jurisdiction, petitioners sought to enforce against Aramco a USD \$18.0 billion arbitral award granted by an arbitral tribunal in Egypt with respect to certain land title claims.

Further, Aramco's investors could assert claims against it and its Directors and Senior Executives alleging breaches of applicable laws and regulations or other legal theories.

Aramco operates in a regulated industry and its business may be affected by regulatory changes.

The oil and gas industry in the Kingdom is a regulated industry. Any change in the Kingdom's laws, regulations, policies or practices relating to the oil and gas industry could have a material adverse effect on Aramco's business, financial position, and results of operations. In addition, although the Concession provides for an initial period of 40 years, which will be extended by the Government for 20 years provided

Aramco satisfies certain conditions commensurate with current operating practices (and may be amended and extended for an additional 40 years thereafter subject to Aramco and the Government agreeing on the terms of the extension), there is no assurance that the Government will not revoke the Concession in whole or in part or adversely change Aramco's rights in respect of the Concession, which would

have a significant effect on Aramco's business, financial position, and results of operations. Furthermore, if the Kingdom were to take additional actions under its regulatory powers or change laws, regulations, policies or practices relating to the oil and gas industry, Aramco's business, financial position, and results of operations could be materially and adversely affected.

Violations of applicable sanctions and trade restrictions, as well as anti-bribery and anti-corruption laws, could adversely affect Aramco.

Aramco currently conducts business and could in the future decide to take part in new business activities in locations where certain parties are subject to sanctions and trade restrictions, as well as anti-bribery and anti-corruption laws, imposed by the United States, the United Kingdom, the European Union, and other sanctioning bodies. Laws and regulations governing sanctions, trade restrictions, bribery, and corruption are complex and are subject to change.

There can be no assurance that Aramco's corporate governance, compliance, and ethics policies and procedures (including with respect to sanctions and trade restrictions, anti-bribery and anti-corruption) will protect it from the improper conduct of its employees or business partners, which conduct could result in substantial civil or criminal penalties. If Aramco were to be sanctioned in the future, as a result of its transactions with other parties or

for any other reason, such sanctions could result in asset freezes against Aramco, restrictions on investors trading securities issued by Aramco or other adverse consequences. Such penalties or sanctions could have a material adverse effect on Aramco's business and financial position.

Aramco is required to obtain, maintain, and renew governmental licenses, permits, and approvals in order to operate its businesses.

The rights granted to Aramco under the Concession represent Aramco's licenses, permits, and approvals necessary to conduct business in the Kingdom with respect to hydrocarbon operations and related activities. However, Aramco is required to obtain and renew any license, permit, or approval that is required under

the Hydrocarbons Law, GSPR, or with respect to certain other activities unrelated to hydrocarbons operations. There can be no assurance that the relevant authorities will issue any such licenses, permits, or approvals in the time frame anticipated by Aramco, or at all. Any unforeseen failure to renew, maintain

or obtain the required permits and approvals or the revocation or termination of existing licenses, permits and approvals, may interrupt Aramco's operations and could have a material adverse effect on Aramco's business, financial position, and results of operations.

Aramco's operations are subject to environmental protection, health and safety laws and regulations, and increased concerns regarding the safe use of chemicals and plastics and their potential impact on the environment have resulted in more restrictive regulations and could lead to new regulations.

Aramco's operations are subject to laws and regulations relating to environmental protection, health and safety. These laws and regulations govern, among other things, the generation, storage, handling, use, disposal and transportation of hazardous materials, the emission and discharge of hazardous materials, groundwater use and contamination, and the health and safety of Aramco's employees and the communities in which it operates. Compliance with these obligations can result in significant expenditures. If Aramco fails to comply with applicable laws and regulations, it could be subject to fines or the partial or total shutdown of related operations. Aramco has, from time to time, shut down certain facilities in order to ensure compliance with applicable laws and regulations. In addition, a stricter interpretation of existing laws and regulations, any changes in these laws and regulations, or the enactment of new laws and regulations may impose new obligations on Aramco or otherwise adversely affect Aramco's business, financial position, and results of operations.

Aramco may also (i) incur significant costs associated with the investigation, cleanup and restoration of contaminated land, water or ecosystems, as well as claims for damage to property, and (ii) face claims of death or injury to persons resulting from exposure to hazardous materials or adverse impacts on natural resources and properties of others resulting from its operations (including potentially from the transportation of hazardous substances and products, feedstock or chemical pollution). Any such costs or liabilities could have a material adverse effect on Aramco's business, financial position, and results of operations. In particular, in the United States, Motiva and other companies in the petroleum refining and marketing industry historically used MTBE as a gasoline additive. Motiva is a party to pending lawsuits concerning alleged environmental impacts associated with historic releases of MTBE in the United States, many of which involve other petroleum marketers and refiners. Plaintiffs in these MTBE lawsuits generally seek to spread liability among large groups of oil companies and seek substantial damages. Additional lawsuits and claims related to the use of MTBE,

including personal injury claims, may be filed in the future. Motiva could be subject to material liabilities relating to MTBE claims.

Moreover, concerns regarding chemicals and plastics, including their safe use and potential impact on the environment, and how plastics contribute to climate change, reflect a growing trend in societal demands for increasing levels of product safety, less plastic use, environmental protection, and recycling. These concerns have led to more restrictive regulations and could lead to new regulations. They could also manifest themselves in shareholder proposals, delays or failures in obtaining or retaining regulatory approvals, increased costs related to complying with more restrictive regulations, delayed product launches, lack of market acceptance, lower sales volumes or discontinuance of chemicals or plastics products, continued pressure for more stringent regulatory intervention and increased litigation. These consequences could also have an adverse effect on Aramco's business, financial position, results of operations, and reputation.

The mechanism for equalization compensation Aramco receives from the Government in respect of domestic sales of certain hydrocarbons may be changed.

The Concession requires Aramco to meet domestic demand for certain hydrocarbons, petroleum products, and LPGs through domestic production or imports. In addition, pursuant to the Kingdom's regulatory regime, Aramco is required to sell crude oil and certain refined products to third parties in the Kingdom at the Government's regulated prices. The regulated prices for these products have historically generated less revenue for Aramco than if the same products had been sold for export.

Pursuant to an equalization mechanism, the Government compensates Aramco for the revenue it directly forgoes as a result of selling these products in the Kingdom at regulated prices. Under this mechanism, Aramco receives

compensation for the difference between regulated prices and equalization prices in respect of such sales.

Furthermore, in the Kingdom, natural gas prices are regulated by the Government and the price that domestic customers pay is traditionally set by the Council of Ministers. Effective September 17, 2019, the Government implemented an equalization mechanism to compensate Aramco for the revenue it directly forgoes as a result of selling Regulated Gas Products in the Kingdom at Domestic Prices, in the event that the Council of Ministers and the Ministry of Energy do not adjust the Domestic Prices to meet the pricing of the gas projects in order to ensure Aramco receives a commercial rate of return on each project. Under this

mechanism, Aramco receives compensation for the difference between Domestic Prices and Blended Prices in respect of such sales.

No assurance can be given that either equalization mechanism will not be revoked or amended on terms less favorable to Aramco than the existing regime. In addition, in the event that the equalization price is less than the regulated price, in the case of liquids, or the Blended Price is less than the Domestic Price, in the case of natural gas, the difference would be due from Aramco to the Government. Any such event could have a material adverse effect on Aramco's earnings, cash flow, financial position, and results of operations.

Aramco is required to separate its Downstream business into an independent legal entity within a certain time period as a condition of the Government allowing the general corporate tax rate to apply to Aramco's Downstream business.

Effective January 1, 2020, the tax rate applicable to Aramco's downstream activities is, for a five-year period, the general corporate tax rate of 20% that applies to all similar domestic downstream companies under the Income Tax Law, rather than the 50% to 85% multitiered structure of income tax rates that previously applied to domestic oil and hydrocarbon production companies.

In order for the general corporate tax rate to apply to Aramco's Downstream business, Aramco is required to separate its downstream activities (from the oil and other hydrocarbon production activities) into an independent legal entity before December 31, 2024. If Aramco does not comply in separating its Downstream business within this five-year period, Aramco's Downstream business will be

taxed retroactively on an annual basis for such five-year period in accordance with the multitiered tax rates applicable to domestic oil and hydrocarbon production companies. In such case, Aramco will be required to pay the difference in taxes due to the Government, which could adversely affect its financial position.

Risks related to the Kingdom

The Government determines the Kingdom's maximum level of crude oil production and target MSC.

The Government determines the Kingdom's maximum level of crude oil production in the exercise of its sovereign prerogative. Accordingly, the Government may in its sole discretion increase or decrease the Kingdom's maximum crude oil production at any time based on its sovereign energy security goals or for any other reason, which may be influenced by, among other things, global economic and political conditions and their corresponding impact on the Kingdom's policy and strategic decisions with respect to exploration, development and production of crude oil reserves.

In order to facilitate rapid changes in production volumes, the Government requires Aramco to maintain MSC in excess of its then current production in accordance with the Hydrocarbons Law and has the exclusive authority to set

MSC. MSC refers to the average maximum number of barrels per day of crude oil that can be produced for one year during any future planning period, after taking into account all planned capital expenditures and maintenance, repair and operating costs, and after being given three months to make operational adjustments. Aramco incurs substantial costs to maintain MSC and has historically utilized a significant amount of this spare capacity. However, there can be no assurance that it will utilize spare capacity in the future. In addition, the Government has decided in the past and may in the future decide to increase target MSC. MSC was 12.0 mmbpd from January 1, 2019, to December 31, 2021. In line with the Government's mandate for MSC to be increased to 13.0 mmbpd, Aramco is proceeding with its plans to gradually

reach the mandated MSC by 2027 through multiple increments.

The Government's decisions regarding crude oil production and spare capacity, and Aramco's costs of complying with such decisions, may not maximize returns for Aramco. For example, Aramco may be precluded from producing more crude oil in response to either a decrease or increase in prices, which may limit its ability to generate additional revenue or to increase its production of downstream products. In addition, a decision to increase the Kingdom's MSC could require Aramco to make significant capital expenditures to build new infrastructure and facilities. Any of these actions could have a material adverse effect on Aramco's business, financial position, and results of operations.

The Kingdom's public finances are highly connected to the hydrocarbon industry.

The Government is expected to continue to rely on royalties, taxes, dividends from Aramco and other income from the hydrocarbon industry for a significant portion of its revenue. Any change in crude oil, condensate, NGL, oil product, chemical and natural gas prices, or other occurrences that negatively affect Aramco's results of operations could materially affect the macroeconomic indicators of the Kingdom, including GDP, balance of payments and foreign trade and the amount of cash available to the Government.

Changes made to the Kingdom's tax regime for hydrocarbon producers and the royalty rate to which Aramco is subject seek to align the fiscal regime to which Aramco is subject with tax and royalty

rates that are customary in other hydrocarbon producing jurisdictions. In addition, pursuant to an equalization mechanism, the Government compensates Aramco for the revenue it directly forgoes as a result of selling crude oil and certain refined products in the Kingdom at regulated prices, which further impacts the Kingdom's cash flow. Effective January 1, 2020, the marginal royalty rates applicable to crude oil and condensate production were modified, the tax rate applicable to Aramco's downstream activities was reduced and the Government expanded the equalization mechanism to include LPGs and certain other products. Moreover, the Government guarantees amounts due to Aramco with respect to hydrocarbon products sales from various

Government and semi-Government entities, and separate legal entities in which the Government has share ownership or control. A shortfall in funding to the Government or a decision to seek more revenue from hydrocarbons may lead the Government to change the fiscal regime to which hydrocarbon producers in the Kingdom, including Aramco, are subject. Any such change could have a material adverse effect on Aramco's business, financial position, and results of operations.

Political and social instability and unrest, and actual or potential armed conflicts in the MENA region and other areas, may affect Aramco's results of operations and financial position.

Aramco is headquartered and conducts much of its business in the MENA region. The MENA region is strategically important geopolitically and has been subject to political and security concerns and social unrest, especially in recent years. For example, since 2011, a number of countries in the region have witnessed significant social unrest, including widespread public demonstrations and, in certain cases, armed conflict, terrorist attacks, diplomatic disputes, foreign military intervention, and a change of government. Armed conflict is currently ongoing in Yemen, Iraq, Syria, and Libya. Such social unrest and other political and security concerns may not abate, may worsen, and could spread to additional countries. Some of Aramco's facilities, infrastructure and reserves are located near the borders of countries that have been or may be impacted. No assurance can be given that these political or security concerns or social unrest will not have a material adverse effect on Aramco's business, financial position, and results of operations.

In addition, the majority of Aramco's crude oil production is exported using international supply routes. In particular, the Strait of Hormuz and the Suez Canal are key shipping routes for Aramco's crude

oil and are located in areas subject to political or armed conflict from time to time. For example, in 2020, there was a missile attack on the Aramco petroleum plant in Jiddah. In May 2019, four oil tankers, including two owned by the National Shipping Company of Saudi Arabia-Bahri, were sabotaged near the Strait of Hormuz, and in July 2019, a British oil tanker was seized by Iranian forces in the Strait of Hormuz. In addition, in April and July 2018, Yemen's Houthi group attacked tankers operated by the National Shipping Company of Saudi Arabia-Bahri off the coast of Yemen. Any political or armed conflict or other event, including those described above, that impacts Aramco's use of the Strait of Hormuz, Suez Canal, or other international shipping routes could have a material adverse effect on Aramco's business, financial position, and results of operations.

Moreover, the majority of Aramco's assets and operations are located in the Kingdom, and accordingly, may be affected by the political, social and economic conditions from time to time prevailing in or affecting the Kingdom or the wider MENA region. Yemen's Houthi group regularly launch drones and missiles into Saudi Arabia. For

example, in February 2021, the Houthi group launched an offensive to seize Marib and targeted oil tankers and facilities. In March 2021, the Houthi group claimed responsibility for several attacks including on a petroleum tank farm at one of the world's largest oil shipping ports. Any unexpected changes in political, social or economic conditions may have a material adverse effect on Aramco, which could in turn have a material adverse effect on Aramco's business, financial position, and results of operations or investments that Aramco has made or may make in the future.

Furthermore, any of the events described above may contribute to instability in the MENA region and may have a material adverse effect on investors' willingness to invest in the Kingdom or companies that are based in the Kingdom.

Aramco's financial position and results of operations may be adversely affected if the Kingdom stops pegging the SAR to the U.S. dollar.

Aramco has determined that the U.S. dollar is its functional currency because a substantial amount of its products are traded in U.S. dollars in international markets. However, many of its operational and other expenses are denominated in SAR, which have been exchanged at a fixed rate to the U.S. dollar in the Kingdom since 1986. If the Kingdom's policy of pegging the SAR to the U.S.

dollar were to change in the future and the SAR were to become stronger relative to the U.S. dollar, Aramco may experience a significant increase in the SAR-denominated costs of its operations. Such an increase could have a material adverse effect on Aramco's business, financial position, and results of operations.

In addition, Aramco pays dividends to the Government, in its capacity as a shareholder of Aramco, in U.S. dollars. If the SAR is no longer pegged to the U.S. dollar and the value of the SAR were to change, Aramco may be required to expend additional cash to fund any dividends. Such changes could have a material adverse effect on Aramco's financial position.

The Government may direct Aramco to undertake projects or provide assistance for initiatives outside Aramco's core business, which may not be consistent with Aramco's immediate commercial objectives or profit maximization.

The Government has directed, and may in the future direct, Aramco to undertake projects or provide assistance for initiatives outside Aramco's core business in furtherance of the Government's macroeconomic, social or other objectives, leveraging Aramco's know-how, resources, and operational capabilities. For instance, the Government has previously directed Aramco to develop and construct large infrastructure projects and provide management, logistical and other technical

assistance for certain Government initiatives. The Concession requires that all Aramco contracts with any Government agency or any arrangement for the furnishing of hydrocarbons, services or otherwise shall be on a commercial basis, and on September 5, 2019, Aramco and the Government entered into a framework agreement to govern the furnishing of services by Aramco to the Government. While these projects and initiatives have generally been of national importance

to the Kingdom and in Aramco's long-term commercial interests, they have often been outside of Aramco's core businesses and have not always been consistent with its immediate commercial objectives or profit maximization. If the Government directs Aramco to undertake future projects other than on a commercial basis, Aramco's financial position and results of operation may be materially and adversely affected.

6

Corporate governance

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Transparency, oversight and accountability

Al-'Ula, Saudi Arabia

The Board of Directors is responsible for the overall management and supervision of the Company, and oversees effective governance, risk, and compliance standards.





Setting high governance standards

The Board of Directors (Board) of the Company acts as an oversight body for Company management, including providing strategic leadership and guidance, as well as assessing opportunities, risks, and risk mitigation controls of the Company. The Board also oversees the Company's governance, risk and compliance regime.

The Chairman of the Board is H.E. Yasir O. Al-Rumayyan. The current members of the Board include high-ranking Saudi Government officials and former senior executives from the international oil and gas, chemical, petroleum refining, petrochemical, and finance industries.

All Directors were elected at the Company's Ordinary Annual General Assembly meeting (AGM) held on July 1, 2021, to serve a three-year term. H.E. Nabeel M. Al-Amudi and Sir Mark Moody-Stuart served as Directors until July 1, 2021.



H.E. Yasir O. Al-Rumayyan



H.E. Dr. Ibrahim A. Al-Assaf



Committee membership key¹

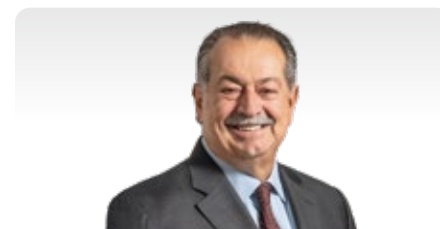
- Committee Chair
- Audit Committee
- Risk and HSE Committee
- Nomination Committee
- Compensation Committee



H.E. Mohammed A. Al-Jadaan



H.E. Mohammad M. Al-Tuwaijri



Mr. Andrew N. Liveris



Ms. Lynn Laverty Elsenhans



Mr. Peter L. Cella



Mr. Mark A. Weinberger



Mr. Stuart T. Gulliver



Mr. Amin H. Nasser



Mr. Khalid H. Al-Dabbagh



1. The Committee membership shown is as of the date of the Annual Report.

H.E. Yasir O. Al-Rumayyan**Chairman****Non-executive Director**

H.E. Yasir O. Al-Rumayyan, 52, is the Chairman of the Board. H.E. Al-Rumayyan has served as a Director of the Company since 2016. Currently, H.E. Al-Rumayyan serves as Governor and Director of the Board of the PIF. He also serves as Chairman of the Board of the Saudi Decision Support Center, as well as a Director on the Boards of Uber Technologies, Inc. and ARM Limited.

H.E. Al-Rumayyan also currently serves in the following capacities:

- Chairman of Aviation Services Company, since 2021;
- Chairman of LIV Golf Investment LTD, since 2021;
- Director of Oil Park Development Company, since 2021;
- Chairman of Newcastle United Football Club, since 2021;
- Director of Red Sea Cruises Company, since 2019;
- Chairman of Golf Saudi, since 2019;
- Vice Chairman of Saudi Information Technology Company (SITE), since 2019;
- Director of NEOM Company, since 2019;
- Director of AMAALA Company, since 2019;
- Chairman of Saudi Arabian Mining Company (Ma'aden), since 2019;
- Director of The Red Sea Development Company, since 2018;
- Vice Chairman of Roshn Real Estate Company, since 2018;
- Director of Qiddiya Investment Company, since 2018;
- Chairman of Noon Investments Company, since 2017; and
- Chairman of Sanabil Investments Company, since 2017.

H.E. Al-Rumayyan has also held the following positions:

- Director on the Board of SoftBank Group Corp. from 2017 to 2020;
- Member of the Board of Governors of the Islamic Development Bank from 2016 to 2020;
- Director of the Saudi Industrial Development Fund from 2016 to 2020;
- CEO and Director of Saudi Fransi Capital LLC from 2011 to 2015;
- Director of the Saudi Stock Exchange (Tadawul) in 2014;
- Director of Corporate Finance and Issuance, CMA from 2008 to 2010; and
- Head of International Brokerage for Saudi Hollandi Bank from 1994 to 2004.

H.E. Al-Rumayyan obtained a B.S. in Accounting from King Faisal University in 1993 and completed a General Management Program at Harvard Business School in 2007.

H.E. Dr. Ibrahim A. Al-Assaf**Deputy Chairman****Non-executive Director**

H.E. Dr. Ibrahim A. Al-Assaf, 73, has served as a Director of the Company since 1999. Currently, H.E. Dr. Al-Assaf serves as a Minister of State of the Kingdom and a member of the Council of Ministers, the Council of Political and Security Affairs, and the Council of Economic and Development Affairs. He also serves as a Director on the Board of the PIF.

H.E. Dr. Al-Assaf has also served in the following capacities:

- Minister of Foreign Affairs from 2018 to 2019;
- Minister of State of the Kingdom from 2016 to 2018;
- Chairman of Sanabil Investments from 2009 to 2017;
- Minister of Finance of the Kingdom from 1996 to 2016;
- Governor of the International Monetary Fund from 1996 to 2016;
- Governor of the World Bank from 1996 to 2016;
- Governor of the Arab Monetary Fund from 1996 to 2016; and
- Governor of the Islamic Development Bank from 1996 to 2016.

H.E. Dr. Al-Assaf earned a Ph.D. in Economics from Colorado State University in 1982, an M.A. in Economics from the University of Denver in 1976 and a B.S. in Economics and Political Science from King Saud University in 1971.

H.E. Mohammed A. Al-Jadaan**Director****Non-executive Director**

H.E. Mohammed A. Al-Jadaan, 58, has served as a Director of the Company since 2018. Currently, H.E. Al-Jadaan serves as the Minister of Finance of the Kingdom and a member of the Council of Ministers. He also serves as a member of the Council for Economic and Development Affairs of Saudi Arabia.

H.E. Al-Jadaan also currently serves in the following capacities:

- Chairman of the Zakat, Tax and Customs Authority, since 2021;
- Chairman of Expenditure & Projects Efficiency Authority, since 2021;
- Chairman of Saudi Authority for Accredited Valuers, since 2021;
- Chairman of the National Center of Government Resources Systems, since 2021;
- Chairman of the General Organization for Social Insurance, since 2020;
- Chairman of the Public Pension Agency, since 2020;
- Member of the Board of Trustees of King Abdullah University of Science and Technology, since 2020;

- Chairman of the National Center for Privatization & PPP (NCP), since 2019;
- Chairman of the National Debt Management Center, since 2019;
- Director of the Saudi Authority for Data and Artificial Intelligence, since 2019;
- Director of King Abdulaziz City for Science and Technology, since 2019;
- Director of the Royal Commission for Riyadh City, since 2019;
- Committee Chairman of the Privatization Program Committee, since 2019;
- Chairman of the Non-Oil Revenue Center, since 2018;
- Chairman of the State Properties General Authority, since 2018;
- Committee Chairman of the Fiscal Sustainability Program Committee, since 2017;
- Committee Chairman of the Financial Sector Development Program Committee, since 2017;
- Committee Chairman of the Fiscal Balance Program Committee, since 2017;
- Director of National Development Fund, since 2017;
- Director of General Authority for Military Industries, since 2017;
- Director of the PIF, since 2016;
- Director of Military Industries Corporation, since 2016;
- Member of the Board of Governors of the Islamic Development Bank, since 2016;
- Member of the Board of Governors of the International Monetary Fund, since 2016;
- Member of the Board of Governors of the World Bank, since 2016;
- Member of the Board of Governors of the Arab Fund for Economic and Social Development, since 2016;
- Member of the Board of Governors of the Arab Monetary Fund, since 2016;
- Member of the Board of Governors of the Arab Bank for Economic Development in Africa, since 2016;
- Member of the Board of Governors of the Asia Infrastructure Investment Bank, since 2016;
- Member of the Board of Governors of the Arab Authority for Agricultural Investment and Development, since 2016; and
- Member of the Board of Governors of the Arab Investment and Export Credit Guarantee Corporation, since 2016.

H.E. Al-Jadaan has also served in the following capacities:

- Acting Minister of Economy and Planning from 2020 to 2021;
- Chairman of the CMA from 2015 to 2016; and
- Co-founder and Managing Partner of Al-Jadaan & Partners Law Firm from 1996 to 2015.

H.E. Al-Jadaan obtained a B.A. in Islamic Shari'a and Islamic Economics from Imam Muhammad bin Saud Islamic University in 1986, and earned a degree in Legal Studies from the Institute of Public Administration, Riyadh in 1998.

H.E. Mohammad M. Al-Tuwaijri

Director
Non-executive Director

H.E. Mohammad M. Al-Tuwaijri, 55, has served as a Director of the Company since 2018. Currently, H.E. Al-Tuwaijri serves as an advisor to the Saudi Royal Court in a Minister rank, a member of the Council for Economic and Development Affairs (CEDA), Vice Chairman of the National Development Fund (NDF), a member of the Strategic Management Committee, a member of the Finance Committee in the Saudi Royal Court, a member of the Supreme Coordination Committee for Crisis Challenges, a Director of the PIF, and a Director of the Royal Commission for Makkah City and Holy Sites (RCMC).

H.E. Al-Tuwaijri also currently serves in the following capacities:

- Director of the Public Pension Agency, since 2020;
- Chairman of the Investment and the Audit Committees of the RCMC Board, since 2019;
- Chairman of the Investment Committee of the PIF Board, since 2019;
- Chairman of the Center for the National Transformation Program, since 2017; and
- Chairman of the Executive Committee of the NDF, since 2017.

H.E. Al-Tuwaijri has also served in the following capacities:

- Supervisor of the National Risk Unit at the Royal Court from 2017 to 2021;
- Minister of Economy and Planning of the Kingdom; member of the Council of Ministers; Chairman of the Standing Committee of CEDA; Chairman of the Board of Directors of the National Project Management, Operation and Maintenance Organization (Mashroat), and the General Authority for Statistics; Secretary General of the National Center for Performance Measurement "Aadaa"; and Director of Saudi Arabian Airlines from 2017 to 2020;
- Chairman of the National Center for Privatization & PPP from 2019 to 2020;
- Chairman of the National Center for Strategic Development Studies from 2016 to 2020;
- Director of the Royal Authority for the City of Riyadh from 2019 to 2020;
- Director of the National Information Center from 2018 to 2020;
- Vice Chairman and Chief Executive Officer of HSBC Middle East, North Africa and Turkey; Regional Head of Global Banking & Markets, HSBC MENA from 2010 to 2016; and
- Managing Director and Chief Executive Officer of J.P. Morgan Saudi Arabia from 2007 to 2010.

H.E. Al-Tuwaijri earned a B.A. from King Faisal Air Academy in 1986 and an MBA from King Saud University in 1998.

Mr. Andrew N. Liveris

Director
Independent Non-executive Director

Mr. Andrew N. Liveris, 67, has served as an independent Director of the Company since 2018. Currently, Mr. Liveris serves as Chairman of the Board of Lucid Motors, Deputy Chairman of the Board of Worley Parsons, and a Director on the Boards of IBM Corporation and Novonix. He also serves as the Chairman of the BlackRock Long Term Private Capital Operating Committee, and on the Board of Trustees of KAUST, the Saudi Foundation Hevolution, and on the Australian Foundation Minderoo. He is an advisor to Teneo and the PIF, and a member of the Advisory Board of Sumitomo Mitsui Banking Corporation (SMBC), NEOM, Salesforce.com, and the Australian government's Industry Growth Centers.

Mr. Liveris has also served in the following capacities:

- Executive Chairman on the Board of DowDuPont Inc. from 2017 to 2018; and
- Chairman, President and CEO of The Dow Chemical Company from 2006 to 2018.

Mr. Liveris obtained a B.S. in Chemical Engineering from the University of Queensland in 1975, graduating with first class honors and awarded the University Medal. He was awarded honorary doctorates in Science from the University of Queensland in 2005, in Commercial Sciences from the University of Central Michigan in 2006, in Engineering from Michigan State University in 2015, and Laws from the Northwood University in 2015.

Ms. Lynn Laverty Elsenhans

Director
Independent Non-executive Director

Ms. Lynn Laverty Elsenhans, 65, has served as an independent Director of the Company since 2018. Currently, Ms. Elsenhans serves as a Director on the Boards of Baker Hughes Company and GlaxoSmithKline plc.

Ms. Elsenhans has also served in the following capacities:

- Director of Baker Hughes, a GE Company from 2017 to 2019;
- Director of Baker Hughes Inc. from 2012 to 2017;
- Director of Flowserve Corporation from 2014 to 2017;
- Director of International Paper Company from 2007 to 2012;
- President and CEO of Sunoco, Inc. from 2008 to 2012, becoming Chairwoman in 2009; and
- Chairwoman of Sunoco Logistics Partners from 2008 to 2012, becoming CEO in 2010.

Ms. Elsenhans obtained a B.A. in Applied Mathematics from Rice University in 1978, and an MBA from Harvard University in 1980.

Mr. Peter L. Cella

Director
Independent Non-executive Director

Mr. Peter L. Cella, 64, has served as an independent Director of the Company since 2018. Currently, Mr. Cella serves as a Director on the Boards of Frontdoor, Inc., Inter Pipeline, and ClockSpring|NRI.

Mr. Cella has also served in the following capacities:

- Director of ServiceMaster Global Holdings from 2017 to 2018;
- President and CEO, and a Director of Chevron Phillips Chemical Company from 2011 to 2017;
- Director of the American Chemistry Council from 2011 to 2017;
- Director of Junior Achievement of Southeast Texas from 2011 to 2017; and
- Senior Vice President for North America Petrochemicals for BASF Corporation from 2006 to 2011.

Mr. Cella obtained a B.S. degree in Finance from the University of Illinois at Urbana-Champaign in 1979, and an MBA from Northwestern University in 1981.

Mr. Mark A. Weinberger

Director
Independent Non-executive Director

Mr. Mark A. Weinberger, 60, has served as an independent Director of the Company since 2020. Currently, Mr. Weinberger serves on the Board of Directors of MetLife, Inc., Johnson & Johnson, and Accelerate Acquisition Company. He is a member on the Board of Trustees for the United States Council for International Business (USCIB), Greater Washington Partnership, The Concord Coalition, Emory University, and Case Western Reserve University. He is a Strategic Advisor to the Board of FCLTGlobal. He is a Senior Advisor to Chief Executives for Corporate Purpose (CECP), Stone Canyon Industries Holdings, Tanium and Teneo. He is an Executive Advisor to G100 and World 50. Mr. Weinberger is on the CEO Advisory Council of JUST Capital Foundation, Inc. In addition, he sits on the Board of Directors of the National Bureau of Economic Research (NBER), the Board of Advisors of American Council of Capital Formation, and is a member of the Economic Strategy Group, a program of the Aspen Institute. Mr. Weinberger is also a member of the Advisory Board of the Liveris Academy for Innovation and Leadership at The University of Queensland.

Mr. Weinberger has also served in the following capacities:

- Global Chairman and CEO of Ernst & Young (EY) from 2013 to 2019 and a Director since 2000, during which time he held a series of roles;
- Director on the Board of U.S. Business Roundtable from 2014 to 2019;

- Director on the Board of Catalyst, Inc. from 2013 to 2019;
- Co-Founder and Principal of Washington Counsel, P.C. (acquired by EY) from 1996 to 2000;
- Partner at Oldaker, Ryan & Leonard from 1995 to 1996;
- Member of the International Business Council at the World Economic Forum;
- Global Agenda Steward for Economic Progress at the World Economic Forum; and
- Chairman of the International Business Leaders Advisory Council (IBLAC).

Mr. Weinberger has also served the U.S. government in the following capacities:

- Member of the President's Strategic and Policy Forum under President Trump in 2017;
- Member of the President's Infrastructure Task Force under President Obama from 2015 to 2016;
- Assistant Secretary of the U.S. Department of Treasury (Tax Policy) in 2001 and 2002;
- Member of the Social Security Administration Advisory Board (appointed by President Clinton) in 2000;
- Chief of Staff to U.S. President Bill Clinton's Bipartisan Commission on Entitlement and Tax Reform in 1994; and
- Chief Tax and Budget Counsel, U.S. Senate to Senator John C. Danforth (R-Missouri) from 1991 to 1994.

Mr. Weinberger obtained a B.A. in Economics from Emory University in 1983. He also earned an MBA and a J.D. from Case Western Reserve University in 1987, and an L.L.M. in Taxation from Georgetown University Law Center in 1991. He has an honorary doctorate from the Kogod School of Business at American University in Washington, DC.

Mr. Stuart T. Gulliver

Director Independent Non-executive Director

Mr. Stuart Gulliver, 63, has served as an independent Director of the Company since 2021. Mr. Gulliver currently serves as a Director on the Boards of the Saudi British Bank, Airport Authority Hong Kong, and Jardine Matheson. He serves on the international advisory council for the Hong Kong Stock Exchange. He also serves as the Chairman for Maggie's Centres.

Mr. Gulliver has also served in the following capacities:

- Group Chief Executive Officer with HSBC Holdings plc from 2011 to 2018;
- Chairman of the Hong Kong and Shanghai Banking Corporation from 2011 to 2018;
- Executive Director of HSBC Holdings plc from 2008 until 2018;
- Executive Director of the Hong Kong and Shanghai Banking Corporation from 2006 to 2018;

- Chairman of HSBC Private Banking Holdings (Suisse) SA from 2010 to 2011, and HSBC France from 2009 to 2012;
- Deputy Chairman of HSBC Trinkaus & Burkhardt AG from 2007 to 2011, and a member of its Supervisory Board from 2006 to 2011;
- Group Managing Director, USA with HSBC from 2004 to 2011;
- Chairman of HSBC Bank plc, and HSBC Bank Middle East Limited, in 2010;
- Chief Executive Officer, Global Banking Markets & Global Asset Management with HSBC from 2006 to 2010;
- Co-head of Corporate Investment Banking and Markets from 2003 to 2006;
- Group General Manager at HSBC from 2000 to 2004;
- Head of Treasury and Capital Markets Asia Pacific for HSBC 1996 to 2002; and
- Joined HSBC as graduate trainee in 1980.

Mr. Gulliver obtained an M.A. in Jurisprudence from the University of Oxford in 1980.

Mr. Amin H. Nasser

Director, President and Chief Executive Officer Executive Director

Mr. Amin H. Nasser, 63, has served as the President and CEO of the Company since 2015. Mr. Nasser has been a Director since 2010. Currently, Mr. Nasser is a member of the International Advisory Board of KFUPM, the Board of Trustees of KAUST, the World Economic Forum's International Business Council (IBC), the Massachusetts Institute of Technology Presidential CEO Advisory Board, and the JP Morgan International Council.

Prior to serving as President and CEO, Mr. Nasser served in a number of leadership positions at the Company, including as Senior Vice President of Upstream from 2007 to 2015, and VP of Petroleum Engineering and Development from 2006 to 2007.

Mr. Nasser obtained a B.S. in Petroleum Engineering from KFUPM in 1982. He also completed the Senior Executive Program at Columbia University in 2002, the Saudi Aramco Global Business Program in 2000, and the Saudi Aramco Management Development Seminar in Washington, D.C. in 1999.

Mr. Khalid H. Al-Dabbagh

Director Non-executive Director

Mr. Khalid H. Al-Dabbagh, 60, has served as Director of the Company since 2021. Currently, Mr. Al-Dabbagh also serves as Chairman of the Board of Directors for Saudi Basic Industries Corporation (SABIC), and Director on the Board of Governors of the GCC Board Directors Institute.

Mr. Al-Dabbagh has also served in the following capacities at Aramco:

- Senior Vice President Finance, Strategy & Development from 2018 to 2021;
- Financial Controller from 2012 to 2018;
- Treasurer from 2010 to 2012;
- Manager of the Business Analysis Department, with Strategy & Marketing Analysis from 2008 to 2010;
- Acting Executive Director of Marketing, Supply and Joint Venture Coordination, 2008;
- Manager of Crude Oil Sales and Marketing, 2008;
- Director of Joint Venture Development and Support from 2006 to 2008;
- President and Chief Executive Officer for Saudi Petroleum International, Inc. in New York from 2003 to 2006; and
- Managing Director for Saudi Petroleum Limited in Tokyo from 2001 to 2003.

Mr. Al-Dabbagh has also previously served as:

- Chairman of the Board of Saudi Aramco Development Company (SADCO) from 2018 to 2021;
- Board member of the Pengerang Refining and Petrochemical (PRefChem) from 2018 to 2020;
- Chairman of the Wisayah Investment Management Company from 2019 to 2021;
- Board Director Sadara Chemical Company from 2015 to 2018;
- Board Director ARLANXEO Holding B.V. from 2016 to 2018;
- Board member of Saudi Aramco Energy Ventures LLC from 2015 to 2018;
- Board member of the Saudi Aramco Entrepreneurship Center from 2014 to 2017;
- Board member of Aramco Trading Company (ATC) and the Chairman of its Board Audit Committee from 2011 to 2013;
- Board Director Saudi Aramco Base Oil Company (Luberef) from 2009 to 2011;
- Board Director Fujian Refining and Petrochemical Company from 2007 to 2009;
- Vice Chairman of Sinopec SenMei Products Company from 2007 to 2009;
- Board member of Showa Shell Sekiyu K.K. from 2007 to 2009; and
- Board member of the Arab Petroleum Pipeline Company (Sumed) from 2000 to 2001.

Mr. Al-Dabbagh obtained a B.S. degree in Industrial Engineering from the University of Toledo in 1985, and has completed a number of executive leadership programs including the Senior Executive Programme at London Business School.

Company and industry insight



Mr. Amin H. Nasser
President and CEO



Mr. Nasir K. Al-Naimi
Senior Vice President, Upstream

Mr. Amin H. Nasser

President and CEO

Please see the Board of Directors' biographies subsection.



Mr. Mohammed Y. Al Qahtani
Senior Vice President,
Downstream



Mr. Ziad T. Al Murshed
Acting Service Line Head, Finance,
Strategy & Development and Acting CFO



Mr. Abdulaziz M. Al Gudaimi
Senior Vice President,
Corporate Development



Mr. Ahmad A. Al Sa'adi
Senior Vice President,
Technical Services



Mr. Nabeel A. Al Mansour
Senior Vice President,
General Counsel and Corporate Secretary



Mr. Nabeel A. Al-Jama'
Senior Vice President,
Human Resources and Corporate Services

Mr. Nasir K. Al-Naimi**Senior Vice President, Upstream**

Nasir K. Al-Naimi was appointed Senior Vice President of Upstream effective April 1, 2021, having served as Business Line Head for the organization since September 2020. Prior to this, he served as Vice President, Petroleum Engineering & Development from 2016 to 2020, and as Vice President, Northern Area Oil Operations from 2012 to 2016.

Mr. Al-Naimi joined the Company in 1980 as an Engineering Aide in the Planning & Administration Services Division before being sponsored to earn his Bachelor of Science degree in Petroleum Engineering from the University of Southern California in 1985.

Upon his return to the Kingdom, he joined Petroleum Engineering's Professional Development Program, working in Zuluf, Marjan, and Manifa Production before moving to Safaniyah Producing Operations in 1993 as Senior Operations Advisor.

Between 1994 and 1997, Mr. Al-Naimi was Superintendent of Oil Operations for Zuluf Offshore Producing Operations, Northern Area Producing Well Services, and Abu Ali Producing Operations. In 1997, he began working with Crude Oil Sales & Marketing and Product Sales & Marketing, a role he held until 2000, when he became Senior Marketing Manager of Gasoline Distillates & Sulfur Marketing.

Mr. Al-Naimi also undertook several assignments as Manager of Product Sales & Marketing before becoming Manager of Marketing Services for Saudi Petroleum International Inc. in New York in December 2001. He returned to the Kingdom in 2003 initially as Manager of the Marine Department, and later as Manager, Mechanical Services Shops in 2004.

In 2007, he was named Manager, Terminals, and took on several acting assignments as Executive Director of Industrial Services. In 2009, he was made General Manager of Southern Area Producing, before being elevated to Executive Director, Pipelines, Distribution & Terminals in 2010.

Mr. Al-Naimi was appointed as Chairman of the Board of Directors of Saudi Aramco Upstream Technology Company LLC (SAUTC) in 2021, having held the position of Vice Chairman since 2016. Previously, he was a Board member of Saudi Aramco Energy Ventures, Saudi Aramco Mobil Refinery Company Limited, and the Arabian Drilling Company.

Mr. Mohammed Y. Al Qahtani**Senior Vice President, Downstream**

Mohammed Y. Al Qahtani is Senior Vice President of Downstream, where he has served since September 13, 2020.

Over the course of his career, Mr. Al Qahtani has demonstrated versatile leadership in roles spanning the corporate, upstream, and downstream sectors. In 2008, he was appointed Chief Petroleum Engineer. In 2009, he assumed the position of Executive Director and then Vice President of Petroleum Engineering & Development, followed by roles as Vice President of Corporate Affairs and Vice President of Corporate Planning. In 2016, Mr. Al Qahtani became a member of corporate management and was named Senior Vice President of Upstream, a position he held until assuming his current role in Downstream.

Mr. Al Qahtani earned a B.S. degree in Petroleum Engineering from KFUPM in 1988, followed by a Master's degree and Doctorate in the same field from the University of Southern California in 1992 and 1996, respectively. He has taken part in several leadership and management training programs, including the IMD Leadership Program in Lausanne, Switzerland, the Saudi Aramco Management Development Seminar in Washington, D.C., the Oil Economies Seminar in London, the Career Development and Training Program in Bahrain, and the Oxford Energy Seminar in London.

In addition to leading the Downstream organization, Mr. Al Qahtani serves as Chairman of Aramco Trading Company, Motiva Enterprises, Saudi Aramco Jubail Refinery Company, and the King Salman Energy City Development Company. He is also a Board member of S-Oil Corporation, as well as Pengerang Refining Company Sdn. Bhd. and Pengerang Petrochemical Sdn. Bhd. (collectively known as PRefChem).

Mr. Ziad T. Al Murshed**Acting Service Line Head, Finance, Strategy & Development and Acting Chief Financial Officer**

Ziad T. Al Murshed has over 22 years of experience in the industry and became Acting Service Line Head for Finance, Strategy & Development effective August 6, 2021. Previously, Mr. Al Murshed had served as the Vice President of Fuels & Lubricants effective February 2021, having served as Vice President of International Operations from September 2019. Mr. Al Murshed had also previously served as Vice President, Downstream Growth & Integration from December 2018 to September 2019.

Prior to December 2018, Mr. Al Murshed served as Executive Director of New Business Development, a position to which he was assigned in June 2018 after being Head of that organization in an acting capacity since April 2017. Prior to his appointment as Acting Head, New Business Development, Mr. Al Murshed was General Manager and Head of Transaction Development with New Business Development, responsible for executing joint ventures, mergers and acquisitions, and divestitures, as well as third-party and other transactions.

Mr. Al Murshed joined the Company in 1991 and started his career as an engineer in Exploration and Producing. He then moved to Downstream in 1998 and assumed several responsibilities covering refining, marketing, and joint venture development and coordination.

From 2005 to 2008, he worked at Ras Tanura Refinery, where he was Superintendent of operations. In 2008, Mr. Al Murshed moved to Corporate Planning, where he was responsible for the Company's five-year business plan.

From 2010 to 2012, he served as Manager of the Yanbu' NGL Fractionation Department. In 2012, he became Manager of Business Analysis in Corporate Planning, later becoming the Director of Economic & Energy Analysis.

From 2013 to 2015, he was the Director of Strategic Planning.

Mr. Al Murshed holds a B.S. degree in Chemical Engineering from Arizona State University, and an MBA from the Sloan School of Management at the Massachusetts Institute of Technology. He is also a graduate of the General Management Program at Harvard Business School.

Mr. Al Murshed was appointed to the Board of Directors of S-Oil as a Director in June 2019. He is also a Board member of SABIC, and Chairman of the Wisayah Global Investment Company.

Mr. Abdulaziz M. Al Gudaimi

Senior Vice President, Corporate Development

Abdulaziz M. Al Gudaimi was appointed Senior Vice President of Corporate Development effective September 13, 2020. Prior to this, he was Senior Vice President of Downstream. Earlier to his appointment in Downstream, he served as the Vice President of Power Systems.

Previously, Mr. Al Gudaimi held similar leadership positions with Chemicals, Corporate Planning, and New Business Development. Prior to this, he was Vice President for Northern Area Oil Operations (NAOO).

Mr. Al Gudaimi began working for SAMAREC in 1983 at the Riyadh Refinery after graduating from KFUPM with a B.S. degree in Petroleum Engineering. He later obtained a M.S. degree in Business Administration from Massachusetts Institute of Technology's Sloan School of Management in 2001.

From April 2004 to June 2006, Mr. Al Gudaimi was President & CEO of Aramco Gulf Operations Company Ltd. (AGOC) in Al-Khafji.

Formerly, Mr. Al Gudaimi was Chairman of the Board of Directors for Aramco Trading Company (ATC), Motiva Enterprises LLC (Motiva), and Pengerang Refining Company Sdn. Bhd. and Pengerang Petrochemical Sdn. Bhd. (collectively known as PRefChem). He also served as a Board Director for S-Oil Corporation and still is Chairman of the Board for ARLANXEO, Saudi Aramco Development Company (SADCO), and Saudi Aramco Total Refining & Petrochemical Company (SATORP), as well as a Board Director of the Royal Commission for Jubail & Yanbu (RCJY).

Mr. Ahmad A. Al Sa'adi

Senior Vice President, Technical Services

Ahmad A. Al Sa'adi was appointed Senior Vice President of Technical Services effective January 2016, after previously serving as the acting Service Line Head for the organization.

In his role, Mr. Al Sa'adi heads Aramco's Engineering Services, Project Management, Information Technology, and Procurement & Supply Chain Management. He also oversees the direction of corporate environmental and occupational health policies and provides guidance to management as to the impact of environmental trends.

In July 2010, Mr. Al Sa'adi became Vice President, Gas Operations, headquartered in 'Udhailiyah, and led a complex organization that consisted of seven gas processing centers.

Prior to this, he was Vice President of Pipelines, Distribution & Terminals, responsible for the transportation of oil, gas, and domestic fuel distribution through bulk plants and air fueling units, and the Kingdom's crude exports through terminals.

Mr. Al Sa'adi held the position of Chief Engineer of Saudi Aramco, and prior to that he was President & CEO of the Aramco Gulf Operations Company Ltd. (AGOC), and Chairman of the Joint Executive Committee of Al-Khafji Joint Operations (KJO), providing policy and direction to KJO.

He has served professionally and in a supervisory capacity domestically and internationally over a multitude of engineering, refining, and project management fields.

Mr. Al Sa'adi joined the Company in 1981 after earning a B.S. degree in Chemical Engineering from KFUPM.

Mr. Al Sa'adi is the Chairman of the Boards of the Sadara Chemical Company, Saudi Aramco Mobil Refinery (SAMREF), and the International Maritime Industries Company (IMIC).

Mr. Nabeel A. Al Mansour

Senior Vice President, General Counsel and Corporate Secretary

Nabeel A. Al Mansour was appointed to the position of General Counsel and Corporate Secretary in May 2016. In 2017, Mr. Al Mansour was also appointed as Senior Vice President.

Mr. Al Mansour began his career with the Company in 1988 as a participant in the College Degree Program for Non-Employees, earning a B.S. degree in Systems Engineering from KFUPM in 1990.

Following participation in the Information Technology Professional Development Program and assignments with Engineering Services, he was selected in 1996 for the Company's Out-of-Kingdom Law Degree Program, through which he earned his Juris Doctor degree with honors in Law from Oklahoma City University in the U.S.

After completion of the bar exam and working for a leading U.S. law firm in New York, Mr. Al Mansour returned to the Kingdom in 2000 and joined the Saudi Aramco Law organization, where he held numerous positions of increasing scope and responsibility. He led the Aramco legal team that supported the development of Sadara Chemicals, and he led a number of legal teams in connection with oil and gas concessions and other investment agreements, including participating in negotiations with various international oil companies (IOCs) for significant investments in Saudi Arabia's non-associated gas sector. He also served as Corporate Secretary to a number of joint venture companies established by Aramco and IOCs.

Mr. Al Mansour served as Associate General Counsel from April 2011 to February 2014, championing a multi-year strategic program in the Law organization, which led to transforming it into a best-in-class international legal organization. He was also responsible for overseeing multiple legal practice areas including litigation, international trade, and project development and finance.

In February 2014, he was appointed Executive Director of Procurement & Supply Chain Management, overseeing the corporate supply chain, contracting activities, and the Company's global materials logistics operations. He was named Vice President of that organization in May 2015 and then, in October 2015, was appointed Deputy General Counsel in Law.

Mr. Nabeel A. Al-Jama'**Senior Vice President, Human Resources and Corporate Services**

Nabeel A. Al-Jama' was appointed Senior Vice President of Human Resources and Corporate Services (HR&CS) effective July 1, 2020, following his service as Vice President of Corporate Affairs, a position he held since 2018.

He was previously Vice President of Human Resources from November 2017, after serving in the Office of the Minister of Energy, Industry and Mineral Resources since June 2016.

Mr. Al-Jama' had previously been appointed Vice President, Pipelines, Distribution & Terminals in May 2015.

Prior to that, Mr. Al-Jama' had been Executive Director, Industrial Services, from January 2012 to January 2015.

He started with the Company in 1980 in the Home Ownership Division, after which he joined the Company's College Degree Program, earning a B.S. degree in 1985 and then an M.S. degree in 1998, both in Community & Regional Planning from KFUPM.

Mr. Al-Jama' returned to the Home Ownership Division in 1985, where he became Supervisor of the Home Ownership Unit in 1993 after serving in a variety of administrative roles.

In 1998, Mr. Al-Jama' became Director of Saudi Aramco Built Government Schools before taking on the role of Administrator, Home Ownership & Community Development, in September 2000. In February 2002, he became Manager, Central Community Services.

During that time, he completed several assignments in diverse organizations within Employee Relations & Training and the Central Community Services Department, as well as roles as acting General Manager of Medical Operations, acting Personnel Director, and acting Executive Director, Community, Buildings & Office Services.

Mr. Al-Jama' was elevated to General Manager, Training & Career Development, in 2006 before being assigned acting Executive Director, Community Services, in 2008. He was permanently assigned as Executive Director, Community Services, in 2009, and in 2012, he moved to Industrial Services. In February 2015, Mr. Al-Jama' transferred to Pipelines, Distribution & Terminals.

Mr. Al-Jama is the Chairman of the Board for the Johns Hopkins Aramco Healthcare Company (JHAH). Until April 2021, he was a Board member of Saudi Aramco Asia Company.

Overseeing our growth and transition

The Company is supervised by a Board consisting of 11 Directors. The Board oversees the management of the Company and is vested with all authority to manage the business of the Company and supervise its affairs. The Board has the power to form any number of committees it deems necessary for effective governance, oversight, and operations of the Company, or to delegate all or some of its authorities to any of the committees, as it deems appropriate. The Capital Market Law, Companies Law and its implementing regulations, and the Bylaws along with the Company's internal governance regulations and policies, outline the duties and responsibilities of the Board.





Each of the Board's 11 Directors was elected at the Company's AGM convened on July 1, 2021, except for the President and Chief Executive Officer who is automatically appointed as a member of the Board, pursuant to the Bylaws. Each Director was elected for a term of three years until June 30, 2024, or until his or her replacement is duly elected. There is no limit on the number of terms that a Director may serve on the Board. Further, on July 1, 2021, H.E. Nabeel M. Al-Amudi and Sir Mark Moody-Stuart departed from the Board and its Committees. On August 5, 2021, the membership of the Audit Committee, Risk and HSE Committee, Nomination Committee, and Compensation Committee were reconstituted.

Board Committees

Currently, the Board has four standing committees: Audit, Risk and HSE, Nomination, and Compensation. Each Committee meets regularly throughout the year, reports its actions and recommendations to the Board, and receives reports from management. All Board Committees have their respective charters that identify each Committee's roles, powers, and responsibilities.

Separate minutes are prepared for each Committee meeting. The primary responsibilities of each Committee are summarized below in each of the respective committee reports or statements, as applicable. Additionally, each Board Committee is chaired by an independent Director.

Board Committees

Board			
Audit Committee	Risk and HSE Committee	Nomination Committee	Compensation Committee
			
Ms. Lynn Laverty Elsenhans , Chair	Mr. Peter L. Cella , Chair	Mr. Andrew N. Liveris , Chair	Mr. Mark A. Weinberger , Chair
Read more on page 117	Read more on page 119	Read more on page 120	Read more on page 121

Independence

The Company's Bylaws set forth requirements concerning the composition of its Board, including that the number of independent Directors must satisfy the minimum requirements of applicable laws and regulations in the Kingdom. Annually, the Board makes an affirmative determination regarding the independence

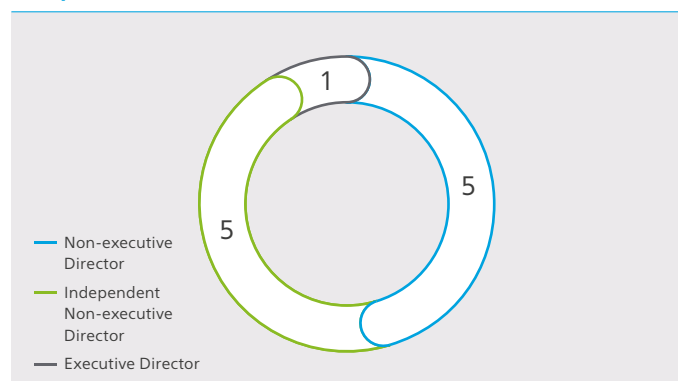
of each Director based upon the recommendation of the Nomination Committee and in accordance with applicable laws and regulations. Applying these standards, the Board has determined that the following five Board members are independent Directors: Mr. Liveris, Ms. Elsenhans, Mr. Cella, Mr. Weinberger, and Mr. Gulliver.

There are no existing conflicts of interest between any duties of any Director toward the Company and the Director's private interests and/or other duties.

The business address of each Director is the registered address of the Company.

Overview of the Board¹

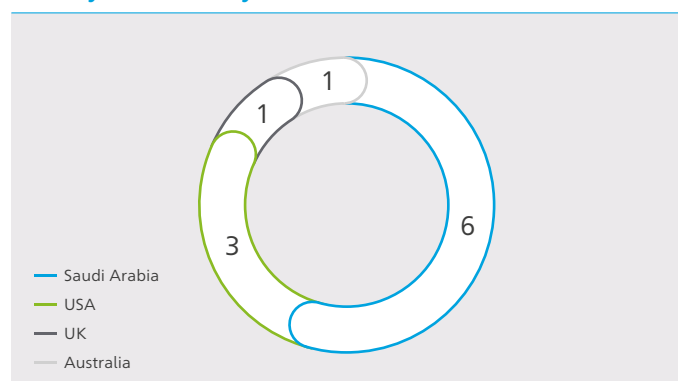
Independence



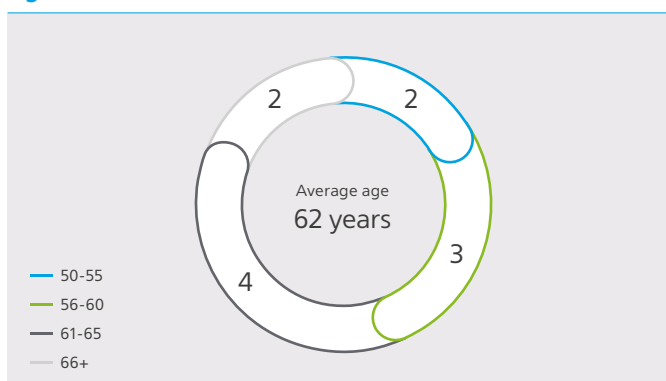
Tenure



Country of nationality



Age



1. All Board statistics are as of March 18, 2022.

Board diversity and composition

The Board values diversity of talent, skills, viewpoints and experience, and believes that Board diversity of all types enhances the performance of the Board and provides significant benefits to the Company. Accordingly, the Nomination Committee considers the diversity of the Board with respect to these categories when reviewing its composition, as well as when nominating new Director candidates.

In its assessment of the Board's composition, the Nomination Committee also considers each Director's professional experience, integrity, honesty, judgment, independence, accountability, willingness

to express independent thought, understanding of the Company's business and other factors that the Nomination Committee determines are pertinent in light of the current needs of the Board. The Nomination Committee also considers each Director's key skills and experience in light of the Company's strategy.

When identifying prospective candidates for the Board, the Nomination Committee considers the criteria described above and seeks individuals with successful leadership experience who have achieved prominence in their primary fields, and whose background demonstrates an understanding of business affairs as well as the complexities of a large, publicly

listed company. In addition, candidates must have demonstrated an ability to think strategically and make decisions with a forward-looking focus, as well as the ability to assimilate relevant information on a broad range of complex topics. Moreover, candidates must have the ability to devote the time necessary to meet a Director's responsibilities.

The following table summarizes certain key characteristics of the Company's businesses and the associated qualifications, skills and experience that the Nomination Committee believes should be represented on the Board.

Business characteristics

- The Company is a complex, globally integrated energy and chemicals company with products sold around the world.
- The Company's businesses are impacted by regulatory requirements and policies of various governmental entities around the world.
- The Company's business is multifaceted and includes operations, transactions and partnerships in many jurisdictions.
- Technology and innovation add significant value to the Company's operations.
- The Company's customers are diverse and located in many countries around the world.
- Demand for many of the Company's products is directly tied to global economic conditions and is heavily influenced by global commodity, energy, construction, and transportation sectors.
- The Board's responsibilities include understanding and overseeing the various risks facing the Company and ensuring that appropriate policies and procedures are in place to effectively manage these risks.
- Environmental performance and sustainable practices are increasingly critical drivers of the Company's strategic plans for long-term value creation.

Qualifications, skills and experience

- Energy industry experience.
- Broad international exposure.
- Government and international trade experience.
- Expertise in audit, tax and global finance.
- Global business leadership, knowledge and experience.
- Engineering, technology, manufacturing and/or other technical knowledge and experience.
- Diversity of race, ethnicity, gender, cultural background or professional experience.
- Experience in the evaluation of global economic conditions.
- Knowledge of key global markets, including commodity, energy, and transportation sectors.
- Risk oversight/management expertise.
- Executive and/or other significant leadership experience.
- Environmental and sustainability expertise.
- Regulatory and/or compliance experience.

Director skills and experience

Financial experience

Brings valuable experience to the Board, including oversight of financial reporting and internal controls.

11



Risk management experience

Aids the Board in its risk oversight and can effectively identify, prioritize, and manage a broad spectrum of risks.

11



Energy and chemicals industry experience

Demonstrates a practical understanding of the energy industry and provides valuable perspective on issues specific to the Company's business.

4



Global business leadership experience

Provides perspective on diverse business environments, customers, and supply chains associated with the Company's global business and strategy.

8



Regulatory, legal, public policy, and government experience

Supports the Board in assessing and responding to evolving legal and regulatory environments.

5



Executive experience

Possesses a deep understanding of organizations and strategy to assist the Board in oversight of the Company's global operations and strategic planning.

8



Technology, innovation, and scientific experience

Assists the Board in overseeing the Company's leadership in technological change and innovation.

3



Board evaluations

The Board conducts an annual self-assessment, alternating between conducting its own assessment and engaging with a third-party consultant to conduct the assessment at least once every three years. Director responses and feedback are reviewed and tracked over time to identify trends and determine appropriate items of focus to enhance the Board's performance. In 2021, the Board conducted its self-evaluation with the Nomination Committee overseeing the process and communication of results to the Board.

2021 Board meeting attendance

In 2021 there were seven Board meetings. There were no meeting attendances by proxy during 2021. Below is a record of attendance at these meetings for each Board member.

Members	Mar 18	Mar 31	May 3	Aug 5 ¹ & 6	Oct 28	Nov 15	Dec 19 & 20
H.E. Yasir O. Al-Rumayyan, Chairman	•	•	•	•	—	•	•
H.E. Dr. Ibrahim A. Al-Assaf, Deputy Chairman	•	•	•	•	•	•	•
H.E. Mohammed A. Al-Jadaan	•	•	•	•	•	•	•
H.E. Mohammad M. Al-Tuwaijri	•	•	•	•	•	—	•
Mr. Andrew N. Liveris	•	•	•	•	•	•	•
Ms. Lynn Laverty Elsenhans	•	•	•	•	•	•	•
Mr. Peter L. Cella	•	•	•	•	•	•	•
Mr. Mark A. Weinberger	•	•	•	•	•	•	•
Mr. Stuart T. Gulliver ²	n/a	n/a	n/a	•	•	•	•
Mr. Amin H. Nasser	•	•	•	•	•	•	•
Mr. Khalid H. Al-Dabbagh ³	n/a	n/a	n/a	•	•	•	•
H.E. Nabeel M. Al-Amudi ⁴	•	•	•	n/a	n/a	n/a	n/a
Sir Mark Moody-Stuart ⁵	•	•	•	n/a	n/a	n/a	n/a

1. The Board held an organizational meeting on August 5, 2021, to reconstitute the Board Committees.

2. Mr. Stuart T. Gulliver was elected to the Board on July 1, 2021.

3. Mr. Khalid H. Al-Dabbagh was elected to the Board on July 1, 2021.

4. H.E. Nabeel M. Al-Amudi departed from the Board and its Committees on July 1, 2021.

5. Sir Mark Moody-Stuart departed from the Board and its Committees on July 1, 2021.

Annual General Meeting of Shareholders

On July 1, 2021, the Company held an AGM. The meeting was held virtually. All of the then serving Board members attended the AGM and the following items were voted upon, and approved by, the shareholders: (i) the 2020 Board of Directors' Report; (ii) the appointment of PricewaterhouseCoopers (PwC) to be the external auditor for the Company for the

10-year period ending March 31, 2031, unless replaced earlier by the shareholders, and determination of their fees for the same 10-year period; (iii) the election of the members of the Board for the next term, which begins on July 1, 2021, for a period of three years ending on June 30, 2024; and (iv) approval of the Company's Competition Standards in accordance with Article 46(3) of the Capital Market Authority's (CMA) Corporate Governance Regulations.

The Company's shareholders play an integral role in the Company's overall governance framework. Pursuant to the CMA's Corporate Governance Regulations, members of the Board are required to attend the Company's General Assembly meetings. At such meetings, shareholders can provide their suggestions and remarks to the members of the Board.

2021 Audit Committee meeting attendance

Members	Mar 17	May 2	Aug 5	Oct 27
Ms. Lynn Laverty Elsenhans, Chair	•	•	•	•
H.E. Mohammed A. Al-Jadaan	•	•	•	•
Mr. Peter L. Cella	•	•	•	•
Mr. Mark A. Weinberger	•	•	•	•
Mr. Stuart T. Gulliver ¹	n/a	n/a	•	•
H.E. Nabeel M. Al-Amudi ²	•	•	n/a	n/a

1. The membership of the Audit Committee was reconstituted on August 5, 2021, to include Mr. Stuart T. Gulliver.

2. H.E. Nabeel M. Al-Amudi departed from the Board and its Committees on July 1, 2021.

The primary role of the Audit Committee is to monitor the Company's affairs and assist the Board and its Directors with oversight of the financial reporting and disclosure process, including oversight of:

- The integrity, effectiveness and accuracy of the Company's consolidated financial statements and reports, and the performance, soundness and effectiveness of the Company's internal controls, audit, financial reporting, and financial risk management systems;
- The qualifications and performance of the Company's internal auditor;
- The qualifications, independence, and performance of the Company's independent external auditor; and
- The Company's compliance with legal and regulatory requirements.

The Audit Committee met four times in 2021. At the Company's 2021 AGM held on July 1, 2021, Mr. Stuart T. Gulliver was elected to the Board. In August, Mr. Gulliver was appointed as a member of the Audit Committee due to his financial expertise.

To enable the Audit Committee to fulfill its role, duties and objectives, the relevant key Company stakeholders and members of management participated in each of the Audit Committee meetings held in 2021 along with the Company's external auditor.

Key stakeholders and various members of management presented and provided input to the Audit Committee on certain matters including the integrity, effectiveness and accuracy of the Company's consolidated financial statements and reports, and the performance, soundness, and effectiveness of the Company's internal controls, audit, financial reporting and financial risk management.

The Audit Committee engages with:

- Management for the preparation and accuracy of the Company's consolidated financial statements;
- Management for the establishment of effective internal controls and procedures to ensure the Company's compliance with accounting standards, financial reporting procedures and applicable laws and regulations;
- The General Auditor for support in discharging the Audit Committee's responsibilities with respect to risk management, financial reporting processes, systems of internal control, and compliance with legal and regulatory requirements; and
- The external auditor in connection with the external auditor's annual audit and quarterly review, as applicable, of the consolidated financial statements.

Based on input and presentations from relevant key stakeholders and members of management, the Audit Committee endorsed several items in 2021 for Board approval, including:

- The 2020 Annual Report;
- The 2020 consolidated audited financial statements;
- The 2021 condensed consolidated interim (quarterly) financial reports; and
- The recommendation for the continued appointment of the Company's external auditor for the fiscal year 2022.

Further, the Audit Committee evaluated and received reports on various key issues including:

- A summary of the Company's internal auditing activities in 2020, covering areas such as assurance activities, advisory engagements, fraud risk management, and certain key initiatives taken during the year;
- Quarterly reports on the Company's ongoing internal auditing activities in 2021;
- A review of the Company's financial risk management activities;
- The activities of the Company's Conflict of Interest and Business Ethics Committee;
- The financial performance in 2020 of the investments to fund the Company's benefit plans;
- A report on significant litigation matters;
- A review of related party transactions;
- A report on the Company's financing strategy;
- A report on the Company's enterprise tax risk management framework;
- A report on the existing governance frameworks of the Company's subsidiaries and affiliates;
- A report on managing enterprise-wide regulatory compliance risks through a global compliance framework; and
- The Company's 2022 global internal audit plan, including the related plan development approach and process.

The Company's General Auditor was present at each of the Audit Committee meetings held in 2021. As part of his presentations to the Audit Committee, the General Auditor reported on the Company's internal auditing activities undertaken during the year. As part of the Audit Committee's review of the 2022 global internal audit plan, the Audit Committee ensured that the plan is aligned with the key risks of the business.

Financial reporting and external audit

Two of the Audit Committee's key responsibilities are to monitor the integrity of the financial statements and to assess the effectiveness of the external auditor.

The Audit Committee has assessed that appropriate accounting policies have been adopted throughout the accounting period and that management has made reasonable estimates and judgments over the recognition, measurement, and presentation of the financial results.

At each of the Audit Committee's meetings in 2021 there were extensive reports and discussions with the external auditor and members of management regarding the financial statements, including detailed analysis of the financial performance and changes in the financial position of the Company, the process to prepare the final financial statements and the related independent review by the external auditor for the first, second and third quarters of the year. At the final meeting of the fiscal year, held on October 27, 2021, the external auditor presented to the Audit Committee members the 2021 External Audit Plan reviewing the process they would undertake to complete the audit of the 2021 annual financial statements. Also, at this meeting, the Audit Committee reviewed the external auditor's performance and independence for 2021 and did not identify any deficiencies.

In 2020, when recommending the appointment of PwC as the external auditor for 2021, the Audit Committee authorized management to engage PwC to perform certain limited other services, to ensure they, as external auditor, remain independent under the Saudi Organization for Chartered and Professional Accountants (SOCPA) standards and under guidance issued by the International Federation of Accountants. The principal limited other services provided by the external auditor in 2021 are related to tax compliance.

At the 2021 AGM, the Company's shareholders appointed PwC for the 10-year period from 2021-2030 up to and including the first quarter of 2031 and until reappointed or replaced by the shareholders. The Audit Committee approved the engagement letter with PwC, setting out the terms and conditions for its service in 2021. At the last meeting of 2021, the Audit Committee approved the terms and conditions for PwC's service in 2022.

If PwC is reappointed, the current global engagement audit partner will continue to act until the conclusion of the fiscal year-end 2023 audit, subject to satisfactory performance and continued engagement of PwC, as external auditor.

Internal controls

The Audit Committee is responsible for reviewing the adequacy and effectiveness of the Company's internal control and financial risk management systems. During the course of the year, the Audit Committee has considered various material controls, including financial, operational and compliance controls, and the Audit Committee is of the opinion that the Company's internal and financial control systems and risk management systems are effective and adequate.

2021 Risk and HSE Committee meeting attendance

Members	Mar 17	May 2	Aug 5	Oct 27
Mr. Peter L. Cella, Chair	•	•	•	•
H.E. Mohammad M. Al-Tuwaijri	•	•	•	•
Mr. Stuart T. Gulliver ¹	n/a	n/a	•	•
Mr. Amin H. Nasser	•	•	•	•
Mr. Khalid H. Al-Dabbagh ¹	n/a	n/a	•	•
H.E. Nabeel M. Al-Amudi ²	•	•	n/a	n/a
Ms. Lynn Laverty Elsenhans ³	•	•	n/a	n/a

1. The membership of the Risk & HSE Committee was reconstituted on August 5, 2021, to include Mr. Stuart T. Gulliver and Mr. Khalid H. Al-Dabbagh.

2. H.E. Nabeel M. Al-Amudi departed from the Board and its Committees on July 1, 2021.

3. Ms. Lynn Laverty Elsenhans is no longer a member of the Risk and HSE Committee as of August 5, 2021.

The primary role of the Risk and HSE Committee is to monitor the Company's overall management of risk and its activities relating to health, safety and the environment (HSE), and to assist the Board with:

- Leadership, direction, and oversight with respect to the Company's risk appetite, risk tolerance, risk framework, and risk strategy;
- Governance and management of strategic, operational, sustainability, and environmental, social and governance (ESG) related risks; and
- Assisting the Board and the Audit Committee, to foster a culture within the Company that emphasizes and demonstrates the benefits of risk management.

The Risk and HSE Committee held four meetings in 2021. During the year, it received updates from Management on routine assessments and reviews that were conducted regarding several corporate risks that the Company is actively managing, including those relating to the pandemic, climate change, cyberattack, major non-industrial incidents, major industrial incidents, compliance and conduct, and mergers and acquisitions. The Risk and HSE Committee also received updates on certain key health, safety and environmental matters that impact or that could potentially impact the Company.

Further, in 2021 the Risk and HSE Committee received updates on the Company's enterprise risk management (ERM) framework, the Company's Operational Excellence (OE) Program, and the Company's sustainability and ESG reporting framework.

The Risk and HSE Committee also received updates on: (i) certain security-related incidents that took place at the Jazan Bulk Plant, and the Company's response to the incidents; and, (ii) an assessment being conducted after certain safety incidents at the PRefChem facility in Malaysia in 2019 and 2020.

In addition, the Risk and HSE Committee reviewed the Company's 2020 performance with respect to safety incidents and with respect to certain health, safety, and environmental metrics and targets. The Risk and HSE Committee also reviewed the Company's quarterly performance for the first three quarters in 2021 with respect to HSE metrics and targets, along with reviewing proposed HSE corporate key performance indicator metrics and targets for 2022.

The Risk and HSE Committee continues to support the Board and the Company by carrying out its duties and responsibilities that include the following:

- Reviewing implementation of strategies and policies for operational, strategic, and ESG-related risk management, and the adequacy and effectiveness of the Company's enterprise risk management framework;
- Reviewing the Company's risk appetite;
- Reviewing the Company's operational, strategic, and ESG-related risks;
- Reporting on major strategic risk exposures and recommending steps to manage these risks to the Board; and
- Reviewing the effectiveness of the Company's policies, programs and practices with respect to safety, health, environment, social, and community relations issues, and making such recommendations to the Board with respect thereto as may be advisable.

The Risk and HSE Committee also carries out the functions and the duties and responsibilities of the Risk Management Committee described in the CMA's Corporate Governance Regulations.

2021 Nomination Committee meeting attendance

Members	Mar 17	Dec 19
Mr. Andrew N. Liveris, Chair	•	•
H.E. Yasir O. Al-Rumayyan	•	•
H.E. Dr. Ibrahim A. Al-Assaf	•	•
H.E. Mohammad M. Al-Tuwaijri	•	•
Mr. Khalid H. Al-Dabbagh ¹	n/a	•
Sir Mark Moody-Stuart ²	•	n/a

1. The membership of the Nomination Committee was reconstituted on August 5, 2021, to include Mr. Khalid H. Al-Dabbagh.

2. Sir Mark Moody-Stuart departed from the Board and its Committees on July 1, 2021.

The primary role of the Nomination Committee is to lead the process of nominating and evaluating members of the Company's Board and to ensure the effectiveness of the Board and the individual Directors. The Nomination Committee also evaluates and makes recommendations with respect to the structure of the Board and composition of the Board's Committees. Further, the Nomination Committee evaluates and recommends to the Board the appointments of individuals (other than Directors) as Company officers, including those proposed to hold the title of vice president or higher. The Nomination Committee also proposes and makes recommendations to the Board with respect to the Company's relevant corporate governance practices and procedures.

The Nomination Committee held two meetings in 2021. In March 2021, the Nomination Committee verified the following with respect to the Directors that were Board members at that time: (i) the independence of five independent Directors; and (ii) the absence of any conflicts of interest. In addition, the

Nomination Committee reviewed and endorsed a proposed process for the 2021 Board and Board Committees' self-assessment process. The Nomination Committee also considered individuals for election as Directors at the Company's 2021 Annual Ordinary General Assembly meeting and endorsed a list of candidates. The Nomination Committee subsequently reviewed and endorsed for the Board's approval competition standards applicable to the Directors, as required by the CMA's Corporate Governance Regulations. Finally, the Nomination Committee endorsed for the Board's approval the appointment of individuals to fill designated Vice President and Senior Vice President roles within the Company.

In December 2021, the Nomination Committee reviewed the proposed 2021 self-assessment process for the Board. In addition, the Nomination Committee reviewed the workshops conducted for the Directors in 2021, and reviewed and endorsed proposed workshops for the Directors in 2022. Further, the Nomination Committee reviewed the Company's succession planning process for Board members.

With respect to the means used by the Board to assess its performance and the performance of its members, the Nomination Committee oversaw the Board's 2021 self-assessment process which was conducted without third-party participation, following the Board's 2020 engagement with a third-party consultant. The self-assessment primarily consisted of responding to the same questionnaire as used in the 2020 engagement and comparing the results to determine any trends in the performance of the Board and its Committees.

2021 Compensation Committee meeting attendance

Members	Mar 17	May 2	Dec 19
Mr. Mark A. Weinberger, Chair ¹	•	•	•
H.E. Yasir O. Al-Rumayyan	•	•	•
H.E. Mohammed A. Al-Jadaan	•	•	•
Mr. Andrew N. Liveris	•	•	•
Ms. Lynn Laverty Elsenhans ²	n/a	n/a	•
Sir Mark Moody-Stuart, Chair ³	•	•	n/a

1. Mr. Mark A. Weinberger was appointed as Chair to the Compensation Committee on August 5, 2021.
2. The membership of the Compensation Committee was reconstituted on August 5, 2021, to include Ms. Lynn Laverty Elsenhans.
3. Sir Mark Moody-Stuart departed from the Board and its Committees on July 1, 2021.

The primary role of the Compensation Committee is to oversee the Company's policy on compensation and its implementation. The Compensation Committee reviews the annual individual compensation plans for Directors and Senior Executives. The Compensation Committee also reviews and approves the annual compensation plans of other Company executives.

The Compensation Committee held three meetings in 2021. Following the AGM in July 2021, Sir Mark Moody-Stuart departed from the Board and its Committees with Mr. Mark A. Weinberger replacing him as Chair of the Compensation Committee, and Ms. Lynn Laverty Elsenhans joining the Compensation Committee.

As part of its regular schedule of activities, the Compensation Committee discussed and evaluated remuneration policies and decisions applicable to the Company's key management personnel, including Directors and Senior Executives. Of note, following a review of Directors' fees amongst oil and gas peers, the Compensation Committee approved that the underlying retainer fee remain unchanged, but to better align with market practice, recommended the introduction of premium payments to those Directors chairing committees, thereby recognizing the additional commitment. Premium payments were subsequently approved at 20% of the retainer fee for the Chairman of the Board, and 10% for all other Board Committee Chairs.

The Compensation Committee made recommendations to the Board on the annual Company-wide compensation plan and associated budget, and approved Director and Senior Executive compensation within the budget approved by the Board. The Compensation Committee also reviewed and endorsed the performance targets for use in variable pay plans and determined the overall performance of the Company for compensation purposes.

Compensation policy

The Company has a shareholder-approved policy which aims to ensure that its Directors and Executives are paid in a manner that promotes sustainable performance and is in the long-term interest of the Company and its shareholders, while attracting, retaining, and motivating the talent it requires to achieve its business goals.

Board remuneration

Table 1 below sets out the remuneration of Board members consistent with the Company's compensation policy and Bylaws.

Table 1: 2021 Board remuneration

	Fixed remuneration						Variable remuneration						End-of-service award	Aggregate amount	Expenses allowance	
	Specific amount	Allowance for attending Board meetings	Total allowance for attending committee meetings	In-kind benefits	Remuneration for technical, managerial and consultative work	Remuneration of the Chairman, Managing Director or Secretary, if a member	Total	Percentage of the profits	Periodic remuneration	Short-term incentive plans	Long-term incentive plans	Granted shares (value)				Total
All amounts in SAR																
Independent Directors																
Mr. Andrew N. Liveris	1,560,739	-	-	5,006	-	-	1,565,745	-	-	-	-	-	-	-	1,565,745	-
Ms. Lynn Laverty Elsenhans	1,560,739	-	-	5,006	-	-	1,565,745	-	-	-	-	-	-	-	1,565,745	-
Mr. Peter L. Cella	1,560,739	-	-	5,006	-	-	1,565,745	-	-	-	-	-	-	-	1,565,745	-
Mr. Mark A. Weinberger	1,560,739	-	-	5,006	-	-	1,565,745	-	-	-	-	-	-	-	1,565,745	-
Mr. Stuart T. Gulliver ¹	1,125,000	-	-	2,503	-	-	1,127,503	-	-	-	-	-	-	-	1,127,503	-
Sir Mark Moody-Stuart ²	323,239	-	-	2,503	-	-	325,742	-	-	-	-	-	-	-	325,742	-
Total	7,691,195	-	-	25,030	-	-	7,716,225	-	-	-	-	-	-	-	7,716,225	-
Non-executive Directors																
H.E. Yasir O. Al-Rumayyan	1,673,239	-	-	5,344	-	-	1,678,583	-	-	-	-	-	-	-	1,678,583	-
H.E. Dr. Ibrahim A. Al-Assaf	1,448,239	-	-	5,344	-	-	1,453,583	-	-	-	-	-	-	-	1,453,583	-
H.E. Mohammed A. Al-Jadaan	1,448,239	-	-	5,344	-	-	1,453,583	-	-	-	-	-	-	-	1,453,583	-
H.E. Mohammad M. Al-Tuwaijri	1,448,239	-	-	5,344	-	-	1,453,583	-	-	-	-	-	-	-	1,453,583	-
Mr. Khalid H. Al-Dabbagh ³	1,031,250	-	-	777	-	-	1,032,027	-	-	-	-	-	-	-	1,032,027	-
H.E. Nabeel M. Al-Amudi ⁴	323,239	-	-	38,106	-	-	361,345	-	-	-	-	-	-	-	361,345	9,750
Total	7,372,445	-	-	60,259	-	-	7,432,704	-	-	-	-	-	-	-	7,432,704	9,750
Executive Directors																
Mr. Amin H. Nasser	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	15,063,640	-	-	85,289	-	-	15,148,929	-	-	-	-	-	-	-	15,148,929	9,750

1. Mr. Stuart T. Gulliver was elected as a member of the Board on July 1, 2021.

2. Sir Mark Moody-Stuart departed from the Board and its Committees on July 1, 2021.

3. Mr. Khalid H. Al-Dabbagh was elected as a member of the Board on July 1, 2021.

4. H.E. Nabeel M. Al-Amudi departed from the Board and its Committees on July 1, 2021.

In accordance with the Company's Bylaws, the Compensation Committee of the Board sets Director remuneration, without exceeding SAR 1.8 million for each member per year. Non-executive/independent members of the Board receive an annual fixed fee, a premium payment for those Directors chairing committees, reimbursement of any travel expenses, and health, welfare, and accommodation benefits for their service. Committee members receive no additional remuneration for their service on Board Committees, other than in the capacity as Chair of any committee. Executive members of the Board are not remunerated for their service as Directors.

Senior Executives remuneration

Table 2 sets out the aggregated remuneration paid to the Company's six highest paid Senior Executives, inclusive of the CEO and CFO positions.

Table 2: Total remuneration paid to the six highest paid executives including CEO and CFO

All amounts in SAR	Fixed remuneration				Variable remuneration						End-of-service award	Total remuneration for Board Executives, if any	Aggregate amount
	Salaries	Allowances	In-kind benefits	Total	Periodic remuneration	Profits	Short-term incentive plans	Long-term incentive plans	Granted shares (value)	Total			
Total	13,484,100	6,758,625	2,642,363	22,885,088	-	-	20,961,515	21,490,477	-	42,451,992	24,004,488	-	89,341,568

The Company's compensation framework for its Senior Executives is designed to provide a balanced compensation package that includes base pay, variable pay and benefits as follows:

- With respect to fixed remuneration, the Company considers the level and demands of the position, including duties and responsibilities, as well as the educational qualifications, practical experience, skills, performance, and seniority of the individual, all within the context of market conditions and pay practices of peers and other relevant companies.
- With respect to variable remuneration, the Company offers variable compensation that is market-aligned and subject to the fulfillment of predefined performance goals. Two key variable pay plans are used: (i) a Short-Term Incentive Plan (STIP), an annual cash-based plan designed to reward performance in three areas (financial, operational, and safety and sustainability); and, (ii) a Long-Term Incentive Plan (LTIP) designed to reward key financial, strategic and environmental/sustainability performance over a three-year period. The values reported for 2021 represent the awarded amount for the 2019 to 2021 performance period.
- Besides pension, savings plan and medical services, benefits are primarily housing-related allowances or equivalent, and transportation-related allowances or equivalent. The nature and levels of benefits for the Senior Executives are periodically reviewed and approved by the Compensation Committee.
- End-of-service awards represent the annual incremental value to the employee of pension provisions and end-of-service severance provisions, all of which are paid post-employment.

Directors' and Senior Executives' shareholdings and holdings in debt instruments

Table 3 illustrates shares held by Directors, their relatives, and changes that occurred during 2021. No Director has any interest in debt instruments issued by the Company or its subsidiaries, and there were no arrangements or agreements by which any of the Directors waived any salary or compensation.

Table 3: Board of Directors' rights to shares or debt instruments

Ownership of Directors

Description of any interest, contractually-based securities and subscription rights of the Directors and their relatives in the Company's/ subsidiaries' shares or debt instruments.

Name of interest holder	Beginning of the year		End of the year		Net change
	Number of shares	Debt instruments	Number of shares	Debt instruments	
H.E. Yasir O. Al-Rumayyan	3,000,000	–	3,000,000	–	–
H.E. Dr. Ibrahim A. Al-Assaf	15,000	–	114,341	–	99,341
H.E. Mohammed A. Al-Jadaan	–	–	–	–	–
H.E. Mohammad M. Al-Tuwaijri	–	–	–	–	–
Mr. Andrew N. Liveris ¹	–	–	–	–	–
Ms. Lynn Laverty Elsenhans ¹	–	–	–	–	–
Mr. Peter L. Cella ¹	–	–	–	–	–
Mr. Mark A. Weinberger ¹	–	–	–	–	–
Mr. Stuart T. Gulliver ^{1,2}	–	–	–	–	–
Mr. Khalid H. Al-Dabbagh ³	235	–	235	–	–
H.E. Nabeel M. Al-Amudi ⁴	–	–	–	–	–
Sir Mark Moody-Stuart ⁵	–	–	–	–	–

Ownership of Directors' relatives⁶

Name of interest holder	Beginning of the year		End of the year		Net change
	Number of shares	Debt instruments	Number of shares	Debt instruments	
Relatives of H.E. Yasir O. Al-Rumayyan	–	–	–	–	–
Relatives of H.E. Dr. Ibrahim A. Al-Assaf	–	–	–	–	–
Relatives of H.E. Mohammed A. Al-Jadaan	–	–	–	–	–
Relatives of H.E. Mohammad M. Al-Tuwaijri	–	–	–	–	–
Relatives of Mr. Andrew N. Liveris ¹	–	–	–	–	–
Relatives of Ms. Lynn Laverty Elsenhans ¹	–	–	–	–	–
Relatives of Mr. Peter L. Cella ¹	–	–	–	–	–
Relatives of Mr. Mark A. Weinberger ¹	–	–	–	–	–
Relatives of Mr. Stuart T. Gulliver ^{1,2}	–	–	–	–	–
Relatives of Mr. Khalid H. Al-Dabbagh ³	4,776	–	3,927	–	(849)
Relatives of H.E. Nabeel M. Al-Amudi ⁴	–	–	–	–	–
Relatives of Sir Mark Moody-Stuart ⁵	–	–	–	–	–

1. Non-Saudi nationals not resident in Saudi Arabia are not allowed to be the registered legal owner of Company shares.

2. Mr. Stuart T. Gulliver was elected as a member of the Board on July 1, 2021.

3. Mr. Khalid H. Al-Dabbagh was elected as a member of the Board on July 1, 2021.

4. H.E. Nabeel M. Al-Amudi departed from the Board and its Committees on July 1, 2021.

5. Sir Mark Moody-Stuart departed from the Board and its Committees on July 1, 2021.

6. The term relatives, as defined under the Corporate Governance Regulations, refers to:

- Fathers, mothers, grandfathers and grandmothers (and their ancestors);
- Children and grandchildren and their descendants;
- Siblings, maternal and paternal half-siblings; and
- Husbands and wives.

Table 4 illustrates shares held by Senior Executives, their relatives, and changes that occurred during 2021. No Senior Executive has any interest in debt instruments issued by the Company or its subsidiaries and there were no arrangements or agreements by which any of the Senior Executives waived any salary or compensation.

Table 4: Senior Executives' rights to shares or debt instruments

Ownership of Senior Executives

Description of any interest, contractually-based securities and subscription rights of the Senior Executives and their relatives in the Company's/subsidiaries' shares or debt instruments.

Name of interest holder	Beginning of the year		End of the year		Net change
	Number of shares	Debt instruments	Number of shares	Debt instruments	
Mr. Amin H. Nasser	6,183	–	7,528	–	1,345
Mr. Mohammed Y. Al Qahtani	18,703	–	19,412	–	709
Mr. Abdulaziz M. Al Gudaimi	17,183	–	18,520	–	1,337
Mr. Ziad T. Al Murshed ¹	–	–	235	–	235
Mr. Ahmad A. Al Sa'adi	16,531	–	17,854	–	1,323
Mr. Nabeel A. Al Mansour	235	–	1,569	–	1,334
Mr. Nabeel A. Al-Jama'	31,538	–	32,873	–	1,335
Mr. Nasir K. Al-Naimi	3,756	–	3,756	–	–

Ownership of Senior Executives' relatives²

Name of interest holder	Beginning of the year		End of the year		Net change
	Number of shares	Debt instruments	Number of shares	Debt instruments	
Relatives of Mr. Amin H. Nasser	58,699	–	23,157	–	(35,542)
Relatives of Mr. Mohammed Y. Al Qahtani	91,087	–	130,152	–	39,065
Relatives of Mr. Abdulaziz M. Al Gudaimi	–	–	–	–	–
Relatives of Mr. Ziad T. Al Murshed ¹	2,013	–	950	–	(1,063)
Relatives of Mr. Ahmad A. Al Sa'adi	5,788	–	6,840	–	1,052
Relatives of Mr. Nabeel A. Al Mansour	9,095	–	–	–	(9,095)
Relatives of Mr. Nabeel A. Al-Jama'	7,165	–	8,036	–	871
Relatives of Mr. Nasir K. Al-Naimi	430	–	285	–	(145)

1. Mr. Ziad T. Al Murshed was appointed Acting Service Line Head, Finance, Strategy & Development and Acting Chief Financial Officer on August 6, 2021.

2. The term relatives, as defined under the Corporate Governance Regulations, refers to:

- Fathers, mothers, grandfathers and grandmothers (and their ancestors);
- Children and grandchildren and their descendants;
- Siblings, maternal and paternal half-siblings; and
- Husbands and wives.

The Company has adopted and implemented certain corporate governance policies and procedures specified in the Corporate Governance Regulations and continues to review and identify additional policies and procedures that it believes are appropriate for a company of its size, structure, and industry. Moreover, the Company has implemented a Code of Business Conduct which provides guidelines to the Directors, Senior Management, employees and contract employees of the Company and its controlled subsidiaries regarding, among other things, health, safety and environmental protection, competition and antitrust, anti-bribery and anti-corruption, international trade controls, insider trading, and compliance with applicable law.

Risk management

The Board routinely assesses the Company's risks that could impact its business model and/or future performance. The Company's risk management framework and risk factors are outlined in Section 5: Risk.

Board of Directors declarations

The Board declares the following:

- The accounting records were properly prepared;
- The system of internal control is sound in design and has been effectively implemented; and
- There are no doubts on the Company's ability to continue business.

Company declarations

SOCPA endorsed IFRS compliant

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) that are endorsed in the Kingdom, and other standards and pronouncements issued by SOCPA. The consolidated financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board (IASB).

Interests in voting shares

There are no interests in any class of voting shares held by persons who have notified the Company of their holdings pursuant to Article 67 of the Rules on the Offer of Securities and Continuing Obligations.

Investments made or any reserves set up for the benefit of employees

All amounts in millions SAR	2021	2020
Pension plans	(1,384)	12,167
Medical and other post-employment benefit plans	42,113	42,040
Net benefit liability	40,729	54,207

For details regarding investments made or any reserves set up for the benefit of employees, refer to Note 21 of the consolidated financial statements contained in Section 8.

Convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted

On December 11, 2019, the Company acquired 117.2 million ordinary shares from the Government for the purposes of issuing them to employees through the Company's share plans. For further details, refer to Notes 16 and 17 of the consolidated financial statements contained in Section 8.

Conversion or subscription rights under any convertible debt instruments, contractually-based securities, warrants or similar rights issued or granted

The Company did not issue or grant any conversion or subscription rights under any convertible debt instruments, contractually-based securities, warrants or similar rights. Refer to the preceding paragraph for disclosure on convertible debt instruments, contractual securities, preemptive right or similar rights issued or granted by the Company.

Redeemable debt instruments

The Company did not redeem, purchase or cancel any redeemable debt instruments.

The Company's requests of shareholders records in 2021

No.	Request date	Request rationale
1	January 7	Shareholder analysis
2	March 14	Shareholder analysis
3	March 24	Dividend distributions
4	May 18	Dividend distributions
5	June 6	Shareholder analysis
6	June 6	Shareholder analysis
7	July 1	Shareholder analysis
8	July 1	Annual General Assembly meeting
9	July 6	Shareholder analysis
10	August 17	Shareholder analysis
11	August 17	Dividend distributions
12	August 29	Shareholder analysis
13	September 30	Shareholder analysis
14	September 30	Shareholder analysis
15	October 7	Shareholder analysis
16	October 7	Shareholder analysis
17	October 7	Shareholder analysis
18	October 7	Shareholder analysis
19	October 20	Shareholder analysis
20	November 8	Dividend distributions
21	December 15	Shareholder analysis
22	December 15	Shareholder analysis
23	December 29	Shareholder analysis

Dividend distribution policy and dividends framework

Pursuant to the Bylaws, the Board has sole discretion to declare dividends with respect to the outstanding shares in accordance with the Company's Dividend Distribution Policy. However, it is under no obligation to do so. The amount and frequency of any dividends will depend on a number of factors, including the Company's historic and anticipated earnings and cash flow, the Company's financial obligations and capital requirements, general economic and marketplace conditions, and other factors deemed relevant by the Board. The Company's expectations in connection with these factors are subject to numerous assumptions, risks and uncertainties, which may be beyond the Company's control.

The Company pays dividends to non-Government shareholders in SAR and to the Government in U.S. dollars. All shares have the same entitlement to any dividends declared by the Board and any dividends are and will be distributed in compliance with applicable tax laws.

In 2020 and 2021, the Company's dividend payments totaled SAR 261.2 billion (\$69.6 billion) and SAR 281.3 billion (\$75.0 billion), respectively. On March 18, 2022, the Company declared an ordinary dividend of SAR 70.3 billion (\$18.8 billion) with respect to the fourth quarter of 2021 and is payable to the holders of shares as at the eligibility date for payment of such dividend as declared by the Board.

In addition, on March 18, 2022, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by

SAR 15.0 billion (\$4.0 billion) and increase the number of the Company's issued ordinary shares by 20.0 billion without par value. Such increase will be through capitalization from the Company's retained earnings. Each shareholder will be granted one bonus share for every 10 shares owned. The increase of the share capital and the number of ordinary shares is subject to obtaining necessary approvals from competent authorities and the Extraordinary General Assembly, which will be announced later as per the required regulatory period.

It is the intention of the Board, in its discretion, to deliver sustainable dividends to its shareholders. The Company's Dividend Distribution Policy states that dividends may be declared from net profits only after the Company has:

- Ensured that dividends are capable of being distributed by the Company with reference to its most current financial statements;
- Established any reserves to meet contingencies as determined from time to time at the discretion of the Board; and
- Taken into consideration its working capital requirements, near-term liquidity, and any other factors or considerations that may be relevant in this regard, including but not limited to the implications of any dividend distributions on the Company's capital structure, credit ratings, and publicly communicated gearing targets.

Royal Order No. A/42, dated 26/1/1441H (corresponding to September 25, 2019) provides that, to the extent that the Board

determines that the amount of any quarterly cash dividend declared with respect to calendar years 2020 through 2024 would have been less than \$0.09375 per ordinary share (based on 200,000,000,000 ordinary shares outstanding) but for the Government forgoing its rights to such dividend as follows, the Government will forgo its right to receive the portion of cash dividends on the shares owned by the Government (currently amounting to 94.19%) equal to the amount necessary to enable the Company to first pay the minimum quarterly cash dividend amount described above to holders of ordinary shares other than the Government. The remaining amount of the declared dividend as determined by the Board in its discretion will be paid to the Government.

In addition, dividends forgone will not accrue or otherwise be paid to the Government and the waiver applies to all ordinary shares not held by the Government from time to time and held from 2020 to 2024.

In 2021, no shareholder of the Company has waived any rights to dividends.

Punishments and penalties

The Company is committed to the highest standards of governance. The Company is not aware of any penalty, precautionary procedure or preventative measure imposed on it by any authority, supervisory, regulatory, or judicial body in 2021.

Board of Directors' report

The information contained in Sections 1 – 7 of this Annual Report constitutes the Board of Directors' report.

Compliance with CMA Corporate Governance Regulations

The Company has implemented all the provisions contained in the Corporate Governance Regulations issued by the CMA except the provisions noted below:

Article No.	Provision of the Article	Justification
66(b) (Guiding Article)	The number of nominees to the Board whose names are presented to the General Assembly shall be more than the number of available seats to give a chance to the General Assembly to select the Board members among those nominees.	If applied as presented, CGR 66 would present significant challenges for the Company in practice, including substantial difficulties recruiting independent Directors.
95 (Guiding Article)	If the Board forms a corporate governance committee, it shall assign to it the competences (sic) stipulated in Article (94) of these Regulations. Such committee shall oversee any matters relating to the implementation of governance, and shall provide the Board with its reports and recommendations at least annually.	While this is a Guiding Article, the Board has charged the Nomination Committee, formed pursuant to the Company Bylaws, with the responsibility of overseeing and making recommendations to the Board with respect to the Company's corporate governance policies and practices, including the competencies of effective governance described in Article (94) of the Regulations.

7

Additional financial and legal information

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Command center

Dhahran, Saudi Arabia

Aramco's 24-hour nerve center in the Company's Dhahran headquarters uses leading technology to track and control the production of all its extracted oil and gas, and the Company achieved 99.9% supply reliability during 2021.





Historical financial highlights

Summarized consolidated statement of income

All amounts in millions SAR unless otherwise stated	2021	Year ended December 31			
		2020	2019	2018 ¹	2017 ¹
Revenue	1,346,930	768,109	1,105,696	1,194,376	840,483
Other income related to sales ²	154,828	93,982	131,089	152,641	150,176
Revenue and other income related to sales	1,501,758	862,091	1,236,785	1,347,017	990,659
Operating costs ³	(729,840)	(478,731)	(561,914)	(548,612)	(407,744)
Operating income	771,918	383,360	674,871	798,405	582,915
Income before income taxes and zakat	769,521	372,424	666,741	797,896	581,438
Income taxes and zakat ⁴	(357,125)	(188,661)	(336,048)	(381,378)	(296,819)
Net income	412,396	183,763	330,693	416,518	284,619

- In the preparation of each of its financial statements Aramco reclassified certain comparative amounts, at that time, to conform to the current year presentation. Such reclassifications did not impact the previously reported net income. The financial information above presents the reclassified results extracted from the comparative column of the relevant financial statements.
- Aramco sells certain hydrocarbons within the Kingdom at regulated prices mandated by the Government. The Government implemented an equalization mechanism to compensate the Company for revenues directly forgone as a result of its compliance with the Government mandates related to crude oil and certain refined products. Effective September 17, 2019, the Government implemented an equalization mechanism related to Regulated Gas Products. Effective January 1, 2020, the Government expanded the equalization mechanism to include LPGs and certain other products.
- Effective January 1, 2020, the royalty rate applicable to Aramco on crude oil and condensate production was amended, such that: (i) the royalty rate was reduced to 15% (from 20%) on Brent prices up to \$70 per barrel; (ii) the marginal royalty rate increased to 45% (from 40%) on Brent prices above \$70 per barrel up to \$100 per barrel; and (iii) the marginal royalty rate increased to 80% (from 50%) on Brent prices above \$100 per barrel.
- The income tax rate applicable to Aramco was 50%, except that: (i) effective from January 1, 2018, a 20% tax rate applies to the Company's taxable income related to certain natural gas activities; and (ii) effective January 1, 2020, the tax rate applicable to the Company's downstream activities is the general corporate tax rate of 20% that applies to all similar domestic downstream companies under the Income Tax Law.

Summarized consolidated balance sheet

All amounts in millions SAR unless otherwise stated	2021	As at December 31			
		2020	2019 ²	2018 ¹	2017
Total assets	2,162,690	1,914,261	1,494,126	1,346,892	1,102,553
Total liabilities	882,022	813,167	447,891	318,457	276,239
Net assets (total equity)	1,280,668	1,101,094	1,046,235	1,028,435	826,314

- In the preparation of each of its financial statements Aramco reclassified certain comparative amounts, at that time, to conform to the current year presentation. The financial information above presents the reclassified results extracted from the comparative column of the relevant financial statements.
- Aramco adopted IFRS 16 on January 1, 2019, using a modified retrospective approach. As a result, in the preparation of the 2019 financial statements, Aramco applied prospectively, starting January 1, 2019, the new classification and measurement models for lease contracts and consequently 2018 and prior period comparative information was not restated.

Summarized consolidated statement of cash flows

All amounts in millions SAR unless otherwise stated	2021	Year ended December 31			
		2020	2019	2018	2017
Net cash provided by operating activities	522,601	285,297	416,529	453,701	333,607
Net cash used in investing activities	(135,741)	(20,899)	(177,144)	(131,205)	(118,629)
Net cash used in financing activities	(294,513)	(234,872)	(244,831)	(220,586)	(181,811)

Statutory amounts paid and payable

Statutory amounts paid¹

All amounts in millions SAR unless otherwise stated	Reasons for amounts paid	Year ended December 31, 2021
Income taxes and zakat	Income taxes and zakat calculated in accordance with Saudi Income Tax Regulations. See Note 8 of the consolidated financial statements	141,699
Royalties	Production royalties determined in accordance with Government agreements	138,999
Total		280,698

Statutory amounts payable¹

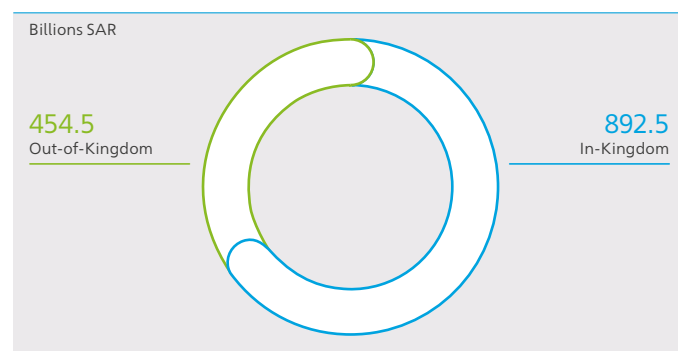
All amounts in millions SAR unless otherwise stated	Reasons for amounts payable	As at December 31, 2021
Income taxes and zakat	Government obligation, payable on a monthly basis	85,755
Royalties	Government obligation, payable on a monthly basis	13,939
Total		99,694

1. Statutory amounts paid and payable are in respect of the Company.

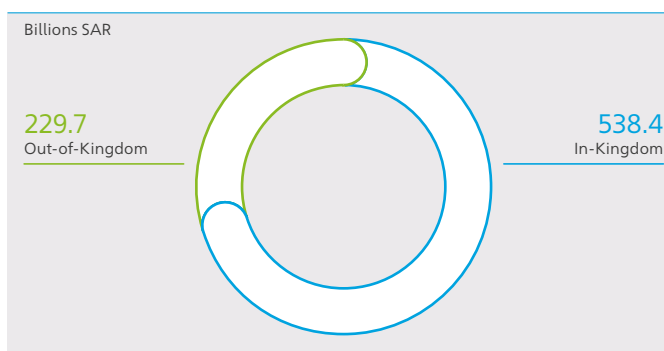
Geographical analysis of Aramco's external revenue

Sales to external customers by region are based on the location of the Aramco entity which made the sale. Out-of-Kingdom revenue includes sales of SAR 148,488 million originating from the United States of America (2020: SAR 110,652 million). For more details, refer to Section 8: Consolidated financial statements — Note 4.

2021



2020



Geographical analysis of the Company's crude oil deliveries

The following analysis is based on the Company's crude oil delivery destination.

	Year ended December 31	
	2021 mbpd	2020 mbpd
Region:		
Asia (excluding the Kingdom)	5,061	5,142
North America	440	546
Europe	522	759
Others	235	258
Total international deliveries	6,258	6,705
Total in-Kingdom deliveries	2,911	2,552
Total crude oil deliveries^{1,2,3}	9,169	9,257

1. Includes AGOC's oil production and blended condensate.

2. Excludes loss in volumes measured upon loading and unloading of crude oil shipments.

3. Excludes volumes produced from Abu Sa'fah and delivered to the Kingdom of Bahrain.

Related party transactions

As part of its normal course of business, Aramco enters into various related party contracts and transactions. These principally include sales and purchases, and providing and receiving services. Aramco sells hydrocarbon products and provides services to, and receives services from, Government, semi-Government entities and other entities in which the Government has ownership or control. These transactions are made on specific terms within the relevant regulatory framework in the Kingdom.

Other than with respect to compensation arrangements, as at the date of this Annual Report there are no transactions in which any of the Company's Directors or Senior Executives or an immediate family member thereof had or will have a direct or indirect interest or were not entered into on an arm's length basis. For compensation-related transactions with the Company's Directors and Senior Executives, see Section 6: Corporate governance.

The table below sets forth the transactions during the year ended December 31, 2021, identified by Aramco as material related party transactions based on available information. For more information on Aramco's related party transactions, see Section 8: Consolidated financial statements — Note 29.

	Year ended December 31, 2021
All amounts in millions SAR unless otherwise stated	
Joint ventures:	
Revenue from sales	23,003
Other revenue	124
Interest income	105
Purchases	22,466
Service expenses	11
Associates:	
Revenue from sales	65,355
Other revenue	559
Interest income	135
Purchases	57,214
Service expenses	150
Lease expenses	188
Government, semi-Government and other entities with Government ownership or control:	
Revenue from sales	17,644
Other income related to sales	154,828
Other revenue	1,061
Purchases	73,091
Service expenses	634
Lease expenses	461

The following table sets forth Aramco's material related party transaction balances as at December 31, 2021.

	As at December 31, 2021
All amounts in millions SAR unless otherwise stated	
Joint ventures:	
Other assets and receivables	5,943
Trade receivables	4,755
Interest receivable	233
Trade and other payables	6,803
Associates:	
Other assets and receivables	6,813
Trade receivables	14,794
Trade and other payables	7,916
Borrowings	15
Government, semi-Government and other entities with Government ownership or control:	
Other assets and receivables	509
Trade receivables	3,056
Due from the Government	41,317
Trade and other payables	2,959
Borrowings	229,525

The following table sets forth material related party transactions and balances for the year ended, and as at, December 31, 2021, by related party.

All amounts in millions SAR unless otherwise stated		December 31, 2021
Transactions with joint ventures:		
Revenue from sales		
Eastern Petrochemical Company ("Sharq")		6,679
Sadara Chemical Company ("Sadara")		4,718
Saudi Yanbu Petrochemical Company ("Yanpet")		3,293
Al-Jubail Petrochemical Company ("Kemya")		3,251
First Coast Energy LLP ("FCE")		2,141
Tas'helat Marketing Company ("TMC")		1,879
Others		1,042
		23,003
Other revenue		
Others		124
		124
Interest income		
Others		105
		105
Purchases		
Eastern Petrochemical Company ("Sharq")		8,663
Saudi Yanbu Petrochemical Company ("Yanpet")		4,256
Al-Jubail Petrochemical Company ("Kemya")		4,069
Sadara Chemical Company ("Sadara")		2,906
Others		2,572
		22,466
Service expenses		
Others		11
		11
Other assets and receivables		
Sadara Chemical Company ("Sadara")		3,544
Eastern Petrochemical Company ("Sharq")		2,130
Others		269
		5,943
Trade receivables		
Sadara Chemical Company ("Sadara")		1,811
Eastern Petrochemical Company ("Sharq")		1,268
Others		1,676
		4,755
Interest receivable		
Others		233
		233
Trade and other payables		
Eastern Petrochemical Company ("Sharq")		3,188
Saudi Yanbu Petrochemical Company ("Yanpet")		1,335
Al-Jubail Petrochemical Company ("Kemya")		1,256
Others		1,024
		6,803

All amounts in millions SAR unless otherwise stated		December 31, 2021
Transactions with associates:		
Revenue from sales		
Rabigh Refining and Petrochemical Company ("Petro Rabigh")		35,970
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")		27,488
Power & Water Utility Company for Jubail and Yanbu ("Marafiq")		1,211
Others		686
		65,355
Other revenue		
Others		559
		559
Interest income		
Others		135
		135
Purchases		
Rabigh Refining and Petrochemical Company ("Petro Rabigh")		34,519
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")		8,355
Sinopec SenMei (Fujian) Petroleum Company Limited ("SSPC")		4,519
Power & Water Utility Company for Jubail and Yanbu ("Marafiq")		3,705
Fujian Refining and Petrochemical Company Limited ("FREPCO")		1,714
National Shipping Company of Saudi Arabia ("Bahri")		1,549
Others		2,853
		57,214
Service expenses		
Others		150
		150
Lease expenses		
Others		188
		188
Other assets and receivables		
Rabigh Refining and Petrochemical Company ("Petro Rabigh")		6,776
Others		37
		6,813
Trade receivables		
Rabigh Refining and Petrochemical Company ("Petro Rabigh")		11,835
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")		2,126
Others		833
		14,794
Trade and other payables		
Rabigh Refining and Petrochemical Company ("Petro Rabigh")		6,105
National Shipping Company of Saudi Arabia ("Bahri")		1,346
Others		465
		7,916
Borrowings		
Others		15
		15

All amounts in millions SAR unless otherwise stated

	December 31, 2021
Transactions with Government, semi-Government and other entities with Government ownership or control:	
Revenue from sales	
Government and semi-Government	1,496
Saudi Electricity Company ("SEC")	8,441
Saline Water Conversion Company ("SWCC")	2,486
Saudi Arabian Mining Company ("Ma'aden")	2,224
Saudi Arabian Airlines ("Saudia")	2,111
Others	886
	17,644
Other income related to sales	
Government and semi-Government	154,828
	154,828
Other revenue	
Government and semi-Government	379
Others	682
	1,061
Purchases	
Government and semi-Government	24,701
Arabian Drilling Company	20,659
Saudi Electricity Company ("SEC")	8,085
Arabian Geophysical and Surveying Company ("ARGAS")	6,551
Jubail Energy Services Company ("JESCO")	5,749
Saudi Telecom Company ("STC")	2,344
Saudi Arabian Mining Company ("Ma'aden")	1,725
Saudi National Bank ("SNB")	1,159
Saline Water Conversion Company ("SWCC")	1,069
Others	1,049
	73,091
Service expenses	
Government and semi-Government	566
Others	68
	634
Lease expenses	
Government and semi-Government	19
Others	442
	461
Other assets and receivables	
Others	509
	509
Trade receivables	
Government and semi-Government	990
Others	2,066
	3,056

All amounts in millions SAR unless otherwise stated

	December 31, 2021
Due from the Government	
Government and semi-Government	41,317
	41,317
Trade and other payables	
Government and semi-Government	1,414
Saudi Arabian Mining Company ("Ma'aden")	1,144
Others	401
	2,959
Borrowings	
Government and semi-Government	228,798
Others	727
	229,525

Total indebtedness of Aramco

Information on Aramco's total indebtedness as at December 31, 2021, is as follows:

All amounts in millions SAR unless otherwise stated	Total facility	Loan duration	Repaid during the year	Balance as at December 31, 2021	Maturity date
Commercial borrowings	31,695	5 to 24 years	(4,052)	29,787	2022-2045
Sukuk	61,174	3 to 14 years	(231)	34,826	2024-2031
Export credit agencies	2,835	14 to 15 years	(1,728)	2,835	2022-2025
Public Investment Fund	1,826	14 to 15 years	(1,829)	1,826	2022-2025
Saudi Industrial Development Fund	4,624	7 to 17 years	(766)	4,511	2022-2035
Ijarah/Procurement	3,949	5 to 23 years	(951)	3,334	2022-2039
Murabaha	31,114	7 to 22 years	(1,156)	19,489	2022-2030
Wakala	1,294	7 to 16 years	(7)	1,054	2028-2036
Revolving credit facilities	49,541	1 to 7 years	(1,463)	5,370	2022-2026
Short-term borrowings	20,419	1 year	(42,291)	11,981	2022
Debentures	101,396	3 to 50 years	(36)	102,199	2022-2070
Deferred consideration	222,267	8 years	(18,750)	222,267	2028
Lease liabilities	–	–	(12,143)	47,191	Not defined
Other financing arrangements	24,264	1 to 25 years	(303)	24,251	2022-2046
	556,398		(85,706)	510,921	

Reserves as at December 31, 2021

As at December 31, 2021, the Kingdom's reserves in the fields Aramco operates consisted of 337.3 billion boe (2020: 336.9 billion boe), including 261.6 billion barrels (2020: 261.6 billion barrels) of crude oil and condensate, 36.0 billion barrels (2020: 36.0 billion barrels) of NGL and 241.5 tscf (2020: 238.8 tscf) of natural gas, including 153.7 tscf (2020: 150.2 tscf) of non-associated gas.

Under the Original Concession, which was in effect until December 24, 2017, Aramco's rights with respect to hydrocarbons in the Kingdom were not limited to a particular term. Accordingly, until such date, the Kingdom's reserves in the fields Aramco operated were the same as Aramco's reserves. Effective December 24, 2017, the Concession limited Aramco's exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in the Excluded Areas, to an initial period of 40 years, which will be extended by the Government for 20 years provided Aramco satisfies certain conditions commensurate with current operating practices. In addition, the Concession may be extended for an additional 40 years beyond the prior 60-year period subject to Aramco and the Government agreeing on the terms of the extension (see Additional legal information — the Concession). The provision of a specified term in the Concession impacts the calculation of Aramco's reserves as compared to the Kingdom's reserves in the fields Aramco operates. The Concession also requires Aramco to meet domestic demand for certain hydrocarbons, petroleum products and LPGs through domestic production or imports.

Based on the initial 40-year period and 20-year extension of the Concession, as at December 31, 2021, Aramco's reserves were 253.6 billion boe (2020: 255.2 billion boe). Aramco's oil equivalent reserves consisted of 196.9 billion barrels (2020: 198.8 billion barrels) of crude oil and condensate, 25.2 billion barrels (2020: 25.2 billion barrels) of NGL and 194.5 tscf (2020: 191.6 tscf) of natural gas. As at December 31, 2021, Aramco's portfolio included 530 (2020: 517) reservoirs within 142 (2020: 137) fields distributed throughout the Kingdom and its territorial waters. Based on Aramco's reserves data, as at December 31, 2021, Aramco's oil equivalent reserves were sufficient for proved reserves life of 56 years.

Aramco manages the Kingdom's unique reserves and resources base to optimize production and maximize long-term value pursuant to the Hydrocarbons Law, which mandates that Aramco's hydrocarbon operations promote long-term productivity of the Kingdom's reservoirs and support the prudent stewardship of its hydrocarbon resources. Aramco has historically replaced reserves on an organic basis through revisions of reserve estimates at existing fields and through delineation and exploration to identify new fields. As a result, the Kingdom's estimated proved reserves at the largest oil fields operated by Aramco have increased since the time of original production.

The following table sets forth Aramco's estimates of its proved reserves based on the term of the Concession as at December 31, 2021 and 2020.

	Crude oil (mmbbl)	Condensate (mmbbl)	Natural gas		NGL (mmbbl)	Combined (mmboe)
			(bscf)	(mmboe)		
Reserves as at December 31, 2021	193,195	3,676	194,453	31,549	25,188	253,608
Reserves as at December 31, 2020	195,444	3,399	191,573	31,086	25,226	255,155

The following table sets forth the Kingdom's estimates of its proved reserves in the fields Aramco operates as at December 31, 2021 and 2020.

	Crude oil (mmbbl)	Condensate (mmbbl)	Natural gas		NGL (mmbbl)	Combined (mmboe)
			(bscf)	(mmboe)		
Reserves as at December 31, 2021	256,826	4,766	241,529	39,783	35,956	337,331
Reserves as at December 31, 2020	257,063	4,493	238,838	39,345	35,971	336,872

Aramco's reserve estimates conform to the SPE-PRMS definitions and guidelines, which is the internationally recognized industry standard sponsored by the Society of Petroleum Engineers, the American Association of Petroleum Geologists, the World Petroleum Council, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the Society of Petrophysicists and Well Log Analysts and the European Association of Geoscientists and Engineers. To estimate or update Aramco's reserve estimates, the Upstream segment employees responsible for reserves calculations perform technical analyses that are reviewed internally by progressively higher levels of management until finalized at year-end. Aramco annually updates its estimates as it acquires and interprets new data. For reservoirs that have been producing and have established certain performance trends, Aramco is typically able to reliably forecast the reservoir's future production. For reservoirs that have little to no production history and new discoveries, Aramco undertakes further analysis in addition to multidisciplinary evaluation to formulate production forecasts.

The following paragraphs summarize certain key regulation and legislation to which Aramco is subject as an operator in the oil and gas industry.

Law on hydrocarbons

Overview

The Hydrocarbons Law was enacted by Royal Decree No. M/37, dated 2/4/1439H (corresponding to December 20, 2017) and applies to hydrocarbons, hydrocarbon resources and the hydrocarbon operations existing within the territory of the Kingdom.

Licenses

No hydrocarbon operations can be conducted in the Kingdom without obtaining a license in accordance with the Hydrocarbons Law. The Government grants licenses related to hydrocarbon operations pursuant to regulations, procedures and policies established from time to time, which outline the terms and conditions relating to the granting of a license.

The grant of a license pursuant to the Hydrocarbons Law does not, and cannot, confer any right of ownership of the soil or subsoil in the license area. In addition, the Government retains the right to explore for and exploit any natural resource other than hydrocarbons in the license area and may exercise such right in a manner that does not prejudice the licensee's rights and does not hinder the hydrocarbon operations conducted by a licensee.

Ownership rights

Under the Hydrocarbons Law, the Kingdom exercises sovereignty over all hydrocarbon deposits, hydrocarbons and hydrocarbon resources. All hydrocarbons in the Kingdom are owned by the Kingdom and, upon extraction or recovery of such hydrocarbons by the licensee, title to such hydrocarbons shall automatically pass to the licensee at the ownership transfer point. The Kingdom's ownership of hydrocarbon deposits and hydrocarbon resources may not be transferred.

Supervision and implementation of the Hydrocarbons Law

The Ministry of Energy is the only body responsible for implementing the Hydrocarbons Law and overseeing all aspects of a licensee's hydrocarbons operations, including the licensee's technical operations and the review of all the licensee's revenues and expenses. The Ministry of Energy acts as a liaison between relevant bodies and the licensee in relation to a license. The Ministry of Energy is also responsible for preparing and overseeing the national strategies and policies related to hydrocarbons to ensure the implementation, development and appropriate use of hydrocarbon resources, and conservation of the Kingdom's hydrocarbon reserves for future generations.

Production decisions

The Kingdom has the sovereign, exclusive and binding authority to make production decisions related to both the maximum level of hydrocarbons that a licensee can produce at any given point in time and the level of MSC that a licensee must maintain. In each case, the Kingdom shall take into account the Kingdom's economic development, environment conservation, national security, political and developmental goals, foreign policy, diplomatic considerations, domestic energy needs, public interest and any other sovereign interest when making a production decision. In setting the level of MSC, consideration shall be given to the economic or operational effects of a licensee. A licensee must provide the Kingdom with any requested information relating to hydrocarbons exploration, extraction and production, including financial and technical data, discovery data and any other information that could facilitate the issuance of a production decision. The Kingdom has unrestricted access to such information.

Conservation of hydrocarbon resources

The Hydrocarbons Law requires that hydrocarbons operations be managed and maintained in a professional, adequate and active manner in accordance with international industry standards, the Hydrocarbons Law and regulations, and in an economically feasible and efficient manner that promotes the long-term productivity of reservoirs in the licensed area and supports the prudent stewardship of hydrocarbon resources and hydrocarbons, and limits their abandonment.

Additional licensee obligations

A licensee is responsible for taking all prudent and sound procedures to ensure the safety of the licensee's hydrocarbon operations and facilities, in accordance with international industry standards and applicable laws. A licensee is also obligated to take all required precautions, in accordance with the relevant hydrocarbons regulations and international industry standards, to prevent waste and leakage of hydrocarbons, damage to formations containing water and hydrocarbons during drilling, repairing or deepening of wells, or in events of abandonment or relinquishment, and to prevent leakage of gas and liquids into bearing layers or other layers.

The Hydrocarbons Law prohibits any licensee from selling to any entity any hydrocarbons or derivatives obtained through the license in violation of what the Kingdom considers necessary to protect the fundamental security interests of the Kingdom in times of war or other emergencies in international relations.

Law of gas supplies and pricing

Overview

The GSPR was enacted by Royal Decree No. M/36, dated 25/6/1424H (corresponding to August 23, 2003), and applies to the activities of transmission, processing, fractionation, storage, local distribution, aggregation and sales and marketing (each, a Regulated Activity) of any gaseous or liquid hydrocarbons (other than crude oil or condensate) produced in the Kingdom which have been subject to treatment in a gas treatment plant (Regulated Hydrocarbons).

Licenses

Pursuant to the GSPR, a license is required for the conduct of any Regulated Activity. In considering an application for a license, the Ministry of Energy takes into account the long-term security of supply of any Regulated Hydrocarbons, the avoidance of undesirable duplication consistent with the optimal development of the Kingdom's gas industry and the proximity of the proposed Regulated Activity to the MGS.

Aramco as aggregator and tariffs

Under the GSPR, Aramco acts as the aggregator of Regulated Hydrocarbons which access the MGS.

The Ministry of Energy publishes transportation, processing and fractionation tariffs, and other terms and conditions applicable to the MGS and to connections to the MGS as prescribed in the rules of implementation of the GSPR. The tariff and other terms and conditions for services provided through any pipeline that is not connected to the MGS are negotiated between the relevant parties. The rules of implementation of the GSPR set out the criteria for determining third-party access tariffs which may be charged for the utilization of any local distribution system.

Marketing and sales rights: price for natural gas

Pursuant to the GSPR, Aramco performs all domestic marketing and sales of natural gas and NGL from the MGS with certain exceptions. Aramco also undertakes the export of NGL produced within the Kingdom. Any company that produces Regulated Hydrocarbons in the Kingdom and does not access the MGS may domestically consume, sell or otherwise domestically dispose of such relevant hydrocarbons as per the terms set by the Ministry of Energy. All natural gas produced by any company is to be priced at the regulated price in the Kingdom at the point of delivery to a major consumer or to a licensee entitled to operate a local distribution system.

Allocation of natural gas and NGL

The necessary allocation to users of Regulated Hydrocarbons is effected by the Ministry of Energy pursuant to criteria set by the Ministry of Energy on the basis of sectoral demand estimates for each of the electricity sector, the petrochemical sector, the water desalination sector, the oil sector and other industrial sectors, reflecting the usages of natural gas and NGL that achieve the optimal efficiency and produce the highest added value to the national economy of the Kingdom.

Regulated domestic pricing of certain hydrocarbons

Setting of domestic prices for regulated hydrocarbons

Pursuant to a series of Council of Ministers Resolutions, the Kingdom has established regulated prices for domestic sales of certain hydrocarbons: crude oil, natural gas (including ethane), NGL (propane, butane and natural gasoline) and certain refined products (kerosene, diesel, heavy fuel oil and gasoline).

Liquids price equalization

Pursuant to Council of Ministers Resolution No. 406, dated 28/6/1438H (corresponding to March 27, 2017), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/2465/1439, dated 10/4/1439H (corresponding to December 28, 2017), when the Company sells crude oil and certain refined products (each a Relevant Liquid Product) domestically at a price below the corresponding equalization prices (described below), it is entitled to compensation from the Government in an amount equal to the cost of the revenues directly forgone as a result of its compliance with the Kingdom's current pricing mandates (the Liquid Price Equalization). The Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/424/1441, dated 18/1/1441H (corresponding to September 17, 2019), effective January 1, 2020, supersedes the prior Ministerial Resolution and expanded the equalization mechanism to include LPGs and certain other products. In the event the equalization price is less than the regulated price, the difference would be due from the Company to the Government.

The Ministry of Energy is responsible for administering the Liquids Price Equalization regime, including the setting of the equalization prices from time to time. The equalization prices are established separately by the Ministry of Energy for each Relevant Liquid Product using a combination of either internationally recognized indices or, where relevant, the Company's official selling price and, depending on the Relevant Liquid Product, on the basis of export parity, import parity or a combination of both. The Company is required to provide information and technical assistance to the Ministry of Energy as necessary for this purpose.

The compensation from the Government is accounted for on a monthly basis and is calculated as the positive difference between the equalization prices and the regulated prices (minus any Government fees). The Company must provide the Ministry of Energy with a statement detailing the total amount due to the Company in a monthly period no later than 30 days after the relevant monthly period ends. The Company may then offset this compensation against any taxes payable, and in the event taxes are insufficient, any other amounts due and payable by the Company to the Government, such as royalties.

Gas pricing

From time to time, the Kingdom establishes certain prices for the domestic sale of gas hydrocarbons (the Domestic Price), including those for Regulated Gas Products. Pursuant to Council of Ministers Resolution No. 370, dated 10/7/1439H (corresponding to March 27, 2018), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 01-5928-1439, dated as at 27/8/1439H (corresponding to May 13, 2018), effective March 17, 2018, the Kingdom established the price due to licensees for the domestic sale of Regulated Gas Products (the Blended Price) in order to ensure that licensees making gas investments realize a commercial rate of return suitable for the development and exploitation of gas resources in the Kingdom (with reasonable rates of return on existing non-associated gas projects and on incremental future non-associated projects).

Effective September 17, 2019, Council of Ministers Resolution No. 55, dated 18/1/1441H (corresponding to September 17, 2019), and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 1/423/1441, dated 18/1/1441H (corresponding to September 17, 2019), were passed, superseding the prior Council of Ministers' resolutions and ministerial resolutions, and removing the requirement that the Domestic Price be no less than the Blended Price. The new framework instead provides that the licensees are entitled to compensation from the Government in an amount equal to the cost of the revenues directly forgone as a result of the licensees' compliance with the Kingdom's pricing mandates if the Domestic Prices are not set at least at the Blended Prices. In the event that the Blended Price is less than the Domestic Price, the difference would be due from the Company to the Government.

The Ministry of Energy is responsible for administering this regime, including setting the Blended Prices from time to time. The Blended Prices are established separately by the Ministry of Energy for each Regulated Gas Product. The Company is required to provide information and technical assistance to the Ministry of Energy as necessary for this purpose.

The compensation from the Government is accounted for on a monthly basis and is calculated as the positive difference between the Blended Prices and the Domestic Prices (minus any Government fees). The Company must provide the Ministry of Energy with a statement detailing the total amount due to the Company in a monthly period no later than 30 days after the relevant monthly period ends. The Company may then offset this compensation against any taxes payable, and in the event taxes are insufficient, any other amounts due and payable by the Company to the Government, such as royalties.

Government guarantee

Aramco sells hydrocarbon products to various Government and semi-Government entities, including ministries and other branches of the Government, and separate legal entities in which the Government has share ownership or control. Effective January 1, 2017, the Government guarantees amounts due to Aramco from certain of these entities, subject to a limit on the amount of the guarantee for each entity. The aggregate amount guaranteed in 2018, 2019, 2020 and 2021 was SAR 32.7 billion, SAR 26.7 billion, SAR 26.7 billion, and SAR 12.8 billion, respectively. Prior to the beginning of each subsequent fiscal year or during such year upon the change to any Government established domestic prices for hydrocarbon products (such regulated sales constituting the majority of the sales to Government and semi-Government entities covered by the guarantee), the Ministry of Energy will consult with the Ministry of Finance and will provide Aramco with a list of the entities to be covered by the guarantee for that year and the guarantee limit for each covered entity. Government entities previously covered will remain subject to the guarantee, but the guarantee will cease with respect to any entity in which the Government has share ownership or control if such entity pays amounts due to Aramco on a timely basis for five years. Aramco is permitted to discontinue supply to any such Government or semi-Government customer upon the exhaustion of the credit limit or if such customer is no longer a guaranteed customer and fails to pay any amounts when due. Aramco may set off any guaranteed amounts that are past due against taxes due to the Government, or if the amount of taxes is inadequate, any other amounts Aramco owes to the Government.

Compensation for Saudi Strategic Storage Program

Under the Saudi Strategic Storage Program, the Government requires the Company to maintain reserves of certain petroleum products. Pursuant to Council of Ministers Resolution No. 56, dated 18/1/1441H (corresponding to September 17, 2019), effective January 1, 2020, the Government compensates the Company for carrying costs associated with maintaining Government-mandated petroleum product reserves in an amount of \$41.2 million per month. Council of Ministers Resolution No. 56 requires that this amount be reviewed by the Ministry of Energy, the Ministry of Finance and the Company every five years.

Income tax and zakat

Saudi resident entities operating in the oil and hydrocarbons production sector are subject to corporate income tax.

Royal Decree No. M/13, dated 18/1/1441H (corresponding to September 17, 2019), Council of Ministers Resolution No. 54, dated 18/1/1441H (corresponding to September 17, 2019) and Ministerial Resolution issued by the Ministry of Finance No. 559, dated 10/2/1441H (corresponding to October 9, 2019) provide that the tax rate applicable to the downstream activities (as is expected to be defined in "Trifurcation Regulations" by ZATCA in collaboration with the Ministry of Energy) of the Company will be the general corporate tax rate of 20%, for a five-year period beginning on January 1, 2020, provided the Company separates its downstream activities (from its oil and other hydrocarbon production activities) into one or more independent legal entities before December 31, 2024. If the Company does not comply in separating its downstream activities from the oil and other hydrocarbon production activities by December 31, 2024, income from downstream activities will be taxed retroactively on an annual basis for such five-year period in accordance with the multitiered tax rates applicable to domestic oil and hydrocarbon production companies. In such case, the Company will be required to pay the difference in taxes due to the Government.

Effective January 1, 2018, a 20% corporate income tax rate applies to companies engaged in natural gas investment activities (previously 30%). Companies involved in both oil and hydrocarbons production activities as well as natural gas investment activities are required to prepare tax computation for each activity separately.

According to amendments to the Income Tax Law, effective January 1, 2017, ownership by companies engaged in oil and hydrocarbon production activities in Saudi Arabian entities that are not carrying out oil and hydrocarbons production activities should generally be subject to corporate income tax at 20% (at the level of the investee/subsidiary).

By Royal Decree No. M/153 dated 05/11/1441H (corresponding to June 26, 2020), the Income Tax Law was further amended to provide that companies listed on the Saudi Stock Exchange (Tadawul) are not subject to corporate income tax with respect to shares owned (directly or indirectly) by companies engaged in oil and hydrocarbon activities and instead are subject to zakat, including their indirect interest in those companies (at the level of the investee/subsidiary of such listed companies). This Income Tax Law amendment was effective January 1, 2020.

There are certain rules that apply to the method of calculating the zakat liability. In general, zakat on zakat payers engaged in non-financing activities is currently levied on the higher of the adjusted zakatable profits or the zakat base (following a Hijri year) which, in general, comprises equity, loans and credit balances (subject to certain conditions), provisions and adjusted net profit or loss for zakat purposes, reduced by, among other items, certain deductible long-term investments and fixed assets. The zakat rate on the zakat base is approximately 2.578% if a zakat payer is following the Gregorian financial year and 2.5% if a zakat payer is following Hijri financial year. The zakat rate on zakatable profit is 2.5% regardless of the financial year (Gregorian or Hijri) followed by the zakat payer.

Other relevant laws and regulations

Petrochemical regulations

Pursuant to Royal Order No. 2448, dated 14/01/1442H (corresponding to September 2, 2020), the Ministry of Industry and Mineral Resources now acts as the primary regulator for petrochemical operations in the Kingdom in place of the Ministry of Energy. To date, the Ministry of Industry and Mineral Resources has not issued any regulations exercising this new regulatory authority over the operations of Aramco or its affiliates.

Health and safety regulations

Health and safety matters associated with oil and gas activities are regulated through several Government authorities, including the Ministry of Interior. In addition, the High Commission for Industrial Security issues safety and fire protection directives for industrial facilities which set forth minimum requirements for health and safety management systems. Health and safety principles and obligations are included in Part 8 (Protection against Occupational Hazards, Major Industrial Accidents and Work Injuries, and Health and Social Services) of the Saudi Arabian Labor Law issued under Royal Decree No. M/51, dated 23/8/1426H (corresponding to September 27, 2005), as amended, and Part 5 of the Social Insurance Law, enacted by Royal Decree No. M/22 dated 6/9/1389H (corresponding to October 15, 1969) as amended by Royal Decree No. M/33 dated 3/9/1421H (corresponding to November 29, 2000).

Environmental regulations

Under the Environmental Law enacted by Royal Decree No. M/165 dated 19/11/1441H corresponding to July 10, 2020, and repealing the General Environmental Law, enacted by Royal Decree No. M/34, dated 28/7/1422H (corresponding to October 16, 2001) MEWA and its centers are charged with the general supervision of environmental affairs in the Kingdom.

This law sets out wide-ranging prohibitions of pollution and contamination of air, land and water. Prior to the initiation of a project, an environmental evaluation study, identifying: (i) potential environmental impacts; (ii) appropriate actions and means to prevent or reduce negative impacts; or (iii) appropriate actions to increase the project's positive returns to the environment, must be completed in accordance with the relevant environmental specifications and standards.

The Water Law, enacted by Royal Decree No. M/159, dated 11/11/1441H (corresponding to July 2, 2020), aims to protect the Kingdom's water sources, grow additional sources, and ensure their sustainability. The Ministry of Energy signed a Memorandum of Understanding with MEWA whereby the Ministry of Energy will be responsible for the application of certain provisions of the Water Law for certain facilities falling under its supervision.

Apart from national environmental legislation, other regulations are applicable in certain areas of the Kingdom. The Royal Commission for Jubail and Yanbu' has issued detailed local environmental regulations applicable to facilities located within the Royal Commission areas and contractors operating therein (i.e., the Jubail Industrial City Royal Commission Environmental Regulations of September 1999). Aramco separately requires compliance with environmental standards in certain circumstances. For example, Aramco administers the oil loading terminals at Ras Tanura, Ju'aymah and several smaller terminals independently of the Saudi Ports Authority.

Saudization

The Kingdom has promulgated a Saudization policy (Saudization) implemented by the Ministry of Human Resources and Social Development. Saudization requires Saudi companies to ensure that a certain percentage of their workforce comprises Saudi nationals. Further, investors in the energy sector are encouraged to abide by the Kingdom's broad policies of ensuring a commitment to the training and employment of Saudi nationals. The Nitaqat Saudization Program (the Nitaqat Program) was approved pursuant to the Ministry of Labor and Social Development (predecessor to the Ministry of Human Resources and Social Development) Resolution No. 4040, dated 12/10/1432H (corresponding to September 10, 2011), based on Council of Ministers Resolution No. 50, dated 21/5/1415H (corresponding to October 27, 1994), which was applied as at 12/10/1432H (corresponding to September 10, 2011). The Ministry of Human Resources and Social Development established the Nitaqat Program to encourage establishments to hire Saudi nationals. The Nitaqat Program assesses an establishment's Saudization performance based on specific ranges of compliance, which are platinum, green (which is further divided into low, medium and high ranges), yellow and red. Aramco has been classified under the "High Green" category, which means that Aramco complies with the current Saudization requirements, which accordingly allow the compliant companies to secure work visas.

Moreover, the Ministry of Human Resources and Social Development has approved a new amendment to the Nitaqat Program under the "Nitaqat Mawzon" Program in order to improve the marketplace's performance and development and to eliminate non-productive nationalization. It was intended to come into effect on 12/3/1438H (corresponding to December 11, 2016), but in response to private sector demands for additional time to achieve the nationalization rate, the Ministry of Human Resources and Social Development postponed the program until further notice and no new implementation date has been set. Under the "Nitaqat Mawzon" program, points would be calculated based on five factors: (i) the nationalization rate; (ii) the average wage for Saudi workers; (iii) the percentage of female nationalization; (iv) job sustainability for Saudi nationals; and (v) the percentage of Saudi nationals with high wages. Currently, entities continue to be ranked on the basis of a system of rolling averages which calculate average weekly "Saudization" over a 26-week period.

Aramco

The Company was established in the Kingdom as a company with limited liability by virtue of Royal Decree No. M/8 dated 4/4/1409H (corresponding to November 13, 1988) to assume the privileges and rights of the Arabian American Oil Company. On January 1, 2018, the Company was converted into a Saudi joint stock company pursuant to Council of Ministers Resolution No. 180 dated 1/4/1439H (corresponding to December 19, 2017) and registered in the city of Dhahran under commercial registration No. 2052101150 dated 11/07/1439H (corresponding to March 28, 2018) with Saudi Arabian Oil Company as its official name. Its registered head office is located at P.O. Box 5000, Dhahran 31311, Kingdom of Saudi Arabia. Its share capital is sixty billion Saudi Riyals (SAR 60,000,000,000), consisting of two hundred billion (200,000,000,000) fully paid ordinary shares with no par value. Aramco's primary operating segments are Upstream and Downstream, which are supported by corporate activities (for further details please refer to Section 3: Results and performance).

On December 11, 2019, the Company completed its IPO and its ordinary shares were listed on Tadawul. In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold 3.45 billion ordinary shares, or 1.73% of the Company's share capital. In addition, concurrent with the IPO, the Company acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750 million which are being classified as treasury shares. These shares are for use by the Company for its employee share plans. On February 13, 2022, the Government announced the transfer of 4% of the Company's total share capital to the Public Investment Fund (PIF). Therefore, the current ownership of the Government in the Company is 94.19%.

Material agreements

Aramco has entered into a number of agreements for the purposes of its business. The following is a summary of those agreements that Aramco considers material to its business. Aramco believes that all such agreements, in addition to the key provisions thereunder, have been included in this section and that there are no other agreements that are material in the context of its business. These summaries do not purport to describe all the applicable terms and conditions of such agreements and are qualified in their entirety by the respective agreements.

The Concession

Background

The Arabian American Oil Company Concession Agreement was ratified on 4/2/1352H (corresponding to May 29, 1933) and granted Arabian American Oil Company certain exclusive rights, including the right to explore, drill, recover and treat crude oil and other hydrocarbons located within certain areas of the Kingdom (which were revised and grew over time), with limited territorial exceptions. Pursuant to Royal Decree No. M/8 dated 4/4/1409H (corresponding to November 13, 1988) approving Aramco's original articles, Aramco enjoyed all the privileges and rights provided under the Arabian American Oil Company Concession Agreement, and all subsequent supplementary documents, agreements, Governmental orders and decisions in connection therewith (collectively, the "Original Concession"). Effective 6/4/1439H (corresponding to December 24, 2017), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of MEIM (predecessor to the Minister of Energy), and Aramco entered into the revised Concession Agreement (the "Concession"), which was adopted under Royal Decree No. (M/12) dated 18/1/1441H (corresponding to September 17, 2019) and replaced and superseded in its entirety the Original Concession on such date (the "Concession Effective Date"). Further, on 20/1/1441H (corresponding to September 19, 2019), and in accordance with the Hydrocarbons Law, the Government, represented by the Minister of Energy, and Aramco entered into an amendment to the Concession, with effect from January 1, 2020) (the "Concession Amendment").

Grant of rights

The Government grants Aramco the following rights to be exercised at Aramco's own responsibility during the term of the Concession:

- The exclusive right to explore, drill, prospect, appraise, develop, extract, recover and produce hydrocarbons in the Concession Area;
- The non-exclusive right to manufacture, refine and treat production and to market, sell, transport and export such production;
- The exclusive right to market and distribute hydrocarbons, petroleum products and LPG in the Kingdom, with Aramco's commitment to meeting all the domestic needs for such products in accordance with the consumption requirements thereof through domestic production or imports in accordance with laws issued by the Government;
- The right to build, own and operate relevant facilities and assets as may be necessary or desirable to perform Aramco's operations within the Reserved Areas;
- Certain rights to acquire and use land, water and other natural products in connection with Aramco's operations;
- The right to purchase, lease, import or otherwise obtain all materials, equipment and any other supplies required for Aramco's operations;
- The right to conduct such other activity related to the foregoing subject to the provisions of the Concession and applicable law; and
- The right to receive Government assistance in securing the rights granted in the Concession, obtaining permits, licenses and other special approvals and obtaining access, rights of way and water rights from third parties necessary for Aramco's operations.

Under the Concession, Aramco is required to obtain the necessary licenses, permits and approvals that may be required pursuant to the Hydrocarbons Law, the Law of Gas Supplies and Pricing and the regulations issued pursuant to these laws. All hydrocarbons in the Kingdom are owned by the Kingdom, and upon extraction or recovery of such hydrocarbons by Aramco, title to such hydrocarbons shall automatically pass to Aramco at the ownership transfer point. Aramco has no rights to any natural resources existing in the Concession Area other than hydrocarbons except as otherwise provided in the Concession.

The rights granted to Aramco under the Concession are subject to the Hydrocarbons Law and other applicable law, including production decisions issued by the Government pursuant to its sovereign authority. Aramco may not sell to any entity any hydrocarbons or derivatives therefrom in violation of decisions the Government considers necessary for the protection of supreme security interests for the Kingdom in times of war or other emergency in international relations.

Term

The Concession will remain effective for 40 years from the Concession Effective Date, unless terminated earlier in accordance with its terms.

The Government will issue a decision to extend the Concession for a period of 20 years on the 30th anniversary of the Concession Effective Date, provided Aramco has fulfilled the following conditions: (a) Aramco has exerted reasonable efforts to maximize reserves and their recovery in the Concession Area, taking into consideration production decisions and hydrocarbons market conditions; (b) Aramco has conducted its operations in a manner that (i) is economically efficient, (ii) enhances the productivity of the reservoirs in the long-term in the Concession Area and (iii) supports good management of hydrocarbons, in all cases, according to the Hydrocarbons Law; and (c) Aramco generally has conducted its activities and operations in the Kingdom in an economically efficient manner thereby enhancing the efficiency of the Kingdom's economy.

If the Concession is extended as described in the previous paragraph, the Concession may be amended and extended for an additional 40 years following the 60th anniversary of the Concession Effective Date, if Aramco provides the Government with notice confirming its intent to extend the Concession, at any time from the beginning of the 50th anniversary until the end of the 53rd anniversary of the Concession Effective Date, provided that the parties undertake exclusive negotiations for a two-year period (which may be extended or reduced by the parties), commencing at the end of the 53rd anniversary of the Concession Effective Date, to reach an agreement on the terms and conditions of such amendment and extension. If the Government and Aramco are unable to reach agreement on the amendment and extension during such exclusive negotiation period, and the Government elects to negotiate with any third party to enter into an agreement with respect to any hydrocarbon activities or operations in the Concession Area, Aramco will have a priority right to enter into an agreement with the Government under the same terms and conditions as agreed between the Government and such third party, provided that Aramco notifies the Government of its desire to exercise the priority right within 120 days of its receipt of a written notice from the Government that includes the entire draft agreement with such third party with respect to such hydrocarbon activities and operations.

Royalty and taxes

Commencing January 1, 2017, royalties payable to the Government with respect to the Company's operations were calculated as follows:

- With respect to the Company's production of crude oil and condensates, including those used by the Company in its operations, royalties were calculated based on a progressive scheme applied to crude oil and condensate production value. Production was valued based on the Company's official selling prices. An effective royalty rate was applied to production value and was based each month on the average daily price quotes for Brent crude on the Intercontinental Exchange (or any successor exchange) for each day during such period. The effective royalty rate was determined based on a baseline rate of 20% applied to the value of production at prices up to \$70 per barrel, a marginal rate of 40% applied to the value of production at prices above \$70 per barrel up to \$100 per barrel and a marginal rate of 50% applied to the value of production at prices above \$100 per barrel.
- With respect to the Company's production of natural gas, ethane and NGL, excluding those volumes used by the Company for upstream operations and related operations (including transportation, pipelines and storage and export facilities, fractionation plants, gas and NGL plants), royalties are calculated based on a flat royalty rate of 12.5% applied to a factor established by the Ministry of Energy. As at December 31, 2021, the factor to which this royalty is applied is \$0.035 per mmBTU for NGL (propane, butane and natural gasoline) and \$0.00 per mmBTU for natural gas (methane) and ethane. The Minister of Energy may amend the price on which such values are based, taking into account the price that achieves the targeted internal rate of return set by the Minister of Energy in coordination with the Company.

Commencing January 1, 2020, the Concession Amendment amended the royalties payable to the Government with respect to the Company's production of crude oil and condensates, including those used by the Company in its operations, so that the effective royalty rate is determined based on a baseline rate of 15% applied to the value of production at prices up to \$70 per barrel, a marginal rate of 45% applied to the value of production at prices above \$70 per barrel up to \$100 per barrel and a marginal rate of 80% applied to the value of production at prices above \$100 per barrel.

In order to increase gas production to meet the needs of the Kingdom, the Government may choose not to collect royalties on natural gas, NGL (including ethane) and condensates for a period specified by the Government with respect to any field as required by the economics of such field's development. Pursuant to the Ministry of Energy's authority under the Concession, on February 25, 2018, the Ministry of Energy decided not to collect royalties from the Company on condensate production for a grace period of five years beginning on January 1, 2018. On September 17, 2019, the Ministry of Energy issued Ministerial Resolution No. 1/422/1441, dated 18/1/1441H (corresponding to September 17, 2019), which extends the period for which the Company will not be obligated to pay royalties on condensate production after the current five-year period for an additional 10-year period, which may be further extended for subsequent 10-year periods, unless the Government determines the economics impacting gas field development do not warrant such an extension.

The Government has the option to take all or part of the royalty in-kind from the produced hydrocarbons.

Acquisition of 70% equity interest in SABIC

On June 16, 2020, Aramco acquired the PIF's 70% equity interest in SABIC for total consideration of \$69.1 billion. SABIC operates in over 50 countries and produces a range of chemicals. Aramco believes that purchasing this majority interest in SABIC advances its strategy to increase the proportion of petrochemicals production in its downstream portfolio and supports Aramco's downstream growth ambitions. In addition, Aramco believes that the acquisition facilitates the application of SABIC's expertise in the chemicals industry to Aramco's existing and future integrated downstream facilities.

The March 27, 2019, purchase agreement provided that the purchase price for the acquisition would be paid on the closing date in the form of a cash payment equal to 50% of the purchase price (to be adjusted for certain expenses) and a seller loan in an amount equal to 50% of the purchase price with the last payment due on or before December 31, 2021. On October 6, 2019, Aramco and the PIF agreed to amend the payment terms to provide that, on the closing date, 36% of the purchase price (to be adjusted for certain expenses) would be paid in cash and 64% would be paid in the form of a seller loan with the last payment due on or before September 30, 2025.

On June 16, 2020, Aramco and the PIF agreed to further amend the payment terms to provide that the entire purchase price would be paid over several installments pursuant to a seller loan provided by the PIF. A loan payment of \$7.0 billion was paid on August 2, 2020, and another loan payment of \$5.0 billion was made on April 7, 2021.

As at December 31, 2021, future loan payments, which are represented by promissory notes, are payable between April 7, 2022, and April 7, 2028 (the last payment), as follows:

1. On or before April 7, 2022, an amount equal to \$8.5 billion plus a loan charge of \$500 million (subject to reduction by \$300 million in the event that the accelerated payment described below is made);
2. On or before April 7, 2023, an amount equal to \$10.5 billion plus a loan charge of \$500 million;
3. On or before April 7, 2024, an amount equal to \$10.5 billion plus a loan charge of \$600 million;
4. On or before April 7, 2025, an amount equal to \$10.5 billion plus a loan charge of \$800 million;
5. On or before April 7, 2026, an amount equal to \$17.1 billion (provided that (a) \$3.0 billion of such amount is subject to acceleration as described below and (b) such amount will be reduced by the amount of any withholding taxes and similar amounts that Aramco incurs with respect to payments made under any promissory note as a result of the PIF's transfer thereof to a transferee who is not tax resident in the Kingdom) plus a loan charge of \$1.5 billion;
6. On or before April 7, 2027, a loan charge of \$1.0 billion (subject to reduction to reflect certain withholding amounts as described above); and
7. On or before April 7, 2028, a loan charge of \$1.0 billion (subject to reduction to reflect certain withholding amounts as described above).

In the event that the average Brent price during 2021 met or exceeded \$60.0 per barrel and Aramco's average daily production of crude oil during 2021 exceeded ten million barrels per day, Aramco had agreed to pay \$3.0 billion of the payment otherwise due in April 2026 on April 7, 2022 (the "Early Payment Event"). At year-end December 31, 2021, it was determined that the relevant conditions were not met during 2021 and as a result, no accelerated payment will be required in April 2022. If the accelerated payment would have been required, it would have reduced the principal amount that would otherwise be payable on or before April 2026 by \$3.0 billion and the loan charge in April 2022 would have been reduced from \$500 million to \$200 million.

On January 24, 2022, Aramco, in agreement with PIF, made a partial prepayment of \$7.6 billion, which has reduced the principal amounts of two promissory notes by \$7.0 billion and \$1.0 billion that were payable on or before April 7, 2024 and April 7, 2026, respectively.

Subject to the exceptions set forth below, the promissory notes are freely transferable and assignable and may be pledged by the PIF. However, if the PIF receives any offer or commitment of financing which would include a transfer of any promissory note, Aramco may within 30 days of receiving notice of the offer or commitment, notify the PIF in writing of its intent to purchase all or a portion of the promissory notes to be transferred on the same terms. To the extent Aramco does not elect to purchase the promissory notes to be transferred, the PIF may transfer such promissory note during the subsequent 120-day period. In addition, the PIF may not transfer, assign or pledge prior to April 8, 2022, promissory notes with aggregate initial principal outstanding balances of (i) \$300 million and a payment date of April 7, 2022, and (ii) \$3.0 billion and a payment date of April 7, 2026; provided that, if Aramco determines that the Early Payment Event will not occur by April 8, 2022, it is required to notify the PIF and the restrictions on transfer will terminate. Each such promissory note must be surrendered for cancellation in the event the accelerated payment described above is made. Furthermore, the PIF may not transfer, assign or pledge at any time promissory notes with aggregate initial principal outstanding balances of (i) \$3.5 billion and a payment date of April 7, 2026, (ii) \$250 million and a payment date of April 7, 2027, and (iii) \$250 million and a payment date of April 7, 2028. Aramco currently intends to repay the promissory notes in a phased manner through cash from operations, external debt financing or a combination thereof.

As part of the June 16, 2020, amendment to the purchase agreement, Aramco agreed to enter into foreign exchange transactions with banking institutions mutually agreed to between Aramco and the PIF to exchange U.S. dollars for Saudi Riyals. The aggregate amount of these foreign exchange transactions is (i) up to \$2.0 billion between June 16, and August 2, 2020, (ii) up to \$3.0 billion in 2021 and (iii) up to \$2.0 billion in 2022. In connection therewith, between June 16, and August 2, 2020, Aramco exchanged an aggregate amount of \$2.0 billion for Saudi Riyals.

Intellectual property

Aramco assesses, develops and incorporates new technology in a manner tailored to Aramco's operations to protect business interests, enhance its operational efficiency, increase profitability and reduce the environmental impact of its operations. The scale of Aramco's hydrocarbon reserves and operational capabilities enable it to realize significant benefits and value from otherwise marginal technological benefits.

Aramco focuses its technology initiatives in two primary areas: upstream and downstream. In addition, Aramco is working on several focused initiatives, including reductions in the environmental impact of operations and advancements in digital technologies. Upstream technology development is directed primarily to improving methods for discovering new hydrocarbon reserves, improving oil recoveries, increasing productivity, discovering novel catalysts and reducing lifting costs. Downstream technology development is dedicated primarily to maximizing value across the hydrocarbon chain and finding new and improved methods of producing products. Aramco's environmental impact initiatives include efforts aimed at producing low-carbon intensity crude oil, advancing efficient transport and driving high-impact low-carbon intensity solutions. Aramco's digital technologies include innovations that leverage machine learning, artificial intelligence, and data analytics.

Litigation

From time to time, Aramco is subject to various claims, lawsuits, regulatory investigations and other legal matters arising in the ordinary course of business, including contractual claims relating to construction projects and agreements to render services undertaken by Aramco, claims for title to land and environmental claims. Additionally, Aramco in the past has been subject to antitrust claims.

Furthermore, exports of crude oil, refined products and petrochemicals by Aramco or its affiliates to foreign countries may be affected by litigation, regulatory actions, investigations, disputes or agreements that lead to the imposition of import trade measures, including anti-dumping and countervailing duties, safeguard measures, import licensing and customs requirements, and new or increased tariffs, quotas or embargoes. The possibility and effect of any such measures will depend on the domestic laws in the relevant country to which the applicable products are being exported and applicable international trade agreements. Foreign countries may take such measures for political or other reasons, including reasons unrelated to Aramco actions or operations.

The outcome of litigation and other legal matters, including government investigations or other trade actions, is inherently uncertain. Aramco believes it has valid defenses to the legal matters currently pending against it as a party. Certain trade actions that do not involve Aramco as a party may instead involve its products or industry, other products or industries impacting its operations, or the countries in which it operates. Trade actions may be taken without prior notice, or with retroactive effect. Actual outcomes of these legal, regulatory and other proceedings may materially differ from current estimates. To date, none of these types of litigation or trade matters have had a material impact on Aramco's operations or financial position. Except with respect to the Al-Qarqani case as described in Section 5: Risk, Aramco believes that it is not presently a party to any legal, regulatory or other proceedings that, if determined adversely to it, could reasonably be expected, individually or taken together, to have a material adverse effect on Aramco's business, financial position or results of operations.

Debt instruments issued by subsidiaries

All amounts in millions SAR unless otherwise stated	Debt instrument	Balance as at December 31, 2021 ¹
Motiva Enterprises LLC	Debentures	7,209
Sadara Chemical Company ("Sadara")	Sukuk	5,585
Saudi Aramco Sukuk Company	Sukuk	11,250
Saudi Aramco Total Refining and Petrochemical Company	Sukuk	1,880
Saudi Basic Industries Corporation ("SABIC")	Debentures	11,982
S-Oil Corporation	Debentures	8,659
SA Global Sukuk Limited	Sukuk	22,500

1. Represents 100% of the balance as reported in the respective subsidiaries' balance sheet.

Shares issued by subsidiaries

The Company holds direct or indirect ownership in the following domestic and foreign subsidiaries¹:

				Share capital	
Name of entity	Place of business/ country of incorporation	Percentage ownership	Principal business activity	Currency	Amount (millions)
A. Wholly owned					
4 Rivers Energy LLC	USA	100%	Retail fuel operations	USD	–
Aramco (Beijing) Venture Management Consultant Company, Ltd	People’s Republic of China	100%	Investment	USD	1.8
Aramco Affiliated Services Company	USA	100%	Support services	USD	0.0
Aramco Asia India Private Limited	India	100%	Purchasing and other services	INR	2.9
Aramco Asia Japan K.K.	Japan	100%	Purchasing and other services	JPY	738.2
Aramco Asia Korea Ltd.	South Korea	100%	Purchasing and other services	KRW	4,302.9
Aramco Asia Singapore Pte. Ltd.	Singapore	100%	Purchasing and other services	USD	3.9
Aramco Associated Company	USA	100%	Aircraft operations	USD	0.0
Aramco Capital Company, LLC	USA	100%	Aircraft leasing	USD	–
Aramco Chemicals Company	Saudi Arabia	100%	Chemicals	SAR	75.0
Aramco Far East (Beijing) Business Services Co., Ltd.	People’s Republic of China	100%	Petrochemical purchasing/ sales and other services	USD	25.0
Aramco Financial Services Company	USA	100%	Financing	USD	0.0
Aramco Gas Pipelines Company	Saudi Arabia	100%	Gas operations	SAR	–
Aramco Gulf Operations Company Ltd.	Saudi Arabia	100%	Production and sale of crude oil	USD	0.3
Aramco Innovations LLC	Russia	100%	Research and commercialization	USD	0.2
Aramco International Company Limited	British Virgin Islands	100%	Support services	USD	0.0
Aramco Lubricants and Retail Company	Saudi Arabia	100%	Retail fuel marketing	SAR	0.2
Aramco Overseas Company Azerbaijan	Azerbaijan	100%	Support services	USD	0.0
Aramco Overseas Company B.V.	Netherlands	100%	Purchasing and other services	USD	11,214.5
Aramco Overseas Company Spain, S.L.	Spain	100%	Personnel and other support services	USD	0.0
Aramco Overseas Company UK Limited	United Kingdom	100%	Personnel and other support services	USD	0.0
Aramco Overseas Egypt LLC	Egypt	100%	Personnel and other support services	EGP	0.1

Name of entity	Place of business/ country of incorporation	Percentage ownership	Principal business activity	Share capital	
				Currency	Amount (millions)
Aramco Overseas Indonesia PT PMA	Indonesia	100%	Project management support	IDR	2,500.0
Aramco Overseas Malaysia SDN. BHD	Malaysia	100%	Personnel and other support services	USD	0.1
Aramco Performance Materials LLC	USA	100%	Petrochemical manufacture and sales	USD	0.9
Aramco Services Company	USA	100%	Purchasing, engineering and other services	USD	0.0
Aramco Shared Benefits Company	USA	100%	Benefits administration	USD	0.0
Aramco Trading Company	Saudi Arabia	100%	Importing, exporting and trading of crude oil, refined and chemical products	USD	35.0
Aramco Trading Fujairah FZE	UAE	100%	Importing and exporting refined products	AED	0.2
Aramco Trading Limited	United Kingdom	100%	Importing and exporting refined products	GBP	0.0
Aramco Trading Singapore PTE. LTD	Singapore	100%	Marketing and sales support	USD	4.5
Aramco Venture Management Consultant Company LLC	USA	100%	Consulting services	n/a	n/a
Aramco Ventures Holdings Limited	Guernsey	100%	Investment	USD	–
Aramco Ventures Investments Limited	Guernsey	100%	Investment	USD	–
ARLANXEO Holding B.V.	Netherlands	100%	Development, manufacture, and marketing of high- performance rubber	EUR	0.0
ARLANXEO Belgium N.V.	Belgium	100%	Development, manufacture, and marketing of high- performance rubber	EUR	108.4
ARLANXEO Branch Offices B.V.	Netherlands	100%	Development, manufacture, and marketing of high- performance rubber	EUR	0.1
ARLANXEO Brasil S.A.	Brazil	100%	Development, manufacture, and marketing of high- performance rubber	BRL	1,264.0
ARLANXEO Canada Inc.	Canada	100%	Development, manufacture, and marketing of high- performance rubber	CAD	46.9
ARLANXEO Deutschland GmbH	Germany	100%	Development, manufacture, and marketing of high- performance rubber	EUR	0.0
ARLANXEO Elastomères France S.A.S.	France	100%	Development, manufacture, and marketing of high- performance rubber	EUR	4.0
ARLANXEO Emulsion Rubber France S.A.S.	France	100%	Development, manufacture, and marketing of high- performance rubber	EUR	19.1
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.	People's Republic of China	100%	Development, manufacture, and marketing of high- performance rubber	CNY	1,143.2
ARLANXEO India Private Limited	India	100%	Development, manufacture, and marketing of high- performance rubber	INR	22.5
ARLANXEO Netherlands B.V.	Netherlands	100%	Development, manufacture, and marketing of high- performance rubber	EUR	30.4
ARLANXEO Singapore Pte. Ltd.	Singapore	100%	Development, manufacture, and marketing of high- performance rubber	USD	378.6
ARLANXEO Switzerland S.A.	Switzerland	100%	Development, manufacture, and marketing of high- performance rubber	USD	0.7

Name of entity	Place of business/ country of incorporation	Percentage ownership	Principal business activity	Share capital	
				Currency	Amount (millions)
ARLANXEO USA LLC	USA	100%	Development, manufacture, and marketing of high- performance rubber	USD	–
Aurora Capital Holdings LLC	USA	100%	Real estate holdings	USD	–
Bolanter Corporation N.V.	Curaçao	100%	Crude oil storage	USD	0.0
Briar Rose Ventures LLC	USA	100%	Real estate holdings	USD	–
Canyon Lake Holdings LLC	USA	100%	Retail fuel operations	USD	–
Excellent Performance Chemicals Company	Saudi Arabia	100%	Petrochemical manufacture and sales	USD	0.3
Investment Management Company	Saudi Arabia	100%	Investment management of post-employment benefit plans	USD	0.1
Motiva Chemicals LLC	USA	100%	Petrochemical manufacture	USD	1,889.9
Motiva Enterprises LLC	USA	100%	Refining and marketing	USD	9,558.7
Motiva Pipeline LLC	USA	100%	Pipeline transport	USD	–
Motiva Trading LLC	USA	100%	Purchasing and sale of petroleum goods and other services	USD	75.0
Mukamala International Investments Company	Saudi Arabia	100%	Investment	USD	0.1
Mukamala Oil Field Services Limited	Saudi Arabia	100%	Oil field services	USD	461.2
Pandlewood Corporation N.V.	Curaçao	100%	Financing	USD	0.0
Pedernales Ventures LLC	USA	100%	Retail fuel operations	USD	–
Pedernales Ventures II LLC	USA	100%	Investment	USD	–
SAEV Europe Ltd.	United Kingdom	100%	Investment	USD	0.0
SAEV Guernsey 1 Ltd.	Guernsey	100%	Investment	USD	2.4
SAEV Guernsey Holdings Ltd.	Guernsey	100%	Investment	USD	–
Saudi Aramco Asia Company Ltd.	Saudi Arabia	100%	Investment	USD	0.1
Saudi Aramco Capital Company Limited	Guernsey	100%	Investment	USD	–
Saudi Aramco Development Company	Saudi Arabia	100%	Investment	USD	0.1
Saudi Aramco Energy Ventures US LLC	USA	100%	Investment	USD	–
Saudi Aramco Energy Ventures LLC	Saudi Arabia	100%	Investment	USD	0.1
Saudi Aramco Entrepreneurship Center Company Ltd.	Saudi Arabia	100%	Financing	USD	0.1
Saudi Aramco Entrepreneurship Venture Company, Ltd.	Saudi Arabia	100%	Investment	SAR	0.5
Saudi Aramco Jubail Refinery Company	Saudi Arabia	100%	Refining	SAR	1,600.0
Saudi Aramco Power Company	Saudi Arabia	100%	Power generation	USD	0.0
Saudi Aramco Sukuk Company	Saudi Arabia	100%	Investment	SAR	0.5
Saudi Aramco Technologies	Saudi Arabia	100%	Research and commercialization	USD	0.1
Saudi Aramco Upstream Technology Company	Saudi Arabia	100%	Research and commercialization	USD	0.1
Saudi Petroleum International, Inc.	USA	100%	Marketing support services	USD	0.0
Saudi Petroleum Overseas, Ltd.	United Kingdom	100%	Marketing support and tanker services	GBP	0.0
Saudi Petroleum, Ltd.	British Virgin Islands	100%	Marketing support and tanker services	USD	0.0
Saudi Refining, Inc.	USA	100%	Refining and marketing	USD	0.0
Stellar Insurance, Ltd.	Bermuda	100%	Insurance	USD	0.1
Vela International Marine Ltd.	Liberia	100%	Marine management and transportation	USD	0.0
Wisayah Global Investment Company	Saudi Arabia	100%	Investment services	SAR	0.5

				Share capital	
Name of entity	Place of business/ country of incorporation	Percentage ownership	Principal business activity	Currency	Amount (millions)
B. Unconsolidated structured entity					
Energy City Development Company	Saudi Arabia	100%	Industrial development	n/a	n/a
Energy City Operating Company	Saudi Arabia	100%	Industrial development	n/a	n/a
C. Non-wholly owned²					
Aramco Oil Pipelines Company	Saudi Arabia	51%	Pipeline transport	SAR	0.1
Aramco Training Services Company	USA	49%	Training	USD	0.0
ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd.	People’s Republic of China	50%	Development, manufacture, and marketing of high-performance rubber	CNY	288.3
Johns Hopkins Aramco Healthcare Company	Saudi Arabia	80%	Health care	USD	25.0
Saudi Aramco Base Oil Company	Saudi Arabia	70%	Production and sale of petroleum based lubricants	SAR	0.0
Saudi Aramco Nabors Drilling Company	Saudi Arabia	50%	Drilling	USD	40.0
Saudi Aramco Rowan Offshore Drilling Company	Saudi Arabia	50%	Drilling	USD	50.0
S-Oil Corporation	South Korea	61.6%	Refining	USD	265.2
S-Oil Singapore Pte. Ltd.	Singapore	61.6%	Marketing support	SGD	1.2
S-International Ltd.	The Independent State of Samoa	61.6%	Purchasing and sale of petroleum goods	USD	0.0
Saudi Basic Industries Corporation (“SABIC”) ³	Saudi Arabia	70%	Holding	SAR	30,000
SABIC Luxembourg S.à r.l. (“SLUX”)	Luxembourg	70%	Holding	USD	34.4
SABIC Industrial Investments Company (“SIIC”)	Saudi Arabia	70%	Holding	SAR	300.0
SABIC Agri-Nutrients Company (“SABIC AN”)	Saudi Arabia	35.1%	Agri-Nutrients	SAR	4760.4
Arabian Petrochemical Company (“PETROKEMYA”) ⁴	Saudi Arabia	70%	Toller	SAR	1,955.5
Saudi Iron and Steel Company (“HADEED”)	Saudi Arabia	70%	Metals	SAR	1,070.0
SABIC Investment and Local Content Development Company (“NUSANED”)	Saudi Arabia	70%	Investment	SAR	10.0
SABIC Supply Chain Services Limited Company (“SSCS”)	Saudi Arabia	70%	Petrochemical	SAR	0.5
Saudi European Petrochemical Company (“IBN ZAHR”)	Saudi Arabia	56%	Petrochemical	SAR	1,025.7
Jubail United Petrochemical Company (“UNITED”)	Saudi Arabia	52.5%	Petrochemical	SAR	2,495.6
Saudi Methanol Company (“AR-RAZI”)	Saudi Arabia	52.5%	Toller	SAR	259.0
National Industrial Gases Company (“GAS”)	Saudi Arabia	49%	Toller	SAR	248.0
Yanbu National Petrochemical Company (“YANSAB”)	Saudi Arabia	36.4%	Toller	SAR	5,625.0
National Methanol Company (“IBN-SINA”)	Saudi Arabia	35%	Toller	SAR	558.0
Arabian Industrial Fibers Company (“IBN RUSHD”)	Saudi Arabia	33.6%	Toller	SAR	2,000.0
SABIC Innovative Plastics Argentina SRL	Argentina	70%	Petrochemical manufacture and sales	USD	33.5
SABIC High Performance Plastic (“SHPP”) Argentina SRL	Argentina	70%	Petrochemical manufacture and sales	USD	3.0
SABIC Australia Pty Ltd.	Australia	70%	Holding	AUD	110.2
SABIC Innovative Plastics Aus GmbH	Austria	70%	Holding	EUR	0.2
SABIC Innovative Plastics GmbH & Co. KG	Austria	70%	Agent	EUR	164.7
SABIC Innovative Plastics South America- Indústria e Comércio de Plásticos Ltda	Brazil	70%	Petrochemical manufacture and sales	BRL	318.8
SHPP South America Comércio de Plásticos Ltda	Brazil	70%	Petrochemical manufacture and sales	BRL	24.8
NV Pijpleiding Antwerpen-Limburg-Luik (PALL)	Belgium	70%	Support services	EUR	12.3

Name of entity	Place of business/ country of incorporation	Percentage ownership	Principal business activity	Share capital	
				Currency	Amount (millions)
SABIC Belgium NV	Belgium	70%	Petrochemical	EUR	210.1
SHPP Canada, Inc.	Canada	70%	Petrochemical	CAD	209.1
SABIC Petrochemicals Canada, Inc.	Canada	70%	Petrochemical manufacture and sales	CAD	0.0
SABIC Innovative Plastics (China) Co., Ltd.	People's Republic of China	70%	Petrochemical	USD	392.2
SABIC Innovative Plastics (Chongqing) Co., Ltd.	People's Republic of China	70%	Petrochemical manufacture and sales	USD	112.5
SABIC Innovative Plastics International Trading (Shanghai) Ltd.	People's Republic of China	70%	Reseller	USD	1.2
SABIC Innovative Plastics Management (Shanghai) Co., Ltd.	People's Republic of China	70%	Support services	CNY	7.5
SHPP (Shanghai) Co., Ltd.	People's Republic of China	70%	Petrochemical	USD	432.7
SABIC (Shanghai) Trading Co. Ltd.	People's Republic of China	70%	Reseller	CNY	16.9
SABIC (China) Research & Development Co. Ltd.	People's Republic of China	70%	Technology and innovation	CNY	170.6
SABIC China Holding Co. Ltd.	People's Republic of China	70%	Petrochemical	USD	0.8
SABIC Innovative Plastics Czech s.r.o.	Czech Republic	70%	Agent	CZK	0.0
SHPP Czech s.r.o.	Czech Republic	70%	Reseller	EUR	0.0
SABIC Innovative Plastics Denmark Aps	Denmark	70%	Agent	DKK	0.1
SABIC Nordic A/S	Denmark	70%	Agent	DKK	2.0
SABIC Innovative Plastics Finland Oy	Finland	70%	Agent	EUR	3.0
SHPP Finland Oy	Finland	70%	Reseller	EUR	0.0
SABIC France S.A.S.	France	70%	Reseller	EUR	1.9
SABIC Innovative Plastics France S.A.S.	France	70%	Agent	EUR	4.5
SHPP France S.A.S.	France	70%	Reseller	EUR	9.8
SABIC Deutschland GmbH	Germany	70%	Reseller	EUR	0.1
SABIC Holding Deutschland GmbH	Germany	70%	Holding	EUR	0.1
SABIC Innovative Plastics GmbH	Germany	70%	Agent	EUR	0.5
SABIC Innovative Plastics Holding Germany GmbH	Germany	70%	Holding	EUR	0.3
SABIC Polyolefine GmbH	Germany	70%	Toller	EUR	0.1
SHPP Germany GmbH	Germany	70%	Reseller	EUR	0.1
SABIC Greece M.E.P.E.	Greece	70%	Agent	EUR	0.1
SABIC Innovative Plastics Hong Kong Ltd.	Hong Kong	70%	Reseller	USD	279.7
SABIC Innovative Plastics SIT Holding Ltd.	Hong Kong	70%	Holding	USD	27.4
SABIC Innovative Plastics Taiwan Holding Ltd.	Hong Kong	70%	Petrochemical	USD	92.7
SHPP Hong Kong	Hong Kong	70%	Reseller	USD	12.7
SABIC Hungary Kft.	Hungary	70%	Agent	HUF	0.1
SABIC Innovative Plastics Kereskedelmi Kft.	Hungary	70%	Agent	HUF	0.1
SHPP Hungary Kft.	Hungary	70%	Reseller	EUR	0.0
SABIC India Pvt Ltd.	India	70%	Agent	INR	3.3
SABIC Innovative Plastics India Private Ltd.	India	70%	Petrochemical manufacture and sales	INR	34.4
SABIC R&T Pvt Ltd.	India	70%	Technology and innovation	INR	259.7
High Performance Plastics India Pvt Ltd.	India	70%	Petrochemical manufacture and sales	INR	0.0
SABIC Innovative Plastics Italy Srl	Italy	70%	Toller	EUR	69.8
SABIC Italia Srl	Italy	70%	Reseller	EUR	0.5
SABIC Sales Italy Srl	Italy	70%	Agent	EUR	0.0

Name of entity	Place of business/ country of incorporation	Percentage ownership	Principal business activity	Share capital	
				Currency	Amount (millions)
SHPP Italy Srl	Italy	70%	Toller	EUR	0.0
SHPP Sales Italy Srl	Italy	70%	Reseller	EUR	0.0
SHPP Japan LLC	Japan	70%	Petrochemical manufacture and sales	JPY	276.8
SABIC Petrochemicals Japan LLC	Japan	70%	Petrochemical	JPY	3.6
SABIC Korea Ltd.	South Korea	70%	Petrochemical	KRW	86.7
SHPP Korea Ltd.	South Korea	70%	Reseller	KRW	63.6
SABIC Innovative Plastics Malaysia Sdn Bhd	Malaysia	70%	Agent	MYR	8.5
SHPP Malaysia Sdn Bhd	Malaysia	70%	Reseller	USD	0.9
SABIC Innovative Plastics Mexico S de RL de CV	Mexico	70%	Petrochemical manufacture and sales	USD	36.2
High Performance Plastics Manufacturing Mexico S de RL de CV	Mexico	70%	Petrochemical manufacture and sales	USD	13.8
BV Snij-Unie HiFi	Netherlands	70%	Petrochemical manufacture and sales	EUR	0.0
SABIC Capital B.V.	Netherlands	70%	Financing	USD	0.1
SABIC Capital I B.V.	Netherlands	70%	Financing	USD	0.1
SABIC Capital II B.V.	Netherlands	70%	Financing	USD	0.1
Petrochemical Pipeline Services B.V.	Netherlands	70%	Support services	EUR	13.6
SABIC Europe B.V.	Netherlands	70%	Holding	EUR	747.1
SABIC Global Technologies B.V.	Netherlands	70%	Technology and innovation	USD	0.1
SABIC International Holdings B.V.	Netherlands	70%	Holding	USD	727.9
SABIC Innovative Plastics B.V.	Netherlands	70%	Principal (Manufacturing, Sales, R&D)	EUR	648.6
SABIC Innovative Plastics GP B.V.	Netherlands	70%	Holding	USD	0.1
SABIC Innovative Plastics Holding B.V.	Netherlands	70%	Holding	USD	0.1
SABIC Innovative Plastics Utilities B.V.	Netherlands	70%	Support services	EUR	0.0
SABIC Licensing B.V.	Netherlands	70%	Technology and innovation	USD	0.1
SABIC Limburg B.V.	Netherlands	70%	Support services	EUR	0.1
SABIC Sales Europe B.V.	Netherlands	70%	Reseller	EUR	0.5
SABIC Petrochemicals B.V.	Netherlands	70%	Principal (Manufacturing, Sales, R&D)	EUR	192.1
SABIC Ventures B.V.	Netherlands	70%	Technology and innovation	USD	0.1
SABIC Mining B.V.	Netherlands	70%	Holding	USD	0.1
SHPP Holding B.V.	Netherlands	70%	Holding	USD	0.0
SHPP Global Technologies B.V.	Netherlands	70%	Petrochemical	USD	0.0
SHPP Ventures B.V.	Netherlands	70%	Technology and innovation	EUR	0.0
SHPP Capital B.V.	Netherlands	70%	Financing	USD	0.0
SHPP Capital I B.V.	Netherlands	70%	Financing	USD	0.0
SHPP Capital II B.V.	Netherlands	70%	Financing	USD	0.0
SHPP B.V.	Netherlands	70%	Principal (Manufacturing, Sales, R&D)	EUR	0.0
SHPP Sales B.V.	Netherlands	70%	Reseller	EUR	0.0
SABIC Innovative Plastics Poland Sp. Z o.o.	Poland	70%	Agent	PLN	1.8
SABIC Poland Sp. Z o.o.	Poland	70%	Agent	PLN	0.1
SHPP Poland Sp. Z o.o.	Poland	70%	Reseller	EUR	0.0
LLC SABIC Eastern Europe	Russia	70%	Agent	RUB	0.0
SABIC Innovative Plastics Rus OOO	Russia	70%	Agent	RUB	0.0
SHPP Russia OOO	Russia	70%	Agent	RUB	0.0
SABIC Innovative Plastics (SEA) Pte. Ltd.	Singapore	70%	Reseller	USD	271.0

Name of entity	Place of business/ country of incorporation	Percentage ownership	Principal business activity	Share capital	
				Currency	Amount (millions)
SABIC Innovative Plastics Holding Singapore Pte. Ltd.	Singapore	70%	Holding	USD	1902.6
SHPP Singapore Pte. Ltd.	Singapore	70%	Petrochemical manufacture and sales	USD	1536.1
SABIC Asia Pacific Pte. Ltd.	Singapore	70%	Reseller	USD	0.2
SHPP Slovakia s.r.o.	Slovakia	70%	Reseller	EUR	0.0
SABIC Innovative Plastics Espana ScpA	Spain	70%	Toller	EUR	2,603.6
SABIC Innovative Plastics GP BV, Sociedad en Comandita	Spain	70%	Holding	EUR	15.8
SABIC Sales Spain SL	Spain	70%	Agent	EUR	0.0
SABIC Marketing Ibérica S.A.	Spain	70%	Reseller	EUR	0.3
SHPP Manufacturing SL	Spain	70%	Toller	EUR	0.0
SHPP Marketing Spain SL	Spain	70%	Reseller	EUR	0.0
Saudi Innovative Plastics Sweden AB	Sweden	70%	Agent	SEK	1.6
SHPP Thailand Co. Ltd.	Thailand	70%	Petrochemical	THB	70.9
SABIC Thailand Co. Ltd.	Thailand	70%	Petrochemical	THB	28.8
SHPP Petrokimya Ticaret Ltd Sirketi	Turkey	70%	Marketing and sales support	EUR	0.0
SABIC Global Ltd.	United Kingdom	70%	Holding	GBP	166.3
SABIC Tees Holdings Ltd.	United Kingdom	70%	Holding	EUR	1,245.0
SHPP Manufacturing UK Ltd.	United Kingdom	70%	Petrochemical	GBP	80.1
SABIC Innovative Plastics Ltd.	United Kingdom	70%	Agent	GBP	17.5
SABIC UK Ltd.	United Kingdom	70%	Reseller	GBP	–
SABIC UK Pension Trustee Ltd.	United Kingdom	70%	Investment management of post-employment benefit plans	GBP	–
SABIC UK Petrochemicals Ltd.	United Kingdom	70%	Toller	GBP	2,576.3
SHPP Sales UK Ltd.	United Kingdom	70%	Reseller	EUR	0.0
Exatec, LLC	USA	70%	Technology and innovation	USD	286.9
Mt. Vernon Phenol Plant Partnership	USA	35.7%	Petrochemical manufacture and sales	USD	91.9
SABIC Americas Inc.	USA	70%	Reseller	USD	7.0
SABIC US Holdings LP	USA	70%	Holding	USD	13,968.0
SABIC Innovative Plastics Mt. Vernon, LLC	USA	70%	Toller	USD	7,857.5
SABIC Innovative Plastics US LLC	USA	70%	Principal (Manufacturing, Sales, R&D)	USD	9,716.9
SABIC Petrochemicals Holding US, Inc.	USA	70%	Petrochemical manufacture and sales	USD	–
SABIC Ventures US Holdings LLC	USA	70%	Technology and innovation	USD	231.0
SABIC US Projects LLC	USA	70%	Projects	USD	56.3
SABIC Americas Growth LLC	USA	70%	Projects	USD	–
SABIC US Methanol LLC	USA	70%	Projects	USD	–
SHPP US LLC	USA	70%	Principal (Manufacturing, Sales, R&D)	USD	0.0
SABIC Vietnam Ltd.	Vietnam	70%	Agent	VND	1.9
SHPP Vietnam Co Ltd	Vietnam	70%	Petrochemical	VND	0.4
SABCAP Insurance Limited ("SABCAP")	Guernsey	70%	Insurance	USD	187.5
SABIC Petrokemya Ticaret Limited ("SABIC TURKEY")	Turkey	70%	Reseller	TRY	0.2
SABIC Middle East Offshore Company ("SABIC MIDDLE EAST")	Lebanon	n/a ⁵	Marketing and sales support	USD	0.1
SABIC Middle East Business Management	Jordan	70%	Marketing and sales support	JOD	2.1
SABIC South Africa	South Africa	70%	Marketing and sales support	ZAR	2.9

Name of entity	Place of business/ country of incorporation	Percentage ownership	Principal business activity	Share capital	
				Currency	Amount (millions)
SABIC Africa for Trading & Marketing ("SABIC AFRICA")	Egypt	n/a ⁵	Marketing and sales support	EGP	0.1
SABIC Morocco	Morocco	70%	Marketing and sales support	MAD	0.4
SABIC Global Mobility Company ("GMC")	UAE	70%	Personnel and other support services	AED	0.1
SABIC Mobility Company ("GMC LLC")	UAE	70%	Petrochemical	AED	0.1
SABIC Tunisia	Tunisia	70%	Marketing and sales support	TND	0.4
SABIC Kenya	Kenya	70%	Marketing and sales support	KES	0.7
SABIC (Pvt.) Pakistan	Pakistan	70%	Marketing and sales support	PKR	0.6
SABIC East Africa	Egypt	70%	Marketing and sales support	EGP	0.0
International Shipping and Transportation Co. ("ISTC")	Saudi Arabia	69.3%	Support services	SAR	40.0
SABIC Terminal Services Company ("SABTANK")	Saudi Arabia	63%	Support services	SAR	30.0
Jubail Chemical Storage and Services Company ("Chemtank")	Saudi Arabia	40.6%	Support services	SAR	582.8
SABIC Agri-Nutrients Investment Company ("SANIC")	Saudi Arabia	35.1%	Agri-Nutrients	SAR	0.0
National Chemical Fertiliser Company ("IBN AL-BAYTAR")	Saudi Arabia	35.1%	Agri-Nutrients	SAR	494.7
Joint operations²					
Al-Khafji Joint Operations	Saudi-Kuwaiti Partitioned Zone	50%	Oil and gas exploration and production	SAR	15.0
Fadhili Plant Cogeneration Company	Saudi Arabia	30%	Power generation	SAR	1.5
Pengerang Petrochemical Company SDN. BHD.	Malaysia	50%	Petrochemical	MYR	1,207.0
Pengerang Refining Company SDN. BHD.	Malaysia	50%	Refining	MYR	6,457.0
Power Cogeneration Plant Company	Saudi Arabia	50%	Power generation	SAR	24.8
Saudi Aramco Mobil Refinery Company Ltd.	Saudi Arabia	50%	Refining	SAR	1,800.0
Saudi Aramco Total Refining and Petrochemical Company	Saudi Arabia	62.5%	Refining/petrochemical	USD	2,200.0
Torathuna Social Responsibility Company	Saudi Arabia	62.5%	Corporate social responsibility	SAR	0.5
Tanajib Cogeneration Power Company	Saudi Arabia	40%	Power systems	SAR	15.0
Yanbu Aramco Sinopec Refining Company Limited	Saudi Arabia	62.5%	Refining	USD	1,560.3
Gulf Coast Growth Venture LLC ("GCGV") ³	USA	35%	Petrochemical	USD	112.5
Saudi Methacrylates Company ("SAMAC") ³	Saudi Arabia	35%	Petrochemical	SAR	1,350.0
Joint ventures²					
Arabian Rig Manufacturing Company ("ARM")	Saudi Arabia	30%	Rig manufacturing	SAR	28.6
First Coast Energy LLP ("FCE")	USA	50%	Marketing	USD	164.0
Huajin Aramco Petrochemical Company ("HAPCO")	People's Republic of China	35%	Petrochemical	RMB	–
Juniper Ventures of Texas LLP ("JVTX")	USA	60%	Marketing	USD	139.0
Middle East Information Technology Solutions ("MEITS")	Saudi Arabia	49%	Information technology	SAR	11.0
Novel Non-Metallic Solutions Manufacturing ("Novel")	Saudi Arabia	50%	Manufacturing	USD	40.1
Sadara Chemical Company ("Sadara")	Saudi Arabia	65%	Petrochemical	USD	9,500.0
Sadara Basic Services Company	Saudi Arabia	65%	Petrochemical manufacture and sales	USD	2.0
Saudi Hydrogen Peroxide Company	Saudi Arabia	33%	Petrochemical manufacture	SAR	242.0
Sadara Sukuk Wahid BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Ithnayn BV	Netherlands	65%	Investment	USD	0.1

Name of entity	Place of business/ country of incorporation	Percentage ownership	Principal business activity	Share capital	
				Currency	Amount (millions)
Sadara Sukuk Thalatha BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Arbaia BV	Netherlands	65%	Investment	USD	0.1
Sadara Sukuk Khamsa BV	Netherlands	65%	Investment	USD	0.1
Saudi Arabian Industrial Investment Company ("Dussur")	Saudi Arabia	42.5%	Investment	SAR	2,000.0
Saudi Engines Manufacturing Company ("SEMCO")	Saudi Arabia	55%	Manufacturing	USD	41.6
S-Oil TOTAL Lubricants Co. Limited	South Korea	50%	Lubricants production and sales	KRW	35,000.0
Star Enterprises LLC ("Star-Ent")	USA	50%	Pension administration	USD	247.0
Tas'helat Marketing Company ("TMC")	Saudi Arabia	50%	Marketing	SAR	40.0
Sahel Cafe Food Services Company	Saudi Arabia	50%	Retail services	SAR	0.5
Sahel Mart Company	Saudi Arabia	50%	Retail services	SAR	40.0
Sahel Transportation Company	Saudi Arabia	50%	Retail services	SAR	0.5
Tuwaiq Casting & Forging Company	Saudi Arabia	44.8%	Manufacturing	USD	0.1
Advance Energy Storage System Company ("AESSC") ³	Saudi Arabia	30.1%	Petrochemical	SAR	0.5
Al-Jubail Petrochemical Company ("Kemya") ³	Saudi Arabia	35%	Petrochemical	SAR	2,149.2
Cosmar Company ("COSMAR") ³	USA	35%	Petrochemical	USD	911.0
Eastern Petrochemical Company ("Sharq") ³	Saudi Arabia	35%	Petrochemical	SAR	1,890.0
SABIC Plastic Energy Advanced Recycling BV ("SPEAR") ³	Netherlands	35%	Petrochemical	EUR	2.3
SABIC SK Nexlene Company Pte. Ltd. ("SSNC") ³	Singapore	35%	Petrochemical	SAR	1,125.0
Saudi Yanbu Petrochemical Company ("Yanpet") ³	Saudi Arabia	35%	Petrochemical	SAR	4,596.0
SD Beteiligungs-GmbH & Co KG ³	Germany	35%	Investments	EUR	0.4
SD Lizenzverwertungs-GmbH & Co ³	Germany	35%	License company	EUR	0.4
SD Verwaltungs-GmbH ³	Germany	35%	Administrative company	EUR	0.1
Sinopec SABIC Tianjin Petrochemical Company ("SSTPC") ³	People's Republic of China	35%	Petrochemical	SAR	5,222.5
Utility Support Group B.V. ("USG") ³	Netherlands	35%	Petrochemical	EUR	0.1
Associates²					
BP AOC Pumpstation Maatschap	Netherlands	50%	Storage	EUR	0.0
BP ESSO AOC Maatschap	Netherlands	34.4%	Storage	EUR	0.0
International Maritime Industries Company ("IMIC")	Saudi Arabia	40.1%	Maritime	SAR	1,591.0
Power & Water Utility Company for Jubail and Yanbu ("Marafiq")	Saudi Arabia	42.2%	Utilities	SAR	2,500.0
Sudair One Holding Company ("Sudair One")	Saudi Arabia	30.3%	Holding	SAR	0.7
Team Terminal B.V.	Netherlands	34.4%	Storage	EUR	0.0
Mauritania Saudi Mining & Steel Company S.A. (TAKAMUL) ³	Mauritania	35%	Investment	MRU	96.8
Nusaned Fund ³	Saudi Arabia	35%	Investments	SAR	72.9
Rabigh Refining and Petrochemical Company ("Petro Rabigh")	Saudi Arabia	37.5%	Refining/petrochemical	SAR	8,760.0

1. Excludes subsidiaries which are passively held for investment purposes and not deemed material by Aramco.

2. Percentages disclosed reflect the effective ownership of Aramco in the respective entities.

3. Share capital amounts are presented in SAR. The currencies listed represent the functional currency of the entity.

4. In February 2021, Saudi Specialty Chemicals Company ("SP.CHEM") and Saudi Organometallic Chemicals Company ("SOCC") merged into PETROKEMYA.

5. Under liquidation.

For more information on Aramco's subsidiaries, see Section 8: Consolidated financial statements — Notes 38 and 39.

This Annual Report may contain certain forward-looking statements with respect to Aramco's financial position, results of operations and business and certain of Aramco's plans, intentions, expectations, assumptions, goals and beliefs regarding such items. These statements include all matters that are not historical fact and generally, but not always, may be identified by the use of words such as "believes", "expects", "are expected to", "anticipates", "intends", "estimates", "should", "will", "shall", "may", "is likely to", "plans", "outlook" or similar expressions, including variations and the negatives thereof or comparable terminology.

Prospective investors should be aware that forward-looking statements are not guarantees of future performance and that Aramco's actual financial position, results of operations and business and the development of the industries in which it operates may differ significantly from those made in or suggested by these forward-looking statements. In addition, even if Aramco's financial position, results of operations and business and the development of the industries in which it operates are consistent with these forward-looking statements, those results or developments may not be indicative of results or developments in subsequent periods.

Factors that could cause actual results to differ materially from Aramco's expectations are contained in cautionary statements in this Annual Report and include, among other things, the following:

- Supply, demand and price fluctuations with respect to oil and gas, and Aramco's other products;
- Global economic market conditions;
- Natural disasters and public health pandemics or epidemics (such as COVID-19), and weather conditions (including those associated with climate change);
- Competition in the industries in which Aramco operates;
- Climate change concerns and related impacts on the global demand for hydrocarbons and hydrocarbon-based products;
- Conditions affecting the transportation of products;
- Operational risk and hazards common in the oil and gas, refining and petrochemicals industries;
- The cyclical nature of the oil and gas, refining and petrochemicals industries;
- Terrorism and armed conflict, political and social instability and unrest, and actual or potential armed conflicts in the MENA region and other areas;
- Managing Aramco's growth and risks related to its strategic growth objectives;
- Risks in connection with projects under development and recent and future acquisitions and joint ventures, including with respect to SABIC;
- Aramco's dependence on the reliability and security of its IT systems;
- Managing Aramco's subsidiaries, joint operations, joint ventures, associates and entities in which it holds a minority interest;
- Aramco's exposure to interest rate risk and foreign exchange risk;
- Risks related to operating in a regulated industry and changes to oil, gas, environmental or other regulations that impact the industries in which Aramco operates;
- Risks related to litigation, including international trade litigation, disputes or agreements; and
- Risks related to the Kingdom.

The sections of this Annual Report entitled "Risk Factors" and "Financial Performance" contain a more complete discussion of the factors that could affect Aramco's future performance and the industries in which it operates. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Annual Report may not occur.

We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Annual Report.

Currencies

SAR/Saudi Riyal

Saudi Arabian riyal, the lawful currency of the Kingdom

\$/USD/Dollar

U.S. dollar

Units of measurement

Barrel (bbl)

Barrels of crude oil, condensate or refined products

B

Billion

boe

Barrels of oil equivalent

bpd

Barrels per day

bscf

Billion standard cubic feet

bscfd

Billion standard cubic feet per day

BTU

British thermal unit

GW

Gigawatts

mboed

Thousand barrels of oil equivalent per day

mbpd

Thousand barrels per day

mmbbl

Million barrels

mmboe

Million barrels of oil equivalent

mmboed

Million barrels of oil equivalent per day

mmbpd

Million barrels per day

mmBTU

Million British thermal units

mmscf

Million standard cubic feet

mmscfd

Million standard cubic feet per day

mmtpa

Million metric tons per annum

per day

Volumes are converted into a daily basis using a calendar year (Gregorian)

scf

Standard cubic feet

tscf

Trillion standard cubic feet

Technical terms

ASU

Air Separation Unit.

Arabian Extra Light

Crude oil with API gravity of 36° to 40° and sulfur content between 0.5% and 1.3%.

Arabian Heavy

Crude oil with API gravity less than 29° and sulfur content greater than 2.9%.

Arabian Light

Crude oil with API gravity of 32° to 36° and sulfur content between 1.3% and 2.2%.

Arabian Medium

Crude oil with API gravity of 29° to 32° and sulfur content between 2.2% and 2.9%.

Arabian Super Light

Crude oil with API gravity more than 40° and sulfur content less than 0.5%.

Carbon intensity

A measure of greenhouse gas emissions in carbon dioxide (CO₂) equivalent per barrel of oil equivalent.

CO₂

Carbon dioxide.

CO₂e

Carbon dioxide equivalent.

Condensate

Light hydrocarbon substances produced with raw gas which condenses into liquid at normal temperatures and pressures associated with surface production equipment.

Delineation

A process by which new wells are drilled in order to determine the boundaries of a discovered oil or gas field, both its areal extent and its vertical hydrocarbon column.

FEED

Front end engineering design.

Freshwater

Non-brackish water with total dissolved solids (TDS) concentration up to 2,000 mg/l.

Greenhouse gas (GHG) emissions

Any gaseous compound in the atmosphere that is capable of absorbing infrared radiation. Generally, consists of water vapor, CO₂, methane, nitrous oxide, hydro fluorocarbons, perfluorocarbons and sulfur hexafluoride. Aramco's inventory includes CO₂, methane and nitrous oxide.

Gross chemicals production capacity

The total combined chemicals production capacity of Aramco and the joint ventures and other entities in which Aramco owns an equity interest.

Gross refining capacity

The total combined refining capacity of Aramco and the joint ventures and other entities in which Aramco owns an equity interest.

Hydrocarbons

Crude oil and other hydrogen and carbon compounds in liquid or gaseous state.

IGCC

Integrated gasification combined-cycle.

Lifting costs

Oil and gas operations (i) production related expenses; (ii) taxes other than income taxes (if applicable); and (iii) production related general and administrative expenses. Lifting costs exclude exploration, royalty, R&D, public service costs, gain or loss on disposal of property, plant and equipment and depreciation costs.

Liquids

Crude oil, condensate and NGL.

LPG

Liquefied petroleum gas, which is a mixture of saturated and unsaturated hydrocarbons, with up to five carbon atoms, used as household fuel.

MSC

Maximum Sustainable Capacity — the average maximum number of barrels per day of crude oil that can be produced for one year during any future planning period, after taking into account all planned capital expenditures and maintenance, repair and operating costs, and after being given three months to make operational adjustments.

The MSC excludes AGOC's crude oil production capacity.

MTBE

Methyl tertiary butyl ether — a volatile, colorless, flammable liquid that is manufactured via a chemical reaction between methanol and isobutylene and is used as a component in fuel for gasoline engines.

Natural gas

Dry gas produced at Aramco's gas plants and sold within the Kingdom.

Net chemicals production capacity

Aramco's equity share of its gross chemicals production capacity, calculated by multiplying the gross chemicals production capacity of each facility in which Aramco has an interest by Aramco's percentage equity ownership in the entity that owns the facility.

Net refining capacity

Aramco's equity share of its gross refining capacity, calculated by multiplying the gross refining capacity of each refinery in which Aramco has an interest by Aramco's percentage equity ownership in the entity that owns the refinery.

NGL

Natural gas liquids, which are liquid or liquefied hydrocarbons produced in the manufacture, purification and stabilization of natural gas. For purposes of reserves, ethane is included in NGL. For purposes of production, ethane is reported separately and excluded from NGL.

Production costs

The sum of operating costs and depreciation, reflecting both the erosion of asset value over time on an accounting basis and the cost of operating the business.

Proved reserves

Those quantities of liquids and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible — from a given date forward, from known reservoirs, and under existing economic conditions, operating methods and government regulations — prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

Reliability

Total products volume shipped/delivered within 24 hours of the scheduled time, divided by the total products volume committed. Any delays caused by factors that are under the Company's control (e.g. terminal, pipeline, stabilization, or production) negatively affect the score, whereas delays caused by conditions that are beyond the Company's control, such as adverse weather, are not considered. A score of less than 100 percent indicates there were issues that negatively impacted reliability.

Reserves life

Calculated on a barrel of oil equivalent basis by dividing proved reserves as at a given year-end by production for that year.

Scope 1 GHG emissions

Direct emissions, which include GHG emissions from onsite fuel combustion, flaring, venting and fugitive emissions.

Scope 2 GHG emissions

Indirect emissions, which account for GHG emissions from offsite power generation including electricity and steam.

Tier 1 process safety event

An unplanned or uncontrolled release of any material, including nontoxic and nonflammable materials, from a process that results in one or more of the consequences listed in API Recommended Practice-754.

Total recordable case (TRC) frequency

Sum of recordable cases that occurred in the workplace per 200,000 work hours.

Unconventional oil and gas

Term refers to the oil and gas resources which cannot be explored, developed and produced by conventional processes just in using the natural pressure of the wells and pumping or compression operations.

Upstream methane intensity

Estimated methane emissions from upstream operations per volume of marketed natural gas expressed as a percentage.

**Affiliate**

Except with respect to financial information, the term Affiliate means a person who controls another person or is controlled by that other person, or who is under common control with that person by a third person. In any of the preceding, control could be direct or indirect.

With respect to financial information, the term Affiliate means the Company's subsidiaries, joint arrangements and associate, each as defined by IFRS.

AGM

Ordinary Annual General Assembly meeting.

AGOC

Aramco Gulf Operations Company Ltd.

AOPC

Aramco Oil Pipelines Company.

API

The American Petroleum Institute, which is the major United States trade association for the oil and gas industry.

Aramco Namaat

Aramco's industrial investment program.

ARLANXEO

ARLANXEO Holding B.V., a wholly-owned specialty chemicals subsidiary.

Associate

With respect to financial information, the term Associate, as defined by IFRS, means an entity over which the Company has significant influence but does not control, generally reflected by a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

ATC

Aramco Trading Company, a wholly-owned subsidiary of Aramco.

Auditor

PricewaterhouseCoopers Public Accountants, the independent external auditor of Aramco.

Blended Price

Pursuant to Council of Ministers Resolution No. 370, dated 10/7/1439H (corresponding to March 27, 2018) and the Ministerial Resolution issued by the Ministry of Energy, in agreement with the Ministry of Finance, No. 01-5928-1439, dated as at 27/8/1439H (corresponding to May 13, 2018), effective March 17, 2018, the Kingdom established the price due to licensees for the domestic sale of Regulated Gas Products.

Board

The Board of Directors of the Company.

Bylaws

The Bylaws of the Company, approved by Council of Ministers Resolution No. 180 dated 1/4/1439H (corresponding to December 19, 2017), which came into effect on January 1, 2018.

Capital Market Law

The Capital Market Law, pursuant to Royal Decree No. (M/30) dated 2/6/1424H — 31/7/2003, was issued to create a transparent, fair and regulated market that keeps pace with the current developments in other international financial markets. The Capital Market Law articles are formulated to regulate and develop the capital market, regulate the issuance of securities and supervise its transactions as well as supervising authorized persons licensed by CMA. In addition, it protects investors and citizens from illegal practices.

CMA

The Capital Market Authority, including, where the context permits, any committee, sub-committee, employee or agent to whom any function of the CMA may be delegated.

Companies Law

The Companies Law, issued under Royal Decree No. M/3, dated 28/1/1437H (corresponding to November 10, 2015), as amended.

Company

Saudi Arabian Oil Company.

Concession

As defined in Section 7: Additional financial and legal information — Material agreements — The Concession.

Concession Amendment

As defined in Section 7: Additional financial and legal information — Material agreements — The Concession.

Concession Area

The territorial lands and maritime areas of the Kingdom except in the Excluded Areas.

Concession Effective Date

As defined in Section 7: Additional financial and legal information — Material agreements — The Concession.

Control

Except with respect to financial information, the term "Control" means the ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (a) holding 30% or more of the voting rights in a company, or (b) having the right to appoint 30% or more of the Board of a company; "controller" shall be construed accordingly.

With respect to financial information, the term "Control" is defined by IFRS: the Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Corporate Governance Regulations (CGRs)

The Corporate Governance Regulations issued pursuant to the CMA Board Resolution No. 8-16-2017, dated 16/5/1438H (corresponding to February 13, 2017), as amended.

Council of Ministers

The cabinet of the Kingdom, which is led by the Custodian of the Two Holy Mosques, the King, and includes H.R.H. the Crown Prince and other cabinet ministers.

COVID-19

The coronavirus disease identified in 2019.

D&M

DeGolyer & MacNaughton, Aramco's independent petroleum consultant.

Domestic

Refers to the Kingdom of Saudi Arabia.

Domestic Price

Certain prices for the domestic sale of gas hydrocarbons including those for Regulated Gas Products.

EBIT

Earnings (losses) before interest, income taxes and zakat.

ERM

Enterprise risk management.

ESG

Environmental, social and governance.

Excluded Areas

The limited area excluded from Aramco's rights under the Concession, consisting of: (a) the boundaries of the Holy Mosques in Makkah AL-Mukarramah and Madinah AL-Munawwarah, (b) the partitioned territory and its adjoining offshore areas in accordance with the agreements between the Kingdom and the State of Kuwait, and (c) the common zone in the Red Sea in accordance with the agreement between the Kingdom and the Republic of Sudan.

FRFP

Fujian Refining & Petrochemical Company Limited, a joint venture established among Saudi Aramco Asia Company Ltd., Fujian Petrochemical Company Ltd. (itself a joint venture between Sinopec and the Fujian, China provincial government) and ExxonMobil China Petroleum & Petrochemical Company Ltd.

FSIA

U.S. Foreign Sovereign Immunity Act.

GCC

The Cooperation Council for the Arab States of the Gulf, consisting of the member states of the Kingdom of Bahrain, State of Kuwait, Sultanate of Oman, State of Qatar, Kingdom of Saudi Arabia and United Arab Emirates.

GDP

Gross domestic product. The broadest quantitative measure of a nation's total economic activity, representing the monetary value of all goods and services produced within a nation's geographic borders over a specified period of time.

General Assembly

Any Ordinary General Assembly or Extraordinary General Assembly.

GMTN program

On April 1, 2019, the Company established a global medium-term note program pursuant to which it may from time to time issue notes.

Government

The Government of the Kingdom (and "Governmental" shall be interpreted accordingly).

GSPP

The Law of Gas Supplies and Pricing enacted by Royal Decree No. M/36, dated 25/6/1424H (corresponding to August 23, 2003), as amended.

H

Hijri calendar.

HSE

Health, safety and environment.

HSSE

Health, safety, security, and environment.

Hydrocarbons Law

Law governing hydrocarbons, hydrocarbon resources, and hydrocarbon operations existing within the territory of the Kingdom, enacted by Royal Decree No. M/37, dated 2/4/1439H (corresponding to December 20, 2017), as amended.

IAS

International Accounting Standard(s).

IASB

International Accounting Standards Board.

IFRS

International Financial Reporting Standard(s) that are endorsed in the Kingdom and other standards and pronouncements endorsed by SOCPA.

iktva

In-Kingdom total value add.

Income Tax Law/Tax Law

Income Tax Law issued under Royal Decree No. M/1 dated 15/1/1425H (corresponding to March 6, 2004) and its Implementing Regulations issued under Ministerial Resolution No. 1535 dated 11/6/1425H (corresponding to August 11, 2004), as amended from time to time.

IOCs

International oil companies.

IPO

The initial public offering.

ISO

International Organization for Standardization.

JIGPC

Jazan Integrated Gasification and Power Company.

Joint arrangement

The term joint arrangement, as defined by IFRS, refers to either a joint operation or a joint venture.

Joint operation

The term joint operation, as defined by IFRS, arises where the investors have rights to the assets and obligations for the liabilities of a joint arrangement.

Joint venture

The term joint venture, as defined by IFRS, means a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement.

KAUST

King Abdullah University of Science and Technology.

KFUPM

King Fahd University of Petroleum and Minerals.

Kingdom

Kingdom of Saudi Arabia.

KPIs

Key Performance Indicators.

LTI

Lost time injuries/illness.

Luberef

Saudi Aramco Base Oil Company, a joint venture between Aramco and Jadwa Industrial Investment Company, which acquired its share from Mobil in 2007.

MEIM

The Ministry of Energy, Industry and Mineral Resources of the Kingdom. Predecessor to the Ministry of Energy.

MENA

Middle East and North Africa.

MEWA

The Ministry of the Environment, Water and Agriculture of the Kingdom.

Master Gas System (MGS)

An extensive network of pipelines that connects Aramco's key gas production and processing sites throughout the Kingdom.

Ministry of Energy

Ministry of Energy of the Kingdom. Successor to MEIM.

Ministry of Human Resources and Social Development

Ministry of Human Resources and Social Development of the Kingdom, formerly the Ministry of Labor and Social Development.

Ministry of Industry and Mineral Resources

The Ministry of Industry and Mineral Resources of the Kingdom.

Ministry of Labor and Social Development

The Ministry of Labor and Social Development of the Kingdom.

Motiva

Motiva Enterprises LLC.

NOCs

National oil companies.

OGCI

Oil and Gas Climate Initiative.

OPEC

Organization of the Petroleum Exporting Countries.

Operationally controlled entities

Includes SASREF, Motiva, ARLANXEO, Aramco Trading Company, Aramco Overseas Company, Aramco Services Company, Saudi Aramco Asia Company Ltd.

Original Concession

As defined in Section 7: Additional financial and legal information — Material agreements — The Concession.

Paris Agreement

The United Nations Framework Convention on Climate Change Paris Agreement.

PETRONAS

Petroleum Nasional Bhd.

Petro Rabigh

Rabigh Refining and Petrochemical Company, a venture established by Aramco and Sumitomo Chemical Co. Ltd. in 2005, which is a publicly traded company listed on Tadawul.

PIF

Public Investment Fund of Saudi Arabia.

PRefChem

PRefChem Petrochemical and PRefChem Refining.

PRefChem Petrochemical

Pengerang Petrochemical Company Sdn. Bhd.

PRefChem Refining

Pengerang Refining Company Sdn. Bhd.

Price equalization

Prices are established separately by the Ministry of Energy for each relevant product using a combination of either internationally recognized indices or, where relevant, the Company's official selling price and, depending on the relevant product, on the basis of export parity, import parity or a combination of both.

R&D

Research and development.

Regulated Gas Products

Gas hydrocarbons which are subject to the Kingdom's gas pricing regime, including natural gas, ethane and NGL (propane, butane and natural gasoline).

Relatives

The term relatives, as defined under the Corporate Governance Regulations, refers to:

- (i) Fathers, mothers, grandfathers and grandmothers (and their ancestors);
- (ii) Children and grandchildren and their descendants;
- (iii) Siblings, maternal and paternal half-siblings; and
- (iv) Husbands and wives.

Reserved Areas

The areas reserved for Aramco's operations within the Concession Area.

ROACE

Return on average capital employed.

Rules on the Offer of Securities and Continuing Obligations (OSCO Rules)

As issued by the Board of the CMA pursuant to CMA Board Resolution No. 3-123-2017 dated 9/4/1439H (corresponding to December 27, 2017) based on the Capital Market Law, as amended by CMA Board Resolution No. 1-104-2019 dated 1/2/1441H (corresponding to September 30, 2019).

SABIC

Saudi Basic Industries Corporation.

Sadara

Sadara Chemical Company, a joint venture established by Aramco and Dow Chemical Company in 2011.

SASREF

Saudi Aramco Jubail Refinery Company, a subsidiary of Aramco, formerly known as Saudi Aramco Shell Refinery Company.

SATORP

Saudi Aramco Total Refining and Petrochemical Company, a joint venture established by Aramco and Total Refining Saudi Arabia SAS in 2008.

Saudi Aramco/Aramco

Saudi Arabian Oil Company, together with its consolidated subsidiaries, and where the context requires, its joint operations, joint ventures and associates.

Any reference to "us", "we" or "our" refers to Aramco except where otherwise stated.

Unless otherwise stated, the text does not distinguish between the activities and operations of the Company and those of its subsidiaries.

Saudi Green Initiative (SGI)

A national initiative for the Kingdom that aims to increase the Kingdom's reliance on clean energy, offset the impact of fossil fuels and combat climate change.

Senior Executives/ Management Committee

The members of the Senior Management of Aramco holding the title of President, CEO, or Senior Vice President.

Senior Management

The Senior Management and other officers of Aramco who, while subordinate to the Senior Executives, are still involved in the management of Aramco and participate in driving its strategies, decisions or operations.

Senior Unsecured Notes

Senior Unsecured Notes under the GMTN Program.

Shareek program

A cooperative Government program that is designed to provide support via various pillars including financial, monetary, operational and regulatory cooperation and asset investment, aiming to enhance the development and resilience of the Saudi economy by increasing the gross domestic product, providing job opportunities, diversifying the economy and strengthening cooperation between public and private sectors.

Shareholder

Any holder of shares.

Shari'a

The Islamic law.

Sinopec

China Petroleum & Chemical Corporation.

SOCPA

Saudi Organization for Chartered and Professional Accountants.

S-Oil

S-Oil Corporation.

SPE-PRMS

Society of Petroleum Engineers — Petroleum Resources Management System.

SSC

Sustainability Steering Committee.

Stellar

Stellar Insurance Ltd.

Subsidiaries

Except with respect to financial information, the term subsidiaries means the companies that Aramco controls through its ability to influence the actions or decisions of another person through, whether directly or indirectly, alone or with a relative or affiliate (i) holding 30% or more of the voting rights in a company or (ii) having the right to appoint 30% or more of the Board of a company.

With respect to financial information, the term subsidiaries is defined by IFRS, meaning entities over which the Company has control.

Sukuk

A sukuk is a financial instrument similar to a bond that complies with Shari'a principles.

Sumed Company

The Arab Petroleum Pipelines Company.

Sumitomo

Sumitomo Chemical Co. Ltd.

Tadawul/Exchange

The Saudi Stock Exchange, the sole entity authorized in the Kingdom to act as a securities exchange.

Total

Total S.A.

U.S./United States/USA

United States of America.

YASREF

Yanbu Aramco Sinopec Refinery Company Limited, a joint venture established by Aramco and Sinopec Century Bright Capital Investment (Amsterdam) B.V. in 2010.

ZATCA

The Saudi Arabian Zakat, Tax and Customs Authority.

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Consolidated financial statements

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Saudi Stock Exchange (Tadawul) Riyadh, Saudi Arabia

Aramco completed its historic Initial Public Offering on the Saudi Stock Exchange, Tadawul, in 2019 and since then has delivered consistent dividends for shareholders.



أرامكو السعودية
saudi aramco



أرامكو السعودية
مرحباً بكم في تداول السعودية

أرامكو السعودية
مرحباً بكم في تداول السعودية



Independent auditor's report to the shareholders of Saudi Arabian Oil Company

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Saudi Arabian Oil Company (the "Company") and its subsidiaries (together the "Group") as at December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of income for the year ended December 31, 2021;
- the consolidated statement of comprehensive income for the year ended December 31, 2021;
- the consolidated balance sheet as at December 31, 2021;
- the consolidated statement of changes in equity for the year ended December 31, 2021;
- the consolidated statement of cash flows for the year ended December 31, 2021; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the code of professional conduct and ethics, endorsed in the Kingdom of Saudi Arabia, that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Our audit approach

Overview



- We determined overall Group materiality taking into account the profit-oriented nature of the Group.
- Based on income before income taxes and zakat of SAR 769.5 billion, we determined our overall Group materiality at SAR 28.1 billion.
- Our quantitative threshold for reporting misstatements to those charged with governance was set at SAR 1.9 billion.

Based on their size, complexity and risk:

- We considered the Company's standalone operations and four other components located in the Kingdom of Saudi Arabia, the United States of America and the Republic of Korea as significant to the Group audit; and
- We also determined a number of other components to be in scope for the Group audit, in respect of which appropriate audit procedures were performed.

Our key audit matters comprise the following:

- Assessment of recoverability of the goodwill and brand recognised as part of the Saudi Basic Industries Corporation ("SABIC") acquisition; and
- Accounting for the oil pipelines transaction.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Board of Directors made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Overall Group materiality	SAR 28.1 billion (2020: SAR 14.2 billion)
How we determined it	Approximately 4% of income before income taxes and zakat
Rationale for the materiality benchmark applied	Income before income taxes and zakat is an important benchmark for the Group's stakeholders and is a generally accepted benchmark for profit-oriented groups.

We agreed with those charged with governance that we would report to them misstatements identified during our audit above SAR 1.9 billion.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group's operations are conducted through many components in several parts of the world. The most significant component within the Group is the Company itself and most of the audit effort was spent by the Group engagement team based in Dhahran, Kingdom of Saudi Arabia. The Group engagement team tested IT general controls, application and manual controls over systems and processes related to the Company's financial information supplemented by tests of detail and analytical procedures. Certain audit procedures were carried out by the Group engagement team with assistance from internal accounting, valuation, pension, tax and IT experts and specialists. The Group engagement team also directed the work done by the various component teams across different locations and performed audit procedures on the consolidation workings and disclosures.

We identified four additional significant components where a full scope audit on the respective components' financial information was performed under our instructions. Members of the Group engagement team performed the full scope audit of the significant component located in Dhahran, Kingdom of Saudi Arabia. Component teams in Riyadh, Kingdom of Saudi Arabia, the United States of America and the Republic of Korea performed full scope audits of the components at those locations. We also requested certain other component teams to perform appropriate audit procedures. The selection of these components was based on qualitative and quantitative considerations, including whether the component accounted for a significant proportion of individual consolidated financial statement line items.

The Group engagement team's involvement in the audit work performed by component teams considered the relative significance and complexity of the individual component. This included allocating overall Group materiality to the different components, sending formal instructions, obtaining regular updates on progress and results of procedures as well as reviewing deliverables and the relevant underlying working papers.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter

How our audit addressed the Key audit matter

Assessment of recoverability of the goodwill and brand recognised as part of the SABIC acquisition

International Accounting Standard ("IAS") 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia, requires goodwill and intangible assets that have indefinite useful lives to be tested annually, irrespective of whether there is any indication of impairment.

Management performed an assessment of recoverability of the goodwill and brand (determined to have an indefinite useful life) recognised as part of the SABIC acquisition. The carrying amounts of these assets were SAR 99.1 billion and SAR 18.2 billion, respectively, at December 31, 2021.

Goodwill has been allocated to the Downstream operating segment. Therefore, the goodwill impairment test was performed at the Downstream operating segment level. The brand test was performed based on an aggregation of the relevant cash-generating units.

The recoverable amounts were determined based on value-in-use calculations derived using discounted cash flow models. The models were based on the most recent financial plans and included 10-year projection periods with terminal values assumed thereafter.

The exercise performed by management supported the goodwill and brand carrying values and did not identify the need for any impairment charges to be recognised.

We considered this to be a key audit matter given the significant estimates involved in determining recoverable amounts and the uncertainty inherent in the underlying forecasts and assumptions. The key inputs to the recoverable amounts included the:

- Cash flows during the 10-year periods including the commodity prices, margins and other underlying assumptions;
- Terminal values; and
- Pre-tax discount rates.

Refer to Note 2(e), Note 2(h), Note 6 and Note 35(a)(i) to the consolidated financial statements for further information.

Our procedures included the following:

- We reviewed the appropriateness of management's allocation of goodwill to the Downstream operating segment and brand to the aggregation of the relevant cash-generating units, based on the requirements of IAS 36 'Impairment of Assets', that is endorsed in the Kingdom of Saudi Arabia.
- We considered the completeness of the carrying values of the assets and liabilities considered as part of the impairment tests for the goodwill and brand.
- With input from internal valuation experts, where considered necessary, we performed the following procedures on management's valuation models, as deemed appropriate:
 - Considered the consistency of certain unobservable inputs underlying the 10-year cash flows such as expected product volumes and future costs with approved financial plans;
 - Compared a sample of forecast commodity prices and margins underlying the 10-year cash flows to market data points;
 - Evaluated the reasonableness of approved financial plans by comparison to historical results;
 - Assessed the reasonableness of the approach and inputs used to determine the terminal values;
 - Evaluated the reasonableness of the pre-tax discount rates used by cross-checking the underlying assumptions against observable market data;
 - Tested the mathematical accuracy and logical integrity of the models; and
 - Tested management's sensitivity analyses that considered the impact of changes in assumptions on the outcome of the impairment assessments.
- We considered the reasonableness of the movements in recoverable amounts during the year ended December 31, 2021.
- We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Key audit matter	How our audit addressed the Key audit matter
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Accounting for the oil pipelines transaction

The Company sold a 49% equity interest in Aramco Oil Pipelines Company ("AOPC") in June 2021 to EIG Pearl Holdings S.à.r.l. ("EIG") for upfront sale proceeds of SAR 46.5 billion.

As part of the arrangement, immediately prior to the sale, the Company leased usage rights to its stabilized crude oil pipelines to AOPC for a 25-year period. Simultaneously, AOPC granted the Company the exclusive right to use, operate and maintain the pipelines during this period in exchange for a tariff. The Company retained title to, and operational control of, the pipelines.

Under the agreed terms and conditions, EIG is entitled to receive dividend distributions from AOPC based on its share of available cash, when the Company pays discretionary dividends to its ordinary shareholders.

Given the discretionary nature of EIG's entitlement to dividends, the upfront sale proceeds have been recognized as a non-controlling interest in the consolidated financial statements.

We considered this to be a key audit matter given the nature and materiality of the transaction as well as the judgment involved in determining the accounting treatment of the sale proceeds as a non-controlling interest.

Refer to Note 2(d) and Note 34(a) to the consolidated financial statements for further information.

Our procedures included the following:

- We held discussions with management to understand the legal structure of the arrangement and the nature of transactions on financial close and during the 25-year period.
- We read the relevant agreements and considered the consistency of the underlying terms and conditions with the accounting treatments.
- With input from internal accounting specialists, we considered appropriateness of the accounting treatment of:
 - AOPC as a non-wholly owned subsidiary; and
 - Sale proceeds as a non-controlling interest, keeping in mind the potential alternative treatment as a borrowing.
- With input from internal valuation experts, where considered necessary, we assessed the reasonableness of the carrying value determined by management of AOPC's net assets (including the tariff related asset) immediately prior to the sale.
- We considered the appropriateness of the related accounting policies and disclosures in the consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards, that are endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by SOCPA, and the applicable requirements of the Regulations for Companies and the Company's Bylaws, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

As part of an audit in accordance with International Standards on Auditing, that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Independent auditor's report to the shareholders of Saudi Arabian Oil Company (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Omar M. Al Sagga', written over the PricewaterhouseCoopers text.

Omar M. Al Sagga
License No. 369

March 18, 2022

Consolidated statement of income

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2021	2020	2021	2020
Revenue	24	1,346,930	768,109	359,181	204,829
Other income related to sales		154,828	93,982	41,287	25,062
Revenue and other income related to sales		1,501,758	862,091	400,468	229,891
Royalties and other taxes		(144,793)	(89,964)	(38,611)	(23,991)
Purchases	25	(352,377)	(181,116)	(93,967)	(48,297)
Producing and manufacturing		(76,495)	(74,350)	(20,399)	(19,827)
Selling, administrative and general		(59,496)	(46,970)	(15,866)	(12,525)
Exploration		(7,285)	(7,293)	(1,943)	(1,945)
Research and development		(3,873)	(2,830)	(1,033)	(755)
Depreciation and amortization	5,6	(85,521)	(76,208)	(22,805)	(20,322)
Operating costs		(729,840)	(478,731)	(194,624)	(127,662)
Operating income		771,918	383,360	205,844	102,229
Share of results of joint ventures and associates	7	7,874	(3,554)	2,100	(948)
Finance and other income	27	1,787	3,182	477	849
Finance costs	20	(12,058)	(10,564)	(3,215)	(2,817)
Income before income taxes and zakat		769,521	372,424	205,206	99,313
Income taxes and zakat	8	(357,125)	(188,661)	(95,234)	(50,310)
Net income		412,396	183,763	109,972	49,003
Net income (loss) attributable to					
Shareholders' equity		395,203	184,926	105,387	49,313
Non-controlling interests		17,193	(1,163)	4,585	(310)
		412,396	183,763	109,972	49,003
Earnings per share (basic and diluted)	37	1.98	0.93	0.53	0.25

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.



H.E. Yasir O. Al-Rumayyan
Chairman of the Board



Amin H. Nasser
President & Chief Executive Officer



Ziad T. Al Murshed
Chief Financial Officer (Acting)

Consolidated statement of comprehensive income

All amounts in millions of Saudi Riyals unless otherwise stated

Consolidated
financial statements

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2021	2020	2021	2020
Net income		412,396	183,763	109,972	49,003
Other comprehensive income (loss), net of tax	18				
Items that will not be reclassified to net income					
Remeasurement of post-employment benefit obligations		10,190	(8,966)	2,717	(2,391)
Share of post-employment benefit obligations remeasurement from joint ventures and associates		270	–	72	–
Changes in fair value of equity investments classified as fair value through other comprehensive income		851	1,795	227	479
Items that may be reclassified subsequently to net income					
Cash flow hedges and other		323	(300)	86	(80)
Changes in fair value of debt securities classified as fair value through other comprehensive income		(556)	297	(148)	79
Share of other comprehensive (loss) income of joint ventures and associates		(417)	550	(111)	147
Currency translation differences		(2,798)	2,768	(746)	738
		7,863	(3,856)	2,097	(1,028)
Total comprehensive income		420,259	179,907	112,069	47,975
Total comprehensive income (loss) attributable to					
Shareholders' equity		403,586	180,960	107,623	48,256
Non-controlling interests		16,673	(1,053)	4,446	(281)
		420,259	179,907	112,069	47,975

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.


H.E. Yasir O. Al-Rumayyan
Chairman of the Board


Amin H. Nasser
President & Chief Executive Officer

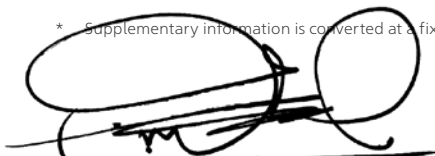

Ziad T. Al Murshed
Chief Financial Officer (Acting)

Consolidated balance sheet

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		At December 31		At December 31	
		2021	2020	2021	2020
Assets					
Non-current assets					
Property, plant and equipment	5	1,244,316	1,209,460	331,818	322,523
Intangible assets	6	160,668	164,547	42,845	43,879
Investments in joint ventures and associates	7	69,559	65,976	18,549	17,594
Deferred income tax assets	8	14,969	15,280	3,992	4,075
Other assets and receivables	9	37,776	37,258	10,073	9,935
Investments in securities	10	24,161	22,861	6,443	6,096
		1,551,449	1,515,382	413,720	404,102
Current assets					
Inventories	11	74,703	51,999	19,921	13,867
Trade receivables	12	140,373	85,183	37,433	22,715
Due from the Government	13	41,317	28,895	11,018	7,705
Other assets and receivables	9	28,196	18,769	7,519	5,005
Short-term investments	14	27,073	6,801	7,219	1,814
Cash and cash equivalents	15	299,579	207,232	79,888	55,262
		611,241	398,879	162,998	106,368
Total assets		2,162,690	1,914,261	576,718	510,470
Equity and liabilities					
Shareholders' equity					
Share capital		60,000	60,000	16,000	16,000
Additional paid-in capital		26,981	26,981	7,195	7,195
Treasury shares	16	(2,828)	(3,264)	(754)	(870)
Retained earnings:					
Unappropriated		1,018,443	895,273	271,585	238,739
Appropriated		6,000	6,000	1,600	1,600
Other reserves	18	4,661	5,858	1,243	1,562
		1,113,257	990,848	296,869	264,226
Non-controlling interests	19	167,411	110,246	44,643	29,399
		1,280,668	1,101,094	341,512	293,625
Non-current liabilities					
Borrowings	20	436,371	436,920	116,366	116,512
Deferred income tax liabilities	8	74,850	53,621	19,960	14,299
Post-employment benefit obligations	21	40,729	54,207	10,861	14,455
Provisions and other liabilities	22	26,244	25,208	6,998	6,722
		578,194	569,956	154,185	151,988
Current liabilities					
Trade and other payables	23	124,689	93,740	33,251	24,998
Obligations to the Government:					
Income taxes and zakat	8	90,525	42,059	24,140	11,216
Royalties		14,064	8,255	3,750	2,201
Borrowings	20	74,550	99,157	19,880	26,442
		303,828	243,211	81,021	64,857
Total liabilities		882,022	813,167	235,206	216,845
Total equity and liabilities		2,162,690	1,914,261	576,718	510,470

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.



H.E. Yasir O. Al-Rumayyan
Chairman of the Board



Amin H. Nasser
President & Chief Executive Officer



Ziad T. Al Murshed
Chief Financial Officer (Acting)

Consolidated statement of changes in equity

All amounts in millions of Saudi Riyals unless otherwise stated

Consolidated
financial statements

	SAR								USD*
	Shareholders' equity								Total
	Share capital	Additional paid-in capital	Treasury shares	Retained earnings		Other reserves (Note 18)	Non-controlling interests	Total	
Unappropriated				Appropriated¹					
Balance at January 1, 2020	60,000	26,981	(3,750)	943,758	6,000	2,076	11,170	1,046,235	278,996
Net income (loss)	–	–	–	184,926	–	–	(1,163)	183,763	49,003
Other comprehensive (loss) income	–	–	–	–	–	(3,966)	110	(3,856)	(1,028)
Total comprehensive income (loss)	–	–	–	184,926	–	(3,966)	(1,053)	179,907	47,975
Acquisition of subsidiary (Note 35)	–	–	–	–	–	–	100,739	100,739	26,864
Transfer of post-employment benefit obligations remeasurement (Note 18)	–	–	–	(7,722)	–	7,722	–	–	–
Treasury shares issued to employees (Note 16)	–	–	486	44	–	(530)	–	–	–
Share-based compensation	–	–	–	(24)	–	556	–	532	142
Dividends (Note 36)	–	–	–	(225,709)	–	–	–	(225,709)	(60,189)
Dividends to non-controlling interests and other	–	–	–	–	–	–	(610)	(610)	(163)
Balance at December 31, 2020	60,000	26,981	(3,264)	895,273	6,000	5,858	110,246	1,101,094	293,625
Net income	–	–	–	395,203	–	–	17,193	412,396	109,972
Other comprehensive income (loss)	–	–	–	–	–	8,383	(520)	7,863	2,097
Total comprehensive income	–	–	–	395,203	–	8,383	16,673	420,259	112,069
Transfer of post-employment benefit obligations remeasurement (Note 18)	–	–	–	9,392	–	(9,392)	–	–	–
Transfer of share of post-employment benefit obligation remeasurement from joint ventures and associates (Note 18)	–	–	–	270	–	(270)	–	–	–
Treasury shares issued to employees (Note 16)	–	–	436	38	–	(125)	–	349	94
Share-based compensation	–	–	–	(13)	–	207	–	194	52
Dividends (Note 36)	–	–	–	(281,305)	–	–	–	(281,305)	(75,015)
Sale of non-controlling equity interest in a subsidiary (Note 34)	–	–	–	–	–	–	46,547	46,547	12,412
Change in ownership interest of subsidiaries (Notes 34, 35)	–	–	–	(415)	–	–	838	423	113
Dividends to non-controlling interests and other	–	–	–	–	–	–	(6,893)	(6,893)	(1,838)
Balance at December 31, 2021	60,000	26,981	(2,828)	1,018,443	6,000	4,661	167,411	1,280,668	341,512

1. Appropriated retained earnings originally established under the 1988 Articles of the Saudi Arabian Oil Company, represent a legal reserve which is not available for distribution. This amount is maintained pursuant to the Bylaws adopted on January 1, 2018 (Note 1).

* Supplementary information is converted at a fixed rate of U.S. dollar 1.00 = SAR 3.75 for convenience only.

H.E. Yasir O. Al-Rumayyan
Chairman of the Board

Amin H. Nasser
President & Chief Executive Officer

Ziad T. Al Murshed
Chief Financial Officer (Acting)

Consolidated statement of cash flows

All amounts in millions of Saudi Riyals unless otherwise stated

	Note	SAR		USD*	
		Year ended December 31		Year ended December 31	
		2021	2020	2021	2020
Income before income taxes and zakat		769,521	372,424	205,206	99,313
Adjustments to reconcile income before income taxes and zakat to net cash provided by operating activities					
Depreciation and amortization	5,6	85,521	76,208	22,805	20,322
Exploration and evaluation costs written off	6	2,875	3,544	767	945
Loss on disposal of property, plant and equipment		3,971	2,020	1,059	539
Inventory movement		453	4,181	121	1,115
Share of results of joint ventures and associates	7	(7,874)	3,554	(2,100)	948
Finance income	27	(1,405)	(2,771)	(375)	(739)
Finance costs	20	12,058	10,564	3,215	2,817
Dividends from investments in securities	27	(369)	(382)	(99)	(102)
Change in fair value of investments through profit or loss		27	28	7	7
Change in joint ventures and associates inventory profit elimination	7	550	21	147	6
Other		3,243	794	865	211
Change in working capital					
Inventories		(23,157)	15,890	(6,175)	4,237
Trade receivables		(55,190)	22,172	(14,718)	5,913
Due from the Government		(12,422)	7,886	(3,313)	2,103
Other assets and receivables		(8,565)	(2,784)	(2,284)	(742)
Trade and other payables		35,763	(16,250)	9,537	(4,333)
Royalties payable		5,809	(6,472)	1,549	(1,726)
Other changes					
Other assets and receivables		1,263	(8,593)	337	(2,291)
Provisions and other liabilities		680	1,344	181	358
Post-employment benefit obligations		2,667	123	712	33
Settlement of income, zakat and other taxes	8	(292,818)	(198,204)	(78,084)	(52,855)
Net cash provided by operating activities		522,601	285,297	139,360	76,079
Net cash used in investing activities					
Capital expenditures	4	(119,645)	(101,030)	(31,905)	(26,942)
Cash acquired on acquisition of subsidiary	35	—	27,515	—	7,337
Distributions from joint ventures and associates	7	4,651	2,601	1,240	694
Additional investments in joint ventures and associates	7	(557)	(537)	(149)	(143)
Dividends from investments in securities	27	369	382	99	102
Interest received		1,232	3,698	329	987
Net investments in securities		(1,519)	(599)	(406)	(160)
Net (purchases) maturities of short-term investments		(20,272)	47,071	(5,405)	12,552
Net cash used in investing activities		(135,741)	(20,899)	(36,197)	(5,573)
Net cash used in financing activities					
Dividends paid to shareholders of the Company	36	(281,305)	(261,184)	(75,015)	(69,649)
Dividends paid to non-controlling interests in subsidiaries		(7,112)	(718)	(1,896)	(191)
Proceeds from sale of non-controlling equity interest in a subsidiary		46,547	—	12,412	—
Proceeds from issue of treasury shares	16	384	—	103	—
Proceeds from borrowings		42,213	87,520	11,256	23,339
Repayments of borrowings		(73,563)	(42,125)	(19,617)	(11,233)
Principal portion of lease payments		(12,143)	(10,868)	(3,238)	(2,898)
Interest paid		(9,534)	(7,497)	(2,542)	(2,000)
Net cash used in financing activities		(294,513)	(234,872)	(78,537)	(62,632)
Net increase in cash and cash equivalents		92,347	29,526	24,626	7,874
Cash and cash equivalents at beginning of the year		207,232	177,706	55,262	47,388
Cash and cash equivalents at end of the year		299,579	207,232	79,888	55,262

* Supplementary information is converted at a fixed rate of U.S. dollar 100 = SAR 3.75 for convenience only.

H.E. Yasir O. Al-Rumayyan
Chairman of the Board

Amin H. Nasser
President & Chief Executive Officer

Ziad T. Al Murshed
Chief Financial Officer (Acting)

All amounts in millions of Saudi Riyals unless otherwise stated

1. General information

The Saudi Arabian Oil Company (the "Company"), with headquarters located in Dhahran, Kingdom of Saudi Arabia (the "Kingdom"), is engaged in prospecting, exploring, drilling and extracting hydrocarbon substances ("Upstream") and processing, manufacturing, refining and marketing these hydrocarbon substances ("Downstream"). The Company was formed on November 13, 1988 by Royal Decree No. M/8; however, its history dates back to May 29, 1933 when the Saudi Arabian Government (the "Government") granted a concession to the Company's predecessor the right to, among other things, explore the Kingdom for hydrocarbons.

On December 20, 2017, Royal Decree No. M/37 dated 2/4/1439H was issued approving the Hydrocarbons Law which applies to the Kingdom's hydrocarbons and hydrocarbon operations. Under the Hydrocarbons Law, all hydrocarbon deposits, hydrocarbons and hydrocarbon resources are the property of the Kingdom until ownership is transferred at the well head or when extracted. Further, the Hydrocarbons Law codifies the Government's sole authority to set the maximum amount of hydrocarbons production by the Company and the maximum sustainable capacity that the Company must maintain.

All natural resources within the Kingdom, including hydrocarbons, are owned by the Kingdom. Through a concession in 1933, the Government granted the Company the exclusive right to explore, develop and produce the Kingdom's hydrocarbon resources, except in certain areas. As of December 24, 2017, the Company's original concession agreement was replaced and superseded by an amended concession agreement (the "Concession Agreement") which provides the Company the exclusive right to explore, drill, prospect, appraise, develop, extract, recover, and produce hydrocarbons in the concession area. The Company is also provided the exclusive right to market and distribute hydrocarbons, petroleum products and liquid petroleum gas ("LPG") in the Kingdom along with the non-exclusive right to manufacture, refine, and treat production and to market, sell, transport and export such production.

The initial term of the Concession Agreement is for 40 years which shall be extended by the Government for 20 years unless the Company does not satisfy certain conditions commensurate with its then current operating practices. In addition, the Concession Agreement may be amended and extended for an additional 40 years beyond the original 60-year period subject to the Company and the Government agreeing on the terms of such extension.

Effective January 1, 2018, Council of Minister's Resolution No. 180, dated 1/4/1439H (December 19, 2017) converted the Company to a Saudi Joint Stock Company with new Bylaws. The Company's 1988 Articles were cancelled as of January 1, 2018 pursuant to Royal Decree No. M/36, dated 2/4/1439H (December 20, 2017). The Company's share capital has been set at Saudi Riyal ("SAR") 60,000, is fully paid and is divided into 200 billion ordinary shares with equal voting rights without par value. The Company's Commercial Registration Number is 2052101150.

On December 11, 2019, the Company completed its Initial Public Offering ("IPO") and its ordinary shares were listed on the Saudi Stock Exchange ("Tadawul"). In connection with the IPO, the Government, being the sole owner of the Company's shares at such time, sold an aggregate of 3.45 billion ordinary shares, or 1.73% of the Company's share capital. In addition, concurrent with the IPO, the Company acquired 117.2 million of its ordinary shares from the Government for a cash payment of SAR 3,750, and classified them as treasury shares (Note 16). These shares are being used by the Company for its employee share plans (Note 17).

On February 13, 2022, the Government transferred 8 billion ordinary shares, or 4% of the Company's share capital, to the Public Investment Fund ("PIF"), the sovereign wealth fund of the Kingdom. Following the transfer, the Government remains the Company's largest shareholder, retaining a 94.19% direct shareholding.

The consolidated financial statements of the Company and its subsidiaries (together "Saudi Aramco") were approved by the Board of Directors on March 18, 2022.

2. Summary of significant accounting policies, judgments and estimates

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The consolidated financial statements provide comparative information in respect of the previous period.

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), that are endorsed in the Kingdom, and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants ("SOCPA"). The consolidated financial statements are also in compliance with IFRS as issued by the International Accounting Standards Board ("IASB"). Amounts and balances relating to Shari'a compliant financial instruments of the Company, its subsidiaries and investments are disclosed separately. All other relevant amounts and balances relate to conventional financial instruments.

The consolidated financial statements have been prepared under the historical cost convention except for certain items measured at fair value which are, primarily, investments in securities, derivatives and certain trade receivables. The accounting policies that follow have been consistently applied to all years presented, unless otherwise stated.

2. Summary of significant accounting policies, judgments and estimates continued

In response to novel Coronavirus ("COVID-19"), which has caused global economic disruption, Saudi Aramco has implemented active prevention programs at its sites and contingency plans in order to minimize the risks related to COVID-19 and to safeguard the continuity of business operations. The global economy experienced a strong recovery in 2021, reflecting increased mobility and the resumption of business activities through phasing out of the COVID-19 pandemic containment measures. The outlook for global energy demand remains robust which resulted in a steady increase in crude oil prices. Given that crude oil sales account for a substantial portion of the Company's revenue, the increased prices have positively impacted Saudi Aramco's financial performance during the current period. Saudi Aramco continues to maintain a disciplined approach to capital spending and is closely monitoring the current situation, including the impact on both results of operations and cash flows.

(b) Significant accounting judgments and estimates

The preparation of the consolidated financial statements in conformity with IFRS requires management to exercise judgment in applying Saudi Aramco's accounting policies and in the use of certain critical accounting estimates and assumptions concerning the future. Management has made various judgments that may significantly impact the valuation and presentation of assets and liabilities. In addition, management also applies judgment when undertaking the estimation procedures necessary to calculate assets, liabilities, revenue and expenses. Accounting estimates, by definition, may not equal the related actual results and are subject to change based on experience and new information. The areas requiring the most significant judgments, estimates and assumptions in the preparation of the consolidated financial statements are: accounting for interests in subsidiaries, joint arrangements and associates, fair values of assets acquired and liabilities assumed on acquisition, recoverability of asset carrying amounts, determining the lease term, taxation, provisions, post-retirement obligations and determination of functional currency and are set out in the individual accounting policies below.

(c) New or amended standards

- (i) Saudi Aramco adopted the following IASB pronouncement, as endorsed in the Kingdom, effective for annual periods beginning on or after January 1, 2021:

Interbank Offered Rate ("IBOR") reform

IBOR reform represents the reform and replacement of interest rate benchmarks such as the London Interbank Offered Rate ("LIBOR") by global regulators. On March 5, 2021, the UK's Financial Conduct Authority announced the future cessation and loss of representativeness of the LIBOR benchmarks. Saudi Aramco has a number of contracts, primarily referenced to USD LIBOR, of which most applicable tenors will cease to be published on June 30, 2023.

In this regard, the IASB issued amendments to IAS 39, Financial Instruments: Recognition and Measurement, IFRS 4, Insurance Contracts, IFRS 7, Financial Instruments: Disclosures, IFRS 9, Financial Instruments, and IFRS 16, Leases, as part of phase 2 of a two-phase project for IBOR reform, which address issues that arise from the implementation of the reform. These amendments, issued on August 27, 2020 and effective January 1, 2021, include: (1) providing practical expedients in relation to accounting for instruments to which the amortized cost measurement applies by updating the effective interest rate to account for a change in the basis for determining the contractual cash flows without adjusting the carrying amount; (2) additional temporary exceptions from applying specific hedge accounting requirements, including permitted changes to hedge designation without the hedging relationship being discontinued when Phase 1 reliefs cease; and (3) additional disclosures related to IBOR reform, including managing the transition to alternative benchmark rates, its progress and the risks arising from the transition, quantitative information about financial instruments that have yet to transition to new benchmarks and changes in the entity's risk management strategy where this arises.

Saudi Aramco has established an IBOR Transition Project, the scope of which includes analyzing the exposure to IBOR benchmarks, evaluating the impact of the transition and providing support and guidance to all impacted internal stakeholders. As per the initial transition plan, all contracts and agreements that reference USD LIBOR and expire after the cessation dates, will be renegotiated with counterparties to reflect the alternative benchmark.

The following table contains details of all financial instruments of Saudi Aramco referencing USD LIBOR, recognized at December 31, 2021, which expire after the cessation dates, and which have not yet transitioned to an alternative benchmark:

	Financial instruments yet to transition to alternative benchmarks: USD LIBOR
As at December 31, 2021	
Non-derivative financial assets	10,973
Non-derivative financial liabilities	42,184
Derivative financial liabilities ¹	394

1. Amount represents hedging instruments with a nominal value of SAR 9,514.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

- (ii) The following IASB pronouncement that is endorsed in the Kingdom will become effective for annual periods beginning on or after January 1, 2022 has not been early adopted by Saudi Aramco.

Amendment to IAS 16, Property, Plant and Equipment

In May 2020, the IASB issued an amendment to IAS 16, Property, Plant and Equipment, which prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity needs to recognize the proceeds from selling such items, and the costs of producing those items, in profit or loss. The amendment is effective for annual reporting periods beginning on or after January 1, 2022. The adoption of this amendment is not expected to have any material impact on Saudi Aramco's consolidated financial statements.

There are no other standards, amendments and interpretations that are not yet effective that are expected to have a material impact in the current or future reporting periods or on foreseeable future transactions.

(d) Principles of consolidation, acquisition and equity accounting

(i) Subsidiaries

The consolidated financial statements reflect the assets, liabilities and operations of the Company and its subsidiaries. Subsidiaries are entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

Intercompany balances and transactions, including unrealized profits and losses arising from intragroup transactions, have been eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to align the accounting policies with those used by the Company.

The acquisition method of accounting is used to account for business combinations, including those acquisitions of businesses under common control that have commercial substance. Acquisition related costs are expensed as incurred. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, liabilities incurred to the former owners of the acquired business, equity interests issued by Saudi Aramco, the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date the assets and liabilities are exchanged, irrespective of the extent of any non-controlling interests. The excess of the consideration transferred and the amount of any non-controlling interest in the acquired entity over the fair value of the acquired identifiable net assets is recorded as goodwill. Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained under comparable terms and conditions. At the acquisition date, any goodwill arising is allocated to each of the cash-generating units, or groups of cash-generating units, expected to benefit from the business combination's synergies. Non-controlling interests represent the equity in subsidiaries that is not attributable, directly or indirectly, to Saudi Aramco.

Saudi Aramco recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statements of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, and the Consolidated Balance Sheet, respectively.

Saudi Aramco treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the previously held equity interest is remeasured to fair value at the acquisition date with any gains or losses arising from such remeasurement recognized in net income.

(ii) Joint arrangements

Under IFRS 11, Joint Arrangements, an arrangement in which two or more parties have joint control is a joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Saudi Aramco has both joint operations and joint ventures.

2. Summary of significant accounting policies, judgments and estimates continued

1) Joint operations

Joint operations arise where the investors have rights to the assets and obligations for the liabilities of a joint arrangement. In relation to its interests in joint operations, Saudi Aramco recognizes its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

2) Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognized at cost.

Saudi Aramco's share of results of its joint ventures is recognized within net income, while its share of post-acquisition movements in other comprehensive income is recognized within other comprehensive income. The cumulative effect of these changes is adjusted against the carrying amount of Saudi Aramco's investments in joint ventures, which is presented separately in the Consolidated Balance Sheet. When Saudi Aramco's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured non-current receivables, Saudi Aramco does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Gains and losses on transactions between Saudi Aramco and joint ventures not realized through a sale to a third party are eliminated to the extent of Saudi Aramco's interest in the joint ventures. Where necessary, adjustments are made to the financial statements of joint ventures to align their accounting policies with those used by Saudi Aramco.

Saudi Aramco's investments in joint ventures includes, when applicable, goodwill identified on acquisition, net of any accumulated impairment loss. Goodwill represents the excess of the cost of an acquisition over the fair value of Saudi Aramco's share of the net identifiable assets of the acquired joint venture at the date of acquisition. Dilution gains and losses arising from investments in joint ventures are recognized in net income.

Dividends received or receivable from joint ventures are recognized as a reduction in the carrying amount of the investment.

(iii) Associates

Associates are entities over which Saudi Aramco has significant influence. Significant influence is the power to participate in financial and operating policy decisions but with no control or joint control over those policies and is generally reflected by a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost. The accounting policies for joint ventures detailed in Note 2(d)(ii)(2) above are also applied by Saudi Aramco to its associates.

Significant accounting judgments and estimates

The acquisition of subsidiaries, joint arrangements and associates require management to estimate the fair values of the assets acquired and liabilities assumed. In addition, judgments are applied in the determination of whether control, joint control or significant influence is present with respect to investments in subsidiaries, joint arrangements or associates. For control, judgment is applied when determining if an entity is controlled by voting rights, potential voting rights or other rights granted through contractual arrangements and includes considering an entity's purpose and design. For joint control, judgment is applied when assessing whether the arrangement is jointly controlled by all of its parties or by a group of the parties by taking decisions about relevant activities through unanimous consent of the parties sharing control. For joint control, judgment is also applied as to whether the joint arrangement is classified as a joint venture or joint operation taking into account specific facts and circumstances, such as the purpose and design of the arrangement, including with respect to its output, its relationship to the parties and its source of cash flows. For significant influence, judgment is applied in its determination by assessing factors such as representation on the board of directors, participation in policy-making processes, material transactions with the entity, interchange of managerial personnel and provision of essential technical information. Refer to Notes 7, 35, 38, and 39.

(e) Intangible assets

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. For the purpose of impairment testing, goodwill is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

Intangible assets other than exploration and evaluation costs (Note 2(f)) and those with indefinite useful lives such as goodwill and brand acquired on acquisition of Saudi Basic Industries Corporation ("SABIC") (Note 35), consist primarily of brands and trademarks, franchise/customer relationships and computer software. If acquired in a business combination, these intangible assets are recognized at their fair value at the date of acquisition and, if acquired separately, these intangible assets are recognized at cost. All these intangible assets are subsequently amortized on a straight-line basis over their estimated useful lives.

The following table sets forth estimated useful lives, in years, of the principal groups of these intangible assets:

Brands and trademarks	10 to 22
Franchise/customer relationships	5 to 25
Computer software	3 to 15

Amortization is recorded in depreciation and amortization in the Consolidated Statement of Income.

(f) Exploration and evaluation

Exploration and evaluation costs are recorded under the successful efforts method. Under the successful efforts method, geological and geophysical costs are recognized as an expense when incurred and exploration costs associated with exploratory wells are initially capitalized on the Consolidated Balance Sheet as an intangible asset until the drilling of the well is complete and the results have been evaluated. If potential commercial quantities of hydrocarbons are found, these costs continue to be capitalized subject to further appraisal activities that would determine the commercial viability and technical feasibility of the reserves. If potentially commercial quantities of hydrocarbons have not been found, and no alternative use of the well is determined, the previously capitalized costs are written off to exploration in the Consolidated Statement of Income.

Exploratory wells remain capitalized while additional appraisal drilling on the potential oil and/or gas field is performed or while optimum development plans are established. All such capitalized costs are not subject to amortization, but at each reporting date are subject to regular technical and management review to confirm the continued intent to develop, or otherwise extract value from the well. Where such intent no longer exists, the costs are written off to exploration in the Consolidated Statement of Income. Capitalized exploratory expenditures are, at each reporting date, subject to review for impairment indicators.

When proved reserves of hydrocarbons are determined and there is a firm plan for development approved by management, the relevant capitalized costs are transferred to property, plant and equipment.

(g) Property, plant and equipment

Property, plant and equipment is stated on the Consolidated Balance Sheet at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the construction and/or acquisition of the asset (Note 2(r)). Land and construction-in-progress are not depreciated. When a construction-in-progress asset is deemed available for use as intended by management, depreciation commences.

Subsequent expenditures including major renovations are included in an asset's carrying amount, or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to Saudi Aramco and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognized. All other repair and maintenance expenditures are expensed as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met (Note 2(u)).

Where the life of expected hydrocarbon reserves substantially exceeds the economic or technical lives of the underlying assets, the straight-line method of depreciation is used. The unit of production method is used for fields where the expected reserve life is approximately equal to or less than the estimated useful lives of the underlying assets. Depletion rates are calculated on the basis of a group of wells or fields with similar characteristics based on proved developed reserves. The estimation of expected reserve lives reflects management's assessment of proved developed reserves and the related depletion strategy on a field-by-field basis. Depreciation expense on all other assets is calculated using the straight-line method to allocate the cost less residual values over the estimated useful lives. Depreciation expense is recorded in the Consolidated Statement of Income.

Depreciation expense is calculated after determining an estimate of an asset's expected useful life and the expected residual value at the end of its useful life. The useful lives and residual values are determined by management at the time the asset is initially recognized and are reviewed annually for appropriateness or when events or conditions occur that impact capitalized costs, hydrocarbon reserves or estimated useful lives.

As of January 1, 2021, Saudi Aramco changed the presentation of the groups of assets under property, plant and equipment. The new presentation is consistent with the generally accepted practice of presenting assets based on their nature as compared to the business function where they are used in the company's operations. This change has no current or future impact on the total reported carrying values, estimated useful lives or depreciation expense.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

The estimated useful lives or, the lease term, if shorter, for right of use assets (Note 2(i)) in years of principal groups of depreciable assets based on the revised presentation is as follows:

Land and land improvements	3 to 30
Buildings	5 to 50
Oil and gas properties	15 to 30
Plant, machinery and equipment	2 to 50
Depots, storage tanks and pipelines	4 to 30
Fixtures, IT and office equipment	2 to 20

The estimated useful lives or, the lease term, if shorter, for right-of-use assets (Note 2(i)), in years of the principal groups of depreciable assets for the previous presentation is set forth below:

Crude oil facilities:

Pipelines and storage tanks	12 to 23
Drilling and construction equipment	5 to 25
Oil and gas properties	15 to 30
Marine equipment	13 to 30

Refinery and petrochemical facilities

2 to 50

Gas and Natural Gas Liquids ("NGL") facilities

2 to 30

General service plant:

Permanent buildings	20 to 40
Roads and walkways	10 to 20
Aircraft	8 to 17
Autos and trucks	3 to 20
Office furniture and equipment	6 to 8
Computer equipment	3 to 5

Right of use assets are depreciated over the life of the asset or the lease term, if shorter (Note 2(i)).

Gains and losses on disposals of depreciable assets are recognized in net income.

(h) Impairment of non-financial assets

Saudi Aramco assesses, at each reporting date, whether there is an indication that a non-financial asset may be impaired except that assets with indefinite useful lives such as goodwill and brand acquired on acquisition of SABIC (Note 35) are reviewed for impairment on an annual basis. If an indication exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal or value in use ("VIU"). The fair value less costs of disposal calculation is based on either, post-tax discounted cash flow models or available data from binding arm's length sales transactions for similar assets, or observable market prices less incremental costs for disposing of the asset. The VIU calculation is based on a post-tax risk adjusted discounted cash flow model. The use of post-tax discount rates in determining VIU does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

Impairment losses are recognized as a component of net income. If, in a subsequent period, the amount of a non-goodwill impairment loss decreases, a reversal of the previously recognized impairment loss is recognized in net income.

Significant accounting judgments and estimates

Impairment tests are undertaken on the basis of the smallest identifiable group of assets (cash-generating unit), or individual assets, for which there are largely independent cash inflows. The key assumptions used to determine the different cash-generating units involves significant judgment from management.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

For the purposes of determining whether impairment of items of property, plant and equipment has occurred, and the extent of any impairment or its reversal, the key assumptions management uses in estimating future cash flows for its VIU calculations are forecasted future oil, gas, refined product and chemical prices, expected production volumes, future operating and development costs, refining and petrochemical margins and changes to the discount rate used for the discounted cash flow model. There is an inherent uncertainty over forecasted information and assumptions. Changes in these assumptions and forecasts could impact the recoverable amounts of assets and any calculated impairment and reversals thereof.

(i) Leases

Saudi Aramco's portfolio of leased assets mainly comprises land and buildings, drilling rigs, marine vessels, industrial facilities, equipment, storage and tanks, aircraft and vehicles. The determination of whether the contract is, or contains, a lease is based on the substance of the contract at the inception of the lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Saudi Aramco recognizes right-of-use assets and lease liabilities at the lease commencement date. Right-of-use assets are initially measured at cost, which comprises lease liabilities at initial measurement, any initial direct costs incurred, any lease payments made at or before the commencement date, and restoration costs less any lease incentives received. Subsequent to initial recognition the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis unless the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the asset reflects the exercise of the purchase option, in which case right of use assets are depreciated over the useful life of the underlying asset. Depreciation expense is recorded in the Consolidated Statement of Income. Right-of-use assets are included under property, plant and equipment (Note 5).

Lease liabilities are initially measured at the present value of lease payments. Lease payments include fixed lease payments, variable lease payments that depend on an index or rate, amounts payable for guaranteed residual values and payments to be made under extension or purchase or termination options, where applicable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. Subsequent to initial recognition, the lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and adjusted for remeasurement to reflect any reassessments or lease modifications. Lease liabilities are included under borrowings (Note 20). Lease payments are allocated between the principal and finance costs. Finance costs are recorded as an expense in the Consolidated Statement of Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Saudi Aramco has elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases. Lease payments under short-term and low-value leases are recorded as an expense in the Consolidated Statement of Income on a straight-line basis over the lease term.

Significant accounting judgments and estimates

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to not be terminated or to be extended. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the lessee.

(j) Investments and other financial assets

(i) Classification

Management determines the classification of its financial assets based on the business model for managing the financial assets and the contractual terms of the cash flows. Saudi Aramco's financial assets are classified in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortized cost.

2. Summary of significant accounting policies, judgments and estimates continued

For financial assets measured at fair value, gains and losses are recorded either in net income or other comprehensive income. For investments in debt securities, this depends on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this depends on whether Saudi Aramco has made an irrevocable election at the time of initial recognition, due to the strategic nature of these investments, to account for such equity investments at fair value through other comprehensive income. Saudi Aramco reclassifies debt securities, when and only when, its business model for managing those assets changes. Certain revenue contracts provide for provisional pricing at the time of shipment with the final pricing based on an average market price for a particular future period. Such trade receivables are measured at fair value because the contractual cash flows are not solely payments of principal and interest. All other trade receivables meet the criteria for amortized cost measurement under IFRS 9.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade-date, which is the date on which Saudi Aramco commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and Saudi Aramco has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, Saudi Aramco measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed as a component of net income. Saudi Aramco subsequently measures all equity investments at fair value.

Equity investments:

Where Saudi Aramco has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to net income following the derecognition of the investment. Dividends from such investments continue to be recognized as a component of net income when Saudi Aramco's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized as a component of net income.

Debt securities:

Subsequent measurement of debt securities depends on Saudi Aramco's business model for managing the asset and the cash flow characteristics of the asset. Debt securities are classified into the following three measurement categories:

1. Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost using the effective interest method. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized as a component of net income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

2. Fair value through other comprehensive income ("FVOCI"):

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for impairment gains or losses, interest income and foreign exchange gains and losses which are recognized as a component of net income. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to net income. Interest income from these financial assets is included in finance income using the effective interest method.

3. Fair value through profit or loss ("FVPL"):

Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL and is not part of a hedging relationship is recognized as a component of net income in the period in which it arises. Financial assets at FVPL are included in non-current assets unless management intends to dispose of the asset within 12 months from the end of the reporting period, in which case the asset is included in current assets.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

Other financial assets:

Other financial assets are classified into the following categories:

1. Amortized cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a financial asset that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized as a component of net income when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate.

Financial assets at amortized cost comprise cash and cash equivalents, short-term investments, other assets and receivables, due from the Government and trade receivables other than those subsequently measured at FVPL.

2. Fair value through profit or loss:

Trade receivables related to contracts with provisional pricing arrangements are subsequently measured at FVPL.

(iv) Impairment

Saudi Aramco assesses on a forward-looking basis, the expected credit losses associated with debt securities carried at either amortized cost or FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, Saudi Aramco applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

(k) Derivative instruments and hedging activities

Saudi Aramco's use of derivative instruments does not have a material effect on its financial position or results of operations.

(i) Derivative instruments classified as held for trading

Saudi Aramco uses commodity swap derivative financial instruments to manage exposure to price fluctuations which arise on purchase and sale transactions for physical deliveries of crude, natural gas liquids and various refined and bulk petrochemical products. The swaps are initially recognized, and subsequently remeasured at fair value and recorded as an asset, when the fair value is positive, or as a liability, when the fair value is negative, under trade receivables or trade and other payables in the Consolidated Balance Sheet, respectively.

The fair value of the swap is determined in accordance with Saudi Aramco's derivative valuation policy by reference to the traded price of that instrument on the relevant exchange or over-the-counter markets at the Consolidated Balance Sheet date. The gain or loss from the changes in the fair value of the swap from its value at inception is recognized in net income.

(ii) Derivative instruments designated as hedges

Saudi Aramco uses interest rate swaps and currency forward contracts to manage its exposure to fluctuations in interest rates and foreign exchange rates. These derivative financial instruments, designated as either fair value or cash flow hedges, are purchased from counterparties of high credit standing and are initially recognized, and subsequently remeasured, at fair value.

At the inception of the hedging transaction, Saudi Aramco documents the economic relationship between the hedging instrument and the hedged item, as well as its risk management objectives and strategy for undertaking the hedge transaction.

The fair value of a derivative financial instrument used for hedging purposes is classified as a current asset or liability when the remaining maturity of the derivative is less than 12 months; otherwise, it is classified as a non-current asset or liability.

1) Fair value hedges

A fair value hedge is a hedge of the fair value of a recognized asset or liability or firm commitment. Saudi Aramco designates certain currency forward contracts as fair value hedges. The gain or loss from the changes in the fair value of the currency forward contracts is recognized in net income, together with changes in the fair value of the hedged item.

2. Summary of significant accounting policies, judgments and estimates continued

2) Cash flow hedges

A cash flow hedge is a hedge of a particular risk associated with all or a component of a recognized asset or liability or a highly probable forecast transaction, and could affect profit or loss. Any gain or loss relating to the effective portion of changes in the fair value of interest rate swap contracts is recognized in other comprehensive income, with the ineffective portion recognized immediately in net income.

Gains and losses deferred through other comprehensive income are reclassified to net income at the time the hedged item affects net income. However, when a hedged item is a forecast transaction resulting in the recognition of a non-financial asset or non-financial liability, the gains and losses deferred through other comprehensive income, if any, are included in the initial cost or other carrying amount of the asset or liability. When a hedging instrument expires, any cumulative gain or loss deferred through other comprehensive income will remain until the forecast transaction is recognized. When a forecast transaction is no longer expected to occur, the cumulative gain or loss deferred through other comprehensive income is immediately reclassified to net income.

(l) Income tax and zakat

Income tax expense for the period comprises current and deferred income tax expense. Income tax expense is recognized in net income, except to the extent that it relates to items recognized in other comprehensive income. In this case, the related income tax is also recognized in other comprehensive income.

Current income tax expense is calculated primarily on the basis of the Tax Law. In addition, income tax expense results from taxable income generated by foreign affiliates.

Deferred income tax is provided in full, using the liability method at tax rates enacted or substantively enacted at the end of the reporting period and expected to apply when the related deferred income tax is realized or settled on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. In estimating such tax consequences, consideration is given to expected future events. Deferred income tax is not provided on initial recognition of an asset or liability in a transaction, other than a business combination that, at the time of the transaction, does not affect either the accounting profit or the taxable profit.

Deferred income tax assets are recognized where future recovery is probable. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax is not provided for taxes on possible future distributions of retained earnings of subsidiaries where the timing of the distribution can be controlled and it is probable that the retained earnings will be substantially reinvested by the entities.

Zakat is levied at the higher of adjusted income subject to zakat or the zakat base in accordance with the Regulations of the Zakat, Tax and Customs Authority ("ZATCA") in the Kingdom. Zakat is computed using the zakat base. The zakat provision is charged to the Consolidated Statement of Income.

Significant accounting judgments and estimates

Saudi Aramco establishes provisions, based on reasonable estimates, for potential claims by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as different interpretations of tax regulations by the taxable entity and the responsible tax authority and the outcome of previous negotiations. This requires the application of judgment as to the ultimate outcome, which can change over time depending on facts and circumstances. A change in estimate of the likelihood of a future outflow and/or in the expected amount to be settled would be recognized in net income in the period in which the change occurs. Deferred income tax assets are recognized only to the extent it is considered probable that those assets are recoverable. This includes an assessment of when those assets are likely to reverse, and a judgment as to whether or not there will be sufficient taxable income available to offset the assets when they do reverse. This requires assumptions regarding future profitability. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred income tax assets as well as in the amounts recognized in net income in the period in which the change occurs.

Detailed taxation information, including current expense and deferred income tax assets and liabilities, is presented in Note 8.

(m) Inventories

Inventories are stated at the lower of cost or estimated net realizable value. Cost comprises all expenses to bring inventories to their present location and condition and, for hydrocarbon and chemical inventories, is determined using the first-in, first-out ("FIFO") method. For materials and supplies inventories, cost is determined using the weighted average method, less an allowance for disposal of obsolete and/or surplus materials and supplies. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

(n) Due from the Government

The Government compensates the Company through price equalization (Note 2(y)) and for past due trade receivables of specified Government, semi-Government and other entities with Government ownership or control to whom the Company supplies specified products and services.

Revenue on sales to these specified Government, semi-Government and other entities with Government ownership or control is recognized upon the satisfaction of performance obligations, which occurs when control transfers to these customers. Control of the products is determined to be transferred when the title of products passes, which typically takes place when product is physically transferred to these customers. Once receivables from these customers are past due, these trade receivables are reclassified as a due from the Government current receivable. In cases where any of these customers settle past due amounts, the Government guarantee receivable is credited with the amounts received. The balance is presented within due from the Government even if it is payable to the Government based on the Company's expectation to settle the balance on a net basis with other amounts due from the Government.

Implementing regulations issued by the Government allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offset against any other amounts due and payable by the Company to the Government. Balances due from the Government at December 31 represent amounts to be settled through offset against tax payments.

(o) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks together with all highly liquid investments purchased with original maturities of three months or less.

(p) Treasury shares

Treasury shares are recognized as a deduction from equity at the amount of consideration paid by the Company for their acquisition, including any directly attributable transaction costs incurred.

(q) Financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities at FVPL or as financial liabilities measured at amortized cost, as appropriate.

Saudi Aramco's financial liabilities are:

(i) Financial liabilities at FVPL

Derivative financial liabilities are categorized as held for trading unless they are designated as hedges (Note 2(k)). Derivative financial liabilities held for trading are included in current liabilities under trade and other payables with gains or losses recognized in net income.

(ii) Financial liabilities at amortized cost

Financial liabilities other than financial liabilities at FVPL are classified as financial liabilities measured at amortized cost and are recorded net of transaction costs. Such financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. Discounting is omitted when the effect is immaterial. Financial liabilities measured at amortized cost are included in current liabilities, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current liabilities.

Financial liabilities at amortized cost include trade and other payables and borrowings. Financial liabilities are disclosed separately from financial assets in the Consolidated Balance Sheet unless there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(r) Borrowing costs

Any difference between borrowing proceeds and the redemption value is recognized as finance costs in the Consolidated Statement of Income over the term of the borrowing using the effective interest method.

Borrowing costs are expensed as incurred except for those costs directly attributable to the acquisition, construction or production of a qualifying asset which are capitalized as part of the cost of that asset until the asset is complete for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for intended use or sale.

2. Summary of significant accounting policies, judgments and estimates continued

(s) Post-employment benefit plans

(i) Pension plans

Funded pension plans are non-contributory plans for the majority of employees and are generally funded by payments by Saudi Aramco and where applicable by group companies to independent trusts or other separate entities. Assets held by the independent trusts and other separate entities are held at their fair value. Valuations of both funded and unfunded plans are performed annually by independent actuaries using the projected unit credit method. The valuations take into account employees' years of service, average or final pensionable remuneration, and are discounted to their present value using interest rates of high-quality corporate bonds that have terms to maturity approximating the terms of the related defined benefit obligation.

The amount recognized in the Consolidated Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The periodic pension cost included in operating costs in the Consolidated Statement of Income in respect of defined benefit pension plans primarily represents the increase in the actuarially assessed present value of the obligation for pension benefits based on employee service during the year and the net interest on the net defined benefit liability or asset. Net interest is calculated by multiplying the defined benefit liability and plan assets by the discount rate applied to each plan at the beginning of each year, amended for changes to the defined benefit liability and plan assets as a result of benefit payments or contributions.

Past service costs, representing plan amendments, are recognized immediately as pension costs in the Consolidated Statement of Income, regardless of the remaining vesting period.

Remeasurements representing actuarial gains and losses, arising from experience adjustments and changes in actuarial assumptions, and the actual returns on plan assets excluding interest on plan assets, are credited or charged to equity, net of tax, through other comprehensive income.

For defined contribution plans where benefits depend solely on the amount contributed to or due to the employee's account and the returns earned from the investment of those contributions, plan cost is the amount contributed by or due from Saudi Aramco and is recognized as an expense in the Consolidated Statement of Income.

(ii) Other post-employment benefits

Saudi Aramco provides certain post-employment healthcare, life insurance and other benefits to retirees and certain former employees. The entitlement is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. To the extent these plans are not fully funded, a liability is recognized in the Consolidated Balance Sheet. Valuations of benefits are performed by independent actuaries.

Such plans follow the same accounting methodology as used for defined benefit pension plans.

Significant accounting judgments and estimates

The costs of defined benefit pension plans and post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions, which are reviewed annually. Key assumptions include discount rates, future salary increases, future healthcare costs, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. Information about amounts reported in respect of defined benefit plans, assumptions applicable to the plans and their sensitivity to changes are presented in Note 21.

(t) Share-based compensation

The cost of an equity-settled award granted to employees is measured by reference to the fair value of the equity instrument on the date the award is granted. This cost is recognized as an employee benefit expense in the Consolidated Statement of Income with a corresponding increase in equity.

The cost of a cash-settled award granted to employees is measured by reference to the fair value of the liability at each Consolidated Balance Sheet date until settlement. This cost is recognized as an employee benefit expense in the Consolidated Statement of Income with the corresponding recognition of a liability on the Consolidated Balance Sheet.

The cost of both the equity-settled and cash-settled awards is recognized over the vesting period, which is the period over which the employees render the required service for the award and any non-market performance condition attached to the award is required to be met. Additionally, for a cash-settled award, any changes in the fair value of the liability between the vesting date and the date of its settlement are also recognized in the Consolidated Statement of Income within employee benefit expense.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

In determining the fair value of an equity-settled or cash-settled award, an appropriate valuation method is applied. Service and non-market performance conditions are not taken into account in determining the fair value of the award, but during the vesting period the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of awards that are expected to vest. Any market performance conditions and non-vesting conditions are taken into account in determining the award's fair value.

(u) Provisions and contingencies

Provisions are liabilities where the timing or amount of future expenditures is uncertain. Provisions are recognized when Saudi Aramco has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

Provisions are recorded at the best estimate of the present value of the expenditure required to settle the obligation at the end of the reporting period. Amounts are discounted, unless the effect of discounting is immaterial, using an appropriate discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense within finance costs in the Consolidated Statement of Income.

Saudi Aramco records a provision and a corresponding asset for decommissioning activities in Upstream operations for well plugging and abandonment. The decommissioning obligation for a well is recognized when it is drilled. Decommissioning provisions associated with Downstream facilities are generally not recognized, as the potential obligations cannot be measured, given their indeterminate settlement dates. The decommissioning obligations will be recognized in the period when sufficient information becomes available to estimate a range of potential settlement dates. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The value of the obligation is added to the carrying amount of the related asset and amortized over the useful life of the asset. The increase in the provision due to the passage of time is recognized as finance costs in the Consolidated Statement of Income. Changes in future cash flow estimates resulting from revisions to the estimated timing or amount of undiscounted cash flows are recognized as a change in provision and related asset.

A contingent liability is disclosed where the existence of a possible obligation will only be confirmed by future events or where the amount of a present obligation cannot be measured with reasonable reliability or it is not probable that there will be an outflow of resources to settle that obligation. Contingent assets are not recognized, but are disclosed where the inflow of economic benefits is probable.

Significant accounting judgments and estimates

Most of Saudi Aramco's well plugging and abandonment activities are many years into the future with technology and costs constantly changing. Estimates of the amounts of a provision are recognized based on current legal and constructive requirements and costs associated to abandon using existing technologies. Actual costs are uncertain and estimates can vary as a result of changes in the scope of the project and/or relevant laws and regulation. The estimated timing of decommissioning may change due to certain factors, such as reserve life, a decision to terminate operations, or changes in legislation. Changes to estimates related to future expected costs, discount rates and timing may have a material impact on the amounts presented. As a result, significant judgment is applied in the initial recognition and subsequent adjustment of the provision and the capitalized cost associated with decommissioning, plugging and abandonment obligations. Any subsequent adjustments to the provision are made prospectively. Detail on the particular assumptions applied when making certain non-current provisions is included in Note 22.

(v) Foreign currency translation

The USD is the functional currency of the Company. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign currency monetary assets or liabilities are translated at each reporting date using the prevailing reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized as a component of net income. Non-monetary assets and liabilities, other than those measured at fair value, are translated using the exchange rate at the date of the transactions.

Significant accounting judgments and estimates

The Company has determined that USD is the functional currency as a substantial amount of its products are traded in USD in international markets. However, a substantial amount of costs of the Company are denominated in SAR which has been exchanged at a fixed rate to USD since 1986. A change in the fixed exchange rate could impact the recorded revenue, expenses, assets and liabilities of the Company.

2. Summary of significant accounting policies, judgments and estimates continued

(w) Presentation currency

The consolidated financial statements are presented in SAR. The financial position and results of the operations of the Company, subsidiaries, joint arrangements and associates that have a functional currency which is different from the presentation currency are translated at reporting date exchange rates and the average exchange rates that approximate the cumulative effect of rates prevailing at the transaction dates, respectively. All resulting exchange differences are recognized through other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that foreign operation is recognized in net income.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the reporting date exchange rate.

Translations from SAR to USD presented as supplementary information in the Consolidated Statement of Income, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows at December 31, 2021 and 2020, are for convenience and were calculated at the rate of USD 1.00 = SAR 3.75 representing the exchange rate at the Consolidated Balance Sheet dates.

(x) Revenue recognition and sales prices

Revenue from sales of crude oil and related products is recognized upon the satisfaction of performance obligations, which occurs when control transfers to the customer. Control of the products is determined to be transferred to the customer when the title of crude oil and related products passes to the customer, which typically takes place when product is physically transferred into a vessel, pipe or other delivery mechanism.

Revenue contracts for crude oil and certain related products provide for provisional pricing at the time of shipment, with final pricing based on the average market price for a particular future period. Revenue on these contracts is recorded based on the estimate of the final price at the time control is transferred to the customer. Any difference between the estimate and the final price is recorded as a change in fair value of the related receivable, as part of revenue, in the Consolidated Statement of Income. Where applicable the transaction price is allocated to the individual performance obligations of a contract based on their relative stand-alone selling prices.

(y) Other income related to sales

The Government compensates the Company through price equalization for revenue directly forgone as a result of the Company's compliance with local regulations governing domestic sales and distribution of certain liquid products, LPGs and certain other products. This compensation reflected in these consolidated financial statements, is calculated by the Company as the difference between the product's equalization price and the corresponding domestic regulated price, net of Government fees, in accordance with the implementing regulations issued by the Government in 2017 and 2019.

This compensation is recorded as other income related to sales, that is taxable, when the Company has satisfied its performance obligations through transfer of the title to the buyer, which occurs when product is physically transferred. The compensation due from the Government is characterized as a due from the Government (Note 2(n)) current receivable and is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method less impairment losses, if any.

The implementing regulations allow the Company to offset any amounts due from the Government against payment of taxes, and in the event of insufficiency of tax balances, offsetting may extend against any other amounts due and payable by the Company to the Government.

(z) Production royalties

Royalties to the Government are calculated based on a progressive scheme applied to crude oil and condensate production. An effective royalty rate is applied to production based on the Company's official selling prices. The effective royalty rate is determined based on a baseline marginal rate of 15% applied to prices up to \$70 per barrel, increasing to 45% applied to prices above \$70 per barrel and 80% applied to prices above \$100 per barrel. All such royalties are accounted for as an expense in the Consolidated Statement of Income and are deductible costs for Government income tax calculations.

(aa) Research and development

Development costs that are expected to generate probable future economic benefits are capitalized as intangible assets and amortized over their estimated useful life. During the period of development, the asset is tested for impairment annually. All other research and development costs are recognized in net income as incurred.

All amounts in millions of Saudi Riyals unless otherwise stated

2. Summary of significant accounting policies, judgments and estimates continued

(bb) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorized and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period.

(cc) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the net income attributable to the ordinary shareholders of the Company; and
- by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the period and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. Financial risk management

Financial risks include market risk (including foreign currency exchange risk, price risk, and interest rate risk), credit risk, and liquidity risk. Financial risk management is carried out primarily by a central treasury department. The adequacy of financial risk management policies is regularly reviewed with consideration of current activities and market conditions on a consolidated basis. Saudi Aramco uses derivative financial instruments with limited complexity to manage certain risk exposures and does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

(a) Financial risk factors

(i) Market risk

1) Foreign currency exchange risk — The risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign currency exchange rates.

Saudi Aramco operates internationally but has limited exposure to financial risk due to changes in foreign currency exchange rates as most significant transactions are denominated in its functional currency (Note 2(v)), are linked to its functional currency or are hedged. Saudi Aramco's limited foreign currency exchange risk arises from future commercial transactions or recognized assets or liabilities denominated in a currency that is not Saudi Aramco's functional currency. In addition, a substantial amount of costs of Saudi Aramco are denominated in SAR which has been at a fixed rate to USD since 1986. A change in the fixed exchange rate would result in foreign exchange differences being recognized in the consolidated financial statements.

Saudi Aramco engages in foreign currency hedging activities through the use of currency forward contracts to manage its exposure from significant transactions denominated in a foreign currency. The hedge ratio considers variability in potential outcomes, spot rates, as well as interest rates, and on a transaction by transaction basis, can cover up to 100% of the exposure at inception.

The notional amounts of outstanding currency forward contracts designated as hedging instruments are included in Note 30.

2) Price risk — The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Price risk primarily stems from investments in securities and commodity trading.

a) Investments in securities

Saudi Aramco has limited exposure to price risk with such risk arising from investments in securities carried at fair value.

Saudi Aramco regularly reviews its positions in investments in securities considering current and expected future economic trends.

At December 31, 2021 and 2020, a change in fair value due to a movement of 5% in the price of listed equity securities would result in a change in other comprehensive income before income taxes of SAR 457 and SAR 403, respectively.

At December 31, 2021 and 2020, a change in fair value due to a movement of 5% in the unit price of equities and mutual and hedge funds would result in a change in income before income taxes of SAR 18 and SAR 124, respectively.

3. Financial risk management continued

b) Commodity swaps

Saudi Aramco trades crude, natural gas liquids and various refined and bulk petrochemical products and uses commodity swaps as a means of managing price and timing of risks arising from this trading. In effecting these transactions, Saudi Aramco operates within policies and procedures designed to ensure that risks, including those related to the default of counterparties, are managed within authorized limits. The notional amounts of outstanding commodity swap contracts are included in Note 30.

3) Interest rate risk — The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Saudi Aramco is exposed to interest rate risk from changes in interest rates that affect the fair value or future cash flows of financial instruments, principally borrowings, issued at variable and fixed rates. Borrowings issued at variable rates expose Saudi Aramco to cash flow interest rate risk which is partially offset by short-term time deposits and debt securities held at variable rates. Borrowings issued at fixed rates expose Saudi Aramco to fair value interest rate risk. Saudi Aramco may enter into interest rate swap agreements as part of its overall strategy to manage the interest rate risk on its debt.

At December 31, 2021 and 2020, a change of 1% in market interest rates, with all other variables held constant, would result in a net change of SAR 2,127 and SAR 696, respectively, in Saudi Aramco's income before income taxes as a result of the effect of higher or lower market interest rates.

The notional amounts of interest rate swap contracts are included in Note 30.

(ii) Credit risk

Credit risk is the risk that counterparties might not fulfill their contractual payment obligations towards an entity.

Saudi Aramco is exposed to credit risk related to its counterparties not performing or honoring their obligations which could result in financial loss. Credit risk arises from credit exposures on trade and other receivables as well as from cash and cash equivalents, short-term investments, debt securities, and derivatives with financial institutions. The maximum exposure to credit risk is the carrying value of these assets.

Saudi Aramco's trade receivables arise from a global customer base which limits geographic concentrations of credit risk. Moreover, a credit risk policy is in place to ensure credit limits are extended to creditworthy counterparties and risk mitigation measures are defined and implemented accordingly. Saudi Aramco performs ongoing evaluations of its counterparties' financial standing and takes additional measures to mitigate credit risk when considered appropriate by means of letter of credits, bank guarantees or parent company guarantees.

In addition, the credit risk policy limits the amount of credit exposure to any individual counterparty based on their credit rating as well as other factors. Moreover, Saudi Aramco's investment policy limits exposure to credit risk arising from investment activities. The policy requires that cash and cash equivalents and short-term investments be invested with a diversified group of financial institutions with acceptable credit ratings. Saudi Aramco ensures that each counterparty is of an acceptable credit quality by relying on quantitative and qualitative measures compiled from internal and third party rating models. At December 31, 2021, all the short-term investments were with financial institutions assigned a long-term credit rating of "BBB" (2020: "BBB") or above.

Employee home loans (Note 9) and debt securities are generally considered to have low credit risk based on history of default and thus the impairment provision recognized during the year based on the general approach allowed by IFRS 9, where applicable, was substantially limited to 12-month expected losses.

Saudi Aramco applies the simplified approach allowed by IFRS 9 in providing for expected credit losses for trade receivables which uses the lifetime expected credit loss provision for all trade receivables. Such credit losses have historically been nominal and the loss allowance for trade receivables (Note 12) is not material.

(iii) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

Saudi Aramco's liquidity risk management includes maintaining sufficient cash and cash equivalents and ensuring the availability of incremental funding through credit facilities (Note 20). Management also monitors and forecasts Saudi Aramco's liquidity requirements based on current and non-current expected cash flows.

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

Saudi Aramco invests surplus cash in current accounts, time deposits, money market deposits, government repurchase agreements, and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to meet forecasted cash flow requirements. Saudi Aramco prioritizes security and liquidity over yield.

Note 20 analyzes Saudi Aramco's borrowings into relevant maturity groupings based on the balances associated with each contractual maturity date at the end of the reporting period.

Saudi Aramco has financial guarantees arising in the ordinary course of business. The earliest period in which such guarantees can be called is the effective date as defined in the related agreements. The maximum exposure is limited to the gross value of such guarantees.

(b) Capital structure management

Saudi Aramco seeks to maintain a prudent capital structure, comprised of borrowings and shareholders' equity, to support its capital investment plans and maintain a sustainable dividend profile. Maintaining sufficient financial flexibility is considered strategically important to mitigate industry cyclicality while also enabling the pursuit of organic and inorganic investment opportunities. Borrowings or dividends will result in an adjustment to Saudi Aramco's capital structure.

Gearing is a measure of the degree to which Saudi Aramco's operations are financed by debt. Saudi Aramco defines gearing as the ratio of net debt (total borrowings less cash and cash equivalents) to net debt plus total equity. Saudi Aramco's gearing ratio at the end of the reporting year was as follows:

	2021	2020
Total borrowings (current and non-current)	510,921	536,077
Cash and cash equivalents	(299,579)	(207,232)
Net debt	211,342	328,845
Total equity	1,280,668	1,101,094
Total equity and net debt	1,492,010	1,429,939
Gearing	14.2%	23.0%

(c) Casualty loss risk retention

Saudi Aramco's casualty loss risk strategy includes a risk retention and insurance program, including providing coverage to certain joint arrangements and associates limited to Saudi Aramco's percentage interest in the relevant entity. Current maximum risk retention is SAR 2,988 per loss event (2020: SAR 3,138) and various insurance limits apply, of which the risk retention forms a part. Should a credible loss event occur, the maximum insurance limit above retention is SAR 4,700 (2020: SAR 4,550) per event dependent on the circumstances.

(d) Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. Management believes that the fair values of Saudi Aramco's financial assets and liabilities that are measured and recognized at amortized cost are not materially different from their carrying amounts at the end of the reporting period.

Saudi Aramco measures financial instruments such as derivatives, equity investments and debt securities classified as FVPL, and equity investments and debt securities classified as FVOCI, at fair value at each Consolidated Balance Sheet date. Saudi Aramco uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

The following table presents Saudi Aramco's assets and liabilities measured and recognized at fair value at December 31, 2021 and 2020, based on the prescribed fair value measurement hierarchy on a recurring basis. Saudi Aramco did not measure any financial assets or financial liabilities at fair value on a non-recurring basis at December 31, 2021 and 2020.

Assets	Level 1	Level 2	Level 3	Total
2021				
Investments in securities:				
Equity securities at FVOCI	9,134	88	1,340	10,562
Debt securities at FVOCI	37	7,846	–	7,883
Equity securities at FVPL	359	1,861	3,928	6,148
Debt securities at FVPL	53	–	–	53
Trade receivables related to contracts with provisional pricing arrangements	–	–	109,440	109,440
	9,583	9,795	114,708	134,086
Other assets and receivables:				
Interest rate swaps	–	9	–	9
Commodity swaps	–	1,489	83	1,572
Currency forward contracts	–	32	–	32
Financial assets – option rights	–	–	2,390	2,390
	–	1,530	2,473	4,003
Total assets	9,583	11,325	117,181	138,089
2020				
Investments in securities:				
Equity securities at FVOCI	8,051	174	1,475	9,700
Debt securities at FVOCI	21	6,948	–	6,969
Equity securities at FVPL	870	1,219	3,495	5,584
Debt securities at FVPL	53	–	–	53
Trade receivables related to contracts with provisional pricing arrangements	–	–	54,402	54,402
	8,995	8,341	59,372	76,708
Other assets and receivables:				
Commodity swaps	–	291	17	308
Currency forward contracts	–	275	–	275
Financial assets – option rights	–	–	1,863	1,863
	–	566	1,880	2,446
Total assets	8,995	8,907	61,252	79,154

All amounts in millions of Saudi Riyals unless otherwise stated

3. Financial risk management continued

Liabilities	Level 1	Level 2	Level 3	Total
2021				
Trade and other payables:				
Interest rate swaps	–	427	–	427
Commodity swaps	201	1,755	43	1,999
Currency forward contracts	–	151	–	151
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	3,301	3,301
Total liabilities	201	2,333	3,344	5,878

2020				
Trade and other payables:				
Interest rate swaps	–	874	–	874
Commodity swaps	78	159	28	265
Currency forward contracts	–	212	–	212
Provisions and other liabilities:				
Financial liabilities – options and forward contracts	–	–	1,995	1,995
Total liabilities	78	1,245	2,023	3,346

The valuation techniques for Saudi Aramco's investments in securities are described in Note 10. The changes in Level 3 investments in securities for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
January 1	4,970	6,162
Acquisition	–	262
Net disposals	(5)	(1,681)
Net movement in unrealized fair value	407	(299)
Realized (loss) gain	(104)	526
December 31	5,268	4,970

The movement in trade receivables related to contracts with provisional pricing arrangements mainly relates to sales transactions, net of settlements, made during the period, resulting from contracts with customers (Note 12). Unrealized fair value movements on these trade receivables are not significant.

The change in commodity swaps primarily relates to purchase and sales derivative contracts including recognition of a gain or loss that results from adjusting a derivative to fair value. Fair value movements on these commodity swaps are not significant.

The movement in the financial assets and liabilities, which are related to options and forward contracts on Saudi Aramco's own equity instruments in certain subsidiaries, is mainly due to the change in the unrealized fair value during the period.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments

Saudi Aramco is engaged in prospecting, exploring, drilling, extracting, processing, manufacturing, refining and marketing hydrocarbon substances within the Kingdom and has interests in refining, petrochemical, distribution, marketing and storage facilities outside the Kingdom.

Saudi Aramco's operating segments are established on the basis of those components that are evaluated regularly by the CEO, considered to be the Chief Operating Decision Maker. The Chief Operating Decision Maker monitors the operating results of Saudi Aramco's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on revenues, costs and a broad range of key performance indicators in addition to segment profitability.

For management purposes, Saudi Aramco is organized into business units based on the main types of activities. At December 31, 2021, Saudi Aramco had two reportable segments, Upstream and Downstream, with all other supporting functions aggregated into a Corporate segment. Upstream activities include crude oil, natural gas and natural gas liquids exploration, field development and production. Downstream activities, which now include SABIC's operations from the date of acquisition, consist primarily of refining and petrochemical manufacturing, supply and trading, distribution and power generation, logistics, and marketing of crude oil and related services to international and domestic customers. Corporate activities include primarily supporting services including Human Resources, Finance and IT not allocated to Upstream and Downstream. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

The accounting policies used by Saudi Aramco in reporting segments internally are the same as those contained in Note 2 of the consolidated financial statements.

Information by segments is as follows:

	Upstream	Downstream	Corporate	Eliminations	Consolidated
2021					
External revenue	656,066	689,377	1,487	–	1,346,930
Other income related to sales	58,905	95,923	–	–	154,828
Inter-segment revenue	300,466	37,728	291	(338,485)	–
Share of results of joint ventures and associates	(6)	8,066	(186)	–	7,874
Depreciation and amortization	(42,503)	(37,764)	(5,254)	–	(85,521)
Dividends and other income	–	336	46	–	382
Earnings (losses) before interest, income taxes and zakat	750,118	62,190	(13,533)	(18,601)	780,174
Finance income					1,405
Finance costs					(12,058)
Income before income taxes and zakat					769,521
Capital expenditures – cash basis	88,758	28,724	2,163	–	119,645
2020					
External revenue	410,956	355,787	1,366	–	768,109
Other income related to sales	38,878	55,104	–	–	93,982
Inter-segment revenue	155,636	30,330	304	(186,270)	–
Share of results of joint ventures and associates	(4)	(3,401)	(149)	–	(3,554)
Depreciation and amortization	(39,702)	(30,888)	(5,618)	–	(76,208)
Dividends and other income	–	408	3	–	411
Earnings (losses) before interest, income taxes and zakat	413,214	(20,170)	(17,041)	4,214	380,217
Finance income					2,771
Finance costs					(10,564)
Income before income taxes and zakat					372,424
Capital expenditures – cash basis	73,651	26,097	1,282	–	101,030

All amounts in millions of Saudi Riyals unless otherwise stated

4. Operating segments continued

Information by geographical area is as follows:

	In-Kingdom	Out-of-Kingdom	Total
2021			
External revenue	892,467	454,463	1,346,930
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,221,638	252,905	1,474,543
2020			
External revenue	538,360	229,749	768,109
Property, plant and equipment, intangible assets, investments in joint ventures and associates	1,245,524	194,459	1,439,983

Sales to external customers by region are based on the location of the Saudi Aramco entity, which made the sale. Out-of-Kingdom revenue includes sales of SAR 148,488 originating from the United States of America ("USA") (2020: SAR 110,652).

Property, plant and equipment, intangible assets and investments in joint ventures and associates by region are based on the location of the Saudi Aramco entity holding the assets.

5. Property, plant and equipment

As of January 1, 2021, Saudi Aramco changed the presentation of the groups of assets under property, plant and equipment. The new presentation is consistent with the generally accepted practice of presenting assets based on their nature as compared to the business function where they are used in the company's operations. This change has no current or future impact on the total reported carrying values, estimated useful lives or depreciation expense.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment continued

The movement in cost and accumulated depreciation for the years ended December 31, 2021 and 2020 based on the new presentation is provided below:

	Land and land improvements	Buildings	Oil and gas properties	Plant, machinery and equipment	Depots, storage tanks and pipelines	Fixtures, IT and office equipment	Construction-in-progress	Total
Cost								
January 1, 2021 (revised)	52,464	83,070	560,187	827,044	78,357	18,902	242,450	1,862,474
Additions ¹	581	2,093	386	13,025	144	579	109,792	126,600
Construction completed	799	2,919	37,146	57,832	5,215	941	(104,852)	–
Currency translation differences	(619)	(748)	–	(5,702)	(602)	(131)	(497)	(8,299)
Transfers and adjustments ²	99	386	(229)	(2,804)	1,280	(44)	(2,336)	(3,648)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	2,365	2,365
Retirements and sales	(225)	(1,309)	(995)	(11,352)	(284)	(693)	(747)	(15,605)
December 31, 2021	53,099	86,411	596,495	878,043	84,110	19,554	246,175	1,963,887
Accumulated depreciation								
January 1, 2021 (revised)	(16,618)	(36,587)	(207,678)	(339,740)	(41,364)	(11,027)	–	(653,014)
Charge for the year	(1,407)	(3,549)	(18,026)	(55,505)	(3,077)	(1,390)	–	(82,954)
Currency translation differences	4	434	–	3,023	232	103	–	3,796
Transfers and adjustments	(10)	40	20	648	249	20	–	967
Retirements and sales	42	1,059	411	9,161	281	680	–	11,634
December 31, 2021	(17,989)	(38,603)	(225,273)	(382,413)	(43,679)	(11,614)	–	(719,571)
Property, plant and equipment – net, December 31, 2021	35,110	47,808	371,222	495,630	40,431	7,940	246,175	1,244,316
Cost								
January 1, 2020	37,867	55,514	501,777	596,592	69,005	12,575	291,482	1,564,812
Additions ¹	55	358	2,105	17,445	356	155	102,024	122,498
Acquisition (Note 35)	11,278	17,154	–	118,207	–	4,250	28,424	179,313
Construction completed	2,773	9,237	55,300	101,291	8,720	2,034	(179,355)	–
Currency translation differences	476	848	–	5,260	455	117	816	7,972
Transfers and adjustments ²	103	151	1,103	(2,158)	(117)	226	(1,922)	(2,614)
Transfer of exploration and evaluation assets	–	–	–	–	–	–	1,102	1,102
Retirements and sales	(88)	(192)	(98)	(9,593)	(62)	(455)	(121)	(10,609)
December 31, 2020	52,464	83,070	560,187	827,044	78,357	18,902	242,450	1,862,474
Accumulated depreciation								
January 1, 2020	(15,356)	(32,737)	(191,534)	(294,751)	(38,550)	(9,870)	–	(582,798)
Charge for the year	(1,246)	(3,416)	(15,957)	(48,009)	(2,676)	(1,406)	–	(72,710)
Currency translation differences	(5)	(473)	–	(3,840)	(171)	(79)	–	(4,568)
Transfers and adjustments	(16)	(30)	(264)	131	11	(53)	–	(221)
Retirements and sales	5	69	77	6,729	22	381	–	7,283
December 31, 2020	(16,618)	(36,587)	(207,678)	(339,740)	(41,364)	(11,027)	–	(653,014)
Property, plant and equipment – net, December 31, 2020	35,846	46,483	352,509	487,304	36,993	7,875	242,450	1,209,460

1. Borrowing cost capitalized during the year ended December 31, 2021, amounted to SAR 3,285 (2020: SAR 1,316) calculated using an average capitalization rate of 2.65% (2020: 2.4%).

2. Saudi Aramco recognized write-down of SAR 875 (2020: SAR 2,631) on certain downstream facilities, including a facility under construction of SAR 140 (2020: SAR 1,741).

All amounts in millions of Saudi Riyals unless otherwise stated

5. Property, plant and equipment continued

The movement in cost and accumulated depreciation for the year ended December 31, 2020 based on the previous presentation of assets is as follows:

	Crude oil facilities	Refinery and petrochemical facilities	Gas and NGL facilities	General service plant	Construction-in-progress	Total
Cost						
January 1, 2020	537,299	231,049	396,400	108,582	291,482	1,564,812
Additions	8,965	4,881	484	6,144	102,024	122,498
Acquisition (Note 35)	–	150,889	–	–	28,424	179,313
Construction completed	67,333	24,853	58,232	28,937	(179,355)	–
Currency translation differences	–	7,158	–	(2)	816	7,972
Transfers and adjustments	(17)	9	40	(724)	(1,922)	(2,614)
Transfer of exploration and evaluation assets	–	–	–	–	1,102	1,102
Retirements and sales	(1,717)	(4,900)	(362)	(3,509)	(121)	(10,609)
December 31, 2020	611,863	413,939	454,794	139,428	242,450	1,862,474
Accumulated depreciation						
January 1, 2020	(271,105)	(78,033)	(174,300)	(59,360)	–	(582,798)
Charge for the year	(23,910)	(23,189)	(17,476)	(8,135)	–	(72,710)
Currency translation differences	–	(4,568)	–	–	–	(4,568)
Transfers and adjustments	9	(215)	32	(47)	–	(221)
Retirements and sales	699	4,572	345	1,667	–	7,283
December 31, 2020	(294,307)	(101,433)	(191,399)	(65,875)	–	(653,014)
Property, plant and equipment – net, December 31, 2020	317,556	312,506	263,395	73,553	242,450	1,209,460

Additions to right-of-use assets during the year ended December 31, 2021 were SAR 12,270 (2020: SAR 16,278). There was no acquisition of right-of-use assets during the year ended December 31, 2021 (2020: SAR 7,003). The following table presents depreciation charges and carrying amounts of right-of-use assets by class of assets. Information on lease liabilities and related finance costs is provided in Note 20.

	Depreciation expense for the year ended December 31, 2021	Net carrying amount at December 31, 2021	Depreciation expense for the year ended December 31, 2020	Net carrying amount at December 31, 2020
Land and land improvements	190	3,773	254	3,337
Buildings	727	3,596	369	2,285
Oil and gas properties	5	25	–	–
Plant, machinery and equipment	10,134	36,933	9,595	46,748
Depots, storage tanks and pipelines	334	2,198	264	1,262
Fixtures, IT and office equipment	93	463	20	106
	11,483	46,988	10,502	53,738

The depreciation charges and carrying amounts of right-of-use assets by class of assets for the year ended December 31, 2020 based on the previous presentation of assets is as follows:

	Depreciation expense for the year ended December 31, 2020	Net carrying amount at December 31, 2020
Crude oil facilities	3,624	11,163
Refinery and petrochemical facilities	2,597	17,336
Gas and NGL facilities	163	395
General service plant	4,118	24,844
	10,502	53,738

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All amounts in millions of Saudi Riyals unless otherwise stated

6. Intangible assets

	Goodwill	Exploration and evaluation ¹	Brands and trademarks	Franchise/customer relationships	Computer software	Other ²	Total
Cost							
January 1, 2021	100,204	21,160	23,077	19,827	5,065	2,849	172,182
Additions	–	3,299	–	–	134	243	3,676
Currency translation differences	(16)	–	(119)	(23)	(36)	(136)	(330)
Transfers and adjustments	–	–	(84)	(84)	1	128	(39)
Transfer of exploration and evaluation assets	–	(2,365)	–	–	–	–	(2,365)
Retirements and write offs	–	(2,875)	–	–	(15)	(155)	(3,045)
December 31, 2021	100,188	19,219	22,874	19,720	5,149	2,929	170,079
Accumulated amortization							
January 1, 2021	–	–	(1,915)	(1,501)	(3,270)	(949)	(7,635)
Charge for the year	–	–	(410)	(953)	(483)	(581)	(2,427)
Currency translation differences	–	–	6	3	10	285	304
Transfers and adjustments	–	–	84	84	7	6	181
Retirements and write offs	–	–	–	–	15	151	166
December 31, 2021	–	–	(2,235)	(2,367)	(3,721)	(1,088)	(9,411)
Intangible assets – net, December 31, 2021	100,188	19,219	20,639	17,353	1,428	1,841	160,668
Cost							
January 1, 2020	1,077	21,913	4,791	1,764	4,428	1,680	35,653
Additions	–	3,894	–	–	226	197	4,317
Acquisition (Note 35)	99,116	–	18,215	17,985	260	619	136,195
Currency translation differences	11	–	20	23	42	143	239
Transfers and adjustments	–	(1)	51	55	142	259	506
Transfer of exploration and evaluation assets	–	(1,102)	–	–	–	–	(1,102)
Retirements and write offs	–	(3,544)	–	–	(33)	(49)	(3,626)
December 31, 2020	100,204	21,160	23,077	19,827	5,065	2,849	172,182
Accumulated amortization							
January 1, 2020	–	–	(1,448)	(866)	(2,835)	(382)	(5,531)
Charge for the year	–	–	(405)	(572)	(437)	(343)	(1,757)
Currency translation differences	–	–	(11)	(8)	(30)	(89)	(138)
Transfers and adjustments	–	–	(51)	(55)	(1)	(161)	(268)
Retirements and write offs	–	–	–	–	33	26	59
December 31, 2020	–	–	(1,915)	(1,501)	(3,270)	(949)	(7,635)
Intangible assets – net, December 31, 2020	100,204	21,160	21,162	18,326	1,795	1,900	164,547

- Cash used for exploration and evaluation operating activities in 2021 was SAR 4,410 (2020: SAR 3,749) and expenditures for investing activities were SAR 3,299 (2020: SAR 3,894).
- Other intangible assets include licenses, technology and usage rights of SAR 593 (2020: SAR 652) and patents and intellectual property of SAR 1,248 (2020: SAR 1,248). These include technology and licenses of SAR 619 recognized on the acquisition of SABIC in 2020.

All amounts in millions of Saudi Riyals unless otherwise stated

6. Intangible assets continued

As a result of the acquisition of SABIC (Note 35) certain intangible assets have been recognized in 2020. These are being amortized on a straight-line basis over their estimated useful lives, with the exception of the goodwill arising from the transaction, which has an indefinite useful life, and the SABIC brand, which has been determined to have an indefinite useful life and are not subject to amortization.

Saudi Aramco performed an annual impairment test for the goodwill acquired as part of the SABIC acquisition, which is allocated to the Downstream operating segment. The recoverable amount of the Downstream operating segment was determined based on VIU calculations which require use of certain assumptions. The calculations used cash flow projections for a period of 10 years based on financial plans approved by management. Cash flows were discounted and aggregated with a terminal value. Management estimate for the cash flows is based on past performance and management's expectation of the future. This includes management's forecast for prices and margins for the downstream operations. Growth rate used in the terminal value calculation represents long-term inflation forecast. Pre-tax discount rate of 8.6% (2020: 7.8%) was applied to the cash flows. As a result of the analysis, management did not identify any impairment of goodwill related to the SABIC acquisition.

Saudi Aramco also performed an annual impairment test for the brand acquired as part of the SABIC acquisition. The impairment test was performed by aggregating the relevant cash-generating units. Cash flows were calculated in the same way as for the goodwill impairment test. The cash flows were discounted using the pre-tax discount rate of 7.8% (2020: 7.8%). As a result of the analysis, management did not identify any impairment.

Management believes a reasonable range of increase or decrease in any of the assumptions within the projected cash flows would not change the outcome of the impairment analysis for the goodwill or the brand.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates

Company	Equity ownership	Principal place of business	Nature of activities	Carrying amount at December 31, 2021	Carrying amount at December 31, 2020
Joint ventures					
Saudi Yanbu Petrochemical Company ("Yanpet") ¹	50%	Saudi Arabia	Petrochemical	10,597	11,311
Sinopec SABIC Tianjin Petrochemical Company ("SSTPC") ¹	50%	People's Republic of China	Petrochemical	7,644	7,621
Al-Jubail Petrochemical Company ("Kemya") ¹	50%	Saudi Arabia	Petrochemical	6,229	5,696
Eastern Petrochemical Company ("Sharq") ¹	50%	Saudi Arabia	Petrochemical	5,912	6,783
Sadara Chemical Company ("Sadara") ^{2,4}	65%	Saudi Arabia	Petrochemical	4,070	1,746
Other				3,551	3,041
				38,003	36,198
Associates					
Clariant AG ("Clariant") ^{1,5}	31.5%	Switzerland	Specialty chemical	8,465	8,913
Power & Water Utility Company for Jubail and Yanbu ("Marafiq") ⁶	49.6%	Saudi Arabia	Utilities	3,924	3,630
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank") ³	17%	South Korea	Refining/marketing/ petrochemical	3,684	3,853
Aluminium Bahrain BSC ("ALBA") ^{1,5}	20.6%	Bahrain	Aluminum	2,477	1,660
Fujian Refining and Petrochemical Company Limited ("FREPC")	25%	People's Republic of China	Refining/petrochemical	2,466	2,172
Ma'aden Phosphate Company ("MPC") ¹	30%	Saudi Arabia	Agri-Nutrients	2,162	1,632
National Shipping Company of Saudi Arabia ("Bahri") ⁵	20%	Saudi Arabia	Global logistics services	2,141	2,263
Rabigh Refining and Petrochemical Company ("Petro Rabigh") ^{4,5}	37.5%	Saudi Arabia	Refining/petrochemical	1,838	1,096
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC") ^{1,3}	15%	Saudi Arabia	Agri-Nutrients	1,586	1,426
Other				2,813	3,133
				31,556	29,778
				69,559	65,976

1. On June 16, 2020, SABIC became a subsidiary of the Company and as a result, Saudi Aramco acquired interest in its joint ventures/associates (Note 35). Equity ownership represents SABIC's shareholding in these investments.

2. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint venture does not qualify as a subsidiary and has not been consolidated.

3. Agreements and constitutive documents provide Saudi Aramco significant influence over this entity.

4. Saudi Aramco has provided guarantees as described in Note 33.

5. Listed company.

6. In 2020, Saudi Aramco's existing interest increased from 24.8% to 49.6% due to the acquisition of SABIC, which also has an interest in Marafiq (Note 35).

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

The components of the change in the investments in joint ventures and associates for the years ended December 31 are as follows:

	Joint ventures		Associates	
	2021	2020	2021	2020
January 1	36,198	5,698	29,778	14,040
Acquisition (Note 35)	–	33,269	–	18,595
Share of results of joint ventures and associates	4,606	(1,749)	3,268	(1,805)
Additional investment	373	263	184	274
Distributions	(3,738)	(867)	(913)	(1,734)
Change in elimination of profit in inventory	(442)	(230)	(108)	209
Share of other comprehensive (loss) income	145	(303)	(292)	853
Reclassification between joint venture and associate	–	374	–	(374)
Other	861	(257)	(361)	(280)
December 31	38,003	36,198	31,556	29,778

On February 14, 2022, Clariant announced that the publication of its fourth quarter and full year 2021 results will be delayed due to an investigation into accounting issues related to certain provisions and accruals. Therefore, Saudi Aramco is not able to disclose the required summarized financial information for the year ended December 31, 2021. Further, the movement in the carrying value of the investment in Clariant during 2021 is based on its latest published financial statements for the half year ended June 30, 2021 and management's best estimates.

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2021, are set out below:

Summarized Balance Sheet At December 31, 2021

	Yanpet	SSTPC	Kemysa	Sharq	Sadara	Marafiq	Hyundai Oilbank	ALBA	FREP	MPC	Bahri
Current assets:											
Cash and cash equivalents	555	2,838	89	663	1,990	657	1,101	928	3,859	687	1,666
Other	4,435	2,023	4,224	4,831	10,175	3,387	16,554	6,180	5,505	3,664	2,564
Total current assets	4,990	4,861	4,313	5,494	12,165	4,044	17,655	7,108	9,364	4,351	4,230
Non-current assets	4,576	11,932	11,119	11,408	51,415	20,100	39,244	19,000	8,314	12,860	17,519
Current liabilities:											
Financial liabilities (excluding trade and other payables)	1,713	1,285	1,922	1,370	3,294	1,369	4,517	2,245	686	2,615	4,921
Other	647	1,155	336	839	2,448	1,483	11,815	1,848	2,952	238	2,205
Total current liabilities	2,360	2,440	2,258	2,209	5,742	2,852	16,332	4,093	3,638	2,853	7,126
Non-current liabilities	1,434	4,699	2,000	2,700	50,829	13,955	22,915	7,064	4,175	5,528	4,780
Net assets	5,772	9,654	11,174	11,993	7,009	7,337	17,652	14,951	9,865	8,830	9,843
Saudi Aramco interest	50%	50%	50%	50%	65%	49.6%	17%	20.6%	25%	30%	20%
Saudi Aramco share	2,886	4,827	5,587	5,997	4,556	3,639	3,001	3,080	2,466	2,649	1,969
Fair value and other adjustments at Saudi Aramco level	7,711	2,817	642	(85)	(486)	285	683	(603)	–	(487)	172
Investment balance at December 31	10,597	7,644	6,229	5,912	4,070	3,924	3,684	2,477	2,466	2,162	2,141

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized Statement of Comprehensive Income Year ended December 31, 2021

	Yanpet	SSTPC	Kemya	Sharq	Sadara	Marafiq	Hyundai Oilbank	ALBA	FREP	MPC	Bahri
Revenue	7,597	11,157	9,820	10,420	17,697	4,636	59,815	15,766	27,451	6,567	5,073
Depreciation and amortization	463	682	874	1,379	3,498	1,033	1,218	1,223	1,428	1,068	890
Conventional interest income	1	123	–	3	2	14	301	23	85	9	–
Interest expense	38	53	70	36	2,178	182	817	389	239	–	178
Income tax expense	350	239	456	311	223	72	625	10	347	56	63
Net income	2,522	594	2,550	1,753	2,903	423	1,387	4,495	1,109	1,769	178
Dividends received from JVs/associates	1,360	275	730	1,273	–	75	54	77	37	–	158

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net income	227	3,896

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Summarized financial information (100%) for joint ventures and associates and reconciliation with the carrying amount of the investments in the consolidated financial statements at December 31, 2020, are set out below. Statement of Comprehensive Income is presented for the full year including for entities acquired during the year:

Summarized Balance Sheet At December 31, 2020

	Yanpet	Clariant	SSTPC	Kemya	Sharq	Sadara	Marafiq	Hyundai Oilbank	ALBA	FREP	MPC	Bahri
Current assets:												
Cash and cash equivalents	543	3,126	3,024	204	454	932	372	738	442	4,281	974	543
Other	3,706	10,894	1,533	3,224	4,850	7,690	2,463	9,949	3,567	4,329	2,119	3,538
Total current assets	4,249	14,020	4,557	3,428	5,304	8,622	2,835	10,687	4,009	8,610	3,093	4,081
Non-current assets	4,406	24,930	11,323	12,244	12,865	54,179	19,672	33,720	19,403	8,899	13,420	16,865
Current liabilities:												
Financial liabilities (excluding trade and other payables)	964	1,688	1,371	1,713	776	5,329	1,076	3,234	2,258	691	1,452	885
Other	481	7,083	958	491	680	2,286	949	7,294	2,322	2,959	310	1,485
Total current liabilities	1,445	8,771	2,329	2,204	1,456	7,615	2,025	10,528	4,580	3,650	1,762	2,370
Non-current liabilities	1,424	14,760	4,113	3,126	2,816	52,073	12,796	17,220	8,093	5,170	7,688	8,154
Net assets	5,786	15,419	9,438	10,342	13,897	3,113	7,686	16,659	10,739	8,689	7,063	10,422
Saudi Aramco interest	50%	31.5%	50%	50%	50%	65%	49.6%	17%	20.6%	25%	30%	20%
Saudi Aramco share	2,893	4,857	4,719	5,171	6,949	2,023	3,806	2,832	2,212	2,172	2,119	2,084
Fair value and other adjustments at Saudi Aramco level	8,418	4,056	2,902	525	(166)	(277)	(176)	1,021	(552)	–	(487)	179
Investment balance at December 31	11,311	8,913	7,621	5,696	6,783	1,746	3,630	3,853	1,660	2,172	1,632	2,263

Summarized Statement of Comprehensive Income Year ended December 31, 2020

	Yanpet	Clariant	SSTPC	Kemya	Sharq	Sadara	Marafiq	Hyundai Oilbank	ALBA	FREP	MPC	Bahri
Revenue	5,139	15,713	6,652	6,679	6,944	10,510	3,854	32,720	10,563	21,029	4,005	9,064
Depreciation and amortization	562	1,141	622	909	1,363	3,299	1,192	1,388	1,170	1,379	1,028	876
Conventional interest income	5	64	105	2	4	–	11	327	27	64	5	–
Interest expense	45	428	76	135	33	2,334	219	536	397	291	268	294
Income tax expense	27	407	135	38	90	54	71	(662)	3	47	38	94
Net income (loss)	998	(721)	410	672	298	(3,350)	319	(1,364)	97	172	(38)	1,787
Dividends received from JVs/associates	348	1,247	–	105	350	–	56	105	–	79	–	149

Summarized financial information (100%) for individually immaterial joint ventures and associates is set out below:

	Joint ventures	Associates
Net loss	(62)	(4,207)

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

7. Investments in joint ventures and associates continued

Saudi Aramco's share of the fair value of the listed associates at December 31, together with their carrying value at those dates, is as follows:

	Fair value		Carrying value	
	2021	2020	2021	2020
Clariant	8,160	8,380	8,465	8,913
Petro Rabigh	6,800	4,540	1,838	1,096
Bahri	2,555	3,193	2,141	2,263
ALBA	2,330	1,450	2,477	1,660

8. Income taxes and zakat

(a) Kingdom income tax rates

The Company is subject to an income tax rate of 20% on its Downstream activities and on the activities of exploration and production of non-associated natural gas, including gas condensates, as well as the collection, treatment, processing, fractionation and transportation of associated and non-associated natural gas and their liquids, gas condensates and other associated elements. All other activities are subject to an income tax rate of 50%, in accordance with the Tax Law. The 20% income tax rate applicable to the Company's Downstream activities, which came into effect on January 1, 2020, is conditional on the Company separating its Downstream activities under the control of one or more separate wholly owned subsidiaries before December 31, 2024, otherwise the Company's Downstream activities will be retroactively taxed at 50%. The Company expects to transfer all its Downstream activities into a separate legal entity or entities within the period specified.

During 2020, the Tax Law was amended, effective January 1, 2020, whereby shares held directly or indirectly in listed companies on the Tadawul by taxpayers engaged in oil and hydrocarbon activities are exempt from the application of corporate income tax. As a result, the Company's ownership interests in SABIC, Rabigh Refining and Petrochemical Company ("Petro Rabigh"), National Shipping Company of Saudi Arabia ("Bahri") and Saudi Electricity Company ("SEC") are now subject to zakat.

The reconciliation of tax charge at the Kingdom statutory rates to consolidated tax and zakat expense is as follows:

	2021	2020
Income before income taxes and zakat	769,521	372,424
Less: Income subject to zakat	(27,766)	(3,754)
Income subject to income tax	741,755	368,670
Income taxes at the Kingdom's statutory tax rates	356,610	178,808
Tax effect of:		
(Income) loss not subject to tax at statutory rates and other	(1,455)	9,082
Income tax expense	355,155	187,890
Zakat expense	1,970	771
Total income tax and zakat expense	357,125	188,661

(b) Income tax and zakat expense

	2021	2020
Current income tax – Kingdom	338,506	173,534
Current income tax – Foreign	877	614
Deferred income tax – Kingdom	13,060	16,932
Deferred income tax – Foreign	2,712	(3,190)
Zakat – Kingdom	1,970	771
	357,125	188,661

Saudi Aramco paid foreign taxes of SAR 808 and SAR 427 for the years ended December 31, 2021 and 2020, respectively.

Income tax charge recorded through other comprehensive income was SAR 6,010 for the year ended December 31, 2021 (2020: income tax credit of SAR 9,331).

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(c) Income tax and zakat obligation to the Government

	2021	2020
January 1	42,059	62,243
Acquisition	–	3,288
Provided during the period	340,476	174,305
Payments during the period by the Company (Note 28)	(141,699)	(72,582)
Payments during the period by subsidiaries and joint operations	(3,816)	(2,806)
Settlements of due from the Government	(142,419)	(116,872)
Other settlements	(4,076)	(5,517)
December 31	90,525	42,059

(d) Deferred income tax

	2021	2020
Deferred income tax assets:		
Kingdom	13,716	13,749
U.S. Federal and State	88	84
Other foreign	1,165	1,447
	14,969	15,280
Deferred income tax liabilities:		
Kingdom	67,298	48,019
U.S. Federal and State	3,422	2,469
Other foreign	4,130	3,133
	74,850	53,621
Net deferred income tax liabilities	(59,881)	(38,341)

The gross movement of the net deferred income tax position is as follows:

	2021	2020
January 1	(38,341)	(31,743)
Acquisition	–	(2,176)
Current period charge to income	(15,772)	(13,742)
Other reserves (charge) credits	(6,010)	9,331
Other adjustments	242	(11)
December 31	(59,881)	(38,341)

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

The movement in deferred income tax assets (liabilities) for the years ended December 31 is as follows:

	Post-employment benefit obligations	Investment in subsidiary	Undistributed earnings	Provisions and other	Loss carry-forward	Property plant and equipment and intangible assets	Investments in securities at FVOCI	Total
January 1, 2020								
Deferred income tax assets	3,328	–	–	653	9,263	(516)	–	12,728
Deferred income tax liabilities	7,128	(4,828)	(736)	18,669	4,819	(67,341)	(2,182)	(44,471)
	10,456	(4,828)	(736)	19,322	14,082	(67,857)	(2,182)	(31,743)
Recognized during the year								
Acquisition	631	–	(86)	(2,721)	–	–	–	(2,176)
Current period (charges) credits to income	(524)	309	35	2,869	7,595	(24,026)	–	(13,742)
Other reserves credits	7,395	–	–	–	–	–	1,936	9,331
Other adjustments	–	–	–	(11)	–	–	–	(11)
	7,502	309	(51)	137	7,595	(24,026)	1,936	(6,598)
December 31, 2020								
Deferred income tax assets	4,301	–	–	1,650	9,983	(654)	–	15,280
Deferred income tax liabilities	13,657	(4,519)	(787)	17,809	11,694	(91,229)	(246)	(53,621)
	17,958	(4,519)	(787)	19,459	21,677	(91,883)	(246)	(38,341)
Recognized during the year								
Current period (charges) credits to income	457	(461)	(310)	2,254	(1,877)	(15,835)	–	(15,772)
Other reserves charge	(5,865)	–	–	–	–	–	(145)	(6,010)
Other adjustments	–	–	–	242	–	–	–	242
	(5,408)	(461)	(310)	2,496	(1,877)	(15,835)	(145)	(21,540)
December 31, 2021								
Deferred income tax assets	4,236	–	–	1,806	9,661	(734)	–	14,969
Deferred income tax liabilities	8,314	(4,980)	(1,097)	20,149	10,139	(106,984)	(391)	(74,850)
	12,550	(4,980)	(1,097)	21,955	19,800	(107,718)	(391)	(59,881)

A deferred income tax liability has not been recognized with regard to the undistributed earnings of certain subsidiaries, which are considered to be permanently reinvested in their respective businesses. Such earnings would be taxed only upon distribution. There was no cumulative taxable undistributed earnings or unrecognized deferred income tax liability for such subsidiaries at December 31, 2021. The cumulative amount of the undistributed earnings of such subsidiaries at December 31, 2020 was SAR 29,080 and the unrecognized deferred income tax liability was SAR 1,969. Also, a deferred income tax asset has not been recognized largely related to cumulative unused tax losses of certain subsidiaries with carry-forward periods from 2022 to indefinite. Such losses are available for offsetting against future taxable profits of the subsidiaries in which the losses arose. The cumulative amount of the unused tax losses and other items is SAR 37,791 and SAR 32,336 at December 31, 2021 and 2020, respectively, and the unrecognized deferred income tax asset is SAR 9,296 and SAR 7,924 at December 31, 2021 and 2020, respectively.

All amounts in millions of Saudi Riyals unless otherwise stated

8. Income taxes and zakat continued

(e) Income tax and zakat assessments

The Company and the majority of its affiliates are subject to tax review and audit in tax jurisdictions where they operate. In June 2020, the Company and its wholly owned domestic affiliates were notified that the Saudi Arabian income tax submissions for all years up to and including the year ended December 31, 2019 were accepted as filed.

For the Company's other domestic and international affiliates, examinations of tax and zakat returns for certain prior years had not been completed as of December 31, 2021; however, the Company is not aware of any significant claims. Therefore, no material provision for any additional income tax and zakat liability has been recorded in the consolidated financial statements.

9. Other assets and receivables

	2021	2020
Non-current:		
Home loans	12,919	10,155
Loans to joint ventures and associates (Note 29(b))	12,299	13,252
Loans and advances	6,819	7,187
Financial assets – option rights	2,390	1,863
Home ownership construction	1,529	2,558
Receivable from Government, semi-Government and other entities with Government ownership or control (Note 29(b))	509	540
Lease receivable from associates (Note 29(b))	416	426
Other	895	1,277
	37,776	37,258
Current:		
Employee and other receivables	9,066	6,831
Tax receivables	9,442	4,963
Prepaid expenses	4,358	3,355
Home loans	1,088	1,084
Investments in securities (Note 10)	1,515	826
Derivative assets	1,613	583
Interest receivable	390	217
Receivables from joint ventures and associates (Note 29(b))	41	85
Assets held for sale	78	85
Other	605	740
	28,196	18,769

Home loans

The home ownership programs provide subsidized non-interest-bearing loans to Saudi Arabian employees. Loans are repayable through payroll deductions and are net of associated subsidies. Any balance remaining upon the death, permanent disability or termination of an employee under the Chronic Medical Condition Program is forgiven. An analysis of the home loans balance is as follows:

	2021	2020
Gross amounts receivable	16,251	13,237
Less:		
Discount	(1,503)	(1,250)
Allowance for doubtful home loans	(495)	(466)
Subsidies	(246)	(282)
Net amounts receivable	14,007	11,239
Current	(1,088)	(1,084)
Non-current	12,919	10,155

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities

	2021	2020
January 1	23,687	20,237
Acquisitions	—	2,470
Net additions	1,252	789
Net unrealized fair value gain	413	128
Net unrealized foreign currency gain	324	63
December 31	25,676	23,687
Current (Note 9)	(1,515)	(826)
Non-current	24,161	22,861

Net additions include unsettled transactions of SAR (267) at December 31, 2021 (2020: SAR 190).

The components of investments in securities are as follows:

	2021	
	Percentage ownership	Carrying amount as of December 31
Equity investments at FVOCI:		
Equity investments – listed securities:		
Saudi Electricity Company ("SEC")	6.9%	6,921
Idemitsu Kosan Co., Ltd. ("Idemitsu")	7.8%	2,213
Equity investments – unlisted securities:		
Arab Petroleum Pipelines Company ("Sumed")	15.0%	821
Industrialization & Energy Services Company ("TAQA")	4.6%	152
Daehan Oil Pipeline Corporation ("Daehan")	8.9%	168
Other		287
Investments in debt securities at FVOCI:		
USD debt securities with fixed interest rates ranging from 0.1% to 13.9% and maturity dates between 2022 and 2071		6,285
USD debt securities with variable interest rates and maturity dates between 2022 and 2069		938
Mutual and hedge funds		660
		18,445
Equity and debt investments at FVPL:		
Listed securities – equities		359
Listed securities – debt		53
Unlisted securities		5,789
		6,201
Investments in debt securities at amortized cost:		
Debt securities with fixed interest rates ranging from 2.5% to 5.1% and maturity dates between 2022 and 2043		603
Debt securities with variable interest rates and maturity dates between 2022 and 2028		427
		1,030
		25,676
Current portion (Note 9)		(1,515)
Non-current		24,161

All amounts in millions of Saudi Riyals unless otherwise stated

10. Investments in securities continued

	2020	
	Percentage ownership	Carrying amount as of December 31
Equity investments at FVOCI:		
Equity investments – listed securities:		
Saudi Electricity Company ("SEC")	6.9%	6,146
Idemitsu Kosan Co., Ltd. ("Idemitsu")	7.8%	1,905
Equity investments – unlisted securities:		
Arab Petroleum Pipelines Company ("Sumed")	15.0%	870
Industrialization & Energy Services Company ("TAQA")	4.6%	195
Daehan Oil Pipeline Corporation ("Daehan")	8.9%	154
Other		430
Investments in debt securities at FVOCI:		
USD debt securities with fixed interest rates ranging from 0.1% to 13.9% and maturity dates between 2021 and 2069		6,239
USD debt securities with variable interest rates and maturity dates between 2021 and 2069		730
		16,669
Equity and debt investments at FVPL:		
Listed securities – mutual and hedge funds		1,614
Listed securities – equities		870
Listed securities – debt		53
Unlisted securities		3,100
		5,637
Investments in debt securities at amortized cost:		
Debt securities with fixed interest rates ranging from 2.5% to 5.1% and maturity dates between 2021 and 2043		747
Debt securities with variable interest rates and maturity dates between 2021 and 2028		634
		1,381
		23,687
Current portion (Note 9)		(826)
Non-current		22,861

Equity investments designated at FVOCI are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these equity investments at FVOCI as recognizing short-term fluctuations in these investments' fair value in net income would not be consistent with Saudi Aramco's strategy of holding these investments for long-term purposes and realizing their performance potential in the long run.

The fair value of Sumed is based on expected cash flows discounted using a rate based on market interest rates and a risk premium specific to the unlisted security which was 11.35% and 7.7% at December 31, 2021 and 2020, respectively. The fair value of TAQA is based on an earnings growth factor for unlisted equity securities from market information for similar types of companies. The fair value of Daehan is determined using discounted cash flow analysis based on the risk-adjusted yield.

The maximum exposure to credit risk at the reporting date of the investments in debt securities is the fair value. To limit credit risk, Saudi Aramco's investment policy requires that these securities be diversified. Credit ratings for debt securities held at December 31, 2021, range from AAA to BB (2020: AAA to BB) as set out by internationally recognized credit rating agencies.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

11. Inventories

	2021	2020
Crude oil, refined products and chemicals	58,242	36,964
Materials and supplies – net	16,104	14,731
Natural gas liquids and other	357	304
	74,703	51,999

The carrying amount of materials and supplies are shown net of an allowance for obsolete and surplus materials with movement as follows:

	2021	2020
Balance, January 1	2,995	1,997
Net movement in allowance	453	998
Balance, December 31	3,448	2,995

During 2020, a portion of the inventory purchased from third parties by certain subsidiaries was written down to its net realizable value.

12. Trade receivables

Trade receivables from export and local sales are denominated primarily in USD and SAR, respectively.

The components of trade receivables are as follows:

	2021	2020
Arising from export and local sales at international prices	130,821	81,066
Arising from local sales at Kingdom regulated prices	9,817	5,186
	140,638	86,252
Less: Loss allowance	(265)	(1,069)
	140,373	85,183

Trade receivables relating to certain contracts with provisional pricing arrangements are measured at fair value. The fair value was calculated using forward curves and future prices. These trade receivables are classified as level 3 in the fair value hierarchy (Note 3(d)) due to the inclusion of unobservable inputs, including counterparty credit risk in the fair value calculation.

As described in Note 2(n), the Government, through the Ministry of Finance, provided a guarantee to the Company in the event that certain Government, semi-Government and other entities with Government ownership or control are unable to settle within the terms agreed with the Company.

The movement of the allowance for trade receivables related to past due sales is as follows:

	2021	2020
January 1	1,069	854
Net movement in allowance	(804)	215
December 31	265	1,069

13. Due from the Government

	2021	2020
Other income related to sales (Note 2(y))	42,960	24,604
Government guarantee (Note 2(n))	(2,150)	3,605
Other	507	686
Note 29(b)	41,317	28,895

All amounts in millions of Saudi Riyals unless otherwise stated

14. Short-term investments

	2021	2020
USD time deposits	1,661	90
USD Murabaha time deposits (Shari'a compliant)	1,957	615
SAR time deposits	1,880	91
SAR Murabaha time deposits (Shari'a compliant)	21,510	4,792
South Korean Won time deposits	65	1,213
	27,073	6,801

15. Cash and cash equivalents

	2021	2020
Cash at bank and in hand	52,805	65,689
USD time deposits	195,766	112,115
USD Murabaha time deposits (Shari'a compliant)	21,210	14,816
SAR time deposits	3,574	5,096
SAR repurchase agreements	–	1,260
SAR Murabaha time deposits (Shari'a compliant)	20,119	5,726
South Korean Won time deposits	6,105	2,530
	299,579	207,232

16. Treasury shares

On December 11, 2019, the Company acquired 117.2 million ordinary shares from the Government for cash consideration of SAR 3,750. These shares were classified by the Company as treasury shares for the purposes of issuing them to the Company's employees upon vesting of the shares in the employee share plans, including those that the Company may adopt in the future. The number of treasury shares issued to employees during the year was 13.7 million (2020: 15.2 million) in relation to employee share plans awarded (Note 17). The number of treasury shares outstanding as at December 31, 2021 was 88.3 million (2020: 102 million).

17. Share-based compensation

Share-based compensation relates to grants of ordinary shares awarded to the Company's eligible employees under the respective plan terms. Awards are generally equity-settled; however, in limited circumstances awards may be settled in cash. The Company recognized the following share-based compensation expense in the Consolidated Statement of Income, as an employee benefit expense, for the years ended December 31, 2021 and 2020:

	Equity-settled	Cash-settled	Total
2021			
Share-based compensation expense	207	2	209
2020			
Share-based compensation expense	578	9	587

At December 31, 2021, the total carrying amount of the liabilities in respect of the cash settlement elements and dividend equivalents of the respective awards was SAR 17 (2020: SAR 4) and the intrinsic value of such liabilities, which had vested during the year, was SAR 3 (2020: SAR 22).

Awards granted during the year relate to the Long-Term Incentive Plan for Executives ("ELTIP") and the Long-Term Incentive Plan for Management ("MLTIP"), the Long-Term Incentive Plan for certain other eligible employees ("LTIP") and the Employee Share Purchase Plan ("ESPP").

All amounts in millions of Saudi Riyals unless otherwise stated

17. Share-based compensation continued

Awards for all plans were granted for nil consideration, with the exception for ESPP, which were granted at a discount of 20% to the fair market value of the shares at each purchase date. The fair values of awards granted were determined by reference to the market values of the Company's ordinary shares on the grant dates for equity-settled awards and at the Consolidated Balance Sheet date for cash-settled awards. Where applicable, the fair values of the awards subject to market-based performance measures were estimated using Monte Carlo Simulation models.

	Number of shares granted (in millions)	Weighted average fair value per share (SAR)
2021		
ESPP	14	35.28
ELTIP	2	32.59
MLTIP	3	34.50
LTIP	1	35.50
2020		
ELTIP	2	33.77
MLTIP	3	33.35

The number of awards settled in shares during the year in relation to the employee share plans was 13.7 million (2020: 15.2 million).

Participants in the plans (other than the ESPP) are entitled to dividend equivalents, if dividends are paid to ordinary shareholders, during the vesting period. Such dividend equivalents will be paid in cash on vesting of the awards. Accordingly, no adjustment for expected dividends during the vesting period was made in determining the fair value of the awards. Participants in all plans become entitled to dividends only after shares have been issued to the participants as the registered holders.

The vesting of ELTIP is dependent on the achievement of (a) specified non-market and market-based performance measures over a three-year performance period, and (b) required service, except for certain qualifying leavers. Upon vesting, 50% of the vested awards are required to be held by the participants for an additional two years, except for certain qualifying leavers. The awards will be settled with the participants in shares on vesting.

The vesting of MLTIP is dependent on the participants achieving (a) specified individual performance targets over a one-year performance period, and (b) required service, except for certain qualifying leavers. The awards are subject to graded vesting. 25% of the awards will vest after the end of the performance period, and the remaining 75% of the awards will vest in equal installments over three years from thereon, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

The vesting of LTIP is dependent only on the participants achieving required service, except for certain qualifying leavers. The awards are subject to graded vesting. 25% of the awards will vest immediately, and the remaining 75% of the awards will vest in equal installments over three years, provided that the participants continue to meet the required service condition. The awards will be settled with the participants in shares on vesting, except for certain qualifying participants who will receive cash-settlement.

Shares issued under the ESPP vest immediately but are required to be held until the earlier of one year from the date of issuance or cessation of employment.

All amounts in millions of Saudi Riyals unless otherwise stated

18. Other reserves

						Share of other comprehensive income (loss) of joint ventures and associates		
	Currency translation differences	Investments in securities at FVOCI	Post- employment benefit obligations	Share-based compensation reserve	Cash flow hedges and other	Foreign currency translation gains (losses)	Cash flow hedges and other	Total
January 1, 2020	(585)	3,342	–	31	(427)	191	(476)	2,076
Current period change	2,768	156	–	556	(300)	1,116	(566)	3,730
Remeasurement loss	–	–	(16,361)	–	–	–	–	(16,361)
Transfer to retained earnings	–	–	7,722	(530)	–	–	–	7,192
Tax effect	–	1,936	7,395	–	–	–	–	9,331
Less: amounts related to non-controlling interests	(991)	(78)	1,244	–	–	(285)	–	(110)
December 31, 2020	1,192	5,356	–	57	(727)	1,022	(1,042)	5,858
Current period change	(2,798)	440	–	207	323	(440)	23	(2,245)
Remeasurement gain	–	–	16,055	–	–	–	270	16,325
Transfer to retained earnings	–	–	(9,392)	(125)	–	–	(270)	(9,787)
Tax effect	–	(145)	(5,865)	–	–	–	–	(6,010)
Less: amounts related to non-controlling interests	1,042	118	(798)	–	7	151	–	520
December 31, 2021	(564)	5,769	–	139	(397)	733	(1,019)	4,661

19. Non-controlling interests

Summarized consolidated financial information (100%) for each subsidiary that has non-controlling interests that are material to Saudi Aramco are set out below. The amounts disclosed for each subsidiary are before inter-company eliminations:

Summarized Balance Sheet At December 31

	2021			2020	
	SABIC	AOPC ¹	S-Oil Corporation	SABIC	S-Oil Corporation
Current assets	107,509	229	26,483	81,032	17,244
Non-current assets	270,960	100,065	36,341	278,939	41,372
Total assets	378,469	100,294	62,824	359,971	58,616
Current liabilities	49,864	851	26,543	37,709	22,696
Non-current liabilities	60,844	–	11,145	67,891	12,880
Total liabilities	110,708	851	37,688	105,600	35,576
Net assets	267,761	99,443	25,136	254,371	23,040
Accumulated non-controlling interest	106,909	48,728	9,647	99,603	8,842

1. On June 17, 2021, the Company sold a 49% equity interest in Aramco Oil Pipelines Company ("AOPC"), a newly formed wholly owned subsidiary of the Company, to EIG Pearl Holdings S.à r.l. For details see Note 34.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

19. Non-controlling interests continued

Summarized Statement of Comprehensive Income Year ended December 31

	2021			2020	
	SABIC	AOPC ¹	S-Oil Corporation	SABIC ¹	S-Oil Corporation
Revenue and other income	174,885	5,301	89,993	66,678	53,482
Net income (loss)	25,890	4,451	4,463	(2,426)	(2,940)
Other comprehensive income (loss)	199	–	(1,988)	(197)	1,336
Total comprehensive income (loss)	26,089	4,451	2,475	(2,623)	(1,604)
Net income (loss) attributable to non-controlling interests	12,691	2,181	1,712	(150)	(1,128)
Dividends paid to non-controlling interests ²	(6,687)	–	(145)	(704)	(14)

1. Amounts included are for the period from the date of sale of a non-controlling equity interest in a subsidiary or acquisition of a non-wholly owned subsidiary.
2. AOPC is expected to make quarterly distributions to its ordinary shareholders from available cash commencing in 2022. Current assets of AOPC as at December 31, 2021 mainly include cash received from the Company in respect of quarterly volume-based tariff.

Summarized Statement of Cash Flows Year ended December 31

	2021			2020	
	SABIC	AOPC ¹	S-Oil Corporation	SABIC ¹	S-Oil Corporation
Cash flows from operating activities	39,225	229	5,693	12,079	5,852
Cash flows from investing activities	(5,760)	–	180	(2,827)	(1,974)
Cash flows from financing activities	(25,219)	–	(2,318)	(3,611)	(2,279)
Net increase in cash and cash equivalents	8,246	229	3,555	5,641	1,599

1. Amounts included are for the period from the date of sale of a non-controlling equity interest in a subsidiary or acquisition of a non-wholly owned subsidiary.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings

	2021	2020
Non-current:		
Deferred consideration	188,723	217,231
Commercial borrowings	52,280	55,954
Debentures	98,449	104,425
Sukuk	34,560	12,420
Lease liabilities	38,108	43,567
Other financing arrangements	24,251	3,323
	436,371	436,920
Current:		
Deferred consideration	33,544	18,636
Short-term bank financing	17,351	60,085
Commercial borrowings	10,556	10,197
Debentures	3,750	–
Sukuk	266	231
Lease liabilities	9,083	10,008
	74,550	99,157
	2021	2020
Finance costs:		
Conventional borrowings	8,490	7,391
Lease liabilities	2,138	2,089
Shari'a compliant financial instruments	980	645
Unwinding of discount (Note 22)	450	439
	12,058	10,564

Borrowing facilities

Saudi Aramco has entered into long-term financing arrangements with various lenders. These financing arrangements limit the creation of additional liens and/or financing obligations and certain of these arrangements are secured over certain property, plant and equipment, and other non-current assets of Saudi Aramco with a total carrying value of SAR 94,379. Additionally, certain financing arrangements require compliance by Saudi Aramco with covenants to maintain certain financial and other conditions. Saudi Aramco has complied with these covenants throughout the reporting period.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Details of financing facilities at December 31 are included as follows:

		Total facility		Total undrawn	
	Note	2021	2020	2021	2020
Conventional:					
Deferred consideration	a	222,267	235,867	–	–
Revolving credit facilities	b	49,541	39,210	44,205	32,378
Commercial borrowings	c	31,695	38,239	1,909	881
Short-term borrowings	d	20,419	74,213	12,844	24,203
Export credit agencies	e	2,835	7,691	–	–
Public Investment Fund	f	1,826	5,591	–	–
Debentures	g	101,396	106,313	–	–
Other financing arrangements	h	24,264	3,322	–	–
Shari’a compliant:					
Sukuk	i	61,174	39,844	26,250	26,250
Murabaha	j	31,114	30,064	11,625	11,250
Saudi Industrial Development Fund	k	4,624	5,036	115	–
Ijarah/Procurement	l	3,949	3,934	618	–
Wakala	m	1,294	1,721	241	–
		556,398	591,045	97,807	94,962

Conventional facilities

(a) Deferred consideration

Deferred consideration represents the amount payable to PIF for the SABIC acquisition. The amount is payable over several installments from August 2020 to April 2028, pursuant to a seller loan provided by PIF (Note 35 (a)(i)). On January 24, 2022, Saudi Aramco, in agreement with PIF, made a partial prepayment of SAR 28,579 (\$7,621), which has reduced the principal amounts of two promissory notes by SAR 26,250 (\$7,000) and SAR 3,750 (\$1,000) that were payable on or before April 7, 2024 and April 7, 2026, respectively (Note 40).

(b) Revolving credit facilities

At December 31, 2021, Saudi Aramco held the following facilities that total SAR 49,541 (2020: SAR 39,210):

- (i) On June 9, 2020, the Company amended and restated certain agreements with respect to its USD denominated conventional five-year revolving credit facility equivalent to SAR 22,500 (\$6,000) to incorporate a SAR 7,500 (\$2,000) swing line sublimit facility in support of the Company's establishment of a U.S. commercial paper program. The swing line makes up part of the revolving credit facility and the entire facility remained unutilized as of December 31, 2021. In addition, the Company maintains a 364-day USD denominated facility equivalent to SAR 3,750 (\$1,000) along with SAR denominated Islamic Murabaha facilities comprising a five-year facility of SAR 7,500 and a 364-day facility of SAR 3,750 (Note 20(j)). The facilities were established in March 2015 and are expected to be renewed in 2022.
- (ii) Saudi Aramco maintains facilities of SAR 23,291 (2020: SAR 12,960), consisting of revolving credit facilities of SAR 22,593 (\$6,025), and a letter of credit facility of SAR 698 (\$186) for working capital requirements and to support trading activities. The remaining revolving credit facilities are executed with a group of foreign and domestic banks for general corporate purposes and working capital requirements.

(c) Commercial borrowings

Saudi Aramco has commercial and other facility agreements with a number of banks. The facilities are primarily repayable in 12 to 36 installments on a semi-annual basis from November 2008 to September 2045. Commission is payable on amounts drawn that are primarily calculated at a market rate plus a margin.

- (i) In 2021, Saudi Aramco entered into certain new conventional borrowing facilities aggregating to SAR 3,296. The facilities' tenors range from seven years to 24 years and these are repayable in semi-annual installments from August 2025 to September 2045. The total amount recognized under these facilities as at December 31, 2021 was SAR 1,562.
- (ii) In 2020, Saudi Aramco refinanced an existing commercial facility having a balance of SAR 345 (\$92). Under the refinancing agreement, the facility of SAR 375 (\$100) is repayable semi-annually in 34 installments, from March 2020 to November 2036. Commission is payable on amounts drawn at a market rate, starting March 2020.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

(d) Short-term borrowings

Saudi Aramco has facilities with a number of banks for short-term borrowings, with each having a maturity period of less than one year and which incur interest at a market rate plus a margin.

- (i) On May 7, 2020, the Company entered into a SAR 37,500 (\$10,000) one-year term loan facility with various financial institutions for general corporate purposes. In 2021, the Company exercised its option to extend the facility maturity date by 364 days to May 5, 2022. However, the loan amount was fully repaid on November 15, 2021 and the facility agreement was terminated.
- (ii) In 2020, Saudi Aramco entered into debt factoring arrangements in relation to certain intercompany receivables, repayable over a four-month period and on market terms. A total of SAR 4,398 was outstanding at December 31, 2021 (2020: SAR 3,285).

(e) Export credit agencies

Saudi Aramco has facility agreements with a number of export credit agencies. The facilities are repayable in 23 to 28 installments on a semi-annual basis, from November 18, 2008 to December 20, 2025. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(f) Public Investment Fund

Saudi Aramco has facility agreements with the PIF. The facilities are repayable in 14 to 28 installments on a semi-annual basis from November 18, 2008 to December 20, 2025. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(g) Debentures

- (i) On April 16, 2019, the Company issued five tranches of USD denominated unsecured notes aggregating to an equivalent of SAR 45,000 (\$12,000) and consisting of three-year maturities for SAR 3,750 (\$1,000) with a coupon rate of 2.75%, five-year maturities for SAR 7,500 (\$2,000) with a coupon rate of 2.875%, 10-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 3.5%, 20-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 4.25%, and 30-year maturities for SAR 11,250 (\$3,000) with a coupon rate of 4.375%. The notes were issued and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. Interest is payable semi-annually in arrears on April 16 and October 16. The notes are listed on the London Stock Exchange's Regulated Market and the proceeds were for general corporate purposes. At initial recognition, the Company recorded an amount of SAR 44,460 (\$11,856) for the issuance proceeds, net of discounts and estimated transaction costs.

On November 24, 2020, the Company issued a series of USD denominated unsecured notes under the same program, aggregating to an equivalent of SAR 30,000 (\$8,000), consisting of maturity dates of three years to 50 years paid at the end of the maturity date with coupon rates ranging from 1.25% to 3.50%. At initial recognition, the Company recorded an amount of SAR 29,625 (\$7,900) for the issuance proceeds, net of discounts.

- (ii) Certain debentures denominated in USD have been issued in capital markets with fixed and variable interest rates and with maturities from 2027 to 2040.
- (iii) Debentures denominated in South Korean Won have been issued in capital markets with interest rates ranging from 1.65% to 3.53% and with maturities from 2022 to 2030.
- (iv) In November 2020, SABIC issued a 10-year and 30-year USD denominated \$500 bond each, equivalent to a total of SAR 3,750 (\$1,000). These bonds are unsecured and carry coupon rates of 2.15% and 3% for those maturing in 10 and 30 years, respectively. Both bonds are issued in accordance with Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. These bonds are listed on the Irish Stock Exchange ("Euronext Dublin") and the 30-year bond is dual listed on the Taipei Exchange in Taiwan. The proceeds were used for general purpose and refinancing maturing debt.
- (v) In October 2018, SABIC issued a five-year and a 10-year USD denominated \$1,000 bond equivalent to a total of SAR 7,500 (\$2,000). These bonds are unsecured and carry coupon rates of 4% and 4.5%, respectively. The bonds are issued in accordance with the Rule 144A/Regulation S offering requirements under the U.S. Securities Act of 1933, as amended. The bonds are listed on the Euronext Dublin and the proceeds were used for refinancing maturing debt.

Discounts and transaction costs are amortized using the effective interest method and are reflected as finance costs in the Consolidated Statement of Income.

20. Borrowings continued

(h) Other financing arrangements

Other financing arrangements comprise borrowings from non-financial institutions under commercial terms.

On September 27, 2021, the Company entered into a financing arrangement with Air Products, ACWA Power and Air Products Qudra relating to the Jazan Integrated Gasification Combined-Cycle ("IGCC") power plant, an Air Separation Unit ("ASU") and certain ancillary assets. The transaction entailed creation of the Jazan Integrated Gasification and Power Company ("JIGPC"), a limited liability company, with Saudi Aramco Power Company ("SAPCO"), a wholly owned subsidiary of the Company owning 20%, while Air Products, ACWA Power and Air Products Qudra own 46%, 25% and 9%, respectively (Note 35(b)(ii)). The total proceeds of the transaction are SAR 44,063. Upon closing Saudi Aramco recognized an amount of SAR 21,226, representing the amount due to the other shareholders of JIGPC, in relation to the first tranche of SAR 26,532 under the financing arrangement. The final tranche is expected to be received during the fourth quarter of 2022. The total amount under the arrangement is repayable in monthly installments, commencing from October 2021 to October 2046.

Shari'a compliant facilities

(i) Sukuk

A Sukuk is a financial instrument similar to a bond that complies with Islamic financing principles.

- (i) On June 17, 2021, Saudi Aramco issued three tranches of USD denominated Sukuk trust certificates aggregating to an equivalent of SAR 22,500 (\$6,000) at par value with semi-annual payments on June 17 and December 17. The Shari'a compliant senior unsecured facilities consist of three-year maturities for SAR 3,750 (\$1,000) with a coupon rate of 0.946%, five-year maturities of SAR 7,500 (\$2,000) with a coupon rate of 1.602% and 10-year maturities of SAR 11,250 (\$3,000) with a coupon rate of 2.694%. In accordance with the terms of the Sukuk, 55% of the proceeds from issuance are structured as an Ijara and the remaining 45% are structured as a Murabaha arrangement. The certificates were listed on the London Stock Exchange's Regulated Market and sold in accordance with Rule 144A/Regulation S under the U.S. Securities Act of 1933, as amended. The proceeds are for general corporate purposes and the Sukuk mature between 2024 and 2031. At initial recognition, the Company recorded an amount of SAR 22,399 (\$5,973) for the issuance proceeds, net of estimated transaction costs.
- (ii) On April 10, 2017, Saudi Aramco issued Sukuk for SAR 11,250 at par value as part of a SAR 37,500 program. The Sukuk issuance provides a return based on Saudi Arabian Interbank Offered Rate ("SAIBOR") plus a predetermined margin payable semi-annually on April 10 and October 10. The Sukuk matures on April 10, 2024. In accordance with the terms of the Sukuk, 51% of the proceeds from issuance are invested in Mudaraba assets and the remaining 49% are used in a Murabaha arrangement.
- (iii) On October 9, 2011, Saudi Aramco issued Sukuk for SAR 2,344 at par value, with semi-annual repayments from December 20, 2014 to December 20, 2025 that provides a rate of return above SAIBOR. The Sukuk was structured as Istisnah for pre-construction and Ijarah for post-construction of the project.

(j) Murabaha

Saudi Aramco has Murabaha Shari'a compliant Islamic facilities, aggregating to a total of SAR 31,114 (2020: SAR 30,064). These include the unutilized SAR denominated Islamic Murabaha facilities held by the Company, comprising a five-year facility of SAR 7,500 and a 364-day facility of SAR 3,750 (Note 20(b)(i)). The facilities are repayable in 10 to 44 installments, on a semi-annual basis, from 2008 to 2030. Commission is payable on amounts drawn and is calculated at a market rate plus a margin.

(k) Saudi Industrial Development Fund

Saudi Aramco has facility agreements with the Saudi Industrial Development Fund. The facilities bear no periodic financial charges and borrowings are repayable in 14 to 34 installments, on a semi-annual basis, commencing from 2008 to 2035.

- (i) In 2021, Saudi Aramco entered into a facility agreement with the Saudi Industrial Development Fund for an amount of SAR 1,200. The facility was fully drawn as at December 31, 2021 and is repayable in semi-annual installments from 2026 to 2035.

(l) Ijarah/Procurement

Saudi Aramco has Procurement and Ijarah Shari'a compliant Islamic facility agreements with a number of banks. The facilities are repayable in seven to 28 installments on a semi-annual basis, from November 2008 to May 2039.

- (i) In 2021, Saudi Aramco entered into new Ijarah Shari'a compliant Islamic facility agreements aggregating to SAR 1,542. The facilities are repayable in semi-annual installments from 2026 to 2039. The total amount recognized as at December 31, 2021 under these facilities was SAR 926.

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

(m) Wakala

Saudi Aramco has Shari'a compliant Islamic facility agreements with a number of lenders. The facilities utilize a Wakala financing structure which is an agency arrangement.

- (i) In 2021, Saudi Aramco entered into a new Wakala facility agreement amounting to SAR 394. The facility is repayable in semi-annual installments from 2026 to 2028. The total amount recognized as at December 31, 2021 was SAR 198.
- (ii) In 2020, Saudi Aramco entered into a Wakala facility with semi-annual payment terms commencing from 2020 to 2036. Commission is payable on amounts drawn and is primarily calculated at a market rate.

At the Consolidated Balance Sheet date, the carrying values of Saudi Aramco's borrowings approximate their fair values.

The carrying amounts of borrowings, excluding lease liabilities and deferred consideration, at December 31 are as follows:

	2021	2020
Conventional:		
Revolving credit facilities	5,370	6,830
Commercial borrowings	29,787	34,478
Short-term borrowings	11,981	53,255
Export credit agencies	2,835	4,560
Public Investment Fund (Note 29(b))	1,826	3,656
Debentures	102,199	104,425
Other financing arrangements	24,251	3,323
Shari'a compliant:		
Sukuk	34,826	12,651
Murabaha	19,489	15,379
Saudi Industrial Development Fund (Note 29(b))	4,511	3,855
Ijarah/Procurement	3,334	3,360
Wakala	1,054	863
	241,463	246,635

Movements in unamortized transaction costs are as follows:

	2021	2020
January 1	1,785	968
Additional transaction costs incurred	139	1,170
Less: amortization	(319)	(353)
December 31	1,605	1,785

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

20. Borrowings continued

Lease liabilities

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. The lessor has ownership of the assets during the term of the contract and is typically responsible for the operation, insurance and maintenance of the assets until termination of the underlying agreements. For certain leases, the lessor shall transfer its rights, title and interest in the assets to the lessee on the last day of the agreements; for others, there are no further obligations on completion of agreements. Performance guarantees are provided by the lessor under the terms of the agreements.

The total cash outflow for leases for the year ended December 31, 2021 was SAR 12,143 (2020: SAR 10,868). Expenses relating to short-term and low value leases were recognized in the Consolidated Statement of Income for the year ended December 31, 2021 and amounted to SAR 329 (2020: SAR 378) and SAR 403 (2020: SAR 278), respectively.

Maturities of borrowings and leases are as follows:

	No later than one year	Later than one year and no later than five years	Later than five years	Total contractual amount	Total carrying amount
2021					
Borrowings – other than leases	71,989	295,106	216,161	583,256	463,730
Leases	10,823	23,696	21,994	56,513	47,191
	82,812	318,802	238,155	639,769	510,921
2020					
Borrowings – other than leases	101,505	244,553	242,929	588,987	482,502
Leases	11,228	26,051	23,854	61,133	53,575
	112,733	270,604	266,783	650,120	536,077

The movement of borrowings is as follows:

	Long-term borrowings	Short-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1, 2020	121,991	12,660	40,934	175,585
Cash flows	(37,504)	46,084	(10,868)	(2,288)
Debt issues	36,815	–	–	36,815
Non-cash changes:				
Deferred Consideration	259,125	–	–	259,125
Acquisition (Note 35)	37,592	1,179	6,552	45,323
Lease additions	–	–	16,705	16,705
Foreign exchange adjustment	1,023	60	193	1,276
Accretion of liabilities and others	3,375	102	59	3,536
December 31, 2020	422,417	60,085	53,575	536,077
Cash flows	12,406	(43,756)	(12,143)	(43,493)
Non-cash changes:				
Other financing arrangements (Note 35 (b)(ii))	8,146	–	(7,333)	813
Lease additions	–	–	12,442	12,442
Foreign exchange adjustment	(1,033)	(35)	(197)	(1,265)
Accretion of liabilities and others	4,443	1,057	847	6,347
December 31, 2021	446,379	17,351	47,191	510,921

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefit obligations

Saudi Aramco sponsors or participates in several funded and unfunded defined benefit pension plans and other post-employment benefit plans that provide pension, severance, death, medical and/or other benefits to substantially all of its employees primarily in the Kingdom. The majority of the defined benefit plans for the Kingdom-based employees are governed under the Kingdom's labor law, applicable benefit plan laws of the USA, and/or Company policies. Benefits to employees of group companies are provided based on local regulations and practices of the respective jurisdiction.

Retirement benefits for defined benefit pension plans are paid, primarily, in the form of lump sum payments upon retirement based on final salary and length of service. Other post-employment benefits such as medical are used to cover retired employees and eligible dependents of retirees for medical services in line with the plan policy documents.

At December 31, the net (asset) liability recognized for employee defined benefit plans in the Consolidated Balance Sheet is as follows:

	2021	2020
Pension plans	(1,384)	12,167
Medical and other post-employment benefit plans	42,113	42,040
Net benefit liability	40,729	54,207

The status of Saudi Aramco's pension and other post-employment defined benefit plans is as follows:

	Pension benefits		Other benefits	
	2021	2020	2021	2020
Net benefit obligation by funding:				
Present value of funded obligations	80,726	84,998	123,281	114,289
Fair value of plan assets	(86,888)	(78,328)	(93,929)	(82,629)
Benefit (surplus) deficit	(6,162)	6,670	29,352	31,660
Present value of unfunded obligations	4,778	5,497	12,761	10,380
Net benefit (asset) liability	(1,384)	12,167	42,113	42,040
Change in benefit obligations:				
Benefit obligations, January 1	90,495	65,556	124,669	95,910
Current service cost	4,560	3,799	3,008	2,576
Interest cost	2,269	2,254	3,799	3,458
Past service (credit) cost	(458)	(465)	1,755	2,340
Remeasurement	(4,065)	8,243	4,157	21,480
Plan participants' contribution	56	75	–	–
Benefits paid	(5,861)	(8,134)	(2,396)	(1,886)
Settlements	(38)	(386)	–	–
Acquisition (Note 35)	–	19,651	–	975
Foreign currency translation and other	(1,454)	(98)	1,050	(184)
Benefit obligations, December 31	85,504	90,495	136,042	124,669
Change in plan assets:				
Fair value of plan assets, January 1	(78,328)	(67,156)	(82,629)	(73,136)
Interest income	(2,295)	(2,018)	(2,749)	(2,438)
Remeasurement	(7,496)	(6,214)	(8,651)	(7,148)
Employer contributions	(5,130)	(7,406)	(2,288)	(1,793)
Benefits paid	5,861	8,134	2,396	1,886
Settlements	38	386	–	–
Acquisition (Note 35)	–	(4,077)	–	–
Foreign currency translation and other	462	23	(8)	–
Fair value of plan assets, December 31	(86,888)	(78,328)	(93,929)	(82,629)
Net benefit (asset) liability at December 31	(1,384)	12,167	42,113	42,040

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefit obligations continued

The weighted average duration of the pension benefit obligations is 13 years at December 31, 2021 and December 31, 2020. The weighted average duration of the other benefit obligations is 21 years at December 31, 2021 and December 31, 2020.

The components of net defined benefit cost, before tax, are primarily recognized in producing and manufacturing, and selling, administrative and general expenses in the Consolidated Statement of Income. Remeasurements are included in the Consolidated Statement of Comprehensive Income. Net defined benefit cost and remeasurements for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2021	2020	2021	2020
Amounts recognized in net income:				
Current service cost	4,560	3,799	3,008	2,576
Past service (credit) cost	(458)	(465)	1,755	2,340
Net interest (income) cost	(26)	236	1,050	1,020
Other	–	(8)	–	(15)
	4,076	3,562	5,813	5,921
Amounts recognized in other comprehensive income:				
Losses from changes in demographic assumptions	80	729	1,448	496
(Gains) losses from changes in financial assumptions	(4,351)	7,728	2,004	13,203
Losses (gains) from changes in experience adjustments	206	(214)	705	7,781
Returns on plan assets (excluding interest income)	(7,496)	(6,214)	(8,651)	(7,148)
	(11,561)	2,029	(4,494)	14,332
Net defined benefit (gain) loss before income taxes	(7,485)	5,591	1,319	20,253

The present value of the defined benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, based in part on market conditions. Any changes in these assumptions will impact the carrying amount of the defined benefit obligations.

The significant assumptions used to determine the present value of the defined benefit obligations for the years ended December 31 are as follows:

	Pension benefits		Other benefits	
	2021	2020	2021	2020
Discount rate	2.9%	2.6%	3.1%	3.0%
Salary growth rate	4.7%	4.8%	–	–
Annual average medical claim cost, in whole SAR			27,638	26,003
Health care participation rate			95.0%	90.0%
Assumed health care trend rates:				
Cost-trend rate			7.0%	5.0%
Rate to which cost-trend is to decline			5.0%	5.0%
Year that the rate reaches the ultimate rate			2026	2021

All the above assumptions are reviewed and updated as necessary as part of the periodic actuarial valuation of the defined benefit obligations.

Saudi Aramco determines the discount rate used to calculate the present value of estimated future cash outflows expected to be required to settle the post-employment benefit plan obligations. In determining the appropriate discount rate, Saudi Aramco considers the interest rates of high-quality corporate bonds in the USA that have terms to maturity approximating the terms of the related defined benefit obligation.

All amounts in millions of Saudi Riyals unless otherwise stated

21. Post-employment benefit obligations continued

Mortality assumptions are reviewed regularly and set based on actuarial advice in accordance with best practice and statistics, adjusted to reflect the experience and improvements to longevity. Relevant life expectancies are as follows:

Life expectancy at age:	Saudi plans		U.S. plans	
	Male	Female	Male	Female
50	31.8	34.4	35.5	37.3
60	23.4	25.5	26.3	27.7
60 (currently aged 40)	23.4	25.5	27.9	29.2

The salary growth rate assumption is based on a study of recent years' salary experience and reflects management's outlook for future increases. The annual average medical claim cost assumption is based on medical costs incurred in external medical providers, on behalf of the Company's employees and retirees. The health care participation rate considers the historical participation rate, amongst others, derived from the best available historical data. The assumed health care cost-trend rates reflect Saudi Aramco's historical experience and management's expectations regarding future trends.

The sensitivity of the overall defined benefit obligations to changes in the principal assumptions, keeping all other assumptions constant, is presented below. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation from one another.

	Change in assumption	Impact on obligation	2021	2020
Ultimate health care cost-trend rates	Increase by 0.5%	Increase by	14,715	13,485
	Decrease by 0.5%	Decrease by	(12,795)	(11,726)
Discount rate – other benefits	Increase by 0.5%	Decrease by	(12,896)	(12,311)
	Decrease by 0.5%	Increase by	14,993	14,359
Discount rate – pension benefits	Increase by 0.5%	Decrease by	(5,948)	(6,146)
	Decrease by 0.5%	Increase by	6,319	6,818
Salary growth rate	Increase by 0.5%	Increase by	3,210	2,974
	Decrease by 0.5%	Decrease by	(3,754)	(3,364)
Annual average medical claim cost	Increase by 5%	Increase by	6,240	5,903
	Decrease by 5%	Decrease by	(6,240)	(5,903)
Life expectancy	Increase by 1 year	Increase by	6,090	5,880
	Decrease by 1 year	Decrease by	(6,109)	(5,914)
Health care participation rate	Increase by 5%	Increase by	1,984	1,823
	Decrease by 5%	Decrease by	(2,033)	(1,875)

Plan assets consisted of the following:

	2021	2020
Cash	5,584	5,816
Time deposits	–	8
Equity instruments	48,703	41,710
Investment funds	72,031	61,947
Bonds	52,324	50,516
Sukuk (Shari'a compliant)	2,175	960
	180,817	160,957

21. Post-employment benefit obligations continued

Plan assets are administered under the oversight of the Company or one of its subsidiaries and managed by independent trustees or separate entities, in a manner consistent with fiduciary obligations and principles, acting in the best interest of plan participants. The objectives of the plans are to maximize investment returns consistent with prudent risk over a long-term investment horizon in order to secure retiree benefits and minimize corporate funding. All plan assets are held separately, solely to pay retiree benefits. Saudi Aramco has no rights to plan assets. Funded Saudi plans have the right to transfer assets held in excess of the plan's defined benefit obligation to another funded Saudi plan. The right to transfer such assets is solely in respect of amounts held in excess of the plan's defined benefit obligations and solely to plans with defined benefit obligations exceeding the value of assets held.

Through its post-employment benefit plans, Saudi Aramco is exposed to a number of risks including asset volatility, changes in bond yields, inflation and life expectancy. Investment risk is minimized through diversification of investments among fixed income, equity, and alternative asset classes. Asset allocation is determined by an asset liability modeling study. The target asset allocation is, approximately, 36% (2020: 36%) equity instruments, 31% (2020: 31%) debt instruments, and 33% (2020: 33%) alternative assets. Inflation risk is partially offset by equities inflation and life expectancy risk is borne by Saudi Aramco.

Plan assets include transferable securities with a fair value of SAR 7,192 (2020: SAR 5,724) in the Company and its affiliated entities.

Employer contributions to defined benefit plans are estimated to be SAR 6,672 in 2022. While the Saudi plans are generally not governed by regulatory minimum funding requirements, the funding objective is to reach full funding of the larger plans only. Saudi Aramco pays annual contributions equal to benefit payments. Asset outperformance is expected to meet the shortfall between assets and the assessed liabilities within a reasonable period. Funding for the U.S. plans sponsored by Aramco Shared Benefit Company, a wholly owned subsidiary of the Company, is recommended by the actuary in order to meet Saudi Aramco's funding strategy to meet benefit plan expenses using applicable U.S. plan funding rules. Other plans follow local regulation or contractual obligations to meet minimum funding requirements.

In addition to the above plans, Saudi Aramco maintains or participates in defined contribution plans for which Saudi Aramco's legal or constructive obligation is limited to the contributions. The costs of the defined contribution plans, which are included principally within producing and manufacturing, and selling, administrative and general expenses in the Consolidated Statement of Income, are SAR 1,634 and SAR 1,372 for the years ended December 31, 2021 and 2020, respectively (Note 26).

22. Provisions and other liabilities

	Asset retirement	Environmental	Other	Total
January 1, 2020	13,716	937	1,332	15,985
Acquisition	–	–	5,093	5,093
Revision to estimate	2,485	45	194	2,724
Additional provisions	744	83	544	1,371
Unwinding of discount (Note 20)	411	23	5	439
Amounts charged against provisions	(17)	(148)	(239)	(404)
December 31, 2020	17,339	940	6,929	25,208
Revision to estimate	154	(75)	75	154
Additional provisions	368	4	345	717
Unwinding of discount (Note 20)	446	4	–	450
Amounts charged against provisions	(11)	(49)	(225)	(285)
December 31, 2021	18,296	824	7,124	26,244

Asset retirement provisions relate to the future plugging and abandonment of oil and natural gas wells and the decommissioning of certain Downstream assets. The environmental provision is for the remediation of ground water and soil contamination. Payments to settle these provisions will occur on an ongoing basis and will continue over the lives of the operating assets, which can exceed 50 years for the time when it is necessary to abandon oil and natural gas wells. The amount and timing of settlement in respect of these provisions are uncertain and dependent on various factors that are not always within management's control. Other includes non-current payables, financial liabilities for options and forward contracts, provisions and other obligations.

All amounts in millions of Saudi Riyals unless otherwise stated

23. Trade and other payables

	2021	2020
Trade payables	55,325	36,595
Accrued materials and services	37,509	36,726
Amounts due to related parties (Note 29(b))	17,678	9,540
Employee related payables	8,801	6,800
Other	5,376	4,079
	124,689	93,740

24. Revenue

	2021	2020
Revenue from contracts with customers	1,335,391	771,246
Movement between provisional and final prices	5,299	(7,344)
Other revenue	6,240	4,207
	1,346,930	768,109
Other revenue:		
Services provided to:		
Government, semi-Government and other entities with Government ownership or control (Note 29(a))	1,061	953
Third parties	814	675
Joint ventures and associates (Note 29(a))	683	825
Freight	1,474	431
Other	2,208	1,323
	6,240	4,207

Revenue from contracts with customers is measured at a transaction price agreed under the contract and the payment is due within 10 to 120 days from the invoice date depending on specific terms of the contract.

Transaction prices are not adjusted for the time value of money, as Saudi Aramco does not have any contracts where the period between the transfer of product to the customer and payment by the customer exceeds one year.

Disaggregation of revenue from contracts with customers

Saudi Aramco's revenue from contracts with customers according to product type and source is as follows:

	2021			
	Upstream	Downstream	Corporate	Total
Crude oil	600,673	60,208	–	660,881
Refined and chemical products	–	607,771	–	607,771
Natural gas and NGLs	49,956	3,992	–	53,948
Metal products	–	12,791	–	12,791
Revenue from contracts with customers	650,629	684,762	–	1,335,391
Movement between provisional and final prices	5,026	273	–	5,299
Other revenue	411	4,342	1,487	6,240
External revenue	656,066	689,377	1,487	1,346,930

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

24. Revenue continued

	2020			
	Upstream	Downstream	Corporate	Total
Crude oil	377,094	31,400	–	408,494
Refined and chemical products	–	314,066	–	314,066
Natural gas and NGLs	40,684	2,287	–	42,971
Metal products	–	5,715	–	5,715
Revenue from contracts with customers	417,778	353,468	–	771,246
Movement between provisional and final prices	(7,286)	(58)	–	(7,344)
Other revenue	464	2,377	1,366	4,207
External revenue	410,956	355,787	1,366	768,109

Revenue from contracts with customers includes local sales at Kingdom regulated prices as follows:

	2021	2020
Crude oil	2,829	2,749
Refined and chemical products	62,262	44,620
Natural gas and NGLs	14,452	11,810
	79,543	59,179

25. Purchases

	2021	2020
Refined and chemical products	226,649	122,011
Crude oil	93,418	47,911
NGL and other products	32,310	11,194
	352,377	181,116

Purchases primarily consist of refined products, chemicals, crude oil and NGL purchased from third parties for use in Downstream operations and to meet demand for products in the Kingdom when it exceeds Saudi Aramco's production of the relevant product. Saudi Aramco also purchases products from third parties in certain markets where it is more cost effective compared to procuring them from other business units.

26. Employee benefit expense

	2021	2020
Salaries and wages	38,389	37,396
Social security costs	2,627	2,426
Post-retirement benefits (Note 21):		
Defined benefit plans	9,889	9,483
Defined contribution plans	1,634	1,372
Share-based compensation (Note 17)	209	587
	52,748	51,264

All amounts in millions of Saudi Riyals unless otherwise stated

27. Finance and other income

	2021	2020
Interest income on time deposits and loans receivable	795	1,817
Investment income	610	954
Dividend income from investments in securities	369	382
Gain on derivative transactions and others	13	29
	1,787	3,182

28. Payments to the Government by Saudi Arabian Oil Company

	2021	2020
Income taxes (Note 8(c))	141,699	72,582
Royalties	138,999	82,958
Dividends	276,335	257,246

29. Related party transactions

(a) Transactions

	2021	2020
Joint ventures:		
Revenue from sales	23,003	14,393
Other revenue (Note 24)	124	72
Interest income	105	98
Purchases	22,466	8,719
Service expenses	11	11
Associates:		
Revenue from sales	65,355	32,580
Other revenue (Note 24)	559	753
Interest income	135	120
Purchases	57,214	28,451
Service expenses	150	199
Lease expenses	188	169
Government, semi-Government and other entities with Government ownership or control:		
Revenue from sales	17,644	24,866
Other income related to sales	154,828	93,982
Other revenue (Note 24)	1,061	953
Purchases	73,091	10,384
Service expenses	634	454
Lease expenses	461	469

Goods are purchased and sold according to supply agreements in force. Note 33 includes additional information on loans to joint ventures and associates.

All amounts in millions of Saudi Riyals unless otherwise stated

29. Related party transactions continued**(b) Balances**

	2021	2020
Joint ventures:		
Other assets and receivables (Note 9)	5,943	6,368
Trade receivables	4,755	3,210
Interest receivable	233	128
Trade and other payables (Note 23)	6,803	3,986
Associates:		
Other assets and receivables (Note 9)	6,813	7,395
Trade receivables	14,794	8,415
Trade and other payables (Note 23)	7,916	3,784
Borrowings	15	15
Government, semi-Government and other entities with Government ownership or control:		
Other assets and receivables (Note 9)	509	540
Trade receivables	3,056	1,429
Due from the Government (Note 13)	41,317	28,895
Trade and other payables (Note 23)	2,959	1,770
Borrowings	229,525	243,378

Sales to and receivables from Government, semi-Government and other entities with Government ownership or control are made on specific terms within the relevant regulatory framework in the Kingdom.

(c) Compensation of key management personnel

Key management personnel of Saudi Aramco included directors and senior executive management. The compensation paid or payable to key management for services is shown below:

	2021	2020
Short-term employee benefits	75	59
Post-employment benefits	31	29
Other long-term benefits	30	23
Termination benefits	–	17
	136	128

(d) Other transactions with key management personnel

Other than as set out in Note 29(c), there were no reportable transactions between Saudi Aramco and members of key management personnel or their close family members during the year ended December 31, 2021 (2020: nil).

All amounts in millions of Saudi Riyals unless otherwise stated

30. Derivative instruments and hedging activities

Saudi Aramco uses interest rate swap contracts to manage exposure to interest rate risk mainly resulting from borrowings. These hedges are designated as cash flow hedges. Saudi Aramco also engages in hedging activities through the use of currency forward contracts in relation to firm commitments under procurement contracts. These hedges are designated as fair value hedges. Further, Saudi Aramco uses short-term commodity swap contracts to manage exposure to price fluctuations.

The notional amounts of currency forward contracts and interest rate swap contracts designated as hedging instruments and outstanding commodity swap contracts are as follows:

	2021	2020
Interest rate swaps	11,055	12,075
Currency forward contracts	7,512	9,780
Commodity swap contracts	35,115	19,894
	53,682	41,749

31. Non-cash investing and financing activities

Investing and financing activities during 2021 include additions to right-of-use assets of SAR 12,270 (2020: SAR 16,278), asset retirement provisions of SAR 355 (2020: SAR 2,786), proceeds from the JIGPC financing arrangement net of the ASU purchase consideration of SAR 8,146 (Note 35(b)(ii)) and equity awards issued to employees of SAR 52 (Note 17) (2020: SAR 486). In addition, investing and financing activities during 2020 include the acquisition of SABIC for deferred consideration of SAR 259,125 (Note 35).

32. Commitments

(a) Capital commitments

Capital expenditures contracted for but not yet incurred were SAR 159,145 and SAR 153,326 at December 31, 2021 and 2020, respectively. In addition, leases contracted for but not yet commenced were SAR 10,309 and SAR 7,990 at December 31, 2021 and 2020, respectively.

(b) Sadara

In March 2020, the Company and The Dow Chemical Company ("Dow") equally committed to comply with the Ministry of Energy feedstock agreement to support the development of Chemical Value Parks in the Kingdom with an amount of SAR 375. The first payment of nearly SAR 38 will be deposited within one month from the date of supplying Sadara with additional ethane. The remaining funds will be deposited over nine years at SAR 38 annually. Saudi Aramco's commitment of SAR 188 is outstanding at December 31, 2021.

(c) International Maritime Industries Company ("IMIC")

In 2017, Saudi Aramco Development Company ("SADCO"), a wholly owned subsidiary of the Company, Maritime Offshore Limited, a wholly owned subsidiary of Lamprell plc, Bahri and Korea Shipbuilding and Offshore Engineering ("KSOE") formed a company, IMIC, in which SADCO owns 40.1%, Maritime Offshore Limited owns 20%, Bahri owns 19.9% and KSOE owns 20%. The principal activities of IMIC are the development, operation, and maintenance of a maritime yard under construction by the Government, as well as, the design, manufacture, maintenance and repair of ships and rigs. The maritime yard will be divided into four main operational zones and completion of the construction of the individual zones will vary, with the final yard completion and handover expected by the end of 2023. SADCO has committed to fund IMIC up to SAR 1,053 through equity contributions. At December 31, 2021, SAR 766 (2020: SAR 638) has been drawn down by IMIC.

(d) Saudi Aramco Rowan Offshore Drilling Company ("ARO Drilling")

In 2017, SADCO and Rowan Rex Limited formed a company, ARO Drilling (Note 38), to provide offshore drilling services to the Company. In 2018, Mukamala Oil Field Services Limited ("MOFSL") was incorporated as a subsidiary of SADCO and all the investment and related commitments of ARO Drilling were transferred to MOFSL by way of a Novation Agreement. MOFSL has committed to invest SAR 2,719 through equity and shareholder loans, of which SAR 2,453 has been drawn down at December 31, 2021. In addition, the Company has committed to lease 20 offshore rigs over a 10-year period beginning in 2022 for an estimated value of SAR 35,418.

32. Commitments continued

(e) Saudi Aramco Nabors Drilling Company ("SANAD")

In 2017, SADC and Nabors International Netherlands BV formed a company, SANAD (Note 38), to provide onshore drilling services to the Company. In 2018, MOFSL was incorporated as a subsidiary of SADC and all the investment and related commitments of SANAD were transferred to MOFSL by way of a Novation Agreement. The Company has committed to lease 50 onshore rigs over a 10-year period beginning in 2022 for an estimated value of SAR 25,181.

(f) Arabian Rig Manufacturing Company ("ARM")

In June 2018, SADC and NOV Downhole Eurasia Limited formed a company, ARM (Note 39), to provide onshore land drilling manufacturing, equipment and services to SANAD and the Middle East and North Africa region. The Company committed to invest SAR 225, of which, SAR 66 is invested at December 31, 2021. In addition, SADC has guaranteed the purchase of 50 onshore rigs over a 10-year period beginning in 2022 for an estimated value of SAR 6,741, and has the option to cancel the onshore rig orders for a maximum financial exposure of SAR 1,358.

(g) Saudi Engines Manufacturing Company ("SEMCO")

On May 19, 2019, SADC, Korea Shipbuilding and Offshore Engineering ("KSOE"), and the Saudi Arabian Industrial Investment Company ("Dussur") entered into an agreement to form a company to set up an engine manufacturing and aftersales facility in the Kingdom. A limited liability company, SEMCO, was formed on November 16, 2020 by SADC, which owns 55% of the company, while KSOE and Dussur own 30% and 15%, respectively. SADC is a 25% shareholder of Dussur. Total investment in SEMCO will be up to SAR 646 of which SADC's share will be up to SAR 355. At December 31, 2021, SAR 86 has been drawn down by SEMCO.

(h) Other

- (i) In order to comply with past Government directives, the Company expects to sell portions of its equity in Saudi Aramco Total Refining and Petrochemical Company and Yanbu Aramco Sinopec Refining Company Limited (Note 39) through a public offering of shares in Saudi Arabia.
- (ii) Saudi Aramco is committed to comply with the Government directive to guarantee that Saudi Aramco Total Refining and Petrochemical Company shall spend a total of SAR 375 over a 10-year period ending December 31, 2025 on social responsibility programs. At December 31, 2021, SAR 217 remains to be spent.
- (iii) Saudi Aramco is committed to comply with the Government directive to guarantee that Yanbu Aramco Sinopec Refining Company Limited shall spend a total of SAR 375 on social responsibility programs by September 30, 2025. At December 31, 2021, SAR 229 remains to be spent.
- (iv) Saudi Aramco has commitments of SAR 287 (2020: SAR 328) to invest in private equity investments both inside and outside the Kingdom. Such commitments can be called on demand.
- (v) Saudi Aramco has commitments of SAR 79 (2020: SAR 55) to fund additional loans and acquire additional unlisted equity investments of certain small to mid-sized enterprises in the Kingdom. The commitments can be called by the enterprises upon meeting certain conditions.

33. Contingencies

Saudi Aramco has contingent assets and liabilities with respect to certain disputed matters, including claims by and against contractors and lawsuits and arbitrations involving a variety of issues. These contingencies arise in the ordinary course of business. It is not anticipated that any material adjustments will result from these contingencies.

Saudi Aramco has bank guarantees with respect to the acquisition of a subsidiary (Note 35) amounting to SAR 1,958 as of December 31, 2021 (2020: SAR 2,867) arising in the ordinary course of business.

All amounts in millions of Saudi Riyals unless otherwise stated

33. Contingencies continued

Saudi Aramco also has contingent liabilities with respect to the following:

(a) Sadara

On March 25, 2021, Sadara entered into various agreements to restructure its senior project financing debt amounting to SAR 37,280. Terms of the restructuring include a principal repayment grace period until June 2026 and an extension of the final maturity date from 2029 to 2038. In connection with the restructuring, the Company and Dow have agreed to guarantee up to an aggregate of SAR 13,875 of senior debt principal and its associated interest in proportion to their ownership interests in Sadara. Further, the Company and Dow have agreed to provide guarantees and support, in proportion to their ownership interest in Sadara, for interest payment shortfalls on all outstanding senior debt until June 2026, working capital shortfall support up to SAR 1,875 in 2030, as well as an undertaking to provide acceptable credit support to cover the required Debt Service Reserve Account balance, which needs to be funded prior to June 2026.

In addition to the senior debt restructuring, effective March 25, 2021, the Company, Dow (and/or their affiliates) and Sadara have also entered into agreements to (i) provide additional feedstock by increasing the allocated quantity of ethane and natural gasoline supplied by Saudi Aramco, and (ii) gradually increase Saudi Aramco's rights to market, through SABIC, its equity share of finished products produced by Sadara (subject to certain agreed terms) over the next five to 10 years. The Company has provided a guarantee for the payment and performance obligations of SABIC under the Product Marketing and Lifting Agreement.

On June 17, 2021, Excellent Performance Chemical Company ("EPCC"), a wholly owned subsidiary of the Company, and Sadara entered into a new SAR 1,500 subordinated revolving credit facility to provide shortfall funding to Sadara. As of December 31, 2021, the facility was not utilized. Unless extended, the facility is scheduled to mature in June 2023. The unutilized amount of SAR 1,357 under the subordinated credit facility entered on June 17, 2013 has been cancelled.

With respect to Sadara's fuel and feedstock allocation, Saudi Aramco has provided two letters of credit to the Ministry of Energy for SAR 169 and SAR 225, respectively, to construct epoxy plants and for the development of projects to support conversion industries in the Kingdom. In July 2021, the second letter of credit was reduced from SAR 225 to SAR 169 reflecting the sponsor payment for the Ethylene Oxide and Propylene Oxide Pipeline project for Sadara.

(b) Petro Rabigh

In March 2015, the two founding shareholders of Petro Rabigh, the Company and Sumitomo Chemical Co. Ltd., concluded external long-term debt financing arrangements with lenders on behalf of Petro Rabigh for the Rabigh II Project ("the Project") in the amount of SAR 19,380 for which the two shareholders provided guarantees for their equal share of the debt financing (the "Completion Guarantees"). On September 30, 2020, Petro Rabigh achieved project completion under its senior finance agreements and, as a result, the founding shareholders were released from their obligations under the Completion Guarantees. As part of project completion, the founding shareholders entered into a debt service undertaking with the Rabigh II lenders, whereby each founding shareholder, on a several basis, undertakes to pay 50% of any shortfalls in scheduled (and not accelerated) Rabigh II debt service on each Rabigh II payment date until the earlier of the final Rabigh II repayment date in June 2032 or the repayment of SAR 5,625 of the outstanding equity bridge loans. The semi-annual scheduled principal debt service under the Rabigh II financing is approximately SAR 622.

The founding shareholders arranged equity bridge loans ("the EBLs") in an aggregate amount of SAR 11,250 which the founding shareholders guarantee on a several and equal basis, to meet the equity financing requirements under the senior finance agreements. The final maturity date of the EBLs is October 1, 2022. Petro Rabigh has drawn down SAR 11,250 under the EBLs as of December 31, 2021.

On September 30, 2020, Petro Rabigh entered into revolving loan facilities in an aggregate amount of SAR 5,625 with the Company and Sumika Finance Company Limited, a wholly owned subsidiary of Sumitomo Chemical. Unless extended, these facilities will mature in December 2023. As of December 31, 2021, the SAR 5,625 facilities were fully utilized, of which the Company's share was SAR 2,813. Petro Rabigh also entered into another revolving loan facility for SAR 1,875 with the Company, which, unless extended, matures in December 2023. As of December 31, 2021, SAR 563 was utilized under this facility.

In December 2021, the Company signed a commitment letter to fully exercise its right to subscribe to its 37.5% share in the planned Petro Rabigh Rights Issue Offering, representing 298,125,000 shares for a maximum commitment of SAR 2,981. The Company will subscribe to its share through capitalization of amounts due from Petro Rabigh to the Company under a loan agreement entered into between the companies in 2006. The Rights Issue Offering is subject to the applicable regulatory approvals, including the approval of Petro Rabigh's extraordinary general assembly.

34. Sale of equity interests in subsidiaries

(a) Aramco Oil Pipelines Company ("AOPC")

On June 17, 2021, the Company sold a 49% equity interest in AOPC, a newly formed wholly owned subsidiary of the Company, to EIG Pearl Holdings S.à r.l. ("EIG") for upfront sale proceeds of SAR 46,547 (\$12,412) in cash.

EIG is an entity owned by a consortium of investors led by EIG Global Energy Partners. EIG, as a shareholder of AOPC, is entitled to receive quarterly distributions of its pro rata share of AOPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to EIG, in line with the principles outlined in Note 2(d), EIG's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds have been recognized in the consolidated financial statements as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its stabilized crude oil pipelines network to AOPC for a 25-year period. Concurrently, AOPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 25-year period in exchange for a quarterly, volume-based tariff payable by the Company to AOPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

(b) Jubail Chemical Storage and Services Company ("Chemtank")

On November 2, 2021, SABIC sold a 17% equity interest in Chemtank for a consideration of SAR 186. As the sale of shares does not result in a change in control over Chemtank, a loss of SAR 34 arising from this transaction has been recognized in retained earnings, which represents Saudi Aramco's share of the loss recorded by SABIC. As at December 31, 2021, SABIC has an indirect shareholding in Chemtank of 58%. Further, SABIC entered into a new joint venture agreement in respect of Chemtank, which resulted in the expiry of a forward contract under the previous joint venture agreement and derecognition of the liability of SAR 296 through retained earnings, which represents Saudi Aramco's share of the gain recorded by SABIC.

(c) Aramco Gas Pipelines Company ("AGPC")

On December 6, 2021, the Company signed a sale and purchase agreement with GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif"), to sell the Company's 49% equity interest in AGPC, a newly formed wholly owned subsidiary of the Company, for upfront sale proceeds of SAR 58,125 (\$15,500) in cash. The closing of the transaction occurred on February 23, 2022 (Note 40).

GreenSaif is an entity owned by a consortium of investors led by affiliates of BlackRock Real Assets and Hassana Investment Company, the investment management arm of the General Organization for Social Insurance ("GOSI") in the Kingdom. GreenSaif, as a shareholder of AGPC, is entitled to receive quarterly distributions of its pro rata share of AGPC's available cash when the Company pays discretionary dividends to its ordinary shareholders. Given the discretionary nature of distributions to GreenSaif, in line with the principles outlined in Note 2(d), GreenSaif's shareholding represents a non-controlling interest and, therefore, the upfront sale proceeds will be recognized in the consolidated financial statements as a non-controlling interest within equity.

Immediately prior to the closing of the transaction, the Company leased the usage rights to its gas pipelines network to AGPC for a 20-year period. Concurrently, AGPC granted the Company the exclusive right to use, operate and maintain the pipelines network during the 20-year period in exchange for a quarterly, volume-based tariff payable by the Company to AGPC. The tariff is backed by minimum volume commitments. The Company will at all times retain title to, and operational control of, the pipelines.

35. Investments in affiliates

(a) Investments in subsidiaries

(i) Saudi Basic Industries Corporation ("SABIC")

On June 16, 2020, the Company acquired a 70% equity interest in SABIC from the Public Investment Fund ("PIF"), for SAR 259,125 (\$69,100). This equates to SAR 123.39 (\$32.90) per share.

SABIC is a global diversified chemicals company headquartered in Riyadh, Saudi Arabia. SABIC manufactures on a global scale in the Americas, Europe, Middle East, and Asia Pacific, making different products, including chemicals, commodity and high-performance plastics, specialties, agri-nutrients and metals. The acquisition of the equity interest in SABIC is consistent with Saudi Aramco's long-term Downstream strategy to grow its integrated refining and petrochemicals capacity and create value from integration across the hydrocarbon value chain.

The transaction resulted in the Company obtaining control of SABIC. The Company accounts for acquisitions of subsidiaries using the acquisition method of accounting, including those acquisitions under common control and having commercial substance. This requires recognition of the assets acquired and liabilities assumed at fair value as of the acquisition date.

All amounts in millions of Saudi Riyals unless otherwise stated

35. Investments in affiliates continued

Saudi Aramco engaged an independent valuer in order to determine the fair values of the assets and liabilities of SABIC as part of the purchase price allocation. The fair values of the identifiable assets and liabilities are as follows:

Cash and cash equivalents	27,515
Trade receivables	13,829
Inventories	24,919
Other current assets and receivables	4,803
Short-term investments	8,405
Property, plant and equipment (Note 5)	179,313
Intangible assets (Note 6)	37,079
Investments in joint ventures and associates	51,864
Other non-current assets	11,598
Trade and other payables	(23,460)
Income tax and zakat payable	(4,178)
Current borrowings	(8,149)
Non-current borrowings	(37,174)
Post-employment benefit obligations	(16,549)
Other non-current liabilities	(9,067)
Total identified net assets at fair value	260,748
Non-controlling interests	(100,739)
Goodwill (Note 6)	99,116
Purchase consideration in the form of promissory notes	259,125

Non-controlling interests which result from both the Company's partial ownership of SABIC, as well as SABIC's partial ownership of a number of its subsidiaries, were measured at their proportionate share of recognized net assets.

The purchase price amount is to be paid over several installments pursuant to a seller loan provided by PIF. Loan payments, which are represented by promissory notes denominated in USD, are as follows:

	Principal loan amount	Loan charge
On or before August 2, 2020	26,250	—
On or before April 7, 2021	18,750	—
On or before April 7, 2022	31,875	1,875
On or before April 7, 2023	39,375	1,875
On or before April 7, 2024	39,375	2,250
On or before April 7, 2025	39,375	3,000
On or before April 7, 2026	64,125	5,625
On or before April 7, 2027	—	3,750
On or before April 7, 2028	—	3,750
Total purchase price and loan charges	259,125	22,125
Payments to date	(45,000)	—
Total amount of outstanding installments	214,125	22,125

The combined fair value of the principal loan amounts and loan charges on the date of acquisition amounted to SAR 259,125 (\$69,100). This is subsequently measured at amortized cost using the effective interest method and is presented on a combined basis as 'Deferred consideration' within 'Borrowings' (Note 20).

Saudi Aramco had agreed to make an accelerated payment of SAR 11,250 (\$3,000) in April 2022 based on the occurrence of certain market conditions in 2021. At December 31, 2021, it was determined that the relevant conditions were not met during 2021 and, as a result, no accelerated payment will be required in April 2022. If the accelerated payment would have been required, it would have reduced the principal amount that would otherwise be payable on or before April 2026 by SAR 11,250 (\$3,000) and the loan charge in April 2022 would have been reduced from SAR 1,875 (\$500) to SAR 750 (\$200).

35. Investments in affiliates continued

The goodwill of SAR 99,116 arising from the transaction includes synergies expected from the transaction, representing value chain capture through downstream integration, procurement, supply chain, manufacturing, marketing and sales, future customer relationships and intangibles such as acquired work force. Goodwill has been allocated to the Downstream operating segment, which is expected to benefit from the synergies of the acquisition.

Acquisition and transaction costs of SAR 343 were expensed as selling, administrative and general expenses in the Consolidated Statement of Income.

SABIC contributed revenues of SAR 64,659 and net loss of SAR 2,426 to Saudi Aramco for the period from June 16, 2020 to December 31, 2020. If the acquisition had occurred on January 1, 2020, management estimates that consolidated pro-forma revenue and net income for the year ended December 31, 2020 would have been SAR 809,204 and SAR 179,168, respectively. These amounts have been calculated using SABIC's results and adjusted mainly for depreciation, amortization and unwinding adjustments that would have been recorded assuming the acquisition-date fair value adjustments had applied from January 1, 2020.

(ii) SABIC Agri-Nutrients Investment Company ("SANIC")

On January 4, 2021, SABIC Agri-Nutrients Company ("SABIC AN"), formerly Saudi Arabian Fertilizer Company ("SAFCO"), acquired 100% of the issued share capital of SANIC from SABIC. The total value of shares in SANIC is set at SAR 4,809, the consideration for which was paid by issuing 59,368,738 ordinary new shares in SABIC AN to SABIC valued at SAR 81 per share, thereby increasing the ownership by SABIC of SABIC AN from 43% to 50.1%. Under the terms of the transaction, the settlement of working capital and net debt at SANIC since the transaction date, amounted to SAR 2. A net loss of SAR 677 arising from this transaction has been recognized in retained earnings, which represents Saudi Aramco's share of the loss recorded by SABIC.

(b) Investments in joint operations

(i) Tanajib Cogeneration Power Company ("TCPC")

On August 23, 2021, TCPC was formed in the Kingdom as a mixed limited liability company for the purposes of electricity generation, transmission and distribution, and water desalination, transportation and distribution. TCPC is 40% owned by SAPCO, a wholly owned subsidiary of the Company, and 60% owned by Tanajib Cogeneration Holding Company Ltd., which is a consortium between Marubeni Corporation and Abu Dhabi National Energy Company PJSC (TAQA). TCPC is the lead developer under a 20-year Build Own Operate and Transfer ("BOOT") arrangement and the Company will be the sole offtaker of the electricity, steam and water. SAPCO's investment in TCPC has been accounted for as a joint operation. SAPCO's total investment is expected to be SAR 212. On October 15, 2021, project financing was closed with external lenders, as part of which the Company provided funding related guarantees of SAR 284.

(ii) Jazan Integrated Gasification and Power Company ("JIGPC")

On September 27, 2021, Saudi Aramco entered into an arrangement with Air Products, ACWA Power and Air Products Qudra relating to the Jazan Integrated Gasification Combined-Cycle ("IGCC") power plant, an Air Separation Unit ("ASU") and certain ancillary assets (together, "the facility"). The transaction entailed creation of JIGPC, a limited liability company, with SAPCO, a wholly owned subsidiary of the Company owning 20%, while Air Products, ACWA Power and Air Products Qudra own 46%, 25% and 9%, respectively. JIGPC will operate the facility under a 25-year contract for a predetermined monthly fee. Saudi Aramco will supply feedstock to JIGPC, and JIGPC will produce power, steam, hydrogen and other utilities for Saudi Aramco. The transaction has been accounted for as a financing arrangement and the assets remain in the books of the Company. Based on the facts and circumstances, including the source of cash flows as well as the purpose and design of the arrangement, in line with the principles outlined in Note 2(d), JIGPC has been accounted for as a joint operation by Saudi Aramco.

SAPCO's total contribution in JIGPC, as a shareholder, is SAR 3,600, of which, an initial contribution of SAR 2,205 was made during October 2021. The financial close of the transaction occurred on October 27, 2021. The total proceeds of the transaction are SAR 44,063, of which, the Company received the first tranche of SAR 18,386, net of the ASU purchase consideration of SAR 8,146. The ASU, which was previously accounted for as a lease, was purchased by the Company and transferred with the rest of the facility as part of the closing. The final tranche of SAR 17,531 is expected to be received during the fourth quarter of 2022.

(c) Investments in joint ventures and associates

(i) Novel Non-Metallic Solutions Manufacturing ("Novel")

On October 22, 2020, SADC and Baker Hughes Energy Technology UK Limited ("Baker Hughes") established an affiliate to create a multi sectorial nonmetallic investment platform in the Kingdom. The affiliate, Novel, is a limited liability company and is owned 50% each by SADC and Baker Hughes. SADC's investment in Novel has been accounted for as a joint venture. The total investment in Novel is expected to be up to SAR 400, of which SADC's share is expected to be up to SAR 200. At December 31, 2021, SAR 150 has been drawn down by Novel.

All amounts in millions of Saudi Riyals unless otherwise stated

35. Investments in affiliates continued

(ii) Middle East Information Technology Solutions ("MEITS")

On February 8, 2021, SADC and Raytheon Saudi Arabia ("Raytheon") established an affiliate to engage in the marketing and provision of cybersecurity integrated software and hardware along with related training and managed professional services. The affiliate, MEITS, is a limited liability company formed and existing under the laws of the Kingdom, and is owned 51% by Raytheon and 49% by SADC. SADC's investment in MEITS has been accounted for as a joint venture. The total investment in MEITS is expected to be up to SAR 229, of which SADC's share is expected to be up to SAR 113. At December 31, 2021, SAR 75 has been drawn down by MEITS, of which SADC's share is SAR 37.

(iii) Port Neches Link LLC ("PNL")

On March 8, 2021, Motiva Enterprises LLC ("Motiva"), a wholly owned subsidiary of the Company and TransCanada Keystone Pipeline, LP ("Keystone") established an affiliate to construct and operate a pipeline in the state of Texas, USA. The affiliate, PNL is a limited liability company owned 5% by Motiva and 95% by Keystone. Motiva's investment in PNL has been accounted for as a joint venture. The total investment in PNL is expected to be up to SAR 458, of which Motiva's share is expected to be up to SAR 23.

(iv) Fuel Cell Innovation Co., Ltd. ("FCI")

On March 19, 2021, S-Oil Corporation ("S-Oil"), a non-wholly owned subsidiary of the Company, acquired a 20% equity ownership in FCI for SAR 28. FCI is a solid oxide fuel cell manufacturer and a South Korean limited liability company. The remaining interests in FCI are held approximately 30% by the founders of FCI, 25% by Taqnia Energy, 23% by Dune Investment and 2% by Korea Technology Finance Corporation. S-Oil's investment in FCI has been accounted for as an associate.

(v) Sudair One Holding Company ("Sudair One")

On May 24, 2021, SAPCO, a wholly owned subsidiary of the Company, entered into a shareholders' agreement with Water and Electricity Holding Company ("WEHC"), Oasis Two Renewables Energy Company ("OTREC") and ACWA Power Saudi Electricity and Water Development Company ("APSA") to invest in the development of a solar plant and its operation and maintenance in the Sudair region of the Kingdom (the "Project"). The Project is developed by Sudair One, which is a limited liability company, and is owned 35% by PIF through WEHC, 35% by ACWA Power through OTREC and APSA, and 30% by SAPCO. SAPCO's investment in Sudair One has been accounted for as an associate. SAPCO's share of the investment in Sudair One is expected to be SAR 270. Equity bridge loans (the "EBLs") of SAR 900 have been obtained and are due for repayment upon completion of construction, expected to be in November 2024. The EBLs are guaranteed by the project sponsors, being the Company, PIF and ACWA Power, of which the Company's share is SAR 270. In addition, two guarantees totaling SAR 159 have been issued by SAPCO to support Sudair One's obligations.

36. Dividends

Dividends declared and paid on ordinary shares are as follows:

	2021	2020	SAR per share	
			2021	2020
Quarter:				
March ¹	70,325	50,227	0.35	0.25
June	70,325	70,319	0.35	0.35
September	70,327	70,319	0.35	0.35
December	70,328	70,319	0.35	0.35
Total dividends paid	281,305	261,184	1.40	1.30
Declared in December 2019, paid in January 2020	–	(35,475)	–	(0.18)
Total dividends declared	281,305	225,709	1.40	1.12
Dividends declared on March 18, 2022 and March 18, 2021 ²	70,335	70,325	0.35	0.35

1. Dividends of SAR 70,325 paid in 2021 relate to 2020 results. Dividends of SAR 50,227 paid in 2020 relate to 2019 results.

2. The consolidated financial statements do not reflect a dividend to shareholders of approximately SAR 70,335, which was approved in March 2022 (March 2021: SAR 70,325). This dividend will be deducted from unappropriated retained earnings in the year ending December 31, 2022. A total of SAR 281,315 in dividends were declared in 2021 and 2022 that relate to 2021 results (2020: SAR 281,282).

On March 18, 2022, the Board of Directors recommended to the Extraordinary General Assembly to increase the Company's share capital by SAR 15,000 and increase the number of the Company's issued ordinary shares by 20 billion without par value. Such increase will be through capitalization from the Company's retained earnings. Each shareholder will be granted one (1) bonus share for every ten (10) shares owned. The increase of the share capital and the number of ordinary shares is subject to obtaining necessary approvals from competent authorities and the Extraordinary General Assembly, which will be announced later as per the required regulatory period.

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

37. Earnings per share

The following table reflects the net income and number of shares used in the earnings per share calculations:

	2021	2020
Net income attributable to the ordinary shareholders of the Company	395,203	184,926
Weighted average number of ordinary shares (in millions) (Note 2(cc))	199,905	199,884
Earnings per share for net income attributable to the ordinary shareholders of the Company (in Saudi Riyals)	1.98	0.93

Potential ordinary shares during the year ended December 31, 2021 related to employees' share-based compensation in respect of employee share plans that were awarded to the Company's eligible employees under those plan terms (Note 17). These share plans did not have a significant dilution effect on basic earnings per share for the year ended December 31, 2021 and 2020.

38. Subsidiaries of Saudi Arabian Oil Company

	Principal business activity	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
A. Wholly owned:					
4 Rivers Energy LLC	Retail fuel operations	USA	–	–	–
Aramco (Beijing) Venture Management Consultant Co. Ltd	Investment	People's Republic of China	2	8	–
Aramco Affiliated Services Company	Support services	USA	1	–	–
Aramco Asia India Private Limited	Purchasing and other services	India	11	22	–
Aramco Asia Japan K.K.	Purchasing and other services	Japan	65	208	–
Aramco Asia Korea Ltd.	Purchasing and other services	South Korea	46	9	–
Aramco Asia Singapore Pte. Ltd.	Purchasing and other services	Singapore	29	36	–
Aramco Associated Company	Aircraft operations	USA	230	519	17
Aramco Capital Company, LLC	Aircraft leasing	USA	29	–	–
Aramco Chemicals Company	Chemicals	Saudi Arabia	531	598	3
Aramco Far East (Beijing) Business Services Company Ltd.	Petrochemical purchasing, sales and other services	People's Republic of China	654	81	8
Aramco Financial Services Company	Financing	USA	4	4	–
Aramco Gas Pipelines Company (Note 34 (c))	Gas operations	Saudi Arabia	–	–	–
Aramco Gulf Operations Company Ltd.	Production and sale of crude oil	Saudi Arabia	2,132	1,184	3
Aramco Innovations LLC	Research and commercialization	Russia	9	2	–
Aramco International Company Limited	Support services	British Virgin Islands	–	–	–
Aramco Lubricants and Retail Company	Retail fuel marketing	Saudi Arabia	37	–	–
Aramco Overseas Company Azerbaijan	Support services	Azerbaijan	–	–	–
Aramco Overseas Company B.V.	Purchasing and other services	Netherlands	11,942	2,180	9
Aramco Overseas Company Spain, S.L.	Personnel and other support services	Spain	–	–	–
Aramco Overseas Company UK Limited	Personnel and other support services	United Kingdom	–	84	–

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
Aramco Overseas Egypt LLC	Personnel and other support services	Egypt	–	–	–
Aramco Overseas Indonesia PT PMA	Project management support	Indonesia	–	–	–
Aramco Overseas Malaysia SDN. BHD	Personnel and other support services	Malaysia	3	(2)	–
Aramco Performance Materials LLC	Petrochemical manufacture and sales	USA	11	3	–
Aramco Services Company	Purchasing, engineering and other services	USA	51	411	–
Aramco Shared Benefits Company	Benefits administration	USA	–	1	–
Aramco Trading Company	Importing, exporting and trading of crude oil, refined and chemical products	Saudi Arabia	1,567	6,492	61
Aramco Trading Fujairah FZE	Importing and exporting refined products	UAE	634	1,873	1
Aramco Trading Limited	Importing and exporting refined products	United Kingdom	52	1,791	31
Aramco Trading Singapore PTE. LTD	Marketing and sales support	Singapore	23	3,437	4
Aramco Venture Management Consultant Company LLC	Consulting services	USA	–	10	–
Aramco Ventures Holdings Limited	Investment	Guernsey	222	–	–
Aramco Ventures Investments Limited	Investment	Guernsey	1,141	–	–
ARLANXEO Holding B.V.	Development, manufacture, and marketing of high-performance rubber	Netherlands	285	3,342	21
ARLANXEO Belgium N.V.		Belgium	315	146	–
ARLANXEO Branch Offices B.V.		Netherlands	24	1	–
ARLANXEO Brasil S.A.		Brazil	(113)	220	5
ARLANXEO Canada Inc.		Canada	217	206	1
ARLANXEO Deutschland GmbH		Germany	324	404	–
ARLANXEO Elastomères France S.A.S.		France	49	158	–
ARLANXEO Emulsion Rubber France S.A.S.		France	(518)	185	–
ARLANXEO High Performance Elastomers (Changzhou) Co., Ltd.		People's Republic of China	249	352	–
ARLANXEO India Private Limited		India	6	2	–
ARLANXEO Netherlands B.V.		Netherlands	42	320	13
ARLANXEO Singapore Pte. Ltd.		Singapore	(977)	622	–
ARLANXEO Switzerland S.A.		Switzerland	544	3	–
ARLANXEO USA LLC		USA	205	277	1
Aurora Capital Holdings LLC	Real estate holdings	USA	–	–	–
Bolanter Corporation N.V.	Crude oil storage	Curaçao	2	–	–
Briar Rose Ventures LLC	Real estate holdings	USA	–	–	–
Canyon Lake Holdings LLC	Retail fuel operations	USA	–	–	–
Excellent Performance Chemicals Company	Petrochemical manufacture and sales	Saudi Arabia	361	1	107
Investment Management Company	Investment management of post-employment benefit plans	Saudi Arabia	4	–	–

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
Motiva Chemicals LLC	Petrochemical manufacture	USA	34	72	–
Motiva Enterprises LLC	Refining and marketing	USA	3,839	20,506	7
Motiva Pipeline LLC	Pipeline transport	USA	–	–	–
	Purchasing and sale of petroleum goods and other services	USA	511	354	–
Motiva Trading LLC	Investment	Saudi Arabia	–	–	–
Mukamala International Investments Company	Oil field services	Saudi Arabia	97	–	–
Mukamala Oil Field Services Limited	Financing	Curaçao	6,858	2	12
Pandlewood Corporation N.V.	Retail fuel operations	USA	–	–	–
Pedernales Ventures LLC	Investment	USA	120	–	–
Pedernales Ventures II LLC	Investment	United Kingdom	4	4	–
SAEV Europe Ltd.	Investment	Guernsey	221	–	–
SAEV Guernsey 1 Ltd.	Investment	Guernsey	1,521	–	–
SAEV Guernsey Holdings Ltd.	Investment	Saudi Arabia	2,304	–	4
Saudi Aramco Asia Company Ltd.	Investment	Guernsey	–	–	–
Saudi Aramco Capital Company Limited	Investment	Saudi Arabia	369	1	2
Saudi Aramco Development Company	Investment	USA	2	3	–
Saudi Aramco Energy Ventures US LLC	Investment	Saudi Arabia	229	–	–
Saudi Aramco Energy Ventures LLC	Financing	Saudi Arabia	127	6	5
Saudi Aramco Entrepreneurship Center Company Ltd.	Investment	Saudi Arabia	316	–	–
Saudi Aramco Entrepreneurship Venture Company Ltd.	Refining	Saudi Arabia	427	2,042	–
Saudi Aramco Jubail Refinery Company	Power generation	Saudi Arabia	7,257	14	16
Saudi Aramco Power Company	Investment	Saudi Arabia	1	27	–
Saudi Aramco Sukuk Company	Research and commercialization	Saudi Arabia	180	35	–
Saudi Aramco Technologies	Research and commercialization	Saudi Arabia	14	–	–
Saudi Aramco Upstream Technology Company	Marketing support services	USA	36	63	–
Saudi Petroleum International, Inc.	Marketing support and tanker services	United Kingdom	53	31	–
Saudi Petroleum Overseas, Ltd.	Marketing support and tanker services	British Virgin Islands	38	–	–
Saudi Petroleum, Ltd.	Refining and marketing	USA	517	58	–
Saudi Refining, Inc.	Insurance	Bermuda	9,713	727	195
Stellar Insurance, Ltd.	Marine management and transportation	Liberia	17,542	–	30
Vela International Marine Ltd.	Investment services	Saudi Arabia	260	52	–
Wisayah Global Investment Company					

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
B. Non-wholly owned⁴					
51% Ownership of Aramco Oil Pipelines Company	Pipeline transport	Saudi Arabia	229	–	–
49% Ownership of Aramco Training Services Company ³	Training	USA	1	–	–
50% Ownership of ARLANXEO-TSRC (Nantong) Chemical Industries Co., Ltd. ³	Development, manufacture, and marketing of high-performance rubber	People's Republic of China	39	(25)	–
80% Ownership of Johns Hopkins Aramco Healthcare Company	Healthcare	Saudi Arabia	613	647	1
0% Ownership in SA Global Sukuk Limited ³	Investment	Cayman Islands	–	17	–
70% Ownership of Saudi Aramco Base Oil Company	Production and sale of petroleum based lubricants	Saudi Arabia	1,339	2,991	4
50% Ownership of Saudi Aramco Nabors Drilling Company ³	Drilling	Saudi Arabia	1,099	1,938	2
50% Ownership of Saudi Aramco Rowan Offshore Drilling Company ³	Drilling	Saudi Arabia	1,016	1,996	2
61.6% Ownership of S-Oil Corporation	Refining	South Korea	6,409	31,260	30
61.6% Ownership of S-Oil Singapore Pte. Ltd	Marketing support	Singapore	34	98	–
61.6% Ownership of S-International Ltd.	Purchasing and sale of petroleum goods	The Independent State of Samoa	4	–	–
70% Ownership of Saudi Basic Industries Corporation ("SABIC") ⁵	Holding	Saudi Arabia			
70% Ownership of SABIC Luxembourg S.à r.l. ("SLUX")	Holding	Luxembourg			
70% Ownership of SABIC Industrial Investments Company ("SIIC")	Holding	Saudi Arabia			
35.1% Ownership of SABIC Agri-Nutrients Company ("SABIC AN") (formerly, Saudi Arabian Fertilizer Company ("SAFCO")) ³	Agri-Nutrients	Saudi Arabia			
70% Ownership of Arabian Petrochemical Company ("PETROKEMYA") ⁷	Toller	Saudi Arabia			
70% Ownership of Saudi Iron and Steel Company ("HADEED")	Metals	Saudi Arabia			
70% Ownership of SABIC Investment and Local Content Development Company ("NUSANED")	Investment	Saudi Arabia			
70% Ownership of SABIC Supply Chain Services Limited Company ("SSCS")	Petrochemical	Saudi Arabia			
56% Ownership of Saudi European Petrochemical Company ("IBN ZAHR")	Petrochemical	Saudi Arabia			
52.5% Ownership of Jubail United Petrochemical Company ("UNITED")	Petrochemical	Saudi Arabia			
52.5% Ownership of Saudi Methanol Company ("AR-RAZI")	Toller	Saudi Arabia			
49% Ownership of National Industrial Gases Company ("GAS") ³	Toller	Saudi Arabia			
36.4% Ownership of Yanbu National Petrochemical Company ("YANSAB") ³	Toller	Saudi Arabia			
35% Ownership of National Methanol Company ("IBN-SINA") ³	Toller	Saudi Arabia			
33.6% Ownership of Arabian Industrial Fibers Company ("IBN RUSHD") ³	Toller	Saudi Arabia			

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
24.5% Ownership of Saudi Kayan Petrochemical Company ("SAUDI KAYAN") ³	Toller	Saudi Arabia			
70% Ownership of SABIC Innovative Plastics Argentina SRL	Petrochemical manufacture and sales	Argentina			
70% Ownership of SABIC High Performance Plastic ("SHPP") Argentina SRL	Petrochemical manufacture and sales	Argentina			
70% Ownership of SABIC Australia Pty Ltd.	Holding	Australia			
70% Ownership of SABIC Innovative Plastics Aus GmbH	Holding	Austria			
70% Ownership of SABIC Innovative Plastics GmbH & Co. KG	Agent	Austria			
70% Ownership of SABIC Innovative Plastics South America-Indústria e Comércio de Plásticos Ltda	Petrochemical manufacture and sales	Brazil			
70% Ownership of SHPP South America Comércio de Plásticos Ltda	Petrochemical manufacture and sales	Brazil			
70% Ownership of NV Pijpleiding Antwerpen-Limburg-Luik (PALL)	Support services	Belgium			
70% Ownership of SABIC Belgium NV	Petrochemical	Belgium			
70% Ownership of SHPP Canada, Inc.	Petrochemical	Canada			
70% Ownership of SABIC Petrochemicals Canada, Inc.	Petrochemical manufacture and sales	Canada			
70% Ownership of SABIC Innovative Plastics (China) Co., Ltd.	Petrochemical	People's Republic of China			
70% Ownership of SABIC Innovative Plastics (Chongqing) Co., Ltd.	Petrochemical manufacture and sales	People's Republic of China			
70% Ownership of SABIC Innovative Plastics International Trading (Shanghai) Ltd.	Reseller	People's Republic of China			
70% Ownership of SABIC Innovative Plastics Management (Shanghai) Co., Ltd.	Support services	People's Republic of China			
70% Ownership of SHPP (Shanghai) Co., Ltd.	Petrochemical	People's Republic of China			
70% Ownership of SABIC (Shanghai) Trading Co. Ltd.	Reseller	People's Republic of China			
70% Ownership of SABIC (China) Research & Development Co. Ltd.	Technology and innovation	People's Republic of China			
70% Ownership of SABIC China Holding Co. Ltd.	Petrochemical	People's Republic of China			
70% Ownership of SABIC Innovative Plastics Czech s.r.o.	Agent	Czech Republic			
70% Ownership of SHPP Czech s.r.o.	Reseller	Czech Republic			
70% Ownership of SABIC Innovative Plastics Denmark Aps	Agent	Denmark			
70% Ownership of SABIC Nordic A/S	Agent	Denmark			
70% Ownership of SABIC Innovative Plastics Finland Oy	Agent	Finland			
70% Ownership of SHPP Finland Oy	Reseller	Finland			
70% Ownership of SABIC France S.A.S.	Reseller	France			
70% Ownership of SABIC Innovative Plastics France S.A.S.	Agent	France			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
70% Ownership of SHPP France S.A.S.	Reseller	France			
70% Ownership of SABIC Deutschland GmbH	Reseller	Germany			
70% Ownership of SABIC Holding Deutschland GmbH	Holding	Germany			
70% Ownership of SABIC Innovative Plastics GmbH	Agent	Germany			
70% Ownership of SABIC Innovative Plastics Holding Germany GmbH	Holding	Germany			
70% Ownership of SABIC Polyolefine GmbH	Toller	Germany			
70% Ownership of SHPP Germany GmbH	Reseller	Germany			
70% Ownership of SABIC Greece M.E.P.E.	Agent	Greece			
70% Ownership of SABIC Innovative Plastics Hong Kong Ltd.	Reseller	Hong Kong			
70% Ownership of SABIC Innovative Plastics SIT Holding Ltd.	Holding	Hong Kong			
70% Ownership of SABIC Innovative Plastics Taiwan Holding Ltd.	Petrochemical	Hong Kong			
70% Ownership of SHPP Hong Kong	Reseller	Hong Kong			
70% Ownership of SABIC Hungary Kft.	Agent	Hungary			
70% Ownership of SABIC Innovative Plastics Kereskedelmi Kft.	Agent	Hungary			
70% Ownership of SHPP Hungary Kft.	Reseller	Hungary			
70% Ownership of SABIC India Pvt Ltd.	Agent	India			
70% Ownership of SABIC Innovative Plastics India Private Ltd.	Petrochemical manufacture and sales	India			
70% Ownership of SABIC R&T Pvt Ltd.	Technology and innovation	India			
70% Ownership of High Performance Plastics India Pvt Ltd.	Petrochemical manufacture and sales	India			
70% Ownership of SABIC Innovative Plastics Italy Srl	Toller	Italy			
70% Ownership of SABIC Italia Srl	Reseller	Italy			
70% Ownership of SABIC Sales Italy Srl	Agent	Italy			
70% Ownership of SHPP Italy Srl	Toller	Italy			
70% Ownership of SHPP Sales Italy Srl	Reseller	Italy			
70% Ownership of SHPP Japan LLC	Petrochemical manufacture and sales	Japan			
70% Ownership of SABIC Petrochemicals Japan LLC	Petrochemical	Japan			
70% Ownership of SABIC Korea Ltd.	Petrochemical	South Korea			
70% Ownership of SHPP Korea Ltd.	Reseller	South Korea			
70% Ownership of SABIC Innovative Plastics Malaysia Sdn Bhd	Agent	Malaysia			
70% Ownership of SHPP Malaysia Sdn Bhd	Reseller	Malaysia			
70% Ownership of SABIC Innovative Plastics Mexico S de RL de CV	Petrochemical manufacture and sales	Mexico			
70% Ownership of High Performance Plastics Manufacturing Mexico S de RL de CV	Petrochemical manufacture and sales	Mexico			

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All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
70% Ownership of BV Snij-Unie HiFi	Petrochemical manufacture and sales	Netherlands			
70% Ownership of SABIC Capital B.V.	Financing	Netherlands			
70% Ownership of SABIC Capital I B.V.	Financing	Netherlands			
70% Ownership of SABIC Capital II B.V.	Financing	Netherlands			
70% Ownership of Petrochemical Pipeline Services B.V.	Support services	Netherlands			
70% Ownership of SABIC Europe B.V.	Holding	Netherlands			
70% Ownership of SABIC Global Technologies B.V.	Technology and innovation	Netherlands			
70% Ownership of SABIC International Holdings B.V.	Holding	Netherlands			
70% Ownership of SABIC Innovative Plastics B.V.	Principal (Manufacturing, Sales, R&D)	Netherlands			
70% Ownership of SABIC Innovative Plastics GP B.V.	Holding	Netherlands			
70% Ownership of SABIC Innovative Plastics Holding B.V.	Holding	Netherlands			
70% Ownership of SABIC Innovative Plastics Utilities B.V.	Support services	Netherlands			
70% Ownership of SABIC Licensing B.V.	Technology and innovation	Netherlands			
70% Ownership of SABIC Limburg B.V.	Support services	Netherlands			
70% Ownership of SABIC Sales Europe B.V.	Reseller	Netherlands			
70% Ownership of SABIC Petrochemicals B.V.	Principal (Manufacturing, Sales, R&D)	Netherlands			
70% Ownership of SABIC Ventures B.V.	Technology and innovation	Netherlands			
70% Ownership of SABIC Mining B.V.	Holding	Netherlands			
70% Ownership of SHPP Holding B.V.	Holding	Netherlands			
70% Ownership of SHPP Global Technologies B.V.	Petrochemical	Netherlands			
70% Ownership of SHPP Ventures B.V.	Technology and innovation	Netherlands			
70% Ownership of SHPP Capital B.V.	Financing	Netherlands			
70% Ownership of SHPP Capital I B.V.	Financing	Netherlands			
70% Ownership of SHPP Capital II B.V.	Financing	Netherlands			
70% Ownership of SHPP B.V.	Principal (Manufacturing, Sales, R&D)	Netherlands			
70% Ownership of SHPP Sales B.V.	Reseller	Netherlands			
70% Ownership of SABIC Innovative Plastics Poland Sp. Z o.o.	Agent	Poland			
70% Ownership of SABIC Poland Sp. Z o.o.	Agent	Poland			
70% Ownership of SHPP Poland Sp. Z o.o.	Reseller	Poland			
70% Ownership of LLC SABIC Eastern Europe	Agent	Russia			
70% Ownership of SABIC Innovative Plastics Rus OOO	Agent	Russia			
70% Ownership of SHPP Russia OOO	Agent	Russia			
70% Ownership of SABIC Innovative Plastics (SEA) Pte. Ltd.	Reseller	Singapore			
70% Ownership of SABIC Innovative Plastics Holding Singapore Pte. Ltd.	Holding	Singapore			
70% Ownership of SHPP Singapore Pte. Ltd.	Petrochemical manufacture and sales	Singapore			

All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
70% Ownership of SABIC Asia Pacific Pte. Ltd.	Reseller	Singapore			
70% Ownership of SHPP Slovakia s.r.o.	Reseller	Slovakia			
70% Ownership of SABIC Innovative Plastics Espana ScpA	Toller	Spain			
70% Ownership of SABIC Innovative Plastics GP BV, Sociedad en Comandita	Holding	Spain			
70% Ownership of SABIC Sales Spain SL	Agent	Spain			
70% Ownership of SABIC Marketing Ibérica S.A.	Reseller	Spain			
70% Ownership of SHPP Manufacturing SL	Toller	Spain			
70% Ownership of SHPP Marketing Spain SL	Reseller	Spain			
70% Ownership of Saudi Innovative Plastics Sweden AB	Agent	Sweden			
70% Ownership of SHPP Thailand Co. Ltd.	Petrochemical	Thailand			
70% Ownership of SABIC Thailand Co. Ltd.	Petrochemical	Thailand			
70% Ownership of SHPP Petrokimya Ticaret Ltd Sirketi	Marketing and sales support	Turkey			
70% Ownership of SABIC Global Ltd.	Holding	United Kingdom			
70% Ownership of SABIC Tees Holdings Ltd.	Holding	United Kingdom			
70% Ownership of SHPP Manufacturing UK Ltd.	Petrochemical	United Kingdom			
70% Ownership of SABIC Innovative Plastics Ltd.	Agent	United Kingdom			
70% Ownership of SABIC UK Ltd.	Reseller	United Kingdom			
70% Ownership of SABIC UK Pension Trustee Ltd.	Investment management of post-employment benefit plans	United Kingdom			
70% Ownership of SABIC UK Petrochemicals Ltd.	Toller	United Kingdom			
70% Ownership of SHPP Sales UK Ltd.	Reseller	United Kingdom			
70% Ownership of Exatec, LLC	Technology and innovation	USA			
35.7% Ownership of Mt. Vernon Phenol Plant Partnership ³	Petrochemical manufacture and sales	USA			
70% Ownership of SABIC Americas Inc.	Reseller	USA			
70% Ownership of SABIC US Holdings LP	Holding	USA			
70% Ownership of SABIC Innovative Plastics Mt. Vernon, LLC	Toller	USA			
70% Ownership of SABIC Innovative Plastics US LLC	Principal (Manufacturing, Sales, R&D)	USA			
70% Ownership of SABIC Petrochemicals Holding US, Inc.	Petrochemical manufacture and sales	USA			
70% Ownership of SABIC Ventures US Holdings LLC	Technology and innovation	USA			
70% Ownership of SABIC US Projects LLC	Projects	USA			
70% Ownership of SABIC Americas Growth LLC	Projects	USA			
70% Ownership of SABIC US Methanol LLC	Projects	USA			
70% Ownership of SHPP US LLC	Principal (Manufacturing, Sales, R&D)	USA			
70% Ownership of SABIC Vietnam Ltd.	Agent	Vietnam			
70% Ownership of SHPP Vietnam Co Ltd	Petrochemical	Vietnam			
70% Ownership of SABCAP Insurance Limited ("SABCAP")	Insurance	Guernsey			
70% Ownership of SABIC Petrokemya Ticaret Limited ("SABIC TURKEY")	Reseller	Turkey			

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All amounts in millions of Saudi Riyals unless otherwise stated

38. Subsidiaries of Saudi Arabian Oil Company continued

	Principal business activity	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
70% Ownership of SABIC Middle East Offshore Company ("SABIC MIDDLE EAST") ⁶	Marketing and sales support	Lebanon			
70% Ownership of SABIC Middle East Business Management	Marketing and sales support	Jordan			
70% Ownership of SABIC South Africa	Marketing and sales support	South Africa			
70% Ownership of SABIC Africa for Trading & Marketing ("SABIC AFRICA") ⁶	Marketing and sales support	Egypt			
70% Ownership of SABIC Morocco	Marketing and sales support	Morocco			
70% Ownership of SABIC Global Mobility Company ("GMC")	Personnel and other support services	UAE			
70% Ownership of SABIC Mobility Company ("GMC LLC")	Petrochemical	UAE			
70% Ownership of SABIC Tunisia	Marketing and sales support	Tunisia			
70% Ownership of SABIC Kenya	Marketing and sales support	Kenya			
70% Ownership of SABIC (Pvt.) Pakistan	Marketing and sales support	Pakistan			
70% Ownership of SABIC East Africa	Marketing and sales support	Egypt			
69.3% Ownership of International Shipping and Transportation Co. ("ISTC")	Support services	Saudi Arabia			
63% Ownership of SABIC Terminal Services Company ("SABTANK")	Support services	Saudi Arabia			
40.6% Ownership of Jubail Chemical Storage and Services Company ("Chemtank") ³	Support services	Saudi Arabia			
35.1% Ownership of SABIC Agri-Nutrients Investment Company ("SANIC") ³	Agri-Nutrients	Saudi Arabia			
35.1% Ownership of National Chemical Fertiliser Company ("IBN AL-BAYTAR") ³	Agri-Nutrients	Saudi Arabia			
17.5% Ownership of Al-Jubail Fertiliser Company ("AL BAYRONI") ³	Agri-Nutrients	Saudi Arabia			

1. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.

2. Represents 100% amounts of subsidiaries, after elimination of intercompany transactions.

3. Agreements and constitutive documents provide Saudi Aramco control.

4. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.

5. Information for conventional financial assets, liabilities and interest income from conventional financial assets not included for entities and groups listed on the Tadawul.

6. Under liquidation.

7. In February 2021, Saudi Specialty Chemicals Company ("SP.CHEM") and Saudi Organometallic Chemicals Company ("SOCC") merged into PETROKEMYA.

8. Energy City Development Company and Energy City Operating Company are wholly owned unconsolidated structured entities and hence not included in the above listing.

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint arrangements and associates of Saudi Arabian Oil Company

	Principal business activity	Percent ownership ⁴	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
A. Joint operations:						
Al-Khafji Joint Operations	Oil and gas exploration and production	50%	Saudi-Kuwaiti Partitioned Zone	—	—	—
Fadhili Plant Cogeneration Company	Power generation	30%	Saudi Arabia	72	1,120	—
Jazan Integrated Gasification and Power Company	Power systems	20%	Saudi Arabia	32	3,233	—
Maasvlakte Olie Terminal C.V.	Tank storage	9.6%	Netherlands	—	—	—
Maasvlakte Olie Terminal N.V.	Tank storage	16.7%	Netherlands	—	—	—
Pengerang Petrochemical Company SDN. BHD.	Petrochemical	50%	Malaysia	67	3,315	—
Pengerang Refining Company SDN. BHD.	Refining	50%	Malaysia	239	22,823	—
Power Cogeneration Plant Company	Power generation	50%	Saudi Arabia	52	423	—
Saudi Aramco Mobil Refinery Company Ltd.	Refining	50%	Saudi Arabia	117	2,958	—
Saudi Aramco Total Refining and Petrochemical Company ³	Refining/ petrochemical	62.5%	Saudi Arabia	485	10,151	5
Tanajib Cogeneration Power Company	Power systems	40%	Saudi Arabia	12	277	—
Yanbu Aramco Sinopec Refining Company Limited ³	Refining	62.5%	Saudi Arabia	2,000	5,722	—
Gulf Coast Growth Venture LLC ("GCGV") ⁵	Petrochemical	35%	USA	—	—	—
Saudi Butanol Company ("SABUCO") ⁵	Petrochemical	8.2%	Saudi Arabia	—	—	—
Saudi Methacrylates Company ("SAMAC") ⁵	Petrochemical	35%	Saudi Arabia	—	—	—
B. Joint ventures:						
Arabian Rig Manufacturing Company ("ARM")	Rig manufacturing	30%	Saudi Arabia	196	821	—
First Coast Energy LLP ("FCE")	Marketing	50%	USA	1	350	—
Huajin Aramco Petrochemical Company ("HAPCO")	Petrochemical	35%	People's Republic of China	—	—	—
Jasara Program Management Company ("Jasara")	Engineering services	20%	Saudi Arabia	129	76	—
Juniper Ventures of Texas LLP ("JVTX")	Marketing	60%	USA	8	—	—
Middle East Information Technology Solutions ("MEITS")	Information technology	49%	Saudi Arabia	70	—	—
Novel Non-Metallic Solutions Manufacturing ("Novel")	Manufacturing	50%	Saudi Arabia	200	—	—
Port Neches Link LLC ("PNL")	Pipelines	5%	USA	189	—	—
Sadara Chemical Company ("Sadara")	Petrochemical	65%	Saudi Arabia	9,115	52,946	2
Saudi Arabian Industrial Investment Company ("Dussur")	Investment	42.5%	Saudi Arabia	316	216	19
Saudi Engines Manufacturing Company ("SEMCO")	Manufacturing	55%	Saudi Arabia	140	4	—

Notes to the consolidated financial statements continued

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint arrangements and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ⁴	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
Saudi Silk Road Industrial Services Company ("SSRIS")	Investment services	20%	Saudi Arabia	145	—	—
S-Oil TOTAL Lubricants Co. Limited	Lubricants production and sales	50%	South Korea	155	141	—
Star Enterprise ("Star-Ent")	Pension administration	50%	USA	—	—	—
Tas'helat Marketing Company ("TMC")	Marketing	50%	Saudi Arabia	314	—	4
Advance Energy Storage System Company ("AESSC") ⁵	Petrochemical	30.1%	Saudi Arabia			
Al-Jubail Petrochemical Company ("Kemya") ⁵	Petrochemical	35%	Saudi Arabia			
Cosmar Company ("COSMAR") ⁵	Petrochemical	35%	USA			
Eastern Petrochemical Company ("Sharq") ⁵	Petrochemical	35%	Saudi Arabia			
SABIC Plastic Energy Advanced Recycling BV ("SPEAR") ⁵	Petrochemical	35%	Netherlands			
SABIC SK Nexlene Company Pte. Ltd. ("SSNC") ⁵	Petrochemical	35%	Singapore			
Saudi Yanbu Petrochemical Company ("Yanpet") ⁵	Petrochemical	35%	Saudi Arabia			
SD Beteiligungs-GmbH & Co KG ⁵	Investments	35%	Germany			
SD Lizenzverwertungs-GmbH & Co ⁵	License company	35%	Germany			
SD Verwaltungs-GmbH ⁵	Administrative company	35%	Germany			
Sinopec SABIC Tianjin Petrochemical Company ("SSTPC") ⁵	Petrochemical	35%	People's Republic of China			
Utility Support Group B.V. ("USG") ⁵	Petrochemical	35%	Netherlands			
C. Associates:						
BP AOC Pumpstation Maatschap	Storage	50%	Netherlands	—	—	—
BP ESSO AOC Maatschap	Storage	34.4%	Netherlands	—	—	—
Fuel Cell Innovation Co., Ltd. ("FCI")	Fuel cell manufacturing	20%	South Korea	31	2	—
Fujian Refining and Petrochemical Company Limited ("FREPC")	Refining/ petrochemical	25%	People's Republic of China	5,539	4,725	85
GCC Electrical Equipment Testing Lab ("GCC Lab")	Inspection	20%	Saudi Arabia	70	—	—
Hyundai Oilbank Co. Ltd. ("Hyundai Oilbank")	Refining/ marketing/ petrochemical	17%	South Korea	8,075	26,865	301
International Maritime Industries Company ("IMIC")	Maritime	40.1%	Saudi Arabia	786	560	3
Lukoil Saudi Arabia Energy Ltd. ("LUKSAR")	Exploration	20%	British Virgin Islands	—	—	—
Power & Water Utility Company for Jubail and Yanbu ("Marafiq")	Utilities	42.2%	Saudi Arabia	1,920	12,942	14
Sinopec SenMei (Fujian) Petroleum Company Limited ("SSPC")	Marketing/ petrochemical	22.5%	People's Republic of China	2,103	2,088	38
Sudair One Holding Company ("Sudair One")	Holding	30.3%	Saudi Arabia	—	—	—
Team Terminal B.V.	Storage	34.4%	Netherlands	10	—	—
Aluminium Bahrain BSC ("ALBA") ⁵	Aluminum	14.4%	Bahrain			
ARG mbH & Co KG ("ARG") ⁵	Pipeline	17.5%	Germany			
ARG Verwaltungs GmbH ⁵	Administrative company	17.5%	Germany			
Clariant AG ("Clariant") ⁵	Specialty chemical	22.1%	Switzerland			

All amounts in millions of Saudi Riyals unless otherwise stated

39. Joint arrangements and associates of Saudi Arabian Oil Company continued

	Principal business activity	Percent ownership ⁴	Place of business/ country of incorporation	Conventional financial assets as of December 31, 2021 ^{1,2}	Conventional financial liabilities as of December 31, 2021 ²	Interest income from conventional financial assets for the year ended December 31, 2021 ²
German Pipeline Development Company GMBH ("GPDC") ⁵	Support services	27.3%	Germany			
Gulf Aluminum and Rolling Mills Company ("GARMCO") ⁵	Aluminum	21.3%	Bahrain			
Gulf Petrochemical Industries Company ("GPIC") ⁵	Petrochemical	11.7%	Bahrain			
Ma'aden Phosphate Company ("MPC") ⁵	Agri-Nutrients	21%	Saudi Arabia			
Ma'aden Wa'ad Al Shamal Phosphate Company ("MWSPC") ⁵	Agri-Nutrients	10.5%	Saudi Arabia			
Mallinda, Inc. ("MALLINDA") ⁵	Technology and innovation	18.3%	USA			
Mauritania Saudi Mining & Steel Company S.A. ("TAKAMUL") ⁵	Investment	35%	Mauritania			
National Chemical Carrier Company ("NCC") ⁵	Transportation	14%	Saudi Arabia			
National Shipping Company of Saudi Arabia ("Bahri") ⁵	Global logistics services	20%	Saudi Arabia			
Nusaned Fund ⁵	Investments	35%	Saudi Arabia			
Rabigh Refining and Petrochemical Company ("Petro Rabigh") ⁵	Refining/ petrochemical	37.5%	Saudi Arabia			
Saudi Pallet Manufacturing Co. ("SPMC") ⁵	Manufacturing	16.1%	Saudi Arabia			

1. Conventional financial assets comprise cash, time deposits, short-term investments and investments in securities.
2. Represents Saudi Aramco's share of conventional financial assets, financial liabilities and interest income.
3. Agreements and constitutive documents do not give a single shareholder control; therefore, the joint operation does not qualify as a subsidiary.
4. Percentages disclosed reflect the effective ownership of Saudi Aramco in the respective entities.
5. Information for conventional financial assets, liabilities and interest income from conventional financial assets not included for entities and groups listed on the Tadawul.

40. Events after the reporting period

- (a) On January 12, 2022, Saudi Aramco signed sale and purchase agreements for the acquisition of a 30% equity interest in the Gdansk Refinery joint venture with PKN Orlen, a 100% ownership of Grupa Lotos S.A.'s wholesale business, and a 50% equity interest in the jet fuel joint venture with Air BP. The transaction, with a total purchase price of SAR 2,063, is expected to close in 2022, subject to regulatory approvals.
- (b) On January 24, 2022, Saudi Aramco, in agreement with PIF, made a partial prepayment of SAR 28,579 (\$7,621), which has reduced the principal amounts of two promissory notes by SAR 26,250 (\$7,000) and SAR 3,750 (\$1,000) that were payable on or before April 7, 2024 and April 7, 2026, respectively (Note 20).
- (c) On January 24, 2022, SABIC Agri-Nutrients Company ("SABIC AN"), a subsidiary of SABIC, signed a binding agreement to acquire 49% of the share capital of ETG Inputs Holdco Limited. The transaction is expected to close in 2022, subject to obtaining the required regulatory approvals and other terms and conditions of the acquisition agreement.
- (d) On February 2, 2022, SABIC announced the signing of a sale and purchase agreement with Clariant to purchase a 50% equity interest in a specialties company, Scientific Design, which is an equally owned joint venture between SABIC and Clariant. The transaction is expected to close in 2022, subject to regulatory approvals.
- (e) On February 23, 2022, the Company closed the transaction for a sale of a 49% equity interest in Aramco Gas Pipelines Company ("AGPC"), a newly formed wholly owned subsidiary of the Company, to GreenSaif Pipelines Bidco S.à r.l. (formerly, GEPIF III Finance III Lux S.à r.l.) ("GreenSaif") for upfront proceeds of SAR 58,125 (\$15,500) in cash. GreenSaif is an entity owned by a consortium of investors led by affiliates of BlackRock Real Assets and Hassana Investment Company (Note 34(c)).

