

ISSUING
ORG.

ACCOUNTING POLICIES & SYSTEMS DEPARTMENT

ISSUE DATE
12-15-15REPLACES
02-10-10

SUBJECT

SUBSIDIARY & AFFILIATE CASH CALLSAPPROVAL
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CONTENT: This General Instruction (GI) covers the policies and procedures for subsidiary and affiliate cash calls. This GI should read in conjunction with GI 288.001-1 and 288.001-2 specifically covering procedures of Equity Contributions and Shareholder Loans, respectively. The text of this GI includes:

1. Glossary
2. Overview
3. Definitions
4. Scope
5. General Principles
6. Proponent Responsibilities

288.001-1 Subsidiary & Affiliate Cash Calls – Equity Contributions

288.001-2 Subsidiary & Affiliate Cash Calls – Shareholder Loans

1. GLOSSARY

1.1 ABBREVIATIONS & ACRONYMS

AI	-	Accounting Instruction
AOA	-	Articles of Association
AOC	-	Aramco Overseas Company, B.V.
AP&SD	-	Accounting Policies & Systems Department
ASC	-	Aramco Services Company
CAPEX	-	Capital Expenditure
CFPD	-	Corporate Finance and Planning Department
BOD	-	Board of Directors
GI	-	General Instruction
FAD	-	Financial Accounting Department
JVA	-	Joint Venture Agreement
MOA	-	Memorandum of Association
JVS&FCD	-	Joint Venture Support & Financial Consulting Department
MJVCD	-	Medical Joint Venture Coordination Department
MPS	-	Miscellaneous Payment System
OAD	-	Operations Accounting Department
OPEX	-	Operating Expenses
SHA	-	Shareholder Agreement
UVD	-	Upstream Ventures Department within Exploration Admin Area

SAUDI ARABIAN OIL COMPANY (Saudi Aramco) GENERAL INSTRUCTION MANUAL		G. I. No. Approved	
		288.001	
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1.2 RELATED INSTRUCTIONS

- AI 115 - Accounting Procedures for Transactions with Saudi Aramco Products Trading Company (ATC)
- AI 117 - Accounting for Aramco Gulf Operations Company Limited
- AI 118 - Accounting Procedures for Transactions with Bolanter Corporation N.V. (Bolanter)
- AI 121 - Accounting Procedures for Transactions with Aramco Services Company (ASC) and its Affiliates
- AI 123 - Accounting for Transactions with Saudi Aramco Asia Company (SAAC)
- AI 123-1 - Accounting for Transactions with ABS
- AI 124 - Accounting for Transactions with Saudi Aramco Energy Ventures (SAEV)
- AI 131 - Accounting Procedures for Transactions with Saudi Petroleum Overseas, Ltd
- AI 737 - Accounting for Investment in S-Oil
- AI 743 - Accounting for Investment in Saudi Aramco Mobil Yanbu refinery Company Limited (SAMREF)
- AI 744 - Accounting for Investment in Saudi Aramco Shell refinery Company (SASREF)
- AI 752 - Accounting for Investment in Saudi Aramco Lubricating Oil Refining Company (LUBEREF)
- AI 771 - Accounting for Investment in and Transactions with Petro Rabigh
- AI 772 - Accounting for Investment in and Transactions with Yanbu Aramco Sinopec Refining Company Limited (YASREF)
- AI 773 - Accounting for Investment in Fujian Joint Ventures
- AI 780 - General Ledger Account Reconciliation.
- GI 021.201 - Approval Authority
- GI 203.003 - Agreements – Functional Review Guidelines
- GI 211.070 - Miscellaneous Payments

2. OVERVIEW

- 2.1 In forming or acquiring a new legal entity Saudi Aramco will have a number of requirements, including Minimum Legal Capitalisation, and contractual obligations to fulfil.
- 2.2 Additionally, Saudi Aramco transacts business activities with a number of existing Affiliated Companies. Typically, when operational, these Affiliated Companies become self-funded from positive cash flows from their operations. In some cases, Saudi Aramco may be requested to fund cash on demand to such Affiliated Companies.

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2.3 When a Cash Call is made there should be a clear distinction made between the type of Cash Call being made – equity or loan – in order that the correct approval(s) can be given and accounted for correctly. Refer to section 4.

3. DEFINITIONS

3.1 Affiliated Company (Companies): A separate legal entity in which Saudi Aramco has any ownership interest.

3.2 Approved Documentation: Documents relating to the approval and payment of funds which may include, as necessary; Board of Directors Resolution, AOA/MOA, Certification of Incorporation, Authority Manual, Bank Details, Schedule and balance of payments to be made.

3.3 Approved Funding: Funding that has been approved as evidenced by board resolutions from the Saudi Aramco BOD, the Direct Parent BOD and the affiliate's BOD.

3.4 Agreements: JVA or other formative agreements, such as a SHA which provide guidance on all matters relating to the creation and ongoing business of an Affiliated Company; to include Cash Call requirements.

3.5 Cash Call: A cash payment made by Saudi Aramco to an Affiliated Company pursuant to a formal request. Cash payments are treated as either an equity contribution by Saudi Aramco, or a loan or advance to an Affiliated Company.

3.6 Cash Call Log: a control document which tracks all previous Cash Calls made relative to the Approved Funding amount, and contractual limit, (if applicable).

3.7 Equity Contribution Request: refers to a request for an equity contribution that the investors make as part of the stakeholders agreement(s) with joint ventures.

3.8 Limited Blanket Approval: Approval for Cash Calls (up to a specified maximum), subject to adherence to established internal controls and processes.

3.9 Minimum Legal Capitalisation: the minimum legal required capital, stipulated by a country's legislation, to commercially register a company in that country's domain.

3.10 Proponent: The Saudi Aramco department responsible for managing Saudi Aramco's investment in the affiliate and coordinating the provision of support services or otherwise administering Cash Call requirements.

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4. SCOPE

The following activities are intended to provide clarity as to the scope of this GI:

4.1 ACTIVITIES INCLUDED IN SCOPE

This GI applies only to transactions that represent equity investments in or shareholder loans or advances to affiliates.

Questions regarding the applicability of this GI to specific transactions should be directed to AP&SD.

4.2 ACTIVITIES EXCLUDED FROM SCOPE

Payments to affiliates that represent the settlement of intercompany charges for products or services provided by the affiliate to Saudi Aramco in accordance with applicable agreements are not cash calls for purposes of this instruction.

5. GENERAL PRINCIPLES

The following general principles apply to all Cash Call arrangements:

5.1 Funding Approval: All cash contribution commitments must be supported by Approved Funding, prior to executing any agreement committing Saudi Aramco or paying any Cash Calls, in accordance with GI 021.201 – Approval Authority. Individual installments may be executed against an approved Cash Call commitment covering a specified amount over a period of time.

5.2 Agreements Approval: All Agreements which include requirements to provide Cash Calls must be documented in writing and properly executed. All such Agreements must be approved by the Law Department and undergo a functional review by Finance prior to being executed, as per GI 203.003 Agreements – Functional Review Guidelines.

5.3 Controls:

5.3.1 Cash Call payment requests are initiated by the Proponent. JVS&FCD provides advice for ensuring these requests are in compliance with Affiliated Company approval and signatory authority requirements, and this GI.

5.3.2 All Proponent authorized Cash Call payment requests should be accompanied by

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the following supporting evidence, before initiating the MPS for payment:

1. Evidence of Approved Funding

- Copy of appropriately approved funding approval, including Board of Directors resolution, where applicable.
- Copy, or relevant page(s) of the associated Agreement, that requires Saudi Aramco to make the Cash Call
- Cash call request letter from the affiliate
- For repeat Cash Calls under the terms of the Agreement reference to the Agreement may be submitted.

2. Other supporting documentation if necessary, including:

- Business justification outlining the purposes for which the funds will be used.
- Cash Call log, if applicable.
- A statement illustrating the usage of the previous Cash Call, and
- Other document which supports the Cash Call as requested by JVS&FCD.

5.4 Accounting:

- a. All Cash Calls resulting in a disbursement of cash will result in the recognition of an asset for accounting purposes, either an investment in or a receivable due from the Affiliated Company. JVS&FCD is responsible for providing advice on the appropriate accounts, account reconciliation, and accounting treatment, relying on AP&SD for policy guidance.
- b. Reconciliations should be performed in line with AI 780 – General Ledger Account Reconciliation.

6. RESPONSIBILITIES

6.1 JVS&FCD

- a. Responsible for liaising with both the Proponent and Controllers to ensure that the Cash Call requests are processed in accordance to section 5.3.
- b. Verify that the Cash Call request is complete and all approved documentation is submitted, including reconciling the Cash Call Log with the relevant General Ledger accounts.

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- c. Where an MPS process is required to be set-up, provide advice in relation to the requirements and processes under GI 211.070 – Miscellaneous Payments, and the MPS request to be made to AP&SD for the setting up of an MPS process.

6.2 Proponent Responsibilities

- a. To formally request a MPS process in line with GI 211.070 Miscellaneous Payments, for the said payment(s).
- b. As part of its role in administering Agreements, the Proponent is responsible for maintaining and providing a cash call log for control purposes and for appending to the MPS request.
- c. The Proponent will serve as the primary contact with the Affiliated Company requesting the Cash Call. As such, all Cash Call requests should be submitted to the Proponent. The Proponent should, in turn, seek the advice, where necessary, of JVS&FCD, after reviewing and attesting to the Cash Call details.
- d. The Proponent is responsible for coordinating with the Affiliated Company and JVS&FCD to ensure that the Cash Call requests are made in sufficient time to meet the due date.
- e. The Proponent shall inform Treasury of the impending cash call ten (10) working days prior to the date of transfer.
- f. The Proponent is responsible for ensuring that any cash call cap is not breached. Where there is the possibility of a breach, the Proponent shall seek the advice of JVS&FCD, as to how this breach can be mitigated.

6.3 AP&SD Responsibilities

- a. To ensure that a request for the setting up of an MPS is reviewed and actioned in line with GI 211.070 Miscellaneous Payments.
- b. That any amendments to the MPS set-up and work flow are reviewed and actioned.

Approved: _____

A. A. Al Ruwaili, Manager
Accounting Policies & Systems Department

PM

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**SUBSIDIARY & AFFILIATE CASH CALLS-EQUITY
CONTRIBUTIONS**

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CONTENT: This GI supplement covers the Cash Call processing procedures for Equity Contributions.

This subject is covered in three documents and as such this specific document should not be read in isolation of the other two:

GI 288.001	Subsidiary & Affiliate Cash Calls
GI 288.001-1	Subsidiary & Affiliate Cash Calls – Equity Contributions
GI 288.001-2	Subsidiary & Affiliate Cash Calls – Shareholder Loans

The text of this Supplements includes:

1. Cash Call Processing Procedures – Equity Contributions
2. Limited Blanket Approvals Processing Procedures

1. CASH CALL PROCESSING PROCEDURES - EQUITY CONTRIBUTIONS

- 1.1 All Equity Cash Call requests from an Affiliated Company, shall be assessed by the proponent, having sought the advice of JVS&FCD, in determining if the request is to be classified as an Equity Contribution or Shareholder Loan. Equity Contributions will be guided by this GI. See GI Supplement 288.001-2 for Shareholder Loans.
- 1.2 All requests should be made in writing in accordance with the timing requirements of the applicable Agreement and include: the payment amount, currency, due date ("Value Date"), payment instructions from the Affiliated Company and other supporting documentation as prepared by the proponent.
- 1.3 In support of the Cash Call, the proponent shall provide all Approved Documentation relating to the approval and payment of such funds to an Affiliated Company.
- 1.4 No later than two weeks prior to the Value Date, the proponent shall advise Treasury directly, of the schedule of disbursement, and provide a copy to JVS&FCD.
- 1.5 The proponent will update the Cash Call Log, reconciled to the recipient company's cash call log, to include all prior Equity Contributions and the current cash call request, required by an Agreement. The proponent will assign a sequential reference number, by recipient, for each Equity Contribution request.
- 1.6 JVS&FCD will review the request for compliance with this GI and any other policy, as applicable. If needed, the proponent will request additional information from the Affiliated Company to support the request.

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- 1.7 The Proponent, will initiate the MPS process and attach the proper supporting documentation, as defined in 1.2 and 1.3.
- 1.8 In conjunction with the Approved Funding, the Board of Directors may mandate the desired approval authorities for individual installments. In the absence of specific direction from Board of Directors, individual cash calls will require review by the Proponent's Vice President (or higher), Treasurer/Assistant Treasurer, and financially approved by the Controller. All approvals will be scheduled through the MPS system work flows. In appropriate cases, to expedite the approval process, management may adopt a "Limited Blanket Approval" in accordance with Section 2.
- 1.9 Prior to Controller approval, JVS&FCD reviews all supporting information for completeness, in accordance with Section 1.2 and 1.3. Any incomplete supporting information will be returned to the initiator. If the proper supporting documentation is complete, JVS&FCD, using the MPS role of Reviewer, will indicate this fact by passing on the transaction for approval using the embedded workflow system. The proper accounting entries associated with the Equity contribution payment, are established when the MPS process is being approved.
- 1.10 OAD receives the approved MPS request workflow and validates the following:
- i. Confirming the payment amount, currency and Value Date as well as the sequential reference number against the supporting documents for each Equity Contribution Request,
 - ii. Any discrepancies are flagged to the proponent; otherwise OAD approves the workflow, and it moves onward to Banking Operations Division for confirmation.
- 1.11 Banking Operations Division will release the payment to the house bank and a payment advice will be automatically sent to the recipient.

2. LIMITED BLANKET APPROVALS PROCESSING PROCEDURES

- 2.1 With respect to certain existing Limited Blanket Approvals issued with respect to the Upstream Gas Ventures the Saudi Aramco Board of Directors directed that each Cash Call individual installment must be approved by a Senior Vice President (or higher), the Controller and the Treasurer or Assistant Treasurer. Finance management consulted with Law and all parties agreed that approval authorities for these Cash Calls should be delegated due to their routine nature and immaterial amounts. The agreed upon delegation approvals are as follows:
- i. The Board's directive will be followed for individual Gas Venture Cash Calls over \$20 million. These Cash Calls will require the approval of a Senior Vice President (or higher), the Controller and the Treasurer or Assistant Treasurer.

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For purposes of this directive, due to the system requirements of MPS it is required the Proponents' Senior Vice President shall function as the Senior Vice President for approval of the Cash Call.

- ii. For individual Gas Venture Cash Calls less than \$20 million, the Proponent's Senior Vice President may delegate approval authority to the Proponent Vice President, as part of the original MPS request, or subsequently in writing to AP&SD to amend an MPS workflow. In addition, the Controller will financially approve the transaction in MPS.

It is recognized that the above stated delegation limits may be subject to amendment as agreed by management from time to time.

2.2 Existing Gas Venture entities with Limited Blanket Approval Cash Calls:

I. Sino Saudi Gas Limited

Approved: _____

A. A. Al Ruwaili, Manager,
Accounting Policies & Systems Department

PM

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CONTENT: This GI Supplement covers the Cash Call processing procedures for Shareholder Loans.

This subject is covered in three documents and as such this specific document should not be read in isolation of the other two:

GI 288.001	Subsidiary & Affiliate Cash Calls
GI 288.001-1	Subsidiary & Affiliate Cash Calls – Equity Contributions
GI 288.001-2	Subsidiary & Affiliate Cash Calls – Shareholder Loans

1. CASH CALL PROCESSING PROCEDURES (SHAREHOLDER LOANS)

- 1.1 All Cash Call requests from an Affiliated Company, shall be assessed by the proponent, having sought the advice of JVS&FCD, in determining if the cash call is to be classified as Equity Contributions or Shareholder Loans. Shareholder Loans will be guided by this GI. See GI 288.001-1 for guidance on Equity Contributions.
- 1.2 All requests should be made in writing in accordance with the timing requirements of the applicable Agreement and include: the payment amount, currency, due date ("Value Date"), payment instructions from the Affiliated Company and other supporting documentation, as prepared by the proponent.
- 1.3 In support of the Cash Call, the proponent shall provide all Approved Documentation relating to the approval and payment of such funds to an Affiliated Company.
- 1.4 No later than two weeks prior to the Value Date, the proponent shall notify Treasury, directly of the schedule of disbursement, and provide a copy to JVS&FCD.
- 1.5 The proponent will update the Cash Call Log, reconciled to the recipient company's cash call log, to include all prior Shareholder Loans and the current cash call request, required by an Agreement. The proponent will assign a sequential reference number, by recipient, for each Shareholder Loans request.
- 1.6 JVS&FCD will review the request for compliance with this GI and any other policy, as applicable. If needed, JVS&FCD will request additional information from the Affiliated Company to support the request.
- 1.7 The Proponent will initiate the MPS process, and to attach the proper supporting documentation, as defined in 1.2 and 1.3.
- 1.8 In conjunction with the Funding Approvals, the Saudi Aramco Board of Directors may mandate the desired approval authorities for individual installments. In the absence of

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such specific direction by the Board of Directors, individual cash calls require review by the Proponent's Vice President (or higher), the Controller, and financially approved by the Treasurer/Assistant Treasurer. All reviewers and approvals will be scheduled through the MPS system.

- 1.9 Prior to the Treasurer/Assistant Treasurer approval, CFPD reviews all supporting information for completeness, in accordance with Section 1.2 and 1.3. Any incomplete supporting information will be returned to the proponent. If the proper supporting documentation is complete, Treasury will then approve the payment through the MPS. The proper accounting entries associated with the Shareholder Loan payment, are established at the formation of the MPS process.
- 1.10 In accordance with the Agreements, CFPD will determine any interest payable on the Shareholder Loan. Treasury will also determine the frequency of Invoicing and will communicate this information (as required) to FAD for inclusion in the appropriate accounting cycle.
- 1.11 OAD receives the approved MPS request in workflow and validates the following:
- i. Confirming the payment amount, currency and Value Date as well as the sequential reference number against the supporting documents for each Shareholder Loans Request,
 - ii. Any discrepancies are flagged to the proponent; otherwise OAD will approve the workflow, onward to Banking Operations Division for confirmation.
- 1.12 Banking Operations Division will release the payment to the house bank and a payment advice will be automatically sent to the recipient.

Approved: _____

A.A. Al Ruwaili, Manager,
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