

CONTENT:

This General Instruction Manual (G.I.) describes the process steps for certain Saudi Aramco (SA) corporate transactions as specified below. The G.I. is organized in the following sections:

1. Introduction
2. G.I. Accountability
3. Risk Management
4. Mergers & Acquisitions
5. Joint Venture Development
6. Divestitures
7. Third-Party Projects
8. Appendix (Roles and responsibilities, Glossary, Abbreviations and Overview of Transaction Types)

1.0 INTRODUCTION

1.1. Objective

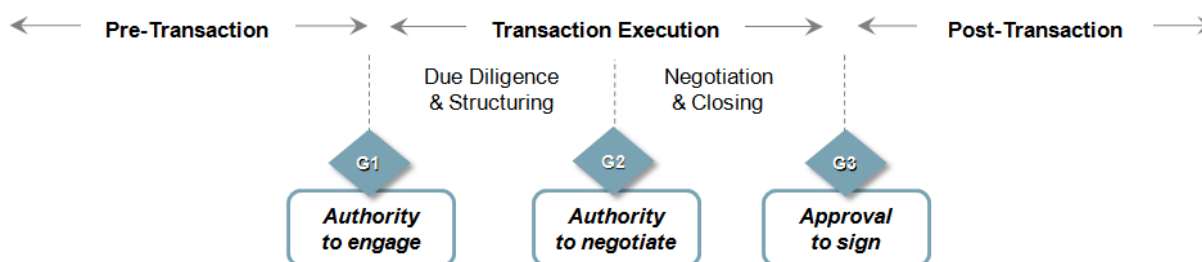
The objective of this G.I. is to define a structured process for certain types of transactions undertaken by SA. Each of the stakeholders involved in a transaction should adhere to the guidelines described in this G.I. and fulfill the respective roles detailed under each transaction type. Saudi Aramco Entrepreneurship Centre and Saudi Aramco Energy Ventures within New Business Development (NBD) are exempt from Transaction Development Guidelines.

1.2. Overview of Corporate Transactions

Corporate Transactions governed by this G.I. are Mergers & Acquisitions, Joint Venture Development, Divestitures and Third-Party Projects.

Each of these transaction types shall follow a specific process structured across three phases: Pre-Transaction, Transaction Execution and Post-Transaction. For each phase, specific Steps, Sub-steps, Gates, Milestones and the Roles and Responsibilities of involved stakeholders have been developed. In general the transaction processes have three main decision points, referred to as "Gates", as depicted in the diagram below:

- Gate 1 at the end of the Pre-Transaction phase to grant Authority to Engage externally with the counterparty in respect of the opportunity
- Gate 2 during the Transaction Execution phase to grant Authority to Negotiate on a non-binding agreement in respect of the opportunity
- Gate 3 at the end of the Transaction Execution phase to grant Approval to Sign definitive binding agreements in respect of the opportunity



The overarching principle in this process is that, during pre-transaction phase or prior to initial contact with counterparties, no action should be taken or representation given by the respective Proponent vis-a-vis the counterparty that would have the effect of commencing negotiations, limiting the Company's negotiating flexibility, or legally binding the Company during the pre-transaction phase or initial engagement with

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counterparts by the relevant Proponent. In parallel, it is key that Management of respective Proponent and NBD are aligned on the deliverables and outcomes expected at each Gate.

1.3. Related Control Documents

- [SA Management Guide – Section IV Approval Authorities](#)
- [SAPM - Saudi Aramco Procurement Manual](#)
- SA Investment Parameter Guidelines
- [G.I. 203.003 – Agreements – Functional Review Guidelines](#)
- [G.I. 203.004 – Corporate and Wholly-owned Subsidiaries' Financial Accounting & Advisory Services](#)
- [G.I. 203.005 – New Entity Formation](#)
- [G.I. 288.040 – NBD Project Development Expenditure – T/C 40](#)
- [Six-Step Risk Management Process User Guide and Risk Register Template issued by the ERM Group](#)

2.0 G.I. ACCOUNTABILITY

2.1. Ownership

The owner of this G.I. is the Vice President (VP) New Business Development (NBD).

2.2. Authority

Any changes to this G.I. must be reviewed by the Controller, concurred by VP NBD, endorsed by the General Counsel, and approved by the Senior Vice President (SVP) Finance, Strategy & Development (FS&D).

2.3. Accountability

All Proponents and corporate functions participating in the transactions are accountable for complying with this G.I.. This G.I. is not intended to be a manual of approval authorities and should be used in conjunction with the SA Management Guide and other Company guidelines as appropriate. Law and Controller's should be consulted in the event of an apparent conflict between this G.I. and the Management Guide or other G.I.s. Investment evaluation should include analysis based on the SA Investment Parameter Guidelines.

Risk management is a continuous process required by all business activities as per the Enterprise Risk Management Policy (INT-13) and is therefore essential for all transactions covered by this G.I. Risk management should be conducted in accordance with the Six-Step Risk Management Process and the outcomes must be presented at each Gate as explained in the Risk Management in section 3. Risk management should consider risks that directly affect the transaction and those that can impact the Company (and its associated JV's and subsidiaries) as a result of the transaction. The outcomes of risk assessments and the identified treatment plans should be documented in the Risk Register and be an integrated part of stage Gate presentations. The Risk Coordinator should coordinate, monitor, ensures continuity and adequacy of risk management activities and information throughout the transaction lifecycle.

2.4. Engagement

Proponents and NBD when Accountable must ensure all relevant Admin Areas as per G.I. are engaged in a **timely** manner. Failure to engage Admin Areas or their late participation may result in sub-optimal quality of deliverables therefore it is key that Proponent seeks NBD's ongoing support to ensure participation of each Admin Area is efficient and effective. NBD must also ensure all Admin Areas must cross functionally collaborate with each other to produce high quality deliverable(s) during transaction lifecycle.

For Commercial Structuring, Proponent must get NBD involved early on during the identification phase to ensure commercial structures are defined appropriately for selected Projects (asset or capital) and robust

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Business Model(s) are developed for commercialization of capabilities during the assessment phase. At a minimum, NBD will seek to govern the Commercial Structuring process including deliverables captured in Statement of Purpose using the framework of this GI, as appropriate on a case by case basis.

For resource requests from Admin Areas within FS&D, Proponent must engage with NBD (being liaison representative of FS&D) to contact respective Admin Area and fulfil request(s) accordingly.

3.0 Risk Management

Risk management for any business activity should conform to the requirements of the Corporate Six-Step Risk Management Process as published on the Enterprise risk Management website. Risk Management is a continuing activity that must be conducted as part of all transaction business activities. This includes identification, assessment and treatment plans, and how each of these have changed over the life of the transaction. The resulting risk information is summarized in the risk register. Risk management should be conducted within each definable business process and should not be an auxiliary process. Reporting at each Gate should include how risk management progress over the life of the transaction, the current risk assessment, and if the level of risk is satisfactory.

When considering risk for any activity, there are three areas of business risks that must be covered:

Transaction risks: these are risks related to executing the transaction itself

Entity risks: if the transaction involves a resulting new or third party entity, the operational risks within this new entity must be considered

Corporate risks: as a result of the transaction proposed, the risk profile of SA, as a corporation, may be affected, either directly or indirectly through impact on the Company's subsidiaries and Joint Ventures. These risks must then be considered

The outcomes of risk assessments and the identified treatment plans should be documented in the Risk Register and be part of stage Gate presentations. In addition, risk management information and treatment plans should be integral inputs in all transaction activities and deliverables.

Corporate Planning should be consulted throughout the transaction to provide conformance with the corporate Six-Step risk Management Process. It is only then that risk management can contribute to the successful outcome of the transaction.

4.0 MERGERS & ACQUISITIONS

4.1. Process overview

The Merger & Acquisitions (M&A) process is structured across three main phases: Pre-Transaction, Transaction Execution and Post-Transaction.

The **Pre-Transaction** phase consists of the sourcing and screening of opportunities in alignment with the strategy and the initial evaluation of shortlisted opportunities to identify one or more opportunities on which to engage.

The **Transaction Execution** phase consists of conducting Due Diligence, developing the transaction structure and conducting negotiations aimed towards reaching an agreement. As part of the Transaction Execution phase, Post-Transaction planning takes place in order to prepare for the integration of the acquired business/asset.

The **Post-Transaction** phase consists of implementing the Integration Plan for the acquired business with SA. It includes short-term and long-term integration steps.

4.2. Process Gates and Milestones

The M&A process is punctuated by three Gates, and two key Milestones after Gate 3. Refer to section 4.4 to section 4.6 for a detailed process, including roles and responsibilities matrix with outcomes and deliverables.

4.3. Nature of M&A transactions

Generally, the M&A process applies to transactions that fulfills underlying strategy through inorganic growth for SA, where the target is an existing operating company. M&A initiation process (Pre-Transaction) could follow standard designated process or could be in the form of one or combination of the following:

- *Negotiations between SA and potential partner* for SA, directly or indirectly, to either invest in an existing asset(s) of the potential partner or buy asset(s) outright from seller. The negotiations could be:
 - Exclusively bilateral between SA and the potential partner / seller; or
 - Potential partner / seller may enter into parallel negotiations with other potential interested buyers at the same time depending on nature of the transaction.
- SA, directly or indirectly, *participating in an arranged auction* to either invest in an existing asset(s) of the potential partner or buy asset(s) outright from seller with other participants in the bidding process. The bid package from seller typically includes a bid process letter explaining rules, procedure and strict timelines of the auction.

Which elements of M&A process are in scope and whether M&A transaction type is applicable and in what form depends on the nature and complexity of the transaction which may include elements of more than one transaction type. Therefore, Proponent and NBD must establish clarity during the early stages of the pre-transaction phase about the intended goal of the transaction and capture it in writing under Statement of Purpose prior to reaching Gate 1.

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AIS PAGE NO.
5 OF 38**4.4. Merger & Acquisitions - Pre-Transaction phase****Summary Description for Gate 1 (Authority to Engage)**

The Origination Team is led by the Proponent and comprises of the relevant corporate functions, in order to screen and shortlist potential M&A opportunities using guiding business parameters that are in line with the strategy. The Origination Team should develop and submit the required key deliverables for Gate 1.

Before Gate 1, the Origination Team should not proceed to activities required for Gate 2, e.g., negotiating or signing a Letter of Intent or Key Business Principles, developing transaction structure, conducting detailed Due Diligence. At Gate 1, the Management Committee (MC) or the Corporate Center Committee (CCC) would endorse the submission and grant Authority to Engage externally in respect of the specific opportunity. Following Gate 1, work will transition from the Origination Team to the Transaction Team, which would be able to proceed with the selected opportunity as per Gate 2 requirements detailed below.

Pre-Transaction		Transaction Execution			Post-Transaction	
		1. Sourcing and Screening			2. Initial Evaluation	
Stakeholders	Outcomes and Deliverables	Statement of Purpose (SoP)	Source opportunities	Screen opportunities	Assess opportunities	Establish Transaction Team
					Gate 1 Authority to Engage	
R Responsible						
A Accountable						
C Consulted						
I Informed						
SA BoD					I	
MC / CCC					R A	
Corporate Planning				C	R	
Proponent		R A	R A	R A		R
NBD		C	C	R C	R C	R A
Controller's				C	R C	R
Law				R	R	R
Treasury				C	R	R
ES				C	C	R
Other Admin Areas (e.g. HR, IT)				C	C	R
Corporate Affairs						
	Statement of Purpose (SoP)	Master list of opportunities	Short-list of opportunities • Profiles of short-listed opportunities • Preliminary valuation and initial integration options	Opportunities assessment • Identify potential deal-breaker • Initiate Risk Register • Strategic Fit Assessment	Authority to Engage • Specific opportunity	Transaction Team

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M&A RACI matrix 1: Pre-Transaction (steps 1-2)

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4.5. Merger & Acquisitions - Transaction Execution phase

Summary Description for Gate 2 (Authority to Negotiate)

The Transaction Team led by NBD should conduct Due Diligence and subsequently develop the Valuation and Firm Offer (non-binding). The Transaction Team should develop and submit the required key deliverables for Gate 2.

At Gate 2, the MC/CCC would endorse the Firm Offer (non-binding) and grant Authority to Negotiate with respect to the specific opportunity. Following consultation between Law and Controller's, the General Counsel and Secretary shall advise whether the approval of the Board or Executive Committee should or must be obtained at this Gate, based on the contemplated transaction facts and circumstances. Following this determination (and further approval, if applicable), the Transaction Team would be able to proceed to negotiations.

Summary Description for Gate 3 (Approval to Sign)

The Transaction Team led by NBD should conduct negotiations, finalize the Valuation and the transaction structure and develop the draft of Final Agreements. The Transaction Team should develop and submit the required key deliverables for Gate 3. At the Gate, the MC/CCC would endorse the key commercial terms and the SA BoD would grant Approval to Sign, allowing the Transaction Team to proceed with the transaction closing.

Pre-Transaction			Transaction Execution										Post-Transaction		Part of the "Negotiation and Closing" step, however occur after Gate 3																																												
			3. DD & Valuation			4. Transaction Structuring				5. Negotiation & Closing			6. Post-Transaction planning																																														
			Prepare and submit LOI	Establish access to transaction data	Perform Due Diligence	Finalize Bus. Plan & Valuation	Develop transaction structure options	Assess financial implications	Assess legal implications	Recommend transaction structure	Establish integration Steering Committee	Finalize Firm Offer	Gate 2 - Authority to Negotiate	Develop negotiation strategy	Plan Communications	Finalize Definitive Agreement	Establish Integration Team	Plan post-Transaction activities	Gate 3 - Approval to Sign	Sign Final agreements	Close transaction																																						
Stakeholders	SA BoD												I						R	A																																							
	MC / CCC												R	A					R																																								
	Corporate Planning				C	C						C	R						C	R																																							
	Proponent		R	C	R	C	R	C	R	R	C	R		R	C	R	R	R	R	A																																							
	NBD		A	R	A	A	A	A	A	R	A	A	R	A	A	A	R	A	A	C		A																																					
	Controller's			C	R	C	C	C		C	R	C		C		C	R	R	R		R																																						
	Law		R		R	C	C	C	R	C		R		C	C	C	R	R	R		R																																						
	Treasury			C	R	R	C	R		C		C		C			R	C	R		R																																						
	ES			C	R	C		C		C							C	R	R																																								
	Other Admin Areas (e.g. HR, IT)			C	R													R	R																																								
	Corporate Affairs															R		R	R																																								
Outcomes and Deliverables			Submitted LOI or equivalent			Access to data			Due Diligence report Update risk register			Business Plan & Valuation			Transaction structure options			Financial evaluation of transaction structures			Legal evaluation of transaction structures			Description of contemplated transaction structure			Integration Steering committee nomination Preliminary Integration Plan			Draft non-binding offer Update Risk Register			Approval to Negotiate (Firm Offer)			Negotiation material agreements and update financing structure			Communication plan			Draft of definitive agreements			Integration Team			Post-transaction integration plan, including Risk Management Plan			Approval to Sign - Final Investment Decision (FID)			Signed agreement			Transaction closed		

M&A RACI matrix 2: Transaction Execution (steps 3-6)

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7 OF 38**4.6. Merger & Acquisitions - Post-Transaction phase****Summary Description for Milestone 1 (100-day Post-Transaction review)**

The Integration Team led by the Proponent should manage the acquired business integration in the short term as per the 100-day plan. At the 100-day mark, a performance review including risk management should be conducted by Proponent with inputs from key stakeholders and in coordination with shareholder representative of SA.

The MC/CCC should consider the results of the performance review and provide guidance and corrective actions to ensure successful integration including risk management.

Summary Description for Milestone 2 (Steady-state Post-Transaction review)

The Integration Team should lead the acquired business integration in the long term as per the long-term plan. Once the steady-state organization is reached, a thorough performance review including risk management should be conducted by Proponent with inputs from key stakeholders and in coordination with shareholder representative of SA.

The MC/CCC should consider the results of the performance review including risk management and provide guidance and corrective actions to ensure the successful integration.

		Pre-Transaction			Transaction Execution			Post-Transaction	
					7. First 100-day integration			8. Long-term integration	
Stakeholders	R Responsible	Execute Day 1 requirements	Implement 100-day Integration Plan	Conduct 100-day performance review	Milestone 1 Review performance and provide guidance	Implement long-term Integration Plan	Conduct steady-state performance review	Milestone 2 Review performance and provide guidance	
	A Accountable				R A			R A	
	C Consulted			C	R		C	R	
	I Informed								
	SA BoD								
	MC / CCC				R A			R A	
	Corporate Planning			C	R		C	R	
	Proponent	R A	R A	R A		R A	R A		
	NBD	R C	R C	R C		R C	R C		
	Controller's		R	R		R	R		
	Law		R			R			
	Treasury		R			R			
	ES		R			R			
Outcomes and Deliverables	Other Admin Areas (e.g. HR, IT)		R			R			
	Corporate Affairs		R			R			
		Post-transaction integration plan launched	100-day Integration plan implemented Updated Risk Register	100-day performance report Transaction lessons learned survey results Risk Management review	100-day performance reviewed and guidance provided	Long-term Integration plan implemented Updated Risk Register	Steady-state performance report Risk Register review Integration lessons learned survey results	Steady-state performance report reviewed and guidance provided	

M&A RACI matrix 3: Post-Transaction (steps 7-8)

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5.0 JOINT VENTURE DEVELOPMENT

5.1. Process overview

The Joint Venture Development (JVD) process applies to greenfield and brownfield developments, undertaken jointly with a potential business Partner. In case of acquiring an interest in an existing asset where joint FEL or joint development is not in scope of respective transaction, refer to 3.0 Mergers & Acquisitions. The JVD process is structured across three main phases: Pre-Transaction, Transaction Execution and Post-Transaction.

The **Pre-Transaction** phase consists of the identification and short-listing of JV opportunities in alignment with the strategy. It includes the sourcing, screening and the initial evaluation of potential partners to identify one or more opportunities on which to engage.

The **Transaction Execution** phase consists of performing in-depth evaluation of the selected partners and projects, launching the joint FEL study for the particular project, conducting negotiations of the JVD terms and joint discussions in respect to third parties, and developing Final Agreements. Post-Transaction planning should also take place as part of the Transaction Execution phase to ensure JV readiness.

The **Post-Transaction** phase focuses on executing the JV Implementation Plan. The implementation comprises the short-term transition phase and the long-term implementation.

5.2. Process Gates and Milestones

The JVD process is punctuated by three Gates, and two key Milestones after Gate 3. Refer to section 5.5 to section 5.7 for a detailed process, including roles and responsibilities matrix with outcomes and deliverables.

5.3. Nature of JVD transactions

The JVD process in this G.I. is a standard process. JVD initiation process (Pre-Transaction) could follow standard designated process or could be in the form of one or combination of the following:

- *Negotiations between SA and potential Partner* for both to jointly develop and invest in a prospective opportunity. The negotiations could be:
 - o Exclusively bilateral between SA and the potential JVD Partner; or
 - o SA and potential JVD Partner may enter into parallel negotiations with other potential interested parties.
- *SA participating in an arranged selection process* to be considered for Joint Development with the potential JVD Partner.

Which elements of JVD process are in scope and whether JVD transaction type is applicable and in what form depends on the nature and complexity of the transaction which may include elements of more than one transaction type. Therefore, Proponent and NBD must establish clarity during the early stages of the pre-transaction phase about the intended goal of the transaction and capture it in writing under Statement of Purpose prior to reaching Gate 1.

5.4. Other Related Control Documents

- [AI 790 - Accounting for Saudi Aramco Joint Arrangements](#)
- [G.I. 203.001 - Joint Arrangements – Pre-Formation Cost Sharing](#)
- [G.I. 203.002 - Joint Arrangement Development – Financial Controls](#)
- ES Technical Mandate for Joint Ventures (For roles and responsibilities pertaining to departments under ES)
- [FEL \(Front-End Loading\) Manual](#)

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The Proponent should set up an Origination Team comprised of the relevant corporate functions, in order to identify potential JV partners using guiding business parameters that are in line with the strategy. The Origination Team should develop and submit the required key deliverables for Gate 1.

Summary Description for Gate 1 (Authority to Engage)

Before Gate 1, the Origination Team or the Transaction Team should not proceed to activities required for Gate 2, e.g., signing initial MoU/KBPs, developing definitive documents or developing FEL. At Gate 1, the MC/CCC would endorse the initial MoU/KBPs and grant Authority to Engage with the Partner with respect to the specific opportunity. In case the Proponent intends to go past Gate 1 with more than one Partner, respective VP of the Proponent and NBD would endorse the submission and grant Authority to Engage including the specific opportunity as an information item for MC/CCC. Following Gate 1, the Transaction Team would be able to proceed to next steps with the selected Partner as per Gate 2 requirements shown in the table below.

Pre-Transaction		Transaction Execution		Post-Transaction	
1. Sourcing and Screening		2. Initial Evaluation			
	Statement of Purpose (SoP)	Source partners	Screen partners	Conduct pre-feasibility study	Establish Transaction Team
R Responsible					
A Accountable					
C Consulted					
I Informed					
SA BoD					
MC / CCC					
Corporate Planning			C	C	
Proponent	R A	R A	R A	R A	R A
NBD	C	R C	R C	R C	R
Controller's			C	R C	R
Law			R	R	R
Treasury			C	R C	R
ES	C		C	R	R
P&SCM		C	C		R
PM					R
Other Admin Areas (e.g. HR, IT, corporate affairs)					
Outcomes and Deliverables	Statement of Purpose (SoP)	Master of listed partners	Short-list of partners Profiles and Evaluation of short-listed partners Strategic Fit Assessment	Partner evaluation Project scoping including initial Economic Evaluation Model and Business Plan Initiate Risk Register	Transaction Team

RACI matrix 1: Pre-Transaction (steps 1-2)

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5.6. Joint Venture Development - Transaction Execution phase

Summary Description for Gate 2 (Authority to Negotiate)

The Transaction Team led by Proponent should conduct discussions to develop the key commercial terms and the MoU/JDA draft. The Transaction Team should develop and submit the required key deliverables for Gate 2.

At Gate 2, the MC/CCC would endorse the MoU/JDA terms and the FEL funding request with the Partner. The SA BoD would approve signing of the MoU/JDA and the FEL Approved Funding with the Partner. Following this, the Transaction Team would be able to proceed to final negotiations and to develop the definitive documents.

Summary Description for Gate 3 (Approval to Sign)

The Transaction Team led by NBD should conduct definitive documents negotiations, finalize the JV financing plan and develop draft Final JV Agreements. The Transaction Team should develop and submit the required key deliverables for Gate 3. At the Gate, the MC/CCC would endorse the executive summary of the definitive documents and funding obligations, followed by approval of the SA BoD.

Pre-Transaction			Transaction Execution				Post-Transaction	
			3. Partner assessment	4. Commercial discussions	5. Joint FEL study	6. Negotiation & Closing	7. JV setup & readiness	
			Establish initial contact with short-listed partners	Assess short-listed partners	Select partner to engage & develop KBPs	Gate 1 – Authority to Engage	Sign initial MoU (if required)	
			Plan communications	Launch JV commercial discussions	Agree with partner on MoU/JDA terms	Gate 2 – Authority to Negotiate	Sign MoU/JDA	
			Establish joint FEL Team	Launch and conduct joint FEL study	Develop Bus. Plan & Economic Valuation Model	Develop definitive documents with partner	Endorse JV agreement & definitive docs	
			Develop negotiation strategy	Jointly finance the project	Finalize agreement	Establish JV Implementation Team	Develop JV setup and readiness	
			Gate 3 – Approval to Sign	Sign agreement	Close transaction & initiate JV financing			
			Signed by Shareholders' representative			Signed by Shareholders' representative		
Stakeholders	SA BoD							
	MC / CCC							
	Corporate Planning							
	Proponent							
	NBD							
	Controller's							
	Law							
	Treasury							
	ES							
	P&SCM							
	PM							
	Other Admin Areas (HR, IT, Corporate affairs)							
Outcomes and Deliverables	Partners contacted and NDA signed							
	Assessment of short-listed partners							
	Initiate Risk Register							
	Partner selected and key commercial principles developed							
	JV steering committee							
	Authority to Engage							
	Signed initial MoU/KBPs							
	Communication Plan							
	Discussions started with partner							
	Assess FEL funding requirements							
	Draft of MoU/JDA							
	JV financing structure							
Outcomes and Deliverables	Update Risk Register							
	Authority to Negotiate							
	Approved Funding							
	MoU/JDA signed							
	Joint FEL Team							
	FEL study results							
	Bus. Plan & Economic Evaluation Model							
	Definitive documents agreed upon							
	Update risk register							
	JV formation agreement and definitive documents endorsement							
	Negotiation strategy							
	JV financing structure, Joint Financial Model							
Outcomes and Deliverables	Joint project financing							
	Final JV formation agreement and definitive documents agreed upon							
	JV Implementation Team							
	Post-transaction Implementation, Plan & Risk Management Plan							
	Approval to Sign - Final Investment Decision (FID)							
	Signed agreement							
	Transaction closed and project finance initiated							

RACI matrix 2: Transaction Execution (steps 3-7)

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The Implementation Team led by the Proponent should manage the JV implementation in the short term as per the 100-day plan. At the 100-day mark, a performance review should be conducted by Proponent with inputs from key stakeholders and in coordination with shareholder representative of SA.

The MC/CCC should consider the results of the performance review and provide guidance.

Summary Description for Milestone 2 (steady-state Post-Transaction review)

The Implementation Team should lead the JV implementation as per the long-term plan. At the steady-state, a thorough performance review, including risk management, should be conducted by Proponent with inputs from key stakeholders and in coordination with shareholder representative of SA.

The MC/CCC should consider the results of the performance review and provide guidance.

		Pre-Transaction			Transaction Execution			Post-Transaction	
					8. First 100-day implementation			9. Long-term implementation	
Stakeholders	R Responsible								
	A Accountable								
	C Consulted								
	I Informed								
	SA BoD								
	MC / CCC								
	Corporate Planning								
	Proponent								
	NBD								
	Controller's								
	Law								
	Treasury								
	ES								
	Other Admin Areas (e.g. HR, IT)								
	Corporate Affairs								
Outcomes and Deliverables									

JVD RACI matrix 3: Post-Transaction (steps 8-9)

6.0 DIVESTITURES

6.1. Process overview

The Divestitures process is structured across three main phases: Pre-Transaction, Transaction Execution and Post-Transaction.

The **Pre-Transaction** phase covers the assessment and identification of the assets to be divested in accordance with the strategy.

The **Transaction Execution** phase covers the solicitation of interest from potential buyers, the execution of the process of buyers' selection, the selection of the preferred buyer and the negotiations to maximize value to SA. Further, it includes the preparation for the Carve-out Plan.

The **Post-Transaction** phase covers the implementation of the Carve-out Plan to ensure that critical interdependencies with SA operations are closely monitored and potential disruptions are prevented.

6.2. Process Gates and Milestones

The Divestment process is punctuated by three Gates, and two key Milestones after Gate 3. Refer to section 6.5 to section 6.7 for a detailed process, including roles and responsibilities matrix with outcomes and deliverables.

6.3. Nature of Divestiture transactions

The Divestiture process in this G.I. is a standard process. Divestiture initiation process (Pre-Transaction) could follow standard designated process or could be in the form of one or combination of the following:

- *Negotiations between SA and potential partner* for SA to either divest JV interest in an existing asset(s) to a potential JV partner or sell asset outright to Buyer. The negotiations could be:
 - Exclusively bilateral between SA and the potential JV partner / Buyer; or
 - SA may enter into parallel negotiations with other potential interested buyers at the same time depending on nature of the transaction.
- *SA running an arranged auction process* to either divest JV interest in an existing asset(s) to the potential JV Partner or sell asset outright to Buyer with other participants in the bidding process.

Which elements of Divestiture process are in scope and whether Divestiture transaction type is applicable and in what form depends on the nature and complexity of the transaction which may include elements of more than one transaction type. Therefore, Proponent and NBD must establish clarity during the early stages of the pre-transaction phase about the intended goal of the transaction and capture it in writing under Statement of Purpose prior to reaching Gate 1.

6.4. Other Related Control Documents

- [AI 206 Accounting for Disposition of Capital Assets](#)

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6.5. Divestitures - Pre-Transaction phase

Summary Description for Gate 1 (Authority to Engage)

The Proponent should identify potential assets to be divested according to the Company strategy. The Transaction Team led by NBD should develop the initial Valuation and approach to divest. The Transaction Team should develop and submit the required key deliverables for Gate 1. At the Gate, the MC/CCC would endorse the divestiture proposal.

Summary Description for Milestone 1 (Investment Memorandum)

The Transaction Team led by NBD should develop the Due Diligence report and the Investment Memorandum containing information on the asset to be divested. The Investment Memorandum would be endorsed by the Proponent SVP and distributed to potential buyers.

Summary Description for Milestone 2 (Information exchange with potential buyers)

The Transaction Team led by NBD should develop the buyers' shortlist and the Proponent SVP should endorse the buyers' shortlist and the data to be accessed by the potential buyers.

Pre-Transaction Transaction Execution Post-Transaction							
1. Divestiture decision							
	Identify assets suggested for divestiture and develop rationale and scope for divestiture	Establish Transaction Team	Assess value of the asset to be divested	Identify impact of key interfaces	Define potential investors' profile	Gate 1— Authority to Engage (proceed with the divestiture process)	Structure divestiture transaction
Stakeholders							
SA BoD						I	
MC/CCC						R A	
Corporate Planning	C		C	C	C	R	
Proponent	R A	R	R C	R C	R		R C
NBD	C	R A	A	R A	R A		R A
Law		R		C			R
Controller's		R	R	C			C
Treasury		R	R	C	C		C
Other Admin Areas (e.g. ES, HR, IT)		R		C			
Corporate Affairs							
Outcomes and Deliverables	- Recommendation to divest backed with rationale for divestiture - Statement of Purpose (SoP)	Transaction Team	- Initial Valuation and transaction approach - Assessment of impact on parent company (incl. loss of synergy)	- Analysis of impact on key interfaces - Initiate Carve-out risk register	- Investors' profiles - Update Risk Register - Strategic Fit Assessment	- Authority to Engage - Endorsed divestiture proposal	Recommended divestiture structure

Divestiture RACI matrix 1: Pre-Transaction (step 1)

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6.7. Divestitures - Post-Transaction phase

Pre-Transaction		Transaction Execution	Post-Transaction
5. Post Disposal Support			
	Establish Implementation Team & Conduct Lessons Learned	Implement Carve-out plan	Monitor operations
R Responsible			
A Accountable			
C Consulted			
I Informed			
SA BoD			
MC / CCC			
Proponent SVP			
Corporate Planning			
Proponent	R	R C	R A
NBD	R A	R A	
Law	R	R	
Controller's	R	R	
Treasury	R	C	
Other Admin Areas (e.g. ES, HR, IT)	R	C	
Corporate Affairs			
Outcomes and Deliverables	- Implementation Team - Lessons learned survey results	Divested asset	Identified issue or none

Divestiture RACI matrix 3: Post-Transaction (step 5)

7.0 THIRD-PARTY PROJECTS

7.1. Process overview

The Third-Party Projects process covers capital and non-capital projects to be developed and operated by a third party. The process is structured across three main phases: Pre-Transaction, Transaction Execution and Post-Transaction.

The **Pre-Transaction** phase covers development of the scope and rationale of a Project to be developed by a Third-Party. The rationale should be developed under the SA Engineering Procedures (SAEP) 360 Project Planning Guidelines.

The **Transaction Execution** phase covers the solicitation of interest from potential partners, the execution of the bidding process to short list and the selection of a partner to sign the project agreement.

The **Post-Transaction** phase covers the implementation of the agreement during Development and Operations, as well as the transfer of assets as specified by the project agreements.

7.2. Process Gates and Milestones

The Third-Party Project process comprises of three Gates, and four key Milestones after Gate 3. Refer to section 7.5 to section 7.7 for a detailed process, including roles and responsibilities matrix with outcomes and deliverables.

7.3. Nature of Third-Party Project transactions

For more information on Third-Party Projects initiation, please refer to SAEP-360 available on ShareK or contact Facilities Planning Department (FPD) under Technical Services.

Which elements of Third-Party process are in scope and whether Third-Party project transaction type is applicable and in what form depends on the nature and complexity of the transaction which may include elements of more than one transaction type. Therefore, Proponent and NBD must establish clarity during the early stages of the pre-transaction phase about the intended goal of the transaction prior to reaching Gate 1.

7.4. Other Related Control Documents

- [GI 886.000 Public Service Projects – Governance and Control](#)
- [AI 721 Public Service Costs](#)
- [SAEP-360 Project Planning Guidelines](#)

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7.6. Third-Party Projects - Transaction Execution phase

Summary Description for Gate 2 (Authority to Negotiate)

The Transaction Team led by NBD should define the Third-Party Project agreement requirements, qualify potential partners for the bidding process and prepare the Invitation to Bid (ITB). The Transaction Team should develop and submit the required key deliverables for Gate 2. At the Gate, the Services Review Committee (SRC) would endorse the procurement plan and the bid slate allowing the Transaction Team to proceed to the bidding process.

Summary Description for Gate 3 (Approval to Sign)

The Transaction Team led by NBD should run the bidding process, conduct negotiations with the selected bidder and finalize the Third-Party Project agreements. The Transaction Team should develop and submit the required key deliverables for Gate 3. At the Gate, the SRC followed by the MC/CCC would endorse the selection of the bidder and the key commercial terms of the Third-Party Project agreement. The SA BoD would approve signing the agreement.

		Pre-Transaction		Transaction Execution								Post-Transaction				
		3. Pre-qualification					4. Scoring bids & holding clarification meetings			5. Negotiation and signing						
		Prepare for pre-qualification	Develop bid slate of qualified bidders selection	Develop evaluation requirements	Prepare ITB for qualified bidders	Gate 2 – Authority to Negotiate (proceed to the bidding process)	Plan Communication	Submit ITB , collect Bids, develop evaluation methodology	Score technical section of bids	Score commercial, legal, financial sections of bids	Hold clarification meetings	Consolidate bid scores and ranking bidders	Develop negotiation strategy	Select preferred bidder and finalize Third-Party agreement	Gate 3 – Approval to Sign	Sign the agreement
Stakeholders	SA BoD					R A									R A	
	SRC					R A									R	
	MC / CCC														R	
	Corporate Planning				C									C		
	Proponent	R		R					R		C		C	R C		
	NBD	R A	R A	R A	R A	R	A	A	A	R A	R A	R A	R A	R A		
	P&SCM	R	R	R	R C	R		R	R	R	R	R	R	R		
	PM			C				C	C	C	C			C		
	Controller's	C		R C					C	C	C	R	C	R		
	Treasury	R		R C		R			R	R	C		C	R		
	Law	R		R	R		C		R	R	C		C	R		
	ES			R				C	C	C	C		C	R		
	Other Admin Areas (e.g. IT, HR)			R				C	C							
	Corporate Affairs						R									
Outcomes and Deliverables	Requests for Qualification (RFQs)	Bid slate	Evaluation requirements	- Invitation to Bid (ITB) - Third-Party agreement - Update Risk Register	- Authority to Negotiate - Endorsed Procurement Plan	Communication plan	- Bids - Evaluation methodology	Technical score sheets	Commercial score sheets	Attended meeting	Suggestion of preferred bidder	Negotiation strategy including updated Risk Register	- Third-Party agreement - Bid evaluation reports - Update Risk Register	- Approval to Sign - Finalize bidder selection	Signed agreement	

Third-party RACI matrix 2: Transaction Execution (step 3-5)

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7.7. Third-Party Projects - Post-Transaction phase

Summary Description for Milestone 1 (Acceptance of construction works)

Proponent should monitor the development process and ensure the agreement terms and risk management program are implemented until completion.

The MC/CCC would acknowledge development completion.

Summary Description for Milestones 2-4

Milestones 2-4 are applicable if transfer is contemplated by the Third-Party agreements.

Pre-Transaction						Transaction Execution				Post-Transaction			
6. Coordination of Development						7. Operation and Management				8. Transfer (if included in the agreement)			
Stakeholders	R Responsible	A Accountable	C Consulted	I Informed									
	Develop Contract Administration Manual (CAM)	Implement Third-Party agreement, Provide authorizations	Finance the project (if SA participates)	Follow up on development process, Communicate	Mitigate deviations and accept development works	Milestone 1 – Acceptance of construction works	Link asset with existing businesses	Manage contract agreements	Establish Integration Team	Plan integration (if transfer is part of the agreement)	Milestone 2 – Endorse 100-day Post-Transfer plan and Long-term plan	Launch integration	Milestone 3 – Consider results Provide guidance
SA BoD													
SRC													
MC / CCC						R A					R A		R A
Corporate Planning						R					R		R
Proponent	R A	R A			R A	R A	R A	R A	R A	R A	R A	R A	R A
NBD					C								
P&SCM							C		R	C		C	
PM	C	C			C	C							
Controller's								C	R				R
Treasury									R	R			R
Law									R	R			R
ES									R	C			R
Other Admin Areas (IT, HR)									R	R			R
Corporate Affairs						R				R			R
Outcomes and Deliverables	CAM	All required authorizations	Project financing	List of deviations Mitigations	Project completion documents	Endorsed development completion	"Ready to launch" state	N/A	Integration Team	Day 1 requirements, 100 day Post-Transfer plan with associated risks Long-term plan	Endorsed 100-day and Long-term Post-Transfer plans	100-day Post-Transfer performance report with associated risks Long-term communication plan	Considered results Provided guidance
													Steady-state Post-Transfer performance report
													Considered results Provided guidance

Third-party RACI matrix 3: Post-Transaction (steps 6-8)

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Khalid H. Al-Dabbagh, Controller

Yasser M. Mufti, Executive Director,
New Business Development

Nabeel A. Al-Mansour, General Counsel
and Secretary

Abdallah I. Al-Saadon, Senior Vice President
Finance, Strategy and Development

8.0 APPENDIX

Roles and responsibilities

Guiding Principles

Responsible, Accountable, Consulted and Informed have been clearly defined in Glossary section of Appendix.

Accountable

- Roles are clearly delineated in the respective RACI matrix of each transaction type. There is only one Admin Area Accountable for a sub-step (activity or a deliverable) between Gates.
- Proponent and NBD when Accountable must ensure appropriate Virtual Data Room (VDR) is used to store transaction related documents.

Consulted

Roles shown in respective RACI matrix for each transaction type provide inputs on respective area of technical subject matter expertise including advice on specific data requirements. In addition, they contribute towards development of an activity or a deliverable. For inputs from Consulted Admin Area related to task, activity or deliverable that have **not** been taken into consideration, Responsible Admin Area must validate with the Accountable Admin Area and provide appropriate justification.

Responsible

- Each respective team is Responsible for providing suitable and appropriate resources when establishing Transaction team, Implementation team or Integration team as necessary and suitable as requested by the Accountable Admin Area.
- For all transaction types, respective Contracting Unit within Accountable Admin Area (Contracting team of either the Proponent or NBD depending on the stage of transaction lifecycle) is Responsible for initiating service related agreements. See Section 1.3 in SA Procurement Manual or contact respective Contracting team for further guidance.
- NBD is Responsible for **Corporate Oversight** and supporting Accountable Admin Area (Proponent) throughout transaction lifecycle.
- Proponent is Responsible for **Business Oversight** and supporting Accountable Admin Area (NBD) throughout the transaction lifecycle.
- Responsible roles are detailed below for relevant Admin Areas and decision making stakeholders. For Proponent and NBD, Responsible roles are stated by transaction types.

Mergers & Acquisitions

NBD key responsibilities

Role before Authority to Negotiate (to Gate 2)

- Responsible for establishing access to transaction data
- Responsible for developing transaction structure options and recommendation
- Responsible for developing commercial aspects of the Firm Offer (non-binding)
- Responsible for updating Risk Register including treatment plans

Role before Approval to Sign (to Gate 3)

- Responsible for developing the negotiation strategy
- Responsible for updating Risk Register before Post-Transaction planning
- Responsible for developing commercial aspects of the final agreement

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Milestones

- Responsible for identifying / conducting lessons learned survey followed by synthesizing and sharing best practices
- Responsible for preparing Post Transaction risk management review

Proponent key responsibilities

Role before Authority to Engage (to Gate 1)

- Responsible for sourcing and screening opportunities based on guiding business parameters that are aligned with the Company strategy and prepare SoP
- Responsible for assessing possible integration options, developing initial Risk Register

Role before Authority to Negotiate (to Gate 2)

- Responsible for Due Diligence on technical and commercial aspects and assessing synergies and establishing the Integration Steering Committee
- Responsible for updating Risk Register including treatment plans

Role before Approval to Sign (to Gate 3)

- Responsible for establishing the Integration Team and for updating Risk Register and developing integration risk management program to be conducted during Post-Transaction planning.
- Responsible to initiate development of Post-Transaction activities plan including Day 1 requirements, 100-day Plan, long-term Integration Plan and for developing Post-Transaction targets in alignment with transaction economics

Role between Signing and Closing

- Responsible for detailed development of Post-Transaction activities plan including Day 1 requirements, 100-day Plan, long-term Integration Plan and for developing Post-Transaction targets in alignment with transaction economics

Role after Closing

- Responsible for implementing Day 1 requirements, 100-day and long term Integration Plan
- Responsible for preparing Post Transaction operational performance review reports

Joint Venture Development (JVD)

NBD key responsibilities

Role before Authority to Engage (to Gate 1)

- Responsible for developing initial Risk Register including treatment plans

Role before Authority to Negotiate (to Gate 2)

- Responsible for updating Risk Register including treatment plans

Role before Approval to Sign (to Gate 3)

- Responsible for developing commercial aspects of the definitive documents
- Responsible for developing the negotiation strategy considering updated risk information

Milestones

- Responsible for identifying / conducting lessons learned survey followed by synthesizing and sharing best practices.
- Responsible for preparing JV implementation risk management review

Proponent key responsibilities

Role before Authority to Engage (to Gate 1)

- Responsible for:
 - o Preparing Statement of Purpose 'SoP'
 - o Sourcing and screening partners based on guiding business parameters that are aligned with the Company strategy
 - o Nominating members for JV Steering Committee
 - o Establishing the Transaction Team, establishing initial contact with short-listed partners, gauging interest and signing NDA, assessing short-listed partners on technical and commercial aspects, development of technical and commercial aspects of KBPs and for recommending preferred partner(s)
 - o Initial project scoping
 - o Development of the Business Plan

Role before Authority to Negotiate (to Gate 2)

- Responsible for:
 - o Launching the JV commercial discussions
 - o Agreeing with partner on the MoU/JDA terms

Role before Approval to Sign (to Gate 3)

- Responsible for :
 - o Joint FEL Team establishment and development of joint FEL study
 - o Developing technical aspects of the definitive documents
 - o Endorsing the JV formation agreement and definitive documents
 - o Continuing risk management during JV setup and readiness

Role to Milestone 1

- Responsible for implementing Day 1 requirements and the 100-day Plan
- Responsible for establishing the JV Implementation Team
- Responsible for the development of Post-Transaction JV setup and readiness plan including Day 1 requirements, 100-day Plan and long-term Implementation Plan
- Responsible for continuing JV implementation risk management program
- Responsible for the development of JV targets in alignment with the transaction economics
- Responsible for updating Risk Register
- Responsible for preparing Post Transaction operational performance review reports

Role to Milestone 2

- Responsible for implementing long-term Plan
- Responsible for preparing Post Transaction operational performance review reports

Divestitures

NBD key responsibilities

Role before Authority to Engage (to Gate 1)

- Responsible for initial carve-out Risk Register including treatment plans

To endorsement of Investment Memorandum

- Responsible for developing commercial structure of the transaction and approach
- Responsible for establishing initial contact with interested buyers, gauging interest and signing NDA
- Responsible for commercial aspects of the SPA terms

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Role before Authority to Negotiate (to Gate 2)

- Responsible for providing support to buyers during Due Diligence by providing access to data and clarifying documents
- Responsible for running Q&A database, expert meetings, site visits and wrap-up meetings with management of the asset subject to divestiture
- Responsible for defining potential buyers' shortlist
- Responsible for recommending preferred buyer
- Responsible for developing the negotiation strategy and for continuing risk management

Role before Approval to Sign (to Gate 3)

- Responsible for developing and updating carve-out Risk Register program and treatment plans

Post Disposal Support

- Responsible for identifying / conducting lessons learned survey followed by synthesizing and sharing best practices
- Responsible for establishing Implementation Team, implementing the Carve-out Plan, continuing risk management and for monitoring interdependencies between divested asset and SA

Proponent key responsibilities

Role before Authority to Engage (to Gate 1)

- Responsible for screening assets and short-listing assets based on guiding business parameters that are aligned with the Company strategy
- Responsible for developing initial Risk Register

To endorsement of Investment Memorandum

- Responsible for Due Diligence on technical and commercial aspects of asset to be divested and assessing negative synergies
- Responsible for technical aspects of the SPA terms
- Responsible for assessing impact of the carve-out on technical and commercial aspects and for developing technical and commercial Carve-out Plan

Post Disposal Support

- Responsible for resolving disruptions during Carve-out implementation
- Responsible for monitoring operations

Third-Party Projects

NBD key responsibilities

Role before Authority to Negotiate (to Gate 2)

- Responsible for establishing the Transaction Team
- Responsible for identifying applicable scope and standards
- Responsible for assessing project profitability and identifying potential interested parties
- Responsible for developing commercial structure for Third-Party agreement
- Responsible for conducting informal market sounding
- Responsible for developing Procurement Plan
- Responsible for developing commercial requirements for selection of qualified bidders
- Responsible for evaluating Requests for Qualification and developing bid slate
- Responsible for developing evaluation requirements for the commercial aspects of the bid

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- Responsible for updating Risk Register including treatment plans
- Responsible for assuring that any internal compliance activities are undertaken and approved

Role before Approval to Sign (to Gate 3)

- Responsible for scoring the commercial section of the submitted proposals
- Responsible for holding clarification meetings with the bidders
- Responsible for consolidating bid scores, ranking bidders and preparing bid evaluation reports.
- Responsible for negotiation strategy development
- Responsible for finalizing the Third-Party Project agreement
- Responsible for continuing risk management including treatment plans

Proponent key responsibilities

Role before Authority to Negotiate (to Gate 2)

- Responsible for project scoping and standards
- Responsible for developing technical requirements for selection of qualified bidders
- Responsible for developing evaluation requirements for the technical aspects of the bid

Role before Approval to Sign (to Gate 3)

- Responsible for scoring the technical section of the submitted proposals
- Responsible for continuing Risk Management including treatment plans and updating Risk Register

To acceptance of completion works

- Responsible for defining the Milestones of the development process and means of monitoring the quality of the development works and adherence to the agreed timeline.
- Responsible for implementing Third-Party Project agreement
- Responsible for following up on the development process, identifying deviations from the terms of the Third-Party Project agreement and resolving disputes.
- Responsible for developing project completion documents.
- Responsible for reviewing of Third Party conformance to the risk management program.

To endorsement of 100-day Post-Transfer plan and Long Term plan

- Responsible for establishing the interfaces of Third-Party project with existing businesses by ensuring "Ready to launch" state from technical and contractual perspectives.
- Responsible for managing agreement with the Third-Party partner.
- Responsible for establishing the Integration Team at the end of the agreement period (if transfer is part of the agreement).
- Responsible for Risk Register and mitigation measures for the integration of the asset to the Company
- Responsible for planning the integration of the asset to the Company at the end of the Third-Party Project agreement by developing Day 1 requirements, 100-day and long-term Post Transfer Integration Plans (if transfer is part of the agreement).

For Transfer (if included in the agreement)

- Responsible for launching interpretation and implementing 100-day and Long-terms Post-Transfer Integration Plans

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Responsible roles of other relevant Admin Areas

Law

- **Responsible** for mainly:
 - o Carrying out legal assessment related to opportunities and potential partners
 - o Legal Due Diligence and to provide inputs on aspects or implications of an activity or deliverable
 - o Forming structures and carrying out subject matter expert specific plans and reviews
 - o Drafting, participating in negotiations of, and finalizing documentation with one or more partners and financiers (where applicable) including, but not limited to, NDAs, initial documents, definitive documents and key agreements
 - o Readiness of contracts and Government and regulatory approvals of the transaction closing process

Controller's provide key role of *Financial Consultant and Financial Advisor* where applicable including but not limited to:

- **Responsible** for mainly:
 - o Financial and accounting aspects of the definitive document related to financial and accounting policies and systems
 - Creating Cash Calls processes
 - Agreement – Functional Review Guidelines (G.I. 203.003)
 - Cost true ups and executing contribution agreement
 - o Valuation and financial models audit
 - o Financial due diligence and conducting subject matter expert specific review
 - o Agreeing of CSRA with the Partner
 - o Finance set up and readiness including:
 - Creating and implementing system related controls
 - Developing subject matter expert specific post transaction plans
 - Implementation of CSRA with the Partner
- **Responsible** for preparing Post Transaction financial performance reports

Treasury is mainly **Responsible** for:

- Financing aspects (capital structure such as ability to provide equity, debt or both and availability of funds for the potential transaction, credit and financial strength assessment) of an activity or a deliverable including financing sources and scenarios
- Business Case and Valuation Model (Economic Evaluation Model for Joint Venture Development) through the transaction lifecycle.
- Evaluating financing requirements, initiating and conducting financing of the transaction.
- Development of agreement finalization on funding requirements and financial structuring including bankability assessments.
- Developing Treasury related Post-Transaction setup and readiness plan.

ES and Other Administrative Areas (e.g. PM, HR, IT) where applicable should be:

- **Responsible** for developing aspects related to respective area of technical expertise.
- **Responsible** for developing and implementing subject matter expert specific transaction plans.

Corporate Affairs

- **Responsible** for internal and external communication related to the transaction including development and implementation of communication plan.

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For Third-Party projects, Contracting Department team under Technical Services is engaged during execution phase after Gate 1.

To Gate 2 (Authority to proceed to bidding process)• Responsible for:

- Preparing Procurement Plan
- Developing third party agreement structure
- Drafting SOI
- Coordinating the bidding process and communicating with the bidders
- Ensuring completeness of the bidding documents, submitting them to the bidders and collecting the bidders requests, questions and bids
- Developing requirements for selection of qualified bidders
- Developing evaluation requirements for the bid
- Preparing ITB for qualified bidders
- Preparing evaluation methodology

To Gate 3

- Responsible for holding clarification meetings with the bidders and ensuring the meetings comply with the requirements of the bidding process.
- Responsible for consolidating bid scores, ranking bidders and preparing bid evaluation reports.

Corporate Planning's is Responsible for checking the completeness of submission documents "Gatekeepers", scheduling presentation on MC/CCC calendar and recording minutes and actions. In addition, Accountable and Responsible Admin Areas involve Corporate Planning to successfully accomplish the following:

- Fit of opportunities / potential partners with the Company strategy.
- Compliance of risk management and treatment plans as per SA ERM framework. For details, see Risk Management section in Appendices.
- Compliance, development and finalization of Business Plan and Valuation modeling with SA Investment Parameter Guidelines and optimal business structure.

MC/CCC at:

- Gate 1: Responsible for endorsing key deliverables and for granting Authority to Engage.
- Gate 2: Responsible for endorsing key deliverables and for granting Authority to Negotiate where applicable.
- Gate 3: Responsible for endorsing key deliverables, providing guidance and for granting Authority to sign.
- Each Milestone: Responsible for endorsing key deliverables, reviewing performance reports and provide guidance where applicable.

Service Review Committee (SRC) for Third-Party Projects is:

- Responsible for endorsing the procurement plan and the bid slate and granting authority to proceed to the bidding process.
- Responsible for endorsing selected bidder and key commercial terms of draft of the Third-Party Project agreement. For further guidance please refer to Management Guide.

SA BoD should be:

- Responsible for approving key documents, commercial terms and activities, and (when desired by the SA BoD or Management) granting Authority to Negotiate where applicable and granting Approval to Sign (Final Investment Decision).

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Glossary

Accountable ‘A’ leads the transaction and manages set(s) of activities to ensure all relevant requirements are met between and prior to each Gate and Milestone. If Responsible Admin Area does not perform then Accountable Admin Area is responsible. The entire deliverable or activity for the respective *transaction* is under the leadership and governance of Accountable Admin Area. To ensure Proponent or NBD hold Accountable roles seamlessly (without disruption) between Gates, existing Accountable Admin Area has formal duty to manage timely transfer of accountability by engaging the next Accountable Admin Area through official correspondence during the transaction lifecycle. Decision making bodies such as SA BoD, MC, CCC or SRC hold Accountable role at respective Gate(s).

Asset Overview Document is an outline summary of the asset being considered for divestment. The outline is prepared by Law including asset characteristics, Valuation and key findings from the Due Diligence performed.

Approval to Sign is granted at Gate 3 by SA BoD for SA to formally (binding in writing) sign agreement(s).

Approved Funding is a funding approved by the Board for use by Management. Management is authorized to use Approved Funding in accordance with and subject to the general and specific guidelines set forth in the relevant board approvals. In addition to any specific guidance in relevant board resolutions, Management has adopted internal approval authority levels that are reflected in the Approval Authority Engine and certain additional guidelines and procedures to ensure Approved Funding is utilized as directed.

Authority to Engage is granted at Gate 1 by MC/CCC for SA to formally (non-binding in writing) engage with a single partner (Joint Venture Development) or pursue the opportunity (M&A, Third party, Divestiture).

Authority to Negotiate is granted at Gate 2 for SA to formalize commercial negotiations with the prospective partner. For further details, see specific transaction types.

Business Case is a document intended to convince decision makers to approve a specific action where purpose is to demonstrate that the proposed initiative will achieve objectives and expected benefits. It identifies the performance indicators to be used for proactive realization of the Business Plan.

Business Model is an extension of the Business Plan detailing the components and functions of the business as well as the derivation of expected revenues and the expenses and costs it is expected to incur including profit from operations. A Business Model may be supplemented by an Economic Evaluation Model and/or Financial Model as the decision making process of the project/investment dictate.

Business Oversight entails seamless transaction leadership where Proponent is Responsible to complement business support to NBD (Accountable) by advising on involvement of business and transaction dynamics against underlying strategy and SoP.

Business Plan is a statement of **business** goals documenting the commercial, financial and strategic attributes of a prospective investment including reasons and background why they are attainable. Overall, the statement should cover objectives, Strategic Fit Assessment and Risk Register, financial projections and resources necessary to achieve the stated goals with a financial and operating data summary of the benefits to be expected from the investment over a period of time.

Carve-out is a partial divestiture of a business unit presented as a plan, deliverable at Gate 3 in a Divestiture transaction. A company undertaking a carve-out is not selling a business unit outright, and may instead sell an equity stake in that business or spin the business off on its own while retaining an equity stake itself. A carve-out allows a company to capitalize on a business unit that may not be part of its core operations.

Commercial Structuring encompasses commercially structuring (a) SA existing assets/capital projects and (b) Commercialization of existing capabilities. The Commercial Structuring process can lead to one of the transaction

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types contemplated by this G.I. (e.g., JV), a different agreement, or the development of a Business Model to enable capability commercialization. Proponent is Responsible and Accountable for identifying the opportunity whereas NBD is Responsible and Accountable for evaluating and assessing the opportunity using subject matter expertise of relevant Admin Areas. Key and supporting deliverables at each Gate include, but are not limited to, developing Business Model, Risk Register and Strategic Fit Assessment and updating these at subsequent Gates.

Contract Administration Manual is developed during inception of Post Transaction phase of a Third-Party Project transaction. For more information, please contact Proponent for the respective Third-Party Project transaction.

Contracting Unit (also known as Contract Proponent as per SA Procurement Manual) is a designated team within SA and its subsidiaries, Aramco Overseas Company (AOC B.V.), Aramco Asia Company (AAC), Aramco Services Company (ASC) or an Admin Area.

Consulted ‘C’ is engaged timely by Accountable Admin Area to provide key Inputs to an activity or a deliverable (a two-way dialogue). Consulted Admin Area are kept in the loop and are active participants.

Corporate Transaction entails Merger & Acquisition, Joint Venture Development, Third Party Project, and Divestiture transactions or a combination.

Corporate Oversight entails seamless transaction leadership where NBD is Responsible to complement the Proponent (Accountable) by providing corporate and transaction support and advise on lessons learned, compliance to G.I and best practices on optimum transaction development.

Cost Sharing and Reimbursement Agreement ‘CSRA’ is a written agreement between SA and its Partner that defines what costs will be shared between them and the controls, approvals, mechanisms, and recordkeeping that will govern the validation, payment, and reporting of such amounts. For minimum provisions of CSRA, refer to GI 203.002. CSRA is normally a Gate 2 deliverable.

Due Diligence is validating assumptions of a transaction (at preliminary stage and at execution stage) prior to signing a contract with the Partner. The components of due diligence are technical, commercial, financial, environmental and legal due diligence, synergy validation, maintainable earnings, future cash flows and all operational issues, as well as deal structuring. Findings from Due Diligence are consolidated and reported as potential deal breakers, adjustments to Valuations or Conditions Precedent.

Definitive Agreement is a mutually binding legal contract between two parties. It defines the final terms and conditions of the agreement.

Divestitures is SA’s act of selling off one or more of its part, such as a subsidiary, a plant, or certain assets that create productivity capacity or generates cash for incremental value creation.

Economic Evaluation Model is an assessment tool designed as a numerical representation of a proposed investment’s structural, commercial and financial attributes. It is developed by the Proponent with additional inputs from Treasury as required. Its primary purpose is to establish a framework to analyze or test the economic merits and viability of the proposed investment’s Business Case. Fundamental to the analysis are the use of established evaluation guidelines and measurement against established investment and technical criteria. Such models are normally developed for Joint Venture Development transactions and is also referred to as a Joint Economic Model with the further purpose of being a common vehicle that the parties can use to test mutually agreed project and economic parameters.

Expression of Interest ‘EoI’ represents an indication to the seller of the serious interest on the part of the buyer. EoI is non-binding, its primary purpose is to show the seller the range of valuation that a buyer is willing to pay and show the serious intent of SA to pursue the opportunity. EoI is usually submitted in the form of a letter and may include range of valuation, details on the proposed timing of the transaction, the synergies that SA sees, the deal structure, and any other items that help the seller to decide SA represents a good fit and is worth pursuing further in the due diligence process.

Enterprise Risk Management see page 3.

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Front-End Loading ‘FEL’ (also known as Front End Engineering Development) is a staged-Gate process where a company develops a definition of the scope and cost of a capital project to meet business plan objectives. The final product of FEL process are typically a design-basis package of information that may be used to support the production of detailed engineering design documents and a cost estimate of suitable accuracy to gain project AFE (Authorization for Expenditure) or Project Authorization.

Front End Engineering Development ‘FEED’ is a study undertaken by SA and its Partner(s) for the purpose of defining the technical configuration, cost and confirming the technical feasibility of a joint endeavor project.

Final Investment Decision ‘FID’ is SA BoD decision at Gate 3 following positive FEL results where applicable and final drafts of definitive agreements. Final decision is made by SA BoD including Approval to sign including as to how, when, where and how much capital will be spent on the respective investment opportunity. Unless expressly permitted by the SA BoD, the decision is a required condition to signing definitive agreements with counterpart and scheduling to initiate closing of the transaction.

Financial Assessment includes bankability assessment, financial structuring, developing the Financing Scenarios and assessing financial implications including financial accounting and reporting, assessing ability to provide equity and ability to raise debt.

Financial Due Diligence ‘FDD’ is a reasonable level of enquiry (evaluation, interpretation and communication) led by Controller’s into the financial affairs of the investment under consideration that may have material impact on the prospects of the business. FDD looks at the historical and forecast financial performance of a business to enable an informed investment decision.

Financing Scenarios relates to optimal capital structuring scenarios according to nature of the transaction comprising of debt, equity or a quasi-combination.

Final Agreement. See Definitive Agreement

Firm offer is a proposal, prepared by Law in writing, to enter into a contractual agreement. Generally it will remain open for a certain set time period during which it is capable of being revoked or amended. If the offer is accepted without a change during that period, there is a firm, enforceable contract. A key deliverable at Gate 2 in M&A transactions.

Implementation Plan outlines how and when major resources, assets, processes, and commitments of the newly formed JV will be set up in order to achieve the strategic goals of the JV transaction.

Implementation Team is established by NBD and led by the Proponent to execute the Implementation Plan.

Informed ‘I’ are stakeholders who need to be updated on progress or decisions (normally a one-way dialogue), they do not contribute directly to the task. SA BoD is usually informed at Gates.

Investment Memorandum ‘IM’ is a document that SA will present to potential investors. It describes the investment case in the context of a detailed view of the business, its management team and the financial plan for the business going forward. It is a Gate 1 requirement for Divestiture transactions.

Invitation to Bid ‘ITB’ is a written invitation to prospective suppliers, through a bidding process, to submit a proposal on a specific project to be realized or product or service to be furnished. ITB is generally the same as Request for Quotation (RFQ). ITB is only a solicitation, and does not qualify as an offer. ITB is a Gate 2 requirement for 3rd party projects. ITB includes scope of work (technical and commercial) and framework for agreements (e.g.: offtake and other purchase agreements).

Indication of Interest ‘IoI’ See EOI

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Integration Plan outlines how and when major resources, assets, processes, and commitments of the acquiring and acquired companies will be combined in order to achieve the strategic goals of the M&A transaction.

Integration Steering Committee is a team formulated before Authority to Negotiate at Gate 2 composed of representative Leads from SA and potential Partner, Setup and Readiness team and SME leaders from multiple disciplines. Commonly formed in M&A transaction type.

Integration Team is established by NBD and led by the Proponent to implement the Integration Plan.

INT-13 is Enterprise Risk Management Policy of SA and is accessible on ShareK.

Joint Development Agreement ‘JDA’ is a document amongst entities concerning their collaboration on the development and commercialization of a potential opportunity (Greenfield or Brownfield) involving FEL. This agreement includes terms setting out the parties’ joint development activity and responsibilities, procedures for project management and dispute resolution, the use and ownership of and jointly developed FEL. JDA is normally a deliverable at Gate 2 in a Joint Venture Development. JDA should include CSRA.

Joint Financial Model (also called *Project Financial Model* or *JV Financing Model*) is a numerical representation of a Business Case for a proposed investment that, while it may include a recalculation of the Economic Evaluation Model for proprietary data, is primarily designed to test in a standardized format the project’s debt capacity, debt service ability and the optimal amount of debt for the project. Such a model is typically being developed for a Joint Venture Development transactions.

Joint Venture Development ‘JVD’ is where two or more business entities combine or collaborate on a particular project to start a venture by constructing new operational facilities from the ground up including joint FEL (FEED) during the deal life cycle. JVD can be Greenfield JVD (grass-root, upgrade and expansion or combination) or Brownfield JVD. Brownfield can be either purchase of JV share in an entity asset of the potential partner including upgrade to existing asset and joint FEL (FEED) during the transaction life cycle (JVD) or purchase of JV share in an existing entity asset of the partner excluding joint FEL (FEED) during the transaction life cycle (M&A).

Joint Venture Agreement ‘JVA’ is a document specifying each party’s interest in the joint venture and sets forth each party’s rights and responsibilities. Details relating to administration, governance, operation, capital structure and financing, termination and dispute resolution are also included in the agreement. JVA is usually a deliverable at Gate 3 in a Joint Venture Development, M&A (equity participation by SA in an existing asset of partner) or Divestitures (equity participation by partner in an existing asset of SA).

Key Business Principles ‘KBP’ is a high level formal document that specifies key business terms to be taken to MC. KBP is developed with the potential Partner pre-Gate 1 with the intention to submit a draft to MC/CCC to grant formal Authority to Engage and initial the document with the respective Partner.

Legal Assessment is related to opportunities and partners’ regulatory environment, ongoing litigations, transfer of liabilities, intellectual property

Letter of Intent ‘LoI’ is a formal document that is provided by the buyer after an initial period of preliminary due diligence has been completed. LoI outlines the primary points of the proposed offer, including the specific terms, deal structure (cash, stock, earn-out, vendor take-back, etc.) and the proposed timing. They signify the buyer’s desire to enter into an exclusive period to complete the transaction subject to additional due diligence and fulfillment of certain conditions. LoI is developed by Law prior to Gate 2 outlining the principal terms of the deal early in the M&A process and are signed by all parties as a general agreement to key items such as the price and terms of a transaction.

Merger and Acquisition ‘M&A’ refers to the consolidation of companies or assets. A merger means a combination of two companies to form a new company where an amalgamation of two corporations pursuant to statutory provision in which one of the corporations survives and the other disappears, while an acquisition is the purchase of one company by

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another in which no new company is formed and it results in an asset (unit or company) purchase from corporation that continues to exist, but under a new ownership structure.

Memorandum of Understanding ‘MoU’ is a document prepared by Law and lead by Proponent that describes a formal agreement between two or more parties for Joint Venture Development. Companies and organizations can use MoUs to establish partnership(s). MOUs carry a degree of seriousness and mutual respect. A proponent can sign one or more MoUs with one or more Partner. Initial MoU captures key business terms and is similar to KBP presented to MC for approval at Gate 1. Regular MoU is more detailed similar to JDA (see above) presented to SA BoD to approve allocation of funds to initiate joint FEL.

Non-Disclosure Agreement ‘NDA’ is an undertaking to ensure secrecy. In this agreement, the parties confirm that they will not misuse the information exchanged in the context of merger talks. An NDA also often includes other provisions, such as an agreement not to poach staff during the negotiations.

Partner entails an entity or group of entities who work collectively with SA on a specific opportunity.

Post Transaction Communication Plan is developed by corporate affairs to ensure communication is structured cross functionally across the implementation team and it’s led by proponent

Post-Transfer Financial Performance similar to Steady-state and 100 day Post-Transaction review (see below). Relevant in Third-party transactions.

Post-Transaction Performance Review Report is a detailed report containing all aspects of performance including set up and readiness implementation

Proponent is an Admin Area within a Business Line such as Drilling & Workover in Upstream, Chemicals in Downstream, etc.

Request for Qualification is a precursor document to an ITB that directs potential bidders to provide the necessary qualifying information so that SA can determine whether the potential bidder can participate in the bid process.

Responsible ‘R’ seeks timely direction from ‘A’ and Performs the task, activity, or deliverable with respect to their subject matter expertise. There can be one or more person responsible roles to an activity or a deliverable.

Risk Management Plan outlines the risk context for the activity such as key success factors, uniqueness, major issues, major assumptions, major interdependences, major constraints as well as risk strategy, risk tolerance, and risk responsibilities

Risk Register is an internal document developed and updated before each Gate by Proponent with guidance from Corporate Planning. Risk matrix includes heat map with strategic, transaction, and operational risks defined pertaining to the respective transaction presented at each Gate.

Solicitation of Interest ‘SoI’ is a request from SA for the expression of interest by interested parties and partners in participating in the project.

Sales and Purchase Agreement ‘SPA’ is a legal contract where buyer has obligation to buy and the seller to sell an asset, subject to a number of condition precedents. It is used as a way of finalizing the interests of both parties before closing the deal. More commonly seen in M&A and divestiture type transactions.

SME Review (Subject Matter Expert Review) is performed by respective corporate function entailing inputs from their Subject Matter Experts who provide needed support and guidance to Transaction Lead on function-specific endorsement and controls on deliverables as needed.

Statement of Purpose ‘SoP’ is a position document intended to be a clear statement of the project sponsor’s (Proponent) objectives in proposing the project and the boundary conditions the project should be developed within.

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SoP is used as guidance and constant check and balance of status quo through the various stages of evaluation and development against the project proponent's objectives. SoP is prepared by the Proponent (Accountable and Responsible) involving NBD (Consulted) early in the evaluation of a project and is referenced through the life of the project. SoP includes project description, financial evaluation, project management including timeline, stakeholder analyses, key and supporting deliverables at each Gate, potential SA roles and equity levels (prompt handover, influencer, shaper, partner or driver) as well as governance. Deviations from SoP should be discussed with the Proponent for guidance or approval to modify the project parameters. SoP must be monitored for M&A, JVD and Divestiture and other pertinent type transactions.

Steady-state Post-Transaction review is undertaken 12 to 18 months after execution of normal business operations in the business where SA has made an investment. Key performance metrics include transaction model (projections), IRR, Enterprise Value, key revenue and cost drivers and comparison against SoP including relevant qualitative measures.

Strategic Fit Assessment is an internal document developed prior to Gate 1 for all transaction types by Accountable Admin Area with guidance from Corporate Planning. The document assesses the respective transaction against the underlying strategy and monitors / reports the score to MC at each Gate.

Term Sheet is an agreement that outlines the basic terms and conditions by which one party will make a financial commitment in a company. Term sheets tend to consist of three sections: funding, corporate governance and liquidation. Once the parties involved reach an agreement on the details laid out in the term sheet, a binding agreement or contract that conforms to the term sheet details is then drawn up.

Third Party Project covers capital and non-capital projects to be developed and operated by a third party.

Transaction Structure is where NBD as lead evaluate various options with relevant respective functions and assess legal and financial implications to recommend suitable capital structure (debt and equity) and type and vehicle.

Valuation (*Valuation Model*) is the process of determining the current worth of a targeted asset or company. Treasury leads the valuation exercise and ensures inputs from admin areas as well as output findings from Due Diligence performed are taken into consideration. Valuation is normally carried out for M&A and Divestiture transaction types.

100-day Post Transaction review is undertaken around 3 to 4 months after execution of normal business operations in the business where SA has made an investment. The length of review period may vary to suit the investment.

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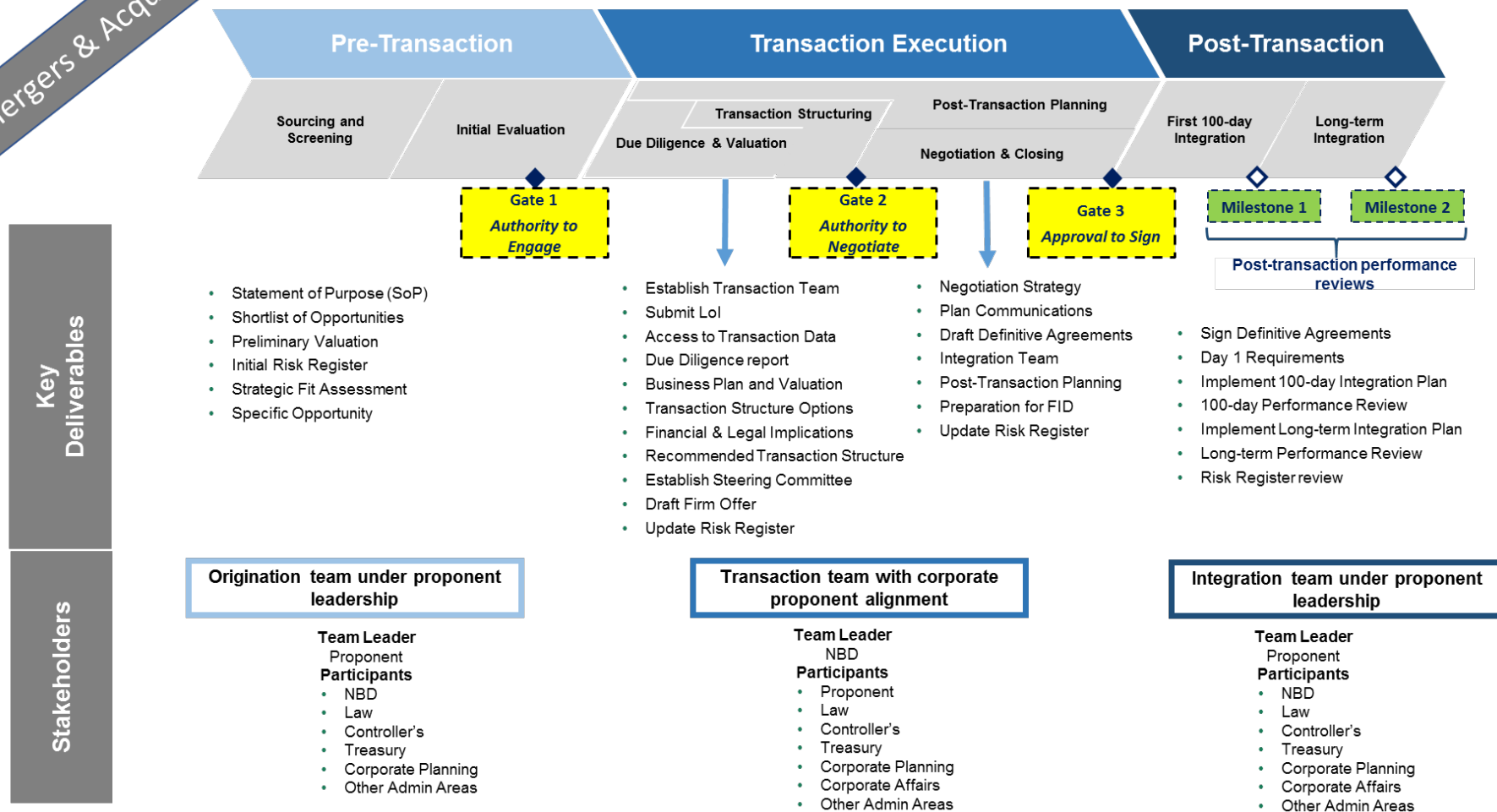
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Acronym	Description
CAM	Contract Administration Manual
CCC	Corporate Center Committee
CSRA	Cost Sharing and Reimbursement Agreement
ERM	Enterprise Risk Management
EoI	Expression of Interest
ES	Engineering Services
FEL	Front-End Loading
FEED	Front End Engineering Design
FID	Final Investment Decision
HR	Human Resources
IM	Investment Memorandum
IoI	Indication of Interest
IT	Information Technology
ITB	Invitation to Bid
JDA	Joint Development Agreement
JVA	Joint Venture Agreement
JVD	Joint Venture Development
KBPs	Key Business Principles
LoI	Letter of Intent
MC	Management Committee
MoU	Memorandum of Understanding
NDA	Non-Disclosure Agreement
NBD	New Business Development
O&M	Operations & Management
PM	Project Management
P&SCM	Procurement and Supply Chain Management
RACI	Responsible-Accountable-Consulted-Informed
SA	Saudi Arabian Oil Company
SA BoD	Saudi Aramco Board of Directors
SoI	Solicitation of Interest
SoP	Statement of Purpose
SPA	Sales and Purchase Agreement
SRC	Services Review Committee



Mergers & Acquisitions



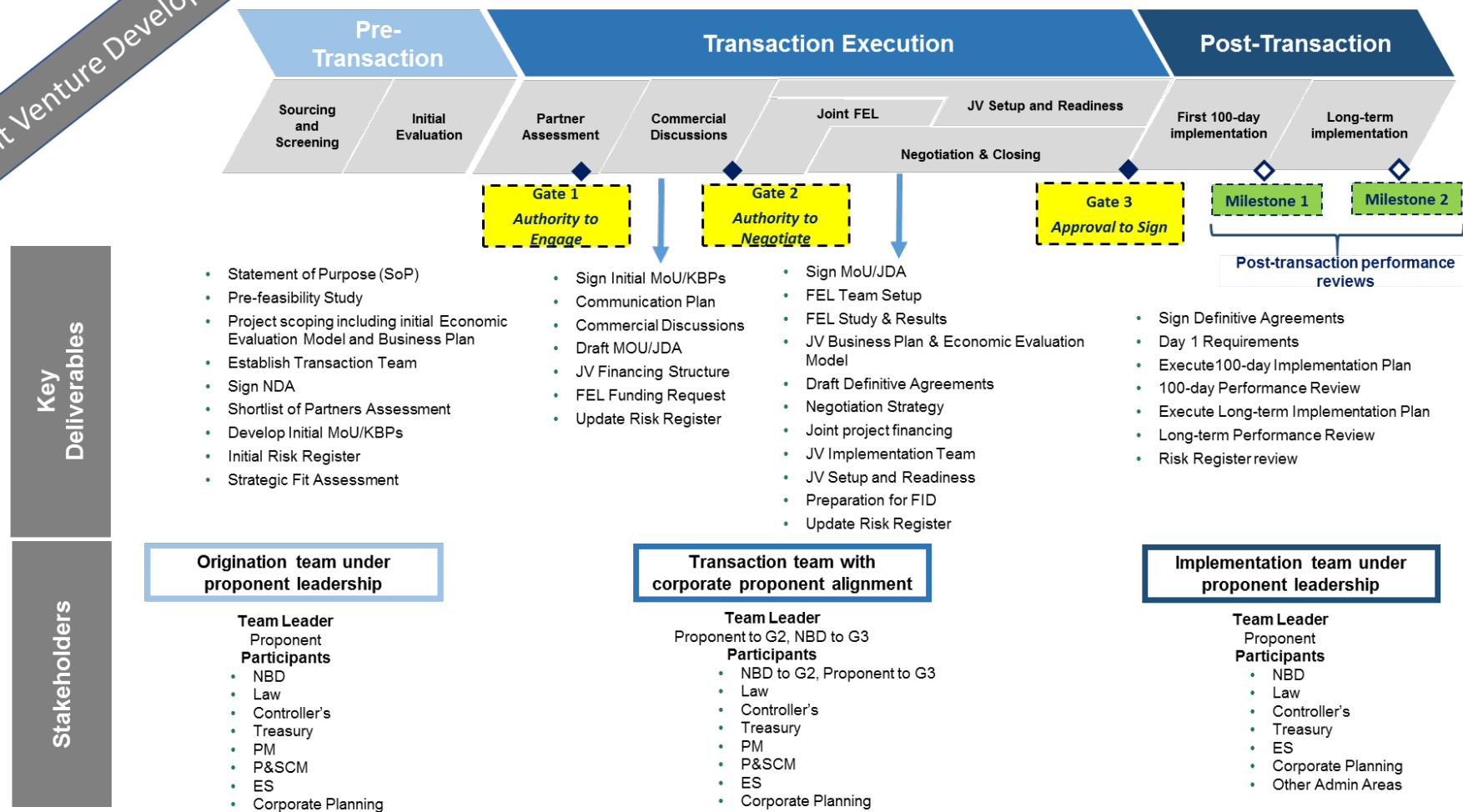
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Joint Venture Development

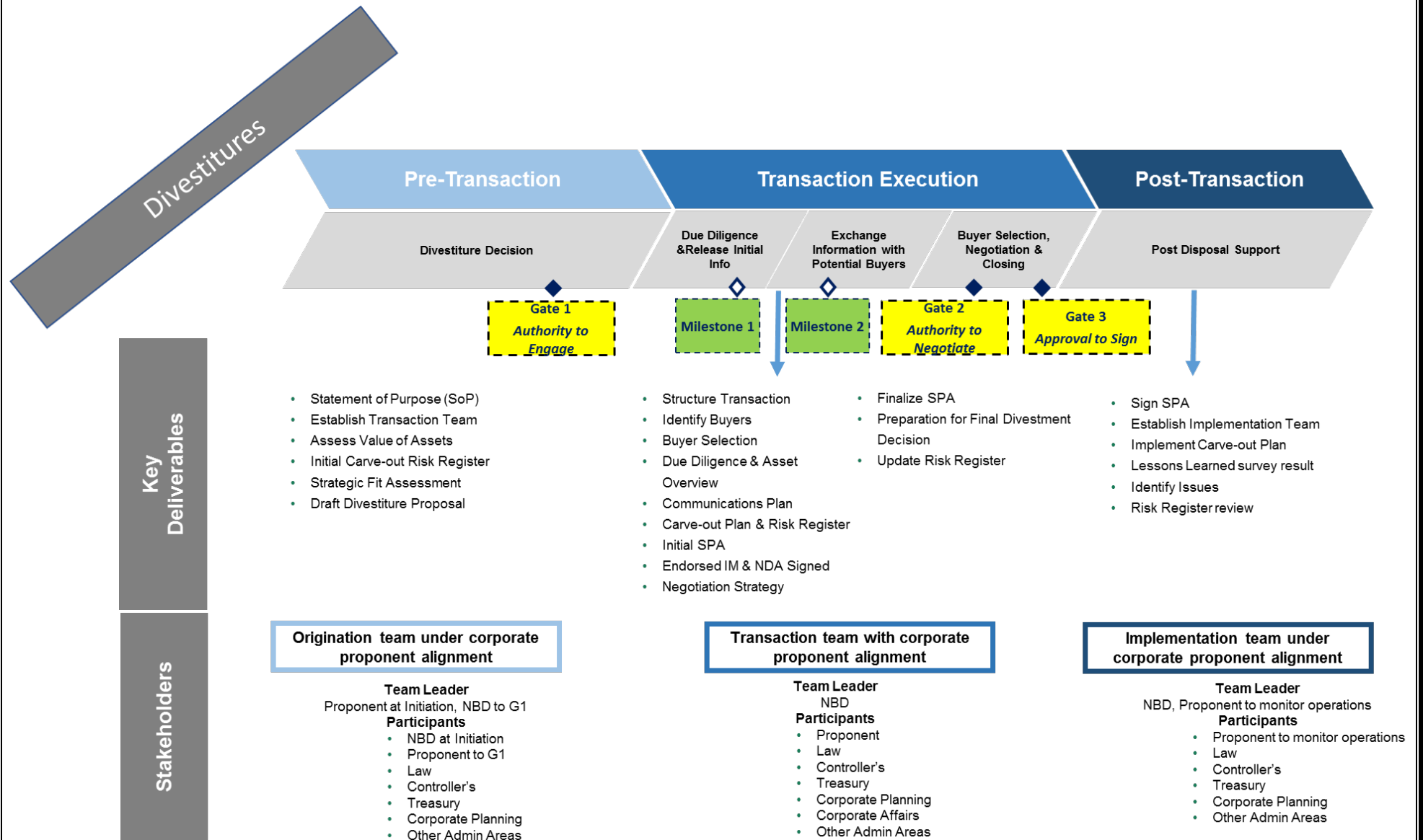


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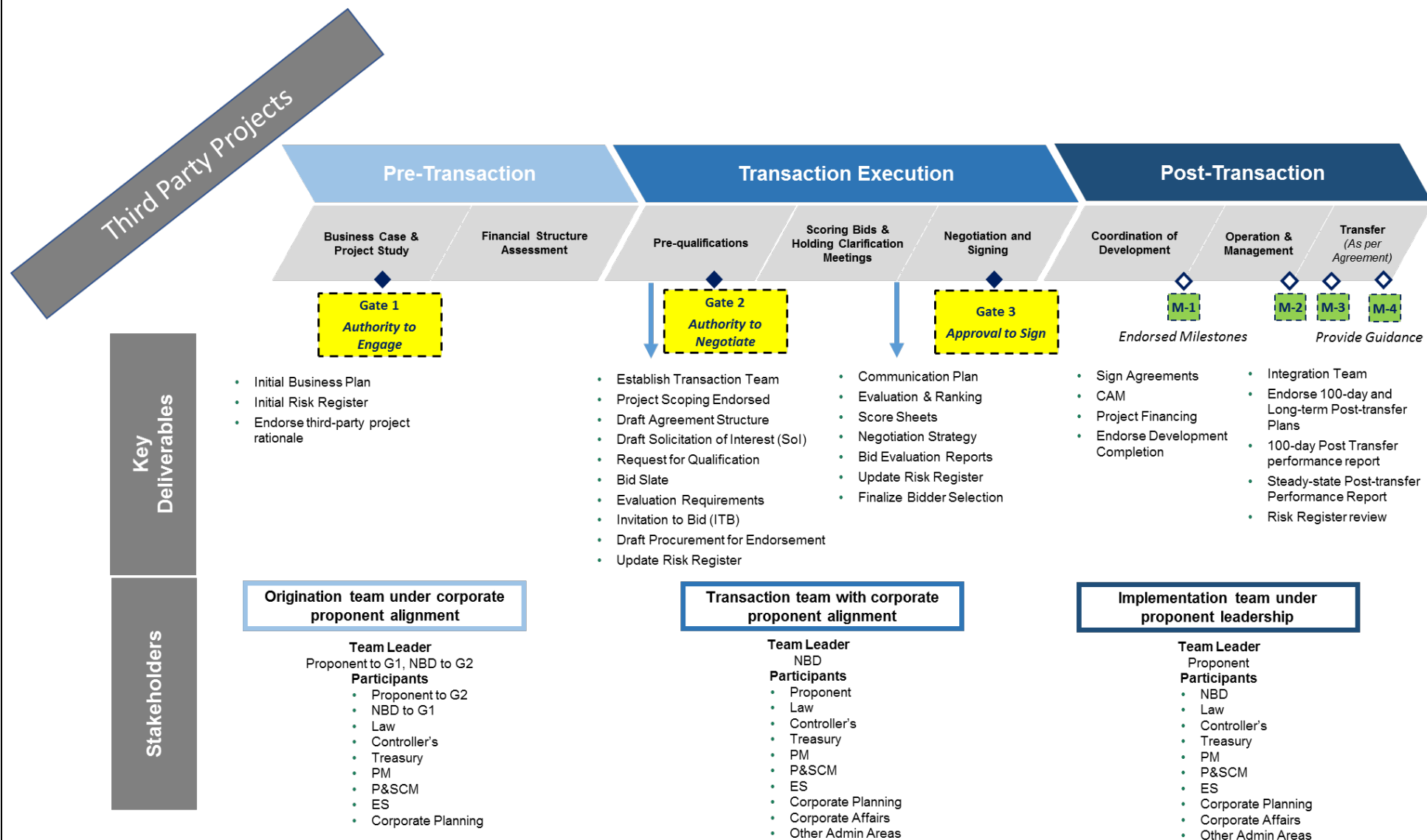


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