

<b>SAUDI ARABIAN OIL COMPANY (Saudi Aramco)</b> <b>GENERAL INSTRUCTION MANUAL</b>  <b>ISSUING ORG.</b> LOSS PREVENTION DEPARTMENT  <b>SUBJECT:</b> SAFETY RECOGNITION AND INCENTIVE PROGRAMS (SRIPs)	<b>G.I.NUMBER</b> <span style="color: blue;">Approved</span>  5.007	
	<b>ISSUE DATE</b> 10/26/2008	<b>REPLACES</b> 1/10/2007
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The company supports safety recognition and incentive programs (SRIPs) to recognize individual and group safety achievements, thereby promoting on-the-job and off-the-job safety awareness and in turn the prevention of injuries and incidents.

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### 1.0 DEFINITIONS

- 1.1 Employee, as used in this General Instruction, includes regular manpower, supplementary manpower, and other classifications of manpower under the direct supervision of Saudi Aramco departments. It does not include contracted labor performing work under service agreements or lump sum turn key (LSTK) project work.
- 1.2 The safety recognition and incentive program budget is a U.S. dollar amount determined annually, based on each business line's operating plan manpower level, including invoiced manpower under the direct supervision of Saudi Aramco departments.

### 2.0 PURPOSE

- 2.1 The purpose of a safety recognition and incentive program is to promote continued safe behavior and encourage continuous safety improvements by celebrating success. A recognition program should always send the message that the company cares more about the employee than the safety record.
- 2.2 This instruction establishes responsibilities, monetary controls, and accountability for SRIPs company-wide, consistent with the Saudi Aramco Safety Management System (Element 11). This instruction also provides guidelines for formulating department SRIPs.
- 2.3 SRIPs shall be based on active and positive participation in department loss prevention programs. (See Guidelines in Section 4.0).

### 3.0 RESPONSIBILITIES

- 3.1 Business Lines

<b>SAUDI ARABIAN OIL COMPANY (Saudi Aramco)</b> <b>GENERAL INSTRUCTION MANUAL</b>  <b>ISSUING ORG.</b> LOSS PREVENTION DEPARTMENT  <b>SUBJECT:</b> SAFETY RECOGNITION AND INCENTIVE PROGRAMS (SRIPs)	<b>G.I.NUMBER</b> <span style="color: blue;">Approved</span>  5.007	
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3.1.1 Business lines shall include funds in their operating plan net direct expenditure budgets for safety awards and ceremonies in accordance with the provisions of paragraph 3.1.2 below. Allocation of funds to organizations will be made by the business line in accordance with paragraphs 3.1.3 and 3.1.4 at the time of preparing the operating plan.

\* 3.1.2 Allocation of the annual SRIP budget to business lines is based on \$100 per employee as follows: the number of business line employees in the approved operating plan x \$100. The combined cost of safety awards, plaques, gifts, luncheons, and ceremonies, etc., should not exceed the SRIP budget.

\* 3.1.3 Business line management may at their discretion:

- (1) Allocate their safety recognition and incentive budget proportionally among administrative areas and/or departments based on employee population; e.g., \$100 X number of people in each administrative area and/or department.
- (2) Distribute the funds to administrative areas and/or departments using an allocation scheme based on business line criteria and administrative area/department needs, e.g., some organizations allocate a budget of \$100 per eligible employee, while others allocate less per employee with the remainder used for luncheons, etc. Note the total budget for the business line cannot exceed \$100 per eligible employee.
- (3) Retain some of the allocated funds for use as described in paragraph 3.1.4 and distribute the remainder per (1) or (2).

3.1.4 Business lines may at their discretion make special safety recognition and incentive awards for exceptional safety performance, using funds retained from the business line allocation, per paragraph 3.1.3 (3) above.

3.2 Departments

3.2.1 Departments will include a SRIP in their written departmental loss prevention programs. The Loss Prevention Department is available to review department loss prevention programs and associated SRIPs.

3.2.2 Departments will include expenditures for safety awards, luncheons, and ceremonies in their annual operating budget, as allocated by their management.

3.2.3 Departments will use their annual safety recognition and incentive budget to fund their department SRIP. At the manager's discretion, this budget may be used for:

- (1) High value items awarded to (a) deserving individuals and groups in accordance with criteria established in the department SRIP, or (b) to employees randomly selected based on criteria established in the department loss prevention program.

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(2) Uniformly valued items awarded to all qualifying employees.

(3) Lunches, or other ceremonial functions to recognize groups or individuals for safety achievement.

(4) A combination of (1), (2), and/or (3) above.

As departments make award selections, careful consideration must be given to the appropriateness of the award. Awards selected shall not pose a hazard, e.g., unlisted electrical appliances or substandard tools.

NOTE: See section 4.0, for suggested guidelines on SRIPs.

### 3.3 Loss Prevention Department

- \* 3.3.1 The Loss Prevention Department will develop programs to recognize individual and group safety achievements.

#### 3.3.1.1 Criteria for recognizing individual safety achievements are:

- (1) Outstanding act of heroism resulting in the saving of a life by an employee, and in which the nominated employee had no part in causing the dangerous event to occur.
- (2) Unselfish acts of heroism which do not result in life saving, such as preventing further injury and/or timely and effective administration of First Aid to injured persons, and in which the nominated employee had no part in causing the dangerous event to occur.
- \* (3) Additional recognition of individual safety achievements may be established periodically by the Loss Prevention Department (e.g., recognizing 35 years of service without a recordable incident or notable safety initiatives by individuals).

#### \* 3.3.1.2 Criteria for recognizing group safety achievements (e.g., team or department):

- (1) The criteria for periodic recognition of group safety achievements (e.g., recognizing notable safety initiatives by groups) will be provided by the Loss Prevention Department and published separately from this General Instruction.
- (2) The Loss Prevention Department will review nominations and approve, as appropriate, requests for recognition of group safety achievements.

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## 4.0 SAFETY RECOGNITION AND INCENTIVE PROGRAM GUIDELINES

Safety recognition and incentive programs can be structured in many different ways. The following points should be considered in the formulation of department programs:

- 4.1 The SRIP should support the overall department loss prevention program objectives. Specifically, the incentive program should be developed with specific safety objectives in mind, and it should be monitored to ensure it helps meet those objectives.
- 4.2 The SRIP should recognize positive safety accomplishments, rather than just distributing rewards or gifts for incident free periods (i.e., no lost time incidents, motor vehicle accidents, etc.). For example, consider recognition for completed safety initiatives, like a fully implemented near miss reporting process, unique safety initiatives or suggestions, exceptional safety training, and outstanding safety participation, i.e., activities that prevent incidents and in turn lead to achieving safety objectives. Restated, consider recognition that focuses on "before the fact" proactive exceptional safety initiatives, like safety training or implementing a near miss reporting system, rather than "after the fact" consequences, such as resulting statistical records like lost time incidents.
- 4.3 Promote ownership of the program. Involve employees at all levels in the program development and administration. Avoid a management-mandated program that doesn't consider the needs, ideas, and goals of employees. Consider discussing and publicizing the program at Safe Operations Committees (SOCs) meetings, department meetings, and through department bulletins or newsletters or similar means.
- 4.4 It is not mandatory to give safety awards. Some departments may feel that luncheons, ceremonies and personal or group recognition may better fit their needs. Whenever luncheons or similar ceremonies are held to recognize safety achievements, organizations should use the opportunity for gathering the employees as a means to enhance safety education and reinforce the importance of meeting safety goals and objectives. This can be done by tying the events to some sort of learning activity that incorporates one or more of the following elements:
  - 4.4.1 Choose an appropriate business topic to highlight the organization's safety and loss prevention efforts. Use an effective motivational public speaker to deliver the message.
  - 4.4.2 Review the events or accomplishments that have led to the recognition luncheon or ceremony with focus on future proactive development work to improve safety performance and conditions within the organization.
  - 4.4.3 Use the gathering as an effective forum to highlight and reinforce the organizations safety challenges/concerns. Take the opportunity to communicate the organization's direction forward to safely meet business goals and objectives.

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4.5 If awards are given, the use of money or gift certificates is prohibited. Distribution of gift certificates gives the impression that a program is impersonal and unfocussed.

4.6 Periodically revise and update the program. Safety recognition and incentive programs may become outdated and will lose some of their impact and benefit if they are repeated year after year without change. Consider new ideas to maintain employee interest and enthusiasm.

NOTE: For advice and assistance on SRIPs, consult your area Loss Prevention office.

## 5.0 ACCOUNTABILITY

Business line annual operating plans and accountability reports will include the total SRIP dollar budget and the actual expenditures for the year. (SAP Entry Code 7408031 [Legacy Code X60], Safety Awards, is available for this purpose.)

Auditing will review compliance with monetary controls specified in this GI during scheduled audits.

RECOMMENDED: \_\_\_\_\_ DATE: \_\_\_\_\_  
 Manager, Loss Prevention Department

CONCURRED: \_\_\_\_\_ DATE: \_\_\_\_\_  
 Executive Director, Safety & Industrial Security

CONCURRED: \_\_\_\_\_ DATE: \_\_\_\_\_  
 Sr. Vice President, Industrial Relations

APPROVED: \_\_\_\_\_ DATE: \_\_\_\_\_  
 President & Chief Executive Officer