

**GENERAL INSTRUCTION MANUAL****286.020**

ISSUING ORG. ACCOUNTING POLICIES &amp; SYSTEMS DEPARTMENT

ISSUE DATE  
05-29-11REPLACES  
10-08-07SUBJECT RESPONSIBILITY FOR EXPENSES OF VISITORS AND  
EMPLOYEES ON ASSIGNMENTAPPROVAL  
IAMPAGE NO.  
1 OF 8**CONTENT:**

This instruction is intended to provide guidelines covering the expenses of employees and visitors on assignment when the accounting provisions are not directly supported by written agreements. The text of this instruction includes:

1. Glossary
2. Background
3. Business/Temporary assignments
4. Expense responsibility
5. Visitors and employees of other companies on assignment to Saudi Aramco
6. Temporary assignments of employees loaned by Saudi Aramco
7. Situations of an unusual or emergency nature

**1. GLOSSARY****1.1 ABBREVIATIONS & ACRONYMS**

AAE	-	Approval Authority Engine
OOK	-	Out-of-Kingdom
PDP	-	Professional Development Program
FICA	-	Federal Insurance Contribution Act
EXCOM	-	Executive Committee
IO	-	Internal Order
ASC	-	Aramco Services Company
AOC	-	Aramco Overseas Company B.V.
EAHRS	-	External Assignment Human Resources Services

**1.2 RELATED FORMS**

SA-7017-1	Itinerary destination to the U.K.
SA-7017-2	UK Business Travel by U.K. Nationals
SA-225	Global Travel Form for Executive Management

**1.3 REFERENCE TO OTHER MANUALS**

IR Manual	Chapter 8 and Chapter
Contracting Manual	Procedure 23

**1.4 RELATED ACCOUNTING & GENERAL INSTRUCTIONS**

GI 850.001	Control of Company Sponsored Visitors
GI 211.050	Cash advance and expense settlement using eTravel
AI 717	Loan of Saudi Aramco employees

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Expenses of visitors and employees on assignment fall into three categories.

- 2.1 In the first category, the assignment is pursuant to a written agreement which explicitly designates the party who has agreed to be responsible for payment of the expenses.
- 2.1 In the second category, correspondence at the General Manager level or above provides direction as to which party should be responsible for payment of the expenses.
- 2.3 In the third situation the responsibility for payment is uncertain; consequently accounting charges must be based on prior agreements or guidelines that designate the party or parties which will assume responsibility for payment of the expenses.

The purpose of this instruction is to establish guidelines for those expenses falling under the third category. In the event of uncertainty, the overarching guideline should be that, the party/department that is expected to benefit from the activity or assignment should be the one responsible for paying the expenses.

**3. BUSINESS/TEMPORARY ASSIGNMENTS:****3.1 BUSINESS ASSIGNMENTS OUTSIDE SAUDI ARABIA (60 DAYS OR LESS)**

- 3.1.1 For business assignments to Bahrain via the Causeway, the employee receives reimbursement for actual and reasonable expenses for lodging, meals, transportation and incidentals or per diem.
- 3.1.2 Depending on the length of the assignment, business assignments to certain locations must be documented by a Loan Agreement Letter between the Company and the associated/subsidiary or joint venture company, pursuant to Industrial Relations Manual policies. The Travel Request is now available online at e-travel. However, Form SA-7017-1, Itinerary-Destination is retained for travel to the U.K and SA-225 Global Travel Form is available offline for use by executive management.

Employees on business assignment receive the same salary and benefits plan participation which the employee receives in Saudi Arabia. The employee remains on the Saudi Aramco payroll. Documented emergency medical treatment is reimbursed.

All business assignments outside of Saudi Arabia must be approved in

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accordance with authorities listed in the Approval Authority Engine and IR Manual Chapter 16, appendix iv.

### 3.2 TEMPORARY ASSIGNMENTS OUTSIDE SAUDI ARABIA (61 DAYS OR MORE)

Included are temporary assignments of 61 or more days outside Saudi Arabia (referred to as "Chapter 8 Assignments") for the Company's convenience to fill a position on an affiliate company's payroll or a temporary assignment with a subsidiary company, when there is a clear and a definite intent to return the employee to SAO at the conclusion of the temporary assignment. Examples are:

- . Project Assignments
- . Vacation Relief Assignments
- . Supplemental Manning
- . Long-term Job Assignments
- . Assignments to Former Shareholder Companies
- . Professional Development Assignments
- . Internship Assignments

Initial approval of out-of-Kingdom (OOK) temporary assignments must be endorsed by External Assignment Human Resources Services ("EAHRS"), and approved by employee's Business Line Head. All temporary assignments must be concurred by Saudi Aramco Tax Management Unit/Payroll Division. All temporary assignments outside of Saudi Arabia, regardless of the location, must be referred to Tax Management Unit and Tax Counsel of the Law Department for endorsement. Saudi Aramco Itinerary-Destination to the U.K., SA-225, Global Travel Form (or Travel Request via eTravel) should be completed for the appropriate temporary assignments. Formal written loan agreements may be required depending on the location and duration of the temporary assignment. Refer to the Industrial Relations Manual, Chapter 8. Also, see GI 850.001, Control of Company Sponsored Visitors, for information about Visitor Data Sheets and AIM 717, Loan of Saudi Aramco employees for information about loaned employees. All employees going on OOK Chapter 8 temporary assignments to all locations must be briefed by the Tax Management Unit, Operations Accounting Department, regarding host country tax obligations prior to the commencement of their assignments.

Employees on temporary assignments to Bahrain lasting 61 days or more are administered on bachelor status only, regardless of their actual family status at the assignment location. More details are found in the IR Manuals, Section IV.T. of Chapter 8.

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4 OF 8**4. EXPENSE RESPONSIBILITY:****4.1 SAUDI ARAMCO EMPLOYEES**

The responsibility for expenses of Saudi Aramco employees on business assignment or temporary assignment, other than expenses incurred on developmental work/training assignments by employees on the Professional Development Program (PDP) is as follows:

4.1.1 The costs of Saudi Arab employees on business or temporary assignment to Aramco Services Company or its subsidiaries (Aramco Training Services Company, Saudi Petroleum International Inc., Aramco Associated Company, and Saudi Refining Incorporated) will be charged to ASC, depending on loan agreement and the type of visa the employee travels under. The visa type is included in the Employee Letter of Understanding. In cases where assignments involve work which is not developmental in nature, the visa type would usually be "L" for temporary assignments in excess of 60 days, where the receiving organization is expected to benefit from the employee's work. The costs of other business or temporary assignments will be based on the length of the assignment. Those on training or student visas ("B", "F" and "J" visas) have limited work authorization under U.S. law and will not be billed to ASC or its subsidiaries. Saudi Arabs on assignment to the U.S. that are resident aliens of the United States are billed in accordance with loan agreements. Where the loan agreement is not in place the costs of such employees will be charged to the department that is expected to benefit from the employee's work and to Saudi Aramco if the assignment is for employee training and development purposes. The loan agreements with ASC should be completed for Saudi Arab employees on temporary assignments to Canada for periods in excess of 60 days and should be referred to Tax Counsel of Law Department for review and approval in accordance with paragraph 2.1.

4.1.1.1 Business assignments for 60 days or less are considered to be for introduction, training and development of the employee. All costs for such Business Assignments are borne by the employee's home department at Saudi Aramco.

4.1.1.2 Temporary assignments in excess of 60 days are considered to be for the benefit of the host company. If there is a loan agreement, the visa type will determine whether the employee will be loaned and if so on what basis. Expenses associated with these temporary assignments are temporarily transferred to the host company's account and handled through its payroll.

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Saudi Arabs remain on the Saudi Riyal Payroll and their salaries plus a percentage to cover their benefits are billed per terms of the loan agreement (the exception to this is when the employee is actually transferred to the host company as an officer of the company). The host company will pay directly or reimburse Saudi Aramco for the employee's travel expenses, temporary living expenses, tax expenses, including U.S. Federal and State and local Income and Federal Insurance Contribution Act (FICA) taxes and similar expenses. Loan agreements are not required for U.S. Dollar employees on Chapter 8 assignment since they are assigned to ASC are handled by ASC payroll.

4.1.2 The costs of Saudi Arab employees on business assignments and temporary assignments to Aramco Overseas Company B.V. (AOC) will be based on the length of the assignment.

4.1.2.1 Business assignments for 60 days or less are considered to be for the benefit of Saudi Aramco and all costs are borne by the employee's department at Saudi Aramco.

4.1.2.2 With respect to temporary assignments in excess of 60 days, salary plus appropriate prorated expenses and entitlements are for the account of AOC. Salary and benefits will continue to be administered by Saudi Aramco and will be charged to AOC per loan agreement.

4.1.3 Assignments to other affiliated companies

4.1.3.1 The location and duration of the business assignment or temporary assignment will determine whether the employee should be loaned to the affiliate. If there is no loan agreement, all costs are borne by Saudi Aramco.

4.1.3.2 When a written loan agreement exists, administration of salary and benefits and charges to the receiving company are determined by the loan agreement.

4.1.4 Assignments to Motiva Enterprise L.L.C., S-Oil (Korea) and other oil companies.

4.1.4.1 Assignments to the above companies are considered to be for the benefit of Saudi Aramco and all costs are borne by Saudi Aramco. In cases where the receiving company pays the

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employee a salary or bonus in excess of that authorized by Saudi Aramco, the difference will be recovered by Saudi Aramco from the employee.

4.1.4.2 When a written agreement exists between the receiving company, the employee and Saudi Aramco, charges for salary, benefits, and expenses are administered in accordance with the agreement. If the agreement does not specify which company has the responsibility for the expense, then Saudi Aramco is considered to be responsible for the expense.

4.1.4.3 Assignments to U.S. locations should be arranged through ASC.

#### 4.2 PROFESSIONAL DEVELOPMENT PROGRAM (PDP) EMPLOYEES

All PDP assignments are considered of an introductory or training nature primarily benefiting Saudi Aramco. All costs are absorbed by the employee's department at Saudi Aramco.

### 5. VISITORS AND EMPLOYEES OF OTHER COMPANIES ON ASSIGNMENT TO SAUDI ARAMCO:

#### 5.1 ARAMCO SERVICES COMPANY

ASC employees on visits or business assignments to Saudi Aramco are of mutual benefit to both organizations. Salaries, air fare and out-of-pocket expenses will be for ASC's account while all other costs such as lodging, transportation, meal allowances and similar costs and expenses are charged to the Saudi Aramco organization benefiting from the business assignment. Temporary assignments in excess of 60 days should be covered by a loan agreement and Employee Letter of Understanding.

#### 5.2 ARAMCO OVERSEAS COMPANY B.V.

AOC will administer the reimbursement of all transportation, accommodation, meal and incidental expenses of AOC employees on visits, Business Assignments, or loan to Saudi Aramco or other affiliated companies.

#### 5.3 OTHER OIL COMPANIES/MOTIVA ENTERPRISE L.L.C., /S-OIL (KOREA)-EMPLOYEES, PARTNERS OR REPRESENTATIVES

5.3.1 When the visit is at the visitor's request and for Saudi Aramco's business, Company housing will be provided by Saudi Aramco and

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charged to the Saudi Aramco sponsoring organization. Other expenses are for the account of the visitor.

5.3.2 When the visit is at Saudi Aramco's request, all approved costs will be charged to the Saudi Aramco benefiting organization.

5.3.3 Costs of employees on loan to Saudi Aramco are administered in accordance with the written agreements covering such loan arrangements. Such costs are charged to the Saudi Aramco benefiting organization or sponsoring organization.

#### 5.4 BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE (EXCOM) MEETINGS

Expenses incurred by Saudi Aramco with respect to members of the Board of Directors, the Executive Committee and persons accompanying them, visiting for Board of Directors or EXCOM meetings are charged to an internal order under IO group 6718161 for executive travel expenses. The specific types of expenses intended to be charged are lodging, meals, incidental expenses, and Saudi Aramco aircraft usage within Saudi Arabia and other cities within 150 kilometers of Saudi Arabia.

#### 5.5 INDEPENDENT AND SPECIAL CONSULTANT CONTRACTS

Consultant contracts are subject to special rules in accordance with the Contracting Manual, Procedure 23 and the Consultant Guidelines Manual.

#### 5.6 CONTRACTOR EMPLOYEES

Visits by contractor's employees will be handled in accordance with the contractual agreements.

#### 5.7 OTHER VISITORS

When the visit is at the visitor's request, Saudi Aramco housing and meal expenses are charged, as designated by the Saudi Aramco approving individual, to the sponsoring organization. Other expenses are for the account of the visitor.

### 6. TEMPORARY ASSIGNMENTS OF EMPLOYEES LOANED BY SAUDI ARAMCO:

Temporary assignments for the benefit of Saudi Aramco will be paid by Saudi Aramco. Agreement for technical services with other oil companies should specifically provide that temporary assignments of loanees for training Saudi Aramco employees will be at Saudi Aramco's expense.



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Situations such as large oil spills, fires, or unusual security needs may require the creation of an internal order "IO". When this situation happens, any associated costs will be charged to the internal order.

Approved: Original Signature on File  
**I. A. Al-Muhaiza, Manager (A)**  
 Accounting Policies & Systems  
 Department

KXS (T-2079)