

**GENERAL INSTRUCTION MANUAL**

021.201

ISSUING ORG. ACCOUNTING POLICIES &amp; SYSTEMS DEPARTMENT

ISSUE DATE  
06-22-09REPLACES  
04-01-06SUBJECT **APPROVAL AUTHORITY**APPROVAL  
RAKPAGE NO.  
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**CONTENT:** This instruction defines approval authorities applicable to Company operations. These authorities are subject to approved Company policies, procedures, budgets and programs and apply only to organizations or projects for which the person approving is directly responsible. This General Instruction includes:

1. Authority Principles
2. Corporate Signature Authority Delegation
3. Approval Authority Delegation
4. Approval Authority Delegation to Outsiders
5. Authority Verification and Clarification
6. Approval Authority Engine (AAE)

**1. AUTHORITY PRINCIPLES**

Management authority in Saudi Aramco stems from two primary sources:

- 1.1 Corporate Signature Authority: As specified in the Bylaws, certain Officers have the authority to affix the signature of the Corporation to contracts or agreements. These Officers (listed in item #2 below) are the only source for delegating corporate signature authority.
- 1.2 Approval Authority: Approval Authority is derived from applicable law, the Company's Articles of Incorporation, the Internal Bylaws (the "Bylaws"), Board of Directors' resolutions and re-delegations by the President & CEO and other members of Corporate Management. The Bylaws specify:

"The President shall have and exercise general supervision over the business and affairs of the corporation, and shall supervise and direct all of the officers, agents and employees of the corporation and prescribe such of their duties not otherwise prescribed by law or by these Bylaws or by the Board of Directors."

The Bylaws also prescribe other duties and related authority for Company Officers not delegated by the Chief Executive Officer.

Approval authorities delegated to Senior Vice President positions are limited to each Senior Vice President's operational area of responsibility, and do not apply outside the respective areas of control.

**2. CORPORATE SIGNATURE AUTHORITY**

- 2.1 The Bylaws specify authority to affix the signature of the corporation as follows:

"The President, each Executive Vice President, each Senior Vice President, each Vice President, the Secretary, the General Counsel, the Treasurer, and the Controller may affix the signature of the corporation to all deeds, conveyances, mortgages, leases, promissory notes, contracts, obligations, certificates and other papers and instruments in writing which, in the usual course of business, may require signature; and may authorize each of

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their assistants to affix the signature of the corporation to such papers and instruments, subject to such limitations and restrictions as the authorizing officer may designate."

The authority to affix the signature of the Company is subject to having obtained the appropriate Signature Authority. It is also subject to:

1. Budget and financial controls;
2. The Saudi Aramco Contracting Manual; and
3. Such other policies and procedures as have been adopted relating to the preparation, execution and distribution of contracts.

Appointed officers may use their signature authority when designated to fill another Executive or Corporate Management position, and may sign for that position with all authorities delegated to that position up to and including the Senior Vice President level. Appointed officers may delegate this authority to specific positions on items of a routine and repetitive nature on which policies have been clearly established.

- 2.2 The form and manner in which the delegation of Corporate Signature Authority is to be made shall be in accordance with Law Department advice and requirements.

### 3. **APPROVAL AUTHORITY DELEGATION**

Approval authority is a generic term referring to the delegation of authority to approve certain transactions granted by the Chief Executive Officer to his subordinates, and their redelegation(s) of this authority, in turn, to their subordinates. These delegations (and redelegations) are generally limited in terms of the financial impact of the transactions and/or other administrative requirements. In redelegating authority, Management may impose additional requirements that it deems necessary with respect to its operation or responsibility.

- 3.1 Requests for revisions to the authority subjects covered in the AAE should be submitted to the Controller for consideration in accordance with paragraph 3.5 below.
- 3.2 Individuals below Vice President level who are temporarily filling the position of VP are authorized to exercise the VP's approval authority but not the VP's Corporate signature authority. Any acting incumbents in a position below the Vice President level are authorized to exercise both approval as well as Corporate signature authorities delegated to the respective position.
- 3.3 Department Heads and above may delegate approval authorities to subordinates when their authority to do so is specifically authorized. Division Heads and below positions cannot make any delegation of authorities to their subordinates.
- 3.4 Proposed actions in excess of the established maximum authority limits shall be submitted to the President & Chief Executive Officer together with the approval recommendations.
- 3.5 It is the responsibility of each organization to periodically review its own delegations of authority and to notify Coordinator, Finance Systems Division of the Accounting Policies & Systems Department (AP&SD) of any changes to ensure their delegations are up-to-date with regard to positions and levels of authority.

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- 3.6 Approval authorities related to Personnel Actions can be found in the Industrial Relations (IR) Manual at <http://hr.aramco.com.sa/hrinfocenter/IRManual/IRManual.htm>.

**4. APPROVAL AUTHORITY DELEGATION TO OUTSIDERS**

Contractor employees and consultants may be delegated the authorities outlined in this instruction only if they are temporarily filling an approved Company position and adequate internal controls and segregation of duty rules are followed. The documentation used for this purpose is a Special Power of Attorney signed by a Company Officer. These authorizations must be by name and function.

**5. AUTHORITY VERIFICATION AND CLARIFICATION**

It is the responsibility of those originating documentation requiring approvals to verify that such approvals are in accordance with this instruction, and the AAE.

- 5.1 Authority Verification. To further assure compliance, the Finance Organization and those administering expenditure controls, programs or budgets shall verify that transactions are properly approved in accordance with associated controls and procedures.
- 5.2 Authority Clarification. Any clarifications required of these approval authorities should be referred to the Coordinator, Finance Systems Division of the AP&SD.

The Controller's Organization responsibilities related to Approval Authorities are as follows:

1. Interpret approval authorities with assistance from the Law Department and other parties, as required including the establishment of a committee made up of the appropriate parties (Law, Treasury, Controllers and other effected proponents) to discuss transactions which are unusual in nature or appear to have no precedent or represent apparent authority not contained within the Management Guide.
2. Receive and review suggestions for revisions and recommend these suggestions to the Senior Vice President - Finance for his action.
3. Implement approved delegations through an on-line approval authority system, respond to inquiries, and as found appropriate, to institute means to assure systematic monitoring and compliance.

**6. APPROVAL AUTHORITY ENGINE (AAE)**

The current delegations of financial authorities in the Company are detailed in the AAE System in SAP PRC under transaction ZAAE04 (Value based financial approval catalog) which is accessible on-line to all users. This allows for the automation of business processes in conjunction with approval authorities via SAP workflows.

AP&SD will continually update the AAE for the Corporate Signature and approval authorities as

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defined above. Requests for changes, revisions or new delegations of authority should be forwarded to the Manager, AP&SD. The request should be signed by the appropriate delegating authority, either a Department Head or above position for approval authority or Vice President or above for Corporate signature authority. Requests for Corporate signature authority delegations should be coordinated with Law per paragraph 2.2 above. The request should reflect the specific approval authority subject and limitations, if any, the SAP HR position number, SAP HR hierarchy, the title of the position to which authority is delegated, and the name of the organization and its organization code.

Approved: \_\_\_\_\_

R.A. Krygsman, Manager  
Accounting Policies & Systems  
Department

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