

SAUDI ARABIAN OIL COMPANY (Saudi Aramco) GENERAL INSTRUCTION MANUAL ISSUING ORG. LOSS PREVENTION DEPARTMENT SUBJECT: LOSS PREVENTION COMPLIANCE REVIEWS	G.I.NUMBER Approved 6.006	
	ISSUE DATE 05/10/2010	REPLACES 02/01/2005
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1 SCOPE AND OBJECTIVES

- 1.1 This GI provides the minimum requirements for conducting reviews of compliance with GI 5.002, "Saudi Aramco Loss Prevention Policy Implementation." This GI provides requirements for business lines, Loss Prevention (LP), proponent departments, and support departments.
- ★1.2 This instruction applies to all Saudi Aramco organizations. Compliance Reviews (CRs) are generally conducted at the department level, but may be performed for other organizational levels, if appropriate.
- ★1.3 Reviews are conducted by a team organized by LP. The team consists of LP staff and personnel from contractors and other organizations, if required.
- 1.4 The primary objective is to independently assess an organization's compliance with and implementation of corporate safety management system (SMS) requirements. A secondary objective is to selectively assess facilities, equipment and materials for compliance with Saudi Aramco's safety requirements, and recommend corrective actions where required.

2 RESPONSIBILITIES

- ★2.1 Business Lines
 - 2.1.1 Nominate departments to be scheduled for CRs in the upcoming year. (LP will provide suggested departments for consideration.)
 - 2.1.2 Provide management or other personnel to assist with staffing, supporting, or chairing CRs, if requested by LP.
 - 2.1.3 Ensure that department managers support the CR program and provide effective implementation or resolution of CR recommendations. Note: In some cases, implementation may require months or years, since recommendations are primarily concerned with improvements to elements of the department's

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SMS.

★2.2 Loss Prevention Department (LPD)

- 2.2.1 Propose departments for CRs annually to each business line and request additional nominations or deletions. Selection shall be based on such factors as criticality of operation, time since the last review, and safety performance.
- 2.2.2 Develop and communicate the annual CR schedule in conjunction with business lines.
- 2.2.3 Develop and document a basic CR methodology to provide a structured framework for the review process.
- 2.2.4 Organize a Compliance Review Team (CRT) for each CR. The CRT shall be staffed with LP and personnel from other organizations as required.
- 2.2.5 Track major recommendations from CRs until closure.
- 2.2.6 Provide an annual summary to executive management based on completed CRs, highlighting department best practices, major findings, and trends observed.
- 2.2.7 Provide technical assistance to proponents, as required, via the area LP divisions for implementation of recommendations.
- 2.2.8 Verify field closure for all “completed” major recommendations and update the tracking system accordingly via the area LP divisions.
- 2.2.9 Review and update the CR program as required.

★2.3 Proponent Departments

- 2.3.1 Provide offices and necessary resources to support the CRT.
- 2.3.2 Provide documentation and information requested by the CRT.
- 2.3.3 Provide a single-point contact to support the CRT. This individual shall be a senior person with knowledge of both departmental operations and their department’s safety management system. This assignment shall be full-time for the duration of the review.
- 2.3.4 Provide subject matter experts on various departmental safety management system elements as requested by the CRT.
- 2.3.5 Implement or resolve all CR recommendations and provide status reports as outlined in Section 5.

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2.4 Support Departments

- ★2.4.1 Support departments, such as those in the Engineering organization, shall provide specialists or management staff to effectively support CRs as requested by LP.

3 COMPLIANCE REVIEW PROCEDURES

- ★3.1 LPD transmits a letter to the proponent approximately four weeks before the start of the review to confirm the review agenda and to request specific documentation to be available. CRs generally require 1-2 weeks in the field, followed by 2-3 weeks to finalize the report. The actual time may depend on the specific facilities involved, geographic extent of facilities, etc.
- ★3.2 The CRT visits the department facilities and attends an opening meeting with department management and Area LP Division representatives. The proponent management shall give a presentation on operations, the organization and any special considerations. The CRT will brief the proponent personnel regarding the review process and timetable.
- ★3.3 The CRT reviews the department's SMS and related documents such as safety processes and procedures.
- ★3.4 The CRT interviews department management and employees to verify their knowledge of and participation in the SMS.
- ★3.5 The CRT conducts field reviews of equipment and facilities to verify implementation of the department's safety management system. This is not an exhaustive inspection of hardware; rather, the purpose is to ascertain the degree of compliance with the department's SMS.
- 3.6 The CRT holds a closeout meeting with department management to present and discuss key observations. The Superintendent of the Area LP Division shall be invited to this meeting.
- 3.7 The CRT then develops the report (on-site or off-site as necessary) and provides a draft report to LPD management for review.
- 3.8 When complete, LPD transmits the final report to the proponent department manager

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with copies to the administrative area heads of the department, the Area LP Division, and the General Supervisor, Planning & Technical Services Division/LPD.

4 COMPLIANCE REVIEW REPORT

- ★4.1 The CR report will consist of an evaluation of the department's SMS, including the written safety programs and processes as well as their implementation, identifying areas that work well and those requiring improvement.
- 4.2 The recommendations will be numbered and divided into "Major" and "Additional" based on their relative importance in providing required degrees of safety for employees and assets. The "Additional" recommendations are not considered "Major" but still represent areas of concern that need to be addressed. Recommendations shall be categorized as major if they address, at a minimum, any of the following:
 - 4.2.1. A major enhancement to the department's SMS to meet corporate requirements;
 - 4.2.2. A potentially life threatening behavior or condition;
 - 4.2.3. A situation that poses serious health hazards to personnel or the community;
 - 4.2.4. A situation that presents a threat of high monetary loss to the company;
 - 4.2.5. A situation that poses a serious risk to facility operations or assets; or
 - 4.2.6. A situation that poses a serious risk to the environment.

5 IMPLEMENTATION OF RECOMMENDATIONS

- 5.1 The proponent department manager shall develop an action plan for the implementation of all recommendations, consisting of the following:
 - 5.1.1 Assign each recommendation a priority and a target date for completion and identify the person(s)/team who will monitor or direct its implementation;
 - 5.1.2 Specify what is to be accomplished, the specific steps required, who will be assigned to do what, and when each task is to be finished;
 - 5.1.3 Forward the action plan to the administrative area head and to the area LP division office;
 - 5.1.4 Track the implementation of all recommendations;

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★5.1.5 Provide detailed status reports of the major recommendations to LPD when requested, for inclusion in a corporate tracking system; and

5.1.6 All recommendations that concern changes to a process or instruction or that would affect the safety of personnel, shall be formally communicated to applicable department management and employees, and appropriate training shall be provided and documented as required.

5.2 The Area LP Division shall field verify closure of major recommendations.

5.3 If the proponent disagrees with or is unable to comply with a major recommendation, a non-compliance letter shall be obtained from the proponent department's administrative area head. This letter should state the justification for non-compliance. A copy of this letter shall be forwarded to the LPD Manager.

RECOMMENDED: _____

 MANAGER
 Loss Prevention Department

DATE: _____

CONCURRED: _____

 EXECUTIVE DIRECTOR
 Safety and Industrial Security

DATE: _____

CONCURRED: _____

 SENIOR VICE PRESIDENT
 Industrial Relations

DATE: _____

APPROVED: _____

 PRESIDENT AND CHIEF
 EXECUTIVE OFFICER

DATE: _____