

ISSUING ORG. ACCOUNTING POLICIES & SYSTEMS DEPARTMENT
 SUBJECT CASH ADVANCE AND EXPENSE SETTLEMENT USING eTRAVEL

ISSUE DATE
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GI 211.050 CONTENT: This instruction outlines the process for obtaining a travel cash advance and the subsequent expense settlement using the Company SAP travel management module (eTravel). The policies governing this instruction are detailed in Chapters 7 and 8 of the IR Manuals. Other information is contained in Chapters 11, 14, and 16 of the relevant IR Manual. Employees and approvers can use this instruction in conjunction with the IR manual to determine what expenses are considered necessary and reasonable within Company policy. Furthermore, this instruction explains the role of the Finance Organization and the verification procedures performed in ensuring that transactions and expenses are properly approved and recorded. Executive travel management and retired employee medical referrals are handled under existing processes covered in GI 211.060 and GI 211.070.

eTravel is located in Saudi Aramco's Corporate Portal at: Myhome>Services>Travel & Expenses

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1. **GLOSSARY**

1.1. ABBREVIATIONS & ACRONYMS

AAE	Approval Authority Engine
AP&SD	Accounting Policies & Systems Department
AP&PD	Accounting Policies & Procedures Division/AP&SD
eTravel	SAP Travel Management Module
IK	In-Kingdom
IR Manual	Industrial Relations Manual
MPS	Miscellaneous Payment System
OAD	Operations Accounting Department
OOK	Out-of-Kingdom
Payroll	SAP Payroll System

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)
GENERAL INSTRUCTION MANUAL

G. I No. **211.050** Approved

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PBP&RU Payroll Benefits, Payments & Reconciliation Unit/PD/OAD
 PD Payroll Division/OAD
 TMU Tax Management Unit/PD/OAD

1.2. INSTRUCTIONS REFERENCED

GI 211.060 Expense Report Form SA-165
 GI 211.070 Miscellaneous Payments and Other Miscellaneous Disbursements

1.3. FORMS USED

SA 7017 Itinerary (USA Destinations)
 SA 7017-1 Itinerary (Destinations outside the USA)
 SA 7017-2 UK Business Travel by UK Nationals
 SA 7017-3 California Itinerary

1.4. OTHER REFERENCES

1.4.1. Management Guide on Approval Authorities:

<http://mgtg.aramco.com.sa/data/04.PDF>

1.4.2. Industrial Relations Manual:

<http://sharek/orgs/hric/Pages/IRManual.aspx>

IR Manual, Chapter 7 "In-Kingdom Assignments"
 IR Manual, Chapter 8 "Out-of-Kingdom Assignments"
 IR Manual, Chapter 11 "Shipment of Effects"
 IR Manual, Chapter 14 "Personnel Development"
 IR Manual, Chapter 16 "Local/International Transportation"

1.4.3. Miscellaneous Payments System (MPS)

For cash advances for full rental or installment rental.

1.4.4. Per Diem Rates

For application of per diem rates refer to paragraph 7.7.

IK

IR Manual Chapter 7, Appendix II

OOK

IR Manual Chapter 8, Appendix II.1

* 1.4.5. Global Travel Services at GTS Online:

<http://sharek.aramco.com.sa/orgs/30001956/30001963/30010901/Pages/default.aspx>

* CHANGE

** ADDITION

NEW INSTRUCTION ☐

COMPLETE REVISION ☐

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2. SAP TRAVEL MANAGEMENT - eTravel

- 2.1. Company operations may require temporary or permanent changes in employee work assignment locations. The Company covers necessary and reasonable expenses incurred by employees resulting from a Company-directed work location change and business trips. The nature of these assignments and general rules for expense reimbursement are covered under IR Manual, Chapter 7 - In-Kingdom Assignments and Chapter 8 - Out-of-Kingdom Assignments.
- 2.2. Effective May 16, 2009, Company-related travel must be requested, planned and approved through eTravel. In addition, travel cash advances are obtained through eTravel and expenses incurred by employees are settled through eTravel. Supplemental manpower is required to use eTravel for their travel expenses.
- 2.3. Exceptions:
- 2.3.1. Executive Travel – Executive travel cash advance and expense reports are initiated, recorded and settled under the existing processes (GI 211.060 and GI 211.070).
- 2.3.2. Medical referrals for retired employees – Retired employee medical referrals are booked and settled under the existing processes (GI 211.060 and 211.070).

3. INCOME TAX IMPLICATIONS

- 3.1. Instructions contained herein and in the IR Manual Chapter 8 are designed to meet the requirements of the U.S. Internal Revenue Service and to permit U.S. Dollar employees to exclude, as applicable, from their U.S. income tax return a detailed accounting of business expenses incurred and reimbursements received. Failure to comply with applicable requirements can result in a requirement by the Company to report the respective reimbursement and additional compensation for U.S. income tax purposes. Further inquiries regarding U.S. income tax requirements should be referred to TMU/PD/OAD.
- 3.2. ITINERARY FORMS SA 7017, 7017-1, 7017-2 AND 7017-3
- OOK temporary assignments for 61 days or more, UK citizens traveling to the UK on a business or training assignment, and all business assignments to California are subject to pre-approval via these forms. The above forms must be manually prepared and forwarded to TMU/PD/OAD for approval, along with the travel order and other assignment documents (including the Letter of Understanding) as applicable.

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3.3. LOAN AGREEMENT AND LETTER OF UNDERSTANDING

A Loan Agreement & Letter of Understanding are necessary for most Chapter 8 assignments. Both the Loan Agreement and the Letter of Understanding, when required, must be signed by the employee and the required approval authorities.

Copies of each document must be promptly sent to PD, the Personnel Department and the Personnel Administrator of the assignment location. Copies of each document must be placed in the employee's file by the Personnel Department.

4. CASH ADVANCE FOR BUSINESS TRAVEL

4.1. A cash advance for business travel may be obtained through eTravel prior to travel. The amount of the cash advance should be estimated based on the per diem rates (full plus transportation) for the assignment location.

** 4.2. The calculation of the cash advance is based on the approximate allowed per diem amount assuming no personal leave days in the travel itinerary. If there are personal leave days included in the travel itinerary, the employee should reduce the cash advance amount accordingly.

4.3. Cash advances must be requested in an employee's payroll currency

4.4. The employee may request that the advance be paid via payroll or via a direct bank deposit (wire transfer) in the employees payroll currency to a bank account identified in the payroll system. Selecting an international wire transfer may result in a service charge being deducted from employee's account or rejection if a brokerage account selected. A direct bank deposit to a third party bank (i.e. to a brokerage account) may be rejected.

4.5. The cash advance will be deducted from the travel expenses upon expense settlement or from the employee via Payroll if no expense settlement is made.

4.6. Cash advances which are outstanding for 90 days from the trip start date are automatically deducted from the employee's next pay after the 90 day period expires. The employee will be notified of the outstanding cash advance 60 days and 90 days after the trip start date. In accordance with Chapters 7 and 8 of the IR Manual, the deduction will be in full and no installment repayment is permitted.

** 4.7. In the case of an extension of assignment, the employee may re-process the travel request to include an additional cash advance, provided that the overall assignment period does not exceed 60 days.

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4.8. Cash advance for full rental or installment rental (Chapter 8 OOK assignments only) must be processed separately in MPS.

5. EXPENSE SETTLEMENT

5.1. Expenses must be settled using eTravel.

5.2. If there is more than one employee on the same business assignment, each person should claim their own expenses.

5.3. If spouse accompaniment is approved at the time of creating the travel request, expenses associated with the spouse are to be combined with the employee's actual expenses supported by scanned original receipts. Alternatively single per diem reporting may be selected (see 7.6.3 below for additional information).

5.4. Employees on business assignments lasting 60 days or less are advised to settle their expenses within 30 days of the completion of the assignment or earlier.

5.5. Employees on business assignment lasting 61 days or more must settle expenses for their Transient Living Expenses after each full month from the commencement of the assignment, and the final expense settlement within 30 days of the completion of the assignment or earlier.

5.6. Reports are available to Department administration in order to monitor outstanding expense settlements.

** 5.7. Once an expense report is approved, it cannot be modified. A supplement may be granted to the employee by calling the IT helpdesk at 904 or by email to ITHelpDesk@Aramco.com and requesting that a remedy ticket be initiated to allow an eTravel expense report supplement. The remedy ticket will be assigned to Payroll Division eTravel (PD_eTravel).

6. COST ASSIGNMENT

6.1. The default cost object is the employee's cost center. Expenses may be charged to an internal order or a WBS associated with that cost center.

6.2. Under specific circumstances the cost object may be changed to charge to an organization other than the employee's Department. To ensure compliance with the specific Corporate policy allowing this, the approval will be routed to the owner of the cost center/internal order/WBS element being charged as well as the employee's cost center approval authority.

6.3. The cost elements charged will depend on the nature of the trip (trip activity type). Attachment A lists the cost elements for each trip activity type.

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6.4. Error corrections (incorrect cost assignment) may be requested after expense settlement. Contact AP&PD/AP&SD at the following link for details regarding the error correction process.

<http://sharek.aramco.com.sa/orgs/30001631/Pages/Contacts.aspx>

7. PER DIEM EXPENSE REPORTING

In lieu of reimbursement on an actual expense basis, employees may opt to receive a per diem for lodging, meals and incidentals, and transportation. This option is available by choosing the per diem expense rule when settling expenses. In general, if an employee has incurred an expense, they are eligible to claim reimbursement. If no expense has been incurred, then no per diem is payable. The expenses need not be itemized or supported by receipts if an employee elects to claim per diem in lieu of the following actual expenses:

7.1. LODGING: Lodging per diem covers nightly room rate plus all associated taxes, charges and fees.

7.2. MEAL & INCIDENTALS: Meals & Incidentals per diem covers all meals, snacks and beverages (except business meals), tips, local phone or facsimile calls, internet access, and laundry/ pressing/ cleaning.

7.3. TRANSPORTATION: Transportation per diem covers taxi to/from airport or hotel, rental car (including gasoline and insurance coverage), parking (e.g., at airport or hotel), and all other transportation-related expenses (such as tolls, subway, train, bus, or taxi to business meetings, etc.).

7.4. Application of Per Diem

7.4.1. An employee may claim Lodging (only) per diem, Meals & Incidentals (only) per diem, or the Full per diem (lodging meals and incidentals excluding transportation).

7.4.2. The Full or Lodging per diem may be claimed for any day of travel that an overnight stay is required in any type of lodging or accommodation (excluding overnight flights).

7.4.3. The Meals & Incidentals per diem may be claimed for any day of travel.

7.4.4. The Transportation per diem may be claimed, according to the per diem rates, for any day of travel.

7.4.5. The Transportation per diem is not available if a company car has been provided or if company housing has been provided.

7.4.6. Employees may elect either a per diem (Lodging and/or Meals and Incidentals, and Transportation) or reimbursement of actual expenses, or a combination of per diem and actual (e.g., actual for lodging, per diem for meals & incidentals and transportation) but must apply that election to the entire expense reporting for each business assignment.

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7.4.7. Employees who travel to multiple locations during their assignment may make different elections for each location; however, they must make the same election for all days in a particular location.

7.4.8. For OOK temporary assignments, any expenses incurred during travel between international locations should be submitted for reimbursement on an actual basis.

7.4.9. For business assignments to Bahrain, employees whose workday residence is within close proximity of the causeway (e.g., Dammam, Dhahran and Al Khobar) may be requested by the expense report approver, or PBP&RU/PD/OAD, to attach proof of overnight lodging in Bahrain. Without documentation, approval to pay per diem is at the discretion of the expense report approver.

7.5. ADDITIONAL EXPENSES ON AN ACTUAL BASIS

7.5.1. In addition to the per diem allowances, employees may claim the following expenses, on an itemized basis, if incurred:

- Long distance business telephone or facsimile calls
- Business travel (see para. 8.5.3)
- Entertainment and business meals
- For UK assignments, any expenditures for Community Charges 'Poll' tax.

7.6. EXCEPTIONS TO PER DIEM REPORTING

Per Diem reporting is not allowed in the following cases:

7.6.1. When the employee has not incurred any expense for lodging, meals & incidentals and/or transportation.

7.6.2. When employee is on a temporary assignment lasting more than 15 days within Saudi Arabia where Company-provided housing is available for the employee to use, unless this exception is approved by the employee's Admin Area Head. If Company-provided housing is not available at the time of assignment, a confirmation of non-availability of housing is required to be attached to the expense settlement when claiming the lodging per diem rate.

7.6.3. When claiming expenses for dependents, both the expenses of the employee and dependents must be itemized. Alternatively, the employee may choose not to itemize his own and his dependent's expenses, in which case the single status per diem amount is deemed to cover the whole family (including himself) and is the maximum amount which can be claimed.

7.7. PER DIEM RATES

7.7.1. IK

Per Diem rates for IK travel are contained in Chapter 7, Appendix II of the IR Manual.

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7.7.2. OOK

7.7.2.1. Per Diem policy for OOK travel is contained in Chapter 8, Appendix II.1 of the IR Manual.

* 7.7.2.2. Per Diem rates are contained at the following website:

OOK

<http://sharek.aramco.com.sa/orgs/30016742/Documents/PD%20Documents>

OOK per diem rates are based on rates published by the U.S. Department of Defense increased automatically by eTravel, to include a supplement of 45% (rounded-up to the nearest Dollar). Per diem rates are updated quarterly with the rates applicable for the quarter published at the beginning of the quarter.

7.7.2.3. Transportation per diem is as follows:

First and last day of travel - \$100 each day

All other days of the OOK assignment - \$50 each day

For inquiry about applicable per diem rates, contact PBP&RU/PD/OAD. See Section 14 for contacts in PD/OAD.

8. ITEMIZED EXPENSE REPORTING

Employees may choose to claim expenses incurred on an itemized basis (i.e., claiming actual expenses) by attaching a scanned copy of the original receipt for such expenses.

8.1. LODGING EXPENSES

8.1.1. Lodging charges must be supported by the hotel invoice scanned and attached to the expense settlement. The reviewer should check to ensure the hotel invoice submitted properly supports the lodging charges.

8.1.2. Input the room charge, tax, and standard service charge for housekeeping (if applicable). Room service charges should be included in meal charges.

8.1.3. If an apartment is rented on a monthly rate for an extended duration, the rental amount should be shown as one amount, as per receipts, instead of dividing the rent amount into the dates of occupancy.

8.1.4. If lodging or accommodation is provided by the Company, the employee should indicate this without noting the amount. The approver is responsible to ensure that they have not previously approved such expense on an expense settlement.

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8.2. MEAL EXPENSES

8.2.1. Combine and list actual meal, snack and beverage costs for the whole day, scan and attach receipts. In accordance with Chapter 7 and 8 of the IR Manuals, the approver should consider the following factors when reviewing the reasonableness of meal expenses:

- Availability of convenient dining facilities
- Duration of the stay in a given location
- Duration of the assignment, and
- Personal eating habits of the employee.

8.3. INCIDENTAL EXPENSES

8.3.1. Scan and attach receipts for costs incurred for:

- Tips
- Local telephone and facsimile
- Internet access
- Laundry/cleaning/pressing

8.3.2. The Proponent organization approver has the discretionary authority to approve reimbursement of actual expenses for personal calls which he considers to be reasonable in his judgment based on the amount of expense, family circumstances, and the distance from home.

8.4. TRANSPORTATION EXPENSES

8.4.1. Scan and attach receipts for costs incurred for:

- Taxi to/from airport/hotel
- Pre-approved rental car including gas and insurance
- Parking (e.g., at airport or hotel)
- Other transportation-related expenses (such as tolls, subway, train, bus, or taxi to business meetings, etc.).

8.4.2. The Company reimburses approved automobile rental costs to include liability and collision/loss damage insurance coverage for required business travel. Rental of autos while on Company business must be approved in advance with evidence of approval attached to the expense. The Company also will reimburse employees for the following insurance programs when such insurance is not included as part of basic auto rental costs.

- Loss Damage Waiver (LDW)
- Liability Insurance Coverage Supplement (LIS/LIC)
- Collision Damage Waiver (CDW)
- Third Party Liability (non-US location only)

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8.4.3. The employee needs to determine at the time of rental if the above insurance coverage is provided as a part of the rental contract rate. If not included, the employee should accept such coverage. Any insurance other than the types noted above, is at the employee's expense.

8.5. AIRFARE EXPENSES

8.5.1. The Company purchased ticket cost for the business trip will be reflected in eTravel once it has been paid by the Company. This amount will be included in the employee's total cost of travel, however, excluded from reimbursement to the employee. The airfare will be reflected in the Department's cost sheet, internal order or WBS.

8.5.2. Ticket refund process – In order to obtain a refund for unused tickets that have been issued, the travel plan must be cancelled within 3 days of the trip end date. The refund, less a cancellation charge, will appear as a credit in the expense settlement. The employee must go through the process of expense settlement in order to have the refund reflected in the cost center, internal order or WBS. After this time period, the procedure in GI 211.060 for ticket refunds must be followed.

8.5.3. Air travel expenses paid by the employee are reimbursable only when arrangements through eTravel or GTS were not possible due to time or other constraints and must comply with the authorized service standards as indicated in Chapter 16 of the IR manual. The situation must be explained in the "comment" section for this expense.

8.5.4. In case of an assignment in conjunction with vacation, the extra fare paid for deviation from the route of vacation travel to/from the point of origin should be shown as a cost chargeable to the Company as business expense. In such cases, a detailed note of additional fare computation should be scanned and attached with the copy of the airline tickets. Refunds for unused employee-purchased tickets for business travel must be administered by the employee himself. The employee is eligible to claim reimbursements for any charges incurred relating to this process in the expense settlement.

8.6. OTHER EXPENSES

8.6.1. These business expenses could include, but are not limited to, the following and should be supported by scanned receipts and explanations:

** 8.6.1.1. Visa and related processing fees for assignment location.

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8.6.1.2. Pre-approved entertainment and business meals. However, approval may be sought after the fact for the expenses incurred if the event occurred due to an unexpected development. The reason and nature of expenditure; the name and type of establishment; names, titles or other business designations of participants; and the general nature of business discussion must be included in the comments section of the expense settlement.

8.6.1.3. Excess baggage for reasonable quantities against receipts is normally limited to 10 kg or by number of pieces (suitcases). This is not applicable for Temporary Assignments outside the Kingdom.

8.6.1.4. Materials purchased for the Company, provided the purchase does not exceed \$200 for any single requirement (not single item) and is supported by a receipt.

8.6.1.5. Costs incurred for emergency medical treatment by non-dollar payroll employees during business assignments may be reimbursed.

9. CURRENCY

9.1. Actual amounts are input in the currency of the expense and will be converted to the equivalent payroll currency for reimbursement purposes.

9.2. Per Diem rates IK are provided in Saudi Riyals. Per Diem rates OOK are provided in U.S. Dollars. Both IK and OOK per diem rates will be converted to payroll currency for expense reimbursement.

9.3. Exchange rates: If there are expenses in several currencies, expense settlement will convert all expenses to the payroll currency based on the Corporate exchange rate in eTravel either on the receipt date (for actual) or the date the expense was incurred (for per diem).

9.4. If the system rates are not used, the expense settlement should include acceptable evidence, such as money exchange slip from a bank, credit card statement, or other advice, showing the conversion rate to the payroll currency.

10. RECEIPT SCANNING AND DOCUMENT RETENTION

10.1. To claim reimbursement on an actual basis, the original receipts supporting the amounts claimed must be scanned and attached to the expense settlement.

10.2. All file formats of scanned receipts are acceptable. One file may be attached to each expense line item. Separate .pdf files may be combined into one file using Adobe software.

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10.3. Individual amounts ***spent*** and claimed which are less than twenty-five (\$25) U.S. dollars (or equivalent currency) do not require a receipt. For individual meals, the amount is fifty (\$50) U.S. dollars.

10.4. **The \$25/\$50 threshold is designed to reduce the administrative burden of the preparer, the reviewer and the approver. This threshold is not designed to be used to improperly increase the expense reimbursement to the employee. The claim must be for the actual expense incurred. For example, if \$7.63 is spent on Internet access, the expense settlement should indicate \$7.63 for Internet access (not \$25). If \$26.50 is spent for lunch, the expense settlement should indicate \$26.50 for lunch and not \$50. It is the employee's responsibility to file expense reports in an ethical manner.**

10.5. If a required receipt is not scanned and attached, approving authorities may still approve an expense settlement provided the amount is not substantial, is made within travel policy, and the reason for the expense is stated on the expense settlement. Refer to chapters 7 and 8 of the IR Manuals.

10.6. Original receipts must be retained in the Department for one year from the date of submitting the expense settlement. After one year, receipts may be archived and sent to the Records Center for an additional four years. After five years, receipts may be destroyed.

11. REIMBURSEMENT AMOUNT

11.1. The expense settlement will calculate the settlement amount and deduct the outstanding cash advance to determine the reimbursement amount.

11.2. If an amount is due to Saudi Aramco, the balance will be recovered through payroll deduction.

11.3. If an amount is owed, the payment will be made as indicated in the expense settlement. Selecting a bank that results in an international wire transfer may result in a service charge being deducted from employee's account or rejection if a brokerage account selected.

12. EMPLOYEE'S ACKNOWLEDGEMENT

- * After submitting expenses for approval, the employee will be the first person in the workflow. When the employee concurs, they are confirming that all expenses were incurred by them on behalf of the Company and that the expenses being submitted are valid, necessary, reasonable, and reimbursable in accordance with Company policy.

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13. CASH ADVANCE AND EXPENSE SETTLEMENT APPROVAL AUTHORITY

- 13.1. The primary approval function, including the review of 'expense propriety' is the responsibility of the employee's Department. Approving authorities should ensure that expenses claimed on the expense settlement are **necessary** and **reasonable** and **reimbursable** in **accordance with Company policies**.
- 13.2. In accordance with the Management Guide, for positions below General Management (as defined in the Management Guide), the SAP HR hierarchy will be used to determine the appropriate expense settlement reviewer and approver as part of the approver's Net Direct Expenditure (NDE) budget.
- 13.3. The hierarchy structure is based on the employee's organization and the AAE will route the expense settlement for review and approval accordingly.
- 13.4. For the specific circumstances allowed under Corporate policy, (e.g. Medical) the ultimate approval authority will be the owner of the cost center/internal order/WBS being charged.
- 13.5. Unusual expenses must be explained in the "comments" section or in a separate document scanned and attached to the expense settlement.

14. ROLE OF FINANCE ORGANIZATION

14.1. ATTEST FUNCTION

- 14.1.1. PBP&RU/PD/OAD is responsible for selecting expense settlements for review and attestation, prior to approval for payment. This review will be conducted to ensure claimed expenses are necessary, reasonable, and in agreement with Company travel policies. PBP&RU/PD/OAD determines and may change the attest selection criteria to ensure a representative, or full, sample of expense settlements are reviewed.
- 14.1.2. Although PBP&RU/PD/OAD performs this due diligence function, expense approvers are ultimately responsible for the approved expenses. Any errors or inconsistencies discovered will be brought to the attention of the approving Department for correction.
- 14.2. PBP&RU/PD/OAD provides cash advance payment and collection support as necessary.

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14.3. CONTACT PHONE NUMBERS IN PD/OAD:

POSITION TITLE	PHONE NO.	FAX NO.
Payroll Help Desk	873-1111	873-3619
Supervisor, PBP&RU/PD/OAD	873-1835	873-3619
Administrator, Payroll Division, OAD	874-7355	873-4750

Approved:

A. A. AL-RUWAILI, Manager (A)
Accounting Policies & Systems Department

AJH
(T2522)