

SAUDI ARABIAN OIL COMPANY (Saudi Aramco)

DIRECTOR NOMINATION PROCEDURES

Version 2019.001
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1 SCOPE

These Nomination Procedures (the “Procedures”), issued pursuant to the Nomination Policy (CP-7(SA)), set forth the procedures for nominating and electing individuals to, and filling vacancies on, the Board of Directors (the “Board”) of the Saudi Arabian Oil Company (the “Company”) in accordance with the Bylaws of the Company (the “Bylaws”) and the Charter of the Nomination Committee of the Board (the “Nomination Committee”). These Procedures also set forth the general skills, qualifications and credentials required for individuals to serve on the Board. In case of conflict between these Procedures and the Nomination Policy, the Bylaws, or the Nomination Committee Charter, then the Nomination Policy, the Bylaws or the Nomination Committee Charter, as applicable, shall prevail.

1.1 Nomination Committee Responsibilities

Pursuant to its Charter, the Nomination Committee is responsible for overseeing the nomination of candidates to the Board, with the exception of those candidates nominated directly by the State (“State Nominees”), in its capacity as shareholder of the Company (the “State Shareholder”). With respect to State Nominees, the Nomination Committee is responsible for assisting in the related nomination and approval process. The Nomination Committee is also responsible for reviewing the backgrounds and qualifications of all candidates to the Board (other than State Nominees) in order to ensure that they have the general skills, qualifications and credentials set forth in these Procedures and in applicable law. The Nomination Committee will present such candidates to the Board for endorsement, and all endorsed candidates will be presented to the General Assembly for election. Voting at the General Assembly shall be limited to those nominees who have been endorsed by the Board, in addition to the State Nominees. The Chairman of the General Assembly may refuse any nomination by a shareholder not made in accordance with these Procedures.

All holders of the Company’s ordinary shares, including the State Shareholder, shall have the opportunity to vote at a General Assembly Meeting to elect members of the Board (other than the Company’s Chief Executive Officer) from among those candidates that have been duly nominated. The Chief Executive Officer of the Company shall automatically be a member of the Board but may not serve as the Board Chairman or Vice-Chairman.

2 NOMINATION PROCESS

2.1 Nominations by the Board

The Nomination Committee oversees the process by which directors are nominated to the Board (other than State Nominees, for which the Nomination Committee merely assists) and by which potential Board members are evaluated, in accordance with the Bylaws, the Nomination Committee Charter, the Nomination Policy, these Procedures and any applicable law. The Nomination Committee makes a recommendation to the full Board regarding (1) the candidates to be nominated for election (other than State Nominees) at a General Assembly Meeting by the Company’s shareholders and (2) candidates to fill vacancies on the Board.

2.2 Nominations by the State Shareholder

Prior to the meeting at which the Nomination Committee makes its recommendation to the full Board regarding director nominees, the Nomination Committee shall make a reasonable effort to obtain from the State Shareholder the names of the State Nominees. If the Nomination Committee timely receives the names of the State Nominees, it shall present the State Nominees to the Board alongside the Nomination Committee’s recommendations for other director nominees.

2.3 Nominations by Qualified Shareholders

A shareholder (or a group of shareholders), other than the State Shareholder, holding more than 0.1% of the ordinary shares of the Company (a “Qualified Shareholder”) may propose to the Nomination Committee a candidate for membership on the Board; *provided that* written notice of such Qualified Shareholder's nomination has been given, along with the necessary supporting documentation as detailed in Appendix A, either by personal delivery or by internationally recognized courier service (e.g. FedEx, DHL, etc.), to the Company’s Investor Relations department not later than the close of business on the thirtieth (30th) day following the date on which public announcement of the opening of the nomination period is first made by the Company. In no event shall an announcement of an adjournment or postponement of a General Assembly Meeting commence a new time period (or extend any time period) for the giving of a Qualified Shareholder’s notice as described above.

Any written notice provided pursuant to the preceding paragraph shall be sent to:

Investor Relations
North Admin Building
Room AN-3030
Saudi Aramco
Dhahran 31311
Saudi Arabia

The Secretary of the Company will present all properly nominated candidates to the Nomination Committee, and the Nomination Committee will review each submission to confirm that the Qualified Shareholder has the right to make such nomination and that the nominee meets the conditions, qualifications and criteria for Board membership.

The Nomination Committee and the Board shall present all candidates that are nominated by a Qualified Shareholder to the General Assembly for election, *provided that* (1) the Qualified Shareholder’s notice of such nomination (together with all necessary supporting documentation) is timely as described above, and (2) such candidate meets the conditions, qualifications and criteria (as described in Section 3 below) for Board membership consistent with these Procedures, the Bylaws, applicable law and securities regulations. The Nomination Committee is entitled to reject any candidate nominated by a Qualified Shareholder if any condition, qualification, criteria or other requirement of these Procedures, the Bylaws or applicable law has not been met.

3 DIRECTOR SKILLS AND REQUIREMENTS

Pursuant to Article 18 of the Corporate Governance Regulations (“CGR 18”) promulgated by the Capital Markets Authority (“CMA”), the Company’s directors are required to:

- have the required professional capabilities and the required experience, knowledge, skill and independence, which enable them to perform their duties efficiently;
- demonstrate leadership skills which enable them to delegate powers in order to enhance performance and apply best practices in effective management and compliance with professional ethics and values;
- possess the academic qualifications and proper professional and personal skills as well as an appropriate level of training and practical experience related to the current and future businesses of the Company and the knowledge of management, economics, accounting, law or governance, as well as the desire to learn and receive training;
- leverage technical, leadership, and administrative competencies as well as the ability to take prompt decisions, and understand technical requirements and developments related to the job;

- provide strategic guidance and long-term planning and have a clear future vision;
- read and understand financial statements and reports;
- be free from any health issue that may hinder them from performing their duties and responsibilities; and
- have sufficient time to effectively carry out their duties as members of the Board.

4 PUBLICATION OF DIRECTOR CANDIDATES

When and as required by applicable rules and regulations, the Company will prepare an announcement to be published in accordance with CMA requirements and any other applicable securities regulations, regarding the nominees for membership to the Board, including their experience, qualifications, skills, previous and current jobs and memberships. When and as required, the Board's nominees will also be published or otherwise made available on the Company's website.

5 VACANCIES

If a Board position becomes vacant, the Nomination Committee shall nominate one or more replacement director candidates, unless the vacant position was previously held by a State Nominee, in which case such replacement member shall be nominated by the State Shareholder. Vacancies on the Board shall be filled by majority vote of the then remaining directors (by written resolution or special meeting, if necessary). Any replacement director so elected by the Board must be approved by the shareholders at the next Ordinary General Assembly Meeting, and if so approved, shall complete the term of such director's predecessor. The Ministry of Commerce and Investment, the Ministry of Energy and, if the Company is listed, the CMA and each other applicable regulator, shall be notified within five (5) business days from the date of the election of the replacement director.

APPENDIX A - REQUIREMENTS FOR DIRECTOR NOMINATIONS BY QUALIFIED SHAREHOLDERS

Any Qualified Shareholder (including each member of a group that, in the aggregate, is a Qualified Shareholder) must provide the following written information upon submitting a director nomination. All director nominations and supporting information should be delivered to the Company's Investor Relations department pursuant to the requirements set forth in Section 2.3 of these Procedures and must include the following:

1. one or more written statements from the record holder of the shares (and from each intermediary through which the shares are or have been held) verifying that, as of a date that is seven calendar days prior to the date when the nomination is delivered to or mailed and received by the Company's Investor Relations department, the Qualified Shareholder owns at least 0.1% of the ordinary shares (the "Required Shares"), as well as the Qualified Shareholder's agreement to provide immediate notice if the Qualified Shareholder ceases to own any of the Required Shares prior to the date of the next Ordinary General Assembly Meeting of the Company;
2. the written and signed consent of each individual nominee to his or her nomination to the Board and agreement to serve as a director, if elected;
3. in the case of a nomination by a group of shareholders that are acting together, and therefore in the aggregate, may be considered a Qualified Shareholder, the designation by all group members of a single group member that is authorized to act on behalf of the group with respect to the nomination and all matters related thereto, including withdrawal of the nomination;
4. the Qualified Shareholder may include with its notice of nomination a written statement, not to exceed 500 words, in support of the nominee's candidacy;
5. a written disclosure demonstrating that the nominee has the general skills, qualifications and credentials required for individuals to serve on the Board, as in effect at the time of the nomination;
6. a written representation and agreement, countersigned by the nominee, that the nominee: (i) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such nominee, if elected as a director, will act or vote on any issue or question, (ii) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with his or her candidacy for the Board or his or her service or action as a director, and (iii) will comply with the Bylaws, applicable law and securities regulations, all of the Company's corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines, and any other policies and guidelines applicable to directors;
7. a completed and signed questionnaire, in the form required from all of the Company's directors and Board nominees;
8. such other information as may reasonably be required by the Nomination Committee to determine whether the nominee (A) is independent under applicable law, applicable rules or regulations, and any standards used by the Board in determining the independence of the Company's directors; and (B) has any direct or indirect relationship with the Company, its affiliates, and counterparties; and
9. an undertaking that the Qualified Shareholder agrees to:
 - a. assume all liability stemming from any legal or regulatory violation arising out of the Qualified Shareholder's communications with the Company or the Company's shareholders or out of the information that the Qualified Shareholder provided to the Company regarding the nominee;

- b. indemnify and hold harmless the Company and each of its directors, officers and employees against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Company or any of its directors, officers or employees arising out of any nomination submitted by the Qualified Shareholder;
- c. file, and/or cause its nominee to file, any materials required by the CMA and any other applicable securities regulations; and
- d. comply with all applicable laws, rules, regulations and listing standards with respect to any General Assembly Meeting.