

Mapping our material ESG issues

In preparing this Report, we consider which topics our stakeholders identify as material ESG issues¹ in our strategy, in our operations, through our key performance indicators (KPIs), and in our public reporting.

In 2020, we conducted focused “materiality assessments” in partnership with a number of independent external consultancies and stakeholders. This included a review of a range of reporting standards including the UN SDGs and the IPIECA guidelines. In addition to this exercise, we monitor internal and external stakeholders to understand what is important to them.

From our benchmarking, research, and internal engagement, we identified and evaluated over 150 topics across the areas of Environment, Social, and Governance. The outcomes of these assessments were tested with external and internal stakeholders, in over 25 separate engagements. The goal was to evaluate the relative importance of multiple topics to our key stakeholders — as well as their respective impacts on our business and stakeholders. From this, 13 material issues were highlighted, and were allocated under four focus areas:

- Climate change and the energy transition;
- Safe operations and people development;
- Minimizing environmental impact; and
- Growing societal value.

Prioritizing issues enables us to focus on where we can make the biggest difference. This wide-ranging review included peer benchmarking and detailed analysis of stakeholders’ requirements, perceptions, and expectations of Aramco.

Whilst we contribute directly or indirectly to all 17 UN SDGs, we identify 10 UN SDGs which we feel are most relevant to our operations, our products and our business and this is what we present in the adjacent materiality matrix table.

1. The concept of “materiality” refers to the guidance on external reporting from the Global Reporting Initiative, and does not necessarily correspond to the concept of materiality used in connection with Aramco’s financial reports.
 2. Human rights and biodiversity are material issues that have a broad relationship with various KPIs and have a strong impact on our day-to-day business and operations, thus we are applying a deliberately phased approach to ensure the quality and integrity of our data capture and target-setting processes, therefore for 2021, there are no publicly reported KPIs for these two material issues.

Focus area and relevant UN SDGs	Material issues	Impact on our business
Climate change and the energy transition   For more details see page 20	1. Climate change (including GHG emissions)	
Safe operations and people development   For more details see page 48	2. Process safety and asset integrity 3. Workforce protection 4a. Labor practices 5. Ethics, bribery and corruption (compliance) 6a. Human rights ²	    
Minimizing environmental impact   For more details see page 62	7. Biodiversity and ecosystems ² 8. Water 9. Waste management 10. Local environmental impact	   
Growing societal value   For more details see page 76	4b. Labor practices 6b. Human rights ² 11. Community and society 12. Economic contribution 13. National content	    

Impact on our business

 Very high
  High
  Moderate

Relevant metric to monitor performance against each material issue**Contribution to UN SDGs**

1. Energy intensity (thousand Btu per boe) – pg 36.
1. Scope 1 emissions (million metric tons CO₂e) – pg 32.
1. Scope 2 emissions (million metric tons CO₂e) – pg 32.
1. Upstream carbon intensity (kg of CO₂e/boe) – pg 33.
1. Upstream methane emissions (metric tons CO₂e) – pg 89.
1. Upstream methane intensity (%) – pg 35.
1. Flared gas (mmscf) – pg 34.
1. Flaring intensity (scf/boe) – pg 34.

- SDG7: Investing more than 12 GW in alternative energy by 2035, and expand CO₂ storage capacity to support clean and affordable energy production.
- SDG8: Given the material impact climate change can have on human life and economic opportunities, as Aramco continuously invests in lower carbon energy and alternative energy sources, this will create jobs and contribute to economic growth.
- SDG13: Being one of the world's lowest upstream carbon intensity major producers in the world and in line with the Kingdom of Saudi Arabia's Vision 2030 toward cleaner energy, having an ambition to reach net-zero emissions by 2050 from wholly-owned operated assets, and also leveraging our influence in non-operated assets, within the timeframe set by the Paris Agreement.
- SDG15: Committed to delivering Biodiversity Net gain (in-Kingdom) in support of the SDG15, 2030 Vision and the Saudi Green Initiative.

2. Number of Tier 1 process safety events – pg 50.
3. Number of fatalities – pg 50.
3. Lost time incident (LTI) rate – pg 50.
3. Total recordable case (TRC) frequency – pg 50.
- 4a. Female (%) of total employees – pg 57.
- 4a. Employees (% of total employees) receiving regular Performance Reviews – pg 90.
- 4a. Female employees (%) in leadership position – pg 57.
- 4a. Number of graduates – pg 58.
- 4a. Number of apprentices – pg 58.
- 4a. Number of interns – pg 58.
5. Number of allegations – pg 55.

- SDG3: Aramco has various H&S and well-being initiatives for our employees (mental health initiatives, and uses technology to minimize exposing our workers to unnecessary risk). In 2021 the Company launched the Work Life Support program as a response to COVID 19.
- SDG5: Aramco is improving the gender balance of our workforce via a range of female empowerment initiatives. For our community, Aramco funds the STEMania program for school-age girls, offering university scholarships for science, technology, engineering and mathematical degrees.
- SDG8: Supporting economic development of our employees and communities where we operate via various home ownership and Aramco initiatives to seed micro industries (e.g. Roseyar, beekeeping in al-Baha, fisheries in Yanbu' and Baish, olive products in al-Jouf, coffee cultivation in Jazan).
- SDG8: We have strong policies and processes to manage our ethics, bribery and corruption risks to ensure a decent working environment for our workforce.
- SDG9: We seek to develop, innovate and invest wherever we operate — our 2021 payment to Saudi Arabian Government was 557,033 (SAR millions).

8. Freshwater consumption/withdrawal (million m³) – pg 69.
8. Hydrocarbon content discharged to water (HC2W) (barrels) – pg 70.
9. Industrial waste generated (metric tons) – pg 66.
10. SOx emissions (kilo tons) – pg 65.
10. Number of hydrocarbon spills – pg 71.
10. Volume of hydrocarbon spills (barrels) – pg 71.

- SDG6: Given water scarcity in KSA, the Company has a large seawater treatment and injection network of facilities. Seawater is used as the primary source of water for oil production and to ensure clean water is available for our workforce and local communities.
- SDG12: Embracing circular economy (reduce, reuse and recycle) principles and business models across our operations and activities.
- SDG14: Aramco has systems in place to manage all discharged water to the sea, meeting Government requirements by investing in maintenance and monitoring systems while proactively managing operations to avoid hydrocarbon leaks and spills by maintaining asset integrity throughout their life cycle.
- SDG15: See above.

- 4b. Saudization (%) – pg 78.
11. Social investment (SAR) – pg 84.
12. Payments to Government (USD) – pg 86.
12. Total R&D expenses (USD) – pg 44.
12. Direct economic value generated and distributed (SAR) – pg 92.
13. Iktva score (%) – pg 79.
13. Saudization of service contracts (%) – pg 79.
13. Saudization of construction contracts (%) – pg 79.

- SDG3: See above.
- SDG8: Our iktva program where we have built local businesses' capacity and capability, the Aramco Namaat Investment Acceleration program and our National Champions program. Globally, spending in various socio-economic programs.
- SDG9:
 - Industry: creating a world-class supply chain to serve the needs of the Company and its partners, facilitating the development of a diverse, sustainable, and a globally competitive energy sector in the Kingdom.
 - Infrastructure: The Kingdom's Master Gas System delivers natural gas to industry across Saudi Arabia; while, we've built various roads, education facilities, cultural centers (e.g. Ithra) and numerous other facilities across the Kingdom.
 - Innovation: At the heart of our business lies a commitment to innovate and maximize production from our resources, to deliver energy as efficiently as possible from the wellhead to customers.
- SDG12: See above.