



جامعة الجميع الذكية
EVERYONE'S SMART UNIVERSITY

Everyone's Smart University

Assignment 1 (Spring 2021)

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Section

Master of Project
Management

Date

18 / 02 / 2021

Course Code

(PMG510)

Project Risk Management

Instructions:

Instructor's Name: Eng. Mosaab M. Hamed

حتى الآن من المفترض أن تكون أصبحت قادراً على التعرف والتمييز بين أنواع المخاطر المختلفة وكيفية التعامل معها. كما يمكنك الآن رؤية كيف يتم هذا الأمر في الشركات الكبيرة والمرموقة.

في هذا الواجب: قم باختيار واحدة من الشركات التالية:

أرامكو السعودية

البنك الأهلي التجاري

شركة الاتصالات السعودية

قم باختيار واحدة من الشركات الثلاث المذكورة أعلاه ثم ابحث عن أي 4 مخاطر تواجهها هذه الشركة .

لكل خطر من هذه المخاطر قم بالاجابة عن الأسئلة التالية:

1. لماذا اعتبرته خطراً؟
2. ماهو نوع هذا الخطر؟
3. ماهي احتمالية هذا الخطر؟ وفي حالة وقوعه مامدى قوة وتأثير هذا الخطر؟
4. ماهي السياسة أو الاستراتيجية التي تتبعها هذه الشركة للتعامل مع هذا الخطر وادارته؟

** يمكنك الاجابة باللغة العربية أو الانجليزية على ألا تتجاوز اجابتك صفحتين من النوع A4

** يتم تسليم جميع الاجابات في ملف بصيغة pdf.

** حجم الخط 12.

** نوع الخط Arial.

** المسافة بين الأسطر (line spacing) 1.5

أمنياتي بالتوفيق.

Throughout this course you have learned about the different types of risk and how businesses manage them. Now you will be able to see how it is done in a well-known company.

Your assignment is to choose one of the following companies:

Saudi Aramco

The National Commercial Bank

Saudi Telecom Company

Do some research on any of the aforementioned companies and identify four risks they are facing.

For each risk please answer the following:

1. Why is this a risk?
2. What type of risk is it?
3. What is the likelihood of the risk? How great is the impact?
4. What strategy or policy does the company use to manage the risk?

** Your answers could either be in Arabic or English.

** You should submit your assignment in a pdf formatted file.

** Font size should be 12.

** Font type is Arial.

** Line spacing is 1.5.

All the best.

The selected company is **Saudi Aramco**, and the identified risks are as follows:

- Risks related to chemicals and plastics regulations
- Risks related to managing a public company
- Risks related to the SAR to U.S. Dollar peg
- Risks related to operational risks and hazards

And for the following questions:

1. Why is this a risk?
2. What type of risk is it?
3. What is the likelihood of the risk? How great is the impact?
4. What strategy or policy does the company use to manage the risk?

First Risk, Risks related to chemicals and plastics regulations, Control Risks

Concerns regarding chemicals and plastics, including their safe use and potential impact on the environment, reflect a growing trend in societal demands for increasing levels of product safety, environmental protection and recycling. These concerns have led to more restrictive regulations and could lead to new regulations. They could also manifest themselves in shareholder proposals, delays or failures in obtaining or retaining regulatory approvals, increased costs related to complying with more restrictive regulations, delayed product launches, lack of market acceptance, lower sales volumes or discontinuance of chemicals or plastics products, continued pressure for more stringent regulatory intervention and increased litigation. These consequences could also have an adverse effect on Saudi Aramco's business, financial position, results of operations and reputation. Saudi Aramco use the best technology to reduce the plastic in its production and to perform recycling process.

Second Risk, Risks related to managing a public company, Compliance Risks

Saudi Aramco's management team has limited experience managing a public company, interacting with investors and complying with the increasingly complex laws, regulations and other obligations pertaining to public companies. As a public company, Saudi Aramco is subject to significant regulatory oversight and reporting obligations under Capital

Market Authority (CMA) rules, securities laws and the continuous scrutiny of securities analysts and investors. These new obligations and constituents will require significant attention from Saudi Aramco's Senior Management and could divert their attention from the day-to-day management of Saudi Aramco's business. In addition, failure to comply in a timely manner with the regulations and disclosure requirements imposed on listed companies will expose Saudi Aramco to regulatory sanctions and fines. Any of these impacts could have a material adverse effect on Saudi Aramco's business, financial position or results of operations. Aramco is highly interested to get the management team trained and to be up to date with public companies in parallel.

Third Risk, Risks related to the SAR to U.S. Dollar peg, Compliance Risks

Saudi Aramco has determined that the U.S. Dollar is its functional currency because a substantial amount of its products are traded in U.S. Dollars in international markets. However, many of its operational and other expenses are denominated in SAR, which have been exchanged at a fixed rate to the U.S. Dollar in the Kingdom since 1986. If the Kingdom's policy of pegging the SAR to the U.S. Dollar were to change in the future and the SAR were to become stronger relative to the U.S. Dollar, Saudi Aramco may experience a significant increase in the SAR denominated costs of its operations. Such an increase could have a material adverse effect on Saudi Aramco's business, financial position and results of operations. In addition, Saudi Aramco pays dividends to its shareholder, the Government, in U.S. Dollars. If the SAR is no longer pegged to the U.S. Dollar and the value of the SAR were to change, Saudi Aramco may be required to expend additional cash to fund any dividends. Such changes could have a material adverse effect on Saudi Aramco's financial position. Aramco has its own currency prices experts to manage this kind of risks and to be aware in advance of the U.S Vs SAR.

Fourth Risk, Risks related to operational risks and hazards, Hazards Risks

Saudi Aramco is subject to operational risks common in the oil and gas industry, including:

- crude oil or gas spills, pipeline leaks and ruptures, storage tank leaks, and accidents involving explosions, fires, blow outs and surface cratering
- power shortages or failures

- mechanical or equipment failures
- transportation interruptions and accidents
- tropical monsoons, storms, floods and other natural disasters
- chemical spills, discharges or releases of toxic or hazardous substances or gases.

These risks could result in damage to, or destruction of, Saudi Aramco's properties and facilities, death or injury to people and harm to the environment, which could have a significant impact on Saudi Aramco's operations or result in significant liabilities and remediation costs. In addition, Saudi Aramco is not insured against all risks and insurance in connection with certain risks and hazards may not be available. See – Risks related to insufficient insurance. To the extent a subcontractor was responsible for the damage, Saudi Aramco's recourse to the relevant subcontractor may be limited by contract or the financial viability of such subcontractor. Such occurrences could also interrupt Saudi Aramco's operations, delay its projects or damage Saudi Aramco's reputation, which could have a material adverse effect on its business. Furthermore, majority of Saudi Aramco's assets are located in the Kingdom and it relies heavily on a cross-country pipeline system and terminal facilities to transport crude oil and products through the Kingdom. Saudi Aramco also depends on critical assets to process its crude oil, such as the Abqaiq facility, which is Saudi Aramco's largest oil processing facility. The East-West pipeline, the Shaybah NGL facility, the Abqaiq facility and the Khurais processing facility have recently been subject to attacks. If Saudi Aramco's critical transport systems or processing facilities were subject to a disruption, it could have a material adverse effect on Saudi Aramco's business, financial position and results of operations. Aramco ensures that the team is fully trained prior to job by the HSE department and also to wear a full PPE (Personal Protective Equipment) to mitigate/manage the hazards risks.

