



Everyone's Smart University

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Instructions:

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To begin with first sort of risks which is **Hazard** risk that can defined as something can cause damage, harm, lose and other negative outcomes, and that kind of risks can be found in Saudi Aramco more than other companies **because** it deals with oil, gas, and energy which are considered as flammable substances that need to pay massively attention in working with them. Moreover, handling these materials contains high dangerously level of hazard risk that maybe have huge **impacts**, high **magnitude**, on the safety, health, and work environment in causing fire, damage property, lose in lives of its employees, injuries whether deeply or simply, deteriorate in health form gas inhalation, and etc. Furthermore, the **likelihood** of hazard risk to occurs is very high based on that the main operations of Saudi Aramco are with oil, gas, and energy and stare to be lower if the protective actions and decision are taken. However, Saudi Aramco applies and implements lots of **policies and strategies** to manage the hazard risks that might occurs. The operations of Saudi Aramco are running under various of health, safety, and environmental protections such as the process of producing or using the flammable substances, the propre way and condition of storage them, the correct and safe method to transport the hazardous products, and the productive preparation of work environment. Plus, Saudi Aramco gives high consideration to its employees' health and safety. Although the good medical insurance that they offered to the employees, it also trains the employees who have close dealing with flammable substances and gas emissions in how to mitigate and avoid hazard risk as possible as they can correctly. It also offering work clothing and laundry cycle in order to keep them clean and minimize the risk impaction.

Secondly, the **opportunity** risk that Saudi Aramco decided to take as an investment is by selling 5% of its share to the Saudi public in the first stage after Deputy Crown Prince of Kingdom of Saudi Arabia Mohammed bin Salman's announcement of privatization the oil company in January 2016. In addition, the **reasons** of taking this opportunity risk are reversal including build a large sovereign fund, increase the market share, strong position in global share market, and etc. indeed, the **likelihood** of this opportunity risk are strongly achieved and still continue high to achieves more and more in coming years. As a result, the positively **impacts**, high **magnitude**, that happened of taking this risk are having huge fund of 96 milliard Saudi Riyal totally, 32 milliard Saudi Riyal from individuals and 64 milliard Saudi Riyal from organizations and companies, that going to be invested in locally and globally investments in order to support the 2030 Vision which is diversifications of income sources, increase the Saudi Aramco's Market share which reached the market value of 1.88 trillion American Dollar while Apple and Microsoft of 1.2 American Dollar, had the record of biggest share underwriting

in history by obtaining 86% of Saudi share Market's liquidity, and others. In the same way, these are some **policies and strategies** that Saudi Aramco is followed like it ensures sustainable revenues to its investors even in the ups and down of crude oil's prices which lead to increase the investors' loyalty and encourage other to underwriting in Saudi Aramco, it also makes sure that the industry and business analysts keep publishing about Saudi Aramco's businesses and maintain the appropriate research coverage through increasing the recommendations and visibility in order to avoid the decline in shares' prices.

Thirdly, Saudi Aramco is facing the **compliance** risk continually due to the massive number of projects that involved in its businesses and activities, nature of operation works, and its future orientations. So, the **reason** of founding this risk repeatedly is the needing to meet the requirements, licenses, permissions, and approvals. Of course, the **likelihood** of compliance risk is high because it is involved in most of each operations and projects but can be low when taking steps ahead before occur. Plus, there are strong **impacts**, high **magnitude**, including delays the delivery of projects outcomes, pays fines, takes penalties, and loses projects' contracts. Furthermore, Saudi Aramco take some professional **policies and strategies** including make sure that all licenses and permissions that need to get from government or others are all in process before operating the business and assign team that focus of getting all these requirements done properly in order to have zero compliance risk in order to have smooth process of the project.

Finally, the facilities of Saudi Aramco are targeted by terrorism, sabotage, or armed conflict which are considers as **hazard** risk, **because** they affect negatively the shares' market price, productivity's operations, and assets of Saudi Arabia. In addition, the **likelihood** of these attacks to occur is high during these years as attacks recorded in 2017, 2019, and 2020 comparing with years before unless if the strategies work well so that might change the likelihood to be low. Based on that, the **impacts**, high **magnitude**, of this risk result in temporary suspension in operations, decrease in oil and gas productions, infrastructure damage, and drop in the share value. For examples, Abqaiq and Khurais attacks and Shaybah Field attacks. Furthermore, Saudi Aramco pays attentions to put **policies and strategies** that minimize the negatively consequences of these attacks by get advantages of alternative inventories outside the Kingdom of Saudi Arabia, collaborate with Ministry of Defense to develop methods to intercept the attacks, missiles, terrorism, or subsequent before occur, and increase the safety, security, and emergency preparations.

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