

ISO 31000

INTRODUCTION



Organizations, regardless of their type and size, face internal and external factors and influences that create uncertainty regarding whether or not they are going to attain their goals. The influence of this uncertainty represents the so-called **"risk"**.

All activities of an organization contain risks. They can manage risk by identifying it, analyzing it and then assessing the need for change by influencing risk in order to satisfy the risk criteria. Throughout this process they exchange information with and consult the stakeholders, and monitor and review risk and the management tools that modify the risk, in order to ensure that no further actions are necessary regarding risk. This international standard outlines in detail this systematic and logical process.

Even though all organizations manage risks at various levels, this international standard provides a number of principles that must be implemented in order to ensure efficient risk management. This international standard recommends to organizations to develop, implement and continuously improve the organizational framework, in order to integrate the risk management process into the management of the entire organization, into its strategy and planning, management reporting, as well as into the policies, values and culture of the organization.

Risk management can be implemented for the entire organization, in all areas and at all levels and at all times, as well as for specific functions, projects and activities.

Even though the practice of risk management is evolving over time and in many sectors, in order to meet various needs, the adoption of compatible processes throughout the organizational framework can help to ensure that the risk in a given organization is being managed in an efficient, effective and consistent manner. The overall approach outlined in this international standard provides principles and guidelines for the management of any type of risk in a systematic, transparent, reliable manner, regardless of the specific area or circumstances.

Each specific sector or particular application of risk management brings a specific set of needs, participants, perceptions and criteria that characterize it. Therefore, an essential element of this international standard is the inclusion of "fact finding" as an activity within the overall risk management process. Establishing the circumstances allows us to understand the goals of the organization, the environment within which it is aiming to achieve those goals, the stakeholders and the variety of risk criteria. All of these elements will assist the detection and assessment of the nature and complexity of the risks it is exposed to.

The implementation and maintenance of risk management in compliance with this international standard allows an organization to do things like:

- increase the chance of attaining its goals;
- encourage proactive management;
- recognize the need to identify and impact of risk throughout the organization;
- improves the identification of opportunities and threats;
- allows it to be in compliance with the requirements envisaged in statutory acts

and international standards;

- improves the compilation of the mandatory and voluntary reports;
- improves management;
- increases security and the trust of the stakeholders;
- provides a solid basis for decision making and planning;
- improves control measures;
- distributes and efficiently utilizes the risk management resources;
- improves the operational efficiency and effectiveness;
- improves results with regard to health and environmental safety and protection;
- improves loss prevention and accident management;
- minimizes losses;
- improves the organizational experience, and
- improves the sustainability of the organization.

This international standard is intended to address the needs of a wide range of stakeholders, including:

- a) the staff responsible to establish the risk management policy within the organization;
- b) the staff responsible for ensuring the efficient risk management within the organization as a whole or for a specific area, activity or project;
- c) the staff tasked with assessing the efficiency of the organization with regard to risk management, and
- d) the people developing standards, guidelines, procedures and good practices that fully or partially determine the way that risk must be managed within the specific context of these documents.

In many organizations, these practices and management processes include elements of risk management, and many organizations have already adopted a documented risk management process for specific types of risk and specific situations. In such cases, a given organization may choose to conduct a critical examination of its existing practices and processes in the light of this international standard.