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## AMERICAN NATIONAL STANDARD Z690.1 VOCABULARY FOR RISK MANAGEMENT

### SCOPE

This standard provides the definitions of generic terms related to risk management. It aims to encourage a mutual and consistent understanding of, and a coherent approach to, the description of activities relating to the management of risk, and the use of uniform risk management terminology in processes and frameworks dealing with the management of risk.

This standard is intended to be used by:

- those engaged in managing risks,
- those who are involved in activities of ISO and IEC, and
- developers of national or sector-specific standards, guides, procedures and codes of practice relating to the management of risk.

For principles and guidelines on risk management, reference is made to ANSI/ASSE Z690.2 (ISO 31000).

### 1. TERMS RELATING TO RISK

**1.1 Risk.** Effect of uncertainty on objectives.

NOTE 1: An effect is a deviation from the expected – positive and/or negative.

NOTE 2: Objectives can have different aspects (such as financial, health and safety, and environmental goals) and can apply at different levels (such as strategic, organization-wide, project, product and process).

NOTE 3: Risk is often characterized by reference to potential events (3.5.1.3) and consequences (3.6.1.3), or a combination of these.

NOTE 4: Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated likelihood (3.6.1.1) of occurrence.

NOTE 5: Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of, an event, its consequence, or likelihood.

### 2. TERMS RELATING TO RISK MANAGEMENT

**2.1 Risk Management.** Coordinated activities to direct and control an organization with regard to **risk** (1.1).

**2.1.1 Risk Management Framework.** Set of components that provide the foundations and organizational arrangements for designing, implementing, **monitoring** (3.8.2.1), reviewing and continually improving **risk management** (2.1) throughout the organization.

NOTE 1: The foundations include the policy, objectives, mandate and commitment to manage **risk** (1.1).

NOTE 2: The organizational arrangements include plans, relationships, accountabilities, resources, processes and activities.

NOTE 3: The risk management framework is embedded within the organization's overall strategic and operational policies and practices.