

APPENDIX E – RISK TERMINOLOGY AND DEFINITIONS

Source: Risk Management terms and definitions forming part of the International Standard ISO 31000:2018-02 (Risk Management – Guidelines).

TERM	DEFINITION
Risk	Effect of uncertainty on objectives. Note: An effect is a deviation from the expected, whether it is positive and/or negative.
Risk Management	Coordinated activities to direct and control an organisation with regard to risk.
Risk Management Framework	Set of components that provide the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout an organisation.
Risk Management Policy	Statement of the overall intentions and direction of an organisation related to risk management.
Risk Appetite	Organisations approach to assess and eventually pursue, retain, take or turn away from risk.
Risk Owner	Person or entity with the accountability and authority to manage a risk.
Risk Management Process	Systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analysing, evaluating, treating, monitoring and reviewing risk.
External context	External environment in which the organisation seeks to achieve its objectives.
Internal context	Internal environment in which the organisation seeks to achieve its objectives.
Communication and consultation	Continual and iterative processes that the organisation conducts to provide, share or obtain information and to engage in dialogue with stakeholders regarding the management of risk.
Stakeholder	Person or organisation that can affect, be affected by, or perceive themselves to be affected by a decision or activity.
Risk assessment	The overall process of risk identification, risk analysis and risk evaluation.
Risk identification	Process of finding, recognising and describing risks.
Risk source	Element which alone or in combination has the potential to give rise to risk.
Event	Occurrence or change in a particular set of circumstances
Consequence	The outcome of an event affecting objectives.
Likelihood	Chance of something happening.
Risk Profile	Description of any set of risks
Risk analysis	Process to comprehend the nature of risk and to determine the level of risk.
Risk criteria	Terms of reference against which the significance of a risk is evaluated
Level of risk	Magnitude of a risk or combination of risks, expressed in terms of the combination of consequence and their likelihood
Risk evaluation	Process of comparing the results of risk analysis with risk criteria to determine whether the risk and/or its magnitude is acceptable or tolerable.
Risk treatment	Process to modify or mitigate a risk.
Control	Measure that maintains and/or modifies risk.
Residual Risk	Risk remaining after risk controls.
Monitoring	Continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected.
Review	Activity undertaken to determine the suitability, adequacy and effectiveness of the subject matter to achieve established objectives.