

Australian/New Zealand Standard™

Risk management



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Risk Management

AS/NZS 4360:1999

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NEW ZEALAND
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The following interests are represented on the Committee OB/7:

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Australian Customs Service
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Preface

This Joint Standard was prepared by the Joint Standards Australia/Standards New Zealand Committee OB/7 on Risk Management as a revision of AS/NZS 4360:1995 *Risk management*. Accordingly it retains the objective of providing a generic framework for establishing the context, identification, analysis, evaluation, treatment, monitoring and communication of risk. It should be read in conjunction with other applicable or relevant Standards.

This Standard specifies the elements of the risk management process, but it is not the purpose of this Standard to enforce uniformity of risk management systems. It is generic and independent of any specific industry or economic sector. The design and implementation of the risk management system will be influenced by the varying needs of an organization, its particular objectives, its products and services, and the processes and specific practices employed.

Risk management is an iterative process consisting of well-defined steps which, taken in sequence, support better decision-making by contributing a greater insight into risks and their impacts. The risk management process can be applied to any situation where an undesired or unexpected outcome could be significant or where opportunities are identified. Decision makers need to know about possible outcomes and take steps to control their impact.

Risk management is recognized as an integral part of good management practice. To be most effective, risk management should become part of an organization's culture. It should be integrated into the organization's philosophy, practices and business plans rather than be viewed or practiced as a separate program. When this is achieved, risk management becomes the business of everyone in the organization.

If for any reason it is not possible to integrate risk management across an entire organization, it may still be possible to apply it successfully to individual departments, processes or projects.

The terminology used in this Standard has been chosen to be acceptable across as wide a range of risks and risk management disciplines as possible. Words which have slightly different meanings in different branches of risk management have been avoided and replaced by words which might be less commonly used in current practice but which could be defined to have a precisely common meaning. An example is the term risk treatment which is defined to cover more than is usually meant by the term 'risk control'.

AS/NZS 3931 *Risk analysis of technological systems—Application guide*, (which is identical with IEC 60300-3-9:1995, Dependability Management, Part 3: Application guide, Section 9: Risk analysis of

technological systems) defines the risk management process as starting at risk analysis without the first two steps of establishing the context and identifying risks. This definition of the risk management process was not followed in this Standard because it was not sufficiently generic to risk management, as practiced across all disciplines, and did not allow sufficient weight to be given to the initial steps necessary to establish management of all risks.

The term ‘informative’ has been used in this Standard to define the application of the appendix to which it applies. An ‘informative’ appendix is only for information and guidance.

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