



## Risk Management and ISO 31000 in China

Interview conducted for [riskmanagement.isotc262.org](http://riskmanagement.isotc262.org) by  
Dr. Frank Herdmann with

### Dr. Xiaohong Gao, Head of the Chinese delegation to TC 262

Xiaohong has dedicated herself to the area of risk management standardization for more than ten years. She is the convener of ISO/TC 262 WG 5 *Management of Legal Risk*. As a researcher in the China National Institute of Standardization and secretary-general of SAC/TC 310, the mirror committee of ISO/TC 262, she has done a lot of work helping to promote risk management in China. Xiaohong is the head of the Chinese delegation to TC 262 at its meeting in Amman in October 2016.

**isotc262.org:** *Xiaohong you are the head of the Chinese delegation to the ISO/TC 262 meeting in October 2016 in Amman. Can you briefly introduce the Standardization Administration of the People's Republic of China, your national standardization organization, and yourself please?*

**Xiaohong:** The Standardization Administration of the People's Republic of China (SAC) was established in April 2001 and authorized by the State Council to exercise administrative responsibilities by undertaking unified management, supervision and overall coordination of standardization works in China. SAC represents China in the ISO, IEC and other international and regional standardization organizations. SAC is responsible for organizing the activities of the Chinese National Committee for ISO and IEC.

As to my organization, the China National Institute of Standardization (known as the Institute of Standardization of the State Science and Technology Commission when set up in 1963) is directly subordinate to AQSIQ, The General Administration of Quality Supervision, Inspection and Quarantine of the Peoples Republic of China. As a national social service institution dedicated to standardization research it mainly addresses global, strategic and comprehensive standardization issues in the national economy and social development of China.

I took part in the initial Working Group established by ISO Technical Management Board on Risk Management in 2005. I focused on the research area of Risk Management Standardization. I finished building the Chinese mirror committee SAC/TC310 in 2007. Besides the role of secretary-general and committee member of SAC/TC310, I am also the author of several national standards on risk management which have helped promoting the risk management level of Chinese organizations. In 2015, I was appointed the convener of ISO/TC262/WG5 *Management of Legal Risk*. I hope more and more people pay attention to the development of the new standard focusing this special area of implementing risk management.

**isotc262.org:** *What is the impact of risk management and in particular ISO 31000 in China?*

**Xiaohong:** Risk management has made great impact in China in recent years. Chinese companies, especially the large state-owned enterprises (SOEs) started to implement risk management consistent with ISO 31000. As to the results, the officer in charge of the SOEs once said that risk management was responsible for the relative small impact on the SOEs of the financial crisis of 2008. China brought these experiences and knowledge to the making of ISO 31000.

After ISO 31000 was published, there were more companies that started implementing risk management and there were more products offered by the software companies and consulting companies.

In 2011, the Chinese standard organization published the standard on legal risk management as a specific application of ISO 31000. This Legal Risk Management standard has been implemented in thousands of Chinese companies. Based on the reception of the legal risk management standard in China, we proposed to ISO to make an ISO standard on legal risk management. I'm glad the proposal was accepted by TC 262 and the work is progressing.

**isotc262.org:** *Who are the key stakeholders of risk management in China?*

**Xiaohong:** There are two stakeholder classes. One is government, and the other the corporates. The government officials and corporate executives support risk management because they all want sustainable growth and they don't want to see surprises.

**isotc262.org:** *What are the biggest obstacles for integrating risk management in all organizational activities for managers in China?*

**Xiaohong:** The biggest obstacles are to show the visible results on the business end. That is, one must improve the bottom line of the business by integrating.

isotc262.org: *ISO 31000 quickly became one of the bestselling and most well recognized standards in ISO. What do you think about the future of the standard and how will it change to adapt to new challenges?*

**Xiaohong**: ISO 31000 brought a common language and provided a set of methodology within the area of risk management. Great hope is resting on the revision of ISO 31000. The new standard must deal with the **integration** problem better and must deal with the decision making aspect. These two aspects are largely missing from the 2009 edition of the standard.

isotc262.org: *What message do you want to give to the risk management community?*

**Xiaohong**: Risk management works. Just keep it on. You'll see the results.

isotc262.org: *What advice can you give to interested parties in China who want to offer their input to the work of ISO/TC 262 and who should they address?*

**Xiaohong**: We have a mirror committee in China and the experts work hard to contribute. I'm very thankful for their efforts. We have a mail box open and we would like to see more proposals.

isotc262.org: **Thank you very much!**

**Xiaohong**: My pleasure!