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Risk Management Professional

CODE OF ETHICS

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PHILOSOPHY OF THE ETHICS TEAM

This Code of ethics was developed by a team of four people, representing different national associations. Their experience and expertise enabled a wide variety of opinions and perspectives to be captured. The goal has been to ensure that the code of ethics is as representative and relevant as possible.

FERMA would like to thank the members of the ethics team for their hard work and commitment in developing this document, as well as for their ongoing contribution to the certification programme.

The team was coordinated by:

- **Johan Willaert (FERMA),** Corporate Risk Manager, Agfa-Gevaert N.V.

Other members of the team were:

- **Helle Friberg (DARIM),** Group Risk and Insurance Manager, Hempel A/S

- **André J. Oude Hergelink (NARIM),** Corporate Risk Manager, Tencate

- **Gaetan Lefevre (BELRIM),** Group Risk and Insurance Manager, Cockerill Maintenance & Ingenierie

This is the first Code of ethics that FERMA has produced. The aim is to provide a sound basis for a code that can be expanded and updated over the coming years. The ethics team showed a clear consensus. They agreed that the FERMA Code of ethics should be brief, easy to read, and easy to understand

FERMA believes that working ethically means respecting certain criteria which impact on the professional behaviour of all workers. The following four principles should shape and inform the professional behaviour and attitude of a risk manager, and should govern the way they perform their work.

INTEGRITY

Integrity is essential to build the necessary trust that will enable the risk manager to be a respected stakeholder within the workplace. It is the foundation on which the other three principles are based. Integrity encompasses additional values, including compliance; fairness and respect; and trustworthiness.

- in this context, **compliance** relates to the content and spirit of the law and all relevant regulations

- **fairness and respect** involves treating each person as an individual regardless of their race, gender, sexual orientation, religion, age or disability

- **trustworthiness** is an essential quality that is necessary to ensure the risk manager is respected both within the organisation and by external stakeholders. It includes the capacity to deal with sensitive matters and provide advice on issues that have a potentially significant impact on the organisation's assets, either financially, socially, or both

Trust forms the basis of FERMA's ethical standards. It is a quality that each individual must demonstrate practically throughout their career, and which stems from a high level of integrity.

Integrity is considered to be the founding principle of the FERMA Code of ethics as it will lead to the appropriate professional behaviour which is a pre-requisite for all the other principles of this code. Professional behaviour is defined as a state of mind that is applied in every daily task, by being aware of doing the right thing, according the expectations of the organisation, its regulators and stakeholders.

Integrity also requires a clear vision of what is in the interests of the organisation in the long-term, without being tempted by short-term benefits that would not be in line with best practice.

PROFESSIONALISM

The second principle of the Code of ethics is professionalism. This is based on a willingness and commitment to constantly update professional knowledge, ensuring this is in line with the best practices and quality standards of the profession.

The role of risk management is to support the strategy of the organisation. Its ultimate goal should always be to arrive at the best possible solution for all stakeholders concerned (the organisation; colleagues: management; operational teams; external partners).

Professionalism is not only about having the necessary skills and knowledge to perform the job. It is also about being willing to go beyond the call of duty by helping to shape how the profession evolves and adapts to emerging trends. It is an additional commitment to the progress of the discipline of risk management. Examples may include participation in industry and professional association events; writing of reports and articles for the industry press; and political engagement with public authorities to represent and promote the profession's interests.

The practice of risk management is evolving thanks to an active community of risk managers who make a contribution in the ways described above. This helps the profession to define itself, and to collectively increase the level of shared knowledge and skills.

A risk manager builds their professionalism both through their integrity, and also by performing each task they undertake to the highest possible standards. This involves understanding the overarching standards that govern the risk management profession.

The services of the risk manager should be delivered constructively and tactfully, and the risk manager should take proactive steps to monitor and evaluate their own performance.

CONFIDENTIALITY

Confidentiality is the third core principle of the FERMA Code of ethics. Respecting confidentiality is essential for all risk managers in their role as intermediaries within the organisation, facilitating dialogue between operational teams, senior management and the board of directors. Risk managers must be aware of and uphold confidentiality across the diverse range of tasks required to fulfil their role.

Combined with integrity and professionalism, confidentiality forms an essential part of the risk manager's code of ethics, particularly when dealing with sensitive matters where conflicts of interest might arise.

The ability to maintain confidentiality is one of the qualities that is expected of all risk managers, and represents a practical demonstration of trustworthiness as defined in the principle of integrity. Confidentiality is an essential quality, and is particularly relevant when dealing with issues within the company that have an ethical dimension. Aside from in exceptional circumstances, risk managers must always respect confidentiality, as well as ensuring that all sensitive information that is shared with them is used fairly and appropriately. If confidential information needs to be disclosed, and it is ethical to do so, the parties concerned should be given prior notice.

Risk managers must be aware that, whether carried out voluntarily or inadvertently, the disclosure of confidential information could seriously harm the assets of an organisation, as well as its reputation. Such disclosures should be limited to situations where they are either dictated by law or essential to protect the assets of the organisation.

Respect for confidentiality is an essential element of the trust placed in the risk manager by stakeholders. Confidentiality should be applied within the boundaries of loyalty to the organisation and applicable regulations.

Managing the tension between confidentiality and loyalty is an ongoing challenge for risk managers. Their decisions should always be informed by the principle of integrity. In a situation where confidential information relates to a criminal act or fraud, it is the risk manager's duty to disclose this information to the relevant authorities.

LOYALTY

A risk manager's first priority is to protect the assets of an organisation. The manager should always have the best interests of the organisation in mind and support its strategy and targets. These are the principles than underpin loyalty. Risk managers must be constantly mindful of loyalty when managing relationships with all an organisation's stakeholders, whether internal or external.

By committing to be loyal, the risk manager guarantees that they will act in a way that will not impair their professional judgment, and which will be in the best interests of the organisation.

An important part of the risk manager's role is to assist the organisation in achieving its targets. Loyalty links with integrity, professionalism and confidentiality. As with professionalism, there will occasionally be tensions between confidentiality and loyalty, which the risk manager must assess and respond to on a case-by-case basis.

Conflict of interest is common to a lot of professions. The knowledge acquired in a previous position cannot be deleted when the individual starts in a new, possibly conflicting post. It is up to the individual to turn down work where a conflict of interest could exist between the risk manager and their employer or client.

The interests of the company will come first as long as these do not conflict with the principle of integrity, which includes compliance with all applicable regulations.

PROVIDING ETHICAL ADVICE

FERMA believes that the profession requires a neutral environment in which situations with unclear ethical consequences can be discussed in a confidential manner and responded to in a comprehensive way. FERMA's Accreditation and Certification Committee may be convened to provide advice and assistance in such a situation. When provided in a confidential environment, this advice could help a certified risk manager to assess a particular situation and identify the appropriate response without breaching any principle of the Code of ethics.

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