

PRMIA Standards of Best Practice, Conduct & Ethics

Summary:

This document sets out minimum standards of conduct and ethics for risk professionals.

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PRMIA Members should strive to know and abide by standards of conduct which reflect positively on our profession, instill confidence in our colleagues and employers, and are consistent with local rules, regulations and cultural standards.

1 Background

The risk professional plays a key role in every organization that aims to make prudent and educated decisions in dynamic and uncertain environments. Hence, he/she must possess appropriate technical skills and have a stellar ethical pedigree when exercising personal judgments in producing and interpreting results. This role requires the highest standard of personal and professional conduct.

This document sets out minimum standards of conduct for risk professionals. These standards promote the highest levels of ethical conduct and disclosure with respect to methods of analysis. The Board of PRMIA believes that these standards provide direction and support for both the individual practitioner and for the risk management profession as a whole.

Risk practitioners should understand that these concepts reflect an ever-changing body of professional standards and practices. The risk professional may create original approaches and solutions due to new analysis. New approaches and solutions should be reviewed by this PRMIA Ethics Committee on a regular basis. When a review has not been possible, due to the recent emergence of a situation, PRMIA Members must consider how other qualified risk professionals would view this new work and should take advice from PRMIA (ethicscomm@prmia.org).

It is the duty of every PRMIA Member to know and abide by these standards and by the applicable local rules, and regulations. PRMIA Members must also make themselves aware of, and abide by, the applicable laws, rules and regulations of PRMIA and any government and/or regulatory bodies in respect of their activities as a risk professional. In the event of any difference in standards between local laws/rules and those of PRMIA, members must comply with the higher standard under all circumstances.

2 Professional Standards for Risk Management Practitioners

These best practices for risk managers and risk management are the minimum set of guidelines which each PRMIA Member is expected to adopt. Each member is accountable for adhering to the professional standards and conduct.

For the sake of these standards, a “qualified practitioner” is a person that has achieved a suitable risk management qualification, such as the PRM or a qualification comparable to the PRM, or who has, by years of experience in risk management, been deemed to have attained a suitable level of qualification.

2.1 Basic Knowledge and Continuous Learning

PRMIA Members must possess the required skills and/or certification (or be under the proper supervision of a qualified practitioner) to complete the risk assessment/management work at hand.

A Member should maintain and improve their professional competence as well as strive to maintain and improve the competence of other risk professionals.

2.2 Knowledge of Rules and Regulations

PRMIA Members must be well-versed in the rules and regulations applicable to the processing and presentation of risk assessments (or be under the proper supervision of a qualified practitioner) in their respective role. If a Member is not sufficiently well versed in the applicable rules and regulations, the Member must inform the appropriate supervisor.

2.3 Knowledge of Generally Accepted Risk Practices

PRMIA Members must be familiar with current generally-accepted risk practices. Members should document the methodology that he/she is using and both note and communicate any relevant departure from generally-accepted risk practices.

2.4 Share Advances in Risk Management

PRMIA Members should recognize the value of disseminating improvements in risk management methods and/or theory to the widest professional audience and the value of validation by peers.

2.5 Diligence and Care

PRMIA Members should execute all services with a high level of diligence and care. Risks are seldom independent or discrete. Members should consider the wider and often complex impact of their risk assessments and actions.

2.6 Independence, Objectivity and Transparency

PRMIA Members should perform all work in a manner that is independent from, objective and transparent to, interested parties. Members should collect, analyze and disseminate risk information with the highest level of professional objectivity, and endeavor to work in a manner that would be deemed appropriate by an independent properly-qualified risk practitioner.

3 Professional Conduct

Professional conduct by a risk manager should be consistent with a minimum set of guidelines described herein, for which each PRMIA Member is expected to be accountable.

3.1 Rules and Regulations

PRMIA Members must know, and abide by, applicable rules and regulations. If there is an apparent, or actual, conflict between governing rules and regulations then the Member should inform the appropriate supervisor and seek qualified advice. PRMIA Members should understand the “intent” or the principles underlying the rules and regulations and should not use resident knowledge to create an opportunity for an operator to act outside of that intent and those principles.

3.2 Clarity and Accuracy

PRMIA Members should provide risk management services and advice that are clear and accurate.

3.3 Suitability

PRMIA Members must understand the needs and sophistication of the employer or client and should provide appropriate and suitable risk management services and advice.

3.4 Presentation of Results

PRMIA Members must be vigilant in disclosing the level of confidence in the accuracy or certainty of the results or conclusions. It is a good practice to communicate the assumptions, sensitivities to the assumptions and any areas of concern that may be valuable in interpreting the results and conclusions.

3.5 Disclosure of Limits of Specific Knowledge

PRMIA Members must clearly disclose the relevant limits of their specific knowledge and expertise concerning risk assessment, industry practices and applicable laws and regulations. A Member should clearly state the limits of applicability of the services offered.

3.6 High Level of Professionalism

PRMIA Members should endeavor, and encourage others, to operate at the highest level of professional skill. A Member should always continue to develop their expertise and should be prepared to demonstrate this skill by passing the relevant PRMIA examinations.

3.7 Supervision of Others

PRMIA Members must ensure that the work performed under the member’s supervision also complies with the PRMIA Standards.

In the event of a conflict the following hierarchy shall be considered, where 1 is the top-most consideration:

1. The laws of the country
2. Guidelines from regulators in which the organization operates (e.g. the PRA / FCA in the UK)
3. These PRMIA Standards
4. The decision of a superior within the organization

3.8 Departure from Accepted Practices

PRMIA Members should outline their approach and clearly indicate any departure from generally accepted methodology or practices.

3.9 Avoid Conflicts of Interest

PRMIA Members should clearly inform affected parties of any apparent (perceived) or actual conflicts of interest.

3.10 Confidentiality

PRMIA Members must respect and protect the confidentiality of their work and of their employer or client, except where required by law. A Member should not use confidential information for personal gain.

3.11 Honesty and Integrity

PRMIA Member must not knowingly make any misrepresentations relating to risk management recommendations, actions, or other professional activities.

A Member must act with honesty and integrity and must not engage in, and should discourage other members from engaging in, activities that are illegal, dishonest or intended to deceive others. A Member should avoid actions that will reflect badly on the risk management profession.

3.12 Fiduciary Responsibilities

PRMIA Members should recognize, as well as reconcile, the internal and external responsibility of risk management. Considerations should include not only internal controls but also the expectations of stakeholders, including shareholders and the general public. As such, this awareness should challenge the risk professional to perform their work and duties in an independent and appropriate fiduciary manner that builds trust.

A Member should not hesitate to probe and challenge the methodologies and conclusions of other risk professionals. Similarly, a Member should strive to escalate a conflict or violation, if the member deems it appropriate. However, the member must be cautious and thorough in any such determination.

4 Ethical Behavior

Ethical conduct by a risk manager should be consistent with a minimum set of guidelines described below, for which each PRMIA Member is expected to be accountable.

4.1 Personal Behavior

PRMIA Members must act professionally, ethically and with integrity in dealings with employers, existing or potential clients, the public, and other risk practitioners. Members should place the integrity of the risk management profession and users of risk management above their own personal interests.

4.2 Integrity

PRMIA Members should take responsibility and credit for their own work, but not for that of others. Proper citations should be made where appropriate, when utilizing methods directly attributable to

others.

4.3 Judgment and Independence

PRMIA Members must exercise reasonable judgment in the provision of risk services, while maintaining independence of thought and direction.

4.4 Use of Risk Services

PRMIA Members must strive to ensure that the risk management services they offer are not used to mislead or misrepresent. A Member must take reasonable precautions that their services are not used for improper, dishonest, fraudulent or illegal purposes.

4.5 Respect Laws and Regulations

PRMIA Members must respect all applicable laws and regulations, and avoid any actions that are, or may have the appearance of being, illegal or unethical. A Member should avoid actions that reflect badly on PRMIA or on the risk management profession.

4.6 Respect for Local Customs

PRMIA Members should endeavor to be cognizant of all cultural differences regarding ethical behavior and customs, and to avoid any actions that are, or may have the appearance of being unethical according to local customs.

5 Guidance on Conflict Resolution

5.1 Assessment

PRMIA Members should carefully assess any apparent conflict with or violation of these standards. If in doubt a Member should seek advice from a qualified party, being mindful of legal and confidentiality requirements.

In the event of a conflict the following hierarchy shall be considered, where 1 is the top-most consideration:

1. The laws of the country
2. Guidance of regulators in which the organization operates (e.g. the PRA / FCA in the UK)
3. These PRMIA Standards
4. The guidance of an appropriate body within the organization

5.2 Resolution

PRMIA Members should attempt to resolve any dispute, conflict, or violation in the most direct and efficient manner appropriate, being mindful of the legitimate rights of all parties concerned.

5.3 Escalation and Whistle-Blowing

If PRMIA Members observe behavior in others ("the actor") that is outside of ethical standards, then the Member should initially consider discussing the issue directly with the actor. If that discussion is not fruitful, or the Member is not comfortable discussing the behavior with the actor then the Member should escalate the issue. If the Member and actor are in the same organization then the Member should report this conduct to their immediate superior. If this is not possible (e.g. if it is the superior who is engaged in the unacceptable behavior) then the Member should contact the Whistle-Blowing Hotline of the organization. If there is no such hotline in place then they should contact the PRMIA Ethics Committee (ethicscomm@prmia.org) for assistance and guidance. If the Member and the actor are in different organizations then the member should consider the best course of action. This could include but not be limited to discussing with the Member's supervisor or other resources within the Member's organization, contacting the Whistle-Blowing Hotline of the actor's organization and contacting the PRMIA Ethics Committee (ethicscomm@prmia.org) for assistance and guidance.

6 Conclusion

Professionalism, integrity, disclosure and transparency are fundamental characteristics of a Professional Risk Manager. Through professional conduct, consistent with industry best practices and combined with ethical behavior, PRMIA Members will distinguish themselves. The standards above should ensure that a PRMIA Member's actions reflect positively on our profession, instill confidence in our colleagues and employers and advance risk management.

7 Enforcement

If a Member was found to act in violation of these Standards, PRMIA will suspend or permanently remove their PRMIA membership and any related PRMIA designation in accordance with section 3.5 of the Bylaws.

8 History

Adopted: 2002

Revised: 2009

Proposed Revision:

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Approval Dates:

Ethics Committee: September 21, 2016

Board of Directors: October 4, 2016

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