

# CODE OF ETHICS

## Preamble

**This Code of Ethics (Code ) relates to individual members of Risk Management Institute of Australasia Limited (RMIA ), including student members and retired members, in discharging their roles and responsibilities to:**

- **the employer**
- **their profession**
- **their involvement in activities for and on behalf of RMIA, and**
- **the risk management industry generally.**

**This Code has general application to RMIA membership and specific application to those licensed to use the CPRM designation.**

**The businesses our members deal with and/or represent place their confidence and trust in the integrity and skill of the members to conduct their activities in a manner that demonstrates a commitment to the high standard of responsible and ethical conduct that places the best interests of the business, RMIA, and the risk management profession above personal interests.**

**RMIA expects its members, and particularly those with post nominal and CPRM status (members), to maintain and demonstrate this high standard of ethical conduct in all their dealings. It is recognised that some RMIA members are corporate bodies, they too should follow the spirit of the ethics enounced through this paper and support their employees to follow the Code.**

**Ethics is about asking the question, 'What is the right thing to do?' A reasonable test is to review the proposed action to see if it would survive close scrutiny from your peers, the public, and/or the businesses that utilise your services.**

**RMIA is defining its basic principles towards personal and professional accountability and its members are required to adhere to and practise as part of their normal activities and dealings.**

**Although this Code does not cover the full spectrum of RMIA member activities, it clearly implies a commitment to a high standard of responsible and ethical conduct by its members.**

**Accordingly, the rules and comments in this Code are descriptive of the type of behaviour expected from members, and in particular those with post nominal and CPRM status in all circumstances. These are:**

## 1. Abiding by the law

RMIA members must undertake at all times to comply with or observe all applicable laws and regulations, everywhere they operate.

Because laws and regulations governing risk management activities are so broad and ever changing, it is difficult for any member to know them all.

- RMIA members must ensure that their conduct cannot be interpreted as breaching the law, if unsure consult at the outset of business dealings rather than at a later stage; and
- Take into account the cultures and laws of other countries when undertaking/dealing with interests within or working with these countries in respect to this provision of the code.

## 2. Integrity of records

RMIA members should maintain records with scrupulous integrity, reflecting all associated activities in an accurate and timely manner.

Members must:

- Ensure all business records must be accurate and consistent with the highest standards;
- Ensure no false or artificial entries shall be made in any documents or records, and no RMIA member should be party to any arrangement that results in such entries;
- Avoid participation in fraudulent action or misuse of their employer's resources, and report to the person's employer any instances of which they become aware; and
- Fully co-operate with their employer's inspection, internal and external audit review processes.

## 3. Free Competition

The RMIA believes that free and fair competition is the basis of the free market economic system and avoids collusive, anti-competitive discussions and/or agreements with competitors.

- RMIA members should not hold discussions or enter into arrangements with competitors concerning prices for services, the nature and extent of services, or other competitive policies or practices in a manner which is contrary to acceptable business practice or contrary to applicable legislation and regulatory requirements.

Many matters (such as technical and educational standards) are the subject of legitimate discussion, notably through, for example, the Committees and Special Interest Groups of RMIA, and Committees and Working Groups set up by Standards Australia and other affiliate bodies.

## 4. Misappropriation

RMIA members shall not convert to their own use and benefit any funds or property that is not rightfully theirs, nor knowingly assist another person (whether employee or not) in such misappropriation.

Honesty and trustworthiness are two of the foundations of the risk management discipline. As RMIA members may have control of budgets, businesses, employers, stakeholders, and regulatory bodies require absolute assurance of the honesty and integrity of all persons in these situations. Consequently, the conduct of all RMIA members must be such that their honesty is beyond question. Subject to any applicable law, neglect of this fundamental requirement by a member could result in forfeiture of RMIA membership.

## **5. Conflict Of Interests**

RMIA members must avoid participating in any decision which may give rise to a conflict of interest in circumstances where this is not acceptable, and not carried out in accordance with applicable standards, codes or legislative or regulatory requirements.

- Members must avoid acquiring any business interest or participating in any business activity which would tend:
  - a. to create an excessive demand upon the time and attention of the members, and thus deprive the employer of the members' best efforts on the job; or
  - b. to create a conflict of interest, that is, an obligation, interest or distraction, which would interfere with, the independent exercise of judgement in the employer's best interest;
- Members, when in their business role as Executives, managers and supervisors should ensure that no decision taken by anybody under their authority is influenced by anything other than the employer's best interest; and
- All RMIA members should ensure they are familiar with the detailed rules in their employer's manuals and other related policy and procedures.

## **6. Conflict Of Interest - Citizenship Duties**

Risk management practitioners who are RMIA members and who discharge citizenship responsibility through membership of public or quasipublic decisionmaking bodies (school boards, town councils, etc.) should be alert to possible conflicts of interest and declare any such conflict. There is, subject to individual employer regulations, no objection to members being active in their communities, participating in political activities, running for public office, sitting on municipal councils and other public bodies. However, these institutions are often also consumers of risk management related advice and service and therefore actual or potential customers of risk management providers.

- RMIA members must be scrupulous in declaring any such conflict of interest and judge carefully whether circumstances warrant withdrawal from deliberations on the placements of risk management related business.
- RMIA members should avoid any potential conflict of interest by declaring the nature of their interest (if any) in formally constituted meetings of the organisation and if required, to follow the organisation's rules in respect to non-voting in such situations.

## **7. Customer Privacy and Employer Information**

Respect for the privacy of a customer's affairs is a fundamental principle of the risk management profession. The confidentiality of business, financial and personal information about customers and fellow RMIA members (both individuals and corporate members) is a very important obligation and must be fully observed.

The obligation of RMIA members to safeguard the privacy of customers, fellow employees and members, and to protect the confidentiality of their employers' own business affairs, continues if the member leaves the service of the employer.

RMIA members must:

- Respect their employer's obligation to protect the confidentiality of customers' affairs;
- Respect the privacy of fellow employees and members;
- Not disclose without proper authorisation information about the employer's plans, methods and activities considered by the employer to be proprietary and confidential;
- Not disclose employer information which, if published, might impair its own effectiveness and competitive strength;
- Look to safeguard its employer's risk management related documents such as risk profiles, circulars, manuals, records and internal communications materials, and especially materials marked "Confidential". This information must never be shown to outsiders without proper authorisation;
- Exercise care in conversations about the employer with outsiders, or with fellow employees in public places eg mobile phones in airport lounges, bars and restaurants; and
- Information should not be divulged over the telephone or fax unless the identity of the caller and his or her right to receive the information are definitely established.

## **8. Inside Information**

Inside information, about the employer's affairs or those of their customers shall not be used by RMIA members for their own gain, or for that of others, such as friends or relatives. For example, trading in stock or securities, or advising others to do so on the basis of such special knowledge is clearly unethical, in many instances illegal, and must be scrupulously avoided by members. The rule of customer confidentiality prevents members from disclosing such information.

By the nature of their work, risk management practitioners are often in possession of information (commonly referred to as "inside" information) which is not publicly available, and which would reflect favourably or adversely upon the investment value or future market value of stock or other securities of business.

- Sound judgement must be employed to ensure that a member buying or selling shares, or dealing in any other asset whose value could be affected by plans and actions to which they are privy, is in no way associated (eg. in timing) with knowledge the member possesses because of his or her employment; and

- **RMIA members should seek guidance within their organisation or obtain independent legal advice, if there is any doubt in relation to any of these issues.**

## **9. Improper Payments, Gifts, Entertainment**

**RMIA members shall not use their employment status with their employer, or their membership of RMIA, to seek personal gains (gifts or benefits), or personal gain for any personal associate (eg. friend or relative, etc) from those doing business or seeking to do business with RMIA or the member's employer.**

**Members must not accept such gain if offered where those gifts or benefits have a value above that set by the organisation's Gifts Policy. Where no policy exists, the value will be seen to be where those gifts or benefits have a value of A\$100 or more.) – For more information refer to the RMIA Gifts Policy.**

**Often something offered in the course of business relationships may be of value to the receiver. Examples include: access to special privileges such as private spectator boxes, preferential treatment, personal services, pleasure or vacation trips (including golf days and cruises), tickets to functions, financial loans (except normal loans from regular lenders, on conventional terms) accommodation and access to confidential information (etc).**

- **Decisions made by members in the course of their work must be objective and based solely upon the best interest of their employer, their stakeholders and must take into account regulatory and other statutory obligations;**
- **Members should never be influenced by any consideration whatsoever of personal gain or gain to any personal associate (eg. friend or relative);**
- **Members should use their judgement and that of their immediate superior as to whether a gift might be compromising or is unreasonable in the circumstances;**
- **Members should understand the significance of a gift often lies not in the dollar value, but in the circumstances surrounding the giving and the acceptance, as well as the value of the gifts in relation to the financial means of both giver and receiver;**
- **Apply the following criteria when making a judgement as to whether to accept a gift, favour or entertainment:**
  - a. Will such gifts, as cash, bonds or negotiable securities even of limited value be more likely to compromise you or your organisation in some way?**
  - b. Will gifts, favours or entertainment offered as a matter of general and accepted business practice be out of character with the circumstances of the donor or recipient?**
  - c. Does the gift, favour etc., contravene any law and is it in accordance with generally accepted ethical standards? and/or**
  - d. If the gift, favour etc., is subsequently disclosed to the public, will its acceptance embarrass their employer or the recipient?**

**Members may accept gifts of standard promotional items bearing general advertising messages, provided by other companies and comparable to the sales aids available for provision to customers by representatives of their employer.**

The objective is to get the member to undertake a rational and justifiable process when receiving benefits / gifts. If unsure, declare it.

## 10. Social Responsibility

RMIA members who are managers should give full consideration not only to traditional financial factors but also likely economic and social effects of their decisions.

One of any organisation's aims is to serve society through discharging its obligations to those who have a stake in its operations, i.e. shareholders (individual or government), customers, employees and the public.

- Public and private sector organisations accept proper accountability for the social and economic effects of their business actions, and therefore require their officers, our members, to conscientiously evaluate these factors in their decision-making; and
- RMIA members should not hesitate to seek help and advice from more senior management in cases which cause concern or where difficult matters of judgement are encountered.

## 11. Public Comments or Statements

RMIA takes its image and reputation seriously and comments and publicly made comments or statements have the opportunity to negatively impact this reputation and image.

- Only RMIA members authorised by the RMIA Board are to make public comment and statements on behalf of RMIA;
- RMIA members, when making comments, should comply with generally accepted community standards;
- Members should ensure, that their comments are made on the basis of relevant industry knowledge; and
- Comments should be made in a way that maintains and enhances community trust in the values and expertise of the membership of RMIA. A loss of community trust is seen as contrary to the best interests of RMIA and community as a whole.

## Breach of the RMIA Code of Ethical Behaviour - Individuals

Should, in the opinion of the Directors, a serious breach or a series of breaches of the Code of Ethical Behaviour

- Individuals indicate that the member concerned has conducted himself or herself in a manner seriously prejudicial to RMIA, or the profession, the Directors may advise the member of their intention to take disciplinary action in accordance with the provisions of the RMIA Constitution.