



Code of Conduct

Introduction

The GARP Code of Conduct (“Code”) sets forth principles of professional conduct for Global Association of Risk Professional (“GARP”) Financial Risk Management program (FRM®) certification and other GARP certification and diploma holders and candidates, GARP’s Board of Trustees, its Regional Directors, GARP Committee Members and GARP’s staff (hereinafter collectively referred to as “GARP Members”) in support of the advancement of the financial risk management profession. These principles promote the highest levels of ethical conduct and disclosure and provide direction and support for both the individual practitioner and the risk management profession.

The pursuit of high ethical standards goes beyond following the letter of applicable rules and regulations and behaving in accordance with the intentions of those laws and regulations, it is about pursuing a universal ethical culture.

All individuals, firms and associations have an ethical character. Some of the biggest risks faced by firms today do not involve legal or compliance violations but rest on decisions involving ethical considerations and the application of appropriate standards of conduct to business decision making.

There is no single prescriptive ethical standard that can be globally applied. We can only expect that GARP Members will continuously consider ethical issues and adjust their conduct accordingly as they engage in their daily activities.

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This document makes references to professional standards and generally accepted risk management practices. Risk practitioners should understand these as concepts that reflect an evolving shared body of professional standards and practices. In considering the issues this raises ethical behavior must weigh the circumstances and the culture of the applicable global community in which the practitioner resides.

Code of Conduct

The Code is comprised of the following Principles, Professional Standards and Rules of Conduct which GARP Members agree to uphold and implement.

1. Principles

- 1.1 *Professional Integrity and Ethical Conduct.* GARP Members shall act with honesty, integrity, and competence to fulfill the risk professional's responsibilities and to uphold the reputation of the risk management profession. GARP Members must avoid disguised contrivances in assessments, measurements and processes that are intended to provide business advantage at the expense of honesty and truthfulness.
- 1.2 *Conflicts of Interest.* GARP Members have a responsibility to promote the interests of all relevant constituencies and will not knowingly perform risk management services directly or indirectly involving an actual or potential conflict of interest unless full disclosure has been provided to all affected parties of any actual or apparent conflict of interest. Where conflicts are unavoidable GARP Members commit to their full disclosure and management
- 1.3 *Confidentiality.* GARP Members will take all reasonable precautionary measures to prevent intentional and unintentional disclosure of confidential information.

2. Professional standards

2.1 *Fundamental Responsibilities*

- GARP Members must endeavor, and encourage others, to operate at the highest level of professional skill.
- GARP Members should always continue to perfect their expertise.
- GARP Members have a personal ethical responsibility and cannot out-source or delegate that responsibility to others.

2.2 *Best Practices*

- GARP Members will promote and adhere to applicable 'best practice standards', and will ensure that risk management activities performed under his/her direct supervision or management satisfies these applicable standards.
- GARP Members recognize that risk management does not exist in a vacuum.
- GARP Members commit to considering the wider impact of their assessments and actions on their colleagues and the wider community and environment in which they work.

2.3 *Communication and Disclosure.* GARP Members issuing any communications on behalf of their firm will ensure that the communications are clear, appropriate to the circumstances and their intended audience, and satisfy applicable standards of conduct.

Rules of Conduct

1. Professional Integrity and Ethical Conduct

GARP Members:

- 1.1 Shall act professionally, ethically and with integrity in all dealings with employers, existing or potential clients, the public, and other practitioners in the financial services industry.
- 1.2 Shall exercise reasonable judgment in the provision of risk services while maintaining independence of thought and direction. GARP Members must not offer, solicit, or accept any gift, benefit, compensation, or consideration that could be reasonably expected to compromise their own or another's independence and objectivity.
- 1.3 Must take reasonable precautions to ensure that the Member's services are not used for improper, fraudulent or illegal purposes.
- 1.4 Shall not knowingly misrepresent details relating to analysis, recommendations, actions, or other professional activities.
- 1.5 Shall not engage in any professional conduct involving dishonesty or deception or engage in any act that reflects negatively on their integrity, character, trustworthiness, or professional ability or on the risk management profession.

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- 1.6 Shall not engage in any conduct or commit any act that compromises the integrity of the GARP, the (Financial Risk Manager) FRM® designation or the integrity or validity of the examinations leading to the award of the right to use the FRM designation or any other credentials that may be offered by GARP.
- 1.7 Shall endeavor to be mindful of 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. If there appears to be a conflict or overlap of standards, the GARP member should always seek to apply the higher standard.

2. Conflict of Interest

GARP Members shall:

- 2.1 Act fairly in all situations and must fully disclose any actual or potential conflict to all affected parties.
- 2.2 Make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with their respective duties to their employer, clients, and prospective clients.

3. Confidentiality

GARP Members:

- 3.1 Shall not make use of confidential information for inappropriate purposes and unless having received prior consent shall maintain the confidentiality of their work, their employer or client.
- 3.2 Must not use confidential information to benefit personally.

4. Fundamental Responsibilities

GARP Members shall:

- 4.1 Comply with all applicable laws, rules, and regulations (including this Code) governing the GARP Members' professional activities and shall not knowingly participate or assist in any violation of such laws, rules, or regulations.
- 4.2 Have ethical responsibilities and cannot out-source or delegate those responsibilities to others.

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- 4.3 Understand the needs and complexity of their employer or client, and should provide appropriate and suitable risk management services and advice.
 - 4.4 Be diligent about not overstating the accuracy or certainty of results or conclusions.
 - 4.5 Clearly disclose the relevant limits of their specific knowledge and expertise concerning risk assessment, industry practices and applicable laws and regulations.
5. General Accepted Practices

GARP Members shall:

- 5.1 Execute all services with diligence and perform all work in a manner that is independent from interested parties. GARP Members should collect, analyze and distribute risk information with the highest level of professional objectivity.
- 5.2 Shall be familiar with current generally accepted risk management practices and shall clearly indicate any departure from their use.
- 5.3 Shall ensure that communications include factual data and do not contain false information.
- 5.4 Shall make a distinction between fact and opinion in the presentation of analysis and recommendations.

Applicability and Enforcement

Every GARP Member should know and abide by this Code. Local laws and regulations may also impose obligations on GARP Members. Where local requirements conflict with the Code, such requirements will have precedence.

Violation(s) of this Code by may result in, among other things, the temporary suspension or permanent removal of the GARP Member from GARP's Membership roles, and may also include temporarily or permanently removing from the violator the right to use or refer to having earned the FRM designation or any other GARP granted designation, following a formal determination that such a violation has occurred.