



International Ethics Standards Coalition What is it and why is it important?

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CLGE Vice President
VI Conference of the European Surveyor
“Professional Ethics, a landmark for geodetic surveyors”
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www.ies-coalition.org

*PPT pictures only for use when promoting IES and IESC

The real estate profession is becoming increasingly international. Many Real Estate firms are International or multi-national. We deal with large global end users and of course investors are often considering property and development schemes around the world. As our work changes and grows, so must our approach to developing and reinforcing professional ethics.



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What does research tell us about the value of ethics?

- We see a growing body of evidence which suggests that transparency and ethics are becoming increasingly important in the global business market. Increasing numbers of stakeholders are looking for it and the younger generation seek out such companies.
- The “Financial Times Stock Exchange 100 Index”, also called the “FTSE 100 Index”, “FTSE 100”, “FTSE”, or, informally, the “Footsie”, is a share index of the 100 companies listed on the London Stock Exchange with the highest market capitalisation.

The **FTSE4Good** Index is a series of ethical investment stock market indices launched in 2001 by the FTSE Group in response to investors who were seeking to measure the social, environmental and ethical performance of the companies they invest in. As the slide above shows, this has witnessed solid growth over the past few years when compared with the FTSE All Share Index.

- A similar pattern is shown by the US Dow Jones Sustainability index in the USA
- It’s clear, environmental social and governance are key factors which are being given greater consideration in investment.

What is the cost of not being ethical?

Reputational damage. Fines paid to governments and regulators. Fall in share price. Decline in sales. Fewer clients.

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- In the previous slide I talked about general benefits of business ethics.
- Many people can be concerned that ethical business reduces their ability to make money. There may be many complex reasons for this but you have to take the bigger picture into account.
- And to do that, let's look at the cost of not being ethical. I know we're in different parts of the world but you must be aware of these global media stories?
- VW, FIFA and Enron.
- Reportedly, 11 million cars were affected by the VW emissions scandal and according to the Financial Times, €6.5 billion has been set aside to fix the problem. This doesn't take into account the huge fall in share price and brand damage.
- Other huge fines have included £29.7 million levelled against a financial services firm for fraud caused by one individual and a well-known British bank having to pay £290 million for manipulating key interest rates.

Ethics standards + Market adoption = Trust Assurance Best practice

Medicine - The Hippocratic oath

Law - International Bar Association

Accountancy – Int. Ethics Standards Board for Accountants (IESBA)

Are there other examples of International Ethics Standards?

- Professional ethics are important because they act as an anchor to appropriate behaviours.
- They ensure consistency and clarity irrespective of changing factors such as the state of the economy or business practices in different market places. Standards, once adopted by the market, help to provide the anchor for trust and assurance.
- Medical ethics – The Hippocratic Oath is a document written in Greek text by Hippocrates in the 5th Century BC which is about 350 words – is a very well regarded code of ethics for the medical profession which has been adapted over the years.
- The global accountancy profession is governed by the International Ethics Standards Board for Accountants (IESBA). IESBA issues ethics standards for use by professional accountants and its member bodies.
- The legal profession has for some time had a global ethics standard set by the International Bar Association.
- However, for those working in the land, property, construction, infrastructure or related professions there was a lack of an international standard, and this doesn't work in today's world with businesses working across borders.

- The founding members of the IES Coalition originally met at the United Nations in New York in late 2014
- They agreed to form an independent standards setting committee, to set high level principles which could be globally applicable
- After a global consultation, IES was published in December 2016
- Since then, and reflecting the global nature of real estate, this is a fast-growing group of professional bodies, associations and standards setting organisations across land, property, construction, infrastructure and related professions.



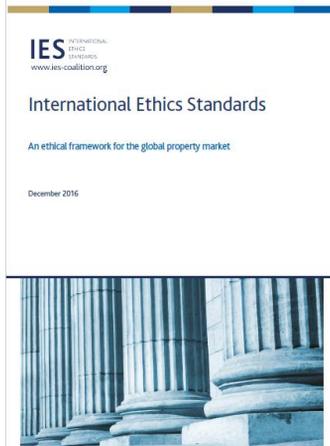
To establish an overarching set of global principles that will *re-affirm the importance of ethics in real estate* and evolve to meet the needs of today's global market.



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What is the purpose of creating in International Ethics Standard for real estate and related professions?

- The International Ethics Standards Coalition has worked hard to harmonise existing ethics standards and create an overarching ethics standard.
- This can apply to all real estate and related specialisms such as Land, Property, Construction, Infrastructure and related professions, in order to increase the standards of professionalism and protect the global public interest in all markets
- We're not going to find solution for all problems but at a high level by uniting all property and related professional bodies, we have taken a huge step forward by creating one International Ethics Standard that underpins the many existing codes of ethics.
- Standards and ethics are the foundation of professionalism. The International Ethics Standards Coalition (IESC) support the creation, maintenance and use of high quality, international and principle-based ethics standards through a transparent and inclusive standard setting process.
- Member organisations have committed, for as long as they are members of the Coalition, to promote the effective implementation of these standards and encourage world markets to accept and adopt IES as the ethics framework for our global professions.



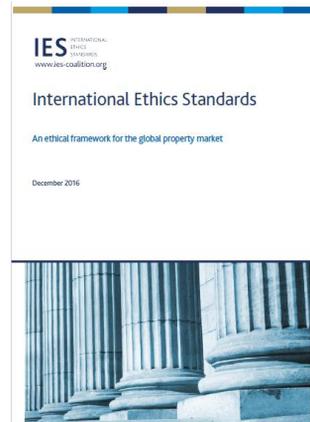
The ethical principles below are listed in alphabetical order and are considered to be of equal importance. If two or more principles come into conflict during an assignment, the practitioner should give precedence to the principle that best serves the public interest in the context of the particular circumstances.

The public interest embraces but is not limited to:

- The maintenance of reliable services for clients
- Sustaining proper standards of conduct and behaviour, and
- Upholding the reputation of the profession.

- The high level principles were published in December 2016. One thing the independent standard setting committee were clear about was that, regardless of where you were in the world, and regardless of the type of work you were involved in, it was important to consider what was in the public interest.

1. Accountability
2. Confidentiality
3. Conflict of Interest
4. Financial Responsibility
5. Integrity
6. Lawfulness
7. Reflection
8. Standard of Service
9. Transparency
10. Trust



Accountability: Practitioners shall take full responsibility for the services they provide; shall recognise and respect client, third party and stakeholder rights and interests; and shall give due attention to social and environmental considerations throughout.

Confidentiality: Practitioners shall not disclose any confidential or proprietary information without prior permission, unless such disclosure is required by applicable laws or regulations.

Conflict of Interest: Practitioners shall make any and all appropriate disclosures in a timely manner before and during the performance of a service. If, after disclosure, a conflict cannot be removed or mitigated, the practitioner shall withdraw from the matter unless the parties affected mutually agree that the practitioner should properly continue.

Financial Responsibility: Practitioners shall be truthful, transparent and trustworthy in all their financial dealings.

Integrity: Practitioners shall act with honesty and fairness and shall base their professional advice on relevant, valid and objective evidence.

Lawfulness: Practitioners shall observe the legal requirements applicable to their discipline for the jurisdictions in which they practice, together with any applicable international laws.

Reflection: Practitioners shall regularly reflect on the standards for their discipline,

and shall continually evaluate the services they provide to ensure that their practice is consistent with evolving ethical principles and professional standards.

Standard of Service: Practitioners shall only provide services for which they are competent and qualified; shall ensure that any employees or associates assisting in the provision of services have the necessary competence to do so; and shall provide reliable professional leadership for their colleagues or teams.

Transparency: Practitioners shall be open and accessible; shall not mislead or attempt to mislead; shall not misinform or withhold information as regards products or terms of service; and shall present relevant documentary or other material in plain and intelligible language.

Trust: Practitioners shall uphold their responsibility to promote the reputation of their profession and shall recognise that their practice and conduct bears upon the maintenance of public trust and confidence in the IESC professional organisations and the professions they represent.

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To date (Sep 12th 2019) around 131 professional bodies, associations and standards setting organisations, based in 46 countries, are full members. These are not for profit bodies in the land, property, construction, infrastructure or related professions.



Free to join with no financial or legal obligations
Find out how at www.ies-coalition.org

Nearly 150 “Supporters” in the property, land, construction, infrastructure and related professionals including :-

- Over 30 Academic bodies
- Over 100 Businesses
- 5 Government Departments or Regulators

What will IES Supporters receive in return?

- An opportunity to align their organisation’s brand with new international best practice
- Their organisation listed on the IES website
- Permission to display a specific IES Supporter logo, within agreed guidelines

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Since the IES was published, the Trustees were keen to help market adoption but encouraging ‘Supporter’ membership. This is open to for profit firms, academic bodies and government bodies / regulators.

Supporters commit to promote the effective implementation of IES. There is no cost involved and no ongoing financial or legal obligations

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UK Government report cites IES and suggests incorporating the same principles in a new property code



"This Code of Ethics, as well, adheres and is fully consistent with the International Ethics Standards issued by the International Ethics Standards Coalition"



"These global standards are also fully consistent with the ethical principles published to date by the International Ethical Standards Coalition" RICS Red Book



"The FIABCI Code is also fully consistent with the ethical principles published to date by the International Ethical Standards Coalition, of which FIABCI is a member"

A few examples where IES has either formed the basis of, or has been referenced



*"This will ensure that **ILMS** is implemented in an ethical manner, which meets the standards contained in the International Ethical Standards (IES)."*



Valuation standards in
Dubai, Abu Dhabi and
Bahrain

"The 10 International Ethical Principles issued by the International Ethical Principles Standards Coalition (www.iesc-coalition.org) provides an example of an appropriate framework for professional conduct"



"This Code of Ethics has been developed on the basis of those adopted at the end for 2016. by IESC – Ten Ethical Rules for the Work of Professionals in the IESC real estate"

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Article from the magazine of the Association of Residential Managing Agents

