

Consultation document for a new statement of the RICS ethical principles and Rules of Conduct

Introduction

Standards of professional ethics are important for the protection of the public and clients, maintaining confidence in the profession, encouraging thriving and fair markets in property and land, and effecting positive change in the valuation, development, construction and management of the built and natural environment.

RICS maintains [Rules of Conduct for Members](#) and [Rules of Conduct for Firms](#), which set out the core standards of professional behaviour expected. If these rules are breached, it can result in disciplinary proceedings being taken against a member or firm. The *Rules of Conduct* sit above a range of RICS conduct and technical standards, including international standards, professional statements and guidance across multiple areas of practice.

The current *Rules of Conduct* have been in place since 2007 with only minor amendments. RICS also has a statement of [Global Professional and Ethical Standards](#), which was published in 2009, and is committed to implementing the *International Ethics Standards* (IES) principles for property professionals through our rules.

RICS research undertaken as part of the *Future of the profession* project, and by IPSOS Mori, confirmed that the profession and stakeholders consider that society and business practices have changed since 2007 and there are key risks and opportunities anticipated over the next decade that need to be reflected in our standards.

In 2019, RICS established a working group to review whether the *Rules of Conduct* continued to effectively set out the ethical and professional behaviour expected of members and firms, given the changes to society and business. The working group also considered the accessibility of the documents – ensuring members and firms understand the standards against which they will be held accountable and enabling clients and the public to know what to expect from them. The working group engaged with UK regional boards and a global advisory group about risks and opportunities while putting together this document.

At the same time, we have also been reviewing our model for how we set standards and regulate the profession in the public interest and have developed a framework of principles, and an approach, which is set out in the diagram at Appendix A.

The review of the *Rules of Conduct* applies this new approach of focusing on conduct and competence, encouraging a strong diverse and inclusive profession, fostering an environment that supports members and firms to enable professional excellence, and creating rules only where necessary based on risk.

About this consultation

Scope of the consultation and rationale

In undertaking our work, we have been guided by three objectives.

1. Clarity – we want the principles and rules to be as clear as possible for everyone.
2. Effectiveness – our aim is to make it as easy as possible for RICS members and firms to understand and comply with the principles and rules.
3. Brevity – we have tried to avoid over-elaboration. We expect technical details to be contained in the RICS professional statements and guidance that support these principles.

The fundamental ethical principles on which professional practice is based are sound, but the working group proposes amending the rules for members and firms to ensure they provide clear indications of the behaviour expected. As the rules would now incorporate the ethical principles, we propose that

the amended document replaces both the existing *Rules of Conduct* and the *Global Professional and Ethical Standards*.

We also indicate some areas where we recommend that more detailed guidance on ethical behaviour should be given, similar to the existing professional standards on conflicts of interest and confidentiality, and anti-money laundering, bribery and corruption.

We are now inviting members, firms and all those with an interest in how RICS ensure high standards in the profession to provide their views on these changes and their potential impact.

Timing of introduction of changes

If adopted, we propose that the new *Rules of Conduct* would apply to members and firms from June 2021, replacing the existing *Rules of Conduct* and the *Global Professional and Ethical Standards* from that date.

The existing *Rules of Conduct* and *Global Professional and Ethical Standards* would continue to be used for regulatory purposes where considering conduct that occurred prior to June 2021.

Consultation period

This consultation runs from Monday 5 October to Monday 7th December 2020.

How to respond to the consultation

To respond to this consultation, go to

<https://consultations.rics.org/consult.ti/rulesofconduct/consultationHome>. There you will be able to make comments on the draft, answer our consultation questionnaire on the draft, and download a copy of the draft in pdf format.

Confidentiality

Unless you state otherwise we may decide to publish all or part of your response to this consultation including your name, professional qualification and any organisation you represent or belong to. Please indicate clearly if your response is confidential.

What happens next?

Following the consultation, we will consider the responses and a finalised document will be submitted to the Standards and Regulation Board for approval.

Contact details

If you have any questions about this consultation, please contact Christine O'Rourke (corourke@rics.org), the project lead, or Helvi Cranfield (hcranfield@rics.org), the project manager.

Detailed proposal

Structure of the rules

The proposed new *Rules of conduct* can be found at <https://consultations.rics.org/consult.ti/rulesofconduct/consultationHome>. What follows describes how and why we have drafted them.

Our aim is to make the rules as simple as possible and we therefore propose five rules based on the existing *Global Professional and Ethical Standards*, but with one change: the principle of maintaining continuing competence has been separated from the principle of providing a good service to clients. The principles of taking responsibility and maintaining public confidence in the profession have been combined.

The rules are the standards members and firms are required to meet, and we want them to be used by the profession to assist compliance and by RICS Regulation in investigations and disciplinary proceedings.

We have chosen to include example behaviours under each rule to provide additional description of how complying with the rule and behaving according to that ethical principle could be demonstrated.

We want the rules to support professional judgement. We do not intend the example behaviours to be an exhaustive list nor for them to be prescriptive, but instead to describe the main expectations that the public would have of an ethical member or firm. They are intended to help members, firms and the public to understand what we mean by the concepts in the rules.

Members and firms will be expected to use the behaviours to help to think about particular circumstances they face and how to behave – by using the principles and drawing analogies where necessary.

The behaviours may be used by RICS Regulation to show that a member or firm should have understood that they were expected to behave in a particular way. The member or firm may then be asked to explain how they have complied with the rule, even if not following a descriptive behaviour.

The behaviours enable us to set some expectations of good ethical behaviour, particularly in areas like sustainability and respect, but with flexibility to take account of the sector and region the member works in.

The rules are also intended to support the implementation of the IES by RICS.

Rule 1: Honesty and integrity

This rule covers honesty, integrity, confidentiality and objectivity. It links to Appendix A, which sets out the core professional obligations of members and firms. Additional professional obligations are found in RICS professional statements relevant to the member or firm's practice.

This rule also implements the IES principles of confidentiality, conflict of interest and integrity.

Rule 2: Maintaining competence

This rule covers working within the boundaries of your competence and ensuring that others do so, as well as keeping knowledge and skills up to date. It also implements the IES principles of lawfulness and reflection.

RICS' *Future of the profession* research provides evidence that leaders of the profession expect professional knowledge and skills will need to adapt more quickly to keep pace with the rate of change. To support this we are suggesting providing more examples of the behaviours that support the maintenance of existing competence and the development of new skills and knowledge. We also set expectations that firms will support their employees in maintaining and developing competence.

Rule 3: Quality service, care and diligence

This rule covers providing a good service, including communicating clearly and keeping proper records. It also implements the IES principles of standard of service and transparency.

The behaviours in this rule also address two areas of risk and opportunity highlighted by the *Futures of the profession* research.

Sustainability

The working group has spent some time considering how to reflect RICS' commitment to the UN Sustainable Development Goals and the effect that positive ethical practice by our members and firms could have on the built and natural environment and on communities affected by their work.

In a recent YouGov survey, 65% of the public said that industry bodies should be doing more to tackle climate change and 80% of real estate and construction workers said that a collaborative effort from all industry bodies is needed to encourage firms to operate more sustainably. Our engagement with members during the development of this document confirmed that many clients want advice on how to act sustainably.

We have included example behaviours reflecting our position that competent ethical members and firms will be advocating sustainable solutions to their clients and will advise and reflect on the long-term effects of their work on others and on the environment.

We will also be recommending that RICS either produces additional guidance on professional conduct in this area, or does more to signpost members to existing guidance, as well as continuing with its efforts working with other industry bodies to encourage sustainable practices.

Technology

There are a number of ethical risks arising from an increased use of technology and how RICS members ensure the reliability of outputs from technology. There are also risks from the volume of data that firms may collect, in particular around the right to use this data and appropriate consent from clients.

We have used the behaviours in the rules to clarify the responsibilities of RICS members and firms in providing a high-quality service to understand these risks and take reasonable steps to ensure that data is used properly and reliably.

RICS is producing separate guidance on data handling, and we encourage further sector-specific guidance on this topic. Given the fast pace of change in technology, we believe that the *Rules of Conduct* should not set further specific requirements in this area.

Rule 4: Respect

This rule covers treating people with respect and courtesy. We also understand that the International Ethics Standards Coalition (IESC) is considering including new principles of diversity and respect and this rule would implement those principles if introduced.

In particular, this rule sets expected behaviours for non-discrimination, tackling modern slavery and encouraging diversity and inclusion. We appreciate that these may be approached differently in countries with different legal systems and cultural norms, but we believe that these are important elements of professional ethics. We have set out under *Global applicability* the steps we have taken and further steps we are suggesting to ensure fairness and consistency in applying this rule. However, we are keen to receive feedback on how this ethical principle should be reflected in the *Rules of Conduct*.

Rule 5: Public interest, responsibility, preventing harm and maintaining confidence in the profession

This rule covers conduct that will maintain public confidence in the profession and support others who are doing so. It also implements the IES principles of accountability, financial responsibility and trust.

Acting in the public interest

A generally accepted expectation of professionals is that they have a broader public interest duty to society in addition to – and occasionally in opposition to – the duty to the client. We accept that this is sometimes difficult both for professionals and those who regulate them to navigate and define, but we propose that this is an important element of professional ethics and should be included in the *Rules of Conduct*.

This does not mean members and firms cannot accept work that may have consequences that might be regarded as not being in the public interest. Our position is that there is a public interest in RICS members and firms providing objective advice and opinion to those undertaking legal but controversial activities as these may have other, often economic, benefits for the public. However, RICS members must use their professional judgement and must not use the interests of their client to justify their involvement in activities that are clearly harmful to the public interest.

Global applicability

RICS is a global organisation that expects consistent standards of ethical behaviour from all its members and firms worldwide. However, those members and firms are working in societies and markets with different expectations of professional behaviour, cultural norms and legal systems. One

of RICS' aims is to grow the global profession and it is therefore important that RICS standards and regulation considers how to encourage professional behaviour and ethics globally.

We have involved members from around the world in the development of the consultation draft. We believe that the structure of principle-based rules with example behaviours allows for the location of a member or firm to be considered, but also recommend that RICS develops an enforcement strategy that explains how RICS Regulation will reach decisions about the behaviour of individuals and firms.

Additional behaviours for firms

We have drafted this document as a single document for members and firms because the rules are the same for both. Some rules also include behaviours that relate only to regulated firms. These include behaviours that firms will have processes to support and check on ethical decision-making and compliance with the rules.

We have also given examples of specific behaviours for firms about avoiding modern slavery (exploitation) in supply chains.

We are interested in feedback about whether members and firms find the single document easy to use, or would prefer separate documents for members and firms.

Consultation Questions

General

Your name

Your email address

Your organisation

How many people work in your organisation?

- 1
- 2-10
- 10-50
- 50-100
- 100-500
- 500+

Are you: a member; student; APC candidate; member of the public; non-member

What world region do you/your organisation primarily operate in? (Respondent can choose multiple options)

- Americas
- UK
- Europe
- Asia
- Australasia
- Global

Structure of the rules

Do you agree that RICS should replace the existing *Rules of Conduct* and *Global Professional and Ethical Standards* with a single document? If no, what approach would you prefer?

Are you happy with the structure of the *Rules of Conduct*? If no, what structure would you prefer?

Have we covered all the important issues and risks for professional conduct in the document? If not what issues or risk are missing?

Would the *Rules of Conduct* and/or the framework set out in the diagram below have any adverse impacts on you or your business?

Have we provided enough detail in the document?

Are the behaviours helpful in illustrating how the rules should be applied? If not, how could they be improved?

Should there be a single document incorporating *Rules of Conduct* for members and firms, or would you prefer two separate documents?

For each rule

Do you agree with the requirements of the rule?

Is the wording of the rule clear?

Are there any behaviours that you would find it difficult to comply with? If so, why?

Additional specific questions

Are the behaviours in paragraphs 2.4 and 2.5, which are intended to maintain and support continuing competence, clear?

Do you understand what we mean by 'sustainable solutions' in paragraph 3.10?

Do you agree that we should give an example behaviour that members and firms advise their clients about sustainable solutions?

Should RICS give any additional high-level example behaviours to encourage sustainability?

Are the behaviours about use of technology by members and firms in paragraphs 3.12 and 3.13 clear? Do you think they reflect a correct level of behaviour?

Do you agree that the rules should require RICS members and firms to act in the public interest?

Global applicability

Do you think that the rules and behaviours set an appropriate level of professional ethical practice globally?

Appendix A

Diagram outlining our regulatory approach for maintaining trust and confidence in the profession

