

ETHICAL CODE OF CONDUCT FOR REAL ESTATE MANAGEMENT

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ETHICAL CODE OF CONDUCT FOR REAL ESTATE MANAGEMENT

The Ethical Code of Conduct adopted by the Finnish Real Estate Management Federation is a set of standards binding on all members. At the same time, it is intended to serve as guidelines for the entire property management sector. The Code of Conduct has been prepared jointly by the the Finnish Real Estate Management Federation, Isännöinnin Auktorisointi ISA ry and the Finnish Real Estate Federation. The Code underlines the importance of transparency and provides a basis for efficient cooperation.

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The Code including amendments apply as of 1 February 2023. In the future, the need for updates and amendment to the Code will be assessed annually by the Ethics Guidelines Committee, to which each author may appoint two representatives for a two-year term.

Members of the Federation and ISA-accredited real estate management companies and property managers are committed to the Code of Conduct and related monitoring and disciplinary procedures. An ISA symbol or Federation member logo is used to indicate this.

For the purposes of the Code, a real estate management company means the company and all its employees (including the statutory real estate managers appointed for housing companies) within the limits of their powers.

Real estate management refers to real estate management companies. As appropriate, the Code also applies to the other clients of real estate management companies.

Additionally, Good Governance Guidelines were issued in 2016 to facilitate the practical application of the Housing Company Act by housing companies and to complement its minimum requirements. The Guidelines were prepared jointly by the Finnish Real Estate Federation, the Finnish Real Estate Management Federation and Kiinteistöalan hallitusammattilaiset AKHA in consultation with the Finnish Ministry of Justice. Unless otherwise indicated, the Guidelines are not binding, but real estate management companies are required to comply with them insofar as they relate to property management.

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REAL ESTATE MANAGEMENT COMPANIES:

1. Act with due care and promote the best interests of housing companies

- Comply with law and operate responsibly and ethically.
- Undertake to increase awareness of the Good Governance Guidelines among housing company board members and comply with the Guidelines in accordance with the decisions of the board and mutual agreements.
- Carry out their duties with due care in compliance with the instructions issued and decisions made by the meetings of shareholders.
- Agree with the housing company board on the responsibilities related to the induction of new chairs and members of the board and assist the board in its workings and decision-making.
- Ensure that all existing contracts and documents are readily available to the board and, if necessary, discuss the contracts with the board in more detail. Work actively to ensure that the board is aware of the contracts and their key terms and conditions.
- Provide guidance, if necessary, to ensure that the decisions serve the best overall interests of the housing company.
- Monitor decision-making when decisions are about to be made that are contrary to the Articles of Association or otherwise illegal or unreasonable, or that may otherwise create a risk of liability for damages.
- Are loyal to the housing company and act in its best interests when attending to the company affairs.

2. Provide clear information on their services and pricing policies

- Give a detailed description, in the management contract, of the property management duties and any other potentially agreed-upon expert services including related pricing and the procedure for price adjustments.
- Ensure that the property management contract and its appendices are readily available to the board and go over the contract in detail together with the board, if necessary. Work actively to ensure that the board is aware of the key terms of conditions of the property management contract. Agree with the board on any amendments to the terms of contract and give feedback to develop cooperation. Amendments to the contract (including price adjustments) are approved in writing or discussed with the board and recorded in the minutes.
- Provide, at least once a year, a clear breakdown of the amounts of the fixed and separately chargeable management fees charged to the housing company during the financial year under review.
- Ensure that invoicing is clear-cut and all services subject to a charge itemised.
- Create and put in place procedures, at the request of the housing company, to allow the company to easily approve invoices for separately chargeable services before payment.
- Promptly provide additional information on any unclear invoices.

3. Operate transparently in the procurement goods and services by the housing company and use the procurement network for the benefit of the housing company

- Manage competitive tendering and procurement transparently and with due care serving the best interests of the housing company. Ensure that the housing company passes appropriate resolutions on the limits of the real estate manager's powers including the type of contracts and procurements that exceed such powers. Regularly report to the housing company the purchases made under the real estate manager's mandate, for example in the form of an extract from the general ledger.
- Ensure that the housing company can always terminate a contract or procurement project, subject to a reasonable notice period and conditions, if the procurement network operated by the real estate manager is used to order services or commodities for the housing company on a long-term basis.
- Openly disclose any close family or financial ties to the various companies concerned without being specifically asked to do so, refrain from using such relations for their own or their employer's benefit and, if necessary, recuse themselves.
- Are independent of any external financial rewards or other influences that may impair their ability to look after the interests of the housing company. No fees or rewards may be accepted by real estate managers from the procurement network for centralising purchases.
- Ensure that the procurement network is sufficiently extensive and evolving and that the board is aware of it.
- Identify and declare the board's affiliations and potential conflicts of interest.

4. Act fairly

- Comply with the principle of equality in all activities with due regard to the obligations imposed by the Non-Discrimination Act. Treat all shareholders, residents and board members fairly regardless of their status or background, or whether they are investors or residents.
- Deal with the procurement network fairly and equitably in accordance with the competition law.
- Act impartially and in the best best interest of the housing company in the event of conflicts between shareholders or residents.
- Are aware and inform others of various ways to resolve disputes.

5. Promote transparency and communication

- Are required to respond, within an agreed-upon or reasonable period of time, to communications received in the course of discharge of the management duties, unless this is unnecessary because the matter has been dealt with on a previous occasion or for some other similar reason.
- Provide the board of the housing company with the information necessary to carry out its duties and ensure that the board has unobstructed access to the company records, such as financial, decision-making and contract documents.
- Identify the best ways to communicate. Provide a wide range of information as agreed with the board with due regard to the varying needs of housing companies. Agree with the board on the guidelines for communications and division of duties.
- Adopt a positive approach to communications with shareholders and residents and developing communicating technologies.

6. Respect the sensitivity of confidential information and do not misuse any such information that come to their attention

- Comply with non-disclosure obligations and agreements in matters related to the housing company as well as in their own activities.
- Are aware of the data protection requirements and comply with the same.
- Understand their responsibility as communicators and act in a manner that their position of trust entails.
- Look after the information and security of the data related to the real estate management company and the housing company.
- Take special care to safeguard sensitive information specifying whether such information is to be stored, where it is stored and who can access it. Other considerations that need to be taken into account include retention times and secure disposal of the data. Additionally, a process needs to be put in place in view of data breaches.

7. Do their best to ensure that clients are aware of the Ethical Code of Conduct for Real Estate Management

- Ensure that the Ethical Code of Conduct for Real Estate Management is readily available to the board and examine the Code in detail together with the board, if necessary. Work actively to ensure that the board is aware of the Code.
- Incorporate the Code into the property management contract to be concluded after the effective date of the Code.

8. Only accept assignments that they are able to handle in terms of skills and resources

- Give due consideration to the needs and characteristics of the housing company relative to the management company's in-house resources when signing the contract.
- Ensure that the in-house resources are sufficient to meet contractual and legal obligations during the term of the contract.
- Manage the affairs of the housing company with due care and keep the promises made to the housing company.
- Are entitled and obliged, where appropriate, rely on expert services in matters related to law, technology and finances. Ensure that decisions on the procurement of expert services for the account of the housing company are made appropriately.

9. Maintain and develop their professional skills

- Participate in training courses or otherwise maintain their knowledge of the legislation and standards related to the real estate sector and share their knowledge within the company.
- Follow the communications and publications of real estate organisations on current issues affecting real estate management.
- Advisably, real estate management companies should have ISA certification or other equivalent generally acknowledged quality management system. Additionally, it is advisable for the person performing the statutory duties of a real estate manager to have a degree in real estate management or be in the process of acquiring such a degree or possess the authorised real estate manager qualification.

10. Maintain and develop general appreciation of real estate management

- Inform the housing company of real estate management duties including the professional skills acquired and training undergone by the real estate managers.
- Underline the importance of real estate management education.
- Represent the real estate management profession with pride and respect.
- Act respectfully and civilly.
- Act with integrity and confidentiality.

11. Respect the other operators in the real estate management sector and engage in fair competition

- Handle any change of real estate manager constructively and professionally without causing harm to a competitor or the housing company.
- In the event of a change of real estate manager, provide all the information related to the housing company within one month of the termination of the contract in an easily transferable format, unless otherwise agreed.
- Act in a fair and respectful manner towards competitors in all situations.
- Report openly on their own activities and qualifications.
- Are aware of the requirements imposed by competition law and act accordingly. Refrain from any agreements, procedures or other arrangements that restrict or are designed to restrict fair competition in the real estate management industry.

12. Are committed to fighting the grey market and financial crime

- Provide the housing company, without being prompted to do so, with a report on the fulfilment of their obligations to combat the grey market while the contract with the housing company is still in force.
- Ensure that service providers comply with their statutory obligations. Only rely on a procurement network that meets the reporting requirements under the Act on the Contractor's Obligations and Liability.
- Clarify any ambiguities actively and openly.
- Assume responsibility for the submission of construction-related notices to the authorities in accordance with the property management contract.
- Actively contribute to cooperation with public authorities.

13. Commit to combating climate change and promoting energy efficiency

- Inform the board, shareholders and residents about measures to reduce energy consumption or where such information is available.
- Promote energy efficiency in the operation and maintenance of the property, monitor energy consumption as agreed and bring any major anomalies promptly to the attention of the board.
- Bring up energy economy and efficiency considerations in the design and execution of refurbishment measures.
- Ensure that the housing company has a valid and updated energy performance certificate.
- Ensure that the real estate management company itself operates ecologically.

ETHICS COUNCIL FOR THE REAL ESTATE MANAGEMENT SECTOR

The Ethics Council for the Real Estate Management Sector operating under the auspices of the Finland Chamber of Commerce issues opinions on request as to whether a particular professional operator in the real estate management sector has acted in violation of the Code of Conduct for Real Estate Management.

An opinion may be requested from the Council by

- A client of a real estate management company following a decision to this effect made by the board of the body involved
- The Finnish Real Estate Management Federation or its affiliated member or association
- Isännöinnin Auktorisointi ISA ry or an operator authorised by the same
- The Finnish Real Estate Federation, its affiliated association or member of such an association

An opinion may be requested on

- A company affiliated with the Finnish Real Estate Management Federation
- An operator authorised by Isännöinnin Auktorisointi ISA ry
- Other professional operator engaged in real estate management, who in the property management contract has committed to comply with the Ethical Code of Conduct for Real Estate Management.

If the Council finds that a breach of the Code of Conduct has occurred, the sanction may consist of a caution, warning, suspension of membership in the Finnish Real Estate Management Federation or loss of authorisation.

Additional information:

kauppakamari.fi/palvelut/isannoinnin-eettinen-neuvosto



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CREATES A BASIS
FOR TRANSPARENT
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