



Ethics – Building Your Business Culture

Learner Resource Book

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BCFSA

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OVERVIEW

Disclaimer

The materials in this course and the class discussions are for educational purposes and are general in nature. The content and the discussions do not constitute legal or other professional advice. Licensees are responsible for exercising their own professional judgement in applying information to particular situations.

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WELCOME TO THE COURSE



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Welcome to “Ethics – Building Your Business Culture.” The previous ethics course was entitled “Building Trust,” and a key theme of that course was the relationship between ethics, trust, and building your brand. In one of the classroom activities, participants were asked to list five words that express how they wished to be described by clients, colleagues, and the public. A key concept that was consistently reported was being seen as “professional.” This was often further broken down to include, for example, being:

- Knowledgeable and competent;
- Reliable, responsible, and accountable;
- Responsive, respectful, and courteous;
- Careful and diligent;
- Honest, transparent, and trustworthy ; and
- Community-minded and collaborative.

In this course, you will explore these characteristics, and the elements that support them, namely business culture, business practices, and fair treatment of clients and others.

This course includes opportunities for you to research important emerging areas that are starting to impact the real estate industry. Several resources will be suggested as starting points for you, but you are encouraged to dig deeper and develop your curiosity in these topic areas.

Enjoy the course!

INTRODUCTION

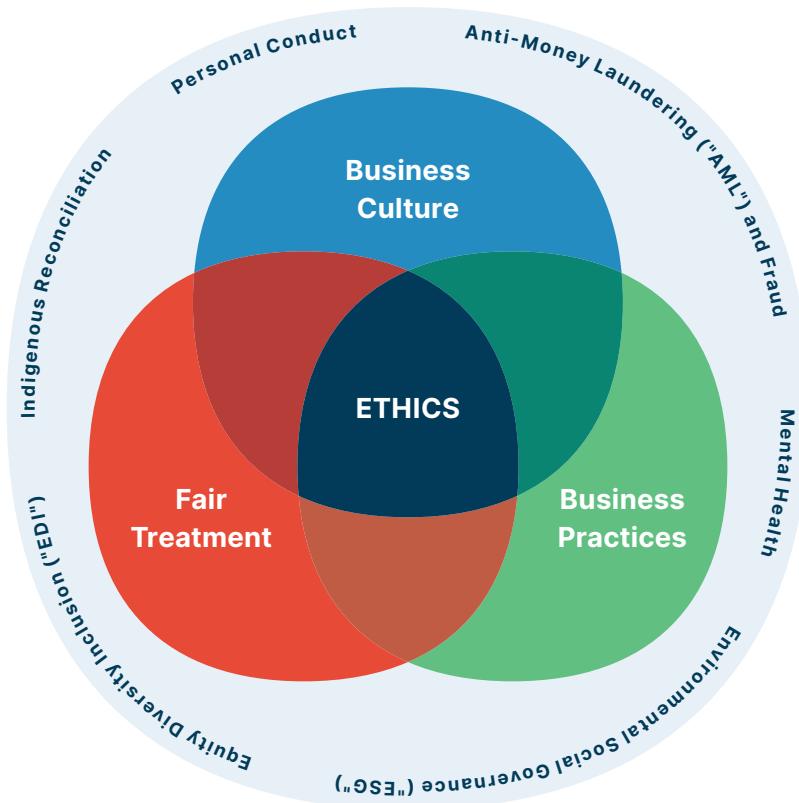
As a licensee, being seen as professional is largely dependent on how well you demonstrate traits such as competence, integrity, and trustworthiness. Building trust and acting ethically requires that licensees be:

- Knowledgeable and competent (including knowing when and how to refer the client to other professionals);
- Reliable, responsible, and accountable (including keeping the client fully informed, and maintaining confidentiality of information, and speaking up when you observe misconduct of others in the industry);
- Responsive, respectful, and courteous;
- Careful and diligent (i.e., acting with reasonable care and skill);
- Honest, transparent, and trustworthy (i.e., acting in the best interest of the client, in accordance with the authority you have been given, and avoiding conflicts of interest); and
- Community-minded and collaborative.

You, as a licensee, should recognize that your individual reputation and the reputation of the industry overall are integral to your long-term success, and to your sense of self. Being able to consistently demonstrate ethical behaviour in this way requires:

1. A strong, ethical business culture in brokerages;
2. Standards of business practice that align with – and support – that business culture; and
3. A genuine focus on ensuring that clients and others are treated fairly.

Ethical and professional behaviour can be reflected as a principles-based approach which forms the foundation for this course.



Within this approach, business culture sets the overall tone. Business practices provide the structure and norms for an organization to apply its culture in a meaningful way. A key goal of appropriate business practices is ensuring that clients and others are treated fairly.

Public protection is the primary mandate of the licensing regime in real estate in British Columbia. This aligns with the notion of fair treatment of consumers and is why individuals are required to be licensed to practice. Whether you own or manage a brokerage or are a licensee working in a brokerage, focusing on the fair treatment of clients (and others, as appropriate) can help establish the foundation of business culture and business practice standards that support those ethics through appropriate personal conduct.

Because fair treatment is the key outcome to be focused on in the course, it is appropriate to ensure up front that you have a solid understanding of the principles it entails.

Treating clients fairly includes:

- Making sure that you understand and address your clients needs completely, from their perspective, not yours;
- Ensuring that clients are fully informed (through adequate disclosure, among other things) and given proper advice and support to make the best decisions possible (including referrals to appropriate professionals as needed); and
- Giving each client equitable service, without bias or discrimination based on their characteristics or the level of compensation you expect to receive from them.

These actions demonstrate ethical behaviour as a licensee and help protect the public, while also reflecting the more formal duties that each licensee owes to their clients.

In today's world, fair treatment of clients also requires an awareness of important environmental, social, and governance ("ESG") issues. Brokerages (through their policies and procedures), as well as licensees (when dealing with clients and others), can benefit from being aware of and understanding how to deal with ESG issues, such as:

- Climate change and sustainability initiatives;
- Equity, diversity, and inclusion ("EDI") considerations, including issues such as ensuring accessibility through appropriate accommodations;
- Indigenous reconciliation;
- Mental health considerations; and
- Prevention of fraud and money-laundering.

The responsibilities and opportunities for licensees in these areas might not be obvious, but these will be explored throughout the course.

As noted above, fair treatment of clients is achieved through business culture and practices. It is also supported by paying attention to the statutes and regulations that form the backbone of standards and expectations within the industry (such as the *Real Estate Services Act and Regulations*, the *Real Estate Services Rules*, and other relevant legislation). This body of regulatory requirements also helps ensure that licensees meet their legal and ethical obligations to help combat money laundering/terrorist financing and fraud.

Throughout this course, you will explore these topics, how they are interconnected, and how to build and adapt strong and ethical business practices that reflect the current and future environment.

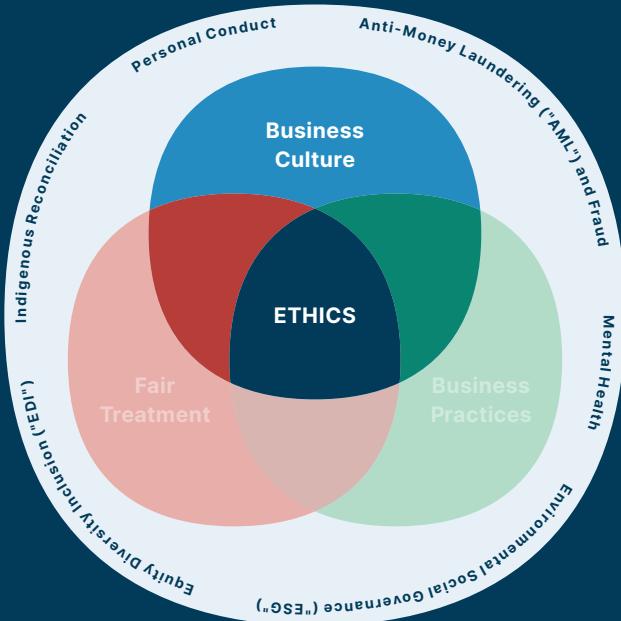


Module One:

Business Culture

After completing this module, you will be able to:

1. Explain what is meant by “business culture,” and describe the key characteristics of a strong, ethics-based business culture;
2. Explain how business culture supports professionalism and ethical behaviour;
3. Analyze the roles and responsibilities of real estate licensees in behaving ethically and supporting the public interest; and
4. Evaluate the extent to which your brokerage demonstrates a strong, ethics-based business culture, and identify opportunities to enhance the business culture.



WHAT IS MEANT BY "BUSINESS CULTURE"?

As you learned in the Introduction, business culture sets the tone to be operationalized through business practices that align with that culture. This tone reflects the values of the organization. In brokerages, one of the key values to be operationalized is fair treatment of clients and others.

The concept of fair treatment is not unique to real estate; many industries and professions emphasize this idea. For example, the Canadian Council of Insurance Regulators ("CCIR") explains that:

Business culture is at the heart of improved market conduct outcomes in matters of fair treatment of Customers. The "tone from the top" has the greatest impact on business culture. Business culture refers to the common values (e.g., ethics and integrity) and standards that define an Insurer or an Intermediary and influence the mindset, conduct and actions of everyone as well as all aspects of decision-making, from strategic decisions to those made by Customer-facing employees on a daily basis. Establishing a Customer-centric culture creates an environment that fosters Consumer confidence and long-term

Customer relationships, rather than focusing on short-term financial goals that could cause serious harm to Customers and damage the reputation of the Insurer or the Intermediary.¹

Activity →

What do you think of when you hear the term "business culture"? Do some research online and answer the following questions:

- a) What definition(s) or description(s) of business (or organizational) culture most resonate with you?
- b) What are the key characteristics of a strong, ethics-based business culture?

Here are some suggested sources for your research which will guide you as you complete this module and during your classroom discussions:

- BCFSA: [Insurer Code of Market Conduct](#)
- Forbes: [What Makes a Good Company Culture?](#)
- Harvard Business Review: [Company Culture Is Everyone's Responsibility](#) and [Building an Ethical Company](#)
- Corporate Compliance Insights: [What Is Ethical Culture, and Why Does It Matter?](#)

ANSWERS

a)

b)

¹ Canadian Council of Insurance Regulators, *Guidance Conduct of Insurance Business and Fair Treatment of Customers*; 2018, at 10.

Debrief

a) Business culture can be thought of as the shared values in an organization that shape decision-making. The business culture of a brokerage is evidenced by the decisions and actions taken by individuals when their Managing Broker is not watching.

b) Organizations with strong ethics-based cultures tend to share the following characteristics:

- Ethical outcomes are reflected in the organization's corporate governance and strategic documents.

For example:

- The organization has a mission and a stated set of core values that all team members strive for;
- Risks related to ethics are actively considered as part of strategic planning;
- Roles and responsibilities for leadership and staff are well defined;
- Accountability mechanisms are in place, such as systems to prevent and detect regulatory or internal governance compliance issues, and take corrective action appropriately when they arise; and
- Ongoing monitoring occurs to track progress against stated goals that align with and demonstrate core values, and report progress as appropriate.
- Behavioural expectations are explicitly stated, typically in a code of conduct;
- Recruiting, training, and performance assessment programs all emphasize the organization's core values;
- The core values are demonstrated consistently by those in leadership positions;

- Channels of communication are open between team members at all levels;
- Team members feel supported and valued;
- All team members are held accountable for their actions and decisions;
- Team members are comfortable speaking up when they have concerns about situations they encounter; and
- Expectations for ethical behaviour extend to other stakeholders, such as suppliers.

These topics will be explored further in the classroom portion of the course.

HOW BUSINESS CULTURE SUPPORTS PROFESSIONALISM AND ETHICAL BEHAVIOUR

When it comes to ethics, we often focus on individual decision-making. But individuals do not make decisions in isolation. Rather, their decisions are guided and influenced by the environment in which the decision is being made. This means that having the right business culture within a brokerage can support individuals in demonstrating the elements of professionalism discussed in the introduction. For example, when a brokerage has a strong ethics-based culture, the expectations, business practices, and norms can provide the motivation and means for all representatives to behave professionally. Ultimately, this results in clients and others being treated fairly and the public being better protected.

Activity →

Think of examples of how brokerage expectations, business practices, and norms support the various elements of professional behaviour listed in the left-hand side of the table. For example, is there an expectation to behave in a certain way, take training, or follow certain practices? Complete the table by entering your examples on the right-hand side.

Element of professionalism	How is this achieved? (expectations, business practices, and norms that support professional behaviour)
Demonstrating knowledge and competence	
Being reliable, responsible, and accountable	
Being responsive, respectful, and courteous	
Demonstrating due care and diligence	
Being honest, transparent, and trustworthy	
Being community-minded and collaborative	

Debrief

Here are some ideas you might have considered.

Note that this is not a comprehensive list

Element of professionalism	How is this achieved? (expectations, business practices, and norms that support professional behaviour)
Demonstrating knowledge and competence	<ul style="list-style-type: none"> Expectation and support for keeping up to date with training; Managing broker is available and approachable for advice; and Colleagues help and support each other.
Being reliable, responsible, and accountable	<ul style="list-style-type: none"> Expectation that representatives follow through on promises and fulfill their duties to clients competently; Culture where poor behaviour is called out/reported and resolved; and Managing broker holds representatives accountable for their actions in a way that is fair and consistent.
Being responsive, respectful, and courteous	<ul style="list-style-type: none"> Expectation that all individuals treat each other with respect and courtesy; Expected standards with respect to timelines; Managing broker leads by example, and expected behaviour is modelled by all licensees and staff; and Poor behaviour by individuals towards others is not tolerated by managing broker.
Demonstrating due care and diligence	<ul style="list-style-type: none"> Expectation that licensees are careful and diligent in their work, and seek assistance or advice as needed (for example when seeing potential red flags of fraud or money laundering, assistance or advice might be needed to ensure the matter is reported appropriately); Use of decision-making frameworks (such as the Ethical Decision-Making Framework available; and Managing broker is available and approachable for advice or assistance.

Element of professionalism	How is this achieved? (expectations, business practices, and norms that support professional behaviour)
Being honest, transparent, and trustworthy	<ul style="list-style-type: none"> Expectation that all individuals are honest and transparent (while being mindful of the need for confidentiality); Managing broker leads by example, and expected behaviour is modelled by all licensees and staff; and Poor behaviour by individuals is not tolerated by managing broker.
Being community-minded and collaborative	<ul style="list-style-type: none"> Brokerage encourages opportunities for participation in community events; Licensees are engaged in discussions and initiatives to help society; and Individuals in the brokerage are viewed as cooperative colleagues, rather than competitors.

DEMONSTRATING ETHICAL LEADERSHIP – ROLES AND RESPONSIBILITIES

An ethics-based business culture is essential in ensuring that everyone in the brokerage or office is committed to behaving in a professional manner. However, this goes beyond just the decisions made and actions taken while providing services to clients. True professionalism also requires considering the larger environment in which you operate, and the influence that you have in helping to address social issues and challenges.

With respect to the roles and responsibilities of real estate licensees in demonstrating ethical leadership, there are many aspects that can be considered. Not all individuals are going to agree on what the problems are, or how they should be solved. Professional and personal judgment are required to come to the best decisions. In forming opinions, however, it is incumbent on those who serve the public to strive to be objective, and to be open to other points of view. Respectful discussion should be expected from your colleagues, even during debates and disagreements.

Environmental, Social, and Governance (“ESG”) issues in society give rise to a few areas where licensees can demonstrate ethical leadership, such as:

- Climate change and sustainability initiatives;
- Equity, diversity, and inclusion (“EDI”) considerations;
- Indigenous reconciliation;
- Mental health considerations; and
- Prevention of fraud and money-laundering.

It is not always obvious how these issues relate to the roles of real estate licensees, but consider the following linkages:

Issue	Relevance
Climate change and sustainability initiatives	<ul style="list-style-type: none"> Property values will be impacted by the need for sustainability, and by future expectations of risks. This will impact purchase and sale transactions as well as mortgage availability; Climate change is causing increased risk and uncertainty in the built environment; efforts to manage and mediate these impacts require leaders to overcome self-interest and consider societal issues and planetary impacts, rather than just profits; As the world transitions to “net zero” there is a push from investors, homeowners, and regulators alike for buildings to be “greener”; Current buildings will need to be retrofitted to become more energy-efficient and meet evolving standards; Risks and risk mitigation will require disclosure to meet duties to clients, to ensure that they understand risks associated with a particular property (such as fire, flood, change in sea levels, or earthquake risk) and how to mitigate that risk; Increased uncertainty will require additional due diligence, including ensuring that you are referring clients to knowledgeable professionals (such as insurance providers); Brokerages will need to identify and mitigate risk in their own operations. Managing this business risk is essential in order to continue to meet client needs, especially in times of challenge. Clients rely on brokerages, therefore brokerages need to be resilient; and Brokerages will be expected to take opportunities to reduce their own impact/footprint on the environment.

Issue	Relevance
Equity, diversity, and inclusion considerations	<ul style="list-style-type: none"> • British Columbia (“B.C.”) is welcoming a significant number of newcomers every year. This increasing diversity offers business opportunities, both in terms of attracting new clients and attracting new people into the real estate industry; • Brokerages should look to see whether those within the brokerage reflect the diversity within the communities they serve; • EDI needs to be reflected across the real estate industry, in order to support the public interest of B.C. consumers and investors. For example, accommodations under the B.C. Human Rights Code need to be built into business practices. • Policies and procedures need to reflect equity and inclusion; • Within brokerages, psychological safety of licensees needs to be developed and maintained, in order to provide the public with consistently high levels of service; and • Good EDI practices also ensure services provided to clients are fair and accessible to everyone and that clients are treated with respect.
Indigenous reconciliation	<ul style="list-style-type: none"> • Indigenous projects and developments are becoming increasingly commonplace which means that real estate licensees have an opportunity (and an obligation) to educate themselves about the history of the Indigenous peoples of Canada and how that has shaped the state of real estate in B.C., as part of understanding and supporting reconciliation initiatives.
Mental health considerations	<ul style="list-style-type: none"> • Stress, overwhelm, and burnout can lead to cutting corners, which puts clients' needs at risk; • Mental health challenges of licensees impact the licensee, their colleagues, and clients; and • Clients and unrepresented parties might have cognitive issues or otherwise be unable to enter into a contract.
Fraud Prevention	<ul style="list-style-type: none"> • Anti-money laundering policies should be in place including a comprehensive compliance program, Know Your Client policies, record-keeping and FINTRAC reporting procedures; • Training and accountability practices should ensure adherence to corporate policies and procedures developed for this purpose; and • The brokerage culture should be such that everyone has a role and responsibility in combatting money laundering and preventing fraud.

BCFSA'S ESG INITIATIVES



[Click here to open
and watch the video](#)

In regulating the financial services sector, BCFSA oversees obligations for credit unions and insurance companies to adhere to codes of market conduct. These codes are based upon principles that have these regulated entities build business culture and appropriate practices to uphold these standards and ensure equitable treatment of consumers.

In order to lead by example, BCFSA is creating a similar framework internally, building its business practices and culture to foster important Environmental, Social, and Governance elements including, but not limited to:

- **Health and safety;**
- **Standards of conduct;**
- **Sustainability;**
- **Natural Catastrophe and Climate Risk management; and**
- **Equity, diversity, and inclusion – or “EDI” – which includes:**
 - **Indigenous relations and reconciliation;**
 - **Accessibility;**
 - **Sexual Orientation and Gender Identity (SOGI); and**
 - **Multiculturalism.**

Many of these elements are achieved by developing organizational policies, guidelines, and programs related to talent acquisition, employee conduct, health and wellness benefits, and flexible work arrangements. There are also established employee-led committees such as the joint occupation health and safety committee, EDI committee, and Social committee, to foster business values. BCFSA has a year-round community giving program with fundraising campaigns and volunteering events. Employees also have access to customized learning and development opportunities and all-staff forums featuring keynote speakers to discuss a variety of topics related to EDI in the financial services sector, to build awareness and develop important workplace skills.

As licensees have seen in the Legal Update courses for 2023 and 2024, awareness of Indigenous reconciliation and its relation to land matters in B.C. are becoming ever more important. As part of BCFSA's mandate and embedded in the EDI strategy, BCFSA is committed to working toward true and meaningful reconciliation by supporting opportunities for Indigenous Peoples to be full partners in an inclusive and sustainable province. BCFSA will build upon our foundational understanding and competence about the history and rights of Indigenous Peoples, and B.C.'s Declaration on the Rights of Indigenous Peoples Act action plan. We will also create pathways for meaningful relations with Indigenous Peoples in BCFSA's regulatory regime.

With respect to environmental initiatives, BCFSA is currently addressing climate change and natural catastrophes, to support the work of regulated entities. In this work BCFSA considers both how the impact of these events may affect the financial services sector and how BCFSA's business operations can be sustained to support the financial services sector during such an event.

Together, these initiatives are going a long way to building a strong business culture that includes being awarded the venerable "Great Place to Work" certification and Top Employer in B.C. The financial services sector can be reassured that along with encouraging best practices around business culture, BCFSA is working to establish and maintain a strong ethics-based business culture that ensures equitable and fair treatment as a foundational principle.

Activity →

Do some research online and answer the following questions:

- As a real estate licensee, how can you have a positive impact with respect to ESG issues? Are there ESG issues that resonate with you personally? What actions can you take to help clients and/or the broader society?

Here are some resources to get you started:

Climate change and sustainability initiatives

Trading Services

- BCFSA: *Natural Catastrophes and Climate-Related Risks: Managing Uncertainty and Building Resilience in the B.C. Financial Services Sector*; BCFSA 2023 Discussion Paper, available at www.bcfsa.ca/media/3400/download
- CBC News: [Climate risk scores could reshape Canadian real estate markets, some experts say](#)
- World Economic Forum: [Framework for the Future of Real Estate](#)
- CNN Business: [When it comes to cutting carbon emissions, the real estate industry is running out of time](#)
- JD Supra: [Global real estate and ESG: How the EU, UK and US are responding to the climate crisis](#)

Trading Services – Commercial

- CBRE: [Decarbonizing Commercial Real Estate](#)
- Rental property management and Strata management
- World Economic Forum: [How do you decarbonize real estate? An expert explains](#)

All

- Canadian Council of Insurance Regulators (“CCIR”): [Climate Change, Natural Catastrophes and](#)

Consumer Awareness Position Paper

- Cision PR Newswire: [Redfin Publishes Data from ClimateCheck to Help Consumers Understand the Risk for Fire, Heat, Drought and Storms Over a 30-Year Mortgage](#)
- JD Supra: [From Brown to Green: Financing Real Estate Decarbonisation – Energy Efficiency Series - Part 3 | Bryan Cave Leighton Paisner – JDSupra](#)

Equity, diversity, and inclusion within the real estate industry

- B.C. Public Service: [Words Matter – Guidelines on Using Inclusive Language in the Workplace](#)
- Government of B.C.: [Gender Equity & 2SLGBTQ+ Resources](#)
- Deloitte’s Gen Z and Millennial Survey: www.deloitte.com/global/en/issues/work/content/genzmillennialsurvey.html

Indigenous reconciliation

- Government of B.C.: [Declaration on the Rights of Indigenous Peoples Act](#)
- Government of B.C.: [Truth and Reconciliation Commission Calls to Action](#) (see, especially, Call to Action 92: Business and Reconciliation)

Mental Health

- Canadian Mental Health Association, B.C. Division: [Mental Health Information](#)
- B.C. Ministry of Mental Health and Addictions: [Wellbeing](#)
- Anxiety Canada: [Resources, relief and results](#)
- Deloitte’s Mental Health Deep Dive: www.deloitte.com/global/en/issues/work/content/genzmillennialsurvey.html

Complete the following table with your ideas on the actions you can take to have a positive impact.

Issue	Actions to have a positive impact
Climate change and sustainability initiatives	
Equity, diversity, and inclusion within the profession	
Indigenous reconciliation	
Mental health considerations	

Debrief

Element of professionalism	How is this achieved? (expectations, business practices, and norms that support professional behaviour)
Climate change and sustainability initiatives	<ul style="list-style-type: none"> • Educate yourself and your colleagues about climate change risks in general, the risks particular to the communities you serve, and risk mitigation initiatives. Be prepared to have relevant conversations with clients; • Build in additional time to carry out due diligence on climate-related risks of a property or transaction (such as flood, wildfire, difficulty in obtaining insurance, expected impact on long-term value etc.) and disclose these risks appropriately; • Develop a network of professionals with expertise in assessing and managing climate-related risks (such as insurers, risk assessment agencies, etc.); and • Take action within your brokerage to identify and mitigate risk related to the brokerage's own operations, and to act in a climate-responsible manner.
Equity, diversity, and inclusion within the profession	<ul style="list-style-type: none"> • Avoid a “checkbox” mentality, where people are labelled and included in a way that focuses on meeting “quotas.” This can lead to division rather than inclusion and collaboration; and • Support EDI initiatives that focus on allowing individuals to be themselves and be valued, respected, and sought out for their unique background and perspectives.
Indigenous reconciliation	<ul style="list-style-type: none"> • Within your brokerage, consider how you can support reconciliation by, for example, referring to the Truth and Reconciliation Commission of Canada: Calls to Action regarding Business and Reconciliation, which says: <ul style="list-style-type: none"> ◦ “92. We call upon the corporate sector in Canada to adopt the United Nations Declaration on the Rights of Indigenous Peoples as a reconciliation framework and to apply its principles, norms, and standards to corporate policy and core operational activities involving Indigenous peoples and their lands and resources. This would include, but not be limited to, the following: <ul style="list-style-type: none"> ◦ Commit to meaningful consultation, building respectful relationships, and obtaining the free, prior, and informed consent of Indigenous peoples before proceeding with economic development projects.

Element of professionalism	How is this achieved? (expectations, business practices, and norms that support professional behaviour)
Indigenous reconciliation continued	<ul style="list-style-type: none">• Ensure that Aboriginal peoples have equitable access to jobs, training, and education opportunities in the corporate sector, and that Aboriginal communities gain long-term sustainable benefits from economic development projects.• Provide education for management and staff on the history of Aboriginal peoples, including the history and legacy of residential schools, the United Nations Declaration on the Rights of Indigenous Peoples, Treaties and Aboriginal rights, Indigenous law, and Aboriginal–Crown relations. This will require skills based training in intercultural competency, conflict resolution, human rights, and anti-racism.”²; and• Seek to understand the issues and become educated, in order to have balanced discussions.
Mental health considerations	<ul style="list-style-type: none">• Become educated about mental health indicators to help notice warning signs when a colleague is struggling, or when a client might have cognitive issues or otherwise be unable to enter into a contract;• Be aware of your own mental health, and prioritize it;• Develop a network of resources in advance of when you need it; and• Help reduce mental health stigma by discussing issues openly and without judgment, and by being empathetic when others around you show signs of, or speak of, mental health challenges.

² Truth and Reconciliation Commission of Canada: Calls to Action; 2015, at 10. https://publications.gc.ca/collections/collection_2015/trc/IR4-8-2015-eng.pdf



REFLECTION: CONSIDER YOUR BROKERAGE

Take a few minutes to think about how your brokerage demonstrates a strong, ethics-based business culture and ethical leadership. What opportunities can you identify to enhance the business culture?

ANSWERS

Debrief

Licensees	Managing Brokers
<p>Did you consider how your brokerage supports you in:</p> <ul style="list-style-type: none"> • Demonstrating ethical leadership with clients and colleagues? • Ensuring that risks such as wildfire, flood, and earthquake are adequately assessed and disclosed with respect to properties you represent clients on? • Demonstrating tolerance and inclusion with colleagues and clients? • Understanding and supporting Indigenous reconciliation? • Becoming more aware of mental health indicators as they relate to colleagues, clients, and yourself? 	<p>Did you consider:</p> <ul style="list-style-type: none"> • How you model and promote ethical leadership in your brokerage? • How you ensure that risks such as wildfire, flood, and earthquake are adequately assessed and disclosed with respect to properties your licensees are dealing with? • How your commitment to equity, diversity, and inclusion is stated in the brokerages guiding documents, and what activities, policies, procedures, and practices you have implemented to communicate, support, and ensure accountability for EDI? • The steps you have taken in your brokerage to ensure understanding of, and support for, Indigenous reconciliation? • How the mental health of licensees in your brokerage is supported, and the steps you have taken to ensure that your licensees are aware of mental health indicators as they relate to colleagues and clients? • How you ensure that your own mental health needs are being met?

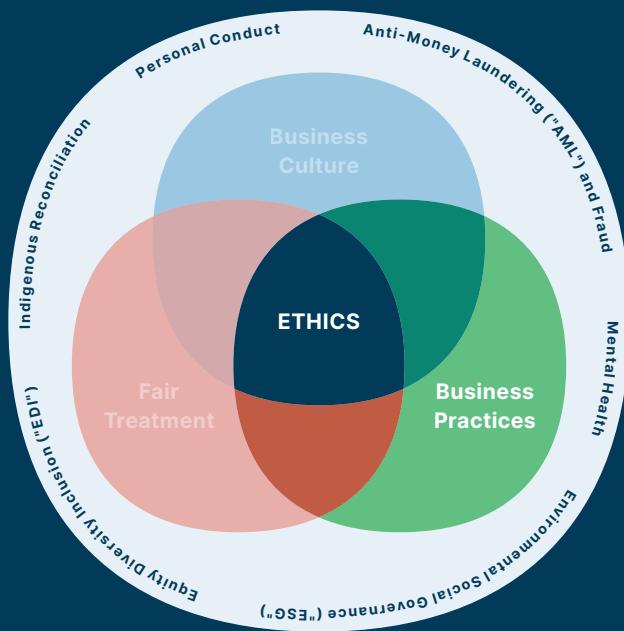
Every licensee has an opportunity and an obligation to help enact continuous improvement in their brokerage and their own practice, as part of personal accountability. Furthermore, acting with integrity requires that you not sit silently and watch things that are not appropriate happen. For any areas for improvement you identified, consider how you can effect change in your own practice, or how you could broach the discussion within your brokerage.

Module Two:

Business Practices

After completing this module, you will be able to:

1. Explain what is meant by “business practices,” and how these support business culture;
2. Illustrate how business practices should evolve over time, using contemporary examples; and
3. Evaluate the extent to which your brokerage implements and enforces appropriate business practices and identify opportunities for improvement.





WHAT ARE “BUSINESS PRACTICES”?

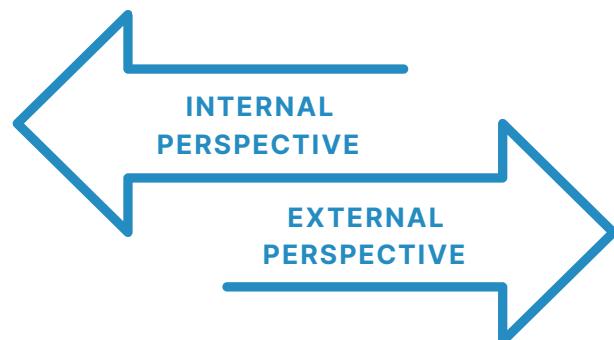
Business practices reflect the expectations for behaviour that support the elements of professionalism and fair treatment of clients. These include requirements for:

- Demonstrating knowledge and competence;
- Being reliable, responsible, and accountable;
- Being responsive, respectful, and courteous;
- Demonstrating due care and diligence;
- Being honest, transparent, and trustworthy; and
- Being community-minded and collaborative.

We typically focus on business practices in terms of the brokerage responsibilities in real estate legislation, rules, and practice requirements that support licensees in meeting their legal and regulatory obligations and carrying out tasks in compliance with these duties.

But the impact extends beyond codified regulatory requirements, such that business practices also reflect the operationalization of the desired business culture in a way that demonstrates ethical leadership.

Operationalizing the desired business culture requires looking at issues from two perspectives:



Internal perspective: How will the desired culture be demonstrated internally within the brokerage (as licensees work together and interact with their managing broker)?

External perspective: How will the brokerage and its licensees demonstrate its desired culture externally, when dealing with clients and the public?

For example, if a brokerage's desired business culture includes being competent, diligent, and accountable for acting in a way that is environmentally responsible, its business practices will need to include policies and procedures that reflect both the internal and external perspectives:

Internal perspective: Identify and mitigate environmental risks to the brokerage, and that demonstrate the brokerage's commitment to reducing its own carbon footprint, waste, etc.; and

External perspective: Reflect the expected due diligence requirements regarding understanding and adequately disclosing the climate risks of a particular property or transaction, as well as discussing opportunities to reduce the associated climate impacts.

Both perspectives are equally important:

- The internal perspective allows licensees to be supported in their learning and career development and gives them the essential elements to act according to a shared set of values and succeed in becoming trusted advisors to clients; and
- The external perspective ensures that licensees consistently demonstrate the brokerage's values to clients and consumers, thereby building and maintaining trust in the licensee and their brokerage.

THE EVOLUTION OF BUSINESS PRACTICES

A brokerage's expected business practices should be contained in the Brokerage Policy Manual, and should be updated regularly, as new expectations develop regarding appropriate behaviour in the brokerage.

Historically, business practices would typically focus on areas such as:

- Ensuring compliance with a variety of regulatory requirements, such as, but not limited to, requirements under the *Real Estate Services Act*³ (RESA), the Real Estate Services Rules, the *Personal Information Protection Act* ("PIPA"), and the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* ("PCMLTFA"), through training, use of approved forms, etc.;
- Ensuring that duties to clients and others are met, such as policies specifying procedures to ensure a potential client's needs are adequately understood before agreeing to represent them or entering into a service agreement with them;
- Managing conflicts of interest, such as:
 - Real estate brokerage policies for Teams indicating what Team members can and cannot do; and
 - Policies for rental property or strata management to guide licensees in situations where family members or friends wish to bid on service contracts.
- Avoiding "conduct unbecoming" including, for example, through:
 - "Respectful Workplace" policies to guard against harassment or bullying;
 - Social media use guidelines, to ensure that messaging to the public does not undermine public confidence or bring the industry into disrepute; and
 - Well-defined procedures for reporting misconduct to the managing broker when a licensee becomes aware of it, and to BCFSA where appropriate.

Anti-Money Laundering (“AML”) – Related Business Practices

As AML regulations have changed, more diligence is required of real estate licensees. As a result, brokerages have been required to significantly update their practices to comply with the new requirements.

As a reminder,⁴ these requirements include:

- Establishing a comprehensive and effective compliance program (with a compliance officer, policies and procedures, risk assessment, training program, and two-year review cycle);
- Knowing your client (such as verifying identity of an individual or confirming the existence of an entity, determining if they are acting on behalf of a third party, and performing ongoing monitoring);
- Reporting transactions as required (large cash or suspicious transactions, or suspicions of terrorist property); and
- Record keeping to support and provide evidence of compliance.

This has resulted in a need for more checklists, additional training, etc. The government places a great deal of importance on anti-money laundering initiatives, so the regulations are extensive and the penalties for non-compliance are severe.

From an ethics perspective, brokerages can demonstrate ethical leadership by focusing on their unique opportunity to help safeguard society against money laundering, given their level of involvement in real estate transactions, which are known to attract money-laundering and fraud. For example, licensees should not ignore indications of money laundering, even in situations where there is no legal requirement to take action (for example, if a non-client who is party to the transaction exhibits red flags, if a tenant pays a year's worth of rent in cash, or a strata owner pays a significant special levy in cash).

Evolution of Business Practices Based on Societal Expectations

As societal expectations continue to evolve, brokerages need to update and adapt policies to ensure they do not become outdated. For example, many brokerages have begun launching initiatives such as:

- Being environmentally responsible – e.g., office policies to promote waste reduction, disclosures for climate-related risks, products and advice offered to clients;
- Striving for equity, diversity, and inclusion – e.g., hiring practices, accommodation policies for business, expectations regarding how licensees treat and communicate with others, training offered;
- Supporting mental health – e.g., team-building initiatives, ensuring manageable workloads (such as manageable portfolio sizes for strata and rental property management), policies regarding time flexibility, benefits plans, freedom from bullying/harassment/discrimination, providing training or employee assistance services; and
- Supporting Indigenous reconciliation – e.g., hiring practices, providing services on, or in relation to, Indigenous lands.

Brokerage Policy Manuals should reflect any such initiatives undertaken. Even if regulation does not exist to mandate that business practices must be set for these elements, prudent brokerages will understand that it is important to meet society's expectations in order to be seen as acting professionally, thereby building trust. This is part of proactive management, where adequate thinking and planning occur before 'doing.'

⁴ For a complete discussion of AML requirements under the PCMLTFA and its Regulations, [Anti-Money Laundering Course.pdf](#)

Activity →

Review the following excerpt from the [Managing Brokers Policies and Procedures Manual Template](#) developed by the British Columbia Real Estate Association (“BCREA”).

What examples do you see of business practices (policies and procedures) that reflect the topics discussed in this module? Complete the table with the examples you find. For any topics you cannot find examples of, what policies and procedures do you think could be added by a brokerage?

Topic area	Examples in the BCREA manual template and/or Ideas of what could be added
Anti-money laundering	
Environmental responsibility	
Equity, diversity, and inclusion	
Mental health	
Indigenous reconciliation	

Debrief

Topic area	Examples in the BCREA manual template and/or Ideas of what could be added
Anti-money laundering	<ul style="list-style-type: none"> • Definition of compliance officer, page 9; • Compliance program requirements, page 33; • FINTRAC requirements, page 41; and • Client identification requirements, page 57.
Environmental responsibility	<p>None noted. Possible additions:</p> <ul style="list-style-type: none"> • Business Sustainability policies, addressing how the brokerage identifies, measures, and manages natural catastrophes and climate related risks; and • Policies regarding disclosures to clients and others of risks such as fire, flood, etc., so that informed decisions can be made.
Equity, diversity, and inclusion	<ul style="list-style-type: none"> • EDI policy, page 16.
Mental health	<ul style="list-style-type: none"> • Office respectful workplace policy, page 15-16; • Occupational Health and Safety, page 16; • Communication with the brokerage of concerns regarding mental capacity, page 42; and • Requirements when working with vulnerable individuals, page 57.
Indigenous reconciliation	<ul style="list-style-type: none"> • EDI policy, page 16. <p>Possible additions:</p> <ul style="list-style-type: none"> ◦ Policies regarding training requirements related to Indigenous lands, to increase awareness and understanding of issues and support for reconciliation; and ◦ Commitment to participating in the National Day for Truth and Reconciliation.



REFLECTION: CONSIDER YOUR BROKERAGE

Take a few minutes to think about how your brokerage implements and enforces appropriate business practices. What opportunities for improvement can you identify?

ANSWERS

Debrief

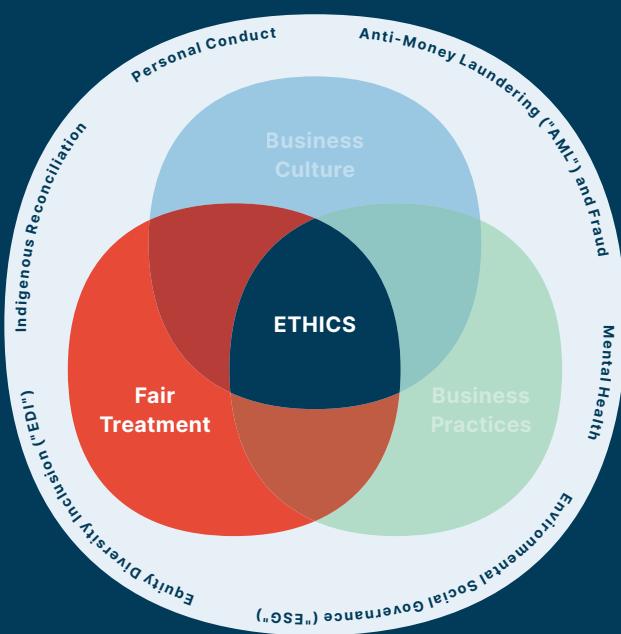
Licensee	Managing Brokers
<p>Did you consider:</p> <ul style="list-style-type: none"> • How the brokerage's policies and procedures support both the internal business culture (for example, through team-building activities, training, or ensuring that those in leadership roles are accessible) and the external perspective of how the culture is demonstrated when dealing with clients and others (for example, through policies that ensure responsiveness in communications)? • The range of policies and procedures covered in your brokerage's manual? What topics are covered well? What additional topic areas might be beneficial? • The review process undertaken to keep the policies and procedures current with respect to regulatory and societal expectations? For example, do licensees have the opportunity to have input? Are new societal expectations considered? Are outdated policies updated (or removed if no longer applicable)? • The training program in place to ensure all licensees remain up to date as new policies and procedures are introduced? What additional training would be beneficial? 	<p>Did you consider:</p> <ul style="list-style-type: none"> • The policies and procedures you have implemented to support both the internal business culture (for example, through team-building activities, training, or ensuring that you are accessible to your licensees) and the external perspective of how the culture is demonstrated when dealing with clients (for example, through policies that ensure responsiveness in communications with clients)? • The range of policies and procedures covered in your brokerage's manual? What topics are covered well? What additional topic areas might be beneficial for you to add in future? • The review process undertaken to keep the policies and procedures current with respect to regulatory and societal expectations? For example, do licensees have the opportunity to have input? Are new societal expectations considered? How do you do this? Are outdated policies updated (or removed if no longer applicable)? • The training program in place to ensure all licensees remain up to date as new policies and procedures are introduced? What additional training should you plan in the future?

In any areas for improvement you identified, consider how you can effect change in your own practice, or how you could broach the discussion within your brokerage.

Module Three: Fair Treatment of Clients and Others

After completing this module, you will be able to:

1. Explain what constitutes “fair treatment,” of clients and others and why fair treatment is essential within the real estate industry;
2. Balance the need to treat others fairly with the requirements to serve the interests of the client;
3. Evaluate the extent to which your brokerage values fair treatment of others, and identify opportunities for improvement; and
4. Explain how the principle of fair treatment influences business practices and business culture, thereby supporting the licensee in treating others appropriately in their day-to-day practice.



WHAT CONSTITUTES "FAIR TREATMENT" AND WHY IT IS ESSENTIAL

Personal Conduct and Fair Treatment

Licensees have a duty to act with honesty, integrity, and good faith in a manner that upholds the reputation of the industry they serve. This includes conducting oneself in a manner that upholds the public's confidence in the industry. It should be apparent that treating others fairly is an important part of appropriate personal conduct.

Fair treatment of clients, colleagues, and the general public reflects concepts such as competence, ethical behavior, acting in good faith, and avoiding abusive practices.

In determining what is- and is not- fair treatment of others, consider the following:

- Respect and courtesy are important elements of fair treatment;
- Consider other perspectives and how someone may wish to be treated. How you respond to a situation may not be the same as how everyone else will;
- Some individuals need special accommodations based on physical or cognitive abilities to allow them to make appropriate informed decisions; and

- The Real Estate Services Rules require that you put the client's interests first. In some situations, this may limit the actions that you can take to treat a non-client fairly. Professional judgement is needed to ensure that non-clients are treated as fairly as possible, given your duties to your clients.

Ultimately, fair treatment of others – within the confines of regulatory obligations – is embedded in your personal conduct as a licensee.

Activity →

Consider the following questions and write your answers in the space provided.

- a) What does it mean to treat the following individuals or entities fairly:
 - A client?
 - A colleague?
 - The general public?
- b) Why is fair treatment of others essential in the real estate industry?

ANSWERS

a) Client:

Colleague:

General Public:

b)

Debrief

a) Treating **clients** fairly includes:

- Putting client interests first, including considering whether accommodations might be needed or beneficial;
- Providing accurate, clear, and sufficient information and relevant advice so clients can make informed decisions;
- Ensuring that clients are fully informed of both risks and opportunities inherent in a property, transaction, or product (including business risks, climate-related risks, financial risks, etc.);
- Making sure that you understand clients needs completely;
- Acting according to what is important to your clients, even if you would not place the same importance on an issue;
- Ensuring the properties or services you recommend are suitable for the clients situation and the level of risk they are comfortable with, based on their informed understanding of risk;
- Making referrals to professionals who are knowledgeable in areas outside of your expertise (including, for example, the uncertainties around insurance as risks of natural disasters increase);
- Ensuring conflicts of interest are avoided where required, or disclosed and managed as appropriate;
- Providing several potential referral options (being mindful of and disclosing any potential conflicts of interest), as opposed to referring to friends;
- Being responsive in the manner that works best for the client, rather than your preferred method of communication;
- Communicating (oral or written) in a professional manner (e.g., properly identifying yourself; avoiding vulgar language; responding in a timely manner, etc.);
- Giving each client equitable service, without bias or discrimination based on their characteristics or the level of compensation you expect to receive from them;

- Addressing client concerns or complaints in a fair and timely manner;
- Protecting the privacy and confidentiality of information as required; and
- Being straightforward about your expectations and what you need from the client in order to do your job effectively and efficiently.

Treating **colleagues** fairly includes:

- Being tolerant, respectful, and inclusive of colleagues from all different backgrounds and characteristics;
- Being responsive to requests for information in a timely manner;
- Agreeing on expectations as needed to ensure a smooth process for your clients;
- Asking permission before using information a colleague has posted publicly for a purpose other than why they posted it or for your own purposes; and
- Settling any differences privately, rather than airing them in front of clients.

Treating **the public** fairly includes:

- Providing information in brokerage advertising or other messaging that is honest and transparent;
- Having honest discussions with consumers about the role of financial services regulation in consumer protection;
- Reporting misconduct you become aware of, in order to ensure that it is promptly rectified and not allowed to recur; and
- Recognizing the role that the brokerage plays in the community and taking action to be a net positive influence in the community.

- b) Fair treatment of others is essential in the real estate industry because treating others fairly is a key means of demonstrating the industry's commitment to the public interest. This builds and maintains trust and increases public confidence in licensees and the industry overall.

FAIR TREATMENT OF OTHERS AS AN ASPECT OF EQUITY, DIVERSITY, AND INCLUSION ("EDI")

In the examples above, an implicit undercurrent is that licensees should be sensitive to the ways in which the concepts of fair treatment and EDI are interrelated.

Treating people fairly includes:

- Being mindful to avoid allowing our own perspective or experience to cloud judgment and lead to faulty assumptions;

- Ensuring that clients and others are provided appropriate assistance or accommodations (such as allowing extra time for viewing a property or reviewing documents with family members); and
- Ensuring that all individuals are treated with respect, honesty, and integrity.



Activity →

- For each of the following situations, determine what might be unfair, and what could or should have been done differently in order to ensure fair treatment:

Situation	How this might be unfair	What should have happened
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<Fair treatment of client>

A client is hesitant to list their property with Marco, a less-experienced licensee. The client asked "If I change my mind, can I cancel the contract?" Marco answered "Yes, of course, if you aren't satisfied, we can just cancel it." Reassured, the client signed the agreement.

<Fair treatment of colleague>

A former client asked Emelita to recommend a licensee who could help them find a recreational property. Although Emelita knows that Daniel or Khalid would be the best agents to serve the client's needs, she instead recommended her friend Sandra, who wants to start focusing on recreational properties but does not yet have experience.

<Fair treatment of public>

A brokerage advertises that they specialize in several types of property and property management services, but the licensees in the brokerage do not actually have any particular expertise in some of the property types the advertising mentions.

Debrief

Situation	How this might be unfair	What should have happened
<p><Fair treatment of client></p> <p>A client is hesitant to list their property with Marco, a less-experienced licensee. The client asked "If I change my mind, can I cancel the contract?" Marco answered "Yes, of course, if you aren't satisfied, we can just cancel it." Reassured, the client signed the agreement.</p>	<ul style="list-style-type: none"> Typically, a client cancelling a listing agreement would be obligated by the brokerage to pay a cancellation fee and/or reimburse the agent for costs. If this is not explicitly explained, the client can be easily misled into thinking that there would be no cost to cancel. 	<ul style="list-style-type: none"> Marco should have referred to his brokerage's policy for cancellation of listing agreements, and explained to the client explicitly what their obligations would be in the event of cancellation.
<p><Fair treatment of colleague></p> <p>A former client asked Emelita to recommend a licensee who could help them find a recreational property. Although Emelita knows that Daniel or Khalid would be the best agents to serve the client's needs, she instead recommended her friend Sandra, who wants to start focusing on recreational properties but does not yet have experience.</p>	<ul style="list-style-type: none"> In addition to being unfair to the former client who is asking for help, recommending a friend instead of a colleague who is objectively more qualified is unfair to the more qualified colleagues, who miss out on an opportunity to provide excellent service to a client and be remunerated for it. It is also potentially unfair to the friend, who might be put in a position where they feel obligated to take on a client they are not qualified to serve. 	<ul style="list-style-type: none"> Emelita should have recommended only colleagues who are well-qualified and capable of meeting the former client's needs. This treats colleagues fairly (as well as, of course, properly meeting the former client's needs).
<p><Fair treatment of public></p> <p>A brokerage advertises that they specialize in several types of property and property management services, but the licensees in the brokerage do not actually have any particular expertise in some of the property types the advertising mentions.</p>	<ul style="list-style-type: none"> Misrepresenting the brokerage's level of experience or expertise is misleading to the public, who might be attracted to the brokerage because of the claims. 	<ul style="list-style-type: none"> The brokerage should be honest about the experience and expertise of its licensees, and not make claims that cannot be substantiated.

BALANCING FAIR TREATMENT OF OTHERS AND CLIENT INTERESTS

Fair treatment begins with a commitment to acting with integrity and encompasses honesty and courtesy. As previously discussed, these are core principles that form part of the business culture of a brokerage. The business practices set in place in a brokerage with an ethical business culture will help licensees go beyond just “following the rules” and doing what is required by law. Treating people fairly requires that you consider the situation carefully and apply professional judgement, drawing on the business practices that have been put in place to guide behaviour.

As a licensee, you are required to put your client’s needs first, and demonstrate loyalty to them. Yet, at the same time, you have an obligation to be fair in your treatment of others. This is especially relevant when considering your obligation to treat a consumer on the other side of a transaction fairly. This includes:

- Using appropriate disclosure to ensure that a consumer who is not your client understands your role and that you are not acting on their behalf;
- Refraining from taking advantage of mistakes or faulty assumptions a non-client might make;
- Disclosing information as required, such as the presence of unavoidable conflicts of interest;
- Answering questions honestly and to the best of your ability (being mindful of any confidentiality requirements), when explicitly asked or when the consumer makes it obvious that information is important to their decision (such as with respect to known risks of fires or flooding);
- Treating non-clients with respect, regardless of their circumstances or characteristics (such as accommodating the needs of interested consumers who have mobility or cognitive challenges);
- Ensuring adequate transparency and accuracy when dealing with leases of properties on Indigenous Lands; and

- Being especially careful when dealing with consumers who might be vulnerable, such as elderly individuals, new immigrants to Canada, individuals showing signs of reduced mental capacity, and individuals with difficulties speaking or understanding English.

Consider the following situations:

A licensee lists a restaurant business and property for a client. The restaurant has a street-side patio that offers a sunny eating area with views of the ocean. The patio was allowed by the city during the COVID-19 pandemic, to help restaurants offer safer eating areas for patrons. A potential buyer views the property and remarks that the patio area is a valuable feature. The licensee is aware that the city is in the process of removing permission for street-side patios, now that the pandemic has ended. No official notification has been received, but city officials who frequent the restaurant have mentioned the expected change to the current restaurant owners. The licensee makes no mention of this to potential buyers.

Or

A rental property manager is hired by a client to find a tenant for a two-bedroom downtown condominium. The client intends to rent out the property for a year, while their child is away finishing university. Once the child graduates, they will return to the city and occupy the condominium indefinitely while they build their career.

The client is asking for rent that is higher than typical in that neighbourhood. A young couple views the condo and tells the rental property manager that they are expecting their first child, and are attracted to the neighbourhood because they have family within walking distance. They indicate that the rent is within their budget, and that they would be looking to stay for a few years, at which point they plan to have a second child and will need more space. The rental property manager does not mention to the young couple that the owner plans to allow their child to occupy the condo in a year.

In each of these situations, the licensee failed to realize the need to treat the non-client fairly. Although this might seem like it goes against the requirement for client loyalty, it actually is in the client's interest, as it allows the other party to make an informed decision. This helps avoid situations where the client is put at risk of legal exposure when the other party becomes aware of the truth. It also protects the licensee from the potentially serious consequences of being offside of the regulatory framework because they did not act in a manner that upheld the public interest.



REFLECTION: CONSIDER YOUR BROKERAGE

Take a few minutes to think about how your brokerage expects and enforces fair treatment. What opportunities for improvement can you identify?

ANSWERS

Debrief

Licensees	Managing Brokers
<p>Did you consider:</p> <ul style="list-style-type: none"> • How committed licensees are to demonstrating integrity and fairness, based on the underlying business culture in the brokerage? • Policies and procedures that govern how licensees work together and the conduct expected towards each other? • Policies and procedures that ensure that clients (or potential clients) understand the documentation they are presented with? • Policies and procedures to counter the risk of implied agency? • Policies that ensure that advertising is honest and claims can be substantiated? 	<p>Did you consider:</p> <ul style="list-style-type: none"> • How successful you have been at instilling a culture in the brokerage whereby licensees are committed to demonstrating integrity and fairness? • The policies and procedures you have implemented that govern how licensees work together and the conduct expected towards each other? • The policies and procedures you have implemented that ensure that clients (or potential clients) understand the documentation they are presented with? • The policies and procedures you have implemented to counter the risk of implied agency? • Advertising practices that ensure that messaging is honest and claims can be substantiated?

In any areas for improvement you identified, consider how you can effect change in your own practice, or how you could broach the discussion within your brokerage.

HOW THE PRINCIPLE OF FAIR TREATMENT INFLUENCES BUSINESS PRACTICES AND BUSINESS CULTURE

Revisit the diagram that reflects the key themes from this course:

You should now have a strong understanding of how these elements fit together, both as an individual and at a brokerage-wide level.



CLOSING



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At the brokerage level, the business culture is determined by those in leadership roles, but individual licensees have an essential role to play in making that culture come to life on an ongoing basis. Within your brokerage, the business practices should be consistent with, and support, the desired business culture. Individual licensees should understand how the business practices ensure that the business culture is demonstrated both within the brokerage and when dealing with clients, consumers, and the general public. Because of the importance of trust in the real estate industry, an appropriate business culture prioritizes fair treatment of clients (and others as appropriate).

As the business world and society continue to evolve, it is important that business culture, business practices, and fair treatment are considered in the context of how regulatory and societal expectations are changing. Brokerages and licensees have an opportunity to demonstrate their commitment to social progress by pursuing or supporting, for example:

- Climate change and sustainability initiatives;
- Equity, diversity, and inclusion within the industry;
- Indigenous reconciliation;
- Mental health initiatives; and
- Prevention of fraud and money-laundering.

This demonstrates integrity and ethical leadership in a manner that is important to earning and maintaining public trust in today's environment.

Thank you for completing the course - we hope you enjoyed it.



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