



Code of Ethics

12 September 2019

Code of Ethics

Botswana Institute of Valuers – Raising Valuation Standards

Preamble

Valuation is a learned and public interest profession. The public has an interest in the integrity of the valuation process as it is the foundation of substantial financial decisions in market based economies. Poor valuation practice will expose a wide range of stakeholders to financial risk impacting negatively on the quality of life of people. Accordingly delivery of credible valuations require impartiality, honesty, responsibility, fairness and commitment to the public welfare. Ethical decisions are complex rulings which require moral judgements which are subject to changes and evolution of societal values therefore this requires valuers to not only improve their technical ability but to up skill on ethical analysis.

The Code of Ethics

This code of ethics has been prepared by the BIV Council and is a statement of principles and expectations governing behaviour of members and firms in the conduct of valuations. It reflects the conscience of the profession and serves as a social contract for the valuation community.

The Institute's Code of Ethics provides principles and rules of conduct under five heading ;

- Integrity
- Objectivity
- Confidentiality
- Professional Behaviour
- Competency

The Rules of Conduct clarify the behaviour expected of valuers . These rules provide guidance on the conceptual approach that should be adopted in the practical application of the principles and are intended to guide the ethical conduct of valuers.

Applicability and enforcement

The Code of Ethics is applicable to professional members and entities that offer valuation services.

Breaches of the Code of Conduct will be evaluated and administered in accordance with the Disciplinary provisions as stated in the BIV Constitution. The Rules of

Conduct is not exhaustive and the fact that a particular conduct is not mentioned does not prevent it from being unacceptable or discreditable and therefore the member is liable to disciplinary action. If any part of the Code of Ethics is contrary to law or regulation in Botswana, such part shall be void and of no force or effect.

The Code of Ethics

1. Integrity Principle

The principle of integrity imposes an obligation on all professional valuers to be straightforward and honest in all professional and business relationships. Integrity also implies fair dealing and truthfulness.

Rules of Conduct

Valuers ;

- 1.1 should not knowingly be associated with a valuation, a report containing a valuation, a reference to a valuation or any other communication about a valuation if they believe that it either ;
 - a) contains statements or information that are materially false or misleading or that are made recklessly.
 - b) omits or obscures information required to be included where such omission or obscurity would be misleading..
- 1.2 Shall not promote their own interest at the expense of the dignity and integrity of the profession.
- 1.3 Shall act with zero-tolerance for bribery, fraud, and corruption in all valuation services in which they are engaged.

2. Objectivity Principle

Valuers must demonstrate the highest level of professional objectivity in gathering, evaluation and communicating information about a valuation assignment. Valuers make a balanced assessment of all relevant circumstances and do not compromise their professional or business judgement because of bias, conflict of interest or the undue influence of others.

Rules of Conduct

Valuers ;

- 2.1 shall decline assignments that may impair or be presumed to impair their objectivity.

This include those activities that may be in conflict with the interests of the organisation. Some threats to objectivity are incapable of avoidance or mitigation and where this is the case the valuer should decline the assignment. However , some potential threats to objectivity may be either eliminated or effectively mitigated by safeguards. These safeguards can

include disclosure of the threat to the relevant parties and obtaining their consent to proceed with the valuation assignment. Examples of situations that could potentially impose a threat, and which should prompt a valuer to consider either declining an assignment, or adopting safeguards to eliminate or avoid any threat or perception of bias include ;

- a) requests to produce valuations for both the buyer and seller of an asset in a transaction.
- b) Requests to value for a lender where advice is also provided to the borrower
- c) Requests to produce valuations for two or more parties competing for an opportunity.
- d) Undertaking a valuation for third party consumption where the professional valuer's firm has other substantial fee- earning relationships with the commissioning client.
- e) Providing recurring valuations of the same asset unless controls are in place to minimise risk of self – review.
- f) Requests for professional valuer to act as an advocate and as an expert in relation to the same matter.

The extent to which any of the preceding examples will compromise the professional valuers' objectivity will depend on the circumstances of each case. e.g, the purpose of the valuation, the client's objectives and the practicality of eliminating or reducing the threat to an acceptable level by putting in place appropriate procedural level. In considering whether a situation creates a threat to their objectivity, a professional valuer should recognise that it is often the perception of possible bias by others that creates the threat to the credibility of the valuation. There will be situations where some past or current involvement with either the asset to be valued or a party interested in that asset creates no material threat to objectivity but which could give rise to a perception of bias if subsequently discovered by a party who has relied on the valuation. Disclosure of any such involvement in the scope of work and report can be an effective means of avoiding any perception of bias. Examples of other safeguards to prevent or minimise bias or the perception of bias can include;

- a) Ensuring that the professional value and all those assisting with the valuation are operationally separate from departments providing potentially conflicting services within the same firm.
- b) Disclosure of other fee – earning relationships with the commissioning client where the valuation may be relied upon by a third party.

Where regular recurring valuations are provided of the same asset, possible safeguards against the threat to objectivity arising from self review include;

- a) Providing for periodic peer review by a valuer or valuers unconnected with the assignment or
- b) Periodically changing the professional valuer responsible for the assignment.

If a professional valuer considers the threat to objectivity can be eliminated or effectively mitigated by disclosure of the cause of threat and any other safeguards taken or proposed, care should be taken not to breach the principle of confidentiality. If past involvement with an asset or a party interested in the asset cannot be disclosed without breaching the continuing duty of confidentiality to another client the assignment should be declined.

If a professional valuer considers that a threat to objectivity can be eliminated or effectively managed by reaching an agreement that they may proceed with two or more parties with potentially conflicting interest in either the outcome of the valuation or the subject asset, care should be taken to ensure the parties are properly informed and are aware of the potential consequence for their interest to the professional valuer being appointed. Obtaining agreement from two or more interested parties that a valuation assignment can be accepted does not absolve the professional valuer from the duty to comply with fundamental principles.

2.2 shall disclose all material facts known to them that, if not disclosed, may distort the valuation reporting.

3. Confidentiality Principle

Valuers should respect the confidentiality of information acquired as a result of professional and business relationships and not disclose such information to third parties without proper and specific authority (unless there is legal or professional right or duty to disclose), nor to use the information for the professional advantage of the professional valuer or third parties.

Rules of Conduct

Valuers ;

3.1 shall be prudent in the use and protection of information acquired in the course of their duties.

3.2 shall not use information for personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

3.3 In deciding whether to disclose confidential information, relevant factors to consider include ;

- a) Whether the interests of all parties, including third parties whose interests may be affected, could be harmed if the client or employer consents to the disclosure of information by the valuer.
- b) Whether all the relevant information is known and substantiated, to the extent it is practicable. When the situation involves unsubstantiated facts, incomplete information or unsubstantiated conclusions, professional

judgement should be used in determining the type of disclosure to be made, if any.

- c) The type of communication that is expected and to whom it is addressed.
- d) Whether the parties to whom the communication is addressed are appropriate recipients.

4. Professional behaviour Principle

The principle of professional behaviour imposes an obligation on all professional valuers to act diligently in the service of their clients and to ensure that the service is provided in accordance with all legal, technical and professional standards that are applicable to either the subject of the valuation, the purpose of the valuation or both.

Rules of conduct

Valuers

- 4.1 are encouraged to adhere to the principles of sustainable development in order to protect the environment for future generations.
- 4.2 Shall continue their professional development throughout their careers by engaging in continuing professional development activities.
- 4.3 Shall always observe the public interest and should avoid knowingly accepting any instruction that appears to be prejudicial to the interests of the wider public such as shareholders, which could discredit their own reputation and that of the profession generally.
- 4.4 Must maintain appropriate records
- 4.5 Shall act responsibly and courteously in all dealings with clients and public at large and respond promptly and effectively to all reasonable instructions or complaints.
- 4.6 Must not advertise or solicit in a manner that would bring the profession into disrepute or otherwise contrary to the public interest by making exaggerated claims about their qualifications, experience and services they are able to offer.

5. Competency Principle

The principle of competency requires a valuer to maintain professional knowledge and skill at the level required to ensure that clients or employers receive competent professional service based on current developments in practice, legislation and techniques.

Rules of Conduct

Valuers ;

- 5.1 shall engage only in services for which they have the necessary knowledge, skills and experience.
- 5.2 Shall perform valuation services in accordance with International Valuation Standards

- 5.3 Shall continually improve the proficiency and the effectiveness and quality of their services.
- 5.4 Should not append their signatures or seals to any valuation report or document dealing with subject matter in which they lack competence by virtue of education or experience or to any valuation report or document not reviewed or prepared under their supervisory control.

About the Code of Ethics

This Code of Ethics is the authoritative guidance for the valuation profession in Botswana. It borrows heavily from the copyrighted material from the International Valuation Standards Council's Code of Ethical Principle for Professional Valuers (December 2011). BIV promotes the activities of the International Valuation Standards Council (IVSC).