

FEX

FEA Code of Ethics and Professional Standards

March 2013

The Code applies to all FEA designates

Vision and Purpose of the Code

As family enterprise advisors, we are committed to maintaining the highest standards of professionalism. FEA designates come from a variety of professional disciplines, many with their own codes. Becoming an FEA designate, however, represents a willingness to adhere to the Code of Ethics and Professional Standards outlined below. We set high standards for ourselves as well as our business and we aspire to meet these standards in all aspects of our professional lives.

The FEA Code describes the expectations that we have for ourselves and our fellow practitioners in the family enterprise advising community. Our goal is to instill confidence in the family enterprise advising profession. We do this by establishing a profession-wide understanding of appropriate behavior. We believe that the credibility and reputation of the family enterprise advising profession is shaped by the collective conduct of individual practitioners. We also believe that this Code will assist us in making wise decisions, particularly when faced with difficult situations where we may be asked to compromise our integrity or our values.

The FEA Code is overarching—reaching across disciplines and governing the aspects specific to Family Enterprise Advising. The object of the FEA Code is to be additive to our members' current professional designation. In the unlikely event of conflicts between professional codes of conduct, the discipline-specific code would apply to technical advising, while the FEA Code would govern the aspects specific to family enterprise advising.

By becoming certified by FEX, each designate undertakes and agrees:

1. To comply with:
 - a. All laws and regulations applicable to the organizations on which he/she serves;
 - b. The written codes of conduct of all organizations with which he/she is associated; and
 - c. The Codes of Ethics and Professional Standards of FEA and all other professional codes for bodies and associations to which he/she belongs.
2. To conduct him/herself in a manner that supports the Purpose, Vision, Mission and Goals of FEA as articulated in the appendix.
3. To obtain and keep current any necessary or required professional insurance. Should a designate's other primary profession/designation not require or provide insurance, FEX will assist the designate to find appropriate coverage.
4. To commit each year to ongoing professional development and learning, and to complete the required hours of approved continuing education in the field of Family Enterprise.

The FEA Code:

As a FEA designate, these Eight Principles govern our behaviour. We aspire to hold these principles as our priority, governing our activities as they pertain to Family Enterprise Advising. The principles are stated below, with full definitions in the following section.

1. **Responsibility:** We take responsibility for our choices and conduct.
2. **Respect:** We show respect to our clients, our colleagues and to the advising process.
3. **Fairness:** We act with fairness and transparency.
4. **Conflict of interest:** We disclose potential conflict of interest.
5. **Confidentiality:** We protect our clients' confidentiality.
6. **Professional judgment and competence:** We use sound judgment and act with competence in all professional engagements.
7. **Honesty and integrity:** We conduct ourselves and our affairs with honesty and integrity.
8. **Priority of clients' interests:** We place our clients' interest and welfare as our highest priority.

The FEA Code Defined:

1. **Responsibility:** We take responsibility for our choices and conduct.

We define responsibility as the proper custody, care, and safekeeping of the interests entrusted to an individual by a client or by society. With responsibility goes authority to direct and take the necessary action to ensure success. Responsibility is acting in a manner which will enhance the image of the Profession and the Institute.

How do we behave responsibly?

- a. We take ownership for the decisions we make or fail to make in our professional lives. This includes the actions we take or fail to take, and the consequences that result. We strive to make decisions and take actions based on the best interests of families, society, public safety, and the environment.
- b. We inform ourselves and uphold the policies, rules, regulations and laws that govern our work, professional, and volunteer activities.
- c. We report unethical or illegal conduct to the attention of the appropriate body for resolution and, if necessary, to those affected by the conduct. We only file complaints when they are substantiated by facts. We pursue disciplinary action against an individual who retaliates against a person raising ethics concerns.

2. **Respect:** We show respect to our clients, our colleagues and to the advising process.

We define respect as the due regard for the wishes and rights of others. Respect fosters a high regard for ourselves, others, and the resources (personal, financial, environmental and others) entrusted to us. Respect creates an environment that stimulates trust, confidence, and performance excellence by fostering mutual cooperation — an environment where diverse perspectives and views are encouraged and valued.

How do we act with respect?

- a. We seek to inform ourselves about the norms and customs of others and avoid engaging in behaviors they might consider disrespectful. We listen to others' points of view, seeking to understand them.
- b. We deal directly with those persons with whom we have a conflict or disagreement. We conduct ourselves in a professional manner, even when it is not reciprocated. We seek to reconcile, and use good judgment to de-escalate potentially harmful situations.
- c. We negotiate in good faith.

3. **Fairness:** We act with fairness and transparency.

Fairness requires impartiality, intellectual honesty and disclosure of material conflicts of interest. It involves a subordination of one's own feelings, prejudices and desires so as to achieve a proper balance of conflicting interests. Fairness is treating others in the same fashion that you would want to be treated.

How do we practice fairness?

- a. We work to make decisions and act impartially and objectively. We guard against conduct with competing self-interest, prejudice, and favoritism. We do not discriminate against others.
- b. We aspire to demonstrate transparency in our decision- making process. We constantly reexamine our impartiality and objectivity, taking corrective action as appropriate. We provide equal access to information to those who are authorized to have that information.

4. **Conflict of Interest:** We disclose potential conflict of interest.

Conflict of interest refers to any interest or relationship likely to affect impartiality or which might create an appearance of partiality or bias. FEA designates must exhibit independence and impartiality.

How do we avoid conflict of interest?

- a. Our duty is to avoid real or perceived conflicts of interest whenever possible and will disclose them to all affected parties. We will proactively and fully disclose any real or potential conflicts of interest to the appropriate stakeholders.
- b. When we realize that we have a real or potential conflict of interest, we refrain from engaging in the decision- making process or otherwise attempting to influence outcomes, unless or until: we have made full disclosure to the affected stakeholders; we have an approved mitigation plan; and we have obtained the consent of the stakeholders to proceed.
- c. We have a duty to provide a client with all information obtained in the course of conducting their engagement which is pertinent to the decisions the client is contemplating.

5. **Confidentiality:** We protect our clients' confidentiality.

Confidentiality means ensuring that information is accessible only to those authorized to have access. A relationship of trust and confidence with the client can only be built upon the understanding that the client's information will remain confidential.

How do we protect confidentiality?

- a. Our duty is to protect proprietary or confidential information as well as client identity that have been entrusted to us and will not disclose it without the written consent of the client.

6. **Professional judgment and competence:** We use sound judgment and act with competence in all professional engagements.

Professional judgment and competence means attaining and maintaining an adequate level of knowledge and skill, and application of that knowledge and skill in providing services to clients. It also includes the wisdom to recognize the limitations of that knowledge and when consultation with other professionals is appropriate or referral to other professionals necessary. Professionalism requires behaving with dignity and courtesy to clients, fellow professionals, and others in business-related activities.

How do we show our professional judgment and competence?

- a. We make a continuing commitment to learning and professional improvement.
- b. When we make errors or omissions, we take ownership and make corrections promptly. When we discover errors or omissions caused by others, we communicate them to the appropriate body as soon as they are discovered. We accept accountability for any issues resulting from our errors or omissions and any resulting consequences.
- c. Designates cooperate with fellow practitioners to enhance and maintain the profession's public image and improve the quality of services.

7. **Honesty and Integrity:** We conduct ourselves and our affairs with honesty and integrity.

Honesty and integrity demand truthfulness and candor which must not be subordinated to personal gain and advantage. Designates are placed in positions of trust by clients, and the ultimate source of that trust is the designates' personal integrity. Allowance can be made for innocent error and legitimate differences of opinion, but honesty and integrity cannot co-exist with deceit or subordination of one's principles.

How do we act with honesty and integrity?

- a. We seek to understand the truth and act in a truthful manner both in our communications and in our conduct. We make commitments and promises, implied or explicit, in good faith.
- b. We strive to create an environment in which others feel safe to tell the truth. We do not engage in dishonest behavior with the intention of personal gain or at the expense of another.

8. **Priority of clients' interests:** We place our clients' interest and welfare as our highest priority.

We define the priority of clients' interests as the act of maintaining a client's welfare as the highest principle in the advising relationship, placing their needs and interests above all others particularly self-interest. It refers to the relationship of trust and confidentiality inherent in the role of a Family Enterprise Advisor.

How do we ensure the priority of clients' interests?

- a. FEA designates maintain the best interests of clients as a priority, with due regard to the respective interests of others.
- b. Designates recognize that there must be a certain hierarchy of interests in order to maintain trust: first client and family interests, then employer interests and lastly personal interests.

“These professional standards outline expectations FEX has of their FEA Designates and in particular what family enterprise clients can expect from them. These standards apply equally to all FEA Designates regardless of their role, job description or area of practice. The privilege of being an FEA Designate comes with a professional obligation to at all times maintain the FEA Professional Standards”

FEX Board of Directors

Appendix 1: FEA Purpose, Mission, Vision and Goals

Purpose

To support the longevity and legacy of the business families who, through their businesses and charities, support over 50% of the GDP in Canada. By certifying the education and application of the specialized knowledge of advisors and executives to work specifically with families and their enterprises, we can visibly recognize those professionals who are best prepared to serve business families and help them thrive.

Our passion is driven by our desire to keep families together and to improve both the process and outcomes of advising services. Our ultimate commitment is to families, the professionals who serve them, and to the continuing role they each play in their communities.

Vision

To be the preeminent organization advocating for business families to ensure they receive the best possible advice through their family enterprises advisors.

Mission

To strengthen the quality and performance of family enterprise advisors, through education, designation and advocacy of best practices.

Our Goals:

To promote the highest quality standards to make advisors as effective as possible through:

- Formal education standards, continuing education and information resources;
- Identification and dissemination of the professional standards required of our designates;
- Creating a national/international network of Partners and University Centres that are thought-leaders and community-builders for the field
- Increased awareness about the impact advisors can have on family enterprises;
- Providing a forum for advisors to network and share learning experiences;
- Being the recognized voice of family enterprise advisors;
- Supporting family enterprise advisors in their career advancement.

Appendix 2: Glossary of Terms

Family Business: Any business where the family has effective control over the strategic direction of the business and where the business contributes significantly to the family's wealth, income or identity.

Family Enterprise: An enterprise which consists of one or more of the following: operating business, financial assets derived from a business, real estate assets, liquid assets, family heirloom assets and philanthropic assets.

Family Enterprise Advising: the process by which professionals from a wide variety of disciplines help families identify, make, and cope with their most important decisions. These advisors create a community of professionals, and typically utilize a multi-disciplinary approach to strategically advising their clients.

Certificate Program: Educational program that results in a certificate of completion (i.e. FEA Program)

Certification: Third-party endorsement of an individual's professional knowledge and experience. Process by which a body certifies the competence of a practitioner.

Designation: Post-nominal letters which signify that the holder's actions are governed by an agency appointed to safeguard or promote the public interest.

Associate: Individuals who have paid for an annual membership with IFEA but who are not designates. Associates may or may not have taken the FEAP course and may or may not have at one time held the FEA designation.

Designate: Person who has obtained the right to use post-nominal letters which signify the certification of his/her competence in the field.

FEA Designate refers to an individual who:

1. Has a core discipline of practice which is relevant or of value to advising families, e.g. law, investment advising, mediation, facilitation, consulting, banking, accounting, counseling, etc. OR is a Director on a Family Business board, an executive in a family business, etc.
2. Has at minimum an Undergraduate degree, professional designation or the equivalent
3. Has completed all requirements of the FEA Program as established by the Education Committee, confirmed by the Standards and Ethics Committee and ratified by the Board.
4. Has demonstrated through a rigorous examination process that they understand the content and critical teachings of the FEA Program AND can apply the theoretical learning to practical live cases
5. Is committed to the field of Family Enterprise and can substantiate this commitment through letters of reference and commendation, and through a one on one interview with an FEA adjudicator
6. Each year completes the required hours of approved continuing education in the field of Family Enterprise
7. Affirms to uphold the FEA Code of Ethics and Professional Standards (The Code).

Appendix 3: Contraventions of the Code

1. **Reporting contraventions:** Contraventions to the Code represent a critical undertaking. Complaints are taken seriously and we strive to resolve them quickly. Frivolous or slanderous accusations will not be entertained; however, surfacing issues and concerns, supported by facts, is a core value of FEA. When those issues or concerns contravene the FEA Code, a complaint should be filed. Formal complaints must be received in writing by the FEX FEA office.

Upon receipt of a complaint, the issuer of the complaint will be contacted in writing to confirm receipt of the complaint and to confirm that an investigation has been launched.

2. **Investigation:** FEX FEA staff will reach out to a designate who has been reported for a contravention of the FEA Code. A full investigation and exploration will ensue. The steps of an investigation are as follows:

- a. Designate will be informed in full, in writing, of the report made against him/her.
- b. Designate will be contacted for an initial review of the complaint
- c. FEX will schedule interviews with the complainant and any witnesses of the incident(s)
- d. Upon completion of the investigation, the investigator will prepare an investigative report containing relevant interview summaries and documentation and will forward that report to the designate.
- e. Designate will respond in writing to FEX regarding the report, specifying any context that applies to the issue at hand, within 30 days.
- f. Determination will be made by the Standards Committee at an Investigative Meeting.
- g. The committee shall provide the complainant and designate the opportunity to appear before the Committee to make representations and answer any questions the Committee may have.
- h. After reviewing all the information, the committee will make its decision. Decisions may be appealed to the FEX Board.

3. **Discipline and sanctions:** If a finding confirms contravention of the FEA Code, discipline will be prescribed. This may consist of:
 - An informal resolution of the complaint;
 - A dismissal of the complaint;
 - A letter of counsel and/or caution the respondent;
 - A reprimand;
 - Mandated remedial action;
 - Suspension or revocation of a designation in extreme cases, or for repeat contraventions.

As part of any sanction, the Standards Committee may:

- Publish their findings and inform persons of their findings, as considered appropriate; or
- Carry out any combination of the above.

Appendix 4: Non-discrimination Standard (Draft)

FEA is committed to the principle that all persons shall have equal access to programs, facilities, services, and employment without regard to personal characteristics not related to ability, performance, or qualifications as determined by FEA policy and/or applicable laws. The FEA certification and designation are granted solely on the basis of merit and successful completion of the certification process.

FEA prohibits discrimination or harassment and against any person because of age, ancestry, color, disability or handicap, national origin, race, religion, gender, sexual or affectional orientation, gender identity, appearance, matriculation, political affiliation, marital status, veteran status or any other characteristic protected by law. FEA expects that its designates, members, employees, volunteers, and other constituents, when and where ever those individuals are serving as FEA designates, conducting FEA business or participating in FEA events or activities, shall maintain an environment free of discrimination or harassment.

Contraventions of FEA's Non-Discrimination policy by FEA designates will be handled in the same manner as other contraventions of the FEA Code (see Appendix 3). Contraventions of FEA's Non-Discrimination policy by employees, volunteers or board members will be handled through the process outlined in FEA's Internal Policy Manual.