

Circular 7 of 2022

11 February 2022

TO: Zimbabwe Association of Pension Funds (ZAPF)

Life Offices Association of Zimbabwe (LOA)

Insurance Brokers Association of Zimbabwe (IBAZ)

Pension Fund Administrators

Self-Administered Pension Funds

Stand-Alone Pension Funds

Standards for the Pensions Industry on Receipt and Payment of Gifts and Other Items of Value.

1. This Circular is issued in terms of section 3(1) of Statutory Instrument 69 of 2020, which empowers the Commission, whenever it considers it necessary, convenient and in the best interest of policy owners and pension and provident fund members, to issue general guidelines and standards.
2. Section 6B (2) of the Pension and Provident Fund Regulations, Statutory Instrument 323 of 1991, as amended by Statutory Instruments 80 of 2017 and 91 of 2020, requires that every trustee, principal officer and fund administrator/Insurer be "a fit and proper person with due regard to his or her experience, **conscientiousness and integrity to be entrusted with the responsibilities of the office.**" As such, the referred to persons should avoid conflict of interests in all dealings on matters of the fund.
3. Section 6B(5)(f) of the same Regulations goes further to give the Commission powers to disqualify a trustee, principal officer or fund administrator/insurer

where he or she has behaved in a manner which, in the opinion of the Commission, is of a disgraceful or undesirable nature.

4. Pursuant to the above provisions, this Circular is being issued to set out some basic principles that foster integrity within the pensions industry regarding the offer and receipt of gifts. It remains the role of the Board of Trustees/Directors to maintain an environment that fosters integrity and fairness at all times.
5. The issuance follows observations of unethical behaviour by the Commission as it carried out its regulatory and supervisory functions in the pensions industry.
6. For the purpose of this document, "gift" means any property of whatsoever nature and any benefit, direct or indirect, which has a financial value; but does not include agreed remuneration for services to the fund.

Establishment and Maintenance of a Gifts Policy and Gifts Register

7. Every Fund, Fund Administrator/Insurer shall establish a Gifts Policy and Gifts Register. The Gifts Policy, which should be lodged with the Commission, shall define the circumstances under which the entity gives and accepts gifts. The policy shall also define the term "gift," type of acceptable gifts and applying limits as applicable.
8. Where any changes are made to the Gifts Policy, the updated policy shall be lodged with the Commission seven days after the amendment, including a write up on the amendments and motivations for the amendment.
9. The Risk and Compliance functions shall be responsible for ensuring that the Gifts Policy is aligned with this Circular and other applicable regulations, as well as monitoring processes and controls to ensure compliance with the Gift Policy and for reporting any breaches of the policy to the Board or Board of Trustee and to the Commission.

Expected Business Conduct and Ethics.

10. In this part "specified person" shall mean the
 - a) Board of trustees or trustee.
 - b) Principal Officer.

c) Any officer of the fund.

d) Sponsoring or participating employer.

11. The Commission expects that all dealings between the Fund, its service providers, Administrator/Insurer and/or the Participating/Sponsoring employer shall be conducted at arm's length to ensure fairness, transparency and objectivity of all transactions.
12. The trustees and sponsoring/participating employer shall maintain independence and objectivity by, among other actions, avoiding conflict of interests and refusing any gift which can reasonably be expected to affect their independence, objectivity and judgement in their decision-making role.
13. Fund Administrators, Insurers and other key service providers such as Asset Managers, Actuaries and Auditors shall not, whether directly or indirectly, offer gifts, gratuity, retention fee or anything of monetary value¹ to any of the specified persons.
14. The specified persons shall likewise not accept any such gift, gratuity, retention fee or anything of monetary value from their service provider.
15. The provision or receipt of such gift, gratuity or anything of monetary value hinders objectivity in the selection, supervision and monitoring of service providers and fuels conflict of interests to the detriment of pension fund performance and value addition to its members. Hence, it should be avoided without exception.

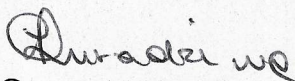
¹ This excludes once off tokens in commemoration or celebration of public holidays or key milestones in the life of the Administrator/Insurer and individual gifts that do not exceed a value as approved by the Board through the Gifts Policy; provided that where such tokens are paid to the persons specified and such token exceeds the value approved through the Gifts Policy, the token, value of the token and the reason for the token shall be disclosed to the Commission.

16. The specified persons shall not, directly or indirectly, seek or accept personal gain as the result of any action taken, or omitted, by or on behalf of the fund by any of its service providers.
17. Fund administrators/Insurers shall endeavour to avoid all situations in which the direct or indirect receipt or expectation of gifts, hospitality, bequests, or other benefits might be interpreted as a means of influencing any of the specified persons in their official capacity to advantage the Administrator/Insurer or disadvantage another Administrator or Insurer.
18. In marketing their services, fund administrators/insurer and any other service providers to the pensions industry, shall not undermine other service providers so that competition remains healthy.

Enforcement and Compliance

19. The Commission shall invoke the provisions of section 5 of the Insurance and Pensions Commission (Issuance of General Guidelines and Standards) Regulations, 2020 published in Statutory Instrument 69 of 2020, where the Trustee/s, Insurer or fund administrator fails to comply with the provisions stated herein.
20. In addition, the Commission reserves the right, in line with the Pension and Provident Funds Regulations, to disqualify persons caught engaging in the practices prohibited under these standards.

Be guided accordingly.



Grace Muradzikwa

Commissioner of Insurance Pension and Provident Funds