



**PenCom**

# CODE OF ETHICS AND BUSINESS PRACTICES FOR LICENSED PENSION OPERATORS

*RR/P&R/08/012*

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**National Pension Commission**

## About this Code

The Code of Ethics and Business Practices for Licensed Pension Operators is divided into seven sections.

Section one is the introduction while section two addresses the issue of integrity, setting standards for personal integrity and commitment, accuracy of records and reporting.

Section three addresses issues of ethics in competition such as respect for competitors, confidentiality of information, marketing, advertisements, gifts and inducements.

Sections four and five, respectively, deal with issues of relationship between stakeholders and conflict of interest.

Section six highlights the importance of compliance with the Code, while Section seven sets out broad guidelines for the enforcement of the Code.

The requirements of this Code are consistent with the provisions of the Pension Reform Act, 2004 and are also considered enforceable within the industry.

## Review and Enquiries

The Code shall be subject to review by the Commission from time to time as the need arises.

All enquiries regarding this Code shall be directed to the Director General, National Pension Commission.

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## CODE OF ETHICS AND BUSINESS PRACTICES FOR LICENSED PENSION OPERATORS

### 1.0 Introduction

1.1 Not until of recent, many companies and professional firms had viewed business ethics only in terms of administrative compliance with legal standards and adherence to internal rules and regulations. Attention to business ethics is on the rise across the world and many companies realize that in order to succeed, they must earn the respect and confidence of their customers. In addition, companies, professional firms and individuals alike, are increasingly being held accountable for their actions, as the demand for higher standards of corporate social responsibility, increases.

1.2 The Pension Reform Act, 2004 and all the guidelines so far issued by the Commission are all geared towards laying a solid and sustainable foundation for the Nigerian pension industry. However, as versatile and re-assuring as the PRA 2004 and the guidelines are, the stakeholders' efforts can be thwarted if the contemporary issues of ethics and professionalism are not addressed and codified. The need for codes of ethics and professionalism is further re-enforced by the 'free entry and free exit' stance of the Commission, as the licensing of more operators has resulted in heightened competition and thinning of pension market.

1.3 The Code of Ethics and Business Practices has therefore been developed to outline ethical standards that would be operational within the pension industry.

### 2.0 Integrity

#### 2.1 Professional Integrity and Commitment

2.1.1 PFAs, PFCs and CPFAs shall perform professional services with honesty, integrity, skill and care. PFAs and PFCs have obligation to observe standards of professional conduct in the course of providing advice, recommendations and other services performed for Retirement Savings Accounts (RSA) holders.

2.1.2 PFAs and PFCs shall work in a spirit of respectful collaboration and co-operation with those with whom they interact without compromising their personal or professional integrity.

2.1.3 PFAs shall not discriminate against their clients, on the basis of age, gender, race, ethnicity, culture, nationality, religion, disability, socio-economic status, or any basis proscribed by law.

2.1.4 PFAs and PFCs shall at all times, act honestly and in such manner that third parties are not caused to be misled. They shall not in the course of discharging their professional duties knowingly or recklessly disseminate false or misleading information to third parties.

- 2.1.5 PFAs and PFCs shall not engage in any conduct involving dishonesty, fraud, deceit, or misrepresentation or commit any act that would negatively impact on the Pension industry.
- 2.1.6 The integrity of information must not be compromised.
- 2.2 Accuracy of Records and Reporting
  - 2.2.1 PFAs and PFCs shall ensure the validity of the reports and statements issued by them.
  - 2.2.2 Honest and accurate recording and reporting of information is extremely important. Transactions must be recorded promptly and accurately in order to permit the preparation of accurate financial and other records. Records shall not be falsified in any manner. No entry shall be made that intentionally hides or disguises the true nature of any transaction.
- 3.0 Ethics and Competition
  - 3.1 Respect for Competitors
    - 3.1.1 PFAs and PFCs should not undermine other PFAs' and PFCs' stability in the process of marketing, so that competition is made healthy.
    - 3.1.2 PFAs and PFCs shall not reveal information about other PFAs or PFCs without their permission and shall take reasonable precautions to avoid such information from being disclosed unintentionally.
  - 3.2 Confidentiality of Information
    - 3.2.1. PFAs and PFCs shall respect the confidentiality of data made available to them from time to time.
    - 3.2.2 PFAs and PFCs shall not release any statement that would be detrimental to the interest of other PFAs and PFCs to the press, any other form of media, or any third party.
    - 3.2.3 PFAs and PFCs shall never disclose in their writings, reports, teaching materials or other public media or otherwise make public, any information they have acquired about persons, employers or clients in the course of their professional work, unless disclosure is both legal and that they have either taken reasonable steps to disguise the identity of the person, employer or client, or they have the express permission to disclose.
    - 3.2.4 PFAs and PFCs shall not make public derogatory comments about their clients, or colleagues.
    - 3.2.5 PFAs and PFCs shall never, knowingly use material that is illegal, immoral, or which may hurt or damage a person or group of people. If exposed to illegal material, the PFAs and PFCs shall advise their client of the illegal nature of the material and take reasonable steps to inform the relevant authorities of the existence of the material.
- 3.3 Marketing and Advertising
  - 3.3.1 PFAs and PFCs shall act responsibly and prudently in marketing. In particular, PFAs shall ensure that all advertising and promotional literature is fair and reasonable, does not contain misleading information and complies with all relevant guidelines, whether relating to their own PFA or their competitors.

3.3.2 PFAs and PFCs shall not engage in any advertising or business solicitation activities that are false or misleading, such as but not limited to making promises outside its areas of control and claims of supremacy in the industry.

3.3.3 “Advertising” encompasses all communications by whatever medium, including oral communications, which may directly or indirectly influence any person or organization to decide whether there is a need for such professional services.

#### 3.4 Gifts and Inducements

3.4.1 Staff of PFAs and PFCs should avoid directly or indirectly accepting or giving any gift, gratuity, or anything of monetary value for anything done or omitted to be done during the discharge of their duties.

3.4.2 Similarly, their families should 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 the PFAs and PFCs in their official capacity to advantage or disadvantage any person.

### 4.0 Relationships between Stakeholders

#### 4.1 PFAs and RSA Holders

4.1.1 PFAs shall perform professional services with courtesy when dealing with RSA holders.

4.1.2 PFAs shall cooperate with RSA holders taking time to explain or

clarify any detail RSA holders might request.

4.1.3 PFAs shall always meet their commitments to RSA holders. Such commitments shall not be taken lightly, and should never be broken.

4.1.4 Differences of opinion between PFAs and RSA holders may arise. Discussion of such differences should be conducted objectively and with courtesy.

4.1.5 An RSA holder has an indisputable right to choose and change his/her PFA.

#### 4.2 PFAs and PFCs

4.2.1 PFAs and PFCs shall be transparent in all their dealings except in cases where the needs of business security dictate otherwise and shall hold themselves accountable to the appropriate authority/body.

4.2.2 The operations of the PFA should be carried out independently and should not in any way leverage upon or appear to leverage on the infrastructure of the PFC, its parent company or associate.

### 5.0 Conflict of Interest

5.1. A “conflict of interest” may exist whenever the interests of a director or staff conflict in any way (or even appear to conflict) with the interests of the PFA or PFC.

#### 5.2 Transparency and Objectivity

5.2.1 While directors and staff should be free to make personal investments and enjoy social relations and normal business courtesies, they must not

have any interests that adversely influence the performance of their responsibilities. A conflict situation can arise when a director or staff takes actions or has interests that may make it difficult to perform his or her Company responsibilities objectively.

- 5.2.2 Conflicts of interest also may arise when a director or staff, or members of their families, receives improper personal benefits as a result of their position with the PFA or PFC, either received from a Company or an individual.
- 5.2.3 Staff of PFAs and PFCs should do all in their power to ensure their impartiality and independence and avoid all situations that could result in a conflict of interest or be perceived as such. They should not use their position for the private gain of their spouse or children, or for the private gain of any other person.
- 5.2.4 Staff of PFAs and PFCs should therefore avoid all situations in which their private interests, whether pecuniary or otherwise, conflict or have the potential to conflict with their duty. Nor should they place themselves in a position whereby they are morally obliged to accord preferential treatment or special consideration to any person or entity.
- 5.2.5 Where an individual intends to perform a paid service for one operator, he should not be an employee of another operator, or must have relinquished his appointment.

### 5.3 Disclosure

- 5.3.1 Staff of PFAs and PFCs shall at the earliest opportunity bring to the notice of their employers, in all cases, whereby conflict of interest arises in the discharge of his/her duties to such employers or client as the case may be.
- 5.3.2 Each PFA and PFC should have a policy to prohibit such conflicts as enumerated above. Conflicts of interest may not always be clear-cut, so if directors or staff have questions, they are encouraged to consult with the Compliance Officers of their respective organizations or the Commission. Any director who becomes aware of a conflict or potential conflict should bring it to the attention of the Commission.

### 6.0 Compliance

- 6.1 PFAs and PFCs shall be knowledgeable about the PRA 2004 and this Code of Ethics and Business Conduct, keeping current with revisions and abiding by its provisions. Laws and regulations may impose binding obligations on the PFAs and PFCs. Where the requirements of law or regulation conflict with this Code the requirements of law or regulation take precedence.

### 7.0 Enforcement of the Code

- 7.1 It is the duty of PFAs and PFCs to assist and cooperate with the Commission in the course of enforcing this code; and the Commission shall acknowledge any such support in that regard.

- 7.2 In order to ensure compliance with this code of conduct, it will not be enough to disseminate the code, Employees of PFAs and PFCs would be required to digest it and pledge to implementing it by endorsing. “SOFT” and “HARD” measures would be used to ensure that the PFAs and PFCs act in accordance with the code. The Commission shall therefore encourage and monitor the compliance.
- 7.3 On the other hand, exemplary behavior and conduct should be rewarded. The top management of PFAs and PFCs should provide moral leadership at all times. Employees should receive regular training on issues of integrity and on what they can do to ensure proper compliance. Peer reviews should also be encouraged.
- 8.4 Disciplinary sanctions should be taken when appropriate. Cases of breaches shall be referred to the Operators’ Ethics and Privileges Committee.