The MPFA contributes to the sustainable development of the second pillar of the retirement protection system in Hong Kong through regulating, supervising and improving the MPF System. In fulfilling this role in the best interests of scheme members, we are committed to high standards of corporate governance to promote fairness, ethical conduct, accountability and transparency. Our corporate governance framework and practices are in line with the requirements of the MPFSO and the governance principles and best practices recommended for public bodies.

THE MANAGEMENT BOARD

Role and responsibilities

The Management Board is responsible for determining key corporate strategies and policies, overseeing the delivery of planned programmes, endorsing the corporate plan and budget of MPFA, and ensuring that MPFA’s operations are conducted prudently and within the framework of applicable laws, regulations and policies. It gives directions to the executives of MPFA for the administration of MPFA’s affairs and delegates the management of day-to-day operations to the executives.
Corporate Governance

Membership (as at 31 March 2017)

Chairman
Dr David Wong Yau-kar, BBS, JP
(from 17 Mar 2015; current term expires on 16 Mar 2019)
- Deputy, the National People’s Congress
- Chairman, Land and Development Advisory Committee
- Chairman, Protection of Wages on Insolvency Fund Board
- Member, Exchange Fund Advisory Committee
- Member, Economic Development Commission
- Independent non-executive director of a number of listed and non-listed companies

Non-executive Directors
Mr Horace Wong Yuk-lun, SC, JP
(from 1 Oct 2012; current term expires on 30 Sep 2018)
- Senior Counsel, Hong Kong
- Member, Disciplinary Chair Committee, Securities and Futures Commission
- Member, Appeal Board Panel (Human Organ Transplant Ordinance)
- Chairman, Appeal Tribunal Panel (Buildings)
- Deputy Chairman, Unsolicited Electronic Messages (Enforcement Notices) Appeal Board

Hon Poon Siu-ping, BBS, MH
(from 17 Mar 2013; current term expires on 16 Mar 2019)
- Member, Legislative Council
- Executive Committee Member, The Federation of Hong Kong and Kowloon Labour Unions
- Executive Committee Member, Hong Kong Storehouses, Transportation and Logistics Staff Association
- Member, Occupational Safety and Health Council
- Member, Protection of Wages on Insolvency Fund Board
- Member, Fight Crime Committee

Hon Abraham Shek Lai-him, GBS, JP
(from 17 Mar 2015; current term expires on 16 Mar 2019)
- Member, Legislative Council
- Member, Court of The Hong Kong University of Science and Technology
- Council and Court Member, The University of Hong Kong
- Member, Advisory Committee on Corruption of Independent Commission Against Corruption
- Independent non-executive director of a number of Hong Kong listed companies

Mr Kingsley Wong Kwok, JP
(from 17 Mar 2015; current term expires on 16 Mar 2019)
- Vice President and General Secretary, The Hong Kong Federation of Trade Unions
- Non-official Member, Commission on Strategic Development
- Non-official Member, Minimum Wage Commission
- Member, Hainan Committee of the Chinese People’s Political Consultative Conference
- Vice-Chairman, Service Industry General Unions

Mr Chan Kam-lam, GBS, JP
(from 17 Mar 2017; current term expires on 16 Mar 2019)
- Member, National Committee of the Chinese People’s Political Consultative Conference
- Member, Legislative Council (1995-2016)
- Council Member, The Hong Kong Polytechnic University
- President, Kingrich Asia Holdings Limited
- President, Kingrich Trading Limited
- Director, Shenyang Wual World Enterprise Company Limited
Mr Bankee Kwan Pak-hoo, JP
(from 17 Mar 2017; current term expires on 16 Mar 2019)
- Chairman & CEO, Celestia Asia Securities Holdings Limited (CASH Group)
- Director, Hong Kong Retail Management Association
- Member, Minimum Wage Commission
- Member, Business Facilitation Advisory Committee (“BFAC”); Convenor, Wholesale and Retail Task Force of BFAC
- Member, Election Committee for the Fourth and Fifth Term of the Chief Executive Election of Hong Kong Special Administrative Region
- Member, Standing Committee of the Chinese People’s Political Consultative Conference, Shanghai Committee
- Vice President and Chief Executive, Hong Kong-Shanghai Economic Development Association

Mrs Ayesha Macpherson Lau, JP
(from 17 Mar 2017; current term expires on 16 Mar 2019)
- Partner, KPMG China; Head of Local Market/Head of Tax, Hong Kong, KPMG
- Chairman, International Fiscal Association Hong Kong Branch
- Member, Joint Liaison Committee on Taxation
- Member, Financial Infrastructure Sub-Committee, Exchange Fund Advisory Committee
- Member, Policy Research Committee, Financial Services Development Council

Mr Simon Wong Kit-lung, JP
(from 17 Mar 2017; current term expires on 16 Mar 2019)
- Executive Director, LHGroup
- President, Institution of Dining Art
- Chairman, Catering Industry Training Advisory Committee
- Convenor, Business Facilitation Advisory Committee – Food Business and Related Services Task Force
- Member, Competition Commission

Professor K C Chan, GBS, JP
(from 1 Jul 2007; current term expires on 16 Mar 2019)
- Dean of Business and Management, The Hong Kong University of Science and Technology (2002-07)
- Faculty Member, The Hong Kong University of Science and Technology (1995-2007)
- Faculty Member, Ohio State University, United States (1984-93)
Alternate: Permanent Secretary for Financial Services and the Treasury (Financial Services)
Corporate Governance

Hon Ip Kwok-him, GBS, JP
(Retired as from 17 Mar 2017)

Ms Paddy Lui Wai-yu, BBS, JP
(Retired as from 17 Mar 2017)

Dr John Poon Cho-ming, BBS, JP
(Retired as from 17 Mar 2017)

Mr Philip Tsai Wing-chung, JP
(Retired as from 17 Mar 2017)

Mr Darren Mark McShane
(Retired as from 25 Mar 2017)

Secretary for Labour and Welfare
(from 1 Jul 2007; current term expires on 16 Mar 2019)
Mr Stephen Sui Wai-keung, JP
- Under Secretary for Labour and Welfare (2014-17)
- Commissioner for Rehabilitation (2008-14)
- Served in various bureaux and departments of the Hong Kong Government since 1978
Alternate: Permanent Secretary for Labour and Welfare

Executive Directors
Mrs Diana Chan Tong Chee-ching, JP
Deputy Chairman and Managing Director
(from 1 Jul 2004; current term expires on 30 Jun 2018)
- Chief Operating Officer (Corporate Affairs), MPFA (2001-04)
- Executive Director (Corporate Services), MPFA (2000-01)
- Hospital Chief Executive, Wong Chuk Hang Hospital (1995-2000)
- Deputy Director (Administration), Hospital Authority (1991-95)
- Administrative Officer to Principal Assistant Secretary in the Administrative Service, Hong Kong Government (1980-91)

Mr Cheng Yan-chee
Chief Corporate Affairs Officer and Executive Director
(from 3 Apr 2013; current term expires on 2 Apr 2019)
- Member, Executive Committee of Investor Education Centre (since 2013)
- Deputy Secretary for Home Affairs, Hong Kong Special Administrative Region Government ("HKSARG") (2011-12)
- Deputy Secretary for Financial Services and the Treasury, HKSARG (2007-11)
- Deputy Director-General of Trade and Industry, HKSARG (2006-07)
- Deputy Secretary for Education and Manpower, HKSARG (2001-06)
- Deputy Director of Information Technology Services, HKSARG (1999-2001)

Ms Alice Law Shing-mui
Chief Operating Officer and Executive Director
(from 16 Jul 2012; current term expires on 15 Jul 2018)
- Solicitor, Hong Kong (a partner specializing in corporate and commercial practice in a Hong Kong law firm before joining the public sector in 1998)
- Member, Global Future Councils on the Future of Financial & Monetary Systems of World Economic Forum
- Member, Products Advisory Committee, Securities and Futures Commission
- Member, Advisory Committee on Bachelor of Business Administration Programme in Insurance, Financial and Actuarial Analysis, The Chinese University of Hong Kong
- Senior Fellow, Hong Kong Securities and Investment Institute
- Director to Senior Director positions at Securities and Futures Commission with her last position as Senior Director (Policy, China & Investment Products) (2004-12)
- Non-executive Director, Hong Kong Securities Institute (2004-08)

Ms Cynthia Hui Wai-yee
Executive Director (Supervision)
(from 1 Feb 2008; current term expires on 31 Jan 2020)
- Qualified actuary
- Fellow, Institute of Actuaries of Australia
- Chief Supervision Manager, MPFA (2006-08)
- Advisor (Insurance Affairs), MPFA (2005-06)
- Held actuarial positions in major insurance companies in Australia for over 15 years before joining MPFA

Ms Gabriella Yee Gar-bo
Executive Director (Regulation & Policy)
(from 25 Mar 2017; current term expires on 24 Mar 2020)
- Head (Policy Development and Research), MPFA (2011-17)
- Chief Manager (Policy Development and Research), MPFA (2008-11)
- Senior Manager, MPFA (1999-2008)
- Insurance Officer, Office of the Commissioner of Insurance (1996-99)
Corporate Governance

Composition

The structure of the Management Board is governed by the MPFSO under which directors on the Board are appointed by the Chief Executive of HKSAR. Except for the Chairman and Managing Director, the appointment of directors is delegated to the Financial Secretary of HKSAR.

With diverse expertise, experience and background, the directors exercise due care and diligence to oversee MPFA’s performance. Non-executive directors (“NEDs”), making up the majority of the Management Board, contribute to an independent and objective decision-making process.

The terms and conditions of office of MPFA’s directors are determined by the Chief Executive of HKSAR. In respect of executive directors (“EDs”), except for the Managing Director, the authority to determine their terms and conditions of office is delegated to the Financial Secretary of HKSAR.

The remunerations of individual EDs of MPFA are disclosed in the notes to the Financial Statements on pages 102 to 103. NEDs are not remunerated.

Directors’ Profile

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of years on MPFA Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>NED</td>
<td>11 (69%)</td>
</tr>
<tr>
<td>ED</td>
<td>5 (31%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gender</th>
<th>Number of years on MPFA Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>11 (69%)</td>
</tr>
<tr>
<td>Female</td>
<td>5 (31%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Professional expertise/experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business/Finance</td>
</tr>
<tr>
<td>Legal</td>
</tr>
<tr>
<td>Accounting/Actuary</td>
</tr>
<tr>
<td>Labour affairs</td>
</tr>
<tr>
<td>Public administration</td>
</tr>
</tbody>
</table>

Chairman and Managing Director

The positions of Chairman and Managing Director are held by different persons and their roles are segregated. The Chairman is an NED providing the Management Board and MPFA with leadership and strategic direction, while the Managing Director is an ED and the administrative head responsible for executing the direction of the Management Board and administering the affairs of MPFA.

Induction

Newly appointed directors are given briefings and information packages to familiarize them with the MPF System and the work of MPFA. Apart from monthly progress reports on various aspects of work of MPFA, directors are provided with information and briefings on specific issues when necessary to facilitate informed decisions.
Corporate Governance

Board processes

Board processes adopted and documented in MPFA’s Standing Orders facilitate directors’ effective participation in Board business. Key elements include:

- Meetings are held as often as necessary, usually six to eight meetings a year;
- Telephone conferencing is arranged for directors who cannot attend meetings physically;
- Any director may propose a matter for discussion at Board meetings;
- Where a matter is presented for consideration by circulation of paper, directors may request a meeting to be convened to consider the matter at a meeting;
- Agendas and papers are issued to directors at least four clear days in advance of a meeting (normally six clear days);
- The Secretary to the Management Board keeps minutes of meetings, recording the directors attending, the quorum, matters discussed and decisions made;
- Draft minutes are sent to all directors for comments within a reasonable time; and
- Directors are required to observe procedures for declaration of interests.

Management of conflicts of interest

Directors are required to make a general disclosure of their interests, such as remunerated directorship and employment, on appointment to the Management Board, review the disclosed information on an annual basis, and notify the Secretary to the Management Board promptly of any changes.

Directors are also required by legislation to report the nature of a pecuniary interest in a matter placed before the Management Board if the interest appears to raise a conflict with the proper performance of the director’s duties in relation to the consideration of the matter.

Particulars of the disclosure made at Management Board meetings are recorded in a register available for public inspection.

Management Board business in the year

The Management Board held six meetings in 2016-17 with an average attendance rate of 84%. In addition, 13 and 25 papers were circulated to directors for decision and information respectively.

Key matters considered include:

- Directors’ Code of Conduct
- Appointment of external auditor
- Annual corporate plan and budget
- Half-yearly and annual reviews of corporate plan
- Annual financial statements
- Investment performance and investment strategy review
- Supervision strategies
- External communication strategies and programmes
- Progress of projects, including DIS and eMPF
- Industry guidelines
- Measures to maintain long-term financial sustainability
- Annual salary review
- Pay philosophy review

The attendance rates of individual directors at meetings are provided on page 26.
Corporate Governance

STATUTORY ADVISORY COMMITTEES

MPF Schemes Advisory Committee (as at 31 March 2017)

Chairman
Hon Wong Ting-kwong, SBS, JP  
(from 1 Nov 2012; current term expires on 31 Oct 2018)  
• Member, Legislative Council

Deputy Chairman
Mrs Diana Chan Tong Chee-ching, JP  
(from 1 Jul 2003; current term expires on 30 Jun 2018)  
• Managing Director, MPFA

Members
Dr Roy Chung Chi-ping, BBS, JP  
(from 30 Mar 2013; current term expires on 29 Mar 2019)  
• Co-founder and Non-executive Director, Techtronic Industries Company Limited

Mr Lam Chun-sing  
(from 30 Mar 2015; current term expires on 29 Mar 2019)  
• President, The Federation of Hong Kong and Kowloon Labour Unions

Mr Karson Choi Ka-tsan  
(from 30 Mar 2017; current term expires on 29 Mar 2019)  
• Vice Chairman, Early Light International (Holdings) Limited

Ms Chow Yuen-ye  
(from 30 Mar 2017; current term expires on 29 Mar 2019)  
• Managing Director and Head of Compliance, China International Capital Corporation (Hong Kong) Limited

Hon Kenneth Leung Kai-cheong  
(from 30 Mar 2017; current term expires on 29 Mar 2019)  
• Member, Legislative Council

Dr Pan Pey-chyou, BBS  
(from 30 Mar 2017; current term expires on 29 Mar 2019)  
• Vice President, The Hong Kong Federation of Trade Unions

Mr Philip Tsai Wing-chung, JP  
(from 30 Mar 2017; current term expires on 29 Mar 2019)  
• Chairman, Deloitte China

Ms Winnie Wong Chi-shun  
(from 30 Mar 2017; current term expires on 29 Mar 2019)  
• Chief Executive Officer, Asia Insurance Company Limited
Corporate Governance

Members who retired as from 30 March 2017:

Mr William Chan Che-kwong  
Mr Ip Wai-ming, MH  
Mrs Agnes Koon Woo Kam-oi  
Mr Larry Kwok Lam-kwong, BBS, JP  
Mr Fred Li Wah-ming, SBS, JP  
Mr Paul Pong Po-lam  
Mrs Bethy Tam Ho Kum-man, MH

Role and composition

The MPF Schemes Advisory Committee is established under the MPFSO. It advises MPFA on the operation of the MPFSO and the effectiveness and efficiency of MPFA. It comprises an Executive Director designated by MPFA and at least nine (but no more than 11) other members appointed by the Chief Executive of HKSAR.

Committee business in 2016-17

During the year, the Committee held one meeting (attendance rate: 82%), at which members gave advice on the long-term initiative to standardize, streamline and automate MPF scheme administration and the preparatory work for the implementation of the DIS. The Committee also received progress reports on various aspects of MPFA’s work.
Corporate Governance

MPF Industry Schemes Committee  
(as at 31 March 2017)

Dr Roy Chung Chi-ping, BBS, JP  
(Mandatory Provident Fund Schemes Authority Annual Report 2016–17  
Chairman  
Dr Roy Chung Chi-ping, BBS, JP  
(from 25 Aug 2016; current term expires on 24 Aug 2018)  
• Co-founder and Non-executive Director, Techtronic Industries Company Limited

Mr Lawrence Ng San-wa, MH  
(Mandatory Provident Fund Schemes Authority Annual Report 2016–17  
Members  
Mr Lawrence Ng San-wa, MH  
(from 25 Aug 2012; current term expires on 24 Aug 2018)  
• President, Hong Kong Construction Sub-Contractors Association

Mr Tang Ka-hin  
(from 25 Aug 2012; current term expires on 24 Aug 2018)  
• Chairman, Chinese and Western Food Workers Union

Mr Simon Wong Kit-lung, JP  
(from 25 Aug 2012; current term expires on 24 Aug 2018)  
• President, Institution of Dining Art

Mr Cyras Chin Chi-keung  
(from 25 Aug 2014; current term expires on 24 Aug 2018)  
• Director, Hsin Chong Construction Company Limited

Mr Kwok Wang-hing  
(from 25 Aug 2014; current term expires on 24 Aug 2018)  
• Chairman, Eating Establishment Employees General Union

Mr Wong Ping  
(from 25 Aug 2014; current term expires on 24 Aug 2018)  
• Vice Chairman, Hong Kong Construction Industry Employees General Union

Mr Chan Pak-kan  
(from 25 Aug 2016; current term expires on 24 Aug 2018)  
• Chairman, Construction Site Workers General Union

Mr Lee Yuen-hong  
(from 25 Aug 2016; current term expires on 24 Aug 2018)  
• Chairman, Hong Kong Federation of Restaurants and Related Trades Limited

Mr Adrian Li Man-kiu, JP  
(from 25 Aug 2006; current term expires on 24 Aug 2018)  
• Director, Bank of East Asia (Trustees) Limited
Corporate Governance

Mr Johnson Wong Ho-shun
(from 25 Aug 2016; current term expires on 24 Aug 2018)
• Business Development Director, BCT Financial Limited

Mr Cheng Yan-chee
(from 3 Apr 2013; current term expires on 24 Aug 2018)
• Chief Corporate Affairs Officer and Executive Director, MPFA

Members who retired in 2016-17:

Ms Monica Ng Chun-sing
(Retired as from 6 May 2016)

Ms Li Fung-ying, SBS, JP
(Retired as from 25 Aug 2016)

Mr Chan Sam-choi
(Retired as from 25 Aug 2016)

Mr Chan Wing-on
(Retired as from 25 Aug 2016)

Role and composition

The MPF Industry Schemes Committee is established under the MPFSO to monitor the effectiveness of Industry Schemes and advise on ways to improve their administration and operation. It comprises a chairman, representative(s) of the trustee of each Industry Scheme, and at least six other persons, including persons representing employees and employers, all appointed by the Financial Secretary of HKSAR. An Executive Director is designated by MPFA to sit on the Committee.

Committee business in 2016-17

During the year, the Committee held two meetings (average attendance rate: 79%), at which members advised on the operation of Industry Schemes. It also discussed the latest development of DIS, measures to handle MPF accounts with incomplete enrolment information under Industry Schemes, and long-term reform measures to standardize, streamline and automate MPF scheme administration. The Committee also received reports on enrolment, administration, enforcement, and public education and publicity matters.
Corporate Governance

DELEGATION OF FUNCTIONS BY THE BOARD

The MPFSO provides that MPFA may delegate its functions to a committee it establishes or to a director or employee of MPFA.

Supporting committees

A number of committees/working groups, chaired by Non-executive Directors, are set up to give advice and assistance to the Management Board. Their terms of reference and membership lists are set out in Appendix 1 on pages 143 to 144.

<table>
<thead>
<tr>
<th>Committee/Working group</th>
<th>Composition</th>
<th>Summary of work in 2016-17</th>
</tr>
</thead>
</table>
| Audit Committee         | 4 NEDs      | • Held two meetings (average attendance rate: 75%)  
|                         |             | • Considered two papers by circulation  
|                         |             | • Matters considered include:  
|                         |             |   - financial statements of MPFA and the MPF Schemes Compensation Fund for the financial year 2015-16  
|                         |             |   - half-yearly financial reports for 2016-17  
|                         |             |   - appointment of external auditor for 2016-17 to 2018-19  
|                         |             |   - internal audit programme for 2017-18 to 2019-20  
|                         |             |   - internal audit reports on finance-related subjects:  
|                         |             |     - receipt process on default contribution  
|                         |             |     - compliance checking on investments through external fund managers and investment recording and reporting  
|                         |             |     - procurement activities handled by major purchasing divisions/departments |
| Administration Committee| 3 NEDs and 2 EDs | • Held two meetings (attendance rate: 100%)  
|                         |             | • Considered three papers by circulation  
|                         |             | • Considered various human resources matters including:  
|                         |             |     - manpower plan for 2017-18  
|                         |             |     - pay-related matters for non-directorate staff  
|                         |             |     - staff group life and staff group medical and dental insurance schemes |
| Finance Committee       | 3 NEDs and 2 EDs | • Held four meetings (attendance rate: 100%)  
|                         |             | • Considered 3 papers and received 6 papers for information by circulation  
|                         |             | • Matters considered include:  
|                         |             |     - imposition of MPF intermediaries fees and revision of ORSO fees  
|                         |             |     - long-term financial sustainability of MPFA  
|                         |             |     - review of investment guidelines and performance of the Capital Grant and the MPF Schemes Compensation Fund  
|                         |             |     - review of investment strategy for the Capital Grant  
|                         |             |     - review of investment strategy for the MPF Schemes Compensation Fund  
|                         |             |     - audited financial statements for 2015-16  
|                         |             |     - half-yearly financial reports for 2016-17  
|                         |             |     - proposed budget for 2017-18 |
## Corporate Governance

<table>
<thead>
<tr>
<th>Committee/Working group</th>
<th>Composition</th>
<th>Summary of work in 2016-17</th>
</tr>
</thead>
</table>
| Guidelines Committee   | 1 NED, 1 ED and 6 co-opted members | - No meeting was held during the year  
- Scrutinized new Guidelines and proposed revisions to Guidelines through circulation of three papers  
- Two sets of new Guidelines, 14 sets of revised Guidelines and one set of revised Code were issued, mainly to:  
  - support the implementation of the DIS  
  - update the list of approved trustees and MPF schemes for scheme members to elect for the purposes of MPF accounts consolidation  
  - update the list of MPF schemes in the annual return form for use by MPF intermediaries  
  - update the list of approved central securities depositories  
- 76 sets of Guidelines and two Codes were in force as at 31 March 2017 to provide guidance on the legislative requirements and operational arrangements of the MPF System |
| Remuneration Committee | 4 NEDs      | - Held two meetings (attendance rate: 100%)  
- Assessed the performance of EDs, made recommendations on their appointment and re-appointment, and considered various remuneration and personnel matters for EDs |
| Tender Board            | 2 NEDs and 1 ED | - Held one meeting (attendance rate: 100%)  
- Considered 4 papers and received 1 paper for information by circulation  
- Considered tender submissions for the provision of group insurances for MPFA staff and for the provision of services in placing advertisements for the second stage publicity on the DIS |
| Working Group on MPF Reform Issues | 4 NEDs | - Held two meetings (average attendance rate: 75%)  
- Considered MPFA’s draft submission to the public consultation of the Commission on Poverty on retirement protection, and deliberated on the long-term initiative to standardize, streamline and automate MPF scheme administration |
Corporate Governance

The table below sets out the attendance of individual directors at Management Board, Committee and Working Group meetings in 2016–17.

<table>
<thead>
<tr>
<th>Number of meetings held during the year</th>
<th>Management Board</th>
<th>Audit Committee</th>
<th>Administration Committee</th>
<th>Finance Committee</th>
<th>Remuneration Committee</th>
<th>Tender Board</th>
<th>Working Group on MPF Reform Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance of directors</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr David Wong Yau-kar</td>
<td>6/6</td>
<td>2/2</td>
<td></td>
<td>4/4</td>
<td>2/2</td>
<td>2/2</td>
<td></td>
</tr>
<tr>
<td>Hon Ip Kwok-him1</td>
<td>4/6</td>
<td>1/2</td>
<td></td>
<td>2/2</td>
<td></td>
<td>0/2</td>
<td></td>
</tr>
<tr>
<td>Ms Paddy Lui Wai-yu1</td>
<td>4/6</td>
<td>2/2</td>
<td></td>
<td></td>
<td></td>
<td>2/2</td>
<td></td>
</tr>
<tr>
<td>Dr John Poon Cho-ming1</td>
<td>6/6</td>
<td></td>
<td></td>
<td>4/4</td>
<td></td>
<td>1/1</td>
<td>2/2</td>
</tr>
<tr>
<td>Mr Philip Tsai Wing-chung1</td>
<td>2/6</td>
<td>1/2</td>
<td></td>
<td>4/4</td>
<td>2/2</td>
<td></td>
<td>2/2</td>
</tr>
<tr>
<td>Mr Horace Wong Yuk-lun</td>
<td>4/6</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Hon Poon Siu-ping</td>
<td>5/6</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Hon Abraham Shek Lai-him</td>
<td>6/6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1/1</td>
<td></td>
</tr>
<tr>
<td>Mr Kingsley Wong Kwok</td>
<td>5/6</td>
<td></td>
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</tr>
<tr>
<td>Secretary for Financial Services and the Treasury2</td>
<td>6/6</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Secretary for Labour and Welfare2</td>
<td>6/6</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Mrs Diana Chan Tong Chee-ching</td>
<td>6/6</td>
<td>2/2</td>
<td></td>
<td>4/4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Cheng Yan-chee</td>
<td>6/6</td>
<td>2/2</td>
<td></td>
<td>4/4</td>
<td></td>
<td>1/1</td>
<td></td>
</tr>
<tr>
<td>Ms Alice Law Shing-mui</td>
<td>5/6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Darren Mark McShane3</td>
<td>4/6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ms Cynthia Hui Wai-yee</td>
<td>6/6</td>
<td></td>
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</tr>
</tbody>
</table>

(The Guidelines Committee did not hold any meeting in 2016–17)

Notes:

1 Retired with effect from 17 March 2017
2 Six meetings attended by alternate director
3 Retired with effect from 25 March 2017
The executive team

The Management Board delegates the management of day-to-day operations to the executives. Its decisions are carried out by MPFA staff under the guidance of the management team.

Members of the management team as at 31 March 2017:

1. Mrs Diana Chan
   Managing Director (from 2004)
   Formerly Chief Operating Officer (Corporate Affairs) (from 2001)
   Formerly Executive Director (Corporate Services) (from 2000)

2. Mr Cheng Yan-chee
   Chief Corporate Affairs Officer and Executive Director (from 2013)

3. Ms Alice Law
   Chief Operating Officer and Executive Director (from 2012)

4. Ms Cynthia Hui
   Executive Director (Supervision) (from 2008)
   Joined in 2005

5. Ms Gabriella Yee
   Executive Director (Regulation & Policy) (from 2017)
   Formerly Head (Policy Development & Research) (from 2011)
   Joined in 1999

6. Ms Ingrid Lai
   General Counsel (from 2002)

7. Mrs Betty Chan
   Head (External Affairs) (from 2006)

8. Mr Andy Tong
   Head (Information Technology) (from 2009)

9. Mr Ronnie Lai
   Head (Customer Services) (from 2016)
   Formerly Head (Member Protection) (from 2011)
   Joined in 1999

10. Mr Joseph Lee
    Head (Trustees Supervision) (from 2011)
    Joined in 1999

11. Ms Stella Yiu
    Head (Investment Regulation) (from 2011)
    Joined in 2003

12. Ms Cynthia Li
    Head (Enforcement) (from 2014)
    Joined in 2003
Corporate Governance

The work of MPFA is performed by functional units overseen by the management team. In 2016, the external affairs and liaison functions were integrated, whereas services to the public at enquiry counters and through the hotline are grouped under a Customer Services Department to further strengthen customer services.

Organization structure as at 31 March 2017:

A structured internal communication process is in place to facilitate communication of strategic directions throughout the organization and monitoring of implementation:
ACCOUNTABILITY AND TRANSPARENCY

Corporate planning
The MPFSO requires that before the end of each financial year, MPFA should submit a corporate plan and budget for the following year to the Financial Secretary of HKSAR, specifying the objectives for the year, the nature and scope of the planned activities and the estimated expenditure for achieving the objectives.

The progress of implementation of the corporate plan is monitored and reviewed regularly. The results of a full year review of the corporate plan are submitted to the Financial Secretary of HKSAR.

Reporting
In accordance with MPFSO requirements, we deliver an annual report, together with audited financial statements and auditor’s report, to the Financial Secretary of HKSAR each year.

Our annual report for 2015-16 won a Bronze Award under the Non-profit Making and Charitable Organizations category at the Best Annual Reports Awards of the Hong Kong Management Association.

Financial reporting
Directors are responsible for the preparation of the financial statements that give a true and fair view of MPFA’s affairs. The financial statements comply with the accounting standards, reporting standards and interpretations promulgated by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The financial statements are audited by an external auditor. The appointment of MPFA’s external auditor is subject to the approval of the Financial Secretary of HKSAR, on the recommendation of the Management Board. PricewaterhouseCoopers continues to be MPFA’s external auditor for the financial year 2016-17.

During the financial year, the auditor’s remuneration for audit services provided to MPFA and the MPF Schemes Compensation Fund amounted to HK$0.24 million and HK$0.10 million respectively.

Code of conduct for directors
In 2016, the Management Board adopted a code of conduct for directors to give clear guidelines on conduct issues and help directors avoid breaching the law, with reference to a sample code issued by the Hong Kong Independent Commission Against Corruption (“ICAC”). The Code incorporated the key conduct rules already specified in the Prevention of Bribery Ordinance, MPFSO, and MPFA’s Standing Orders. The adoption of the Code shows the commitment of the Management Board to good corporate governance.

Code of conduct for staff
MPFA staff must observe a code of conduct such that they behave in a way consistent with the expectations for public officers. Regular reviews are conducted on various aspects of the Code to ensure its currency and appropriateness, and procedures are in place to facilitate the reporting and handling of suspected improper practices.

In 2016, the Code was reviewed and refined, with reference to a sample code issued by the ICAC, focusing on prevention of bribery and corruption-prone areas. The revised Code has been implemented since early 2017.

To tie in with the release of the revised Code, a set of Frequently Asked Questions (“FAQs”) was prepared to provide further guidance to staff, and briefing sessions jointly by ICAC and the Human Resources Department were arranged for all staff. In the process of the updating exercise, representatives of all divisions and departments were invited to share their views on the draft Code to ensure the relevance of the FAQs and briefings.

Communication with the public
We take care to communicate news about MPF and latest development of the MPF System and MPFA to stakeholders and the public through MPFA’s website, media events, press releases, publicity and public education activities, and various publications such as the quarterly Statistical Digest and MPFA Newsletter, to facilitate understanding of the MPF System.
Corporate Governance

Speeches delivered by the Chairman and directors are posted on MPFA’s website to help stakeholders and members of the public understand more about the MPF System and the progress of the work of MPFA. We collect feedback from stakeholders for refinement of the MPF System through meetings, seminars, talks and networking activities.

During the year, MPFA received and processed four requests made under its Code on Access to Information.

Handling complaints

The roles and policies of MPFA on handling complaints against employers, MPF trustees, MPF intermediaries, ORSO employers or administrators, and MPFA or MPFA staff are made available on the website of MPFA.

The number of complaints received in the year and the nature of these complaints are set out in the Statistics on page 142.

Performance pledges

We endeavour to deliver expeditious and client-oriented services in handling public enquiries and complaints. The achievement of performance standards in the 2016-17 financial year is set out in the table below.

<table>
<thead>
<tr>
<th>Service</th>
<th>Service standard</th>
<th>Performance achieved</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Call centre service (Hotline 2918 0102)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Answering hotline enquiries and messages</td>
<td>• Answer hotline enquiries within 3 minutes under normal circumstances (i.e. not more than 600 incoming calls a day)</td>
<td>98.88%</td>
</tr>
<tr>
<td></td>
<td>• Reply hotline voice mail messages within the next working day</td>
<td>100%</td>
</tr>
<tr>
<td>Answering written enquiries</td>
<td>• Acknowledge receipt within 3 working days</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>• Answer enquiry or provide an interim reply within 10 working days</td>
<td>100%</td>
</tr>
<tr>
<td>Complaint acknowledgement</td>
<td>• Acknowledge receipt within 3 working days</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Complaints investigation (complaints relating to employers’ non-compliance)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initial contact with complainant for investigation by Case Officer</td>
<td>• Contact complainant for investigation within 7 working days from the date of receiving a complaint</td>
<td>99.87%</td>
</tr>
<tr>
<td>Responding to enquiries by complainant/complainee on investigation progress</td>
<td>• Inform complainant/complainee of investigation progress within 3 working days</td>
<td>99.48%</td>
</tr>
<tr>
<td>Informing complainants of enforcement actions on cases involving prosecution</td>
<td>• Inform complainant of the plea date in writing within 7 working days upon receipt of Plea Date Notice</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>• Notify complainant of prosecution results within 7 working days from the date of receiving court’s decision</td>
<td>100%</td>
</tr>
</tbody>
</table>
INTERNAL CONTROLS AND RISK MANAGEMENT

Three lines of defence

The MPFA’s internal control and risk management structure is designed to manage and mitigate operational risks. The structure meets with a best practice model known as the “Three Lines of Defence Model”. Our three lines of defence are summarized as follows:

First line of defence: operational management and internal controls

Operational management serves as the first line of defence with internal controls built into systems and processes for guidance/management of day-to-day operations.

All divisions and departments are responsible for maintaining effective internal controls through regular review of operational manuals and ensuring that adequate supervisory controls are in place to safeguard compliance with internal operational policies and procedures by their employees. A team of experienced staff, which includes qualified accountants, is responsible for the financial reporting and accounting functions.

Second line of defence: risk management and oversight

The second line of defence consists of our risk management practices and oversight by appropriate levels of management according to the levels of different risks.

A well-structured risk management framework is in place to assist divisions/departments to manage risks in a systematic manner. To ensure the risk items of the organization are monitored effectively, all identified risks are prioritized by their risk levels and monitoring responsibilities are assigned to different levels of management according to the risk levels of the identified risks.

A corporate level risk register and a divisional/departmental level risk register for each division/department are maintained to keep track of treatments of identified risks, and are reviewed and updated annually during the corporate planning process. All divisions and departments are reminded of the risk management policy through the annual updating exercise.

Risk Management Policy

Identification & analysis

Reporting

Risk Management Processes

Assessment

Monitoring

Control

Continuous enhancement through regular review and close monitoring
Corporate Governance

We have also put in place a set of policies and procedures to maintain continuity of our critical business functions at times of contingency and disaster. A business continuity plan database facilitates staff’s efficient access to the Guidelines on Crisis Handling and Monitoring and departmental business continuity plans.

Third line of defence: internal audit assurance

The MPFA’s internal audit function is performed by the Risk Management Unit. The Unit is adequately and competently staffed, and has unrestricted access to operational information for discharging its duties. Through a risk-based internal audit approach, the Unit provides assurance of the effectiveness of governance, internal controls, and risk management, including the manner in which the first and second lines of defence achieve the internal control and risk management objectives.

Internal audit exercises were conducted according to a three-year internal audit programme. This year, the audits covered several important finance-related processes including receipt process of default contribution, compliance checking process on investments through external fund managers, investment recording and reporting process, and procurement process.

The results of these audits showed that control systems in respect of the areas studied were generally adequate and effective, and relevant procedures were complied with. Further enhancement opportunities were identified during the exercises, and the departments audited have committed to the relevant improvement proposals.

INDEPENDENT CHECKS AND BALANCES

Appeal boards

The MPF Schemes Appeal Board established pursuant to the MPFSO hears appeals against any decision of MPFA specified in Schedule 6 of the MPFSO. The Occupational Retirement Schemes Appeal Board established pursuant to the Occupational Retirement Schemes Ordinance hears appeals against the ORSO Registrar’s decisions as specified in the Ordinance.

One appeal was lodged with the MPF Schemes Appeal Board in 2016-17 by an MPF intermediary in relation to a disciplinary order suspending the registration of the intermediary for two months. The MPF Schemes Appeal Board upheld MPFA’s decision.
Corporate Governance

Process Review Panel

The Process Review Panel in relation to the Regulation of Mandatory Provident Fund Intermediaries (“PRP”) is an independent, non-statutory body set up by the Government. It reviews the adequacy and consistency of MPFA’s internal procedures and operational guidelines governing decisions taken in areas including registration, disciplinary action and the handling of complaints. It also reviews and advises MPFA on its co-ordination and follow-up with the frontline regulators in relation to inspection and investigation of registered MPF intermediaries.

The PRP’s first annual report was published in July 2016. Having studied PRP’s findings, we have developed measures to streamline internal processes for enforcement of the regulation on MPF intermediaries as well as to enhance liaison with the frontline regulators in their investigations.

In 2016-17, the PRP reviewed 17 completed cases in relation to MPF intermediaries. Six of these cases were selected for detailed review. As at the end of the financial year, the PRP was preparing its 2017 annual report.