Corporate Governance

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, we are committed to high standards of corporate governance to promote fairness and ethical conduct and ensure accountability and transparency in our operations. We also strive to enhance the governance standards of our regulatees in the best interests of scheme members. Work in this respect is reported in the Business Operations section.

The MPFA’s corporate governance framework and practices are in line with the requirements of the Mandatory Provident Fund Schemes Ordinance (MPFSO) and the governance principles and best practices recommended for public bodies.

Governance Structure

The MPFA's corporate governance framework and practices are in line with the requirements of the Mandatory Provident Fund Schemes Ordinance (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.
Membership (31.3.2019)

Dr David Wong Yau-kar, GBS, JP

Hon Abraham Shek Lai-him, GBS, JP

Mr Kingsley Wong Kwok, JP

Mr Chan Kam-lam, GBS, JP

Dr Bankee Kwan Pak-hoo, JP

Mrs Ayesha Macpherson Lau, JP

Prof Simon Wong Kit-lung, JP

Ms Yvonne Cheng Wai-sum, SC

Chairman

Dr David Wong Yau-kar, GBS, JP
(from 17 Mar 2015; current term expires on 16 Mar 2021)

• Chairman, Remuneration Committee, MPFA
• Chairman, Steering Committee on the Centralized Platform Project, MPFA
• Chairman, Working Group on MPF Reform Issues, MPFA
• Deputy, the National People’s Congress
• Member, Financial Leaders Forum
• Member, Chief Executive’s Council of Advisers on Innovation and Strategic Development
• Member, Exchange Fund Advisory Committee
• Independent non-executive director of a number of listed and non-listed companies

Non-executive Directors

Hon Abraham Shek Lai-him, GBS, JP
(from 17 Mar 2015; current term expires on 16 Mar 2021)

• Chairman, Tender Board, MPFA
• Member, Legislative Council
• Member, Court of The Hong Kong University of Science and Technology
• Member, Council and Court of 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 2021)

• Member, 12th National Committee of the Chinese People’s Political Consultative Conference
• Member, Hainan Committee of the Chinese People’s Political Consultative Conference
• Chairman, The Hong Kong Federation of Trade Unions (HKFTU)
• Chairman, HKFTU Workers’ Medical Clinics
• Vice-Chairman, Service Industry General Unions

Mr Chan Kam-lam, GBS, JP
(from 17 Mar 2017; current term expires on 16 Mar 2021)

• Chairman, Administration Committee, MPFA
• Member, National Committee of the Chinese People’s Political Consultative Conference (2003-18)
• Member, Legislative Council (1995-2016)
• Member, Council of The Hong Kong Polytechnic University (2012-18)
• President, Kingrich Asia Holdings Limited
• President, Kingrich Trading Limited
• Director, Shenyang Wuai World Enterprise Company Limited
Corporate Governance

Dr Bankee Kwan Pak-hoo, JP
(from 17 Mar 2017; current term expires on 16 Mar 2021)
- Chairman & CEO, Celestial Asia Securities Holdings Limited (CASH Group)
- Board Member, Hong Kong Retail Management Association
- Deputy Chairman, 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
- Standing Committee Member and Deputy Convener (HK & Macau Members), Shanghai Committee of the Chinese People’s Political Consultative Conference
- Executive Vice President, Hong Kong-Shanghai Economic Development Association

Prof Simon Wong Kit-lung, JP
(from 17 Mar 2017; current term expires on 16 Mar 2021)
- Chairman, Finance Committee, MPFA
- Chairperson and Chief Executive Officer, LH Group
- Adjunct Professor, College of Business of City University of Hong Kong
- President, Institution of Dining Art
- Chairman, Catering Industry Training Advisory Committee
- Vice-Chairman, Employees Retraining Board
- Member, Business Facilitation Advisory Committee - Food Business and Related Services Task Force
- Member, Commission on Poverty

Ms Yvonne Cheng Wai-sum, SC
(from 1 Oct 2018; current term expires on 30 Sep 2020)
- Chairman, Guidelines Committee, MPFA
- Senior Counsel, Hong Kong
- Recorder of the Court of First Instance of the High Court
- Member, Securities and Futures Appeals Tribunal Panel
- Member, Financial Reporting Review Panel
- Chairman, Appeal Tribunal Panel (Buildings)

Mr Lam Chun-sing
(from 17 Mar 2019; current term expires on 16 Mar 2021)
- Chairman, The Federation of Hong Kong and Kowloon Labour Unions
- Member, Protection of Wages on Insolvency Fund Board
- Member, Steering Committee on Qualifications Framework Fund
- Member, Employees Retraining Board
Members who retired in 2018-19:

- Mr Horace Wong Yü-lun, SC, JP  
  (Retired as from 1 Oct 2018)

- Hon Poon Siu-ping, BBS, MH  
  (Retired as from 17 Mar 2019)

- Mrs Diana Chan Tong Chee-ching, JP  
  (Retired as from 1 Jul 2018)

**Secretary for Financial Services and the Treasury**  
(from 1 Jul 2002; current term expires on 16 Mar 2021)

**Mr James Henry Lau Jr, JP**  
(The incumbent since 1 Jul 2017)
- Under Secretary for Financial Services and the Treasury (2014-17)
- Chief Executive Officer, Hong Kong Mortgage Corporation (2004-12)
- Head and Executive Director of various divisions, Hong Kong Monetary Authority (1993-2004)
- Administrative Officer (AO) to AO Staff Grade C in the Administrative Service, Hong Kong Government (1979-93)
Alternate: Permanent Secretary for Financial Services and the Treasury (Financial Services)

**Secretary for Labour and Welfare**  
(from 1 Jul 2007; current term expires on 16 Mar 2021)

**Dr Law Chi-kwong, GBS, JP**  
(The incumbent since 1 Jul 2017)
- Member, Commission on Poverty
- Chairperson, Community Care Fund Task Force
- Previously Associate Professor, Department of Social Work and Social Administration, The University of Hong Kong
Alternate: Permanent Secretary for Labour and Welfare

**Executive Directors**

**Ms Alice Law Shing-mui**  
Deputy Chairman and Managing Director  
(from 1 Jul 2018; current term expires on 30 Jun 2021)
- Chief Operating Officer and Executive Director, MPFA (2012-18)
- Member, Preparatory Committee for the Establishment of the Academy of Finance of Hong Kong Monetary Authority (2018-19)
- 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 Council on the Future of Financial & Monetary Systems of World Economic Forum
- Member, Products Advisory Committee, Securities and Futures Commission
- Senior Fellow, Hong Kong Securities and Investment Institute

- Director to Senior Director positions at Securities and Futures Commission, with last position as Senior Director (Policy, China & Investment Products) (2004-12)
- Non-executive Director, Hong Kong Securities Institute (2004-08)

**Mr Cheng Yan-chee**  
Chief Corporate Affairs Officer and Executive Director  
(from 3 Apr 2013; current term expires on 2 Apr 2022)
- Member, Board of Directors of Investor and Financial Education Council (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 Cynthia Hui Wai-yee**  
Executive Director (Members)  
(from 1 Feb 2008; current term expires on 31 Jan 2020)
- Qualified actuary
- Fellow of the Institute of Actuaries of Australia
- Member, Advisory Committee on Human Resources Development in the Financial Services Sector (2011-13)
- Chief Supervision Manager, MPFA (2006-08)
- Advisor (Insurance Affairs), MPFA (2005-06)
- Held Appointed Actuary, Chief Actuary and Regional Actuary positions in multi-national insurance firms, and positions with responsibilities for information technology in major financial institutions in Australia before joining MPFA

**Ms Gabriella Yee Gar-bo**  
Executive Director (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)
- Held various positions in the insurance/retirement benefits sector before joining MPFA
Corporate Governance

Composition

The composition of the Management Board is governed by the MPFSO. It is to consist of not fewer than 10 directors, a majority of whom must be non-executive directors (NEDs). As at 31 March 2019, the Management Board consists of 11 NEDs and four executive directors (EDs).

Directors on the Board are appointed by the Chief Executive of Hong Kong Special Administrative Region (HKSAR) or, under delegated authority, the Financial Secretary of HKSAR. All directors are appointed for a specific term.

The terms and conditions of office of the directors are determined by the Chief Executive of HKSAR or, under delegated authority, the Financial Secretary of HKSAR.

The Remuneration Committee considers and makes recommendations to the Government regarding the remuneration of EDs. NEDs are not remunerated. The remunerations of individual directors are disclosed on pages 117 to 118.

Responsibilities of directors

With diverse expertise, experience and background, the directors exercise due care and diligence to oversee MPFA’s performance.

NEDs provide insights, bring in independent judgment and maintain objectivity in the Board’s decision-making process, and give the Board the benefit of their skills and knowledge. EDs are responsible for the management of executive functions and day-to-day operations.

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.

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;
- Agendas and papers are issued to directors well in advance of a meeting;
- The Secretary to the Management Board keeps minutes of meetings recording the directors attending, 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 and reminded of the same at meetings.

The Secretary to the Management Board is responsible for ensuring that Board policy and procedures are followed and facilitating information flow within the Board.

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.

The above requirements also apply to members of committees set up by the Management Board, including members who are not directors.

Management Board business in the year

The Management Board held seven meetings in 2018-19. The average attendance rate was 91%. In addition, 39 papers were circulated for decision or information.

Key matters considered include:

**Governance**
- Establishment of Steering Committee on the Centralized Platform Project
- Membership of supporting committees and statutory advisory committees

**Planning and performance monitoring**
- Annual corporate plan and budget
- Half-yearly and annual reviews of corporate plan
- Monthly progress reports
- Annual financial statements
- Investment performance and investment strategy review of Capital Grant to MPFA and MPF Schemes Compensation Fund

**Strategies and operations**
- The eMPF Platform project
- Review of minimum and maximum relevant income levels
- Automatic Exchange of Financial Account Information for MPF and ORSO registered schemes
- Expansion of electronic service for MPF intermediaries
- Revisions to industry guidelines

**Human resources**
- Appointment and re-appointment of Directorate staff
- Annual salary review
- Review of pay structure and pay-related practices
- Provision of maternity leave

The attendance rates of individual directors at meetings are provided on page 32.
Corporate Governance

Statutory Advisory Committees

MPF Schemes Advisory Committee (31.3.2019)

Chairman
Hon Ip Kwok-him, GBM, GBS, JP
(from 1 Nov 2018; current term expires on 31 Oct 2020)
Member, Executive Council

Deputy Chairman
Ms Alice Law Shing-mui
(from 1 Jul 2018; current term expires on 30 Jun 2021)
Deputy Chairman and Managing Director, MPFA

Member
Mr Karson Choi Ka-tsan, BBS
(from 30 Mar 2017; current term expires on 29 Mar 2021)
Vice Chairman, Early Light International (Holdings) Limited

Ms Chow Yuen-yeo
(from 30 Mar 2017; current term expires on 29 Mar 2021)
Founder and Chairperson, CP Solutions Limited

Hon Kenneth Leung Kai-cheong
(from 30 Mar 2017; current term expires on 29 Mar 2021)
Member, Legislative Council

Dr Pan Pey-chyou, BBS
(from 30 Mar 2017; current term expires on 29 Mar 2021)
Former Vice President, The Hong Kong Federation of Trade Unions

Mr Philip Tsai Wing-chung, BBS, JP
(from 30 Mar 2017; current term expires on 29 Mar 2021)
Chairman, Deloitte China

Ms Winnie Wong Chi-shun
(from 30 Mar 2017; current term expires on 29 Mar 2021)
Chief Executive Officer, Asia Insurance Company Limited

Mr Lee Wing-man
(from 30 Mar 2019; current term expires on 29 Mar 2021)
District Councillor, Sham Shui Po District

Mr Emil Yu Chen-on, JP
(from 30 Mar 2019; current term expires on 29 Mar 2021)
Member, Labour Advisory Board
Members who retired in 2018-19:

Hon Wong Ting-kwong, GBS, JP  
(Retired as from 1 Nov 2018)

Mrs Diana Chan Tong Chee-ching, JP  
(Retired as from 1 Jul 2018)

Dr Roy Chung Chi-ping, GBS, JP  
(Retired as from 30 Mar 2019)

Mr Lam Chun-sing  
(Retired as from 30 Mar 2019)

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 ED designated by MPFA and at least nine (but no more than 11) other members appointed by the Chief Executive of HKSAR.

Committee business in 2018-19

During the year, the Committee held three meetings (average attendance rate: 77%). Members gave advice on the review of the minimum and maximum relevant income levels, the eMPF Platform project and the proposed corporate plan of MPFA for 2019-20. The Committee also received progress reports on various aspects of MPFA’s work.
Corporate Governance

MPF Industry Schemes Committee (31.3.2019)

Dr Roy Chung Chi-ping, GBS, JP
(from 25 Aug 2016; current term expires on 24 Aug 2020)
Co-founder and Non-executive Director, Techtronic Industries Company Limited

Mr Kwok Wang-hing
(from 25 Aug 2014; current term expires on 24 Aug 2020)
Chairman, Eating Establishment Employees General Union

Mr Wong Ping
(from 25 Aug 2014; current term expires on 24 Aug 2020)
Chairman, Hong Kong Construction Industry Employees General Union

Mr Chan Pak-kan
(from 25 Aug 2016; current term expires on 24 Aug 2020)
Chairman, Construction Site Workers General Union

Mr Lee Yuen-hong
(from 25 Aug 2016; current term expires on 24 Aug 2020)
Chairman, Hong Kong Federation of Restaurants and Related Trades Limited

Mr Kenneth Cheung Tat-fai
(from 25 Aug 2018; current term expires on 24 Aug 2020)
Vice Secretary, Hong Kong Construction Sub-Contractors Association

Mr Rayman Chui Man-wai
(from 25 Aug 2018; current term expires on 24 Aug 2020)
President, Institution of Dining Art

Mr Yu Chak Ming
(from 25 Aug 2018; current term expires on 24 Aug 2020)
Vice-chairman of Federation of Hong Kong Food & Beverage Industries Trade Unions

Mr Eddie Lam Kin-wing
(from 17 Dec 2018; current term expires on 24 Aug 2020)
First Vice-President, Hong Kong Construction Association

Mr Adrian Li Man-kiu, JP
(from 25 Aug 2006; current term expires on 24 Aug 2020)
Director, Bank of East Asia (Trustees) Limited
Members who resigned/retired in 2018-19:

Mr Cyras Chin Chi-keung  
(Resigned as from 21 Aug 2018)

Mr Lawrence Ng San-wa, MH  
(Retired as from 25 Aug 2018)

Mr Tang Ka-hin  
(Retired as from 25 Aug 2018)

Prof Simon Wong Kit-lung, JP  
(Retired as from 25 Aug 2018)

Role and composition

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

Committee business in 2018-19

During the year, the Committee held four meetings (average attendance rate: 90%), at which members advised on the operation of IS. It discussed measures to handle MPF accounts with incomplete information under IS, results of a review of the operational issues of the IS and proposals arising from the review. The Committee also received reports on IS related enrolment, administration, enforcement, and public education and publicity matters.
Corporate Governance

Delegation of Functions by the Board

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

A number of committees, chaired by NEDs, are set up by the Management Board to give advice and assistance to the Management Board. Their terms of reference and membership lists are set out in Appendix 1.

<table>
<thead>
<tr>
<th>Committee/Working group</th>
<th>Composition</th>
<th>Summary of work in 2018-19</th>
</tr>
</thead>
</table>
| Audit Committee         | 3 NEDs      | ◆ Held two meetings (average attendance rate: 83%)  
                          |             | ◆ considered six papers by circulation  
                          |             | ◆ Matters considered include:  
                          |             |   ◆ appointment of external auditor for financial years 2019-20 to 2021-22  
                          |             |   ◆ the financial statements of MPFA and the MPF Schemes Compensation Fund for 2017-18  
                          |             |   ◆ the half-yearly financial reports for 2018-19  
                          |             |   ◆ progress update of three-year internal audit programme for financial years 2017-18 to 2019-20  
                          |             |   ◆ update on implementation progress of audit recommendations  
                          |             |   ◆ internal audit reports on the following subjects:  
                          |             |     ◆ payroll operations and staff costs supervision  
                          |             |     ◆ fixed assets recording and its financial reporting  
                          |             |     ◆ general ledger and financial close controls  
                          |             |     ◆ payment to third parties and re-imbursement to staff  
                          |             |     ◆ compliance with the Personal Data (Privacy) Ordinance (Cap 486)  
                          |             |     ◆ compliance with information technology security policies  
                          |             |     ◆ case assignment for member claims and investigation  
                          |             |     ◆ on-site inspection for trustees  
                          |             |     ◆ monitoring on implementation of records management policies and procedures (retention scheduling of electronic records maintained in a centralized document repository) |
| Administration Committee| 3 NEDs and 2 EDs | ◆ Held four meetings (attendance rate: 100%)  
                          |             | ◆ Considered one paper by circulation  
                          |             | ◆ Considered various human resources matters including:  
                          |             |   ◆ mid-year review of manpower plan for 2018-19 and manpower plan for 2019-20  
                          |             |   ◆ pay-related matters for non-directorate staff  
                          |             |   ◆ improvement of maternity leave provision for staff  
                          |             |   ◆ re-appointment of directorate staff |
## Corporate Governance

### Committee/Working group

<table>
<thead>
<tr>
<th>Committee/Working group</th>
<th>Composition</th>
<th>Summary of work in 2018-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance Committee</td>
<td>3 NEDs and 2 EDs</td>
<td>◆ Held three meetings (attendance rate: 100%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Considered three papers and received seven papers for information by circulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Matters considered include:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– hedging equity market risk</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– performance of external fund managers, master custodian, the Capital Grant and the MPF Schemes Compensation Fund</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– review of investment guidelines</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– half-yearly financial reports for 2018-19</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– revised budget for 2018-19 and proposed budget for 2019-20</td>
</tr>
<tr>
<td>Guidelines Committee</td>
<td>1 NED, 1 ED and 6 co-opted members</td>
<td>◆ Held one meeting (attendance rate: 75%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Considered three papers by circulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ 15 sets of revised Guidelines were issued, mainly to:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– support the implementation of tax deductible voluntary contributions which commences operation on 1 April 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– enhance the presentation of information and risk disclosure in the offering documents of MPF schemes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– re-classify all investments in a real estate investment trust authorized by the Securities and Futures Commission as “higher risk assets” for default investment strategy purposes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– reflect the approval of a central securities depository</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– reflect the approval of a futures exchange established in a place outside Hong Kong</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ 77 sets of Guidelines and two Codes were in force as at 31 March 2019 to provide guidance on the legislative requirements and operational arrangements of the MPF System</td>
</tr>
<tr>
<td>Remuneration Committee</td>
<td>4 NEDs</td>
<td>◆ Held one meeting (attendance rate: 100%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Considered two papers by circulation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Assessed the performance of directorate staff and considered their remuneration matters</td>
</tr>
<tr>
<td>Steering Committee on the Centralized Platform Project</td>
<td>7 NEDs, 4 EDs and 1 other member</td>
<td>◆ Held one meeting (attendance rate: 92%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Matters considered include:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Progress of the eMPF Platform Project</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– Proposed release of Request for Information for the eMPF Platform Project</td>
</tr>
<tr>
<td>Tender Board</td>
<td>2 NEDs and 1 ED</td>
<td>◆ No meeting was held during the year</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Considered one paper by circulation in relation to the provision of group insurances for MPFA staff</td>
</tr>
<tr>
<td>Working Group on MPF Reform Issues</td>
<td>6 NEDs</td>
<td>◆ Held one meeting (attendance rate: 100%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>◆ Deliberated the following matters:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– whether further study on allowing members to withdraw their MPF benefits to buy their first home should be pursued</td>
</tr>
<tr>
<td></td>
<td></td>
<td>– whether a subsidiary company under MPFA should be set up to own and operate the eMPF Platform</td>
</tr>
</tbody>
</table>
Corporate Governance

The table below sets out the attendance of individual directors at Management Board, Committee and Working Group meetings in 2018-19:

<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>Guidelines Committee¹</th>
<th>Remuneration Committee</th>
<th>Steering Committee on the Centralized Platform Project¹</th>
<th>Working Group on MPF Reform Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance of directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dr David Wong Yau-kar</td>
<td>7/7</td>
<td>4/4</td>
<td>3/3</td>
<td>0/1</td>
<td>1/1</td>
<td>1/1</td>
<td>1/1</td>
<td>1/1</td>
</tr>
<tr>
<td>Mr Horace Wong Yuk-lun²</td>
<td>1/3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hon Poon Siu-ping³</td>
<td>6/7</td>
<td>4/4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1/1</td>
</tr>
<tr>
<td>Hon Abraham Shek Lai-him</td>
<td>5/7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Kingsley Wong Kwok</td>
<td>5/7</td>
<td>2/2</td>
<td></td>
<td></td>
<td></td>
<td>1/1</td>
<td>1/1</td>
<td></td>
</tr>
<tr>
<td>Mr Chan Kam-lam</td>
<td>7/7</td>
<td>4/4</td>
<td>3/3</td>
<td>1/1</td>
<td>1/1</td>
<td>1/1</td>
<td>1/1</td>
<td></td>
</tr>
<tr>
<td>Dr Bankee Kwan Pak-hoo</td>
<td>7/7</td>
<td>1/2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mrs Ayesha Macpherson Lau</td>
<td>6/7</td>
<td>2/2</td>
<td></td>
<td></td>
<td></td>
<td>1/1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prof Simon Wong Kit-jung</td>
<td>6/7</td>
<td></td>
<td>3/3</td>
<td></td>
<td>1/1</td>
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<tr>
<td>Ms Yvonne Cheng Wai-sum⁴</td>
<td>4/4</td>
<td></td>
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<tr>
<td>Mr Lam Chun-sing⁵</td>
<td>0/0</td>
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<tr>
<td>Secretary for Financial Services and the Treasury</td>
<td>7/7¹</td>
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<tr>
<td>Secretary for Labour and Welfare</td>
<td>6/7¹</td>
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<tr>
<td>Ms Alice Law Shing-mui</td>
<td>7/7</td>
<td>3/3</td>
<td>3/3</td>
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<tr>
<td>Mr Cheung Yan-chee</td>
<td>7/7</td>
<td>4/4</td>
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<tr>
<td>Ms Cynthia Hui Wai-yee</td>
<td>7/7</td>
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<tr>
<td>Ms Gabriella Yee Gar-bo</td>
<td>7/7</td>
<td></td>
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<tr>
<td>Mrs Diana Chan Tong Chee-ching³</td>
<td>1/1</td>
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<td>0/0</td>
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</tbody>
</table>

(The Tender Board did not hold any meeting in 2018-19)

Notes:
1. Members who are not directors are not included in this table
2. Retired with effect from 1 Oct 2018
3. Retired with effect from 17 Mar 2019
4. Appointed with effect from 1 Oct 2018
5. Appointed with effect from 17 Mar 2019
6. Seven meetings attended by alternate director
7. One meeting attended by alternate member
8. Five meetings attended by alternate director
9. One meeting attended by alternate member
10. Retired with effect from 1 Jul 2018
Accountability and Transparency

Corporate planning

Before the end of each financial year, MPFA submits 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 by the senior management and Management Board. The results of a full year review of the corporate plan are submitted to the Financial Secretary of HKSAR.

Reporting

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 2017-18 won a Silver Award under the Non-profit Making and Charitable Organizations category at the 2018 Best Annual Reports Awards of the Hong Kong Management Association. We were also awarded a Special Mention under the Public Sector/Not-for-profit category of the Hong Kong Institute of Certified Public Accountants (HKICPA)’s Best Corporate Governance Awards 2018.

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 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 continued to be MPFA’s external auditor for the financial year 2018-19.

During the financial year, the auditor’s remuneration for audit services provided to MPFA and the MPF Schemes Compensation Fund amounted to HK$0.26 million and HK$0.11 million respectively.

Investment

The MPFA has appointed external fund managers to manage its investment portfolios in accordance with the Investment Guidelines approved by the Management Board. The performance of external fund managers is regularly reviewed by MPFA. The external fund managers have confirmed that they adopt the Principles of Responsible Ownership in managing the Hong Kong equity portfolios.

In support of the Government’s initiatives to promote green finance, MPFA has advised the external fund managers to incorporate green bonds, which are designated bonds intended to support climate-related or other types of special environmental projects, as an option for consideration in their investment decision process.

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1 A set of Principles of Responsible Ownership was issued by the Securities and Futures Commission in March 2016 to provide guidance to assist investors in meeting their ownership responsibilities in relation to their investments in Hong Kong listed companies for strengthening the corporate governance culture in Hong Kong. Adoption of the Principles is voluntary.
Corporate Governance

Code of conduct for staff

MPFA attaches great importance to the integrity and conduct of its staff and expects them to behave in a way consistent with the expectations for public officers with high standard of integrity and conduct.

To ensure that staff understand and observe the relevant standards, requirements and expectations, MPFA has put in place a code of conduct, covering various issues such as acceptance of advantages, conflicts of interest, declaration of financial interests, post-service employment restriction, etc.

Staff are reminded of the requirements set out in the Code from time to time through various internal communication platforms such as emails, circulars, etc. In addition, new staff are required to attend briefing sessions on prevention of bribery and the Code conducted by the Independent Commission Against Corruption and the Human Resources Department.

Communication with stakeholders

We maintain two-way communication with stakeholders to deliver information to and collect feedback from them in relation to the MPF System. This is done through effective means, including:

- MPFA’s online platforms (websites, Facebook, Instagram, LinkedIn and mobile applications)
- media events and press releases
- outreach programmes
- hotline and enquiry counters
- publicity and public education activities, briefings, seminars and talks
- publications such as the quarterly Statistical Digest and MPFA Newsletter

Apart from direct contact, we make good use of online channel in our communication efforts.

During the year, MPFA received and processed 18 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.

Statistics on complaints received in the year and the nature of these complaints are set out on pages 165 to 166.
**Performance pledges**

We endeavour to deliver expeditious and client-oriented services in handling public enquiries and complaints. The achievement of performance standards in 2018-19 is set out in the table below.

<table>
<thead>
<tr>
<th>Service</th>
<th>Service standard</th>
<th>Performance achieved</th>
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</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2018-19</td>
</tr>
<tr>
<td><strong>Call centre service (Hotline 2918 0102)</strong></td>
<td></td>
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</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>98.93%</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>Acknowledging receipt of complaints</td>
<td>◆ Acknowledge receipt within 3 working days</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Complaints investigation</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Making initial contact with complainant by Case Officer</td>
<td>◆ Contact complainant within 7 working days from the date of receiving a complaint</td>
<td>100%*</td>
</tr>
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</table>

* Covers complaints relating to employers, MPF trustees, MPF intermediaries and ORSO trustees/ORSO administrators/ORSO employers
* Covers complaints relating to employers
Corporate Governance

Risk Management and Internal Controls

The MPFA’s risk management and internal control systems are designed to manage and mitigate the risk of failure to achieve corporate goals and objectives. Risk management is integrated with the MPFA’s internal control system which is developed based on the principles of the Internal Control – Integrated Framework 2013 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO Framework 2013), but with due consideration given to our organizational structure and operation nature.

Three lines of defence

Our risk management and internal control structure meets with a best practice model known as the “Three Lines of Defence Model”. It reinforces the MPFA’s risk management capabilities and risk and control culture across all divisions and departments.
First line of defence: operational management and internal controls

At the operational management level, internal controls are designed and integrated into systems and processes of day-to-day operations.

All divisions and departments conduct regular reviews on their operational manuals and ensure compliance with internal operational policies and procedures by their staff.

A team of adequate and experienced staff in possession of accounting expertise and relevant qualifications is responsible for the financial reporting and accounting functions.

Second line of defence: risk management and oversight

The MPFA has adopted a well-structured risk management framework to assist the risk owners in identifying and managing risks in a systematic manner.

Through an integrated top-down and bottom-up risk review process, risk items in MPFA can be effectively identified and prioritized for monitoring by different levels of management according to the risk levels. An open and effective communication channel is also maintained to ensure timely escalation of top risks and reporting of latest risk exposures and mitigation measures.

A corporate level risk register and a divisional/departmental level risk register for each division/department are maintained for ongoing monitoring of treatment plans of identified risks, and are reviewed and updated annually during the corporate planning process.

To maintain continuity of our critical business functions at times of contingency and disaster, we have put in place a set of policies and procedures to set out the roles and responsibilities of the management and divisions/departments concerned in the monitoring and handling of crises.

These guidelines, together with divisional/departmental business continuity plans, are made available in a business continuity plan database for convenient access by staff.

Third line of defence: internal audit assurance

The Risk Management Unit, reporting directly to the Managing Director and the Audit Committee, provides independent assurance on the effectiveness of governance, risk management and internal controls of MPFA, including the manner in which the first and second lines of defence achieve the risk management and internal control objectives. The Unit is well-resourced with competent staff and has unhindered access to operational information for discharging its duties.

Through a risk-based audit approach, the Unit assesses the effectiveness of internal controls of the organization according to the guidelines and standards on internal audit promulgated by the HKICPA. The COSO Framework 2013 is also adopted to assess the five major components of internal controls, namely, control environment, risk assessment, control activities, information and communication, and monitoring activities.
Corporate Governance

Internal audit exercises are conducted according to a three-year internal audit programme endorsed by the Audit Committee. Findings are reviewed by the senior management and reported to and considered by the Audit Committee, which reports to the Management Board to ensure the highest level of independence and objectivity.

This year, nine audits covering several important processes as set out on page 30 were conducted and reported to the Audit Committee. The results of these audits showed that control systems in respect of the areas examined were generally adequate and effective, and relevant procedures were generally complied with. Further enhancement opportunities were identified during the exercises, and the divisions/departments audited were committed to the relevant improvement recommendations.

In order to ensure internal control issues are addressed in a timely manner, the Unit has set up a register to monitor and report the implementation progress of the audit recommendations to the Audit Committee on a half-yearly basis.
Independent Checks and Balances

Appeal boards
The Mandatory Provident Fund 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 ORSO hears appeals against the ORSO Registrar’s decisions as specified in the ORSO. One appeal was lodged with the Mandatory Provident Fund Schemes Appeal Board during the year.

Process Review Panel
The Process Review Panel in relation to the Regulation of Mandatory Provident Fund Intermediaries (PRP) is an independent panel established by the Chief Executive of HKSAR to review and advise MPFA on the adequacy and consistency of its internal procedures and operational guidelines in relation to its regulation of MPF intermediaries.

The PRP’s third annual report containing its observations and recommendations to MPFA was published in August 2018, after PRP reviewed 41 completed cases in relation to MPF intermediaries. 14 of these cases were selected for detailed review. Having studied the report, we have implemented new measures and enhanced existing internal procedures in relation to case handling, enforcement actions and communication with frontline regulators.