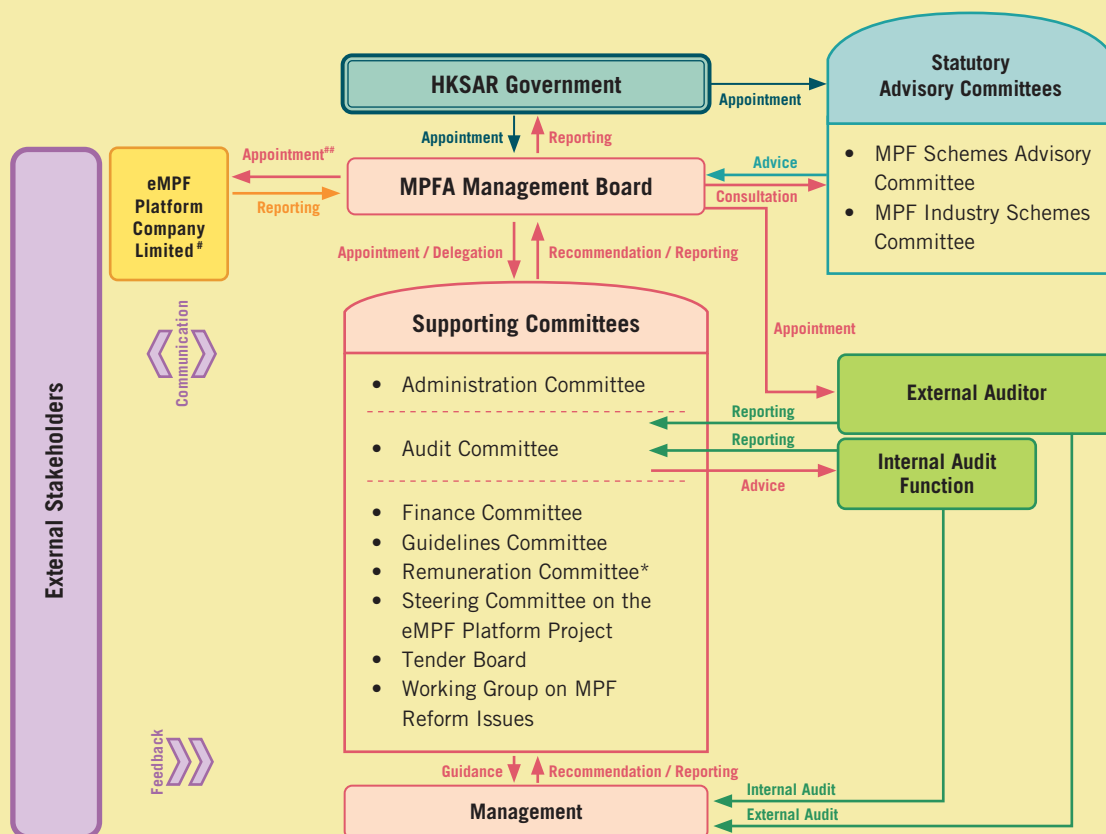


# CORPORATE GOVERNANCE

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, ensure accountability and transparency in our operations, and optimize our resources to achieve the corporate objectives. We also strive to enhance the governance standards of our regulatees in the best interests of MPF scheme members.

MPFA's 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.

## Governance Structure



# A wholly-owned company established on 5 March 2021 to take forward the eMPF Platform project. As at 31 March 2021, neither the government grant nor any contract associated with the eMPF Platform project has been novated or transferred from MPFA to the company.

## Subject also to prior approval by the Government

\* Remuneration Committee makes recommendation to the Government

## 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.

### 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 2021, the Management Board consists of 10 NEDs and five executive directors (EDs).

It is stipulated in the MPFSO that the NEDs are to include representatives of the interests of employers and employees. This is to ensure broad representation of public interests. NEDs also include a balance of experts and professional knowledge that would contribute to the development of the MPF System.

### Appointment and Terms and Conditions of Office

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 EDs 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 EDs are disclosed on pages 125 to 126.

### Responsibilities of Directors

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

NEDs, who are not employees of MPFA and not involved in its daily operation, 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 employees of MPFA responsible for the management of executive functions and operations.

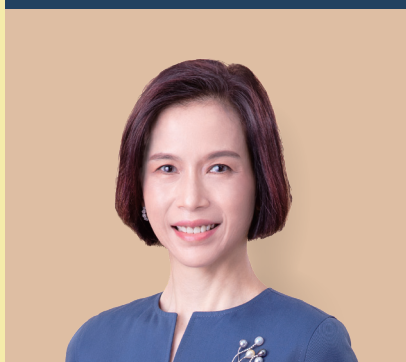
### Chairman and Managing Director

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.

## CORPORATE GOVERNANCE

### Membership (31.3.2021)

#### Chairman



#### Mrs Ayesha Macpherson Lau, JP

*(Non-executive director from 17 Mar 2017 / Chairman from 17 Mar 2021; current term expires on 16 Mar 2023)*

- Chairman, eMPF Platform Company Limited (since 5 Mar 2021)
- Chairman, Audit Committee, MPFA (until 3 May 2021)
- Partner, KPMG China; Managing Partner, Hong Kong, KPMG China
- Member, Financial Leaders Forum
- Member, Exchange Fund Advisory Committee, Governance Sub-committee, Financial Infrastructure and Market Development Sub-Committee, The Hong Kong Monetary Authority
- Director, Hong Kong Academy of Finance Limited
- Member, Advisory Panel on BEPS 2.0
- Member, Public Service Commission
- Member, Legal Aid Services Council
- Chairman, Joint Committee on Student Finance
- Member, Council of The University of Hong Kong
- Accounting Advisor, Ministry of Finance, the People's Republic of China
- Member, Jiangsu Provincial Committee of the Chinese People's Political Consultative Conference

#### Non-executive Directors



#### Mr Chan Kam-lam, GBS, JP

*(from 17 Mar 2017; current term expires on 16 Mar 2023)*

- Non-executive Director, eMPF Platform Company Limited (since 5 Mar 2021)
- Chairman, Administration Committee, MPFA
- Member, National Committee of the Chinese People's Political Consultative Conference (2003-18)
- Member, Legislative Council (1995-2016)
- President, Kingrich Asia Holdings Limited
- Director, Shenyang Wuai World Enterprise Company Limited
- Member, Court of The Hong Kong Polytechnic University



It is an honour and privilege for me to take on the important mission of chairmanship of MPFA and to be given the opportunity to serve the community. I will work with the Government, the MPFA team and all stakeholders to continuously refine the MPF System. This year is the 20<sup>th</sup> Anniversary of the MPF System which marks the midway point of the maturity of a retirement protection system. We will stand fast at our post and stay committed to our mission while moving forward.

Mrs Ayesha Macpherson Lau, JP



**Dr Bankee Kwan Pak-hoo, JP**

*(from 17 Mar 2017; current term expires on 16 Mar 2023)*

- Standing Committee Member and Deputy Convener (Hong Kong & Macau Members), Shanghai Committee of the Chinese People's Political Consultative Conference
- Chairman & CEO, Celestial Asia Securities Holdings Limited (CASH Group)
- Chairman, CASH Financial Services Group Limited
- Director, Honorary Advisor and past Chairman, Hong Kong Retail Management Association
- Deputy Chairman, Business Facilitation Advisory Committee (BFAC), the Government of the HKSAR; Convenor, Wholesale and Retail Task Force of BFAC
- Member, Labour Advisory Board
- Member, Election Committee for the Fourth and Fifth Term of the Chief Executive Election of HKSAR
- Executive Vice President, Hong Kong-Shanghai Economic Development Association
- Director, Hong Kong Justice of the Peace Association

**Prof Simon Wong Kit-lung, JP**

*(from 17 Mar 2017; current term expires on 16 Mar 2023)*

- Chairman, Finance Committee, MPFA
- Chairman and Chief Executive Officer, LH Group
- Adjunct Professor, College of Business of City University of Hong Kong
- President, Institution of Dining Art
- Chairman, Environmental Campaign Committee
- Chairman, Catering Industry Training Advisory Committee, Education Bureau
- Chairman, Quality Tourism Services Association
- Vice-Chairman, Employees Retraining Board
- Member, Commission on Poverty
- Member, Hong Kong Tourism Board
- Member, MPF Industry Schemes Committee (2012-18)

**Ms Yvonne Cheng Wai-sum, SC**

*(from 1 Oct 2018; current term expires on 30 Sep 2022)*

- 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)
- Vice-chairman, Municipal Services Appeals Board
- Chairman, The Copyright Tribunal

## CORPORATE GOVERNANCE



### Mr Lam Chun-sing

*(from 17 Mar 2019; current term expires on 16 Mar 2023)*

- Chairman, The Federation of Hong Kong and Kowloon Labour Unions
- Member, Protection of Wages on Insolvency Fund Board
- Member, Steering Committee on Promotion of Vocational and Professional Education and Training and Qualifications Framework
- Member, Employees Retraining Board
- Member, MPF Schemes Advisory Committee (2015-19)



### Hon Jimmy Ng Wing-ka, BBS, JP

*(from 17 Mar 2021; current term expires on 16 Mar 2023)*

- Member, Chongqing Committee of the Chinese People's Political Consultative Conference
- Member, Legislative Council
- Solicitor, Hong Kong
- Vice-Chairman, Independent Police Complaints Council
- Member, Competition Commission
- Director, Hong Kong Science and Technology Parks Corporation
- Executive Committee Member, The Chinese Manufacturers' Association of Hong Kong
- Member, Council of The Hong Kong Polytechnic University
- Member, Court of The University of Hong Kong
- Independent non-executive director of a number of Hong Kong listed companies



### Mr Bill Tang Ka-piu, BBS, JP

*(from 17 Mar 2021; current term expires on 16 Mar 2023)*

- Non-executive Director, eMPF Platform Company Limited *(since 5 Mar 2021)*
- Member, Labour Advisory Board
- Member, Commission on Poverty
- Deputy Director, Rights and Benefits Committee of the Hong Kong Federation of Trade Unions
- Chairman, Hong Kong Social Workers and Welfare Employees Union



We are pleased to accept the appointment to MPFA at this challenging time. We look forward to working closely with other members of the MPFA Management Board and MPFA's staff to lead the MPF System into a new era by, in particular, taking forward the eMPF Platform project with the introduction of advanced technology to enhance the efficiency of MPF scheme administration for the benefit of various stakeholders, including about 300 000 employers and over 4 million scheme members.

**Hon Jimmy Ng Wing-ka, BBS, JP**  
**Mr Bill Tang Ka-piu, BBS, JP**





**Secretary for Financial Services and the Treasury**

*(from 1 Jul 2002; current term expires on 16 Mar 2023)*

**Mr Christopher Hui Ching-yu, JP** (ex officio)

*(The incumbent since 22 Apr 2020)*

- Executive Director, The Hong Kong Financial Services Development Council (2019)
- Worked for the Hong Kong Exchanges and Clearing Limited for over 10 years
- Administrative Officer, served at the Economic Development Branch, the Office of the Government of the HKSAR in Beijing and the Home Affairs Department (1999-2003)

*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 2023)*

**Dr Law Chi-kwong, GBS, JP** (ex officio)

*(The incumbent since 1 Jul 2017)*

- Chairperson, Community Care Fund Task Force
- Previously Associate Professor, Department of Social Work and Social Administration, The University of Hong Kong
- Member, Legislative Council (1995-97, 1998-2004)

*Alternate: Permanent Secretary for Labour and Welfare*

## CORPORATE GOVERNANCE

### Executive Directors



#### Ms Alice Law Shing-mui

*Deputy Chairman and Managing Director*

*(from 1 Jul 2018; current term expires on 30 Jun 2021)*

- Non-executive Director, eMPF Platform Company Limited (*since 5 Mar 2021*)
- Chief Operating Officer and Executive Director, MPFA (2012-18)
- Solicitor, Hong Kong (a partner specializing in corporate and commercial practice in a Hong Kong law firm before joining the public sector in 1998)
- Senior Fellow, Hong Kong Securities and Investment Institute
- Member of Council of Advisors for Applied Research of the Hong Kong Institute for Monetary and Financial Research of the Academy of Finance (*since 2019*)
- MPFA's official representative to the Green and Sustainable Finance Cross-Agency Steering Group (*since 2020*)
- Member, Global Future Council on Financial and Monetary Systems of World Economic Forum (2019-20)
- Co-chair, Global Future Council on Responsive Financial Systems of World Economic Forum (2020-21)

- MPFA's official representative to the International Organisation of Pension Supervisors (IOPS) Executive Committee and Technical Committee (*since 2018*)
- Member, Advisory Committee on Bachelor of Business Administration Programme in Insurance, Financial and Actuarial Analysis, The Chinese University of Hong Kong (2012-18)
- Member, Products Advisory Committee, Securities and Futures Commission (2017-20)
- Member, Hong Kong Monetary Authority's Preparatory Committee for the Establishment of the Academy of Finance (2018-19)
- 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, Financial Education Coordination Committee of the Investor and Financial Education Council (*since Aug 2019*)
- Member, Board of Directors of Investor and Financial Education Council (2013-19)
- Deputy Secretary for Home Affairs, HKSAR 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)



### Mr Leo Chu King-chi

*Chief Operating Officer and Executive Director (from 19 Aug 2019; current term expires on 18 Aug 2022)*

- Chartered Financial Analyst
- Senior Vice President, Post-Trade Division, Hong Kong Exchanges and Clearing Limited (2010-19)
- Vice President, Clearstream Banking (2007-10)
- Vice President, Asia, Tradeweb (2005-07)
- Last position as Head of China and Taiwan, Bloomberg Hong Kong (1998-2005)
- Held various positions in banks before joining Bloomberg Hong Kong



### Ms Cynthia Hui Wai-ye

*Executive Director (Members) (from 1 Feb 2008; current term expires on 31 Jan 2023)*

- 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 2023)*

- Member, Advisory Committee on Bachelor of Business Administration Programme in Insurance, Financial and Actuarial Analysis, The Chinese University of Hong Kong (since Aug 2018)
- Member, Products Advisory Committee, Securities and Futures Commission (since Apr 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

### Members who Retired in 2020-21



**Dr David Wong Yau-kar, GBS, JP**

*(Retired as from 17 Mar 2021)*



**Hon Abraham Shek Lai-him, GBS, JP**

*(Retired as from 17 Mar 2021)*



**Mr Kingsley Wong Kwok, BBS, JP**





*(Retired as from 17 Mar 2021)*



**Mr James Henry Lau Jr, JP**

*(Secretary for Financial Services and the Treasury, HKSARG until 21 Apr 2020)*

## Board Diversity

	Number of Directors	(%)	
<b>Size of the Management Board:</b>	15		
<b>Category:</b>			
NED	10	(67%)	
ED	5	(33%)	
<b>Gender:</b>			
Male	10	(67%)	
Female	5	(33%)	
<b>Years of service on MPFA Board:</b>			
Less than 3 years	6	(40%)	
3-6 years	6	(40%)	
More than 6 years	3	(20%)	
<b>Professional expertise/ experience:</b>			
Business/Finance	4	(27%)	
Accounting/Actuary	3	(20%)	
Public administration	3	(20%)	
Legal/Regulatory	3	(20%)	
Labour affairs	2	(13%)	

## CORPORATE GOVERNANCE

### 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 about six meetings a year;
- Participation in meetings by telephone or video conferencing can be arranged for directors (in 2020-21, telephone and video conferencing was arranged for meetings in line with the Government's policy of social distancing during the COVID-19 pandemic);
- 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.

### Code of Conduct for Directors

Directors are required to observe the conduct requirements set out in the MPFA Code of Conduct for Directors. They should uphold the principles of honesty, integrity, objectivity and impartiality, be accountable for their decisions and actions, act in the best interests of MPFA, and place public interests above private interests.

EDs, as employees of MPFA, are also bound by the Code of Conduct for Staff of MPFA.

### 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 five meetings in 2020-21. The average attendance rate was 90%. In addition, 45 papers were circulated for decision or information.

Key matters considered include:

Governance	<ul style="list-style-type: none"> <li>• Membership of statutory advisory committees</li> <li>• Incorporation and governance plan of eMPF Platform Company</li> </ul>
Planning and performance monitoring	<ul style="list-style-type: none"> <li>• Corporate plan and budget</li> <li>• Monthly progress reports</li> <li>• Financial statements</li> <li>• Investment performance and risk management strategy for the investment of MPFA funds</li> </ul>
Strategies and operations	<ul style="list-style-type: none"> <li>• The eMPF Platform project (including legislative amendments, finance model and funding arrangement, project contracts)</li> <li>• Renewal of registration of Industry Schemes</li> <li>• Revisions to guidelines for the MPF industry</li> <li>• Memorandum of Understanding with the Monetary Authority of Macao</li> <li>• Support for Government measures in response to COVID-19 pandemic</li> </ul>
Human resources and general administration	<ul style="list-style-type: none"> <li>• Staff medical and life insurance</li> <li>• Annual salary review</li> </ul>

The attendance rates of individual directors at meetings are provided on page 37.

## CORPORATE GOVERNANCE

### Statutory Advisory Committees

#### MPF Schemes Advisory Committee (31.3.2021)



**Hon Ip Kwok-him, GBM, GBS, JP**

Chairman  
*(from 1 Nov 2018; current term expires on 31 Oct 2022)*  
Member, Executive Council



**Ms Alice Law Shing-mui**

Deputy Chairman  
*(from 1 Jul 2018; current term expires on 30 Jun 2021)*  
Deputy Chairman and Managing Director, MPFA



**Mr Karson Choi Ka-tsan, BBS**

Member  
*(from 30 Mar 2017; current term expires on 29 Mar 2023)*  
Vice Chairman, Early Light International (Holdings) Limited



**Ms Chow Yuen-yee**

Member  
*(from 30 Mar 2017; current term expires on 29 Mar 2023)*  
Founder and Chairperson, CP Solutions Limited



**Dr Pan Pey-chyou, BBS**

Member  
*(from 30 Mar 2017; current term expires on 29 Mar 2023)*  
Former Vice President, The Hong Kong Federation of Trade Unions



**Mr Philip Tsai Wing-chung, BBS, JP**

Member  
*(from 30 Mar 2017; current term expires on 29 Mar 2023)*  
Former Chairman, Deloitte China



**Ms Winnie Wong Chi-shun**

Member  
*(from 30 Mar 2017; current term expires on 29 Mar 2023)*  
Chief Executive Officer, Asia Insurance Company Limited



**Mr Lee Wing-man, MH**

Member  
*(from 30 Mar 2019; current term expires on 29 Mar 2023)*  
District Councillor, Sham Shui Po District (2012-19)



**Mr Emil Yu Chen-on, BBS, JP**

Member  
*(from 30 Mar 2019; current term expires on 29 Mar 2023)*  
Member, Labour Advisory Board



**Ms Loretta Fong Wan-huen**

Member  
*(from 30 Mar 2021; current term expires on 29 Mar 2023)*  
Partner, PricewaterhouseCoopers Hong Kong



**Dr Billy Mak Sui-choi**

Member  
*(from 30 Mar 2021; current term expires on 29 Mar 2023)*  
Associate Professor, Department of Finance and Decision Sciences, Hong Kong Baptist University



**Ms Helen Zee**

Member  
*(from 30 Mar 2021; current term expires on 29 Mar 2023)*  
Managing Director, Luk Fook Capital (Hong Kong) Limited

## CORPORATE GOVERNANCE

### Member who Retired in 2020-21



**Mr Kenneth Leung Kai-cheong**

*(Retired as from 30 Mar 2021)*

### 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 2020-21

During the year, the Committee held two meetings (average attendance rate: 80%). Members gave advice on the proposed legislative amendments in relation to the eMPF Platform project and proposed corporate plan of MPFA for 2021-22. The Committee also received progress reports on various aspects of MPFA's work.

## MPF Industry Schemes Committee (31.3.2021)

**Dr Roy Chung Chi-ping, GBS, JP**

Chairman

*(from 25 Aug 2016; current term expires on 24 Aug 2022)*

Co-founder and Non-executive Director, Techtronic Industries Company Limited

**Mr Chan Pat-kan**

Member

*(from 25 Aug 2016; current term expires on 24 Aug 2022)*

Executive Officer, Construction Site Workers General Union

**Mr Lee Yuen-hong**

Member

*(from 25 Aug 2016; current term expires on 24 Aug 2022)*

President, Hong Kong Federation of Restaurants and Related Trades Limited

**Mr Kenneth Cheung Tat-fai**

Member

*(from 25 Aug 2018; current term expires on 24 Aug 2022)*

Vice Secretary, Hong Kong Construction Sub-Contractors Association

**Mr Rayman Chui Man-wai**

Member

*(from 25 Aug 2018; current term expires on 24 Aug 2022)*

President, Institution of Dining Art

**Mr Yu Chak-ming**

Member

*(from 25 Aug 2018; current term expires on 24 Aug 2022)*

Vice-chairman, Federation of Hong Kong Food &amp; Beverage Industries Trade Unions



## CORPORATE GOVERNANCE



### **Mr Eddie Lam Kin-wing**

Member

*(from 17 Dec 2018; current term expires on 24 Aug 2022)*

First Vice-President, Hong Kong Construction Association



### **Mr Lam Tsin-kwok**

Member

*(from 25 Aug 2020; current term expires on 24 Aug 2022)*

Chairman, Eating Establishment Employees General Union



### **Mr Wong Ka-lung**

Member

*(from 25 Aug 2020; current term expires on 24 Aug 2022)*

Youth Officer, Hong Kong Construction Industry Employees General Union



### **Mr Adrian Li Man-kiu, JP**

Member

*(from 25 Aug 2006; current term expires on 24 Aug 2022)*

Co-Chief Executive, The Bank of East Asia, Limited



### **Mr Bob Lee**

Member

*(from 25 Aug 2020; current term expires on 24 Aug 2022)*

Chief Business Officer, BCT Group



### **Mr Cheng Yan-chee**

Member

*(from 3 Apr 2013; current term expires on 24 Aug 2022)*

Chief Corporate Affairs Officer and Executive Director, MPFA

### Members who Retired in 2020-21



**Mr Kwok Wang-hing**

*(Retired as from 25 Aug 2020)*



**Mr Wong Ping**

*(Retired as from 25 Aug 2020)*



**Mr Johnson Wong Ho-shun**

*(Retired as from 25 Aug 2020)*

### 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, representatives of the trustees of 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 2020-21

During the year, the Committee held three meetings (average attendance rate: 81%), at which members advised on the operation of IS. It discussed the proposed legislative amendments relating to the eMPF Platform and the latest development of the project. The Committee also received reports on IS-related enrolment, administration, enforcement, and public education and publicity matters.

## CORPORATE GOVERNANCE

### Committees Established by the Board

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.

Committee/Working Group	Composition	Summary of Work in 2020-21
Audit Committee	3 NEDs	<ul style="list-style-type: none"> <li>• Held two meetings (average attendance rate: 83%)</li> <li>• Considered six papers by circulation</li> <li>• Matters considered include:               <ul style="list-style-type: none"> <li>- the financial statements of MPFA and the MPF Schemes Compensation Fund for the financial year 2019-20</li> <li>- the half-yearly financial reports for the financial year 2020-21</li> <li>- internal guidelines for engagement of non-audit services with incumbent external auditor</li> <li>- progress update of three-year internal audit programmes for financial years 2017-18 to 2019-20 and 2020-21 to 2022-23</li> <li>- implementation progress of audit recommendations</li> <li>- review of functions and capabilities of the Risk Management Unit</li> <li>- internal audit reports on the following subjects:                   <ul style="list-style-type: none"> <li>- costing of information technology applications</li> <li>- transaction, confirmation and settlement procedures</li> <li>- procurement (related to eMPF Platform project)</li> <li>- payments to third parties (related to eMPF Platform project)</li> <li>- approvals of applications to be MPF intermediaries</li> <li>- development and implementation of supervisory work on merger of MPF schemes</li> <li>- identifying and handling of investment related breaches</li> </ul> </li> </ul> </li> </ul>
Administration Committee	3 NEDs and 2 EDs	<ul style="list-style-type: none"> <li>• Held two meetings (attendance rate: 100%)</li> <li>• Considered two papers by circulation</li> <li>• Considered various human resources matters including:               <ul style="list-style-type: none"> <li>- the launch of Employment Support Programme</li> <li>- proposed manpower plan for 2021-22</li> <li>- pay-related matters for non-directorate staff</li> </ul> </li> </ul>

Committee/Working Group	Composition	Summary of Work in 2020-21
Finance Committee	3 NEDs and 2 EDs	<ul style="list-style-type: none"> <li>• Held two meetings (attendance rate: 100%)</li> <li>• Considered five papers and received nine papers for information by circulation</li> <li>• Matters considered include: <ul style="list-style-type: none"> <li>- risk mitigating strategy for the investments of the Capital Grant</li> <li>- performance of external fund managers, master custodian, the Capital Grant and the MPF Schemes Compensation Fund</li> <li>- review of investment guidelines</li> <li>- revised budget for 2020-21 and proposed budget for 2021-22</li> </ul> </li> </ul>
Guidelines Committee	1 NED, 1 ED and 6 co-opted members	<ul style="list-style-type: none"> <li>• No meeting was held during the year</li> <li>• Considered one paper by circulation</li> <li>• Eight sets of revised Guidelines were issued by MPFA, mainly to: <ul style="list-style-type: none"> <li>- reflect certain changes to the existing investment restrictions on listed real estate investment trusts</li> <li>- reflect the approval of four stock exchanges by MPFA for MPF purposes</li> <li>- streamline requirements with a view to encouraging MPF trustees to pro-actively obtain consents from scheme members for being given notices and other documents by electronic means of communication, thus promoting digital take up</li> <li>- specify a new electronic form for notifying MPFA of certain matters by principal intermediaries, and publish information on the designation of the electronic system by MPFA for submission of new electronic forms by MPF intermediaries</li> <li>- update the list of MPF trustees and the list of MPF schemes in the forms</li> </ul> </li> <li>• 77 sets of Guidelines and two Codes were in force as at 31 Mar 2021</li> </ul>
Remuneration Committee	4 NEDs	<ul style="list-style-type: none"> <li>• Held one meeting (attendance rate: 100%)</li> <li>• Assessed the performance of directorate staff and considered the grant of variable pay to directorate staff</li> </ul>

## CORPORATE GOVERNANCE

Committee/Working Group	Composition	Summary of Work in 2020-21
Steering Committee on the eMPF Platform Project	7 NEDs, 5 EDs and 1 other member	<ul style="list-style-type: none"> <li>• Held seven meetings (average attendance rate: 91%)</li> <li>• Considered one paper by circulation</li> <li>• Matters considered include:               <ul style="list-style-type: none"> <li>- progress of the eMPF Platform project</li> <li>- tender evaluation and contract award</li> <li>- finance model and funding arrangement</li> <li>- budget and work plan</li> <li>- formation of eMPF Platform Company</li> </ul> </li> </ul>
Tender Board	2 NEDs and 1 ED	<ul style="list-style-type: none"> <li>• No meeting was held during the year</li> <li>• Considered four papers by circulation</li> <li>• Matters considered include:               <ul style="list-style-type: none"> <li>- consultancy services for implementation of the new budget framework and system</li> <li>- provision of data centre services for the eMPF Platform</li> <li>- provision of on-site services across multiple disciplines for the eMPF Platform project</li> </ul> </li> </ul>
Working Group on MPF Reform Issues	6 NEDs	<ul style="list-style-type: none"> <li>• Held one meeting (attendance rate: 83%)</li> <li>• Considered two papers</li> <li>• Matters considered include:               <ul style="list-style-type: none"> <li>- 20 Years of MPF – review and reform</li> <li>- proposed comprehensive approach to expanding MPF investment to facilitate the development of retirement solutions</li> </ul> </li> </ul>

The table below sets out the attendance of individual directors at Management Board, Committee and Working Group meetings in 2020-21:

	Management Board	Audit Committee	Administration Committee	Finance Committee	Remuneration Committee	Working Group on MPF Reform Issues	Steering Committee on the eMPF Platform Project
<b>Number of meetings held during the year</b>	5	2	2	2	1	1	7
<b>Non-executive Directors</b>							
Dr David Wong Yau-kar <sup>1</sup>	5/5		2/2	2/2	1/1	1/1	7/7
Mrs Ayesha Macpherson Lau <sup>2</sup>	5/5	2/2			1/1		
Hon Abraham Shek Lai-him <sup>1</sup>	4/5					1/1	
Mr Kingsley Wong Kwok <sup>1</sup>	3/5	1/2				0/1	5/7
Mr Chan Kam-lam	4/5		2/2	2/2	1/1	1/1	6/7
Dr Bankee Kwan Pak-hoo	4/5	2/2				1/1	6/7
Prof Simon Wong Kit-lung	5/5			2/2	1/1	1/1	6/7
Ms Yvonne Cheng Wai-sum	5/5						
Mr Lam Chun-sing	5/5		2/2				
Hon Jimmy Ng Wing-ka <sup>3</sup>	0/0						
Mr Bill Tang Ka-piu <sup>3</sup>	0/0						
Secretary for Financial Services and the Treasury	5/5 <sup>4</sup>						7/7 <sup>5</sup>
Secretary for Labour and Welfare	3/5 <sup>6</sup>						6/7 <sup>7</sup>
<b>Executive Directors</b>							
Ms Alice Law Shing-mui	5/5		2/2	2/2			7/7
Mr Cheng Yan-chee	5/5		2/2	2/2			7/7
Mr Leo Chu King-chi	4/5						7/7
Ms Cynthia Hui Wai-yee	5/5						7/7
Ms Gabriella Yee Gar-bo	5/5						7/7

(The Guidelines Committee and Tender Board did not hold any meeting in 2020-21)

Notes:

- 1 Retired with effect from 17 Mar 2021
- 2 Appointed as MPFA Chairman with effect from 17 Mar 2021
- 3 Appointed with effect from 17 Mar 2021
- 4 Four meetings attended by alternate director
- 5 Seven meetings attended by alternate director
- 6 Three meetings attended by alternate director
- 7 Six meetings attended by alternate member

## CORPORATE GOVERNANCE

### eMPF Platform Company Limited

With the approval of the Financial Secretary pursuant to section 6DA of the MPFSO, eMPF Platform Company Limited (Company) is established as MPFA's wholly-owned entity to take forward the eMPF Platform project. It is a private company incorporated under the Companies Ordinance on 5 March 2021. It performs functions delegated to it by MPFA, as well as (subject to legislative amendments) functions directly vested in it through the MPFSO and applicable legislation.

The Board of Directors of the Company comprises representatives from the Government and MPFA, as well as experts from the fields of legal and accountancy professions, business, information technology, and the pension/trust industry. Certain matters, such as appointment and termination of directors, annual budget and work plan, require approval of the Financial Secretary, the Government and/or MPFA as the holding entity.

### 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.

We also submit to the Government an annual budget and work plan for the eMPF Platform project, setting out the key targets, implementation plan and schedule, deliverables and budgets required for individual items for the financial year to which it relates.

#### 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 2019-20 won a Bronze Award under the Non-profit Making and Charitable Organizations category at the 2020 Best Annual Reports Awards of the Hong Kong Management Association. We were also awarded a Special Mention under the Public Sector/Not-for-profit (Large) category of the Hong Kong Institute of Certified Public Accountants (HKICPA)'s Best Corporate Governance Awards 2020.

An annual report on the eMPF Platform project is also prepared for review and acceptance by the Government.

#### Financial Reporting

Directors are responsible for the preparation of financial statements, giving a true and fair view of the affairs of MPFA. 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 2020-21.

During the financial year, the auditor's remuneration for audit services provided to MPFA and the MPF Schemes Compensation Fund amounted to \$0.28 million and \$0.11 million respectively.

### Investment

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<sup>1</sup> in managing the Hong Kong equity portfolios.

In fact, the investment portfolios managed by MPFA's external fund managers have adopted an environmental, social and governance (ESG) investment framework in making investment decision. Meanwhile, 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.

### Procurement Practices

The management, processing and control of procurement transactions of MPFA are governed by its Procurement Policies and Procedures Manual (PPPM). In view of the scale and complexity of the eMPF Platform project, a governance framework for the procurement process of the project was specially worked out to complement the PPPM to cater for the wider perspective of a global open tender and to ensure robustness of the procedures. International procurement practices, such as the Agreement on Government Procurement of the World Trade Organization, have also been taken into account in drawing up the framework.

### Code of Conduct for Staff

As a regulatory body, MPFA is fully committed to integrity, objectivity, accountability, professionalism and diligence in delivering services to the public.

In order to provide clarity on the relevant requirements and expectations for staff who are all public officers, MPFA has established a code of conduct to provide guidance on various topics including acceptance of advantages, conflicts of interest, declaration of investments, post-service employment restriction and other conduct issues. The code is introduced to all new hires during induction, and accessible at all times through electronic bulletins, regular internal communication such as emails and circulars, to ensure our staff members are fully aware of and in conformity with the standards of conduct when discharging official duties.

<sup>1</sup> 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

MPFA is also obligated to review and update the code when required, to ensure high standard of corporate governance and compliance.

### 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:

- Online platforms (websites, Facebook, Instagram, LinkedIn, YouTube channel 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

During the COVID-19 pandemic, MPFA continued to answer enquiries received through its hotline, email or at counter to ensure minimal disruption to its services provided to the public, and the operation remained largely normal despite the difficult situations encountered.

Apart from direct contact, we make good use of online channels in our communication efforts. Members of the public can make use of an electronic form to make

enquiries and comments to MPFA through its website. A chatbot was launched on the revamped website in early 2021 to provide a new channel to obtain instant answers on general MPF enquiries.

During the year, MPFA received and processed 18 requests made under its Code on Access to Information.

### Handling of Personal Data

As a regulator that collects, holds and uses personal data in performing its duties, MPFA attaches great importance to personal data privacy. In March 2021, MPFA was awarded the Privacy-Friendly Silver Certificate under the inaugural Privacy-Friendly Awards scheme launched by the Office of the Privacy Commissioner for Personal Data.

### 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.

MPFA's handling of complaints received remained largely normal during the COVID-19 pandemic.

Statistics on complaints received in the year and the nature of these complaints are set out on page 168.

## Performance Pledges

We endeavour to deliver expeditious and client-oriented services in handling public enquiries and complaints. The achievement of performance standards in 2020-21 is set out in the table below.

Service	Service Standard	Performance Achieved	
		2020-21	2019-20
<b>Call centre service (Hotline 2918 0102)</b>			
Answering hotline enquiries and messages	Answer hotline enquiries within 3 minutes under normal circumstances (i.e. not more than 600 incoming calls a day)	87.12% <sup>(Note)</sup>	96.72%
	Reply hotline voice mail messages within the next working day	96.90%	94.20%
Answering written enquiries	Acknowledge receipt within 3 working days	99.99%	99.98%
	Answer enquiry or provide an interim reply within 10 working days	100%	99.97%
Acknowledging receipt of complaints	Acknowledge receipt within 3 working days	100%	100%
<b>Complaints investigation</b>			
Making initial contact with complainant by Case Officer	Contact complainant within 7 working days from the date of receiving a complaint	100%	99.98%

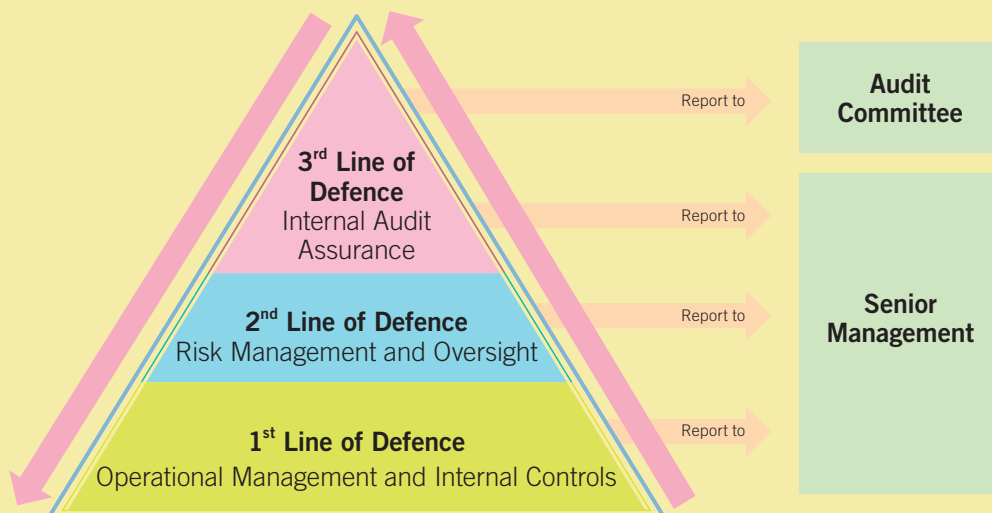
Note: In view of the COVID-19 pandemic, MPFA implemented split team work arrangement from mid-Jul 2020 to mid-Sep 2020 and from mid-Nov 2020 to mid-Feb 2021. Also, there was an influx of incoming calls for many days during the period (i.e. more than 600 incoming calls a day).

### Risk Management and Internal Controls

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 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 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. During the year, internal control training was organized for operational staff to raise awareness on control discipline in order to uphold the control environment of MPFA.

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 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**

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 are 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 treatment plans/mitigation measures.

A corporate level risk register and a divisional/departmental level risk register 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.

In view of the outbreak of COVID-19 in Hong Kong, MPFA activated its business continuity plan in January 2020 and adopted various measures to maintain its essential functions while practising social distancing to safeguard the health of the public and its 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 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 MPFA 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.

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, seven audits covering several important processes as set out on page 34 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 maintained a register to monitor and report the implementation progress of the audit recommendations to the Audit Committee on a semi-annual basis. During the year, 24 recommendations for enhancements have been raised by the Unit and 21 of them have been implemented within three to six months thereafter.

**Risk Management Policy**

All divisions/departments are reminded of the policy through the annual updating of risk registers



**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. No appeal was lodged with the two appeal boards 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 governing its actions and operational decisions in the regulation of MPF intermediaries and associated matters.

The PRP’s fifth annual report with its observations and recommendations to MPFA was published in January 2021, after the PRP reviewed 13 cases in relation to MPF intermediaries completed in the review cycle from May 2019 to April 2020. Five of these cases were selected for detailed review. With the benefit of the PRP’s observations and recommendations, we have reviewed internal processes and made further enhancements in order to achieve consistency and transparency of enforcement actions, handle cases more expeditiously and effectively, and strengthen communication with the frontline regulators.