

Sustainability



Tom Kam
(Supervision Division)

We continue our efforts to advocate sustainable investing of MPF funds and require MPF trustees to take actions to mitigate ESG risks to protect the interests of MPF scheme members. We will keep on playing our part in advocating sustainable investing in the MPF regime.

Industry Sustainability

Promoting Sustainable Investing of MPF Funds

MPFA promotes sustainable investing by encouraging MPF trustees to integrate environmental, social and governance (ESG) factors into the investment and risk management of MPF funds.

The Financial Secretary announced in the 2023–24 Budget the plan to earmark a certain proportion of the future issuances of Government green bonds and infrastructure bonds for priority investment by MPF funds. MPFA worked with the Hong Kong Monetary Authority (HKMA) for making the necessary arrangement, and the priority allocation arrangement for Government green bonds has been put in place since June 2023. When the Government is set to issue the infrastructure bonds, we will further cooperate with HKMA to establish a mechanism for priority investment by MPF funds.

Cross-Agency Collaboration

MPFA continued to participate in the Green and Sustainable Finance Cross-Agency Steering Group (Steering Group), co-chaired by HKMA and Securities and Futures Commission (SFC), to examine policy and regulatory issues in green and sustainable finance.

In January 2024, the Steering Group announced its work plan for 2024 with three key initiatives to capture financing and investment opportunities from the Asia-Pacific Region's low carbon transition. These initiatives are:

- Adopting IFRS¹ Sustainability Disclosure Standards locally as appropriate;
- Leveraging technology to support sustainability reporting and data analysis; and
- Supporting the development of transition finance to consolidate Hong Kong's role as a leading sustainable finance hub.

Among these initiatives, MPFA worked closely with other members of the Steering Group to develop a roadmap for the local sustainability disclosures ecosystem through adopting the IFRS Sustainability Disclosure Standards. MPFA has also joined as one of the observers of an industry-led working group which is formed to develop a code of conduct for voluntary adoption (VCoC) by ESG ratings and data products providers providing products and services in Hong Kong. The proposed VCoC, which will be open for ESG ratings and data products providers to sign up voluntarily, is expected to provide a streamlined and consistent basis for investment managers to conduct due diligence or ongoing assessment on ESG service providers.

¹ IFRS stands for International Financial Reporting Standards

ESG Product Development

In November 2022, MPFA issued a circular to refine approval criteria for constituent funds to send out a clear signal to the market that the introduction of ESG-themed funds should enhance the diversity of the range of funds to meet the needs of scheme members with different outcome expectation. As of March 2024, MPFA approved five ESG-themed funds, which incorporate ESG factors as their key investment focus and reflect such in the investment objective and/or strategy, for MPF scheme members to invest in.



Managing Director attends the Green and Sustainable Finance Cross-Agency Steering Group's meeting

ESG Integration

Following the release of a set of guiding principles in 2021 to assist MPF trustees in integrating ESG factors into the investment and risk management of MPF funds and making relevant disclosure to MPF scheme members, since 2022, trustees have been required to disclose the ESG integration strategy of their MPF schemes and the implementation progress in the schemes' annual governance reports. The first annual governance reports of all MPF schemes are available on both the MPFA website and the respective websites of trustees/sponsors for access by scheme members. In 2023–24, MPFA assessed the relevant disclosure made by MPF trustees in the first annual governance reports for identifying refinement needs on the disclosure requirements, and will promulgate good disclosure practices to MPF trustees in 2024.

Internship in Sustainable Finance

MPFA in 2023–24 continued to support the Steering Group's internship programme to create and promote local internship opportunities in green and sustainable finance for university students to gain practical work experience and general understanding of MPFA's policies in sustainable investing. Furthermore, MPFA encouraged trustees to provide relevant internship opportunities.

Facilitating MPF Industry Sustainability

Trustees' Capacity Building

MPFA continued to support the industry's capacity building on sustainability reporting through working with The International Organisation of Pension Supervisors and industry engagement.

Green Operation

MPFA encourages adopting digital channels and paperless practices in MPF business. The eMPF Platform will facilitate digital management of MPF accounts and transactions, hence getting rid of the need of paperwork and reducing waste. Various other e-platforms are also available to reduce paper consumption. Some examples are as follows:

- An eORSO Portal is established for relevant parties of ORSO schemes to submit annual documents by electronic means;
- An eApplication Submission Platform is developed and being enhanced to further facilitate electronic submission of applications for approval of constituent funds by MPF trustees;
- A Trustee eSubmission Portal is established to facilitate electronic submission of trustee annual statements and the accompanying documents by electronic means; and
- An eCheque Collection Portal is set up to allow payment by stakeholders, e.g. annual fee payment by trustees and MPF intermediaries, and ORSO periodic fee payment by employers.

Raising Scheme Members' Awareness

Webpage on MPF Sustainable Investing

In January 2023, a [new webpage](#) was launched on the MPFA website for accessing information by MPF scheme members on relevant sustainable investing initiatives for MPF funds including circular letters issued by MPFA and press releases issued by the Steering Group. It was further enhanced in December 2023 by adding a list of MPF ESG-themed funds showing main features of each fund, including the key investment theme and investment strategy, a frequently asked questions section and other useful website links for accessing sustainable investing related information.



ESG Recognition Certificate

In February 2024, MPFA for its continuous efforts in promoting ESG and ongoing commitment to good governance obtained an ESG certificate under the ESG Pledge Scheme organized by the Chinese Manufacturers' Association of Hong Kong and the Hong Kong Brand Development Council.





Simon Yu
(Supervision Division)

Working with different departments at MPFA has provided me with invaluable opportunities to expand my skill sets, broaden my horizons, and enhance my confidence in tackling challenges. As MPFA continues to evolve and grow, I am eager to take on new responsibilities and contribute to the organization's success.

Corporate Sustainability

MPFA takes pride in building a sustainable organization. Through various measures, we take good care of our people, keeping them engaged to the level needed to deliver good outcomes. Our investment strategy balances prudent investing with ESG insights to make a positive impact on our world. Additionally, we deploy smart technology to optimize operations in tandem with an evolving business environment.

Our People

People Strategies

MPFA places a strong emphasis on its people strategies, continually evaluating and enhancing organizational capabilities to adapt to evolving business requirements. Throughout the year 2023–24, MPFA prioritized efforts to attract and retain talent, aligning with its ongoing transformation to better address the dynamic needs of the society.

Two-Way Communication

To ensure effective communication and foster a culture of transparency, MPFA actively engages employees through various channels. Open dialogue is encouraged, allowing employees to freely share their opinions and express any concerns they may have. Regular town hall and inter-departmental liaison meetings are held, serving as fora for top management to communicate the latest corporate developments and engage in meaningful discussions with employees. Surveys are also conducted periodically to seek feedback and suggestions from colleagues to provide input to enhance our people measures.



Managing Director's town hall with all colleagues

Rewards

MPFA offers competitive remuneration package which comprises a fixed salary and a discretionary performance-linked variable pay. Other rewards including medical and dental benefits covering dependants, annual leave and MPF voluntary contributions are also offered.

Reviews of remuneration package and other rewards are conducted regularly to maintain our competitiveness in attracting and retaining talents. For example, a refined pay structure was implemented in April 2023. We also implemented a revised reward strategy to enhance efforts to recognize high performers.

Learning and Development

We strive to build an agile workforce to achieve the various corporate objectives amidst a fast-changing environment. A range of soft skills programmes on agility, leadership, presentation and creative problem solving were arranged in-house to help strengthen competencies of our people for the future development of MPFA.

With the support of our business units, we have organized different topical sharing sessions to enhance colleagues' understanding towards the development of external environment and address their needs to deal with daily tasks. Sharing sessions on judicial review and abolition of MPF offsetting arrangement are some examples of those organized in 2023–24.

Sponsorships are also available for colleagues to attend external workshops and seminars with the aim of continuously enhancing technical and functional knowledge as well as nurturing a greater understanding of issues like ESG, corporate governance and Fintech developments.

In 2023–24, we launched a new line-up of sharing sessions over lunch time by experts from different arenas. It is a new initiative curated to foster holistic development at a personal level through stimulating curiosity, expanding perspective in seeing things and increasing awareness of development in different facets of the economy.

It remains one of our key foci to nurture a better understanding of the Mainland and its development among our colleagues. Under the National Studies Programme, topical sharing sessions are arranged to deepen our people's grasp of how Hong Kong could leverage the "One Country, Two Systems" principle and contribute to our nation's development.



Legal knowledge sharing session



Dr Bankee Kwan, member of the National Committee of the Chinese People's Political Consultative Conference as well as member of MPF Schemes Advisory Committee, shares his insights on the "Two Sessions"



Soft Learning Series: Platform Economy — Its Impact and Implication to Business Management

During the year, MPFA invested 12 030 hours (or close to 3 man-days per employee on average) in learning and development. Our consistent efforts in promoting learning and development among our people have gained us a continuous accreditation as a Manpower Developer by the Employees Retraining Board.



Performance Management

In 2022, we introduced a revamped competency model which identifies competencies suitable for current and future needs of MPFA. With this model in place, we initiated a review of our performance management mechanism to emphasize the importance of the new competencies and deepen the intensity of performance management as a tool to drive a high-performance culture.

Recognition Programme

MPFA has established an employee recognition framework to acknowledge and celebrate the performance and contributions of our colleagues on an annual basis. During the year:

- Five cross-departmental work teams were honoured with the Exemplary Team Award for their exceptional contributions and demonstration of MPFA's core values; and
- 30 colleagues were recognized for their dedication and commitment for having served at MPFA for 10, 15 or 20 years.



Long Service Award presentation



Awardees of the Exemplary Team Award

Caring for Our People

In 2023, an optional work-from-home arrangement was introduced to promote wellbeing of our people and a culture that values quality deliverables and work agility within MPFA.

We organized a seminar on anti-aging diet in April and a Wellness Month programme in October 2023, which included on-site health checks, seasonal influenza vaccination services, health talks, shoulder and neck massage service, and basic heart and eye checks, to raise health awareness at the workplace and empower colleagues to take charge of their wellbeing.

To encourage work-life balance, a variety of recreational activities were held, such as bakery class, wine, cheese and tea tasting class, tufting class, inter-departmental war game competitions and eco-outing. We also participated in the Supervisory Cup Basketball Competition playing against other financial regulators. These activities brought our colleagues across teams together and helped foster a sense of community within MPFA.



Inter-departmental war game competition



Bakery class



Supervisory Cup Basketball Competition



On-site shoulder and neck massage service



Wine tasting session



On-site eye checking service



Refreshments served at the end of the Wellness Month programme

Additionally, seasonal gift packs were distributed during festive seasons to show our care and appreciation to colleagues.

After being suspended three years due to the COVID-19 pandemic, the MPFA Annual Dinner was resumed in 2023. Participants from MPFA and its subsidiary, eMPF Platform Company Limited, including NEDs from the two boards, joined the event, and took the opportunity to celebrate MPFA's 25th anniversary.



MPFA Annual Dinner

Wellness Office Facilities

We put in continuous efforts in nurturing a caring workplace that is family-friendly and free from occupational hazards. Ongoing measures adopted in our offices include the following:

- Lactation facilities are provided for nursing mothers;
- Automated External Defibrillators are installed for emergency use;
- Colleagues are encouraged to use staircase instead of lifts for inter-floor travel;
- Touchless technologies are used to facilitate better office hygiene, e.g. touchless lift buttons, faucet sensors and flush systems;
- A social hub is set up on each office floor to provide a common area for colleagues to take tea breaks, enjoy meals together, and hold informal meetings, interest classes and other gatherings;



Social hub

- All workstations come with ergonomic chairs to help colleagues maintain correct sitting posture, and height-adjustable desks and adjustable monitor arms to encourage colleagues to shift positions and move, thereby minimizing health risks while enhancing productivity; and
- High Efficiency Particulate Air filters are used in the central air-conditioning system to ensure excellent indoor air quality.



Height-adjustable desks

Our People — Statistics

Key Figures

| | 2023–24 | 2022–23 | 2021–22 |
|-----------------------------------|---------|---------|---------|
| Size of workforce | 534 | 515 | 526 |
| Average age | 42.09 | 42.22 | 41.77 |
| Average years of service | 9.70 | 9.94 | 9.98 |
| Turnover rate | 13.0% | 19.6% | 16.0% |
| Staff cost over total expenditure | 72.3% | 71.8% | 72.9% |

Diversity (31.3.2024)

| | Male | Female | Total |
|-------------------------|-----------|-----------|------------|
| Managerial/professional | 62 (12%) | 100 (18%) | 162 (30%) |
| Supervisory/supporting | 112 (21%) | 260 (49%) | 372 (70%) |
| Total | 174 (33%) | 360 (67%) | 534 (100%) |

| | Below 30 | 30 – 50 | Above 50 | Total |
|-------------------------|----------|-----------|-----------|------------|
| Managerial/professional | 0 (0%) | 90 (17%) | 72 (13%) | 162 (30%) |
| Supervisory/supporting | 75 (14%) | 236 (44%) | 61 (12%) | 372 (70%) |
| Total | 75 (14%) | 326 (61%) | 133 (25%) | 534 (100%) |

Our Investment

ESG Principles in MPFA's Investment Decision

In respect of MPFA's own investment, the investment portfolio managed by our external fund manager has adopted an ESG investment framework in making investment decision. To support the Government's initiative in promoting the development of green and sustainable finance in Hong Kong, MPFA has integrated ESG factors and included more green bonds in the investment portfolio in 2023–24. Besides, the external fund manager is not allowed to invest in tobacco-related securities. For the cash portfolio managed in-house, we have also invested in green deposits, where the deposits funds will be used to support projects for the development of Green Building, Renewable Energy, Energy Efficiency, Pollution Prevention and Control, and Clean Transportation.

Our Leverage on Technology

To support agile workplace and facilitate paperless meetings, notebook computers, instead of desktop computers, are provided to colleagues. Additionally, to increase the efficiency and effectiveness of MPFA's operations, we have identified a total of 87 transformation initiatives ranging from development and enhancement of IT application systems to streamlining and automation of operations. As at the end of March 2024, 42 (48%) of these initiatives have been completed producing good outcomes, 41 (47%) were in progress, and 4 (5%) were set to start.

Some examples of newly developed systems or use of new technology are given below:

- Generative artificial intelligence technology, with robust data security measures, is being employed by colleagues to improve efficiency in various tasks such as document drafting, proofreading, brainstorming and translation, among others. Additionally, the adoption of this technology for tailored-use cases is currently under exploration;
- A new ORSO eWorkflow system is developed to handle non-compliance/breach cases and voices from the public about ORSO schemes;
- A new electronic platform for staff performance management has been set up to support the staff objective setting and appraisal processes electronically; and
- A new Inventory Tracking System has been launched to speed up physical checking of asset items by using Radio Frequency Identification technology.