香港唐氏綜合症協會
The Hong Kong Down Syndrome Association

HONG KONG DOWN SYNDROME ASSOCIATION
CORPORATE GOVERNANCE MANUAL

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ABOUT HKDSA

History

1. The Hong Kong Down Syndrome Association (HKDSA) was incorporated under the Hong Kong Companies Ordinance as a company limited by guarantee on 13th October 1987. Since the establishment, HKDSA has been committed to developing comprehensive services for the needs of persons with Down Syndrome (DS) and other disabilities and their family members. Our objective is to enable them to develop their personal growth fully in every aspect of life, as well as to meet their employment and vocational training needs.

CORPORATE GOVERNANCE

Corporate Structure

2. Through General Meetings, Members govern HKDSA, but delegate the duty to run HKDSA to Executive Committee (ExCo). Executive Committee Members are elected by HKDSA Members at Annual General Meetings (AGMs). President and Vice President(s) are elected at AGMs to support the ExCo and staff members in the pursuit of vision, mission and objectives of the Association as determined by the Association Members.

3. To help ExCo administer effectively the business of HKDSA, various Committees are formed to look after specialized affairs. There are three Committees reporting to ExCo: (i) Service Committee gives professional advice on service development and review service operation; (ii) Finance and Human Resources Committee gives professional advice and reviews finance and HR policies and related issues; (iii) Parents Committee. The Terms of Reference of ExCo/Committees/Sub-committees as well as the Common Rules & Procedures for Committees are subject to annual review and approval by ExCo.

4. The President, Vice President(s), ExCo and Committee Members/Sub-committees are all volunteers serving the Association, not being allowed to receive any form of remuneration.

Conflict of Interest

5. An ExCo Member must not take personal advantage of the Association's opportunities and allow their personal interests to conflict with those of the Association nor misapply the Association's asset. ExCo Members are required to declare their conflict of interest, if any, at all meetings in addition to a formal written confirmation immediately after appointment at the beginning of each term of office. In addition, the ExCo Member must disclose any personal interests in the Association's contract, arrangement or transactions and any situation that would lead to a conflict of interest, prior to any discussion by the ExCo on a matter which may relate to those interests.

Confidentiality

6. ExCo Members must observe the confidentiality of non-public information acquired by them as ExCo Members must not disclose it to any other person without the prior authorization of ExCo, either during ExCo Members'

appointment or following terminations (by whatever means). ExCo Members who have access to or in control of such information should at all times ensure its security and prevent any abuse, unauthorized disclosure or misuse of the information.[1]

Indemnification of ExCo and Committee Members[2]

7. The Association, through the Association Liability Insurance Scheme, indemnifies its ExCo and Committee Members against liability arising from their actions in the course of their services to the Association

THE EXCO

Composition and Size

8. As stipulated in the Memorandum and Articles of Association (Sept 2011), the minimum number of ExCo Members shall at any time be seven and the maximum number of ExCo Members shall- be twenty-one provided that such number shall include the chairman, vice-chairman for the time being of the Parents Committee who shall be appointed as "ex-officio" members of the Committee

9. All Committee Members, except the two :ex-officio" members appointed in para(8), shall be elected bi-annually by the Association from amongst the members at annual general meeting of the Association. Any committee members elected shall hold office until next election which is bi-annually done.

10. In general, Committee Members are either parents of children with Down syndrome or professional with passion to serve the Association. The ratio of parents to professional is about 50% to 50%.

11. All Committee Members should have served sub-committees of the Association before he or she is elected for ExCo.

Disqualification of Committee Members

12. The office of Committee Members shall be vacated if Committee Members :
    (i) Holds any office of profit under the Association; or
    (ii) Becomes bankrupt or makes any arrangement or composition with his creditors generally; or
    (iii) Becomes prohibited from holding such office by reason of any order made under the Ordinance; or
    (iv) Becomes of unsound mind; or
    (v) Resigns from his office by notice in writing to the Association given in accordance with the Ordinance; or
    (vi) Shall for more than 6 months have been absent without permission of the Committee from meetings of the Committee held during that period; or

1 Guide to Corporate Governance for Subvented Organisation (Second Edition, June 2015), P.122

2 Companies Ordinance, Chapter 622, Section 469

(vii) Is directly or indirectly interested in any contract (being a contract of significance in relation to the Association's activities) with the Association and if his interest in the contract is material, fails to declare the nature of his interest in manner required by the Ordinance.

Accountability

13. ExCo is accountable to Association Members. In addition to the pursuit of the Association's vision, mission and objectives, ExCo should also give due consideration to its corporate social responsibilities and the interest of stakeholders.

Key Roles and Responsibilities of ExCo

14. ExCo shall (i) provides the Association with Strategic guidance, leadership and overall direction and monitor Association and managerial performance. It shall also ensure (ii) appropriate stewardship of the Association's financial resources; (iii) provides guidance in balancing competing demands on the Association in the pursuit of its mission; (iv) ensure that the Association fulfills its objectives of being open, solvent and efficient and works for the best long term interests of tis stakeholders and (v) ensure that public funds and assets are used in an appropriate and transparent manner.

15. To well perform the roles of ExCo, ExCo Members should:
    (a) provide independent judgement with objectivity;
    (b) acquire and maintain a sufficiently detailed knowledge of the Association's business activities and current performance in order to make informed decision;
    (c) recognize the division of duties between ExCo and Senior Management;
    (d) be independent of Management; and
    (e) attend at least 50% of the meetings.

Fiduciary Duty

16. ExCo Members must also act in accordance with their fiduciary duties, and shall:
    (a) Act honestly, bona fide for the benefit of the Association and its stakeholders;
    (b) Exercise their power for a proper purpose; and
    (c) Not allow any conflict between their duties as directors and their personal interests.

Abide by the law

17. ExCo Members must carry out their duties in a lawful manner. They must make sure that the Association conducts its business in accordance with the laws and it Memorandum and Articles of the Association with a high moral standard and they should always act with loyalty to the Association.

Duty to Exercise Reasonable Care, Skill and Diligence[3]

18. ExCo Members must exercise reasonable care, skill and diligence by using their common sense, general knowledge, skill and experience that may reasonably be expected of a person carrying out the function as an ExCo Members.

Office Bearers

19. ExCo Members should elect a Chairman, Vice-Chairman(s), a Hon. Secretary and a Hon. Treasurer among them at the first ExCo meeting customarily held immediately after each AGM.

20. *Chairman:* The Chairman leads ExCo as a team to guide and supervise Management Team and Develop an effective ExCo for strategic governance of the Association. At the same time, he/she works closely with the Director to discuss and agree between them their respective roles, and to ensure the Association provides a united and coordinated front.

21. *Vice-Chairman:* The Vice Chairman shall assist the Chairman in leading ExCo and performing the latter's duties and responsibilities. During the period when the Chairman cannot carry out his/her normal functions as the Chairman for any reason, the Vice Chairman will take the role as the acting Chairman until the Chairman resumes his/her normal duties or a new Chairman has been elected and appointed by ExCo.

22. *Hon. Treasurer:* The Hon. Treasurer, on behalf of ExCo, shall ensure that the Association's asset are being properly taken care of and utilized in the manner as decided by ExCo. He/She shall also report to Association members at AGMs on the Association's state of financial health.

23. *Hon. Secretary:* The Hon. Secretary, acting as the "Company Secretary" with support of Management, shall perform two key roles, including (i) providing support to ExCo in the conduct of handling the Association's secretarial practices; and (ii) advising on and monitoring ExCo in corporate governance practices, in particular on compliance of laws and ethical/political issues.

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3 Guide to Corporate Governance for Subvented Organisation (Second Edition, June 2015), P.18

Meetings

24. ExCo must meet as frequently as needed for ExCo Members to discharge their responsibilities properly but not less than four times a year. The quorum is set at not less than 3 members. The proceedings of ExCo meeting are specified in the Articles of Association.

Term of Office

25. Term of office is 2 years.

26. Chairman of Committees/sub-committees should not hold more than 4 consecutive terms.

Strategic Planning and Monitoring

27. ExCo shall be responsible for reviewing and approving strategic plans devised by Senior Management so as to ensure that the annual work plan and approved budgets of the Association are on the right track and matches with the Association's vision, mission and objectives. To facilitate ExCo's decision-making process and its role of monitoring at corporate level, Senior Management shall provide timely and necessary management information to ExCo Members to equip them with a thorough picture about the business of the Association. The ExCo in turn shall justify its decisions based on the management information provided and ExCo Members' expertise in related aspects.

28. ExCo Members and Senior Management shall jointly discuss the Association's direction of future development and formulate related strategic plans at regular intervals.

29. ExCo shall have power at any time and from time to time to appoint/form relevant Committees/Sub-committees to assist ExCo in monitoring specific aspects. Through the adopted division of responsibilities between ExCo and Committees/Sub-committees as well as agreed report system including financial and operational performance, ExCo with the assistance from various Committees/Sub-committees shall establish comprehensive monitoring system for the entire business of the Association.

Performance Evaluation of ExCo/Committees/Sub-committees

30. In the third/fourth quarter of each calendar year and before the AGM which is normally held in November/December, all members of ExCo/Committees/Sub-

committees will be required to perform an independent annual review of the role and functions of ExCo/Committees/Sub-committees so as to facilitate the formulation of improvement measures in managing the Association's affairs and operations more effectively and efficiently in the pursuit of its vision, mission and objectives.

Induction and Training of ExCo/Committees/Sub-committees

31. To maintain high corporate governance standards in the Association and to ensure ExCo/Committees/Sub-committees Members can effectively and efficiently perform their duties, induction programme would be arranged for new ExCo/Committees/Sub-committees members. Ongoing orientation and updates would also be provided to ExCo/Committees/Sub-committees to help refresh their knowledge, skills and understanding of the business of the Association. ExCo/Committees/Sub-committees members are encouraged to attend relevant external information sessions, seminars, forums and conferences, particularly on corporate governance practices, risk management, latest development or changes in statutes and relevant regulatory requirements, etc. that are conducive to discharging their roles, functions and duties effectively.

COMMITTEES/SUB-COMMITTEES

Roles and Responsibilities

32. The Committees assist ExCo to effectively administer the Association's business through looking after various specialized affairs as intended by ExCo and to maintain service quality through professional advice and support to Management.

Membership

33. Number of each Committee varies in different Committees and shall refer to the respective Terms of Reference. All Chairman of Committees should be held by ExCo Members. Apart from ExCo Members, the membership of each Committee shall include people from various disciplines and professions with relevant expertise and experiences for the purpose of assisting the Committee to discharge its duties. Membership of each Committee shall follow the approved Terms of Reference.

Meetings and Quorum

34. Each Committee shall hold at least four meetings a year at such time, date and venue as decided by the Committee Chairman. Regular Committee meetings, preceding ExCo meetings are encouraged so as to discharge the Committee's

duties and to report back to ExCo on time.

35. The quorum for Committee meetings is defined in its Term of Reference and generally not less than 50% of the total number of members of the Committee unless explicitly stipulated in its Terms of Reference.

Secretary

36. The Secretary of each Committee shall be responsible for issuing notices of meetings and all documents required for meetings, preferably seven days before. They shall be required to keep minutes of all meetings in an accurate but concise manner covering all matters and discussions. Draft minutes should be ready within two weeks after the conclusions of the meeting to facilitate any necessary follow-up actions.

Term of Office

37. Term of office is 2 years.

38. Chairman of Committees/Sub-committees should not hold more than 4 consecutive terms.

SEGREGATION OF RESPONSIBILITIES OF EXCO, COMMITTEES AND MANAGEMENT TEAM

39. A clear and effective segregation of responsibilities between ExCo, Committees and Senior Management is essential and instrumental to the success of the Association in achieving its goals. Each party plays a distinctive but complementing role to ensure that there is a check and balance of power and authority and no individual would have unfettered powers of decision and control.

TRANSPARENCY AND DISCLOSURE

40. Access to Management Information

    ExCo shall be given accurate, clear, comprehensive and up-to-date information in a concise manner to exercise fully its governance functions including finance, performance, ownership and governance for all parties and stakeholders with a legitimate interest in the Association. Appropriate reporting systems should be in place and maintained to provide appropriate, accurate and timely information to ExCo/Committees. This includes financial, operational and management information which would assist recipients of various levels in monitoring, planning and developing the Association's services.

41. As required by the Companies Ordinance[4], a comprehensive directors' report which includes an analytical and forward-looking "business review" should be prepared. The business review should provide useful information for stakeholders, in particular information relating to environmental and employee matters that have a significant effect om the Association.

Disclosure of Financial Information

42. For compliance of statutory requirements, the Association shall prepare Annual Financial Statements (AFS) including (i) Auditor's Report, and (ii) the full set of audited financial statements. The AFS shall be sent to all Members of the Association together with the Annual Report and other annual general meeting materials as statutorily required. After the annual general meeting Senior Management shall make the AR and AFS available on the website for public viewing as a matter of transparency and publicity.

Communication with Stakeholders[5]

43. Internally, the Association has established a two-way communication system with different stakeholders through regular ExCo/Committee meetings and various staff meetings. Parent representatives formed in 5 districts are also involved. Vertically, it is from ExCo/Committees down to Senior Management, Senior Management to operational staff and vice visa: horizontally, it is across different functional departments and service units. Complaint procedures are also made known to all stakeholders to safeguard the rights and interests via SQS manual.

44. Externally, the Association maintains effective communication with Government and other external parties and delegates appropriate staff representatives to join different seminars and meetings. Numerous channels are also employed including frequent updates of the Association's official website and Facebook, issues of half-year newsletters and annual reports, opinion surveys, media launches and so forth. The main purpose is to keep Government and the general public abreast of the changing needs of persons with disabilities, service development and achievements of the Association.

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4 Companies Ordinance, Chapter 622, Section 388 & 911

5 Best Practice Manual, Chapter 3, Item 7 (Level 2)

RISK MANAGEMENT AND COMPLIANCE

45. The Association should develop risk management program to determine the Association's risk taking appetite. ExCo should perform a broader risk analysis based on understanding the expectations of various stakeholders. It can then identify what type of risk or uncertainties would threaten the Association's mission and operation plan.[6]

Internal Control

46. Being part and parcel of corporate governance practices, internal control is an integral part of the Association's management and operation that involve ExCo, Committees and staff members. ExCo is obliged to protect the Association's assets through adequate controls and foster a corporate environment of strong internal controls, accountability, high ethical standards and compliance with the laws and codes of conduct. Separately, the Finance and Human Resources Committee and other respective committees works together with Senior Management to establish a well-balanced internal control system which checks and balances safeguarding the assets of the Association, interests of stakeholders and compliance of rules and regulations, statutory and otherwise. The committees together with ExCo review the internal control system from time to time to cope with changes in operations and regulations.

Statutory Compliance

47. ExCo shall ensure that the Association complies with statutory requirements relating to corporate governance, service provision and staff employment at all times and is always vigilant to updates on the changes in statutory compliance.

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6 Guide to Corporate Governance for Subvented Organisation (Second Edition, June 2015) P.92-93