



## **SAVING FOR YOUR RETIREMENT**

CENTRAL PROVIDENT FUND BOARD ANNUAL REPORT 2014



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## VISION

A world-class social security organisation enabling Singaporeans to have a secure retirement



## MISSION

To enable Singaporeans to have a secure retirement, through lifelong income, healthcare financing and home financing



## CORPORATE



# CHAIRMAN'S STATEMENT



## UPDATE ON THE CENTRAL PROVIDENT FUND AND INSURANCE FUNDS

In 2014, the number of CPF members increased by 2% to 3.6 million, and total CPF balances grew by 9% to \$275.4 billion. This excludes the cumulative amount withdrawn for housing and investments, which stood at \$201.6 billion as at end-2014. Members continue to earn an interest rate of up to 5% per annum on their savings in the Special, Medisave and Retirement Accounts, and up to 3.5% per annum on Ordinary Account (OA) balances. This includes the additional 1% interest earned on the first \$60,000, with up to \$20,000 from the OA, aimed at helping members grow their CPF savings faster.

As at end-2014, 0.6 million and 3.7 million members were insured under the Home Protection Scheme (HPS) and the MediShield Scheme, respectively. The HPS fund stood at \$1.4 billion at end-2014. It paid out \$85.4 million in claims to 970 members in the course of the year. The MediShield fund stood at \$0.7 billion at end-2014, and paid out 315,000 claims amounting to \$389.9 million in 2014.

## CPF ENHANCEMENTS IN 2014

### Enhancements to the CPF Board's Governance Structure

In 2014, the CPF Board enhanced its governance structure with a view to ensuring greater oversight and reinforcing the trust and confidence in the CPF system. This built upon the creation of the Risk Management Committee in 2013, to better assist the Board in overseeing the governance of risk and ensuring that there is a proper and sound risk management framework in place. The Public Engagement Committee was established as a Board Committee under the CPF Board in 2014 to provide strategic direction regarding the CPF Board's public communication strategies, as well as stakeholder engagement strategies with key government agencies, media and industry partners. In addition, the Insurance Schemes Committee was renamed the MediShield and Insurance Schemes Committee, and its composition strengthened, to better equip the CPF Board for its role as the agency responsible for the implementation of MediShield Life.

### Enhancements to Healthcare Coverage

From 1 January 2014, the use of Medisave has been extended to cover the outpatient treatment of additional chronic conditions, vaccinations and outpatient screening. This will help reduce members' out-of-pocket cash payment for medical treatment.

As part of the introduction of MediShield Life to provide lifelong medical insurance coverage to all Singaporeans, the Government announced in June 2014 measures to help Singaporeans cope with the increases in their premiums. Transitional subsidies will be provided to all Singapore Citizens to phase in the impact of the premium increase under MediShield Life. In addition, lower- to middle-income Singaporeans and those in the Pioneer Generation will receive permanent subsidies to help them defray the premium increases. For those who are still unable to afford their premiums, the Government will avail additional support to cover their remaining premium shortfalls. These measures will take effect together with the introduction of MediShield Life in end-2015.

## Increases in CPF Contribution Rates

As announced at Budget 2013, the CPF contribution rates for lower-wage workers were increased from January 2014. The employer CPF contribution rates for employees earning a monthly wage of more than \$50, and employee CPF contribution rates for those earning \$750 or more, were increased to match those for employees earning \$1,500 or more. The employee CPF contribution rates for those earning a monthly wage between \$500 and \$750 were phased in. At Budget 2014, the Government announced further CPF contribution rate increases to help Singaporeans save more for their retirement and healthcare needs. Medisave contribution rates would be increased by 1% for all workers. In addition, the contribution rates to the Special and Ordinary Accounts for older workers aged 50 to 55 would be increased by a total of 1.5%, while the contribution rate to the Special Account for those aged 55 to 65 would be increased by 0.5%. These changes took effect from 1 January 2015.

### Support for Employers

To alleviate the higher business cost due to the increase in Medisave contribution rates, the Temporary Employment Credit (TEC) was introduced in Budget 2014 to provide a one year offset of 0.5% of wages. At the same time, the Government also announced that the Special Employment Credit (SEC) would be increased by 0.5% to 8.5%, to provide employers with greater support to hire older Singaporean workers.

### Enhancing Housing Monetisation Options

The Lease Buyback Scheme has allowed Singaporeans to monetise their 3-room or smaller HDB flats by selling part of the remaining property lease back to the Government and using the proceeds to join CPF LIFE. At the 2014 National Day Rally, PM announced that the scheme would be extended to 4-room HDB flats. More elderly HDB households will thus be able to monetise their flats to supplement their retirement income, while continuing to age in place. This enhancement took effect on 1 April 2015.

## FURTHER ENHANCEMENTS IN 2015 AND BEYOND

### CPF Advisory Panel Recommendations

The CPF Advisory Panel was appointed by the Ministry of Manpower in September 2014 to study possible enhancements to the CPF system, to make it more flexible

to meet the needs of more Singaporeans and provide additional options in retirement. The first part of the Panel's recommendations was accepted by the Government in February 2015.

The Panel proposed framing the CPF Minimum Sum to focus on payouts, taking into account the varying retirement needs of individuals and households based on their household circumstances. For those who turn 55 in 2016, the Panel assessed that they would need a payout of about \$650 to \$700 per month in retirement if they own a property. To receive this payout under CPF LIFE, they would need to set aside a Basic Retirement Sum (BRS) of \$80,500 at age 55. Those who do not own a property or do not wish to pledge it would need a retirement payout of \$1,200 to \$1,300 per month and should set aside at age 55 the Full Retirement Sum (FRS), which is double the BRS. Members who want higher payouts in retirement of \$1,750 to \$1,900 per month can save up to the Enhanced Retirement Sum (ERS), which is three times the BRS. The three Retirement Sums will be adjusted periodically for each successive cohort turning 55 to account for long term inflation and some increase in the standard of living.

For greater flexibility, members will only be required to choose their CPF LIFE plan when they want to start their payouts. Members can choose to start their payouts anytime after their payout eligibility age, up to age 70. Those who defer their payouts will receive permanently higher monthly payouts. Members who turn 55 from 2013 onwards can also choose to withdraw up to 20% of their savings from their Retirement Account (RA) when they reach their payout eligibility age. This would be inclusive of the \$5,000 that can be withdrawn unconditionally from age 55. The objective is to help members meet their shorter-term cash needs in retirement. Lastly, members can also choose to transfer their CPF savings above the BRS to their spouse. This enables both spouses to take full advantage of the extra interest applied on CPF monies, and have their own lifelong income from CPF LIFE.

In order to help members better understand the various CPF options and make better use of their CPF savings, a personalised CPF retirement planning service will be piloted in the second half of 2015 for members approaching 55. Personalised information will be used to inform these members on the creation of the Retirement Account at 55 and its implications, and the options they can consider to enhance their retirement savings and payouts. The CPF Board plans to ramp up this service gradually from 2016 onwards.

## Saving More Through the CPF System

At Budget 2015, the Government announced further steps to boost Singaporeans' retirement savings. From January 2016, the CPF salary ceiling will be raised to \$6,000 to enable middle-income Singaporeans to accumulate more during their working years. An additional 1% of extra interest will also be paid on the first \$30,000 of CPF balances from age 55.

The Government also announced that the contribution rates for workers aged 50 to 55 will be raised by 2% to match those for younger workers. Workers aged 55 to 65 will have smaller increases of 0.5% to 1%. These changes will take effect on 1 January 2016. To help employers adjust to these CPF changes, the TEC will be enhanced and extended to 2017. Employers will receive an offset of 1% of wages in 2015, 1% in 2016, and 0.5% in 2017, subject to the CPF salary ceiling. In addition, the SEC will be raised further by 3% for workers aged 65 and above, to provide a total offset of 11.5% of wages in 2015. These measures will help in the continued employment of older workers, and enable them to save more.

## APPRECIATION

Over the years, the CPF Board has remained focused in helping Singaporeans meet their retirement, housing and healthcare needs. In this regard, I would like to express my appreciation to the Board Members and CPF Board staff for their unwavering dedication and commitment.

In particular, I would like to register my appreciation to our former Board Members Ms Mimi Ho, Mr Ma Wei Cheng, Mr Keith Tan and Mr Teo Chee Kiang for their useful contributions to the Board. I would also like to express my gratitude and thanks to Mr Yee Ping Yi for his dedicated service as the Chief Executive Officer of the Board over the last four years.

I would also like to welcome our four new Board Members: Professor Annie Koh, Ms Mary Liew, Mrs Tan Ching Yee and Mr Tan Teck Huat, as well as our new Chief Executive Officer, Mr Ng Chee Peng. We look forward to their valued contributions to the Board.

**CHIANG CHIE FOO**  
CHAIRMAN

# BOARD MEMBERS



**MR CHIANG CHIE FOO**

Chairman  
Master in Public Administration, Harvard University, USA



**MR AUGUSTIN LEE**

Deputy Chairman  
Deputy Secretary  
Ministry of Manpower  
Master of Science in Management, Stanford University, USA



**MRS TAN CHING YEE**

Permanent Secretary  
Ministry of Health  
(Government Representative)  
Master of Science in Management, Stanford University, USA



**MR DERRICK WAN**

Director  
Reserves & Investment  
Directorate  
Ministry of Finance  
(Government Representative)  
Master of Business Administration, Columbia University, USA



**PROFESSOR ANNIE KOH**

Vice President  
Office of Business  
Development  
Professor of Finance (Practice)  
Singapore Management University  
PhD in International Finance, New York University School of Business, USA



**MR LAU WING TAT**

Chartered Financial Analyst  
Bachelor of Mechanical Engineering (Honours) First Class, University of Singapore



**MS LOO SIEW YEE**

Executive Director  
Banking Department 1  
Monetary Authority of Singapore  
Bachelor of Laws Hons (2nd Upper), National University of Singapore  
Master of Business Administration, University of Manchester, UK



**MR NG CHEE PENG**

Chief Executive Officer  
Central Provident Fund Board  
Master of Public Administration, Harvard University, USA



**MR SARJIT SINGH GILL**

Senior Partner  
Shook Lin & Bok LLP  
Senior Counsel  
Bachelor of Law (Honours), University of Singapore



**DR LIM SUET WUN**

Chief Executive Officer  
Parkway Operations Division  
Parkway Pantai Ltd  
(Employer Representative)  
Master of Business Administration, University of California, Los Angeles, USA  
Master of Public Health, University of California, Los Angeles, USA  
Bachelor of Medicine and Bachelor of Surgery, National University of Singapore



**MR JOHN NG**

Chief Executive Officer  
Singapore LNG Corporation Pte Ltd  
(Employer Representative)  
Master of Science in Industrial Engineering, National University of Singapore  
Master of Science in Metallurgical Engineering, Materials Science, Carnegie-Mellon University, USA



**MS MARY LIEW**

General Secretary  
Singapore Maritime Officers' Union  
(Employee Representative)  
Bachelor of Science in Business Administration (Marketing) Hons (2nd Upper), University of Wales, UK



**MR LOY YORK JIUN**

Director  
Corporate Planning Secretariat  
National Trades Union Congress  
Director  
Research  
Ong Teng Cheong Labour Leadership Institute  
(Employee Representative)  
Master of Engineering, Oxford University, UK



**MR TAN TECK HUAT**

Director  
J Trust Asia Pte Ltd  
Master of Arts, University of Cambridge, UK



**MR TUNG SIEW HOONG**

Head  
Portfolio Execution Group  
GIC Asset Management Pte Ltd  
Master of Social Sciences in Statistics and Economics, National University of Singapore

## BOARD MEMBERS WHO COMPLETED THEIR TERMS DURING THE YEAR:

### MR KEITH TAN

Senior Director, PS21 Office  
Public Service Division  
(Government Representative)  
Master of Arts in Management, Claremont Graduate University, USA  
Bachelor of Arts (Honours) in English, Princeton University, USA

### MR MA WEI CHENG

General Secretary  
Amalgamated Union of Public Employees  
(Employee Representative)  
Degree of Masters of Law, University of London, UK

### MS MIMI HO

Principal  
Regulatory Professionals Pte Ltd  
Fellow of Society of Actuaries  
Master of Arts in Mathematical Statistics, Columbia University, USA

### MR TEO CHEE KHIANG

Professor (Practice) Accounting  
NUS Business School  
National University of Singapore  
Fellow, Certified Public Accountant (Singapore)  
Bachelor of Accountancy (Honours), University of Singapore

### MR YEE PING YI

Chief Executive Officer  
Central Provident Fund Board  
Master of Business Administration, Sloan School of Management, MIT, USA

# CEO'S STATEMENT



The Central Provident Fund Board plays an important role in Singapore's social security system to provide Singaporeans with a secure retirement. In 2014, we continued to enhance our schemes, services and operations to better serve our members.

## REFINING CPF POLICIES AND SCHEMES

### *Increasing CPF Contribution Rates for Low Wage Workers*

The CPF contribution rates for lower-wage workers were raised from 1 January 2014 to help them save more for their retirement and medical needs. Both employer and employee contribution rates for lower-wage workers were raised to match the existing rates for employees earning \$1,500 and above. The increase in employer contribution rates applied to employees above 35 and earning more than \$50 a month, while the increase in

employee contribution rates applied to those earning \$750 and above.

In addition, the Medisave contribution rates for Self-Employed Persons (SEPs) earning an annual trade income of above \$6,000 to \$12,000 were raised to half of the full Medisave contribution rate relevant to their age group. This applied to work done from 1 January 2014.

### *Reducing Total Expense Ratio for CPFIS Funds*

From 1 October 2014, the limits on the Total Expense Ratio (TER) for unit trusts and investment-linked insurance products under the CPF Investment Scheme (CPFIS) were further reduced for new funds. For existing funds, the new limits will take effect in 2016. The reduction of TER limits lowers CPF members' cost of investing under CPFIS and helps to enhance returns, which in turn enables those who have

invested under CPFIS to accumulate more retirement savings.

### *Stronger Deterrence Against Recalcitrant Employers*

It is important that employers fulfil their CPF obligations to their employees and help them save for their retirement and medical needs. Amendments to the CPF Act were implemented from January 2014 to protect workers against errant employers and ensure that penalties have a stronger deterrent effect. These included stiffer fines for first-time offenders and jail terms for recalcitrant employers.

## OPERATIONS

### *Healthcare*

From 1 January 2014, Medisave use was extended for the outpatient treatment of five more chronic disease conditions.

Parents can also use Medisave to pay for outpatient screenings for their newborns. In addition, persons in certain high-risk groups, such as the very young, the elderly, persons with chronic medical conditions and those with poor immune functions, can use Medisave to pay for approved vaccinations. From 1 July 2014, the first \$30 deductible was also removed to help patients reduce their out-of-pocket cash payments for outpatient bills. The CPF Board helped administer these enhancements.

### *Enforcement*

The CPF Board continued to heighten its enforcement efforts through timely detection of late payment and proactive audits and action. In 2014, a total of \$378.2 million in owed and late CPF contributions was recovered, benefitting more than 288,000 employees.

### *Agency Projects*

Under the GST Voucher Scheme, the CPF Board in 2014 disbursed \$491.4 million in cash to 1.3 million Singapore Citizens and \$111.2 million into the Medisave Accounts of 373,500 Singapore Citizens. This included a one-off GST Voucher – Cash: Senior's Bonus for eligible Singaporeans aged 55 and above, paid in addition to the regular GST Voucher payouts.

The CPF Board also disbursed \$94.5 million to 522,000 Singapore citizens under the 5-Year Medisave Top-Up initiative to help citizens aged 55 and above who do not receive Pioneer Generation benefits.

## ONE-ON-ONE CPF RETIREMENT PLANNING SERVICE

To help CPF members make informed decisions on their CPF savings at age 55, the CPF Board conducted a trial on providing a one-on-one CPF retirement planning service for members from December 2014 to March 2015. During the trial, selected members were provided with personalised information on the changes in their CPF balances when they turn 55, the implications on their existing CPF obligations such as housing loans, and the options available to enhance their retirement savings and payouts. The findings from the trial will be used for the implementation of the

CPF retirement planning service pilot in July 2015.

## PUBLIC EDUCATION

As part of efforts to improve members' awareness and understanding of the CPF system, the CPF Board introduced a new "Are You Ready by CPF Board" (AYR) Facebook page and website. The AYR Facebook page features posts that clarify CPF jargons, dispel misperceptions about the CPF system and provide bite-sized information and tips on CPF schemes. Complementing the Facebook page, the AYR website provides tools and resources to guide CPF members on the role of the CPF system at key life stages as well as to help them plan and prepare for these milestones.

In addition, we piloted the New Members' Programme in January 2015 as an on-boarding initiative for CPF members who have just started work. The CPF Board will proactively provide such members with information through channels such as direct mailers and emails to enable them to better understand the CPF system and how it helps them with their retirement, housing and healthcare financing requirements.

The CPF Board continued its publicity campaigns with the Ministry of Manpower to raise awareness of the enhanced Workfare Income Supplement (WIS) Scheme amongst older lower wage workers. In addition, as part of the "WorkRight" initiative, the CPF Board continued to leverage on television, print and outdoor advertising to educate workers and employers on their rights and legal obligations under the Employment Act and CPF Act.

## GEARING UP FOR NEW INITIATIVES

2015 will be an exciting year as we work towards the implementation of major initiatives such as the recommendations of the CPF Advisory Panel, MediShield Life and the Silver Support Scheme. The first part of the CPF Advisory Panel's recommendations was accepted by the Government and includes more payout options based on three levels of retirement sums, flexibility to withdraw part of the Retirement Account savings at 65, and the option to defer the payout start age. MediShield Life will replace the MediShield Scheme and provide universal and

lifetime healthcare insurance coverage for all Singaporeans including those with pre-existing medical conditions, while the Silver Support Scheme will add to the incomes of Singaporeans aged 65 and above by providing them with a cash supplement.

The CPF Board will also extend the one-on-one CPF retirement planning service to more than 6,000 members turning 55 years old in the second half of 2015. This pilot phase will allow us to fine-tune this initiative to better serve our members. In addition, outreach efforts will be ramped up to increase engagement with our members, including integrated publicity and outreach programmes and a series of financial planning roadshows.

## APPRECIATION

Mr Yee Ping Yi completed his term as the Chief Executive Officer of the CPF Board on 14 March 2015. Over his four years at the CPF Board, Mr Yee made significant contributions, including the implementation and revision of major policy changes. These included the simplification of the CPF LIFE (Lifelong Income for the Elderly) Scheme from four to two plans and the liberalisation of the Minimum Sum Topping-Up Scheme to allow top-ups to grandparents, parents-in-law and grandparents-in-law. Mr Yee also oversaw the administration of key agency projects such as the Grow and Share Package, the Special Employment Credit Scheme and the GST Voucher Scheme. I would like to register my heartfelt thanks and appreciation to Ping Yi for his contributions to the CPF Board.

On behalf of the Management, I would like to extend my deepest gratitude to all staff of the CPF Board for your unstinting commitment and hard work over the years to deliver on our mission to enable Singaporeans to have a secure retirement. I would also like to thank our Board Chairman and Board Members for their strong stewardship and support of Management initiatives. I look forward to the journey ahead together as we work to better serve our members.

**NG CHEE PENG**  
CHIEF EXECUTIVE OFFICER

# CORE MANAGEMENT



**MR NG CHEE PENG**

Chief Executive Officer



**MR DON YEO**

Chief Operating Officer/  
Deputy Chief Executive  
(Policy and Corporate  
Development)



**MR SOH CHIN HENG**

Deputy Chief  
Executive (Services)/  
CEO Healthcare  
Financing Agency



**MR LO TAK WAH**

Deputy Chief Executive  
(Employers and Finance)/  
Chief Financial Officer  
  
Chief Information Officer  
(Infocomm Technology Services)  
  
Chief Investment Officer  
(Investment Management)



**MR CHANG LONG KIAT**

Group Director  
(Member Accounts and  
Investment)



**MR TEY CHEE KEONG**

Group Director  
(Healthcare)



**MRS TAN CHUI LENG**

Group Director  
(Retirement Income)



**MRS PAULINE LIM**

Group Director  
(Business Application  
Systems)



**MR CHONG QUEY LIM**

Chief Technology Officer  
(Technology Systems  
and Operations)



**MR NG HOCK KEONG**

Group Director  
(Employer Collections  
and Enforcement)



**MR TANG LEE HUAT**

Group Director  
(Finance and Planning)



**MS NAINA D.  
PARWANI**

General Counsel  
(Legal Services)



**MR TEOH SEE LEONG**

Group Director  
(Agency and Self-  
Employed)



**MR DESMOND CHEW**

Group Director  
(Housing)  
  
Group Director  
(Customer Relations -  
covering)



**MR WINSTON YEAP**

Group Director  
(Corporate Strategy and  
Risk)/Chief Risk Officer



**MS IRENE KANG**

Group Director  
(Communications)



**MR DEREK TAN**

Chief HR Officer  
(Human Capital  
Management)



**MR ENG SOON KHAI**

Group Director  
(Policy, Statistics &  
Research)



**MR LIM BOON CHYE**

Chief Audit Executive  
(Internal Audit)

# CORPORATE GOVERNANCE

## BOARD’S CONDUCT OF AFFAIRS

### Role

The Board is the trustee of the Central Provident Fund and oversees the management of the Fund as prescribed under the Central Provident Fund Act (CPF Act). It is also responsible for reviewing and approving the annual budget and financial statements. The Board monitors organisational performance, ensures the adequacy of risk management policies and systems, and provides advice to Management to ensure that the CPF Board functions efficiently and effectively. The Board’s approval is required for material transactions and decisions, including but not limited to the sale of property.

### Board Composition and Membership

The CPF Act provides for the appointment of 15 Board Members, comprising the Chairman, Deputy Chairman, two Government representatives, two Employer and Employee representatives respectively, and up to seven other individuals. The Minister for Manpower, with the President’s concurrence under Article 22A(1)(b) of the Singapore Constitution, appoints all the Board Members. Board Members, including the Chairman and Deputy Chairman, are appointed for a term of up to three years. The Board comprised 15 members as at 31 December 2014.

All Board Members, with the exception of the Chief Executive Officer (“CEO”), are non-executive members. The Board’s composition takes into account relevant expertise and experience required for effective decision making and leadership. The Board consists of members with core competencies in areas such as accounting, insurance and investment.

The Board’s management provides comprehensive briefing and orientation sessions for new Board Members. Besides general briefings on the CPF Board and the Board’s powers and obligations, Board Members also receive customised briefings tied to their specialised roles within the Board.

### Board Meetings

Board meetings are scheduled quarterly for the purpose of, inter alia, approving the annual budget, the audited financial statements, CPF Rules amendments and major projects. The bylaws of the Board allow for Board Members to take part in meetings in person or via any means that allows the person to participate actively in discussions such as video-conferencing. Urgent matters requiring decisions are circulated via e-mail by the Board Secretariat. The Board met four times in 2014.

Board Members are provided with the necessary information for them to effectively discharge their responsibilities at each Board meeting. This includes regular reports on CPF contributions and developments on CPF schemes. Significant operational highlights and financial statements are provided on a regular basis for the Board’s information. Board Members may request additional information where necessary. Minutes of Board meetings are documented for record, with Matters Arising promptly followed up and reported back at the following Board meeting.

### Board Committees

In discharging its responsibilities, the Board is supported by six Board Committees, namely the Audit Committee, Investment Committee, MediShield and Insurance Schemes Committee, Public Engagement Committee, Risk Management Committee and Staff Committee, each commissioned with respective Terms of Reference approved by the Board.

#### Audit Committee

The Audit Committee comprises non-executive and independent Board Members nominated based on their expertise and experience with regard to discharging the responsibilities of the Committee. In August 2014, Mr Tan Teck Huat succeeded Mr Teo Chee Kiang as Audit Committee Chairman, as Mr Teo completed his term as Board Member. Mr Keith Tan and Mr Ma Wei Cheng also

relinquished their Audit Committee membership following the completion of their terms as Board Member. In October 2014, Professor Annie Koh was appointed as a member of the Audit Committee. Dr Lim Suet Wun and Mr Loy York Jiun remained on the Audit Committee in 2014.

The Audit Committee assists the Board in overseeing activities carried out by Management, independent auditors and internal auditors relating to internal controls, financial reporting, compliance with rules, regulations, corporate policies and procedures, as well as risk management. The Audit Committee continues to play an assurance role in risk management.

It reviews proposals put up by Management and recommends the appointment of independent auditors to the Board. The Audit Committee also reviews the independent auditors (excluding the Auditor-General) auditing the accounts of the CPF Board annually, including their independence and the nature, extent and fees of non-audit services performed by them. In addition, it approves the CPF Board’s whistle-blowing policy and procedures.

The Audit Committee is kept updated by Management and independent auditors of changes in accounting standards. It holds meetings with the independent auditors and the internal auditors at least once a year, without the presence of Management, to enable the auditors to raise issues encountered in the course of their work directly to the Committee. The Audit Committee met three times in 2014 and urgent matters were approved by circulation.

#### Investment Committee

The Investment Committee was chaired by Mr Tung Siew Hoong, and included five other members in 2014 – Ms Celestine Khoo, Mr Lau Wing Tat, Mr Derrick Wan, Mr Wong Ban Suan and Mr Yee Ping Yi. All were members of the Board except Ms Khoo and Mr Wong who were both co-opted to augment the expertise of the

Committee. Mr Wan was appointed to the Committee in October 2014, while Mr Wong was co-opted in February 2014.

The Investment Committee assists the Board with investment matters relating to funds managed by the Board. It advises the Board in setting the overall investment policy and strategic asset allocation, and has decision making authority over the investment management strategy and structure, the appointment of the investment consultant, custodian, external fund managers and other third parties, the overall approach to risk management, the rebalancing guidelines, the implementation of tactical asset allocation and the performance reporting framework.

The Investment Committee met four times in 2014. Urgent matters were approved by circulation.

#### MediShield and Insurance Schemes Committee

In October 2014, the Insurance Schemes Committee was renamed the MediShield and Insurance Schemes Committee to better reflect its scope given the impending implementation of MediShield Life in 2015. With the appointment of Mr Augustin Lee as Chairman of the newly created Public Engagement Committee, Mrs Tan Ching Yee succeeded him as Chairman of the MediShield and Insurance Schemes Committee. Mr Derrick Wan relinquished his membership on the MediShield and Insurance Schemes Committee to serve on the Investment Committee, while Ms Mimi Ho relinquished her appointment upon the completion of her term as

Board Member. Ms Loo Siew Yee was appointed a member in January 2014, while Mr Yee Ping Yi and Ms Lai Wei Lin remained on the Committee. All were members of the Board with the exception of Ms Lai Wei Lin, Deputy Secretary (Policy), Ministry of Health who was co-opted into the Committee to reflect the Ministry of Health’s interest in the MediShield Fund. In addition, Mr Colin Pakshong was also co-opted into the Committee in January 2014 to augment the expertise of the Committee.

The MediShield and Insurance Schemes Committee oversees the management of the Home Protection, MediShield and CPF LIFE Schemes. It helps to review the annual valuation and actuarial studies, and recommends or approves adjustments to the premiums and payouts. The Committee manages the solvency and liquidity of the insurance funds by determining the return objectives, risk tolerance levels and risk management framework for the funds.

The MediShield and Insurance Schemes Committee met once in 2014.

#### Public Engagement Committee

The Public Engagement Committee was established in October 2014 to advise the Board on public communications strategies and engagement of CPF members. The Committee was chaired by Mr Augustin Lee and comprised four other Board Members in 2014 – Dr Lim Suet Wun, Mr Sarjit Singh Gill, Ms Mary Liew and Mr Yee Ping Yi. Mr Janadas Devan (Chief of Government Communications, Ministry of Communications and Information), was co-opted into the Committee.

#### Risk Management Committee

The Risk Management Committee was chaired by Mr Chiang Chie Foo and comprised three members in 2014 – Mr John Ng, Mr Sarjit Singh Gill, and Mr Yee Ping Yi. All were members of the Board. Ms Mimi Ho relinquished her appointment as member of the Risk Management Committee upon the completion of her term as Board Member in June 2014.

The Risk Management Committee assists the Board to oversee CPF Board’s enterprise risk management framework. It ensures that Management has fully identified and assessed the key risks that CPF Board faces and has established a risk management infrastructure capable of addressing those risks. The Committee oversees risks in conjunction with other board-level committees or the full Board.

The Risk Management Committee met three times in 2014.

#### Staff Committee

The Staff Committee was chaired by Mr Chiang Chie Foo and comprised three members in 2014 - Mr Augustin Lee, Mr Tan Teck Huat and Mr Yee Ping Yi. Mr Tan was appointed to the Committee in October 2014.

The Committee is the approving authority for key human resource and remuneration policies as well as key appointments, promotion and remuneration of senior executives. It meets once a year.

### Attendance at Meetings

Board Members' attendance at Board and Board Committee meetings in 2014 is set out in the following table.

**Board and Board Committee Meetings and Attendance for the period 1 January to 30 June 2014**

Board Members	Board		Board Committees									
			Audit Committee		Insurance Schemes Committee		Investment Committee		Risk Management Committee		Staff Committee	
	No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings		No. of Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Chiang Chie Foo (Chairman) <i>First Appointed in 2013</i>	2	2	-	-	-	-	-	-	2	2	1	1
Mr Augustin Lee (Deputy Chairman) <i>First Appointed in 2011</i>	2	2	-	-	1	1	-	-	-	-	1	1
Mr Yee Ping Yi <i>First Appointed in 2011</i>	2	2	-	-	1	1	2	2	2	2	1	1
Mr Derrick Wan <i>First Appointed in 2013</i>	2	2	-	-	1	1	-	-	-	-	-	-
Mr Keith Tan <i>First Appointed in 2009</i>	2	1	1	1	-	-	-	-	-	-	-	-
Mr Loy York Jiun <i>First Appointed in 2013</i>	2	2	1	1	-	-	-	-	-	-	-	-
Mr John Ng <i>First Appointed in 2012</i>	2	2	-	-	-	-	-	-	2	2	-	-
Dr Lim Suet Wun <i>First Appointed in 2013</i>	2	2	1	1	-	-	-	-	-	-	-	-
Mr Ma Wei Cheng <i>First Appointed in 2012</i>	2	1	1	1	-	-	-	-	-	-	-	-
Mr Lau Wing Tat <i>First Appointed in 2012</i>	2	2	-	-	-	-	2	2	-	-	-	-
Ms Mimi Ho <i>First Appointed in 2012</i>	2	2	-	-	1	1	-	-	2	2	-	-
Mr Sarjit Singh Gill <i>First Appointed in 2012</i>	2	2	-	-	-	-	-	-	2	2	-	-
Mr Teo Chee Khiang <i>First Appointed in 2012</i>	2	2	1	1	-	-	-	-	-	-	-	-
Mr Tung Siew Hoong <i>First Appointed in 2010</i>	2	1	-	-	-	-	2	2	-	-	-	-
Ms Loo Siew Yee <i>First Appointed in 2014</i>	2	1	-	-	1	0	-	-	-	-	-	-

**Board and Board Committee Meetings and Attendance for the period 1 July to 31 December 2014**

[illegible]

Remuneration Matters

Under the CPF Act, allowances of Board Members are determined by the Minister and paid in line with the Public Service Division's guidelines on the payment of allowances by Statutory Boards to its Board Members.

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management

The CPF Board has established a structured Board-wide risk management framework to assess the soundness of its financial reporting, and the efficiency and effectiveness of its risk management, internal control and compliance systems.

The framework is based on the ISO 31000 standard, and entails a rigorous and systematic process of identifying, evaluating, controlling and reporting risks. Annual Department Risk Assessment (DRA) exercises are carried out by the business and corporate departments, with the more important Board key risks reviewed and monitored on a quarterly basis by Management and the Risk Management Committee. The Risk Management Department reviews the compliance by Management and officers to the risk management processes established, and provides an independent

view to the Risk Management Committee and Management on the risk management framework where required.

The Board has sought assurances from Management and is satisfied that internal controls relating to the financial, operational, IT and risk management systems are adequate and effective.

Whistle-blowing Policy

The CPF Board has in place a whistle-blowing programme that encourages the reporting of suspected corporate wrongdoing. The programme is regularly communicated to all staff.

Both staff and external parties may disclose concerns through various secured and protected channels manned by an independent external party to preserve anonymity. Information provided will be treated with the strictest confidentiality and all cases reported will be surfaced to the Audit Committee and the Chief Audit Executive. All cases are thoroughly investigated, with appropriate remedial measures taken where warranted.

Internal Audit

The Internal Audit Group reports to the Audit Committee and operates independently from the other Groups of the CPF Board to provide objective

audit assurance to the Management and Audit Committee that sound and adequate internal controls exist in the CPF Board. It adheres to the Institute of Internal Auditors' Code of Ethics and strives to meet or exceed the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The Internal Audit Group evaluates and contributes to the improvement of governance, risk management and control processes. The Group's activities include reviewing and evaluating the adequacy, effectiveness and efficiency of internal controls, ascertaining compliance with applicable Laws & Regulations, Policies & Guidelines and Standards & Procedures. It ascertains the accuracy, reliability and timeliness of significant financial, managerial and operating information, appraises the efficient and effective use of resources, and reviews the effectiveness and efficiency of operations and programmes. In addition, the Internal Audit Group performs any special audit or investigation requested by the Audit Committee or Management.

External Audit

Under the CPF Act, the accounts of the CPF Board are required to be audited at least once annually by the Auditor-General or any other auditor appointed by the

Minister in consultation with the Auditor-General. To assess the independence of the appointed external auditor, the Audit Committee reviewed the nature, extent and fees paid for non-audit services during the year and were satisfied that the external auditor's independence has not been impaired. The external auditors have also provided a confirmation of their independence to the Audit Committee.

The appointed external auditor expresses an opinion on the financial statements based on its audit, including the assessment of the risks of material misstatement, whether due to fraud or error. In making the risk assessment, the external auditor considers relevant internal controls and evaluates the appropriateness of accounting policies used and the overall presentation of the financial statements. The external auditor would also express an opinion on whether the CPF Board's receipts, expenditure, investment of monies and the acquisition and disposal of assets are in accordance with the provisions of the CPF Act. The appointed external auditor for the Financial Year 2014, Ernst & Young, reported its findings on significant audit, accounting and internal control issues, and made recommendations to the Audit Committee and the Board on how to strengthen the CPF Board's internal control systems as well as accounting and financial reporting procedures. Although

Ernst & Young provided two non-audit services to the CPF Board in 2014, it has been assessed that its independence is not impaired.

ACCOUNTABILITY

The CPF Board is a Statutory Board specified in Part I of the Fifth Schedule of the Singapore Constitution. Under Article 22B(1)(a) of the Singapore Constitution, the Board is required to present its annual budget, including any supplementary budget, to the President for his approval, together with a declaration as to whether the budget is likely to draw on past reserves. Likewise, under Article 22B(6) of the Singapore Constitution, the Board must inform the President if any other proposed transaction by the Board is likely to draw on past reserves. The budget, when approved by the President, is published in the Government Gazette. Under Article 22B(1)(c) of the Singapore Constitution, the Board is required to present to the President, within six months after the close of each financial year, the audited financial statements and a declaration as to whether the statements show any draw on past reserves.

Separately, under Clause 6 of the Second Schedule of the CPF Act, the Board is required to present the audited financial statements to the Minister for Manpower, before presenting these to Parliament. The

full year financial results of the CPF Board are made available to CPF members and the general public via the CPF website.

PROFESSIONAL AND ETHICAL CONDUCT

Staff of the CPF Board are obliged to comply with practices that reflect the highest standards of behaviour and professionalism. This includes safeguarding official information under Section 59(1) of the CPF Act, the Statutory Bodies and Government Companies (Protection of Secrecy) Act (Chapter 319) and the Official Secrets Act (Chapter 213). Staff of the CPF Board must abide by the CPF Board's Code of Conduct, which includes guidelines on receiving gifts and entertainment from vendors and any member of the public with whom staff are in contact with during the course of official duties, and the avoidance of situations where a conflict of interest may arise. Under the CPF Board's whistle-blowing programme, staff and vendors are encouraged to report any suspected wrongdoing.

# ORGANISATION STRUCTURE

(AS AT 1 MAY 2015)

