

非政府機構投資

簡明指南

A CONCISE GUIDE ON

NGO INVESTMENT



香港社會服務聯會

香港社會服務聯會（簡稱「社聯」）是一個代表非政府社會服務機構的聯會組織，有逾五百間機構會員，它們透過屬下三千多個服務單位，為本港市民提供優質社會服務。

社聯致力在本港建立一個具高度問責性、有效率、具成效、能照顧社會需要的社會福利界，維護社會的長遠持續發展和市民的福祉。

如欲進一步了解社聯，請瀏覽：

<https://www.hkcss.org.hk>



About The Hong Kong Council of Social Service

The Hong Kong Council of Social Service (“HKCSS”) is a federation of non-government social service agencies of Hong Kong representing more than 500 Agency Members that provide quality social services through their 3,000 operating units in Hong Kong.

HKCSS’s vision is to build a welfare sector that is highly accountable, efficient, effective and responsive to social needs, safeguarding the long-term sustainable development of society and the well-being of citizens.

For more information about HKCSS, please visit :

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本資料僅作一般參考之用，並非作為會計、財務、投資、稅務或其他專業意見的根據，請向您的顧問諮詢具體意見。

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, financial, investment, tax or other professional advice. Please refer to your advisors for specific advice.

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序

社聯於2019年進行了一項名為「社會服務機構財政儲備」的調查，¹發現非政府機構（簡稱「機構」）在投資上，需要更多支持和指引，以加強財務管治。本簡明指南旨在增加機構在這方面的知識，內容包括以下三個部份：

第一部份：一般說明

第一部份扼要地討論與機構投資各方面有關的基本原則，為讀者投資時需要注意的重要範疇提供一個概覽。這部份以淺白的語言編寫，盡量避免使用專業術語。

第二部份：投資政策文件範例

第二部份是投資政策文件的範例，以範本形式編制，供有需要的讀者作參考。有關範例涵蓋典型投資政策文件的關鍵元素，機構可因應各自的宗旨及情況修訂或增減其內容。

第三部份：資源及參考資料

第三部份是機構或感興趣的參考資料。

這本《非政府機構投資簡明指南》的作用是幫助機構提升投資的知識，以及了解需進一步改善的範疇。讀者須注意本指南的適用性會因應機構的規模和成熟程度而有差異，因此當使用本指南時須適當地考慮機構本身的情況，包括但不限於其財政能力、投資專長和管治架構等。

如有疑問，應諮詢專業意見。

¹ 《社會服務機構財政儲備調查報告》，2019，德勤諮詢（香港）有限公司。
<https://governance.hkcss.org.hk/zh-hant/node/360>

第一部份

一般說明



機構為何需要投資

機構考慮進行投資的主因，是在服務和捐贈所得之上增加額外資源以履行機構使命，從而確保機構長遠財政的可持續性。用作投資的資金來源可大致歸類為積累的營運儲備和閒置的營運資金兩種。

在決定投資之前，機構必須了解本身的目的。投資目的是為了增加收入以支付經常性開支？保護機構資產免受通貨膨脹侵蝕？還是為了資本增值？該投資目標將決定投資的方式及產品，並應直接與機構的風險承受能力掛鉤。一般而言，如果機構期望從投資中獲得較佳回報，則應準備承擔較高風險。



可供投資的資金

機構另一需考慮的基本問題是可供投資的金額及時限。進行投資時，機構應明確知道用作投資的資金何時需要動用於營運或其他用途，並確保這些資金屆時備妥。

接受社會福利署整筆撥款的機構，署方對其所作的投資有具體規限。² 整筆撥款儲備的投資，只能以港元銀行存款及港元債券或符合特定投資條件的存款證形式進行。受資助的機構應熟悉整筆撥款的有關要求，確保符合規定。



投資類型

常見的投資類型有銀行存款、股票、固定收益投資（如債券）和互惠基金等。它們的性質相對簡單，較容易理解相關風險。市場上還有些結構較複雜的產品，例如：商品投資和衍生性金融產品，機構在未完全了解這些產品的特性和風險前，一般不宜考慮投資。此外，儘管許多投資者出於保值原因會投資於房地產，但此舉會凍結大量資金，在需要時未必能迅速套現。故此，機構只應於財政資源遠超正常營運所需，有能力長期持有房地產，及期望建立一個多元化投資組合時，才考慮這種投資。

² 《整筆撥款手冊》，2016，社會福利署。
https://www.swd.gov.hk/tc/index/site_ngo/page_subventions/sub_lsgmanual



風險接受程度

投資者應在選擇適合的投資之前，衡量其風險接受程度，以配合其理財目標。風險接受程度是指投資者可以承受的風險水平，例如：市場的波動幅度或個別投資的價值變化。投資者選擇承受較高風險，就有機會獲得較高投資回報。若財政目標容許設立較長的投資年期，機構可以通過謹慎安排選擇風險較高的投資，例如：股票或固定收益投資等，這會比投資於低風險資產可以獲得較高的回報。

投資者的風險評估通常分為保守、中等或進取。保守的投資者傾向以保存資本金額為投資目標，而進取的投資者則願意冒較大的本金虧損風險來獲得更佳回報。

在投資決定中，機構董事會有責任確定該機構的風險承擔能力。



風險與回報的考慮

任何投資皆有風險，可能會為投資者帶來虧損。投資者必須先了解可能導致損失的情況及其潛在損失的程度。機構必須充分了解投資風險及其對持續營運可能構成的影響，當確定可以承受或會出現的損失時方可進行投資。

投資產品中，風險最小的是持牌銀行的定期存款，但利息收入通常較低，並且資金將在整個定期存款期內被凍結，年期較長的定期存款回報率一般較年期短的為高。

其他常見的投資類型有股票、固定收益投資和互惠基金等。與銀行存款相比，它們提供相對較高回報，但其市場價格會有波動。一般而言，與固定收益投資相比，股票投資提供相對較佳的回報，但其風險也較高。投資股票時，機構最好選擇具有增長潛力和流動性高的藍籌公司，以便在需要時迅速套現。選擇固定收益投資時，機構應按其資金需要而選擇可持有至到期日的投資金額，便無需在期滿前出售套現而招致潛在的本金損失。

互惠基金有很多種類，各有投資重點和範圍。機構在投資這些基金時必須評估相關風險。

在做出任何投資決定前，機構務必先確立自己的風險接受程度水平及依據有關投資風險來評估潛在的收益。



投資組合

投資組合一般由股票、固定收益投資和現金組成。通過改變結構比例，投資組合可帶來不同的回報。

機構的風險接受程度將直接影響其投資的配置。固定收益投資和現金的比重愈高，反映對資本損失的風險接受程度愈低。



投資的相關支出

投資交易會產生相關支出，例如購置費用（包括佣金）、託管費用等。若機構委託投資經理管理其投資組合，需要支付有關服務費用。機構應從投資收益（包括利息／股息收入和資本收益／損益）中扣除所有相關支出，才可推算出投資的淨收益。



稅務考慮

根據《香港稅務條例》第88條的規定，屬公共性質的慈善機構可獲免稅。香港稅務局已發佈《屬公共性質的慈善機構及信託團體的稅務指南》。³ 機構應了解指南中有關投資回報的免稅要求。



董事會的責任

機構董事會負責管理機構的所有營運，包括投資事宜。董事會應考慮實際情況而決定撥出多少儲備用作投資及怎樣投資。董事會應考慮機構正常營運和長期發展持續所需的資金，從而定出其風險接受程度。

董事會應正式討論及制訂投資政策，並與機構職員清楚溝通。董事會對投資決策及其後續管理負有誠信義務上的責任。董事會應確保建立合適的營運架構、監控和程序，涵蓋整個投資過程，包括進行投資、記錄、投資表現的監察和檢討。



投資委員會

董事會可委派投資委員會（簡稱「投委會」）處理與投資有關的事宜，例如建議和實施投資政策和策略，選用和終止投資經理、銀行和金融機構的服務，定期監察投資組合的表現；並向董事會報告以作最終評估。請參閱本指南附錄之《職權範圍範例 - 投資委員會》。

在可行情況下，設立投委會是值得考慮的做法。對於規模較小的機構，董事會可在不設立委員會的情況下履行投委會的職能；機構可按需要邀請顧問和專家參與董事會會議，以確保董事會在財務管理和投資方面獲取適當的專業意見。對於現時已設立財務委員會的機構，可考慮將財政和投資的職能合併。在此情況下，董事會應確保該委員會於財務管理和投資方面，皆具備足夠的知識和經驗，能有效地發揮作用。

³ 《屬公共性質的慈善機構及信託團體的稅務指南》，2021，稅務局。
<https://governance.hkcss.org.hk/zh-hant/node/395>



檢討和匯報

董事會應每六個月或更短的週期內，檢討和評估投資組合的整體表現，確保投資有良好回報，並符合投資政策和指引。若已設立了投委會，委員會應提交評估報告給董事會審閱。投委會的功能是協助董事會，而不是代替董事會履行整體的投資責任。

董事會至少每年對投資政策文件作一審視，並在適當情況下進行修訂，以迎合機構不斷變化的需求。



使用外部顧問

機構處理投資事宜時，董事會或部份成員擁有足夠的投資知識和經驗是至為重要。如果董事會內缺乏這類專才或需要更多支援時，可考慮委聘外部顧問（例如投資經理或金融專家），以受薪或象徵式收費的形式為機構提供服務。然而，最終的投資決定和責任仍歸於董事會。



利益衝突

在某些情況下，機構可能會根據一位從事專業投資的董事會或投委會成員的建議，作出投資決定。於採納建議時，董事會應注意可能出現的潛在利益衝突。此外，任何參與投資決策的董事會成員／職員可能從交易中獲得直接或間接的利益，因此機構應該制訂相關政策，要求所有董事會／委員會／職員（如有）定期申報利益，並避免參與決策過程。機構內部應就此利益衝突政策作出全面妥善的溝通，且須嚴格執行。



投資政策

如機構打算進行投資，可制訂明確規定其投資目標的書面政策。書面政策將為投資決策提供一個框架，規範進行投資的類型、管理風險和監察投資表現。投資政策不但可作為有效管理機構資源的工具，還有助展示機構良好的管治，並提升其問責性和透明度。

本指南第二部份中的投資政策文件範例是一個基礎範本，供欲制訂此類政策的機構參考。機構使用範本時應考慮自身的情況作出修訂。如有需要，應諮詢合資格的專業人士。



具社會責任的投資

環境、社會和管治（簡稱「ESG」）標準聚焦於企業的商业道德及其可持續的業務行為，並逐漸成為決定投資於哪個特定企業的一個重要參考指標。投資目的除了財政上的回報外，還可創造出正面和可衡量的社會或環境效益。具社會責任的投資包括檢視企業的碳足印、董事會的多元性和社區發展計劃等領域，而這些也是聯合國可持續發展目標的重點。⁴

企業在管理ESG議題方面的能力可影響它們的長遠形象和業績，並反映在其股值上。另一方面，機構若投資於ESG記錄不佳的企業，或會抵觸其目標和使命，並損害聲譽。

以下是一些與機構有關的ESG風險和議題：

- 環境管理、政策、報告和績效
- 受關注的化學製品、礦務和採掘
- 氣候變化和溫室氣體
- 環境污染
- 勞工標準和供應鏈，例如童工
- 有爭議的行業，例如煙草、酒精、賭博、軍事、色情
- 動物測試

ESG投資的最佳實踐應既為機構創造投資回報，同時也保護機構的核心價值。機構應考慮不同投資項目的相關ESG標準，以及這些議題對其形象和聲譽的影響。投資政策應列明機構屬意及有顧慮的投資界別，以便投資經理執行。



合規檢討

為了確保投資決策與機構的投資政策相符，董事會可以考慮與投委會定期進行合規檢討。

⁴ 《可持續發展目標》，聯合國。
<https://www.un.org/sustainabledevelopment/zh/>

第二部份

投資政策文件範例

註 - 以下為投資政策文件的範例，內容僅供參考。機構應按自身情況作適當的修訂。

[機構]

投資政策文件

於 **[日期]** 由董事會通過

1. 目的

1.1 此投資政策文件目的為列明 **[機構]** 的投資目標、政策、指引及可選擇的金融工具，用以：

- 釐清董事會對投資決策及管理的義務和責任；
- 向董事會成員、職員、捐贈者、資助方、投資顧問及其他相關持份者傳達投資目標；
- 制訂與投資有關的政策和程序；及
- 監管 **[機構]** 持續進行的投資活動。

2. 董事會的責任

2.1 董事會對於 **[機構]** 的投資組合須承擔最終的誠信義務責任。董事會應確保已制訂管理投資組合的適切政策，並落實執行。在履行這些職責時，董事會制訂及通過《投資政策文件》，並成立投資委員會（簡稱「投委會」）協助監督 **[機構]** 的投資職能。

3. 投資委員會的責任

3.1 投委會成員不會因投資回報遜於預期而被追究責任，但須對恪守審慎的程序或對【機構】資產作出決策的過程負責。投委會負責制訂、建議、實施及維護與【機構】投資相關的所有政策，並應處理下列事項：

- 對長期及短期的投資政策及目標提出建議；
- 制訂及 / 或向董事會提出有關對【機構】投資監督的政策建議；
- 監察及評估所有負責投資管理人員的表現；
- 定期和參與投資過程的管理層、投資顧問及 / 或其他外部專家會面，並監察他們的表現；及
- 定期進行檢視，以確保政策及指引、投資活動、風險管理控制措施和程序繼續適用，並持續符合【機構】的投資宗旨和目標。

4. 投資目標

4.1 【機構】投資組合的主要目標是：

- 從投資組合中產生收入，並以資產保值為大前提。儘管投資組合趨於保守，但仍願意承擔一定程度的風險以實現長期資本增長。

註 - 以下是另外可採納的目標（如列出的項目不適用，請自訂機構的投資目標）：

- 維持【機構】資產的實際價值，抵抗通脹。為達到投資目標，願意承受適當程度的風險。董事會在批准投資項目時，已充分了解及接受相關風險。
- 提供收入來源以支付經常性開支。為達到投資目標，願意承受適當程度的風險。董事會在批准投資項目時，已充分了解及接受相關風險。
- 為【機構】在不承受任何可導致資本損失的風險下，賺取少量額外收入。

4.2 可用作投資的資金金額應符合【機構】的儲備管理政策。

5. 一般投資指引

5.1 使用【機構】資金進行的投資，須遵守董事會所訂下的要求、指引及限制。

註 - 如接受社會福利署整筆撥款津助，請加插以下段落：

5.2 使用津助盈餘進行的投資（包括但不限於整筆撥款及相關儲備），須遵守附載於社會福利署不時發出的整筆撥款手冊、通告或其他指引內的相應規定。

6. 准許的投資項目

註 - 以下段落僅供參考，使用時應考慮機構的投資目標及財務狀況。以下列出的准許投資選項適用於選擇 4.1 作為投資目標的機構。括號 [#] 中所列出的限制、門檻和期限，廣泛地被投資者採用，然而，機構在採納前必須自行決定，並作出適當的調整。採用其他投資目標的機構，應按照其投資顧問的建議，編制准許投資項目清單，並得到董事會通過。

6.1 經董事會簡單大數成員通過（當中包括董事會主席及義務司庫的共識）後，可以購買以下投資產品：

註 - 如已成立投委會，請使用以下陳述：

6.1 經投委會簡單大多數成員通過（包括投委會主席）後，可以購買以下投資產品：

(a) 高息存款產品（包括外幣掛鈎存款）或結構性票據

- 這些存款或票據（具有或不具有保本特色）獲批的前提是沒有槓桿成份。
- 此類別的總投資額不能超過投資組合的 [#20%]。
- 期滿：此類投資的期限不能超過 [#3年]。

(b) 定期存款

- 部份流動投資可以定期存款方式持有。獲允許的貨幣為港幣和美元及其他經由董事會或投委會批准的貨幣，例如歐元、澳元、加元、新西蘭元、人民幣及英鎊。

(c) 固定收益投資

- 固定收益投資應僅限於由已獲標準普爾（簡稱「標普」）或穆迪投資（簡稱「穆迪」）評級為投資級別的投資工具。

註 - 視乎機構的風險承受能力，可為購入信用評級低於A級的債券設定限額。以下段落可視情況需要採用：

- 信貸評級在A-至BBB-之間的債券權重，不得超過整個投資組合總市值的20%。
- 單一發行人的投資總額上限為投資組合總額之 [#10%]。香港特區政府及其他政府，例如七國集團所發行的債券不受上述所限（須經董事會或投委會批准）。

- 部份投資組合可包括債券基金，而非個別固定收益證券。在此情況下，債券基金的平均信用質量應不低於A（標普評級）。
- 投資組合中固定收益部份的平均期限為 **[# 7 年]**。
- 部份香港企業債券的發債人是沒有評級的公司。如獲投委會建議並經由董事會批准，可納入投資組合內。
- 期滿：債券投資組合的平均期限不得超過 **[# 7 年]**，個別債券的期限不應超過 **[# 10 年]**。

(d) 股權 – 股票和基金

- 投資組合涵蓋股票投資、指數基金及股票基金。
- 股票及指數基金必須在香港聯交所和其他主要全球性證券交易上市，股份被認購的公司之市值必須不少於 **[#50億港元]**。
- 股票投資總額不得超過整個投資組合的 **[# 40%]**。

(e) 其他投資工具

- 其他投資工具僅限於對沖基金、組合型對沖基金及私募股權基金。組合型對沖基金之投資不應用以構建槓桿投資組合。在任何情況下，此類投資工具應不多於整個投資組合的 **[# 20%]**。

7. 禁止的投資工具

7.1 **[機構]** 不得進行列載於本政策聲明以外的任何投資。

8. 具社會責任的投資

8.1 為配合 **[機構]** 的目標 / 使命，以下為被禁止投資的行業：

註 - 排除清單由機構自行決定，例如：

- | | |
|--------|--------|
| • 博彩 | • 武器 |
| • 酒類產品 | • 成人產品 |
| • 煙草 | • 化石燃料 |

8.2 只要符合本政策聲明所定的投資指引規定，與【機構】目標／使命一致的行業將會被優先考慮。

註 - 屬意的行業清單可自行決定，例如：

- 教育
- 醫療保健
- 可再生能源
- 環保及綠色工業
- 可負擔房屋
- 符合聯合國可持續發展目標的業務

9. 借貸

9.1 【機構】不得借貸以進行投資。

10. 利益衝突

10.1 此準則適用於在任的董事會及投委會成員，以及【機構】之員工（統稱「受影響人士」）。

10.2 受影響人士在執行職務時應披露與他們有關、可能削弱其作出公正持平建議或決定的任何重大利益衝突，或所持有的證券，以避免影響【機構】對投資組合的管理。

10.3 受影響人士不應因為其受託身份而獲得任何（直接或間接）個人財務收益。然而，如獲董事會批准，收回因履行其職責所產生的合理費用可作例外。

10.4 受影響人士在執行其職務時，不得接受與業務往來人士的任何饋贈、酬金、其他個人利益及超過象徵性價值的禮物。受影響人士有責任將可能遇到的利益衝突情況細節向董事會主席披露。主席再決定該採取的適當行動，至少應把該事件於下一次董事會會議作出報告。

10.5 按照本政策聲明的規定，已經或需要作出披露的受影響人士，不得參與有關投資或交易的任何討論、決定或投票。

11. 內部監控

11.1 董事會應確保有適當而且有效的內部程序來管控投資，並應涵蓋以下方面：

- 妥善保管投資資產；
- 定期與銀行及其他有關單位核對帳單；
- 妥善保存會計交易記錄；

- 定期檢查投資運作並檢視異常情況，以確保遵守投資政策和指引；及
- 定期評估投資表現及回報。

12. 投資表現檢討

12.1 董事會須 **[每季度 / 每半年]** 就投資組合及投資指引的回報進行檢討，並在必要時進行更新和修訂。

註 - 如已成立投委會，請使用以下陳述：

12.1 投委會須 **[每季度 / 每半年]** 就投資組合及投資指引的回報進行檢討，並向董事會報告，以進行必要的更新和修訂。

12.2 有關檢討及任何決定應被記錄在董事會 **[及投委會]** 的會議記錄上。

13. 檢討與修訂

13.1 此政策聲明可因應需要隨時作出檢討和修訂，但董事會 **[在投委會的建議下]** 必須於每個年度內至少正式檢討一次。未經董事會明確批准，不得作出任何更改。

13.2 關於上述任何討論和決定，均應如實記錄在董事會會議記錄中，並持續更新本政策文件。

第三部份

資源及參考資料

以下是一些與這簡明指南課題有關的參考資料，可作適當的參照。機構在制訂其投資政策時，應熟悉下列資料的內容：

- (a) 德勤諮詢（香港）有限公司。社會服務機構財政儲備調查報告。2019。
- (b) 香港會計師公會。《管治與問責》會計專業惠社群社會責任計劃：參考指引系列。
- (c) 香港會計師公會。《內部監控與審計》會計專業惠社群社會責任計劃：參考指引系列。
- (d) 香港會計師公會。《儲備政策》會計專業惠社群社會責任計劃：參考指引系列。
- (e) 廉政公署及香港社會服務聯會。社會福利界非政府機構董事會成員及職員行為守則範本（全文版）。2015。
- (f) 廉政公署及香港社會服務聯會。非政府機構處理利益衝突要訣。2019。
- (g) 稅務局。屬公共性質的慈善機構及信託團體的稅務指南。2021。
- (h) 證券及期貨事務監察委員會。負責任的擁有原則。2016。
- (i) 社會福利署。《整筆撥款和整筆撥款儲備的使用》整筆撥款通告，第9/2003號。
- (j) 社會福利署。整筆撥款手冊。2016。
- (k) 香港社會服務聯會。非政府機構財務管治及管理簡明指南，第二修訂版。2022。
- (l) 香港社會服務聯會。非政府機構儲備簡明指南，第二修訂版。2022。
- (m) 聯合國。可持續發展目標。

附錄

職權範圍範例 - 投資委員會

本附錄旨在為機構提供指引來制訂負責監督機構投資委員會的政策文件。委員會的職權範圍將闡明其工作範疇和角色，避免重疊。更重要的是，此過程將有助委員會履行信託責任，以實踐機構的使命。

以下範例可作為機構制訂正式文件的藍圖，須按其具體情況修改。此附錄僅供參考。

[機構]

投資委員會

職權範圍

於 [日期] 由董事會通過

1. 目的

1.1 投資委員會（簡稱「投委會」）是 [機構] 董事會屬下的委員會，其目的是協助監察機構投資的管治框架和投資活動的效能。

1.2 投委會可以在其職責範疇內：

- 按照此職權範圍履行職務，並向董事會提出建議；
- 如有需要，邀請顧問協助執行其職務。

1.3 投委會沒有管理投資的角色。

2. 角色和職責

2.1 投委會的職責包括：

- 檢討 [機構] 的投資策略、政策和目標的適切性，並在需要時提出修訂建議，供董事會考慮和採納；
- 按既定的投資目標，監察與評估 [機構] 的投資成效；

- 監察和評估所有負責執行投資交易和管理投資組合人員的績效；
- 定期檢討現行投資管治架構的效能，並在需要時提出修訂建議；及
- 按照董事會的指示執行任何其他與財務和投資相關的工作。

3. 匯報職責

- 3.1 投委會應透過其主席，在每次董事會會議上匯報與其職責有關的事宜。投委會應至少每年一次向董事會確認 **[機構]** 的投資策略、政策和目標、管治架構、監督、掌控和管理之有效性，並於需要時提出適當的修改建議，以供董事會考慮和批核。

4. 成員

- 4.1 投委會的成員由董事會任命。
- 4.2 包括主席在內，投委會成員人數應不少於 **[#3人 或 經董事會批准的人數]**，建議成員總數為單數，以方便決策。
- 4.3 包括主席，投委會的大多數成員應為董事會成員。
- 4.4 投委會成員的任期為 **[#2年 或 經董事會批准的年期]**，若經董事會批准可以連任。
- 4.5 投委會成員應具備足夠的財務管理和投資知識和經驗，以履行委員的職責。

5. 會議

- 5.1 投委會每年應至少召開 **[#2次 或 經董事會批准的次數]** 會議，時間表應事先商定，以便在緊隨其後的董事會會議上匯報。
- 5.2 可以按需要召開額外的會議。
- 5.3 包括主席在內，投委會成員過半數即構成會議的法定人數。
- 5.4 機構主管和機構的財務經理須出席會議，會議秘書由財務經理擔任。
- 5.5 於主席同意下，可邀請投資顧問、專家和 / 或其他董事會成員出席委員會會議。
- 5.6 投委會的會議記錄連同行動清單須讓成員預覽並提出修改意見，再由主席定稿，於下一次投委會會議通過。
- 5.7 投委會已通過的會議記錄應供董事會於下次會議時閱覽。

6. 績效檢討

- 6.1 為確保充份履行職責，投委會應定期從董事會中獲取對其績效的意見，並在需要時作出改善。
- 6.2 董事會應每年對投委會及其成員的表現進行一次客觀的評估。投委會主席應向董事會提供所需的資訊以方便評估工作。

7. 管治

- 7.1 若存在利益衝突，受影響的投委會成員須作申報，而秘書須記錄利益衝突的詳情。有利益衝突的投委會成員不得參與商議相關事宜，並須迴避涉及利益的討論。
- 7.2 所有成員須於委任時簽署保密協議。

8. 職權範圍檢討

- 8.1 投委會應定期檢討其職權範圍，並討論需要的更改。需要時，應向董事會提出修改其職權範圍的建議。
- 8.2 董事會亦會對投委會職權範圍提出適當的修訂。

鳴謝

本指南由社聯「非政府機構董事會網絡計劃」成立之專家小組，藉他們的寶貴指導和意見編撰而成。以下專家小組成員在編寫這本供非政府機構參考的指南上作出了巨大貢獻，特此鳴謝。

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PREFACE

HKCSS conducted the “Survey on Financial Reserves of Social Service Agencies”¹ in 2019 and has noted that NGOs, among other things, need more support and guidance to enhance their financial governance with respect to reserve management. With the objective of strengthening NGOs’ knowledge in this regard, this concise guide is prepared, comprising the following three sections:

Section I : General Explanatory Notes

Section I provides a brief discussion of the basic principles relating to the various aspects of NGO investment to give readers an overview of the key considerations when making investment. This section is written in plain language and, to the extent possible, has avoided the use of professional jargons.

Section II : Sample Investment Policy Statement

Section II is a sample Investment policy statement. The sample has been prepared in the form of a template to serve as a practical tool for those who may need guidance to build up one. It has covered all the key topics that should be included in a typical investment policy statement. It can be tailored, shortened or expanded to suit the purpose and circumstances of the NGOs. In addition, certain suggested parameters are included in the template to illustrate how the policy works. It should be noted that they are not standard requirements and NGOs must exercise their discretion when determining their own limits and thresholds.

Section III : Resources and Reference Materials

Section III is a list of additional reference materials which NGOs may find useful and of interest.

¹ “Survey Report on the Financial Reserves of Social Service Agencies”, 2019, Deloitte Advisory (Hong Kong) Limited.
<https://governance.hkcass.org.hk/node/360>

This concise guide on investment is intended to help enhance NGOs' knowledge on investment making and identify areas where further advice or assistance that may be needed. It is acknowledged that the relevance of this guide to the NGOs may vary according to their size and maturity. When using this guide, due consideration must be given to the NGOs' own situation, including but not limited to their financial capabilities, investment expertise and governance structure, etc.

In case of doubt, consultation should be made with professional advisors.

SECTION I

General Explanatory Notes



Why Would NGOs Make Investment

The primary reason for making investment is to increase resources for fulfilling the missions of the NGOs in addition to that generated from service provision and donation, thereby ensuring their long-term financial sustainability. The source of fund available for investment can broadly be classified as reserves accumulated from operation and working capital that are not put to use immediately.

Before making an investment, an NGO must ask why it wants to do so. This can be for generating income to cover its recurring expenditures, for preserving its assets from erosion by inflation or for capital appreciation. This investment objective will dictate how the investment should be made and be directly linked to the risk tolerance of the NGO. In general, if an NGO wants to get higher return from its investment, it should be prepared to take a higher risk.



Fund Available for Investment

Another fundamental question for consideration is how much money an NGO can invest and for what time span. When investing, the NGO should be clear when the amount put to investment will be needed for operational or other uses and make sure that it will be available at that time.

There are specific requirements for an NGO supported by Social Welfare Department's Lump Sum Grant ("LSG") to invest its reserves.² For LSG reserves, investment can only be made in the form of HK dollar bank deposits and HK Dollar bonds or certificate of deposits subject to certain investment criteria and conditions. NGOs receiving LSG are expected to be familiar with the requirements and fully in compliance.

² "Lump Sum Grant Manual", 2016, Social Welfare Department.
https://www.swd.gov.hk/en/index/site_ngo/page_subventions/sub_lsgmanual/



Types of Investment for NGOs

Common types of investment are bank deposits, equities, fixed income investments (e.g. bonds) and mutual funds. They are relatively straight forward and the risks associated with them can be easily understood. There are more complex products such as commodities and derivatives in the market, and NGOs are generally not advised to invest in these products without full knowledge of their nature and associated risks. In addition, while many investors invest in physical properties for value preservation purpose, it will lock up significant amount of capital and is illiquid for quick realisation. It should be considered only by NGOs with financial resources well above their normal operational needs, and who have the ability to hold it for long-term purpose and wish to build a more diversified investment portfolio.



Risk Tolerance

Measuring and determining risk tolerance is the first step to take before choosing the best investments for investors' financial goals. Risk tolerance is the amount of risk an investor can tolerate, such as volatility in the market or fluctuation in value of individual investment. The reward for taking on risks is the potential for a greater investment return. If the financial goal has a long time-horizon, more money can be made by carefully investing in higher risk assets, such as equities or fixed income investments, than less risky assets.

Risk profiles of investors are often categorised as conservative, moderate or aggressive. A conservative investor favours investments that maintain the capital amount while an aggressive investor is willing to risk losing money to get potentially better results.

Determination of an NGO's risk tolerance is the responsibility of the Board of Directors (the "Board").



Risk and Reward Consideration

No investment is risk free and there is always a possibility that the investment will bring loss to the investors. Investors must find out how a loss may arise and the potential exposure. NGOs making investment must fully understand the risks associated with their investment and their implication on the continuation of their operations. Investment should be made only if the loss is affordable should it happen.

Investment with the least risk is term deposit with licensed banks, but interest income is usually low and funds will be locked up for the entire tenor of the term deposit. The rate of return will generally be higher for deposits with a longer tenor.

Equities, fixed income investments and mutual funds are some other common forms of investment. They offer a relatively higher return than bank deposits but their market value is

subject to fluctuation. In general, investment in equities offers a relatively higher return than fixed income investments. However, the associated risk is also higher. For share investments, it is preferable for NGOs to select blue chip companies with growth potential and high liquidity, allowing quick realisation when there is a need to do so. For fixed income investments, NGOs should consider those with a maturity date that they are able to hold on to without the need of selling them before maturity, which may result in a capital loss.

There are many kinds of mutual funds with different investment focus and parameters. NGOs must assess the associated risks when investing in these funds.

It is important for NGOs to establish their own risk tolerance level, and assess the potential return against the investment risk before making any investment decision.



Investment Portfolio

An investment portfolio is usually made up of a combination of equities, fixed income investments and cash. By varying the proportion of these components, the portfolio will yield different rate of return.

The risk tolerance of the NGO will have a direct impact on the determination of asset allocation. A higher weight towards fixed income investment and cash reflects a lower tolerance to the risk of capital loss.



Investment Expenses

There are expenses associated with an investment transaction such as acquisition expenses (including commission), custodian charge, etc. If an NGO appoints an investment manager to manage its investment portfolio on its behalf, a fee will be incurred for the service. All related expenses must be deducted from the gain from the investment (comprising interest / dividend income and capital gain / loss) to arrive at the net return.



Tax Consideration

NGOs which are qualified charities are exempt from tax under Section 88 of the Hong Kong “Inland Revenue Ordinance” subject to conditions. Hong Kong Inland Revenue Department has issued the “Tax Guide for Charitable Institutions and Trusts of a Public Character”.³ NGOs should be aware of the requirements for getting tax exemption for investment returns as stipulated in the tax guide.

³ “Tax Guide for Charitable Institutions and Trusts of a Public Character”, 2021, Inland Revenue Department.
<https://governance.hkcss.org.hk/node/395>



Responsibilities of the Board

The Board of an NGO is responsible for stewardship of all the operations of the NGO including investment making. The Board should make an informed decision on whether investing certain amount of its reserves is best for the NGO, and if so, what kind of investment should be made. The Board should consider the ongoing funding needs for the normal operations and long term development of the NGO and, hence, determine its risk tolerance level.

The Board should formally discuss and set an investment policy, and properly communicate it to the staff. The Board has fiduciary responsibilities over the investment decision and its subsequent management. The Board should ensure proper operational structure, controls and procedures are put in place covering the whole investment process, from making and recording the investment to performance tracking and review.



Investment Committee

The Board may delegate its responsibility to an Investment Committee (“IC”) to handle investment related matters such as recommending and implementing investment policies and strategies; hiring and firing of investment managers, banks and financial institutions; monitoring the performance of the investment portfolio on a regular basis; and making report to the Board for final assessment. Please refer to the Appendix for a sample terms of reference of the IC.

Where applicable, setting up an IC would be the recommended practice. For smaller NGOs, the Board may carry out the function of IC without setting up a committee. In such case, advisors and experts could be invited to attend Board meetings as required to ensure that there is appropriate expertise in financial management and investment to advise the Board. Alternatively for NGOs with an existing Finance Committee, it is possible to combine the finance and investment functions in the same committee. In this latter case, the Board should ensure such committee would possess sufficient knowledge and experience in both financial management and investment in order to effectively perform the role.



Review and Reporting

Every 6 months or at shorter intervals, the Board should review and assess the overall performance of the investment portfolio, whether the investment function is operating satisfactorily and in line with the investment policies and guidelines. Where an IC is established, the assessment will be based on the report of the Committee. The role of

the IC is to assist the Board and not to substitute the Board in discharging the overall investment responsibility.

At least once a year, the Board should review the investment policy statement and make changes, where appropriate, to cater for the changing need of the NGO.



Use of External Advisors

It is imperative that the Board or some of its members have adequate knowledge and experience in making investment. If such expertise is lacking in the Board, the NGO may consider to use the service of external professionals (for example, investment managers or financial experts) to advise them on a paid or pro-bono basis. However, the ultimate investment decision rests with the Board.



Conflict of Interest

There may be situation where an investment decision is made based on the advice of a member of the Board or the IC who is an investment advisor. When taking the advice, the Board should be mindful that potential conflict of interest may arise. In addition, any Board or staff member involved in the investment decision may derive direct or indirect benefits from the transaction. There should be a policy requiring all Board / Committee / staff members to declare their interest when it arises, if any, and to refrain from participating in the decision making process. This conflict of interest policy should be well communicated within the NGO and strictly enforced.



Investment Policy

It is advisable for an NGO intending to hold an investment portfolio to have a written policy that clearly sets out its investment objectives. The written policy will provide a framework on making investment decisions, such as the types of investment to be made, risk management, and performance monitoring. In addition to being a tool to effectively manage the NGO's resources, an investment policy will help demonstrate good governance and enhance both accountability and transparency.

The sample investment policy statement provided in Section II is a basic template for reference by NGOs who are beginning to set up such policy. NGOs should make their best endeavor to tailor the template to suit their own situation. Consultation with qualified professional is recommended in case of need.



Socially Responsible Investment

Increasingly, Environmental, Social and Governance (“ESG”) criteria are playing a key role in determining whether investment in a particular business entity is desirable in terms of its ethical impact and sustainable practices. In addition to financial returns, investments should also aim to create social or environmental outcomes that are positive and measurable. Socially responsible investment (“SRI”) entails looking at areas such as the business entity’s carbon footprint, board diversity and community development initiatives, which are the focus of the United Nations Sustainable Development Goals.⁴

The competency of a business entity in managing ESG issues could affect both its image and performance in the long term. This might also have a substantial impact on the value of its shares. Moreover, investing in entities with a poor ESG track record might not be in alignment with the objectives and mission of the NGO, and could weigh negatively on its reputation.

Examples of ESG issues and risks relevant to NGOs include:

- environmental management, policy, reporting and performance
- chemicals of concern, mining and quarrying
- climate change and greenhouse gases
- pollution
- labour standard and supply chain issues e.g. child labour
- controversial industries e.g. tobacco, alcohol, gambling, military, pornography
- animal testing

The best practice for ESG investing embraces both generating investment returns for an NGO and protecting its core values. NGOs should consider the relevance of different ESG criteria and the impact of these ESG issues on their image and reputation. The preferred investment sectors and those of concern should be clearly stated in the investment policy for execution by their investment managers.



Compliance Review

To ensure that the investment decisions are made in accordance with an NGO’s investment policies and guidelines, the Board should perform regular reviews along with its IC.

⁴ “Sustainable Development Goals”, United Nations.
<https://www.un.org/sustainabledevelopment>



SECTION II

Sample Investment Policy Statement

Note - The following is a sample investment policy statement for reference. NGOs should make their best endeavor to tailor it to suit their own situation.

[NGO]

Statement of Investment Policy

Approved by the Board of Directors on [Date]

1. Purpose

- 1.1 This policy statement documents the objectives, policies, guidelines and eligible financial instruments related to all assets held as investment by [NGO], which:
- Clarifies the duties and responsibilities of the Board of Directors (the "Board") concerning the decision and management of investments;
 - Communicates the objectives to the Board, staff, donors and funding sources, investment advisors and other relevant stakeholders;
 - Stipulates the policies and procedures in connection with the making of investments; and
 - Governs the ongoing execution and oversight of the organisation's investment activities.

2. Responsibilities of the Board

- 2.1 The Board has the ultimate fiduciary responsibility for [NGO]'s investment portfolio. The Board must ensure that appropriate policies governing the management of investment portfolio are in place and that these policies are being effectively implemented. In discharging these responsibilities, the Board sets and approves the Investment Policy Statement, and establishes an Investment Committee ("IC") to assist in the oversight of the investment function.

3. Responsibilities of the Investment Committee

3.1 Members of the IC are not held accountable for less than desirable outcomes, rather for adherence to procedural prudence, or the process by which decisions are made in respect to the [NGO]'s assets. The IC is responsible for the development, recommendation, implementation and maintenance of all policies relative to [NGO]'s investments and shall:

- Recommend long-term and short-term policies and objectives for investment;
- Develop and / or propose policy recommendations to the Board with regard to the oversight of [NGO]'s investments;
- Monitor and evaluate the performance of all those responsible for managing the investments;
- Periodically meet with management, investment consultants and / or other outside professionals involved in the investment process and track their performance; and
- Conduct regular review and evaluation to confirm the policies and guidelines, investment activities, risk management controls and processes continue to be applicable and consistently meeting the investment goals and objectives of [NGO].

4. Investment Objectives

4.1 The primary objective of the [NGO]'s investment portfolio is to:

- Generate income from the investment portfolio with an emphasis on capital preservation. Despite the conservative nature of the portfolio, there is willingness to assume some measures of risk to achieve capital growth over the long term.

Note - The following are alternative objectives that can be adopted (state your own investment objective if not covered by any of them):

- *Maintain real value of the [NGO]'s assets against inflation. In order to achieve the investment objective, appropriate measures of risk shall be assumed. The Board acknowledges that the associated risks are fully understood and considered acceptable when approving the investment.*
- *Provide a source of income to cover the recurring expenditure. In order to achieve the investment objective, some measures of risk shall be assumed. The Board acknowledges that the associated risks are fully understood and considered acceptable when approving the investment.*
- *Earn marginal income for the [NGO]. However, the [NGO] has little appetite to assume any significant measures of risk that may result in a loss of its capital.*

4.2 The amount of fund available for investment shall be in line with [NGO]'s policy for reserves management.

5. General Investment Guidelines

- 5.1 The investments made out of [NGO] 's own funds must comply with the requirements, guidelines and restrictions imposed by the Board from time to time.

Note - If Lump Sum Grant subvention from Social Welfare Department is received, add the following paragraph:

- 5.2 *The investment made out of the surpluses of the subvention from Social Welfare Department ("SWD"), including but not limited to Lump Sum Grant ("LSG") and related reserves, must comply with the respective requirements as set out in LSG manual, circulars or other guidelines issued by SWD from time to time.*

6. Permitted Investments

Note - The following paragraphs are for reference only and should be used with due regard to the NGOs' own investment objectives and financial situation. **The permitted investments set out below are suitable for the stated objective under paragraph 4.1.** The limit, threshold and period in bracket [#] are used by many investors in practice, however, NGOs must exercise their discretion and make adjustment as appropriate before adoption. NGOs adopting other investment objectives should compile their own list of permitted investments as advised by their investment advisors and duly approved by the Board.

- 6.1 Purchase of the following investment products are permitted provided that approval has been obtained from a simple majority of the Board members, of which consensus from the Chairman of the Board and the Honorary Treasurer is mandatory:

Note - If there is an IC, use the following statement:

- 6.1 *Purchase of the following investment products are permitted provided that approval has been obtained from a simple majority of the IC members including the Committee Chairman:*

(a) Enhanced Yield Deposits (including Currency-linked Deposits) or Structured Notes

- These deposits or notes (with or without principal protection features) are permissible provided that they do not result in leveraging the overall portfolio.
- Total maximum investment under this category cannot exceed [# 20%] of the investment portfolio.
- Maturity: The tenor of such investments cannot exceed [# 3 years] .

(b) Term Deposits

- Part of the liquid investment can be held in term deposits. The permissible currencies are – HK dollars, US dollars and other currencies such as Euros, Australian dollars, Canadian dollars, New Zealand dollars, Chinese yuan and British pounds sterling as approved by the Board / IC.

(c) Fixed Income Investments

- Fixed income investments should be restricted to issues with investment grade as rated by Standard & Poors ("S&P") or Moody's.

Note - Depending on the risk tolerance of the NGO, a limit can be set for bonds of credit rating lower than A. The following paragraph can be added as appropriate:

- *The weighting of bonds of credit rating between A- and BBB- should not exceed 20% of the market value of the total investment portfolio.*

- The maximum limit for aggregate holdings of a single issuer is **[# 10%]** . Hong Kong SAR Government (and other government, for example G7, as approved by the Board / IC) issued bonds are not subject to the above restrictions.
- Part of the portfolio may include bond funds rather than in individual fixed income securities. In this instance, the average credit quality of the bond fund should be not lower than A (as rated by S&P).
- The average maturity profile of the fixed income portion of the investment portfolio is **[# 7 years]** .
- Hong Kong corporate bonds that are not rated can be included in the portfolio if recommended by the IC and approved by the Board.
- Maturity: the average maturity of the bond portfolio should not exceed **[# 7 years]** and the maturity of individual issues should not exceed **[# 10 years]** .

(d) Equities – Shares and Funds

- Equity exposure can be achieved through the purchase of shares, exchange traded funds (ETFs) and equity funds.
- The shares and ETFs must be listed on the Hong Kong Stock Exchange and other major global stock exchanges. Companies, of which the shares are purchased, must have a market capitalization value of not less than **[# HKD 5 billion]** .
- Total equity exposure is limited to **[# 40%]** of the overall investment portfolio.

(e) Alternative Investments

- Alternative investments are limited to hedge funds, fund of hedge funds ("FoHF") and private equity funds. Investments in FoHF shall not result in leveraging the overall portfolio. The maximum exposure is limited to [# 20%] of the overall portfolio under any circumstances.

7. Prohibited Investments

7.1 [NGO] shall not make any investment not specifically permitted by this policy statement.

8. Socially Responsible Investment

8.1 In alignment with the objective / mission of [NGO], investment in the following industries is prohibited:

Example of exclusion list (to be decided by NGO):

- *Gambling*
- *Alcohol*
- *Tobacco*
- *Weapons*
- *Adult Products*
- *Fossil Fuels, etc.*

8.2 Subject to meeting the investment guidelines stipulated in this policy statement, preference will be given to investment in industries that aligns with the objective / mission of [NGO].

Example of exclusion list (to be decided by NGO):

- *Education*
- *Healthcare*
- *Renewable Energy*
- *Environmental and Green Industries*
- *Affordable Housing*
- *Businesses aligned with the United Nations Sustainable Development Goals, etc.*

9. Borrowing

9.1 [NGO] shall not borrow money for investment purpose.

10. Conflict of Interest

10.1 This standard applies to the members of the Board and IC as well as all staff employed by [NGO] (collectively called "Affected Persons"), in the execution of their duties.

- 10.2 The Affected Persons, in the execution of their duties, shall disclose any material conflict of interest relating to them, or any material ownership of securities, which could impair their ability to render unbiased advice, or to make unbiased decisions, affecting the administration of [NGO]’s portfolio.
- 10.3 It is expected that no Affected Person shall make any personal financial gain (direct or indirect) because of his or her fiduciary position. However, normal and reasonable fees and expenses incurred in the discharge of their responsibilities are permitted if approved by the Board.
- 10.4 No Affected Person shall accept a gift or gratuity or other personal favour, other than one of nominal value, from a person with whom the individual deals in the course of performance of his / her duties and responsibilities. It is incumbent on any Affected Person who believes that he / she may have a conflict of interest, or who is aware of any conflict of interest, to disclose full details of the situation to the attention of the Chairman of the Board. The Chairman, in turn, will decide what action is appropriate under the circumstances but, at a minimum, will table the matter at the next regular meeting of the Board.
- 10.5 No Affected Person who has or is required to make disclosure as contemplated in this policy statement shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he / she has made or is required to make disclosure.

11. Internal Controls

- 11.1 The Board shall ensure that there are proper and effective internal procedures to control investments, which should cover the following aspects:
- safe custody of investments;
 - periodic reconciliation with the statements from banks and other parties concerned;
 - keeping of proper accounting records for the transactions;
 - regular checking of any irregularities of the investment operation to ensure compliance of the investment policies and guidelines; and
 - regular assessment of the investment performance and returns.

12. Performance Measurement

- 12.1 The Board shall review on a [quarterly / semi-annual] basis the performance of the investment portfolio and investment guidelines, and make updates and revisions, where necessary.

Note - If there is an IC, use the following paragraph:

- 12.1 *It will be the responsibility of the IC to review on a [quarterly / semi-annual] basis the performance of the investment portfolio and investment guidelines, and report to the Board for updates and revisions as necessary.*

- 12.2 The review together with any decision made shall be properly documented in the minutes of the meeting of the Board **[and the IC]** accordingly.

13. Review and Amendment

- 13.1 This policy statement may be reviewed and revised at any time, but it must be formally reviewed by the Board **[under the advice of the IC]** at least once in every calendar year. No modification may be made without the explicit approval of the Board.
- 13.2 Any discussion and decision in the above regard shall be properly documented in the minutes of the meeting of the Board, and this policy statement shall be updated accordingly.



SECTION III

Resources and Reference Materials

The documents listed below are useful reference related to NGOs' investment. Organisations working on an investment policy statement should be familiar with their contents as appropriate:

- (a) Deloitte Advisory (Hong Kong) Limited. *Survey Report on the Financial Reserves of Social Service Agencies*. 2019.
- (b) Hong Kong Institute of Certified Public Accountants. "Governance & Accountability." *CPAs for NGOs: Quick Guide Series*.
- (c) Hong Kong Institute of Certified Public Accountants. "Internal Control & Audit." *CPAs for NGOs: Quick Guide Series*.
- (d) Hong Kong Institute of Certified Public Accountants. "Reserve Policy." *CPAs for NGOs: Quick Guide Series*.
- (e) Independent Commission Against Corruption and The Hong Kong Council of Social Service. *Sample Code of Conduct for Board Members & Staff of Non-Governmental Organisations in Social Welfare Sector (Full Version)*. 2015.
- (f) Independent Commission Against Corruption and The Hong Kong Council of Social Service. *Tips for NGOs – Management of Conflict of Interest*. 2019.
- (g) Inland Revenue Department. *Tax Guide for Charitable Institutions and Trust of a Public Character*. 2021.
- (h) Securities and Futures Commission. *Principles of Responsible Ownership*. 2016.
- (i) Social Welfare Department. "Use of Lump Sum Grant and Lump Sum Grant Reserve." *Lump Sum Grant Circular*, No. 9/2003.
- (j) Social Welfare Department. *Lump Sum Grant Manual*. 2016.
- (k) The Hong Kong Council of Social Service. *A Concise Guide on NGO Financial Governance and Management*, Second Revision. 2022.
- (l) The Hong Kong Council of Social Service. *A Concise Guide on NGO Reserves*, Second Revision. 2022.
- (m) United Nations. *Sustainable Development Goals*.



APPENDIX

Sample Terms of Reference - Investment Committee

The purpose of this document is to offer some guidance for NGOs to develop a policy for the committee that oversees their investment activities. The terms of reference would clarify the scope and range of roles, eliminating duplication and overlap. More importantly, this process will facilitate meeting the fiduciary responsibilities to fulfil the organisations' missions.

The sample below will serve as a tool to help create individual NGO's own committee blueprint that meets its organisational needs. Organisation will need to customise the final version based on its specific goals. This sample document is for information and reference purposes only.

[NGO]

Investment Committee

Terms of Reference

Approved by the Board of Directors on [Date]

1. Objective

- 1.1 The Investment Committee ("IC"), is a committee of the Board of Directors (the "Board"). The purpose of the IC is to assist the Board in monitoring the effectiveness of the investment governance framework and the investment activities of [NGO].
- 1.2 The IC may, within the scope of its responsibilities:
 - perform activities and make recommendations to the Board consistent with these terms of reference;
 - engage advisors as it considers necessary to carry out its duties.
- 1.3 The IC has no management role in investment.

2. Roles and Responsibilities

2.1 The responsibilities of the IC include the following:

- Review the appropriateness of the [NGO]'s investment strategies, policies and objectives, and make recommendation for changes, where necessary, for consideration and adoption by the Board;
- Monitor and evaluate the [NGO]'s investment performance in comparison to the investment targets;
- Monitor and evaluate the performance of all those responsible for the execution of investment transactions and management of the portfolio;
- Review periodically the effectiveness of the investment governance structures in operation, and make recommendation for changes, where necessary; and
- Perform any other finance and investment related work as instructed by the Board.

3. Reporting Responsibilities

3.1 The IC shall, through its Chairman, report to the Board at each Board meeting on matters relevant to its role and responsibilities. At least once a year, the IC should confirm to the Board the effectiveness of the [NGO]'s investment strategies, policies and objectives, governance structure, monitoring, control, and management of [NGO]'s investments, and if any modification is warranted, make appropriate recommendations for consideration and approval by the Board.

4. Membership

- 4.1 The members of the IC shall be appointed by the Board.
- 4.2 The number of members of the IC including the Chairman shall be [# 3 OR any number as approved by the Board]. The total number of members is suggested to be odd number to facilitate decision making .
- 4.3 The majority of the members of the IC including the Chairman shall be members of the Board.
- 4.4 The term of the IC members shall be [# 2 years OR other term as approved by the Board]. The members can be re-appointed if approved by the Board.
- 4.5 Members of the IC should possess sufficient knowledge and experience in financial management and investment in order to perform the responsibility of IC.

5. Meetings

5.1 The IC shall meet at least [# 2 times a year OR as frequently as approved by the Board]. The

schedule of meetings shall be agreed in advance to enable reports be made at the Board meeting that immediately follows.

- 5.2 Additional meetings may be convened as required.
- 5.3 To form a quorum, a simple majority of the members by headcount including the Chairman should be present.
- 5.4 Both the agency head and the finance manager shall attend the meeting, and the finance manager shall act as secretary of the meeting.
- 5.5 Investment advisors, experts and / or other Board members may be invited to attend the meeting as required and agreed by the Chairman of the IC.
- 5.6 Minutes of the IC meeting together with the action lists should be prepared and circulated for members' comments before Chairman's approval and adoption at the next IC meeting.
- 5.7 Copy of the approved minutes should be included in the papers for information of the Board at the next Board meeting.

6. Performance Evaluation

- 6.1 In order to ensure that the IC is fulfilling its duties, the IC shall periodically obtain feedback from the Board on its performance and implement any agreed actions that are found to be necessary.
- 6.2 On an annual basis, the Board shall conduct a formal evaluation on the performance of the IC and its individual members. In this regard, the Chairman of the IC shall provide any information the Board may request to facilitate the evaluation.

7. Governance

- 7.1 Where there is a conflict of interest, the IC member so affected shall declare his / her interest and the details of the conflict are to be recorded by the Secretary. The IC member who has a conflict of interest shall not participate in the deliberations on the particular matter and will excuse himself / herself from the discussions in respect of those interests.
- 7.2 All members are required to sign a confidentiality agreement upon appointment.

8. Review of Terms of Reference

- 8.1 The IC shall review these terms of reference periodically and discuss any changes that may be required. Where necessary, recommendation shall be made to the Board for consideration and approval to amend the terms of reference.
- 8.2 The Board will also initiate amendment to these terms of reference as they deem appropriate.

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