

Roles of governance professionals in today's post-pandemic and dynamically changing risk environment

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Foreword

Risk management is a key governance issue for many organizations, and the pandemic has heightened the need to plan for emergent risks as well as the importance of governance generally. There is, correspondingly, increasing expectation on governance professionals, as trusted, and often chief governance advisers, to steer organizations towards adopting corporate governance best practices.

Governance professionals are also expected to help the Board to align business operations by identifying risks and being responsive not only to the interests of shareholders but also all relevant stakeholders. These are part of the environmental, social and governance (ESG) concerns which is gaining worldwide prominence.

In view of these expectations, governance professionals must therefore continue to evolve, setting, managing and promoting good governance standards for organizations.

There are many key areas where the governance professionals can extend their involvement and influence within organizations, and this survey report will focus on these areas:



Regulatory compliance

Given the tightening regulatory compliance, how can governance professionals play a more effective role in this regard?



Environmental, social and governance

How can governance professionals equip themselves and the Board to deepen their understanding of the fast-evolving ESG concerns?



Technology governance

Should governance professionals be responsible for some, if not all aspects related to technology governance?

To address these key areas of concerns, The Hong Kong Chartered Governance Institute (HKCGI) together with the Corporate Secretaries International Association Limited (CSIA) in collaboration with Ernst & Young (EY) deployed a global survey in December 2021 addressed to governance professionals based in different regions of the business world. This survey report discusses the major findings from the survey, and the requisite DNA of governance professionals to prepare for the future, including changing stakeholder expectations.

There will also be a Special Report on Hong Kong in which certain findings of the survey responses are highlighted. We will set out our views on the technology related opportunities that may be able to drive immediate advances in the current dynamically changing risk environment.

This survey report will highlight the challenges faced by governance professionals in advising on managing compliance, ESG and technology governance. Aside from the new skills and competencies they need to develop, there are organizational issues, such as limited time for the provision of advice, inadequate Board experience and knowledge, and insufficient resources within the organization and the team that oversees the implementation of risk management strategies.

We would like to thank all the survey respondents for their participation and contribution to this initiative. Directors and management are invited to take note of the issues raised and pay particular attention to the changing risk environment post-pandemic. The report should also help governance professionals in navigating the post-pandemic and future risk environment.

EY

The Hong Kong Chartered Governance Institute
Corporate Secretaries International Association Limited

About the survey

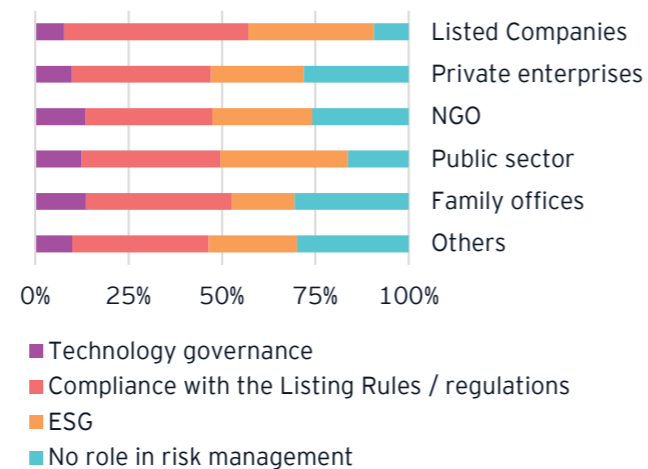
In December 2021, HKCGI together with CSIA and in collaboration with EY, deployed a global survey addressed to governance professionals based in different regions of the business world.

1,752 individual members of the national divisions of CSIA's global membership responded to the survey, representing geographies from Asia Pacific that include among others Australia, Hong Kong, and Singapore; and Europe, Middle East, India and Africa (EMEIA) covering countries including India, Nigeria and the United Kingdom. These members are serving governance professionals within industry sectors that cut across public listed companies, private enterprises, government and regulatory bodies and non-governmental organizations, demonstrating the depth and reach of the profession.

From the sectoral perspective, we have not witnessed any significant variance across the activities and technologies of emergent risk areas. In the subsequent sessions, we will shed light on regional differences in maturities and their requirements where relevant. Such would optimally illustrate the challenges and opportunities faced, granting clarity on the future DNA of governance professionals.

In all, the survey will highlight a number of key governance and risk management themes, and trends affecting governance professionals worldwide and across different industries. These include the current perception and challenges of tightening regulatory compliance, evolving ESG as well as emerging technology governance.

Survey question: Do you play a role in the following emergent risk areas?



Survey question: What technologies are employed by your organization to support risk management activities?



The future DNA of governance professionals

Introduction

Corporate governance, which is defined as a system of mechanisms, processes and relations that are deployed to direct and control a corporation, has been gaining importance including in relation to risk management which covers not only regulatory compliance but also ESG and technology governance.

The COVID-19 pandemic stimulated new and disruptive ways of doing business, including relying on the use of technology which gave rise to emergent risk such as fraudulent reporting and regulatory non-compliances, cybersecurity attacks, supply chain disruptions and global economic instability.

What Board members are saying¹

87% of the Board members believe market disruptions are becoming increasingly frequent and 83% say they are becoming increasingly impactful¹

79% of the Board members believe that improved risk management will be critical in enabling their organizations to protect and build value in the next five years¹

In light of the nature of risks, whether present or emerging, there have been significant changes in the approach to corporate governance.

Traditionally, governance professionals have been the custodian of company records and an advisor on regulatory matters. Our survey findings confirmed that some of the traditional roles of governance professionals include:

- ▶ Custodian of all corporate documents
- ▶ Collaborating with the executive team on all governance matters
- ▶ Facilitating the design, implementation and maintenance of the corporate governance framework for the organizations
- ▶ Preparing the minutes of Board actions discussed during Board and Committee meetings to reflect how the Board discharges its fiduciary duties

The COVID-19 pandemic and other global business disruptions have created a dynamic risk environment and our survey highlighted an emerging trend for the role of governance professionals to be expanded to include risk management functions.

The first section of the report will explore the current role of governance professionals in the risk environment, the challenges they experience as well as how these challenges can be addressed.

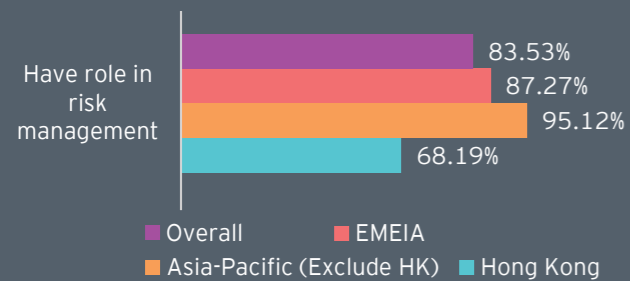
The report will then delve deeper into the critical risk areas of ESG, technology governance and regulatory compliance.

¹ 'The EY Global Board Risk Survey', EY, July 2021, https://www.ey.com/en_gl/global-board-risk-survey

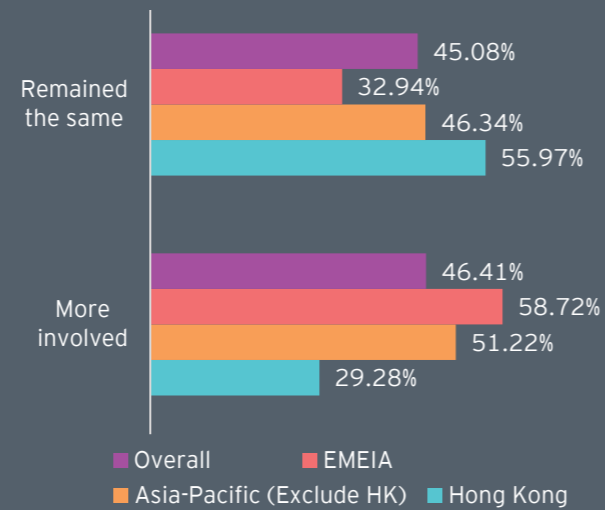
Current role of governance professionals

In the fast-paced current environment, governance professionals face the daunting task of ensuring that the Board is equipped with the right tools to address the risks and opportunities that disruptive global events pose to the organizations. As the custodian of corporate governance in the organizations, one of the critical roles of governance professionals is to advise the Board on governance developments and their impact on Board strategy, including risks.

Survey question: Do you play any role in risk management activities?



Survey question: Has there been a change in your involvement in risk management post-pandemic?



The current environment has prompted Boards to seize the opportunity to reframe their risk management approach and improving risk management has become a top priority to keep pace with disruptions.

Despite the growing and critical nature of risk management, many survey participants reported a lack of confidence in their organizations' capabilities to manage increasingly impactful market disruptions. Only a small minority of the participants agreed that their organizations' disaster response and contingency planning are highly effective or believed that their organizations are highly effective at embedding risk and compliance activities.

In response to the question on the extent of support governance professionals received to equip their role in addressing future risk management challenges, our survey respondents identified deficiencies in the following areas:

- ▶ Technology and infrastructure
- ▶ Qualifications and skillsets
- ▶ Training
- ▶ Financial and human resources
- ▶ Support from the Board and management

These give rise to the potential challenges hindering governance professionals from taking up expanded roles in risk management activities.

Specifically, when asked about the challenges faced by governance professionals in advising on the management of compliance, ESG and technology governance, survey respondents gave the highest ratings to the need for new skills and competencies, followed by organizational issues, namely:

- ▶ Limited time window for implementing too many agreed actions
- ▶ Inadequate Board experience and knowledge
- ▶ Insufficient resources within the organizations and the team to oversee the implementation of risk management activities

Despite these limitations, more than half of the respondents were optimistic about the opportunity to expand their role in the renewed focus on reviewing risk management in their organizations. As the focus intensifies on how businesses are governed and their wider social impact, coupled with the impact brought on by the pandemic, the future DNA of governance professionals will be increasingly defined by their ability to change from reactive to proactive, staying relevant and demonstrating the ability to harnessing technology.

To take the lead as trusted advisers and the critical conduit between the Board and key stakeholders, governance professionals of the future will need to be responsive to change and be able to guide the organizations through more complex regulatory environment and closer stakeholder scrutiny in an integrated and holistic approach.

Considering the evolving responsibilities and breadth in navigating governance complexity and technology shifts, how can governance professionals make a difference?



Preparing for the future

The survey covers governance professionals in diverse regions and in different governance practices but there are three key areas that all governance professionals should seek to address. These also serve as reminders to the governance professionals of matters that are critical to their expected roles and responsibilities.

Given the challenges identified by respondents in the survey, governance professionals should prioritize these key areas: driving awareness at Board level, improving their own knowledge base and skillset as well as unlocking the value of digital transformation.

Drive awareness at Board level

As the key conduit between the Board and the organizations, governance professionals play a leading role in advising the Board on the identification of compliance failure and adoption of best practices. As the pressure from customers, investors, and government grows for organizations to become responsible corporate citizens, the role of the governance professionals becomes critical to facilitate the Board's understanding of compliance, risk management, ESG and technology governance.

Improve knowledge base and skillset

To keep pace with the dynamic governance landscape, governance professionals will have to continually develop their skillsets to enhance their level of awareness required for the changing role.

The findings of the survey suggest that the professional body training was rated the highest in terms of providing the required knowledge and skills to keep updated on regulations, technology and environmental, social and governance, as well as corporate governance.

There are a number of professional organizations in different jurisdictions that provide training and professional development programs for governance professionals.

Unlock the value of digital transformation

Aligning business goals to the technology landscape has become a very complex task in this fast-paced current environment, but technology tools have become essential for enabling their success in risk management activities. The technology solution should:

- ▶ Empower Board members with advanced tools in management and decision-making
- ▶ Embed technologies into the daily workflow

The next section of the report will focus on the need for ensuring compliance in a tightening regulatory environment, integrating ESG risks and the important influence of technology governance on the changing role of governance professionals.



1 Tightening regulatory compliance

Given the tightening regulatory compliance, how can governance professionals play a more effective role in this?

Our viewpoint

Introduction

Organizations are facing greater business risks and challenges from the rapidly changing operating landscape caused by disruptors such as digital transformation, regulatory changes, cyber threats and economic volatility.

Further to the ever-complex operating landscape, the pandemic has brought on disruptions of substantial proportions to business operations.

With the pressure of operating in the face of growing scrutiny and shifting stakeholder expectations, compliance is viewed as top priority for all organizations to prevent serious, and at times, devastating consequences. Legal proceedings and regulatory fines stemming from non-compliance with local laws, policies and regulations could make or break an organization.

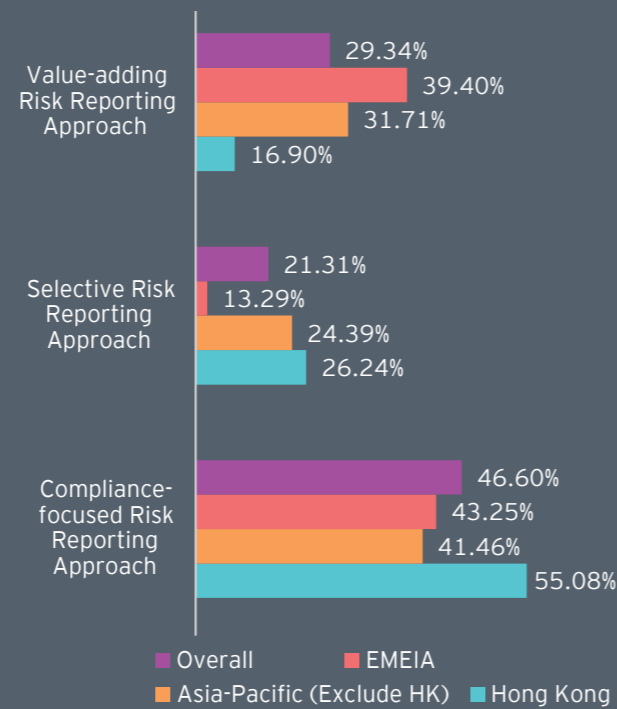
Current approach to compliance

The most common challenges identified by the respondents are the need for new skills and competencies (41.63%), followed by the lack of time for decisions to be actioned (39.81%) and resources (34.4%). Whilst the lack of leadership and interest from the Board was rated much lower (21.81%), this highlights the disparity between the Board expectation and the implementation of regulatory compliance.



According to our survey, 69.95% of the respondents have a role in compliance with the Listing Rules / regulations. We witness a strong compliance-focused culture (46.6% overall), which provides an accurate historical reflection of providing risk-related information to regulators. On the other hand, value-adding risk reporting, a method that leverages data for driving focused analysis and overall improvement is lower (29.34% overall). The selective risk reporting, a mixed strategy of data analysis with forecast and reporting of historical data, while appearing to be the least adopted method among our respondents (21.3% overall), is likely to be the future choice.

Survey question: What risk reporting approach is adopted within your organization?



Re-thinking compliance and risk management

Boards are rethinking their purpose and recalibrating their operating model. The Boards indicate the need to spend more time on strategy and scenario planning and less time on traditional risk and compliance.

This shift means that entity compliance and governance can no longer be viewed in a vacuum and governance professionals will be expected to shift from reactive to proactive in their responsibility to oversee compliance and governance and managing the relevant risks.

Ranking of where Boards spend the most time²



Governance professionals are already positioned to serve as a key liaison between the Board and the organizations. Through adopting a differentiated and more risk-based governance model, governance professionals can guide the Board to navigate the new compliance and governance landscape as we emerge from the COVID-19 pandemic.

Despite the growth in the trend of governance digitization, one-third of survey respondents indicated that their organizations are still taking a back seat in the adoption of advanced technologies to support risk management activities.

It is encouraging to note that some survey respondents have indicated that some Governance, Risk and Compliance (GRC) technologies have been identified as the tools that are leveraged and incorporated into their organizations' daily workflow.

The landscape of business is constantly being transformed as digital technology develops and new business models bring new complexities. This means the Boards need the agility to adapt to mitigate the risks associated with changes and the corresponding impacts on the business operations.

As an impetus to getting ahead of the curve and transforming the existing Board operating model, Boards are increasingly looking to governance professionals to advise them on potential compliance failures, as well as on responding to, and mitigation of, such failures, allowing them to spend more time on strategic decision making and managing emerging risks.

The survey results indicate that digital transformation is without doubt impending, and organizations that have not already moved away from traditional operational methods need to think of digital transformation as a long term benefit and move towards building a sustainable, ethical yet digitally savvy organization.

² 'The Board Imperative: How today's boards can meet tomorrow's challenges', EY, July 2021, https://www.ey.com/en_gl/risk/how-todays-boards-can-meet-tomorrows-challenges



Digitalizing compliance and risk management

Governance professionals play a vital role in aligning business goals to the technology landscape.

As technology advances rapidly, tools and technologies such as Board portal, Artificial intelligence (AI) and GRC solution will significantly influence the role of governance professionals in ensuring effective governance compliance.

Board portals

As the Board goes paperless with the introduction of advanced corporate information databases and board portals, the distribution of board papers, minute-taking, and virtual collaboration can now be completed quickly, securely and easily.

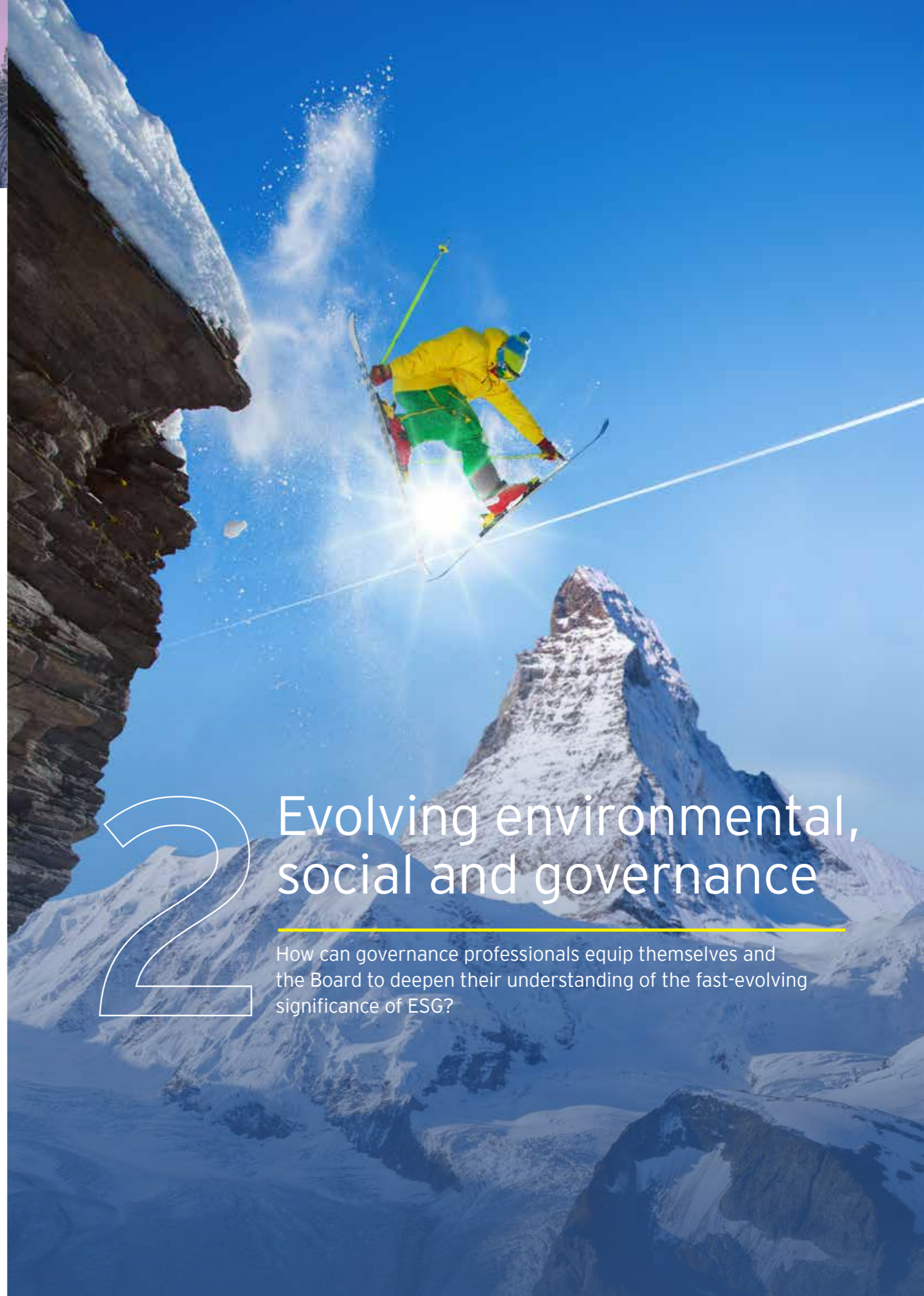
Governance professionals can therefore focus on responsibilities that have a greater impact on organizational strategy such as regulatory compliance, corporate governance and risk management activities.

AI and GRC solutions

AI can monitor authoritative sources and quickly analyze large volumes of data which allows the gap between external regulations and current organizational practice to be highlighted and compliance needs to be immediately transversed.

GRC solutions could also enable an integrated risk management oversight from incident reporting, top down and bottom up data privacy assessment to compliance declaration.

As AI and GRC solution make its way into the boardroom, governance professionals will have real time oversight of the compliance matters for alerting, reporting and escalations.



2 Evolving environmental, social and governance

How can governance professionals equip themselves and the Board to deepen their understanding of the fast-evolving significance of ESG?

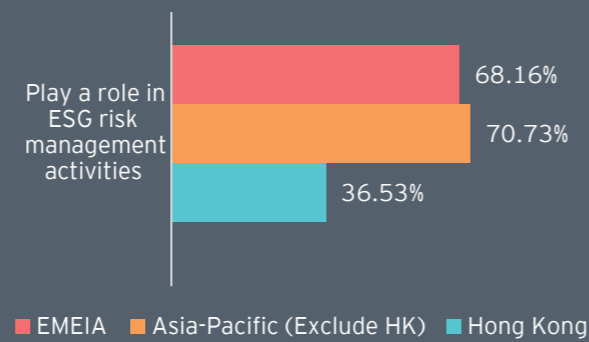
Introduction

It is widely recognized today that stronger ESG performance can enhance an organization's competitive advantage, including a more stable investor base, lower cost of capital and better access to financing. Enshrining ESG principles in business strategy adds value to an organization and makes it more agile and prepared in response to sudden change.

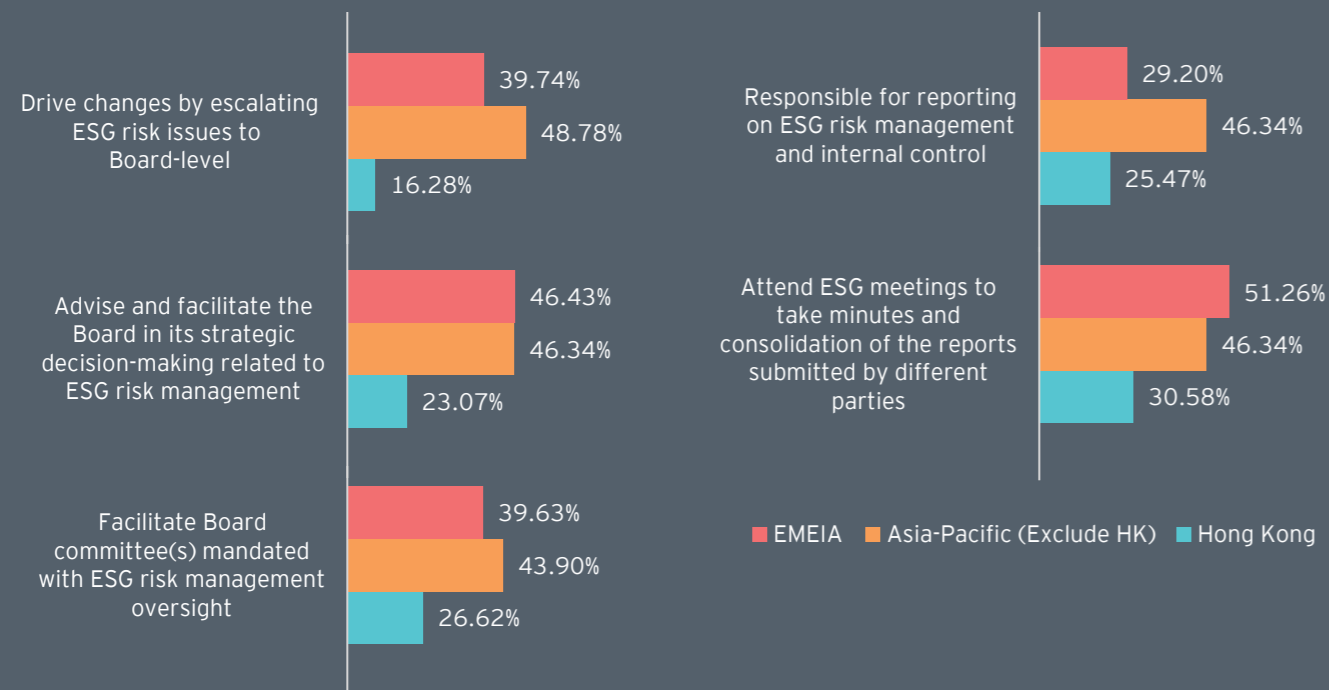
Current role in ESG risk management activities

According to our survey results, about half of the respondents reported that they are currently involved in ESG risk management, indicating that there is still room for governance professionals worldwide to play a bigger role in ESG risk management activities.

Survey question: Do you play a role in ESG risk management activities?



Survey question: Please indicate if you are involved in any of the following areas for ESG risk management?



The importance of driving environmental, social and governance in today's environment

As a result of the COVID-19 pandemic, societal, governmental and consumer scrutiny of organizations' ESG performance has intensified, especially in relation to the social dimension of ESG.

During the COVID-19 pandemic, investor attention on ESG disclosures has also intensified as increased emphasis has been placed on organizations' ability to manage long-term risks such as environmental risks. Given that climate change time horizons extend over 30 to 50 years, they are meaningless in conventional risk management terms. This means breaking down these issues to shorter-term steps and modeling will be key.

Trusted ESG disclosures require robust processes and controls, and independent assurance plays an essential role in driving reliability and consistency. The sustainability reporting / disclosures including Global Reporting Initiative (GRI), Carbon Disclosure Project (CDP), Task Force on Climate-related Disclosures (TCFD), and Climate Disclosure Standards Board (CDSB) have provided a very comprehensive framework for climate-related and sustainability disclosures. The governance professionals can turn to such international standards for reference in advising their boards on ESG closures.

With the growing importance of ESG performance and reporting in fund raising, including through green bonds and credit lines, as well as attracting the right investors, Boards are placing an increasing focus on ESG performance.

Despite increasing investor and stakeholder interests and scrutiny on corporates' ESG performance and disclosure globally, the level of ESG disclosure requirements vary across jurisdictions. Some jurisdictions require their listed companies to provide mandatory ESG disclosures, while others may follow a hybrid approach by adopting both mandatory disclosures and a "comply or explain" approach. That is, if the company does not report on one or more of the ESG provisions, it must provide bona fide reasons for its failure to do so in its ESG report.

Given that there is relatively less scrutiny of ESG disclosures in some jurisdictions, it is therefore not surprising that ESG disclosures are viewed as a low priority by some governance professionals. In general, other possible reasons for the lack of attention include:

- ▶ Governance professionals being underutilized
- ▶ Governance professionals are not of sufficiently seniority in the organizations to lead or participate in ESG initiatives
- ▶ Lack of awareness and acknowledgment of ESG as a Board-level issue
- ▶ Governance professionals not having access to the Board or key stakeholders within the organizations



What do Boards need to know about ESG?

- ▶ ESG is a strategic business issue that is increasingly tied to business performance and integrated into core business strategy and governance processes. Recent growth in ESG investing and related developments underscore this trend, reflecting broad investor conviction that specific ESG issues can be material to an organization's long-term strategy and value creation.
- ▶ As ESG investing continues to accelerate, organizations that address and appropriately govern the social and environmental issues that intersect with their business and effectively communicate that to the market, can often be rewarded by stronger access to capital, higher stock valuations and new growth opportunities.
- ▶ Market-driven ESG reporting frameworks can help companies identify, measure and disclose material ESG information in a way that helps investors make decisions, providing a more holistic view of long-term value creation. In turn, investment-grade ESG disclosures advance underlying business practices by helping companies manage and assess risk and identify opportunities.
- ▶ Boards should partner with management to deepen their understanding of the fast-evolving significance of ESG to the company's stakeholders and adapt their value proposition while acting to meet growing demands for ESG information, governance and performance.

How do governance professionals drive ESG?

Given the mounting importance of ESG to the investor community, governance professionals are facing rising expectations from stakeholders to stay relevant with trends and take a proactive approach to manage ESG risks and opportunities as part of the organization's business strategy.

To facilitate ESG development within the organizations under the ever-changing business landscape, it is vital for governance professionals to continually build on the relevant knowledge base through training and professional development programs. Only by being well versed with ESG and sustainability factors can governance professionals effectively advise the Board on the integration of ESG value drivers into sustainable business models.

In addition to staying in touch with trends, governance professionals will need to set a common ground where Board members and key stakeholders understand the definition and implication of ESG. Through creating a sense of purpose and setting the tone at the top for driving ESG practices, a solid foundation is often reinforced for ensuring Board oversight, proactive management and ongoing dialogue on ESG topics.

In addition, it is equally important to educate and direct staff firm-wide to raise their ESG awareness. Governance professionals can achieve this through:

- ▶ Circulating newsletters and articles in relation to ESG within the organization
- ▶ Conveying the Board's ESG message to staff through internal communication channel
- ▶ Conducting periodic ESG workshops



3

Emerging technology governance

Should governance professionals be responsible for some, if not all aspects related to technology governance?

Introduction

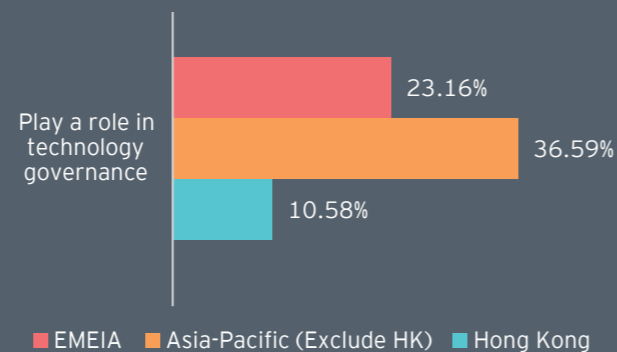
Change is constant and inevitable. With rapid technological innovation and advancement, the way we work is undergoing the most fundamental change. More businesses have transferred their products and services onto online platforms to enhance accessibility, customizability and portability.

While information technology (IT) departments may be directly responsible for ensuring data security, at the crux of good technology, governance is the ability of governance professionals to empower Board members with advanced tools to make better strategic decisions. By leveraging and incorporating advanced tools into the daily workflow, the efficiency, engagement, security and transparency of corporate governance can be significantly improved.

Current state of technology governance

Despite the growing importance of technology governance, our survey results show that only a small percentage of respondents play a role in technology governance.

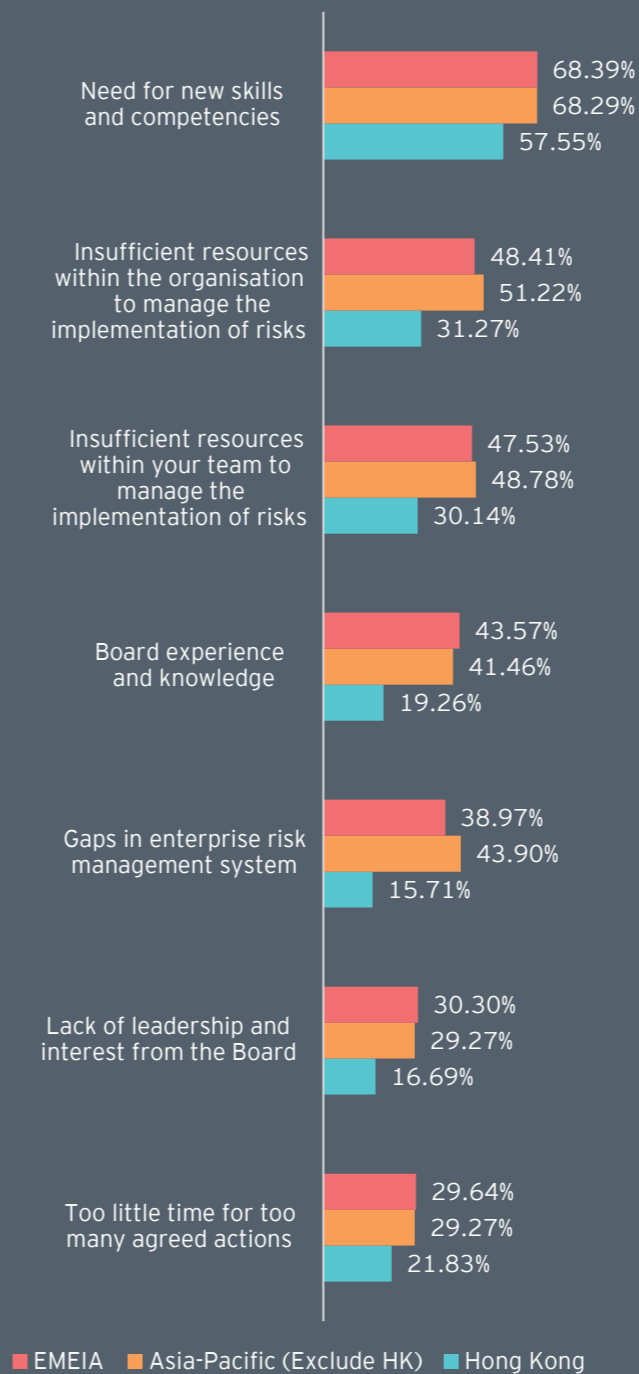
Survey question: Do you play a role in technology governance risk management activities?



The low involvement of governance professionals in technology governance could be explained by various reasons:

- ▶ The word “technology” is always associated with the IT personnel, and “technology” and “governance professionals” are viewed as unrelated
- ▶ Although technology has increased the efficiency of the Board management, the awareness of technology governance vary across different Boards and organizations and technology governance may not be viewed as an important agenda item to be tabled at Board meetings
- ▶ There is still a lack of consistency about the role that the governance professionals play in technology governance, and it is a challenge to translate this role into the day to day responsibilities of governance professionals

Survey question: Which of the following challenges have you / would you experience in technology governance?



Governance and technology

It would be challenging for a business to thrive in this fast-paced current environment without the use of information technology. Digital modernization has further accelerated during the COVID-19 pandemic as organizations are integrating more emerging technologies into their work. For instance, innovations such as AI, robotic process automation (RPA) and the internet of things (IoT) have played a dominant role post-pandemic to support seamless and hassle-free management of supply chain flows while cutting down operating costs.

As Board members shift more attention to technology, the majority indicate that their business will increase investment in technology for risk management in the next 12 months.

Nonetheless, digital modernization is not without risks. From hacking to digital payments, technology risks have become mission-critical for companies world-wide. Despite the risks, it seems that many organizations are still deploying technology without due consideration of the governance and ethical frameworks that should moderate its use. Furthermore, there is a trend that corporates are drawing up plans for executive-level governance of emerging technology.

In order to unlock the value of technology while minimizing its risks, governance professionals must be able to harness technology to successfully build a digitally savvy and technologically advanced foundation for corporate governance.

As organizations look towards the future, governance professionals can find themselves faced with challenges brought about by emotional and situational intelligences that emerging technologies such as RPA, AI and blockchain will most likely lack. The value of intuition, wisdom and experience that governance professionals possess will be deemed even more crucial in the near future to address these challenges.

Now more than ever, it is of paramount importance for organizations to ensure governance professionals are well versed with technologies and its amalgamation with corporate governance for sustainability. If managed well, technology governance can streamline organizational operations, and optimize time and cost efficiencies in the long run.



The governance professionals and technology governance

While technological issues may traditionally not be considered as part of the core responsibilities of governance professionals, it is not an area governance professionals can afford to ignore anymore. But how can governance professionals contribute to technology governance?

Promote best practices at Board-level

As trusted advisers to the Board, governance professionals are in a perfect position to drive and embrace the change from regarding technology as an IT matter to recognizing it as a Board-level business risk.

Governance professionals can also facilitate Board members' understanding of the organizations' digital strategy and related cybersecurity frameworks, as well as high-level controls and protocols. This is particularly important when the best practice today revolves around data privacy, cybersecurity and regulatory compliance at the Board level.

Improve knowledge base of technology

In order to facilitate Board members' understanding of the digital strategy and related technologies adopted in the organizations, governance professionals will need to focus some of their attention to enhancing the knowledge base of technology, including the emerging technologies.

Furthermore, with the tightening regulations and various emerging technologies, governance professionals play an important role in assisting the identification of sensitive data, advisory of some technology infrastructure set up as such data repository or data flow across different jurisdictions in order to comply with the cybersecurity regulations, user compliance training and ensuring IT operations are in line with regulations.



The way forward

Governance professionals are in a unique position to support and assist the Board in overseeing all high-risk issues in organizations, including regulatory management, ESG and technology governance. This will require that governance professionals take the opportunity to equip themselves with the future DNA that will expand their governance leadership to:

- ▶ Drive awareness of effective governance at Board-level by providing the Board with the level of confidence required to make decisions that are strategic, feasible and impactful
- ▶ Improve the knowledge base and skillset to keep pace with the dynamic governance landscape
- ▶ Unlock the value of digital transformation to enable their success in risk management activities

In addition, we have listed two key drivers of effective risk management:

- ▶ Extent to which technology is used to identify and manage risks
- ▶ Breadth and depth of risk reporting to the Board

With the rise in technological utilization, it is encouraging that our survey results revealed that some governance professionals worldwide are aware of the emerging technologies and tools in governance management, and they have started employing technologies to support risk management activities.

Governance professionals are uniquely positioned to support the Board in its quest to align strategy to the ever-changing regulatory landscape, technological advances, and environmental and social concerns. All these will ensure that the organization they serve will stay relevant and successful.

The future DNA of governance professionals will be embedded with the ability to proactively respond to changes. Recognizing that changes may lead to risks as well as opportunities, they are expected to be able to help their organizations to establish an effective system to identify risks and opportunities, as well as to manage the risks and explore the opportunities. By entrenching these activities in their role, governance professionals would further elevate their position as trusted, strategic advisers to the Board and proactive key members of the organizations.



Special report Hong Kong opportunities

When we asked if there are any roles that Hong Kong based governance professionals can play in facilitating compliance, ESG and technology governance, we observe significant progress in increasing efforts in all related risk management activities.

We have therefore prepared this special report to provide a deeper dive in analyzing the justifications and future opportunities that can be embraced and considered.



57.76% of the respondents indicated that they play a role in regulatory compliance risk management activities



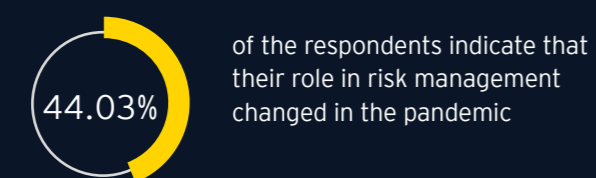
36.53% of the respondents indicated that they play a role in ESG risk management activities



10.58% of the respondents indicated that they play a role in technology governance risk management activities

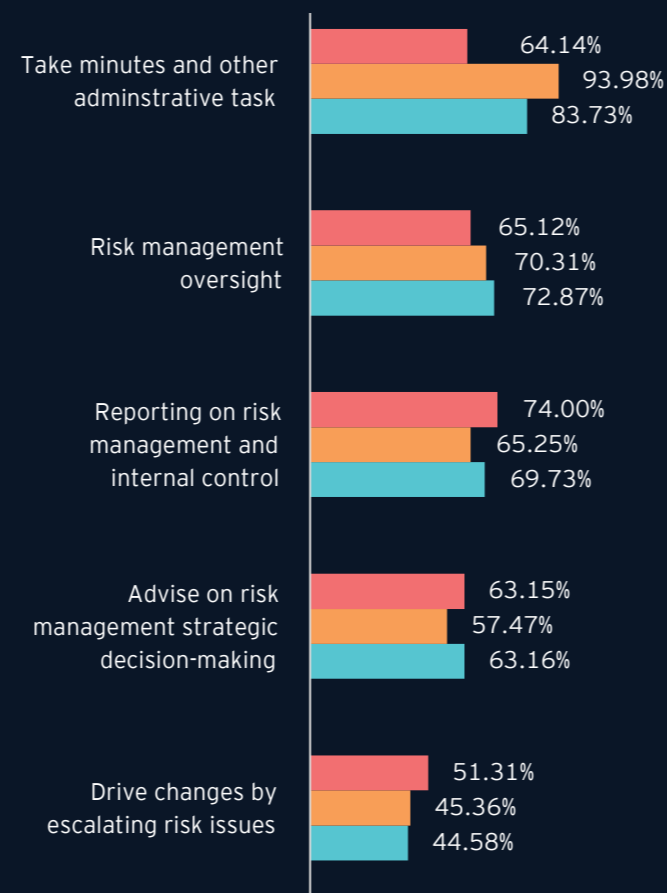
Current state drawn from our survey

In line with our view, our survey indicates that governance professionals in Hong Kong's role in risk management has changed post-pandemic.



From our survey, we observed that for those who are involved in compliance, ESG and technology governance, governance professionals in Hong Kong are taking a more proactive role in driving changes and advising on risk-related strategic decisions with leverage on their unique position between the Board and other stakeholders, aside from minutes taking and consolidation of reports.

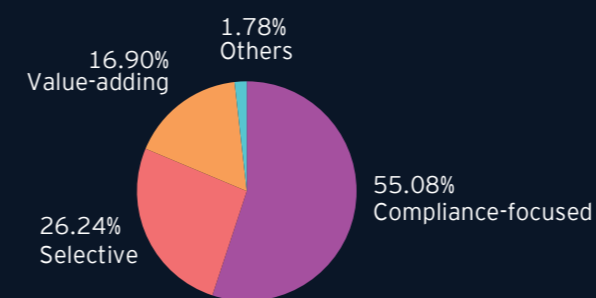
Survey question: Please indicate if you are involved in any of the areas below?



■ Technology governance
■ Compliance with the Listing Rules / regulations
■ ESG

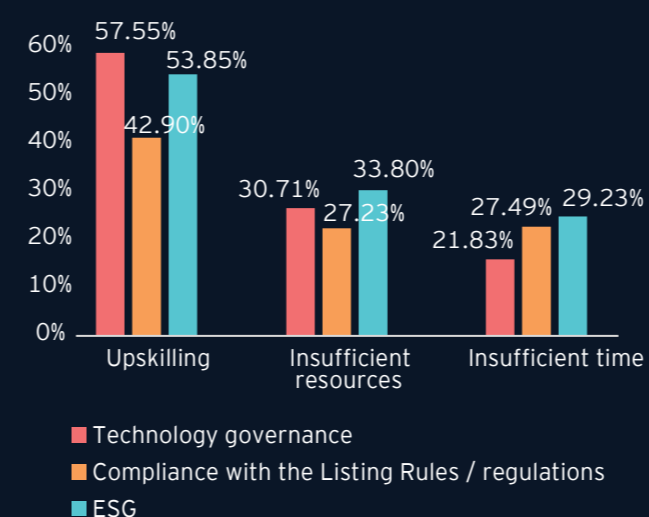
Our survey also indicates that governance professionals in Hong Kong is orienting toward risk data analysis, improvement-oriented reporting, with those attributes taking 43.14%. This is a positive signal of increasing focus on risk-based decision making across organizations.

Survey question: What risk reporting approach is adopted within your organization?



To facilitate proactiveness in driving organizational improvement, we ask the Hong Kong governance professionals to identify the top challenges they face. We observed a similar pattern across the three activities, with skills shortage being the highest (51.44% overall) followed by resources related concerns (30.86% overall).

Survey question: What are the top challenges have you / would you experience in the following risk management activities?



■ Technology governance
■ Compliance with the Listing Rules / regulations
■ ESG

Taking a leap of faith: Leveraging GRC technology to drive immediate improvements in governance and risk management activities



Need to upskill: Built-in framework guides governance professionals to deploy best practices and approaches across all risk management activities.



Shortening and non-duplicative adoption cycle: Single source of data removes duplicated effort and drives efficient integration of risk management into day-to-day operational activities.



Maximize benefits in balancing between risk, value and costs: Tailored solution encompasses the resources arrangements needed to conduct risk management activities across an organizations lines of defenses.

Risk

- Define risk profile to allow management to target risks
- Enable a Process, Risk and Control framework (e.g. taxonomy and risk data)
- Support the identification, monitoring, mitigation and reporting of risk, compliance and internal audit activities

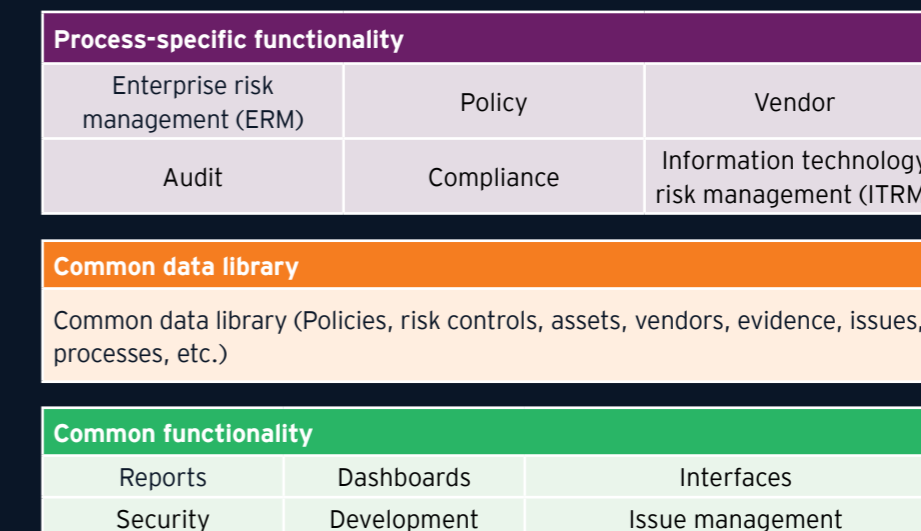
Value

- Integrate reporting through standard reports, data export features and configurable dashboards
- Improve risk data, analysis / effective challenge and value-add from risk functions to business

Cost

- Reduce duplication and associated costs via a consistent tool-based approach
- Save time and resources from retiring inefficient tools

Architecture (sample) of an Integrated GRC Ecosystem



About EY

EY | Building a better working world

EY exists to build a better working world, helping create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

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NextGen Enterprise Risk Management (ERM)

Wavespace Risk Sensing and Transformation

EY's wavespace™ approach brings together the best of design thinking, technology enablement and collaborative space to deliver a high impact approach to build innovative ideas in transformation.

Our wavespace risk sensing and transformation session can be either physical or virtual that combines advanced facilitation capabilities with a technology suite of tools and subject matter experts to create an immersive and collaborative experience.

Indicative session agenda

- ▶ Optimizing risk governance (3 lines model)
- ▶ Integrating across risk functions
- ▶ Validating risk coverage
- ▶ Reflecting on risk agility
- ▶ Technology enablement
- ▶ Resourcing model
- ▶ Visualizing the "transformative journey"

Governance, Risk and Compliance (GRC) technology enablement

As risk management matures, organizations often look for digitalization of its risk management process whereby risk could be systematically monitored on a real-time basis.

EY's GRC technology enablement services assist you along your transformation journey from assessing your readiness, optimizing the risk and control structure, formation of a GRC strategic roadmap, to the actual vendor selection, configuration and implementation of the GRC system.

About HKCGI

(Incorporated in Hong Kong with limited liability by guarantee)

The Hong Kong Chartered Governance Institute (HKCGI), formerly known as The Hong Kong Institute of Chartered Secretaries (HKICS), is the only qualifying institution in Hong Kong and the Mainland of China for the internationally recognised Chartered Secretary and Chartered Governance Professional qualifications.

With over 70 years of history and as the Hong Kong/China Division of The Chartered Governance Institute (CGI), the Institute's reach and professional recognition extends to all of CGI's nine divisions, with more than 40,000 members and students worldwide. HKCGI is one of the fastest growing divisions of CGI, with a current membership of over 6,800, 300 graduates and 3,000 students with significant representations within listed companies and other cross-industry governance functions.

Believing that better governance leads to a better future, HKCGI's mission is to promote good governance in an increasingly complex world and to advance leadership in the effective governance and efficient administration of commerce, industry and public affairs. As recognised thought leaders in our field, the Institute educates and advocates for the highest standards in governance and promotes an expansive approach which takes account of the interests of all stakeholders.

Better Governance. Better Future.

For more information, please visit www.hkcg.org.hk.



About CSIA

The Corporate Secretaries International Association Limited (CSIA) is incorporated as a company limited by guarantee in Hong Kong and represents a community of more than 100 000 Corporate Secretaries and Governance Professionals across 5 continents. As the Global Voice of Corporate Secretaries and Governance Professionals, CSIA connects governance professionals, corporates and governments, creating a hub of knowledge and experiences by drawing on the expertise of its members for research, thought leadership and best governance practices. CSIA is committed to growing the body of resources to assist Corporate Secretaries and their organizations in addressing new governance challenges that threaten organizations' sustainability.

For more information, please visit www.csi.org

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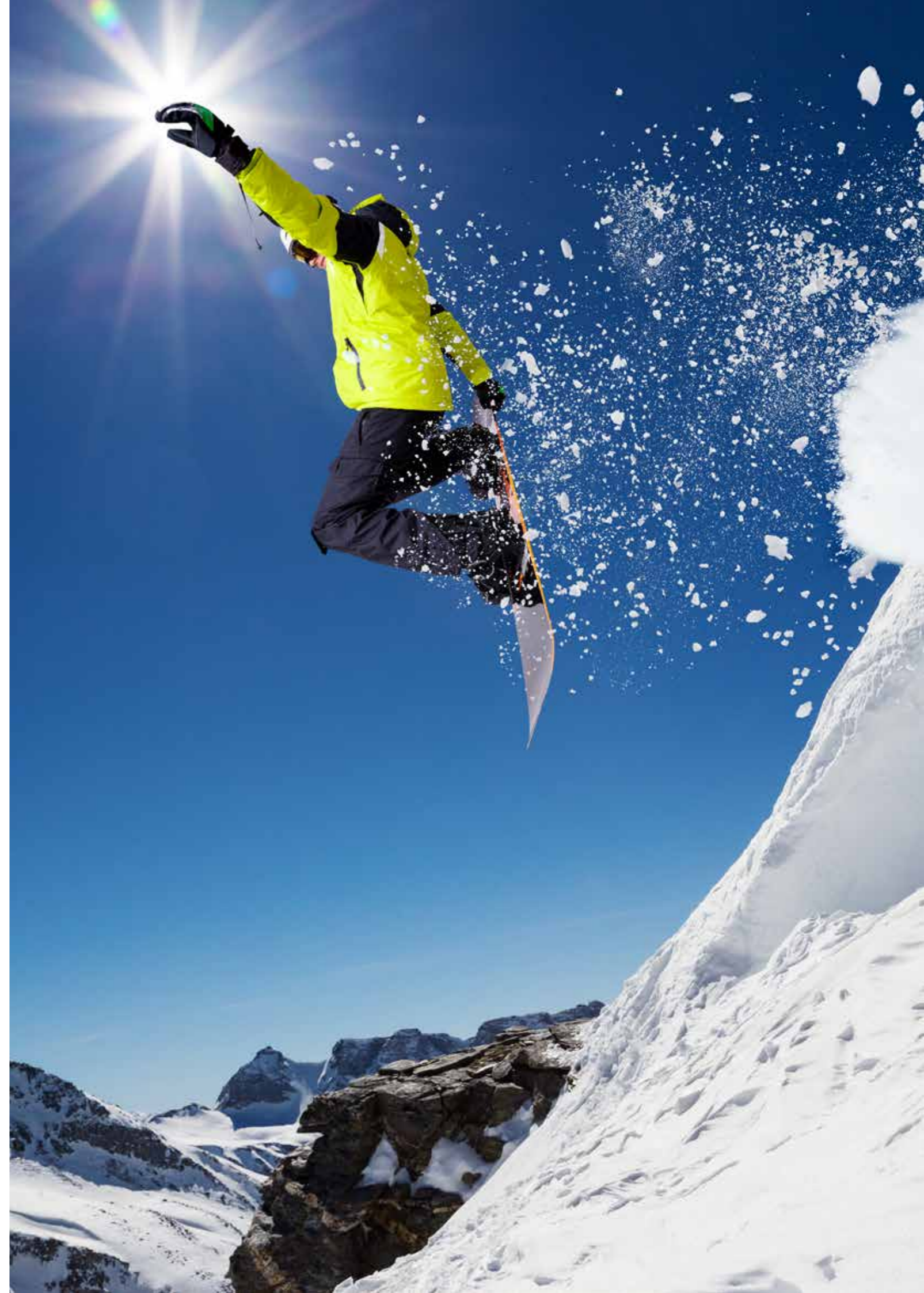
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