



December 2024

**Better Governance.**

**Better Future.**

卓越治理 更佳未來

The journal of the Hong Kong  
Chartered Governance Institute

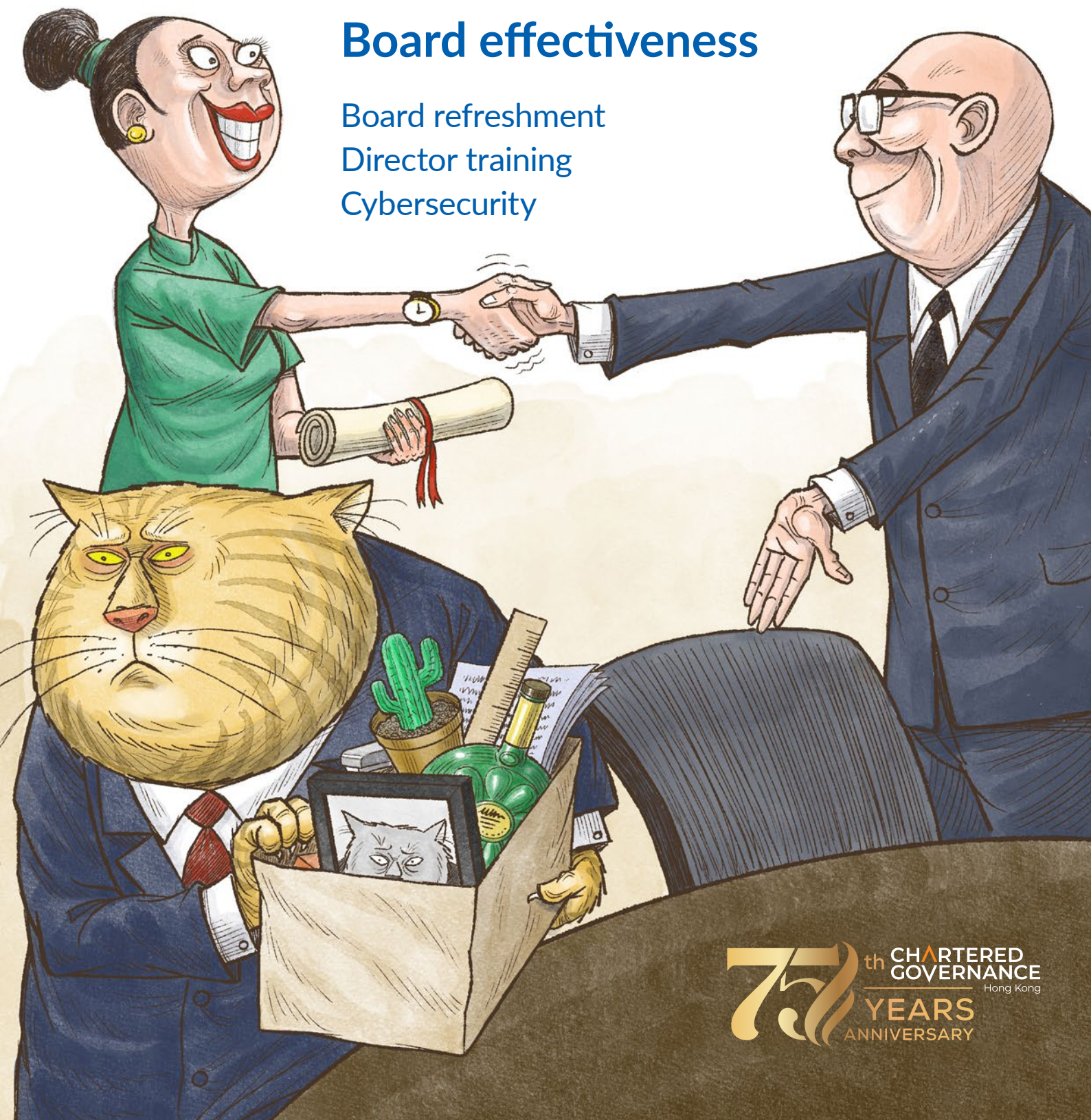
香港公司治理公會會刊

## Board effectiveness

Board refreshment

Director training

Cybersecurity



**75<sup>th</sup>** CHARTERED  
GOVERNANCE  
Hong Kong  
**YEARS**  
ANNIVERSARY





# Climate risks to essential commodities

## What business leaders need to know

PwC's special report – Climate Risks to Essential Commodities – explores the impact of heat and drought risk to six essential commodities produced in APEC economies. It also provides insight on how business leaders can adapt to climate-driven disruption and take steps to protect their operations.

The special report has been produced for the Asia-Pacific Economic Cooperation (APEC) conference in Lima, Peru, between 10-16 November 2024. The report is part of PwC's series, Climate Risks to Nine Key Commodities: Protecting People and Prosperity.

**You can read the full report, and learn more about key takeaways for climate risk adaptation on [www.pwc.com](https://www.pwc.com)**



© 2024 PricewaterhouseCoopers. All rights reserved.



Download our report



## HKCGI Sustainability Governance Academy (Academy)



**Become an HKCGI Sustainability Professional - a stamp of quality that employers can rely on**

All accredited HKCGI Reporting Certificate holders can join the Academy free of charge to promote sustainability and for peer-to-peer networking and sharing



HKCGI, with 75 years of history, now sets another milestone by establishing the Academy to promote sustainability-related advocacy, education and research.

Our **objectives** are to build a platform that recognises the knowledge and expertise acquired by the ESG Reporting Certificate holders, facilitates knowledge update through publications and continuous training, and enables the sharing of experience and regulatory and practical concerns, providing a voice for like-minded individuals to advocate sustainability policies and practices.

Our **vision** is to be the go-to resource and leading voice in ESG/sustainability governance and reporting.

### Benefits of Being a Sustainability Professional



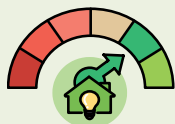
Priority enrolment to webinars, workshops, and special events



Opportunities for networking with people who share your enthusiasm for sustainability



Being kept informed of the most recent advancements in sustainability and ESG governance



Demonstration of expertise to employers or prospective employers



Contribute to shaping regulatory policy in sustainability governance



One free annual update seminar on sustainability

For more information and to register, click the link below.

Get Started with HKCGI

[minisite.hkcg.org.hk/academy/](https://minisite.hkcg.org.hk/academy/)  
(852) 2881 6177  
[academy@hkcg.org.hk](mailto:academy@hkcg.org.hk)

To be recognised as a powerhouse on sustainability and ESG concerns.

## Good governance comes with membership

### About The Hong Kong Chartered Governance Institute

The Hong Kong Chartered Governance Institute (HKCGI, the Institute) is an independent professional body dedicated to the promotion of its members' role in the formulation and effective implementation of good governance policies, as well as the development of the profession of the Chartered Secretary and Chartered Governance Professional in Hong Kong and the Chinese mainland.

The Institute was first established in 1949 as an association of Hong Kong members of The Chartered Governance Institute (CGI). In 1994 the Institute became CGI's Hong Kong Division and, since 2005, has been CGI's Hong Kong/China Division.

The Institute is a founder member of Corporate Secretaries International Association Ltd (CSIA), which was established in March 2010 in Geneva, Switzerland. Relocated to Hong Kong in 2017, where it operates as a company limited by guarantee, CSIA aims to give a global voice to corporate secretaries and governance professionals.

HKCGI has over 6,800 members, more than 300 graduates and around 3,000 students.

### Council 2024

**David Simmonds** FCG HKFCG – President  
**Stella Lo** FCG HKFCG(PE) – Vice-President  
**Tom Chau** FCG HKFCG – Vice-President  
**Kenny Luo** FCG HKFCG(PE) – Vice-President  
**Daniel Chow** FCG HKFCG(PE) – Treasurer  
**Professor Alan Au** FCG HKFCG  
**Edmond Chiu** FCG HKFCG(PE)  
**Ivy Chow** FCG HKFCG(PE)  
**David Fu** FCG HKFCG(PE)  
**Robin Healy** FCG HKFCG  
**Wendy Ho** FCG HKFCG(PE)  
**CK Low** FCG HKFCG  
**Wei Fang** FCG HKFCG  
**Matthew Young** FCG HKFCG(PE)  
**William Zhang** FCG HKFCG

### Committee chairmen

**Audit Committee:**  
**Ernest Lee** FCG HKFCG(PE)  
**Mainland China Affairs Committee:**  
**Kenny Luo** FCG HKFCG(PE)  
**Membership Committee:**  
**Stella Lo** FCG HKFCG(PE)  
**Nomination Committee:**  
**Gillian Meller** FCG HKFCG(PE)  
**Professional Development Committee:**  
**Wendy Ho** FCG HKFCG(PE)  
**Qualifications Committee:**  
**CK Low** FCG HKFCG

### Ex-officio:

**Ernest Lee** FCG HKFCG(PE) – Immediate Past President  
**Gillian Meller** FCG HKFCG(PE) – Past President  
**Honorary Adviser:**  
**Edith Shih** FCG(CS, CGP) HKFCG(CS, CGP)(PE) – Past International President & Past President

### Membership and studentship statistics update

As of 31 October 2024, the statistics were as follows:

**Students:** 2,404 **Graduates:** 480 **Associates:** 6,463 **Fellows:** 891

### The Hong Kong Chartered Governance Institute

(Incorporated in Hong Kong with limited liability by guarantee)  
 3/F, Hong Kong Diamond Exchange Building,  
 8 Duddell Street, Central, Hong Kong  
 Tel: (852) 2881 6177 Fax: (852) 2881 5050  
 Email: ask@hkcg.org.hk (general)  
 cpd@hkcg.org.hk (professional development)  
 member@hkcg.org.hk (member)  
 student@hkcg.org.hk (student)  
 Website: www.hkcg.org.hk

### Beijing Representative Office

Room 1220, Jinyu Tower,  
 No 129, Xuanwumen West Street,  
 Xicheng District, Beijing, 100031, PRC  
 Tel: (86) 10 6641 9368/6641 9190  
 Email: bro@hkcg.org.hk  
 Website: www.hkcg.org.cn

### The Chartered Governance Institute

**The Chartered Governance Institute**  
 c/o MCI UK  
 Building 1000, Western Road  
 Portsmouth, Hampshire PO6 3EZ  
 United Kingdom  
 Tel: (44) 1730 715 226

**MAICSA**  
 No 57 The Boulevard  
 Mid Valley City  
 Lingkaran Syed Putra  
 59200 Kuala Lumpur  
 Malaysia  
 Tel: (60) 3 2282 9276  
 Fax: (60) 3 2282 9281

**Governance Institute of Australia**  
 Level 11, 10 Carrington Street  
 Sydney, NSW 2000  
 Australia  
 Tel: 1800 251 849

**Governance New Zealand**  
 PO Box 444  
 Shortland Street  
 Auckland 1140  
 New Zealand  
 Tel: (64) 9 377 0130

**The Chartered Governance Institute of Canada**  
 1568 Merivale Road, Suite 739  
 Ottawa, ON Canada K2G 5Y7  
 Tel: (1) 613 595 1151  
 Fax: (1) 613 595 1155

**SAICSA**  
 149 Rochor Road  
 #04-05 Fu Lu Shou Complex  
 Singapore 188425  
 Tel: (65) 6334 4302  
 Fax: (65) 6334 4669

**Chartered Governance Institute of Southern Africa**  
 PO Box 3146  
 Houghton 2041  
 Republic of South Africa  
 Tel: (27) 11 551 4000  
 Fax: (27) 11 551 4027

**The Chartered Governance Institute UK & Ireland**  
 Saffron House, 6-10 Kirby Street  
 London EC1N 8TS  
 United Kingdom  
 Tel: (44) 20 7580 4741

**Chartered Governance and Accountancy Institute in Zimbabwe**  
 Cnr 3rd St & Nelson Mandela  
 PO Box 2417  
 Zimbabwe  
 Tel: (263) 242 707582/3/5/6

## December 2024

CGj, the journal of the Institute, is published 12 times a year by Ninehills Media and is sent to members and students of the Institute and to certain senior executives in the public and private sectors.

Views expressed are not necessarily the views of the Institute or Ninehills Media. Any views or comments are for reference only and do not constitute investment or legal advice. No part of this magazine may be reproduced without the permission of the publisher or the Institute.

### Editorial Board

<b>Ellie Pang</b>	<b>Michael Li</b>
<b>Kieran Colvert</b>	<b>CK Low</b>
<b>Willa Chan</b>	<b>Mohan Datwani</b>
<b>Robin Healy</b>	<b>Desmond Lau</b>
<b>Patricia Hui</b>	

### Credits

<b>Kieran Colvert</b>	<b>Harry Harrison</b>
Editor	Illustrator (cover)
<b>Carey Vail</b>	<b>Images</b>
Deputy Editor	iStock
<b>Ester Wensing</b>	
Art Director	

### Contributors to this edition

**Robin Healy**  
 Link REIT  
**Alexandra Tracy**  
 Hoi Ping Ventures  
**Karin Malmström**  
 Corporate Governance Reality Check  
**Saul Howerton**  
 Vistra  
**Cameron Whittfield**  
**Hannah Cassidy**  
**Peggy Chow**  
 Herbert Smith Freehills

### Advertising sales enquiries

Ninehills Media Ltd  
 Tel: (852) 3796 3060  
**Jennifer Luk**  
 Email: jennifer@ninehillsmedia.com

### Ninehills Media Ltd

12/F, Infinitus Plaza  
 199 Des Voeux Road  
 Sheung Wan  
 Hong Kong  
 Tel: (852) 3796 3060  
 Fax: (852) 3020 7442  
 www.ninehillsmedia.com  
 Email: enquiries@ninehillsmedia.com  
 © Copyright reserved  
 ISSN 1023-4128



# Contents

## Cover Story

### Board refreshment: a catalyst for corporate success 06

Robin Healy FCG HKFCG, Director – Corporate Governance Secretariat, and Kevin Leighton, Independent Corporate Governance Consultant, Link REIT, discuss the importance of board refreshment.

## In Conversation

### Director training 10

Institute Chief Executive, Ellie Pang FCG HKFCG(PE) talks to CGj about the importance of ongoing training for directors of listed companies.

## Sustainability Thoughts

### Sustainability reporting – what’s material? 12

Alexandra Tracy, President, Hoi Ping Ventures, looks at the difference between single and double materiality.

## In Focus

### Integrative thinking 16

Karin Malmström, Co-founder and Managing Director, Corporate Governance Reality Check, offers some practical insights into how adopting integrative thinking in decision-making processes helps set innovative leaders apart.

### The EU AI Act: what multinational organisations should know 20

Saul Howerton, Vice President, Advisory, US, Vistra, provides a clear overview of the new EU AI Act and its implications for multinational companies with activities in the EU.

## Technical Update

### Beware of identity theft, phishing and cyber breaches 24

CGj reviews the latest guidance note issued by the Institute and provides an overview of all guidance notes published by the Institute between April and September 2024.

### New cybersecurity legislation proposed 30

Authors from Herbert Smith Freehills examine Hong Kong’s proposed new cybersecurity legislation, formulated to enhance the protection of critical infrastructure computer systems, and provide a practical synopsis of the main points and obligations under this law.

## GoldenGen Reflections

### Peter Greenwood FCG HKFCG 38

This month’s interview in the GoldenGen Reflections series, the second in our new column featuring senior members of the governance profession, is with Peter Greenwood FCG HKFCG.

### 林英伟先生 FCG HKFCG 40

本月的睿思智享系列采访是我们新专栏的第二篇文章，重点介绍公司治理专业的资深人士，本次受访者是林英伟先生 FCG HKFCG。



## HKCGI News

### President’s Message 04

### Institute News 42

### Student News 48



## Board effectiveness and director training

Board effectiveness has always been at the heart of good corporate governance, and this month's CGj casts light on two essential components of building and maintaining an effective board – board refreshment and director training.

These topics are very timely since Hong Kong Exchanges and Clearing Limited (HKEX) has proposed to introduce requirements into our Corporate Governance Code and Listing Rules relevant to both board refreshment and director training. These include new Code Provisions, for example, requiring – subject to comply or explain – regular board performance reviews and the disclosure of a board skills matrix, and a new Listing Rule requiring mandatory director training.

At the time of writing my message this month, those proposals have not yet been finalised, but I would like to focus on the role our Institute intends to play in helping directors stay ahead of the game via ongoing training.

Firstly, our Institute supports the move to make director training mandatory. As our Chief Executive, Ellie Pang FCG HKFCG(PE) explains in this month's In Conversation column, it is vital for directors to fully understand their roles, functions and

responsibilities, and – crucially – their fiduciary duties and legal obligations towards the companies they serve.

She also points out that the Chinese mainland, Singapore and Malaysia have all introduced mandatory director training requirements, so Hong Kong will certainly not be alone if it goes ahead with the proposals put forward in the HKEX consultation. Nevertheless, while there is a growing recognition of the importance of director training globally, mandatory requirements are still relatively rare. Most jurisdictions encourage training through guidelines rather than enforce it through regulations.

Given the crucial role that director competency plays in achieving and maintaining good corporate governance, our Institute believes that the move to position Hong Kong ahead of the curve in terms of mandatory training requirements is well advised. We are also working on many fronts to play our part in enhancing board effectiveness – a guide on board performance reviews has just been issued and we intend to play a practical, enabling role in terms of ensuring that directors have access to relevant, flexible and price-competitive training options provided by respected industry and governance leaders.

To this end, the Institute will shortly be launching a director training package, which will be closely aligned with the regulatory requirements put forward

by HKEX – in particular, the package targets the five specified topics set out in the HKEX consultation paper. The package has also been designed with maximum accessibility in mind. It will therefore be calibrated for both new and experienced directors and will include training videos in English, Cantonese and Putonghua.

To conclude, our Institute believes that Hong Kong's proposed mandatory director training requirements will bring directors into alignment with other governance gatekeepers (in particular our members), who have long been subject to mandatory continuing professional development requirements. In the current era of rapid and large-scale change, directors must continuously update their knowledge and skills, and without a structured training programme they may struggle to navigate the complexities of the current business environment. The time has come to recognise that training is not just beneficial, but is also essential for directors to fulfil their pivotal role in governance.

David Simmonds FCG HKFCG

# 董事会效能与董事培训

**董**事会效能一直是良好公司治理的核心，本月会刊聚焦于构建和维持有效董事会的两个不可或缺的组成部分——董事会成员更新和董事培训。

这些议题非常适时，香港交易及结算有限公司（港交所）已建议在企业管治守则和上市规则中引入与董事会成员更新和董事培训相关的要求，这包括新的守则条款，例如要求在“遵守或解释”原则下，定期进行董事会绩效评估和披露董事会技能矩阵，以及一项新的上市规则 - 强制要求进行董事培训。

在撰写本文之时，这些建议尚未最终确定实行，但我想重点谈谈公会计划通过持续培训帮助董事保持专业知识更新方面发挥的作用。

首先，公会支持将董事培训作为强制性要求的举措。正如公会总裁彭京玲 FCG HKFCG(PE) 在本月的“对话”专栏中所指出，董事必须充分理解其角色、职能和责任，尤其是对所服务公司的信托责任和法律义务。

她还指出，中国内地、新加坡和马来西亚都已引入强制董事培训要求，因此如果香港实施港交所咨询文件中提出的建议，这也不是孤例。不过，尽管全球对董事培训重要性的认识在不断增强，但强制性规定仍然相对少见，大多数司法管辖区还是通过指引鼓励董事接受培训，而不是通过法规强制执行。

鉴于董事的专业能力在实现和保持良好公司治理方面发挥着至关重要的作用，公会认为，香港在强制培训要求方面走在前列的做法是明智之举。公会也在多方面努力，为提高董事会的效能尽自己的一份力量 - 公会刚刚发布了一份关于董事会绩效评估的指引，公会也希望能在确保董事获得专业高质量的培训方面发挥作用，公会所计划提供的培训将由备受业界推崇的行业与治理领导者提供，培训内容紧贴董事需求、方式灵活且兼具价格优势。

公会将很快推出一套董事培训方案，该方案将紧贴港交所提出的合规要求——特别是针对港交所咨询文件中

列出的五个特定主题。该培训方案的设计也考虑到了最大程度的可及性。因此，它将满足新任董事及经验丰富的董事的不同需求，并将包括英语、粤语和普通话三种语言的培训视频。

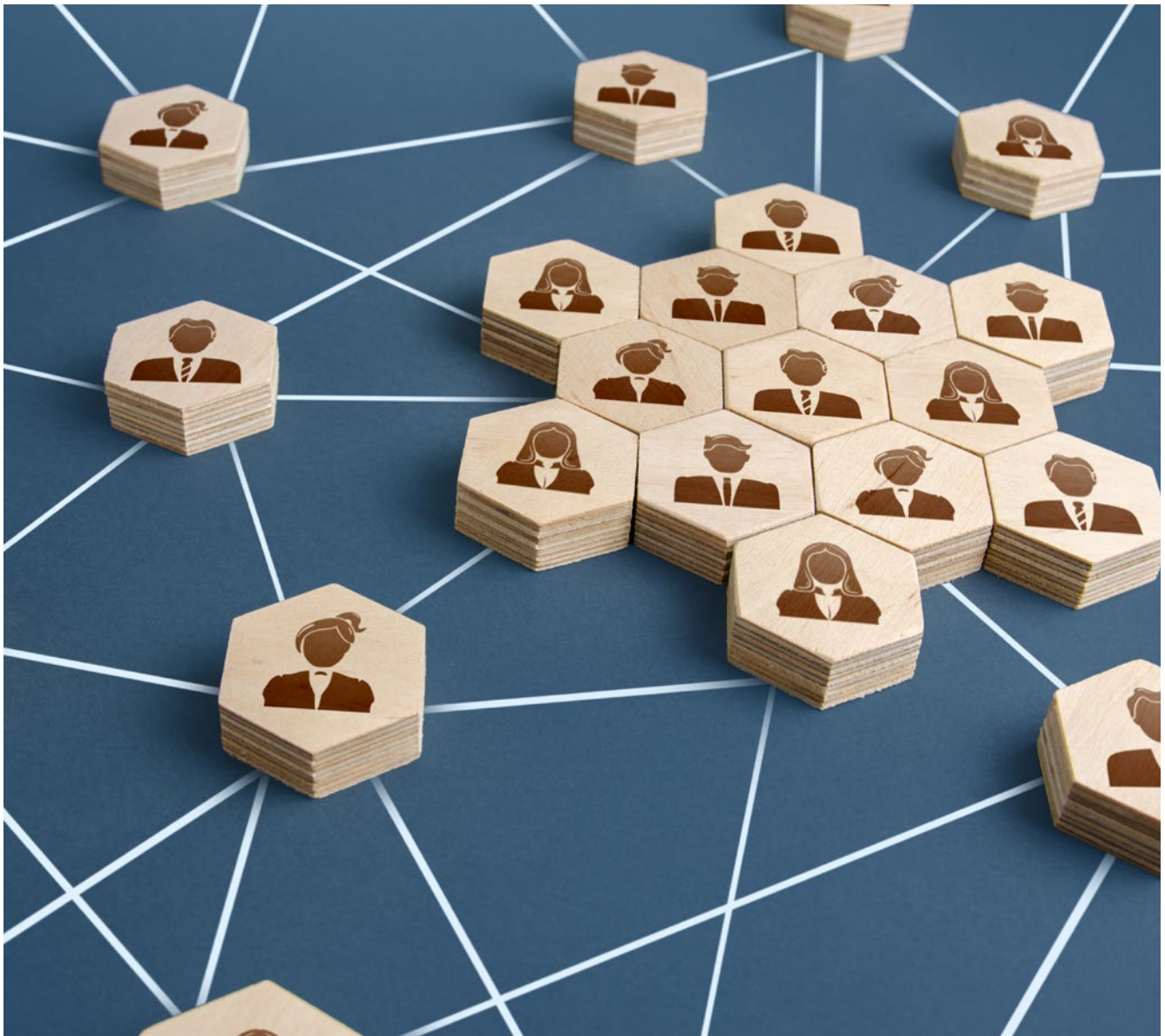
总之，公会认为，港交所提议的强制董事培训要求将使董事与其他治理守门人（特别是公会的会员）保持一致，而这些守门人长期以来都受到强制持续专业发展要求的约束。在当前快速且大规模变革的时代，董事必须不断更新其知识和技能，如果没有系统的培训，他们可能难以驾驭当前复杂的商业环境。现在是时候认识到，培训不仅是有益的，而且对董事履行其在治理中的关键作用至关重要。



司马志先生 FCG HKFCG

# Board refreshment: a catalyst for corporate success

Robin Healy FCG HKFCG, Director – Corporate Governance Secretariat, and Kevin Leighton, Independent Corporate Governance Consultant, Link REIT, discuss the importance of board refreshment and offer practical advice for developing a board skills matrix.





## Introduction

The Stock Exchange of Hong Kong Limited (the Exchange) is placing greater emphasis on board refreshment as part of its broader efforts to strengthen corporate governance practices. The focus is to ensure that boards remain effective, diverse and responsive to the evolving needs of the companies they oversee.

This shift also addresses stakeholder demands for more transparent and accountable governance. The focus on board refreshment in Hong Kong mirrors global trends in corporate governance, where investors and regulators are pushing for more dynamic and diverse boards. By prioritising board refreshment, the Exchange aims to ensure that Hong Kong retains its reputation for leading corporate governance, and remains competitive and aligned with international best practices.

## The importance of board refreshment

As a company revises and executes strategy, and reacts to the ever-accelerating pace of external developments, the mix of skills, knowledge and experience that served the company so well initially will need to evolve. From Kodak to MySpace, corporate history is littered with companies whose leadership failed to innovate and adapt. As Peter Drucker put it: 'The greatest danger in times of turbulence is not the turbulence – it is to act with yesterday's logic.'

Board refreshment is the process of renewing board members to ensure that a company has the right leadership to guide it through evolving challenges. It involves systematically

planning for both the replacement and the introduction of new skill sets as directors step down from the board. This process ensures that the board remains agile, diverse and well equipped to address the company's future.

It is more important than ever that a board regularly analyses the strengths and weaknesses of its existing directors to verify it has the right people with the right skills in the boardroom to continue driving the company towards the achievement of its strategic objectives.

## Planning for change: developing a board skills matrix

It is never too early to start planning for change – when did you last update your board skills matrix?

A board skills matrix is a practical tool for beginning this change process and ensuring that the board of directors has the right mix of skills, knowledge and experience to support the organisation's long-term goals. Developing a skills matrix also helps support compliance and serves as a proactive way to evaluate and address

a board's strengths and weaknesses. Regularly updating this matrix helps boards maintain a forward-looking approach to their composition.

In its June 2024 consultation paper, titled Review of [the] Corporate Governance Code and Related Listing Rules (2024 Consultation), the Exchange proposes the introduction of a new Code Provision (CP) requiring issuers to maintain and disclose a board skills matrix. Under the new CP, issuers would be required to disclose information on: (i) the existing skills mix of their boards, (ii) how the combination of skills, experience and diversity of their directors serves the purpose, values, strategy and desired culture of the company, and (iii) details and plans to acquire further skills.

Five areas to consider when developing your board skills matrix are:

1. the future strategic needs of the company and how these translate into board requirements
2. the specific skills, expertise and industry knowledge needed

## Highlights

- the Exchange is emphasising board refreshment as part of its efforts to strengthen corporate governance practices in Hong Kong and to align with international best practices
- a board skills matrix is a practical tool to ensure that the board of directors has the right mix of skills, knowledge and experience to support the organisation's long-term goals
- board refreshment strategies – including implementing effective succession planning and fostering diversity – can significantly contribute to a company's long-term success

## “ board refreshment is a vital component of modern corporate governance, particularly in a dynamic and competitive environment such as Hong Kong ”

for the future board to achieve success

3. what diversity means to your organisation in terms of gender, ethnicity, age and professional background
4. the target culture for the company, and
5. the time and commitment required to meet expectations.

### Gaps between the current and future skills matrix

The process of developing a board skills matrix and considering anticipated strategic developments will likely reveal a gap between the current and the future board skills set. It is important to systematically compare your current and future skills matrices to identify any gaps in skills, knowledge and expertise, and diversity.

Once the analysis has been completed, you will be in a position to develop a detailed action plan to address any identified gaps, thereby ensuring your organisation is well prepared to meet future challenges. Developing current and future skills matrices will assist your nomination committee with the formulation of the role profiles for future directors. Regular – and preferably externally

conducted – board evaluations will provide invaluable information on how the board views these matters and, importantly, whether those directors ticking relevant boxes in the board skills matrix are actually delivering that expertise in the boardroom.

### How to get there

As Stephen Covey, American educator and author, says: ‘A good plan begins with the end in mind.’

The director talent pool is finite and the global nature of Hong Kong’s business environment means that Hong Kong companies are competing in international markets for high-calibre candidates. The need to attract and retain top talent can be a formidable challenge and one that needs careful planning to surmount.

It is important to consider anticipated retirements from the board and how these may impact the collective skill set of not only the board, but also each of its committees as board refreshment is executed. Some boards may need to increase in size to make sure there is appropriate coverage of core skills and expertise as new skill sets are acquired.

### Effective succession planning

Effective succession planning helps ensure a smooth transition of leadership and the ongoing alignment

of board composition with the company’s strategic objectives.

For Hong Kong listed companies, effective succession planning involves several key components, comprising the development of formal succession plans for both executive and non-executive directors, including independent non-executive directors (INEDs), regular evaluations of board performance and individual directors, and the promotion of diversity.

### Defining and delivering diversity

Diversity is crucial for inclusive decision-making and enhancing organisational performance. In Hong Kong, efforts to increase female representation on boards have gained momentum in recent years with amendments to the Listing Rules prohibiting single gender boards from 1 January 2025 and introducing guidelines emphasising the importance of board diversity. A comprehensive view of diversity encompasses not only gender, but also age, ethnicity, background and experience.

Any successful board refreshment process will take into account the various aspects of diversity, ensuring that the board is better equipped to navigate the complexities of the modern business landscape.

### Director tenure

Long tenure, exceeding nine years, raises concerns among institutional investors about a director’s independence. To address this, in its 2024 Consultation, the Exchange proposes the introduction of a ‘hard cap’ of nine years for INEDs. It



additionally proposes that, after this time, such individuals may continue to contribute to the board, but in the capacity of a non-executive director. Further, they could serve again as an INED for the same listed company, but only after a two-year 'cooling-off period', during which time they have not been a director of that issuer, or of any of its holding companies or subsidiaries.

Whilst the objective of these changes is to prevent entrenchment and maintain independence, a balance should be reached to secure the long-term success of the organisation. The

challenge of finding the right balance may be exacerbated, given that INEDs may be required to step down contemporaneously, nine years post initial public offering. Overseas, INED tenure is often viewed as three terms of three years each, rather than a nine-year appointment, with it not being uncommon for INEDs to step down at year six.

### Conclusion

Board refreshment is a vital component of modern corporate governance, particularly in a dynamic and competitive environment such as Hong Kong. By fostering diversity,

enhancing governance and promoting adaptability, board refreshment strategies can significantly contribute to a company's long-term success.

**Robin Healy FCG HKFCG, Director – Corporate Governance Secretariat, and Kevin Leighton, Independent Corporate Governance Consultant Link REIT**

*At the time of writing, HKEX had not yet released its consultation conclusions. Look out for an overview of the regulatory amendments to the CG Code and related Listing Rules in an upcoming edition of CGj.*

## Corporate governance standards

- The proposed changes to Hong Kong's Corporate Governance Code (CG Code) and related Listing Rules set out in the Exchange's 2024 Consultation – currently planned for implementation from 1 January 2025 – call for listed companies to undertake a board performance review at least every two years to ensure that the board remains independent, diverse and effective. If the proposals in the Consultation are adopted, additional disclosures will be required in the company's corporate governance report, including the process for evaluating the board and the board committees, as well as information on how the results of the evaluation will be used to improve the board's effectiveness.
- Hong Kong has taken significant steps to enhance diversity, particularly in corporate governance. From 1 January 2025, single gender boards are prohibited for Hong Kong listed companies. The proposed changes set out in the 2024 Consultation would require that companies with reporting periods starting on or after this date disclose their board diversity policies, including measurable objectives and progress towards their achievement.
- The Exchange already mandates that at least one-third of the board of a listed company should consist of INEDs (Listing Rule 3.10A). In an effort to further reinforce the independence of boards, the 2024 Consultation proposes a tightening of rules around director tenure. If implemented, a new Listing Rule will see a nine-year cap placed on INED tenure in Hong Kong from 1 January 2025, with a three-year transition period before the requirement comes into effect on 1 January 2028. Issuers will be required to disclose the current term of appointment and tenure of each director in their corporate governance reports.
- Previously a recommended best practice, the proposed changes to the CG Code would require companies to maintain and disclose a board skills matrix that outlines the collective skills, expertise and attributes of the board members, to come into effect from 1 January 2025. The matrix will also need to set out how the combination of skills, experience and diversity of the directors serves the purpose, values, strategy and desired culture of the company, and, where skills gaps are identified in the current board composition, details and plans to address these gaps.

# Director training

Institute Chief Executive, Ellie Pang FCG HKFCG(PE) talks to CGj about the importance of ongoing training for directors of listed companies and the Institute's new series of director training seminars.



*The Institute promotes continuous learning as a fundamental aspect of professional development – do you welcome the introduction of mandatory director training for directors of listed companies, as proposed by Hong Kong Exchanges and Clearing Limited (HKEX) in its latest Corporate Governance Code (CG Code) consultation?*

'Definitely! Training empowers directors to effectively navigate the complexities of their roles amidst growing investor expectations. Continuous professional development (CPD) helps directors to refresh their knowledge and skills, and stay informed and responsive to changing landscapes.'

On their appointment, directors must fully understand their roles, functions and responsibilities, and – crucially – their fiduciary duties and legal obligations towards the companies they serve.

They must also be conversant with corporate governance and, increasingly, with ESG-related issues. Additionally, they need to understand risk management and the functions of internal controls to ensure risk identification, assessment and mitigation.

They should receive updates on industry-specific developments,

business trends and strategies relevant to the company they serve.

The above are all topics specified by HKEX for mandatory director training.

Also, the Chinese mainland, Singapore and Malaysia all have rules for mandatory director training, especially for first-time directors. Professionals such as lawyers, accountants and governance professionals who are members of the Institute all have mandatory CPD requirements (the Institute and The Law Society of Hong Kong, for example, both require a minimum of 15 hours annually).'



***Do you think the proposed CG Code amendments are too prescriptive?***

***For example, they set out a minimum number of hours of CPD training for first-time directors, as well as five 'specified topics' for such training.***

'Not really. I think HKEX is only setting out the basic knowledge and skills that require regular training. Directors can, and should, go further with the training that they believe would help them to perform their particular roles. For instance, if directors are on the audit committee, they would need to receive regular updates on accounting and finance matters.'

***Do you think the five specified topics set out in the HKEX consultation paper are on target?***

'Yes. Plus I think the topics are sufficiently broad, especially the last one that states: "updates on industry-specific developments, business trends and strategies relevant to the issuer".'

***Do you agree with the definition of 'first-time director' in the consultation and do you think director experience from other jurisdictions should be considered relevant to determining who is a first-time director?***

'I do agree with the definition of "first-time director" in the consultation, but I think that there should be some flexibility for seasoned directors from established jurisdictions. I do however understand the potential difficulties in accrediting jurisdictions for this purpose.'

***The Institute already plays a pivotal role in enhancing the capabilities of directors through its CPD training***

***programmes – can you tell us about the director training courses the Institute is planning to launch in 2025?***

'The Institute has put together a Director Training Package, which covers the five topics specified by HKEX, with over 30 videos in English, 22 in Cantonese and 27 in Putonghua. We will continue to add to the collection in all three languages to ensure that it is a one-stop shop that meets the training requirements for new and existing directors.'

***What topics will these training courses cover?***

'The Director Training Package covers the five topics specified by HKEX. We have selected a number of recommended core seminars and highlighted them in the Package.'

***Is the Institute an HKEX-recognised training provider?***

'The Institute has a long tradition of providing quality training on corporate governance, ESG and many other topics relevant to the governance profession. Our Annual Corporate Regulatory Update was first introduced 25 years ago. Each year we provide over 80 conferences/seminars with over 18,000

participants, while our online ECPD Videos on Demand attracted over 8,000 participants in the last financial year. Regulators such as the Securities and Futures Commission and HKEX have recognised the Institute as a competent training provider in their publications.'

***Does the Institute also intend to set up a professional platform (for knowledge sharing and collaboration) for directors in the same way it has done for sustainability professionals?***

'Good idea. Let me float this with colleagues and Council!'

***Do you think the proposed CG Code amendments will lead to improved governance practices in Hong Kong and to a better alignment with international best practices?***

'As a governance institute, we are, in principle, supportive of HKEX's proposals to enhance the governance of listed companies and reinforce Hong Kong's position as a leading international finance centre. Mandatory director training is certainly an area that has our support and we are ready to help directors achieve their training goals.' 

## Highlights

- the Institute supports the introduction of mandatory director training and is ready to help directors achieve their training goals
- the Institute has accordingly put together a Director Training Package, which covers the five topics specified by HKEX, over 30 videos in English, 22 in Cantonese and 27 in Putonghua
- the Chinese mainland, Singapore and Malaysia all have rules for mandatory director training, especially for first-time directors

# Sustainability reporting – what’s material?

Alexandra Tracy, President, Hoi Ping Ventures, looks at the difference between single and double materiality, and explains the basis of Hong Kong’s upcoming implementation of the new ESG reporting regime.





At the United Nation's Climate Change Conference in Glasgow (COP26) in 2021, investors, policymakers and companies alike heaved a sigh of relief to hear the announcement of the formation of the International Sustainability Standards Board (ISSB), which would end the 'alphabet soup' of voluntary disclosure initiatives, and put in their place a concrete and efficient reporting framework.

Building on the work of many of the then-existing initiatives, including such venerable organisations as the Climate Disclosure Standards Board, the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board, who had led the development of the market over multiple years and are now subsumed into the International Financial Reporting Standards (IFRS) Foundation, the ISSB's mandate has been to develop a common set of high-quality, consistent standards for sustainability disclosure.

By mid 2023, the ISSB had published its first two highly anticipated disclosure standards – IFRS S1, covering general sustainability concerns, and IFRS S2 on climate disclosures. By the end of the year, the ISSB was able to announce that more than 20 policy and regulatory bodies around the world had issued statements of support for the new standards, with many countries planning to implement national disclosure frameworks aligned with them.

Hong Kong Exchanges and Clearing Limited (HKEX), which was one of the earliest adopters of the ISSB's reporting principles, incorporated the

ISSB standards into its Environmental, Social and Governance Reporting Code (ESG Code) – renamed from 'Guide' to indicate the heightened expectations of listed companies. The ESG Code will be implemented in phases from January 2025. In addition to mandatory disclosure of Scope 1 and Scope 2 greenhouse gas (GHG) emissions, Main Board listed companies must provide information, on a 'comply or explain' basis, on climate-related risks and opportunities, governance, strategy, risk management, and metrics and targets.

#### Harmonisation – up to a point

So far, so straightforward.

But the ISSB is not the only standard-setting body in the world and, while there is widespread support for efforts to harmonise global disclosure rules, there is also a substantial sticking point – how to define 'materiality' for the purposes of financial reporting.

Materiality refers to the significance or relevance of information in a company's decision-making processes. The ISSB's standards are based on financial, or

'single', materiality, taking into account sustainability issues only to the extent that they create financial risks and opportunities for the company, and which could affect its financial performance, that is, its cash flows, access to finance or cost of capital over the short, medium or long term.

The alternative approach is to assess 'double' materiality, which involves evaluating both financial materiality and so-called impact materiality, or measuring how a company's operations impact on society at large, not just on its own performance. And while the ISSB has been formulating IFRS S1 and IFRS S2 on the basis of single materiality, its counterparts in the European Union have been taking a different path.

#### The European Union path

The phrase 'double materiality' was coined in 2019 by the European Commission when it laid out its philosophy that: 'EU sustainability reporting standards need to be consistent with the ambition of the European Green Deal and with

### Highlights

- Hong Kong's enhanced ESG Code will be implemented in phases from January 2025, requiring listed issuers to make climate-related disclosures in phases, aligned with the ISSB standards
- the ISSB standards are based on single – or financial – materiality, whereas the alternative approach, adopted by the EU, is based on double materiality, which also includes sustainability disclosures, and how a company's operations impact on the environment and society at large
- while Hong Kong is adopting the ISSB standards, and therefore the single materiality approach, the concept of double materiality has not been rejected out of hand

Europe's existing legal framework, the Sustainable Finance Disclosure Regulation and the Taxonomy Regulation. They need to cover not just the risks to companies, but also the impacts of companies on society and the environment.'

In July 2023, the European Commission adopted a regulation in the European Sustainability Reporting Standards (ESRS) detailing the requirements for companies under the EU's Corporate Sustainability Reporting Directive (CSRD), which came into force earlier that year. One of the key features of the CSRD is the explicit recognition of double materiality. According to the ESRS, therefore, companies are obliged to report on the actual, or potential, positive or negative impact on the people and the environment around them over the short, medium and long term.

In order to meet this reporting requirement, which is highly complex and detailed (comprising 10 topics, 36 sub-topics and 92 sub-sub-topics), companies must undertake rigorous assessments of their operations, supply chains and broader interactions with a wide range of stakeholders. When assessing what is material, CSRD guidance suggests that the severity of an impact should be analysed based on its scale, scope, likelihood and difficulty to remediate.

The identification, measurement and disclosure of these impacts requires companies to put in place a systematic materiality assessment process, often involving new methodologies and data collection

mechanisms. Under the CSRD, reporting companies are also obliged to provide third-party assurance of their sustainability disclosures.

### Double materiality in practice

The divergence of approach between the ISSB and EU regulators does not reflect any disagreement on the importance of sustainability disclosure as part of a corporate reporting regime. The ISSB's framework leans heavily on the work of the TCFD, which emphasises the financial impacts of climate change, and encourages companies to assess and disclose climate-related risks and opportunities affecting their businesses.

Rather, the issue is whether incorporating double materiality into the mandatory standard is practicable. There are currently hardly any economic frameworks that can be used by investors to calculate external social and environmental costs on a consistent basis. Metrics that are available, such as those related to biodiversity, are at a very early stage of development and tend to be applicable only to specific localities. As Emmanuel Faber, Chairman of the ISSB, wrote in an opinion piece in *Le Monde* in October last year: 'The non-economic aspect of double materiality does not motivate any immediate, clear or strong sanction. A major issue for one player will be secondary for another.'

Certainly, the exercise of carrying out a double materiality assessment could be viewed as demanding. According to the CSRD guidelines,

in order to assess its impact on the wider world, a company needs to understand the sustainability-related expectations for its sector, and consider the areas it may impact throughout its own operations and its full value chain, as well as all the parties who may be affected. As part of this exercise, the company is expected to carry out extensive stakeholder engagement through surveys, interviews or focus groups.

### Moves toward interoperability

While the ISSB has strongly resisted calls from regulatory authorities and industry associations such as the European Securities and Markets Authority and the European Banking Federation to move in the direction of double materiality, it is taking steps to improve its comparability and interoperability with other sustainability reporting standards, and to minimise reporting burdens, costs and complexity for companies.

For example, the ISSB and the European Financial Reporting Advisory Group have jointly published interoperability guidance for companies applying both the ISSB standards and the ESRS. This states that disclosure which is considered material under the ISSB framework is aligned with the assessment of whether that disclosure is financially material in accordance with the ESRS and vice versa (but also makes clear that the ESRS requires companies to evaluate additional sustainability matters that are not covered in IFRS S1 or IFRS S2).

The ISSB has also made substantial efforts to collaborate with the

Global Reporting Initiative (GRI), a voluntary global standard-setter for sustainability reporting used by a large number of companies around the world, which takes the impact materiality approach. In 2022, the two organisations signed an agreement seeking to coordinate their work programmes and to align where possible to reduce the reporting burden for companies using both standards.

#### A global baseline, but local implementation

The ISSB standards provide a comprehensive global baseline of sustainability disclosure standards, but national policymakers are free to decide on how to mandate them or how to combine them with jurisdiction-specific requirements. In addition to Hong Kong, regulators in Asia are considering their own road maps towards adoption and pathways toward mandatory application.

In many cases, this will lead to a phased approach. For example, in Singapore, from January 2025 new ISSB-aligned climate-reporting requirements will apply to listed companies on a mandatory basis. This will be stepped up to include limited assurance from an independent auditor to support disclosure of Scope 1 and Scope 2 GHG emissions from January 2027. Singapore is notable for being the first jurisdiction in Asia that plans to introduce the same mandatory climate-related reporting requirements over time for large non-listed companies.

Japan is also moving toward incorporating ISSB-aligned standards

into its own framework. The Financial Services Agency is planning to apply a new mandatory disclosure rule in phases, beginning with the largest listed companies in the financial year ending March 2027. All companies listed on the Prime section of the Tokyo Stock Exchange are eventually intended to be covered.

The Ministry of Finance of the People's Republic of China has also published a draft framework for corporate sustainability disclosures that is broadly in line with the ISSB rules. Its structure is similar to IFRS S1, outlining how companies should disclose information in four key areas – governance, strategy, risk management and metrics. However, in a major diversion from the ISSB approach, the Chinese proposal is based on the concept of double materiality. Like the CSRD, it clarifies that impact materiality must be judged over the short, medium and long term on its scale, scope, likelihood and difficulty to remediate. Companies are furthermore required to make 'reasonable efforts' to collect sustainability information on risks, opportunities and impacts throughout their value chains, or to provide the best available proxies, such as industry average figures.

#### Hong Kong implementation

In planning for its adoption of the ISSB standards, HKEX did not reject the concept of double materiality out of hand. The GRI, with its focus on impact materiality, has been for some years a popular benchmark for Hong Kong companies in putting together their sustainability or ESG reports. Indeed, in its conclusions

on the market consultation this year with regard to the new regime, HKEX reported that the materiality reporting principle of its ESG Code was developed in 2012 with reference to GRI standards.

However, HKEX clarified that under its ESG Code, materiality is defined as 'the threshold at which ESG issues determined by the board are sufficiently important to investors and other stakeholders that they should be reported', which it believes is sufficiently wide to encompass a range of materiality considerations, including, but not limited to, financial materiality. Therefore, an issuer is obliged to disclose material information about sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows or its access to finance or cost of capital over the short, medium or long term, which is consistent with the ISSB approach.

Following on from the implementation of new standards by HKEX, ESG reporting in Hong Kong is expected to converge more closely with the ISSB framework. The Hong Kong Institute of Certified Public Accountants is currently consulting on local sustainability reporting standards for companies, to be aligned with the ISSB standards, for introduction in August 2025.

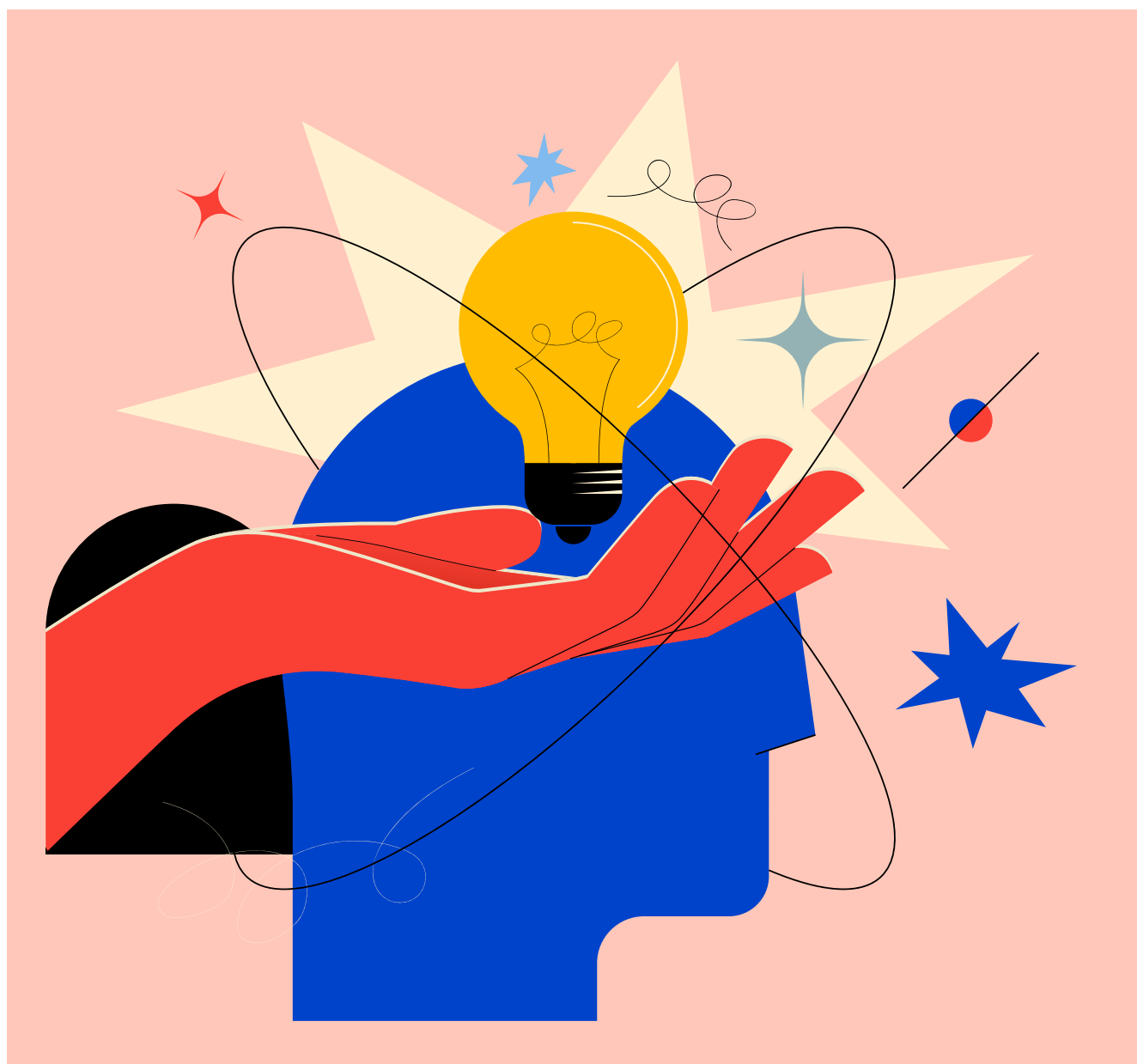
**Alexandra Tracy, President**  
*Hoi Ping Ventures*

*Hoi Ping Ventures provides bespoke research and consulting on green finance and sustainable investment in Asian emerging markets.*



# Integrative thinking

## Adopting a broad-spectrum approach to problem-solving



Karin Malmström, Co-founder and Managing Director, Corporate Governance Reality Check, offers some practical insights into how adopting integrative thinking in decision-making processes helps set innovative leaders apart, and how it helps boards push beyond conventional approaches.

**H**ow many times have you gone into a board meeting and felt like there are only either-or options on the table for discussion? Decisions need to be made, business needs to get done. It's black and white. Or is it?

What if you feel that a decision taken is not ideal, but you 'can live with it'?

Alternatively, what if settling on less-than-optimum solutions is no longer good enough? Can you push beyond conventional approaches that keep guiding you toward limited choices? How do you break the broken record?

You can start by adopting integrative thinking into your decision-making processes.

#### What is integrative thinking?

Integrative thinking is a problem-solving and decision-making approach that involves considering multiple viewpoints and options, and synthesising them into a cohesive solution. Innovative ideas, creativity and willingness to dig deep into your cache of skill sets and experience are the cornerstones of realising optimum outcomes.

#### Key advantages

You will spend more time and effort devising solutions, but the results will have enduring effects that can achieve long-lasting success. And, in the process of learning and adopting integrative thinking practices, you will

absorb useful life skills. Here are some benefits:

**Enhanced creativity.** Integrative thinking encourages looking beyond conventional boundaries, mixing diverse ideas to generate novel and creative solutions. This can lead to innovations that wouldn't emerge from traditional linear thinking.

**Comprehensive solutions.** By considering multiple viewpoints and combining elements from various sources, integrative thinking helps create well-rounded and thorough solutions that address problems from multiple angles.

**Improved decision-making.** Integrative thinkers assess a broader spectrum of information and perspectives, allowing for more informed and balanced decisions. This reduces the risk of omissions and leads to better outcomes.

**Conflict resolution.** Integrative thinking fosters understanding and collaboration, bridging gaps between conflicting views. It helps find common ground and proposes solutions acceptable to all parties involved. Everyone at the table comes out a winner.

**Adaptability.** This approach is inherently flexible, adjusting to new information and changing circumstances more effectively. Integrative thinkers are better equipped to handle complexity and uncertainty.

**Promotes learning and growth.** Engaging with diverse perspectives and ideas promotes continuous learning and personal development. It encourages open-mindedness and intellectual humility, which are essential traits for growth.

### Highlights

- integrative thinking is a problem-solving, decision-making approach that considers multiple viewpoints and options to generate novel and cohesive solutions
- the advantages of integrative thinking include enhanced creativity, more comprehensive solutions, improved decision-making, and economic and strategic benefits
- integrative thinking addresses the complexities of modern challenges more effectively than a conventional either-or approach to problem-solving

**Better team dynamics.** Incorporating integrative thinking into teams enhances collaboration, as it values and synthesises each member's input. It builds a culture of respect and inclusivity, leading to stronger and more cohesive teams.

**Economic and strategic benefits.** For businesses, integrative thinking can lead to innovative products, services and strategies that provide a competitive edge. It enables companies to better navigate complex markets and consumer demands.

### How do you adopt and practice integrative thinking?

Mindset and training are fundamental elements for mastering integrative thinking. We are conventionally taught to think using deductive and inductive logic. These methods of reaching resolutions, inferring what 'should' be, and determining what is and is not true by empirical observation, respectively, do not include data or models that do not already exist. Instead, by employing generative reasoning, which focuses on what 'might' be, we can stretch the boundaries of possibilities and opportunities.

#### The 'what if' factor

When presented with a problem, question or situation that requires resolving, integrative thinkers automatically switch into 'scenario scanner mode'. This process includes considering a range of scenarios and their possible outcomes, that is, asking: 'If this is the problem/question/situation and if we do A/B/C/D/E, then 1/2/3/4/5 may be the result.'

Multiple scenarios create opportunities to arrive at varying conclusions. Depending on desired outcomes, the individual or group can choose which ones are best. Here are a few tools you can add to your toolbox:

**Adopt 'the opposable mind'.** Embrace conflicting ideas rather than choosing between them. Analyse the strengths and weaknesses of each and all perspective(s) to create a novel solution that integrates the best elements of both/all.

**Salience.** Identify and understand the key factors or variables in the problem. Determine which aspects are the most important and why. This helps to focus efforts on critical elements.

**Causality.** Delve into the relationships between these key factors. Understand how changes in one aspect can influence others. This mapping of cause-and-effect helps in predicting outcomes and crafting more robust solutions.

**Thought architecture.** Structure your thought process by breaking down the problem into manageable components. Organise these elements hierarchically and understand how they interconnect to build a comprehensive solution.

**Tension resolution.** Rather than settling for trade-offs, work towards synergising different elements. Aim to resolve conflicting priorities in a way that means both are addressed satisfactorily.

**Prototyping and testing.** Develop prototypes of potential solutions. Test these in real-world scenarios to gather

feedback and refine your approach based on practical insights.

**Divergent and convergent thinking.** Start with divergent thinking to generate a wide range of possible solutions. Then use convergent thinking to narrow down these options, combining and refining them into a single integrative solution.

**Visualisation.** Create visual representations of the problem and potential solutions. Tools like mind maps, flowcharts or concept diagrams can help in seeing connections and integrating different aspects.

**Dialogue and collaboration.** Engage in open dialogue with diverse stakeholders. Different perspectives can provide valuable insights and drive the integration of varied viewpoints into a cohesive strategy.

**Scenario planning.** Envision different future scenarios based on various decisions. This helps in understanding potential outcomes and crafting solutions that are resilient and adaptable to changing circumstances.

**Reflective practice.** Periodically review your decision-making process. Reflect on what worked, what didn't and why. This continuous learning loop helps in honing integrative thinking skills over time.

By leveraging these techniques, you can approach complex problems with a more holistic perspective, creating innovative and effective solutions that draw from the strengths of multiple perspectives.



### Integrative thinking applications

Integrative thinking has numerous applications across various sectors, as well as in everyday life. What comes to mind are companies such as Apple (integrating then-radical design and functionality), the Hyatt Hotel Group (who first created the hotel model sector for customer-first, mid-sized, higher-end accommodation) and Procter & Gamble (whose CEO took risks based on both experience and systematic research to recognise unique opportunities for growth, such as through acquiring Gillette). Many of today's startups have the potential to blow out existing paradigms because they are not

afraid to play with concepts and models that are yet to be created.

### Conclusion – walk the talk

Integrative thinking nurtures an environment where creativity, collaboration and comprehensive problem-solving thrive. It addresses the complexities of modern challenges more effectively than traditional, single-faceted approaches.

Integrative thinking drives innovation and problem-solving in diverse contexts, leveraging a blend of perspectives for optimal outcomes, making the either-or choice obsolete.

Leaders who make the effort to train in and adopt integrative thinking are more capable at successfully manoeuvring in ever-changing life and business environments.

### Karin Malmström, Co-founder and Managing Director

*Corporate Governance Reality Check*

*Corporate Governance Reality Check is a leadership consultancy focused on the governance of listed companies, SMEs, startups, and institutional and non-profit organisations. The author can be contacted at: malmstrom@cg-realitycheck.com.*



## Effective Governance Professionals Online Recruitment Platform

Your direct source for:

- Reaching out to, and
- Building brand with

**10,000** qualified and to-be-qualified Chartered Secretaries and Chartered Governance Professionals.

Advertise your vacancy in our Jobs in Governance section on [www.hkcg.org.hk/job](http://www.hkcg.org.hk/job) or scan:



## JOB SEARCH

Job Type

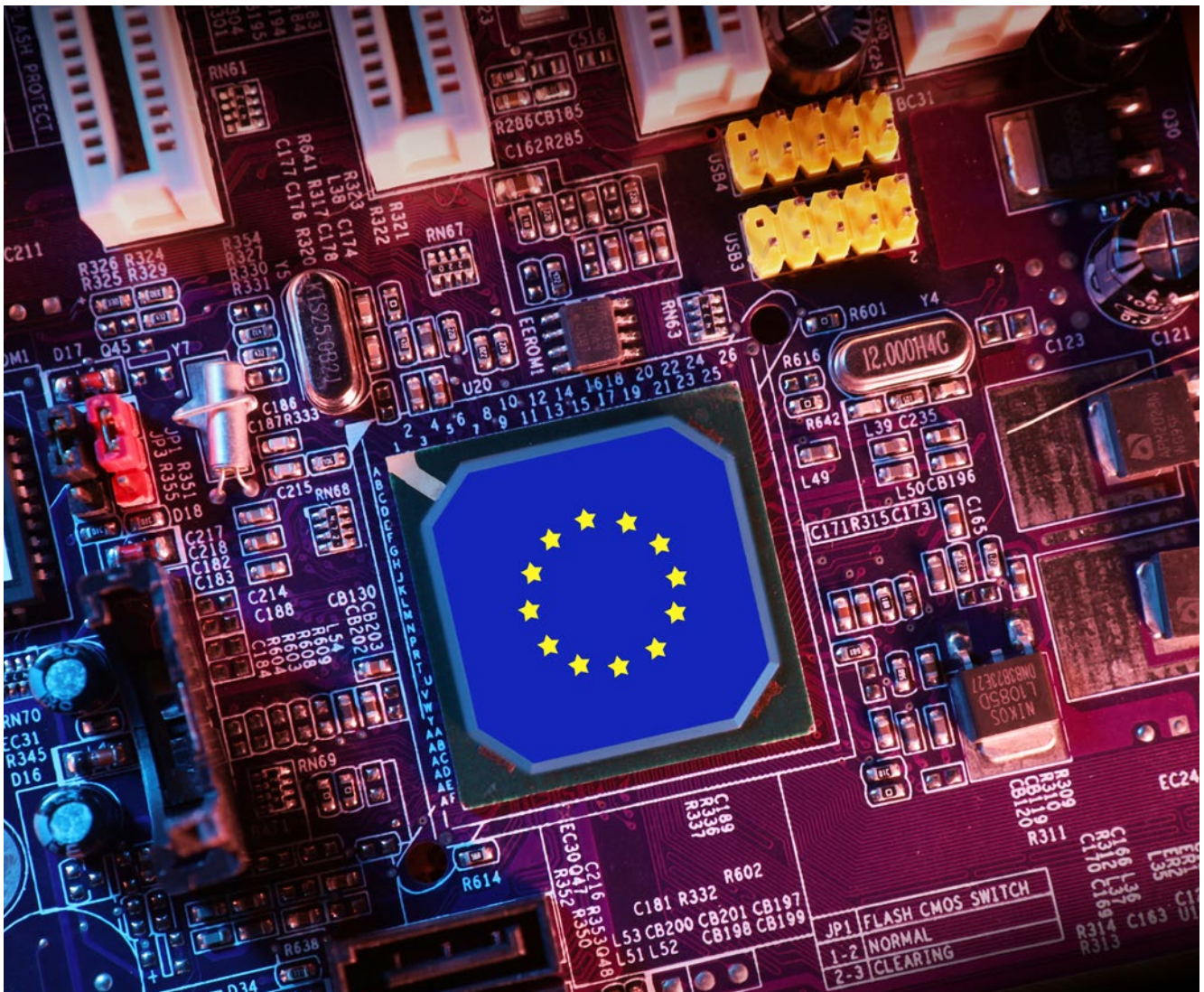
Location

FIND JOBS

For enquiries, please contact HKCGI Secretariat at [marketing@hkcg.org.hk](mailto:marketing@hkcg.org.hk), or (852) 2881 6177

# The EU AI Act: what multinational organisations should know

Saul Howerton, Vice President, Advisory, US, Vistra, provides a clear overview of the new EU AI Act and its implications for multinational companies with activities in the EU.



The European Union's AI Act came into force on 1 August 2024 and is a milestone of artificial intelligence (AI) regulation.

As the first legislation of its kind, the EU AI Act aims to balance promoting innovation with safeguarding public safety, transparency and ethical standards.

For multinational organisations with EU activities, understanding and complying with the AI Act is crucial for lowering financial and reputational risks. While the act is now in effect, some of its provisions will come into force over the next two years.

This article offers an overview of the AI Act, highlighting key components for multinationals.

### Background and AI risk categories

The EU AI Act regulates AI systems, which the European Parliament defines as systems 'capable of adapting their behaviour to a certain degree by analysing the effects of previous actions and working autonomously'.

The act applies to various AI applications and industries, but does provide exemptions such as for AI systems used for military, defence or national security purposes, or those developed and put into service for the sole purpose of scientific research and development.

A critical feature of the legislation is its classification of AI systems into different risk categories, as follows:

**Unacceptable risk.** The AI Act bans certain risky AI systems, for example

those used in social scoring by governments or in toys that use voice assistance to encourage dangerous behaviour.

**High risk.** High-risk AI systems include those used in the following areas.

- critical infrastructures, such as transportation
- educational or vocational training, such as exam scoring
- the employment and management of workers, such as resume-sorting software for recruitment
- essential services, such as credit scoring
- law enforcement related to fundamental rights, such as evidence evaluation
- migration, asylum and border management, such as visa application examination, and

“for multinational organisations with EU activities, understanding and complying with the AI Act is crucial for lowering financial and reputational risks

”

- justice and democratic-process administration, such as searches for court rulings.

**Limited risk.** These AI systems are subject to lighter transparency obligations relative to high-risk systems. Under the act, providers and deployers must ensure that end users are aware they are interacting with AI, for example that they are interacting with a chatbot as opposed to an actual person, or watching a deepfake as opposed to an unaltered video recorded from an actual

### Highlights

- the EU AI Act came into force this August and is the first legislation of its kind, aiming to balance the promotion of innovation with safeguarding public safety, transparency and ethical standards
- under the act, AI systems are classified into different risk categories, from unacceptable risk, which is banned outright, to high risk and limited risk, both of which are subject to specific obligations, and minimal risk, which is unregulated
- penalties for non-compliance will be set by individual EU member states, but member states must take into account the thresholds prescribed by the act, such as the level of fines for engaging in prohibited practices or non-compliance with the requirements



## “ AI system providers include those based in third countries whose AI systems’ outputs are used in the EU ”

event. In addition, AI-generated text ‘published with the purpose to inform the public on matters of public interest’ must be labelled as AI-generated.

**Minimal risk.** These AI systems include AI-enabled video games or spam filters and are unregulated under the act.

### High-risk systems: provider and user obligations

Most of the language in the act addresses high-risk systems and most obligations fall on system providers, also known as developers. Providers intend to place or put into service high-risk systems in the EU and can be based in the EU or in a non-EU country (referred to as third countries). AI system providers include those based in third countries whose AI systems’ outputs are used in the EU.

Under the act, high-risk providers must implement ongoing risk management protocols and document compliance, as well as provide authorities with information to assess compliance, provide instructions for use to enable user compliance and take other measures to ensure compliance with the act.



Providers must ensure that AI systems mark AI outputs in a machine-readable format and ensure the outputs are detectable as AI generated or manipulated.

Users are persons who deploy an AI system in a professional capacity (as distinct from end users or consumers). Users include persons in the EU as well as in third countries when an AI system’s output is used in the EU.

Users of high-risk AI systems have obligations under the act, though fewer than providers. Most significantly, the act indicates that users of high-risk systems must monitor their system operation based on the provider’s instructions for use. If a user has reason to believe that using the AI system in accordance with provider instructions may result in the system presenting risk as defined in the act, then the user must inform the provider and stop using the system.

Users of AI systems that generate or manipulate images and other content that constitutes deepfakes must visibly disclose that the content has been AI generated or manipulated.

### General purpose AI (GPAI) and transparency

The new legislation distinguishes general-purpose AI models (including large generative AI models such as ChatGPT) from other models. A GPAI model can be trained using large amounts of data, can perform a wide range of tasks and can be integrated with other systems or applications. A GPAI system is based on a general-purpose AI model and can be used as, or integrated into, high-risk AI systems.

To promote transparency, GPAI model providers must disclose certain information to downstream providers. They must also have policies to comply with copyright laws when training the models, among other obligations.

To protect against systemic risks, the act also has a threshold for the cumulative amount of computing power used for training. The provider of a GPAI model that meets the threshold must contact EU authorities. GPAI models with systemic risk must also perform evaluations, assess and mitigate risks, report serious incidents and implement adequate cybersecurity controls.

### Implementation timeline

The EU AI Act will be fully applicable 24 months after its enactment on 1 August 2024. The Act will roll out its provisions in stages. Here are some highlights:

- Ban on unacceptable-risk AI systems – effective six months after enactment.

- Codes of practice – effective nine months after enactment.
- Transparency requirements for GPAI – effective 12 months after enactment.
- High-risk AI systems under Annex III, such as systems listed in biometrics, education and employment – effective 24 months after enactment.
- High-risk AI systems under Annex I, related to areas such as machinery, toys and gas-burning appliances – mandated 36 months after enactment.

#### Penalties for non-compliance

Penalties for non-compliance will be set by individual EU member states, but the act provides thresholds that member states must take into account. These include up to €35 million or 7% of a company's total worldwide annual turnover of the preceding financial year (whichever is higher) for engaging in prohibited practices or non-compliance with requirements on data.

The European Commission can also enforce fines on providers of GPAI models, taking into account thresholds of €15 million or 3% of a company's total worldwide annual turnover of the preceding financial year.

#### Cross-border compliance and other considerations for multinational organisations

It will be challenging for multinational companies operating in different EU countries to ensure compliance

with the AI Act. Even though the regulation aims for uniformity across the EU, local interpretation and enforcement of the rules may vary. These uncertainties represent risks that any multinational operating in the EU must account for.

In July, for example, Meta announced it would not release its AI model in the EU due to unpredictable regulators. In June, Apple decided to delay its release of an AI product in the EU due to regulatory uncertainties. That said, given the size and importance of the EU market, it's inevitable that major AI developers and users will eventually implement policies and procedures that allow them to comply with the AI Act and other EU regulations that affect AI providers and users, such as the General Data Protection Regulation.

Multinational organisations must also account for any new, emerging and evolving AI regulations in countries outside the EU. These are sure to proliferate given ongoing, rapid advances in AI technology. In 2023, for example, US president Joe Biden issued an executive order establishing safety standards and requiring large AI developers to share safety test results and other information with the government. And this year, China released a draft of security requirements for AI service providers.

To return to the EU AI Act – multinational organisations should understand that providers and users under the act represent a large and growing number of

businesses. Clearly, AI developers must understand and follow the act's provisions and fulfil its obligations if they have EU outputs. Just as critically, multinational employers that may not be directly involved in developing AI should understand any obligations they may have as users (that is, deployers) of AI under the new regulation.

To take what should be a common example, a multinational employer using high-risk AI systems for recruitment in the EU must understand and follow the AI provider's instructions for use. If the employer has reason to believe that using the AI system in accordance with provider instructions may result in the system presenting risk as defined in the act, it must notify the provider and stop using the system. It must also ensure human oversight of its recruitment processes, among other obligations.

Given the complexities of the AI Act, and the proliferation of AI regulations in other major economies, most multinationals will want to hire a third-party expert with a large global footprint to provide ongoing information and advice to lower related compliance and reputational risk in all countries of operation.

**Saul Howerton, Vice President,  
Advisory, US**  
Vistra

© Copyright September 2024 Vistra

*This article was first published on 11 September 2024 in the Insights section of [Vistra's website](#).*

# Beware of identity theft, phishing and cyber breaches

Guidance on preventing and mitigating fraud for charities and non-governmental organisations (NGOs)





CGj reviews the latest guidance note issued by the Institute, focusing on helping charities and NGOs understand the dangers of fraud, as well as offering practical advice on its prevention and mitigation, and provides an overview of all guidance notes published by the Institute between April and September 2024.

As an integral part of its thought leadership initiatives, the Institute regularly publishes guidance notes as a way to assist governance professionals in Hong Kong and the Chinese mainland to better fulfil their roles as the governance guardians and gatekeepers of their organisations, and to promote good governance practices.

The Institute, with the support of its Public Governance Interest Group under the Technical Consultation Panel, published a two-part guidance note in September 2024, titled *Fraud Prevention and Mitigation for Charities and NGOs*, to highlight the risk of fraud faced by these organisations, and outlining a number of pragmatic measures for prevention and mitigation.

### Background

In today's more interconnected and digitalised world, it is an inescapable fact that fraud – such as identity theft and phishing – is becoming increasingly prevalent across all industries. NGOs and charities are particularly vulnerable, for several reasons.

Resources for NGOs and charities to adequately protect against fraud and cybersecurity breaches may be limited – as the guidance note explains, 'they usually face severe competition against funding allocation for operational services requirements'. In addition, charities may be viewed by fraudsters as soft targets for

identity theft, as the nature of these organisations 'may result in less stringent financial controls and a lack of awareness of possible hazards', the guidance note warns. Identity theft hazards include impersonation fraud, website cloning, phishing attacks and unauthorised fundraising campaigns.

In addition, the risk of identity theft and phishing is particularly relevant to charities and NGOs since they depend so heavily on donations and goodwill from the general public. The loss of reputation, on top of possible financial losses, resulting from such breaches has a very detrimental impact – a negative reputation can last indefinitely and can affect a charity's capacity to carry out its goals.

### Case examples

The guidance note highlights UNICEF as a pertinent example of

the fraudulent use of a charity's name and logo – in this case, through 'the fraudulent use of our name and logo by unethical individuals who deliberately abuse the trust of UNICEF supporters worldwide' – citing the UNICEF website, which provides clear and precise information on how fraud is perpetrated and what measures can be taken to protect against such abuse. This demonstrates that even a large international organisation like UNICEF, which has far more resources than the majority of smaller charities and NGOs, is not immune to cybersecurity breaches, identity theft and phishing.

While this was a worldwide issue for UNICEF, the Institute's guidance note pinpoints a number of recent examples from Hong Kong. In September 2023, HK Ballet suffered a ransomware attack, where hackers

### Highlights

- charities and NGOs are particularly vulnerable to fraud and identity theft as their cybersecurity resources are often limited, awareness of the hazards may be inadequate and reliance on donors means that any breach can lead to serious, long-term reputational damage
- awareness of possible threats and a robust system of risk management, along with installing a culture of vigilance, are vital to protect against the ever-growing threat of fraud and identity theft
- everyone involved in a charity or NGO should be made aware of the organisation's fraud prevention guidelines, and should receive regular, up-to-date training on the risks and preventative measures

took control of the data of 8,122 individuals. The guidance note reveals that, in this case: 'The Office of the Privacy Commissioner for Personal Data found deficiencies in information system management, lax monitoring of the data security measures adopted by the service vendor, lack of policies and guidelines on information security and lack of appropriate data backup solutions.' More recently, in July 2024, Oxfam Hong Kong suffered a cyberattack in which the personal data of 470,000 people was potentially leaked.

### Fraud prevention and mitigation

Awareness of possible threats and a robust system of risk management, along with installing a culture of vigilance, are vital to protect against the ever-growing threat of fraud and identity theft. While the guidance note states that 'the possibility of fraud cannot be eliminated, even with preventative measures in place', it points out that charities and NGOs should take steps to lessen their exposure, as well as establish a number of mitigation measures in the event that fraud does take place.

### Fraud prevention

It is essential that everyone involved in a charity or NGO is aware of the organisation's fraud prevention guidelines and that there is a programme of regular, up-to-date training sessions – not just for the board members, other senior members and employees, but also for any volunteers. It is also important to have a clear whistleblowing policy.

- **Inspection and surveillance:** according to the guidance note:

'Charities and NGOs should implement stringent screening procedures for any people or groups claiming to be raising money on their behalf.'

- **Robust internal regulations:** robust internal controls, such as segregation of roles, frequent financial audits and personal data protection, are necessary to help prevent fraud.
- **Regular review and audit:** regular review and audit by both internal and external parties can help identify fraud or irregularities at an early stage.
- **Internal training and building awareness:** good governance practice calls for regular and frequently updated training on risk and governance issues, covering both management control and operational levels.
- **Awareness-raising initiatives:** NGOs and charities should proactively inform their donors of the dangers of fraud and the precautions they can take.
- **Digital security measures:** 'online contribution platforms and websites for charities and NGOs must be secured. This entails using SSL certificates, installing two-factor authentication for administrative access and routine software updates to guard against security flaws,' the guidance note recommends.

### Fraud mitigation


Fraud can – and does – happen, even if preventative measures exist. Charities and NGOs should therefore also institute a framework for fraud mitigation to counteract any occurrence.

- **Crisis management plans:** crisis management strategies and incident response plans that specify what actions to take, and by whom, need to be put in place. This would include protocols for communication with donors.
- **Reputational management:** the guidance note clearly states that 'communicating openly and promptly with the public, stakeholders and contributors is crucial', and suggests that professional external communication specialists should be engaged if the incident is considered to have a sizeable impact on the reputation of the organisation or on the community.
- **Insurance coverage:** acquiring insurance coverage to guard against fraud can lessen the financial damage and provide funds for any repairs or legal fees.
- **Working with authorities:** charities and NGOs must know what legal remedies are available in the case of fraud, such as notifying the proper authorities, taking legal action against those responsible, and cooperating with the police to locate and retrieve money that has been lost, if possible.

### Key takeaways

'In the current difficult climate, charities and NGOs must always be on the lookout for fraud,' the guidance note emphasises. While the possibility of fraud cannot be totally eliminated, charities and NGOs can take active

steps to safeguard their assets, donors and reputations. However, as the guidance note cautions, 'there is no one-size-fits-all solution', so these organisations must adopt clear and careful strategies to deal with identity theft and other examples of fraud by

remaining vigilant and encouraging a culture of alertness. 

*The Institute would like to thank all those involved in the production of this two-part guidance note (see 'Guidance note roundup' for details).*

## Guidance note roundup

The HKCGI guidance notes published in the second and third quarters of 2024 are set out below. The Institute would like to thank everyone involved in their production.

### April

**Guide on Board Evaluations – An Overview.** This HKCGI guidance note examines the increasingly important governance issue of board evaluations by examining the UK position on the purpose and procedure of a board evaluation, as well as the required disclosure, as a matter of good governance. The UK and some other jurisdictions adopt the 'comply or explain' approach, which Hong Kong is also expected to move towards from the current best practice recommendation.

This guidance note was authored by Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive, with contributions from David Simmonds FCG HKFCG, Institute President, Michael Ling FCG HKFCG, Chairman of the Institute's Technical Consultation Panel, April Chan FCG HKFCG, Institute Past President, and Ellie

Pang FCG HKFCG(PE), Institute Chief Executive.

A Chinese-language version of this guidance note was published in June.

### May

**Climate Disclosure Requirements – Executive Summary (Parts 1 and 2).** These two guidance notes were compiled by HKCGI to provide governance professionals with an overview for advising their chairpersons and boards of listed issuers on the new climate disclosure requirements and proposed changes to the Hong Kong Listing Rules to align with IFRS S2.

The two guidance notes were authored by Teresa Ko BBS JP FCG HKFCG, Partner and China Chairman, Connie Cheung, Head of Listed Companies Advisory, and Sam Cheung, Associate, Freshfields Bruckhaus Deringer. Edith Shih FCG(CS, CGP) HKFCG(CS, CGP) (PE), Honorary Adviser to Council, Past International President and Institute Past President, and Ellie Pang FCG HKFCG(PE), Institute

Chief Executive, were contributors to both parts.

### July

**The Impact of the New PRC Company Law on Companies Listed in Hong Kong.** This Chinese-language HKCGI guidance note was produced in collaboration with Tian Yuan Law Firm LLP to introduce the new PRC Company Law and explain its impact on Hong Kong-listed companies.

**Audit Governance.** This HKCGI guidance note is based on the Accounting and Financial Reporting Council's July 2024 publication – which sets out actionable recommendations for public interest entities – to provide advice to governance professionals supporting listed issuers and their management as part of audit governance.

It was authored by Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive, with input from April Chan FCG HKFCG, Institute Past President, and Michael Ling FCG HKFCG, Chairman of the Institute's Technical Consultation Panel.

### **PCPD's AI Regulatory Framework.**

This guidance note, published by the Institute's Technology Interest Group, updates governance professionals and other relevant stakeholders – including directors and senior management – on the latest AI regulatory advisory in Hong Kong to help organisations use and manage AI risks for operational resilience in an ethical manner.

Wynne Mok, Partner, and Jason Cheng, Associate, Slaughter and May, are coauthors of this guidance note. Members of the Institute's Technology Interest Group are Dylan Williams FCG HKFCG (Chairman), Ricky Cheng, Harry Evans, Gabriela Kennedy and Philip Miller FCG HKFCG.

### **August**

#### ***Redomiciliation Regime for Hong Kong (Update).***

This guidance note, the 12th issue published by the Institute's Company Law Interest Group, updates governance professionals and the general public on the technical requirements of the redomiciliation regime to enhance their knowledge and help them plan accordingly.

This guidance note was coauthored by Benita Yu FCG HKFCG, Senior Partner and Chairman of the Institute's Company Law Interest Group, and Lisa Chung, Partner, Slaughter and May, with contributions from Angela Mak FCG HKFCG, Cathy Yu FCG HKFCG and Wendy Yung FCG HKFCG.

### **Privatization of Hong Kong Listed Companies.**

This HKCGI guidance note, published in both English and Chinese in collaboration with Baker McKenzie FenXun, introduces the common methods, major steps and important points to note in the privatisation of companies with a primary listing in Hong Kong.

### **Spin-offs of Hong Kong Listed Companies.**

Also in August, in collaboration with Baker McKenzie FenXun in both English and Chinese, this HKCGI guidance note offers a clear and concise framework of practical advice for Hong Kong-listed companies, their directors, supervisors, senior management and investors, as well as all relevant stakeholders, on the issue of spin-offs of Hong Kong-listed companies from the perspective of the securities regulatory regime.

### **September**

#### ***Handling Cayman Islands***

***Shareholder Disputes.*** This HKCGI guidance note provides governance professionals with a clear and practical understanding of possible remedies available under Cayman Islands law in the event of shareholder disputes.

This guidance note was coauthored by Gemma Bellfield, Partner, and Max Galt, Associate, Ogier, Cayman Islands.

#### ***Fraud Prevention and Mitigation for Charities and NGOs (Parts 1 and 2).***

This two-part HKCGI guidance note, published in collaboration with

the Institute's Public Governance Interest Group, looks at fraud risks, including identity theft for charities and non-governmental organisations, and offers practical advice on fraud prevention and mitigation.

This guidance note was authored by Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive, with contributions from Michael Ling FCG HKFCG, Chairman of the Institute's Technical Consultation Panel, April Chan FCG HKFCG, Institute Past President, and Daniel Chow FCG HKFCG(PE), Institute Treasurer and Council member. Members of the Public Governance Interest Group comprise April Chan FCG HKFCG (Chairman), Lau Ka Shi BBS FCG HKFCG, Margaret Yan, Natalia Seng FCG HKFCG, Rachel Ng ACG HKACG, Samantha Suen FCG HKFCG, Stella Lo FCG HKFCG(PE) and Vicky Li.

*The Institute would also like to thank April Chan FCG HKFCG, Institute Past President, and Michael Ling FCG HKFCG, Chairman of the Institute's Technical Consultation Panel, for their oversight of the Institute's guidance notes, and Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive, who serves as the Secretary of the Institute's Interest Groups and is the Contributing Editor of the Institute's guidance notes.*

*Comments and suggestions are welcome, and should be sent to: [mohan.datwani@hkcgi.org.hk](mailto:mohan.datwani@hkcgi.org.hk).*





# Certificate for Module









## (The Hong Kong Chartered Governance Institute Examinations Preparatory Programme)

This programme is endorsed by The Hong Kong Chartered Governance Institute (HKCGI). The aim is to develop students with the knowledge and skills necessary to write the professional examinations of the Chartered Governance Qualifying Programme (CGQP), which is recognized worldwide.

### COURSE INFORMATION

Intake: 3 intakes per year (Spring, Summer & Autumn)

Teaching Venue: Any of the HKU SPACE's Learning Centres on Hong Kong Island

Programme Title	QF level	QR Registration No.	QR Registration Validity Period
Boardroom Dynamics  4	4	21/001317/L4	01 Dec 2021 - on-going
Corporate Governance  4	4	21/001318/L4	01 Dec 2021 - on-going
Corporate Secretaryship and Compliance  4	4	21/001319/L4	01 Dec 2021 - on-going
Hong Kong Company Law  4	4	21/001320/L4	01 Dec 2021 - on-going
Hong Kong Taxation  4	4	21/001321/L4	01 Dec 2021 - on-going
Interpreting Financial and Accounting Information  4	4	21/001322/L4	01 Dec 2021 - on-going
Risk Management  4	4	21/001323/L4	01 Dec 2021 - on-going
Strategic Management  4	4	21/001324/L4	01 Dec 2021 - on-going

### TARGET STUDENTS

1. Be 21 years old or above. (Students should be either a Hong Kong permanent resident or have valid permit to study in Hong Kong)
2. Students aiming to prepare for the HKCGI CGQP examinations.

### Award:

Certificate for Module



This course has been included in the list of reimbursable courses under the Continuing Education Fund.



This course is recognised under the Qualifications Framework (QF Level 4).



### Fee per subject:

**HK\$4,700** (36-hour lectures)

**HK\$6,200** (45-hour lectures)

All fees paid are NOT refundable, unless the programme is oversubscribed or cancelled. All fees are subject to revision.

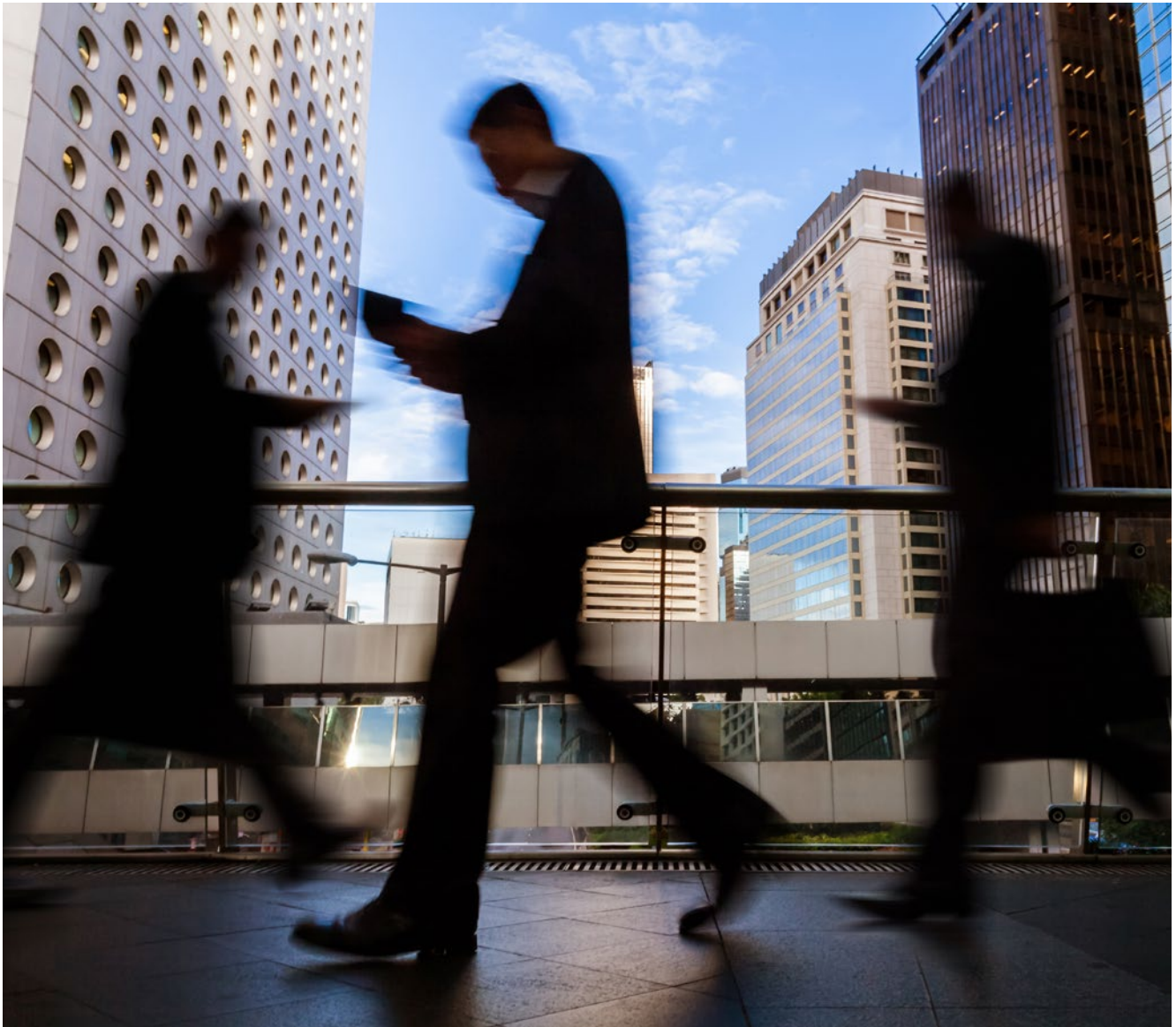
CONTACT INFORMATION  
Programme Enquiries (HKU SPACE)

 (852) 2867 8485  
 [hkcgi@hkuspace.hku.hk](mailto:hkcgi@hkuspace.hku.hk)



# New cybersecurity legislation proposed

Hong Kong proposes a new cybersecurity law to enhance protection of critical infrastructure



Authors from Herbert Smith Freehills examine Hong Kong's proposed new cybersecurity legislation, formulated to enhance the protection of critical infrastructure computer systems, and provide a practical synopsis of the main points and obligations under this law.

On 25 June 2024, a new cybersecurity law was proposed to enhance the protection of computer systems of critical infrastructures (CIs) in Hong Kong. The proposed new law is tentatively entitled the Protection of Critical Infrastructure (Computer System) Bill (Proposed Legislation) and the proposed legislative framework was set out in a paper (Paper) submitted by the Hong Kong Government to the Legislative Council (LegCo) for its discussion on 2 July 2024. The government plans to introduce the proposed Bill into LegCo by the end of 2024. The Proposed Legislation, once enacted, would likely be implemented in a staged approach, with full implementation by 2026.

The objectives of the Proposed Legislation are to strengthen the security of the computer systems of CIs, and to minimise the chance of essential services being disrupted or compromised due to cyberattacks.

These developments are part of a global trend for increased cybersecurity legislation, bringing Hong Kong into line with other key jurisdictions with similar cybersecurity laws regulating operators of CIs, including the Chinese mainland, Macau, Australia, Singapore, Malaysia and Thailand in the Asia Pacific region, and globally in the UK, the EU, the US and Canada.

The Proposed Legislation marks a significant step towards aligning

Hong Kong with other jurisdictions to enhance the protection of both CIs and the overall computer system security in Hong Kong. Businesses should closely monitor the developments relating to the Proposed Legislation and review their existing cybersecurity measures (see 'Key takeaways').

#### Scope of the Proposed Legislation

Only expressly designated CIOs and CCSs will be regulated under the proposed framework.

CIOs and CCSs will be designated by a new Commissioner's Office and the list of CIOs will not be publicly available. This is consistent with the approach adopted in other jurisdictions, such as the Chinese mainland and Singapore.

- **CIOs:** an organisation will be designated as a CIO if it operates an infrastructure deemed by

the Commissioner's Office to be a CI, taking into account the organisation's level of control over the infrastructure.

- o It has been proposed that large organisations, rather than small and medium-sized enterprises, will be targeted by the Proposed Legislation.
- o The Proposed Legislation will only require CIOs to bear the responsibility for securing their CCSs, and it will not involve the personal data and business information contained in those systems.
- **CIs:** the government has proposed two major categories:
  - o infrastructures for delivering essential services in Hong

#### Highlights

- a new cybersecurity law was proposed in June to enhance the protection of computer systems of Hong Kong's critical infrastructures and to minimise the chance of essential services being disrupted or compromised due to cyberattacks, with the bill to be introduced into LegCo for consideration by the end of 2024
- the government aims to establish a new Commissioner's Office under the Security Bureau within a year of the passage of the new legislation, and will have extensive investigative and enforcement powers
- the proposed new regulations will only cover the critical infrastructure operators and critical computer systems that have been expressly designated as such by the Commissioner's Office

Kong in eight selected sectors, namely: (i) energy, (ii) information technology, (iii) banking and financial services, (iv) land transport, (v) air transport, (vi) maritime, (vii) healthcare services and (viii) communications and broadcasting, and

- o other infrastructures for maintaining important

societal and economic activities including, amongst other things: (i) major sports and performance venues and (ii) research and development parks.

- **CCSs:** computer systems will be designated as CCSs if they are 'relevant to the provision of essential services or the core functions of computer systems, and those systems which, if

interrupted or damaged, will seriously impact the normal functioning of the CIs'. This means that other computer systems that are not designated as CCSs will not be subject to the Proposed Legislation.

Similar to the scope of cybersecurity laws in Singapore, CCSs physically located outside Hong Kong may also be regulated by the Proposed Legislation.

## Key takeaways

- The Proposed Legislation only covers expressly designated critical infrastructure operators (CIOs) and critical computer systems (CCSs). The list of CIOs will not be publicly available.
- CCSs physically located outside Hong Kong may also be regulated.
- CIOs will be subject to the following types of statutory requirement – organisational, preventive and incident response. Although it was initially proposed that CIOs will be required to report (i) serious computer system security incidents within two hours and (ii) other computer system security incidents within 24 hours, the government has recently indicated that it will seriously consider relaxing the time frame to 12 hours and 48 hours, respectively, following feedback from stakeholders.
- A new Commissioner's Office will be established under the Security Bureau.
- Specific sector regulators (such as the Hong Kong Monetary Authority (HKMA)) will be designated as authorities to monitor compliance with the respective CIOs' organisational and preventive obligations.
- The Commissioner's Office will have extensive investigative powers, such as the power to compel a CIO to provide information (even if such information is located outside Hong Kong) or access to their premises.
- The Proposed Legislation will introduce offences, while fines for non-compliance may be imposed on CIOs, but not on individuals.

The Commissioner's Office will engage in discussion with the organisation to be designated as a CIO, and any designated CIO will have an opportunity to object to such designation and appeal to an independent board.

### Obligations of critical infrastructure operators

An organisation-based approach will be adopted, which means the organisation responsible for operating a CI would be required to fulfil its obligation to safeguard the security of its computer systems. An organisation that has been designated as a CIO will need to fulfil three types of obligation.

#### 1. Organisational obligations

- maintain an address and an office in Hong Kong (and keep the Commissioner's Office updated on any subsequent changes)
- report changes in the ownership and operatorship of CIs (however, the government has recently indicated that it will seriously consider removing the



# FAST TRACK PROFESSIONAL

## An accelerated route to become a Chartered Secretary and Chartered Governance Professional

Qualified lawyers  
or accountants with  
5+ years of relevant  
post-qualifying  
experience

Completion of two  
CGQP modules:  
Corporate  
Governance and Risk  
Management

Become a  
CGI & HKCGI  
member

### Eligibility:

- Qualified lawyer or accountant of a recognised professional body;
- Have maintained professional status for at least five years;
- Gained 5+ years of experience relevant to the role of a Chartered Secretary and/or Chartered Governance Professional



**SCAN ME**



All applications are subject to the final decision of the Institute.

For enquiries, please contact  
Qualifications and Assessments  
Section at 2881 6177 or email:  
[student@hkcgi.org.hk](mailto:student@hkcgi.org.hk).

**Better Governance. Better Future.**

requirement to report changes in ownership, given the practical difficulties raised by the stakeholders), and

- set up a computer system security management unit with professional knowledge (may be outsourced), supervised by a dedicated supervisor of the CIO.

## 2. Preventive obligations

- inform the Commissioner's Office of material changes to their CCSs (for example, design, configuration, security and operation)
- formulate and implement a computer system security management plan and submit the plan to the Commissioner's Office
- conduct a computer system security risk assessment (at least once every year) and submit the assessment report to the Commissioner's Office
- conduct an independent computer system security audit (at least once every two years) and submit the audit report to the Commissioner's Office, and
- adopt measures to ensure their CCSs' compliance with the relevant statutory obligations, even when third-party service providers are employed.

## 3. Incident reporting and response obligations

- participate in a computer system security drill organised by the

“

these developments are part of a global trend for increased cybersecurity legislation, bringing Hong Kong into line with other key jurisdictions with similar cybersecurity laws regulating operators of critical infrastructures

”

Commissioner's Office (at least once every two years)

- formulate an emergency response plan and submit it to the Commissioner's Office, and
- notify the Commissioner's Office of the occurrence of any computer system security incident in respect of CCSs (Mandatory Incident Notification).

The Mandatory Incident Notification obligation means that CIOs will need to report any computer system security incident to the Commissioner's Office, so that the Commissioner may instruct timely response as needed. Computer system security incidents refer to activities carried out without lawful authority on or through a computer system that jeopardises or adversely affects its computer system security.

The time frame for the Mandatory Incident Notification depends on the seriousness of the incident.

- **Within two hours after becoming aware of the incident:** report serious computer system security incidents, which refers to incidents that have or are

about to have a major impact on the continuity of essential services and normal operating of CIs, or lead to a large-scale leakage of personal information and other data.

- **Within 24 hours after becoming aware of the incident:** report other computer system security incidents.

However, the government has recently indicated that it will seriously consider relaxing the above time frames to 12 hours and 48 hours, respectively, in light of feedback from stakeholders.

If the initial report is made by telephone or text message, the CIO will need to submit a written record within 48 hours after the initial report has been made. The Proposed Legislation also contemplates the submission of a subsequent written report within 14 days after becoming aware of an incident, providing further details of the incident (including the cause(s), impact and remedial measures).

Further detail on the proposed requirements is set out in Annex I of the Paper.



“  
businesses should  
closely monitor the  
developments relating  
to the Proposed  
Legislation and  
review their existing  
cybersecurity measures  
”

### Commissioner's Office and powers

A Commissioner's Office will be established within the Security Bureau to enforce the Proposed Legislation. The Office will:

- designate CIOs and CCSs
- establish a Code of Practice
- monitor security threats
- assist CIOs in incident response
- investigate non-compliance of CIOs
- coordinate with other government departments in formulating policies and handling incidents, and
- issue written instructions to CIOs to plug potential security loopholes.

The Commissioner's Office will have extensive powers to investigate (i) computer system security incidents

and (ii) offences under the Proposed Legislation. This is consistent with cybersecurity laws elsewhere, for example in Singapore and Malaysia. Specifically, the Commissioner's Office will have the power to request the CIOs to provide information (even if such information is located outside Hong Kong) and take remedial measures, and enter relevant premises for investigation with a magistrate's warrant. In more serious cases (that is, where a CIO is unwilling or unable to respond to a cyber incident), the Commissioner's Office can connect equipment to or install a program in the CCS with a magistrate's warrant. Further detail is set out in Annex II of the Paper, while the extent of the Commissioner Office's powers will become clearer once the Bill is published.

### Sector regulators

Given that some of the CIs are already comprehensively overseen by statutory sector regulators, certain sector regulators will be designated as authorities to monitor

the fulfilment of the organisational and preventive obligations by the relevant sectors. The Commissioner's Office will monitor the compliance of the incident reporting and response obligations. This approach allows the designated authorities to establish standards and requirements under their existing regulatory regimes that best suit the sectors' needs. CIOs in these sectors will not be subject to double regulation – they will not need to fulfil additional requirements of the Commissioner's Office in relation to the organisational and preventive obligations.

Two sector regulators have been proposed at this stage, namely (i) the HKMA for the banking and financial services sector and (ii) the Communications Authority for the communications and broadcasting sector. Designated authorities may issue relevant guidelines for the institutions regulated.

It remains unclear if all financial institutions in Hong Kong will be

“  
**offences and penalties  
 will only be applicable  
 to organisations – their  
 individual officers or  
 staff members will not  
 be penalised at the  
 individual level**  
 ”



covered. However, it has been proposed that the HKMA will be responsible for regulating ‘some’ service providers in the banking and financial services sector. We also note that the CIOs to be regulated will mostly be large organisations.

#### **Legal consequences and penalties**

The proposed offences under the Proposed Legislation include:

- CIOs’ non-compliance with statutory obligations
- CIOs’ non-compliance with written directions issued by the Commissioner’s Office
- non-compliance with requests of the Commissioner’s Office under the statutory power of investigation, and
- non-compliance with requests of the Commissioner’s Office to provide relevant information relating to a CI.

The Proposed Legislation only stipulates fines, as determined by

the courts, as potential penalties. Offences and penalties will only be applicable to organisations – their individual officers or staff members will not be penalised at the individual level.

It is proposed that failure by the CIOs to comply with any of the above obligations will be punishable by fines ranging from HK\$500,000 to HK\$5 million. Additional daily fines could be imposed if there is persistent non-compliance.

If a CIO’s non-compliance with the statutory obligations results from a third-party service provider’s inadequate action, the CIO would still be held responsible for the non-compliance.

However, if non-compliance involves existing criminal legislation, such as making false statements or fraud-related crimes, the personnel involved may be held personally criminally liable.

By comparison, non-compliance can lead to criminal penalties including

imprisonment in Singapore and Malaysia.

#### **Next steps**

The government plans to introduce the Proposed Legislation into LegCo by the end of 2024 and aims to set up the Commissioner’s Office within one year following the passage of the proposed Bill, after which the proposed Bill would come into force within six months.

It is proposed that the Secretary for Security will have the authority to specify or amend certain details through subsidiary legislation, including the type of essential services sectors that may be designated as a CI and the scope of security management plans and security audits.

**Cameron Whittfield, Partner,**  
**Melbourne, Australia; Hannah Cassidy,**  
**Partner, Head of Financial Services**  
**Regulatory, Asia, Hong Kong; and**  
**Peggy Chow, Of Counsel, Singapore**  
*Herbert Smith Freehills*

© Copyright September 2024 Herbert  
 Smith Freehills



# BETTER GOVERNANCE. BETTER FUTURE.

## HKCGI Student Ambassadors Programme (SAP)

JOIN US TODAY!

- Gain access to all undergraduate activities with just a one-time payment of HKD120
- More than 2,100 students have proudly acted as ambassadors for HKCGI



Register  
Now!



Mentorship  
Programme



Summer  
Internship  
Opportunities



Networking  
with Professionals  
and Peers



Attend the Annual  
General Meetings of  
Listed Companies



Visit to  
Regulators and  
Corporations



Professional  
and Soft Skills  
Workshops

(852) 2830 6039

student@hkcgi.org.hk

www.hkcgi.org.hk

## Peter Greenwood FCG HKFCG



*You became Fellow of the Institute in 2001. What was your professional role at that time?*

'I joined CLP Holdings Ltd in 1995 as Corporate Counsel, heading the legal department. A few years later, I took on the role of Company Secretary, which expanded my responsibilities beyond overseeing legal aspects of major projects. This broader role presented me with the opportunity to become a Fellow of the Institute. As a lawyer, I had a strong grounding and a lot of experience in company law. That was a big help in diversifying into the role of Company Secretary.'

*Can you share some of your golden memories of the Institute's early days and your reflections on the pivotal moments in its development?*

'Reflecting on the Institute's early days in the late 1990s, I recall a succession of highly capable presidents who shaped its progress. Each president brought unique perspectives and priorities suited to the time, establishing a strong foundation that continues to support leadership today. That still remains the case. My golden memories also include the Institute's early Corporate Governance Conferences (CGCs). We weren't sure whether anybody would come, but right from the beginning it's been a success. That's one of my best memories.'

*You have been involved with the Institute's biennial CGC since the beginning. What can you tell us about its evolution into the major conference that it is today?*

'The Institute was quick to recognise the growing significance of corporate governance in the late 1990s.'

“

you have to have an awareness of change and try to identify change early to expand your own skills, so that you can master the new developments and turn them to your advantage

”

Peter Greenwood FCG HKFCG

The inaugural CGC in 1998 happened at a time when governance was emerging at the forefront of corporate life. The conference was a manifestation of the Institute's awareness of the pivotal importance of governance and the role it could play in pushing forward good standards of governance in Hong Kong.

The CGC themes over the years reflect the evolution of corporate governance. The nature of corporate life has changed so much that every two years there are new developments and issues for us to address. We've never had to repeat ourselves and, as the Institute itself does, we prioritise looking forward, preparing members for the future.'

***How has governance as a profession evolved since you joined the Institute?***

'In the 1990s, governance began to appear as a daily term in corporate life. The velocity of the commercial world was accelerating and businesses were growing more quickly – and on occasions, failing more quickly. There was also a significant shift towards the expectation that a company's responsibilities were not just to its shareholders, but also to a wider range of stakeholders and that those responsibilities encompassed not only financial outcomes, but also a multitude of social and environmental outcomes.

These trends, plus globalisation, resulted in a growing need for expanded governance skills within a company and it was then that company secretaries saw their roles shift from administrative tasks to critical governance functions within their organisations.

I think the first annual report that I wrote was in 1997 and that was just over 60 pages. When I retired in 2013, the last one I wrote was 250 pages. It's an indication of the extent of disclosure that is now required of a listed company and how that has grown – and is still growing – massively.'

***Your active involvement with the Institute has continued, even after retirement. What motivates your ongoing contribution to governance as a profession?***

'Hong Kong has been an incredible place to work, providing me with the invaluable support of a reputable professional body, as well as tremendous colleagues. The Institute makes an excellent contribution to reinforcing Hong Kong's



status as a global financial centre. If I can help the Institute in its own mission, then in a small way I'm repaying a great debt that I owe to Hong Kong. I think the success of Hong Kong in the past decades came from people contributing more than they took out. I believe that each of us has a responsibility to put in at least as much as we take out and, if we want to grow in our careers, in our businesses and organisations, and as a society as a whole, we have to put in more than we take out.'

***What advice would you give to the younger generation starting out on their governance careers?***

'My advice to young governance professionals is twofold. First, knowing the legal and regulatory framework is fundamental. Compliance is the minimum standard of governance and it's the minimum expectation of anyone in our profession.

Second, stay aware of societal, technological and business trends that may impact your organisation. Looking back, I can remember the very first time that climate change was mentioned at a board meeting. Until that time, none of us had given any thought to carbon emissions or greenhouse gases. But now we're talking about moving to net zero. You have to have an awareness of change and try to identify change early to expand your own skills, so that you can master the new developments and turn them to your advantage.'



## 林英伟先生 FCG HKFCG



### 您在 2001 年成为公会的资深会士，当时您的职业角色是什么？

‘我在 1995 年加入中电控股有限公司，担任公司法律顾问，领导法律部门。几年后，我开始担任公司秘书，这一角色拓展了我的职责，不再局限于监督重大项目的法律层面。这个负责范围更广的角色使我有机会成为公会的资深会士。作为律师，我在公司法方面有扎实的基础和丰富的经验，这对我拓展到公司秘书的角色起到了很大帮助。’

### 您能分享一些关于公会早期的美好回忆，以及您对公会发展关键时刻的反思吗？

‘回顾公会在 1990 年代的时期，我记得有多位非常有能力的会长，他们引领了公会的进步。每位会长都带来了独特视角，推动了适合当时环境的优先工作，为公会今天的领导力奠定了坚实的基础。一直至今，历届会长都同样有贡献。我最美好的回忆还包括公会早期的公司治理研讨会 (CGC)。我们当时不确定是否会有人来参加，但一开始就获得了成功。这是我最美好的回忆之一。’

### 您从一开始就参与了公会两年一度的公司治理研讨会。您能谈谈它如何发展成如今的重要会议吗？

‘早在 1990 年代末，公会就意识到公司治理的重要性。首届 CGC 于 1998 年举行，正值公司治理突显成为企业的重要议题。会议展示了公会对公司治理重要性的认知，明白到它在推动香港良好治理标准可以发挥的作用。多年来，CGC 的主题反映了公司治理的演变。公司生态的性质变化如此之大，以至于每两年都会有新发展和新问题需

“

你必须具备对变化的意识，并努力及早识别变化，扩展自己的技能，这样才能掌握新发展，并将其转化为自己的优势

”

林英伟先生 FCG HKFCG

要我们去应对。我们从未重复过自己，公会始终安排好优先，注重前瞻，为会员的未来做好准备。’

### 自您加入公会以来，治理作为一项专业发生了怎样的变化？

‘在 1990 年代，公司治理开始成为企业运作中的常用术语。商业世界的发展速度在加快，企业亦加剧增长——但有时也失败得更快。此外，社会对公司的期望也有显著变化，认为公司应不仅对股东，还应应对更广泛的利益相关者负责，这些责任不仅包括财务成果，还包括多方面的社会和环境成果。这些趋势，再加上全球化，导致企业内部对管治技能的需求增加，公司秘书的角色也从行政工作转向关键的治理职能。我在中电写的第一份年报是在 1997 年，当时只有 60 多页。而我在 2013 年退休时写的最后一份年报已有 250 页。这表明上市公司需要披露的程度已增加，而且还持续大幅增长。’

### 即使在退休后，您仍然积极参与公会的工作，是什么激励您继续为公司治理专业做出贡献？

‘香港是一个非常棒的工作地点，有声誉良好的专业机构支持，也有出色的同事。公会为巩固香港作为全球金融中心的地位作出了杰出贡献。如果我能帮助公会完成其使命，那么从某种程度上来说，我是在回馈我欠香港的一份巨大恩情。我认为过去几十年来，香港的成功有赖人们付出多于自己所得。我相信我们每个人都有责任至少付出等于所得，如果我们想要在个人事业上、企业和机构事务上以至整个社会层面有所成长，就必须付出多于自己所得。’

### 您对刚刚开始治理生涯的年轻一代有什么建议？

‘我对年轻治理专业人士的建议有两点。首先，了解法律和监管框架是基础。合规是治理的最低标准，也是对我们这个行业的从业员的最低要求。其次，要关注可能影响自己所服务机构的社交、技术和商业趋势。回想起来，我记得在董事会会议上首次提到气候变化，当时我们谁都没有考虑过碳排放或温室气体问题，但现在我们在讨论实现净零排放。所以你必须具备对变化的意识，并努力及早识别变化，扩展自己的技能，这样才能掌握新发展，并将其转化为自己的优势。’



# HKCGI



## ECPD Videos on Demand

### ESG Series:

Climate-related Disclosure Update  
Purpose and Governance: Enhancing ESG  
Performance  
Rating - An Overview and Practical Sharing

### Listing Rules Foundation Course Series:

Session One: Chapter 13 - Continuing  
Obligations  
Session Two: Chapter 14 - Notifiable  
Transactions  
Session Three: Chapter 14A - Connected  
Transactions

Anytime anywhere at your convenience

## Register *now!*



For more details, please check the Professional Development section of HKCGI website: [www.hkcg.org.hk](http://www.hkcg.org.hk)

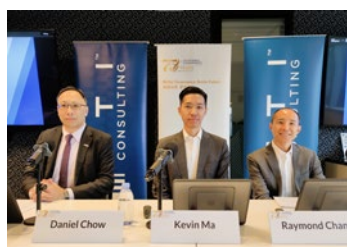
Enquiries: 2830 6011 / 2881 6177 / [cpd@hkcg.org.hk](mailto:cpd@hkcg.org.hk)



## Professional Development

### Seminars: October 2024

#### 3 October Managing employee misconduct and internal investigations



**Chair:** Daniel Chow FCG HKFCG(PE), Institute Treasurer, Professional Development Committee Vice-Chairman, Qualifications Committee member and Investment Strategy Task Force member, and Senior Managing Director, Corporate Finance and Restructuring segment, FTI Consulting (Hong Kong) Ltd

**Speakers:** Kevin Ma, Senior Director, Risk Advisory & Investigation, and Raymond Chan, Senior Director, Technology, FTI Consulting

#### 7 October Directors' duties and offshore legal actions



**Chair:** Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive

**Speakers:** Ian Mann, Partner, Dispute Resolution, Harneys, and Joe Cheung, Managing Director, Harneys Fiduciary (panellist)

#### 8 October New tax challenges facing tax-exempt charities and mitigation measures



**Chair:** Matthew Young FCG HKFCG(PE), Institute Council member, Qualifications Committee Vice-Chairman, NextGen Group Co-Convenor and Assessment Review Panel member, and Head of Corporate Secretarial Department, The Hong Kong Jockey Club

**Speakers:** Philip Hung, Director, Tax Controversy Services, Felix Tsang, Associate Director, Tax Controversy Services, and Choris Lo, Senior Consultant, Tax Controversy Services, PwC Hong Kong

#### 14 October Cross-border data transfer: compliance challenges and solutions



**Chair:** Jerry Tong FCG HKFCG, Institute Assessment Review Panel member and Professional Development Committee member, and Financial Controller and Company Secretary, Sing Lee Software (Group) Ltd

**Speakers:** Jihong Chen, Partner, Zhong Lun Law Firm; Dora Chow, Consultant, Zhong Lun Law Firm LLP; and Brian Lin, Senior Manager, Sia Partners

## 28 October Hong Kong payroll management: practical brief and update



**Chair:** Eric Chan FCG HKFCG(PE), Institute Professional Development Committee member, and Chief Consultant, Reachtop Consulting Ltd

**Speakers:** Jessica Tsang, Associate Director, Payroll & Visa, Corporate and Legal Solutions, and Eric Tang, Manager, Payroll & Visa, Corporate and Legal Solutions, CSC

## 30 October European Union Artificial Intelligence Act: implications for companies in Hong Kong and the Chinese mainland



**Chair:** Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive

**Speakers:** Helina Ho, Head of Risk and Regulatory Compliance, and Brian Lin, Senior Manager, Sia Partners; Chandy Ye, Vice Chairman, and Director of the Data Privacy Committee, Hong Kong China Network Security Association; and Angelina Kwan, Senior Advisor, IMC Asia Pacific (panellist)

### ECPD seminars/Videos on Demand

ECPD training is organised by the Institute to facilitate its members and other governance professionals to acquire governance knowledge, corporate secretarial skills, and related thought leadership and best practices.

In addition to in-person seminars, ECPD training is delivered via live webinars or pre-recorded videos for maximum accessibility and flexibility.

Details of the Institute's forthcoming ECPD seminars and ECPD Videos on Demand are available in the Professional Development section of the Institute's website: [www.hkcg.org.hk](http://www.hkcg.org.hk).

For enquiries, please contact the Institute's Professional Development Section: (852) 2830 6011, or email: [cpd@hkcg.org.hk](mailto:cpd@hkcg.org.hk).

## Membership

### New Fellows

The Institute would like to congratulate the following Fellows elected in September 2024.

#### Au Wai Ching FCG HKFCG

Corporate Secretarial Senior Manager, SWCS Corporate Services Group (Hong Kong) Ltd

#### Chung Fung Lin FCG HKFCG

Assistant Company Secretary, AS Watson & Company Ltd

#### Lee Hiu Man FCG HKFCG

Principal, BDO Financial Services Ltd

#### Ng Wing Wing FCG HKFCG

Manager, BDO Ltd

#### Yan Cheuk Yi FCG HKFCG

Senior Company Secretarial Executive, Progress Holdings Ltd

## Membership (continued)

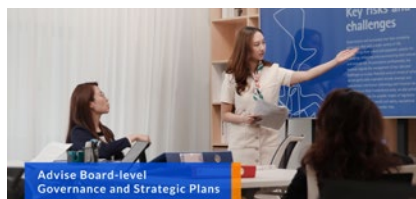
### New graduates

The Institute would like to congratulate our new graduates listed below.

Chan Ka Chun	Fung Pak Ling	Leung Wing Yu	Tang Ho Fung
Chan Kai Yan	Ho Ka Sin	Liu Ka Cheong	Tang Yan Yan
Chan Yuen Fong	Ho Kai Cheung, Alex	Lo Wing Sang	Tsang Chun Hin
Chan Yuk Yi	Hui Chi Yan	Lou Kwok Lam	Tung Hoi Wun
Chau Kin Cheung, Alfred	Lam Mei Yan	Mak Chi Wang	Wong Hiu Yung
Cheng Yan Yan	Lam Yuk Yi	Ng Chui Kwan, Grace	Wong Hung Yan
Cheung Ching Yi	Lau Kai Lam	Ng Pui Ching	Yeung Chuk Kwan
Cheung Ka Chun	Lee King Sing	Pang Tat Kwan	Yeung Chung Yan
Chiang Hiu Hung	Lee Wing Hei	Phang Pok	Yeung Hang Sim
Chow Chiu Ling	Leung Cho Yik, Tiffany	Suen Wai Hin	Yeung Hiu Laam
Chu Yan Tung	Leung On Ki, Fion	Sy Ka Yu	
Chung Kai Yip	Leung Tsz Ching	Szeto Ching Yee, Chloe	
Don Mun Min	Leung Wing Yan	Tam Wing Tsz	

## Advocacy

### HKCGI Young Professionals Video – a Day with a Governance Professional



Ever wondered what a day in the life of a governance professional is like?

The Institute is

thrilled to unveil a 30-second clip that offers a sneak peek of this dynamic role.

From analysing data and ensuring compliance, to advising leadership and upholding ethical standards, governance professionals play a vital role in organisations.

Watch how one of the Institute's young professionals, Flora Ho ACG HKACG, tackles compliance and advises leadership whilst upholding the highest ethical standards, which is all in a day's work for the modern governance professional.

For details, please visit the General category under the News & Events section of the Institute's website: [www.hkcg.org.hk](http://www.hkcg.org.hk).

### Good MPF Employer Award 2023-2024

We are delighted to announce that the Institute has been awarded the Good MPF Employer and the MPF Support Award for 2023-2024 from the Mandatory Provident Fund (MPF) Schemes Authority (MPFA). This marks the eighth consecutive year of receiving this honour, reflecting our efforts in enhancing our employees' retirement benefits, as well as promoting sound governance policies and practices.



Organised annually by the MPFA, the Good MPF Employer Award is celebrating its 10th anniversary this year. The award strives to foster employers' compliance with MPF legislation, while also recognising those who have excelled in improving the retirement benefits for their employees.



## Advocacy (continued)

### China Resources Group offers scholarships for master's degree programmes in corporate governance

The Institute is thrilled to announce a significant scholarship endowment from the Chinese Resources Group to support students enrolled in master's degree programmes in corporate governance via the Institute's Collaborative Course Agreement.

The new scholarship programme, under the name China Resources Corporate Governance Scholarship (華潤「香港公司治理專業」專項獎學金), will cover five academic years

and support 50 outstanding students annually at four local universities.

This generous support from the China Resources Group will contribute significantly to the Institute's ongoing efforts – in collaboration with The Hong Kong Chartered Governance Institute Foundation Ltd – to nurture and encourage the next generation of governance professionals.

News of this endowment was published on 8 October 2024 in an article in The Standard, which highlighted the close collaboration between the Institute and the China



Resources Group.

For details, please visit the Press Clippings category under the News & Events section of the Institute's website: [www.hkcg.org.hk](http://www.hkcg.org.hk).

### HKCGI Sustainability Governance Academy Q&A series

The Institute is excited to announce the launch of a thought-provoking Q&A series from the HKCGI Sustainability

Governance Academy, where the Academy's Advisory Board members share their expertise on pressing sustainability governance and ESG matters.

Kicking off the series is an inaugural video with Pru Bennett, Partner at the Brunswick Group and Advisory Board member. In this video, she considers whether ESG is a luxury for companies, as well as its importance in modern business strategy.

The Academy welcomes all certificate holders of the ESG Reporting Certification Course to submit questions for ongoing video releases.

Stay tuned for more updates!

For details, please visit the Ask section of the Institute's Sustainability Governance Academy website: [minisite.hkcg.org.hk/academy/](http://minisite.hkcg.org.hk/academy/).



### Celebrating 75 years of excellence with a special membership pin

To express its gratitude and to commemorate its 75th anniversary, the Institute is distributing a new membership pin to all Fellows and Associates. This pin symbolises the close affiliation and the invaluable contributions made by these members to the Institute.

The pins will be distributed in phases. Members can collect their pins in person from the Institute's Hong Kong office during designated collection periods. For members residing outside Hong Kong, the pins will be sent by post.

For details, please visit the Membership category under the News & Events section of the Institute's website: [www.hkcg.org.hk](http://www.hkcg.org.hk).



## Advocacy (continued)

### 2024 advanced regulatory seminars for Chinese companies listed overseas

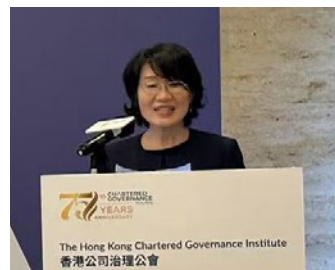
The Institute held its 2024 advanced regulatory seminars for Chinese companies listed overseas from 22 to 25 October in Hong Kong, attracting over 50 attendees, mainly comprising board secretaries and equivalent personnel, directors, CEOs and other governance-related senior executives from Chinese companies listed or planning to list overseas.

Edith Shih FCG(CS, CGP) HKFCG(CS, CGP)(PE), Honorary Adviser to Council, Past International President and Past President, and member of the Council of The Chartered Governance Institute, and Ellie Pang FCG HKFCG(PE), Institute Chief Executive, delivered the welcoming remarks at the reception luncheon and the seminars, respectively.

Ms Pang, who chaired the first session, and Dr Gao Wei FCG HKFCG(PE), Chief Representative of the Institute's Beijing Representative Office, who chaired the subsequent sessions, together with speakers from Hong Kong Exchanges and Clearing Limited (HKEX), the Securities and Futures Commission, the Independent Commission Against Corruption (ICAC) and speakers from professional firms, investment banks and listed companies, shared their insights and hands-on experience of a range of topics, including the latest regulatory developments, corporate finance, mergers and acquisitions, directors' continuing obligations, information disclosure and other governance-related topics.

After the seminars, participants visited the ICAC and HKEX offices and had the opportunity to meet in person with relevant officials to exchange views.

*The Institute would like to express its sincere appreciation to all speakers and sponsors, as well as all participants, for their generous support and participation.*



## Student Ambassadors Programme summer internship 2024

Every year, the Institute invites companies and organisations to offer summer internship positions to undergraduates participating in its Student Ambassadors Programme (SAP), with the aim of providing them with the opportunity to experience the business operations and working environment of a governance professional, as well as to explore their future career paths.

The internship programme has been extended this year beyond summer internships, to include both part-time and full-time positions.

This year, a total of 10 companies and organisations offered job opportunities to the student ambassadors. The Institute would like to thank the following companies and organisations for their support of the programme, listed in alphabetical order.

- Annatto Consultancy Ltd
- CK Hutchison Holdings Ltd
- Companies Registry
- Foxtrot Partner Ltd
- Global Vision CPA Ltd
- Lenovo Group Ltd
- LT Business Consultants Ltd
- McCabe Secretarial Services Ltd
- Reanda EFA Secretarial Ltd
- SWCS Corporate Services Group (Hong Kong) Ltd





## Chartered Governance Qualifying Programme (CGQP)

### November 2024 examination diet

#### Examination postponement application: REMINDER

Candidates who were unable to attend the scheduled CGQP November 2024 examinations may apply for an examination postponement by submitting a completed application form with a fee of HK\$1,000 per module, along with a relevant medical certificate and/or supporting document(s). All applications must be submitted to the Institute on or before Thursday 19 December 2024.

#### Key dates

Key dates	Description
19 December 2024	Closing date for examination postponement applications
Late February 2025	Release of examination results
Late February 2025	Release of examination papers, mark schemes and examiners' reports
Mid-March 2025	Closing date for examination results review applications

Note: The Institute reserves the right to change the dates and details without prior notice.

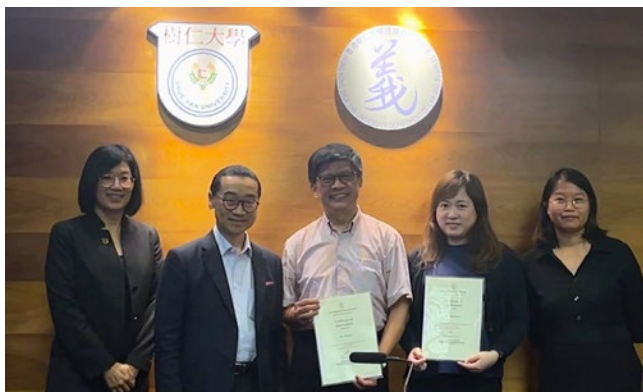
For details, please visit the *Examinations* page under the *Chartered Governance Qualifying Programme* subpage of the *Studentship* section of the Institute's website: [www.hkcgj.org.hk](http://www.hkcgj.org.hk).

For enquiries, please contact the *Qualifications and Assessments* Section: (852) 2830 6010, or email: [exam@hkcgj.org.hk](mailto:exam@hkcgj.org.hk).

### Studentship activities: October and November 2024

#### 23 October

##### Promotion talk at Hong Kong Shue Yan University



#### 4 November

##### Career talk at The Hong Kong Polytechnic University







# Rais<sup>9</sup> your profile

**Content marketing**

**Advertisement design**

**Event signage**

**Copywriting**

**Corporate newsletters**

**Professional magazines**

**nin<sup>9</sup>hills  
media**

T: +852 3796 3060

E: [enquiries@ninehillsmedia.com](mailto:enquiries@ninehillsmedia.com)

W: [www.ninehillsmedia.com](http://www.ninehillsmedia.com)

# GO



# BEYOND

Meet our all-new long-distance leader. Reaching 8,000 nm/14,816 km<sup>1</sup> at Mach 0.85, the Gulfstream G800™ takes you farther faster, guided by the award-winning Symmetry Flight Deck.



Gulfstream™

A General Dynamics Company

<sup>1</sup>NBAA IFR theoretical range at Mach 0.85 with 8 passengers, 4 crew and NBAA IFR reserves. Actual range will be affected by ATC routing, operating speed, weather, outfitting options and other factors. All performance is based on preliminary data and subject to change.