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Tricor & Financial Times Board Director Programme Report Reveals Critical Gaps in Digital Governance, Cybersecurity and Risk Management

Tricor Group and the **Financial Times Board Director Programme** co-released the inaugural Asia Pacific Board Director Barometer Report, uncovering board sentiments on COVID-19 disruptions.

According to the 2021 Asia Pacific Board Director Barometer Report:

- Corporate boards are struggling to keep pace with rising digital adoption and transformation pressures against the turbulent headwinds of the COVID-19 pandemic.
- Business continuity planning (BCP) and corporate governance, risk & compliance (GRC) are weighing on board directors, rising to the top of corporate board priorities.
- Corporate boards are not equipped to support effective hybrid meeting models, which are expected to be the most favored operating model post-pandemic.
- The digital divide is continuing to widen and corporate boards are falling behind, highlighting operational and security risks and inefficiencies.
- Gaps in cybersecurity threaten corporate board operations and integrity.

The 2021 Asia Pacific Board Director Barometer Report reveals sentiments and actions of board directors across the globe in key areas of digital transformation, cybersecurity, board operations, corporate governance, risk & compliance (GRC) and business continuity planning (BCP). It is an in-depth survey conducted amongst 771 board directors representing a spectrum of startups, small and medium-sized enterprises (SMEs), multinational corporations (MNCs), non-profits and listed companies across 12 major industries. The sampling focuses largely on key markets in APAC (including mainland China, Hong Kong SAR, Malaysia Singapore, Thailand, Vietnam, Japan and Australia) and also incorporates comparative samples from the Americas, Europe and Africa.

Key findings from the report include:

- **BCP and GRC pressures are weighing on boards, with an overwhelming 83% of corporate board directors globally and 84% in APAC citing these as top priorities.** Overall, confidence about the handling of the crisis is mixed in APAC and there's significant room for improvement in some markets: just 51% of board directors in Hong Kong feel positive about the way their boards have responded – compared with Thailand (52%), Malaysia (56%) and mainland China (68%) and Singapore (71%).
- **Triggered by the mass virtualization following COVID-19, data security has emerged as a pressing concern for 83% of corporate boards.** However, these sentiments have not yet been followed up with corrective action. For example, although 85% of board directors in Hong Kong said data security was an ongoing concern, only 43% had taken actions during COVID-19 to improve data security, suggesting that a majority of boards are still operating within inadequate, outdated cybersecurity frameworks.

- **Corporate boards in APAC are resistant to engaging the third-party expertise and solutions needed to solve rapidly emerging challenges.** While 60% of directors in the Americas reported they would consider engaging third-party expertise to help independently assess GRC and BCP frameworks, APAC was noticeably less receptive with under half (48%) saying they would consider doing so. In Hong Kong, only 43% of board directors said their board would consider third-party expertise and solutions.
- **Corporate boards are unprepared to meet security and efficiency requirements for virtual meetings – both currently and post-pandemic:** The massive shift to remote work models was reflected in the survey results, with board directors globally reporting that meetings went from being 5% virtual pre-pandemic to 5% in-person since the outbreak of COVID-19. However, without the tools needed to ensure security and efficiency, many boards are unprepared to operate in a hybrid format, which will be the most popular meeting format post-pandemic. Only 5% of boards are currently meeting fully in-person, and only 12% of boards plan to meet fully in-person post-pandemic.
- **Concerningly, one in four corporate boards are not taking action to transform business to bridge widening digital adoption gaps.** To prepare for a post-pandemic future, 73% of directors globally said their boards are actively exploring new digital tools and Malaysia surpassed the global average at 76%. However, these numbers tracked lower in Hong Kong (70%), mainland China (68%) and Singapore (67%) indicating that large segments of corporate boards in the region have not adopted the digital board portals, digital governance tools and solutions needed to shift from surviving to thriving virtually.
- **Board directors are clamoring for more corporate governance training to increase capabilities.** 94% of directors globally said they need more training while just 58% are receiving it. These statistics were exactly matched by the survey's sample of board directors in APAC.

Lennard Yong, Tricor Group CEO, said: “The COVID-19 pandemic has triggered a crisis of epic proportions in APAC and beyond, impacting boards of directors from nearly every organization across all industries. Since the onset of the pandemic, Tricor has received an increasing number of inquiries from organizations looking to fortify board resiliency and adopt digital board governance in the face of ongoing business disruptions. Our expert team, equipped with a wealth of integrated, digital-enabled services and diversified corporate governance solutions, is dedicated to helping boards acclimate in the evolving business environment and thrive in the face of uncertainty.”

Chris Moon, Asia Director, Financial Times Board Director Programme Asia, said: “Now more than ever, organizations require the expertise and strategic oversight of their boards to endure, overcome and recover in a shifting business landscape. However, according to the 2021 Asia Pacific Board Director Barometer Report, boards today still don’t have all the answers they are seeking and directors are clamoring to arm boards with more talent and skills. Most directors want to undergo further training but their organization does not offer it or they don’t know where to find a suitable programme. The Financial Times Board Director Programme continues to see demand surge, with directors expanding their skills and increasing long term value for the companies whose boards they sit on.”

Sunshine Farzan, Tricor Group Head of Marketing & Communications, said: “Corporate boards have a fiduciary responsibility to mitigate risk, carefully hedging against catastrophes and outlier events that could overwhelm an organization and threaten shareholders’ investments. But in the face of continuous COVID-19 disruptions, the 2021 Asia Pacific Board Director Barometer Report confirms that board concerns have reached critical mass in cybersecurity, digitization, GRC and BCP. By



highlighting impending challenges and outlining key areas for improvement, this report can help boards take the next steps toward business continuity and resiliency.”

Joe Wan, CEO of Tricor Hong Kong, said: “COVID-19 exemplifies the broad range of challenges board directors face when confronting a complex situation. In Hong Kong corporate governance decisions can be made all the more multifaceted, given mandatory environmental, social and governance (ESG) reporting requirements and parameters around the government’s Employment Support Scheme (ESS). At Tricor Hong Kong, we are committed to providing innovative solutions in BCP, GRC, cybersecurity and training that help boards raise standards of corporate governance to benefit an organization’s operations, employees, customers, communities and society at large.”

In addition to the proprietary findings, the 2021 Asia Pacific Board Director Barometer Report also features secondary research findings, key insights, industry analysis, focus area recommendations and best practices to help boards better understand how their contemporaries are navigating the ongoing business disruptions amid the pandemic. To access the full report, please visit www.tricorglobal.com/2021-asia-pacific-board-director-barometer-report.

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About Tricor Group

Tricor Group (Tricor) is the leading business expansion specialist in Asia, with global knowledge and local expertise in business, corporate, investor, human resources & payroll, corporate trust & debt services, fund administration, and strategic business advisory. Tricor provides the building blocks for, and catalyzes every stage of clients’ business growth, from incorporation to IPO. Tricor has had a rapid expansion through organic growth and development as well as partnerships, mergers and acquisitions. The Group today has over 50,000 clients globally (including 20,000 clients in Mainland China), a staff strength of over 2,800 and a network of offices in 47 cities across 21 countries / territories. Our client portfolio includes over 1,500 companies listed in Hong Kong SAR and Mainland China, ~500 companies listed in Singapore and Malaysia, and more than 40% of the Fortune Global 500 companies, as well as a significant share of multinationals and private enterprises operating across international markets. In March 2017, the Permira Funds became the controlling shareholder of the Tricor Group, alongside management.

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