

Digital Enabled Board Effectiveness Assessment

January 2025



As today's businesses often need to do more with less, digital enablement is playing a crucial role in streamlining your compliance efforts across various areas. Notably, board effectiveness assessments are becoming an increasingly important priority. This is emphasised by the Stock Exchange of Hong Kong Limited's ("HKEX") announced amendments to the Corporate Governance Code and related Listing Rules. These amendments will come into effect on 1st July 2025 and apply to Corporate Governance Reports and annual reports in respect of financial years commencing on or after 1st July 2025. The amendments mandate board performance reviews to be conducted at least once every two years, with specific disclosures required in the Corporate Governance Reports.

Importance of board effectiveness assessment

Corporate Governance

- Demonstrate the Board's accountability
- Monitor the Board's performance
- Safeguard minority interests
- Reinforce ethics and integrity

Stakeholder Expectations

- Build trust by providing transparent disclosure
- Ensure the Board is attuned to stakeholder concerns & market expectations

Regulatory Compliance

- Meet the regulatory requirements and expectations for board oversight
- Ensure compliance with governance codes and standards

Strategic Alignment & Value Creation

- Ensure the Board remains focused on its long-term mission and vision
- Encourage the Board to drive long-term strategic planning

Our Board Advisory Service Methodology

Our **KPMG Board Advisory Service Methodology** builds on **global best practices** and has been tried and tested globally. Our Methodology includes **4 assessment criteria** and **5 performance activities**:

4 assessment criteria:

Strategy and Performance

Leadership and Culture

Roles and Responsibilities

Compliance and Oversight

5 performance activities:

01 Questionnaire

Self-assessment questions based on requirements, best practices and common issues

02 Interviews

Allow further exploration and clarification of the responses, providing comprehensive recommendations

03 Comparative analysis

Against industry benchmarks to identify opportunities for improvement.

04 Report on results


Summarise the qualitative and quantitative analysis results and our findings

05 Recommendations


Action plan based on the results, aimed at enhancing board effectiveness

How KPMG can help


We can help you deliver a board effectiveness assessment using our digitalised tool, the KPMG Board Effectiveness Self-Assessment Platform ("the Platform"). We can support you throughout the activities outlined on the previous page, with:




Digital & customised surveys built using our methodology




Secure & anonymous responses via self-service platform




Independent and objective assessments for boards, committees & directors




Board composition analysis & skill matrix development




Benchmarked results against our market insights



Supported by global insights from KPMG's Board Leadership Centre



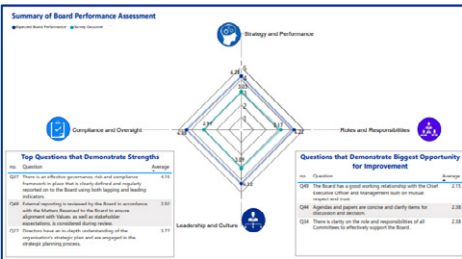
User-friendly functionalities and repeatability for year-on-year comparison



Presented in visually impactful, easy-to-interpret dashboards

Here are some illustrations of the Platform and reports:

Summary of Board Performance Assessment



Top Questions that Demonstrate Strengths

Question	Score
Q01: There is an effective governance framework in place that is clearly defined and regularly reviewed.	5.0
Q02: External reporting is reviewed by the Board to ensure that the Board is aware of the Board's external reporting obligations and that the Board's external reporting is consistent with the Board's strategy and vision.	5.0
Q03: The Board has an in-depth understanding of the organization's strategy and is engaged in the strategic planning process.	5.0


Questions that Demonstrate Biggest Opportunity for Improvement

Question	Score
Q04: The Board is an active strategic relationship with the Chief Executive Officer and management team on issues of importance and vision.	2.0
Q05: Agendas and papers are concise and clearly items for discussion and decision.	2.0
Q06: There is clarity on the role and responsibilities of all Committees to effectively support the Board.	2.0

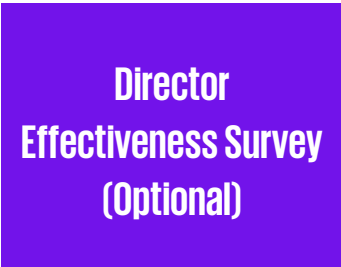
KPMG Client - Board Performance Assessment

Leadership and Culture	Questions to this section	Score	Score
1. The role of the Board is clearly defined and all Directors understand their duties which are documented in governance documentation (Constitution, Charter/Terms of Reference, Delegation of Authority).	Q01	5.0	5.0
2. The Board has a good Committee structure that is effective in supporting the Board to perform its duties.	Q02	5.0	5.0
3. There is a clear distinction between the role of the Board and the Chief Executive Officer that is understood amongst Management and articulated in the Delegation of Authority.	Q03	5.0	5.0
4. The Board has a structured work plan for annual agenda to ensure meetings cover key agenda items and provide an opportunity for deep dives into specific topics and/or issues throughout the year.	Q04	2.0	2.0
5. Board discussions reach conclusions that give clear guidance to Management.	Q05	2.0	2.0
6. Board materials are taken as read for constructive Boardroom discussions that focus on material issues.	Q06	2.0	2.0
7. Frequency and length of meetings are appropriate.	Q07	2.0	2.0
8. The Board is cohesive, works well together and respects differing viewpoints for open and constructive discussion.	Q08	2.0	2.0
9. Governance mechanisms (meetings, internal Management) are effective and constructive.	Q09	2.0	2.0

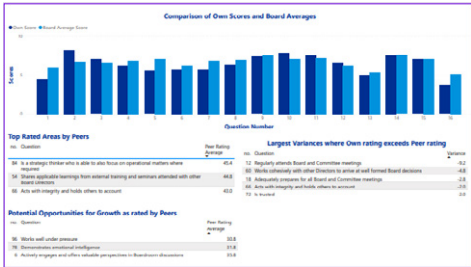
Board Effectiveness Survey



Director Effectiveness Survey (Optional)



Comparison of Own Scores and Board Averages




Top Rated Areas by Peers

Question	Score
Q01: There is an effective governance framework in place that is clearly defined and regularly reviewed.	5.0
Q02: External reporting is reviewed by the Board to ensure that the Board is aware of the Board's external reporting obligations and that the Board's external reporting is consistent with the Board's strategy and vision.	5.0
Q03: The Board has an in-depth understanding of the organization's strategy and is engaged in the strategic planning process.	5.0

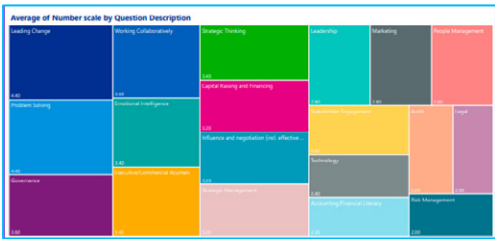
Largest Variances where Own rating exceeds Peer rating

Question	Score
Q04: The Board is an active strategic relationship with the Chief Executive Officer and management team on issues of importance and vision.	2.0
Q05: Agendas and papers are concise and clearly items for discussion and decision.	2.0
Q06: There is clarity on the role and responsibilities of all Committees to effectively support the Board.	2.0

Board composition and skills matrix



Average of Number scale by Question Description



Subsection Title

Subsection Title	Director 1	Director 2	Director 3	Director 4	Director 5	Average
Behavioural Skills						
Emotional Intelligence	1.00	1.00	1.00	1.00	1.00	1.00
Influence and negotiation (incl. effective challenges)	1.00	1.00	1.00	1.00	1.00	1.00
Leadership	1.00	1.00	1.00	1.00	1.00	1.00
Problem Solving	1.00	1.00	1.00	1.00	1.00	1.00
Strategic Thinking	1.00	1.00	1.00	1.00	1.00	1.00
Working Collaboratively	1.00	1.00	1.00	1.00	1.00	1.00
Technical Skills - General						
Accounting/financial literacy	1.00	1.00	1.00	1.00	1.00	1.00
Audit	1.00	1.00	1.00	1.00	1.00	1.00
Capital Raising and Financing	1.00	1.00	1.00	1.00	1.00	1.00
Executive/Commercial Acumen	1.00	1.00	1.00	1.00	1.00	1.00
Governance	1.00	1.00	1.00	1.00	1.00	1.00
Legal	1.00	1.00	1.00	1.00	1.00	1.00
Marketing	1.00	1.00	1.00	1.00	1.00	1.00
People Management	1.00	1.00	1.00	1.00	1.00	1.00
Risk Management	1.00	1.00	1.00	1.00	1.00	1.00
Stakeholder Engagement	1.00	1.00	1.00	1.00	1.00	1.00
Strategic Management	1.00	1.00	1.00	1.00	1.00	1.00
Technology	1.00	1.00	1.00	1.00	1.00	1.00

© 2025 KPMG Advisory (Hong Kong) Limited, a Hong Kong (SAR) limited liability company and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

2

Our flexible service offerings

We offer two flexible approaches for assessing board effectiveness, each tailored to different levels of depth and complexity. Choose the option that best suits your organisation's resources, culture, and specific assessment goals.

Focused Approach

Assessment leveraging KPMG Board Effectiveness Self-Assessment Platform

- A **Board self-assessment questionnaire** will be electronically distributed to directors for statistical analysis to identify gaps and priorities as perceived by the Board, with **data collected over a three-year period** for year-on-year comparisons.
- **Follow-up interviews** will be arranged with selected Board members in the first year (as required) to delve deeper into the questionnaire results for additional insights.
- In addition, certain metrics will be compared against those of peer organisations for **benchmarking analysis**.

The results are summarised in a **written report, featuring easy-to-read dashboards** for presentation to the Board.

Comprehensive Approach

Integrated external assessment by KPMG

The integrated approach consists of:

All components covered in the Focused Approach



- **Desktop review** of key Board documentation and existing governance framework, structure and processes; and
- **Observation** of Board/ committee meetings (as required)

A **comprehensive written report** will be issued, detailing the strengths and areas for development of the Board, along with other observations and recommendations regarding governance for your consideration.

Contact us



Alva Lee

Head of Governance, Risk and Compliance Services, Hong Kong
KPMG China
T: + 852 2143 8764
E: alva.lee@kpmg.com



Gigi Kan

Associate Director, Governance, Risk and Compliance Services
KPMG China
T: + 852 2847 5168
E: gigi.kan@kpmg.com



Angela Hui

Associate Director, Governance, Risk and Compliance Services
KPMG China
T: + 852 2685 7518
E: angela.hui@kpmg.com

kpmg.com/cn/socialmedia



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2025 KPMG Advisory (Hong Kong) Limited, a Hong Kong (SAR) limited liability company and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in Hong Kong (SAR).

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation.