

# 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:



### 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**

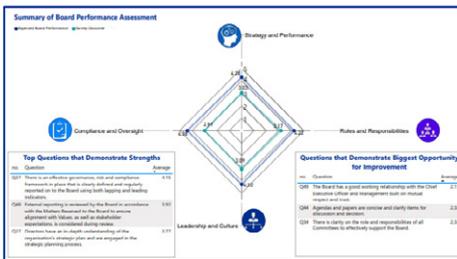


**User-friendly functionalities and repeatability for year-on-year comparison**



**Presented in visually impactful, easy-to-interpret dashboards**

Here are some illustrations of the Platform and reports:



KPMG Client - Board Performance Assessment		Leadership and Culture Overall Average	Peer Rating Overall Average
<b>Leadership and Culture: Questions to which answer</b>			
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)	Response	4.8	4.8
2. The Board has a good Committee structure that is effective in supporting the Board to perform its duties	Response	4.8	4.8
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	Response	4.8	4.8
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	Response	4.8	4.8
5. Board discussions reach conclusions that give clear guidance to Management	Response	4.8	4.8
6. Board materials are taken into account for constructive Boardroom discussions that focus on material issues	Response	4.8	4.8
7. Frequency and length of meetings are appropriate	Response	4.8	4.8
8. The Board is cohesive, works well together and respects differing viewpoints for open and constructive discussion	Response	4.8	4.8
9. Boardroom meetings (including ad-hoc Management) are effective and constructive	Response	4.8	4.8

## Board Effectiveness Survey

## Director Effectiveness Survey (Optional)



Subsection Title	Director 1	Director 2	Director 3	Director 4	Director 5	Average
<b>Behavioral Skills</b>	4.8	4.8	4.8	4.8	4.8	4.8
Emotional Intelligence	4.8	4.8	4.8	4.8	4.8	4.8
Influence and negotiation (incl. effective challenge)	4.8	4.8	4.8	4.8	4.8	4.8
<b>Leadership</b>	4.8	4.8	4.8	4.8	4.8	4.8
Leading Change	4.8	4.8	4.8	4.8	4.8	4.8
Problem Solving	4.8	4.8	4.8	4.8	4.8	4.8
Strategic Thinking	4.8	4.8	4.8	4.8	4.8	4.8
<b>Working Collaboratively</b>	4.8	4.8	4.8	4.8	4.8	4.8
<b>Technical Skills - General</b>	4.8	4.8	4.8	4.8	4.8	4.8
Accounting/Financial Literacy	4.8	4.8	4.8	4.8	4.8	4.8
Audit	4.8	4.8	4.8	4.8	4.8	4.8
Capital Raising and Financing	4.8	4.8	4.8	4.8	4.8	4.8
Executive/Commercial Acumen	4.8	4.8	4.8	4.8	4.8	4.8
Governance	4.8	4.8	4.8	4.8	4.8	4.8
Legal	4.8	4.8	4.8	4.8	4.8	4.8
Marketing	4.8	4.8	4.8	4.8	4.8	4.8
People Management	4.8	4.8	4.8	4.8	4.8	4.8
Risk Management	4.8	4.8	4.8	4.8	4.8	4.8
Stakeholder Engagement	4.8	4.8	4.8	4.8	4.8	4.8
Strategic Management	4.8	4.8	4.8	4.8	4.8	4.8
Technology	4.8	4.8	4.8	4.8	4.8	4.8

## Board composition and skills matrix

## 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



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