
Press release

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Governance Gaps in Cybersecurity practices revealed: Urgent action needed

Hong Kong, 19 October 2023 – The Hong Kong Chartered Governance Institute (Institute/HKCGI) and PricewaterhouseCoopers Limited (PwC Hong Kong) produced the report titled *Cybersecurity - Plugging the hole through testing, policies and training* following a joint survey with over 1,400 responses.

Governance Gaps Uncovered

The report calls attention to significant governance gaps in cybersecurity and urges organisations to take immediate action to defend themselves against evolving cyber threats. Specifically, the survey found:

- **Limited Board Involvement:** Over 66% of organisations indicated "Little involvement" or "Moderate level" board participation in cybersecurity governance, indicating possible deficiencies.
- **Lack of Specialised Oversight:** About 20% of companies had a designated cybersecurity committee with established roles and lines of authority, indicating the need for specialised oversight.
- **Insufficient Cybersecurity Training:** A sizable portion of directors (about 57%) only receive "Occasional" cybersecurity training, underlining the absence of regular and comprehensive awareness training.
- **Inadequate Cyber Insurance Adoption:** Cyber insurance adoption was found in about 20% of businesses, and almost half were unsure about its availability or scope, indicating a governance flaw in assessing and obtaining proper coverage.

“The tendency is worrying”, said **Kok Tin Gan, PwC Hong Kong Cybersecurity and Privacy Partner**, “For organisations, no doubt cybersecurity is one of the top risks. The survey's findings indicate gaps and a lack of focus, potentially due to overconfidence in cyber teams. Testing by certified, qualified personnel is essential, which must include red teaming/ethical hacking.”

The Five Imperatives

Apart from testing, to address these governance gaps and manage risks in the digital ecosystem, directors and governance professionals, represented by the Institute, should adopt five imperatives:

- 1. Prioritise Cybersecurity Testing:** Regularly conduct comprehensive testing, such as red teaming exercises and vulnerability assessments, to proactively identify and address potential cyber threats and vulnerabilities.
- 2. Establish Security Policies and Procedures:** Develop and maintain up-to-date security policies and integrate security into the software development lifecycle to reduce potential vulnerabilities.
- 3. Implement Identity and Access Management (IAM) Policies:** Manage access to sensitive data and systems by authorising only authorised employees.
- 4. Monitor Third-Party Cybersecurity Risks:** Assess and evaluate the cybersecurity measures of third-party vendors and partners to reduce risks related to external dependencies.
- 5. Invest in Cybersecurity Awareness Training:** Offer regular cybersecurity awareness training for stakeholders and employees to promote a security-conscious culture and equip them with knowledge of online dangers and safe practices.

“The five imperatives are key, from a governance perspective, to address cyber risk in an applied manner,” said **Ernest Lee FCG HKFCG(PE), Institute President**. “The imperatives are effective tools to reduce cyber risk even if there is no one size fits,” he added.

The full report can be accessed [HERE](#).

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Acknowledgements and Contributors

The Institute's Technical Consultation Panel (TCP) supervised the research, with Mrs April Chan FCG HKFCG serving as Chairman. The report's author, Mr Mohan Datwani FCG HKFCG(PE), Institute Deputy Chief Executive, authored the report with contributions from Mr Ernest Lee FCG HKFCG(PE) Institute President and Ms Ellie Pang FCG HKFCG(PE) Institute Chief Executive. Mr Kok Tin Gan, Partner, PwC Hong Kong, served as contributing editor.

About the Contributing Editor – Mr Kok Tin Gan, PwC Hong Kong Cybersecurity and Privacy Partner

Kok Tin Gan is a Partner in PwC Hong Kong Cybersecurity & Privacy practice with over 17 years of experience. Kok Tin is also the founder of PwC's Dark Lab, Hack A Day and Ethical Hack Bot. Kok Tin is currently the Vice Chairman of itSMF Hong Kong Chapter and a member of the security committee of the Fintech Association of Hong Kong.

About HKCGI

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

With over 70 years of history and as the Hong Kong/China Division of The Chartered Governance Institute (CGI), the Institute's reach and professional recognition extends to all of CGI's nine divisions, with about 40,000 members and students worldwide. HKCGI is one of the fastest growing divisions of CGI, with a current membership of over 7,000, 300 graduates and 2,600 students with significant representations within listed companies and other cross-industry governance functions.

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

Better Governance. Better Future.

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

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