

**ASIA PACIFIC**

# Risk in Focus 2025

## Asia Pacific Board Briefing

**Know your risks. Plan strategically.**



Internal Audit  
**FOUNDATION**

This Board Briefing is a summary of the Asia Pacific Risk in Focus 2025 report, available at [theiia.org/RiskInFocus](https://theiia.org/RiskInFocus)



# About Global Risk in Focus

Know your risks. Plan strategically.

01

Practical, data-driven research to help internal auditors and their stakeholders understand today's risk environment and update their audit plans.

02

Survey results, regional roundtables, and interviews reveal key insights from internal audit leaders worldwide.

03

Partnership between the Internal Audit Foundation and European Institutes Research Group (EIRG).



# Today's Global Risk Landscape

Around the corner and  
around the world.



**Risk in Focus** is a worldwide collaborative partnership facilitated by the Internal Audit Foundation. It provides practical, data-driven research to help internal auditors and their stakeholders understand today's risk environment and prepare audit plans for the year ahead.

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# Asia Pacific Project Partners



**Asian Confederation of  
Institutes of Internal Auditors**

**IIA–Australia**

**IIA–Hong Kong, China**

**IIA–Indonesia**

**IIA–Japan**

**IIA–Philippines**

**IIA–Singapore**

**IIA–Taiwan (Chinese)**

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  - Climate Change
- Acknowledgments

ASIA PACIFIC



# Summary

# Asia Pacific Summary

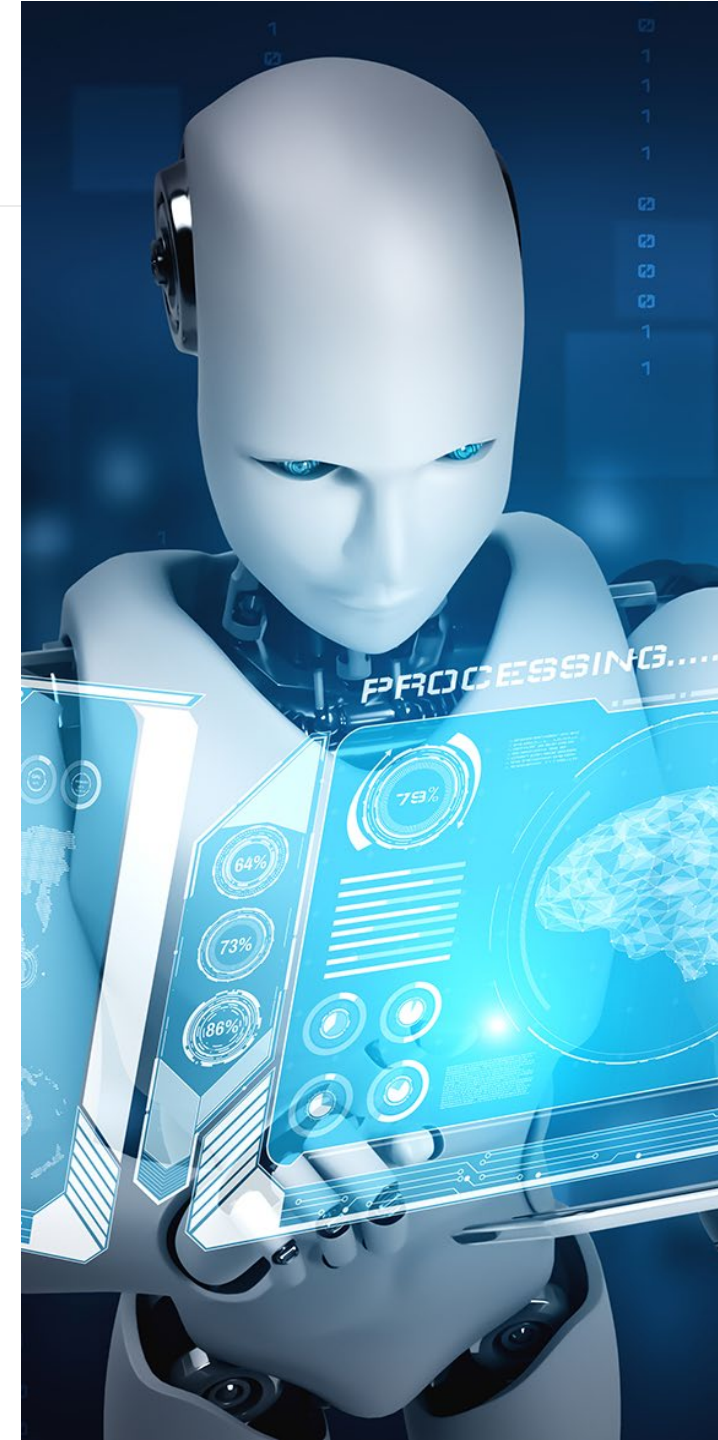
- Fastest growing risks in next 3 years
  - Digital disruption (including AI)
  - Climate change
- None of the other risks are expected to have such large increases
- Trend is expected by internal auditors in Asia Pacific and worldwide





# Asia Pacific Summary, Continued

- Ongoing high risks for Asia Pacific
  - Cybersecurity
  - Business continuity
  - Human capital
  - Market changes/competition
- Roundtable discussions provide insight into risk drivers and leading practices for climate change and digital disruption





# Survey Demographics



# Research Methodology

## Global participation



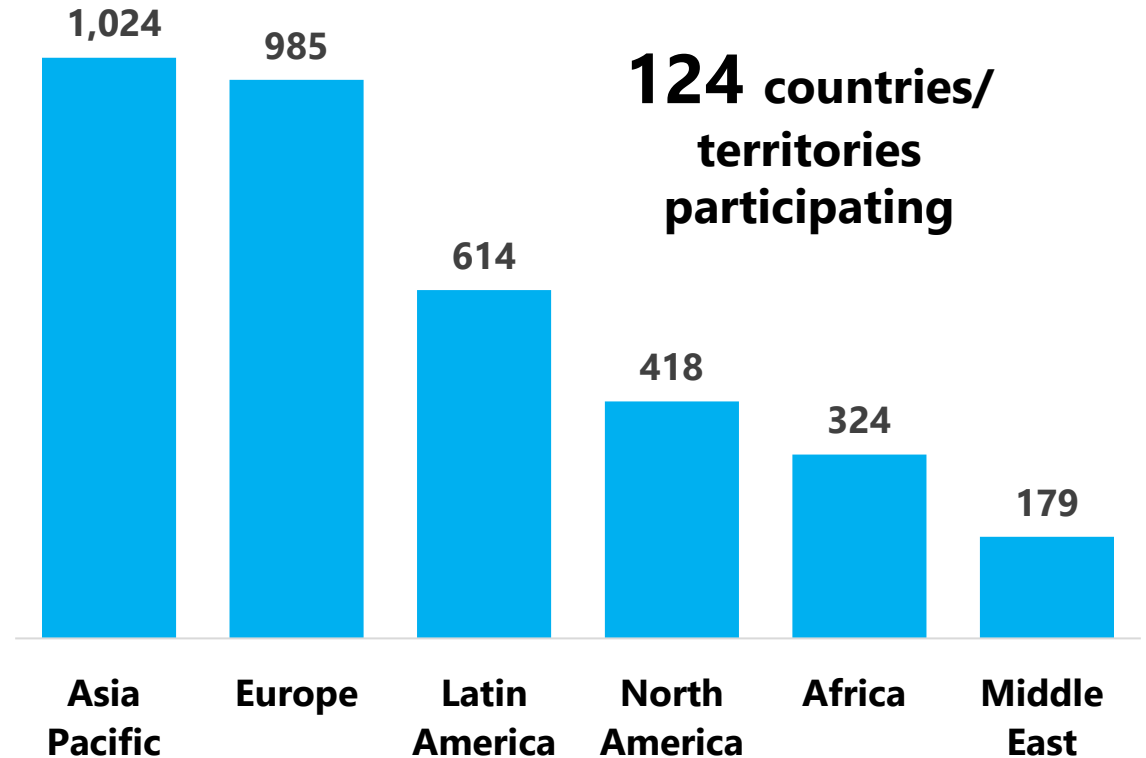
### Research Phases

Global survey of CAEs and directors:  
4 March to 20 May 2024

18 roundtables with 138 participants: May 2024

27 in-depth interviews with internal audit experts: June 2024

Survey response total: 3,544



# Survey Approach

16 risk areas were explored



## Survey Questions

- What are the top 5 risks your organization faces?
- What are the top 5 areas on which internal audit spends the most time and effort?

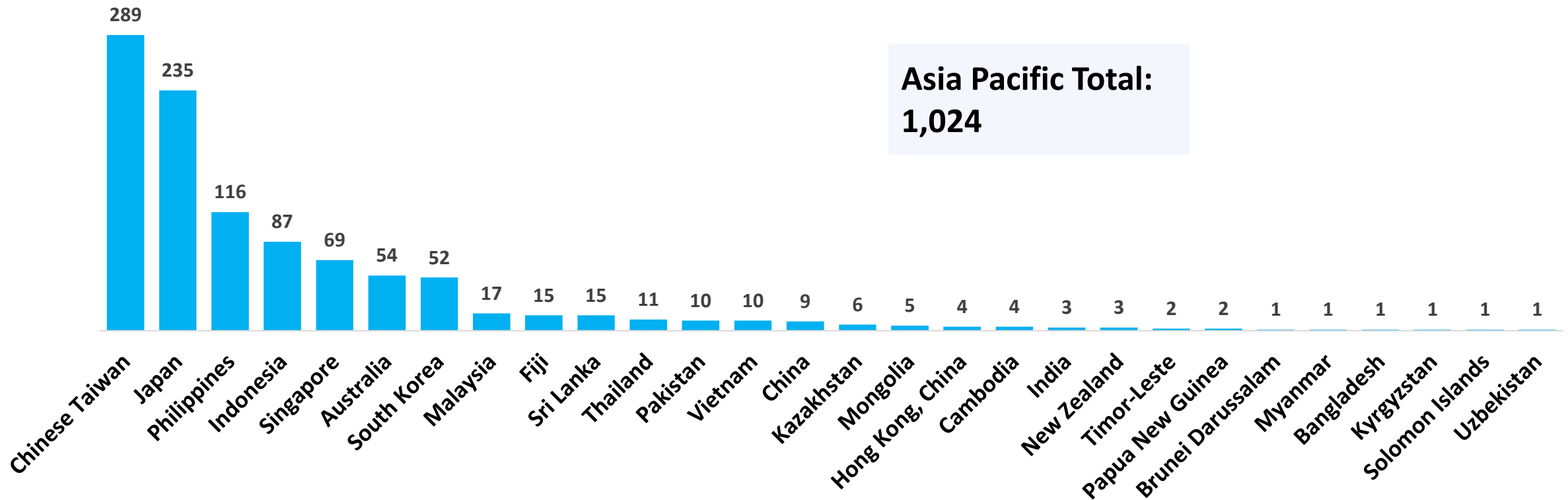


	Risk Name	Risk Description Used in the Survey
1	<b>Business continuity</b>	Business continuity, operational resilience, crisis management, and disaster response
2	<b>Climate change</b>	Climate change, biodiversity, and environmental sustainability
3	<b>Communications/reputation</b>	Communications, reputation, and stakeholder relationships
4	<b>Cybersecurity</b>	Cybersecurity and data security
5	<b>Digital disruption (including AI)</b>	Digital disruption, new technology, and AI (artificial intelligence)
6	<b>Financial liquidity</b>	Financial, liquidity, and insolvency risks
7	<b>Fraud</b>	Fraud, bribery, and the criminal exploitation of disruption
8	<b>Geopolitical uncertainty</b>	Macroeconomic and geopolitical uncertainty
9	<b>Governance/corporate reporting</b>	Organizational governance and corporate reporting
10	<b>Health/safety</b>	Health, safety, and security
11	<b>Human capital</b>	Human capital, diversity, and talent management and retention
12	<b>Market changes/competition</b>	Market changes/competition and customer behavior
13	<b>Mergers/acquisitions</b>	Mergers and acquisitions
14	<b>Organizational culture</b>	Organizational culture
15	<b>Regulatory change</b>	Change in laws and regulations
16	<b>Supply chain (including third parties)</b>	Supply chain, outsourcing, and 'n <sup>th</sup> ' party risk



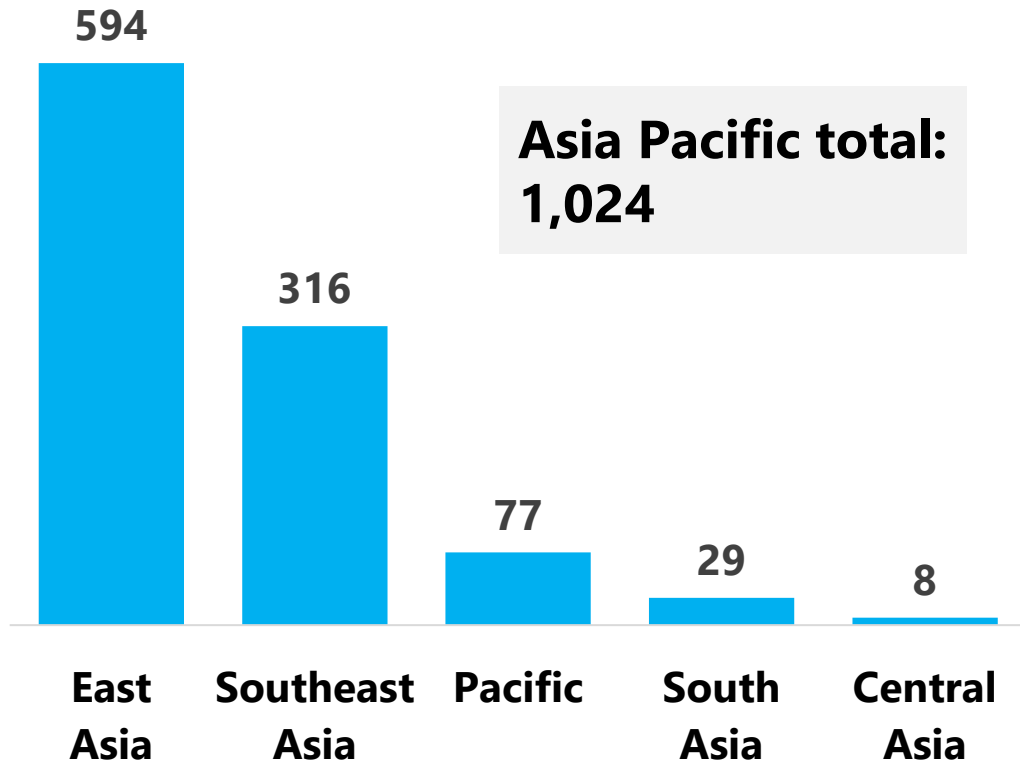
# Asia Pacific Survey Demographics

## Response rate per country/territory



# Asia Pacific Survey Demographics

## Subregions and internal audit function size



Internal audit function size	East Asia	Southeast Asia	Pacific	South Asia	Central Asia	All	Total per size group
<b>1 to 5</b>	71%	35%	68%	21%	88%	58%	596
<b>6 to 10</b>	13%	22%	14%	41%	0%	16%	166
<b>11 to 15</b>	5%	15%	3%	10%	0%	8%	79
<b>16 to 25</b>	3%	7%	4%	10%	0%	5%	46
<b>26 to 50</b>	4%	12%	6%	0%	13%	6%	66
<b>51+</b>	5%	10%	5%	17%	0%	7%	68
<b>Total responses</b>	<b>592</b>	<b>315</b>	<b>77</b>	<b>29</b>	<b>8</b>	<b>100%</b>	<b>1,021</b>

# Asia Pacific Survey Demographics

## Response rate per country/territory

Southeast Asia		East Asia		Pacific		South Asia		Central Asia	
Philippines	116	Taiwan	289	Australia	54	Sri Lanka	15	Kazakhstan	6
Indonesia	87	Japan	235	Fiji	15	Pakistan	10	Kyrgyzstan	1
Singapore	69	South Korea	52	New Zealand	3	India	3	Uzbekistan	1
Malaysia	17	China	9	Timor-Leste	2	Bangladesh	1	<b>Total</b>	<b>8</b>
Thailand	11	Mongolia	5	Papua New Guinea	2	<b>Total</b>	<b>29</b>		
Vietnam	10	Hong Kong	4	Solomon Islands	1				
Cambodia	4	<b>Total</b>	<b>594</b>	<b>Total</b>	<b>77</b>				
Brunei Darussalam	1								
Myanmar	1								
<b>Total</b>	<b>316</b>								



# Risk Trends



# Asia Pacific Risk Trends

## What are the top 5 risks your organization faces?

Last Year's Risk		Current Year's Risk		Risk Expectations in 3 Years	
1	Cybersecurity 66%	1	Cybersecurity 64%	1	Cybersecurity 62%
2	Business continuity 61%	2	Business continuity 62%	2	Business continuity 59%
3	Human capital 59%	3	Human capital 57%	3	<b>Digital disruption (including AI) 55%</b>
4	Market changes/competition 47%	4	Market changes/competition 49%	4	<b>Climate change/environment 47%</b>
5	Regulatory change 35%	5	<b>Digital disruption (including AI) 36%</b>	5	Human capital 46%
6	<b>Digital disruption (including AI) 30%</b>	6	Regulatory change 32%	6	Market changes/competition 44%
7	Geopolitical uncertainty 28%	7	Geopolitical uncertainty 30%	7	Geopolitical uncertainty 34%
8	Supply chain (including third parties) 27%	8	<b>Climate change/environment 26%</b>	8	Regulatory change 31%
9	Governance/corporate reporting 24%	9	Supply chain (including third parties) 24%	9	Supply chain (including third parties) 21%
10	Organizational culture 23%	10	Organizational culture 23%	10	Governance/corporate reporting 21%
11	<b>Climate change/environment 22%</b>	11	Governance/corporate reporting 22%	11	Fraud 17%
12	Fraud 22%	12	Fraud 22%	12	Organizational culture 17%
13	Financial liquidity 21%	13	Communications/reputation 21%	13	Financial liquidity 15%
14	Communications/reputation 18%	14	Financial liquidity 19%	14	Communications/reputation 14%
15	Health/safety 12%	15	Health/safety 11%	15	Health/safety 10%
16	Mergers/acquisitions 4%	16	Mergers/acquisitions 4%	16	Mergers/acquisitions 7%

# Asia Pacific Risk Trends Analysis

**Digital disruption (including AI) and climate change are expected to increase most**

- Digital disruption (including AI)
  - Currently ranked fifth (36%)
  - In 3 years, expected to be ranked second (55%)
- Climate change/environment
  - Currently ranked eighth (26%)
  - In 3 years, expected to be ranked fourth (47%)
- Cybersecurity, business continuity, human capital, and market changes/competition were the top risks last year and this year



# Global Risk Trends

## What are the top 5 risks your organization faces?

Last Year's Risk		Current Year's Risk		Risk Expectations in 3 Years	
1	Cybersecurity 73%	1	Cybersecurity 73%	1	Cybersecurity 69%
2	Human capital 51%	2	Business continuity 51%	2	<b>Digital disruption (including AI) 59%</b>
3	Business continuity 47%	3	Human capital 49%	3	Business continuity 47%
4	Regulatory change 39%	4	<b>Digital disruption (including AI) 39%</b>	4	Human capital 42%
5	<b>Digital disruption (including AI) 34%</b>	5	Regulatory change 38%	5	<b>Climate change/environment 39%</b>
6	Financial liquidity 32%	6	Market changes/competition 32%	6	Regulatory change 37%
7	Market changes/competition 32%	7	Financial liquidity 31%	7	Geopolitical uncertainty 31%
8	Geopolitical uncertainty 30%	8	Geopolitical uncertainty 30%	8	Market changes/competition 30%
9	Governance/corporate reporting 27%	9	Governance/corporate reporting 25%	9	Financial liquidity 25%
10	Supply chain (including third parties) 26%	10	Organizational culture 24%	10	Supply chain (including third parties) 24%
11	Organizational culture 26%	11	Fraud 24%	11	Governance/corporate reporting 22%
12	Fraud 24%	12	Supply chain (including third parties) 23%	12	Fraud 21%
13	Communications/reputation 21%	13	<b>Climate change/environment 23%</b>	13	Organizational culture 20%
14	<b>Climate change/environment 19%</b>	14	Communications/reputation 20%	14	Communications/reputation 15%
15	Health/safety 11%	15	Health/safety 11%	15	Health/safety 10%
16	Mergers/acquisitions 6%	16	Mergers/acquisitions 6%	16	Mergers/acquisitions 9%

# Global Risk Trends Analysis

## Cybersecurity, business continuity, and human capital remain high

- Digital disruption (including AI) and climate change are expected to increase most
- Digital disruption (including AI)
  - Currently ranked fourth (39%)
  - In 3 years, expected to be ranked second (59%)
- Climate change/environment
  - Currently ranked thirteenth (23%)
  - In 3 years, expected to be ranked fifth (39%)
- None of the other 14 risks studied are expected to see such dramatic changes

# Current Risk Levels



# Asia Pacific Risk Levels – Industry Comparison

What are the top 5 risks your organization faces?



## Analysis

Across nearly all industries, the five areas with highest risk were the same. Only a few industries had any notable differences.

5 highest risk areas per industry >>

Risk area	All	Manufac- turing	Financial services	Information/ communica- tion	Public sector	Profes- sional/ technical	Wholesale /retail	Transport/s torage	Mining/ energy/ water	Construc- tion
Cybersecurity	64%	56%	80%	74%	68%	73%	43%	47%	55%	68%
Business continuity	62%	69%	58%	67%	60%	64%	53%	70%	74%	61%
Human capital	57%	55%	49%	55%	55%	49%	69%	53%	40%	63%
Market changes/competition	49%	65%	41%	52%	17%	38%	63%	40%	45%	39%
Digital disruption (including AI)	36%	26%	46%	45%	57%	49%	35%	37%	26%	8%
Regulatory change	32%	31%	36%	33%	27%	31%	27%	19%	38%	29%
Geopolitical uncertainty	30%	39%	28%	30%	25%	27%	33%	37%	21%	26%
Climate change/environment	26%	33%	18%	12%	25%	24%	12%	26%	67%	32%
Supply chain (including third parties)	23%	30%	18%	21%	20%	25%	31%	28%	17%	26%
Organizational culture	23%	21%	22%	18%	22%	18%	18%	28%	29%	24%
Governance/corporate reporting	22%	22%	17%	29%	28%	31%	24%	28%	10%	21%
Fraud	22%	17%	29%	18%	20%	16%	29%	21%	19%	26%
Communications/reputation	21%	12%	21%	25%	37%	25%	24%	19%	14%	18%
Financial liquidity	19%	14%	28%	11%	20%	24%	12%	19%	19%	21%
Health/safety	11%	8%	3%	11%	18%	4%	10%	26%	21%	32%
Mergers/acquisitions	4%	2%	4%	0%	2%	2%	16%	5%	5%	5%

# Asia Pacific Risk Level Analysis

## Risk levels consistent across industries

- The three highest risk areas were cybersecurity, business continuity, and human capital.
- Asia Pacific is the only region where market changes/competition rank as one of the five highest risks for most industries.
- Digital disruption now ranks as the fifth highest risk overall in Asia Pacific, up from sixth in the prior year.
- The industries with the highest climate change risk are mining/energy/water supply and construction.

# Asia Pacific Risk Levels – Subregion Comparison

What are the top 5 risks your organization faces?



## Analysis

Across nearly all subregions, the five areas of highest risk were the same.

5 highest risk areas per subregion >>

Risk area	All	East Asia	Southeast Asia	Pacific	South Asia
Cybersecurity	64%	58%	72%	74%	69%
Business continuity	62%	65%	60%	56%	55%
Human capital	57%	61%	51%	45%	59%
Market changes/competition	49%	59%	37%	35%	34%
Digital disruption (including AI)	36%	28%	47%	44%	48%
Regulatory change	32%	32%	35%	29%	38%
Geopolitical uncertainty	30%	31%	28%	19%	41%
Climate change/environment	26%	26%	24%	30%	17%
Supply chain (including third parties)	24%	24%	22%	31%	17%
Organizational culture	23%	24%	19%	30%	14%
Governance/corporate reporting	22%	26%	15%	25%	21%
Fraud	22%	16%	33%	18%	31%
Communications/reputation	21%	21%	18%	26%	17%
Financial liquidity	19%	15%	25%	13%	31%
Health/safety	11%	10%	12%	19%	7%
Mergers/acquisitions	4%	4%	3%	5%	0%




# Global Risk Levels – Region Comparisons

What are the top 5 risks your organization faces?



## Analysis

There is broad consensus worldwide about the four highest risk areas. However, each region also has some unique areas of concern.

 5 highest risk areas per region



Risk area	Global Average	Africa	Asia Pacific	Europe	Latin America	Middle East	North America
Cybersecurity	73%	64%	64%	83%	74%	66%	88%
Business continuity	51%	57%	62%	32%	49%	63%	41%
Human capital	49%	44%	57%	52%	47%	43%	54%
Digital disruption (including AI)	39%	34%	36%	40%	37%	38%	48%
Regulatory change	38%	32%	32%	46%	45%	27%	47%
Market changes/competition	32%	15%	49%	32%	26%	29%	41%
Financial liquidity	31%	42%	19%	27%	33%	38%	28%
Geopolitical uncertainty	30%	23%	30%	39%	37%	27%	26%
Governance/corporate reporting	25%	31%	22%	20%	18%	41%	16%
Organizational culture	24%	34%	23%	21%	28%	21%	21%
Fraud	24%	42%	22%	14%	32%	27%	9%
Supply chain (including third parties)	23%	16%	24%	29%	17%	26%	29%
Climate change/environment	23%	25%	26%	33%	29%	12%	12%
Communications/reputation	20%	26%	21%	14%	17%	21%	20%
Health/safety	11%	10%	11%	12%	9%	12%	13%
Mergers/acquisitions	6%	4%	4%	8%	4%	8%	8%

Note: If there is a tie for a top ranking, the tied percentages are shaded in a lighter color.

# Global Risk Level Analysis

## General consensus about highest risks

- Highest risk areas globally
  - Cybersecurity
  - Business continuity
  - Human capital
  - Digital disruption (including AI)
- Regional concerns
  - **Africa** – financial liquidity and fraud
  - **Asia Pacific** – market changes/competition
  - **Europe** – geopolitical uncertainty and regulatory change
  - **Latin America** – geopolitical uncertainty and regulatory change
  - **Middle East** – governance/corporate reporting
  - **North America** – regulatory change and market changes/competition

# Emerging Risk Drivers



# Risk Drivers for Emerging Risks

## Direct pressure and indirect pressure

### Regulations

Specific regulations and consequences for noncompliance

### Financial impact

Impact on revenues or assets (including fraud)

### Business opportunity

Advantage for business, or risk of falling behind



### Politics

Political priorities or trends related to the risk area

### Public opinion

Pressure from the public, the market/customers, or stakeholders

### Social impact

Harm or benefit for people or society in general

# Risk Drivers for Emerging Risks

## Understanding direct and indirect influences

- **Direct influence**
    - Regulations
    - Financial impact
    - Business opportunity
  - **Indirect influence**
    - Politics
    - Public opinion
    - Social impact
- **Example: Climate change**
    - **Direct influences:** regulations and financial impact of extreme weather
    - **Indirect influences:** politics, public opinion, social impact of extreme weather

# Audit Priorities





# Asia Pacific Audit Priorities – Industry Comparison

What are the top 5 areas where internal audit spends the most time and effort?



## Analysis

The areas with the most audit effort are remarkably consistent across industries in Asia Pacific.

Top areas for effort are governance/corporate reporting, regulatory change, cybersecurity business continuity, and fraud.

5 highest audit priorities per industry

Audit area	All	Manufacturing	Financial services	Information/communication	Public sector	Professional/technical activities	Wholesale/retail	Transport/storage	Mining/energy/water supply	Construction
Cybersecurity	63%	57%	77%	71%	68%	65%	53%	42%	64%	58%
Business continuity	60%	61%	65%	62%	67%	56%	49%	74%	64%	58%
Governance/corporate reporting	55%	53%	53%	67%	63%	51%	59%	63%	52%	58%
Regulatory change	52%	59%	50%	57%	32%	55%	57%	51%	40%	39%
Fraud	43%	41%	48%	42%	47%	33%	39%	42%	31%	55%
Human capital	33%	30%	26%	27%	33%	33%	37%	28%	24%	34%
Financial liquidity	30%	27%	33%	26%	32%	36%	29%	35%	36%	37%
Supply chain (including third parties)	28%	34%	23%	21%	28%	29%	27%	33%	38%	26%
Organizational culture	25%	27%	28%	26%	20%	18%	24%	26%	21%	29%
Market changes/competition	25%	28%	22%	29%	7%	24%	33%	23%	10%	13%
Communications/reputation	23%	15%	28%	19%	33%	25%	35%	14%	31%	16%
Digital disruption (including AI)	23%	19%	29%	26%	25%	33%	16%	26%	21%	24%
Health/safety	16%	14%	3%	14%	23%	13%	18%	28%	36%	34%
Climate change/environment	16%	24%	7%	7%	15%	24%	16%	7%	24%	16%
Geopolitical uncertainty	6%	10%	6%	4%	5%	5%	2%	0%	0%	0%
Mergers/acquisitions	2%	2%	2%	1%	2%	0%	6%	9%	7%	3%

# Asia Pacific Audit Priority Analysis

## Cybersecurity and business continuity remain top priorities

- For most sectors, cybersecurity or business continuity was the number one audit priority.
- Governance/corporate reporting was a top audit priority for at least half of respondents across industries.
- Climate change audit priority was highest for manufacturing, professional/technical activities, and mining/energy/water supply.
- Digital disruption is a top audit priority for 23% of Asia Pacific respondents.

# Asia Pacific Audit Priorities – Subregion Comparison

What are the top 5 areas where internal audit spends the most time and effort?



## Analysis

The areas with the most audit effort are remarkably consistent across subregions in Asia Pacific.

Supply chain stood out as higher in the Pacific.

5 highest audit priorities per subregion

Risk Area	All	East Asia	Southeast Asia	Pacific	South Asia
Cybersecurity	63%	60%	67%	74%	72%
Business continuity	60%	57%	64%	70%	72%
Governance/corporate reporting	55%	54%	53%	68%	55%
Regulatory change	52%	60%	43%	38%	45%
Fraud	43%	40%	50%	35%	52%
Human capital	33%	37%	27%	22%	31%
Financial liquidity	30%	26%	38%	27%	31%
Supply chain (including third parties)	28%	23%	35%	40%	28%
Organizational culture	25%	29%	18%	27%	17%
Market changes/competition	25%	29%	19%	14%	14%
Communications/reputation	23%	24%	20%	22%	14%
Digital disruption (including AI)	23%	21%	27%	17%	28%
Health/safety	16%	14%	15%	32%	17%
Climate change/environment	16%	16%	16%	8%	14%
Geopolitical uncertainty	6%	7%	5%	1%	10%
Mergers/acquisitions	2%	2%	3%	4%	0%

# Global Audit Priorities – Region Comparisons

What are the top 5 areas where internal audit spends the most time and effort?



## Analysis

69% say cybersecurity is one of the 5 areas where internal audit spends the most time and effort.

Other top priority areas are governance/corporate reporting (56% of respondents) and business continuity (55% of respondents).

5 highest audit priorities per region

Audit area	Global Average	Africa	Asia Pacific	Latin America	Europe	Middle East	North America
Cybersecurity	69%	56%	63%	67%	74%	65%	87%
Governance/corporate reporting	56%	55%	55%	46%	64%	59%	58%
Business continuity	55%	58%	60%	49%	47%	60%	53%
Regulatory change	46%	39%	52%	47%	51%	35%	54%
Financial liquidity	45%	55%	30%	49%	40%	50%	46%
Fraud	41%	48%	43%	52%	36%	40%	29%
Supply chain (including third parties)	31%	29%	28%	29%	36%	31%	35%
Human capital	31%	36%	33%	29%	28%	35%	27%
Digital disruption (including AI)	25%	24%	23%	19%	23%	31%	33%
Organizational culture	23%	25%	25%	30%	24%	22%	15%
Communications/reputation	20%	24%	23%	22%	14%	18%	17%
Market changes/competition	16%	12%	25%	17%	13%	18%	10%
Health and safety	16%	15%	16%	13%	18%	17%	16%
Climate change/environment	12%	9%	16%	11%	20%	5%	9%
Geopolitical uncertainty	8%	10%	6%	12%	6%	9%	3%
Mergers/acquisitions	6%	4%	2%	7%	7%	7%	10%

# Global Audit Priority Analysis

## Overall consistency with small differences per region

- Cybersecurity is a top 5 audit priority for 69% of respondents
- Governance/corporate reporting (56% of respondents)
- Business continuity (55% of respondents)
- Comparatively lower-priority areas per region:
  - **Africa** – regulatory change
  - **Asia Pacific** – financial liquidity
  - **Latin America** – governance/corporate reporting
  - **Europe** – fraud
  - **Middle East** – regulatory change
  - **North America** – fraud

# Risk Compared to Priority

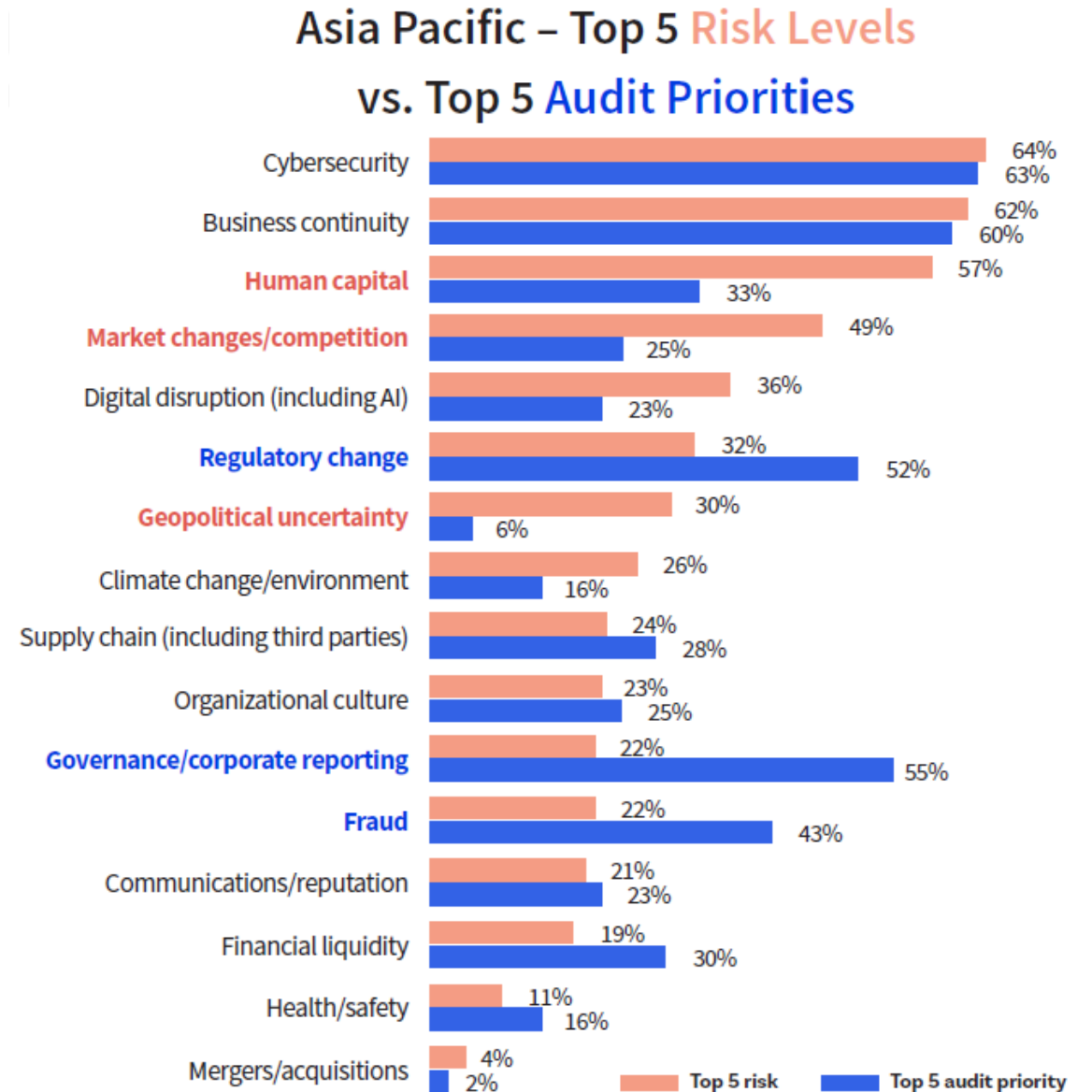




# Risk vs. Priority

## Comparing risk levels and audit priority

- Orange text shows where audit priority is low, compared to risk:
  - Human capital (-24)
  - Market changes/competition (-24)
  - Geopolitical uncertainty (-24)
- Blue text shows where audit priority is high, compared to risk:
  - Regulatory change (+20)
  - Governance/corporate reporting (+33)
  - Fraud (+21)



# Balancing Audit Priority and Risk

## Understanding audit priority survey results

- Audit priority is contingent on how much action is possible for the organization and/or internal audit related to the risk.
- For example, geopolitical uncertainty may be a top risk but not a top audit priority if there is little direct action that internal auditors can take related to that risk.
- Audit effort related to geopolitical uncertainty may be incorporated in related areas, such as business continuity, supply chain, etc.
- Audit priority results show the percentage who ranked a risk as one of the five where internal audit spends the most time and effort. (It is *not* the percentage of the audit plan.)

# **Roundtable Insights: Digital Disruption (Including AI)**



# Digital Disruption (Including AI) Perspectives

## Artificial intelligence (AI) connects to many risk areas

01

The top risk areas negatively impacted by AI worldwide are cybersecurity, human capital, and fraud.

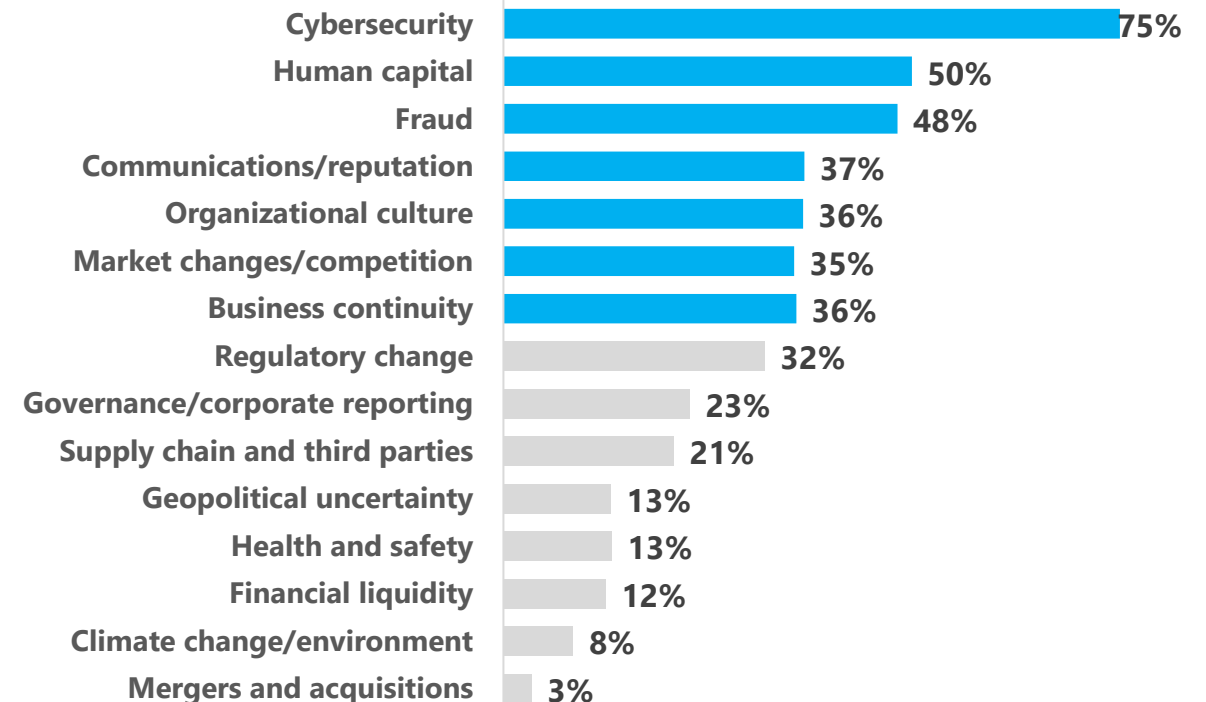
02

Organizations feel the need to adopt AI to keep pace with competition. As AI is implemented, internal audit provides advisory services to set up processes and controls. After these are in place, internal audit provides assurance.

03

Some internal audit functions are finding ways to test AI and integrate it into internal audit processes. This helps internal audit build AI knowledge.

### Global: Areas with Highest Levels of Risk Related to Artificial Intelligence



# Asia Pacific Digital Disruption Perspectives

## Risk drivers and impacts

- Risk drivers
  - Market competition and increasing volume and sophistication of cyberattacks is helping drive digital disruption.
  - At the same time, new opportunities are arising in an uncertain regulatory environment.
- Organizational responses
  - Organizations must bring products and services to market quickly while managing return on investment and increased compliance risks
  - AI governance has become a key concern as organizations' implementation of AI is often piecemeal and ethical considerations sometimes lag business initiatives.
  - Most prominent risks specifically associated with AI implementation were cybersecurity, human capital, business continuity, and fraud.

# Asia Pacific – Digital Disruption

## Audit considerations

- Create an inventory of the current use of AI across the organization.
- Audit the procurement processes for IT acquisition, paying attention to return on investment.
- Monitor regulations related to new technologies.



# Asia Pacific – Digital Disruption

## Advisory considerations

- Support the organization’s digital initiatives with pre-implementation and post-implementation reviews of transformation and technology projects.
- Develop relationships with technology experts to stay aware of trends in technology, markets, and cybersecurity.
- Support awareness, training, and monitoring processes for cybersecurity and data security.
- Support the development of ethical guidelines for organizational use of AI.

# Asia Pacific – Digital Disruption

## Board considerations

- Educate the board about the risk of board members being held personally liable for lack of compliance for cybersecurity risk management measures, under the EU's [NIS2 Directive](#).
- Help the board understand how the business needs to change to be strategically and operationally ready for the risks and opportunities of digitalization.
- Ensure the board has full visibility over the organization's use and governance of emerging technologies such as AI.

# Roundtable Insights: Market Changes/ Competition



# Asia Pacific Market Changes Perspectives

## Risk drivers and impacts

- Risk drivers
  - Digitalization and AI have accelerated the rate at which customer trends and tastes change.
  - Tightening margins and heavy investment in technologies throw into question the viability of existing business models.
- Organizational responses
  - Data management, product development, speed-to-market, and customization have become critical business processes.
  - Inventory management and supply chain resilience are also key.

# Asia Pacific – Market Changes/Competition

## Audit considerations

- Provide assurance for the effectiveness of risk management related to market changes and competition.
- Provide assurance on assessment of product performance and follow up with rapid advisory projects as needed.
- Provide assurance on customer services (for service-oriented organizations).
- Provide assurance on branding and reputation management.
- Provide assurance on inventory management and overall supply chain management.

# Asia Pacific – Market Changes/Competition

## Advisory considerations

- Provide advisory services on new product lines to ensure that processes are streamlined and decisions are risk-informed.
- Provide advisory services for market scanning/competitor scanning and other market risk research.
- Partner with experts inside and outside of the business to keep abreast of market trends, developments, and risks.

# Asia Pacific – Market Changes/Competition

## Board considerations

- Keep the audit committee up to date on the status of all products and plans across the enterprise, with a focus on KPIs and outcomes.
- Support the board in understanding the implications of integrating AI into its operations to keep up with market changes.

# Roundtable Insights: Climate Change/ Environment





# Climate Change Perspectives

Climate change risks are expected to rise in all regions in the next 3 years

01

United States and Middle East currently rate climate change risks significantly lower than other world regions but expect risk to rise rapidly.

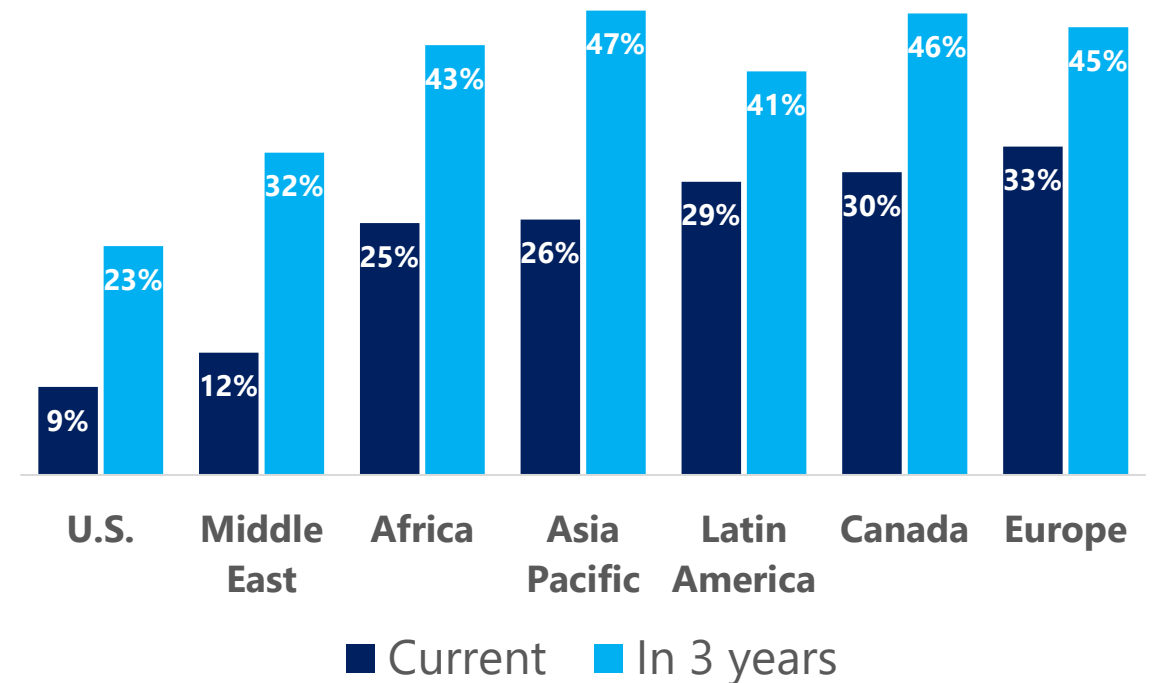
02

Internal audit involvement in climate change risks is driven by regulatory requirements and/or material impacts from extreme weather.

03

Greenwashing is a growing fraud risk in jurisdictions where regulatory requirements are in place and/or customers seek "green" businesses or investments.

Global: Climate Change as a Top 5 Risk



# Asia Pacific Climate Change Perspectives

## Risk drivers and impacts

- Risk drivers
  - As a global manufacturing powerhouse, businesses must cut pollution and improve sustainability to hit net zero by 2050 while remaining competitive.
  - Developing and sometimes conflicting regulations, both within the region and globally, as well as pressure from investors and stakeholders, require rapid action.
- Organizational responses
  - Business model disruption and supply chain re-engineering are critical to success – as is the ability to attract the right talent.
  - Physical resilience to cope with extreme weather requires investment and new technologies.
  - As organizations rush to become “green,” they must avoid greenwashing to protect their reputations and obtain investment.

# Asia Pacific – Climate Change

## Audit considerations

- Monitor regulatory requirements and provide assurance for compliance.
- Provide assurance for the accuracy of sustainability reporting and guard against potential greenwashing.

# Asia Pacific – Climate Change

## Advisory considerations

- Assess strategic risks related to physical impacts of climate change.
- Explore impact of climate change on the business model.
- Provide advice on sustainability requirements for new initiatives.
- Provide support for developing a sustainability roadmap.
- Review data governance and information systems supporting disclosure.
- Review corporate governance arrangements for sustainability reporting.

# Asia Pacific – Climate Change

## Board considerations

- Update the board on the organization’s sustainability activities and advise whether these align with the overall strategy/business model of the organization.
- Educate the board on sustainability requirements that affect the organization.
- Provide independent perspective for risk-based decision-making that avoids politicization.

# Acknowledgments



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## About The IIA

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