Sustainable Finance that Works: Fostering Long-term Trust through Robust Stakeholder Governance

Opening remarks at SFC Forum on Transition Plans: from Disclosures to Delivery

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Distinguished guests, ladies and gentlemen, a very warm welcome to the SFC Forum on Transition Plans: from Disclosure to Delivery.

Sustainable finance stands as one of the key enablers to advance broad-based stakeholder interests beyond merely shareholder value. It calls on corporations and investors to look beyond profit maximisation and short-term financial metrics, and uphold the longer-term interests of employees, supply chains, local communities, the natural environment and our planet!

This represents a challenging yet necessary shift. Yet, without a clear plan for implementation, we risk staying at the level of aspiration: strong on commitments and pledges; weak on enforceable accountability and measurable outcomes.

If we want finance to earn long-term stakeholders' trust, we cannot leave that gap open. My message for you today is threefold.

Challenges: the aspiration–accountability gap

First, there are structural reasons why progress so often lags ambition.

Markets reward what they can measure quickly — earnings, share prices, return on equity~~;~~ climate and sustainability outcomes, by contrast, unfold slowly, unevenly, and often outside any single manager's control. That mismatch creates a persistent bias against sustained climate action.

Net-zero pledges and high-level environmental, social and governance (ESG) commitments are now widespread, but delivery still lags: in capital reallocation, emission trajectories and physical-risk management. Without stronger reinforcement, these commitments risk remaining largely symbolic.

A further challenge is context. Sustainable finance works best where relationships are long-term, oversight is real, and visible costs of inaction exist. It weakens where deals are one-off and transactional, where a green label can be issued without a transition plan behind it.

Our central task is therefore unmistakable. We must move beyond pledges and labels towards mechanisms that make climate outcomes measurable and enforceable.

Note: This is the text of the speech as drafted, which may differ from the delivered version.

Strengthening incentives and accountability

Second, closing the gap requires a deliberate redesign of incentives and decision processes.

High-quality transition plans must become the primary bridge from aspiration to accountability: clear intermediate targets, capital expenditure aligned with those targets, and board-level oversight. These plans will also help align market practice with the region's broader decarbonisation commitments, including the Mainland's 2060 carbon neutrality goal.

We must also urgently strengthen the metrics that link sustainability performance—transition-planning quality, physical-risk exposure, and supply-chain decarbonisation—to the cost of capital and to risk weights. What markets measure, markets price, and markets pursue.

At the same time, corporate boards should demonstrate how material climate risks, opportunities and trade-offs were considered in their strategy and capital deployment.

In the broader market, asset managers should champion genuine engagement and active stewardship, so that capital allocation based on sustainability considerations translates into material incentives for issuers.

Equipping markets and institutions to deliver

Third, policymakers and regulators must equip the market to deliver, through both rules and reinforcement.

Clear policy direction is needed so that directors can make long-term strategic decisions while remaining accountable for material sustainability impacts and managing greenwashing risks. Carbon-reduction momentum across Asia, especially the Chinese Mainland, already shows the value of that clarity.

We should also continue to support practical sustainability disclosures against international standards, with the same rigour as financial reporting. That is how we reduce the bias towards familiar, short-term metrics.

Beyond this, the complementary roles of policymakers, regulators and investors must be aligned. Only then can sustainable finance promote performance and foster trust.

Conclusion

Ladies and gentlemen, sustainable finance is not a switch that is flipped. It is a muscle that is exercised, collectively, through practice and shared responsibility.

Forums like this remain essential. They bring public and private actors into the same room, giving us the space to improve the way we measure outcomes, raise the credibility of transition plans, and convert shared ambition into durable market practice and performances.

Let us work together to build the kind of trust that sustainable finance was always meant to deliver.

Thank you.