SECURITIES AND FUTURES COMMISSION
證券及期貨事務監察委員會

Governance and ESG Excellence as Dual Engines for Hong Kong's Financial Market Success

Speech at the HKICPA Best Corporate Governance and ESG Awards 2025 Presentation Luncheon Ceremony

Dr Kelvin Wong
Chairman

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Distinguished guests, ladies and gentlemen, good afternoon.

It is an honour for me to join you at the Best Corporate Governance and ESG Awards (BCGA) 2025.

On behalf of the Securities and Futures Commission (SFC), I would like to express my gratitude to the Hong Kong Institute of Certified Public Accountants' (HKICPA) for more than 50 years of dedication to Hong Kong's financial market development. As a key financial gatekeeper, the accounting profession has been the unsung hero behind the city's rise as a premier international financial centre.

I am also deeply appreciative of the Institute's quarter-century legacy of recognising governance excellence and effective reporting, contributing significantly to our financial market quality. Congratulations on the silver jubilee of the BCGA awards, which have stood as a beacon of best governance and sustainability practices.

Governance and ESG[1] as bedrock of financial market success

As a capital market regulator, I cannot over-emphasise the importance of governance and ESG principles to Hong Kong's listing market quality. For any businesses, an effective governance framework entails a virtuous circle of business performance, reporting transparency and investor trust.

These three elements are mutually reinforcing and perpetuating. Strong performance incentivises quality reporting, and this transparency and accountability instil trust in investors, thereby attracting capital. On the other hand, trusted firms are well motivated to further

[1] Environmental, social, and governance

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

improve reporting, which in turn supports enhancements to business performance and returns.

This creates a positive feedback loop that underpins Hong Kong's listing market success. Nurturing this demands strong board stewardship, ethical governance practices and effective internal controls.

Equally important are robust ESG practices, which enable companies to manage operational risks, optimise resources allocation and improve competitiveness. These are essential nowadays to maintain appeal to increasingly ESG-savvy investors worldwide.

Vision for Hong Kong: raising the bar for sustained progress

Going forward, in order to sustain Hong Kong's financial success, my vision is for all of us to continue to raise the standards of both corporate governance and ESG. This requires unwavering commitment to collaboration from regulators, issuers, intermediaries and financial professionals, which will ensure the city stays at the forefront of global developments.

In my opinion, promoting effective governance would require a mindset change, especially for the board of directors. They must go beyond mere conformance with standards towards performance.

Through strong boards, robust oversight and sound internal controls, effective practices are more important than ever in striving for better business performance and investor returns in today's fast-evolving business landscape.

In light of this, the SFC and the Stock Exchange of Hong Kong have updated the Corporate Governance Code to facilitate better board effectiveness, accountability, diversity and risk management.

On the ESG front, we must gather our collective resolve to honour Hong Kong's commitment to carbon neutrality by 2050 and help contribute to the Mainland's 2060 net zero goal.

To fulfil these long-term visions for the benefits of our next generation, it is essential for large companies and financial institutions to fully adopt the IFRS[2] Sustainability Disclosure Standards by 2028, as set out in the HKSAR Government's Roadmap on Sustainability Disclosure launched last December.

We should continue to build on our encouraging progress so far. Earlier this year, we achieved a milestone with the introduction of enhanced climate-related disclosure

[2] International Financial Reporting Standards

requirements for listed companies. On this solid foundation, let us make further advances towards the full adoption of global standards over the next three years.

Closing: envisioning more positive change ahead

In closing, I would like to congratulate all the winners today. You have demonstrated excellence in integrating governance and ESG principles into your corporate values, strategies and operations. Your shiny success will inspire many to follow while challenging others to step up their acts.

With role models in many of you, I look forward to more positive change in Hong Kong's financial markets. Together, I am confident that Hong Kong will achieve world-class standards and performance. Thank you.