

United Arab Emirates

The United Arab Emirates (UAE) plays a crucial role in the global energy transition as a market rich in energy resources. While remaining a key global supplier of energy, the market plans to reach net zero by 2050 and reduce emissions by 47 per cent compared with 2019 levels by 2035.

At the same time, the UAE has emerged as a regional leader in sustainable finance, with the financial sector pledging to mobilise USD272 billion in sustainable finance by 2030. It is expected to continue leading the Middle East’s Sustainable Bonds issuances, along with Saudi Arabia.

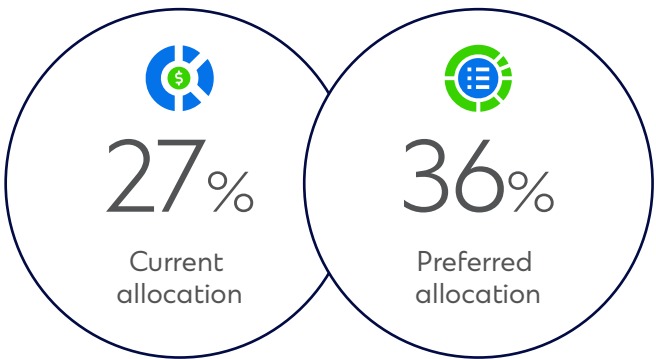
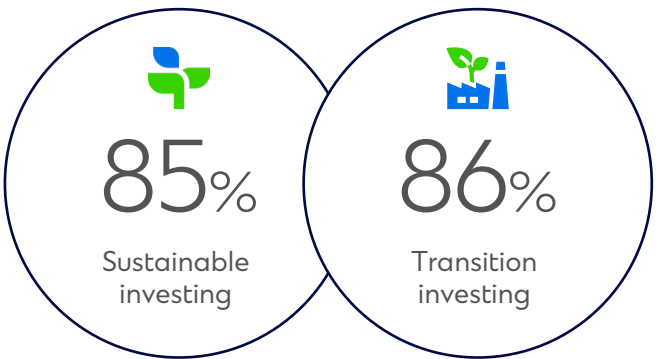
In 2024, the UAE Sustainable Finance Working Group – which includes government ministries and departments and stock exchanges – launched a set of principles to upgrade requirements for sustainability related disclosures for its financial institutions. The working group is also developing a taxonomy of sustainable activities to provide clarity for companies, banks and investors.



General sentiment

There is significant interest in both sustainable and transition investing among investors in the UAE who took part in our survey, with 86 per cent of them expressing enthusiasm for transition investing.

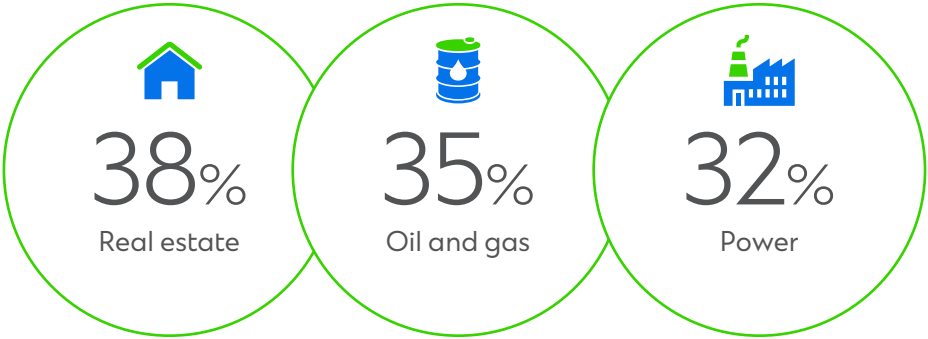
UAE investors’ allocation to sustainable investments is the highest among all markets, at 27 per cent, and they hope to increase to 36 per cent.



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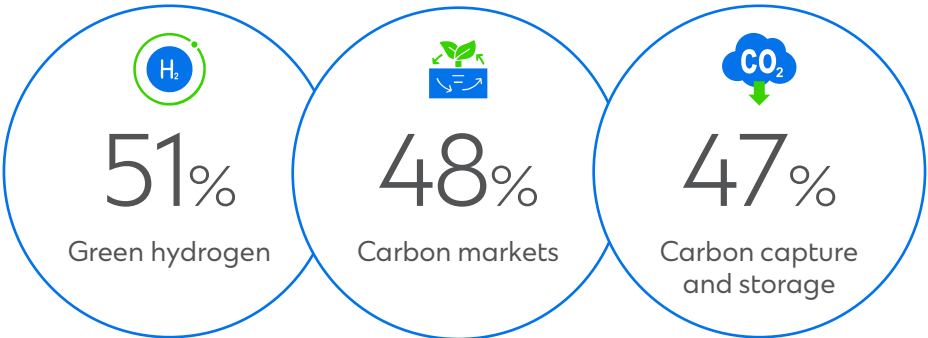
Exposure to high-emitting sectors

Investors in the UAE have significant exposure to real estate, oil and gas and power — sectors that form the backbone of the market’s economy.



Themes of interest

Green hydrogen, carbon markets and carbon capture and storage emerge as the top three themes of interest to investors in the UAE.



Investor motivations

Investors are primarily drawn to transition investments due to the potential for positive social and environmental impact, followed by the prospect of improved financial returns and reflecting personal values.



Investor barriers

The top challenges to transition investing are higher risks, greenwashing and barriers to accessing such investment solutions. The latter is the only one among markets surveyed that is listed as one of the top three barriers.

