Sustainable Banking Report 2025

Transition investing: the next wealth frontier?

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Foreword

Could transition investing be the next wealth frontier?

Samir Subberwal

Global Head, Wealth Solutions, Deposits and Mortgages, and Chief Client Officer, Wealth and Retail Banking

What additional strategies can affluent investors employ to mobilise capital in the fight against climate change?

Over the years, our Sustainable Banking Reports have looked at a range of opportunities for investors, highlighting innovative investment themes, while showcasing sustainable investing as a key area of interest.

Our latest report, through a survey of 1,600 high-net-worth investors across eight markets – Hong Kong, India, Mainland China, Malaysia, Singapore, South Korea, Taiwan and the United Arab Emirates – continues to reflect a strong investor appetite.

The survey results reveal that 83 per cent are interested in sustainable investing, while 87 per cent are keen on transition investing – to fund companies in high-emitting sectors, helping them to reduce their emissions and align their business with a net zero trajectory.

This also reflects the growing prominence of climate transition funds, with assets under management growing steadily over the years.

With the geopolitical and macroeconomic situation evolving rapidly in 2025, some markets and investors have reordered priorities to their climate agenda and sustainable investments.

However, a low-carbon transition remains a long-term agenda and many industry players continue to see its importance in the longer run.

Therefore, opportunities remain for investors to support companies that are implementing solutions such as low-emission fuels, carbon capture and storage, and electrification.

Investors indicate in our survey that they are willing to allocate more capital to sustainable investments, including transition investments. This underlines the importance of understanding what constitutes a transition product, such as in the funds space.

This is crucial considering the various approaches companies can take to implement climate transitions and disclose this information across markets.

Greenwashing concerns are particularly significant in high-emitting sectors, with over 40 per cent of respondents identifying it as a major obstacle to transition investing.

Furthermore, addressing challenges around understanding transition investing remains important, as only 15 per cent of investors are able to fully define this relatively nascent concept before they were presented with our definition and examples.

To address these challenges and support our clients, we have developed a Transition Investing guide to provide clear and practical guidance to investors evaluating transition-related funds, using criteria such as corporate commitment and portfolio composition.

Ultimately, transition investing should not just be thematic but integrated into an investor's core portfolio. Investors could use this guide as a lens to evaluate a wider range of funds, and this could be one of the catalysts to encourage more companies to implement transition plans and accelerate the pace of industries and governments aligning relevant standards.

Through greater awareness and industry guidance, we hope to give investors more clarity and confidence, and empower them to convert their interest into action now – mobilising capital towards transition funds for long-term growth while moving towards a low-carbon future, paving the way for transition investing as the next wealth frontier.

Supporting the transition towards a low-carbon future

Marisa Drew

Chief Sustainability Officer

The opportunity to finance the transition to a low-carbon economy is both more compelling and more crucial than ever.

The commercial case continues to grow, with the green economy delivering total returns of 198 per cent over the past 10 years, outpaced only by tech stocks.

At the same time, the urgency of the transition remains stark and global average temperatures exceeded the 1.5 degrees celsius threshold for the first time last year, making it the warmest year on record.

Transition finance – financial services provided to corporates and financial institutions to support them in aligning their business and/or operations with a 1.5 degrees celsius trajectory – will be key to a low-carbon economy.

It is needed to facilitate the shift towards more sustainable business practices and investments, especially in high-emitting or hard-to-abate sectors like shipping, agriculture and steel, where fully 'green' solutions are either not available or economically viable in the intermediate term.

With a long-standing presence in parts of the world where the need for transition finance is acute, and a wealth of experience as a first mover in this space, we continue to provide solutions to support corporates, financial institutions, and affluent clients across our markets on their decarbonisation journeys.

As transition finance scales and the market continues to mature, a growing range of transition opportunities are presenting themselves for individual investors to participate in.

Transition investing involves either directly, or through fund structures, to intentionally direct capital flow towards the decarbonisation of the global economy, fund those companies that are actively decarbonising, and ultimately play a role in supporting progress towards the goals of the Paris Agreement.

Channeling private wealth capital can have demonstrable impact, especially across emerging and developing markets where it is estimated that USD2.4 trillion a year of climate-related investment is needed by 2030, a four-fold increase from current levels.

To be able to address this gap, there is a need to attract all types of public and private capital, including capital from individual investors to support not only transition, but also adaptation and resilience, and the conservation and restoration of nature.

It is encouraging to note the results from this study where we found that high-net-worth investors have expressed strong interest in transition investing and are keen to invest their capital towards the facilitation of decarbonisation activity in pursuit of making a positive environmental impact.

Alongside the survey, our newly launched Transition Investing guide is designed to support this investor ambition. We hope that the guide proves useful for our clients as they explore the opportunity to participate in transition investing.

Executive Summary

Transition investing refers to investing with the ambition of supporting and enabling the transition towards a low-carbon economy.

This approach supports companies actively reducing their carbon emissions, pointing to new opportunities for the next wealth frontier.

This report looks at market sentiment towards transition investing based on a survey of 1,600 high-net-worth individuals across eight markets – Hong Kong, India, Mainland China, Malaysia, Singapore, South Korea, Taiwan and the United Arab Emirates – including their motivations, barriers and areas of interest.

Key findings

Strong interest in transition investing

Our survey shows that 87 per cent of individuals are eager to provide capital to companies actively working to reduce their carbon emissions.

Notably, investor interest in transition investing is higher than sustainable investing (83 per cent), which sits at a broader level spanning environmental, social and governance principles.

Bridging the knowledge gap

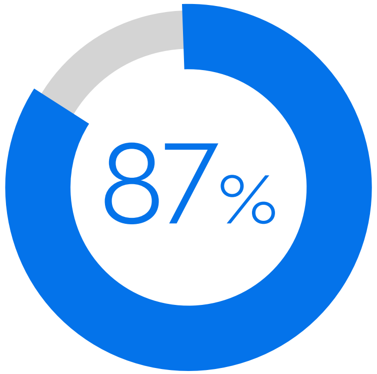
While interest is strong, our survey findings indicate a gap in understanding around transition investing, with only 15 per cent of investors able to articulate the concept before they were presented with a definition and examples.

Some investors, for instance, equate transition investing solely with direct investments in renewable energy sectors. This highlights the need for further education to support and scale this nascent investment concept.

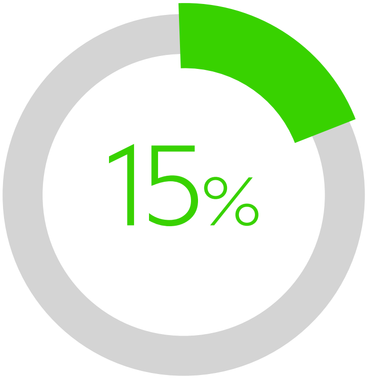
Credible transition plans are key to transition investing

Around 94 per cent of investors see the importance of investing in companies with credible transition plans, which are ahead of their peers in the decarbonisation journey.

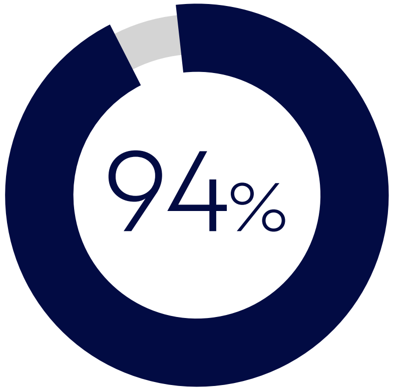
These companies have the potential to be a focus, given their plans indicate alignment to government net zero targets and wider regulatory requirements – presenting an attractive opportunity to investors.



are interested in transition investing



fully understood the definition of transition investing



find it important to invest in companies with credible plans

Key findings

Investors are interested in a variety of transition themes

From green hydrogen, low-emission fuels, carbon capture and storage to electric vehicles, investors are interested in a range of transition themes that may contribute to a low-carbon economy.

49%
Green hydrogen

47%
Low-emission fuels

45%
Carbon capture and storage

Sustainable outcomes alongside returns appeal to investors

An equal number of investors say they are driven by the desire to make a meaningful difference and by the potential for strong financial returns. These are the top motivations for transition investing.

57%
Making a positive environmental or social impact

57%
Improving investment returns

52%
Reflecting personal values

Perception of higher risks is a top barrier to transition investing

Half of investors noted the perception of higher risks was a barrier to investment. Our findings also show considerations around a lack of benchmarking to compare investment products, and perception that such investments may bring about low returns.

50%
Perception of higher risks

46%
Lack of benchmarks to compare with other investment products

44%
Perception of low returns

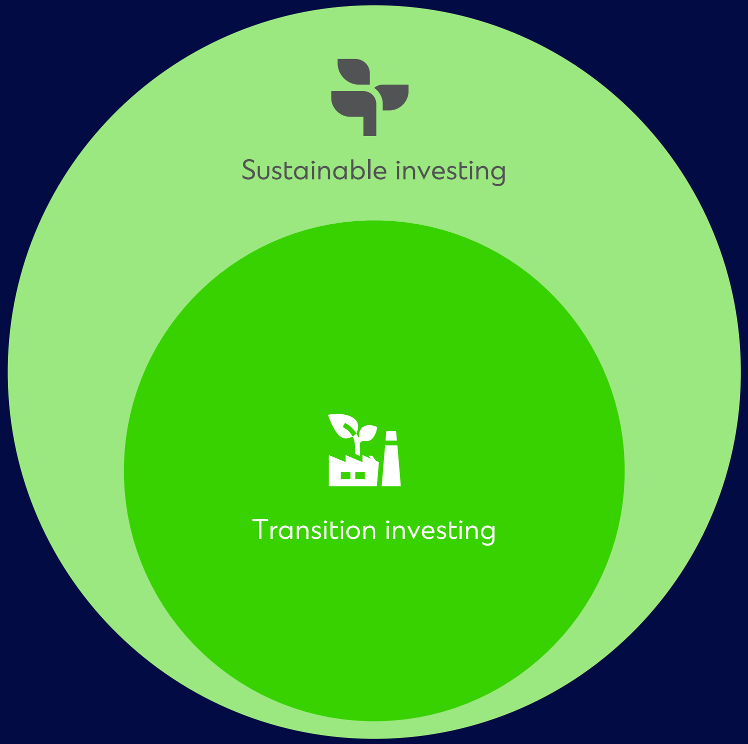
Transition investing

Transition investing aims to support and enable the shift to a low-carbon economy.

This includes investing in companies in high-emitting or hard-to-abate sectors like shipping, agriculture and steel, which have credible plans to reduce their carbon emissions and align their business with a net zero trajectory.

This can also help companies develop business models for the future, helping to capture opportunities that can build a low-carbon economy, alongside long-term growth and returns.

Transition investing is a complementary subset of sustainable investing, which encompasses a broader range of investments aligned with environmental, social and governance principles.



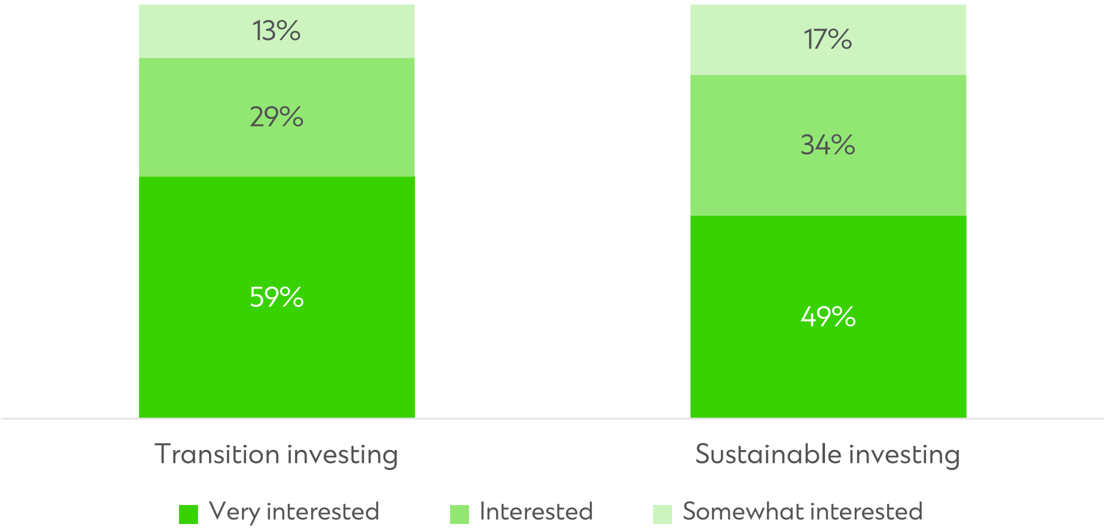
Transition investing is a subset of sustainable investing

Strong interest in transition investing

Our survey findings reveal strong interest in transition investing. Among 1,600 high-net-worth (HNW) investors surveyed across eight markets – Hong Kong, India, Mainland China, Malaysia, Singapore, South Korea, Taiwan and the United Arab Emirates – 87 per cent are interested in transition investing, higher than the 83 per cent who express interest in sustainable investing.

Notably, when focusing on respondents who described themselves as "very interested", the difference becomes even more pronounced: 59 per cent for transition investing compared to 49 per cent for sustainable investing.

Close to six in 10 are very interested in transition investing, higher than that of sustainable investing



Among the eight markets surveyed, it's encouraging to see investors from India, Malaysia, and Singapore leading the way, with more than nine in 10 expressing interest in transition investing.

Many affluent clients in these markets have built businesses in high-carbon sectors and may themselves be looking at how their businesses need to transition to capture the opportunities presented and to remain relevant to their international customers. This supports a better understanding of the opportunities in transition investing.

There has also been a combination of strong government initiatives and significant market potential driving this momentum. Singapore has a comprehensive transition finance framework and ASEAN has also introduced the ASEAN Transition Finance guidance. India's vast market presents substantial opportunities, particularly in areas like electric vehicle adoption.

As understanding of, and opportunities for, transition investing and financing grows, this can further accelerate interest from our affluent clients and support businesses that drive both economic growth and sustainability.

Andrew Chia

Head, Wealth and Retail Banking, Singapore, ASEAN & South Asia

Women and young people show stronger interest

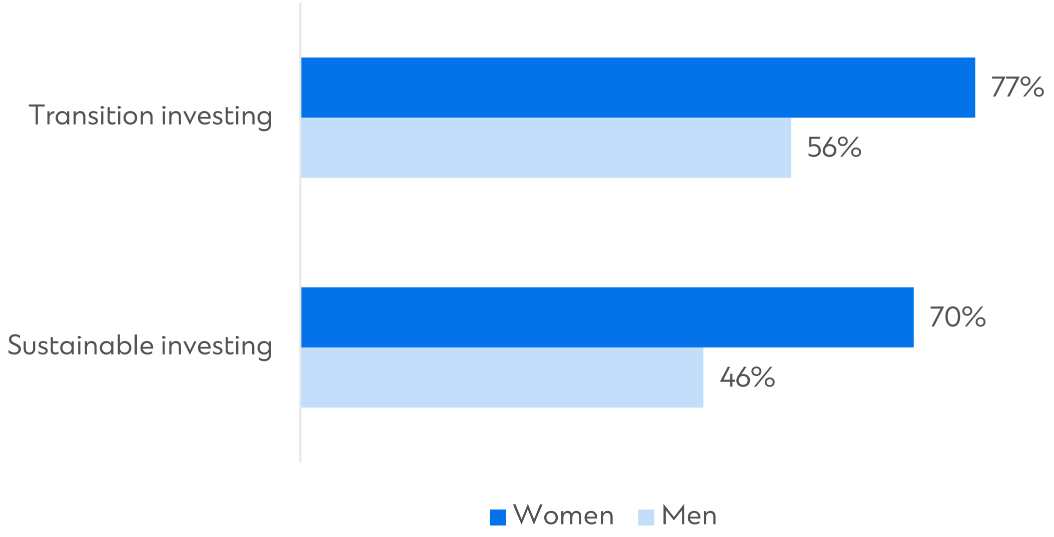
Interest also varies by age and gender. Overall, women demonstrate strong interest in transition investing (77 per cent) compared to men (56 per cent), a pattern that also emerged when respondents were asked about sustainable investing, with 70 per cent of women indicating strong interest versus 46 per cent of men.

This reflects a gender gap in enthusiasm, consistent with industry research that women are more likely to prioritise impact investments.

Our research also uncovers a generational gap in transition investing interest – with two-thirds of next generation high-net-worth individuals aged 25 to 39 years old – indicating strong interest compared to older counterparts (54 per cent).

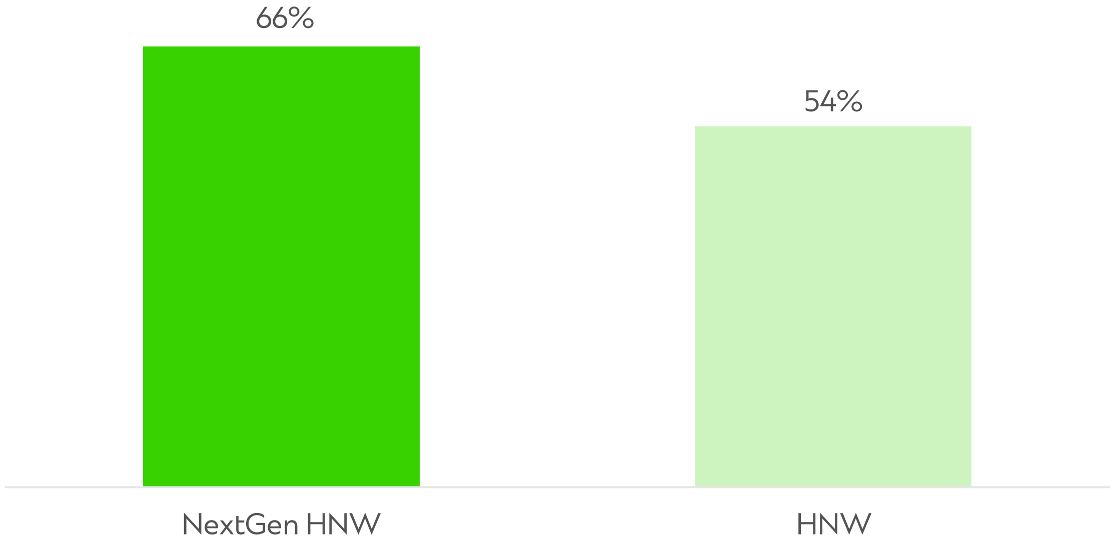
Compared to men, more women are interested in transition investing and sustainable investing

Figure indicates proportion of respondents who chose “very interested”



The next generation of HNW investors are more keen on transition investing

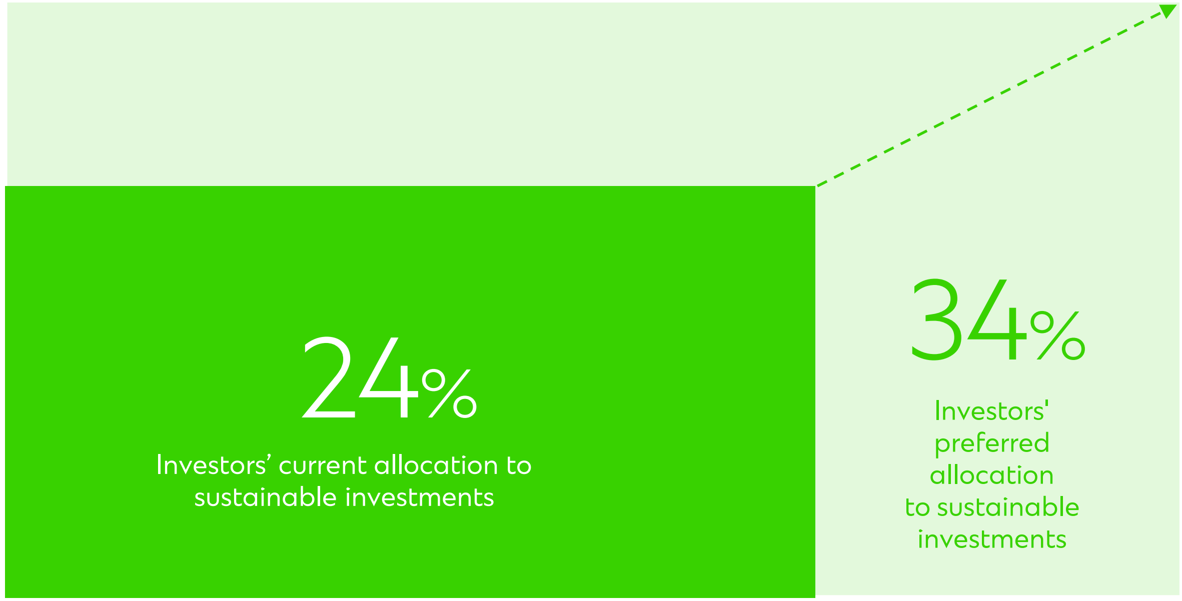
Figure indicates proportion of respondents who chose “very interested”



Investors are interested in allocating more to sustainable investments

When it comes to allocation to sustainable investments, investors across the eight markets surveyed said they currently dedicate approximately 24 per cent of their portfolios on average to such investments, with a desire to increase this to a preferred level of 34 per cent on average.

The gap between current and preferred proportions highlights both enthusiasm for sustainable investing and potential for growth in the market, as investors seek products and strategies that better align with their sustainability goals. Meeting this demand will require innovative financial instruments, enhanced transparency and robust frameworks to inspire confidence and attract further capital to the sector.



The survey findings show that UAE investors currently allocate an average of 27 per cent of their portfolios to sustainable investments – the highest among the eight markets surveyed. Their intention to further boost this to 36 per cent reflects their growing interest in sustainability, which can also be seen through our conversations, especially with our ultra-high-net-worth clients.

As a regional leader in sustainable finance and the host of COP28 in 2023, the UAE has developed a strong investment appetite for sustainable finance products. We're seeing this momentum translating into actions, with many investors shifting capital to sustainable investments – a trend that is likely to continue.

Looking ahead, initiatives like the UAE's Sustainable Finance Working Group's efforts to develop a taxonomy will provide greater clarity for companies, banks, and investors. These developments are expected to further drive awareness and interest in the transition journey.

Bongiwe Gangeni

Head, Wealth and Retail Banking, Europe, Middle East & Africa

Bridging the knowledge gap

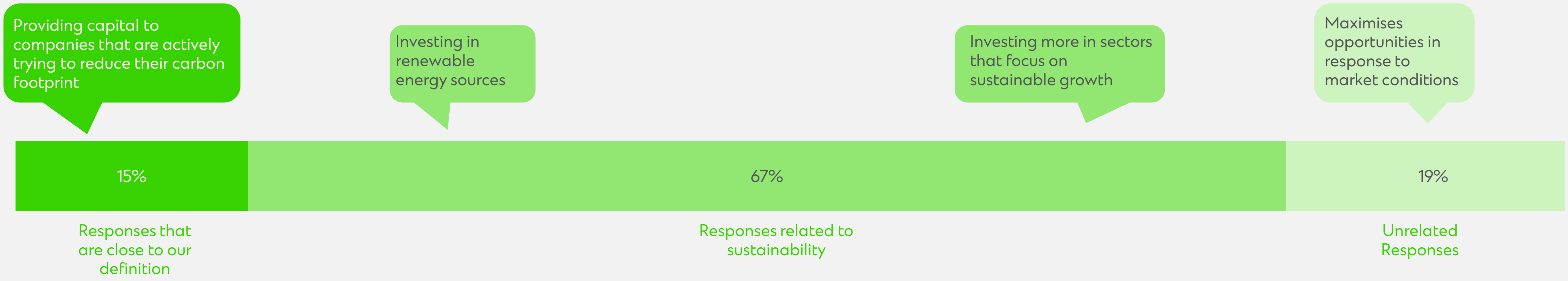
While interest is strong, survey findings indicate gaps in understanding around transition investing, with only 15 per cent of investors noting that they fully understood the concept before they were presented with a definition and examples.

Our survey began with an open-ended question asking respondents to define transition investing, before we introduced our definition – to provide capital to companies with credible transition plans to align with a net zero trajectory, even if they operate outside traditionally "green" sectors like renewable energy.

Around 67 per cent associated transition investing narrowly with renewable energy investments, while the remaining saw it as a broader concept involving the mobilisation of capital to business transformation or leveraging market opportunities. This reinforces our observation that transition investing as a concept is still at a nascent stage and the range of answers indicates that the word "transition" holds different meanings to each investor.

Nevertheless, 87 per cent of investors expressed interest in this concept after we presented them with our definition, an indication they can relate to this concept and there is an appetite for more information and investment in this area.

Only 15 per cent of investors fully understood the definition of transition investing before taking our survey



Investors get transition investing, even if they can't precisely define it

Eugenia Koh

Global Head, Sustainable Finance, Wealth and Retail Banking

"What do you think transition investing is about?"

When asked to define this concept, only 15 per cent of investors could do so accurately, based on our survey of 1,600 high-net-worth investors.

This is unsurprising as transition investing is a relatively new term introduced only in recent years.

However, after we shared our definition with the survey respondents, they understood its core concept, which is to invest in businesses focusing on the shift to a low-carbon economy.

Our survey findings echoed this view, with 94 per cent of investors acknowledging the importance of supporting these companies.

Our discussions with clients reinforce this understanding. Many have built their wealth in high-carbon industries and are keenly aware of the opportunities and risks.

They see value in investing in companies operating in high-emission industries and are ahead of their peers in adapting to a low-carbon future.

As transition investing gains traction, investors are increasingly seeking information on how to integrate a climate transition lens into their portfolios. Establishing clear and structured guidance is essential – not only to support informed decision-making but also to mitigate the risks of greenwashing.

Governments, particularly in Asia, are increasingly focusing on climate transition and working on taxonomies on transition finance – financial services provided to corporates to support them align their business with a 1.5 degrees celsius trajectory. Europe has also expanded its green taxonomy to include transition-related activities.

These evolving frameworks will be crucial in providing the certainty and clarity individual investors need on the definition of transition investing.

While we are still some way from a global framework to support transition investing, getting started now offers an advantage, allowing investors more time to navigate the space and gain better understanding of this investment concept.

We have developed a Transition Investing Guide to support them in assessing investments in funds, given that many investors hold mutual funds and exchange traded funds in their portfolios.

With greenwashing a key investor barrier, it is important transition funds, although similar to typical core portfolios with diverse sector holdings, are built on a robust framework.

Each holding should be qualified from a transition perspective. These funds should include not just companies providing climate solutions – as seen in green funds – but also companies in higher-emitting sectors and emerging markets that are ahead of their peers in managing opportunities and risks in climate transition. In addition, understanding how fund managers are engaging with their portfolio companies is crucial.

As we continue to see more transition finance frameworks launched and standardised across markets and regions, along with the roll out of transition investing guides, these would help raise investor awareness and understanding of its definition and importance, in turn driving their participation in this investment concept.

In the long run, this not only supports meaningful progress to a low-carbon economy but helps future-proof an investor's portfolio, ensuring they are investing in not just the leaders of today but also the leaders of tomorrow.

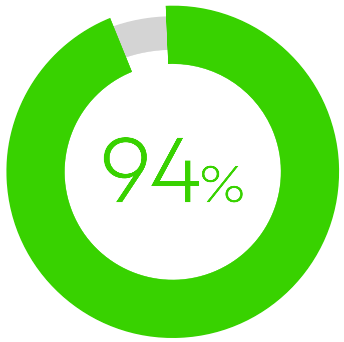
Credible transition plans are key

Companies from high-emitting sectors that have credible transition plans and are ahead of their peers in the decarbonisation journey will be a key focus for transition investing.

A credible transition plan is a detailed, action-oriented plan that outlines how a company will shift towards a low-carbon future, aligning with the most ambitious climate science goals. It acts as a roadmap to achieve a net zero or 1.5 degrees celsius aligned trajectory by setting clear targets, implementing strategies and regularly reporting progress.

As governments around the world consider net zero targets, companies that have embarked on this journey will be in a better position in futureproofing their operations and assets, making it more attractive as an investment option for affluent investors.

Our survey respondents are aware of the benefits, with 94 per cent agreeing that it is important to invest in such companies with robust and credible transition plans. Currently, we can see there is a growing prominence of climate transition funds, which favour companies well-positioned for the low-carbon transition.

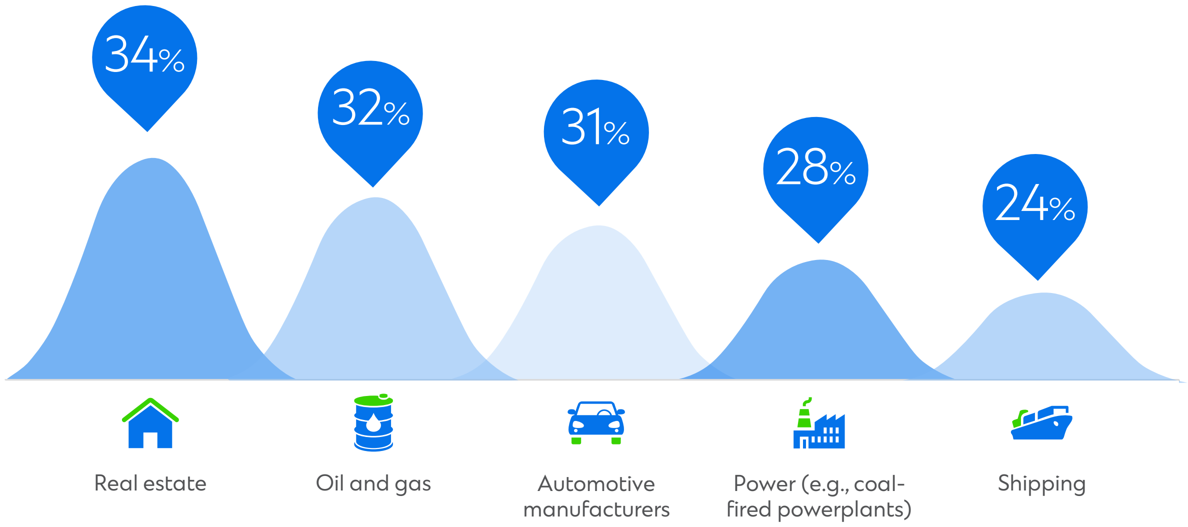


of investors agree that it is important to invest in companies with credible transition plans

There is an opportunity to back these companies and existing research highlights the immense financing requirements for an effective transition. Meeting the International Energy Agency's Net Zero Emissions by 2050 Scenario will require over USD125 trillion of capital expenditure investment in six key sectors, including electricity, transport and buildings. Private actors are expected to contribute 70 per cent of this financing, presenting a substantial opportunity for investors.

Retail investors have a key role to play, given that they are already invested in these industries. In our survey, more than 30 per cent of investors currently allocate capital to high-emitting industries such as real estate, oil and gas and automotive manufacturing.

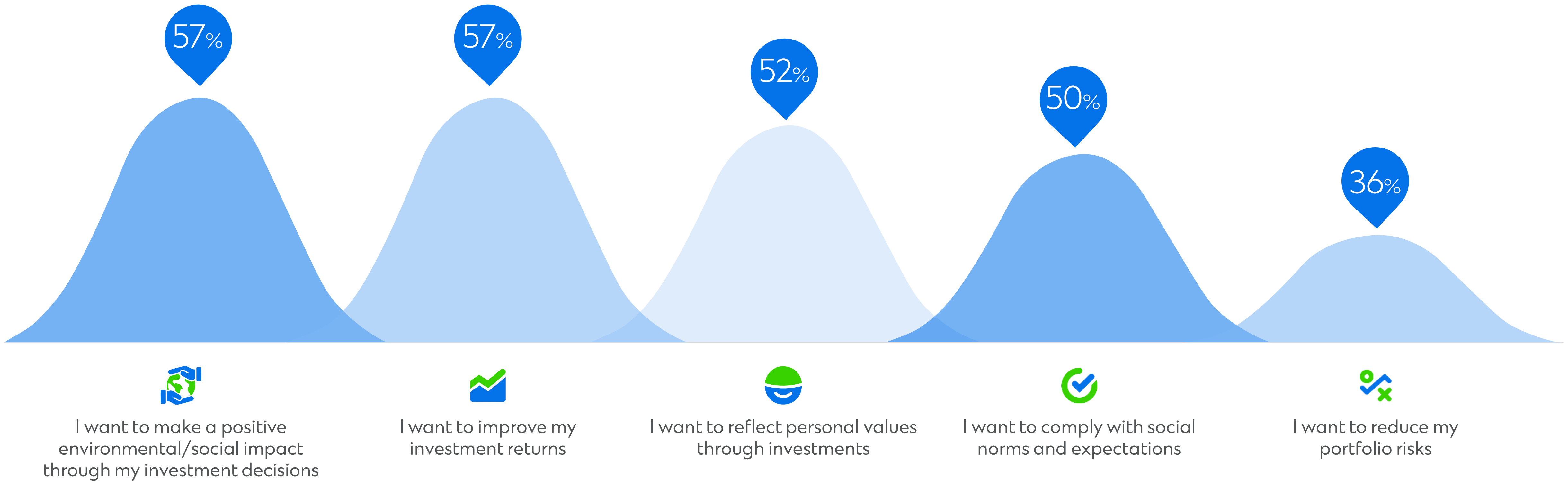
More than three in 10 investors are currently allocating capital to high-emitting industries such as real estate, oil and gas, and automotive manufacturers



Sustainable outcomes and returns appeal to investors

More than half (57 per cent) of investors want to make a positive impact and improve investment returns (also 57 per cent) when engaging in transition investing. Reflecting personal values through investments is ranked third, with 52 per cent of investors indicating this as one of their top three motivations.

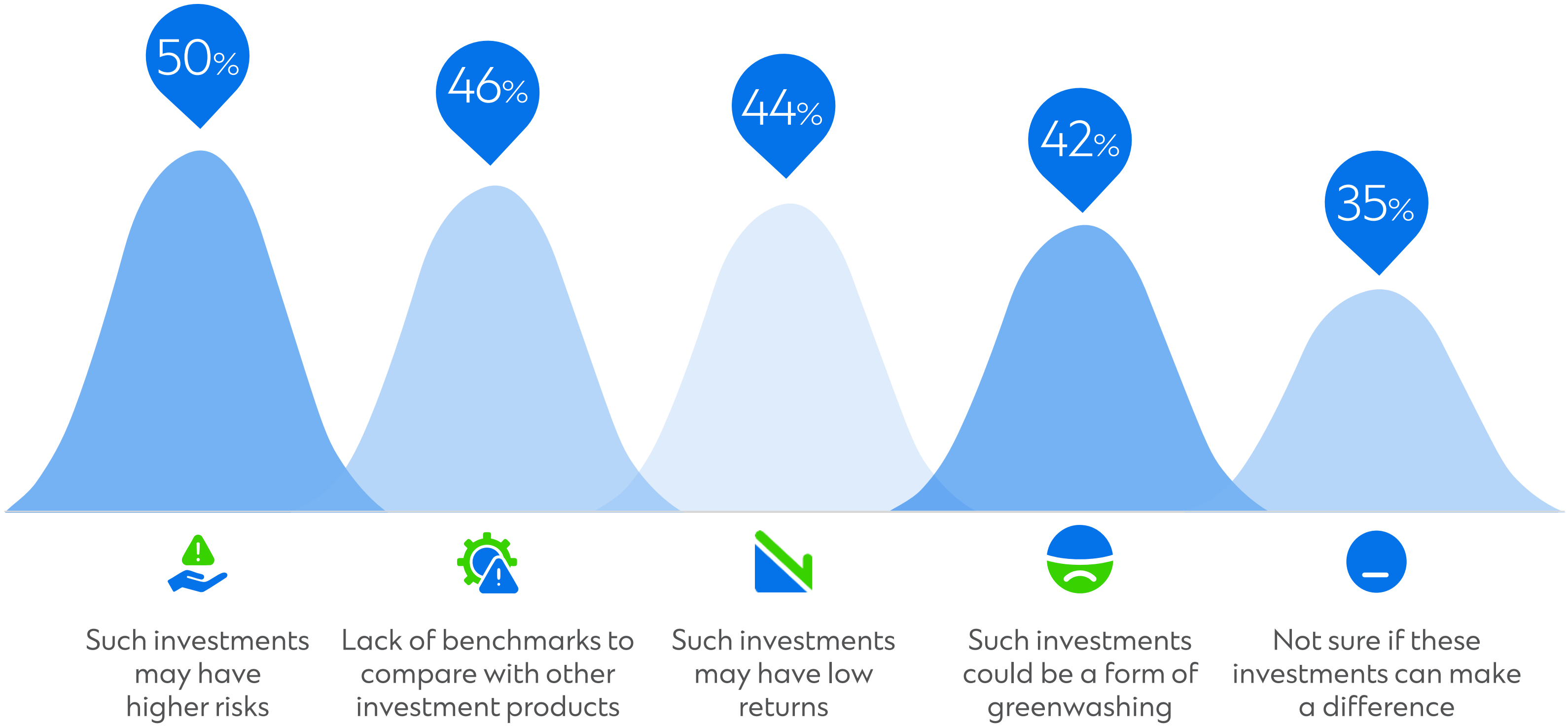
Motivations for transition investing include...



Perception of higher risks is a significant barrier

Though interest in transition investing is significant, investors face several barriers to mobilising more capital. 50 per cent of investors surveyed indicated that transition investing may have higher risks, whereas 46 per cent find that a lack of benchmarks for comparison is the next highest barrier. They also think that transition investing may bring about low returns.

Barriers to transition investing include…



How can we overcome barriers to transition investing?

Sumeet Bhambri

Global Head, Advisory and Managed Investments, Wealth Solutions

It is encouraging to see that affluent investors express strong interest in transition investing and are motivated by several factors.

Our survey results show that the motivations are shaped by multiple factors: 57 per cent aim to make a positive environmental or social impact and an equal proportion see it as a way of improving investment returns. This indicates financial and environmental objectives through transition investing could go hand in hand.

Despite strong interest and motivation, some perception barriers are holding back the adoption of transition investing: 46 per cent of investors cite the lack of benchmarks as a key barrier, while 44 per cent think this form of investment will bring low returns.

The misconception that transition investments yield low returns can be clarified with data. Industry reports show that global climate transition funds outperformed other global funds in 2024. Even as we saw volatile markets with losses incurred in certain periods this year, sustainable funds generally continue to perform better than other funds targeting global markets.

There are also new findings from the industry that could allow investors to make more informed transition investing decisions.

Recent research by MSCI found that a materiality-weighted carbon footprint approach – which focuses more on Scope 1 and 2 emissions generally – has a stronger correlation with equity market outperformance, compared to looking at the total carbon footprint.

These results demonstrate that transition investing has its benefits. By equipping investors with this knowledge, we can embrace the opportunities it presents.

Meanwhile, international organisations, governments and industry players rolling out transition finance frameworks and harmonising standards, could pave the way to addressing investor barriers around a lack of benchmarking in this relatively nascent field.

For example, the Monetary Authority of Singapore launched a multi-sector taxonomy to define transition activities within several industries for Asia, while ASEAN updated its transition finance guidance late last year to provide guidance and clarity for market participants.

At the global level, the G20's Sustainable Finance Working Group is exploring the development of principles for transition plans to advance interoperability and applicability across corporations.

All in all, through continued education and industry and government efforts to harmonise standards, we can address investor barriers and boost their appetite for transition investing.

With more retail capital mobilised in this space, a virtuous cycle – where rising demand heighten awareness to climate transition investment and accelerate the pace of standards alignment and companies bolstering their transition efforts – could be formed.

This could potentially unlock new waves of capital into a broad base of companies and advance the world's progress towards a low-carbon economy.

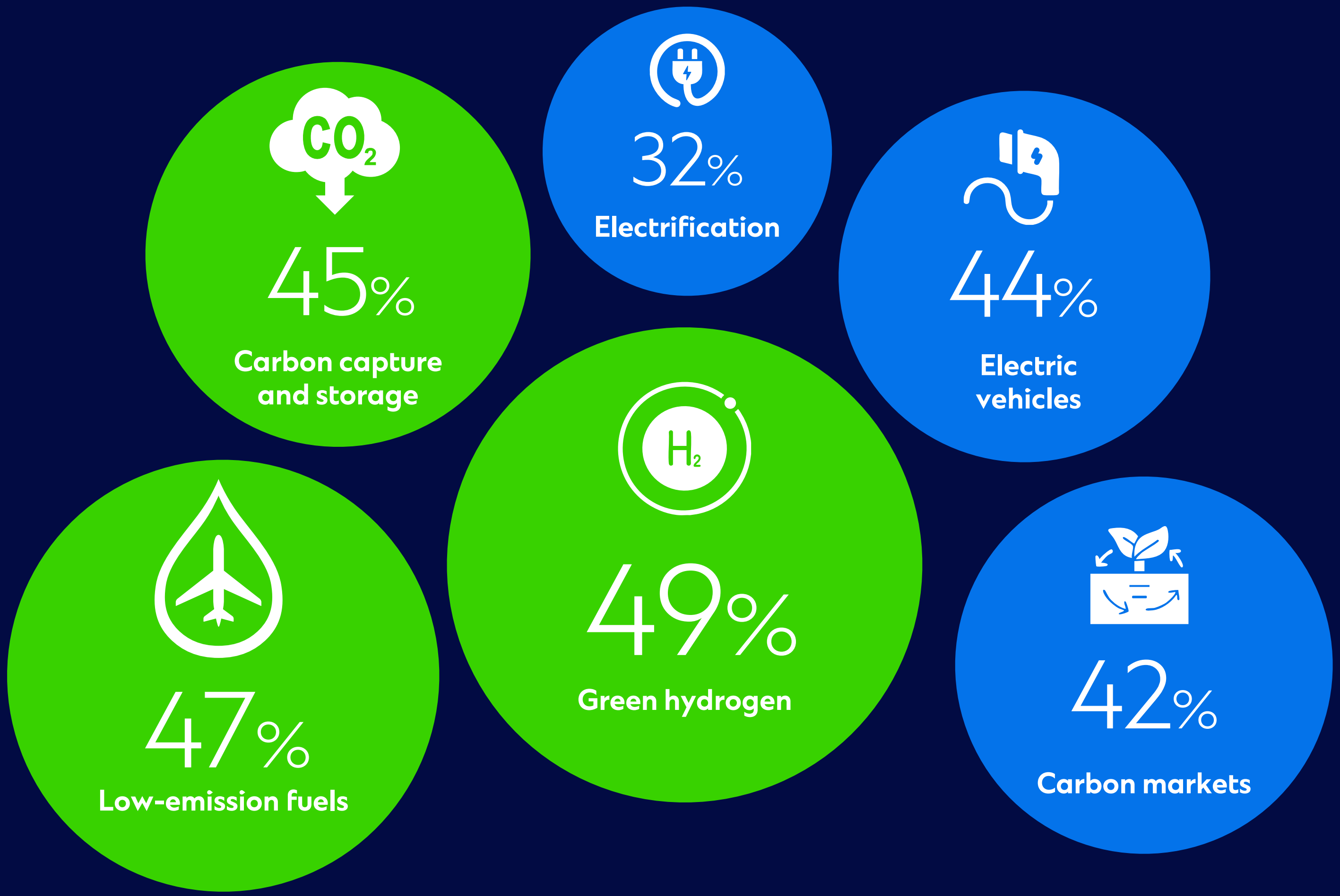
What transition themes are investors interested in?

With individual investors slated to play a more active role in climate transition in the future, we sought to find out from the survey respondents which themes they are most interested in.

These transition themes hold promise, yet each comes with its own set of complexities: scalability, infrastructure requirements, and policy support are all critical in determining their success.

We look at them and their potential to drive decarbonisation, its adoption level, and key challenges to address if they are to achieve impact at scale.

Green hydrogen, low-emission fuels and carbon capture and storage are the top three themes investors are interested in



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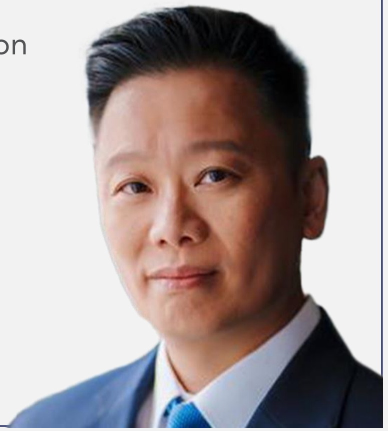
Our survey highlights that more ultra-high-net-worth investors, similar to what we are hearing from our global private banking clients, place greater emphasis on supporting frontrunners in the transition journey compared with their high-net-worth counterparts, alongside a higher preferred allocation to sustainable investments.

Investors in Greater China and North Asia are also showing strong enthusiasm for innovative transition themes, such as green hydrogen, low-emission fuels, carbon capture and storage, carbon markets and electrification.

South Korea, for instance, has rolled out several initiatives to grow its hydrogen industry, which is forecast to double in size by 2030, which likely explains the optimism around this technology, while Taiwan's recent legislative amendments and the launch of its domestic carbon credit exchange may have heightened public awareness of these solutions. Meanwhile, Mainland China's leadership in the global electric vehicle market makes its investors naturally inclined towards broader electrification efforts.

Our guide provides a valuable tool to evaluate transition funds within investors' core portfolios, helping them to achieve their wealth ambitions while supporting the move to a low-carbon world.



Raymond Ang

Global Head, Private Bank and Affluent Clients, and Head, Wealth and Retail Banking, Greater China & North Asia

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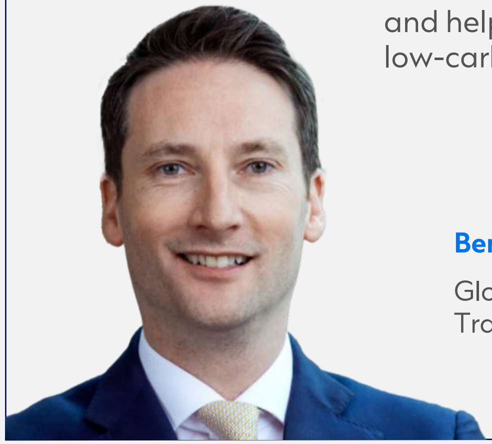
It is encouraging to see high-net-worth individuals expressing support for transition themes such as carbon capture and storage, low-emission fuels and green hydrogen in our latest survey.

For green hydrogen, we should be aware that its scalability is a mixed picture, as hydrogen projects were halted in several markets due to high costs, amongst other factors.

We are seeing more momentum in other areas such as carbon capture and storage (CCS). For example, Standard Chartered recently supported the UK's East Coast Cluster, which aims to capture and store up to 4 million tonnes of carbon dioxide – equivalent to removing 1.5 million cars from the road – annually by 2030, paving the way for global adoption of CCS.

Therefore, a supportive ecosystem, backed by the right investment opportunities, substantial demand-side incentives and policy stability, is crucial in meeting the demand for transition finance and helping industries accelerate their shift towards a low-carbon economy.



Ben Daly

Global Head, Transition Finance

Green hydrogen

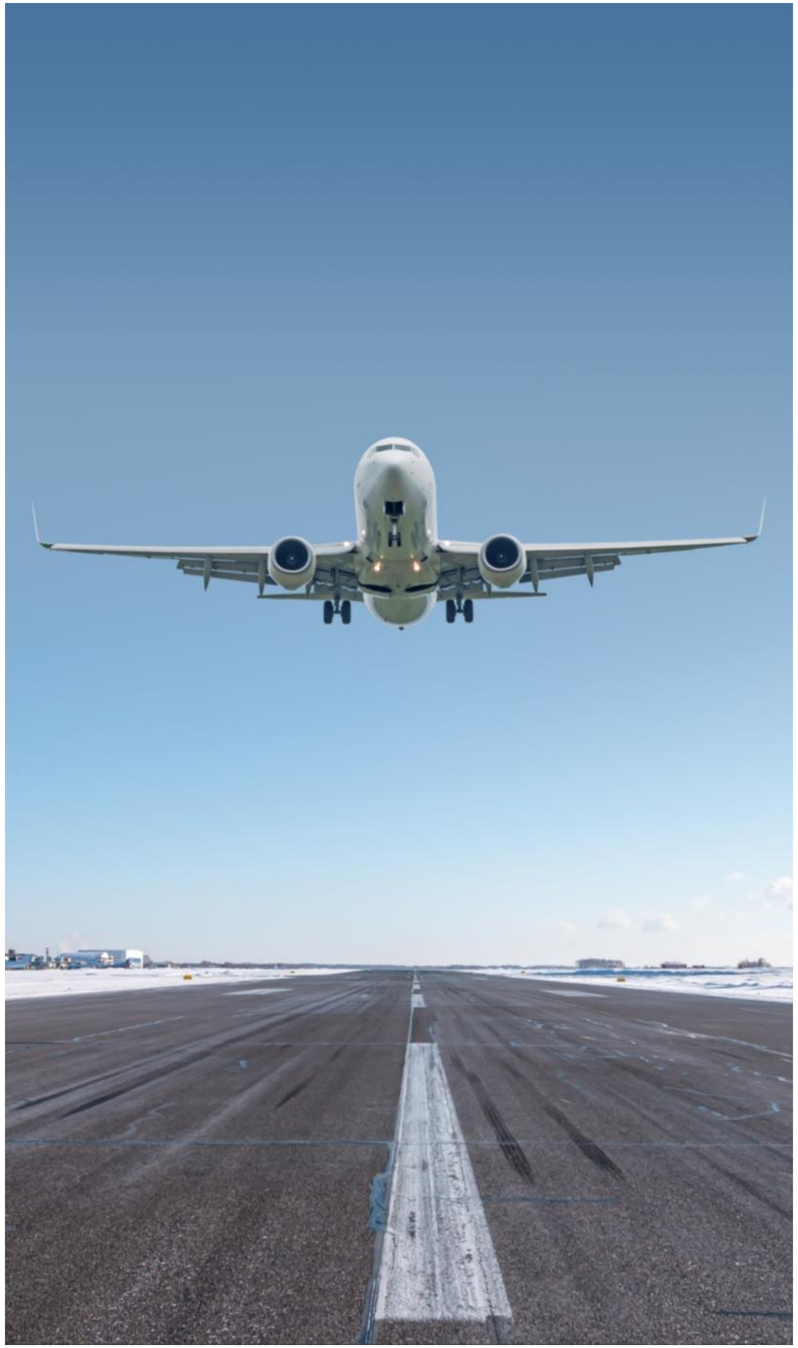
Green hydrogen is produced through electrolysis powered by renewable energy and offers a clean alternative to fossil fuels. In the automotive industry, plans are underway to accelerate the development of hydrogen-powered vehicles, including fuel cell cars and heavy trucks.

Heavy industry, particularly steel manufacturing, is also assessing green hydrogen's potential to replace carbon-intensive processes. Meanwhile, major energy companies have invested in hydrogen hubs and expanded production capacity to support industrial use.

However, despite subsidies in sectors like steel, high production costs remain a significant barrier. Achieving economies of scale through technological advancements and mass manufacturing is critical to overcoming these challenges, along with substantial demand-side incentives and policy stability.

Investor interest

49%



Low-emission fuels

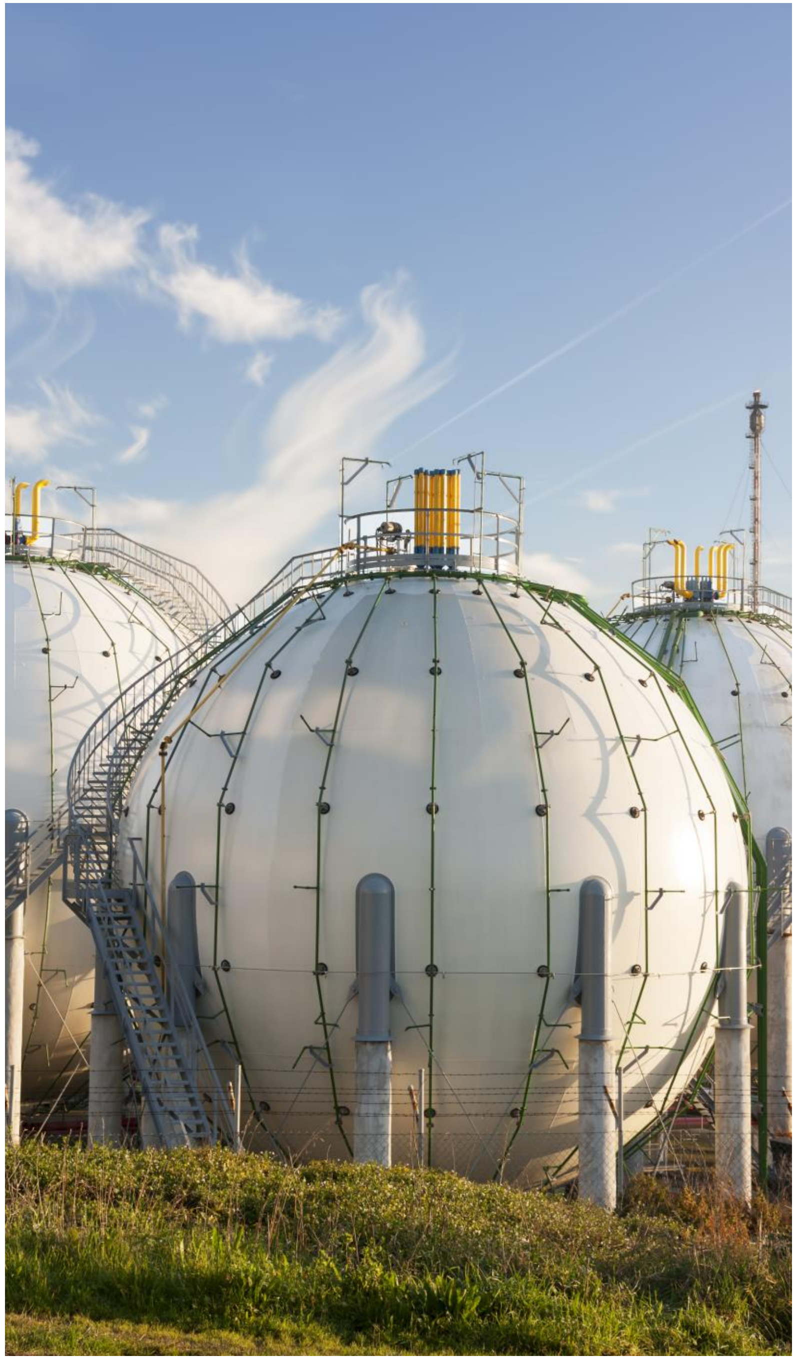
Low-emission fuels, including sustainable aviation fuels (SAF) and low-carbon shipping fuels, enable emission reductions where electrification is challenging. SAF, for instance, present a viable pathway for reducing emissions in the aviation industry, a significant contributor to global carbon emissions.

Leading companies across industries are accelerating their transition to low-emission fuels such as ammonia, SAF and biofuels. For example, the world's first-ever voyage using ammonia as a shipping fuel took place in 2024, with a vessel in the Port of Singapore successfully running on an ammonia-diesel blend. However, experts say ammonia can only be widely adopted as a marine fuel when there are mandatory regulations governing their use.

On the whole, for SAF to become commercially viable for airlines, production needs to scale up significantly. A larger supply of feedstocks would help drive costs down, making SAF more competitive with traditional jet fuel.

Investor interest

47%



Carbon capture and storage

Carbon capture helps mitigate emissions from sectors that are difficult to fully decarbonise, such as cement, steel and chemical industries. By capturing carbon before it enters the atmosphere and storing it underground, carbon capture has the potential to reduce emissions and support the future of carbon-neutral fuels.

Companies in sectors such as steel, cement and chemicals have integrated carbon capture and storage (CCS) into their decarbonisation strategies and are conducting feasibility studies and retrofitting existing facilities with this technology. Major energy and industrial players have begun investing in large-scale carbon capture hubs, integrating CCS into power generation, hydrogen production and heavy industry operations.

However, CCS deployment remains below the levels required to meet the Net Zero Scenario, as these projects are large-scale infrastructure undertakings that can take up to a decade to develop. The International Energy Agency (IEA) recommends governments accelerate administrative and permitting procedures, ensuring these projects can scale up more quickly.

Investor interest

45%

Electric vehicles

By replacing traditional internal combustion engine vehicles with electric vehicles (EVs), carbon emissions from daily transportation can be significantly reduced.

The EV market continues to expand rapidly, with global sales rising to over 17 million vehicles in 2024 and it is on track to surpass 20 million in 2025. The IEA estimates the share of electric cars in overall car sales would exceed 40 per cent in 2030.

However, given developments to global trade and industrial policies recently, downside risks to the economic outlook, as well as changes to energy prices may also impact car sales, including electric vehicles. In addition, charging infrastructure will be key, as the IEA estimates that public charging capacity for light-duty EVs would have to grow almost ninefold to 2030 to support EV sales.

Looking ahead, policy incentives that improve affordability, along with the expansion of accessible and cost-effective charging infrastructure, will be key to encouraging consumers to make the switch to electric vehicles.

Investor interest

44%

Carbon markets

Carbon markets offer a mechanism for companies and countries to address emissions by purchasing carbon credits, enabling emission reductions in sectors where direct decarbonisation is challenging. These credits are generated through projects like reforestation, renewable energy investments and carbon capture, allowing businesses to meet climate targets.

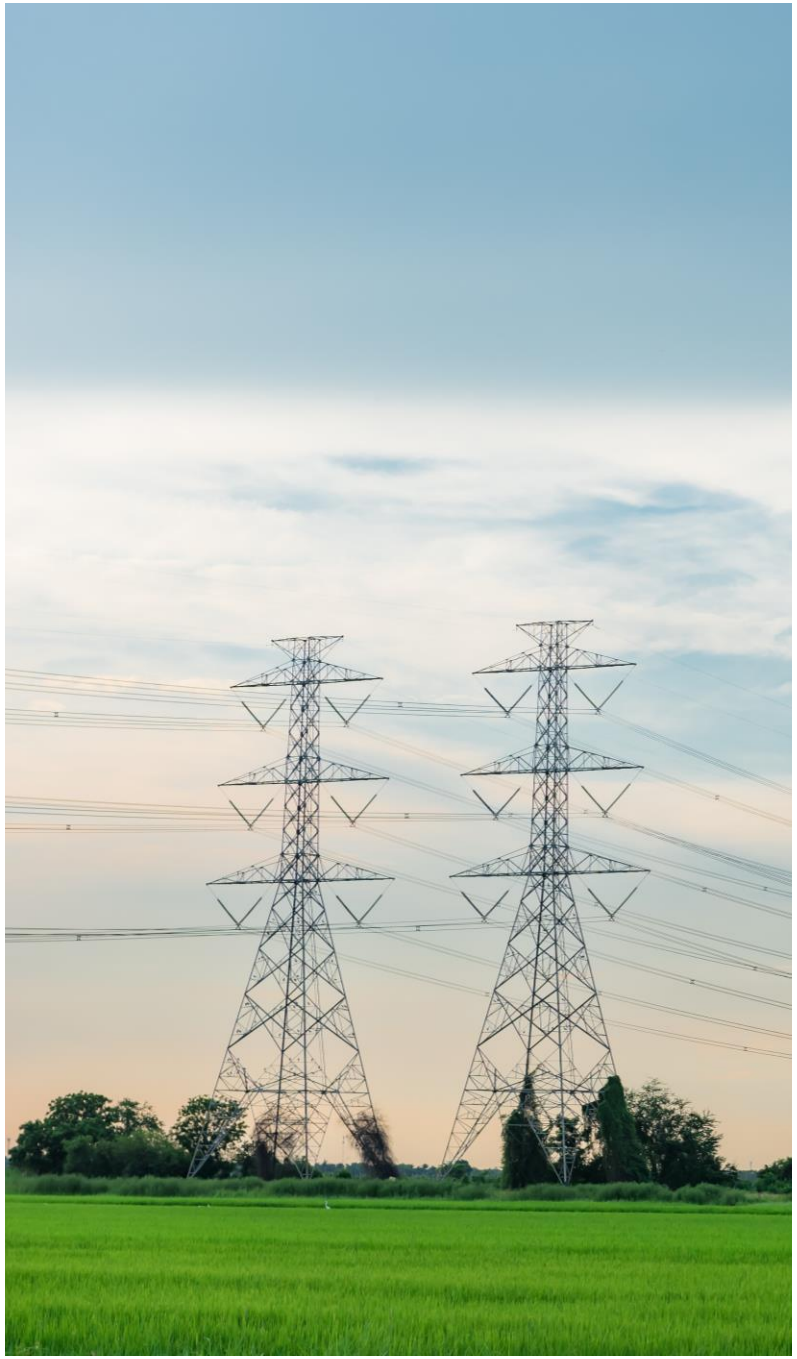
Corporate adoption of carbon markets has remained steady over the past few years, with 182 million tonnes of credits retired – an indication that a carbon credit was used – last year, according to an industry report. On the other hand, the volume of credits traded dropped by 25 per cent in 2024.

In addition, the voluntary carbon market has faced scrutiny over issues such as greenwashing, over-crediting, and a lack of standardised verification.

At COP29 in Baku, Azerbaijan, new methodological guidelines and standards for a centralised carbon market mechanism were approved following a decade of negotiations. These guidelines will standardise procedures for calculating, monitoring and verifying emission reductions, ensuring greater transparency and consistency.

Investor interest

42%



Electrification

With over 60 per cent of total global electricity generation coming from unabated fossil fuels, electrification will be a key strategy to decarbonisation.

This replaces technologies or processes that use fossil fuels, including internal combustion engines and gas boilers, with electrically powered equivalents.

Over a sixth of global natural gas demand is for heating in buildings. The IEA estimates by 2050, electrification could account for up to 60 per cent of the total reductions needed to achieve net zero. Some governments are phasing out gas boilers altogether. For instance, Denmark banned gas and oil boilers in new buildings in 2013 and plans to replace all fossil fuel boilers by 2029.

Despite growing momentum, retrofitting existing buildings for heat pumps is a hurdle, as installation costs and consumer hesitance slow adoption.

In many regions, incentives and regulatory support are still insufficient to drive large-scale uptake.

Furthermore, outdated grid infrastructure struggles to keep pace even as electricity demand surges. The IEA highlights the need for proactive grid expansion, including anticipatory planning and regulatory reforms to incentivise investments.

Investor interest

32%

Market findings

Our report dives into investor behaviour and preferences across eight markets, uncovering nuances that shape their approach to transition investing based on our survey.

Each market has a dedicated section offering:

- An overview of market policies and the regulatory landscape
- Interest in sustainable and transition investing
- A breakdown of motivations, barriers and themes of interest

Hong Kong

Hong Kong is striving to achieve net zero by 2050 and has positioned itself as a regional hub for sustainable finance, leveraging its role as a global financial centre and a gateway to Mainland China.

In 2025, Hong Kong rolled out enhanced climate disclosure requirements closely aligned to the International Sustainability Standards Board's disclosures. Under the requirements, companies must publicly disclose how they manage climate-related risks and opportunities and how they are working towards climate-related targets.

In addition, the Hong Kong Monetary Authority has directed banks to achieve net zero in their own operations by 2030 and in their financed emissions by 2050.

Going forward, efforts are underway to align transition finance standards with international practices, ensuring a clearer roadmap for funding decarbonisation in high-emitting sectors.

General sentiment

Investors in Hong Kong who took part in our survey showed strong enthusiasm for transition investing, with 84 per cent of respondents indicating interest, higher than that of sustainable investing.

Currently, they allocate 22 per cent of their portfolios to sustainable investments and express interest in increasing this allocation to 32 per cent.

77%
Sustainable investing

84%
Transition investing

22%
Current allocation

32%
Preferred allocation

Hong Kong

Exposure to high-emitting sectors

The top three high-emitting sectors in the investment portfolio of Hong Kong respondents are oil and gas, automotive manufacturing, and real estate. This is largely in line with averages across the eight markets surveyed.

- 33% Oil and gas
- 31% Automotive manufacturing
- 31% Real estate

Investor motivations

Personal values stood out as the leading driver for investors in Hong Kong, a trend not observed in most other markets. Improving returns is also a top motivation, while positive social and environmental impact ranked third.

- 61% Personal values
- 61% Improve returns
- 54% Positive social and environmental impact

Themes of interest

Hong Kong investors' leading areas of interest include green hydrogen, carbon capture and storage, and electric vehicles. This is in line with averages across the eight markets.

- 49% Green hydrogen
- 47% Carbon capture and storage
- 47% Electric vehicles

Investor barriers

Higher risks topped the list of barriers for investors in Hong Kong, followed by skepticism and low returns.

- 52% Higher risks
- 40% Will it make a difference?
- 36% Low returns

India

India is targeting carbon neutrality by 2070 and is gradually shaping its regulatory framework for sustainable investing. The government has introduced renewable energy targets, green bonds and tax incentives, with a mix of voluntary guidelines and mandatory regulations steering its approach.

Under India's Business Responsibility and Sustainability Reporting, the top 1,000 listed companies by market capitalisation are required to disclose their ESG-related initiatives and risks.

While India has yet to establish an internationally aligned green taxonomy, which would provide clarity on what qualifies as "green", the government is establishing a climate finance taxonomy. This is a step towards establishing standardised definitions and classifications to help steer the country to a more resilient and low-carbon economy.

General sentiment

Investors in India who took part in our survey showed the highest interest in sustainable investing and transition investing among all surveyed markets.

They allocate 26 per cent of their portfolio to sustainable investments. Notably, investors say their preferred allocation is 39 per cent, the most ambitious target among the markets surveyed.

92%
Sustainable investing

93%
Transition investing

26%
Current allocation

39%
Preferred allocation

India

Exposure to high-emitting sectors

A greater proportion of investors in India have exposure to real estate and automotive manufacturers. It was significantly higher than the average across markets surveyed.

- 45% Real estate
- 41% Automotive manufacturing
- 32% Oil and gas

Investor motivations

Investors in India are driven primarily by the desire to achieve positive social and environmental impact, followed by improving returns and reflecting personal values.

- 58% Positive social and environmental impact
- 54% Improve returns
- 51% Personal values

Themes of interest

Investors prioritise themes such as electric vehicles, low-emission fuels and green hydrogen, with interest in electric vehicles being the highest among all markets surveyed.

- 55% Electric vehicles
- 53% Low-emission fuels
- 49% Green hydrogen

Investor barriers

Investor barrier about low returns dominated, the highest among eight markets. Other barriers include higher risks and a lack of reliable benchmarks.

- 62% Low returns
- 56% Higher risks
- 47% Lack of benchmarks

Mainland China

Mainland China's regulatory environment is evolving to support its efforts to achieve carbon neutrality by 2060 and an emissions peak by 2030.

In 2024, Mainland China released its first corporate sustainability disclosure standards aligned with global ESG frameworks, marking a significant step in harmonising disclosures across the country. From 2026, ESG reporting will become mandatory for large, listed companies, with the full framework operational by the end of this decade.

In 2024, Mainland China collaborated with the European Union and Singapore to align green taxonomies, facilitating cross-border green loans and bonds to fund sustainable investment projects. In the same year, the market finalised its guidance catalogue for industries on green and low-carbon transition to facilitate the development of tailored policies to attract green investments and enhance green financing tools.

General sentiment

Investors in Mainland China who took part in our survey demonstrate a stronger appetite for transition investing than for sustainable investing.

71% Sustainable investing

84% Transition investing

Mainland China investor portfolios currently allocate 26 per cent to sustainable investments and plan to increase this to 38 per cent, marking one of the highest projected growths among the markets surveyed.

26% Current allocation

38% Preferred allocation

Mainland China

Exposure to high-emitting sectors

Of the eight markets surveyed, more Mainland China investors have exposure to high-emitting sectors in their portfolios, including oil and gas and power, pointing to the market's reliance on energy-intensive industries.

40% Oil and gas

38% Automotive manufacturing

37% Power

Investor motivations

Environmental and social impact emerges as a key priority for investors in Mainland China, and this is followed by improving returns and complying with social norms.

64% Positive social and environmental impact

59% Improve returns

55% Complying with social norms

Themes of interest

Investors are interested in transition themes such as green hydrogen, followed by low-emission fuels and carbon capture and storage.

47% Green hydrogen

46% Low-emission fuels

43% Carbon capture and storage

Investor barriers

Investor barriers about elevated risk and skepticism over investment impact are significantly higher in Mainland China than in other markets. More than half of investors also find a lack of benchmark a barrier to investing.

79% Higher risks

67% Will it make a difference?

54% Lack of benchmarks

Malaysia

Malaysia has committed to achieving net zero by 2050 by decarbonising its industries through energy efficiency measures, adoption of renewable energy and the development of robust regulatory frameworks.

To enhance its sustainable finance ecosystem, the country is strengthening its regulatory framework to support green and transition finance, with initiatives led by Bank Negara Malaysia and the Securities Commission Malaysia. The Securities Commission launched frameworks for the issuance of green, social and sustainability sukuks, making Malaysia a pioneer in Shariah-compliant sustainable finance instruments.

Challenges remain in scaling transition finance, including limited technical expertise, fragmented disclosures and gaps in funding for SMEs. Malaysia is addressing these issues through initiatives like the Greening Value Chain Programme, which helps SMEs adopt sustainable practices and gain access to green financing. In 2023, pilot programmes for transition finance frameworks were introduced, focusing on energy, agriculture and manufacturing sectors.

General sentiment

Interest in sustainable investing and transition investing among Malaysia investors who took part in our survey are particularly strong – with both being second highest among the surveyed markets.

88% Sustainable investing

91% Transition investing

Currently, Malaysia investors allocate an average of 26 per cent of their portfolios to sustainable investments, with their preferred allocation at 34 per cent.

26% Current allocation

34% Preferred allocation

Malaysia

Exposure to high-emitting sectors

Of all high-emitting sectors, investments in automotive manufacturing were most common among investors in Malaysia. This was followed by real estate and oil and gas investments.

31% Automotive manufacturing

28% Real estate

27% Oil and gas

Investor motivations

Investors in Malaysia prioritise financial performance, with improving returns cited as the top motivator. This is followed by a desire for positive social and environmental impact and complying with social norms.

60% Improve returns

51% Positive social and environmental impact

50% Complying with social norms

Themes of interest

Green hydrogen leads as the most popular theme, followed by electric vehicles and low-emission fuels.

51% Green hydrogen

44% Electric vehicles

43% Low-emission fuels

Investor barriers

While enthusiasm for transition investing is high, investors highlight key barriers such as low returns, a lack of benchmarks and greenwashing.

59% Low returns

56% Lack of benchmarks

52% Greenwashing

Singapore

Singapore is positioning itself as a global hub for sustainable finance, underpinned by its Green Plan 2030 and net zero ambitions by 2050. As the refining and petrochemical sector remains a major contributor to its carbon emissions, Singapore is taking steps to reduce emissions, from importing low-carbon electricity and exploring cross-border carbon capture and storage, to purchasing carbon credits from overseas projects.

Singapore's regulatory landscape is also evolving with a focus on green and transition finance. Singapore has collaborated with the International Platform on Sustainable Finance and ASEAN to harmonise green taxonomies, facilitating cross-border sustainable investments.

In 2024, Singapore committed up to USD500 million in matching concessional funding to support the Monetary Authority of Singapore's blended finance initiative. A new infrastructure debt programme was recently established, with an aim to finance corporates' decarbonisation projects in Asia, with a focus on Southeast Asia.

General sentiment

Interest in transition investing among respondents in Singapore who took part in our survey is the second highest of the markets surveyed.

Singapore investors currently allocate an average of 26 per cent of their portfolio to sustainable investments and are looking to increase this to 36 per cent, above the average of all markets surveyed.

87% Sustainable investing

91% Transition investing

26% Current allocation

36% Preferred allocation

Singapore

Exposure to high-emitting sectors

The top three high-emitting sectors in Singapore portfolios are real estate, oil and gas and shipping. This sectoral allocation aligns closely with other markets, except for the prominence of shipping.

- 30% Real estate
- 29% Oil and gas
- 28% Shipping

Investor motivations

The top motivation for investors in Singapore is to improve returns and the proportion is the highest among the markets surveyed. This is followed by aligning with social norms and generating a positive social and environmental impact.

- 63% Improve returns
- 53% Complying with social norms
- 52% Positive social and environmental impact

Themes of interest

Green hydrogen, carbon capture and storage and low-emission fuels are the top three areas of interest for Singapore investors.

- 44% Green hydrogen
- 44% Carbon capture and storage
- 43% Low-emission fuels

Investor barriers

Compared to other markets surveyed, investors in Singapore list greenwashing as a top barrier. Other barriers include a lack of benchmarks against other investments and low returns.

- 53% Greenwashing
- 52% Lack of benchmarks
- 48% Low returns

South Korea

South Korea has committed to achieving net zero emissions by 2050. Green hydrogen is a key catalyst in this strategy, with the government announcing several initiatives to support its development, which is forecast to double to USD20.2 billion by 2030.

To further accelerate its decarbonisation, South Korea has unveiled a USD313 billion green financing plan, focusing on renewable energy projects, carbon capture and low-carbon industrial transitions. This plan includes a loan scheme and investment in climate technologies.

As part of efforts to enhance its sustainable finance market, South Korean regulators updated its green finance guidelines in 2024, which sets clear criteria for green economic activities, ensuring financial companies align investments with genuine sustainability goals.

General sentiment

Investors in South Korea who took part in our survey demonstrate strong interest in sustainable investing, with 79 per cent expressing enthusiasm, whereas more of them indicate interest in transition investing.

79% Sustainable investing

86% Transition investing

Investors' current allocation to sustainable investing stands at 18 per cent, with a preferred allocation of 27 per cent, indicating room for growth in aligning aspirations with portfolio strategies.

18% Current allocation

27% Preferred allocation

South Korea

Exposure to high-emitting sectors

More than four in 10 South Korea investors hold real estate in their portfolio, significantly higher than other markets surveyed. Agriculture also stands out, marking the highest share among all surveyed markets.

41%
Real estate

32%
Agriculture

30%
Oil and gas

Investor motivations

Positive social and environmental impact emerges as the top motivation, while improving financial returns is ranked second. Complying with social norms ranks third but stands out as the highest among all surveyed markets.

60%
Positive social and environmental impact

56%
Improve returns

55%
Comply with social norms

Themes of interest

Green hydrogen, low-emission fuels and carbon markets top the list of themes of interest to investors in South Korea, and the figures are the highest among all markets surveyed.

57%
Green hydrogen

57%
Low-emission fuels

50%
Carbon markets

Investor barriers

Higher perceived risks is the top barrier, followed by greenwashing and a lack of benchmarks.

54%
Higher risks

46%
Greenwashing

43%
Lack of benchmarks

Taiwan

Taiwan is advancing its sustainable finance efforts to achieve net zero emissions by 2050, with a strong focus on decarbonising its energy-intensive manufacturing sector. Home to the world's largest semiconductor manufacturers, Taiwan is targeting cleaner technologies and launching sustainable finance initiatives to address the industry's significant emissions footprint.

The Financial Supervisory Commission (FSC) has implemented a Green Finance Action Plan, prioritising green bonds, sustainability-linked loans and mandatory climate-related disclosures for listed companies and financial institutions.

In December 2024, the FSC released updated guidelines to help corporates identify sustainable economic activities and improve transparency. These include an expanded recognition of sustainable industries, such as waste removal and resource recycling. The guidelines also introduce a methodology for calculating sustainability proportions, enabling financial institutions to assess compliance in areas like loans, investments and asset management.

General sentiment

Investors in Taiwan who took part in our survey are increasingly interested in both transition and sustainable investing, with 86 per cent of them showing enthusiasm for transition investing.

83% Sustainable investing

86% Transition investing

Investors demonstrate a strong appetite to increase portfolio allocation towards sustainable investments to 33 per cent.

22% Current allocation

33% Preferred allocation

Taiwan

Exposure to high-emitting sectors

More than three in 10 investors in Taiwan have exposure to high-emitting sectors like real estate, automotive manufacturers and oil and gas.

33% Real estate

32% Automotive manufacturing

31% Oil and gas

Investor motivations

The primary motivation for investors is the potential for positive social and environmental impact, which is also the highest across all eight markets surveyed.

65% Positive social and environmental impact

52% Personal values

51% Improve returns

Themes of interest

Interest in carbon capture and storage is the highest among all markets surveyed. This is followed by carbon markets, which is also higher than other markets.

53% Carbon capture and storage

47% Carbon markets

46% Low-emission fuels

Investor barriers

A key barrier to transition investing among respondents in Taiwan is the perceived lack of benchmarks, which stands at the highest percentage across all markets surveyed. This is followed by higher risks and greenwashing.

59% Lack of benchmarks

43% Higher risks

38% Greenwashing

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.

85% Sustainable investing

86% 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.

27% Current allocation

36% Preferred allocation

United Arab Emirates

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.

38% Real estate

35% Oil and gas

32% Power

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.

55% Positive social and environmental impact

53% Improve returns

53% Personal values

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.

51% Green hydrogen

48% Carbon markets

47% Carbon capture and storage

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.

45% Higher risks

36% Greenwashing

36% Difficult to access

Methodology

Standard Chartered conducted an online survey targeting high-net-worth individuals – with assets under management of USD1 million or more – across eight markets: Hong Kong, India, Mainland China, Malaysia, Singapore, South Korea, Taiwan and the United Arab Emirates. A total of 1,600 respondents, aged 25 to 66 years old, participated in the survey in Q4 2024.

Key sources

- Climate Action Tracker
- Glasgow Financial Alliance for Net Zero
- Government websites, policy documents, research papers and various news sources
- International Energy Agency
- Morningstar and Sustainalytics
- MSCI
- Robeco
- Standard Chartered
  - Southeast Asia's Green Economy 2025 Report
  - Transition Plan 2024
- S&P Global
- The CCUS Hub
- World Bank

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