The Asian Way:

Sustainable Finance Market Outlook in Southeast Asia and the Role of Hong Kong

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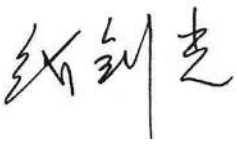
Foreword

The Asia-Pacific region sits at the focal point of the global energy transition, with Southeast Asia and the Guangdong-Hong Kong-Macao Greater Bay Area playing pivotal roles. Home to some of the world's fastest-growing economies, the region also faces acute vulnerability to climate risks such as extreme heat, flooding, and water stress. The scale and urgency of these challenges make the mobilisation of sustainable finance both a necessity and an opportunity. From Hong Kong to beyond, the region embodies both the promise of the transition and the central role of companies and investors in shaping it. The region is home to some of the world's fastest-growing economies, with cities especially vulnerable to extreme heat and other impacts of a warming world.

Against this backdrop, the Hong Kong Financial Research Institute of Bank of China, the MSCI Sustainability Institute and HKU Jockey Club Enterprise Sustainability Global Research Institute have collaborated to examine the evolving state of sustainable finance in this dynamic region. The study draws on market data and analysis of bond issuance, investment flows, and policy frameworks, complemented by a targeted survey of local companies and organisation to provide additional perspective on the drivers, barriers, and outlook for sustainability investment.

Taken together, these insights reveal a region increasingly at the forefront of sustainable finance, shaped by rapid growth in sustainable debt markets, expanding clean-technology opportunities, and corporate demand for credible financing solutions. At the same time, policy and regulation, along with mechanisms such as carbon markets, are becoming critical in guiding investment flows and institutional priorities.

We extend our gratitude to all who contributed to this research, which highlights how companies and investors across Southeast Asia and the Greater Bay Area are forging a path toward a cleaner, more resilient global economy—and how Hong Kong can further strengthen its role as a leading international centre for sustainable finance.



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About the Report

This report is jointly prepared by:

- **Hong Kong Financial Research Institute of Bank of China.** Hong Kong Financial Research Institute of Bank of China is the core research and strategic planning centre within the Bank of China (Hong Kong) Group ("BOCHK"). BOCHK puts sustainable development at the heart of its strategy. Through continuous innovation and diversification of its green products and services, BOCHK is committed to working with its customers to achieve a low-carbon transition, and promoting smart living and sustainable development with a view to creating value for its stakeholders and the community, and building a greener future together. For more information, please visit: https://www.bochk.com/dam/esg/index_en.html.

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Executive Summary

This report provides an in-depth analysis of the state of sustainable finance in Southeast Asia (SEA) and the Greater Bay Area (GBA), complemented by a targeted survey of listed companies to understand the drivers, barriers, and outlook for sustainability investment. Together, the findings illustrate how the region is becoming central to global climate finance flows and highlight opportunities for Hong Kong to reinforce its role as an international green finance hub.

A maturing and diversifying market. Cumulative labelled sustainable bond issuance in SEA and the GBA has now surpassed USD 300 billion. SEA is emerging as a hub for diverse instruments, including social and sustainability bonds, while the GBA leads in green bonds. The diversification of instruments and use-of-proceeds categories underscores the increasing maturity of the market and its capacity to channel capital at scale into climate-aligned projects.

Rising investor focus and policy momentum. Global investors are redirecting capital toward the region. In the first half of 2025, around six percentage points of global climate fund allocations shifted to the Asia-Pacific, marking the first notable reallocation of climate-themed capital toward Asia in more than seven years. SEA is rapidly positioning itself as a strategic growth market for clean technology, with scalable opportunities in energy, mobility, water, and urban resilience. Most SEA countries have announced net-zero targets by 2050–60, and supportive policies and disclosure requirements are creating a stronger foundation for climate-aligned investment. Yet the policy environment remains uneven, reflecting differences in institutional capacity, development priorities, and exposure to climate risk.

Corporate demand is accelerating. Survey findings confirm strong and rising demand for sustainable finance. Seventy-five percent of SEA organisations increased sustainability investment over the past year, and 86% plan to expand investment or financing over the next five years. About 89% view sustainability as highly important to strategy and operations in the next three years, while nearly three-quarters report that their sustainability investments have already delivered expected returns.

Drivers and barriers are shifting. Organisations increasingly view sustainability as an opportunity for business growth and efficiency gains rather than as a compliance burden. However, high costs, lack of awareness, and concerns over profitability remain key barriers. Importantly, limited domestic sustainable finance options are pushing SEA organisations to seek financing overseas: 68% think local options are not available, while 61% expressed interest in cross-border sustainability investment, compared to 45% of respondents overall. This presents an opportunity for Hong Kong to expand its world-class sustainable finance offerings and advisory services to meet regional demand.

Hong Kong's leading role and implications. Survey respondents ranked Hong Kong as the leading international green finance centre, ahead of Singapore, Shanghai, London, and New York. Seventy percent of organisations believe Hong Kong can provide the sustainability products they need. More than half of respondents pointed to three priority areas where Hong Kong could further strengthen its role: developing robust transition finance frameworks, building high-integrity carbon markets, and creating regionally focused investment vehicles.

Taken together, these findings paint a picture of a region where sustainable finance is rapidly scaling and diversifying, driven by both investor flows and corporate demand. Hong Kong is well positioned to deepen its role as the region's green finance hub by aligning product innovation, regulatory clarity, and cross-border collaboration with the evolving needs of SEA and GBA markets.

Key Data at a Glance

Over USD 300 billion

in labelled sustainable bonds issued across SEA and the GBA since 2015, reflecting a rapidly maturing market.

8 out of 11 Southeast Asian countries have net zero targets by

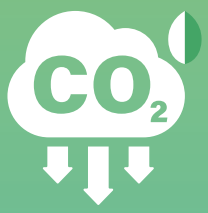
2050-65

Approx. 6 percentage points

in global climate fund allocations shifted to the Asia-Pacific region in early 2025

For the SEA organisations we surveyed:

- **75%** have increased investment in sustainability in the past 12 months
- **86%** plan to invest or finance in sustainability in next 5 years
- **89%** think sustainability has high or very high importance to their strategy and operations in the next 3 years
- **75%** agree/strongly agree that their sustainability investments delivered expected returns
- **68%** report limited availability for domestic sustainable finance products



Only **8%** of SEA companies have SBTi-approved targets vs. 18.5% globally — underscoring the ambition gap.

Hong Kong ranks as the **top** international green finance centre, ahead of Singapore, Shanghai, London and New York.

70% of all organisations surveyed believe Hong Kong, as an international green finance centre, can provide the sustainability products they need

The Sustainable Finance Landscape in Southeast Asia and Greater Bay Area

Mobilising sustainable capital across Asia's high-growth, high-emissions regions

Asia's economic engines are also its climate frontlines. Southeast Asia (SEA) has emerged as one of the fastest-growing regions globally, powered by a young workforce, rising consumption, and deepening trade links. By 2030, the bloc is expected to become the world's fourth-largest economy, underpinning global supply chains in sectors ranging from electronics and textiles to agriculture and digital services.[2] The Greater Bay Area (GBA) exemplifies this dynamism: occupying less than one percent of China's landmass, it contributed more than 11 percent of national GDP in 2023 and hosts leading firms in technology, manufacturing, logistics, and finance. With Hong Kong's international financial system, Shenzhen's innovation ecosystem, and Guangdong's industrial base, the GBA acts as a gateway connecting China's domestic market to the world.

Yet the very regions driving growth are also highly exposed to climate risk. Rising temperatures, intensifying floods, prolonged droughts, and water scarcity are already disrupting livelihoods and supply chains. Across Asia-Pacific, nearly two billion new middle-class consumers are expected by 2030, the majority in urban areas where heat stress and density compound vulnerabilities. This convergence of rapid growth and escalating climate risk places unprecedented pressure on infrastructure, energy, and natural resources.

Escalating climate hazards demand urgent, scaled-up green finance. Under a high-emissions scenario, the Asian Development Bank projects that developing Asia could see GDP fall by around 17 percent by 2070, with losses rising to 41 percent by 2100 if global warming continues unchecked.[3] The World Bank similarly estimates climate-related economic losses of 12–14.5 percent of GDP per year by 2050.[4] These forecasts underline the urgency of scaling investment in adaptation and mitigation, without which Asia's development gains could be severely undermined.

Sustainable finance has a central role to play. Mobilising capital toward clean technologies, resilient infrastructure, and low-carbon business models will be critical to balancing growth and climate security. Yet most governments in Asia still lack detailed adaptation roadmaps to guide investment at scale. Building clarity, consistency, and credible transition pathways will be key to unlocking private capital across these high-growth, high-emissions regions.

2 "ASEAN poised to become the world's fourth-largest economy by 2030," ASEAN hub, August 2024.

3 "Climate Change Could Reduce GDP in Developing Asia and the Pacific by 17% by 2070," Asian Development Bank, 2021.

4 "Climate and Development: An Agenda for Action – Asia and the Pacific," The World Bank, October 2023

Emerging pathways for climate policy

Though climate-related policy signals across the GBA and SEA have sharpened in recent years, the pace of implementation and alignment with global goals remains uneven. Appendix I summarises national climate targets, policies and disclosure requirements for both regions.

The policy landscape across SEA reflects differences in institutional capacity, development priorities and national exposures to climate risk. For instance, Singapore government has set a national target for reaching net-zero emissions nationwide by 2050, imposed a carbon tax that increases annually, and adopted mandatory corporate disclosure of greenhouse gas emissions and other climate-related financial information for listed companies and financial institutions.[5] Malaysia has mandated reporting of Scope 1 and 2 emissions for large companies beginning in 2025, with plans to broaden the requirement to Scope 3 emissions by 2027. Indonesia, while aiming for net zero by 2060, is leveraging funding from a Just Energy Transition Partnership (JETP) to accelerate the retirement of coal assets and reform its power sector.[6] Vietnam is developing frameworks for both carbon trading and reporting of greenhouse gas emissions, with varying timelines for implementation and levels of regulatory clarity.[7] Thailand is advancing sectoral decarbonisation roadmaps and piloting emissions trading.[8]

Policy in the GBA and across China remains anchored in national dual carbon goals of peak carbon emissions before 2030 and carbon neutrality by 2060.[9] Guangdong province, along with the cities of Shenzhen, Guangzhou and Hong Kong, has emerged as a cluster of climate policy experimentation. Guangdong's provincial emissions trading system, one of the most advanced in China, now covers a growing share of industrial sectors and serves as a pilot for expanding carbon pricing.[10] Shenzhen, a front-runner in urban electrification and emissions trading, released its carbon peak implementation plan in 2023. Hong Kong has positioned itself as a regional green finance hub and introduced mandatory disclosure of Scope 1 and 2 greenhouse gas emissions for companies listed on the Hong Kong Stock Exchange beginning with the financial year 2025.[11]

Taken together, these national and subnational strategies offer a progressively stronger regulatory foundation for climate-aligned investment. At the same time, companies and investors confront disparities in the depth of practicable policies, the maturity of disclosure regimes, the availability of financing mechanisms and the ambition of national climate carbon commitments. Bridging these gaps will be critical to translating policy into credible, investable decarbonisation pathways regionwide.

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5 "Mandatory Climate-related Disclosures by Listed and Large Non-listed Companies," Accounting and Corporate Regulatory Authority (ACRA) & SGX Regulation, July 2023.

"Carbon Tax, 2022–2024 Updates," Ministry of Sustainability and the Environment (Singapore).

6 JETP Comprehensive Investment and Policy Plan (CIPP), Government of Indonesia & International Partners Group, November 2023.

7 "Decree No. 06/2022/ND-CP on Greenhouse Gas Reduction and Ozone Layer Protection," Government of Vietnam, January 2022.

"Vietnam – ETS Developments," ICAP, 2025.

8 "Draft Climate Change Act Consultation," Department of Climate Change and Environment, Ministry of Natural Resources and Environment, 2024. See also, "Thailand – ETS Developments, ICAP, 2023.

9 "Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy," State Council, The People's Republic of China, October 2021.

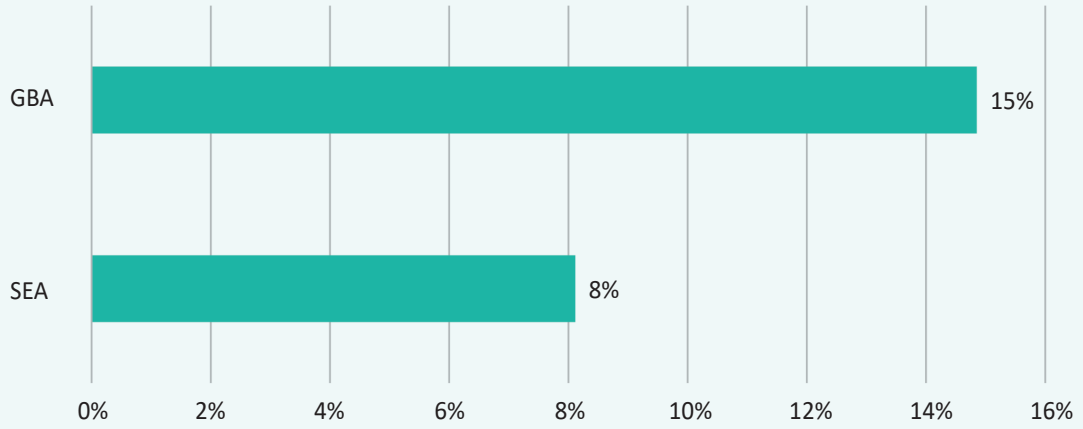
10 "China – Guangdong Pilot ETS," International Carbon Action Partnership (ICAP), 2023.

11 "Consultation Conclusions on Climate-related Disclosures and ESG Code," Hong Kong Exchanges and Clearing Limited (HKEX). April 2024.

Assessing corporate climate progress

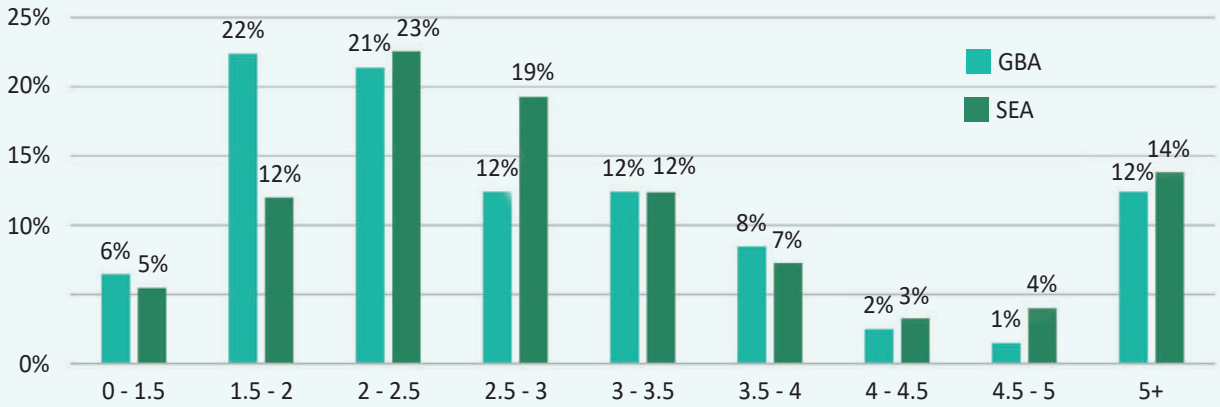
Corporate climate ambition is gaining traction across SEA and the GBA, but progress toward global alignment remains uneven. As of July 2025, 15% of GBA companies and 8% of SEA companies had SBTi-approved targets, up five and three percentage points respectively from the prior year. (Exhibit 1). Both regions however trail the global average, where 18.5% of listed companies had an SBTi-approved target, as of July 31, 2025.

Exhibit 1 - Companies with SBTi-approved climate targets [%]



Source: MSCI ESG Research, data as of July 31st, 2025. Counts companies that have one or more active carbon emissions reduction targets approved by the Science Based Targets initiative (SBTi). Data covers 290 publicly listed companies in the Greater Bay Area (based on relevant regional constituents of the MSCI China IMI and MSCI Hong Kong IMI indexes), and 345 companies in Southeast Asia (based on constituents of the MSCI Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam IMI indexes).

Exhibit 2: Projected temperature alignment of listed companies [Implied Temperature Rise in °C]



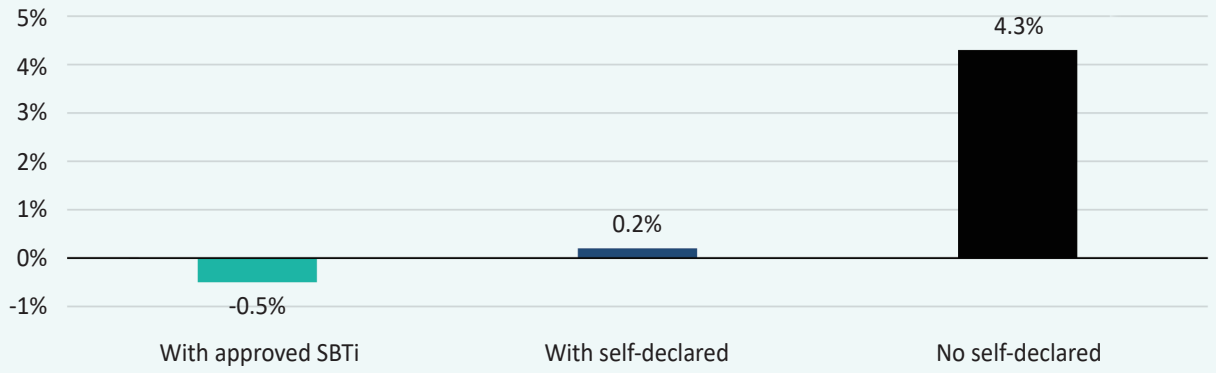
Source: MSCI ESG Research, data as of Aug 11, 2025. Based on MSCI ESG Research coverage universe of companies domiciled in the GBA (n= 290) and SEA region (n=345). Implied Temperature Rise from MSCI ESG Research is a forward-looking metric, expressed in degrees Celsius, designed to show the temperature alignment of companies, portfolios and funds with global temperature goals.

Temperature alignment analysis reveals that the largest share of companies in both SEA (35%) and the GBA (43%) are on pathways consistent with warming of 1.5°C to 2.5°C above preindustrial levels (Exhibit 2). Only 5% and 6% of companies in SEA and the GBA, respectively, align with a 1.5°C pathway, consistent with the Paris Agreement's most ambitious goal. At the other end of the spectrum, roughly 13% of companies in both regions are on trajectories exceeding 5°C of warming, a stark signal of elevated transition risks and the need for targeted transition finance to support emissions-intensive sectors such as energy and utilities.

Evidence from listed companies globally shows that robust target-setting correlates with real-world emissions reductions (Exhibit 3). Between 2018 and 2023, companies with SBTi-approved targets achieved a median annual decline of 1% in absolute Scope 1 emissions. By contrast, companies without any declared target saw a median 4% annual increase in emissions, while those with self-declared targets achieved no meaningful reductions.

For SEA and GBA companies, strengthening disclosure frameworks and scaling credible target-setting will be critical to maintaining investor confidence and attracting sustainable capital inflows. Clear sectoral roadmaps, coupled with supportive policy and financing, will all influence whether these regions can close the ambition-action gap and contribute meaningfully to the global net-zero transition.

Exhibit 3: Global corporate Scope 1 emissions performance, by climate commitment type (median annualized change in absolute Scope 1 emissions, 2018-2023)



Source: MSCI ESG Research, data as of June 30, 2025.

Sustainable finance continues to mature across the region

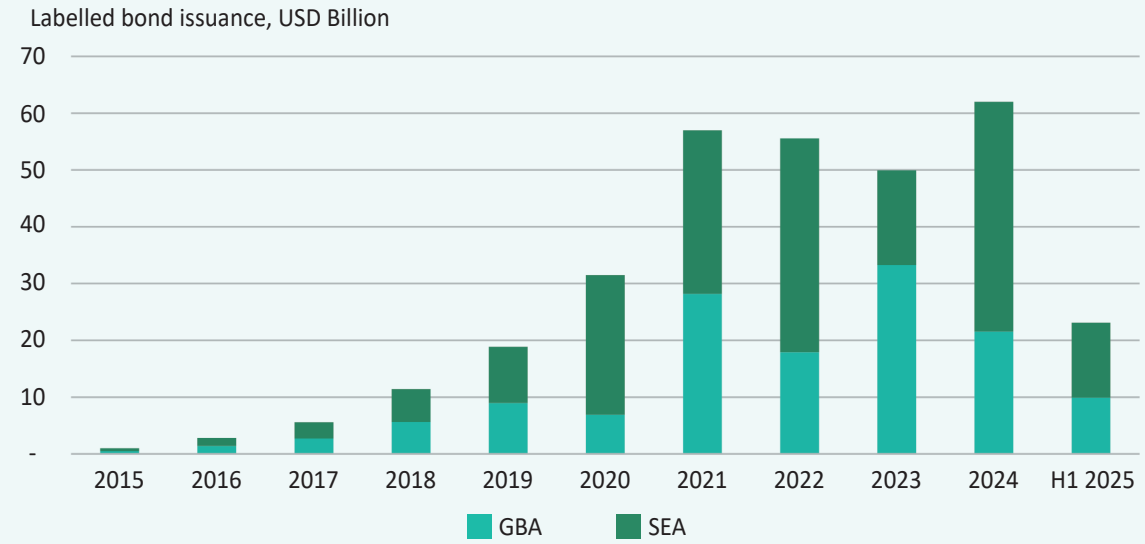
The issuance of labelled bonds has surged across SEA and the GBA over the past decade, with total issuance surpassing USD 300 billion between 2015 and June 30, 2025. Issuance accelerated significantly between 2019 and 2021, remained relatively steady in 2022 and 2023, and rebounded strongly in 2024. Data from the first half of this year highlights continued market depth, supported by stable investor demand and improving policy frameworks.

SEA has emerged as a hub for more targeted sustainable finance. The cumulative total sustainable bonds issued in SEA has reached more than USD 100 billion over the past five years. Exhibit 5 shows a more diverse distribution of sustainable bond instruments in SEA than the GBA, with sizeable issuances from social and sustainability bonds. Data on the use of proceeds highlights more targeted allocations (17% to renewable energy, 12% to green

buildings and 5% to solar energy). SEA also has a higher share of unspecified proceeds (14%) as shown in exhibit 6, suggesting scope for stronger classification standards and disclosure.

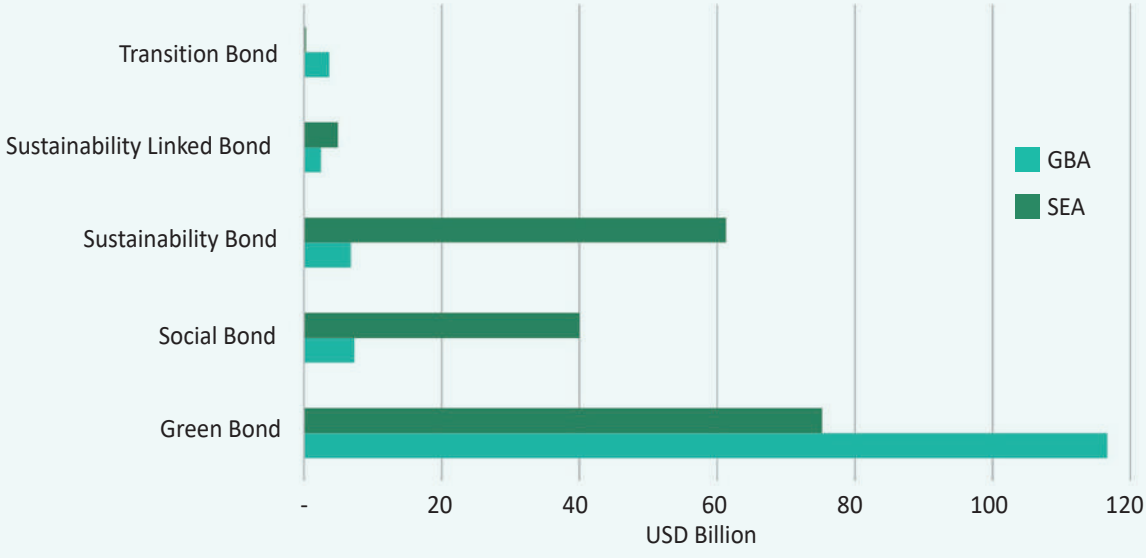
Green bonds account for the bulk of the issuance, with the GBA leading at over USD 100 billion, reflecting both its early market entry and a supportive regulatory framework. Half of the green-bond proceeds went to broadly defined eligible green projects, with smaller shares directed to pollution prevention (10%), renewable energy (8%) and green buildings (8%) (Exhibit 6). Diversification is also emerging. Transition and sustainability-linked bonds remain small in volume but are poised to grow as corporate decarbonization strategies evolve and demand for performance-linked finance rises.

Exhibit 4: Sustainable bond issuance accelerating in GBA and SEA markets



Source: FactSet, MSCI ESG Research, Data as of June 30, 2025.

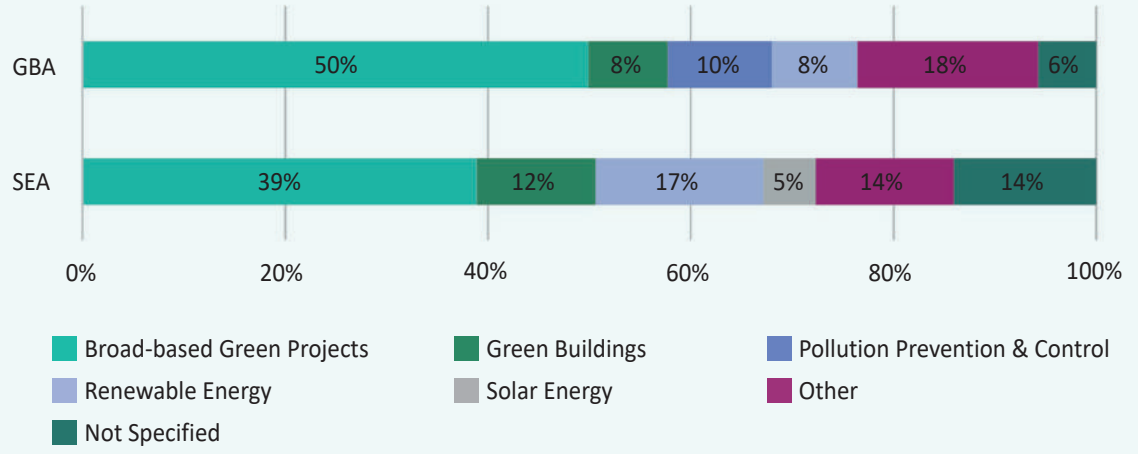
Exhibit 5: Sustainable finance instruments by issuance [USD billion]



Source: FactSet, MSCI ESG Research, Data as of June 30, 2025.

Tracking use of proceeds enhances transparency and supports development of thematic products aligned with regional priorities. The growth of sustainable bond markets in both SEA and the GBA reflects growing capacity to channel private capital toward environmental and social objectives. In the GBA, regulatory alignment is advancing through work on green taxonomies and disclosure standards, while SEA is making progress toward alignment with international frameworks. These developments are essential for attracting institutional capital and advancing credible, locally relevant transition pathways.

Exhibit 6: Use of green bond proceeds [%]



Source: FactSet, MSCI ESG Research, data as of June 30, 2025. Based on total green bond issuance between 2020 and H1 2025. Eligible green projects refer to use of proceeds encompassing a range of green projects. 'Other' includes - biodiversity conservation, clean transportation, climate change adaptation, energy efficiency, waste management, water & wastewater management which were small in volume relatively.

A clean-tech investment hub

SEA is rapidly emerging as a strategic growth market for climate finance and clean technology. Roughly six percentage points of global climate fund allocations shifted to the Asia-Pacific region in the first half of this year, marking the first notable reallocation of climate-themed capital toward Asia in more than seven years and reflecting growing investor recognition of the region's potential.[12] Fund managers are increasingly drawn to the region by its growing pipeline of clean-energy and infrastructure projects, favourable demographics and strengthening policy support for green development. Within this broader trend, SEA stands out as a high-growth subregion with opportunities in energy, mobility, water and urban resilience.

At the same time, the region is experiencing a surge in clean-tech innovation. Between 2019 and 2024, Asian companies outpaced their global peers in the clean energy sector, with revenue rising 66% for energy storage providers, 74% for green mobility firms, and 26% for low-carbon power companies (Exhibit 7).

SEA is also home to a growing cluster of firms developing next generation building materials and cooling systems.[13]

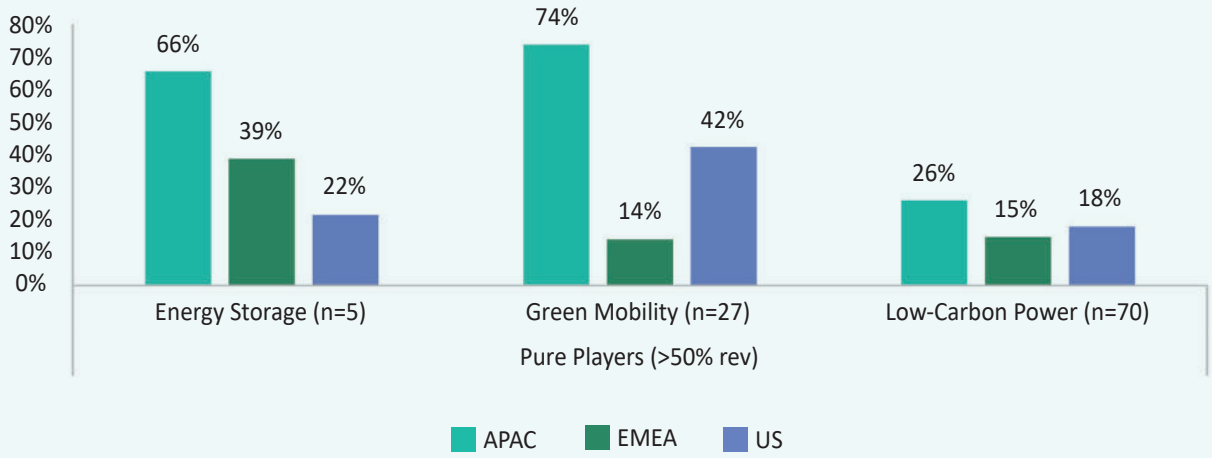
12 "Where climate finance could flow next," MSCI Sustainability Institute, June 24, 2025.

13 "How adaptation finance can help Asia withstand a hotter future," MSCI Sustainability Institute, April 17, 2025.

These solutions are becoming increasingly important as cities globally face rising temperatures, prolonged heat stress, and escalating demand for energy efficient infrastructure. To date, only a small share of global climate finance has gone toward adaptation, with less than 5% of total flows identified as adaptation-related, and just 2% coming from private capital. This underscores the investment opportunity in solutions that enhance resilience emerging across markets such as SEA.[14]

A convergence of structural drivers reinforce these developments, with growing urban populations, infrastructure demand, and rising consumption all creating fertile ground for scale. At the same time, policy reforms and regional cooperation are making it easier for international capital to enter the region, particularly in clean-tech sectors. While challenges such as pipeline visibility and policy coordination remain, the case for scaling green investment in SEA is becoming increasingly clear. For investors seeking long-term growth and exposure to real-economy transition drivers, the region's innovation and infrastructure needs could present a compelling opportunity.

Exhibit 7: Clean tech momentum strongest in Asia



Source: MSCI ESG Research, FactSet. Data as of 2024. This chart shows average year-over-year revenue growth from 2019 to 2024 for companies that earn more than 50% of their revenue from low-carbon solutions. Categories include: energy storage (including fuel cells and battery storage), green mobility (including zero-emission vehicles and clean transport infrastructure), low-carbon power (including renewable and nuclear energy). Growth is based on reported revenues in US dollars. Outliers were adjusted to limit the effect of extreme values.

14 The value of the global investment opportunity for a select set of climate adaptation solutions could reach USD 9 trillion by 2050 (up from USD 2 trillion currently) across public and private debt and equity, with one-third of the demand driven by rising temperatures, according to research by GIC. "Sizing the Inevitable Investment Opportunity: Climate Adaptation," GIC, May 2, 2025. See also, "Global Landscape of Climate Finance 2025," Climate Policy Initiative, June 23, 2025.

Survey Findings

Introduction & research methodology

A combination of multiple factors drive sustainability and sustainable finance in SEA. This section aims to identify sustainable finance needs, opportunities and challenges in SEA, as well as how Hong Kong can best serve these needs with its world-class sustainable financial services. To achieve this, Hong Kong Financial Research Institute of Bank of China, the MSCI Sustainability Institute, and the HKU Jockey Club Enterprise Sustainability Global Research Institute jointly conducted a survey between July to August 2025 to understand sustainability and sustainable finance needs for organisations in SEA compared to GBA and China ex-GBA.

The survey received active participation from SEA and GBA organisations. Among the 77 organisations that completed the survey, 35% are from SEA and 32% are from GBA, suggesting active participation from both regions. For the remaining organisations, 17% are from the China ex-GBA, and 16% did not disclose their location. Within SEA, Malaysia, Philippines, Brunei Darussalam, Singapore, and Indonesia are the most prominent, while Hong Kong SAR has more representation within the GBA. The diverse country mix within SEA provides a broad regional perspective. Meanwhile, responses from GBA offer meaningful comparisons to SEA as a key financial hub. The detailed regional breakdown of survey respondents is shown in Appendix II.

Diversified survey respondents across sectors and company sizes. By breaking down survey respondents by sector, we noted that the financial sector holds the highest representation, accounting for 17% of the total survey respondents, followed closely by the energy and real estate sectors, each comprising 15%. The IT sector makes up 12% of respondents, while industrials and materials sectors contribute 9% and 7% respectively. Consumer discretionary, health care, utilities, consumer staples, communication services, and other industries account for the remaining 25%. In terms of company size measured as 2024 revenue in USD, organisations are evenly distributed across small enterprises (<$50 million), medium enterprises ($50 million - $500 million), large enterprises ($500 million - $5 billion), and huge enterprises (>$5 billion).

Importance of sustainability and sustainable finance

Sustainability is no longer a side initiative—it is now a central pillar of strategic and operational planning. Survey results confirm that sustainability is no longer seen as a peripheral initiative, but as a core business priority. More than four in five organisations (83%) consider sustainability a "high" or "very high" priority

Exhibit 8: 83% of the organisations surveyed think sustainability has high or very high importance in the next 3 years

Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

for their strategy and operations over the next three years (Exhibit 8). Sustainable finance is viewed with nearly equal importance, with 76% of respondents rating it as highly important to enabling their sustainability transition.

These findings suggest that sustainability is increasingly integrated into both strategic planning and financial decision-making. The central role assigned to sustainable finance highlights growing demand for accessible, credible, and scalable financial products that can support corporate transition pathways.

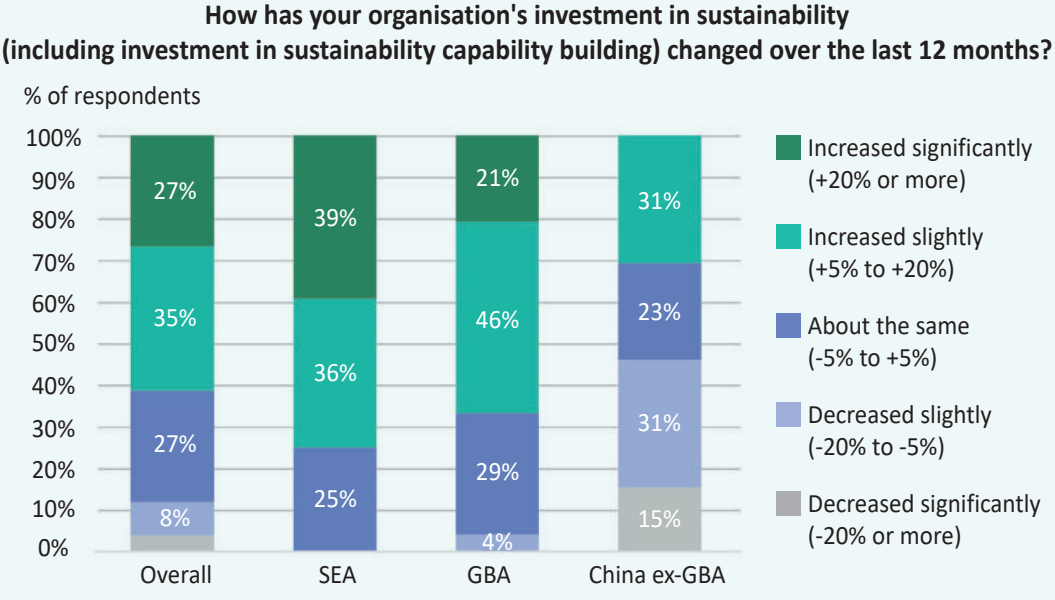
Exhibit 9: 76% of the organisations surveyed think sustainable finance has high or very high importance for supporting their organisation's sustainability transition

Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

Trends in sustainability investment

Strong momentum in SEA's sustainability investment. 62% of surveyed organisations reported increasing their sustainability investments over the past 12 months, while only 12% reported reductions. The trend is particularly

Exhibit 10: 61% of the organisations increased sustainability investment over the last 12 months



Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

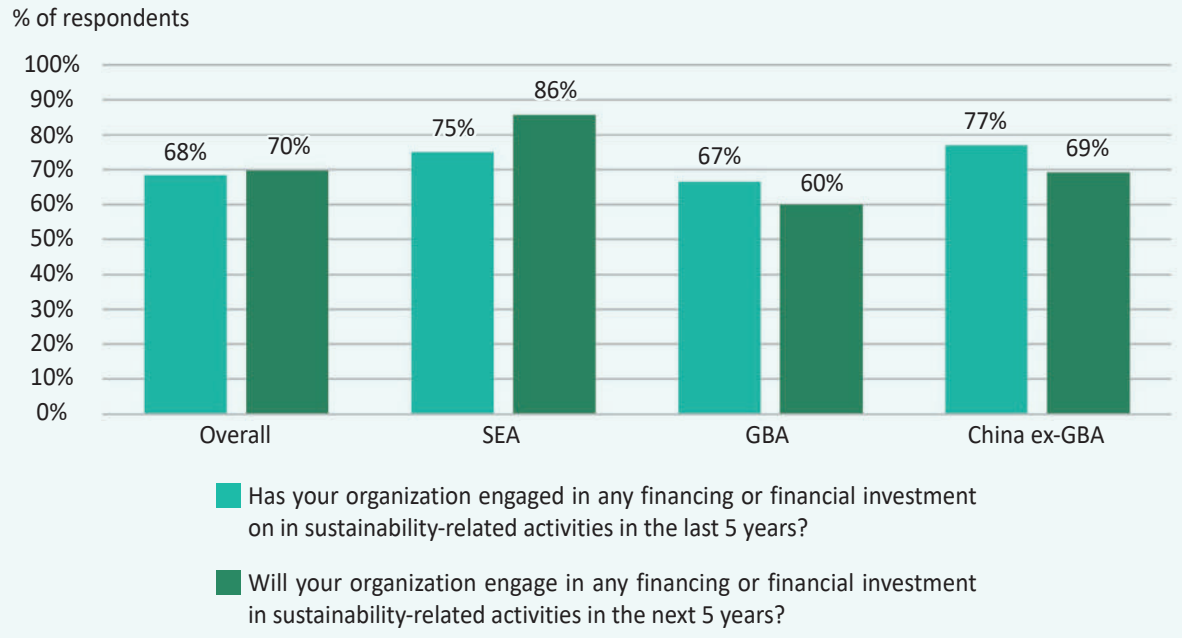
pronounced in SEA, where three-quarters of organisations (75%) expanded investment and none reported cutbacks.

This points to both rising confidence and commitment among SEA organisations, distinguishing the region from others where investment growth has been more uneven. The findings also reinforce that, for SEA companies, sustainability is not just a strategic priority but an area of active and accelerating capital allocation.

Returns are meeting expectations, reinforcing future investment. Across all respondents, 62% agree their sustainability investments have delivered expected returns. The figure is significantly higher in SEA, where 75% reported meeting expectations, compared with just 42% in the GBA. This alignment between confidence in returns and increased capital flows helps explain why SEA organisations are accelerating their investment activity.

SEA organisations plan to scale investment further. Looking ahead, 86% of SEA organisations plan to invest in or finance sustainability initiatives over the next five years — well above the 70% average across all respondents. This also marks an increase from the 75% that have invested over the past five years, underscoring a growing appetite for sustainability financing and a pipeline of demand for sustainable finance products in the region.

Exhibit 11: SEA organisations show higher interest to engage in sustainability-related financial activities in the next 5 years compared to last 5 years



Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

Drivers and barriers for sustainability strategy

Sustainability is viewed as a source of business value. Survey responses show that organisations increasingly approach sustainability as an opportunity for growth and efficiency, rather than a compliance exercise. "Business opportunities" (66%) and "cost savings and efficiency gains" (63%) are ranked as the top two drivers overall. The emphasis differs slightly by region: GBA organisations were more likely to highlight business opportunities (79%), while SEA organisations placed greater weight on efficiency (71%), reflecting the importance of resource optimisation in diverse emerging economies.

Long-term climate goals underpin corporate commitment. Across regions, alignment with internal climate objectives is consistently cited as an influential factor, ranging from 62% to 75% of respondents. The highest levels are recorded in the GBA (75%), underscoring how long-term climate commitments are shaping strategy even in the absence of uniform regulation.

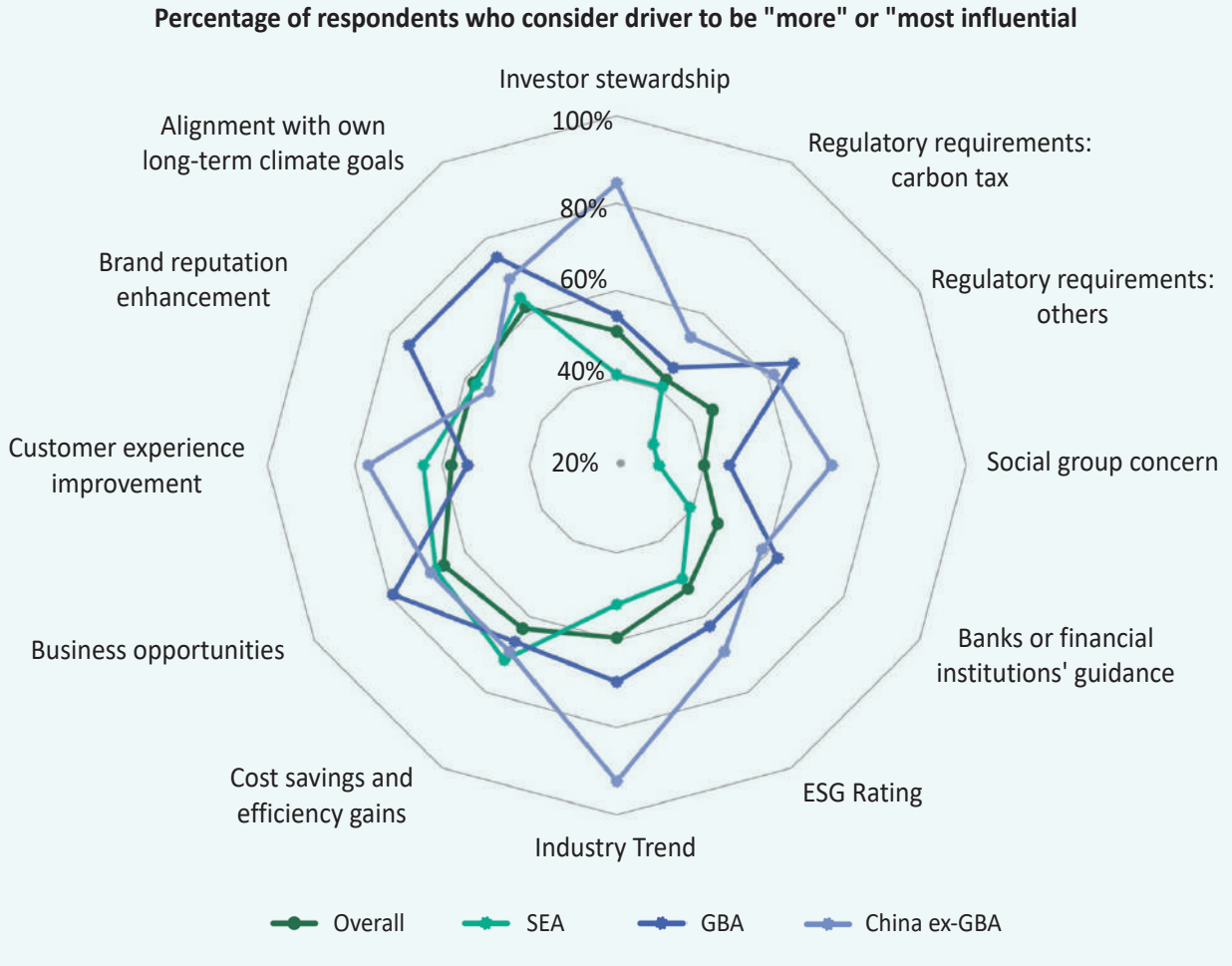
Policy environments shape regional differences. Regulatory requirements emerged as a more influential driver in the GBA (67%) than in SEA (30%), highlighting uneven policy frameworks across the two regions. Stronger disclosure mandates and environmental standards in the GBA appear to be reinforcing sustainability action, whereas in SEA, corporate momentum is being led more by internal and market-based considerations than by regulation.

Costs remain the biggest hurdle. Across regions, the high cost of becoming more sustainable is consistently identified as the most significant barrier. This highlights the tension between upfront investment requirements and the efficiency gains that many organisations expect sustainability to deliver.

Awareness and education gaps slow progress. A lack of internal knowledge and understanding is another leading obstacle. Even where leadership is committed, limited awareness across the wider organisation constrains the implementation of sustainability strategies and hinders integration into day-to-day operations.

Profitability concerns influence decision-making. Low or uncertain profitability is also cited as a major barrier. This reflects a recurring theme in the survey: organisations are willing to pursue sustainability when it can support earnings growth or operational efficiency, but are hesitant when financial returns are less clear.

Exhibit 12: Key Drivers for Sustainability Strategy



Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

Drivers and barriers for sustainable finance

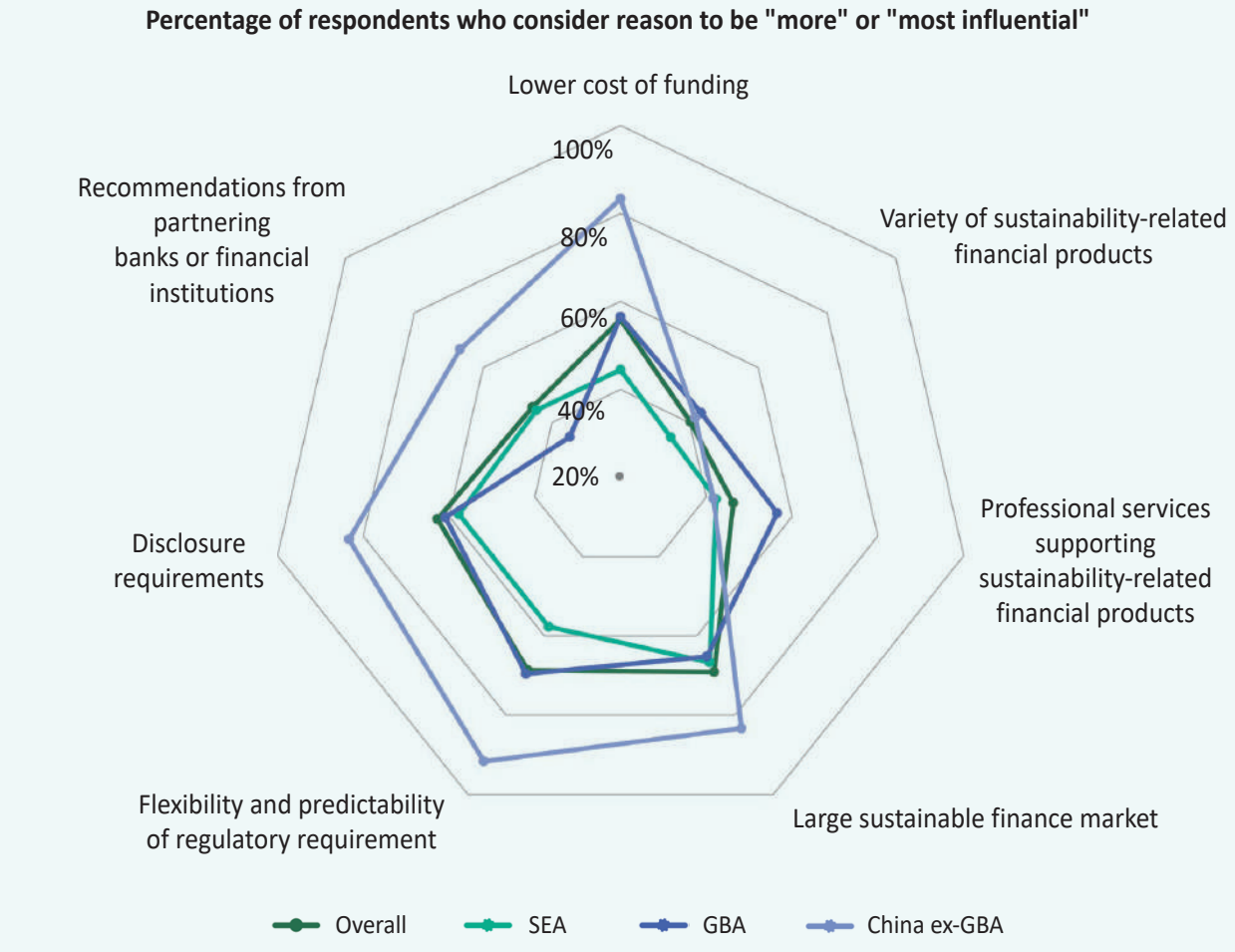
Key factors influencing engagement. When asked what drives their participation in sustainable finance, respondents highlighted three priorities: regulatory clarity, disclosure requirements, and market depth. In SEA, market size and flexibility and predictability of regulation are particularly important factors, with 67% and 58% of them citing large sustainable finance markets and flexible regulation as key motivators. Meanwhile, disclosure requirements ranked consistently among the top three across all regions.

Product variety is not yet a priority. By contrast, factors such as the variety of sustainable finance products or access to specialised professional services ranked low across regions. This suggests that standardisation and credibility matter more to organisations at this stage than breadth of offerings, reflecting a still-maturing market.

Cross-border challenges remain significant. For organisations seeking to use green finance products overseas, the top barriers identified are cross-border compliance complexity, lack of harmonised taxonomies, and inconsistent disclosure requirements. Moderate challenges included difficulty meeting "green" eligibility requirements and unclear incentives, while issues such as lack of data or market familiarity are cited less frequently.

Limited domestic supply is pushing SEA organisations overseas. Over half of respondents (55%) noted that sustainable finance products are limited or unavailable in

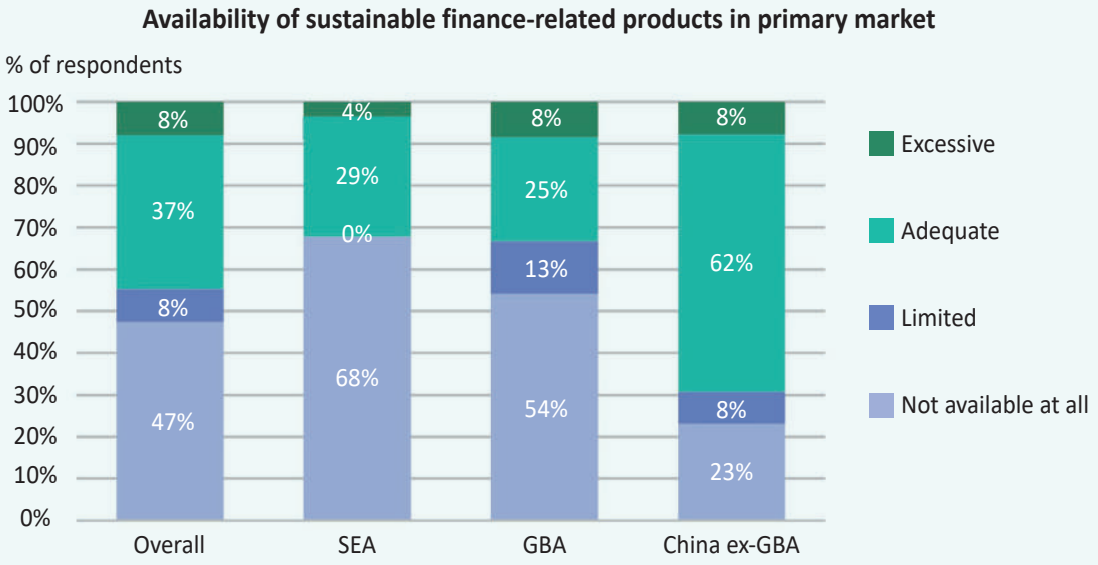
Exhibit 13: Reasons to engage in sustainable finance



Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

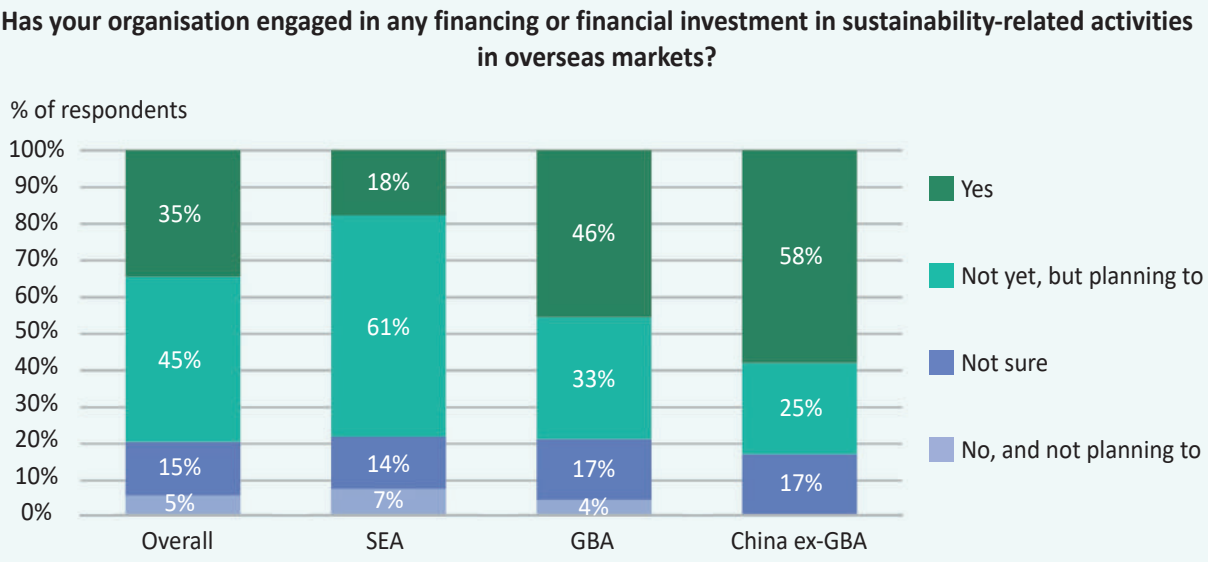
their primary market, a figure that rises to 68% in SEA. This scarcity is driving interest in cross-border opportunities: 61% of SEA organisations expressed interest in financing or investing overseas, compared with 45% of all respondents and just 33% in the GBA. Yet only 18% of SEA organisations have previously engaged in overseas sustainability finance, compared with 46% in the GBA, pointing to untapped potential for cross-border sustainable financing and investment in SEA.

Exhibit 14: Over half of the organisations surveyed think sustainable finance-related products are limited in the primary market



Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

Exhibit 15: Higher share of SEA organisations plan to engage in sustainable finance overseas



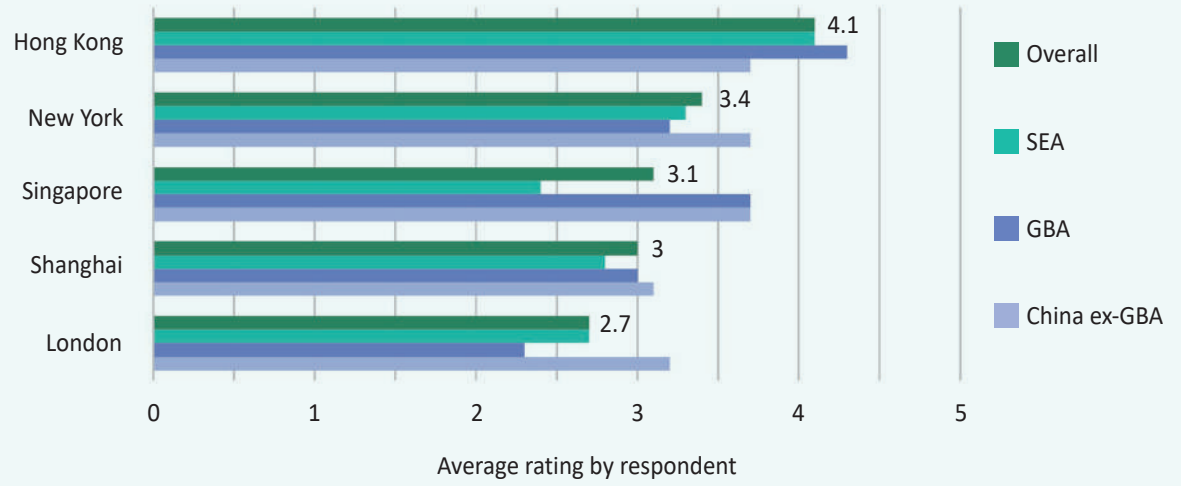
Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

Hong Kong's role in sustainable finance and areas of opportunity

Hong Kong is regarded as the leading international green finance centre. This view is consistent across all regions. Survey results highlight Hong Kong's prominent position and trusted reputation, suggesting it is well placed to set standards, attract investment, and lead sustainable finance initiatives regionally and globally.

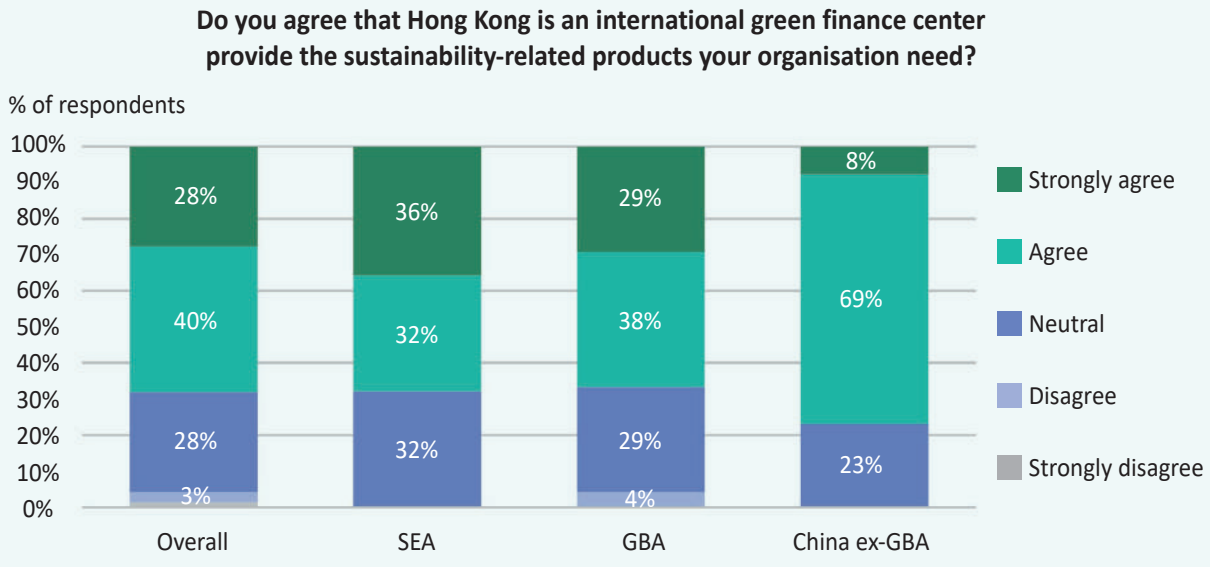
Approximately 70 percent of respondents also viewed Hong Kong as a credible international green finance centre that can provide the sustainability products their organisations require. This positive perception is shared across regions and underlines Hong Kong's potential to anchor sustainable finance development in Asia.

Exhibit 16: Hong Kong is the top international green finance center in the region



Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

Exhibit 17: Around 70% of organisations think Hong Kong can serve their sustainable finance needs

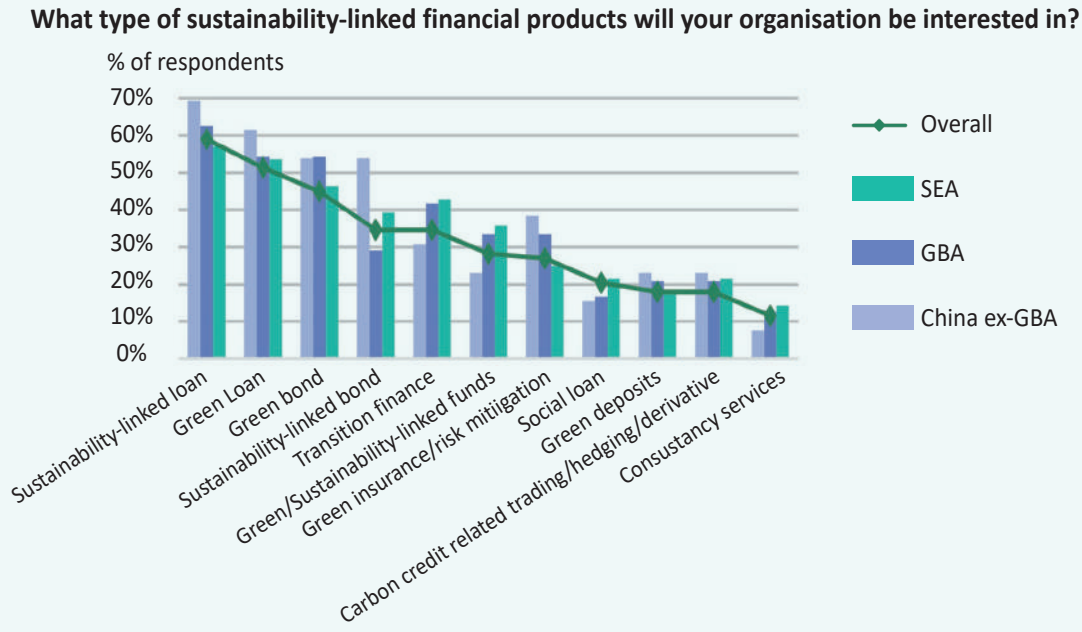


Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

In terms of specific products, sustainability-linked loans, green loans, and green bonds are the most sought-after products. Exhibit 18 below highlights that SEA respondents showed greater interest in innovative instruments such as transition finance and green insurance than their GBA peers, reflecting different market needs. More than half of all organisations expressed interest in multiple product types, pointing to the breadth of financing demand and opportunities to expand product offerings beyond traditional green instruments. Appendix III shows the definition for each product in exhibit 18.

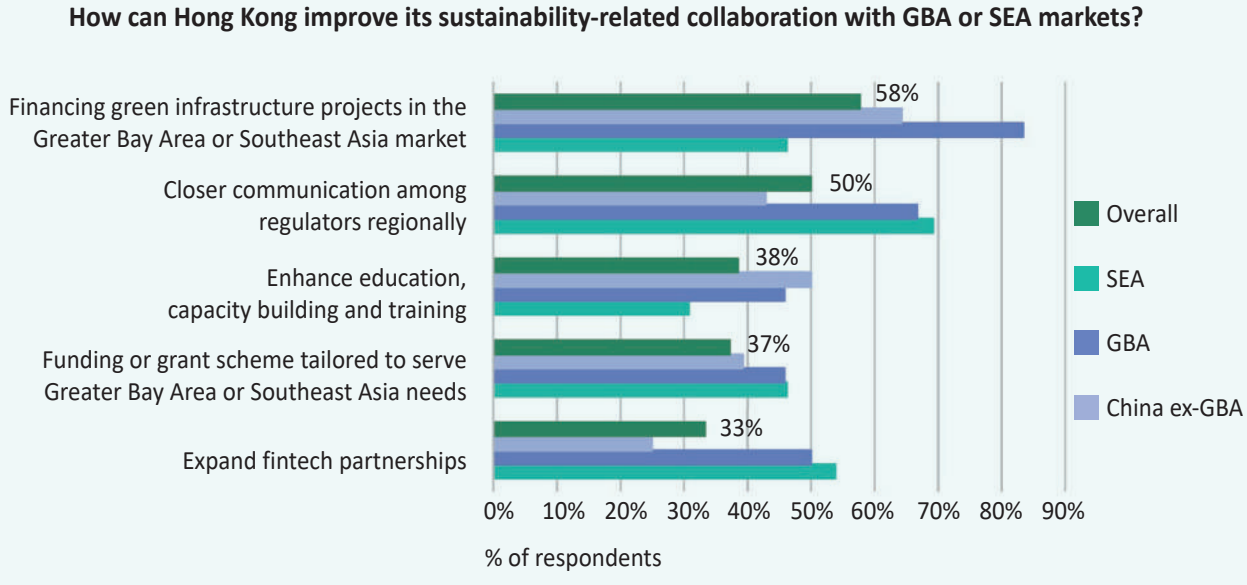
Respondents identified three priority areas where Hong Kong should have focused its efforts: transition finance frameworks and tools, high-integrity carbon markets,

Exhibit 18: Selected sustainability-linked financial products (in %)



Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

Exhibit 19: Strategies for Hong Kong to improve its sustainability-related collaboration with GBA or SEA markets



Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

and regionally focused green investment vehicles. Nearly two-thirds of organisations highlighted transition finance frameworks as the top priority, referring to clear guidelines, taxonomies, and blended finance structures to support hard-to-abate sectors. High-integrity carbon markets was selected by 58 percent of respondents, emphasising the need for transparent and credible platforms for voluntary carbon trading. Regionally focused investment vehicles also received 58 percent support, signalling demand for green funds designed around Greater Bay Area or Southeast Asian opportunities. Specialised sustainability advisory services ranked lowest, at 40 percent, suggesting that product and market development have higher priorities than consultancy support.

Finally, respondents emphasised the importance of collaboration. Financing green infrastructure projects is identified as the most impactful way for Hong Kong to strengthen ties with SEA and GBA markets, especially by respondents from the GBA. Close communication among regulators also ranked highly, while tailored grant schemes and education initiatives received moderate support, with SEA respondents expressing particular interest in education and capacity building. Expanding fintech partnerships received the least support, indicating limited appetite for this approach across regions.

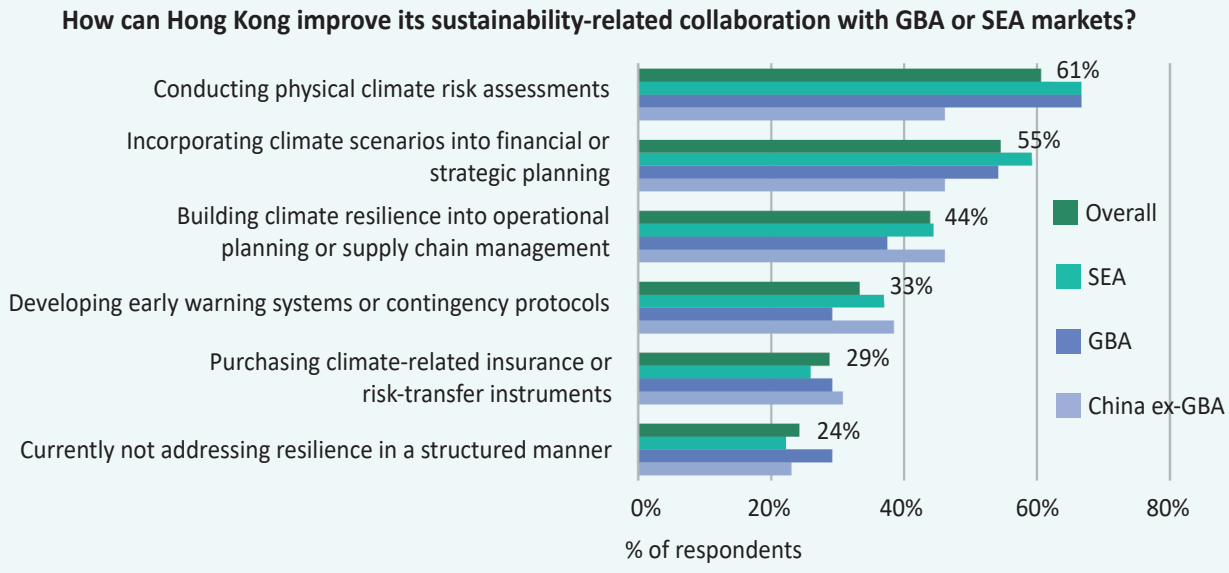
Organisation's approach towards building climate resilience

Most organisations are still in the early stages of building climate resilience. Over half of respondents are focused on assessment and planning, with 61 percent conducting physical climate risk assessments and 55 percent incorporating climate scenarios into financial or strategic planning.

Fewer organisations had progressed to implementation. Only 44 percent were engaged in operational planning or supply chain management, 33 percent had developed early warning systems, and 29 percent had purchased climate-related risk transfer instruments. Around a quarter of organisations (24 percent) were not addressing resilience in a structured way at all.

Taken together, these findings suggested limited urgency toward resilience-building among companies. This mirrored the broader lack of regional climate adaptation strategies from governments, as well as the small share of global climate finance currently directed toward adaptation.

Exhibit 20: Over half of the organisations are in the assessment and strategic planning stage when building climate resilience



Source: Derived from survey data and analysed by HKU Jockey Club Enterprise Sustainability Global Research Institute.

Implications for Hong Kong

Enhance sustainability talent development and awareness building in the region. Survey results show that the main barriers such as high cost of becoming more sustainable and a lack of internal awareness or education prevent stronger sustainability action from organisations. Addressing these challenges can support Hong Kong's sustainable finance market growth by increasing Hong Kong's attractiveness to sustainability-focused investors and organisations seeking sustainable finance. As the region's international green finance centre, Hong Kong could take lead in overcoming these challenges by supporting sustainability talent development and awareness building for organisations. This could be achieved through the following initiatives:

- **Further support regional knowledge exchange platforms** that facilitate knowledge sharing, awareness building, and collaboration on best practices with training courses and materials. For example, BOCHK has supported the Alliance for Green Commercial Banks to provide a 2-day training bootcamp to SEA banks during the Hong Kong Green Week 2025, as a professional training on sustainability related topics for banks, such as disclosure, net zero, risk management, sustainable finance, governance, etc.

- **Organise sustainability forums or sustainable finance roadshows.** Hong Kong could organise high-impact forums tailored for SEA to showcase tangible business opportunities in sustainability, practical pathways to meeting climate goals, and solutions that deliver operational efficiencies alongside environmental benefits. In addition, organising sustainable finance roadshows in SEA will allow Hong Kong financial institutions to directly exchange with local institutions and thus better capture regional opportunities by delivering be-spoken sustainable finance solutions to SEA enterprise, who are interested in a wide range of sustainable finance products according to our survey.

- **Expand Hong Kong's sustainability professional qualifications and certifications to SEA.** Hong Kong could collaborate with SEA regulators to expand professional ESG qualifications and certifications and training course from Hong Kong to SEA. This would further strengthen SEA's sustainability literacy, ensuring that SEA organisations and individuals have access to consistent and high-quality training.

By combining talent development, awareness building and recognised professional certification, these initiatives could help shift organisations' mindsets from compliance-focused adoption to strategic integration of sustainability as a driver of long-term profitability and efficiency.

Ensure flexible and stable sustainability regulatory environment. Survey results reveal flexibility and predictability of regulatory requirements is a key factor influencing where organisations choose to finance their sustainable activities. A good example is the *Sustainable Finance Action Agenda* published by The Hong Kong Monetary Authority (HKMA) in 2024, which outlines the key actions to consolidate Hong Kong's role as a sustainable finance hub in Asia banking sector. To promote predictability, Hong Kong could publish Action Agenda alike policy documents that cover financial sector beyond banking to cater diverse sustainable finance needs from different sectors, sizes, and regions. This could help reduce organisations' regulatory burden while promoting sustainability action. The new policy document could also include a clear timeline with short, medium and long-term measurable targets for the non-banking sectors. This provides certainty for organisations looking to finance or invest in sustainability, allowing them to finance or invest in long-term sustainability projects in Hong Kong.

Enhance Hong Kong Taxonomy to incorporate regional differences and transition activities. Survey respondents noted the lack of harmonised taxonomies as a key challenge when using green finance products in overseas market, and they propose Hong Kong could prioritise transition finance frameworks to serve their sustainability needs. As each region has its own definition, standard, and criteria for green and sustainable activities, this complicates overseas financing for Hong Kong financial institutions. In particular, the lack of clear and consistent standards for transition finance could prevent Hong Kong financial institutions from supporting high-carbon emitting industries in their low-carbon transition journey, due to concerns on greenwashing risks. To address these issues, Hong Kong could enhance the *Hong Kong Taxonomy for Sustainable Finance* (Hong Kong Taxonomy)

by expanding its coverage of activities and sectors to meet diverse sustainable finance needs across regions, in particular transition finance. Firstly, the current HK Taxonomy could further extend its activity coverage and enlarge its common ground with *China's Green Finance Endorsed Project Catalogue (2025 Edition)* and the *ASEAN Taxonomy for Sustainable Finance*, such that it could better serve as regionally aligned taxonomy for regional sustainable finance activities. Secondly, Hong Kong taxonomy could further cover transition activities in order to enhance transition finance. This could include but not limit to providing definition on transition activities, guidelines on application of transition label as well as enablement of relevant assurance services. In addition, Hong Kong financial institutions could consider developing their own taxonomy to position themselves as market pioneers and serve as a reference for future Hong Kong Taxonomy. The internal taxonomy could be more adaptive to distinctive needs in the region, so that the taxonomy could help driving business opportunities, preventing "greenwashing" risks, and accelerating low-carbon transition. For example, BOCHK became the first bank in Hong Kong to establish its own taxonomy for green and sustainable finance in 2024 to drive business growth, prevent "greenwashing" risks and accelerate low-carbon transition, as shown in the case study below.

Improve communication with regional regulators. The survey shows that organisations ranked closer communication among regulators regionally as a key priority for Hong Kong to improve its sustainability-related collaboration within the region. To enhance communication, Hong Kong could consider to play a more active role in regional forums and joint projects, while establishing formal mechanisms for the timely exchange of sustainable finance policy direction, information, resources, and technology.

Provide tailored incentives to lower the cost of sustainable finance products. Respondents ranked tailored funding or grant schemes as a key area for Hong Kong to improve regional sustainability collaboration. Furthermore, respondents identified the high cost of becoming more sustainable as the top barrier preventing organisations' stronger sustainability action. As such, Hong Kong could consider to offer tailored incentive to organisations from different regions and sectors to reduce their cost of become more sustainable. For example, Hong Kong could adjust the issuance size threshold or the grant amount to cater companies from different region and sectors under the *Green and Sustainable Finance Grant Scheme*, which subsidies issuance cost and external review costs for green and sustainable bonds and loans. In addition, Hong Kong could lower the issuance size threshold or increase the grant amount for transition finance to promote transition activities. Such measures could help grow Hong Kong's sustainable finance market—supporting a larger, more active ecosystem, which respondents noted as a key factor influencing where to finance sustainable activities.

Expand sustainable product offerings to meet regional demand. The survey results indicate around half of the organisations are interested in a wider range of sustainable financial products, underserved in their primary markets, and are looking to finance or invest overseas. This presents an opportunity for Hong Kong's financial institutions to capture regional demand by expanding their sustainable product offerings. For example, BOCHK offers a comprehensive spectrum of green and sustainable financial products as shown in the Exhibit 21 below, including loans, mortgages, bonds, deposits, and funds, etc. Respondents also ranked regionally focused green investment vehicles among their top priorities for Hong Kong to serve their sustainability needs. BOCHK Greater Bay Area Climate Transition ETF is one such example, as shown in exhibit 22 below, allowing investors to invest in climate transition opportunities in the Greater Bay Area. In addition, Hong Kong's financial institutions could explore financing regional green infrastructure projects, a top regional collaboration priority identified by respondents.

Case Study

BOCHK Green and Sustainable Finance Taxonomy

The Green and Sustainable Finance Taxonomy defines the terms of green and sustainable finance and transition finance for BOCHK. This taxonomy also categorizes green, sustainable and transition finance based on the use of funds in activity financing (dedicated purpose financing) and corporate financing (general purpose financing).

Covered industries

This classification standard covers green and transition activities in 8 industries, which are further divided into 20 corresponding sub-industries. The industry coverage focuses on the existing and future green and transition financing needs of each industry, the scale of their emissions in the Asia-Pacific region, transition potential, and importance to the business of BOCHK. It includes industries of particular concern to regulatory authorities in the Chinese Mainland, and the Southeast Asia region. It also covers some traditional high-carbon emitting industries with significant demand for green and sustainable finance, in line with the parent bank BOC's definition of brown industries. The classification standard covers the below industries:

Electricity & Gas
- Electricity & Gas

Transportation & Warehousing
- Land transport
- Water transport
- Air transport
- Warehouse and postal services

Construction & Real Estate
- Construction
- Real estate
- Infrastructure

Water and waste management
- Water and waste management

Agriculture
- Agriculture

Mining and quarrying
- Metal mining and quarrying
- Oil and gas

Light industry
- Food and Beverage
- Textile
- Paper

Heavy industry
- Chemical product manufacturing
- Iron, steel, and other metals
- Automobiles and transportation equipment
- Cement
- Equipment production

This taxonomy is regularly updated and reviewed in response to regulatory changes, advances in decarbonisation technologies, and industry developments. BOCHK will consider expanding the coverage and scope of industry in future updates to support more projects and companies that make substantial contributions to sustainability.

Reference standards

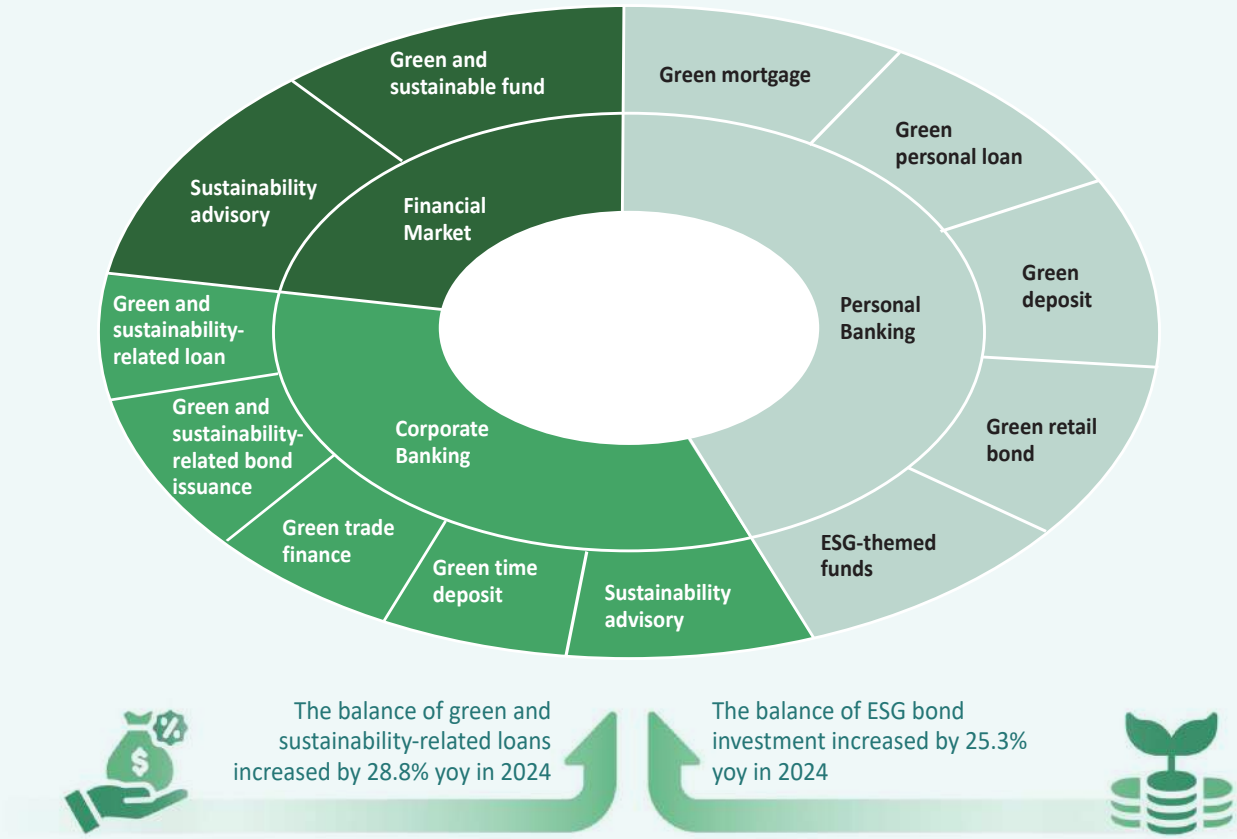
BOCHK referred to the following internationally recognised green and sustainable finance guidelines to formulate this classification standard:

- The *Green Loan Principles, Social Loan Principles*, and *Sustainability-Linked Loan Principles*, published by the Asia Pacific Loan Market Association (APLMA), Loan Market Association (LMA), and Loan Syndications and Trading Association (LSTA)
- The *Green Bond Principles, Social Bond Principles*, and *Sustainability-Linked Bond Principles*, published by the International Capital Market Association (ICMA)

  In addition, BOCHK primarily referred to the following international, national, and regional taxonomy standards when formulating this standard and designing its coverage activities, key indicators, and entry values:
- *Hong Kong Sustainable Finance Taxonomy*, published by the Hong Kong Monetary Authority
- *Common Ground Taxonomy*, published by the International Platform on Sustainable Finance (IPSF)
- *Green Bond Endorsed Projects Catalogue and the Catalogue for Guiding the Transition of Industries to Green and Low-Carbon Energy*, issued by the PBOC, the National Development and Reform Commission (NDRC) and the China Securities Regulatory Commission (CSRC)
- *ASEAN Taxonomy for Sustainable Finance*, published by the ASEAN Taxonomy Board (ATB)
- Standards of other relevant regions

Source: BOCHK 2024 Sustainability Report

Exhibit 21: Overview of BOCHK's green and sustainable financial products



Source: BOCHK 2024 Sustainability Report, BOCHK Climate-related Financial Disclosures Report 2024

Exhibit 22: Case Study: BOCHK GBA Climate Transition ETF

On 31 March 2023, the BOCHK Greater Bay Area Climate Transition ETF was successfully listed on the main board of HKEX. This ETF is the first exchange-traded fund in the Hong Kong market that tracks an ESG index with investments in the Greater Bay Area, giving investors the opportunity to capture the economic growth opportunities driven by climate transition in the Greater Bay Area.

Source: BOCHK 2023 Sustainability Report

Appendices

Appendix I: Climate Commitments and Policy Landscape – China (including GBA) and SEA Overview (2025)

Jurisdiction	Net Zero Target	Key Policies (Energy, Transport, Industrials)	Major Disclosure Mandates
China (Mainland)[15]	2060	ETS in place (power sector, expanding); coal phase-down; major EV and renewables push	Mandatory ESG/climate disclosures by FY2025 for companies in SSE 180 Index, STAR 50 Index, SZSE 100 Index, ChiNext Index, and those listed both domestically and overseas; GHG reporting for seven sectors.
GBA region			
Shenzhen[16]	Likely by 2050	100% electric public transport; solar and green building push; ETS pilot	ETS emissions reporting
Guangzhou[17]	Before 2060	Industrial retrofits; solar and metro rollout; port electrification	ETS and provincial disclosure programmes; voluntary corporate climate recognition schemes
Hong Kong SAR[18]	2050	Coal phase-out, green buildings, EV incentives, net-zero transport by 2050	Mandatory scope 1 and 2 emissions disclosure for all listed companies from FY2025. Large cap companies to disclosure other ISSB[19]-aligned climate disclosure from FY2026 on mandatory basis.

15 "China's 2060 Carbon Neutrality Goal," State Council of the People's Republic of China, September 2020.
"China Emissions Trading System," International Carbon Action Partnership (ICAP), 2024.

16 "Mandatory ESG Disclosure Rules for Listed Companies," Shanghai Stock Exchange & Shenzhen Stock Exchange, April 2023.

17 "Guangzhou Low-Carbon Development Action Plan," Guangzhou Municipal Development and Reform Commission, 2022.

18 "Hong Kong's Climate Action Plan 2050," Government of the Hong Kong SAR, October 2021.
"HKEX Climate-related Disclosure Requirements," Hong Kong Exchanges and Clearing Limited, April 2024.

19 The International Sustainability Standards Board (ISSB) was established by the International Financial Reporting Standards (IFRS) foundation to develop comprehensive global baseline of sustainability disclosures.

Jurisdiction	Net Zero Target	Key Policies (Energy, Transport, Industrials)	Major Disclosure Mandates
SEA region			
Singapore[20]	2050	Rising carbon tax; renewable imports; full EV transition by 2040	ISSB-aligned climate-related disclosures mandatory for SGX-listed companies from FY2025 except scope 3 emissions; GHG reporting for emitters ≥2,000 tCO_2e
Malaysia[21]	2050	Energy Transition Roadmap; renewables, EVs, efficiency laws	Climate disclosure mandatory from FY2025; Scope 3 by FY2027; GHG rules coming in Climate Act
Indonesia[22]	2060	Coal retirement via JETP; biofuels; EV incentives; carbon market in development	Sustainability reporting mandatory; GHG reporting under carbon trade pilot; banks face climate risk rules
Vietnam[23]	2050	Renewables push; ETS under design; energy efficiency mandates	GHG inventory mandatory for large emitters (≥3,000 tCO_2); ESG reporting encouraged but voluntary
Philippines[24]	Developing	Renewable targets; coal moratorium; EV law; carbon market plans	Mandatory ESG reporting for listed firms; TCFD-aligned disclosure from FY2025
Thailand[25]	2050 (carbon neutrality), 2065 (net zero)	Renewable scale-up; EV production goals; green industry programme	ESG disclosure for listed firms; TCFD encouraged; climate law in draft
Cambodia[26]	2050	Solar rollout; forest conservation; cleaner transport plans	No formal corporate disclosure mandates.
Laos[27]	2050	Hydropower exports; efficient transport; land-use sinks	No mandatory ESG/GHG disclosure; donor-supported transparency efforts

This summary draws on the most recent (2022–2025) updates to official Nationally Determined Contributions (NDCs) submitted to the UNFCCC, national and subnational climate strategies and long-term decarbonisation plans, and sector-specific policy documents from relevant ministries. Disclosure mandates and ESG reporting requirements were compiled from regulatory announcements and frameworks issued by stock exchanges, central banks, securities commissions, and financial regulators.

20 Singapore's Climate Ambition and Net Zero by 2050," Ministry of Sustainability and the Environment (Singapore), 2022

21 "Malaysia's National Energy Transition Roadmap," Ministry of Economy (Malaysia), August 2023.

22 "Indonesia Long-Term Strategy for Low Carbon and Climate Resilience 2050," Ministry of Environment and Forestry (Indonesia), 2021.

23 "Vietnam National Climate Change Strategy to 2050," Ministry of Natural Resources and Environment (Vietnam), July 2022.

24 "Philippines Moratorium on New Coal Power Plants," Department of Energy (Philippines), October 2020.

25 "Thailand Long-Term Low Greenhouse Gas Emission Development Strategy," Government of Thailand, 2021.
"Form 56-1 One Report ESG Disclosure," Securities and Exchange Commission (Thailand), 2023.

26 "Cambodia Long-Term Strategy for Carbon Neutrality," Ministry of Environment (Cambodia), December 2021.

27 "Lao PDR's Updated Nationally Determined Contribution 2021," Ministry of Natural Resources and Environment (Lao PDR), October 2021.

Appendix II. Demographics of Respondents

Region	Number of Respondents	Percentage
Southeast Asia (SEA)	**28**	**35%**
Malaysia	8	11%
Philippines	4	5%
Brunei Darussalam	4	5%
Singapore	4	5%
Indonesia	3	4%
Thailand	1	1%
Lao PDR	1	1%
Timor-Leste	1	1%
Vietnam	1	1%
Cambodia	1	1%
Greater Bay Area (GBA)	**24**	**32%**
Hong Kong SAR	13	18%
Guangdong Province	10	13%
Macau SAR	1	1%
China ex-GBA	**13**	**17%**
Not Disclosing Location	**12**	**16%**
Total	**77**	**100%**

Appendix III. Definition for Sustainability-related Financial Products

- **Sustainability-linked loan:** Loan instruments whose terms depend on the borrower achieving predefined sustainability performance objectives.
- **Green loan:** Loans made exclusively to finance or refinance eligible Green Projects.
- **Green bond:** Bonds whose proceeds are exclusively applied to eligible Green Projects.
- **Sustainability-linked bond:** Bonds where terms depend on the issuer achieving predefined sustainability/ESG objectives.
- **Transition finance:** Financial services supporting the transition to net-zero emissions and climate resilience in line with the Paris Agreement.
- **Green/Sustainability-linked funds:** Investment funds based on ESG criteria.
- **Green insurance/risk mitigation:** Insurance policies that encourage/support environmentally responsible practices.
- **Social loan:** Loans whose proceeds are applied to eligible Social Projects.
- **Green deposits:** Interest-bearing deposits earmarked for green finance.
- **Carbon credit-related trading/hedging/derivative:** Financial products linked to carbon credits.
- **Consultancy services:** Advisory services related to sustainability-linked finance.

We would also like to thank the following people from Hong Kong Financial Research Institute of Bank of China, MSCI Sustainability Institute and HKU Jockey Club Enterprise Sustainability Global Research Institute for their contributions to this report: Dr. Kang Qu, Fei Lau, Xueyu He, Chakki Ting, Liyun Liang, Rumi Mahmood, Michelle Leung, Nicole Sze, Brian Browdie, Ewan Jarvis, Professor Jeffrey Ng, Dr. Aurelius Aaron, Qidan Wang, Wendy Cui, and Sophie Hu.