

# INSIGHTS ON ESG & SUSTAINABLE INVESTING OF FAMILY OFFICES & HNWI IN ASEAN

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## INTRODUCTION

### STUDY OVERVIEW

This study examines the ESG and sustainable investing preferences of Family Offices (FOs) and High-Net-Worth Individuals (HNWIs) in ASEAN – investor segments that are not as easily evaluated as publicly listed companies, which are required to publish detailed sustainability reports. As private capital allocators with growing influence, understanding their ESG awareness, motivations, and barriers is critical to shaping more effective engagement strategies and investment products in the region.



### CURRENT CHALLENGES IN ESG INVESTING

- Lack of ESG Awareness Data
- Unclear Investment Drivers
- Undefined ESG Theme Preferences
- Product-Market Misalignment
- Adoption Barriers Unknown



### LITERATURE REVIEW

Prior studies (Kaakandikar et al., 2025; Li et al., 2024; Wen et al., 2023, and other literatures) show that awareness, certification, and investment barriers significantly influence: ESG Investment Decisions, ESG Investment Allocation & ESG investors' Willingness to Sacrifice Returns, depending also on project type.



### Hypothesis Development

Drawing from the literature review, we identified 30 hypotheses to be tested across three dependent variables.



### Data Collection & Analysis

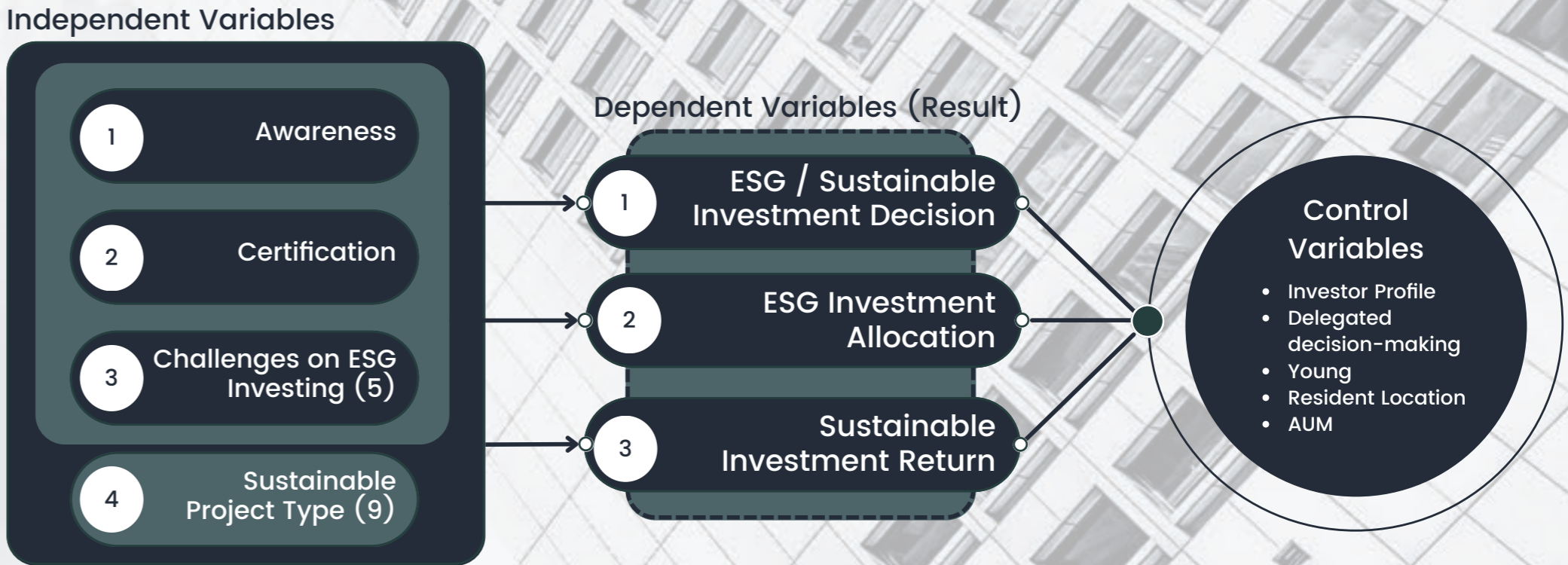
Completed survey responses were included in the quantitative analysis. Several questions were selected as the proxy for dependent, control, and independent variables, based on insights from the literature review and hypothesis development.

## METHODOLOGY

### DESCRIPTIVE ANALYSIS FRAMEWORK

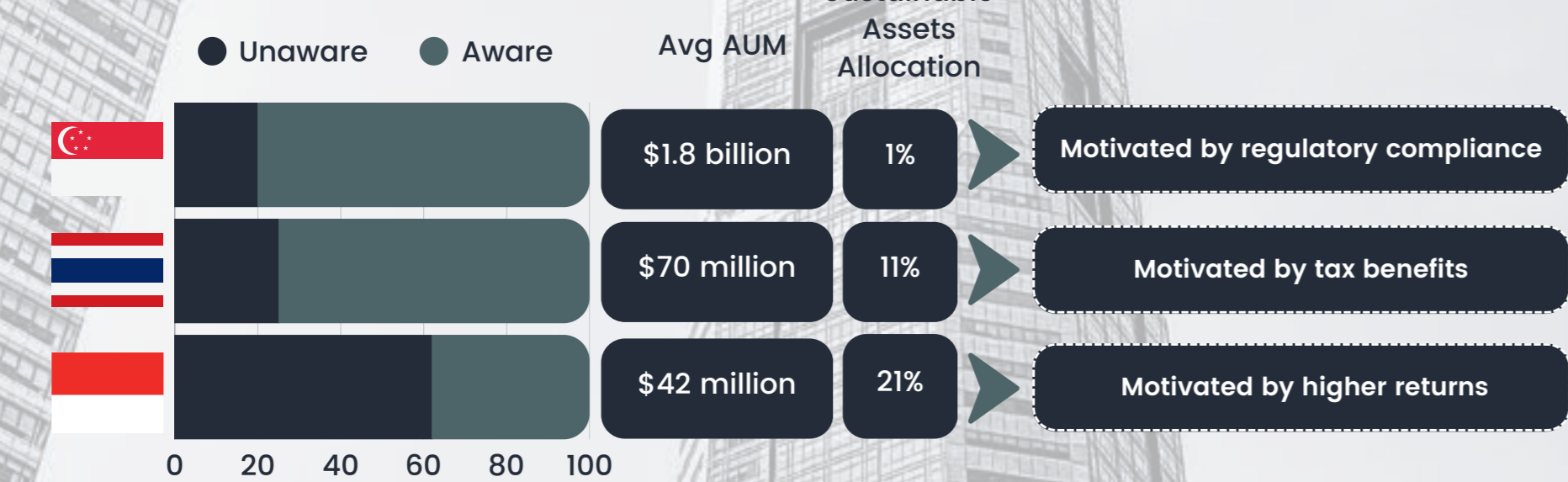


### QUANTITATIVE ANALYSIS FRAMEWORK



## KEY RESULTS

### DESCRIPTIVE ANALYSIS



INVESTORS WHO INVEST IN SUSTAINABILITY		INVESTORS WHO DO NOT INVEST IN SUSTAINABILITY	
Use norms-based screening	FO'S	Cite impact measurement difficulty and expertise gaps as key barriers	
Prefer positive screening	HNWI'S	Main barrier is lack of expertise	
Willing to invest if returns ≈ 12%	FO'S + HNWI'S	Many only willing to sacrifice 0-1% returns, with 33% unwilling to sacrifice any	
Request clearer regulations, tax incentives, and better ESG-adjusted returns Key Challenges: Impact measurement & ESG knowledge gaps			

**LINKING INCENTIVES TO ESG INVESTMENT IN SINGAPORE**

Overall, our study shows that investors motivated by incentives (e.g., returns, tax benefits) tend to allocate a larger share of AUM to sustainable assets. However, Singaporean investors are primarily driven by regulatory compliance, which highlights the need to emphasize the tangible benefits of ESG investing to support deeper engagement.

### QUANTITATIVE ANALYSIS MAIN FINDING SUMMARY

Results	Key Insights
Result 1: ESG Investment Decisions	<ul style="list-style-type: none"><li>Managerial involvement and sustainability awareness are key drivers of sustainable investment decisions.</li><li>Project and Market limitations may also motivate investors to consider sustainability as a strategic response.</li></ul>
Result 2: ESG Investment Allocation	<ul style="list-style-type: none"><li>Holding sustainability certifications, regulatory uncertainty, and difficulty in measuring impact are positively associated with sustainable investment allocation. This aligns with existing literature suggesting that investors may allocate capital toward sustainability as a strategic response to future regulations and mission-driven goals, even when impact measurement frameworks are still evolving (Gibson et al., 2021; Brest &amp; Born, 2013).</li><li>Youth also positively associated with sustainable investment allocation.</li><li>Singapore-based investors show promising baseline interest, but may need more targeted engagement.</li></ul>
Result 3: ESG investors Willingness to Sacrifice Returns	<ul style="list-style-type: none"><li>HNWIs and investment managers show a lower willingness to sacrifice returns, especially if they have limited sustainable expertise, which aligns with the findings of Paetzold et al. (2022), who observed that HNWIs often prioritize investments that offer both positive impact and relatively high financial returns.</li><li>Causal understanding contribute to willingness in specific sectors like renewable energy, but not universally.</li></ul>

## RECOMMENDATIONS

### WHAT NEEDS TO CHANGE TO SCALE ESG/SUSTAINABILITY ADOPTION

- Build awareness and expertise through targeted knowledge building programmes
- Promote sustainability certification programmes
- Promote products with measurable impact to young investors
- Create incentives to promote knowledge building

## IMPLICATIONS

#### Awareness & Education

ESG-aware investors:

- More likely to invest in sustainable assets
- Allocate higher portfolio shares

Awareness gap: Only ~50% understand ESG concepts in ASEAN

Implication: Launch regional campaigns and media outreach to boost engagement

#### Market & Policy Constraints

Challenges:

- Limited bankable ESG projects
- Regulatory uncertainty and fragmented disclosure standards

Implication: Harmonize ESG policies and expand green finance tools (e.g., green bonds)

#### Mindset & Priorities

Key deterrents:

- Low stakeholder interest (often generational)
- Limited confidence in ESG knowledge

Implication: Target next-gen decision-makers with tailored ESG education

#### Certification & Competency

Key deterrents:

- Only a minority hold formal ESG certifications, yet they: Invest more frequently and at higher levels
- Show greater confidence in impact measurement & risk management

Implication: Promote training programs, workshops, and integration of ESG specialists.

#### ESG Adoption – Status & Trends

Current adoption: Only 4% of surveyed investors have ESG allocations (<15% of portfolio)

Regional comparison: ~33% of Asian private banking clients invested in ESG by 2022 (MAS)

Opportunity: Deepen investor engagement and expand ESG product offerings