



# Press Release

## Zeronomics: Net Zero measurement frameworks key to accelerating energy transition goals in the Middle East

**28 March 2021; Dubai, UAE** – Three in five Middle Eastern businesses are delaying their energy transition targets, leaving them in danger of missing the Paris Agreement target of net zero carbon emissions by 2050, new research from Standard Chartered has revealed.

Zeronomics, a study into the financing of a net zero world, surveyed the senior leadership of 250 large companies and 100 investment specialists around the world between September and October 2020 and found that:

- 60 per cent of Middle East-based business leaders believe their companies are not transitioning fast enough to reach net zero by 2050 (55 per cent of companies globally)
- Lack of access to finance is the biggest barrier to progress for Middle Eastern companies, cited as a significant obstacle by 80 per cent (67 per cent globally). The same percentage say a lack of consensus on net zero definitions and targets is a significant hurdle (63 per cent globally)
- Carbon-intensive industries and companies based in emerging markets are struggling most with the transition
- Just 35 per cent of Middle Eastern companies fully support the aims of the Paris Agreement (47 per cent globally)

### What are the barriers?

Many companies based in the Middle East are looking to delay significant action to after 2030, with the 2020s looking set to be a lost decade. Some 20 per cent of business leaders (34 per cent globally) said their companies will make the most progress between 2030 and 2040, while a further 40 per cent (37 per cent globally) said they will take most action between 2040 and 2050.

Most companies are delaying transition because they do not feel they are currently equipped to meet the target. Some 65 per cent (59 per cent globally) said they need extensive organisational change before tackling net zero.

A lack of finance, and a lack of consensus on net-zero definitions, aren't the only hurdles companies in the Middle East face on the road to 2050. Seventy per cent (60 per cent globally) believe a lack of consistent measurement and reporting standards is hampering progress, while the same percentage (60 per cent globally) say a lack of supply chain transparency, making controlling emissions in the supply chain difficult, is a significant barrier to net-zero.

Meanwhile, COVID-19 is forcing many businesses in the region to focus on immediate survival: A whopping 85 per cent (85 per cent globally) of senior executives say the pandemic has delayed their company's net-zero transition.

### How to fix it

The research also reveals what business leaders believe is needed in order to speed up transition. 90 per cent (81 per cent globally) believe standardised net-zero measurement frameworks would help transition, underlining the fact that what we have currently, a matrix of different definitions, measurement and reporting requirements is a major challenge for senior executives.

A further 85 per cent (81 per cent globally) said cost savings from sustainable practices could help the world hit net zero by 2050. Meanwhile, the same percentage (72 per cent globally) believe stronger external incentives, including favourable tax treatment would help with transition.

<b>What are the top accelerators of net-zero transition?</b>	<b>Middle East %</b>	<b>Globally %</b>
Standardised global net zero transition measurement, disclosure and ratings frameworks	90	81
Increased operational efficiency / cost savings from sustainable practices	85	81
Stronger external incentives, including favourable tax treatment	85	72
Increased shareholder activism / investor scrutiny and pressure	75	78
Increased demand for net zero operations, products and services from net zero trading partners	70	79
Inclusion of net zero transition as a key part of investors fiduciary duties	70	74

Bill Winters, Group Chief Executive of Standard Chartered says: “Our survey reveals that most companies intend to transition to net-zero by 2050 but have yet to take the action needed to get there. A majority cite funding as an obstacle and carbon-intensive industries and emerging-market companies struggle the most.

“A successful net-zero transition must be just, leaving no nation, region or community behind and, despite the hurdles, action needs to be swift. We must act now, and we must act together: companies, consumers, governments, regulators and the finance industry must collaborate to develop sustainable solutions, technologies and infrastructure.”

Mohamed Salama, Regional Head of Corporate, Commercial and Institutional Banking, Middle East and North Africa, says: “The urgency to act upon net-zero commitments has never been more important as natural resources continue to deplete and the risk of missing the UN and Paris Agreement’s 2030 deadline looms ahead. Standard Chartered’s Zeronomics survey identifies the challenges that impede a wide-scale transition to net-zero and serves as a call to action for public and private organisations to accelerate their sustainability efforts in service of the continued stability and prosperity of the global economy.”

“Although the Middle East continues to lead in the introduction of sustainability-driven frameworks and innovations, such as the UAE’s Masdar City and the Mohammed bin Rashid Al Maktoum Solar Park, the world’s largest single-site solar park, much is to be done if the region is to realise a sustainable future. At Standard Chartered, we have and will continue to support the achievement of public and private institutions’ sustainability aspirations by providing the necessary funding to materialise these projects and solutions.”

Zeronomics examines the economics of transitioning to a net-zero carbon future. Standard Chartered commissioned this major global study to understand how far companies have come on their journey to decarbonise and it reveals a gulf between words and action.

Reaching net zero carbon emissions by 2050 will be a considerable challenge. Every organisation in every sector has a critical role to play in limiting global warming. Commitment to this agenda must be top of mind for all companies – public and private, large and small – and to succeed they must undergo major transformation.

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For further information please contact:

Wasim Ben Khadra  
Head of External Communications  
Corporate Affairs and Brand & Marketing  
Standard Chartered  
Phone: +971 56 5080106  
E-mail: [wasim.benkhadra@sc.com](mailto:wasim.benkhadra@sc.com)

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