



Press Release

Zeronomics: Companies are transitioning too slowly leaving the 2050 net zero emissions goal at risk

More than half of companies are not transitioning to net zero fast enough, 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 between September and October 2020 and found that:

- 55 per cent of business leaders believe their companies are not transitioning fast enough to reach net zero by 2050
- A lack of finance is seen as the biggest barrier to progress – 85 per cent of companies need medium or high levels of investment to transition to net zero
- Carbon-intensive industries and companies based in emerging markets are struggling most with the transition
- Just 47 per cent of companies fully support the aims of the Paris Agreement

What are the barriers?

Many companies are looking to delay significant action to after 2030, with the 2020s looking set to be a lost decade. More than a third of business leaders (34 per cent) said their companies will make the most progress between 2030 and 2040, while 37 per cent 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 59 per cent said they need extensive organisational change before tackling net zero.

Accessing transition finance is not the only hurdle companies face. Some 64 per cent of business leaders believe their company's progress is being hampered by affordable alternative technology to help them transition, while three in five believe that a lack of support from investors is a significant obstacle.

Meanwhile, COVID-19 is forcing many businesses to focus on immediate survival: 52 per cent of senior executives say their organisation is postponing net-zero transition in order to maximise revenues in the short to medium term.

How to fix it

The research also reveals what business leaders believe is needed in order to speed up transition. Most point to standardised net-zero measurement frameworks (81 per cent), 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 81 per cent said that cost savings from sustainable practices or increased operational efficiency, making it more attractive financially to move to net zero would speed up transition.

Meanwhile, 79 per cent of business leaders said that an increased demand for net-zero product and services, increasing pressure from customers to move to net zero, would help the world hit net zero by 2050.

What are the top accelerators of net-zero transition?	
Standardised global net-zero transition measurement, disclosure and rating frameworks	81 per cent
Increased operational efficiency/cost savings from sustainable practices	81 per cent
Increased demand for net-zero operations, products and services from net-zero trading partners	79 per cent
Increased shareholder activism/investor scrutiny and pressure	78 per cent
An effective global carbon tax	77 per cent

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.”

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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