



30 March 2021

-----

## **Zeronomics, a study into financing a net zero world**

Standard Three in five ASEAN-based 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 around the world between September and October 2020 and found that:

- 60 per cent of ASEAN-based business leaders believe their companies are not transitioning fast enough (55 per cent of companies globally)
- Lack of support from their own investors is the biggest barrier to progress for companies in this region, cited as a significant obstacle by 73 per cent (60 per cent globally)
- Carbon-intensive industries and companies based in emerging markets are struggling most with the transition
- Just 40 per cent of ASEAN-based companies fully support the aims of the Paris Agreement (47 per cent globally)

What are the barriers?

Many ASEAN companies are looking to delay significant action to after 2030, with the 2020s looking set to be a lost decade. Just 20 per cent of business leaders (34 per cent globally) said their companies will make the most progress between 2030 and 2040, while 53 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 60 per cent (59 per cent globally) said they need extensive organisational change before tackling net zero.

A lack of investor support isn't the only hurdle companies in ASEAN face. Some 70 per cent (67 per cent globally) of business leaders believe a lack of finance is hampering transition, while seven in ten (60 per cent globally) believe that a lack of support from executive leadership is a significant obstacle.

Meanwhile, COVID-19 is forcing many businesses in the region to focus on immediate survival: A whopping 97 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. Some 90 per cent of ASEAN companies (81 per cent globally) cite cost savings from sustainable practices or increased operational efficiency, making it more attractive financially to move to net zero would speed up transition.

A further 87 per cent (74 per cent globally) believe that making net zero a key part of investors' fiduciary duties, while 83 per cent (81 per cent globally) believe standardized net-zero measurement frameworks would aid 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.

<b>What are the top accelerators of net-zero transition?</b>	<b>ASEAN %</b>	<b>Globally %</b>
Increased operational efficiency/cost savings from sustainable practices	90	81
Inclusion of net zero as a key part of investors' fiduciary duties	87	74
Standardised global net-zero transition measurement, disclosure and rating frameworks	83	81
Increased demand for net-zero operations, products and services from net-zero trading partners	83	79
An effective global carbon tax	83	77

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.

--- ENDS ---