



# Press Release

## **Zeronomics: Greater China companies are transitioning too slowly, leaving the 2050 net zero emissions goal at risk**

**26 March 2021, Hong Kong** - Half of Greater China-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:

- 50 per cent of Greater China-based business leaders believe their companies are not transitioning fast enough (55 per cent of companies globally)
- Lack of support for net zero from executive leadership is the biggest barrier to progress for Greater China companies, cited as a significant obstacle by 72 per cent (60 per cent globally)
- Carbon-intensive industries and companies based in emerging markets are struggling most with the transition
- 45 per cent of Greater China-based companies fully support the aims of the Paris Agreement (47 per cent globally)

### **What are the barriers?**

Many companies based in Greater China are looking to delay significant action to after 2030, with the 2020s looking set to be a lost decade. Some 48 per cent of business leaders (34 per cent globally) said their companies will make the most progress between 2030 and 2040, while 30 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 56 per cent (59 per cent globally) said they need extensive organisational change before tackling net zero, while 68 per cent (60 per cent globally) believe that a lack of support from their organisation's investors is a significant obstacle.

Meanwhile, COVID-19 is forcing many businesses in the region to focus on immediate survival: 82 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. 80 per cent (72 per cent globally) believe favourable tax treatment making it more attractive financially to move to net zero would speed up transition.

A further 75 per cent (78 per cent globally) said increased shareholder activism or increased pressure from investors would aid transition. Meanwhile, 72 per cent (77 per cent globally) believe an effective global carbon tax, based on a carbon price that reflects the true cost of climate change, could help the world hit net zero by 2050.

What are the top accelerators of net-zero transition?	Greater China %	Globally %
Stronger external incentives, including favourable tax treatment	80	72
Increased shareholder activism / investor scrutiny and pressure	75	78
An effective global carbon tax	72	77
Standardised global net zero transition measurement, disclosure and ratings frameworks	70	81
Increased operational efficiency / cost savings from sustainable practices	70	81
Increased demand for net zero operations, products and services from net zero trading partners	70	79

**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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