

Transition Pathways: Transport

Drivers and roadblocks: How are transport and logistics businesses approaching the low-carbon transition?



We surveyed over 300 transport and logistics companies in 16 markets to understand what the transition to net zero means for the sector, and how businesses are putting their decarbonisation plans into motion.

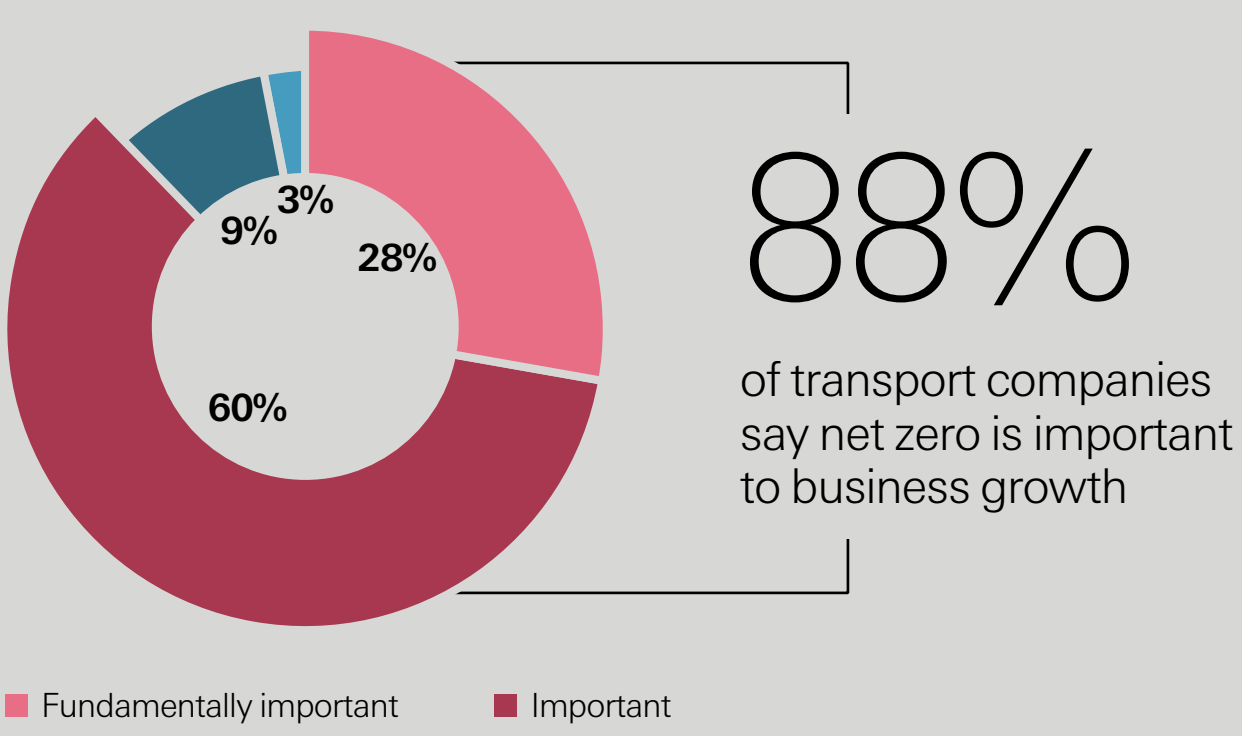
"There is real momentum behind the transport sector's transition to a lower-carbon future. As businesses put their decarbonisation plans into action, access to finance, investment and strategic advice will be of paramount importance."

Jon Connor
Global Head of Transport, Logistics, Infrastructure and Construction, HSBC

1

Business sentiment

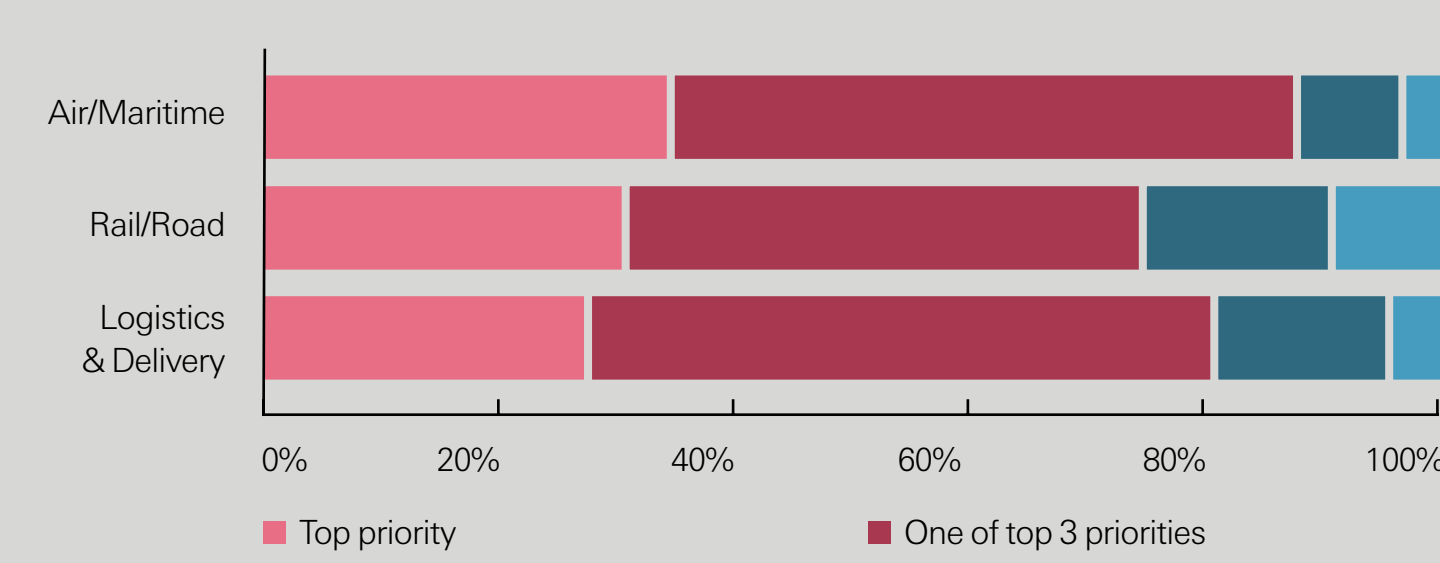
To what extent is net zero commercially important to achieving your overall business growth?



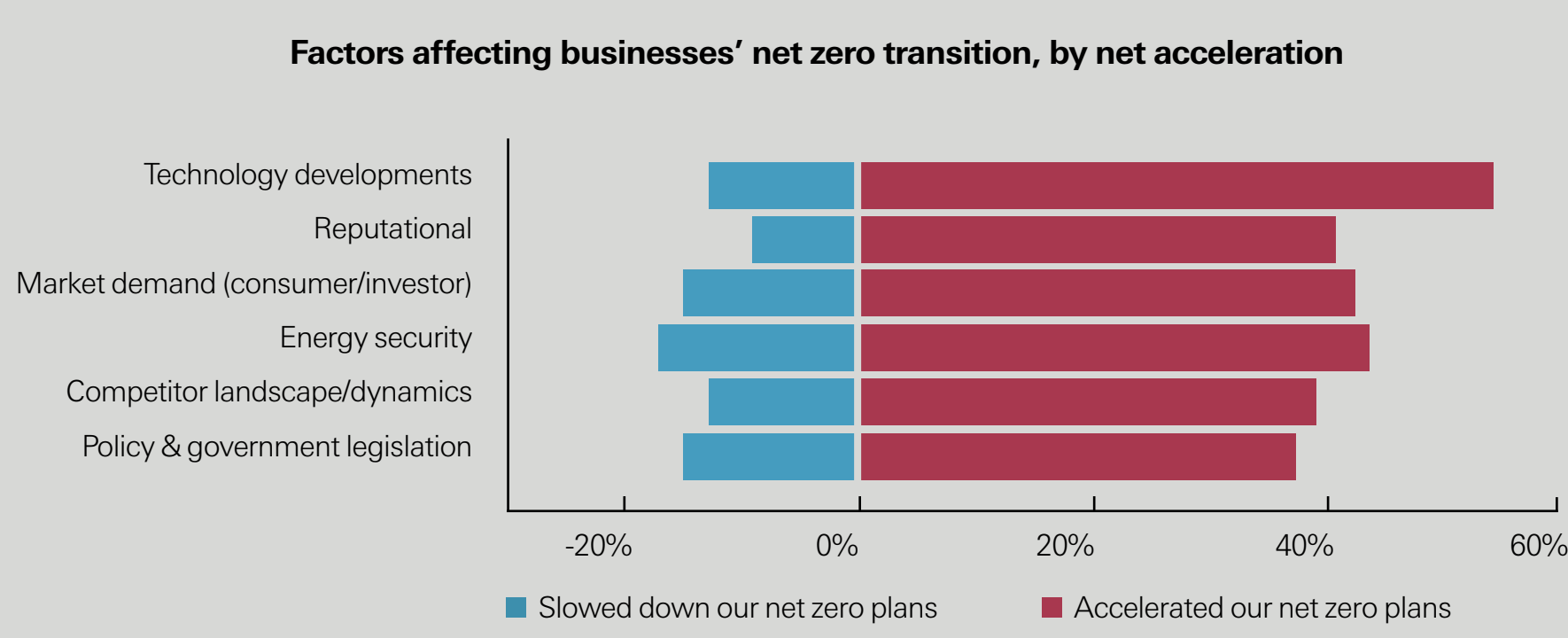
A significant majority of transport companies see a strong business case for transitioning to net zero, and more than half say that technology developments are speeding their progress.

Nine in 10 companies in the air and maritime sector say net zero is one of their top 3 business priorities – compared to around 3 of 4 in the road/rail and logistics sectors.

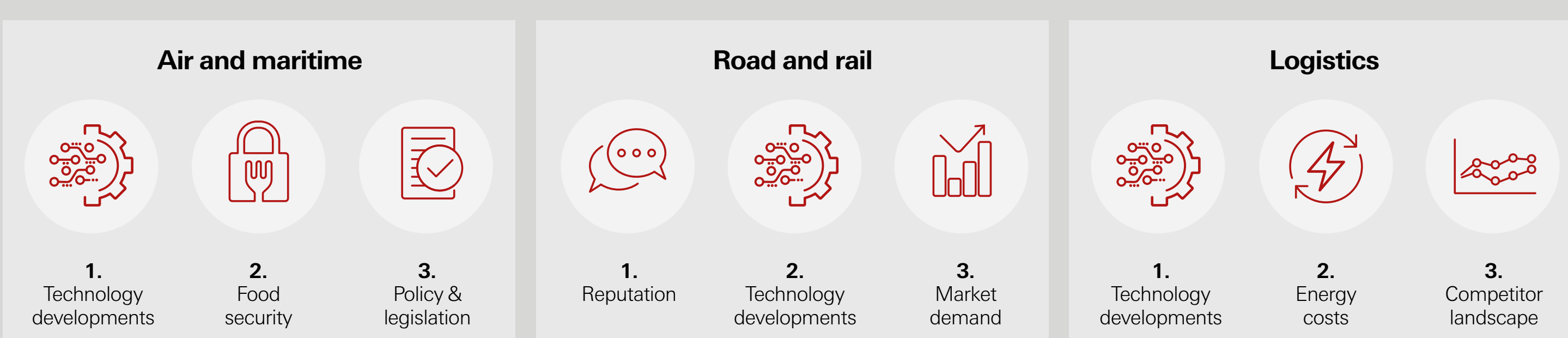
Where does transitioning to net zero rank as part of your business priorities, over the next 12 months?



Technology developments are the most powerful accelerator of the transport sector's transition, with reputation ranking as the top driver for businesses in the road and rail segment.



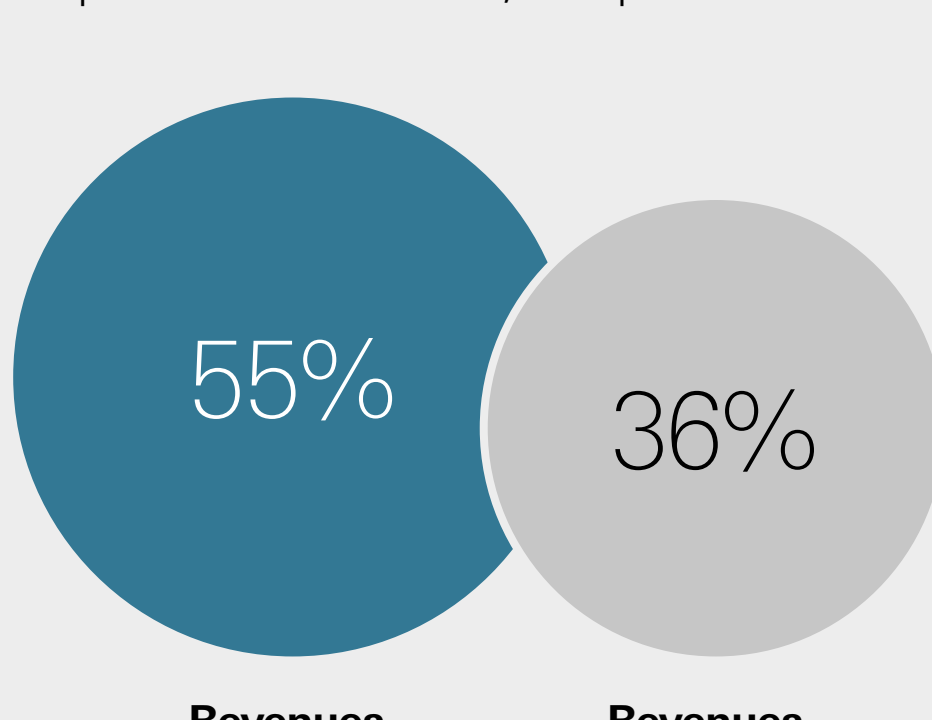
Top 3 accelerators by subsector



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Targets and drivers

55% of large companies have set net zero targets for scope 1 and 2 emissions, compared to 36% of small businesses.



Almost two-thirds of the transport companies surveyed have a dedicated reporting plan for their transition. Small businesses need the most help in setting emissions targets, and all sectors are looking to governments to set the agenda.

The transport sector is looking to policymakers to shape their transition, with government ranking as the biggest influence across all transport modalities and all business sizes.



Businesses are looking to influence indirect scope 3 emissions in various ways, with procurement strategies and pricing among the most common tactics.

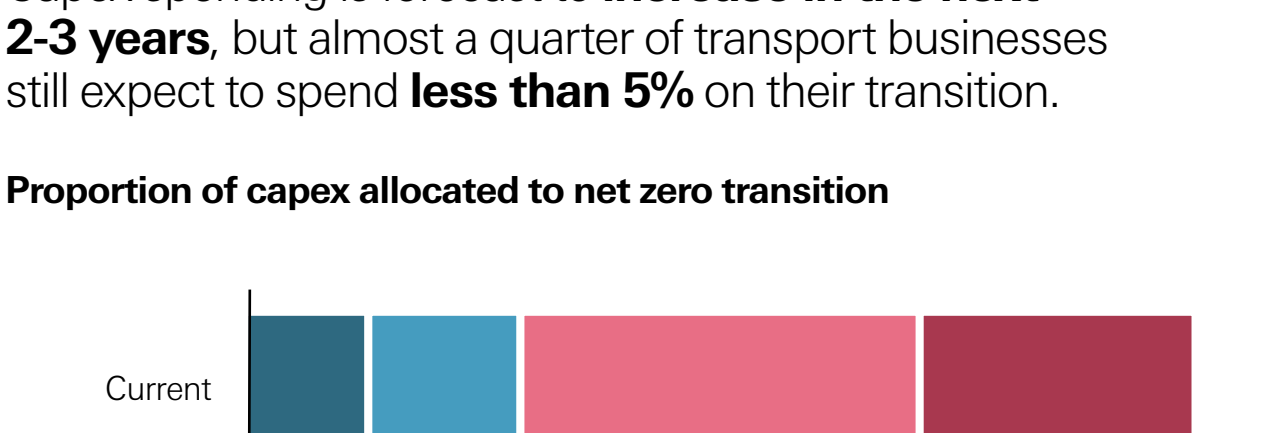


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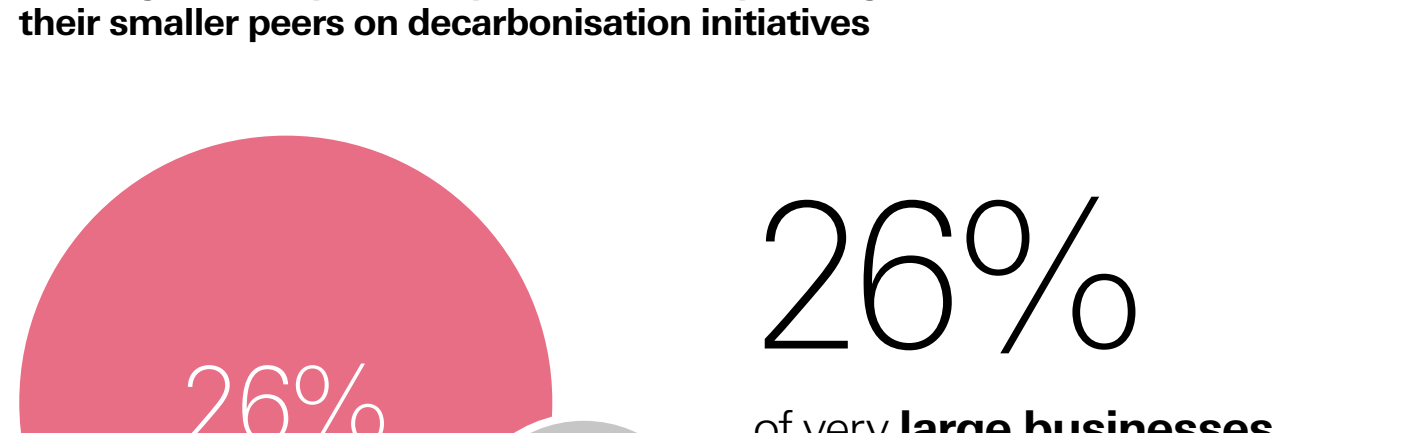
Actions and investment

Transport businesses are spending on a wide range of net zero initiatives and expect to increase their spending over the next 2-3 years. Large companies and businesses in the Middle East are allocating more of their capex to the transition than their peers.

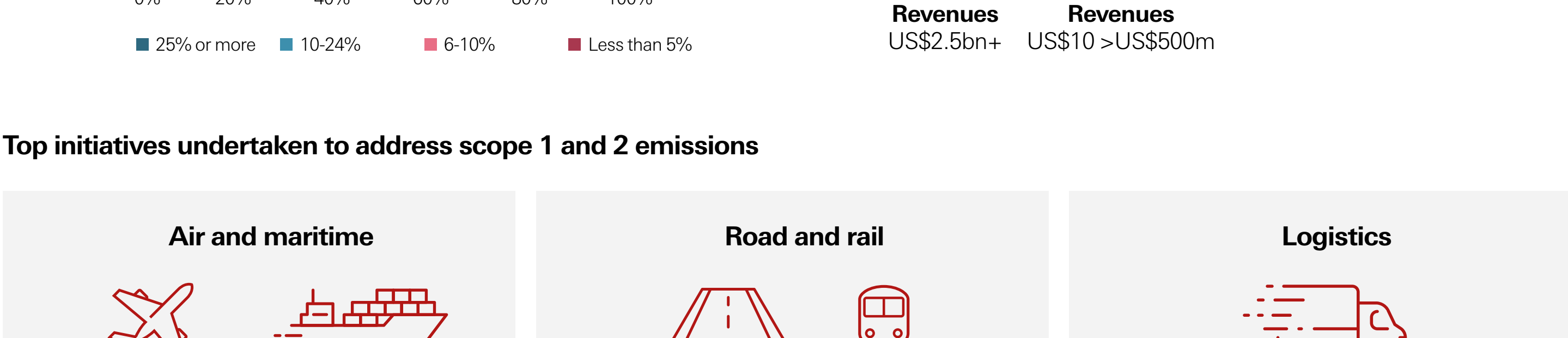
Capex spending is forecast to increase in the next 2-3 years, but almost a quarter of transport businesses still expect to spend less than 5% on their transition.



The largest transport companies are outspending their smaller peers on decarbonisation initiatives



Top initiatives undertaken to address scope 1 and 2 emissions

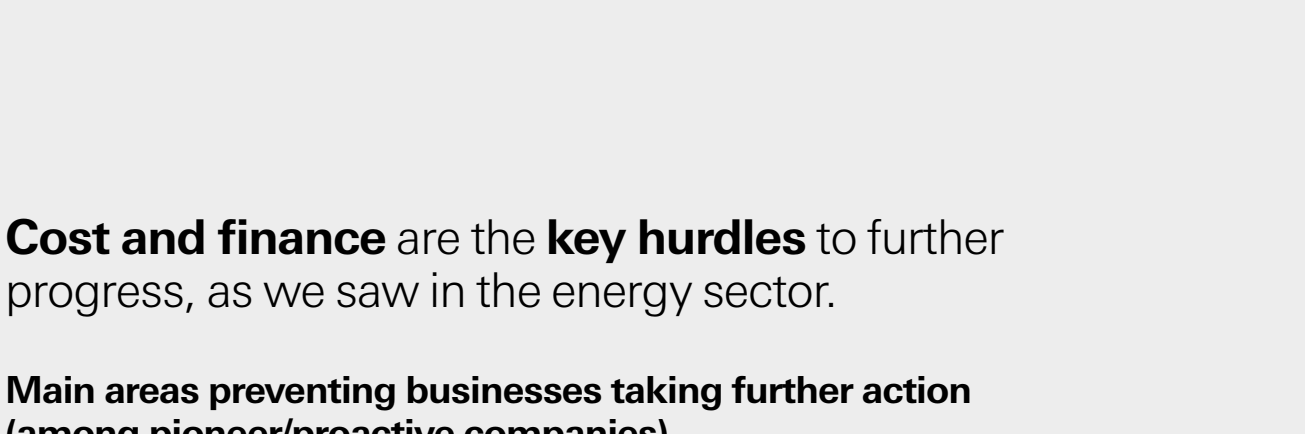


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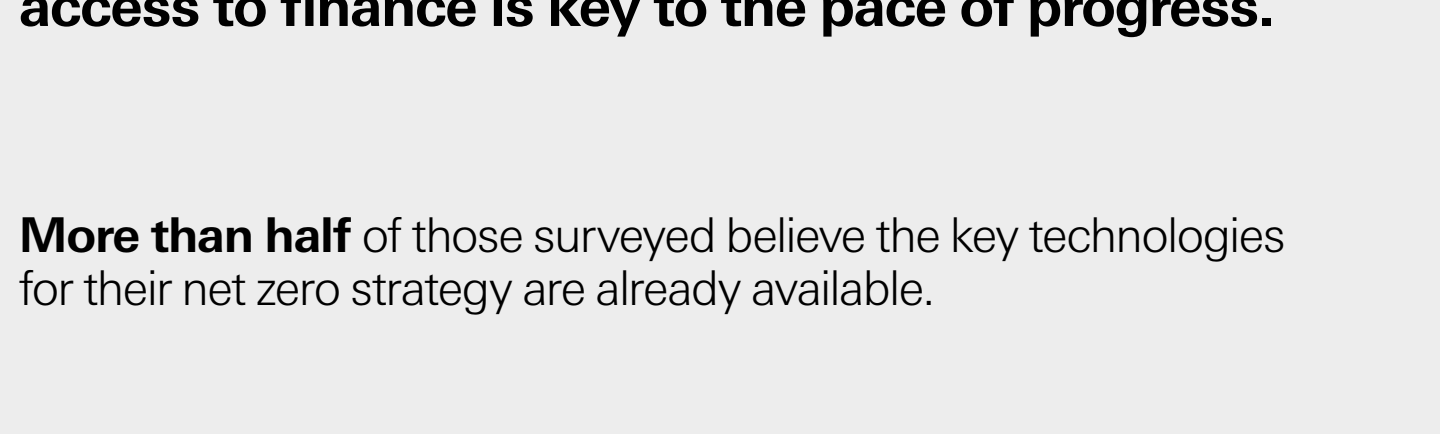
The road ahead

Most transport companies have visibility over the technologies that will lower their emissions, and access to finance is key to the pace of progress.

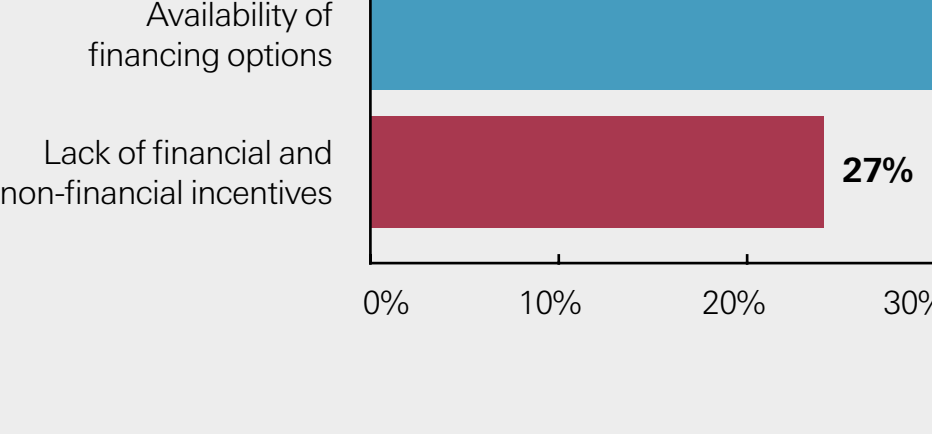
Cost and finance are the key hurdles to further progress, as we saw in the energy sector.



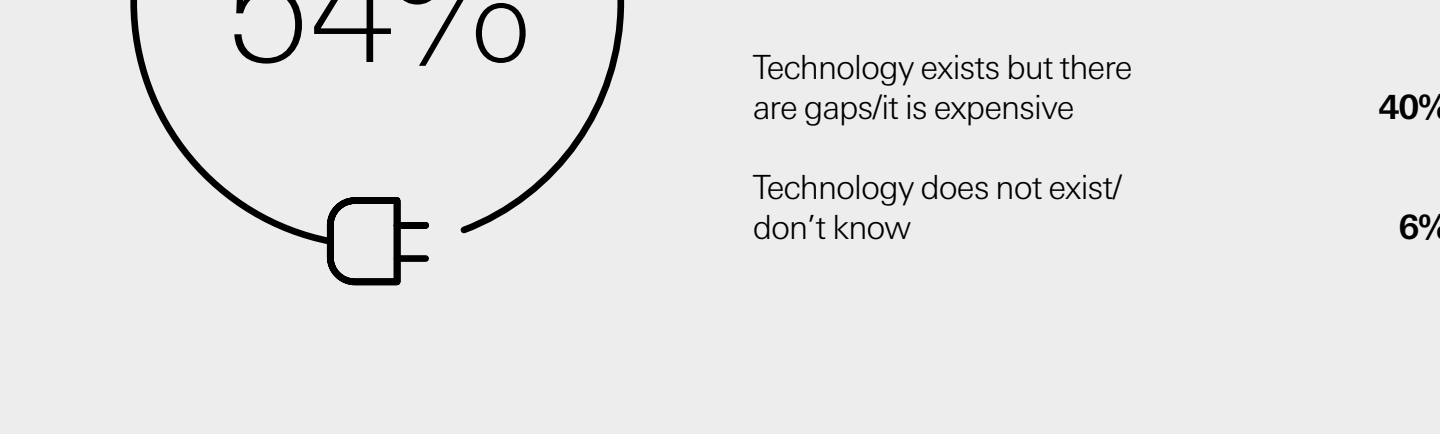
More than half of those surveyed believe the key technologies for their net zero strategy are already available.



30% of transport companies are interested in net zero tools and solutions in the future, up from 22% when net zero tools were not available.



37% of transport companies are interested in advisory services from banks in the future, with larger organisations more likely to use them than SMEs.



Methodology

For HSBC's Transition Pathways survey, HSBC has worked with Kantar. The survey is not limited to or wholly-representative of HSBC's customer base and covers 302 key financial decision makers from businesses operating in the transport sector, comprising Road and Rail (108 businesses, with Road covering freight/services and excluding autos/passenger) Air and Maritime (64 businesses) and Logistics and Delivery (93 businesses). The survey findings and responses have not been independently verified. Businesses were further identified as Freight only (148), Passenger only (49) and those transporting both freight and passenger (105).

Businesses were located across Europe (137), North/Central America (77), Asia (52) and the Middle East (36). Overall, 61 (20%) had a turnover between \$5 and \$10m, 101 (34%) had a turnover between \$10 and \$500m, 140 (46%) turnover in excess of \$500m of which 65 (22%) had a turnover in excess of \$2.5bn. The majority, 191 (63%) had been established for more than ten years and a further 63 (21%) for more than five years.

Data was collected through an online questionnaire and the survey ran for three weeks from 28 September to 18 October 2022.

In preparing this survey, HSBC has relied upon appropriate available data, information and responses given at the time of writing. This report should not form the basis of any third party's decision to undertake, or otherwise engage in, any activity and third parties do not have any right to rely on it. Neither HSBC nor Kantar accept any duty of care, responsibility or liability in relation to this research or its application or interpretation, including as to the accuracy, completeness or sufficiency of it or any outcomes arising from the same.

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