Principles for the effective management and supervision of climate related financial risks

Comment

The Dasgupta Review makes it clear we must value nature to avoid irreparable damage to the climate and biosphere. So far, we have never directly done this. Carbon taxes, carbon credits and other financial mechanisms to effect change in relation to CO2 emissions can be seen not to be effective: after 25 years of operating, CO2 emissions continue to rise exponentially.

Instead, we need a separate accounting method, based on actual CO2 emissions and the carrying capacity of the planet, for example using non-fungible, non-tradeable, non-financial tokens, that clearly set budgets and measure performance without the possibility of using financial mechanisms to cancel out poor performance. Such a token would also make it clear whether we're on track. These tokens could only be created beyond the current carrying capacity of planet earth by regenerative projects that capture CO2 and rebuild biodiversity.

Banks currently have a significant economic impact by determining in large part the amount of money in the system, and what industries get funded. If they also had responsibility for carbon accounting, we would have the potential to create a mechanism to force economic development in the right direction.

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