

## **Moving To A Low-Carbon Future—Why Banks Need To Step Up**

The clock is ticking on climate change. We currently have more greenhouse gases in our atmosphere than at any time in human history.

As a result of increasing economic activity, scientists estimate that, under one potential scenario, average temperatures could rise by six degrees celsius by the end of this century, which would be catastrophic. Scientists are calling this scenario business-as-usual—but this does not have to be the outcome.

All businesses now need to get on board with change to help clients, communities, stakeholders and themselves achieve the climate goals, as set out in the Paris Agreement, to keep warming below two degrees Celsius.

Global banks operate in many markets with fast-growing, increasingly prosperous economies that bring with them growing demand for energy, food, water and goods. They have a unique opportunity to help communities meet that growing demand in a sustainable way, ensuring those markets have access to the capital they need to fund reliable, cleaner energy.

Banks also have the opportunity to increase communities' resilience to the potential impacts of climate change, of which they are often on the frontline. Like action on climate change itself, measuring emissions is complex and requires action from multiple parties. Success depends on joint efforts among financial institutions to help collectively and continually refine their methodology, as well as widespread company disclosures of accurate and meaningful emissions data.

Disclosures are critical to show current progress in the transition to a low-carbon future, and to help banks understand where capital is needed to complete this transition. There is much banks can do in working with clients to assess and improve their emissions profiles.

The Paris Agreement is expected to open up climate investment opportunities of \$23 trillion in emerging markets between now and 2030, according to the IFC. Much of this investment flow will be guided by and dependent on emissions data. When the private sector recognises its business case, disclosures on climate-related matters can become the new business-as-usual.

The stakes cannot be overstated. To ensure that the flow of capital reaches the places where it is needed most to achieve climate goals, the world must work together and fast. Business-as-usual as we know it is no longer acceptable, we must all come together to help ensure the sustainability of our planet.

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