

The world's companies should be forced to account for G...

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The [Guardian noted](#) yesterday that:

Britain's biggest companies, investors and pension funds must come clean to investors on the financial risks they face due to the climate crisis, MPs have said.

The environmental audit committee (EAC) has called for the City of London to face mandatory climate reporting within the next three years to avoid jeopardising hundreds of billions of pounds worth of pension savings.

The cross-party committee of MPs criticised ministers for failing to take specific steps to drive forward climate disclosure plans, despite [publicly supporting international recommendations](#).

They added:

The MPs urged the government "to clarify in law" that pension funds have a duty to take into account long-term environmental risks to protect their savers.

The report comes just weeks after the [Treasury outlined plans to force firms and funds](#) to show how the climate emergency could jeopardise their finances.

Importantly:

The committee said it did not believe a voluntary approach would be effective and instead called for climate risk reporting to be mandatory on a "comply or explain" basis by the same deadline. The new plans would take effect by 2022 and include financial services firm, too.

I agree: a voluntary approach will not work. What is required is a robust and mandatory approach. And that has to recognise that this is not some peripheral issue that is of esoteric interest to a few do-gooders. What is at stake here is the survival of the planet.

What threatens that survival is the business model of the world's largest companies. In

which case they have to be forced to account for the impact of climate change on them.

This is why I created the idea of [Sustainable Cost Accounting, through the Corporate Accountability Network](#).

Sustainable Cost Accounting is robust, tough, and demands actions of companies. And it will, I admit, disrupt markets, but not nearly as much as global heating will.

I will be writing to the Committee about this.