

Activist investors are increasingly interested in clima...

Published: January 15, 2026, 5:45 am

I am sharing this from the [blog of the Corporate Accountability Network](#), where I originally posted it:

Three new reports suggest that matters are proceeding apace with regard to climate change accounting.

The first refers to [the appointment of Mark Carney](#), the current Governor of the Bank of England, as the new United Nations Special Envoy for Climate Action and Finance. This appointment does, effectively, provide an endorsement of Carney's work with the [Task Force on Climate-related Financial Disclosures](#). This is both good and bad news. Whilst there is much about the TCFD that is welcome, and [Carney's own commentary on its weaknesses](#) is itself important, the proposals are inherently flawed for two reasons at present. In the first instance that is because they are voluntary, and as Carney has noted effective take-up is very low. And second, it is because they are 'off-balance sheet' i.e. the reporting is outside the audited accounting framework. The Corporate Accountability Network has commented on this in its guides to its alternative to climate change reporting, called [sustainable cost accounting](#).

The second report develops this issue and was noted by [Reuters on 28 November](#), when it was disclosed that:

European investors managing assets worth more than 1 trillion pounds (\$1.28 trillion) are pressing top auditors to take urgent action on climate-related risks, warning that failure to do so could do more damage than the financial crisis.

The report continued, suggesting:

The case for tighter auditing has been bolstered by public statements from regulators and accounting watchdogs highlighting the potentially systemic risks that climate change could pose.

In a letter sent in January to the so-called Big Four – EY, Deloitte, KPMG and PwC – the investors said they were concerned that climate change was being “ignored” in

accounting and audits. The letter was seen by Reuters and its contents are being made public for the first time.

“The overarching thing is that we don’t want another financial crisis, and this could be a lot worse,” said Natasha Landell-Mills, head of stewardship at asset manager Sarasin & Partners, which is spearheading the campaign by 29 investors.

Apparently:

The investors said they had decided to release the letter as they prepared to broaden their campaign by writing directly to the audit committees of leading oil and gas companies to demand they also take a more robust approach to climate risk.

Tellingly the report also noted that:

The International Accounting Standards Board (IASB) said on Thursday that its IFRS standards do address issues related to climate change risk, even if they are not addressed explicitly.

“We would expect management to report on environmental and societal issues to the extent necessary for primary users of financial statements to form their own assessment of the company’s longer-term prospects and management’s stewardship of the business,” IASB board member Nick Anderson said.

The Corporate Accountability Network believes that the failure of the International Accounting Standards Board to address this issue directly is an oversight that has to be addressed.

Third, it is notable that the group of investors to whom Reuters refer and not alone with their concern. On 2 December [The Guardian newspaper reported](#) that:

The activist hedge fund TCI plans to target directors of companies that fail to disclose their carbon emissions, in the latest sign that investors are putting more pressure on boardrooms to step up their disclosure on climate risks.

The report added that:

TCI, which manages assets worth \$28bn (£22bn), has written to companies including Airbus, Moody’s and Google parent Alphabet warning them to improve their pollution disclosures or it would vote against their directors.

Letters to those companies [published on the TCI website](#) say: “TCI believes that climate change-related risks, in particular a company’s greenhouse gas emissions, will have a material effect on a company’s long-term profitability, sustainability and investor returns. These risks include regulation, taxation, competitive disadvantage, brand impairment, financing, physical asset impairment and litigation.” TCI said disclosure

should include targets for emissions reduction.

The hedge fund also warned it would vote against auditors where the annual report and accounts failed to report material climate risks. It threatened to dump investments where a “portfolio company refuses to disclose emissions and does not have a credible plan for their reduction”.

The evidence is growing that even though businesses might not think climate risk is an issue of concern, investors do. However, the demands remain off the balance sheet i.e. outside the accounting framework. Given the importance of the issue the Corporate Accountability Network does not think this is sustainable in itself, and as such thinks that interest in its proposed [sustainable cost accounting](#) will grow. Meetings with some of those involved in these issues are being planned by the Corporate Accountability Network at present.