

WE need an IFRS for ESG

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The [FT has an interview](#) today with Michael Jantzi, who is the CEO of Sustainalytics, who advise on ESG data issued by large companies.

Much if the interview is rather routine corporate puff for the company Jantzi heads, but this was interesting:

Some have criticised a lack of consistency in ESG scores between various providers. Mr Jantzi says having uniformity across rating providers is “the height of lunacy” but adds that “I accept that looking at different ratings can be disconcerting”.

To that end he would like to see not just greater disclosure of ESG data but more consistency, much in the same way companies are compelled to disclose their financial performance.

“What we need is an IFRS for ESG disclosure,” he argues.

I agree on the last point. Much as I support the likes of GRI there is a fundamental weakness in what they do, and that is that they require voluntary disclosure when what we really need is mandatory information on the environmental, social and governance performance of companies.

There is, of course, a challenge in this. The first is that the IFRS Foundation appears to be made up of hard core profit maximising accountants who think that to report anything but returns to capital is to betray the very meaning of the corporation even when it is now readily apparent that this is not true.

Second, who is going to tell the IFRS Foundation to change? I suspect only the EU could.

Right now I see little prospect for change as a result.

And nor, if measures as weak as Mark Catney’s Task Force on Climate-related Financial Disclosures were to be adopted do I see much hope for gain. ESG is not just the soft stuff: it really is about accounting too.

But at least people are thinking about the issue, and that has to be welcome.