

Funding the Future

The accounting profession is failing us all on climate ...


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The [FT has this to say](#) this morning:

Climate Capital Climate change + Add to myFT

Widespread lapses in climate risk reporting found in company accounts

Review of over 100 groups in carbon-intensive sectors identifies more than 70% not including impact



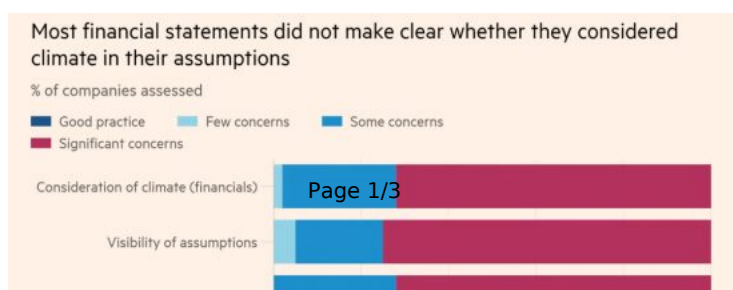
The review of company accounts on climate-related disclosures found that auditors rarely noted discrepancies, even in cases of 'considerable observable inconsistencies' © FT montage; Getty, AFP, Bloomberg

Camilla Hodgson 3 HOURS AGO 5

Companies frequently omit information about critical climate-related risks from their financial statements and there are often “considerable” inconsistencies in disclosures reported elsewhere by the same organisation, according to new independent research.

The research is by Carbon Tracker and I cannot, as yet, find it on their site, but I have previously discussed it with them.

The message is clear and is summarised in a chart by Carbon Tracker:



Companies are issuing misleading accounts when it comes to climate change.

An [announcement a few days ago](#) from the International Federation of Accountants (IFAC) makes it clear that there is absolutely no intention to address this as yet by making it clear it is leaving all decision making to companies and their auditors for the time being.

The result is that on this biggest issue of our time the accounting profession is ducking out of responsibility despite having demanded the right to set accounting standards for the world. The similarity with its approach to tax and country-by-country reporting, where alternative approaches have had to be taken to get the standard that is needed, cannot be avoided.

My resolve to work to deliver [sustainable cost accounting](#) increases.

IFAC said it in its statement:

Professional accountants have a critical role in

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Aligning and integrating climate-related information and disclosures with company climate commitments, targets, and strategic decisions.

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Quantifying, wherever appropriate, financial impacts of climate issues.

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Ensuring climate-related reporting complies with reporting requirements without material omissions or misstatements, based on a company-specific materiality determination.

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Supporting global initiatives to enhance climate and broader sustainability-related reporting through standards set by a new International Sustainability Standards Board (ISSB) that will address material impacts on a company's enterprise value.

I agree with the first three.

I am quite sure that the ISSB is not going to deliver the required standards, precisely because it is being set up in a fashion that ensures that its reporting does not overlap with that required in the numbers in financial statements.

The evidence shows that IFAC and the accounting profession are failing. There is a lot to

do to address that failing. It's time accountants joined in.