

Without a comprehensive accounting standard for climate..

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Huw van Steenis, who is a senior adviser to the chief executive of UBS and a former adviser to ex-Bank of England governor Mark Carney, [has an article in the FT](#) which caught my eye. The theme is the need for better data from companies to ensure that their carbon credentials can be checked. I support the idea, of course. But what I especially noted was this:

Better data will also enable greater engagement or activism. Some of the most polluting assets are being taken private without any reduction in real world actual emissions. This is simply "paper decarbonisation". Investors will need better data and comparable metrics if they are to hold boards accountable.

He hints at an issue that is, I think, real. Governments are relying on market pressure to bring quoted companies to account for their carbon reduction programmes. But if private equity, in particular, sees an opportunity in this to buy dirty assets and exploit them by not seeking mitigation at all whilst hiding the fact because they are private companies the whole process of transitioning to a net-zero carbon society could be undermined.

There is already some evidence of what might be called 'carbon hiding' in some energy-based activities. I think that this could get much worse if there is a short term profit to be made by abusing rules and regulators do not anticipate this.

There is, of course, a way around this problem. It is to require that all large companies - whoever they are owned by - report their carbon plans whether they are quoted or not. Private equity must be covered by the arrangements. Then investors such as pension funds who increasingly use private equity to increase their returns will be impacted by the disclosures that might at present be avoidable. That in turn means that pressure can continue to be brought to bear.

In summary, assuming that stock markets alone are the means of delivery for carbon reporting is wrong: this is a universal need that must be applied by an accounting standard to all large companies. Nothing less will do.