

Making profit should not now be the primary goal of a b...

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The Guardian [has reported](#) as part of its Polluters series that:

Companies and industries that are not moving towards zero-carbon emissions will be punished by investors and go bankrupt, the governor of the Bank of England has warned.

Mark Carney also told the Guardian it was possible that the global transition needed to tackle the climate crisis could result in an abrupt financial collapse. He said the longer action to reverse emissions was delayed, the more the risk of collapse would grow.

The Bank of England has [said up to \\$20tn \(£16tn\) of assets](#) could be wiped out if the climate emergency is not addressed effectively. But Carney also said great fortunes could be made by those working to end greenhouse gas emissions with a big potential upside for the UK economy in particular.

The warning comes after Mark Carney gave a speech last week in Japan to mark the second anniversary of the launch of the Task Force on Climate-related Financial Disclosures (TCFD). As Chair of the Financial Stability Board of the Bank for International Settlements Mark Carney is intimately associated with these proposals.

There is, however, a fundamental problem with that initiative. What it proposes is voluntary and light touch reporting that will take place outside the framework of the financial accounts of major companies. In other words, and by definition, the TCFD proposals view climate change is a peripheral issue, external to the companies in question, and of secondary concern to their primary objective of making profit.

I do not agree. That is why I am promoting [Sustainable Cost Accounting](#) instead. Sustainable cost accounting would make every large company account for its cost of becoming a net-zero carbon emitter in its accounts by 2022. I suggest that the plan should be to achieve that goal by 2030. And if the cost of being net-zero carbon was more than the company could afford, or if it could see no way of achieving this goal, then it should be declared 'carbon insolvent'; and have its affairs wound up in an

orderly fashion as it could not be a part of the future world of commercial activity that we need if life is to continue here on earth.

What sustainable cost accounting will do is identify precisely where that £16trn of cost will fall, and name those who have imposed the burden, which is exactly what it will prove to be.

I am aware that the implications are radical, but so too is the issue, and so too then must be the response. Mark Carney's TCFD misses the point by treating carbon emission as a sideshow to main profit. The reality is that making profit is now secondary to carbon emission targets.

Business has to be radically transformed to deliver zero net carbon. Sustainable Cost Accounting is a route to delivering that radical transformation.

I should add that I have already written to Mark Carney on this issue.