

New journal paper: The case for building climate report...

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I have a new journal article out with Prof Leonard Seaborke of Copenhagen Business School this morning. It is in the Danish journal [SamfundsÅ_konomen](#) (Society's Economist). To make it easier for blog readers here it is open access and in English. Entitled '[The case for building climate reporting into financial accounting](#)' this is about sustainable cost accounting. As the abstract says:

For mitigation efforts against climate breakdown to be effective they need to bring in the private sector in a meaningful way. Current standards for financial reporting for commercial organizations focus on the interests of capital suppliers to the exclusion of other stakeholders and civil society. These stakeholders include the suppliers of capital, trading partners, employees, regulators, tax authorities, and civil society. So far initiatives to include environmental and social costs have been additive rather than substantive. In this think piece we offer a radical proposal in the form of sustainable cost accounting (SCA). As a standard SCA would build on existing accounting principles to require commercial organizations to report on how they will manage the costs of becoming net carbon zero compliant. SCA does not include carbon pricing or the cost of offsets. It would require the commercial organization to establish the costs of the transition to carbon neutrality. Regulatory requirements, enmeshment in transnational standards, and adequate auditing would implement SCA. If SCA was mandatory and comprehensively applied it would take a significant step in bringing business onside in addressing climate breakdown.

This is part of a fairly rapid exercise I am now engaged in to build the case for financial reporting of the consequences of climate change. This will dominate my workload early in the new year. Comments are welcome.