



CALL FOR PAPERS
FINANCIAL REPORTING – Journal of Financial Communication

***Financial Statements and Sustainability Information:
The Role of the Sustainability Statement***

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Financial Reporting – Journal of Financial Communication plans to publish an issue dedicated to the links between the Financial Statement and the Sustainability Statement. Over the last decade, sustainability information, including climate-related issues, has progressively moved from the periphery to the core of corporate reporting. While much of the academic and regulatory debate has focused on the expansion of sustainability issues, also known as non-financial, and the development of integrating reporting, more recently it has focused on the new statement devoted to that information, known as the Sustainability Statement within the European Union (EU). Moreover, sustainability-related risks and opportunities, transition strategies, as well as environmental and social commitments, increasingly affect the recognition and measurement of assets and liabilities, thereby reshaping the preparation of Financial Statements (Golden *et al.*, 2018; Wagenhofer, 2024; Ben-Amar *et al.*, 2025).

Issues such as climate transition risk, environmental and social regulation, technological change, and evolving business models introduce new forms of economic uncertainty that challenge traditional accounting assumptions (Burritt *et al.*, 2011; He *et al.*, 2022; Bebbington *et al.*, 2023; Barker, 2025). These developments directly influence key accounting valuation processes, including fair value measurements, impairment testing, provisions and contingent liabilities, expected credit losses. As a result, sustainability increasingly materializes through estimates and managerial judgments, therefore lands

in accounting numbers. In particular, it is key to consider the need to accommodate forward-looking information, long-term uncertainty, and complex transition pathways (ESRB, 2024; IASB, 2024). The dividing line between recognition and disclosure which is subject to specific rules is becoming increasingly blurred. That said, when dealing with financial effects and dependencies, the need for connectivity between financial and sustainability reporting becomes a priority (EFRAG, 2021, 2025; Wang *et al.*, 2024; Aggraval *et al.*, 2025; Hodder & Schipper, 2025).

However, sustainability reporting goes beyond these financial aspects, as it could also capture externalities, such as CO2 emissions, as well as social issues. This is the case at the EU, since impact materiality requires taking into account environmental, social, and governance (ESG) issues due to the entity that affect society and the environment, regardless of whether they affect it or not. This information, which is reflected in the Sustainability Statement, is directed to all stakeholders, not only investors. A common view is that investors only care about the value of a company and therefore do not need information about externalities. However, given that such impacts could have future financial repercussions, perhaps due to reputational costs or regulations, this idea is debatable. Furthermore, it is not clear that all investors share this short-term financial perspective, as they may also want to be informed about how firms behave in relation to the environment and society (Christensen *et al.*, 2021).

This Call for Papers aims to advance research at the intersection of sustainability and financial reporting, with a specific focus on valuation-related accounting choices and measurement outcomes. It also addresses the connectivity of these two reporting systems, recognizing them as two sides of the same coin: corporate reporting. Furthermore, it seeks to explore the limits of the current financial reporting model, specifically the recognition and measurement criteria that, for example, impede the inclusion of anticipated financial effects, and the notion that impact materiality is not a concern for investors. By doing so, this Call for Papers aims to contribute to ongoing debates among academics, standard setters, practitioners, and regulators regarding the adequacy of current accounting frameworks in capturing sustainability-related issues.

Topics of interest include, but are not limited to, the following areas:

- Provisions and contingent liabilities arising from sustainability-related commitments, environmental obligations, transition plans, or constructive obligations, including issues related to recognition thresholds, measurement uncertainty, and timing;
- Provisioning and expected credit loss models in financial institutions, and the role of sustainability characteristics of borrowers or projects in shaping credit risk assessments and loan loss provisions;

- Impairment of (tangible and intangible) assets in the presence of climate-related physical and transition risks, changes in regulation, or shifts in demand linked to sustainability concerns;
- Recognition of opportunities and fair value measurement related to sustainability-related events and assumptions, including discount rates, cash flow projections, and risk premia incorporating environmental and transition risks;
- Interaction between sustainability issues and risk management strategies, including the role of sustainability-linked derivatives, and hedge accounting policies in mitigating valuation uncertainty;
- The notes to the financial statements vs the sustainability statement in explaining sustainability-driven valuation judgments, assumptions, sensitivities, and sources of estimation uncertainty, as well as the need for connectivity;
- Anticipated financial effects of sustainability-related issues, reporting concerns due to accounting restrictions, methodological difficulties, and competitive disadvantages;
- Boundary of the reporting entity for the financial statements and the sustainability statement, including the treatment of ‘immaterial’ subsidiaries, associates, joint ventures, and joint operations, and value chain information;
- Assessing materiality from the investor’s perspective, disclosure of externalities and market effects, discussion on single vs double materiality;
- Standard-setting implications, including changes of existing accounting recognition and valuation rules to address sustainability-related issues, and integrated reporting as potential solutions for future standard development.

The Call welcomes a wide range of methodological approaches. Both quantitative and qualitative studies are encouraged, including archival analyses, analytical and conceptual work, case studies, interviews, surveys, and mixed-methods research. Comparative studies across jurisdictions, institutional settings, or accounting regimes are also welcome.

The closing date for submission is January 31, 2027. Please select the option “SI on FS and Sustainability Information” when submitting the paper. Earlier expressions of interest are welcome. For additional information and details, please contact the guest editors at the following email addresses: *begona.giner@uv.es*; *marco.maffei@unina.it*.

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