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The Impact of Institutional Ownership and Public Ownership on Disclosure Of Carbon Emissions in Indonesia's Financial Sector

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Abstract

Objectives – *This study aims to obtain empirical evidence on Institutional Ownership, Public Ownership of Carbon Emission Disclosure.*

Design/methodology/approach – *This study uses a quantitative research type. The sample in this study is 63 financial sector companies listed on the Indonesia Stock Exchange in 2022-2024. The analysis technique used to test the hypothesis was panel data regression analysis using Eviews 9 software.*

Findings – *The results of this study found that Institutional Ownership has a positive effect on Carbon Emission Disclosure. Public Ownership has a negative effect on Carbon Emission Disclosure.*

Research limitations/implications – *Relying on secondary data so that the quality of the research is influenced by the completeness of the company's disclosure, Limited sample of only 63 out of 110 companies meeting the criteria, The use of regression and purposive sampling limits the generalization of results, The 2022–2024 period is relatively short to capture long-term trends.*

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INTRODUCTION

The financial sector is one of the important sectors listed on the Indonesia Stock Exchange (IDX) because it has a big role in supporting national economic activities. This sector includes various companies engaged in financial services, such as banks, financing institutions, insurance, securities or securities companies, and other financial services. Based on data (Kayo, 2020), there are more than 100 issuers classified as the financial sector, with the banking subsector as the largest contributor. This sector functions as the main support of the real sector through financial intermediation activities, namely distributing funds from parties that have excess funds to those who need capital. In addition, the financial sector is also the largest contributor to the IDX's market capitalization, reaching around 35% of the total national market

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capitalization, with banking stocks dominating its contribution (IDXChannel, 2024) and supported by data from (Kompas, n.d.).

The financial sector has a number of advantages compared to other sectors on the Indonesia Stock Exchange (IDX). One of its main advantages is its stability and resilience to global economic turmoil. Based on the report (OJK, 2023), Indonesia's financial services sector remains stable amid global economic uncertainty, making it more resilient than the real sector, which tends to be more vulnerable to fluctuations in commodity prices or market demand. In addition, the financial sector has a major contribution to the liquidity of the capital market and the national economy. Through banking, insurance, financing institutions, and capital market activities, this sector is the main source of financing for the business world and society. According to (OJK, 2022), the capital market and the financial sector have an important role in supporting national economic recovery through increased investment and access to financing.

Although the financial industry is not the largest direct contributor to carbon emissions, the importance of this sector lies in its function as a major driver in economic activities that affect the environment. Emissions derived from financing adequacy activities have a much larger size and impact compared to emissions generated from the internal operations of the financial institution itself. Through financing, investment, and capital distribution choices, the financial sector indirectly influences the direction of economic development, including whether the development focuses on sustainability or increases risks to the environment.

Within the framework of efforts to achieve the Sustainable Development Goals (SDGs), especially SDG 13 on Climate Action and SDG 9 on Industry, Innovation, and Infrastructure, the financial sector has a very important position as a motor of change towards a low-carbon economy. Green financing, the implementation of green accounting, and climate risk disclosure are important tools to support innovation in sustainable industries and environmentally friendly infrastructure. Therefore, the financial sector's contribution to the achievement of the SDGs is comprehensive and has long-term implications.

In Indonesia, the importance of the financial sector is increasingly urgent in line with the strengthening of green economy regulations, including the implementation of the Indonesian Green Taxonomy, OJK regulations on sustainable finance, and the obligation for financial services institutions to report on sustainability aspects. This policy makes the financial sector a supervisor in regulating capital flows in accordance with sustainability principles. Thus, an analysis of environmental behavior, policies, and disclosures in the financial sector is very important to evaluate the effectiveness of green economy policy measures in Indonesia. This research aims to examine institutional ownership, public ownership of carbon emission disclosure.

According to research conducted (Haura & Willy Sri Yuliandhari, 2024), agency costs can also be affected by institutional ownership. In addition to managerial ownership methods, companies can also control management through institutional ownership methods. The higher the percentage of institutional ownership in a company, the stronger the external control over the agency's cost suppression and the company's performance. With a high institutional stake in the company, it can be a more intensive supervisory effort so that managerial opportunistic behavior can be limited (Joseph, 2025).

Issues regarding climate change and global warming have become a major concern around the world, including in Indonesia. One of the important steps in addressing this issue

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is through the disclosure of carbon emissions by companies. This disclosure reflects the extent to which the company cares about the environmental impact of its operations as well as the efforts made to reduce carbon emissions (Ng et al., 2022). However, the level of carbon emission disclosure in each sector of a company still varies greatly.

This phenomenon can be seen in sectors that have different institutional, public, and managerial ownership. Some studies show that companies with high institutional ownership tend to be more transparent due to pressure from large investors to maintain the company's reputation and sustainability (Saputri & Fidiana, 2023). On the other hand, public ownership often encourages companies to pay more attention to the company's image in the eyes of the public so as to increase the disclosure of environmental information.

Shareholders must be willing to incur agency fees to supervise the manager's activities in running the company's business. As stated in the previous paragraph, agency conflicts occur due to differences in interests between shareholders and the management of the company. However, this condition is different if the company's management has a dual role in the company, namely as a manager as well as a capital owner (shareholder). Ownership of shares by managers is called managerial ownership.

Institutional Ownership and Public Ownership of Carbon Emission Disclosure is carried out because the issue of carbon emissions is increasingly becoming a major concern in the business world in line with increasing sustainability demands, regulatory pressures, and investor concern for the company's environmental performance. The structure of shareholding, particularly institutional ownership and public ownership, is seen as having an important role in influencing the company's policies and level of transparency. Institutional ownership has greater supervisory powers, potentially encouraging companies to disclose carbon emissions more broadly, while public ownership reflects demands for accountability and transparency from the public and retail investors. Therefore, this study is important to examine how ownership mechanisms can affect carbon emission disclosure practices, while also making an academic and practical contribution to companies, investors, and regulators in supporting the implementation of sustainable business practices.

LITERATURE REVIEW

The theoretical basis contained in this study uses Grand Theory which includes Agency Theory, Stakeholder Theory, Legitimacy Theory, and Variable Theory which includes Institutional Ownership, Public Ownership and Carbon Emission Disclosure.

Agency Theory

Agency Theory is the relationship between the owner of the company (principal) and management (agent) that has the potential to cause a conflict of interest due to different goals and information asymmetry. Management tends to have more information about the company's conditions and activities than its owners, thus allowing opportunistic behavior to occur that is not always in line with the interests of shareholders. One form of effort to reduce institutional conflicts is through increased transparency and disclosure of information, including openness related to carbon emissions.

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Stakeholder Theory

Stakeholder Theory is a theory that states that a company is not only accountable to shareholders, but also to all stakeholders affected by the company's activities. These parties include employees, customers, suppliers, governments, communities, investors, and the environment. The success and sustainability of a company is largely determined by its ability to manage relationships with these stakeholders.

Legitimacy Theory

Legitimacy Theory is a theory that explains that companies operate within a broader social system and that the sustainability of their operations is highly dependent on public acceptance. This theory departs from the concept of *social contract*, which is an unwritten agreement between a company and the community, where a company is expected to carry out its activities in accordance with applicable values, norms, and social expectations.

Institutional Ownership

Institutional Ownership is the ownership of company shares owned by institutions or institutions such as insurance companies, banks, investment companies, and other institutional ownership. A high level of institutional ownership will give rise to greater supervisory efforts by institutional investors so that it can hinder opportunistic behavior of managers.

Public Ownership

Public Ownership refers to the proportion of shares of a company owned by the public or the general public. Public Ownership is also assumed to affect the level of disclosure by companies. Companies with a high proportion of public shareholding tend to be compelled to disclose information broadly, including corporate social responsibility activities.

Carbon Emissions Disclosure

Carbon Emission Disclosure is a form of environmental disclosure. Carbon disclosure is defined as quantitative and qualitative information relating to a company's past and forecast levels of carbon emissions.

Hypothesis development

Institutional Ownership of Carbon Emissions Disclosure

Institutional ownership is the percentage of shares owned by an institution that can be used to oversee and control the performance of a company. A high level of institutional ownership will lead to greater scrutiny by institutional investors, thus preventing distorted behavior by the company's management. High institutional ownership will encourage companies to disclose all activities carried out by the company, one of which is environmental openness. The existence of institutional ownership becomes interesting if it is associated with agency theory. Agency theory is the relationship between management and shareholders, which is described as the relationship between agents and principals. The relationship between shareholders and the company's management is prone to conflicts of interest or agency issues. According to agency theory, the greater the proportion of institutional ownership in a

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company, the higher the level of agency oversight. Supervision is carried out to prevent agents from behaving deviantly to avoid agency problems.
H_1: Institutional Ownership has a positive effect on Carbon Emission Disclosure.

Public Ownership of Carbon Emissions Disclosures

Public Ownership states that a high ratio of public ownership is predicted by companies to conduct higher levels of social disclosure, this is related to pressure from shareholders, so that companies pay more attention to their responsibilities to society. Companies with high levels of public ownership tend to do more environmental disclosure because they are perceived to have a moral responsibility towards nature. Public ownership is able to create media in the form of public opinion to increase awareness of carbon emission openness. Stakeholder theory makes it easier for organizations to understand their obligations and responsibilities to stakeholders. The existence of nature's call to contribute to maintaining the harmony of the earth also shows that the earth is a system of organisms consisting of elements that are interdependent and inseparable, so life on earth must support each other and run continuously.
H_2: Public Ownership Has a Negative Effect on Carbon Emissions Disclosure

RESEARCH METHODS

Table 1. Operationalization of Research Variables

Type	Variable	Dimensions / Formula	Source
Independent Variables	*Institutional Ownership*	$\mathbf{IO} = \frac{\boldsymbol{Stock\ Owned\ by\ Institution}}{\boldsymbol{Outstanding\ Stock}} \boldsymbol{X}\ \mathbf{100\%}$	(Aini et al., 2022)
	Public Ownership	$\mathbf{PO} = \frac{\boldsymbol{Stock\ Owned\ by\ Public}}{\boldsymbol{Outstanding\ Stock}} \boldsymbol{X}\ \mathbf{100\%}$	(Ayu et al., 2025)
Dependent Variable	Carbon Emissions Disclosure	Carbon emissions with 18 items that if the company discloses the specified goods, it will be given a score of 1 while if the found goods are not disclosed, it will be given a score of 0	(Almuaromah & Wahyono, 2022)

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Table 2. Carbon Emission Disclosure Index Measurement Table

No.	Categories	Item
1.	Risks and Opportunities on climate change	CC1 – Explanation of the risks related to climate change and actions taken or should be taken to address the risks CC2 – Explanation of finances, business impacts, and current (and future) opportunities due to climate change
2.	Calculation of GHG emissions	GHG1: Methodology or explanation of the calculation (calculation) of GHG emissions GHG2: External verification is used to calculate GHG emissions GHG3: Total GHG emissions emitted GHG4: Scope in disclose GHG emissions (scope 1, 2 or 3) GHG5: explanation of where these GHG emissions come from GHG6: GHG facility or sector explanation GHG7: Comparison between GHG emissions this year and previous years
3.	Energy Consumption	EC1: Total amount of energy consumption EC2: Quantity Consumption Energy from the use of renewable energy EC3: Disclosure Consumption Energy by Type, Facility, Segment
4.	Greenhouse Gas Costs and Reductions – GHGs	RC1: Detailed strategy aimed at reducing GHG emissions RC2: Specific targets for GHG emission reduction levels and years RC3: Emission reductions and cost savings from planned carbon emission reduction results RC4: Emissions costs included in the capex plan
5.	Carbon Emission Accountability	AEC1: an indication of actions demonstrated by the board of committees (and other executive bodies) that demonstrate responsibility for climate change AEC2 :A description of the mechanism that shows the councils are paying attention to

RESULTS

This study applies a quantitative approach using secondary data. The data used are derived from the annual reports, continuous reports and financial statements of the sample Company in the research time span. The research population consists of financial companies listed on the Indonesia Stock Exchange for the period 2022-2024 which were selected based on criteria that have been set by the researcher. The sampling technique used was purposive sampling, which produced a total of 63 data samples. Data is processed using eviews software 9. The following are the results of a descriptive analysis with the aim of getting an overview of each research variable.

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Table 3. Description of Research Results

Variable	N	Minutes	Max	Red	Std. Dev
YES.	189	0.000000	9.736400	0.663499	1.202210
PO	189	0.000000	1.000000	0.262231	0.242337
CED	189	0.166700	0.833300	0.498827	0.124885

IO: Institutional Ownership, PO: Public Ownership, CED: Carbon Emissions Disclosure
Source: Processed data (2025)

Based on the descriptive statistical table, there were 63 observations during the 2022-2024 period. The institutional ownership variable in financial sector companies shows a minimum value of 0.0000 and a maximum of 9.7364 with an average value of 0.6634. In the financial sector, the company that has the highest level of institutional ownership is Bank Of India Indonesia Tbk, and the lowest, namely Bank Woori Saudara Indonesia 1906 Tbk. The standard deviation value obtained is 1.2022 which shows that the value is greater than the average value, indicating that there is a fairly low variation in institutional ownership data and thus reflecting the diverse differences in institutional ownership between companies during the observation period.

Furthermore, the variable of public ownership in financial sector companies shows a minimum value of 0.000 and a maximum of 1,000 with an average of 0.2622. In the financial sector, the company that has the highest level of public ownership, namely Bank Artha Graha Internasional Tbk, and the lowest, is Bank Permata Tbk. The standard deviation value obtained is 0.2423 which indicates that the value is smaller than the average value, shows that there is a variation in public ownership data that is not too large and provides a fairly consistent picture of information.

Then, the variable of carbon emission disclosure in financial sector companies shows a minimum value of 0.1167 and a maximum of 0.8333 with an average value of 0.4988. In the financial sector, companies that have the highest level of carbon emission disclosure are Bank Woori Saudara Indonesia 1906 Tbk in 2024, and the lowest, Charnic Capital Tbk in 2024. The standard deviation value was obtained at 0.1248 which indicates that the value is greater than the average value, indicating that there are variations in carbon emission disclosure data and providing a comprehensive picture of the information. The results of the chow test using eviews 9 stated that the probability cross section value of F was 0.7376 which was more than the significance level (α= 0.05). This means that the best model used is *Common Effect Model* (COM). Therefore, there is no need for the Hausman Test to choose the best model between fixed effect models and random effect models.

Table 4. Chow Test

Effects Test	Statistic	D.F.	Prob.
Cross-section F	0.863358	(62,124)	0.7376
Cross-section Chi-square	67.822248	62	0.2854

The result of the lagrange multipler test with a Breusch-Pagan probability value is 0.3558 where this result is more than the significance value (α= 0.05). In this case it means that the best

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model is *Common Effect Model* (COM).

Tabel 5. LM Test

	Test Hypothesis		
	Cross-section	Time	Both
Breusch-Pagan	0.852811 (0.3558)	0.345168 (0.5569)	1.197979 (0.2737)
Honda	-0.923478 --	0.587510 (0.2784)	-0.237565 --
King-Wu	-0.923478 --	0.587510 (0.2784)	0.415008 (0.3391)
Standardized Honda	-0.708311 --	1.191732 (0.1167)	-6.277903 --
Standardized King-Wu	-0.708311 --	1.191732 (0.1167)	-1.930935 --
Gourierioux, et al.*	--	--	0.345168 (>= 0.10)

*Mixed chi-square asymptotic critical values:

1%	7.289
5%	4.321
10%	2.952

A general-effects model is a model that combines cross-sectional data and a time series, with estimates made using the Ordinary Least Squares (OLS) method. In this method, it does not pay attention to the dimension of time or individuals so it is assumed that the behavior between individuals is the same at different times. Thus, this model only combines time series and cross-sectional data in the form of panels, and estimates the data using a small square approach (Agus Astapa et al., 2018).

Table 6. Hypothesis Results Fixed Effect Model (FEM)

Variable	Coefficients	Std. Error	t-Statistics	Prob.
C	0.501085	0.014854	33.73403	0.0000
IO	0.011080	0.007628	1.452573	0.1480
PO	-0.036643	0.037840	-0.968369	0.3341

R-squared	0.018654	Var dependen average	0.498827
Customized R-square	0.008102	Elementary School depends on var	0.124885
S.E. Regression	0.124379	Akaike info criteria	-1.315229
Number of resid squares	2.877423	Schwarz Criteria	-1.263772
Possible logs	127.2891	Hannan-Quinn crister.	-1.294383
F-statistics	1.767801	Durbin-Watson Statistics	2.227932
Prob(F-statistic)	0.173564		

This Fixed Effect Model (FEM) assumes that there is a difference in interception in each

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individual over a company but the same between times (time variance). Meanwhile, the regression coefficient (slope) is considered to be fixed both between individual groups and between times. To distinguish the interception of each of these. A panel data regression model that uses a fixed effect approach is known as a fixed effect model or the Smallest Squared Dummy Variable (LSDV) model (Supandi et al., 2022).

Table 7. Hypothesis Results Random Effect Model

Variable	Coefficients	Std. Error	t-Statistics	Prob.
C	0.352258	0.099929	3.525087	0.0006
IO	0.123209	0.105048	1.172883	0.2431
PO	0.247184	0.314340	0.786357	0.4332
Effect Specifications				
Fixed cross-section (dummy variable)				
R-squared	0.314549	Var dependen average		0.498827
Customized R-square	-0.039232	Elementary School depends on var		0.124885
S.E. Regression	0.127312	Akaike info criteria		-1.017992
Number of resid squares	2.009824	Schwarz Criteria		0.096895
Possible logs	161.2002	Hannan-Quinn crister.		-0.566325
F-statistics	0.889106	Durbin-Watson Statistics		3.082764
Prob(F-statistic)	0.695610			

The Random Effect Model (REM) estimates panel data taking into account that disorder variables can be interrelated both over time and between individuals. In this model, the interception difference is accommodated by the fault provisions of each company. The advantage of using the Random Effects Model is that it eliminates heteroscadaticity. This model is also known as the Error Component Model (ECM) or Generalized Least Square (GLS) tee.

Table 7. Hypothesis Results Cammon Effect Model

Variable	Coefficients	Std. Error	t-Statistics	Prob.
C	0.501085	0.015204	32.95683	0.0000
IO	0.011080	0.007808	1.419107	0.1575
PO	-0.036643	0.038733	-0.946059	0.3453
Effect Specifications				
			SD	Rho
Random cross-section			0.000000	0.0000
Idiosyncratic randomness			0.127312	1.0000
Weighted Statistics				
R-squared	0.018654	Var dependen average		0.498827
Customized R-square	0.008102	Elementary School depends on var		0.124885
S.E. Regression	0.124379	Number of resid squares		2.877423

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F-statistics	1.767801	Durbin-Watson Statistics	2.227932
Prob(F-statistic)	0.173564		

Weightless Statistics

R-squared	0.018654	Var dependen average	0.498827
Number of resid squares	2.877423	Durbin-Watson Statistics	2.227932

DISCUSSION

Institutional Ownership of Carbon Emissions Disclosure

The first hypothesis test (H1) showed that institutional ownership had a positive effect on carbon emission disclosure, so the hypothesis (H1) was rejected. This means that these findings indicate that the presence of institutional investors has not effectively encouraged companies to increase the transparency of carbon emissions disclosure as expected based on supervisory mechanisms and better corporate governance practices. These results show that institutional investors in the financial sector tend to still prioritize short-term financial performance and investment stability over environmental disclosure aspects, especially carbon emissions. In addition, carbon emission disclosures can be perceived as information that has the potential to generate risk signals, such as increased exposure to environmental risks, uncertainty about sustainability regulations, and the possibility of increased operational costs due to compliance with green economy policies. This condition causes institutional investors to not fully encourage management to disclose carbon emissions more widely.

From a corporate perspective, carbon emissions disclosure has not been fully viewed as a strategic instrument to enhance a company's value or reputation in the eyes of institutional investors. On the other hand, such information has the potential to cause market concern if it is not accompanied by an adequate explanation of the company's environmental risk mitigation strategy and sustainability management. Therefore, companies in the financial sector need to integrate carbon emission disclosure with a comprehensive communication strategy, which not only presents emissions data, but also explains environmental risk management policies, sustainability commitments, and company readiness to face green regulations in the future.

In the context of the financial sector, the level of disclosure of carbon emissions tends to vary between sub-sectors. The banking subsector, for example, generally has a higher level of openness due to regulatory pressures, capital market demands, and expectations from institutional investors to apply Environmental, Social, and Governance (ESG) principles. In contrast, the financing, insurance, and securities companies subsectors often show lower disclosure rates, both due to their less emissions-dense operational characteristics and low stakeholder motivation to prioritize carbon issues. These differences show that institutional ownership has a non-uniform impact between subsectors, depending on the level of regulation, risk exposure, and business complexity of each type of company.

The insignificance of the influence of institutional ownership on carbon emissions disclosure suggests that the presence of institutional investors in Indonesia has not fully functioned as a key driver of sustainability transparency. One of the main reasons is the orientation of most institutional investors who still focus on short-term financial performance

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and profit stability, compared to a commitment to environmental and ESG issues. In the context of Indonesia's growing capital market, financial risk considerations and investment returns are often more dominant than long-term and indirect environmental risks.

In addition, regulatory and market pressures on carbon emission disclosure in the financial sector are still relatively limited, particularly in the non-bank finance and securities subsectors. In contrast to the banking sector, which has been exposed to sustainability regulations and climate risk reporting, other financial subsectors have not faced strong demands to comprehensively disclose carbon emissions. This condition causes institutional investors to not have strong enough incentives to pressure management to improve the quality of carbon emission disclosure. Another factor that helps explain this insignificance is the indirect nature of carbon emissions in the financial sector (*Funded emissions*). These emissions are more difficult to measure, attribute, and communicate than direct emissions from the manufacturing or energy sectors. As a result, both companies and institutional investors tend to view carbon emissions disclosure as complex information, risk of negative interpretation, and have not provided clear economic benefits in the short term.

Public Ownership of Carbon Emissions Disclosures

The first hypothesis test (H2) showed that public ownership had a negative and statistically insignificant effect on carbon emission disclosure, so the hypothesis (H1) was rejected. The results of statistical analysis show that Public Ownership does not have a significant influence on Carbon Emission Disclosure (CED). These findings fundamentally challenge the assumption of Legitimacy Theory, which has been the basis that public engagement will automatically create social pressure for companies to act transparently towards the environment. This insignificance provides space for the application of a new theory in this discussion, namely the Information Asymmetry Theory combined with the Market Myopia Theory. In this context, public investors in the Indonesian capital market are often disadvantaged in accessing non-financial information of a technical nature such as carbon emissions. Due to the high cost of agencies to verify carbon reports, the public tends to ignore such information and focus more on visible financial indicators. This creates conditions where the company's management does not see economic incentives or the threat of losing investors if they do not disclose carbon emissions data, as the public's primary preference is still maximizing short-term profitability over environmental sustainability. These findings also provide new perspectives that support the direction of previous research on Dispersed Ownership in immature capital market structures. Although not included in the initial hypothesis, the results of this study confirm that retail and extensive public ownership actually weaken the function of controlling ESG (Environmental, Social, and Governance) issues. In contrast to institutional investors who have the resources to conduct social audits, the public investors sampled in this study have limited capacity to process green accounting information. This reinforces the findings of several studies in developing countries that an increase in the proportion of public shares without being accompanied by strong shareholder activism would only be a passive figure in the capital structure, which has no political influence in the General Meeting of Shareholders (GMS) to demand carbon transparency.

More specifically, there are contrasting differences between the results of this study and previous studies conducted in developed countries (such as in the European Union or North America) that support the positive influence of public ownership. This difference can be

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explained through Sector Analysis and Regulatory Maturity. In studies in developed countries, sectors with high public ownership typically operate under regulatory umbrellas such as the EU Emissions Trading System (EU ETS). In this region, people have a high level of collective awareness so carbon emissions are considered a financial risk. On the other hand, in this study, companies in Indonesia, especially in sectors that do not directly intersect with massive natural resource extraction, still view carbon disclosure as voluntary disclosure. The differences in the characteristics of this sector are very important; If previous research had focused on the energy sector that was closely watched by the global community, then the sample in this study would likely include sectors where public pressure on carbon issues is still very weak. Therefore, the amount of public ownership in Indonesia has not been able to become an instrument to encourage transparency because there is no reward and punishment mechanism from the market related to the company's carbon performance.

CONCLUSION

Based on the results of the study, it can be concluded that institutional ownership has a positive but insignificant effect on carbon emission disclosure, as well as public ownership has a negative and insignificant effect on carbon emission disclosure. In this study, by relying on secondary data so that the quality of the research is influenced by the completeness of the company's openness, the limited sample is only 63 out of 110 companies that meet the criteria, The use of regression and purposive sampling limits the generalization of results, The period 2022–2024 is relatively short to capture long-term trends. The Financial Services Authority (OJK) needs to strengthen standards and supervision of carbon emission reporting in the financial sector, including indirect emissions (*Funded emissions*), and encourage the implementation of international standards to improve the quality and comparability of sustainability reports.

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