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CARBON EMISSION

DISCLOSURE AND BUSINESS WELFARE



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The earth's condition is getting hotter, and the air temperature is increasing, causing global warming. One of the UN (United Nations) intergovernmental bodies is responsible for increasing knowledge of human-caused climate change. The Intergovernmental Panel on Climate Change (IPCC) predicts that global temperatures will rise by 2°C per decade over the next two decades. The effects of global warming are increasing temperatures, rising sea levels, and melting snow. In addition, severe climatic disturbances and a global population surge can increase emissions and excess consumption of natural resources. To overcome this many countries have set quantitative carbon emission reduction targets and are striving to achieve control over global temperature rise within 2°C above pre-industrial levels. Climate change and its negative

impacts need to be included in business strategy as part of important decisions. Whether you realize it or not, business activities, especially the use of fossil fuels, changes in land use, and forest fires result in an increase in greenhouse gases (GHG) (hereinafter using the term "carbon emissions"). Therefore, encouraging world governments including Indonesia to issue regulations so that all business actors or companies publicly report information about carbon emissions in the form of emission disclosure contained

in the sustainability report. Putting carbon accounting on the corporate agenda is the first step toward a better journey for all of us.

In the report which is often referred to as Carbon Emission Disclosure (CDP), which is part of carbon accounting in which companies measure, recognize, record, present, and disclose carbon emissions, several corporate sectors report high carbon emissions. Some of the company sectors in question are the utilities, energy, and

materials sectors. Other sectors such as consumer goods, health, and finance also report generating carbon emissions from their business activities. The carbon emissions produced by the company will be higher with the increasing capacity of using machines in production or transportation activities. Companies that understand the urgency of sustainability in business understand that reporting carbon emission footprints is extremely important. Apart from being part of compliance with statutory regulations or avoiding external criticism, disclosing carbon emissions is a moral responsibility as part of the transition to a sustainable company by achieving a low-carbon strategy. An international investment company, Fidelity, explained that in several developed countries, they have implemented various emission reduction policies such as carbon taxes, emissions reduction funds, and even emissions trading.

In Indonesia, there is a regulation regarding the National Action Plan for Reducing Greenhouse Gas Emissions (RAN-GRK) contained in Presidential Decree no. 61 of 2011. In the Presidential Decree, it is written that business actors need to contribute to efforts to reduce GHG emissions to achieve the goals of the United Nations Framework Convention on Climate Change (UNFCCC). The regulation is expected to be able to bridge the development of various sectors toward reducing emissions and increasing the absorption of carbon emissions through investment.

Carbon emission disclosure is still classified as voluntary for companies in Indonesia. The importance of disclosing carbon emissions is expected to encourage companies to be more transparent in conveying environmental information so

that stakeholders can monitor the extent to which companies care about climate change. Businesses should pay more attention to this matter considering that in the last few decades, environmental conditions have worsened and there are widespread demands from various layers of society for the creation of livable environmental conditions.

Benefits of carbon disclosure

There are many benefits for businesses when reporting and working to reduce carbon emissions. Not only to fulfill legal requirements and obligations but there are many positive things that can be achieved;

First, as a carbon strategy, tracking the carbon footprint of a business, in fact, makes the business operationally more resilient in cutting carbon emissions to near zero. The carbon strategy in question can take advantage of the blockchain's role in tracing, tracking, and recording. This means supply chain digitalization through data management is a solution for tracking emissions and further reducing carbon footprints.

Second, saving costs. Measuring carbon emissions is the initial action to reduce them and save costs in the long term. These savings are achieved through lower purchasing costs and energy bills, or through more efficient business operations.

Third, to achieve a competitive advantage. Companies that report on carbon demonstrate leadership in investment, helping businesses attract new customers and investors.

Fourth, public relations opportunities. Companies that openly communicate their carbon footprint are seen as more

socially responsible and benefit from greater public awareness.

Fifth, attracting professional workers. Today's era is actually looking for socially responsible companies that communicate openly and have credentials related to climate action. In a survey conducted by Swytch (a blockchain-based platform), currently, almost 40% of millennials choose a job because of the sustainability of the company.

Sixth, access to funding and green capital. Controlling carbon emissions is expected to increase the availability of greater capital for businesses. The existence of green credit provides credit facilities for companies that are more environmentally friendly.

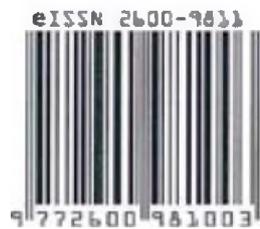
Last but not least, carbon accounting helps to reduce carbon emissions which leads to the ultimate goal of limiting carbon emissions and stopping global warming. Thus, companies disclosing carbon emission reports hope to gain social legitimacy from society and as a form of company performance in the environmental sector. The benefits of carbon disclosure as conveyed will impact business prosperity.

If developed countries have taken many actions to prevent carbon emissions, we should at least not reverse direction. We have to push the gap and should do our best to reduce the gap. Doesn't Allah SWT ask us to do good (ihsan), including preserving nature? Holy Qur'an confirms that humans are caliphs (as managers and prosper) on earth who are given the right to preserve nature.

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