

ESG Financing Requirements & Importance of Carbon Credits for Textile Sector

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Background of Sustainability

- **Understanding ESG (Sustainability) ... the Way Forward... Who Cares Wins... Responsible Investment.**

- **Emergence of Sustainability...**

- Stockholm Conference 1972 – Protection of Environment.
- 1992 - UN Framework (Earth Summit) – 178 Countries – “Agenda 21” – Protect the Environment.
- 2000 – UN MDGs – 8 Principles.
- 2015 – UN SDGs.
- Protection of own rights (Article 226 and 32).
- Article 21 – Impact on life. / Article 21 – Water Security.
- Article 48-A – State Powers for protection , promotion of environment, Forest and wildlife.
- Wildlife Protection Act, 1972.
- Biological Diversity Act , 2002.
- Paris Agreement , 2015. (196 countries / 450 Funds).
- Various legislations related to Waste Management , Recycling , Batteries, River Conservation, Noise Pollution.

Why ESG Strategy & Focus on Energy Transition...Social & Emerging Governance

Reduce Emissions

Maintain temperatures not exceeding 1.50 to 2.00% above 2005 levels.

Constraint of Resources.

Reuse , Recycle , Waste Management.

People, Planet and Profit – Tripple Bottom Line.

Better future for next generation.

Emergence of ESG Committees at the Board level.

ESG / Sustainability areas for the Textile Sector

- Sustainable Sourcing
- Green Production processes.
- Social matters and its handling
- Waste Management , recycle , re-use , etc.
- Supply Chain Visibility from greening point of view.
- General Awareness of Consumer these days.
- Global Buyers requirements.
- Regulations are emerging as Key challenges leading to higher compliances.
- R & D Investments for Innovation in India.
- Listing company compliances - ESG / BRSR Perspective.

Emerging Investments from these areas...

- **Broadly - Electricity is 40% , Process is 40% and 20% is Mobility.**
- **Renewable Energy Implementation to decarbonize Electricity.**
 - **Solar / Wind / Battery Storage / Hydrogen.**
- **Process related decarbonization.**
 - **Spinning / Weaving / Printing / etc.**
- **Mobility related decarbonization.**
 - **Inward and Outward Mobility**

How is India placed on the roadmap to Sustainability

- Exceedingly well placed on Renewable Energy front with 50% (242.50 GW Renewable out of 484 GW) of total Installed capacity in India.
- Target to go upto 500 GW by 2030-2032.
- Battery Storage - Large scale GRID projects under implementation by SECI.
- Hydrogen Trials underway by NTPC for Transportation.
- RIL doing trials on Hydrogen ICE.
- 8.50 Lac ton Green H2 tenders awarded.
- PLI for Energy transition.
- Green Shipping initiatives started by Cochin Shipyard Ltd.
- BHEL is planning EV Highways, etc.

COP 26 Declarations:

India's Stand at COP-26

Posted On: 03 FEB 2022 3:50PM by PIB Delhi

- The Government of India has articulated and put across the concerns of developing countries at the 26th session of the Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC) held in Glasgow, United Kingdom. Further, India presented the following five nectar elements (*Panchamrit*) of India's climate action: (Hon. PM Declaration):
 1. Reach 500 GW Non-fossil energy capacity by 2030.
 2. 50 per cent of its energy requirements from renewable energy by 2030.
 3. Reduction of total projected carbon emissions by one billion tonnes from now to 2030.
 4. Reduction of the carbon intensity of the economy by 45 per cent by 2030, over 2005 levels.
 5. Achieving the target of net zero emissions by 2070. (Net Zero Bill to be passed soon).

ESG Financing Requirements....



- **Solar Power - Another 300 GW - Approx. 12 to 15 Lac crs.**
- **Battery Storage - 50-75.GWh - 3-4 Lac Crs.**
- **Electric Mobility - 55 Lac new Electric Buses required.**
- **Textile Sector PLI is in place...Rs. 10,683 Crs.**
- **Investments generated due to PLI - Rs. 28,711 Crs.**
- **India R & D Innovation Support - Rs. 1 Lac Crs.**

Carbon Markets Starting in 2026

- 1. Compliance and Voluntary carbon markets starting next year 2026.**
- 2. Hard to abate sectors - CCTS**
 - **Aluminium**
 - **Cement**
 - **Chlor-Alkali**
 - **Fertilizer**
 - **Iron & Steel**
 - **Cement**
 - **Petrochemical**
 - **Petrochemical refinery**
 - **Pulp & Paper**
 - **Textile Sector**
- 3. Voluntary market to also going to start.**
- 4. Emerging Carbon markets are “End of Life Vehicle” for Auto sector in line with the “Vehicle Scrappage Policy of 15 years.**

Carbon Credits The real opportunity for Textile Sector in India (CCTS - 165 Cos).

- **India's total exports have crossed \$ 800 Bn. (2025)**
- **India's Textile Exports are currently \$ 36 Billion (4% plus)**
- **GOI has set a target of \$ 100 Bn Textile Exports by 2030.**
- **Textile sector can contribute significantly to Carbon Emission reduction / carbon intensity reduction and be a prime mover for 1 Bn Ton Carbon Emission reduction as set by the Hon. PM at Glasgow 2026.**
- **ESG / BRSR reporting as per SEBI guidelines will drive the decarbonization in larger listed top 1000 companies which will indirectly drive the supply chain partners in Textile sector.**
- **Value Creation opportunities lie ahead for Textile Sector with focus on ESG / BRSR.**
- **Carbon Compliance market starting next year 2026.**
- **1 CER = 1 Ton of CO2 reduction / removal etc.**

What is a Green Credit?

A Green Credit (GC) is a unit of incentive that is earned for an environment-positive action taken by an entity, out of the 8 designated areas of voluntary action, as given in the Green Credit Programme Implementation Rules, 2023 (GCPIR).



Tree Plantation



**Water
Conservation &
Harvesting**



**Sustainable
Agriculture**



**Waste
Management**



**Air Pollution
Reduction**



**Mangrove
Restoration &
Conservation**



**EcoMark
Labelling**



**Sustainable
Buildings &
Infrastructure**

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