

PRESS RELEASE
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Less than 10% of Indian Companies Committed to Net-Zero Targets are from High-Emission Sectors: ICRA ESG Ratings Report

Mumbai, December 2, 2024: ICRA ESG Ratings' report on science-based target initiative or SBTi commitments by Indian companies reveals a significant shift towards renewable energy in the power sector, particularly among companies with net-zero commitments, resulting in reduced emissions. Out of 127 companies with net-zero commitment from India, ~7% belong to high emissions sectors like construction materials and mining. The rest hail from sectors like textiles, software and services, typically considered to be having low to medium level of carbon footprint.

SBTi is a voluntary target-setting initiative whereby companies can commit to setting science-based targets and have their objectives independently assessed and validated. Commitments and target taking are done through stated sector wise guidelines by SBTi. The initiative has guidelines for setting emission reduction targets for various sectors. India ranks sixth globally, with 127 companies committed to SBTi net-zero targets, primarily from non-hard-to-abate sectors like textiles, software, and pharmaceuticals. The United Kingdom leads globally with the highest number of companies committed to SBTi net-zero targets. In contrast, China, despite being the largest emitter, has a lower share of companies with such commitments.

Commenting on the Net Zero Commitment by corporates **Sheetal Sharad, Chief Ratings Officer, ICRA ESG Ratings**, said *"Our findings emphasize the importance of committing to net-zero targets and how aligning with SBTi is a good way to enhance climate strategies, promote transparency and accountability, and highlight the need for continued innovation and regulatory support. Such initiatives and standards should acknowledge the role of India as a key actor in climate change action and therefore should consider the infrastructure led growth in developing nations like India while evolving guidelines towards target setting. This will encourage more entities towards alignment."*

Considering approximately 25 companies from the power, cement, and mining sectors, it was observed that while coal-based generation remains prevalent, there is a marked shift towards renewable energy adoption in the power sector. In the cement sector, high emissions due to clinker production are being mitigated through alternative fuels and carbon capture technologies. The metal and mining sector shows varied emission levels, with higher adoption of sustainable practices among companies with net-zero commitments. ICRA's sample set has demonstrated that only a handful of corporates managed to reduce their absolute emissions (~11% decline) in the last six years; however, they have managed to stabilize or decline the emission intensities to a certain extent. Less than 10% of companies from sectors contributing ~55% to India's overall emissions (power, energy, cement) have committed to net-zero targets through SBTi. This indicates that despite the large number of companies setting up targets, it may not be sufficient to meet the net-zero goal as the high-emitting companies are still not fully committed.

Apart from aligning to SBTi, corporates can signal their strong commitment towards net zero by declaring voluntary targets aligned to Paris Agreement 1.5-degree scenario. To access the full report, click [here](#).

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