Road for Investments, Net Zero; Carbon Credit for Material Circularity

This session delved into the intricate relationship between investments, net-zero objectives, carbon credit mechanisms, and material circularity in the pursuit of sustainability. As industries and governments worldwide strive to meet their net-zero commitments, the need for sustainable financial mechanisms, policy innovations, and multi-stakeholder collaborations has become increasingly vital. The discussions in this session focused on how financial strategies and carbon markets can facilitate the transition towards a circular economy, ensuring optimal utilisation of resources while minimising environmental impacts.

Key themes included bridging financial gaps, leveraging carbon credits as an economic tool, integrating circular economy principles into business models, and fostering innovation in sustainability financing. The speakers and panellists shared their expertise on scalable financial solutions, technological advancements, and regulatory frameworks that can support material circularity and reduce carbon footprints.

This session also highlighted how corporate social responsibility (CSR) funds, venture capital, and government incentives can accelerate climate-positive investments. Case studies of successful businesses implementing carbon trading, circular material management, and low-carbon technology adoption were presented, providing actionable insights for stakeholders looking to align their business strategies with global sustainability goals.

Speakers

- Sudhir Kumar, Former Advisor, NITI Aayog, New Delhi
- Sudhir Sinha, Former CSR Head, Arcelor Mittal, New Delhi
- Nitin Mishra, Founder Director, Sustainovate Climate Solutions, New Delhi
- Keshav Bhootda, Founder & Director, CLIMETO, Indore

Presentations and Key Messages

Sudhir Kumar (Former Advisor, NITI Aayog, New Delhi) who chaired the session, addressed the financing gap in achieving net-zero goals and the urgency of scaling investments in sustainability. He cited global estimates indicating a requirement of $6 trillion annually for climate finance by 2030, compared to the current levels of just over $1 trillion. Kumar highlighted India's specific challenge of requiring $10 trillion in cumulative investments to meet its net-zero target by 2070. He further discussed the disparities in climate finance distribution, particularly between public and private funding and the global North-South divide in fund allocation. Kumar emphasised that adaptation funding still lags behind mitigation, despite both being crucial for a balanced sustainability strategy. He recommended leveraging CSR initiatives and ESG investments to fund net-zero strategies, bridging financial gaps in sustainable development.

Sudhir Sinha (Arcelor Mittal) who co-chaired the session, provided a detailed overview of net-zero as a balance between greenhouse gas emissions and removals over a specified timeframe. He highlighted the importance of integrating net-zero objectives into corporate strategies, ensuring long-term sustainability in business operations. Sinha advocated for policy interventions that streamline financing for circular economy initiatives, making investments more accessible for businesses. He also recommended the creation of collaborative platforms for industry stakeholders to foster knowledge sharing and jointly develop sustainability projects.

Nitin Mishra (Sustainovate Climate Solutions) stressed the necessity of integrated approaches to material circularity, emphasising that standalone efforts will not be sufficient. He highlighted the importance of aligning business models with net-zero commitments, ensuring that sustainability goals are embedded in corporate strategies. Mishra discussed the role of innovative financial instruments such as green bonds, sustainability-linked loans, and blended finance in driving investments for circular economy projects. He underlined the need for global and local collaboration to address policy and technological gaps that hinder large-scale implementation of sustainability initiatives. He also proposed specific strategies to align carbon markets with sustainable development, including better regulatory frameworks, increased market transparency, and performance-based incentives.

Keshav Bhootda (CLIMETO) explained carbon credits as financial instruments that allow companies to offset emissions by investing in sustainability projects, representing the reduction of one tonne of CO2 equivalent per credit. He emphasised that carbon markets are an emerging opportunity for businesses to generate revenue while achieving climate goals. Bhootda identified key challenges, including financial constraints and the perception of sustainability as a high-risk investment, a lack of collaboration among policymakers, businesses, and financial institutions, and technological barriers that limit efficient tracking, monitoring, and implementation of circular economy models. He shared case studies from leading companies like Unilever, IKEA, and Dell, demonstrating successful business transitions towards circularity and carbon neutrality. Furthermore, he suggested a path forward for scaling sustainability investments, including strengthening public-private partnerships to create shared responsibility models, prioritising investments in circular technologies such as advanced recycling, biodegradable materials, and energy-efficient production processes, and integrating carbon markets into business strategies, ensuring companies have financial incentives to adopt sustainable practices, and aligning corporate strategies with global sustainability frameworks such as

UN Sustainable Development Goals (SDGs), Science-Based Targets initiative (SBTi), and ESG reporting standards.

Shri Gopichandran Ramachandran (NSB-NTPC School of Business, NOIDA) emphasised the role of academic institutions in shaping the sustainability landscape by integrating sustainability principles into business education. He discussed the potential of research collaborations between academia, government, and industry to address policy and technological challenges in circular economies. Ramachandran highlighted successful global initiatives where universities have partnered with businesses and policymakers to drive innovation in waste management, carbon trading, and material efficiency. He also advocated for a systemic approach to sustainability, where policy integration, education, and industry action work in tandem to create lasting impact.

Key Recommendations from the Session

Outcomes and Announcements

- Discussions on potential MoUs between private sector investors and sustainability-focused startups.
- A proposed training programme on Carbon Markets and Circular Economy to be launched by Sustainovate Climate Solutions and to develop an industry-academia collaborative framework for sustainability research.
- Proposal to align India's carbon credit regulations with international best practices.

Audience Engagement

Key Questions Raised:

- How can carbon credits benefit SMEs and local businesses?
- What are the most successful case studies in carbon financing?

Discussion Takeaways:

- Industries need simplified regulatory processes for carbon credit adoption.
- Increased awareness and training programs on net-zero investment strategies.