Arvind

FASHIONING POSSIBILITIES

Climate Transition Plan

Climate Transition Plan

Introduction

As a global player in textile and apparel industry, Arvind is committed to aligning its operations with the goals of the Paris Agreement and leading the way in the transition to a 1.5° C world. Climate change poses significant risks to businesses and communities alike, and it is our responsibility to address these challenges through decisive and strategic actions. Arvind's Climate Transition Plan outlines a comprehensive roadmap to reduce greenhouse gas (GHG) emissions, improve resource efficiency, and support the global shift towards sustainability.

Arvind's near-term, long-term and net-zero science-based targets were validated by the Science Based Targets initiative (SBTi) on 24 July 2025 and are aligned with a 1.5°C pathway to net-zero greenhouse gas emissions across the value chain by FY2050 (source: SBTi Net-Zero Approval Letter, 24 July 2025). By implementing various initiatives and collaborating with stakeholders, we seek not only to mitigate climate risks but also to unlock new opportunities for growth and resilience. This plan signifies Arvind's deep-rooted commitment to long-term sustainability while creating value for our customers, communities, and shareholders. Through this proactive approach, we are determined to shape a future where climate leadership is integral to business success.

Governance Structure

At the core of Arvind's governance framework is a dedicated leadership structure that ensures the alignment of sustainability with corporate strategy.

Board-Level Oversight

Before 2022, the Executive Directors was the Board's champion for sustainability and oversaw the convergence between sustainability and business policy. During the 2022 reporting period, we strengthened this structure by creating a Board-level Environmental, Social and Governance (ESG) Committee. This Committee considers ESG risks & opportunities, while setting up the ESG vision and ambition, and reviewing and guiding the strategy for Arvind.

The establishment of a Board-level ESG Committee marks a significant enhancement in oversight, providing strategic direction on environmental, social, and governance matters, including climate-related risks and opportunities.

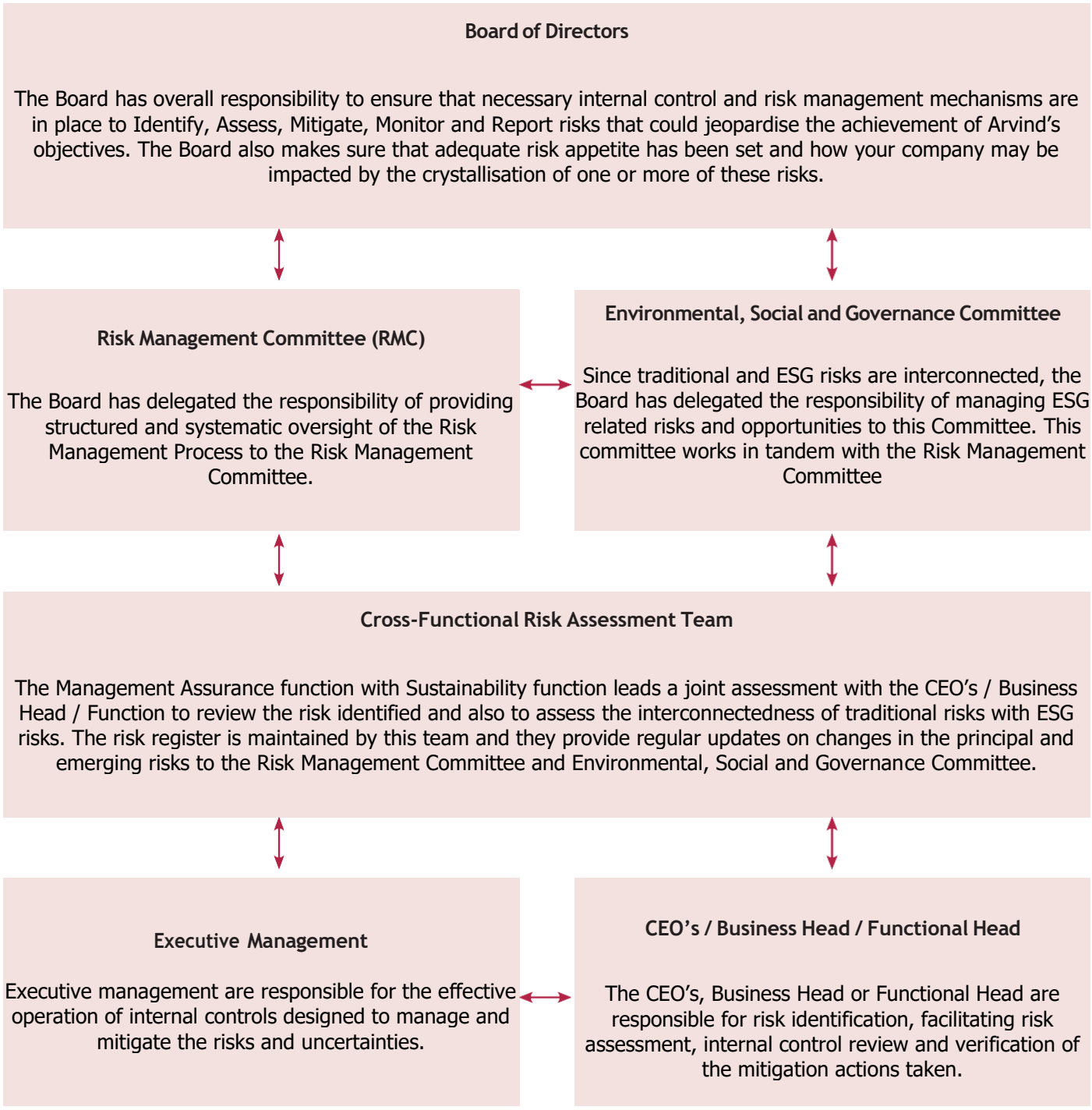
Board expertise on climate related issues

Arvind Limited recognizes that transitioning a business for success in a sustainable future requires environmental competency within its decision-making bodies. The ESG Committee of the Board, which is central to Arvind's sustainability efforts, exemplifies this by bringing together members with expertise in environmental science and sustainability. With Mr. Punit S. Lalbhai (member) holding a bachelor's degree in Conservation Biology from the University of California and a master's degree in Environmental Science from Yale University, the committee ensures a robust understanding of environmental issues at board level. This capability, combined with the practical and academic exposure of the Head of Corporate Sustainability, demonstrates Arvind's commitment to maintaining high levels of environmental competency. By embedding this expertise within its leadership, the company is well-equipped to understand and respond to environmental dependencies, impacts, risks, and opportunities, positioning Arvind for long-term sustainable success.

Highest management level positions and committee with responsibility for climate related issues

In addition to the oversight provided by the ESG Committee, Arvind has embedded climate-related responsibilities at the highest levels of management. Executive accountability plays a crucial role in managing climate risks, aligning with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations.

We have a robust Enterprise Risk Management (ERM) framework that enables us to mitigate risk and achieve better growth. At Arvind, we see in every challenge a new opportunity to innovate, and drive growth and value. As per recommendations of TCFD, we have integrated our Climate-related Risk management into our existing ERM framework where joint assessments are conducted by the Head of Corporate Sustainability and the Head of Management Assurance. The executive management level responsibility is assigned to the Head of Corporate Sustainability. Our risk management governance framework is shown below:



The ongoing collaboration between the Sustainability team and the Management Assurance team ensures that principal and emerging risks are regularly reviewed, helping Arvind remain resilient in the face of climate challenges. These assessments evaluate how environmental and social issues impact business continuity and guide strategic decisions discussed in ESG Committee meetings.

Executive incentive linked to climate performance indicators

Leadership accountability plays a critical role in ensuring the successful execution of Arvind's climate strategy. To reinforce this commitment, the CEO's performance is directly linked to sustainability-related measures, alongside other key areas such as profitability, working capital, and digital transformation. The sustainability metric, which encompasses both water and climate performance, accounts for 10% of the CEO's variable compensation.

By aligning executive incentives with sustainability goals, Arvind motivates its leadership to prioritize long-term environmental planning, resource allocation, and the integration of sustainability into corporate culture. This approach ensures that climate-related objectives remain central to strategic decision-making at the highest level.

For more details refer to *CEO Compensation Approach* on our website.

Feedback Mechanism

Governance is not complete with leadership accountability alone; it also requires active participation and feedback from key stakeholders to ensure a holistic approach to sustainability. Engaging with stakeholders is essential to refining and continuously improving Arvind's climate transition plan. The climate transition plan will be reviewed annually as part of our Risk Management Process. This feedback will be incorporated into ongoing updates to the plan.

Strategy & Risk Management

Understanding and addressing climate risks and opportunities is integral to Arvind's sustainability strategy. By systematically identifying potential climate-related challenges and opportunities, the company can enhance its resilience and capitalize on new avenues for growth. This proactive approach allows Arvind to not only mitigate risks associated with climate change but also to seize opportunities that arise from the global shift towards sustainability. In this section, we will explore the specific climate risks that Arvind faces, as well as the opportunities that can drive innovation and create value in a low-carbon economy.

Risk & Opportunities

Climate-related risks are sensitive to time horizon, some risks are long-term in nature and some can be experienced in a very short period of time. We have started seeing the physical risks such as increased intensity and frequency of extreme weather events like storms, floods etc. even today. Thus it is imperative that we define our timeframes according to the climate-related risks we face and the sectors & geographies we operate in. At Arvind, we have defined the time horizon of short term to be 1 to 2 years, for medium term it is 3 to 5 years and for long term it is 5 years and beyond, extending to 2050, to ensure that the risk-assessment horizon covers the timeframe of Arvind's long-term science-based target (FY2045) and net-zero target (FY2050).

Process for identifying climate-related risks & opportunities

The process for identifying climate-related risks and opportunities at Arvind Limited is comprehensive and systematic, ensuring that both current and emerging factors are considered in strategic decision-making.

Research & Analysis: A thorough secondary research on climate change and its impact, including historical trends and future projections, is conducted to assess the potential impact of climate change on the company's operations and supply chain. The information from this assessment feeds into the Cross Functional Risk Assessment Team.

Cross Functional Collaboration: As mentioned in the Risk Governance Framework above, this Cross Functional Risk Assessment team, including Sustainability, Risk Management, and Operations, collaborate to share insights and evaluate risks from various angles. This cross-functional approach enhances the identification of climate risks and opportunities that may not be immediately apparent.

Scenario Analysis: After this step, we utilizes scenario analysis to explore various climate futures, assessing how different scenarios might impact the business. This helps in understanding the resilience of existing strategies and identifying areas for adaptation and innovation.

Regular Review and Update: The identified risks and opportunities are regularly reviewed and updated to reflect new information, emerging trends, and stakeholder feedback. This iterative process ensures that Arvind remains responsive to the evolving climate landscape.

Potential Climate Risk & Opportunities

Climate change is one of the key universal risk, it has the ability to amplify traditional risks or create new risks. The time horizon for these risks can be short, medium or long term. In alignment with the TCFD recommendations, we have identified potential risks which are as follows:

- Physical Risks
    - **Acute** - Increased frequency of extreme weather events like Drought, Flood, Heat Wave, Heavy Precipitation etc.
    - **Chronic** - Changing precipitation patterns and types (rain, hail, snow / ice)
- Transitional Risks

- **Current and emerging regulations** - Enhanced emission reporting obligation, Carbon Tax, Phasing out of coal, Regulation of existing products and services leading to higher compliance cost
- **Legal** - Exposure to litigation for sustainability claims
- **Technology** - Unsuccessful investment in new technologies, Cost of transitioning to lower emissions technology and early retirement of existing assets
- **Market** - Increased cost of sustainable raw materials, Changing customer behaviour, Shift in demand and supply for sustainable raw materials
- **Reputation** - Stigmatization of sector, Increased stakeholder concern

Climate change on one hand poses potential risks as described above, however on the other hand it also brings about a varied set of potential opportunities for organisations willing to innovate and adapt. As we keep evolving to be a sustainable organisation, some of our potential opportunities include:

- **Resource Efficiency** - Use of more efficient production and distribution processes, use of recycling, reduced water usage and consumption
- **Energy Source** - Use of lower emission sources of energy, Use of new technologies, Participation in carbon market, Shift towards decentralised energy generation
- **Products and Services** - Development of new products and services through R&D and innovation, Development and/or expansion of goods and services with lower emission, Better competitive position to reflect shifting consumer preferences
- **Markets** - Access to new markets
- **Resilience** - Resource substitution / diversification, Participation in renewable energy programs and adoption of energy efficiency measures.

Potential Impact of Climate Risks & Opportunities

At Arvind, we have built our understanding about our impact on climate change and climate change's impact on us. The impact of climate change is reshaping the operating environment of businesses and its potential impact on our business is listed below:

Risk	Opportunities
• Reduced revenue from decreased production capacity e.g. supply chain disruptions • Reduced revenue and higher costs from impacts on operations, and supply chain. • Increased capital expenditures and costs to adopt and deploy new practices/processes • Increased direct costs due to changing input prices e.g. energy, water, sustainable raw material, etc. and output requirements e.g. wastewater, waste etc. • Increased operating cost e.g. caused by higher compliance cost	• Reduced operating costs (through efficiency gains and cost reductions) • Reduced exposure to future fossil fuel price increases • Reduced exposure to GHG emissions and therefore less sensitivity to changes in cost of carbon • Increased capital availability (as more investors are favouring lower emission producers or ESG compliant companies) • Increased revenue through demand for lower emission products and services • Better competitive position to reflect shifting consumer preferences resulting in increased revenues through access to new and emerging market • Increased reliability of supply chain and ability to operate under various conditions

Scenario Analysis

Climate change will impact the economy and environment via either physical risk or transitional risk. Thus, we undertook an analysis of two physical scenarios (RCP 2.6, RCP 8.5) and two transition scenarios (IEA 2DS, IEA STEPS) to understand how the identified climate risks and opportunities play out in the future. The transition scenarios were assessed qualitatively. The physical and water scenarios combined qualitative and quantitative assessment, including WRI Aqueduct modelling which projects that under a business-as-usual scenario Ahmedabad – which accounts for 50–70% of Arvind's business and 60–70% of turnover – will experience extremely high water stress (above 80%) by 2050.

Physical Climate Scenarios

We have selected RCP 2.6 as it requires very stringent mitigation actions so that carbon dioxide emissions start declining by 2020 and go to zero by 2100. This will likely keep the global temperature rise below 2°C by 2100. On the other hand, we selected RCP 8.5, which is a worst-case scenario i.e. emissions continue to rise throughout the 21st century.

Transition scenarios

For the transitional scenarios, we selected the IEA 2DS and IEA STEPS scenarios. The IEA 2DS scenario was selected as it is built on projected warming limit of 2°C and sets the target of cutting CO2 emissions by almost 60% by 2050 (compared with 2013), followed by continued decline after 2050 until carbon neutrality is reached. The IEA STEPS on the other does not take for granted that government will meet all its announced goal. It looks at the where the energy system will go without any additional policy implementation.

Insights gained from Climate Scenarios

According to the various scenarios selected above, some of the key physical and transitional changes that may occur are:

- The global mean surface temperature change for the period 2016–2035 relative to 1986–2005 is similar for the four RCPs (RCP2.6, RCP4.5, RCP6.0 and RCP8.5) will likely be in the range 0.3°C to 0.7°C (medium confidence).
- Changes in precipitation will not be uniform. In many mid-latitude and subtropical dry regions, mean precipitation will likely decrease, while in many mid-latitude wet regions, mean precipitation will likely increase under the RCP8.5 scenario.
- By 2100 for RCP8.5, the combination of high temperature and humidity in some areas for parts of the year is expected to compromise common human activities, including growing food and working outdoors (high confidence)
- Climate change is projected to reduce renewable surface water and groundwater resources in most dry subtropical regions (robust evidence, high agreement), intensifying competition for water among sectors (limited evidence, medium agreement).
- In urban areas climate change is projected to increase risks for people, assets, economies and ecosystems, including risks from heat stress, storms and extreme precipitation, inland and coastal flooding, landslides, air pollution, drought, water scarcity, sea level rise and storm surges (very high confidence).
- In IEA 2DS scenario, efficiency and renewable energies will be the main contributors, with a 40% and 35% of the share, respectively. Fuel switching will contribute 5% and nuclear 6%. Furthermore, other technologies still in development e.g. Carbon Capture and Storage will account for 14% of the decrease.
- Comparing 2025 and 2050 for the 2DS scenario there is a considerable decrease in the total primary demand of fossil fuels, 57, 31 and 27%, for coal, oil and natural gas, respectively.
- Coal use rebounds more rapidly in the near term and stays above last year's projections until around 2030, but its subsequent decline is faster than projected in 2020 (and much faster than projected five years ago) as per IEA STEPS.
- In the IEA STEPS, around 2050, there would be a 100% increase in the frequency of extreme heat events compared to today and these would be around 120% more intense; there would also be a 40% increase in ecological droughts that would be around 100% more intense.
- As per IEA STEPS, the global average surface temperature rise would exceed 1.5 degrees Celsius (°C) around 2030. Emissions in 2050 are around 32 Gt CO2: if emissions continue their trend after 2050, and if there are similar changes in non-energy-related greenhouse gas (GHG) emissions, the rise in temperature in 2100 would be around 2.6°C.
- In the STEPS, oil demand in developing economies is 12 million barrels per day (mb/d) higher in 2030 than in 2020 (an increase of nearly 30%), gas demand by 520 bcm (a near-25% increase), and coal demand by 160 million tonnes of coal equivalent (Mtce) (a 4% rise).
- Global unabated coal use in the energy system falls by around 5% to 2030 in the STEPS
- In the STEPS, rising oil and gas demand leads to price levels that incentivise investment in new supply.

- Renewables account for almost two-thirds of all new power capacity additions in emerging market and developing economies (excluding China) in the STEPS by 2030, up from about half today.

Source: (International Energy Agency, 2022), (International Energy Agency, 2017), (IPCC, 2014)

Our Strategy to Achieve Net Zero

Arvind operates within the textile and apparel industry, a high-impact sector for carbon emissions due to its reliance on raw materials, energy, and water. Based on the climate risks & opportunities, scenario analysis information, and their associated factors such as time horizon, impact etc. we have adopted the approach of being '**Fundamentally Right**'.

This approach focuses on input management rather than tailpipe interventions. We continue to push our boundaries to adopt mitigation and adaptation solutions across our six key inputs – **Fibre, Water, Energy, Chemicals, People and Capital** to be proactive in managing climate change. The approach covers all aspects of Arvind's operations, from supply chain management to manufacturing processes and stakeholder engagement around climate change.

To achieve the vision for a "1.5°C world", collective action is required and this vision cannot be accomplished in isolation. As the majority of our emissions occur upstream or downstream of our operations, we recognize our role in influencing change even when we cannot directly control it.

Link between identified (and potential) climate related risks, opportunities and company strategy

Our approach of being **Fundamentally Right** is integrated into our core business strategy, ensuring that sustainability considerations are central to our operations.

The initiatives we are taking as part of our approach of being 'Fundamentally Right' are aligned with the uncertainties faced in future-climate states, and the potential risk and opportunities. For example to tackle water scarcity we are reducing our dependence on freshwater and recycling our water, to reduce our dependence on coal and decreasing emissions we are increasing the use of biomass, to reduce the agricultural GHG emissions we are promoting sustainable farming practices.

Our "1.5°C world" Aligned transition plan

Arvind Limited has committed to reach net-zero greenhouse gas emissions across the value chain by FY2050, validated by the SBTi on 24 July 2025. The pathway to that commitment is set by our validated interim targets: a 63% absolute reduction in Scope 1 and 2 emissions by FY2034 against a FY2019 base year and a 40% absolute reduction in Scope 3 emissions by FY2034 against a FY2022 base year, followed by 90% absolute reductions in both Scope 1 and 2 and Scope 3 by FY2045 (target boundary includes land-related emissions and removals from bioenergy feedstocks). Given the importance of early action, the near-term actions set out below concentrate on Scope 1 and Scope 2. Our Scope 3 target now covers 95.31% of reported and excluded Scope 3 emissions, so value chain action can no longer be limited to cotton alone; the categories that dominate our FY2022 Scope 3 inventory are end-of-life treatment of sold products (37.07%), downstream transportation and distribution (25.97%) and purchased goods and services (18.14%) (source: SBTi Net-Zero and Near-Term Target Validation Report).

Our Operations

Our operational emissions are within our control. Our current operational target is the SBTi-validated commitment to reduce absolute Scope 1 and Scope 2 GHG emissions 63% by FY2034 from a FY2019 base year, extending to a 90% absolute reduction by FY2045. This replaces the earlier 2019 target to reduce combined Scope 1 and 2 emissions by 20% by 2025 against a FY2019 baseline, which was self-assessed as science-based rather than externally validated. As at FY2025-26, organization-wide absolute Scope 1 and Scope 2 emissions were 4,29,369.67 tCO2e, comprising Scope 1 of 2,62,624.74 tCO2e and market-based Scope 2 of 1,66,744.92 tCO2e. Measured against the FY2019 base year of 679,061.43 tCO2e on the same organization-wide boundary, this is an absolute reduction of 2,49,691.76 tCO2e, or 37.0%, against the validated target of a 63% reduction by FY2034.

Key Actions:

- Decarbonise our thermal energy
    - Transition to alternate sources of energy like biomass
    - Improving energy efficiency

- Increase our use of renewable electricity
    - Increasing our on-site and off-site renewable energy sourcing
- Reduce emissions from refrigeration
- Scout for new innovators and adopting new innovations
- Installing resource efficient machinery

Dependencies

- Innovation in the solar thermal energy generation industry.
- Round the year local availability of biomass
- Collaboration with customers
- Availability of cost effective transition options

Value Chain Engagement

Although the value chain is responsible for most of our emissions, we're dedicated to fostering a more rapid transition to sustainable practices. However, it's imperative to recognize that the pace of change is not entirely within our control. Our central position within the supply chain enables us to interact effectively with both suppliers and customers. We are actively working in both Upstream and Downstream of our value chain to accelerate transition to sustainable practices.

Upstream Value Chain Engagement

For climate change, we have defined a threshold that if a supplier's emissions form part of the top 80% of our total emissions, they are considered to have a substantive dependency and/or impact on the environment.

In order to prioritize engagement, firstly we identify the top 80% contributors to our GHG emissions. Secondly from this list, we identify the suppliers of our key raw materials, their strategic status and our leverage over suppliers to identify the suppliers with whom we will engage on priority.

Key Actions:

- Providing resources, and technical support to help suppliers understand and implement best practices.
- Create partnerships with strategic suppliers for GHG reduction
- Work with small and medium holder farmers for promoting sustainable cotton cultivation
- Promoting regenerative agriculture

Dependencies:

- Access to reliable data and information from suppliers
- Shared commitment to sustainability goals and a willingness to collaborate on joint initiatives.
- Availability of infrastructure and market opportunities to ensure that farmers can benefit from the production of sustainable cotton.
- Access to financial incentives and technical assistance to support the adoption of sustainable farming practices.

Downstream Value Chain Engagement

Our downstream value chain, consisting primarily of our customers and retailers, also plays a crucial role in our overall carbon footprint. Therefore, we are committed to collaborating with them to drive sustainable practices throughout the supply chain.

Key Actions:

- Educate and empower customers: Provide information and resources to help customers understand the environmental impact of their purchasing decisions and encourage them to choose sustainable products.
- Partner with customers: Work with our customers to promote sustainability initiatives across the value chain, such as building capacity of farmers to adopt sustainable cotton and using this cotton in the products that we offer to our customers.

- Support Customer to Design for sustainability: Incorporate environmental considerations into product design from the outset, minimizing resource consumption and waste generation.

Dependencies:

- Consumer demand for sustainable products: A growing market for eco-friendly goods is essential for driving sustainable practices in the downstream value chain.
- Customer support: Retailers must be willing to invest in sustainable initiatives and promote sustainable products to their customers.
- Collaboration with industry partners: Partnerships with other companies in the supply chain can help to develop and implement sustainable practices at a broader scale.

In conclusion, our Transition Plan outlines a comprehensive strategy to reduce our carbon footprint and contribute to a more sustainable future. By focusing on operational decarbonization, engaging with our supply chain to promote sustainable practices, and collaborating with our customers and retailers, we are taking significant steps to achieve our net-zero ambitions.

As we continue to implement these initiatives, we will closely monitor progress and adapt our approach as needed to ensure that we remain on track to meet our sustainability goals. Moving forward, we recognize that achieving our climate ambitions will require significant financial investment. The next section detail the influence of climate change on our financial planning and resource allocation strategies to support the implementation of our sustainability initiatives.

Financial Planning based on 'Fundamentally Right' approach

Climate related issues and opportunities influences our financial planning in multiple aspects ranging from capital expenditure, access to capital, direct cost, indirect cost and revenues. Mitigation of climate change risks require collaboration over a long term – with this aim in mind, our focus is on collaborating with stakeholders in the value chain to build long term partnerships and leveraging other sources of finance to reduce our need of access to capital and capital expenditure.

One successful example of financial planning over the long term is in renewable energy, which requires high capital expenditure for installation. Having commissioned a biomass-fired boiler through collaboration with one of our customers, in FY2025-26 we consumed 24,565 MT of biomass briquettes from our own backward-integrated supply chain, a 48% increase on FY2024-25, and replaced a further coal-fired boiler with a biomass-fired unit. These investments support a complete coal phase-out for Arvind Limited by 2029. A torrefaction project is also under development to raise the energy density of our biomass fuel. A 33 MW hybrid renewable energy capacity addition at Bhatia, Gujarat has been contracted, with commissioning scheduled for December 2026.

Low carbon products or services

Our customers have made environmental commitments, and to meet these, they will need to engage with their suppliers in sourcing low-carbon products. At Arvind, we are implementing processes such as using more sustainable materials and manufacturing processes. This will help us seize the opportunity and offer low-carbon products to our customers. The ability to provide low carbon products and services combined with our value chain engagement help us promote adoption of more sustainable products and reduce our value chain emissions.

Some of the ways through which we offer low carbon products are:

1: Shifting to products made of sustainable cotton helps reduce emission in the upstream value chain.

2: Transitioning to alternate sources of energy in our facilities helps us to make products which have low carbon.

3: Innovation in products to reduce emission in their use phase, example a wrinkle free garment will reduce the ironing related emission in the use phase.

In FY2025-26, 51% of our cotton was sourced from sustainable sources (Better Cotton, organic and regenerative), which we estimate avoided 21,796 tCO2e against a 100% conventional cotton baseline, and 40% of our sourced electricity was renewable, which we estimate avoided 96,149 tCO2e using the CEA grid emission factor. In FY2025-26 we also commissioned India's first supercritical CO_2 dyeing facility at Santej, with H&M Group and Deven Supercriticals,

an investment of ₹25 crore; the technology has the potential to reduce water use by up to 76%, energy by 67% and dyes and chemicals by 90% in the dyeing process.

Public Policy Engagement

Our engagement on environmental policy is conducted in two ways, both of which are aligned with our climate ambition and strategy and with our stated environmental commitments.

Indirectly, through industry and multi-stakeholder bodies whose activities may influence policy, law or regulation. In FY2025-26 Arvind paid membership fees of ₹52 Lakh to the Sustainable Apparel Coalition (Cascale), ₹50 Lakh to Fashion for Good, ₹16.98 Lakh to the Organic Cotton Accelerator, ₹14.59 Lakh to Better Cotton, ₹6.76 Lakh to ZDHC and ₹2.68 Lakh to Textile Exchange.

Directly, through participation in industry and government consultative forums. Mr. Kulin Lalbhai is Chairman of the CII National Committee on Textiles, Chairman of the CII Gujarat Council, and heads the CII subcommittee on the India–European Union Free Trade Agreement negotiations, through which the Indian textile industry provides input to government on trade terms affecting the sector. Mr. Abhishek Bansal is a Board Member of ZDHC and of the Social and Labor Convergence Program. Mr. Param Shah is Co-convener of the CII Gujarat Textile Panel. Arvind participates in the ESG Task Force meetings of the Ministry of Textiles.

Arvind does not make political contributions and does not fund political campaigns, lobbyists or tax-exempt groups whose primary function is to influence public policy. Arvind is not registered on a transparency register.

All external engagement on environmental policy is conducted in line with the Paris Agreement and with the UN Global Compact, to which Arvind is a signatory with an active Communication on Progress. Consistency is maintained through Board-level oversight: new collaborations, initiatives and engagement activities are briefed to leadership and assessed under the Enterprise Risk Management framework; the ESG Committee of the Board reviews climate and water risks and opportunities; and external engagement on policy is undertaken either by the Sustainability department or by another department in consultation with it, so that no engagement is inconsistent with Arvind's commitments.

Alignment of public policy engagement with climate ambition & strategy

Our engagement with these institutions aligns with our climate strategy in the following ways:

Setting Industry Standards: By actively participating in organizations like ZDHC and SAC, Arvind Limited helps to establish and promote industry-wide standards for sustainable textile manufacturing. These standards can drive innovation, reduce environmental impact, and create a more level playing field for companies committed to sustainability.

Promoting Sustainable Practices: Our engagement with Better Cotton and Organic Cotton Accelerator demonstrates our commitment to sourcing sustainable cotton, a key raw material in the textile industry. By supporting efforts to promote sustainable cotton farming practices, we are contributing to setting up practices that can be adopted by the wider industry at scale. This engagement aligns with global regulatory trends focused on sustainable agriculture and resource management.

Shaping a Regulatory Environment: Our continued participation in these initiatives ensures we contribute to shaping a regulatory environment that fosters climate resilience and sustainability in the textile industry.

By engaging with these organizations, we are actively contributing to the development of sustainable industry standards, promoting sustainable practices, and advocating for policy changes that support our climate ambitions.

Targets and Metrics

To effectively measure and track our progress towards achieving our climate goals, we have established a comprehensive set of targets and metrics. These targets align with our overall sustainability strategy and provide a framework for evaluating our performance and identifying areas for improvement. By regularly monitoring and reporting on these metrics, we can ensure that our climate initiatives are on track and making a meaningful contribution to a more sustainable future.

Emissions reduction targets

Our emissions reduction targets have been validated by the Science Based Targets initiative and are aligned with a 1.5°C pathway. The approved target language, which is the wording to be used in all external communications, is:

Overall net-zero target: Arvind Limited commits to reach net-zero greenhouse gas emissions across the value chain by FY2050.

Near-term targets: Arvind Limited commits to reduce absolute Scope 1 and 2 GHG emissions 63% by FY2034 from a FY2019 base year. Arvind Limited also commits to reduce absolute Scope 3 GHG emissions 40% by FY2034 from a FY2022 base year.

Long-term targets: Arvind Limited commits to reduce absolute Scope 1 and 2 GHG emissions 90% by FY2045 from a FY2019 base year. Arvind Limited also commits to reduce absolute Scope 3 GHG emissions 90% by FY2045 from a FY2022 base year.

In both cases the target boundary includes land-related emissions and removals from bioenergy feedstocks. Scope 2 is accounted for on a market-based approach. The near-term Scope 3 target covers 95.31% of reported and excluded Scope 3 emissions and the long-term Scope 3 target covers 96.31% of FY2022 Scope 3 emissions, with 0.11% of FY2022 Scope 3 emissions excluded from the inventory. The targets were approved on 24 July 2025 and must be reviewed against the latest SBTi criteria within five years.

Other climate-related targets

Target Coverage	Target
Organisation Wide	40% of total energy consumption from renewable sources by 2025-26. Status: MET on an organization-wide 100% basis. The figure of 39.1% (2,523.7 TJ of 6,452.0 TJ) published in IAR 2025-26 BRSR Principle 6 covers standalone operations only and is not the basis on which this target is measured.
Facility Level – Denim Facility	100% phase out of coal at our Denim facility (Naroda) by 2025, extended to a complete coal phase-out for Arvind Limited by 2029 (source: IAR 2025-26, BRSR Principle 6). Status at FY2025-26: a further coal-fired boiler was replaced with a biomass-fired unit and 24,565 MT of biomass briquettes were consumed, up 48% year on year.
Organisation Wide	40% of total electricity from renewable sources by 2025-26. Status: MET on an organization-wide 100% basis. The figure of 37% of sourced electricity published in IAR 2025-26 covers standalone operations only and is not the basis on which this target is measured.
Organisation Wide	We are committed to eliminating 100% of hazardous substances across our operations and supply chain by 2030 in line with RSL and ZDHC MRSL requirements.

Progress against these targets is reported in our CDP disclosure and on our corporate website.

Science-based Targets and Net Zero Targets

Our near-term, long-term and net-zero science-based targets were submitted to the Science Based Targets initiative on 21 April 2025 and validated on 24 July 2025. They were assessed as compliant with all applicable criteria of the SBTi Corporate Net-Zero Standard, including method validity, Scope 3 screening and coverage, level of ambition for Scope 1 and 2 and for Scope 3, and neutralisation of residual emissions. Arvind Limited's Scope 1 and 2 target ambition is aligned with a rate of decarbonisation consistent with limiting global temperature increase to 1.5°C. The targets are listed on the SBTi website (source: SBTi Net-Zero Approval Letter, 24 July 2025; SBTi Net-Zero and Near-Term Target Validation Report).

These targets set the roadmap for reducing our greenhouse gas emissions across our operations and value chain, and progress against them is one of the climate-related metrics we track and report.

Reporting & Disclosure

At Arvind we are committed to transparent reporting on our climate transition progress. We disclose our Scope 1 and Scope 2 emissions inventory annually. For FY2025-26 this inventory is subject to independent limited assurance by Intertek India Private Limited against ISAE 3000 (Revised) and ISAE 3410, covering more than 95% of both Scope 1 and Scope 2 emissions on an organization-wide boundary. The assurance statement is published at https://www.arvind.com/sustainability/environment. Our Scope 3 inventory has been prepared across all categories required for science-based target setting and was submitted to and reviewed by the SBTi as part of target validation.

To further enhance transparency and accountability, we have already integrated our climate transition plan and key performance indicators (KPIs) into our existing mainstream filings, including annual financial reporting and sustainability reporting. Additionally, we have been reporting to various ESG disclosure platforms such as CDP and CSA. This integrated approach ensures that our climate initiatives are aligned with our overall business strategy and provides stakeholders with a clear and comprehensive understanding of our progress.

Sustainable Taxonomy

To further strengthen our commitment to sustainability and transparency, we are actively monitoring the development of a sustainable taxonomy for the textile sector. Once established, we will integrate this taxonomy into our financial planning and reporting processes. A sustainable taxonomy will provide clear standards and classifications for sustainable activities, helping align our investments and financial strategies with global sustainability goals. This will further enhance transparency, access to green finance, and our ability to meet regulatory and market expectations for sustainability performance. By staying agile and responsive to emerging frameworks, we ensure that our financial decisions support both climate resilience and long-term business success. This comprehensive approach positions us to effectively manage risks while seizing opportunities within a rapidly evolving sustainability landscape.