

# Sustainability Watch

August, 2025



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01

# Global



Insights &  
Development



# EU Targets

## Doubling Circularity Rate with New Circular Economy Act by 2030

The European Commission has opened a public consultation and Call for Evidence to guide the creation of its upcoming Circular Economy Act, scheduled for adoption in 2026. The legislation aims to speed up the EU's transition from a linear to a circular economy, strengthening economic security, resilience, competitiveness, and decarbonization. It will also advance the objectives of the Competitiveness Compass and the Clean Industrial Deal, positioning the EU to lead globally in circular economy practices by 2030.

### Key Takeaways:

**Doubling Circularity by 2030:** The EU aims to **double its circularity rate to 22–24% by 2030**, up from 11.8% in 2023.

**Policy and Regulatory Reforms:** Measures include updating end-of-waste rules, digitalizing EPR, and mandating circular public procurement.



**Single Market for Secondary Materials:** The Act will create a single market for secondary raw materials to strengthen supply and quality.

**Focus on E-Waste Recycling:** Strengthening e-waste recycling will ensure greater availability of critical secondary materials.

**Timeline and Consultation:** A public consultation runs until November 6, 2025, with adoption expected in 2026.

The Circular Economy Act is a pivotal step in reshaping Europe's economic model towards sustainability and resilience. By creating stronger markets for recycled resources and enforcing circular practices, it aligns growth with decarbonization. If implemented effectively, it could position the EU as a global leader in circular innovation by 2030.

# China Launches

## Green Foreign Debt Financing to Accelerate Global Capital Inflows



In August 2025, China's State Administration of Foreign Exchange (SAFE) rolled out a pilot program across 16 provincial-level regions—including Beijing, Shanghai, Hebei, and Qingdao—encouraging non-financial enterprises to direct cross-border financing toward green and low-carbon projects. The scheme expands the upper limit for such borrowing, streamlines foreign debt services (like registration), and aims to balance financial openness with macroeconomic security while supporting the real economy's decarbonization efforts.

### Key Takeaways:

- 01 Pilot scope:** The program spans 16 provinces and cities, targeting diverse economic hubs to pilot green debt financing.
- 02 Expanded borrowing capacity:** It raises the ceiling on cross-border financing for eligible green investments.
- 03 Administrative simplification:** Banks can directly handle filings for green foreign debt, making the process more efficient.
- 04 Alignment with green policy goals:** Projects must meet standards set by entities like the PBOC, reinforcing China's sustainable development strategy.

This green foreign debt pilot represents a strategic link between China's drive for low-carbon transformation and international investment, signalling its ambition to deepen its role in global sustainable finance - provided it can deliver on transparency, proper oversight, and investor confidence.





02

**National**



**Insights**



# State Energy

## Efficiency Index 2024



The State Energy Efficiency Index (SEEI) 2024 was released by the Ministry of Power and developed by the Bureau of Energy Efficiency (BEE) in collaboration with the Alliance for an Energy Efficient Economy (AEEE)—evaluates the energy efficiency performance across 36 Indian states and Union Territories for FY 2023-24. It uses an implementation-focused framework featuring 66 indicators spanning seven demand sectors: buildings, industry, municipal services, transport, agriculture, DISCOMs, and cross-sector initiatives, including new emphasis on EV adoption, star-rated buildings, and demand-side management (DSM) strategies.

### Key Takeaways:

**Other Top Performers:** Gujarat, Kerala, and Andhra Pradesh also ranked as front-runners in adopting energy efficiency measures.

**Karnataka Tops the Index:** Karnataka scored the highest with 85.5 points, leading the large state category in energy efficiency.



**Union Territories Leading:** Chandigarh emerged as the best-performing UT, setting benchmarks for smaller regions.

**Developed by BEE and Alliance:** The Bureau of Energy Efficiency (BEE) and Alliance for an Energy Efficient Economy jointly prepared the index.

SEEI 2024 is proving to be a vital policy instrument, offering measurable insights and fostering competitive federalism in India's energy transition. It encourages states to benchmark performance, embrace best practices, and incrementally align with the nation's climate goals—particularly the net-zero emissions by 2070 target and 45% emissions intensity reduction by 2030.

# Accelerated Rainfall

## Changes in India Demand New Climate Models

Recent observations show that India is already experiencing shifts in rainfall patterns that were previously projected to occur around 2040. Between 1951 and 2022, the frequency of heavy rainfall events—particularly those exceeding 100 mm per day—has risen sharply, with June 2025 registering a record 502 such events, surpassing the 494 events recorded in 2023. This acceleration of extreme monsoon behaviour indicates the current climate models (like CMIP6) significantly underestimate the pace and severity of change. Scientists are calling for climate models that integrate real-time observational data and paleoclimate insights to better anticipate these rapid shifts and manage future risks effectively.

### Key Takeaways:

- 01** **Rapid Onset of Extreme Rainfall:** India is experiencing intensified rainfall patterns much earlier than predicted.
- 02** **Record-Breaking Events in June 2025:** 502 extreme rainfall events were recorded in June alone, the highest ever.
- 03** **Limitations of Current Climate Models:** Existing models underestimate the pace of rainfall changes and extremes.

Experts are calling for climate models that integrate continuous real-time data and historical climate records. Enhanced tracking of polar ice and ocean systems is essential to improve accuracy. These advanced models would more effectively reflect the pace of global warming and the rise in extreme weather events, offering a more dynamic alternative to the traditional models used by the IPCC.





03

**Corporate**



**Goals & Initiatives**



# Carbon2Nature

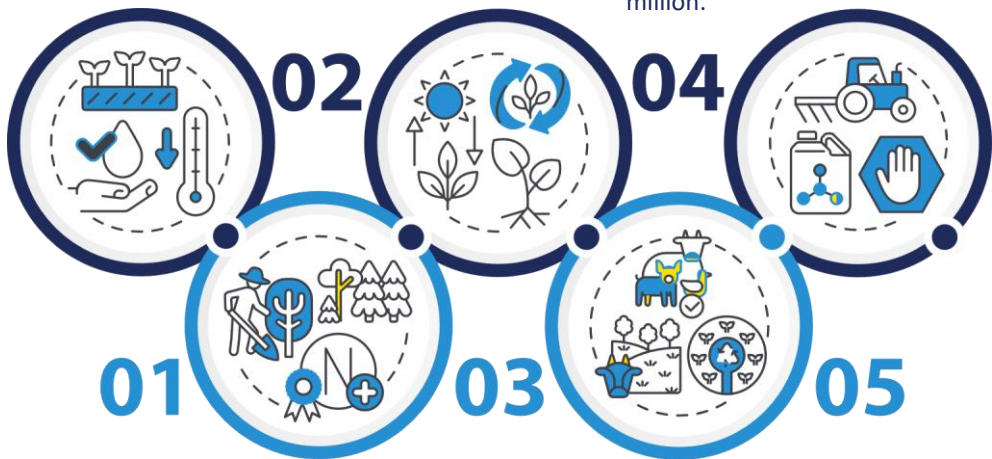
## Brazil Partners with Biomass to Restore 1,200 Hectares of Atlantic Forest

Carbon2Nature Brazil and Biomass have teamed up on the Muçununga Project to reforest 1,200 hectares of degraded Atlantic Forest in southern Bahia, spanning eight municipalities. Supported by a R\$55 million (~US\$9.3–9.7 million) investment, the project plans to plant 2 million seedlings composed of over 70 native species by 2027. It aims to recover biodiversity, enhance environmental resilience, generate around 525,000 carbon credits over 40 years, and create approximately 80 direct local jobs, all while fostering social inclusion and supporting rural economies.

### Key Takeaways:

**Biodiversity Focus:** Nearly 2 million seedlings of 70+ native species will be planted to rebuild ecological corridors.

**Investment:** A total of R\$55 million is being invested, with Carbon2Nature Brazil contributing roughly R\$13.7 million.



**Scale & Scope:** Restoration efforts will cover 1,200 hectares across eight municipalities in southern Bahia.

**Carbon Impact:** The project is expected to generate approximately 525,000 carbon credits over the next 40 years.

**Social & Economic Benefits:** The initiative will create around 80 direct jobs, enhance local livelihoods, encourage community participation, and support social inclusion.

The Muçununga Project exemplifies a holistic model of ecological restoration that aligns environmental regeneration with economic empowerment—leveraging nature-based solutions, carbon finance, and community engagement to deliver lasting climate, biodiversity, and social benefits.



04

# Notable



Legal Judgments &  
Orders



# Supreme Court:

## Pollution Control Boards Can Impose Environmental Compensation on Polluting Entities



In a landmark judgment, the Supreme Court affirmed that Pollution Control Boards (PCBs) hold the authority to impose environmental compensation or demand bank guarantees under their regulatory remit. The Court clarified that such measures—under Sections 33A of the Water (Prevention & Control of Pollution) Act and 31A of the Air (Prevention & Control of Pollution) Act—are valid for addressing actual or imminent environmental harm and are restorative, not punitive. The decision reinforced the “polluter pays” principle and overturned the Delhi High Court’s earlier ruling that had limited the powers of environmental regulators.

01

**Statutory Empowerment of PCB:** PCBs are officially empowered to levy restitutionary environmental compensation or require bank guarantees as ex-ante safeguards under Sections 33A and 31A of the Water and Air Acts.



02

**Triggered Only by Environmental Harm (Actual or Imminent):** Compensation cannot be imposed for every violation. It is limited to cases where environmental damage has occurred or is imminent.

03

**Doctrine of Polluter Pays and Environmental Justice:** The judgment leaned on precedent from Vellore Citizens Welfare Forum (1996) and Indian Council for Enviro-Legal Action (1996), underscoring environmental restitution as both a constitutional and statutory obligation.

04

**Distinction Between Compensation and Penalty:** The Court drew a clear line: environmental compensation is a restorative (civil) measure, while penalties are punitive and require a court proceeding.

05

**Need for Transparency and Procedural Fairness:** The Court emphasized that PCBs must enact subordinate legislation - clear rules outlining how environmental damage is quantified and compensation assessed—to ensure that actions are transparent, non-arbitrary, and uphold natural justice.

Key Takeaways:



This ruling significantly strengthens environmental governance in India, empowering regulators to act swiftly and effectively—while ensuring fairness—toward restoring ecological harm and safeguarding public interest.

# Supreme Court Warns:

## "Entire Himachal Pradesh May Vanish"

The Supreme Court issued a stark warning: if unregulated development and environmental neglect continue unchecked in Himachal Pradesh, the state may “vanish in thin air from the map of the country.” The bench emphasized that earning revenue cannot come at the cost of ecology, and directed both the State Government and the Union of India to submit a detailed action plan within four weeks to address the ecological deterioration, including stricter monitoring of green tax fund usage.

### Key Takeaways:

#### Ecological Fragility of Himachal Pradesh:

The Supreme Court highlighted the rapidly worsening ecological imbalance in the state including landslides, land subsidence, and infrastructure collapse - citing rampant construction and tourism-driven stress on fragile ecosystems

#### Revenue Must Not Override Environmental Integrity:

The Court admonished that economic gains should not be prioritized over environmental conservation, stressing that development must be balanced with ecological resilience

#### Green Tax Funds Must Be Monitored:

There was concern about the diversion of green tax fund revenues for unrelated purposes, prompting the Court to underscore the need for proper oversight and accountability in their use.

#### Mandatory Submission of State Action Plan:

The bench issued a notice requesting that the Himachal Pradesh Government—along with the Union of India—file, within four weeks, a comprehensive action plan detailing measures being taken to stem ecological decline in the state.

#### Climate Change and human activity have Increased risk:

The apex court reaffirmed that the root of the crisis lies not in nature, but in unchecked human activity. The combination of climactic shifts and anthropogenic stress breeds greater environmental instability.

This ruling serves as a clarion call for sustainable governance: economic development must go hand in hand with ecological stewardship, or fragile landscapes like Himachal Pradesh will bear the irreparable consequences.

### Environment, Social and Governance (ESG) Services

- ESG Framework and Strategy Development
- ESG Due Diligence
- ESG Rating
- Responsible Investment (RI) Advisory



### Nature Based Solutions (NBS)

- Corporate Biodiversity Solutions
- Forestry and Ecology Advisory
- Rivers and Wetlands Studies



## Our Services

### Corporate Sustainability and Social Responsibility Advisory

- Sustainability Reporting and Assurances
- Environment, Health and Safety (EHS) Services
- Lifecycle Assessment & Sustainable Supply Chain Services
- Energy Advisory
- Corporate Social Responsibility Services
- Circular Economy



### Climate Change Advisory

- Policy and Strategy Development
- Carbon Projects Development
- Climate Change Adaptation
- Corporate Climate Actions
- Climate change presents financial risk to the global economy
- Assessing and managing climate-related risks & opportunities
- Integrating climate related risks and opportunities



## Our Locations

### NOIDA

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Extension Road, Sector 61,  
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T: +91 0124 430 1551

### CHENNAI

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### PUNE

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CTS 1085, Ganeshkhind Road,  
Next to Reliance Centro Mall,  
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### HYDERABAD

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