

Sustainability Watch

September - October, 2025



What's Inside

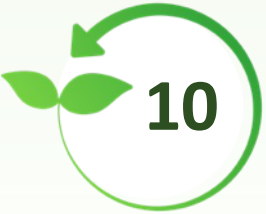
● **Global Insights & Development**



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01

Global



Insights &
Development





1

Simplify EU
Carbon Border
Adjustment
Mechanism
September
30th, 2025

The Council

of the European Union has approved a new regulation simplifying the Carbon Border Adjustment Mechanism (CBAM) — the EU’s flagship tool to prevent carbon leakage by pricing imported goods based on their embedded emissions. The reform, part of the Omnibus I legislative package, aims to ease compliance for businesses while maintaining full climate integrity ahead of CBAM’s full rollout in 2026.

Key Takeaways:

- The regulation introduces a **50-tonne de minimis threshold**, exempting most small and medium-sized enterprises (SMEs) and minor importers from CBAM reporting and payment obligations.
- Despite procedural changes, the updated framework continues to cover **around 99% of embedded emissions**, ensuring that climate ambition remains intact.
- The reforms streamline company registration, emissions calculation, and enforcement processes — cutting administrative burdens and improving regulatory clarity.

EU leaders emphasized that the changes strike a balance between **climate ambition and business competitiveness**, reinforcing Europe’s commitment to a fair and effective green transition. By easing compliance while safeguarding environmental goals, Brussels’ CBAM reform reflects a pragmatic approach to climate regulation. The update ensures that Europe’s border carbon pricing remains both **business-friendly and climate-robust**, setting the stage for smoother implementation in 2026.



2 Global Renewable Power Surpasses Coal for the First Time, October 7th, 2025



In a Historic

milestone for the global energy transition, renewable energy has overtaken coal as the world's largest source of electricity generation, according to new data released by energy think tank Ember. In the first half of 2025, renewable sources generated 5,072 terawatt hours (TWh) of electricity — surpassing coal's 4,896 TWh for the first time.

Key Takeaways:



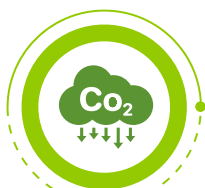
China and India led global renewable capacity additions, together accounting for most of the growth. China's solar output rose **43%**, and India's wind generation increased **29%**, offsetting fossil fuel expansion elsewhere.



Solar power met **83% of the increase** in global electricity demand, underscoring its role as the fastest-growing source of new power generation worldwide.



While Asia decarbonized rapidly, the U.S. and Europe saw temporary upticks in coal and gas use due to policy reversals and weak hydro output.



Renewables are now expanding fast enough to meet all new global electricity demand without increasing fossil-fuel use - a key step toward Paris Agreement goals.

The crossover between renewables and coal marks a defining moment in energy history. As technology, policy, and markets align, the world's electricity future is increasingly being powered by sunlight and wind - signaling an irreversible shift toward a low-carbon global economy.

In a Pioneering

move for climate finance, the Tokyo Metropolitan Government (TMG) has announced the issuance of TOKYO Resilience Bonds -the world's first certified climate resilience bonds. The proceeds, expected to raise around JPY 50 billion (USD 330 million), will fund projects aimed at strengthening the city's defenses against natural disasters and climate risks.

Key Takeaways:



The bond proceeds will finance initiatives under the TOKYO Resilience Project, launched in 2022 to enhance protection against floods, earthquakes, volcanic ash, and other extreme events.

Eligible projects include river and coastal upgrades, sediment and flood prevention infrastructure, and undergrounding of utility poles to prevent collapse during disasters.



The bonds are the first certified under the Climate Bonds Initiative's new Resilience Criteria and Taxonomy, expanding the scope of green finance to include adaptation and resilience.

Tokyo's innovative bond issuance marks a turning point in sustainable finance - shifting the focus from carbon reduction alone to building climate-ready, disaster - resilient urban futures.



3

**Tokyo
Launches
World's First
Certified
Climate
Resilience
Bonds 16th
October 2025**





02

National



Insights



1

**Kerala
Cabinet
Approves
State ESG
Policy
October
2nd, 2025**

Kerala's State

cabinet formalized an ESG policy to promote sustainable investment through tax incentives, concessional finance and subsidies. The policy sets decade- and half-century-level targets, aiming for 100% renewables by 2040 and carbon neutrality by 2050. It underscores social and biodiversity safeguards and seeks to position Kerala as a hub for responsible capital. The move may influence other Indian states to adopt ESG frameworks, reducing friction for investors and elevating regional climate governance.

Key Takeaways:



Kerala became India's first state to institutionalize an ESG-based investment policy.



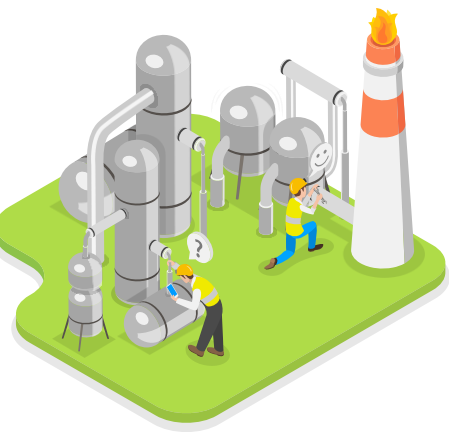
The policy offers fiscal and financial benefits to ESG-aligned businesses and targets 100% renewables by 2040 and carbon neutrality by 2050.



The policy integrates labour welfare, social equity, and biodiversity protection and sets an example that other Indian states can follow to promote sustainable growth.

Subnational ESG policies create local investment certainty and serve as laboratories for frameworks that could scale nationally. Transparent metrics and independent verification will be critical to avoid signalling without substance.





2

India Approves
₹1,500 Crore
Scheme for
Critical-Mineral
Recycling,
October 7th,
2025

Indian Cabinet

approved a ₹1,500 crore initiative in September 2025 to develop domestic recycling capacity for critical minerals, especially e-waste and spent lithium-ion batteries. The policy seeks to reduce import reliance, promote circular supply chains for EVs and battery technologies, and invite private-sector investment via grants and incentives. As a strategic measure under the National Critical Mineral Mission, it aligns with India's ambitions to bolster battery and renewable manufacturing competitiveness.

Key Takeaways:



The policy reduces reliance on foreign sources for battery and EV metals and promotes reuse and recycling to close material loops.



The policy encourages industrial participation through grants and concessions.



This move supports India's ambition to become a global battery manufacturing hub.

This move aligns climate and industrial policy - addressing supply-chain resilience while promoting circular manufacturing. To succeed, strong regulation, end-of-life accountability, and transparent traceability will be essential.



03

Corporate



Goals & Initiatives



Microsoft announced

20-year PPAs with Shizen Energy to procure ~100 MW of solar across Japan's Kyushu and Chugoku regions. The deals underpin decarbonisation of Microsoft's data-centre operations regionally and provide project visibility and financing certainty for developers. By engaging in local clean-energy procurement, Microsoft is helping to build new renewable supply in regions where utilities or markets may otherwise lag. The PPAs strengthen regional demand signals and supply-side bankability in Asia's clean - energy markets.

Key Takeaways:

01

Two-decade PPAs secure renewable electricity for Microsoft's regional operations.

02

Projects help lower emissions from Japan's fast-growing data-centre sector.

03

Guaranteed offtake revenues de-risk investment and attract project finance and large-scale procurement drives new renewable construction in Asia.

Corporate demand remains one of the strongest signals to expand renewables in less mature markets. These PPAs help narrow the gap between ambition and project scale-up but must pair with system readiness to deliver full impact.

1 Microsoft Expands Clean-Energy Portfolio with Shizen Solar Power Purchase Agreements (PPAs) in Japan 3rd October , 2025



2

Meta Teams Up with Electra to Advance Low-Carbon Steel for Data Centres
22nd October 2025



As Tech

and manufacturing sectors race to decarbonize, Meta has partnered with U.S. clean-iron startup Electra to reduce emissions from data center construction and supply chains. Electra’s innovative process replaces coal and high heat with renewable electricity and chemistry to produce 99% pure, low-carbon iron - a key ingredient for green steel.

Key Takeaways:



Meta will purchase Environmental Attribute Credits (EACs) linked to emission reductions from Electra’s clean-iron production, supporting its net-zero 2030 goal.



Electra’s new demonstration plant in Colorado will open in 2026, producing up to 500 metric tons of clean iron annually.



The project is backed by a \$50 million grant from Bill Gates–funded Breakthrough Energy Catalyst, an \$8 million state tax credit, and a \$186 million Series B round.



Global steelmakers Nucor, Toyota Tsusho America, and Interfer Edelstahl Group have also signed purchase agreements and invested to integrate clean iron into their operations.

By linking innovation in materials science with corporate climate targets, the partnership between Meta and Electra signals a pivotal shift toward sustainable construction and a cleaner industrial value chain.



04

Notable



Legal Judgments &
Others



1 Supreme Court Flags “Existential Crisis” in Himalayas, Questions Himachal Govt, 23rd September 2025

Supreme Court

expressed alarm over ecological degradation in the Himalayan region, terming it an “existential crisis.” The bench directed the Himachal Pradesh government to submit detailed responses on zoning, deforestation, mining and construction regulation. The case is being watched as an indicator of future judicial enforcement in mountain-ecosystem regulation.

Key Takeaways:



Judicial attention at this scale signals that fragile ecosystems are under stricter risk. Developers in hill states should reassess compliance and design, while regulators must proactively clarify guidelines to reduce litigation exposure.

In a Significant

affirmation of environmental due diligence, the Supreme Court has ordered the Pune Municipal Corporation (PMC) to pause all work on the proposed ILS Hill Road - part of the Balbharati–Paud Phata link road - until a valid environmental clearance (EC) is obtained. The Bench, led by Chief Justice B.R. Gavai, directed the Environmental Impact Assessment (EIA) authority to decide on the pending application within three months.

Key Takeaways:



The project traverses the Law College Hill (ILS Hill), a biodiversity-rich ecosystem with over 400 tree species and a crucial groundwater aquifer.

Petitioners, including environmentalist Dr. Sushma Date and the Indian Law Society, argued for a comprehensive four-season EIA.



The Court questioned PMC's claim that the road would only affect the hill's lower contours, referencing earlier NGT rulings that mandated full EIA studies for similar projects.

A 2005 Bombay High Court status quo order remains in force, further restricting construction activity.



2

Supreme Court Halts Pune's ILS Hill Road Project Pending Environmental Clearance 15th October 2025

The ruling highlights the judiciary's insistence on balancing infrastructure growth with ecological preservation. As urbanisation accelerates, the case sets an important precedent for environmental governance in city planning and project approvals.

3

HP High Court
Intervenes in
Alleged
Ecological
Damage from
Road
Construction
24th October,
2025

As In a Case

highlighting the ongoing conflict between infrastructure expansion and environmental protection, the Himachal Pradesh High Court has stepped in to examine claims of illegal road construction over a natural water channel in Kangra district. The project allegedly cuts through a “Gair Mumkin Khad” - a vital feeder to the Pong Dam reservoir—raising alarms about ecological loss and lapses in regulatory oversight.

Key Takeaways:



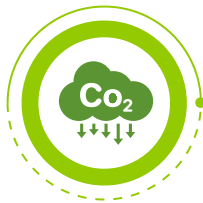
The petitioner, Lt. Col. (Retd.) Sandesh Kumar, alleges that the road was built without approvals, leading to tree felling and biodiversity loss.



Records identify the land as a “Gair Mumkin Khad”, meaning it is ecologically unsuitable for development.



Violations are alleged under the **Forest (Conservation) Act, 1980** and the **HP Land Preservation Act, 1978**.



The plea calls for restoration of the damaged site, reclassification of the land as common property, and a **court-monitored probe** into official inaction.

Conclusion

The case underscores how judicial intervention continues to act as a check against environmental negligence. The Court’s next steps could set an important precedent for protecting fragile Himalayan ecosystems and ensuring accountability in land governance.

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

(Delhi NCR - Corporate Office)
A- 109, Sector - 136,
Noida - 201304, India
T: +91 1202598000

DELHI

(Registered Office) B-27, Soami
Nagar, New Delhi - 110017, India
T: +91 120 2598000

GURUGRAM

001-005, Emaar Digital
Greens Tower-A 10th Floor,
Golf Course Extension Road,
Sector 61, Gurugram-122102
T: +91 0124 430 1551

MUMBAI

4th Floor, Iconic Tower, URMI
Estate, Ganpat Rao Kadam
Marg, Lower Parel,
Mumbai 400013, India
T : +91 22 4474 3400

CHENNAI

Prestige Palladium Bayan,
Level 5, 129-140, Greams
Road, Thousand Lights,
Chennai - 600006
T: +91 44 46549201

BENGALURU

Prestige Obelisk, Level 4, No 3
Kasturba Road, Bengaluru –
560001, Karnataka, India
T: +91 80 2248 4555

PUNE

3rd Floor, IndiQube Park
Plaza, CTS 1085,
Ganeshkhind Road,
Next to Reliance Centro
Mall, Shivajinagar,
Pune – 411005

DEHRADUN

1st Floor, "IDA" 46 E.C. Road,
Dehradun - 248001,
Uttarakhand, India
T: +91 135271 6300

HYDERABAD

25, 4th Floor, Veer Chambers,
Door No: 1/10/63/1/1,
Opposite Shoppers Stop, Old
Patigadda, Chikoti Gardens,
Begumpet, Hyderabad
Telangana, 500016

www.nangia.com | query@nangia.com

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