

THE GREEN CLOCK

ESG MATTERS

MONTHLY NEWSLETTER

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Editor's Note

Dear Readers,

Welcome to the Eighth Edition, Vol. 2 of our Newsletter, '**The Green Clock: ESG Matters**'. The global economy is undergoing a profound transition as sustainability, regulation, and geopolitics intersect.

Recent data suggest that the Asia-Pacific region is on the path to realise a near-universal electricity access by 2030. Though this signals significant progress, broader clean energy goals remain off-track, pressing industries to accelerate innovation while curbing carbon footprints. In Australia, ESG investing is regaining momentum, with regulators cracking down on greenwashing to restore credibility and investor trust—proof that transparency is now a core market driver. Meanwhile, Europe's debate over carbon credits reflects the delicate balance between flexibility and integrity: robust safeguards could enhance climate solidarity, while weak mechanisms risk undermining EU leadership.

Together, these developments illustrate an emerging global order where industries, investors, and policymakers must synchronise competitiveness with sustainability and long-term resilience. We hope you find this edition of our newsletter informative and inspiring as we journey towards a more sustainable and responsible future.

Warm regards,

[T S Vishwanath]

Asia-Pacific on track for universal electricity access by 2030

The Asia-Pacific region, an informal grouping of more than 50 countries, accounting for 70% of global GDP, and twice the size of the Americas, is on track to achieve universal electricity access by 2030, as per the UN ESCAP report¹. This is a historic milestone for global development. However, progress in the region on other energy goals—such as clean cooking, renewable integration, and efficiency improvements—remains slow. The emerging trends, discussed below, have significant implications for businesses and industries operating in the region.

Increased access to electricity

Electricity access reached 98.6% in 2023, with rural coverage at 97.4%. However, the task is far from over, as challenges persist around the quality, reliability, and affordability of supply. For the industry, this means that while physical connections may be widespread, unstable grids and frequent outages continue to pose operational risks. Many companies, particularly in manufacturing and digital sectors, may need to consider captive renewable plants, microgrids, or backup systems to ensure continuity and competitiveness.

Progress in other energy sources

On *clean cooking*, the region lags far behind its 2030 target. Although nearly 79% of households now have access to clean fuels and technologies, close to one billion people still depend on polluting fuels, mainly in rural areas. For businesses, this represents a large untapped market for electric cookstoves, LPG and biogas solutions, and decentralised appliances. The sector offers strong growth potential, particularly for firms capable of delivering affordable and scalable clean energy products.

Renewable energy capacity has expanded impressively, tripling from 568 GW in 2013 to 1,785 GW in 2023. Yet, renewables account for only 16.3% of the region's total energy supply, as fossil fuels—especially coal—continue to dominate. This imbalance presents both challenges and opportunities. Industries in the



¹ ESCAP's Regional Trends Report 'Transforming energy systems for a low carbon future in Asia and the Pacific' September 2025

renewable supply chain, including solar PV, wind, storage technologies, and grid services, are well-positioned to benefit from the accelerating transition. At the same time, businesses that remain heavily dependent on fossil fuels will face rising risks from policy tightening, carbon pricing, and shifting consumer preferences.

As per the report, *energy efficiency* progress has also slowed, making it likely that governments will introduce stricter efficiency norms and renewable obligations in the coming years. For the industry, this means compliance costs may rise, but early investment in energy-saving technologies could unlock significant long-term savings and strengthen competitiveness. Access to green finance and climate-linked loans can also help industries manage transition costs while positioning themselves as sustainability leaders.

Looking ahead, the report stresses the importance of a just and inclusive energy transition, one that engages women, youth, and vulnerable groups. For businesses, aligning supply chains and workforce strategies with these priorities not only supports social equity but can also open access to policy incentives and new markets. Regional cooperation, technology partnerships, and innovation ecosystems will be crucial for scaling solutions and capturing opportunities.

Path ahead

In summary, Asia-Pacific's near-universal electrification masks deeper gaps in clean cooking, renewable integration, and efficiency. For industries, this creates both risks and new growth frontiers. Companies that adapt early to low-carbon pathways, invest in cleaner technologies, and embrace inclusive models will emerge more resilient and competitive in the evolving energy landscape.

News From the World

Carbon Credits Pose Test for Europe's Climate Leadership

The European Union is entering a decisive phase in its climate journey. In July 2025, the European Commission proposed a bold new target: a 90% cut in emissions by 2040, marking a crucial milestone on the road to net-zero by 2050.² Yet, as EU institutions debate this proposal, the question remains on *how* to meet the target, which is as important as the goal itself.

Central to the discussion is the Commission's suggestion to use international carbon credits, under Article 6 of the Paris Agreement, to cover up to 3% of the EU's 1990 net emissions—

² [Carbon credits: risks and opportunities for European leadership - ECCO](#)

equivalent to 140 MtCO₂. This approach signals EU commitment to global cooperation, channels finance to vulnerable nations, and boosts Europe’s influence in shaping global carbon markets.



But critics warn of significant risks. Relying on credits could allow a 30% rise in net domestic emissions by 2040, shifting reductions abroad rather than cutting within Europe. Concerns include overcrediting, weakened national ambition, and reputational risks if credits prove low quality.

The path forward hinges on defining “high-quality” credits—anchored in environmental integrity, robust governance, and human rights safeguards. If it is properly executed, carbon credits could complement EU climate action. If not executed properly, it could undermine Europe’s hard-won climate leadership.

ESG Investing Regains Momentum in Australia

Australia’s environmental, social, and governance (ESG) market is experiencing a revival after a turbulent phase of backlash and regulatory challenges.³ Net inflows into sustainable products surged to A\$21.6 billion in the first half of 2025, nearly double the A\$11 billion recorded a year earlier. Data also reveal that total ESG assets under management hit a record A\$280.5 billion, reflecting growing investor confidence and a 9% rise in the last six months.

This momentum comes as regulatory oversight intensifies. The Australian Securities and Investments Commission (ASIC) has been cracking down on greenwashing, issuing 47 interventions between April 2023 and June 2024. In a landmark ruling earlier this year, Active Super was fined A\$10.5 million for misleading claims about excluded investments. ASIC has also issued new sustainability reporting guidelines, compelling companies to disclose climate-related financial risks with greater transparency.

³ [Demand for ESG is on the rise again in Australia](#)

Investor appetite continues to grow. About 85.8% of Australian private wealth managers now see “strong” ESG demand, up from 76.2% in 2024. Over half expect ESG allocations to increase further in the next year.

For wealth managers, the message is clear: offering token green products is no longer enough. Credible, transparent ESG strategies are now central to competitiveness in Australia’s evolving investment landscape.



Finland Activates World’s Largest Sand Battery

In a landmark development for clean energy, Finland has inaugurated the world’s largest sand battery in Pornainen, a southern municipality, signalling a major step forward in renewable energy storage.⁴

The 13-metre-tall thermal storage system, developed by Polar Night Energy, can hold up to 100 MWh of energy by heating low-grade sand with excess electricity from solar and wind sources. This heat, stored at around 450°C, can be released for weeks, powering the local district heating network.



The facility now provides affordable heating to homes, offices, schools, and a church, replacing an old woodchip power plant and slashing carbon emissions by nearly 70%. This is considered to be a cost-effective solution for electrifying heating.

With another pilot project planned in Valkeakoski, Finland sees sand battery technology as vital to achieving carbon neutrality by 2035 and cutting greenhouse gases 90% by 2050.

⁴ [World’s largest sand battery switches on in huge boost to clean energy | The Independent](#)

News From India

India to add record 43 GW renewable energy capacity in 2025

India is poised to witness a landmark year in its clean energy journey, with a record 43 gigawatts (GW) of renewable energy capacity expected to be added in 2025.⁵ Out of this, 30 GW has already been installed so far, including 22 GW from solar and wind between January and June 2025. By year-end, the figure is projected to reach between 39 GW and 43 GW, taking the country closer to its ambitious target of 500 GW renewable capacity by 2030.

India's current installed renewable energy capacity stands at 226 GW, with 186 GW under implementation and another 67 GW already tendered. To support this scale-up, the government is strengthening transmission infrastructure, reforming bidding guidelines to penalise project delays, and improving weather forecasting systems to enhance operational efficiency.

Significant progress is also being made in domestic manufacturing. India's solar module capacity has jumped from 38 GW in 2023-24 to 100 GW in 2025, reducing reliance on imports and building resilience across the value chain.



Industry experts opine that India must mobilise nearly ₹30 trillion by 2030, leveraging bond markets and non-banking finance companies, to sustain investments in this green transformation.

Need for aligning climate action with social equity

India's energy transition is accelerating, with SEBI and RBI advancing green finance and ESG norms.⁶ To ensure it is both rapid and equitable, just transition principles must be embedded into regulation, balancing decarbonisation with protection for workers and communities.

⁵ [India to add record 43 GW renewable energy capacity in 2025: Pralhad Joshi | Industry News - Business Standard](#)

⁶ [India's just transition and financial regulation - Green Central Banking](#)

SEBI has laid the foundation through the Business Responsibility and Sustainability Report (BRSR), ESG funds, and the Social Stock Exchange, but explicit just transition metrics—such as worker reskilling, social impact disclosures, and livelihood diversification—remain limited. Aligning these with global standards will strengthen investor confidence and mobilise capital toward inclusive growth.

For industries, the implications are clear. High-carbon sectors like coal, power, steel, and cement face rising financial and reputational risks unless they adopt worker and community-focused transition strategies. Export-driven sectors must meet global ESG demands, while renewable energy, green technology, and sustainable agriculture stand to attract new capital.

By embedding just transition into financial and industrial practices, India can ensure climate action is green, competitive, and inclusive.

India to push for global carbon markets, climate finance in upcoming COP30

India is likely to strongly push for the operationalisation of global carbon markets and enhanced climate finance commitments at the upcoming COP30 climate summit in Brazil.⁷ Towards this, it is crucial for developing nations to have assured access to finance and technology to tackle climate change effectively.

For long, it has been experienced that even though climate change is a global threat beyond boundaries, those least responsible—developing countries—are the most vulnerable. Commitments on climate finance by developed nations have remained unfulfilled for years.

It may be mentioned that at COP29 in Baku, a major milestone was achieved with the finalisation of the rulebook on carbon markets. However, little progress has been made since



then. No action has been taken on the trading of this carbon market mechanism. India is expected to strongly push for the operationalisation of the rulebook on carbon markets.

India is expected to focus on ensuring that the **New Collective Quantified Goal (NCQG)** on climate finance is delivered in a way that supports equity, resilience, and

accelerated low-carbon growth for developing economies.

⁷ [India to push for global carbon markets, climate finance in upcoming COP30: Bhupender Yadav](#)



VeK is a policy advisory and research firm, distinguished by its data-driven approach to analyse policy and regulatory developments in India and globally. For Further Information, please contact: Suresh P. Singh, Senior Director at +91 94607 36459 or email at suresh@vekpolicy.com



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