



# THE GREEN CLOCK

## *ESG MATTERS*

**MONTHLY NEWSLETTER**

**February 2026**  
**Volume 3, Issue 02**

## Contents

<b>Editor’s Note</b> .....	<b>i</b>
<b>Climate Disclosure Rules: Transparency Becomes the New Climate Battleground ...</b>	<b>1</b>
<b>News from Global</b> .....	<b>3</b>
<i>EU Sets 2040 Climate Target with Strict Limits on Carbon Credit Use</i> .....	3
<i>Vietnam Advances Energy Transition with New LNG Power Project</i> .....	3
<i>Thailand Tightens ESG Fund Eligibility Through Governance Standards</i> .....	4
<b>News from India</b> .....	<b>6</b>
<i>Budget 2026-27 Proposes New Chemical Parks and CCUS Push for Industrial Decarbonisation</i> .....	6
<i>Regulatory Reform to Accelerate Common Effluent Treatment Plants</i> .....	7
<i>India Notifies Solid Waste Management Rules 2026 to Strengthen Circular Economy Outcomes</i> .....	8
<i>Budget 2026 Proposes Sustainable Trekking Trails to Boost Eco-Tourism</i> .....	8
<i>India Signals Support for Steel Sector as EU Carbon Border Tax Reshapes Trade</i> .....	9
<i>India Requires USD 22.7 Trillion to Achieve Net-Zero Transition by 2070: NITI Aayog</i> ...	10

## Editor's Note

Dear Readers,

Welcome to the Second Edition Vol. 3 of our newsletter, The Green Clock: ESG Matters. As 2026 progresses, sustainability governance is entering a decisive phase marked by stronger disclosure requirements, evolving climate targets, and deeper links between environmental performance, trade competitiveness, and capital allocation. Global developments from Europe's strengthened decarbonisation trajectory to energy transition strategies and ESG investment reforms across Asia-highlight a growing emphasis on measurable climate accountability.

In this edition, we explore how climate ambition is translating into policy and market action worldwide. In India, budget measures supporting chemical clusters and carbon capture technologies reflect efforts to align industrial growth with decarbonisation goals, while regulatory reforms in effluent treatment and solid waste management strengthen pollution control and circular economy outcomes. Policy responses to carbon-linked trade measures and eco-tourism initiatives further illustrate the expanding intersection of climate policy, economic development, and market access.

Together, these developments underscore how sustainability is evolving from compliance to competitiveness, shaping investment flows, supply chains, and long-term growth.

We hope you find this edition informative as ESG continues to guide responsible development and market resilience.

Warm regards,  
[Abhilasha Nayal]

## **Climate Disclosure Rules: Transparency Becomes the New Climate Battleground**

As 2026 progresses, global climate governance is shifting from voluntary sustainability reporting toward legally enforceable disclosure regimes. The recent passage of New York State legislation mandating corporate greenhouse-gas disclosures signals a decisive evolution in how governments, companies, and investors approach climate accountability. For many regulators, transparency is no longer a reputational exercise but a financial and systemic necessity. As climate risks increasingly intersect with economic stability, mandatory disclosure is emerging as the backbone of credible climate action.

Over the past year, climate disclosure has moved from voluntary frameworks into binding regulatory territory. New York's bill requires large companies operating in the state to report Scope 1, Scope 2, and Scope 3 emissions, aligning with similar laws passed in California and evolving disclosure frameworks in the European Union and the United Kingdom. By requiring value-chain emissions reporting and setting phased compliance timelines, the legislation reflects growing convergence around standardised climate data, comparability, and accountability. Together, these initiatives signal a shift toward climate transparency as a regulatory norm rather than a market preference.

Corporate preparedness is becoming a defining factor in this new landscape. Large multinational firms are expanding emissions accounting systems, supplier engagement programs, and climate risk governance structures to meet emerging disclosure requirements. Scope 3 reporting, often representing the majority of a company's footprint, requires deep engagement across supply chains, logistics networks, and procurement practices. As disclosure regimes tighten, companies are increasingly treating emissions data as strategic intelligence rather than compliance paperwork, integrating climate metrics into operational decision-making and long-term transition planning.

Technology is playing a critical role in enabling this shift in transparency. Digital platforms, satellite monitoring, and AI-assisted analytics are helping firms quantify emissions across complex global supply chains, detect inconsistencies, and benchmark climate performance. These tools support auditability and comparability, addressing long-standing concerns around data reliability. As regulators and investors demand verifiable climate information, robust measurement and verification infrastructure is becoming essential to corporate credibility.

Finance is also adapting to the new era of transparency. Investors increasingly view climate disclosure as a proxy for governance quality and transition readiness, integrating emissions data into risk models, credit assessments, and portfolio strategies. The movement toward standardised reporting is reducing information asymmetry while reinforcing the link between climate performance and financial resilience. At the same time, enforcement actions and greenwashing crackdowns, particularly in Europe, are increasing pressure on firms to substantiate sustainability claims with verifiable data.

Still, the expansion of disclosure requirements presents significant challenges. Measuring Scope 3 emissions involves methodological complexity, supplier data gaps, and evolving standards. Companies

operating across jurisdictions must navigate a growing patchwork of regulations with differing timelines and assurance expectations. Smaller suppliers may face resource constraints, raising concerns about compliance burdens across global value chains. Ensuring data accuracy while maintaining operational feasibility will be critical to the credibility and effectiveness of these frameworks.

For ESG professionals, the rise of mandatory disclosure represents a recalibration of sustainability governance. Climate reporting is transitioning from narrative storytelling to audited, decision-grade data. Companies will be expected not only to measure emissions but also to demonstrate credible transition strategies aligned with science-based targets. Investors, in turn, are



refining methodologies to distinguish between companies that disclose effectively and those that show measurable progress toward decarbonisation.

## News from Global

### EU Sets 2040 Climate Target with Strict Limits on Carbon Credit Use

European lawmakers have approved amendments to the EU Climate Law establishing a binding target to cut net greenhouse gas emissions by 90% by 2040 compared with 1990 levels. The milestone strengthens the bloc's pathway toward climate neutrality by 2050 and sets a clear intermediate benchmark for policy and investment planning.

The agreement allows limited flexibility through the use of high-quality international carbon credits. From 2036, up to five percentage points of reductions may be met through such credits, subject to strict governance safeguards to maintain environmental integrity.

Lawmakers also postponed the launch of the European Union Emissions Trading System (ETS2) carbon pricing system for buildings and road transport fuels to 2028. The delay reflects concerns over affordability, competitiveness and social impacts during the transition.

The new target reinforces Europe's long-term decarbonisation trajectory while balancing climate ambition with economic resilience. It provides policy certainty for clean energy investment, industrial transition and low-carbon innovation across member states.



For global industries and exporters, the strengthened EU climate framework signals tighter emissions expectations and growing reliance on carbon pricing and compliance mechanisms. It also underscores the importance for emerging economies and companies to align with stringent climate standards to maintain

market access and competitiveness.

### Vietnam Advances Energy Transition with New LNG Power Project

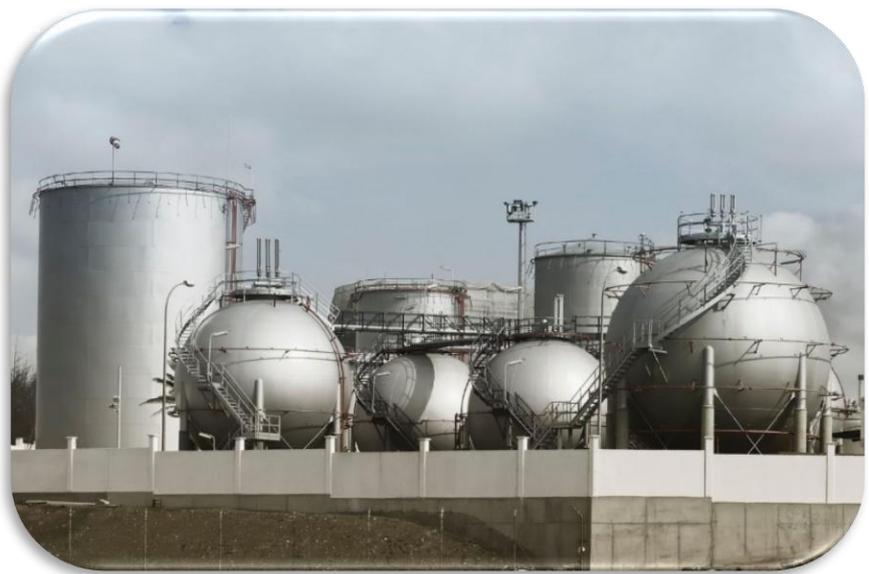
Vietnam's state utility Electricity of Vietnam (EVN) has awarded a USD 974 million contract to a consortium led by Power Construction Corporation of China (PowerChina) to develop the Quang Trach II liquefied natural gas (LNG) power plant. The project, located in central Quang Tri province, will deliver 1,612 MW of generation capacity to support rising electricity demand.

The investment reflects Vietnam’s effort to expand power supply as industrial output and economic growth accelerate. Authorities have framed the plant as a measure to improve grid reliability while supporting national emissions reduction commitments.

Coal currently accounts for more than 40% of Vietnam’s electricity generation, prompting a gradual shift toward lower-carbon fuels. LNG is being positioned as a transitional energy source that can stabilise supply while renewable capacity scales up.

The project also highlights Vietnam’s balancing act between energy security, economic expansion and climate commitments under its net-zero-by-2050 pledge. International technology providers and engineering partnerships are expected to play a significant role in the country’s evolving energy infrastructure.

For regional investors and energy stakeholders, the deal signals continued reliance on transition fuels to support economic growth and grid stability. It also underscores the importance of aligning infrastructure investments with long-term decarbonisation pathways and climate finance expectations.



### **Thailand Tightens ESG Fund Eligibility Through Governance Standards**

Thailand’s Securities and Exchange Commission (SEC) is preparing regulatory changes to allow ESG funds to invest in companies participating in the Stock Exchange of Thailand’s JUMP+ programme. The proposal requires eligible companies to achieve a high corporate governance score, strengthening the link between ESG capital and governance performance.

The amendments were approved in principle by the Capital Market Supervisory Board in December 2025 and are expected to take effect in March 2026 once final rules are issued. If implemented, shares of qualifying JUMP+ companies would become eligible investment assets for Thai ESG funds.

The move is designed to expand the investment universe for ESG funds while encouraging listed companies to improve governance standards and transparency. The JUMP+ programme supports firms in developing long-term growth strategies with enhanced disclosure and investor communication.

Thailand's ESG fund segment has grown rapidly, with 77 ESG funds managed by 19 asset managers and combined assets of about THB 103.1 billion (approx USD 2.9 billion), reflecting a significant rise in sustainable investment demand.



For regional capital markets and investors, the proposal highlights an emerging trend of linking ESG investment eligibility to measurable governance performance. It also signals increasing regulatory efforts in Asia to strengthen ESG credibility and channel capital toward companies demonstrating transparency and long-term sustainability practices.

## News from India

### **Budget 2026-27 Proposes New Chemical Parks and CCUS Push for Industrial Decarbonisation**

The Union Budget 2026-27 proposes the establishment of three new dedicated chemical parks through a cluster-based, plug-and-play model. The initiative aims to strengthen domestic chemical manufacturing capacity and reduce import dependence.

A scheme will support states in developing these chemical parks through a challenge-based approach. This is expected to improve infrastructure readiness, enhance competitiveness and promote regional industrial growth.

The budget also proposes an outlay of INR 20,000 crore (about USD 2.4 billion) over five years to advance Carbon Capture, Utilisation and Storage (CCUS) technologies. The programme will support deployment across key sectors including chemicals, power, steel, cement and refineries.

CCUS aims to reduce emissions by capturing carbon dioxide and either storing it or reusing it in industrial applications. This initiative supports India's broader strategy to lower industrial emissions while maintaining industrial growth.

In addition, the budget announces a scheme to revive 200 legacy industrial clusters through infrastructure and technology upgrades. The measure is intended to enhance cost competitiveness, preserve employment and strengthen traditional industrial ecosystems.



For industry stakeholders, these measures signal a dual policy push toward industrial expansion and low-carbon transition. They also reinforce the integration of climate technologies into India's manufacturing and industrial competitiveness strategy.

## Regulatory Reform to Accelerate Common Effluent Treatment Plants

The Ministry of Environment, Forest and Climate Change (MoEFCC) has rationalised the regulatory framework for Common Effluent Treatment Plants (CETPs) to strengthen pollution control infrastructure and support sustainable industrial growth. The reform aims to expedite CETP establishment across industrial clusters while maintaining robust environmental safeguards.

CETPs are shared facilities that treat industrial effluents, particularly benefiting small and medium enterprises that lack resources for individual treatment systems. Recognised by the Central Pollution Control Board as Essential Environmental Services, CETPs enable centralised treatment, scientific management and effective monitoring of industrial discharge.

The reform addresses delays and capacity gaps that have contributed to untreated effluents entering the environment. As CETPs are already regulated through consent mechanisms, inspections and continuous monitoring, the requirement for prior Environmental Clearance has been removed to reduce procedural delays.

CETPs will continue to be regulated by State Pollution Control Boards under existing environmental laws. Enhanced safeguards include closed pipeline conveyance, prohibition on the agricultural use of treated effluents, and real-time monitoring connectivity with regulators.



By enabling faster CETP deployment, the reform is expected to improve compliance, strengthen treatment capacity and support water conservation. It reflects a shift toward efficient, risk-based regulation that supports industrial growth while strengthening environmental protection.

For industry and environmental governance stakeholders, the reform signals a move toward efficient, risk-based regulation that supports industrial growth while

strengthening pollution control outcomes, reinforcing India's commitment to sustainable development and environmental compliance.

## **India Notifies Solid Waste Management Rules 2026 to Strengthen Circular Economy Outcomes**

The Ministry of Environment, Forest and Climate Change has notified the Solid Waste Management (SWM) Rules, 2026, replacing the 2016 framework. The revised rules integrate circular economy principles and Extended Producer Responsibility to strengthen waste management outcomes and improve environmental sustainability.

The rules mandate four-stream segregation of waste at source into wet, dry, sanitary and special care waste. This measure is intended to improve recycling efficiency, enable safe disposal and promote decentralised waste processing across urban and peri-urban areas.

Bulk Waste Generators have been clearly defined and made responsible for environmentally sound waste handling. They must process waste onsite where feasible or ensure certified collection, treatment and disposal mechanisms to ensure compliance.

The revised framework introduces environmental compensation based on the polluter pays principle for non-compliance. Penalties may apply for improper waste management practices, false reporting or operating without required authorisation.

A centralised digital tracking system will monitor waste generation, collection, transportation and processing. This is expected to improve transparency, accountability and regulatory oversight across the waste management value chain.

For businesses and urban infrastructure stakeholders, the new rules underscore the growing regulatory focus on resource efficiency and waste traceability.

They also create opportunities in recycling, materials recovery, waste processing and waste-to-energy solutions aligned with India's circular economy transition.



## **Budget 2026 Proposes Sustainable Trekking Trails to Boost Eco-Tourism**

The Union Budget 2026-27 proposes the development of ecologically sustainable trekking and hiking trails to position India as a world-class adventure tourism destination. The initiative aims to promote nature-based tourism while ensuring environmental conservation and responsible visitor management.

Sustainable mountain trails are planned across key Himalayan regions including Himachal Pradesh, Uttarakhand and Jammu & Kashmir. Additional eco-tourism trails are also proposed in the Eastern and Western Ghats, including Araku Valley and Pothigai Malai.

The initiative seeks to unlock tourism potential in ecologically rich regions while promoting local livelihoods and community participation. Improved trekking infrastructure and visitor management are expected to enhance safety, accessibility and global competitiveness.



The policy signals a broader shift toward experience-based and sustainable tourism, moving beyond volume-driven travel models. It aligns with efforts to develop eco-tourism, biodiversity trails and responsible outdoor recreation.

For businesses and regional economies, the initiative is expected to stimulate eco-tourism services, hospitality, guide training and outdoor recreation markets. It also creates opportunities for sustainable infrastructure development, local enterprise growth and climate-sensitive tourism investment.

### **India Signals Support for Steel Sector as EU Carbon Border Tax Reshapes Trade**

The Government of India is preparing policy support measures for the steel sector as the European Union's Carbon Border Adjustment Mechanism (CBAM) reshapes global trade flows. Officials have warned that export conditions will remain challenging despite recent trade progress between India and the EU.

The CBAM imposes carbon costs on emissions-intensive imports such as steel, cement and aluminium, altering export competitiveness. Europe accounts for a significant share of Indian steel exports, leaving producers exposed to carbon pricing and compliance requirements.

Government officials have indicated that exporters will continue to face structural headwinds from carbon pricing, tariffs and quotas. In response, Indian steelmakers are exploring diversification strategies, including expanding exports to Africa and the Middle East.



The policy response reflects growing recognition that climate regulation is becoming a defining factor in global trade competitiveness. It also highlights the need for domestic decarbonisation pathways, carbon pricing alignment and cleaner production technologies.

For Indian industry and exporters, the CBAM signals a shift toward carbon-linked trade rules that will shape market access and pricing dynamics. Companies that invest in emissions reduction, efficiency and carbon accounting systems are likely to be better positioned in increasingly climate-regulated markets.

### **India Requires USD 22.7 Trillion to Achieve Net-Zero Transition by 2070: NITI Aayog**

India will require an estimated USD 22.7 trillion in cumulative investment to achieve its net-zero emissions target by 2070, according to a NITI Aayog report outlining the country's green transition pathway. The financing requirement reflects the scale of transformation needed across energy systems, infrastructure and industrial processes.

The power sector is expected to account for the largest share of investment needs, underscoring its central role in electrification and decarbonisation. The transition will involve large-scale deployment of renewable energy, storage, transmission networks and clean technologies across sectors.

The roadmap includes policy reforms and sector-specific strategies to align climate action with India's long-term development vision of becoming a developed economy by 2047. It also highlights the importance of mobilising international capital and strengthening domestic financial systems to bridge financing gaps.



Experts note that achieving net zero will require sustained investment flows, regulatory support and technology adoption across transport, industry, agriculture and buildings. The transition is expected to support economic growth while reducing emissions intensity and strengthening climate resilience.

For businesses and investors, the findings signal a massive expansion in opportunities across renewable energy, green infrastructure, climate technologies and transition finance. They also underscore the growing importance of ESG alignment and sustainable capital deployment in India's long-term growth trajectory.

**Upcoming International Climate Change Events (17 February- 17 March 2026)**

- World Sustainable Development Summit (WSDS) (February 25-27): Located in New Delhi, India, organised by TERI; flagship Global South forum on transformations for sustainable development, ESG, and climate policy.
- World Ocean Summit (March 4-5): Held in Montreal, Canada; addresses ocean acidification, High Seas Treaty implementation, and fisheries subsidies reshaping climate-resilient seafood chains.

\*\*\*



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: Abhilasha Nayal, Senior Researcher at +91 98701 43357 or email at [abhilasha@vekpolicy.com](mailto:abhilasha@vekpolicy.com)



**Disclaimer:** **The Green Clock: ESG Matters** is a monthly Newsletter published by VeK. The information and opinions contained in this Newsletter have been compiled from sources believed to be reliable and in good faith. While all efforts have been made to compile accurate information, VeK or its employees, affiliates, shall not be in any way responsible for any damage that may arise to any person from any inadvertent error in the information or omissions contained in the Newsletter.