As we close out the month of World Environment Day, we're pleased to launch the inaugural edition of our Climate Briefing — a curated snapshot of developments shaping the global and Indian climate agenda. Each edition will highlight key stories with a focus on what's happening and why it matters, helping you navigate the risks, opportunities, and imperatives emerging from the sustainability transition.

Some insights may align directly with your current business priorities; others may appear more distant. However, we hope they help you better understand how climate change impacts us in ways that are not always visible and spark inspiration for solutions that address the challenge.

India Drafts Emission Intensity Targets For Industry

- **What's happening?**
  - The Government of India has released draft mandatory emissions intensity targets for high emitting industries. This marks a critical step toward establishing India's first compliance carbon market, slated for launch in 2026.
  - Emission intensity refers to the amount of greenhouse gas (GHG) emissions produced per unit of output or activity. It is typically used to measure how carbon-efficient a process, industry, or economy is.

- **Key sectors affected:**
  - Now: Aluminum, Cement, Chlor-Alkali, Pulp & Paper
  - Later: Fertilizer, Iron & Steel, Petrochemicals, Petroleum Refining
  - Notably, the Power sector is currently excluded despite being the largest emitter.

- **How this works?**

- Units that exceed their reduction targets can generate and sell credits.
- Units that fail to meet their targets must purchase credits or face a fine levied by the Central Pollution Control Board (CPCB)
- Baselines have been established, and targets apply to 2 years 2025–26 and 2026-27.

❖ **Why does this matter?**

- India has pledged to reduce its GHG emissions intensity by 45% by 2030 (v/s 2005 levels) and to reach net-zero emissions by 2070. These mandatory targets and the compliance market are an important step in this transition.
- Using an intensity-based baseline-and-credit system v/s an absolute emission-based system is seen as particularly suitable for growing economies like India, as it rewards efficiency improvements and allows for growth at the same time.
- The move signals India's transition to regulated carbon pricing, affecting capital allocation, cost structures, and competitiveness—especially for emission-intensive sectors.

Read more on this in Mongabay's coverage

A Draft Framework For 'India's Climate Finance Taxonomy'

❖ **What's happening?**

- Following the FY26 Union Budget, the government has released a draft framework for India's Climate Finance Taxonomy, open for public consultation until June 25.
- The climate finance taxonomy is a tool to identify activities consistent with India's climate action goals and transition pathway.

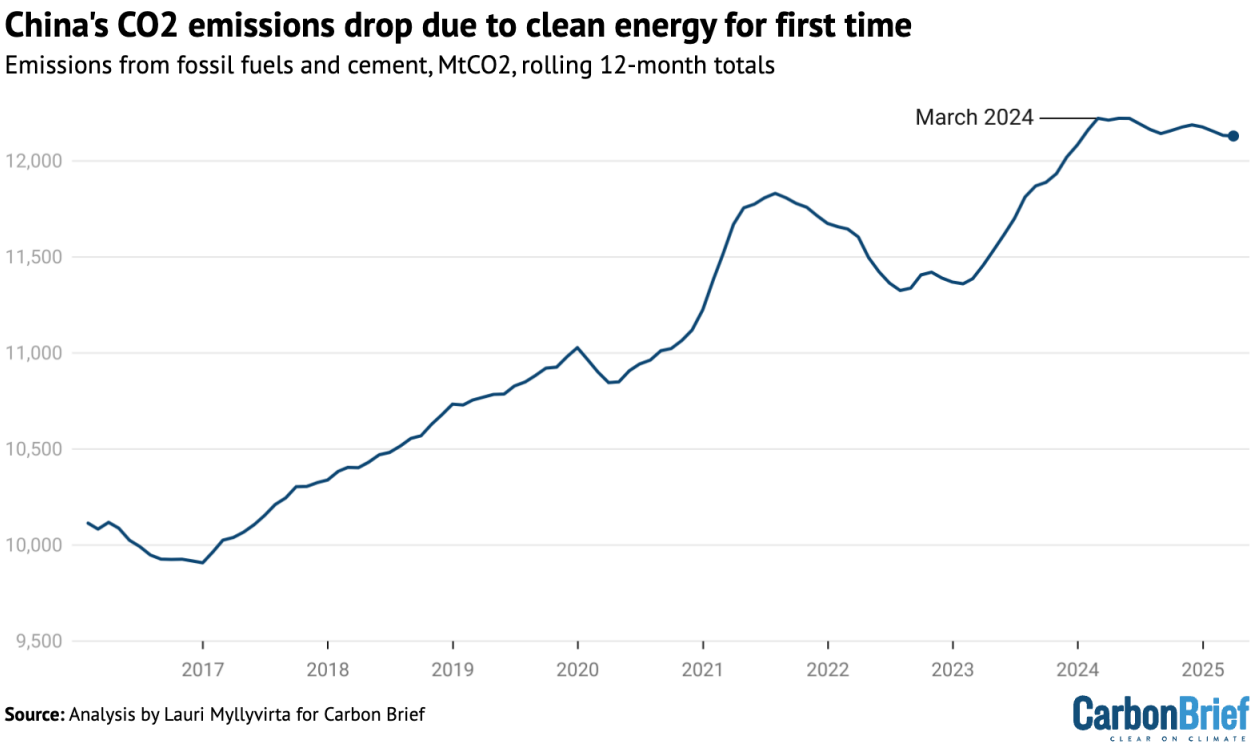
❖ **The objective**

- It is primarily intended to be used by domestic and foreign financial institutions for making decisions regarding investments and funding.
- It is expected to facilitate greater resource flow to climate-friendly technologies and activities, enabling the country's vision to be Net Zero by 2070 and to prevent "greenwashing".
- The taxonomy defines two categories:
- Climate Supportive: Absolute emissions avoidance, emissions intensity reduction, or adaptation/resilience.
- Transition Supportive: Efficiency or emissions intensity improvements in sectors where absolute avoidance is currently unviable.
- Covered sectors: Power, Mobility, Buildings, Agriculture, Water Security, and Hard-to-abate sectors like Cement and Steel.

- **Why does this matter?**
  - India has ambitious climate goals, including meeting its NDC (Nationally determined contribution) targets by 2030 and achieving Net Zero by 2070.
  - Significant investment is required for this, estimated at around USD 2.5 trillion (at 2014-15 prices) to meet NDC targets by 2030. Adaptation actions alone may require around USD 206 billion (at 2014-15 prices) from 2015 to 2030. The taxonomy is expected to play a critical role in streamlining the flow of finance into the required technologies, projects, and activities.
  - This framework will thus shape access to green finance and ESG capital—critical for infrastructure-heavy and industrial businesses. Companies will need to align projects and disclosures with this taxonomy to remain investible and avoid being flagged for "greenwashing".

You can read the draft framework here

China Emissions See A Drop Driven By Renewables



- **What is happening?**
  - A new analysis released by Carbon Brief shows that China's emissions were down 1.6% YoY in the first quarter of 2025 and by 1% in the latest 12 months.

- For the first time, the growth in China's clean power generation has caused the nation's carbon dioxide (CO_2) emissions to fall despite rapid power demand growth.
- Electricity supply from new wind, solar and nuclear capacity was enough to cut coal-power output even as demand surged, whereas previous falls were due to weak growth. Power-sector emissions fell 2% year-on-year in the 12 months to March 2025.

❖ **Why does this matter?**

- What makes this significant is that the emissions have dropped despite a growth in power demand and generation. A drop in emissions has been seen 4 times before over the past 4 decades – in 2009, 2012, 2015 and 2022. However, the current drop is the first time that the main driver is growth in clean power generation.
- This trend, if sustained, signals a potential structural peak in China's emissions—a global turning point in climate dynamics.
- China's clean tech scale-up may lower technology costs globally, affecting our decarbonization capex.
- For Indian industry, this is both a competitive challenge and opportunity: falling tech costs, but potentially also global expectations and pressure to decarbonise faster.

Read Carbon Brief's analysis on China's emissions here

On a closing note, we have something special for all the IPL fans out there. If you're missing the IPL already, here's a slightly different take on the IPL -
A deep dive into the climate impact of the tournament!

We'd love to hear your thoughts on this newsletter - what did you like and what could be better!

Until next time!
Mahindra Group Sustainability

This newsletter is a joint initiative by the Mahindra Group Sustainability team in collaboration with Rainmatter Foundation. The newsletter is co-authored by Sailee Rane, strategy lead for ecosystem messaging at Rainmatter Foundation. The aim of this newsletter is to bring out climate news and its implications for corporates & employees in a simplified & fun manner! Do reach out with any feedback!