

# CareEdge-ESG PULSE

Monthly Newsletter

February 2026



**Driving Sustainable Transition with  
Assessments & Insights That Matter**

**SEBI Registered**

**IFSCA Approved**

**ICMA Enlisted**

### Why ESG Matters More Than Ever: Beyond Compliance to Commercial Advantage

In today's business environment, where corporate responsibility and sustainability are imperative, ESG ratings and Second Party Opinions (SPOs) serve as a crucial benchmark. They enhance brand reputation, reduce risk exposure, and increase attractiveness to both equity and debt investors. Solicited ESG ratings following the issuer-pays model and SPOs provide independent assessments using public and non-public data to evaluate disclosures, policies, frameworks, transition strategy and performance.

Key benefits comprise:

- Establish and communicate clear ESG goals to enhance appeal to investors
- Improve brand presence and stakeholder loyalty through demonstrated ESG commitment
- Diversify investor base and raise capital more efficiently
- Gain transparency via independent SEBI-regulated ERP assessments

Mitigate risks and capitalise on opportunities in climate, human rights and governance.

### Beyond Just Numbers

ESG assessments & SPOs combine quantitative KIs and qualitative factors—frameworks and policies—to present a holistic view. Benchmarks (e.g., scope-1 emissions, gender ratio medians) help set short- and long-term targets, gauge the transition's velocity and magnitude, and align with sector-specific realities.

### Regulatory Push

The evolving Indian regulatory landscape provides a robust benchmark for Second Party Opinions, ensuring that sustainable debt instruments are grounded in standardised disclosure practices. SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework serves as a critical baseline for our assessment. The enablement of ESG services via IFSCA (GIFT City) and the RBI's forthcoming climate risk disclosure framework (FY26/FY27) ensures that Indian frameworks remain interoperable with international best practices. This alignment is pivotal to our view of how local issuances meet global investor expectations for governance and risk metrics.

### India Taxonomy

The Government of India's announcement of work to develop a national sustainable taxonomy represents a significant step toward reducing the risk of greenwashing and enabling alignment across disclosure, financing, and risk-assessment frameworks. Taxonomy would further assist stakeholders—including issuers, investors, and assurance providers—in guiding capital allocation toward mitigation, adaptation, and lower-emission pathways.

### CareEdge-ESG Ratings & SPO? What's in it for you?

- **Access to Cheaper Financing:** ESG-rated companies with SPOs from ICMA enlisted EPRs often secure better terms from lenders and investors.
- **Market Differentiation:** Strong ESG credentials attract global clients and partnerships.

At CareEdge-ESG, we don't just assess risks—we help you **unlock value** through actionable ESG strategies.

## India at an Inflexion Point: From Climate Talk to Climate Pricing

Over the past few years, India has moved decisively from climate conversation to climate pricing—a shift driven by regulation, market evolution, and investor expectations. Climate considerations are no longer CSR-linked disclosures; they are becoming determinants of capital, credit, and risk pricing.

Regulators, lenders, and corporates are aligning around a common idea: climate performance affects financial performance. India today stands at a pivotal moment where climate risk is transforming not only sustainability reporting but also underwriting standards, portfolio decisions, credit spreads, and access to capital. CareEdge-ESG is at the heart of this transition—supporting issuers, lenders, regulators, and investors with credible, comparable, decision-useful ESG intelligence.

### From Talk to Pricing: What’s Changing in India?

#### 1. Regulatory Push: Climate Becomes a Boardroom Variable

The RBI’s climate-risk disclosure framework is creating structural accountability. Governance, metrics, and climate-linked stress testing are now squarely on the agendas of Boards, CFOs, and CROs. Simultaneously, SEBI’s BRSR Core is raising the bar for consistency, assurance, and transparency by addressing long-standing issues in data quality and comparability. Alignment with ISSB S1/S2 reduces translation frictions for cross-border capital and global investors.

#### Result?

Climate is becoming a quantifiable risk, not a narrative. Banks must price it, corporates must manage it, and investors will increasingly demand it.

#### 2. Market Evolution: Climate Signals Are Now Financial Signals

India’s sustainable debt markets have expanded sharply, with cumulative GSS+ issuances crossing USD 55.9 billion. With the RBI and SEBI enabling green products and the government establishing a sovereign green bond curve, India is steadily building a climate-aligned financial architecture. The sovereign green bond curve and growing rupee share are strengthening domestic pricing references. While greenium remains compressed and volatile, access, diversification, and investor acceptance are improving—moving climate instruments from novelty to mainstream funding options.

#### The turning point:

- Climate metrics now influence funding costs,
- Rupee-denominated green bonds are gaining market share,
- Investors are rewarding credible transition plans with access and diversification.

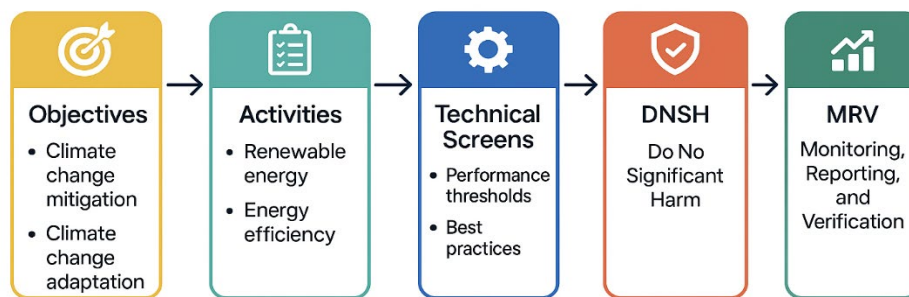
**This is no longer about “green marketing”—it’s about capital efficiency.**

### 3. India’s Draft Climate Finance Taxonomy: A Common Language Arrives

The Ministry of Finance’s Draft Climate Finance Taxonomy is becoming the keystone of climate pricing in India. It offers clarity for mitigation, adaptation, and transition activities, enabling:

- Reduced greenwashing risks
- Sharper definitions for eligible green/transition projects
- Better alignment with ISSB S1/S2 global baselines
- Clearer due diligence systems for lenders and investors

### Taxonomy Mapping Diagram



For issuers: taxonomy-aligned frameworks improve investor confidence and lower execution friction.

For lenders: taxonomy drives portfolio tagging, risk-weight calibration thinking, and product innovation across loans and bonds.

**Taxonomy = Clear rules → Better pricing → More capital flow.**

### 4. Climate Intelligence: Scenario Pathways Shape Pricing

With improved climate-risk modelling and scenario pathways, lenders can now incorporate:

- Transition risk (carbon prices, technology shifts)
- Physical risk (flood, heat, supply-chain disruption)
- Policy-driven risk (mandates and reporting requirements)

#### This is pushing climate risk into:

- Underwriting
- Collateral valuation
- Portfolio construction
- ALM mechanisms

**For the first time, climate is directly influencing spreads.**

## How CareEdge-ESG Enables Sustainable Finance with Second Party Opinions (SPOs)

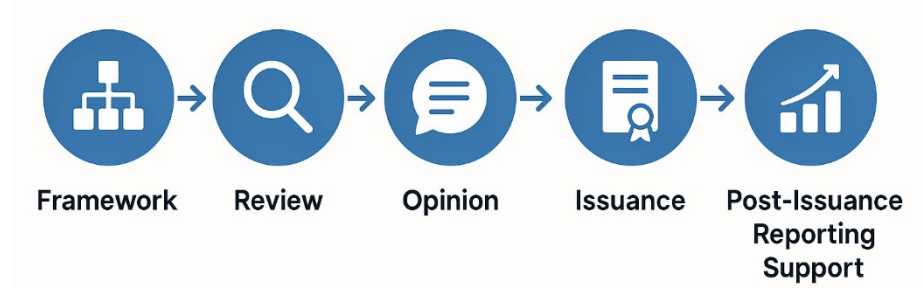
As climate pricing matures, market trust depends on credible, independent external reviews. CareEdge-ESG provides ICMA-aligned Second Party Opinions (SPOs) that validate Use-of-Proceeds and Sustainability-Linked structures across Green, Social, Sustainability, SLB/SLL, and Transition instruments.

Our SPOs go beyond label checks. We assess issuer strategy, KPI materiality, calibration of SPTs, taxonomy alignment, governance of proceeds, impact metrics, and ongoing reporting readiness—bridging global principles with India’s regulatory context (SEBI, RBI) and the Draft Taxonomy.

### What Our SPO Covers

- Framework evaluation: Alignment to ICMA/LMA principles, BRSR Core linkages, taxonomy eligibility.
- KPI materiality & SPT ambition: Sector-relevant KPIs (e.g., GHG intensity, renewable share, circularity, inclusion) and science-aligned targets.
- Use-of-Proceeds diligence: Project category eligibility, DNSH safeguards, exclusion lists, taxonomy technical criteria.
- Management of proceeds & reporting: Allocation tracking controls, impact indicators, and MRV design.
- Controversy & transition considerations: Litigation, stranded-asset risk, and transition credibility.

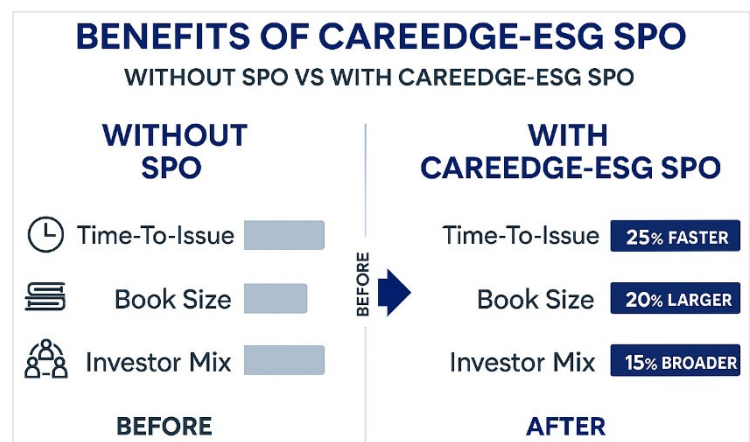
## SPO Workflow



### The Value of a CareEdge-ESG SPO: From Eligibility to Pricing Advantage

Investor confidence: clear articulation of taxonomy/ICMA alignment increases demand depth and supports tighter book-building.

- Faster execution: standardised diligence and templates reduce lead time from framework to issuance.
- Lower verification friction: MRV-ready indicators streamline post-issuance reporting and ongoing reviews.
- Bankability for transition: credible KPIs/SPTs for SLL/SLB unlock sustainability-linked pricing mechanisms (step-ups/downs).



## Illustrative Sector Use-Cases (Indicative)



### Power & Utilities

- Green bonds for RE capacity, storage, grid modernization
- SLLs for loss-reduction and RE share targets



### Cement & Steel

- Transition bonds with process-efficiency, alternative fuels, and CCUS pilots
- SLBs linked to intensity metrics



### Auto & Components

- SLBs tied to EV penetration, supply-chain decarbonization, recycled content
- Green loans for charging infra



### Financial Institutions

- On-lending frameworks for MSME energy efficiency, affordable housing (green)
- Climate adaptation credit lines

## CareEdge-ESG View

### The Decade of Sustainable Finance — India's Transition Catalyst

India's shift to a low-carbon, climate-resilient economy is accelerating, and sustainable finance is emerging as the backbone of this transformation. The country needs USD 200–250 billion every year until 2030 to meet its energy-transition goals, reflecting rising investment needs across renewables, storage, hydrogen, and resilient infrastructure. Cumulative sustainable debt issuance already exceeds USD 55.9 billion, driven by sovereign green bonds, corporate issuances, and rapid growth in green loans and social finance.

Regulators are shifting from voluntary norms to mandatory climate alignment. The RBI's climate-risk disclosure framework will require scenario analysis, governance integration, and portfolio-level climate metrics across the financial system beginning FY26. SEBI's enhanced sustainable-finance framework and the upcoming national taxonomy will standardise definitions, reduce greenwashing risk, and deepen investor confidence.

As hard-to-abate sectors such as steel and cement begin transition-aligned financing—requiring USD 650 billion alone—the role of blended finance, transition instruments, and assured ESG data will become decisive. India's sustainable finance ecosystem is therefore poised to evolve from project-level activity into a system-wide capital architecture, steering competitiveness, resilience, and long-term growth.

**Sustainable finance is no longer an adjunct; it is India's most critical enabler for a just, credible, and investment-ready transition.**

### Your Benefit?

- Better rating = **access to green financing and investor confidence**
- Investor confidence and eligibility for sustainability-linked pricing = **Lower cost of capital**
- Domestic and global pools seeking credible green/transition stories = **Wider investor base**
- transparent, assured disclosures = **Enhanced reputation and stakeholder trust**
- Clearer KPIs, internal controls, and reporting systems = **Operational efficiencies**

### What Can You Do? Practical Steps for Immediate Impact

- **Strengthen climate governance:** assign Board-level responsibility; integrate climate risk into ERM.
- **Build a credible transition plan:** targets, capex roadmap, and interim milestones aligned to sector pathways.
- **Upgrade disclosure quality:** BRSR Core readiness and data assurance; map to ISSB concepts.
- **Choose the right instrument:** Green/Social/Sustainability, SLB, or Transition, depending on use-case and KPIs.
- **Engage CareEdge-ESG early for SPO & ESG rating:** de-risk timelines, validate KPIs/SPTs.

### Why CareEdge-ESG? Your Partner in Transition

Unlike generic ESG reports, our approach:

- **Identifies actionable levers** for improvement
- **Quantifies peer benchmarking** (comparative advantages)
- Offers **Second Party Opinions (SPO)** for green, social, sustainability and sustainability-linked bonds/loans

### Ready to Begin Your ESG Journey?

Contact us to:

Get your **ESG rating & SPO** | Explore **transition assessment** | Assess **sustainable finance framework**

### CareEdge-ESG rating press release

<b>Road and Infra Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for National Highways Infra Trust</a>
<b>Aerospace and Defense Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for Bharat Electronics Limited</a>
<b>Auto Components Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for JK Tyre and Industries Limited</a>
<b>Electrical Equipment Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for Apar Industries Limited</a>
<b>Iron &amp; Steel Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for Godawari Power and Ispat Limited</a>
<b>Cement Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for Shree Cement Limited</a>
<b>Heavy Electrical Equipment Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for Thermax Limited</a>
<b>Power Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for NLC India Limited</a>
<b>Banking Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for Bank of India</a>
<b>Small Finance Banking Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for ESAF Small Finance Bank Limited</a>
<b>Non-Banking Financial Company (NBFC) Sector:</b>	• <a href="#">CareEdge-ESG's rating rationale for Muthoot Microfin Limited</a> • <a href="#">CareEdge-ESG's rating rationale for MAS Financial Services Limited</a>

### Analytical Contact

**Nikunj Dube**      **Chief Ratings Officer**      **Nikunj.dube@careedge.in**      **+91 – 72191 09995**

### Relationship Contact

**Saikat Roy**      **Chief Executive Officer**      **Saikat.Roy@careedge.in**      **+91 – 9820998779**

### Media Contact

**Mradul Mishra**      **Media Relations**      **Mradul.mishra@careedge.in**      **+91 – 22 – 6754 3596**

### CARE ESG Ratings Limited

Corporate Office: A Wing – 1102 / 1103, Kanakia Wall Street, Andheri Kurla Road, Chakala, Andheri (East), Mumbai – 400 093  
Phone: +91 - 22 - 6837 4400 | CIN: U66190MH2016PLC285575 | [www.careedgeesg.com](http://www.careedgeesg.com)

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### About Us:

CareEdge is a knowledge based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE ESG Ratings Limited (CareEdge-ESG) is one of the India's leading ESG rating provider fostering sustainability with ESG insights. With an aim of being a catalyst of change for a sustainable future with the most credible ESG assessments, CareEdge-ESG provides a 360-degree appraisal for the ESG performance benchmarking cum transition enabling ESG risk mitigation and enhanced decision-making capabilities for all stakeholders.

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