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Green Finance Investing for Profit and the Planet





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Special Edition





Green Finance 101 — Can Money Really Save the Planet?

Climate change is no longer only an environmental concern it is increasingly a financial one. From rising energy costs to disrupted supply chains and climate-related disasters, environmental risks are finding their way onto corporate balance sheets. This is where green finance enters the picture.

Green finance is the flow of capital toward activities that create environmental benefits while generating economic value. It includes financing renewable energy, electric mobility, clean technology, sustainable infrastructure, energy efficiency and climate-resilient projects. Through green bonds, sustainable loans, ESG funds and other financial instruments, investors can influence where capital goes and, ultimately, what kind of economy gets built.

The opportunity is significant. For businesses, the transition to a greener economy can open new markets, reduce long-term operating costs and encourage innovation. For investors, sustainable projects can offer exposure to industries expected to play a major role in the future economy. For India, green finance is particularly important as the country seeks to balance rapid economic growth with its climate and energy-transition goals.

Yet, green finance comes with a warning: not everything labelled “green” is genuinely sustainable. Weak disclosure and greenwashing can mislead investors and reduce trust. Strong standards, transparent reporting and credible measurement of environmental impact are therefore essential.

Can money really save the planet? Not by itself. But finance can decide which ideas scale, which technologies become affordable and which businesses lead the next economic transition. When capital is aligned with sustainability, profit and planetary responsibility do not have to be opposing goals—they can become partners in building the economy of tomorrow.

“Finance can decide which ideas scale and which future gets funded.”



India’s Green Finance Revolution — From Policy to Investment

India is at an important stage in its journey towards a greener and more sustainable economy. As the country expands renewable energy, electric mobility, clean technology and green infrastructure, the need for large-scale financing is increasing. This is where green finance becomes important. It helps direct money towards projects that can support economic growth while also reducing environmental impact.

Over the past few years, the Indian government has taken several steps to encourage green finance. One of the key developments has been the introduction of sovereign green bonds, which allow the government to raise funds for environmentally beneficial projects. Policies supporting renewable energy, clean transportation and energy efficiency have also created opportunities for banks, financial institutions and investors to participate in India’s green transition.

The private sector is becoming an important part of this movement. Companies are increasingly looking at sustainable projects, while investors are paying greater attention to environmental, social and governance (ESG) factors when making investment decisions. This shift is gradually making sustainability a part of mainstream finance rather than a separate area of investment.

However, India still faces challenges. Green projects often require high initial investment, and smaller businesses may find it difficult to access affordable finance. There is also a need for better transparency, reliable sustainability data and stronger standards to ensure that funds labelled as “green” are actually used for their intended purpose.

Looking ahead, India’s green finance market has significant potential. Greater cooperation between the government, financial institutions, businesses and investors can help mobilise the capital required for the country’s green transition. Ultimately, green finance is not only about protecting the environment; it can also create new investment opportunities, encourage innovation and support long-term economic growth.

The Green Bond Boom — Financing a Sustainable Future

What if the money borrowed today could help build a cleaner world tomorrow? That is the idea behind green bonds financial instruments that are turning sustainability from a corporate ambition into an investment opportunity.

A green bond works much like a conventional bond: an issuer raises money from investors and promises to repay the principal with interest. The difference lies in how the proceeds are used. Green bonds finance projects with environmental benefits, such as renewable energy, clean transportation, energy-efficient buildings, sustainable water management and climate-resilient infrastructure.

Their appeal is growing because they connect two priorities that were once viewed as separate: financial returns and environmental responsibility. For investors, green bonds can provide portfolio diversification while supporting projects aligned with long-term sustainability goals. For companies and governments, they offer access to capital while strengthening their credibility with increasingly sustainability-conscious investors.

India is also becoming an important part of this story. As the country invests in renewable energy, electric mobility and sustainable infrastructure, green bonds can help mobilise the large pools of private capital required for the transition. However, growth must be matched by transparency. Clear eligibility standards, credible impact reporting and independent verification are essential to prevent greenwashing.

The green bond boom is therefore more than a trend in sustainable investing. It signals a broader shift in how capital is allocated. If traditional finance asks, “What return will this investment generate?”, green finance adds another question: “What future will this investment help create?”

“Every green bond is more than a source of capital it is a vote for the future.”



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Many Business Leaders Are Seeing The Relationship Between Long Term Sucess And Sustainability, And That's Very Heartening

~ Jacqueline Novogratz

Profit Meets Planet — Can Sustainable Investing Outperform?

Sustainable investing has become an important trend in modern financial markets as investors increasingly seek to combine financial returns with positive environmental and social impact. Sustainable investing involves directing capital toward companies and projects that follow responsible environmental, social, and governance (ESG) practices. These may include renewable energy, clean technology, responsible resource management, employee welfare, ethical business practices, and strong corporate governance.

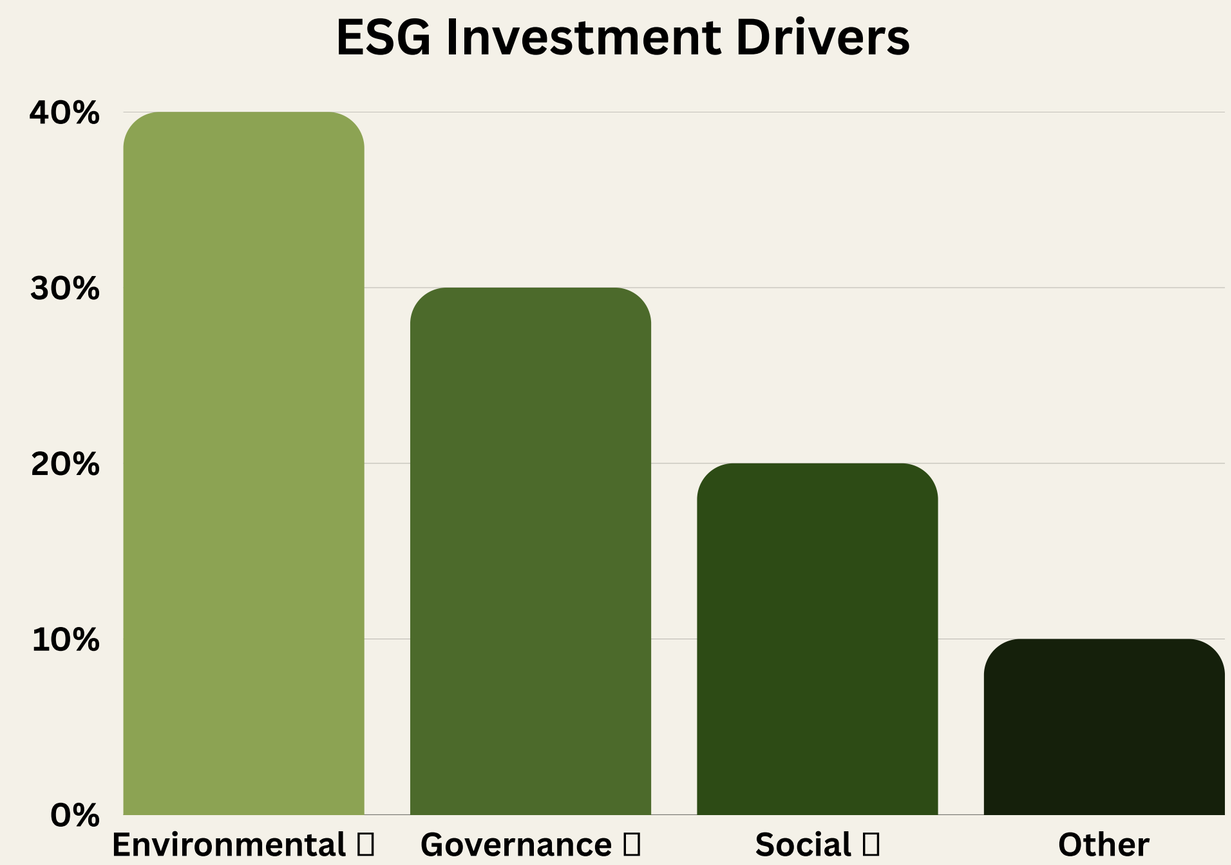
A key question for investors is whether sustainable investments can actually outperform traditional investments. Historically, some investors believed that focusing on sustainability meant sacrificing profits. However, this view is changing as evidence suggests that companies with strong sustainability practices can benefit from better risk management, improved efficiency, stronger customer loyalty, and greater resilience to regulatory and environmental changes.

Companies that invest in clean technology and efficient operations may reduce energy and operating costs over time. Similarly, businesses with strong governance and responsible management may face fewer legal, reputational, and operational risks. As governments introduce stricter environmental regulations and consumers become more environmentally conscious, sustainable companies may also gain competitive advantages.

However, sustainable investing is not guaranteed to produce higher returns. Performance depends on factors such as market conditions, industry selection, company fundamentals, valuation, and the quality of ESG practices. Investors also face challenges such as inconsistent ESG ratings and the risk of greenwashing, where companies exaggerate their sustainability achievements.

Overall, sustainable investing does not require investors to choose between profit and purpose. When carefully evaluated, sustainable businesses can create long-term financial value while contributing to environmental and social progress. The future of investing is increasingly moving toward a model where financial performance and sustainability work together rather than being treated as opposing goals.

The Rise of ESG Investing: Beyond Profit and Numbers



ESG investing is changing how investors evaluate companies. Instead of looking only at profits and financial performance, investors also consider a company's environmental impact, social responsibility and governance practices.

🌱 Environmental — Climate & resource management

👥 Social — Employees & communities

🏛️ Governance — Ethics & transparency

The rise of ESG reflects a shift towards measuring both financial value and long-term sustainable impact.

Greenwashing — When Sustainability Becomes a Marketing Trick

Walk down any supermarket aisle and you'll see it: leaves on labels, "eco-friendly" on bottles, "carbon neutral" on almost everything. Comforting, isn't it? The catch is that a lot of it is just paint.

When the European Commission reviewed green claims in the market, 53.3% were vague, misleading or unfounded, and 40% came with no supporting evidence at all. Another 42% were exaggerated, false or deceptive. Investors aren't spared either. Funds love the word "sustainable" because money follows labels faster than facts.

Regulators are done being polite. Vanguard was fined A$12.9 million in Australia for misleading investors on ESG claims. A Dutch court found 15 of 19 statements in KLM's "Fly Responsibly" campaign misleading. And RepRisk found that while total greenwashing cases dipped in 2024, high-severity ones rose over 30%. Companies aren't getting greener, just cleverer.

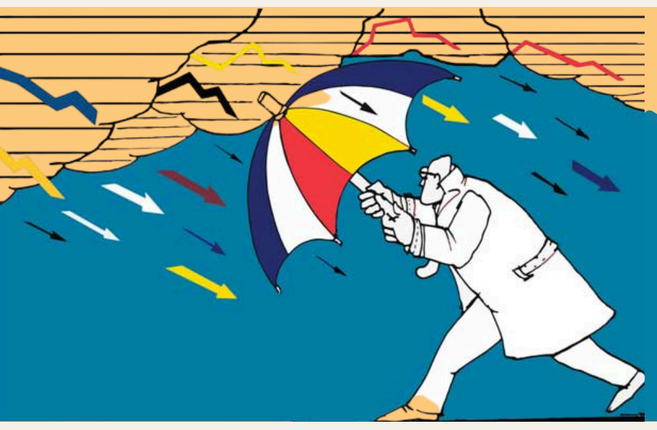
The clock is ticking. From 27 September 2026, the EU bans generic claims like "eco-friendly" and offset-based "climate neutral" labels unless backed by proof, with fines of up to 4% of annual turnover. The UK can go further, up to 10% of global turnover.

For investors, greenwashing is a valuation risk. A fund built on inflated claims can lose money twice: once when the truth emerges, and again when regulators arrive.

So next time you see a green leaf, ask three questions: What's the number? Who verified it? What's the baseline? If nobody can answer, it's marketing, not sustainability.

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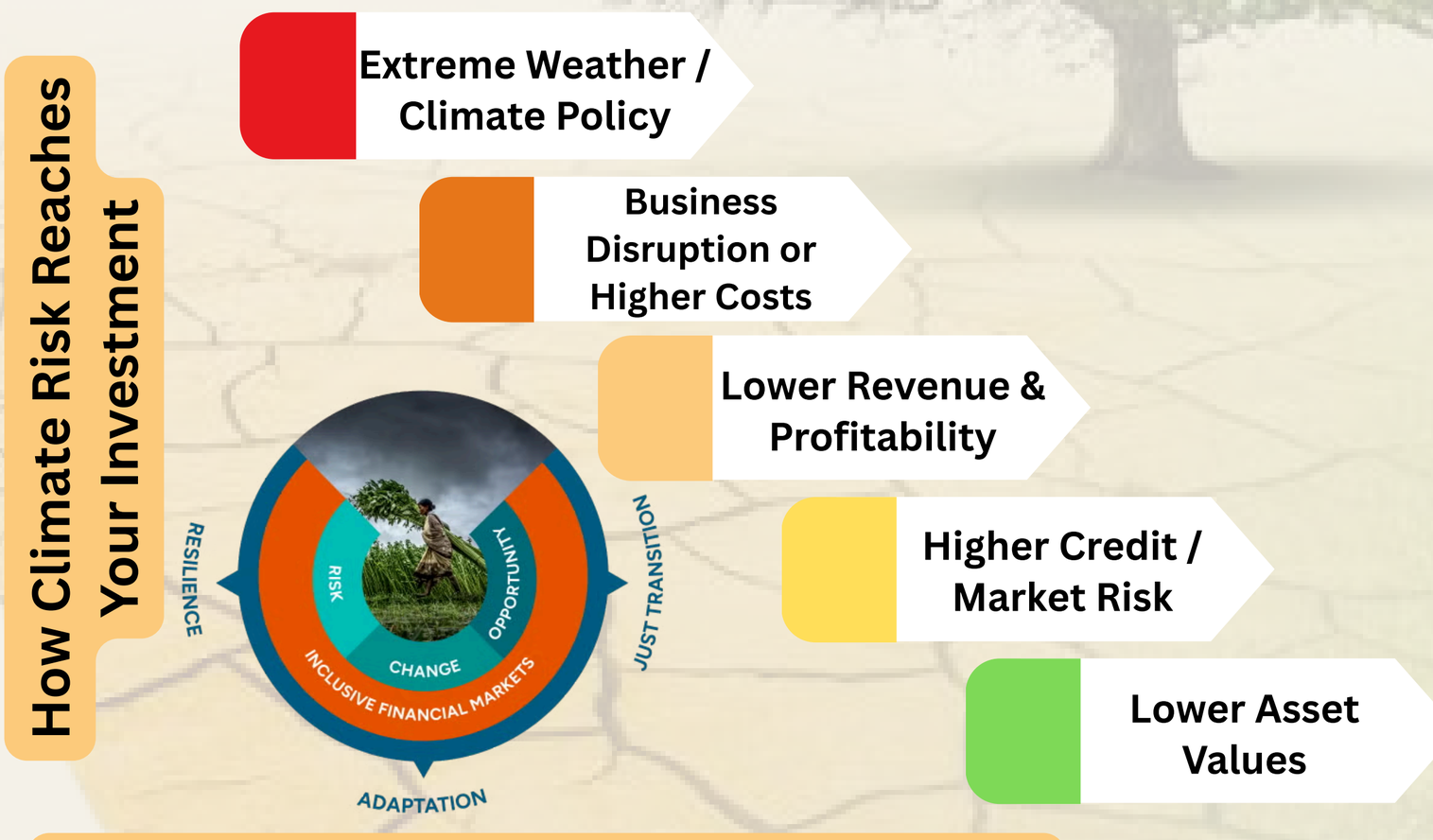
CLIMATE RISK IS FINANCIAL RISK - The Hidden Threat to Investors

Climate change is no longer only an environmental concern—it is increasingly a financial concern. Floods, heatwaves, cyclones and droughts can damage physical assets, interrupt supply chains and reduce business profitability. At the same time, the transition towards a low-carbon economy can create new costs and risks for companies and investors.

Two Faces of Climate Risk

Risk	What it means	Financial impact
Physical Risk	Floods, heatwaves, cyclones, droughts and rising temperatures.	Asset damage, production losses, supply-chain disruption and higher insurance costs.
Transition Risk	Policy changes, carbon pricing, new technology and changing consumer preferences.	Higher costs, stranded assets, lower valuations and pressure on profits.

How Climate Risk Reaches Your Investment



The Numbers Tell the Story

- 2–4×: The NGFS's 2024 long-term scenarios estimated that global losses from chronic physical climate risks by 2050 could be around two to four times higher than in its previous assessment.
- 8.5%: In an NGFS input paper published in 2025, a net-zero-2050 scenario was associated with global GDP being 8.5% lower due to climate change, with 7.3 percentage points attributed to chronic physical risks.
- India: The Reserve Bank of India's climate vulnerability assessment and stress test found a substantial increase in banks' credit-loss potential under physical and transition-risk scenarios.

What Should Investors Watch?

Investors should look beyond traditional financial ratios and assess a company's exposure to climate hazards, carbon intensity, location of assets, insurance coverage, supply-chain resilience, climate disclosures and transition strategy. Climate scenario analysis and stress testing are increasingly being used by financial institutions to understand these risks.

India's Financial Sector Is Taking Notice

The RBI has highlighted climate change as a significant risk to financial stability. Its work on climate vulnerability assessment, stress testing and climate-related financial disclosures reflects the growing need for banks and financial institutions to identify, measure and manage climate-related risks.

For investors, climate risk is not a distant environmental issue. It can influence earnings, asset prices, credit quality, insurance costs and long-term business survival. The future of investing will increasingly depend on understanding not only how much a company earns, but also how resilient that company is to a changing climate.

"What looks like an environmental problem today can become a balance-sheet problem tomorrow."

CARBON MARKETS: BY THE NUMBERS

87	Carbon pricing policies worldwide
29%	Global emissions covered
$107 bn	Revenue raised in 2025
~$21	Average price per tonne of CO_2
$68	Average in Europe & Central Asia
490	Indian entities under CCTS targets
45%	India's emission-intensity cut target by 2030
2070	India's net-zero year

Source: World Bank, State and Trends of Carbon Pricing 2026; ICAP.

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Financing India's Green Transition — Where Will the Money Come From?



India's ambition to achieve a cleaner and more sustainable economy is creating a massive financing challenge. The transition to renewable energy, electric mobility, green buildings, cleaner industries and climate-resilient infrastructure will require investment on a scale that public funding alone cannot provide. The key question is not whether India needs green finance, but where the capital will come from.

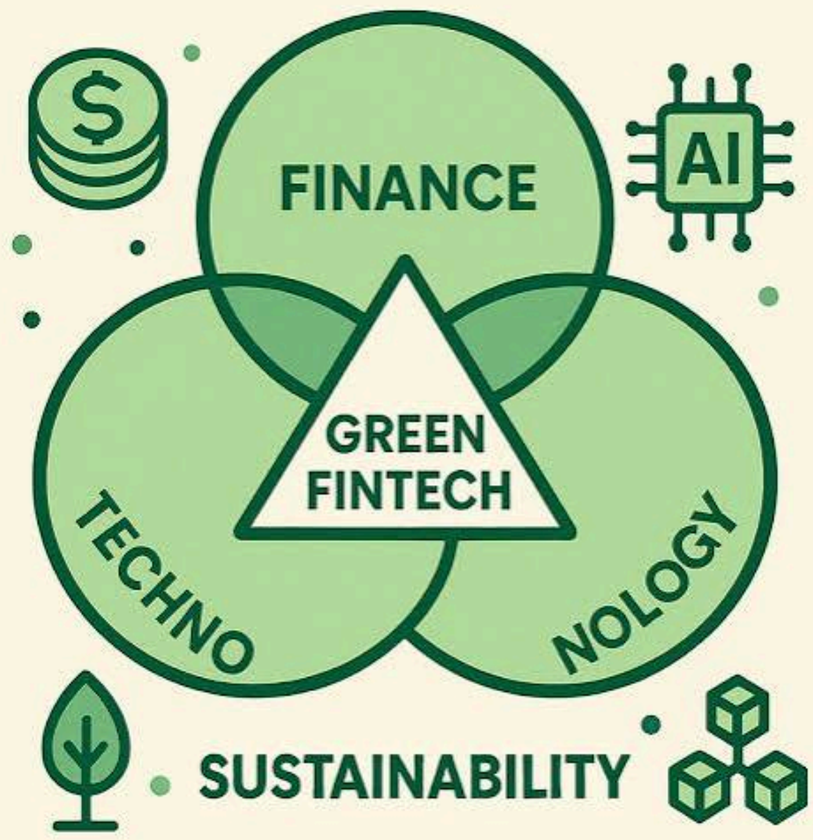
The government will remain an important catalyst through public spending, policy support, subsidies and institutions that encourage green investment. However, private capital will be equally critical. Commercial banks and NBFCs can expand green lending, while green bonds can help companies and governments raise funds specifically for environmentally beneficial projects. Foreign direct investment and global sustainable-investment funds can also bring capital, technology and expertise into India's green economy.

Emerging mechanisms such as carbon markets can create additional financial incentives by putting a value on emissions reduction. At the same time, stronger ESG standards and transparent reporting are necessary to ensure that capital genuinely supports sustainable projects rather than greenwashing.

India's green transition therefore needs a diversified financing ecosystem. Government, banks, investors, businesses and international institutions must work together to mobilise long-term capital. If India can combine sound policy with innovative financial instruments and investor confidence, the green transition can become more than an environmental necessity—it can become a major opportunity for economic growth, employment and long-term value creation.

The Future of Green Finance — AI, FinTech & the Next Investment Revolution

Artificial Intelligence (AI)	Analyses ESG data and predicts climate-related financial risks.
Blockchain	Improves transparency in tracking green investments and fund usage.
FinTech	Makes sustainable investment opportunities accessible through digital platforms.
Green Bonds	Fund renewable energy and eco-friendly projects.



Sector	Example
Renewable Energy	Solar and wind power
Green Mobility	Electric vehicles
Sustainable Infrastructure	Energy-efficient buildings

