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ESG NEWSLETTER

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Green steel certification just got smarter: India's new flexibility rules

Ministry of steel corrigendum – effective April 6, 2026

The Ministry of Steel has issued a corrigendum to the Green Steel Taxonomy Notification (dated 23 December 2024), introducing operational flexibility and business continuity benefits for steel producers. The changes, effective from 6 April 2026, are designed to align certification mechanics with real-world commercial cycles.

What has changed – and why it matters for business

Product-wise certification now allowed

Earlier approach:

Green Steel Certificates were issued on a financial year ('FY') basis. Multiple certificates within a year were possible only if plants opted for frequent Monitoring, Reporting and Verification ('MRV') cycles.

Now:

Producers can opt for product-wise MRV during the year. A Green Steel Certificate can be issued for **individual batches** of a product – at any time of the year.

Business impact:

- Enables customer-specific green claims
- Supports green premium pricing on selected products
- Facilitates tenders, exports and ESG-linked contracts without waiting for year-end certification

Temporary validity extension until June next FY

- If you hold an existing annual green-rated certificate and have applied for renewal in the next financial year (with the required data), your current certificate stays alive.
- The new rule extends validity **provisionally until June** of the following financial year – subject to the next year's MRV results.

Business impact:

- Ensures certificate continuity across the financial year transition
- Avoids commercial gaps during MRV audits
- Strengthens customer confidence in ongoing green commitments

Provisional extension with compliance conditions

- The extension applies **only** if you have already applied for certification for the immediate succeeding financial year.
- If you end up not **qualifying** for a green rating – or qualify only for a lower category – the provisional extension **dies retrospectively** as of March 31 of that year.
- The National Institute of Secondary Steel Technology (NISST) is the implementing agency – responsible for granting extensions and required to submit monthly reports with justifications to the Ministry of Steel.

Why it matters:

1. Fails to qualify for green rating, or
2. Gets downgraded in the next FY

The extension of the certificate is cancelled retrospectively from March 31.

Effective date:
April 6, 2026 – from the date of publication in the Official Gazette.

Business impact:

- Predictable governance framework
- Minimises compliance risk
- Reinforces credibility of green claims in domestic and global markets

Why this update is significant for steel producers

- Improves operational flexibility
- Enables batch- or product-level green monetisation
- Protects sales, exports, and ESG-linked contracts during transition periods
- Aligns certification mechanics with real-world commercial cycles
- Reduces friction between regulatory compliance and market execution

Positive impact

- **For steel producers:** Reduced administrative pressure during financial year-end transitions; ability to certify premium green batches on demand.
- **For buyers & downstream industries:** More reliable access to batch-specific green steel credentials, improving supply chain transparency.
- **For the green steel ecosystem:** Encourages continuous MRV adoption without penalising producers for timing gaps – a practical boost to India's low-carbon steel transition.

CBAM price: The financial era begins – a practical financial guide for exporters

On 7 April 2026, the European Commission announced the first official CBAM certificate price at **€75.36 per tonne of CO_2e** for Q1 2026.

The price is based on the volume-weighted average of EU ETS auction prices and applies to all CBAM imports for that period.

This marks CBAM's shift from reporting to financial compliance under the definitive regime effective 1 January 2026.

For exporters, the question is no longer whether CBAM will affect them, but a much more urgent financial one:

How do I calculate this carbon bill and prepare financially?

1. Financial formula – four variables drive CBAM cost

CBAM liability = (Embedded emissions – Free allowances) × CBAM certificate price × Imported weight – Carbon price already paid abroad.

Embedded emissions	Free allowances	CBAM price	Third-country carbon price
Verified actual emissions or default values with annual penalty mark-ups	EU ETS free allocations, gradually phased out from 2026.	Linked to EU ETS auctions (quarterly in 2026, weekly from 2027)	Deductible only if EU-recognised; rules still limited. Each variable is a separate financial lever; ignoring any one leads to planning errors.

2. Price mechanics – €75.36 is just the baseline

CBAM prices are not annual averages. In 2026, four **quarterly prices** apply, based on EU ETS auction averages.

Remaining 2026 prices will be published on **6 July, 5 October 2026, and 4 January 2027**.

Due to EU ETS volatility (€90s to €60s in Q1), **Q2 is estimated at ~€70.50**, lower than Q1.

From **2027**, prices move to **weekly**, making carbon cost management continuous.

3. Core decision #1 – actual vs. default emissions

1

Actual emissions
Require third-party verification by an EU-accredited body.

2

Financial benefit
Reflect real performance and avoid default-value penalties.

3

Operationally simple
Report product- and country-specific emissions without own monitoring systems.

4. Core decision #2 – passing through carbon costs

CBAM certificates are bought by the **EU authorised CBAM declarant**, but costs will shift to exporters.

Common pass-through mechanisms:

Price pressure: Exporters absorb CBAM costs to stay competitive.

Contract clauses: Explicit carbon cost-sharing terms in supply agreements.

Supplier risk: Lack of emissions data triggers costly defaults and potential supplier switching.

5. Critical Financial Deadlines

These dates directly affect your cash flow and cost accruals.

Date	Financial action
2026	Accrue CBAM costs quarterly and include in annual budgets
1 Feb 2027	CBAM certificates available for 2026 emissions
30 Sep 2027	First CBAM declaration and full payment deadline
1 Jan 2028	CBAM expands to ~180 downstream steel & aluminium products

Financial recommendations

1. Renegotiate contracts
Discuss CBAM cost-sharing mechanisms with your EU buyers. Avoid being forced to bear the full default-value cost alone.

2. Provide verified data
Exporters that supply verified actual emissions become preferred suppliers. Many EU importers are already screening suppliers based on carbon intensity.

3. Internal carbon costing
Incorporate CBAM as a fixed cost line item in your export pricing model. Do not treat it as an after-the-fact surprise expense.

4. From January 2028
CBAM is proposed to expand to ~180 downstream steel and aluminium products, mainly industrial goods. Companies exporting machinery, auto parts, or appliances should use 2026–27 to assess CBAM exposure and complete data readiness early.

Positive impact

The €75.36/tonne CBAM certificate price marks a turning point, translating carbon regulation into a clear financial signal. For proactive exporters, this creates an opportunity to embed carbon costs into core financial planning, pricing, and contracts. Early adopters of robust carbon accounting and emissions reduction strategies can strengthen margins, improve cost predictability, and gain competitive advantage and buyer preference in the EU market.

Beyond the pledge: strategies for achieving net zero

What is net zero?

Net zero means balancing the greenhouse gases an organisation emits with an equal amount removed from the atmosphere. It is achieved by cutting emissions as deeply as possible (typically 90–95%) and then using carbon removal for any remaining, unavoidable emissions.

As 2026 progresses, the conversation around corporate climate action has matured. Ambitious pledges are no longer enough. Investors, regulators, and customers are demanding credible, measurable strategies that deliver real emissions reductions.

For organizations serious about net zero, the path forward rests on five core strategies. Below, we define each approach in clear, actionable terms –

1. Deep electrification

What it means:

Shifting energy use from fossil fuels to electricity generated from renewable sources such as solar and wind.

Why it matters:

This is the most direct and cost-effective way to cut emissions from power, transport, and low-temperature industrial processes. For most businesses, electrifying transportation, heating systems, and equipment is the single largest lever for near-term progress.

2. Addressing hard-to-abate sectors

What it means:

- For industries like steel, cement, chemicals, and aviation – where electrification is difficult – a combination of three approaches is required:
- **Energy and material efficiency** – using less energy and fewer raw materials.
- **Low-carbon fuels and feedstocks** – switching to green hydrogen or bio-based inputs.
- **Carbon capture, utilisation and storage (CCUS)** – capturing CO_2 emissions before they reach the atmosphere.

Why it matters:

These sectors represent highest global emissions. Without dedicated strategies for hard-to-abate processes, net zero remains impossible.

3. Tackling scope 3 (value chain) emissions

What it means:

Reducing indirect emissions that occur outside a company's direct control – from suppliers, product use, or end-of-life disposal.

Why it matters:

For many businesses (especially in retail, manufacturing, and food), Scope 3 emissions account for 70–90% of their total carbon footprint. Addressing them requires deep collaboration with partners across the value chain, not just internal changes.

4. Natural climate solutions and regenerative agriculture

What it means:

Using land-based approaches such as reforestation, soil carbon sequestration, and improved livestock management to reduce emissions and remove CO_2 from the atmosphere.

Why it matters:

Particularly relevant for the food and agriculture sector, these strategies address emissions that energy solutions cannot. They also deliver co-benefits like biodiversity restoration and water security.

5. Carbon removal for residual emissions

What it means:

After achieving deep reductions, any remaining unavoidable emissions are balanced by removing an equivalent amount of CO_2 from the air – either through natural sinks (forests, wetlands) or engineered solutions (direct air capture and storage).

Why it matters:

No organisation can realistically eliminate 100% of its emissions. Carbon removal provides the final balancing mechanism, but only for residual emissions – not as a substitute for reduction.

Conclusion: From strategy to action

Net zero is not a single technology or a one-time investment. It is a portfolio of strategies applied in the right order: reduce first, then remove. The five approaches above give any industry a clear, credible roadmap.

Positive impact

When implemented together, these five strategies do more than reduce emissions. They drive innovation, lower long-term operating costs, enhance energy security, attract sustainability-focused investment, and build resilience against climate-related disruptions. Organisations that act now position themselves as leaders in a low-carbon economy, gaining competitive advantage while contributing to a healthier planet for all.

DID YOU KNOW?

1 The carbon ceasefire

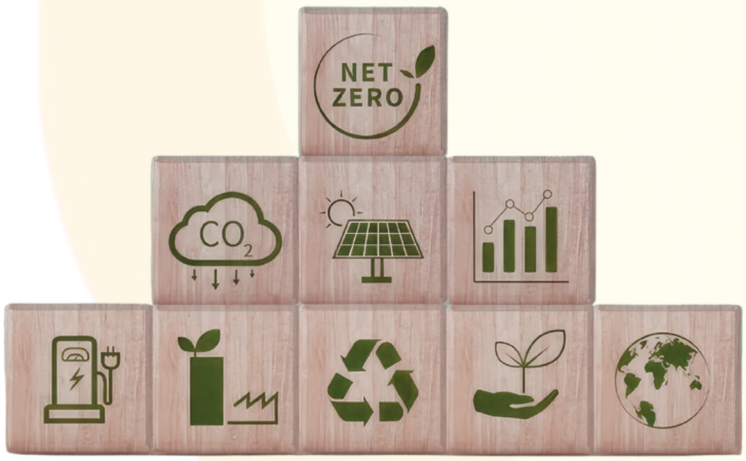
War doesn't just claim lives and destroy cities — it leaves a massive, unreported carbon footprint.

Here's the reality: Militaries worldwide account for **5.5% of global greenhouse gas emissions** — more than international aviation and shipping combined. Yet no country is required to report these emissions under any climate agreement. That means the true environmental cost of war is almost entirely ignored.

To put it in perspective:

- The Israel-Gaza conflict emitted **~33 million tonnes of CO_2e** — equal to Jordan's annual total.
- Just the first two weeks of the Iran-Israel-US conflict generated over **5 million tonnes of CO_2e** — more than Iceland emits in a year.

So while peace talks focus on human casualties (rightly so), the planet continues to pay a silent, unaccounted price. Every bomb, every tank, every fire from a destroyed factory adds to a climate bill no one is tracking.



DID YOU KNOW?

2 The plastic paradox

Invented to save elephants

The first man-made plastic (celluloid, 1869) was created to replace ivory in billiard balls, aiming to stop the killing of elephants and tortoises for their shells and tusks.

Born from a lab accident

In 1907, chemist Leo Baekeland accidentally created Bakelite, the first fully synthetic plastic, while trying to make a substitute for shellac—a natural resin.

"Plastic" means "moldable"

The word comes from the Greek plastikos, meaning "able to be shaped," which perfectly describes how these materials can be formed into almost anything.

From hero to villain

What started as an eco-friendly solution to animal cruelty has become one of the biggest pollution crises today, with plastic clogging oceans, harming wildlife, and lasting for hundreds of years.

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