

CareEdge-ESG comments on

India's Green Steel Taxonomy

- On 12th December 2024, the Government of India announced a taxonomy of green steel for India; being the 1st nation to unveil such a taxonomy globally there is no commonly accepted definition of green steel
- India, being the 2nd largest producer of steel globally and against the backdrop of evolving global regulations including the Corporate Sustainability Reporting Directive (CSRD) and Carbon Border Adjustment Mechanism (CBAM), this step reinforces India's commitment to global competitiveness and continued growth
- **Key attributes of green steel taxonomy:**
 - Steel produced with CO₂e emissions of less than 2.2 tonne/per tonne of finished steel (t/tfs) would be defined as green steel
 - Based on the greenness, the Green steel shall be rated as follows:
 - ❖ Five-star green-rated steel: Steel with emission intensity lower than 1.6 t-CO₂e/tfs
 - ❖ Four-star green-rated steel: Steel with emission intensity between 1.6 and 2.0 t-CO₂e/tfs
 - ❖ Three-star green-rated steel: Steel with emission intensity between 2.0 and 2.2 t-CO₂e/tfs
 - Steel with emission intensity higher than 2.2 t-CO₂e/tfs shall not be eligible for green rating
 - The threshold limit for defining the star rating of Green Steel shall be reviewed every three years
 - The scope of emissions shall include Scope 1, Scope 2, and limited Scope 3, up to finished steel production
 - ❖ Scope 3 emissions shall include agglomeration (including sintering, pellet making, and coke making), beneficiation, and embodied emissions in purchased raw materials and intermediary products, but shall not include upstream mining, downstream emissions and transportation emissions, both within and outside the gates of a steel plant

- **Key attributes of green steel taxonomy (contd.):**

- The National Institute of Secondary Steel Technology (NISST) shall serve as the nodal agency for measurement, reporting, and verification (MRV) as well as for issuing the greenness certificates and star ratings for the steel
- The certificate shall be issued yearly (financial year). In case the steel plants opt for MRV more frequently, then the certificate may be issued more than once a year as per the requirement
- India expects to reduce the emission intensity of steel produced in India and achieve the taxonomy of green steel by 2030. This will stoke the companies to adopt cleaner measures including the usage of scrap, green hydrogen, renewable energy to run various operations and electrification
- In addition to the release of taxonomy, the ministry has also conducted stakeholder consultation on the draft National Mission on Green Steel (NMGS) and the draft Green Steel Public Procurement Policy (GSPPP).

CareEdge-ESG believes green steel taxonomy is a vital development in India's decarbonization journey. This will not only eliminate ambiguity for the steel industry but also enable Indian steel manufacturers to defend their turf on the global stage of sustainability by decarbonizing steel production and encouraging green practices across the value chain. Considering the supply chain disruptions, growing geopolitical tensions and China + 1 strategy adopted by the West, this move will fortify India's position as the preferred trade partner globally.

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