CBAM is closing the green-steel price gap. It is not building the plant that closes the carbon gap.

A carbon cost on conventional steel makes clean steel competitive on price. Financing the capacity to make it is a value-chain problem — and that is where insetting fits.

EXHIBIT 1 · SITUATION

CBAM's carbon cost on conventional steel now rivals the green-steel premium.

COST PER TONNE OF STEEL — GREEN PREMIUM VS. CBAM CARBON COST AT FULL PHASE-IN (USD)

Source: Fastmarkets; Global Efficiency Intelligence; Regulation (EU) 2023/956; Carbon3 analysis. CBAM factor reaches 100% by 2034.

SO WHAT — FOR STEEL BUYERS

As CBAM phases in, conventional steel stops being the cheap option. **The price gap that made green steel look expensive is closing** — the barrier left is building the capacity, not the premium.

EXHIBIT 2 · COMPLICATION

Price convergence doesn't build plants — producer and buyer each wait for the other.

THE OFFTAKE-CLAIM DEADLOCK — FRAMEWORK, ILLUSTRATIVE

Framework — illustrative. Neither side moves first without a shared instrument to fund and claim the reduction. Source: Carbon3 analysis.

SO WHAT — FOR THE VALUE CHAIN

Producers need offtake to finance green capacity; buyers need a claimable reduction to pay for it. **Insetting is the instrument that lets buyers co-fund the plant and claim the verified cut**, breaking the deadlock.

RESOLUTION · IMPLICATIONS

Three moves turn a closing price gap into built green-steel capacity.

1

STEEL BUYERS

Co-fund verified green-steel capacity and take an **allocated share of the reduction** as a Scope 3 claim — without needing physical delivery of that specific steel.

2

PRODUCERS

Convert a verified reduction into an **inset credit backed by forward demand** — the offtake certainty that lets the plant reach FID.

3

THE CHAIN

Use the CBAM embedded-emissions MRV as the shared baseline, then **allocate and trade the reduction** across the buyers that fund it.

CBAM closes the price gap. Insetting builds the plant that closes the carbon gap.

Carbon3

Market infrastructure for carbon insetting.

carbon3.net

Issuance, allocation, trading and retirement of verified Scope 3 inset credits. Insetting reduces emissions inside the value chain — not an offset. Platform demo at demo.carbon3.net.