American Iron and Steel Institute (Tyler Hengen)

Attached are the comments of the American Iron and Steel Institute regarding the proposed implementation of CARB's GHG Emissions Disclosure and Climate-Related Financial Risk Programs. Questions and additional follow-up may be directed to Tyler Hengen, Director of Sustainability at thengen@steel.org. AISI believes that

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Kevin Dempsey
President and Chief Executive Officer

February 9, 2026

Ms. Courtney Prideaux Smith
Principal Deputy Executive Officer
California Air Resources Board

Re: ***Notice of Public Hearing to Consider the Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation***

Dear Ms. Smith:

The American Iron and Steel Institute (AISI) submits the following comments to the California Air Resources Board (CARB) on the *Notice of Public Hearing to Consider the Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation.*[1] This regulation implements legislation mandating greenhouse gas (GHG) disclosure and climate risk reporting for U.S.-based businesses doing business in California.

AISI serves as the voice of the American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI's membership is comprised of integrated and electric arc furnace (EAF) steelmakers, steel pipe and tube manufacturers and steel processors and fabricators, reflecting the production and distribution of both carbon and stainless steels. These steels are critical to America's national and economic security, including roads and bridges, buildings, the electrical grid, cars and trucks and all clean energy technologies. AISI also represents associate members who are suppliers to or customers of the steel industry.

The American steel industry is essential to U.S. national and economic security and our nation's critical infrastructure. Further, the domestic industry is the cleanest and most energy efficient of the leading steel industries in the world. Of the major steel-producing countries, steel production in the U.S. has the lowest energy usage and embodied CO_2 emissions per ton of steel produced. By contrast, Chinese steel

[1] *Notice of Public Hearing to Consider the Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation*, CALIFORNIA AIR RESOURCES BOARD https://ww2.arb.ca.gov/rulemaking/2025/california-corporate-greenhouse-gas-reporting-and-climate-related-financial-risk

production creates CO_2 emissions that are over double that in the U.S per ton of steel produced.[2] In fact, in a recent report published by the United States International Trade Commission (USITC), the emissions factors for domestically-produced steel ranged from 22 percent to 156 percent lower than internationally-produced steel on average across all geographies considered, dependent on price category.[3]

AISI believes that there are important considerations that should be made when developing and implementing this regulation, as outlined below. Additionally, AISI has prepared the attached *Recommendations on Implementation of Emissions and Climate-Related Financial Risk Disclosure Programs* (guidance document) for use by agencies and state governments considering and developing similar programs. While this guidance document was developed to convey more generally the viewpoint of the American steel industry towards state-level disclosure programs much of the content was initially developed in conjunction with the ongoing development of CARB's climate disclosures reporting regulation.[4]

- **Maintain "Good Faith" Provisions for Companies Responsible for Disclosure**

  CARB's proposed regulation is to be commended for its general clarity. The proposed text clearly identifies the fee structure, associated penalties, and the enforcement mechanism to address noncompliance. Further, as "[e]ach potentially-regulated entity remains responsible for compliance with statutory requirements"[5], it is appreciated that "CARB will exercise enforcement discretion for the first reporting cycle, on the condition that entities demonstrate good faith efforts to comply with the requirements of the law."[6] While AISI appreciates that CARB will recognize "good faith" efforts during the first reporting year, AISI believes that extension of this "good faith" standard in subsequent years would reflect the

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[2] *Steel Climate Impact 2025*, GLOBAL EFFICIENCY INTELLIGENCE https://www.globalefficiencyintel.com/steel-climate-impact-2025-an-international-benchmarking-of-energy-and-ghg-intensities (p. 3)

[3] Based on analysis of USITC calculation so default emissions factors by country. https://www.usitc.gov/publications/332/pub5584_0.pdf (appendix G).

[4] *Proposed Regulation Text A-1*, CALIFORNIA AIR RESOURCES BOARD https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/sb253-261/reg%20text.pdf

[5] *California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs: Frequently Asked Questions About Regulatory Development and Initial Reports (CARB FAQs)*, CALIFORNIA AIR RESOURCES BOARD https://ww2.arb.ca.gov/sites/default/files/classic/FAQs%20Regarding%20California%20Climate%20Disclosure%20Requirements_Nov.pdf

[6] *The Climate Corporate Data Accountability Act ENFORCEMENT NOTICE December 5, 2024*, CALIFORNIA AIR RESOURCES BOARD https://ww2.arb.ca.gov/sites/default/files/2024-12/The%20Climate%20Corporate%20Data%20Accountability%20Act%20Enforcement%20Notice%20Dec%202024.pdf

complicated nature of this regulation and the challenges associated with both implementation and compliance.

- **Uniform Disclosure Requirements for All Companies Supplying Products for Use in California**

  AISI appreciates that the regulation seeks to "complement an existing suite of climate policies aimed at achieving statewide carbon neutrality by 2045."[7] However, the regulation's goals and clarity of structure cannot compensate for its fatal flaw: by applying geographical constraints on what entities must report, the program will not meet the CARB's stated goal to further "California's continued climate leadership to help advance transparency around corporate GHG emissions and assessed climate-related risks."[8]

  As communicated to CARB in its March 21, 2025 submission, AISI believes that climate disclosure obligations can highlight the American steel industry's place as the world's cleanest and most energy efficient producers of steel.[9] To successfully highlight the energy efficiency of American steel, disclosure requirements must be applied equally to all companies supplying products to the California market, regardless of where corporate parents are domiciled or how the products enter the state, be it through U.S.-based operations or through foreign corporations operating through vendors.

  CARB's frequently asked questions (FAQ) document reveals the flaw at the core of this regulation. The FAQ posed a question asking "[i]f a subsidiary of a foreign parent company is subject to reporting under HSC §§ 38532 and/or 38533, does that mean the foreign parent company is also subject to the same reporting requirements under HSC §§ 38532 and/or 38533?" [10]

  In response, CARB noted that:

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[7] *Public Hearing to Consider the Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation Staff Report: Initial Statement of Reasons*, CALIFORNIA AIR RESOURCES BOARD https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/sb253-261/isor.pdf

[8] *Id.* at 2.

[9] *Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as Amended by SB 291*, AMERICAN IRON AND STEEL INSTITUTE (March 21, 2025).

[10] CARB FAQs at p. 9 https://ww2.arb.ca.gov/sites/default/files/classic/FAQs%20Regarding%20California%20Climate%20Disclosure%20Requirements_Nov.pdf

> HSC §§ 38532 and 38533 **only apply to U.S.-based companies.** If this foreign company is not a U.S.-based company as defined in HSC §§ 38532 and 38533, t**hen that foreign company is not subject to the requirements of HSC §§ 38532 or 38533** The foreign parent company **may choose** to submit a consolidated report on behalf of any subsidiaries subject to the reporting requirements (see above)."[11]

The proposed regulations impose a mandatory regulatory burden on U.S.-based companies that would not apply to foreign steelmakers. The regulation's failure to compel equivalent disclosure from foreign-based corporations ensures that the state's data will be incomplete and inaccurate – incentivizing some to provide "cherry picked" data that seeks to put the GHG disclosures and climate risk of its U.S.-based subsidiaries in the best possible light. And steelmakers who sell into California via vendors who do not meet the revenue thresholds to require disclosure will be in the best possible position: these companies will have no direct reporting obligations. Schemes to avoid "doing business in California" will emerge as a form of regulatory relief. This will skew the data California uses as it seeks carbon neutrality and, in the case of steel[12], undercount the state's carbon footprint given that American-made steel is cleaner than that of its foreign competitors. In essence, "greenwashing" of critical climate disclosure and risk data is baked into the CARB's regulation.[13]

Failure to require GHG disclosure and/or climate risk disclosure from foreign-based parent companies ensures CARB will implement a system that imposes a greater regulatory burden upon good-faith actors and incentivizes incomplete and inaccurate data collection, undermining the state's professed goals.

- **Corporate-Wide Reporting for Consistency and Full Supply-Chain Representation**

  AISI welcomes the fact that the proposed regulation enables climate disclosure at a corporate-wide level and believes that this will not only minimize the burden on

[11] *Id.* At 9 (emphasis added).
[12] The regulation's flaws are not unique to steel and will impose additional regulatory burdens on both U.S.-based corporations and any company that meets the statutory thresholds and does business directly in California instead of through intermediaries. Sadly, it appears that CARB sees this structure as a feature and not a bug that undermines American manufacturing and accurate reporting. "HSC §§ 38532 and 38533 only apply to U.S.-based companies. If this foreign company is not a U.S.-based company as defined in HSC §§ 38532 and 38533, then that foreign company is not subject to the requirements of HSC §§ 38532 or 38533." CARB FAQs at p. 10.
[13] *Greenwashing – the deceptive tactics behind environmental claims*, THE UNITED NATIONS https://www.un.org/en/climatechange/science/climate-issues/greenwashing.

reporting entities but also will help to shed light on the full emissions profile of a company. Corporate-wide reporting reduces inconsistencies, improves data quality, and minimizes redundant reporting effort for companies that typically calculate and disclose information based on the entire corporate carbon footprint. Further, many companies receive reporting assurance at a corporate-wide level. To require separate assurance for segments of a corporation could be cost-prohibitive and would require unnecessarily duplicative efforts by reporting companies.

- **Standardized Scopes and Calculation Rules for Accurate Reporting and Disclosure for Steel Products**

  AISI supports the approach of accepting disclosures in alignment with internationally-recognized standards, such as the GHG Protocol, the International Sustainability Standards Board's International Financial Reporting Standards, and the Task Force on Climate-related Financial Disclosures 2017.[14] These standards provide robust and widely-adopted methodologies, which enable consistency and credibility across the disclosure landscape.

  AISI urges CARB to continue to accept broad reporting in alignment with these internationally-accepted standards beyond the first year of implementation. This will not only reduce administrative burden and duplicative effort on behalf of the reporting entities but will benefit CARB's program by demonstrating a commitment to consistency, transparency, and integrity in the state's reporting and disclosure regimens.

  At the point at which CARB begins collection of Scope 3 data, the Scope 3 categories to be disclosed should be only those determined to be material by the individual reporting companies. Mandatory disclosure of immaterial Scope 3 categories will unduly burden the reporting companies by requiring additional data collection efforts that will not impact the rigor and completeness of emissions estimates.

- **Reasonable Reporting Deadlines**

  To best ensure compliance, it is imperative that reasonable deadlines be provided for all covered entities. While the GHG disclosure reporting deadlines are proposed for August 10, 2026, for 2025 data, AISI believes that this deadline is overly rushed.

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[14] *SB 253/261/219 Public Workshop: Update on California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs (Slide 6)*, CALIFORNIA AIR RESOURCES BOARD https://ww2.arb.ca.gov/sites/default/files/classic/SB%20253%20261%20Nov%20Workshop%20slides%20%28Updated%29.pdf

While CARB's work to date has been helpful in providing clarity on the expected reporting, the regulation is still not finalized, and by the time it is finalized, it is entirely possible that the regulation will have been in final form for less than six months before the date by which initial reporting is required to take place.

Companies need a minimum of one year from the date at which the final regulation is issued to review and understand reporting requirements, conduct a gap analysis of existing data collection capabilities, develop a compliance action plan to bridge any gaps in data availability, invest in the necessary systems and/or technological upgrades to capture the required data, and implement standard operating procedures and/or training protocols needed to accurately interpret and validate the additional data so that it aligns with California's standards. Forcing companies to report without adequate preparation time will increase the burden of compliance and lessen both data quality and completeness. Data collected hastily will likely be inaccurate and/or incomplete and could potentially affect the ability of consumers in California to make informed market decisions.

While CARB has indicated it will grant leniency and reciprocity in the reporting requirements for the initial reporting period, these leniency and reciprocity provisions have not been established as programmatic requirements but rather simply proposals. Should this level of leniency and reciprocity not be included in the final program, CARB must seriously consider extending the reporting deadline for the initial reporting period.

CARB should also make clear the potential implications for disclosure at a corporate-wide versus company-wide level. For example, if a company decides to provide corporate-wide disclosure in the first disclosure period, is that company then obligated to continue providing data at the corporate-level in subsequent disclosure periods? The structure and expectations around allowable data outside of the first year of disclosure must be made clear before these programs are implemented so that companies may make fully informed decisions.

- **Clarity on Security, Use, and Limitations of Data**

As CARB collects data, it must take steps to ensure that any nonpublic, corporate data it collects is protected. CARB must develop a plan for data security that protects such information from potential exposure. AISI believes that the best way to avoid potential data security concerns is to rely on publicly-available reporting gathered in conformance with applicable international frameworks. In the development of this data security plan, CARB should engage broadly with industry

associations, such as AISI, to ensure that the proposed approach is adequately protective of any confidential or proprietary information.

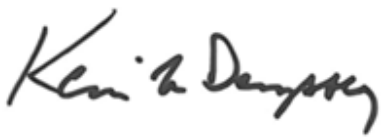
Finally, AISI strongly encourages CARB to periodically assess whether the goals of the program are being met by the implemented regulations. This should include assessment of the collection of Scope 3 data given the potential high uncertainty in terms of quality and representativeness.

As previously mentioned, AISI's guidance document is included with these comments as an attachment in the hope that it can assist with further development and refinement of this program. AISI is prepared to offer additional assistance to CARB in the development of this program so that it can be reflective of the true environmental performance of American steel producers.

It cannot be ignored that this regulation suffers from a fatal statutory flaw that imposes a greater regulatory burden on U.S.-based companies than on foreign-based ones. This flaw is further magnified by the fact that corporations that operate through out-of-state vendors face no regulatory burden as these corporations are not required to comply with the regulation – no matter their size, volume of product used in California, or total GHG emissions and climate risk. The flaw all but ensures that CARB's data collection will result in an incomplete accounting of GHG emissions and climate risk associated with commerce in California. AISI urges CARB to expand the scope of its regulatory scheme and encourage corporate-wide reporting based upon internationally-recognized standards – for corporate parents, both U.S.-based or foreign-based – of any "covered entity" or product sold into the state.

Please do not hesitate to contact Tyler Hengen, AISI Director, Sustainability and Environment, at 605.430.2848 (phone) or thengen@steel.org (email) if you have any additional questions or would like further information from AISI.

Sincerely,



Kevin Dempsey
President and CEO
American Iron and Steel Institute

Attachment: AISI *Recommendations on Implementation of Emissions and Climate-Related Financial Risk Disclosure Programs*

Recommendations on Implementation of Emissions and Climate-Related Financial Risk Disclosure Programs

Introduction

AISI serves as the voice of the American steel industry in the public policy arena and advances the case for steel in the marketplace as the preferred material of choice. AISI's membership is comprised of integrated and electric arc furnace (EAF) steelmakers, steel pipe and tube manufacturers and steel processors and fabricators, reflecting the production and distribution of both carbon and stainless steels. These steels are critical to America's national and economic security, including roads and bridges, buildings, the electrical grid, cars and trucks and all clean energy technologies. AISI also represents associate members who are suppliers to or customers of the steel industry.

Background

Recently, there have been increased efforts at the state level to require companies meeting certain criteria to disclose Scope 1-3 greenhouse gas (GHG) emissions for their companies, as well as to disclose climate-related financial risk reports related to their company operations. Examples include California's Senate Bill (SB) 253 and 261 legislation,[1] as well as pending or proposed legislation in additional states.[2] While the usage of the disclosed information will not be fully understood until after the point that data disclosure begins, it is reasonable to expect that the data may be used in areas such as state-level environmental assessments, policy and trade decision-making, and product procurement, among other areas.

As the steel sector is an industry that is anticipated to be affected broadly by these disclosure programs, AISI has developed the following recommendations for state policymakers, disclosure program developers and regulating bodies to take into consideration when designing and implementing their programs.

Overview of the American Steel Industry

Steel is vital to a modern, sustainable society. The same steel that enables manufacturers to make lighter, more fuel-efficient vehicles, and taller, safer structures is also repeatedly recyclable. While competing materials focus their sustainability claims on

[1] https://ww2.arb.ca.gov/our-work/programs/california-corporate-greenhouse-gas-ghg-reporting-and-climate-related-financial

[2] https://www.regulatoryandcompliance.com/2025/04/state-climate-disclosure-bills-a-growing-trend/

specific phases of product application, steel's superior performance minimizes environmental impact when measured through the entire life cycle.

Steel is primarily produced using one of two methods: the Blast Furnace/Basic Oxygen Furnace (BF/BOF) route and the Electric Arc Furnace (EAF) route.

The blast furnace is the first step in producing steel from iron oxides. The blast furnace converts iron ore to a high purity molten iron or pig iron. The furnace uses a solid carbon reductant called coke, and limestone to produce this pig iron, which is then further processed with recycled steel scrap in the Basic Oxygen Furnace to produce steel. Today, natural gas is increasingly being added in place of a portion of the coke burden in the blast furnace to improve the process and this in turn can reduce carbon emissions. Direct reduced iron and recovered iron bearing materials are also added to support efficiency or productivity.

The EAF is different from the BF/BOF route as it does not produce iron and solely produces steel. The EAF produces steel by using predominantly electrical current and some fuel to melt scrap steel, direct reduced iron, and/or pig iron, to produce molten steel. The largest source of carbon emissions associated with EAF steelmaking are scope 2 GHG emissions that come from the production of the electricity used to melt the scrap and/or iron, although there are also carbon emissions associated with the production of any direct reduced iron or pig iron used in an EAF.

While these two production routes look different, both production routes remain necessary today to produce the various steel products needed to meet the demands of the various steel consuming industries, and all domestic steel producers, regardless of production route, have and continue to take strong actions towards minimizing carbon and other GHG emissions and climate-related risks.

Downstream of the BF/BOF or EAF processes, additional processing occurs. Steel from the BF/BOF or EAF is then put through a reheat furnace, followed by hot or cold rolling mills, strip mills, pickling lines, heat treating, and various finishing lines to transform the steel into its final form. For many companies, these processes may not occur at the same location as the upstream steel production, and may not be undertaken by the same company that produced the steel upstream. As a result, emissions associated with these processes may be Scope 1 and 2, or may be downstream Scope 3.

Sustainability of the American Steel Industry

In the United States, the steel industry leads the world in reducing GHG emissions in our steelmaking processes. Further, the steel products created domestically demonstrate superior sustainability performance that minimizes environmental impact.

The American steel industry has adopted EAF technology at a much more accelerated rate than the global industry, resulting in a lower average carbon emissions intensity compared to steel made elsewhere. Over 70 percent of the steel produced in the U.S. is

via the EAF route, compared to approximately 29 percent globally. Additionally, American stainless steel is produced exclusively through EAF production and primarily uses recycled scrap.

In addition, the American steel industry operates blast furnaces that are also among the most carbon efficient in the world. These integrated steel mills in the U.S. are almost entirely fed by domestically-sourced iron ore pellets, compared to more carbon intensive sintered ore used in China and elsewhere, resulting in significantly lower carbon emissions, as well as lower emissions of nitrogen oxides (NOx), sulfur dioxide (SO_2) and particulate matter.

In addition to demonstrated success in reducing the emissions intensity of steel production domestically, the emissions factors associated with the energy mix used for steelmaking in the United States are lower than in other steel-producing regions such as China and India, due to use of natural gas and renewable energy. This cleaner energy mix helps produce the most carbon efficient steel.

The American steel industry also continues to make key investments to further decrease its carbon emissions and advance its leadership position on sustainability. American steelmakers have made investments to increase the use of direct reduced iron (DRI) and hot briquetted iron (HBI), both of which are produced using natural gas in place of coke, which can lower emissions for both integrated steel mills and EAF steel mills.

While the American steel industry has continued to demonstrate leadership in sustainability and reducing emissions, American steel is not the only steel in the domestic market. Imported steel can make up 20 percent or more of the steel consumed domestically, and the climate related impacts of these imported materials are generally much higher. In fact, a study produced in 2023 by Global Efficiency Intelligence found that, at an import market share of 28 percent, the emissions associated with those imported products made up 45 percent of the total steel-attributable emissions domestically.[3] While this study was a country-level assessment, it is reasonable to assume that imports can make up significant portion of products consumed in individual states. Collecting data on the emissions embodied in products imported into the U.S. and specific states from other countries is thus critical to ensure state level disclosure programs reflect the full range of emissions associated with various steel products.

[3] Hasanbeigi, A., Global Efficiency Intelligence. Embodied CO_2 Emissions in Steel Imports to the U.S. 2023 https://static1.squarespace.com/static/5877e86f9de4bb8bce72105c/t/648047410f5f795c07bbc488/1686128469952/Embodied+carbon+in+US+steel+import-final.pdf

Objective

This document aims to provide recommended guidance on the development and implementation of emissions and climate-related financial risk disclosure programs. These programs should be developed in a way that approaches disclosure requirements equitably, without regard to geographic considerations, and should not place undue administrative burden or put companies at potential reputational risk due to unreasonable reporting requirements.

Inclusion of Companies Without Regard to Country of Origin

While setting exemptions or inclusions of companies is reasonable, further defining those exemptions or inclusions to apply only to U.S.-based companies is not appropriate. If the goals of the program are to understand the emissions and climate-related financial risk associated with those products consumed and/or produced in the respective states, then this approach ultimately hinders successful accomplishment of those goals. This is especially important given steel produced outside the U.S. is generally more carbon intensive than domestic steel.

Limiting disclosure requirements to domestic companies creates a structural imbalance that disadvantages U.S.-based producers. Companies that manufacture products outside the United States but then sell those products in a state are "doing business" in the state and should be subject to the same disclosure requirements as domestic companies. Exempting these foreign companies from disclosure obligations undermines transparency, distorts market competition, and places an undue compliance burden on domestic firms.

It is not reasonable to place additional administrative burdens, as well as potential reputational risk, on domestic companies required to report, while companies based outside of the state that are selling their products in the state are not similarly burdened and can simply continue to operate unencumbered by these requirements.

Guidance: To ensure a level playing field and meaningful climate accountability, disclosure programs should apply equally to all producers with material economic activity in the state, regardless of the location of the entity's corporate jurisdiction or production locations.

Requiring foreign companies to report their emissions and climate-related financial risk does not pose insurmountable challenges, especially given the increasingly widespread adoption of such disclosure requirements in other jurisdictions. As discussed further below, the least burdensome approach to requiring foreign company reporting would be to align state disclosure requirements with existing international standards under which many foreign companies must already report similar information. A prime example of such an existing international standard is the EU Corporate Sustainability

Reporting Directive (CRSD),[4] which already mandates a number of corporate-wide reporting requirements for entities doing business in the EU.

Permit Corporate-Wide Reporting

AISI supports California Air Resources Board (CARB) decision to permit reporting of climate-related disclosures at the corporate-wide level and encourages similar adoption of corporate-wide reporting by other states considering or implementing these programs.

Adoption of a corporate-wide reporting approach holds many benefits, both to the companies required to disclose information, as well as to the states requiring disclosure. For many companies, emissions disclosure and risk reporting are already occurring at the corporate level, largely aligned with domestic and international standards that should be acknowledged and accepted at the state level. Accepting existing corporate-wide reporting reduces administrative burdens and duplicative requirements on the companies and ensures the most consistency possible among reporting entities.

Corporate-wide disclosure provides a comprehensive view of a company's climate-related risks and emissions profile. Verification and assurance of emissions disclosures already occur largely at the corporate level, and requiring reporting at a sub-entity level introduces significant extra effort in compiling, verifying, and assuring this separated data, without meaningfully improving the transparency or usefulness of the data. Streamlined reporting at the corporate parent level reduces these burdens while still providing users of this information with a clear and accurate picture of a company's emissions profile and climate-related financial risk.

Further, based on the international nature of the steel industry's supply chains, corporate-wide reporting ensures that material supply chain emissions are wholly captured, and supports the ability of states to require disclosure by foreign companies. For domestic steel companies, corporate-wide reporting will by its nature incorporate at least some emissions from other jurisdictions. This is due to the fact that virtually all domestic steel companies have operations across multiple jurisdictions.

Requiring disclosure at a sub-entity level poses significant potential burden to companies. Not only does this introduce additional effort and work on behalf of the companies in compiling or separating data at the sub-entity level, but these companies also would face potentially significant additional costs associated with verification and assurance at sub-entity levels. For many steel producers, the cost of reporting at multiple sub-entity levels could be expected to be in the hundreds of thousands of dollars.

[4] https://finance.ec.europa.eu/capital-markets-union-and-financial-markets/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en

Guidance: States should adopt corporate-wide emissions and risk reporting to align with existing standards, reduce administrative and financial burdens, ensure comprehensive supply chain coverage, and support consistent, assured disclosure across domestic and foreign operations.

Scopes and Calculations

To ensure effective and transparent disclosure of emissions and climate-related financial risk, state programs should align with internationally recognized frameworks such as the Greenhouse Gas Protocol (GHG Protocol)[5] and the International Sustainability Standards Board (ISSB) International Financial Reporting Standard (IFRS).[6] These standards provide robust, widely adopted methodologies for emissions quantification and climate-related financial disclosure, enabling consistency, comparability, and credibility across jurisdictions.

The standardized scopes and taxonomy of these widely accepted international standards offer a common structure for emissions and risk disclosure. Mandating unique state-specific approaches to reporting would introduce methodological confusion and increase compliance costs, particularly for entities operating across multiple jurisdictions. Alignment with established scopes ensures that disclosures reflect real-world operational boundaries and financial exposures, facilitating meaningful analysis by regulators and those using the information disclosed through these programs.

Accepting disclosures prepared in accordance with established international standards also avoids duplicative reporting and fosters regulatory efficiency. This reciprocity will allow regulators to focus on the goals of the program and eliminate redundancy for those reporting entities. This approach additionally reduces potential burden on industry and accelerates the adoption of thoroughly verified and assured climate disclosures.

In a globalized economy, fragmented climate disclosure approaches risk inaccurate or obscured data, inconsistent approaches, and ultimately may impede meaningful progress toward decarbonization. By aligning with internationally recognized standards and accepting reciprocal filings, regulators can uphold transparency, reduce burden, and strengthen the integrity of climate-related emissions and related data.

[5] https://ghgprotocol.org/corporate-standard

[6] https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/

Guidance: To promote consistent, credible, and efficient climate disclosure, regulators should align with internationally recognized standards such as the GHG Protocol and ISSB IFRS, accepting reciprocal filings to minimize burden, avoid fragmentation, and ensure transparent, comparable data across jurisdictions.

For completeness, consistency, and transparency purposes, all major production processes should be included in emissions disclosure, but care should be taken to avoid inclusion of processes that are immaterial. In terms of the Greenhouse Gas (GHG) Protocol[7] categories, the emissions categories required by states should be limited to all Scope 1 and Scope 2, and only Scope 3 categories determined to be material by the individual reporting companies. Extending requirements beyond those categories will not materially impact the rigor and completeness of emissions estimates and will overcomplicate data collection efforts on the part of reporting companies.

Guidance: Limit required Scope 3 emissions estimates to those determined to be material by individual reporting companies.

Further, for risk disclosure, companies may not currently undertake new corporate climate-risk assessments on an annual or biennial basis. Often these assessments are based on material changes, such as acquisitions, that potentially impact risk and therefore may not align with an annual reporting cycle. For companies required to report, states should strongly consider allowing for a self-attestation of "No Change" to the previous risk profile submitted for those submissions occurring after initial disclosure. This will minimize additional reporting burdens and will benefit state programs by reducing administrative burdens associated with processing duplicative and repetitive disclosures that contain no new information.

Guidance: To reduce unnecessary burden and streamline oversight, states should allow companies to self-attest "No Change" in climate-risk disclosures when no material updates have occurred since the prior disclosure.

Reporting Timeline

One important way to reduce the burden on reporting companies is to establish reasonable reporting timelines, based on when companies will have the required information under standard operating conditions. For both emissions and risk disclosure, requiring the reporting of information for a calendar year shortly after the beginning of the following year is not reasonable and will not produce accurate data

[7] https://ghgprotocol.org/

reports. Collecting, consolidating, and processing data, preparing reports, audits, verification, and assurance are all processes that require adequate time for completion prior to any reporting deadline. Without taking this into account, states will receive estimated, unvetted data that will then require subsequent substantial revisions by reporting companies. Additionally, thousands of companies are expected to be subject to state level rules. There are a limited number of firms and auditors that can provide assurance in accordance with ISO standards or standards by American Institute of Certified Public Accountants. This will impact the timing of companies' ability to report.

Furthermore, setting unreasonably early deadlines for required disclosures introduces significant potential reputational risk for reporting companies. Under such circumstances, a reporting company would likely be required to estimate information to meet the early deadline and then later amend its report when final, verified data becomes available. Setting reasonable deadlines based on when final and reliable data are available would avoid these concerns while still ensuring states are provided the data once available.

For emissions disclosure programs, Scope 1 and 2 GHG emissions for the reporting year can generally be expected to be available as of July 1 of the following calendar year. Because reporting companies are reliant on their upstream and downstream suppliers, who will be operating under similar timeframes for their emissions reporting, verification and assurance of Scope 3 emissions will likely not be available until the 3rd quarter of the following year.

In order to streamline reporting and minimize administrative burdens, states should consider requiring all reporting, both for emissions disclosure and climate-related financial risk, at the same time and not until the 3rd quarter of the year following the year for which data are being reported (i.e. information reflecting activities in 2025 should not be required until 3rd quarter 2026). This would allow reporting companies to allocate resources to state-specific reporting programs only once a year, rather than multiple times throughout the year.

Guidance: To ensure data accuracy, reduce reputational risk, minimize reporting burdens and support broad program acceptance, states should require emissions and climate-risk disclosures for a calendar year no earlier than the 3rd quarter of the following year, aligning with standard corporate data availability and assurance timelines.

Conclusion

To implement effective and equitable state level climate-related financial risk and emissions disclosure programs, states should ensure that reporting is required of all producers doing business in the state, regardless of the country of origin of their products. In addition, states should permit corporate-wide reporting, consistent with widely utilized international reporting standards and set reasonable reporting deadlines aligned with when final verified emissions data will reasonably be available.

AISI welcomes the opportunity to engage with state policymakers, program developers, and other stakeholders to further assist in developing these programs in an effective way that encourages domestic production and procurement.

Governance

These recommendations are to be updated as new guidance, procedures, rules, or regulations emerge. To ensure that this controlled document remains up to date, the guidelines in this document will be reviewed and revised by the AISI Sustainability Committee on an as needed frequency prior to being published as a revised version.

Version Number	Date	Key Revisions
1.0	February 9, 2026	--

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