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Kevin Dempsey
President and Chief Executive Officer

April 22, 2026

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

Re: *SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program*

Dear Ms. Smith:

The American Iron and Steel Institute (AISI) submits the following comments to the California Air Resources Board (CARB) on the *SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program* (“the workshop”).¹ The workshop detailed proposed plans for implementation of a program mandating greenhouse gas (GHG) disclosure and climate risk reporting for U.S.-based businesses doing business in California. CARB requested specific feedback on both the February 2026 Board Hearing as well as the proposed plans moving forward.

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 steel 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 CO₂ emissions per ton of steel produced. By contrast, Chinese steel

¹ CARB *Virtual Public Workshop on California Corporate Greenhouse Gas Reporting*, CALIFORNIA AIR RESOURCES BOARD
<https://ww2.arb.ca.gov/events/carb-virtual-public-workshop-california-corporate-greenhouse-gas-reporting>

production creates CO₂ emissions that are over double that in the U.S per ton of steel produced.² Despite this fact, CARB is moving forward with implementation of a program that unduly burdens American-based manufacturers, including the American steel industry, with GHG and climate-related financial risk disclosure requirements that do not apply to their foreign competitors.

In an effort to continue its constructive engagement with CARB, AISI's comments on the workshop are detailed below. Additionally, AISI prepared the attached *Recommendations on Implementation of Emissions and Climate-Related Financial Risk Disclosure Programs* (guidance document) for use by state governments and agencies considering and developing similar programs. While this guidance document conveys the viewpoint of the American steel industry towards state-level disclosure programs generally, it was developed specifically in connection with CARB's work on the climate disclosure reporting regulation and addresses specific aspects of that regulation.

1. February 2026 Board Hearing Outcomes: Incomplete and Hurried.

a. Failure to Require Equivalent Data

As communicated to CARB throughout this process – both in written public comments and oral testimony at the February 2026 Board Hearing – AISI believes that climate disclosure obligations can and should highlight the American steel industry's leading role as the world's cleanest and most energy efficient producers of steel. For this program to be successful, disclosure requirements must be applied equally to all companies supplying products or services 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 independent vendors. Incomplete data collection cannot adequately support the state's goal of transparency and informed decision-making based on disclosures provided to this program. In the inevitable case that gaps of information exist, CARB needs to have a plan in place to quantify those undisclosed emissions that would otherwise be associated with companies doing business in California.

Failure to require equivalent 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 climate goals.

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)

b. Establishing Reasonable Reporting Deadlines

Beyond this concern, AISI also believes that the adoption of an August 10, 2026 initial reporting deadline for GHG disclosure is unrealistic given the likely timing of implementation of the program. CARB has yet to prepare and provide a Final Statement of Reasons and submit the adopted regulation to the California Office of Administrative Law for a thirty-day review. Thus, assuming those steps play out as designed, the regulation will have been codified in law for only a very short time before the initial reporting deadline.

Companies need adequate time from the date of the final regulation to review and understand the 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 its 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.

2. Establish Clear Rules on Organizational Boundary Flexibility

AISI appreciates CARB's proposed flexibility in defining organizational boundaries in the climate disclosure regulation. However, it is not clear from CARB's workshop materials whether these organizational boundaries are flexible on a year-to-year basis. For example, is a company able to modify its organizational boundaries in later years based on a more representative approach if it is determined that a prior approach was no longer adequate? To minimize administrative burden, CARB should allow for flexibility between reporting periods to modify organizational boundaries as appropriate and with justification as necessary.

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

3. Develop Clear Rules and Hierarchy on GHG Accounting Methods

CARB proposed a number of different potential GHG accounting methods for Scope 3 reporting, including spend-based, activity-based, supplier-specific, or hybrid. AISI believes that a hybrid approach is most appropriate for this reporting, but this hybrid approach should include a selection hierarchy to ensure that the best available data is being used in all cases. Regardless of Scope 3 category, primary supplier-specific data should be viewed as the highest quality data and therefore the preferred accounting method whenever possible. However, CARB should establish safeguards to ensure that primary supplier-specific data and emissions factors are defensible and supported by data quality assessments that can be made available to the state upon request. Further, if primary supplier-specific data is not collected, a defensible reason must be communicated as to why this data was not collected.

If primary supplier-specific data is not available for a certain emission or activity, CARB must be clear on the expected avenue for accounting for each Scope 3 category.

Spend-based accounting is a poor fit for physical goods, for instance, because prices rarely reflect the underlying drivers of GHG emissions. Commodity markets move with supply-demand dynamics, trade policy, currency fluctuations, and speculation and do not scale necessarily with process emissions or material characteristics. As a result, using dollars spent as a proxy for carbon intensity can invert reality: a low-carbon product may appear “high-emissions” simply because it is expensive, while a carbon-intensive product may appear “clean” when prices fall.

Travel, however, is an area where spend-based methods may be reasonably appropriate. The cost of airfare and other modes of transportation do tend to scale with factors, such as distance, which correlate more directly with the physical activities that generate emissions. In these cases, expenditures serve as a workable proxy for activity levels, making spend-based accounting a practical and less burdensome approach for estimating travel-related emissions. For many companies, financial data for categories such as travel is readily available and could effectively guide Scope 3 emissions accounting, minimally burdening reporting entities.

Regardless of which approach is appropriate for a given Scope 3 category, CARB must make clear the expectations of which accounting method should be used so that submitted data is more comparable and consistent between reporting entities.

Additionally, CARB must make clear the expected approach regarding use of emissions factors. While the workshop laid out some potential options, it is not clear if CARB is intending to provide specific emissions factor references for use as a proxy when supplier-specific emission factors are not available, or if reporting entities will be able to

choose from a list of databases. In determining a path forward, CARB should consider emission factors that are derived from reputable data sources and are regionally and temporally representative as sufficient and appropriate for emissions accounting. Further, if CARB does not prescribe specific emission factors for use when non-primary data is available, CARB should establish a clear hierarchy of available emissions factors for each emission source/category to increase comparability across industry segments. Additionally, emission factor data sources should be disclosed for transparency purposes.

4. Require Scope 3 Disclosures Equitably for Reporting Entities and Require Only Material Scope 3 Emissions Reporting

CARB has proposed three different regulatory options for Scope 3 reporting beginning in 2027: “Broad Applicability,” “Sectoral Phase-In,” and “Category Phase-In.” AISI continues to advocate for Scope 3 reporting to align with those categories determined to be material by the individual reporting entities. Even within the steel industry, what may constitute material Scope 3 emissions for one company are not necessarily material Scope 3 emissions for another. This approach most closely aligns with the “Broad Applicability” approach, wherein all categories must be reported but categories that are immaterial can be denoted as *de minimis*.

It is important to note, though, that a *de minimis* threshold must not only be established for Scope 3 categories, but also for emissions within a category that may otherwise be *de minimis* to the category emissions. AISI recommends that a threshold of 5 percent be used as the *de minimis* threshold, meaning that within a category, if a single source of emissions does not contribute at least 5 percent or more to the total category emissions, it should be considered *de minimis* and thus not reportable. Likewise, if a Scope 3 category does not contribute 5 percent or more to the total Scope 3 emissions for a reporting entity, that category should be considered *de minimis* and immaterial to the Scope 3 calculations. In establishing *de minimis* emissions or categories, AISI recommends that CARB require materiality assessments or other defensible due diligence approaches be undertaken.

Further, CARB needs to be clear on expectations of what types of emissions would be included in each category. For instance, for companies that otherwise would not collect data on employee commuting because the company does not subsidize travel, would CARB consider these commuting emissions in scope? For many companies, this would introduce significant additional burden to begin the associated data collection and quantification. AISI believes that CARB should accept the Scope 3 emissions designated as material by reporting entities prior to this program’s implementation as a starting point for expected disclosure in good faith for initial Scope 3 disclosure.

AISI believes that both the “Sectoral Phase-In” and the “Category Phase-In” approaches introduce undue burdens and/or significant issues into the reporting requirements. For “Sectoral Phase-In,” it is not reasonable to give some reporting entities a free pass for initial reporting while others are required to begin reporting. If companies are being considered “reporting entities” based on revenue and “doing business in California” then the expectations and requirements for those reporting entities should be kept consistent for all. For “Category Phase-In,” while those categories may be the most reported categories from a general sense, this does not necessarily mean that these are categories that are most representative of all industries. Rather, these are simply categories that reflect the reporting of the industries with the highest number of companies with emissions disclosures. For steel producers, some of those “most reported categories” may be completely immaterial. To force reporting entities to quantify these categories when they do not contribute meaningfully to the companies’ Scope 3 impacts does nothing but add burden to reporting. Further, if *de minimis* applicability is applied to the “Category Phase-In” approach, CARB may begin receiving underreported Scope 3 data because there is not an obligation to provide the necessarily material Scope 3 emissions data.

For this program to meet its objectives, it needs to allow for reporting of those Scope 3 categories and emissions that are material to individual company operations, whatever those may be in the evaluation of Scope 3 emissions by the individual reporting entities. Otherwise, CARB will simply be gathering incomplete and incomparable data that will not serve any informative purpose.

5. Provide Clarity on Security, Use, and Limitations of Data

As CARB begins the process of collecting data, it must take steps to ensure that any nonpublic, corporate data it collects is protected from public disclosure. CARB must develop a plan for data security that protects such information from potential exposure. 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. AISI believes that CARB should be very aware of the risks around potentially requiring confidential business information from reporting entities and strongly encourages CARB to rely on publicly available reporting gathered in conformance with applicable international frameworks to the largest extent possible.

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.

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6. Reassess Projected Costs of Scope 3 Reporting

CARB's cost estimates for Scope 3 emissions reporting under this program are likely unrealistic because they assume companies can generate defensible data at negligible cost and with minimal effort. CARB's approach treats this as a simple data-collection exercise and does not realistically project the cost and effort for data collection technologies and potential necessary upgrade, staffing, external validation and other factors that will significantly burden reporting entities. By assuming away these real-world constraints, CARB dramatically understates the true compliance cost and creates a misleading impression that Scope 3 reporting can be achieved cheaply, uniformly, and on an accelerated timeline that does not reflect global supply-chain readiness.

As previously mentioned, AISI's guidance document is included with these comments 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 not only American steel producers but also all steel producers selling into California.

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 (NO_x), sulfur dioxide (SO₂) 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 CO₂ Emissions in Steel Imports to the U.S. 2023 <https://static1.squarespace.com/static/5877e86f9de4bb8bce72105c/t/648047410f5f795c07bbc488/16861284699/52/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) Protocol⁷ 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	--

AISI Contact Information:

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