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**Kevin Dempsey**
President and Chief Executive Officer

March 21, 2025

Ms. Liane M. Randolph
Chair, California Air Resources Board
California Environmental Protection Agency

**Re:** ***Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as Amended by SB 219***

Dear Ms. Randolph:

The American Iron and Steel Institute (AISI) submits the following comments to the California Air Resources Board (CARB) on the *Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as Amended by SB 219* document released by CARB on December 16, 2024 ("the Solicitation").[1]

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 state, national and economic security and 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 production creates carbon emissions that are almost 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, the emissions factors for domestically produced steel ranged from 22 percent to 156

[1] https://ww2.arb.ca.gov/sites/default/files/2025-01/ClimateDisclosureQs_Dec2024_v2.pdf
[2] https://www.globalefficiencyintel.com/steel-climate-impact-international-benchmarking-energy-co2-intensities (p. 15)

percent lower than internationally produced steel on average across all geographies considered, dependent on product category.[3]

While much of the information requested in the Solicitation requires input from individual participating companies and is thus outside the scope of what AISI can provide, there are important considerations that should be made when developing and implementing this program, as outlined below.

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

  Climate disclosure obligations should apply equally to all companies supplying products to the California market, regardless of whether those companies are U.S. corporations. Limiting disclosure to only those companies incorporated in the United States will provide an incomplete picture of the emissions and risk landscape associated with all companies that do business in California. Additionally, ensuring that all suppliers are subject to the same requirements helps create a level playing field for competing companies and prevents undue burden on domestic producers compared to companies not incorporated in the U.S. that may be importing products from more GHG emissions intensive countries into the United States and California.

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

  Climate disclosures should be allowed to be provided at a corporate-wide level, rather than solely for the "reporting entity" to ensure comprehensive and consistent emissions and risk reporting. Limiting disclosure to only emissions from a subset of a company's facilities, such as only emissions from their U.S.-incorporated business, would provide an incomplete picture of the environmental impact of products sold in California. Corporate-wide reporting also reduces inconsistencies, improves data quality, and minimizes redundant reporting efforts for companies that typically calculate and disclose information based on their entire carbon footprint. Further, many companies receive reporting assurance at a corporate-wide level. To require separate assurance for a subset of operations would be cost-prohibitive and would require unnecessarily duplicative efforts by reporting companies. AISI urges CARB to recognize third-party assurance of corporate-wide emissions as satisfying the third-party

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

assurance requirements of SB 253 even if that assurance is associated with a larger footprint than what must be disclosed for the reporting entity.

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

  Establishing clear and appropriate scopes and calculation methodologies is essential for reliable and consistent emissions disclosure. For example, AISI's GHG Emissions Calculations Guidelines[4] provide an industry-developed framework for quantifying the GHG intensity of steel products, supporting both product-level and corporate-level reporting. This guidance was developed in alignment with the Greenhouse Gas Protocol, and these guidelines support standardized, transparent, and comparable emissions data.

- **Alignment with Existing Reporting Standards and Reciprocity for Disclosures**

  To the extent possible, AISI encourages CARB to align its definitions and reporting mechanisms with existing and leading standardized protocols and other similar regulations to minimize the reporting burden and eliminate duplicative efforts. Additionally, CARB could consider accepting enhanced versions of existing reports produced in other jurisdictions outside the U.S. with potential overlap (e.g. EU's Corporate Sustainability Reporting Directive) so that companies only need to provide additional or supplemental data unique to California's data requirements.

- **Reasonable Extension of Reporting Deadlines**

  Under SB 261, in-scope entities are required to file their climate-related financial risk report by Jan 1, 2026, yet it is well into 2025 and the implementing regulations have yet to be finalized. Similarly, SB 253 requires in-scope entities to report scope 1 & 2 GHG emissions data for FY 2025 in 2026 yet implementing regulations which clarify matters of scope have yet to be published. Without regulations in place, it is impossible for companies to accurately collect, validate, and report the full scope of required data. Companies need a minimum of one year from the date at which final regulations are issued to review and understand reporting requirements, conduct a gap analysis of their 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

[4] https://www.steel.org/wp-content/uploads/2022/11/AISI-GHG-Emissions-Calculation-Methodology-Guidelines-final-11-3-22.pdf

to capture the required data, and implement standard operating procedures and/or training protocols needed to accurately interpret and validate the additional data such 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 and after over half the year has occurred will be poor and inaccurate, which will skew the entire performance trajectory of in-scope entities, potentially affecting the ability of consumers in California to make informed market decisions.

With regard to SB 253, AISI encourages the state to establish a reporting deadline no earlier than July 1 of each year, thus providing companies with six months to finalize, assemble and review their Scope 1, 2, and in later years – scope 3 emissions. Allowing a reasonable amount of time after the data collection period has ended will yield higher quality and more complete data.

- **Clear Definition of "Doing Business in the State of California"**

  CARB should provide a detailed definition of what constitutes "doing business in the state of California" to ensure all in-scope entities are properly identified. As written, it is not clear whether the scope of the regulations is limited to companies that supply products to consumers in-state, or whether the scope extends to services as well. CARB should clarify the exact products, services, and industries that fall within the scope of the regulations, as well as any limiting factors or other considerations, such as the size, length of operating status, and magnitude of revenue generated within the state by in-scope entities.

AISI is prepared to offer additional assistance to CARB in the further development of this program in a manner that would be reflective of the true environmental performance of American steel products, and would incentivize the further reporting of environmental performance by competing steel producers from around the world that do business in California but are not incorporated in the United States.

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