



July 30, 2025

Sydney Vergis
Assistant Division Chief, Industrial Strategies Division
California Air Resources Board
California Environmental Protection Agency
1001 I Street
Sacramento, CA 95814-2828

Re: Climate Corporate Data Accountability Act, Senate Bill No. 253

Dear Ms. Vergis,

The U.S. Tire Manufacturers Association (USTMA) appreciates the opportunity to provide comments on California Air Resources Board's (CARB) implementation of the Corporate Gas Reporting Program, which is authorized by Senate Bills No. 253 and 219. USTMA is the national trade association for tire manufacturers that produce tires in the United States. USTMA members operate 55 facilities in 16 states, are responsible for more than 291,000 jobs, and have an annual economic footprint of \$170.6 billion. The industry supports more than 510,000 additional domestic jobs in supplier and induced activities, totaling more than 801,000 jobs nationwide. The tires from our member companies make mobility possible and keep the U.S. economy moving. USTMA advances a sustainable tire manufacturing industry through commitment to science-based public policy advocacy.

I. CARB should clarify that the revenue threshold to define reporting entities should only apply to revenue that is directly generated by companies' transactions in California.

USTMA believes that this definition of "revenue" would ensure that the reporting program only applies to companies with the largest physical and commercial presence in California, in alignment with the program's goals to help raise awareness of and reduce greenhouse gas (GHG) emissions in California.

II. CARB should allow reporting entities to report their GHG emissions either at the U.S. subsidiary level or at the consolidated parent company level.

All USTMA members operate globally and may have reportable GHG emissions at various locations. Allowing reporting entities to report at either the subsidiary or parent company level

would provide the flexibility that our member companies need to report under this program as efficiently as possible, with the least amount of burden. For example, while some member companies already report consolidated GHG emissions at the parent company level to comply with the European Union's (EU) Corporate Sustainability Reporting Directive (CSRD), not all USTMA member companies report in this manner. The member companies that already report consolidated emissions would benefit from the ability to report at the parent company level under this program, but the other companies may benefit from the ability to report only at the U.S. subsidiary level under this program.

III. USTMA suggests that CARB consider publicly disclosing its appropriations for the Corporate Gas Reporting Program to provide transparency and accountability. We also ask CARB to implement a flat fee system, that is revenue-based and tiered.

USTMA notes that in Section 38532(c)(2)(G) of the Health and Safety Code, fees charged to reporting entities under this program must be capped to an "amount sufficient to cover the state board's full costs of administrating and implementing this section." To ensure that this goal is met, USTMA recommends that CARB include a statement in the regulatory text indicating that it will issue annual public disclosures of its appropriations for this program to provide transparency into the program's management.

In addition, USTMA recommends that CARB implement a flat fee system, that is revenue-based and tiered, based on different ranges of California-specific revenue incomes of the reporting entities. Such a system would reasonably impose higher fees on the companies that have a larger presence in California and that benefit more from such market access.

IV. CARB should clarify that reporting entities may exclude certain categories of Scope 3 emissions due to factors outlined the GHG protocol, such as size, influence, and risk. CARB should also clarify that category 11 of Scope 3 emissions, is categorically excluded from mandatory reporting for tire manufacturing companies, because it qualifies as "optional emissions."

USTMA believes that in "conformance with the Greenhouse Gas Protocol standards and guidance, including the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard"¹ reporting entities should have the freedom to exclude certain scope 3 activities if such exclusions are disclosed and justified in their reports. CARB should clarify this flexibility in

¹ Section 38532(c)(1)(A)(ii) of the Health and Safety Code, as added by Senate Bill No. 253, requires reporting entities to measure and report its emissions of greenhouse gases in conformance with these standards and guidance.

either the implementing regulation or a guidance document and provide factors that reporting entities must consider beforehand, such as relevance, access to accurate data, influence, and size. Most USTMA member companies exclude two or three activities of scope 3 emissions in their annual sustainability reports but because there is no industry-wide consensus on which activities are excluded or the rationale for such exclusions, our members would benefit from CARB's provision of such flexibility.

We also ask that CARB consider excluding category 11 of scope 3 emissions- Use of Sold Products from mandatory reporting for tire manufacturing companies. All emissions that USTMA member companies would report under this category would qualify as "optional emissions" as defined in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard because tires do not directly consume any fuels or electricity during use.² In addition, these emissions are already reported or should be reported by vehicle manufacturers or their customers in their scope 3 emission reports. As a result, several USTMA member companies already exclude this category from reporting or designate emissions under this category as "optional" and do not include this category in their GHG emission reduction targets. Therefore, excluding this category from mandatory reporting for tire manufacturing companies would be in conformance with the GHG protocol and align with this program's goal to help companies reduce their GHG emissions.

V. CARB should use well-known, existing standards such as ISAE 3000 and ISO 14064- Part 3:2019 for GHG emissions to verify third party assurance providers' review of emission reports. CARB should also refrain from adding more specific qualifications for third party assurance providers to ensure an effective assurance process.

USTMA urges CARB to consider following well-known existing assurance standards such as International Standard on Assurance Engagements (ISAE) 3000 and ISO 14064- Part 3:2019 for GHG emissions that many third-party assurance providers already use to verify greenhouse gas emission reports, rather than creating a new standard. Most USTMA member companies that report their GHG emissions in a different jurisdiction have had their reports verified by a third party that uses such existing standards. If CARB were to create a different assurance standard that providers must follow, it would make the reporting process more burdensome for our member companies.

² The Standard defines optional emissions under Category 11 as "the indirect use-phase emissions of sold products over their expected lifetime (i.e., emissions from the use of products that indirectly consume energy (fuels or electricity) during use)."

USTMA believes that CARB can best comply with Senate Bill No. 219's directive in Section 38532(c)(2)(F)(v) that it must ensure that the "assurance process minimizes the need for reporting entities to engage multiple assurance providers and ensures sufficient assurance provider capacity" by refraining from setting more specific qualifications than those that are already described in Section 38532(c)(2)(F)(iv), which state that third-party assurance companies must have significant experience and are acting in an independent capacity. If CARB wishes to add more qualifications, an example qualification may require accreditation by an organization such as the ANSI National Accreditation Board. Adding more specific qualifications or CARB actively reviewing qualifications for third-party assurance providers may delay the assurance process and hinder provider capacity.

VI. CARB should provide more guidance on the definition of "good faith" measures that reporting entities must follow to not be subject to penalties for including misstatements in emission reports.

USTMA appreciates the inclusion of the good-faith penalty waiver provision in Section 38532(f)(2) of the Health and Safety Code, as added by Senate Bill No. 253. We would ask that CARB provide more guidance in writing to provide reporting entities with transparency on how this provision would operate. At a basic level, USTMA believes that lines of disclosures made with honest intent, reasonable assumptions, and based on a documented calculation methodology (i.e. industry standard of best practice) should be considered to be made in "good faith".

VII. Conclusion

USTMA and its members are dedicated to making safe, efficient, reliable tires that safely transport hundreds of millions of Americans each day. We appreciate this opportunity to share our thoughts early in the regulatory process and look forward to continued dialogue with CARB. Please contact Julian Hong with any questions about these comments at jhong@ustires.org or 1-202-682-4866.

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Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Stephanie Schlea". The signature is written in a cursive style with a large initial 'S'.

Stephanie Schlea

Vice President, Environment, Health, Safety, & Sustainability

U.S. Tire Manufacturers Association