

April 13, 2026

Lauren Sanchez
Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: March 23, 2026 Climate Disclosure Workshop

Dear Chair Sanchez:

On behalf of the American Apparel & Footwear Association (AAFA), the following comments are in response to the California Air Resources Board's ("CARB") request for feedback on topics raised during its March 23, 2026, public workshop (the "March Workshop") regarding the development of regulations to implement Senate Bill 253 (as amended and codified in Health & Safety Code § 38532, "SB 253").

AAFA is the national trade association representing apparel, footwear and other sewn products companies, and their suppliers, which compete in the global market. Representing more than 1,000 world famous name brands, AAFA is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its more than three million U.S. workers, and its contribution of \$470 billion in annual U.S. retail sales. AAFA approaches all of its work through the lens of purpose-driven leadership in a manner that supports each member's ability to build and sustain inclusive and diverse cultures, meet and advance ESG goals, and draw upon the latest technology.

AAFA and our members are proud advocates for regulatory requirements that can effectively protect human health and the environment. We were supportive of SB 253 being passed and enacted and our comments are largely focused on ensuring that the reporting requirements established under SB 253 are flexible enough to ensure accurate reporting and interoperable with reporting requirements in other jurisdictions.

Operational Boundaries

CARB is proposing two approaches for setting organizational boundaries (the equity share approach and the control approach) and has requested feedback on how entities should share their choice of organizational boundary. **AAFA encourages CARB to align with existing emissions reporting frameworks (e.g. CDP, etc.) and provide an open text box to allow entities to explain their choices.** Reporting entities need flexibility to explain why their boundary choice best reflects how the company manages operations, makes investment and operating decisions, and influences or implements emissions reductions.

Accounting Methods

CARB staff outlined four GHG accounting methods: 1) spend-based; 2) activity-based; 3) supplier-specific; 4) hybrid combination of these approaches and has requested information regarding current use of GHG accounting methods. AAFA members largely report that their current greenhouse gas (GHG) inventories blend both spend, activity, and supplier specific. They typically utilize a hybrid approach based on where data is readily available (e.g. spend-based accounting is more likely to occur in Scope 3). **AAFA recommends that CARB *not* mandate specific methods and allow flexibility to report using whichever method is the best fit for the reporting entity.**

AAFA asks CARB to eliminate the emissions intensity per dollar of revenue. This key performance indicator is dependent on industry, and it is not accurately comparable across businesses. Further, for private businesses who are not required to disclose annual revenue, publication of this information could provide a method for competitors to circumvent an entity's right to privacy.

CARB should also eliminate tedious and overly burdensome requirements to report all sources and all emission types in CO₂e. International businesses reporting will have hundreds of different sources for their scope 1 and 2 emissions because of all the different countries of operation and energy providers. Given that up-to-date factors and sources are a foundational requirement of emissions assurance, relisting them is redundant and burdensome on reporting entities. Additionally, CARB should not require entities to list each emission type (CH₄, N₂O, etc.) in CO₂e. If all emission types are to be reported in CO₂e, then all scopes 1 and 2 emissions should be reported as a gross CO₂e figure.

Emissions Factors

CARB staff named the following datasets as potential emission factor sources for Scope 3 categories: EPA's Emissions & Generation Resource Integrated Database (eGRID); IPCC Emissions Factor Database (EFDB); EPA's Emission Factors (EF) Hub; U.S. Environmentally Extended Input-Output (USEEIO) and requested feedback on the criteria emission factors must meet to be used for reporting.

AAFA recommends CARB not dictate which specific factors can be used and instead require emission factors to be aligned with recognized standards such as the GHG Protocol, ISO 14040/44, and relevant Product Category Rules to ensure consistency and credibility. Critically, the list of acceptable sources should not be overly restrictive, as an exclusive approach would disrupt many entities' existing accounting practices.

Better science and new data methods are continually emerging in this space, and limiting factors could quickly make reporting outdated and of little practical value. Further, emissions factors are specific to particular products, materials, and geography, so companies use a wide range – they could use different sets of emissions factors for the same materials, depending on whether they source domestically or abroad, and depending on who has the best data. Listing and limiting allowable factors would require the creation of a very long list. If that were to happen, CARB would need to include Comprehensive Environmental Data Archive emissions factors such as WRI Cool Foods, HowGood Latis, Higg MSI, and Ecoinvent, etc.

CARB should instead look for defensible methodology and transparency, relevance to the specific geography of operations, and reasonable age. Entities should briefly explain the methodology behind the factor, whether public or proprietary, note any adjustments made, and demonstrate that the factor aligns with established standards such as the GHG Protocol and ISO 14040/44.

When changing emissions factors, reporters should document the reason for the update (such as access to better primary data, improved relevance, or methodological refinement) using a standardized format like a simple spreadsheet or table where each updated emission factor gets its own row with a dropdown menu for selecting the reason for change. Reporters should not have to explain the use of the same emission factor that has only changed its vintage.

Scope 3 Reporting Options

AAFA strongly recommends that CARB align with the GHG Protocol and SBTi and allow entities to report certain Scope 3 categories as de minimis. A 5 percent de minimis threshold at the category level is consistent with GHG Protocol and SBTi standards. Many entities are already using these frameworks for their own target-setting and reporting, and maximum interoperability is key. Entities should be required to provide a brief justification when omitting a category under this threshold to ensure transparency and accountability.

CARB should ensure that it is not California-specific definitions that would create duplicative reporting burden for entities already operating under established standards like GHG and SBTi. Consistent alignment with these standards provides the maximum ability to ensure regulatory alignment across other jurisdictions also considering or implementing emissions reporting frameworks and would allow reporting entities to efficiently use resources to meet requirements and provide accurate, consistent data.

AAFA is supportive of the proposed sectoral phase-in and recommends CARB prioritize sectors based on emissions magnitude and transition risk exposure, ensuring that the entities with the most material Scope 3 footprints are brought into compliance first before expanding to lower-emitting sectors.

Assurance

AAFA members consistently reported that they could **maximally achieve 1 assurance engagement for each scope per year**. Reported limited assurance engagement prices ranged from \$25,000-\$150,000. AAFA cautions, too, that these costs do not include existing efforts to collect and report data, software costs for housing and calculating data (which alone can be more than \$100,000 annually), salary costs for those involved in managing the data, and potential service costs for aggregating and managing the invoices, the actual reporting costs, and other related expenses.

Economic Analysis

AAFA does not believe CARB's estimated annual cost per reporting entity is accurate and undercounts the cost of reporting. As detailed in the previous **Assurance** section, there are several costs associated with reporting that go beyond merely engaging the assurance provider. Further, more detailed reporting (e.g. using supplier-specific methodology) costs more to achieve. Scope 3 assurance

costs for entities with long supply chains (such as apparel and footwear companies) will be significantly more expensive than Scope 1 and 2.

Finally, AAFA members not headquartered in California report that the costs will almost all be incurred in other states and/or countries.

Conclusion

We appreciate the opportunity to provide comments on CARB's proposed regulations and look forward to further work with CARB on creating a practical, flexible, interoperable reporting program. Please contact me at cmurtha@aafaglobal.org if you have any questions or would like additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Chelsea Murtha", followed by a horizontal line.

Chelsea Murtha
Senior Director, Sustainability
American Apparel & Footwear Association