



August 17<sup>th</sup>, 2023

Dear McKenzie,

Following up on our email exchange a few months ago, I wanted to provide Sublime's feedback for public comment on the draft Climate Action Reserve U.S. Low-Carbon Cement Protocol in more formal form.

As a reminder, Sublime produces an ultra-low carbon hydraulic cement that contains calcium hydroxide, reactive silica and other additives. Essentially we can make ASTM-C1157-compliant cement with only electricity and no fossil fuels. We can manufacture both cement, and excess silica which can be sold as SCMs.

We are very excited about the prospects of the CAR protocol as a mechanism for us to potentially monetize the carbon avoidance benefits of Sublime Cement and SCMs. However, there are two specific items that potentially make use of the CAR protocol problematic for Sublime.

1. 2.2 Project Definition – 'The protocol is applicable to eligible SCMs/ACMs that are sold domestically within the project country.'

Sublime is looking at multiple locations in the US and Canada for our initial plants. Our primary siting criteria include availability of abundant, cheap renewable electricity and access to the right feedstocks in terms of rocks/minerals/industrial waste streams, proximity of attractive markets as well as beneficial local incentives and permitting procedures. Several of the locations that we are considering for first few plants happen to be near the US-Canadian border. For these sites, the ability to ship product into the Canadian market and simultaneously develop both the US and Canadian markets would be a major benefit to us. The inability to leverage the protocol and generate offsets for sales into Canada from a US-based plant would be problematic for us. Carbon finance will be important to the first few plants' financial viability, and not knowing the exact mix of domestic vs export shipments combined with the current export restriction of CAR protocol would make economic modeling difficult and potentially present challenges for planning longer term offtake agreements. We would like to request for some flexibility or exceptions to be added for these scenarios.

2. Sec. 3.1 - 'all SCM/ACM materials must be sourced... from within the United States or its territories...'

Depending on where we locate our plants (per above explanation) and final blend composition, it is theoretically possible that some volume of our raw materials (possibly additives or secondary feedstocks) would be sourced from Canada. We would like to request some flexibility or exception be included around this eligibility criteria, perhaps a maximum amount that is allowed or some prorating criterion of credits generated by % of US-based input materials.

If these can be addressed, we would strongly consider the CAR protocol. Our first plant would likely generate on the order of 20,000 tons/yr of avoided CO<sub>2</sub> by 2026, and future plants 800k+ tons/yr, so our contribution to the registry could be substantial as we scale.

We look forward to engaging further to refine the protocol for the benefit of Sublime and others.

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Best,

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