



February 13, 2023

Ms. Jennifer Hawes
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Government Services Administration
1800 F St NW
Washington, DC 20405

Subject: AIA Comments – FAR Case 2021-015 “Federal Acquisition Regulation: Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risks,” Proposed Rule dated 14 November 2022

Dear Ms. Hawes,

The Aerospace Industries Association (AIA)¹ welcomes the opportunity to respond to the proposed rule by the Department of Defense (DoD), General Services Administration (GSA), and National Aeronautics and Space Administration (NASA) to modify the Federal Acquisition Regulation (FAR) to establish requirements to have certain Federal contractors disclose their greenhouse gas (GHG) emissions, climate-related financial risks and set science-based targets to reduce their greenhouse gas emissions.

The aerospace and defense (A&D) industry has been very focused on promoting climate resiliency and GHG reductions. Our member companies continue to demonstrate their ability to shrink their carbon footprint, while still supporting the missions and objectives of their customers. We have published national goals on carbon emissions reductions: for example, in October 2021 AIA announced the commitment by U.S. commercial aviation manufacturers to achieving Net Zero carbon emissions by 2050, and in April 2022 AIA published “Horizon 2050: A Flight Plan for the Future of Sustainable Aviation” that describes the technologies and policies needed to achieve this goal. AIA also supports appropriate disclosure of climate-related information, including GHG and climate-related financial risks, in accordance with the Executive Order on Climate-Related Financial Risk (EO 14030).

We are dedicated to reducing carbon emissions in both commercial and military applications; to keeping commercial aviation safe and economically viable; and to improving the efficiency, affordability, and performance of the capabilities we provide to our armed forces. While we are actively working to reduce GHG emissions and increase climate resiliency, AIA strongly objects to this proposed rule in its current form. We urge that any further relevant rulemaking be suspended, unless and until the concerns detailed below are resolved.

¹ Founded in 1919, the Aerospace Industries Association (AIA) is the premier trade association advocating on behalf of over 300 aerospace and defense (A&D) companies for policies and investments that keep our country strong, bolster our capacity to innovate and spur economic growth. AIA’s members represent the United States of America’s leading manufacturers and suppliers of aircraft and aircraft engines, helicopters, unmanned aerial systems, missiles, and space systems.

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Summary

AIA’s concerns fall into the following four major categories, summarized here and detailed in the following pages:

Foreign influence on government procurement and the U.S. A&D industry

The rule would insert an international, non-profit, third-party, pay-to-use NGO (CDP Global) into the federal contracting process. It would allow the Science Based Targets Initiative (SBTi) to change the applicable standards governing emissions targets without any notice, comment, or input from U.S. Government (and government contractors), and vest SBTi with regulatory authority to apply those evolving standards and approve/deny Major Contractors’ proposed emissions targets. As a result, international bodies that are not accountable to the U.S. government would influence who is qualified to build military equipment for the protection of the United States.

Compliance burden - impact on program cost, schedule, and performance

We believe that this rule would add significant time, cost, and complexity to federal contracting. Estimating Scope 3 emissions would require companies to calculate GHG emissions from ‘upstream’ activities (i.e., those associated with the production of goods and services by their suppliers), and from ‘downstream’ activities (i.e., those associated with the use of their products by their customers). This would require companies to establish large-scale, time- and resource-intensive data acquisition mechanisms, which would be enormously challenging for large companies, and likely unachievable for mid- and small-sized companies. Further military use data is sensitive (and thus unlikely to be provided by DOD), and it is difficult to accurately predict a platform’s service life, and the types of missions for which it will be used; any data produced would likely be incomplete and misaligned with DoD’s focus on readiness and operational effectiveness. Furthermore, these requirements would add to the already-overwhelming compliance burden that today deters small business and commercially focused firms from doing business with DoD. Finally, because applying this rule to contracts would be the responsibility of the defense acquisition workforce (DAWF) with no specialized training, decisions would be subject to the contracting officers’ individual, subjective views of what is ‘acceptable.’

Challenges with current emissions estimation methodologies

The rule would require companies to calculate Scope 3 emissions based on data that is mostly outside of their control, and would be provided by entities likely unable to accurately calculate their own emissions information. This would render any aggregate estimates inaccurate, perhaps by orders of magnitude, undermining any value they might have in setting policy or making acquisition and investment decisions.

Alignment with Securities and Exchange Commission (SEC) disclosure requirements

A proposed SEC rule (“The Enhancement and Standardization of Climate-Related Disclosures for Investors”) would require a company to disclose its GHG goals if it has set them, but it does not compel that goals be set. This proposed FAR rule would require Major Contractors to set a science-based target for GHG reductions, thus raising the prospect of

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having FAR-based requirements that are inconsistent with previously established voluntary goals disclosed through the SEC process, and/or creating different compliance standards for publicly traded and privately held companies.

Detailed Comments

1. Foreign Influence on government procurement and the US A&D Industry

SBTi is a partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wildlife Fund for Nature (WWF). The proposed requirement to have third party, non-governmental entities determine what climate-related risks must be disclosed, set the criteria for what constitutes an acceptable science-based GHG reduction target, and have sole authority to validate and approve companies’ targets raises profound concerns for our members.

Our primary concern is the authority that the proposed rule would grant to non-governmental international entities with foreign national personnel in leadership or advisory roles over approval of U.S. federal contractors. We think it unwise for the U.S. government to divest its authority to control what requirements are set or when they should be changed. This proposed rule would allow third-party, pay-to-use, non-governmental bodies to set and approve key standards in the federal contracting process without any requirement that the priorities of these NGOs remain aligned with those of the United States government.

Requiring contractors to set a SBT validated by SBTi is further problematic because it may establish aggressive timelines and rigid standards that are not appropriately tailored for the A&D industry. While the CDP’s questionnaire is used by some of our member companies on a voluntary basis, it frequently changes to include new climate-related concepts and include increasingly nuanced questions that only earn credit if the respondent provides progressively detailed explanations and responses. The proposed rule moves CDP from voluntary use to a requirement; it vests the SBTi with regulatory authority to apply those evolving standards to approve or deny Major Contractors’ proposed emissions targets, and to dive into the details of federal contractor’s emissions data in the process. The outcome would be if a contractor does not complete the TCFD-aligned CDP questions and submit the questionnaire to CDP, or if SBTi does not approve the target submission, then that contractor would be designated as “non responsible” and ineligible to receive federal contracts.

Beyond the question of foreign control, there are several practical challenges regarding climate risk disclosures and the setting of science-based GHG targets:

- The climate related risks disclosures that would be required by the proposal are not entirely clear. The rule simply refers to the TCFD recommendations, and states that contractors need to fill out all the questions in the CDP climate questionnaire that CDP deems as “TCFD-aligned.” This cross-referencing hides the actual nature and scope of the disclosure requirements, hindering effective public notice and comment.

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CDP maintains a mapping document that identifies the current list of such questions - currently 28 questions – but most of those questions contain numerous sub-queries that also need to be completed. Many of the questions are not directly applicable to the government’s potential supply chain risks from climate change, and some lack established methodologies such as calculating the financial impacts of physical and transitional climate risks. Both TCFD and CDP can at any time change their requirements, as evidenced by actual practice, and this would directly affect the disclosure requirements needed to do business with the federal government.

- The proposal requires Major contractors to set science-based targets for reducing GHG emissions in accordance with specific and stringent requirements developed and maintained by SBTi, a private entity. These criteria include such impactful parameters as the required annual average reductions of Scopes 1, 2, and 3 emissions, the maximum time horizon of the targets, what baseline year can be used, and what portion of Scope 3 emissions needs to be included in the goal. SBTi has historically changed its criteria periodically and sometimes significantly, such as requiring Scope 3 targets to align with a “*well below 2 degrees Celsius (C)*” reduction pathway instead of the prior requirement of “2 degrees C,” which has significant technical and financial ramifications. SBTi is free to update its criteria and make them more stringent, without providing the notice and comment protections that federal agency rulemaking affords.
- The means by which SBTi is to review contractors’ target submittals and complete proper evaluations in a timely manner is uncertain and not well defined. Under the proposed rule, all Major Contractors would be required to set a science-based target and have the target validated by SBTi within two years of publication of a final rule. To achieve this, a company would need to work with the SBTi organization to get their company-specific targets submitted and approved. The ability of SBTi to complete timely assessments on nearly 1,000 new targets within two years is highly suspect, given that many companies already using this service have found the process is lengthy and SBTi personnel are slow to respond. The likely failure of SBTi to support the requisite validation timeline would have a significant negative impact on the entire U.S. federal contracting process.

There is a unique additional aspect for the A&D industry that makes development and certification of a science-based target for GHG reductions difficult. Aircraft (both military and civilian), military platforms, and space vehicles have much longer service lives than most normal consumer products (in some cases, more than 30 years). Development of any science-based target for the A&D community must take this long lifecycle into account when developing policy intended to make major changes to aircraft and space fleets.

AIA believes that the government must be involved in the development of a streamlined and simplified climate questionnaire as well as setting national policy on science based GHG emission targets by sector. Requiring oversight in this area would be an additional cost to the

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government but would save contractors (and ultimately to government) time and reduce overall costs through predictable and stable questionnaires and GHG targets.

Recommendations: We propose the following recommendations regarding the reporting of climate risk assessments and science-based targets:

- The specific climate-related disclosure elements should be explicitly identified, and the elements narrowed to those directly impacting supplier risks. These disclosure elements should be reported either in the SAM system, or through public disclosures such as websites and sustainability reports, and not require the completion of specific questions in the CDP Climate questionnaire; this would effectively remove TCFD and CDP from the federal government contracting process.
- Instead of the requirement to use SBTi’s criteria to set a science-based target, the FAR Council should develop a companion rule to set the exact criteria for the targets and develop a procedure for self-certifications or oversight by DCMA (if a company has a sustainability report). This would encourage Major Contractors to assist the government (through the rule-making process) by setting credible and manageable science-based targets for GHG emissions that are linked to U.S. government strategic goals.
- Future science-based target requirements should be limited to Scope 1 and 2 emissions, which companies are able to quantify, manage, and reduce. Each Major Contractor should be required to set their own targets for reductions of their Scope 1 and 2 emissions in accordance with the FAR Council’s identified criteria to meet the government’s long-term goal for GHG reduction; these targets should be published on the company’s website, or self-certification reported in SAM or adjudicated by DCMA (rather than requiring SBTi validation).

2. Compliance Burden – Impact on Program Cost, Schedule, and Performance

The federal contracting process – especially within DoD – is already a complex system with hundreds of compliance requirements for vendors. The addition of new GHG reporting requirements would likely result in increased costs and delay delivery of capability to our military forces. Specifically, this proposed rule would require Major and Significant Contractors (approximately 5,766 companies as listed in the proposed rule) to collect and publish GHG emissions data from Scope 1 and 2 inventories, and would require Major Contractors (approximately 964 companies) also to complete the CDP Climate Change questionnaire, collect and publish GHG emissions data for “relevant” Scope 3 emissions, and develop GHG emissions reduction performance metrics approved by SBTi before they can be eligible for new federal contracts. The workload estimates included in the preamble to the proposal likely do not fully anticipate the burden of data collection and compliance-related activities required to set goals and measure Scope 3 emissions throughout the supply chain.

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Burden on Contractors

The proposed changes to the FAR would be extensive and affect nearly every federal contractor. These changes would increase both the complexity and cost of submitting proposals:

- Accurately estimating Scope 3 emissions is beyond the ability of almost any company due to the extensive range and complexity of “upstream” and “downstream” emissions. These data requirements would be especially difficult to meet for small businesses.
- Submitting the CDP climate questionnaire and gaining approval of the science-based target by SBTi will be more complex and time-consuming than described in the rule, and there would also be significant translation, transformation, and reorganization challenges in attempting to fulfill these two different requirements. The collection of data for the CDP climate questionnaire and SBTi, especially Scope 3 emissions as required, would be extremely difficult for members of the A&D industry as our products are used nationally and internationally, and in military applications where such data is sensitive and not likely to be available.

Burden on Federal Contracting Officers

The assertion in the proposed rule that contracting personnel would “need no additional training” underestimates the complexity of emissions estimation, climate change and mitigation science, and climate-related business risk evaluation. There are new studies, data sets, and assertions on the severity of climate change being published daily. The proposed rule would require contracting officers and acquisition specialists to understand GHG emissions, science-based targets, and climate change issues as they assess contracts. Government contracting officers and evaluators do not have the time or resources to maintain the knowledge required to keep up with the best available science to guide decisions. Without sufficient training or knowledge of climate science, contracting personnel would be required to rely on their own knowledge which could vary widely among individuals and add further risk to contracting processes.

Along with training risk, the proposed rule would likely add considerable time and expense as the contracting officer seeks to determine if a contractor is non-responsible and therefore ineligible for government contracts. To make this determination, contracting officers would be required to review additional submissions from the contractor to determine if:

- Non-compliance resulted from circumstances properly beyond the prospective contractor's control;
- the prospective contractor has provided sufficient documentation that demonstrates substantial efforts to comply; and
- the prospective contractor has made a public commitment to comply as soon as possible on a publicly accessible website (within one year).

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This cascade of submissions would take time to review and process at each stage, with contracting officers’ wide discretion leading to additional review and challenges, resulting in more delays in the federal contracting process.

As such, there is a clear need for a well-defined and continuous science-based training for acquisition officials in climate change to substantiate their decisions regarding A&D industry contract submission and proposals. At minimum, acquisition and contracting staff must have an effective understanding of the technical requirements to develop a GHG emissions inventory along with the documentation needed to complete the CDP Climate Change questionnaire and develop a science-based target to be approved by SBTi. If acquisition and contracting staff do not understand these procedures, they cannot be tasked with determining the accuracy of submissions or evaluating the need for a waiver of requirements.

Finally, the presumption of ‘non responsibility’ for seemingly non-compliant contract offerors represents an unwarranted and novel distortion of the longstanding concept of presuming responsibility until determined otherwise. This change allows a contracting officer to exclude potential contractors based on their personal understanding of climate change science during their review of contracting submissions. While there has always been judgment and discretion in the contracting approval process, adding climate change issues (which are politically divisive) to the contracting process could lead to incidents where a contracting officer’s personal opinions about climate change and mitigation science and climate-related business risk evaluation, could drive awards to, or away from specific companies. Because contracting officers would receive no additional training, they would have to rely on their own views as they review technical submissions and evaluate them, both in reviewing contracts and in the appeals process. The outcome could be that contractors would be presumed to be “non responsible” if contracting officers do not understand the technical information within either the contract submissions, or the appeals information, or both.

Recommendation: Any climate change-related submissions should be limited to Scope 1 and 2 and included as reporting data fields in SAM, along with a self-certification section. Adding fields and a self-certification block to SAM would decrease the time for data entry for contractors, remove the subjectivity with third party, non-governmental entities reviewing submissions, and use a standard process that is familiar to contracting officers. Contractors who publish sustainability reports could present them annually to their cognizant DCMA rather than being required to report them publicly in SAM.

3. Challenges with current emissions estimation methodologies

Over the past decade, the A&D industry has been focused on developing Scope 1 and 2 emissions inventories and expanding our ability to effectively conduct Scope 3 data gathering and analysis. We have engaged third parties in verifying the quality of Scope 1 and Scope 2 data calculations and are actively setting aggressive targets to reduce these operational emissions. Publicly reporting Scope 1 and Scope 2 GHG emission inventories, through annual sustainability reports or other public disclosure forums, has become common practice. However, due to its complexity and the need for coordination along a company’s

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entire value chain, comprehensive Scope 3 reporting is far less common. While several categories of Scope 3 emissions can be calculated from data sources under a company’s control (e.g., employee commuting and business travel), these often only represent a small percentage of an A&D company’s Scope 3 footprint. Several of the Scope 3 categories are complex to calculate and are dependent upon the availability of data that would need to be provided by entities that are outside a company’s operational control and may not be equipped to accurately calculate their own emissions. It is likely that most A&D industry Scope 3 emissions are generated either in the upstream category of “purchased goods and services,” or in the downstream category of “use of sold products;” both types are extremely difficult for the A&D industry to accurately measure (as described below).

Purchased Goods and Services

The A&D industry manufactures highly complex products containing thousands of sophisticated sub-assemblies, components, and parts that have been produced by an extensive network of foreign and domestic suppliers. Many of the subcomponents, assemblies and individual parts being supplied to the upper tiers of the industry are produced by small and medium-sized businesses that do not have the knowledge, time, or experience needed to execute complex emissions calculations for their businesses.

Further, a Major Contractor’s ability to report Scope 3 emissions to the federal government could hinge significantly on the Major Contractor’s ability to estimate its upstream Scope 3 emissions, or on its ability to reach deep into its supply chain and gain access to emissions data from many, if not all, of its suppliers, irrespective of that supplier’s size, nationality or level of awareness of the topic. Calculating actual supplier emissions is the most accurate approach but would require enormous amounts of time and resources for manufacturers of complex and sophisticated A&D products. The burden of calculating this data and meeting these requirements from prime contractors may likely drive many small businesses to leave the DIB.

Any Major contractor generally interacts with thousands of suppliers each year; many of those suppliers produce highly intricate assemblies and subassemblies that require inputs from hundreds of suppliers; and each of those suppliers have hundreds of suppliers themselves. In these complex supply chains, even the simplest information or data request becomes progressively difficult to define and identify at each level. The task becomes exponentially more complex when a supplier is being asked to report a quantitative value (i.e., the emissions from a given purchased good) that can only be calculated using a system of equations that could include thousands of inputs, each of which is an independently determined variable from an independent sub-supplier with an associated varying degree of accuracy.

In order to achieve this level of detail, a Major Contractor would need to set up and execute a large-scale, time- and resource-intensive data acquisition exercise that even then would yield

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a potentially highly unreliable estimate. Conversely, Major Contractors could employ less invasive methodologies for estimating the emissions of their purchased goods and services; while easier, this use of broad assumptions and more generic sets of variables could result in less accurate, less comparable and thus less useful data.

Downstream Use of Sold Products

Reporting on the downstream use and disposal of sold products is also particularly challenging for the A&D community due to the nature of the products it sells to the federal government. While much of the federal government currently is calculating its associated Scope 1 and Scope 2 emissions, it has not yet begun to publish product use data, which is critical to the A&D industry’s ability to calculate product-related downstream Scope 3 emissions. In addition, while some members of the A&D community that also support civil aviation may have publicly available information regarding emissions from the use of their products, that is not the case for many of the A&D products sold to the federal government; their role in military and other national security operations would obviously limit the information our federal customers believe is appropriate to share. For example, use data of certain weapons systems is not publicly available information for completely legitimate reasons; without this information, contractors can neither accurately report their Scope 3 emissions nor establish valid science-based targets.

Another challenging aspect of product in-use accounting for the A&D industry would be how to appropriately allocate Scope 3 emissions among the Major Contractors that may have contributed to a product’s delivery. While the company responsible for the product delivery to the government (i.e., the “prime contractor”) may be assigned responsibility for the direct in-use emissions of the product (e.g., the fuel consumed by the product as a whole), other Major Contractors supporting the prime contractor would be responsible for calculating the direct product in-use emissions for the component or sub-assembly that they provide, which would in turn consume electricity/energy while in use. In order for all participants to comply, component manufacturers would also require the product in-use data for the product as a whole as well as the use case information for the assembly or component that was contributed. If the federal government and its A&D contractors cannot precisely allocate Scope 3 emissions for a product, then there is greater likelihood that reporting by the Major Contractor would be repetitive, incomplete, or otherwise inaccurate.

For the government to require Scope 3 emissions information from Major Contractors, it must provide the time necessary to set up well-designed and effective means of collecting this data for these material categories of indirect emissions. If the government is unable to provide appropriate time and resources to support this task, then Major Contractors may be forced to employ untested estimation methodologies to “check the box.” This approach could yield results that may be off by orders of magnitude, and thus do little to provide usable information to the federal contracting process, and in fact distort the efforts of policymakers and contracting officers to rationally address this issue.

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The information and arguments presented above illustrate how difficult it would be for Major Contractors within the A&D community to collect and report accurate Scope 3 emissions inventories within the next 3-5 years. While we are confident that companies can demonstrate reasonable progress towards Scope 3 reporting, the speed at which that is accomplished depends entirely on how quickly data outside our control is provided and validated. AIA therefore recommends that the federal government delay (or provide a waiver for the A&D industry and defense contractors) the Scope 3 reporting requirement until data and consensus methodologies for the relevant categories are available, established, and validated.

Implications for Small Business

The financial burden placed on small businesses within the proposed FAR rule is very likely underestimated and must be studied further. Large A&D manufacturers who now consistently report publicly on their emissions profile did not build that capacity overnight. Emissions accounting takes time, resources, and commitment to identify the data inputs, to understand how to convert those inputs to emissions, and to develop the necessary processes to establish an inventory. While large manufacturers may have resources that are readily available to quickly tackle the challenge of emissions accounting, the same cannot be expected of a small or medium-sized manufacturer that operates in a niche market on slim margins, with an ever-expanding regulatory burden and increasing customer expectations. In addition, many of the mid-tier suppliers in our industry provide opportunities for small businesses to access federal work – the same small businesses that would bear this new compliance burden if the proposed rule were flowed down from major federal contractors. While we recognize that small and medium-sized business are not the target of this proposed rule, the federal government must consider how its implementation would reverberate through the supply chain as suppliers purportedly exempt it based on their size are held to its requirements by covered contractors trying to comply with the rule.

In any scenario, implementation of this rule would come at a significant cost both to the federal government and to its supply chain, and that cost may become a market barrier for many of the small and medium-sized business that are operating on thin profit margins. The government must recognize that the Scope 3 ambition of this rule would clearly compromise other economically and socially significant contracting priorities.

Recommendations: We propose the following recommendations regarding the collection of GHG emissions from Significant and Major Contractors within the A&D industry:

- Revise the requirement to collect and report all “relevant” Scope 3 emissions to require only “material” Scope 3 emissions and remove the requirement to collect and report on the downstream use and disposal of products. This would reduce the

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compliance burden, while capturing the most significant emission categories that are within the control of contractors.

- Establish an option for collection and reporting on Scope 1 and 2 emissions inventories from “Major and Significant” contractors within the System for Award Management (SAM).
- Delay the publication of this rule until the government provides an analysis of the financial impact of proposed requirements on the small businesses in the defense sector.
- Provide a permanent exemption from emissions reporting for Scope 3, Categories 11 (Use of Sold Products) and 12 (End-of-life treatment of sold products) emissions from military products due to national security concerns.

4. Alignment with Securities and Exchange Commission (SEC) disclosure requirements

The SEC has not yet issued a final rule on “The Enhancement and Standardization of Climate-Related Disclosures for Investors.” Proposed Section 229.1506 (Targets and goals) in the SEC rule would require a company to disclose significant information about any targets or goals related to the reduction of GHG emissions, including Scope 3 emissions, if the company has set such goals. While the proposed SEC rule does not compel a company to set and disclose a GHG emissions reduction goal, this proposed FAR rule does; and a ‘science-based target’ for GHG reductions could be different than an existing GHG emission reduction goal required to be reported by the company to the SEC. We believe it is not appropriate to use this rule to indirectly, and perhaps inadvertently, expand the scope of the SEC Rule.

Recommendation: Remove the FAR requirement to set a science-based target, and align this rule’s requirements with the pending SEC rule.

Standardization of Terms and References

In addition to the four categories of substantive comments above, we urge that terms used in any future rulemaking effort be clarified and standardized; for example:

- “Relevant Scope 3 Emissions” versus “relevant categories of Scope 3 emissions.”
- “Major federal suppliers” and “Major Federal Contractors”
- “Significant” and “Major Contractors” have not been used previously in contracting language and could be confused with Small and Large Business designations.
- “Immediate owner” or “Highest-level owner”

It is also unclear at what level within a company the rule applies. Different terms are used in the proposal such as supplier, offeror, company, contractor, entity, etc. AIA recommends that the rule be explicit on where within a company this requirement applies and where such

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disclosure would take place. Similarly, it is not clear if the highest level of the parent company must report for all business units or if each business unit must also report. Data may be double-counted if the parent company and associated business units must report separately. AIA recommends that reporting be captured at the highest level of the company.

Recommendations: We propose the following recommendations to clarify and standardize terms within the regulatory language:

- Standardize all terms with existing FAR nomenclature; where there are terms used interchangeably, use only one. Clarify new terms and ensure the “Definitions” section is updated completely. Standardize reporting instructions and clarify the level within a company where GHG reporting occurs.
- Ensure alignment of the proposed changes to the FAR with any requirements that might be part of the recently proposed SEC and the final version. The government should standardize and align procedures to ensure companies do not have to disclose two different sets of data for two different federal agencies.

Conclusion

The proposed rule would likely hinder competition in the marketplace and reduce the government’s ability to contract with technically preferred services or solutions as it would disqualify contractors for failing to comply with disclosure and/or target-setting requirements in the specified timeframe. At this time, the A&D industry continues to struggle with the effects of the COVID-19 pandemic and large global supply chain challenges. Levying these additional compliance regimes on the A&D industry could further compromise the U.S. Government’s ability to access innovative, cost-effective solutions to meet national aerospace and defense needs.

AIA believes it is critical that any amendments to the FAR provide real tools to combat climate-related risk to the government’s procurement needs while minimizing the economic impact on companies and their supply chains. Supply chain resiliency is more important than ever, making it essential to avoid putting an unbearable burden on the thousands of small businesses that make up the critical supply chains for many A&D companies’ most important programs. It is also important that new rules refrain from penalizing companies for delivering on the very requirements mandated by their federal customers, such as programs calling for specific materials and fuels that may lead to higher Scope 3 emissions in the short term but overall lower GHG emissions in the long term. The need to combat climate-related risk will unavoidably lead to some level of corporate burden, but it is the responsibility of the U.S. Government to prevent an unnecessary burden on the federal supply base’s capability to meet the government’s needs.

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Thank you for your consideration. Please direct any questions to Mark Sudol, AIA’s Director of Environmental Policy (571-244-9240; mark.sudol@aia-aerospace.org), and Lorenzo Williams, Senior Director for Acquisition Policy (703-599-2264; Lorenzo.williams@aia-aerospace.org).

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