

## CLIENT ALERT

### FAR Council Begins Process to Integrate Climate Risk Disclosure into Federal Procurement Regulations

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Today, the Department of Defense (DoD), General Services Administration (GSA), and the National Aeronautics and Space Administration (NASA) (collectively, the "FAR Council") proposed amendments and revisions to the Federal Acquisition Regulation (FAR) that would require some government contractors to indicate whether they publicly disclose greenhouse gas (GHG) emissions and/or quantify corporate GHG reduction goals. **Comments are due by July 25, 2016.**

The proposed FAR revisions are intended to implement Executive Order 13693 (Planning for Federal Sustainability for the Next Decade) which requires the largest procuring federal agencies to adopt procedures that account for contractor GHG emissions. The proposed revisions are, so far, relatively modest: they do not require federal agencies to take contractors' climate risk management into consideration in their procurement decisions but it's not expressly prohibited, nor do they require government contractors to publicly disclose GHG emissions inventories or climate risk management practices. They also do not establish federal standards or methodologies for what constitutes satisfactory inventory assessments or disclosure.

The scope of the proposed FAR revision is therefore limited at present, absent additional amendments. Vendors with aggregate government contracts valued at \$7.5 million or greater during the preceding fiscal year will be required to make a representation as to whether or not they publicly disclose their GHG inventory or reduction goals, with no express penalty for contractors that indicate they do not disclose such information.

The FAR Council does indicate an intention to take additional action that could increase the stringency of contractor reporting requirements. The proposal states the FAR Council is "considering the development of means and methods to enable agencies to evaluate and reduce climate change related risks to, and vulnerabilities in, agency operations and mission in both the short and long term, with respect to agency suppliers, supply chain, real property investments, and capital equipment purchases." A possible example of the foregoing can be found in DoD Directive 4715.21, [available here](#), which seeks to organize agency-wide actions to address and mitigate the risks of climate change.

The FAR Council is asking for public comment on possible additional regulatory amendments to the FAR that might be considered to further the above objectives. Climate risk reporting and management is increasingly a key measure of corporate efficiency and competitiveness. Governments and industry are currently evaluating several options to harmonize disclosure standards and increase the utility of disclosed information, as discussed in a [previous alert](#).

Climate risk assessment and reporting can be onerous, costly and ineffective when arcane or inconsistent methodologies are employed. The FAR Council proposal provides a good opportunity for government contractors to help design an intelligible and balanced climate risk disclosure regime that could serve as a model for federal reporting requirements.

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