

MISSING THE TARGET: CEQ'S MERITLESS SELECTION OF SBTI

JOINT HEARING BEFORE THE SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT SUBCOMMITTEE ON ENVIRONMENT OF THE COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY OF THE HOUSE OF REPRESENTATIVES ONE HUNDRED EIGHTEENTH CONGRESS

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**MISSING THE TARGET:
CEQ'S MERITLESS SELECTION OF SBTI**

THURSDAY, NOVEMBER 30, 2023

HOUSE OF REPRESENTATIVES, SUBCOMMITTEE ON INVESTIGATIONS AND OVERSIGHT, JOINT WITH THE SUBCOMMITTEE ON ENVIRONMENT, COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY,

Washington, D.C.

The Subcommittees met, pursuant to notice, at 2:01 p.m., in room 2318 of the Rayburn House Office Building, Hon. Jay Obernolte [Chairman of the Subcommittee on Investigations and Oversight] presiding.



COMMITTEE ON SCIENCE, SPACE, and TECHNOLOGY
Subcommittee on Investigations and Oversight; and Subcommittee on Environment

HEARING CHARTER

“Missing the Target: CEQ’s Meritless Selection of SBTi”

November, 14, 2023

2:00 p.m.

2318 Rayburn House Office Building

Purpose:

On Tuesday, November 14, 2023, the Subcommittee on Investigations and Oversight and the Subcommittee on Environment will hold a hearing to examine the Administration’s recently proposed regulation titled “Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk.” The proposed regulation would require that federal contractors disclose their greenhouse gas emissions (GHG) to a foreign entity and set science-based targets to reduce their GHG emissions. The hearing will examine the non-competitive selection process of Science Based Targets Initiative (SBTi) to perform a primarily governmental task. Specifically, the hearing will discuss the development of the proposed rule; the apparent conflicts of interest inherent with arbitrarily selecting a single company; and the implications this proposed rule could have on both industry and America’s national security.

Witnesses:

- Mr. Andrew Mayock, Chief Sustainability Officer, Council on Environmental Quality

Overarching Questions:

- How and why did the Administration select SBTi?
- Why wasn't SBTi selected through a competitive process?
- What vetting was done of SBTi before they were written into this proposed regulation?
- What are the national security implications of allowing a foreign-based company to validate science-based targets for U.S. contractors?
- What legal questions are raised by this proposed rule and the no-bid selection of a single source vendor?

Background:

On May 20, 2021, President Biden issued Executive Order 14030 (E.O. 14030), Climate-Related Financial Risk.¹ E.O. 14030 seeks to require major federal suppliers to, “publicly disclose greenhouse gas emissions and climate-related financial risks.”² On November 14, 2022, the Federal Acquisition Regulation Council (FAR Council) in coordination with the Council on Environmental Quality (CEQ) published a notice of proposed rulemaking (NPRM) to amend the Federal Acquisition Regulations to implement E.O. 14030.³ If implemented, the proposed rule would separate major federal suppliers into several categories: significant contractors and major contractors. The proposed rule loosely defines a significant contractor as a contractor that received between \$7.5 million and \$50 million in federal funds during the prior fiscal year.⁴ A major contractor is defined as a contractor that received more than \$50 million in fiscal funds during the prior fiscal year.⁵ The rule would require both significant and major contractors to disclose Scope 1 and Scope 2 GHG emissions, while requiring major contractors to disclose Scope 3 GHG emissions and set science-based reduction targets.

On September 20, 2023, the Committee held a hearing entitled, “A Bar Too High: Concerns with CEQ’s Proposed Regulatory Hurdle for Federal Contracting,” in which stakeholders who would be subject to the rule testified on its impacts. However, this hearing did not have any witness from the Administration and garnered little information on the internal processes leading to the selection of SBTi.

EPA Guidance – Scopes 1-3. The Environmental Protection Agency published guidance that explained scopes of emissions that companies must disclose.⁶ Scope 1 GHG emissions include emissions from sources that are owned or controlled by the contractor or company submitting the

¹ 3 Exec. Order No. 14,030, 86 Fed. Reg. 27967 (May 20, 2021), <https://www.federalregister.gov/documents/2021/05/25/2021-11168/climate-related-financial-risk>.

² *Id.*

³ Federal Acquisition Regulation: Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk, 87 Fed. Reg. 218 (proposed on Nov. 14, 2022) (to be codified 48 C.F.R. pt. 1.4,9,23,52), <https://www.federalregister.gov/documents/2022/11/14/2022-24569/federal-acquisition-regulation-disclosure-of-greenhouse-gas-emissions-and-climate-related-financial> [hereinafter *FAR: Climate-Related Financial Risk*].

⁴ *Id.*

⁵ *Id.*

⁶ Environmental Protection Agency, *GHG Inventory Development Process and Guidance*, agency guidance, December 6, 2022, <https://www.epa.gov/climateleadership/ghg-inventory-development-process-and-guidance>; see EPA, *Scope 1 and Scope 2 Inventory Guidance*, EPA Center for Corporate Climate Leadership, August 21, 2023, <https://www.epa.gov/climateleadership/scope-1-and-scope-2-inventory-guidance>; see also EPA, *Scope 3 Inventory Guidance*, EPA Center for Corporate Climate Leadership, August 3, 2023, <https://www.epa.gov/climateleadership/scope-3-inventory-guidance>.

disclosure. Scope 2 covers emissions associated with generating electricity, such as the heating and cooling of manufacturing or office space. Scope 3 covers GHG emissions as a consequence of operating a business, but which occur at facilities that are controlled by others. Only major contractors are required to disclose Scope 3 emissions.

NPRM Requirements. Under this proposed rule, major contractors would also be required to set science-based targets to reduce GHG emissions and have those targets validated by an outside private entity known as the Science Based Target Initiative (SBTi). As the name suggests, science-based targets are attempts to set targets based on scientific data to reduce the GHG emissions by a certain amount in a certain period of time. For example, Company A may set a target of reducing their GHG emissions by 25 percent by the year 2030.

This proposed regulation leans heavily on private industry for implementation by delegating important governmental authorities to the private sector. For example, significant and major contractors must report GHG emissions by using CDP's (formerly Carbon Disclosure Project) Climate Change Questionnaire. Major contractors are then required to set GHG reduction targets and pay SBTi to validate those targets.

The proposed rule would impact over 670 U.S. contractors and steer at least \$1.2 million in yearly fees to SBTi.⁷

Science Based Target Initiative. SBTi was formed in 2015 as a collaborative initiative between the CDP, the World Resources Institute (WRI), the World Wide Fund for Nature (WWF), and the United Nations Global Compact following the Paris Climate Agreement.⁸ The We Mean Business Coalition later joined the initiative, while the U.N. Global Compact currently serves as a permanent observer.⁹ SBTi's purpose is to develop standardized guidance, criteria, and tools for entities to voluntarily use when establishing their emissions baseline, then set reduction targets.¹⁰ All of this is done, however, for a fee.¹¹ In 2022, SBTi received approximately 35 percent of its funding from its validation services, with the rest of their funding coming in the form of donations from philanthropic groups and businesses.¹² Despite operating since 2015, SBTi did not officially exist as a corporation until June 26, 2023, when it incorporated in London, UK, nearly eight years after its launch and months after the publication of the proposed rule and the initiation of the Committee's oversight efforts.

CEQ has agreed to testify about the process used in selecting SBTi as well as the overall goals of the proposed rule. However, to protect the integrity of the rulemaking process, CEQ indicated to the Committee by phone that it will not testify to internal deliberations that are currently ongoing,

⁷ *Id.*

⁸ Letter from Karen Elizabeth Christian, Counsel, Akin Gump Strauss Hauer & Feld LLP, on behalf of Sci. Based Targets Initiative, to Frank Lucas, Chairman, H. Comm. Sci., Space, and Tech. (Aug. 9, 2023) (on file with Committee).

⁹ Letter from Karen Elizabeth Christian, Counsel, Akin Gump Strauss Hauer & Feld LLP, on behalf of Sci. Based Targets Initiative, to Frank Lucas, Chairman, H. Comm. Sci., Space, and Tech. (Aug. 9, 2023) (on file with Committee).

¹⁰ *Id.*

¹¹ *Id.*

¹² Science Based Target Initiatives, *How are We Funded*, <https://sciencebasedtargets.org/about-us/funders> (last visited Sept. 15, 2023).

what the final rule would look like, or actions taken by the FAR Council in relation to this proposed rule.

Chairman OBERNOLTE. The hour of 2 o'clock having arrived, the joint hearing will come to order. Without objection, the Chair is authorized to declare recess at any time.

Welcome to today's hearing entitled "Missing the Target: CEQ's Meritless Selection of SBTi." I recognize myself for five minutes for an opening statement.

Today's hearing will focus on a proposed regulation by the Federal Acquisition Regulatory (FAR) Council and the Council on Environmental Quality (CEQ) that would require Federal contractors to disclose greenhouse gas emissions and set reduction targets. The rule would require that a London-based company validate those targets. That U.K. company, an entity named Science Based Target initiative, or SBTi, would act as a quasi-regulator by performing a fundamentally governmental task of setting emission reduction targets and then validating those same targets.

This Committee held a hearing in September where we heard from various stakeholders about the impact that this proposed rule would have on industry and about their concerns with the selection of SBTi to perform a quasi-regulatory role. However, today's hearing is not about the propriety of the proposed regulation. Instead, this hearing will examine the process that has been proposed to enact the regulation and on the selection of SBTi to perform this role.

I think that we all would agree that one of the primary responsibilities of Congress in conducting oversight is to ensure that government functions in a way that is fair to everybody. Doing so requires that the government remove even the appearance of conflicts of interest from decisionmaking and conduct itself as transparently as possible.

I'd like to emphasize that this hearing is not about climate change or whether companies should or should not reduce their greenhouse gas emissions. Today's hearing is about government overreach and a questionable process that could result in the government picking winners and losers in the marketplace.

I'd like to highlight some of my concerns with this process. The FAR Council, which is comprised of NASA (National Aeronautics and Space Administration), the GSA (General Services Administration), and the DOD (Department of Defense), published a proposed rule last November, which decreed that all major Federal contractors would be required to set greenhouse gas emissions reduction targets, and then be obligated to hire a specific private foreign company to validate those targets. The company chosen by the Administration to perform this task was SBTi.

This Committee has had difficulty in establishing the basis for the selection of SBTi to fill this critical role. We do know that NASA, a member of the FAR Council, confirmed that they had no communication with SBTi, either before or after the drafting of the proposed rule. According to documents provided by OMB (Office of Management and Budget), representatives from OMB met to discuss this proposed regulation only twice. There was no other email traffic, no formal vetting or application, no competitive process, and it appears SBTi did not even have to submit a single piece of paper explaining why they were best-suited for this job. We don't know what vetting was performed by the CEQ because they refused to

provide this Committee with the answers to our questions or any of the documents that we've requested.

It's important for the American people to understand the process used to select SBTi and to craft this regulation because there appears to be serious conflicts of interest between the Administration and SBTi. SBTi is a London-based company that lists the We Mean Business Coalition as one of its primary owners. That coalition was launched by the New Venture Fund, which is owned and operated by Arabella Advisors. According to multiple news articles, Arabella is one of the top donors to numerous political candidates and causes. We also know that at least one senior White House official previously partnered with the Arabella Advisors to launch an organization that advocated for some of the same policy that now appears in this proposed regulation.

Now, let me be clear here, there is nothing wrong with advocating for a policy goal and then going to work in the Administration to implement that goal. It happens in every Administration. However, there is a big difference between implementing a policy that you've advocated for and using the government to steer money, power, and influence to your former employer. That is not OK. If this is in fact what has happened here, then everybody on this Committee, regardless of political party, should agree that this is wrong, and that's regardless of who might be in the White House. As Members of Congress, we have an obligation to safeguard the power of the legislative branch as the ultimate grantor of regulatory authority and to reject attempts to usurp that authority by the executive branch, regardless of whether or not we otherwise support the current Administration.

The American people deserve answers on this issue. They need to know how and why this proposed regulation came to be and why SBTi was selected in what appears to be a noncompetitive, single-source process. I hope that today's hearing will provide those answers.

Today's witness is Mr. Andrew Mayock, Chief Sustainability Officer for the Council on Environmental Quality, which was intimately involved in the drafting of this proposed rule. Mr. Mayock, thank you for your willingness to be here. I hope that your testimony today will provide answers to the Committee's concerns and also offers some much-needed transparency on this issue.

[The prepared statement of Chairman Obernolte follows:]

Good morning. Today's hearing will focus on a proposed regulation by the Federal Acquisition Regulatory (FAR) Council and the Council on Environmental Quality (CEQ) that would require federal contractors to disclose greenhouse gas (GHG) emissions and set reduction targets. The rule would require that a London-based company validate those targets.

That UK-based company, an entity named Science Based Target initiative or SBTi, would act as a quasi-regulator by performing a fundamental government task of setting emission reduction targets and then validating those same targets. This Committee held a hearing in September where we heard from various stakeholders about the impact the proposed rule would have on industry and about their concerns with the selection of a SBTi to perform a quasi-regulatory role.

However, today's hearing is not about the propriety of the proposed regulation. Instead, this hearing will examine the process that has been proposed to enact the regulation, and on the selection of SBTi to perform this role. I think we would all agree that one of the primary responsibilities of Congress in conducting oversight is to ensure that government functions in a way that is fair for all. Doing so re-

quires that the government remove the appearance of conflicts of interest from decision-making and conduct itself as transparently as possible.

I want to emphasize that this hearing is not about climate change or whether companies should or should not reduce their greenhouse gas emissions. Today's hearing is about government overreach and a questionable process that could result in the federal government picking winners and losers in the marketplace. I'd like to highlight some of my concerns with this process.

The FAR Council, which is comprised of NASA, GSA, and the DOD, published a proposed rule last November which decreed that all major federal contractors would be required to set greenhouse gas emission reduction targets, and then be obligated to hire a specific private foreign company to validate those targets. The company chosen by the Administration to perform this task was SBTi.

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We don't know what vetting was performed by the CEQ because they've refused to provide the Committee with answers to our questions or any documents requested.

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We also know that at least one senior White House official previously partnered with the Arabella Advisors to launch an organization that advocated for some of the same policy that now appears in this proposed regulation.

Let's be clear here. There's nothing wrong with advocating for a policy goal and then going to work in the Administration to implement that goal. It happens in every administration.

However, there's a big difference between implementing a policy you advocated for, and using the government to steer money, power, and influence to your former employer.

If this is in fact what happened here then everyone, regardless of political party, should agree this is wrong regardless of who is in the White House. As Members of Congress, we have an obligation to safeguard the power of the Legislative Branch as the ultimate grantor of regulatory authority, and to reject attempts to usurp that authority by the Executive Branch, regardless of whether or not we otherwise support the current Administration.

The American people deserve answers on this issue. They need to know how and why this proposed regulation came to be, and why SBTi was selected in a non-competitive single-source process. We hope today's hearing will provide those answers.

Today's witness is Mr. Andrew Mayock, Chief Sustainability Officer for the Council on Environmental Quality, which was intimately involved in the drafting of this proposed rule.

Mr. Mayock, thank you for your willingness to be here. We hope your testimony today will provide answers to the Committee's concerns and also offer some much-needed transparency on this issue.

Chairman OBERNOLTE. I now recognize the Ranking Member of the Investigations and Oversight Subcommittee, the gentlewoman from North Carolina, Mrs. Foushee, for her opening statement.

Mrs. FOUSHEE. Good afternoon, Chairman Obernolte, and good afternoon, Mr. Mayock. Thank you for joining us today.

As I said two months ago at a hearing on the same topic, wise allocation of taxpayer money relies on fully informed science-based decisionmaking. Few problems put Federal investments at greater risk than climate change. I won't repeat myself too much at this

second hearing today. My beliefs are unchanged. We have a responsibility to ensure that taxpayer money is well-stewarded by the contractors receiving hundreds of billions of dollars every year. Finalizing this rule will lead to an unprecedented level of transparency into climate vulnerabilities, and contracting agencies can use that information as they think best.

I am glad the Biden Administration took this important step, and I look forward to seeing how the FAR Council improves the rule as it moves forward toward finalization. For instance, after hearing the expert testimony at the September 20 hearing, I came away with the opinion that the inclusion of SBTi is less important than the broader push to require greater transparency into the emissions of the government's largest contractors competing for the largest contracts. I hope that the FAR Council takes this and other comments into consideration as they move forward toward finalization.

However, I am puzzled by the presence of Mr. Mayock here today. Mr. Mayock is an extremely distinguished witness as a leader in the Administration's effort to respond and adapt to the impacts of climate change. It is a privilege to have him here before us. Mr. Mayock does so much important work that Members of this Committee are deeply invested in, ensuring that the best-available science on our changing climate drives decisions spanning the breadth of the Federal Government.

But Mr. Mayock is not the appropriate witness to address the topic of this hearing. Contrary to the hearing's title, CEQ did not write this rule. This rule is being promulgated by the FAR Council, and questions about the drafting and finalization of the rule are best directed elsewhere, not to CEQ.

I am familiar with the memo CEQ wrote that was the genesis of the FAR Council's proposed rule. It is simply not the case that Mr. Mayock or his CEQ colleagues selected SBTi for inclusion in the rule. Issuing a memo is not the same thing as awarding a contract. Suggesting that a different office consider an entity's role in a proposed rulemaking is not the same thing as making a selection.

Mr. Mayock cannot speak on behalf of the FAR Council on this rule. I am sure he will have a lot of interesting things to say, given his leadership on the Administration's sustainability policies, and hopefully, he will have ample opportunity to discuss the great work CEQ is doing to promote climate adaptation and resilience. But once again, CEQ did not write this rule. The FAR Council did and is now working to finalize it. CEQ did not select SBTi. The FAR Council chose to include it, and it remains to be seen how they take into consideration public comments criticizing that inclusion.

Despite these facts, I am glad to join Chairman Obernolte in welcoming you here today, Mr. Mayock. I hope to hear about CEQ—about how CEQ is working to promote a more sustainable, adaptable, and responsible Federal Government.

And I yield back.

[The prepared statement of Mrs. Foushee follows:]

Good afternoon, Chairman Obernolte. And good afternoon, Mr. Mayock—thank you for joining us today.

As I said two months ago at a hearing on this same topic, wise allocation of taxpayer money relies on fully informed, science-based decision making. Few problems put federal investments at greater risk than climate change. I won't repeat myself

too much at this second hearing today. My beliefs are unchanged—we have a responsibility to ensure that taxpayer money is well stewarded by the contractors receiving hundreds of billions of dollars every year.

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Despite these facts, I am glad to join Chairman Obernolte in welcoming you here today, Mr. Mayock. I hope to hear about how CEQ is working to promote a more sustainable, adaptable, and responsible federal government. I yield back.

Chairman OBERNOLTE. Thank you, Mrs. Foushee.

I now recognize the Chairman of the Environment Subcommittee, the gentleman from Ohio, Mr. Miller, for his opening statement.

Mr. MILLER. Thank you, Mr. Chairman. I'm glad to be up here with you in that today is a joint Subcommittee hearing because I share many of the same concerns that you raised earlier.

First and foremost, this proposed rule would allow SBTi to function unchecked and without any accountability. In doing so, the most at risk for negative impacts from this rule is our military and combat readiness. That is absolutely unacceptable and downright irresponsible. By outsourcing quasi-regulatory powers to SBTi, the Administration has placed them out of reach of traditional accountability and transparency laws, as well as potentially denied U.S. businesses essential to military operations the right to appeal decisions made by this private sector entity.

Unlike government agencies, SBTi is not subject to the *Freedom of Information Act (FOIA)*, making it impossible for the American people to have any insight how critical decisions and requirements are determined. Congress established *FOIA* precisely to create transparency in the operation of regulatory agencies, which are funded by the taxpayer, and this proposed regulation seeks to circumvent that.

Because SBTi is a private company, they also do not have to go through the same public process to change their methodologies or notify change in their scientific analysis that an agency would. Agencies must justify each action and cannot in the interest of a specific individual or groups, and you know that, whereas SBTi can change their methodologies overnight to benefit a donor if they choose to, and there's nothing anyone can do to stop it in the moment.

Think of the consequences here. A contractor supplying components of our domestic air defense system could be shut down overnight because SBTi changed how they calculate emissions offsets at the factory and contractor doesn't meet the new bar of approval. The contractor hasn't changed anything they do, but SBTi just decided to tweak how they analyze it. This is entirely hypothetical at this point, but it's mind-boggling that we could be even envisioning a scenario and want to proceed with this rule. It's ridiculous. Transparency procedures were put in place for agencies to safeguard the integrity of the process and remove even the appearance of impropriety.

As Chairman of the Environment Subcommittee, I know very well that there is almost nothing the EPA (Environmental Protection Agency) can change about their scientific processes without notifying Congress and the public. This accountability to the taxpayer is precisely why regulatory authority is not vested in private companies. Further, because SBTi is a foreign-based company, it's unclear what, if any, judicial avenues are available for U.S. companies that don't feel they are getting a fair shake.

It's always been a fundamental principle in this country that courts can intervene when a government agency is conducting itself in a manner that is arbitrary or overreaching. Again, look at the EPA and the many court cases they've been involved in. But if SBTi arbitrarily denies a company validation, it's unlikely in that a U.S. court would even be able to hear the case, much less provide any sort of relief.

This is not hyperbole. These are lives of Americans at home and abroad that could be jeopardized because of the political gamesmanship this rule is pushing. I refuse to let that be the case and this rule move forward without any far more details on the proposed structure and execution. This is nonsense and you know it.

There are many issues at play with this proposed rule, but today, we are focusing on one fundamental question, why exactly was SBTi selected as the sole arbiter and validator when its decisions are tied to crucial national defense implications? As someone who served in the Marine Corps, I don't want you to have that power.

I hope today's hearing will provide some clarity on that. Thank you, and I yield back.

[The prepared statement of Mr. Miller follows:]

Thank you, Mr. Chairman.

I'm glad to be up here with you and that today is a joint subcommittee hearing because I share many of the same concerns you raised.

First and foremost, this proposed rule would allow SBTi to function unchecked and without any accountability. In doing so, the most at risk for negative impacts from this rule is our military and combat readiness. That is absolutely unacceptable and downright irresponsible.

By outsourcing quasi-regulatory powers to SBTi, the Administration has placed them out of reach of traditional accountability and transparency laws, as well as potentially denied U.S. business essential to military operations the right to appeal decisions made by this private-sector entity.

Unlike government agencies, SBTi is not subject to the *Freedom of Information Act (FOIA)*, making it impossible for the American people to have any insight how critical decisions and requirements are determined. Congress established FOIA precisely to create transparency in the operation of regulatory agencies, which are funded by the taxpayer, and this proposed regulation seeks to circumvent that.

Because SBTi is a private company, they also do not have to go through the same public process to change their methodologies or notify a change in their scientific analysis that an agency would. Agencies must justify each action and cannot act in the interests of a specific individual or groups. Whereas SBTi can change their methodologies overnight to benefit a donor if they choose to and there's nothing anyone can do to stop it in the moment.

Think of the consequences here: a contractor supplying components of our domestic air defense system could be shut down overnight because SBTi changed how they calculate emissions offsets at the factory and the contractor doesn't meet the new bar of approval. That contractor hasn't changed anything they do, SBTi just decided to tweak how they analyze it. This is entirely hypothetical at this point, but it's mindboggling we can even envision this scenario and want to proceed with this rule.

Transparency procedures were put in place for agencies to safeguard the integrity of the process and remove even the appearance of impropriety. As Chairman of the Environment Subcommittee, I know very well that there is almost nothing the EPA can change about their scientific processes without notifying Congress and the public. This accountability to the taxpayer is precisely why regulatory authority is not vested in private companies.

Further, because SBTi is a foreign-based company, it's unclear what if any judicial avenues are available for U.S. companies that don't feel they are getting a fair shake. It's always been a fundamental principle in this country that courts can intervene when a government agency is conducting itself in a manner that is arbitrary or overreaching. Again, look at the EPA and the many court cases they have been involved in.

But if SBTi arbitrarily denies a company validation, it's unlikely that a U.S. court would even be able to hear the case, much less provide any sort of relief.

This is not hyperbole: the lives of Americans at home and abroad could be jeopardized because of the political gamesmanship this rule is pushing. I refuse to let that be the case and let this rule move forward without far more details on the proposed structure and execution.

There are many issues at play with this proposed rule, but today we are focusing on one fundamental question: why exactly was SBTi selected as the sole arbiter and validator when its decisions are tied to crucial national defense implications? I hope today's hearing will provide some clarity on that. Thank you and I yield back.

Chairman OBERNOLTE. Thank you, Mr. Miller.

I now recognize the Ranking Member of the Environment Subcommittee, the gentlewoman from North Carolina, Ms. Ross, for her opening statement.

Ms. ROSS. Thank you, Chairman Obernolte, Chairman Miller, Ranking Member Foushee. And good afternoon to you, Mr. Mayock. Thank you very much for appearing here today, and thank you for the work that you do for the people of the United States of America.

Under the Biden Administration, the Council on Environmental Quality has been a leading force on instituting robust environmental protections and a comprehensive whole-of-government response to climate change. CEQ oversees a broad portfolio, which includes improving the Federal environmental review process, assisting agencies in accounting for greenhouse gas emissions, bolstering agency resilience to climate impacts, and elevating environmental justice as a priority throughout the Federal Government. I applaud CEQ for its efforts over the last three years to support and promote

a healthy environment for all our communities, including my home State of North Carolina.

Our witness today, Mr. Andrew Mayock, is the leader at CEQ working toward the implementation of this important agenda. In his role as Federal Chief Sustainability Officer, he is charged with enhancing the sustainability of the Federal Government by assisting agencies in anticipating and adapting to the effects of climate change on their programs and operations. In pursuit of this goal, he's coordinated agency strategies to assess climate vulnerabilities and integrate risk mitigation into infrastructure and supply chain planning, important work.

His appearance today should provide us with an excellent opportunity to engage in a serious discussion on these critical issues, a discussion worthy of the Science Committee. And yet, that's not the hearing we're having today. Instead, we've asked a senior CEQ official to testify about a proposed rule that CEQ is not even leading. Additionally, the Committee held a hearing which we've heard about on this same proposed rule less than two months ago, and there are no facts that have changed since then.

I am confused about why CEQ is being quizzed about a rule that it didn't propose and is not in charge of finalizing. This is the wrong venue for that inquiry with this witness. And I fear that today's hearing will be a missed opportunity.

As the Ranking Member of the Environment Subcommittee, I want to discuss environmental science and environmental policy. A senior administration official such as Mr. Mayock can answer questions related to the vital work that his team is doing to improve Federal sustainability and climate resilience. Those questions would provide far greater benefit to the Committee than an argument about a rulemaking process that his office is not promulgating.

I intend to engage Mr. Mayock in the kind of valuable discussion that's worth our time, and I encourage my colleagues to do the same.

Thank you, Mr. Chairman, and I yield back.

[The prepared statement of Ms. Ross follows:]

Good afternoon, Chairman Obernolte, Chairman Miller, and Ranking Member Foushee, and good afternoon to you Mr. Mayock. Thank you very much for appearing before the Committee today.

Under the Biden administration, the Council on Environmental Quality has been a leading force on instituting robust environmental protections and a comprehensive, whole-of-government response to climate change. CEQ oversees a broad portfolio which includes improving the federal environmental review process, assisting agencies in accounting for greenhouse gas emissions, bolstering agency resilience to climate impacts, and elevating environmental justice as a priority throughout the federal government. I applaud CEQ for its efforts over the last three years to support and promote a healthy environment for all our communities, including mine in North Carolina.

Our witness today, Mr. Andrew Mayock, is a leader at CEQ working towards the implementation of this agenda. In his role as Federal Chief Sustainability Officer, he is charged with enhancing the sustainability of the federal government by assisting agencies in anticipating and adapting to the effects of climate change on their programs and operations. In pursuit of this goal, he has coordinated agency strategies to assess climate vulnerabilities and integrate risk mitigation into infrastructure and supply chain planning. His appearance today should provide us with an excellent opportunity to engage in a serious discussion of these critical issues, a discussion worthy of the Science Committee.

And yet, that is not the hearing that we are having today. Instead, we have asked a senior CEQ official to testify about a proposed rule that CEQ is not even leading. Additionally, the committee held a hearing on the same proposed rule less than two months ago, and nothing has changed since then. I am confused about why CEQ is being quizzed about a rule that it did not propose and is not in charge of finalizing.

I fear that today's hearing will be a missed opportunity. As the Ranking Member of the Environment Subcommittee, I want to discuss environmental science and environmental policy. A senior administration official, such as Mr. Mayock, can answer questions related to the vital work that his team is doing to improve federal sustainability and climate resilience. Those questions would provide far greater benefit to the committee than an argument about a rulemaking process that his office is not promulgating. I intend to engage Mr. Mayock in the kind of valuable discussion that is worth our time. I urge my colleagues to do the same.

I yield back.

Chairman OBERNOLTE. Thank you, Ms. Ross.

[The prepared statement of Ms. Lofgren follows:]

Today's hearing is the second oversight hearing in two months to focus on a proposed rule that would bring much-needed transparency to the greenhouse gas emissions of the federal contracting sector. What I said two months ago remains true today: more data is a good thing, greater transparency is a good thing, and the federal government will make more informed procurement decisions if the goals of this rulemaking are realized.

One thing that certainly has not changed in the last two months is the dire nature of the climate crisis. It confronts us with ever-increasing urgency as coastal waters rise, extreme weather events occur more frequently, and every facet of our society struggles to adapt. It is absolutely right, and indeed imperative, that the federal government use every policy tool at its disposal to meet the challenge of climate change. The Biden Administration is providing unprecedented climate leadership with a whole-of-government approach, and this rulemaking is one important piece of that broader effort.

I noted previously that procurement policy is an important lever for the federal government to use in reducing its own greenhouse gas emissions while prodding the private sector to do the same. The U.S. government possesses enormous influence as the world's largest purchaser of goods and services, with a staggering \$630 billion spent in 2021 alone. Federal procurement decisions carry tremendous weight due to the size and diversity of the federal contracting sector. But until now, the federal government has neglected to use this leverage to better understand the emissions of its contractors and the potential emission reduction opportunities that may exist throughout federal procurement supply chains. In ignoring contractors' climate risk, the federal government has failed to properly protect its investments and has exposed American taxpayers to the higher costs and long-term hazards posed by a vulnerable federal supply chain. The proposed rule takes an important and long overdue first step to rectify this mistake.

The goals of this proposed rule are grounded in common sense. It takes a basic step towards providing the federal government with the data it needs to make smart, climate-conscious procurement decisions. This is a worthy goal, and one that the federal government has every right to pursue as part of its obligation to be a responsible steward of taxpayer dollars.

I must admit that I find the timing and focus of today's hearing to be strange. We are rehashing the same conversation that we had in September. Just like at the last hearing two months ago, the rule remains in the proposal stage while the Federal Acquisition Regulatory Council considers public comments. Indeed, it is the FAR Council that is promulgating this rulemaking and leading the process. Yet our sole witness today is an official from the Council on Environmental Quality, which is not directly involved in the rulemaking process and presumably cannot speak to many aspects of the rulemaking that would be most pertinent to the committee's oversight. This will necessarily limit the hearing's ability to inform the committee's deliberations regarding this rulemaking.

Despite these limitations, I hope the discussion at today's hearing will be constructive. The proposed rule is an important attempt to bring greater transparency to the climate impact of the federal procurement sector. I fully support that objective, even as the final details remain to be worked out. Proposed rules can always be improved before they are finalized, but the goal of this rule is sensible and consistent with the direction the private sector is already heading. I hope today's hear-

ing stays grounded in this rule's important goals, rather than becoming distracted by cherry-picked concerns and unsubstantiated speculation.

Thank you to the witness for appearing before the committee today. I yield back.

Chairman OBERNOLTE. Our witness today is Mr. Andrew Mayock, Chief Sustainability Officer of the Council on Environmental Quality. Mr. Mayock, you are recognized for five minutes for your testimony.

**TESTIMONY OF MR. ANDREW MAYOCK,
FEDERAL CHIEF SUSTAINABILITY OFFICER,
COUNCIL ON ENVIRONMENTAL QUALITY
(EXECUTIVE OFFICE OF THE PRESIDENT)**

Mr. MAYOCK. Press the light? Does it work that way? You got it. Thank you.

Thank you, Chairman Obernolte. Thank you, Chairman Miller. Thank you, Ranking Member Foushee, and thank you, Ranking Member Ross, for the welcome and the opening words. My name is Andrew Mayock, and I serve as the Federal Chief Sustainability Officer of the U.S. Government. It is an honor to be here today.

The Office of the Federal Chief Sustainability Officer was created in 1993 and is located within CEQ and leads sustainability across all Federal agencies. We work to ensure the U.S. Government is leading by example when it comes to sustainability.

As President Biden has noted on multiple occasion, this Administration has a responsibility to act with urgency and resolve when our Nation faces a clear and present danger, and climate change is literally, not figuratively, a clear and present danger, as the President has reminded us on many occasions. In fact, in 2023 to date, there have been 25 confirmed weather climate disaster events with losses exceeding \$1 billion each for the United States. From 1980 to 2022, the annual average of these events is 8.1. Over the past years, that average has jumped to 18 events per year.

So we now live in a time of records, record drought, record heat, record floods, and more. At the start of this Administration, the President set out a comprehensive plan to address these risks, including directing the Federal Government to transform how we build, buy, and manage to help make our government and our economy cleaner, more efficient, and more sustainable.

Reducing the risk of climate change related to government procurement and supply chains is a key element of this strategy. On December 9, 2021, President Biden signed Executive Order (EO) 14057, and the Federal Sustainability Plan outlined an ambitious path to achieve 100 percent carbon-free electricity for Federal operations no later than 2030, 100 percent zero emission vehicles for the Federal fleet no later than 2035, and net zero Federal facilities by 2045.

The President's plan also required Federal agencies to assess climate vulnerabilities, including to their supply chains, prepare action plans, and report annually on risk and progress. These steps will improve Federal supply chains' resilience to increasing climate risks, strengthen the competitive position of American companies, and help to reduce contracts, cost through increased efficiency.

On November 14, 2022, the agency members of the Federal Acquisition Regulation Council, the FAR Council, proposed the disclo-

sure of greenhouse gas emissions and climate-related financial risks proposed rule. As the world's largest single buyer of goods and services purchasing over \$630 billion worth of goods and services in fiscal 2020 year, fiscal 2022 alone, the Federal Government faces significant financial risks from climate change as noted.

The proposed rule is part of the President's vision of implementing the first comprehensive governmentwide strategy to measure, disclose, and manage and mitigate the systemic risks that climate change poses to American families, businesses, and the economy. Under the proposed rule, the largest suppliers receiving \$50 million or more in annual sales will be required to publicly disclose climate-related financial risks, emissions, and set science-based targets. Federal contractors with more than \$7.5 million in annual contracts would be required to report scope 1 and scope 2 emissions. All Federal contractors with less than \$7.5 million in annual contracts would be exempt.

The proposed rule, if finalized, would leverage widely adopted third-party standards and systems that many Federal contractors already use when disclosing their emissions and setting emission reduction targets. As of 2022, more than half of Federal contractors were already disclosing climate-related information, and 18,700 companies globally volunteered disclosed emissions and climate risk through CDP.

Large numbers of U.S. companies already used CDP, TCFD (Task Force on Climate-related Financial Disclosures), and SBTi standards because their entities and other entities such as non-Federal customers and investors demand them. Examples of those companies include Pfizer, Ford, AT&T, Johnson & Johnson, and Honeywell, among others. The proposed rule would reinforce these trends toward industrywide standardization by aligning these requirements of Federal procurement policy with those of capital markets, investors, and other key stakeholders.

When the FAR Council agencies published the proposed rule, they specifically invited public comment on the use of these specified third-party standards, including potential alternatives for the FAR Council to consider in developing the final rule. The comment period for the proposed rule closed on February 15—February 13, 2023, and the FAR Council agencies are reviewing and analyzing the comments they received based on public feedback.

Overall, we appreciate the conversation today, and we look forward to engaging collaboratively with the Committee as the Biden-Harris Administration continues to work to meet the challenge of the climate crisis, grow good jobs and industries, and make America more competitive—more economically competitive and secure.

Thank you again for the opportunity to be here today.

[The prepared statement of Mr. Mayock follows:]

**WRITTEN TESTIMONY OF
ANDREW MAYOCK
FEDERAL CHIEF SUSTAINABILITY OFFICER
COUNCIL ON ENVIRONMENTAL QUALITY**

**BEFORE THE
JOINT SUBCOMMITTEES ON
INVESTIGATION AND OVERSIGHT
AND ENVIRONMENT
COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY
U.S. HOUSE OF REPRESENTATIVES**

November 27, 2023

Thank you, Chairman Obernolte, Chairman Miller, Ranking Member Foushee, Ranking Member Ross, and the honorable members of the Committee for the opportunity to testify today on the *Federal Sustainability Plan* and the *Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk Proposed Rule*. My name is Andrew Mayock, and I serve as Federal Chief Sustainability Officer for the United States Government.

The Office of the Federal Chief Sustainability Officer was first created through Executive Order (E.O.) 12873, *Federal Acquisition, Recycling, and Waste Prevention*, in 1993 as the Office of the Federal Environmental Executive. The Office of the Federal Chief Sustainability Officer is housed within the Council on Environmental Quality and leads sustainability across all Federal and military operations, working to ensure that we are leading by example across all of the ways that we buy, build, and operate the government.

President Biden is committed to helping our country meet the challenge of the climate crisis in a way that grows good jobs and industries and makes us more economically competitive. In order to accomplish these goals, President Biden has directed the Federal Government to transform how we build, buy, and manage to help make our economy cleaner, more efficient, and more sustainable. On May 20, 2021, President Biden signed E.O. 14030, *Climate-Related Financial Risk*, which directs Federal agencies to take action to reduce the risk of climate change to the Federal budget and to help the American people better understand how climate change can impact their financial security. These actions have strengthened the United States financial system and will inform concrete decisions that the Federal Government can take to mitigate the risks of climate change.

On December 8, 2021, President Biden signed E.O. 14057, *Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*. E.O. 14057 and the accompanying Federal Sustainability Plan (collectively referred to as “the Federal Sustainability Plan”) outline an ambitious path to achieve:

- (1) 100 percent carbon pollution-free electricity on a net annual basis by 2030, including 50 percent 24/7 carbon pollution-free electricity;

- (2) 100 percent zero-emission vehicle acquisitions by 2035, including 100 percent zero-emission light-duty vehicle acquisitions by 2027;
- (3) a net-zero emissions building portfolio by 2045, including a 50 percent emissions reduction by 2032;
- (4) a 65 percent reduction in scope 1 and 2 greenhouse gas emissions,¹ as defined by the Federal Greenhouse Gas Accounting and Reporting Guidance, from Federal operations by 2030 from 2008 levels;
- (5) net-zero emissions from Federal procurement, including a Buy Clean policy to promote use of construction materials with lower embodied emissions;
- (6) climate resilient infrastructure and operations; and
- (7) a climate- and sustainability-focused Federal workforce.

The Federal Sustainability Plan also calls for major Federal contractors to publicly report their annual corporate-level greenhouse gas (GHG) emissions and set targets to reduce them, and to disclose climate risks and vulnerabilities that may affect their future economic stability or their ability to deliver goods and services that are critical to Federal agency missions. These steps will improve Federal supply chains' resilience to increasing climate risks, strengthen the competitive position of American companies, and help to reduce contract costs through increased efficiency.

On November 14, 2022, the agency members of the Federal Acquisition Regulation (FAR) Council² proposed the *Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk Proposed Rule* to address greenhouse gas emissions and protect the Federal Government's supply chains from climate-related financial risks. The proposed rule would amend the FAR to require major Federal contractors to publicly disclose their GHG emissions and climate-related financial risks and set science-based emissions reduction targets.

As the world's single largest buyer of goods and services—purchasing over \$630 billion in Fiscal Year 2022 alone—the Federal Government faces significant financial risks from climate change. Supply chain disruptions over the past three years have impacted every sector, including the Federal Government and its critical contractors and subcontractors. The *Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk Proposed Rule* would strengthen the resilience of vulnerable Federal supply chains, resulting in greater efficiencies and reduced climate risk.

The proposed rule, if finalized, would apply to contractors that are responsible for approximately 85 percent of the emissions associated with the Federal supply chain, which are estimated to be

¹ Scope 1 emissions include GHG emissions from sources that are owned or controlled by the reporting company. Scope 2 emissions include GHG emissions associated with the generation of electricity, heating and cooling, or steam, when these are purchased or acquired for the reporting company's own consumption but occur at sources owned or controlled by another entity.

² The FAR Council agencies are the Department of Defense (DOD), the General Services Administration (GSA), and the National Aeronautics and Space Administration (NASA).

more than twice as large as the emissions from operating the Federal Government's 300,000 buildings and 600,000 vehicles combined. The proposed rule is part of the President's vision of implementing the first comprehensive, government-wide strategy to measure, disclose, manage, and mitigate the systemic risks that climate change poses to American families, businesses, and the economy.

The proposed rule, if finalized, would focus on major Federal suppliers. Under the proposed rule, the largest suppliers, including Federal contractors receiving more than \$50 million in annual contracts (other than small businesses), would be required to publicly disclose emissions in Scope 1, Scope 2, and relevant categories of Scope 3³; disclose climate-related financial risks; and set science-based emissions reduction targets. Federal contractors with more than \$7.5 million in annual contracts would be required to report Scope 1 and Scope 2 emissions. All Federal contractors with less than \$7.5 million in annual contracts would be exempt under the proposed rule.

The proposed rule, if finalized, would leverage widely adopted third-party standards and systems that many Federal contractors already use when disclosing their emissions and setting emissions reduction targets, including the CDP (formerly Carbon Disclosure Project) environmental reporting system, the Task Force on Climate related Financial Disclosure (TCFD) Recommendations, and the Science Based Targets Initiative (SBTi) criteria. As such, this proposed rule is in alignment with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119, which directs Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives.

As of 2022, more than half of major Federal contractors were already disclosing climate-related information.⁴ In 2022, these Federal contractors were among the 18,700 companies globally—worth more than half of global market capitalization—that voluntarily disclosed emissions and climate risk through CDP, including 1,800 small and medium-sized enterprises. Large numbers of U.S. companies already use the CDP, TCFD, and SBTi standards because other entities, such as non-Federal customers and investors, demand them. For example, Pfizer, Ford, AT&T, Johnson & Johnson, and Honeywell use these standards for their climate disclosures and target setting. The proposed rule would reinforce this trend towards industry-wide standardization by aligning the requirements of Federal procurement policy with those of capital markets, investors, and other key stakeholders, such as ratings and rankings organizations.

When the FAR Council agencies published the proposed rule, they specifically invited public comment on the use of the specified third-party standards, including potential alternatives for the FAR Council agencies to consider in developing a final rule, among other subjects. The comment period for the proposed rule closed on February 13, 2023, and the FAR Council agencies are now reviewing and analyzing the comments they received as they consider a final rule.

³ Scope 3 emissions are emissions that are a consequence of the operations of the reporting entity but occur at sources other than those owned or controlled by the entity.

⁴ FACT SHEET: Biden-Harris Administration Proposes Plan to Protect Federal Supply Chain from Climate-Related Risks | The White House

The Office of the Federal Chief Sustainability Officer is hard at work ensuring that we are leading by example and mitigating the risks of climate change that will adversely impact the way the government buys, builds, and operates. The Administration looks forward to engaging collaboratively with the Committee as the Biden-Harris Administration continues to work to meet the challenge of the climate crisis, grow good jobs and industries, and make America more economically competitive.

Andrew Mayock

On February 9, 2021, President Biden appointed Andrew Mayock to serve as the Federal Chief Sustainability Officer. As the Federal Chief Sustainability Officer, Andrew Mayock leads President Biden's efforts to improve the sustainability of the Federal government, including by helping Federal agencies prepare for and respond to the impacts of climate change on their operations and services.

Andrew brings over 25 years of public and private sector experience to the Biden Administration, including service in the Obama and Clinton Administrations. In the Obama Administration, Andrew served as Deputy Director for Management and Associate Director for General Government Programs at the Office of Management and Budget (OMB). At OMB, he led OMB's management offices and the President's Management Council with a focus on digital services, cybersecurity, acquisitions, financial management, personnel and performance management. As Associate Director for General Government Programs, he oversaw policy and budget for six cabinet agencies comprising \$225 billion of the President's budget and covering over one million federal employees.

Prior to his OMB roles, Andrew served as the Deputy Vice President for Compact Operations for East and Southern Africa at the Millennium Challenge Corporation. He served as Executive Secretary at the U.S. Treasury Department from 2009-2010.

In the Clinton Administration from 1995-2000, Andrew worked at the White House and the U.S. Treasury Department. Andrew was a consultant at Booz Allen Hamilton from 2003-2009 and McKinsey & Company from 2017-2020, where he focused on public sector programs.

During 2019-2020, Andrew served on the steering committee of the Climate 21 Project, which delivered advice for a coordinated, rapid-start, whole-of-government climate response.

Andrew received a bachelor's degree from the University of Illinois, law degree from The George Washington University Law School, and a master in public administration from the Kennedy School of Government at Harvard University.

Chairman OBERNOLTE. Thank you very much, Mr. Mayock.

We'll now move to questions from Members of the Committee. I'd first like to ask unanimous consent that two letters be entered for the record, one from the AIA (Aerospace Industries Association) and one for the Americans for Public Trust. Without objection, so ordered.

I now recognize myself for five minutes for my opening—for my questions.

Mr. Mayock, in March we sent you a letter, the CEQ a letter requesting the rationale for the selection of SBTi and the production of some documents, and I'm very disappointed that we haven't had a response from the CEQ on that letter. Can you tell us why the CEQ has not responded?

Mr. MAYOCK. I know that my CEQ colleagues have been working diligently to be responsive to that letter and to gather documents responsive to that letter. I know that part of the process which ends up taking time includes interagency review for agencies that have equities in documents to produce. I have that own disappointment with delay and the interagency process, Mr. Chairman. And I'm pleased to report today that it's my understanding that that these documents will be produced in days, not weeks, and we look forward to making good on our response to that letter—

Chairman OBERNOLTE. OK. Well, I'm glad—

Mr. MAYOCK [continuing]. In that timeframe.

Chairman OBERNOLTE [continuing]. To hear that. Let me also express a little bit of disappointment with your testimony. We had specifically asked you to testify on the subjects of the selection of SBTi as the validator and the setter of these reductions targets and the process by which they were selected, and you didn't—you barely touched on SBTi at all in your testimony. So can you please elaborate as to how SBTi was selected to fill this role?

Mr. MAYOCK. Yes, thank you for the question, Mr. Chairman. In addressing the question of—well, a couple couple of points up front, Mr. Chairman. One is I do want to emphasize the status of this as a proposed rule. It was November a year ago that the Biden-Harris Administration put the rule out in the *Federal Register*—

Chairman OBERNOLTE. Certainly.

Mr. MAYOCK [continuing]. As a proposed rule to gain comment from the public. We—the Biden-Harris Administration had the rule out for a three-month time period, were requested to extend that time period, extended that time period, and have received thousands of comments.

Chairman OBERNOLTE. Sure. So how was SBTi selected to be part of that rule?

Mr. MAYOCK. Yes. So in the selection itself and the development of policy when it comes to third-party standards, I think it's important to take a step back and understand the use of third-party standards of which SBTi—

Chairman OBERNOLTE. No, no, sir—

Mr. MAYOCK [continuing]. Is one of those standards—

Chairman OBERNOLTE [continuing]. I understand. And that—

Mr. MAYOCK. Yes.

Chairman OBERNOLTE. I'm not—we're talking about SBTi, not the propriety of setting standards. So how was SBTi selected? Were there multiple applicants?

Mr. MAYOCK. Well, in the identification of the third-party standards that are in the proposed FAR rule, there was extensive stakeholder outreach to seek—basically to find what is the leading and wide—most widely used standard when it comes to science-based targets? And when it comes to science-based targets, and when it comes to these other targets, what you find is that 6,000 companies globally used SBTi as a nonprofit organization to set the standard and guide this standard. And those 6,000 companies represent 1/3 of global market capitalization. And so in the—

Chairman OBERNOLTE. So you're saying that—

Mr. MAYOCK [continuing]. Policy review process—

Chairman OBERNOLTE [continuing]. The third parties are the ones that recommended SBTi. Did you ever contact SBTi? Did you ask for other people to apply? Did you have meetings with them?

Mr. MAYOCK. Well, just to be clear, the identification of any of the standards that were under review took place by taking a look at all standards—

Chairman OBERNOLTE. No, no, sir.

Mr. MAYOCK [continuing]. Under that setting.

Chairman OBERNOLTE. I'm not asking about the standards. I'm asking—

Mr. MAYOCK. Yes.

Chairman OBERNOLTE [continuing]. About the entity that was selected to enforce those standards, to set the standards and enforce them.

Mr. MAYOCK. Yes, and I'm talking about the same thing, in that SBTi is the third-party standard bearer. And when looking at what are the leading third-party standard organizations when it comes to science-based targets, SBTi far and away is the most widely used and the most—and the leading standard, so that was the—

Chairman OBERNOLTE. I got it.

Mr. MAYOCK. That was that was the question that was put before our office and other offices as the policy advisors—

Chairman OBERNOLTE. Sure.

Mr. MAYOCK [continuing]. To the FAR Council.

Chairman OBERNOLTE. So let me—

Mr. MAYOCK. What is the leading standard—

Chairman OBERNOLTE. Let me ask you a different question then.

Mr. MAYOCK. Yes.

Chairman OBERNOLTE. Did you consider—since this is a quasi-regulatory rule, did you consider empowering an agency of the Federal Government, for example, the EPA to provide those services? Because doing that, as opposed to a private business, would have had some pretty powerful benefits. You—businesses who would be afforded due process. They'd have appeal rights, would—none of which exists when you delegate this to a private company. So did you consider the EPA?

Mr. MAYOCK. No, in that the EPA—again, the primary question was, who is the leading standard? What is the most widely used standard? And the EPA, not to my knowledge, does science-based targets.

Chairman OBERNOLTE. All right. Well, I want to thank you for your responses. I'm looking forward to CEQ actually producing the documents that we asked for in March. The—and I want to remind my colleagues that we asked the White House to send someone. They sent Mr. Mayock, so anyone that's interested in talking to the FAR Council, they had an opportunity to be here today and elected not to. But I look forward to continuing our discussion, Mr. Mayock. Thank you for your testimony.

Mr. MAYOCK. Thank you.

Chairman OBERNOLTE. That concludes my question. I'd like to recognize Ranking Member Foushee for five minutes for her questions.

Mrs. FOUSHEE. Again, Mr. Mayock, thank you for being here with us today, though, as I said in my opening statement, there are so many important issues you would probably be more suited to address than this topic. Holding a hearing on any proposed rulemaking is difficult. Government witnesses, like yourself, are so limited in what they can share as the rule is being finalized. But holding a hearing on a proposed rulemaking and inviting an agency that is not leading the rulemaking process, that is puzzling to me. So I want to be sure we have all of our facts straight. I have quite a few questions here, so I would appreciate if you could answer the first few by saying yes or no.

No. 1, is CEQ promulgating the rulemaking titled "Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk"?

Mr. MAYOCK. No.

Mrs. FOUSHEE. Did CEQ write the language of the proposed rule?

Mr. MAYOCK. No.

Mrs. FOUSHEE. In your statement, you referenced the memo CEQ co-authored pursuant to an Executive order. Did CEQ determine how the proposed rule would incorporate the guidelines laid out in the memo?

Mr. MAYOCK. No.

Mrs. FOUSHEE. The title of this hearing refers to CEQ's selection of SBTi. Did CEQ select SBTi for inclusion in the rule or select SBTi for any contract, award, grant, loan, or Federal funding of any kind?

Mr. MAYOCK. No.

Mrs. FOUSHEE. At our last hearing on this topic just two months ago, accusations of impropriety were made regarding the so-called selection of SBTi. We've established that CEQ did not write this rule. So let's talk about the memo CEQ co-authored. When developing the memo pursuant to the EO, did CEQ meet with SBTi?

Mr. MAYOCK. The CEQ met with a variety of stakeholders in the development of our policy advice that we provided to the FAR Council, and it's my recollection that we met with the standards governance organizations as a matter of the due diligence in putting the policy together. And my recollection is that we did have one meeting—I recall personally one meeting with SBTi as a part of that due diligence policy development for the memo.

Mrs. FOUSHEE. OK. When developing the memo, did CEQ also meet with industry groups?

Mr. MAYOCK. We did. We met, for example, with AIA and a wide variety of companies, nonprofits, nongovernmental organizations, a number of organizations broadly.

Mrs. FOUSHEE. OK. When developing the memo, did CEQ also meet with contractors who would be required to adhere to the rule's requirements if finalized?

Mr. MAYOCK. We did, including, for example, a number of members of AIA.

Mrs. FOUSHEE. Why is it important for CEQ to meet with a broad range of stakeholders, including entities like SBTi, industry groups, and impacted companies when developing policy guidance?

Mr. MAYOCK. Well, as I shared with the Chairman, Ranking Member, you know, the critical question here in using third-party standards is what is the leading standard, and is it widely accepted? And so we wanted to understand across the three standards that have been proposed by the FAR Council, are those truly the leading standards? Are they widely accepted? And when doing that work, we identified certain facts of this situation like 18,000 companies worldwide that sign on to CDP, and those 18,000 companies representing over 50 percent of global market capitalization. And so when we asked the question what is the best third-party standard to go execute and deliver on this question of severe climate risk and make our supply chain most resilient, we identified what's the leading one in the public domain.

Mrs. FOUSHEE. Thank you for clarifying how CEQ was and was not involved in the development of this proposed rule. I fear the rampant speculation we heard at the last hearing will continue at this one, but I think you have clarified that CEQ is a misguided target for criticism of this proposed rule, and I yield back.

Chairman OBERNOLTE. The gentlewoman yields back. We'll hear next from the gentleman from Mr. Miller—or gentleman from Ohio. Mr. Miller, you're recognized for five minutes.

Mr. MILLER. Thank you. And I agree with my colleague on the other side of the aisle. I'm puzzled as well, sir. The Committee asked for a witness for this hearing, and the White House sent you. So why would they send you if you're not the expert to make the decision? Are you wasting our time? Is this obstructing congressional oversight? Which one is it? Are you the expert that—President Biden and his Administration sent you here, yes or no?

Mr. MAYOCK. Yes.

Mr. MILLER. OK. So you're not the expert or you are the expert, yes or no?

Mr. MAYOCK. I'm the Federal Chief Sustainability Officer.

Mr. MILLER. You are the—a yes or no question.

Mr. MAYOCK. I'm an expert in—

Mr. MILLER. Yes or no question.

Mr. MAYOCK [continuing]. Sustainability.

Mr. MILLER. I'm reclaiming my time. Mr. Mayock, I want to dig a little bit deeper into that very concerning hypothetical I mentioned in my opening statement. Do you agree with my assessment that SBTi has every legal authority and right as a private business to change their legal analysis, methodologies, or models whenever they want to without any public input? That's capitalism after all, right? Yes or no? Or do I need to read it over again?

Mr. MAYOCK. Well, they're a nonprofit organization, and yes.

Mr. MILLER. OK. Thank you. So rather than paint a broad stroke picture, I'm going to highlight a very real scenario, which you're probably unfamiliar where—with where this rule on SBTi could literally endanger lives. And I like your smile right now. Thank you. Hamas brutally attacked Israel last month and continues to partner with their terrorist allies in an attempt to wipe Israel off the face of the Earth. Israel has defended itself and its citizens from mass casualty missile attacks through its sophisticated multibillion dollar intercept system called the Iron Dome. But, like anything that is being used, it needs to be restocked. And just last month, the Pentagon helped to do exactly that, transferring U.S. inventories of Tamir interceptors to our ally. From your knowledge of this rule, would you dispute the scenario that SBTi could deny validation to a U.S. contractor of missiles used by the Iron Dome based on the emissions of producing those missiles? You're going to have to get back to me on that?

Mr. MAYOCK. I think I would have to get back to you on that.

Mr. MILLER. Yes, I bet you would. All right, thank you. You know, I can talk to you about your waiver process and maybe educate you a little bit. So there is a waiver process that you guys do and that you're going to have to look at, and you're going to be dealing with thousands of these waivers as you're dealing with these emissions. So I'm just curious, when you're going through the waiver process, I mean, do you really support this rule? Do you really think that climate change as opposed to saving our allies or Americans that were taken and killed just a month or a month and a half ago is more important to this world and to American lives and to my brothers and sisters on the battlefield? Yes or no? Yes or no? Be careful with your answer, sir. Yes or no, military we're talking about.

Mr. MAYOCK. I think I'd ask you to repeat the question, please.

Mr. MILLER. OK. I'm more than happy to. Do you think that caring about climate change right now is worth more than American and our allies' lives on the battlefield right now all across the world as we have men and women deployed everywhere, yes or no?

Mr. MAYOCK. I don't think that's at issue here.

Mr. MILLER. It's—you're not answering the question. It's yes or no. God, you guys are unbelievable.

Mr. MAYOCK. I appreciate the question but I—

Mr. MILLER. So can I—

Mr. MAYOCK [continuing]. Don't think [inaudible]—

Mr. MILLER. I'm reclaiming my time. So you know what this reminds me of? In the Trump Administration if President Trump hired the Koch brothers to run an entity, what would the Democrats do? What would you all do? I promise you, you would probably threaten impeachment and drag him again, like you did mercilessly twice, which was unwarranted. I got to tell you, I've been a freshman in Congress for 11 months. This is the most blatant corruption that I have ever seen, and literally, the White House sends you. You have to be so proud of yourself. Congratulations. I yield back. It's disgusting.

Chairman OBERNOLTE. The gentleman yields back.

I'll now recognize the gentlewoman from North Carolina, Ms. Ross, for five minutes for her questions.

Ms. ROSS. Thank you, Mr. Chairman.

Well, Mr. Mayock, you've received some harsh criticism today, right off the bat, and it's also related to proposed rulemaking, again, that your office did not draft and that you do not have final say in finalizing. And the agency that does have final say in finalizing that has received this information, the information that we're discussing, and they can proceed accordingly. You, however, have no power in this situation.

And having this hearing doesn't strike me as a recipe for a good use of your time, so I want to use that time more effectively. I would like to try and ask the kinds of questions that deserve our attention and that will inform the Committee's deliberations on environmental issues going forward.

First, a major initiative of your office has been the coordination of an agency climate adaptation plan. This plan is critical for identifying climate vulnerabilities, integrating climate risks into long-range planning decisions, and so much more. Can you provide us with an update on the progress of Federal agencies to make—what they've done to strengthen their own climate adaptation and resilience since the initial plans were released in October 2021?

Mr. MAYOCK. I'd be happy to, Congresswoman Ross. You know, as I shared in my opening statement, President Biden has from the beginning identified this as a clear and present danger for the American people and the American Government. And, as I identified in my statement, the United States has been—has suffered from significant disasters due to climate over the last five years in particular as the effects of global warming. And this year in 2023, what will be the hottest year on record, those effects visit not only the American public, but American operations throughout the country and abroad.

And I wanted to note that not only have those billion-dollar disasters ticked up from the average of eight that I mentioned in my opening remarks to an average of 18 to a current number in 2023 of 25, but those billion-dollar disasters visit us in U.S. Government operations and, yes, us in national security. So just in 2019, as an example, Offutt Air Force Base in Nebraska suffered from record Missouri River floods. They lost dozens of buildings, and they had a half-mile of runway that was underwater, with estimates of those damages being as much as a billion dollars. And that's our U.S. Strategic Command, which oversees the Pentagon's nuclear strategic deterrence.

And then in 2018, due to Hurricane Michael and Hurricane Florence, at Tyndall and at Camp Lejeune, we suffered over 900, almost 1,000 buildings destroyed between the two of those bases, planes and runways destroyed, the defense communities, in addition to the other communities around those bases, affected to the tune of \$5 billion for Tyndall Air Force Base and \$4 billion for Camp Lejeune and Camp New River.

So it's very real, and the President ordered us in the first 120 days to revitalize adaptation plans so we get a hold of climate risk, and the Defense Department and other major departments report on those vulnerabilities and report on those actions. And I'm happy

to be here today to report that I think the agencies have done an excellent job in revitalizing that capability and understanding these issues and rebuilding important critical national strategic infrastructure like Tyndall Air Force Base, which is becoming a model for climate adaptation. Thank you.

Ms. ROSS. Thank you. Just to note for the Committee, my dad served at Offutt Air Force Base, and Camp Lejeune is in North Carolina.

So I think you've alluded to this, and we only have a few seconds, but do you consider climate impacts something that's important for Federal procurement when we rebuild these runways and we rebuild these bases?

Mr. MAYOCK. It is essential.

Ms. ROSS. OK. Thank you, Mr. Chairman, and I yield back.

Chairman OBERNOLTE. The gentlewoman yields back.

We'll hear next from the gentleman from Florida. Mr. Posey, you're recognized for five minutes.

Mr. POSEY. Thank you, Chairman Obernolte.

Mr. Mayock, will U.S. space launch companies be required to comply with SBTi or the so-called Science Based Target initiative emission standards?

Mr. MAYOCK. Under the proposed rule, and it's proposed, as I've noted, any company that has annual sales of \$50 million or more—

Mr. POSEY. Is that a yes? Is that a yes?

Mr. MAYOCK. If the company has 50 or more million in sales annually—

Mr. POSEY. OK.

Mr. MAYOCK [continuing]. It's a yes for them.

Mr. POSEY. OK. What about Russian space launch companies? Will they have to comply?

Mr. MAYOCK. This rule is about the American—U.S. Government supply chain, sir.

Mr. POSEY. OK. Will China space launch companies have to comply Chinese defense companies?

Mr. MAYOCK. I do not believe they serve the U.S. Government supply chain, sir.

Mr. POSEY. OK. How about Indian launch companies? Do they—

Mr. MAYOCK. Again—

Mr. POSEY [continuing]. Have to comply? What about French, the European Space Agency, French Aireon, will they have to comply, their launch services have to comply?

Mr. MAYOCK. Under the proposed rule, if there is a European company that provides sales to the U.S. Government for aeronautics and they're over \$50 million, they would have to comply.

Mr. POSEY. So the Russians don't have to, the Chinese don't have to, the Indians don't have to. France, they have to. What about Japanese space launch? Will they have to comply?

Mr. MAYOCK. Same rule would apply if they're providing over \$50 million worth of sales to the U.S. Government supply chain—

Mr. POSEY. What about—

Mr. MAYOCK [continuing]. As a prime contractor, yes.

Mr. POSEY. So what about New Zealand, their space launches?

Mr. MAYOCK. Same rule.

Mr. POSEY. They have to comply or don't have to comply?

Mr. MAYOCK. If they're providing \$50 million worth of goods and services to the U.S. Government, they do have to comply.

Mr. POSEY. OK. So United States does, France, Japan, and New Zealand. Russia and China, our biggest adversaries, they don't have to comply, big competitors? Does that make sense to you?

Mr. MAYOCK. The rationale beyond strengthening the resilience of the U.S. supply chain does make sense to me.

Mr. POSEY. Well, let's see. To some people they might think, well, this is a Marxist way of helping America help the Marxist regimes. You know, you give them an unfair competitive advantage and put the United States at a disadvantage. I mean, is it your intent to drive more jobs and more American workers out of business, drive more jobs to these other countries?

Mr. MAYOCK. It is our intent to strengthen U.S. supply chain and U.S. companies, and as I noted——

Mr. POSEY. Well, how do the——

Mr. MAYOCK [continuing]. In my remarks, over 50 percent of our existing——

Mr. POSEY. How do you——

Mr. MAYOCK [continuing]. Major suppliers——

Mr. POSEY. How do you strengthen——

Mr. MAYOCK [continuing]. Comply——

Mr. POSEY. How do you—I mean, that doesn't pass the straight face test, pal. I mean, how do you strengthen somebody putting them at a competitive disadvantage?

Mr. MAYOCK. I think you strengthen them, Congressman, with all due respect, by doing what all these major companies have done themselves without the proposed rule to——

Mr. POSEY. So why do you need a proposed rule if everybody's happy doing it? I mean, I don't hear our—I don't hear the Russians clamoring to get involved in this. I don't hear the Chinese clamoring to get involved in this.

Mr. MAYOCK. I think what President Biden is focused on is the security of the American people and security of the American supply chain.

Mr. POSEY. Would you be kind enough to tell me what constitutional authority allows you to delegate government functions to a foreign company without congressional approval?

Mr. MAYOCK. I'm not aware in the proposed rule of any delegation of functions to a foreign company.

Mr. POSEY. I mean, you're incorporated outside the United States so you'll operate outside the control from either branch of the Federal Government. So, you know, you're out there, it's a rogue agency dictating policy that puts America at a competitive disadvantage. I mean, I'd have a hard time explaining to my constituents why this is a good idea.

Mr. MAYOCK. Well, the proposed rule does what other third-party standards do, in the existing U.S. supply chain, for example——

Mr. POSEY. Well, if everybody wants to do it, why shove it down their throat? Why do you need a rule if it's such a good thing?

Mr. MAYOCK. Well, I'd be happy to provide an example of another requirement of a third-party standard in the government's supply chain, which has done a lot to—

Mr. POSEY. I know—

Mr. MAYOCK [continuing]. Strengthen our supply chain.

Mr. POSEY. Our main competitors, our main adversaries on this globe, the people who wish us ill will have a competitive advantage, and we're at a competitive disadvantage because of your so-called Science Based Target initiative emission standards reporting.

Mr. MAYOCK. I appreciate the question, Congressman, and I think what the point of the Administration's rule and our comprehensive policy is to strengthen U.S. companies and to strengthen the U.S. supply chain.

Mr. POSEY. Yes. That's some work. I yield back, Mr. Chairman.

Chairman OBERNOLTE. The gentleman yields back.

We'll hear next from the gentlewoman from Oregon. Ms. Bonamici, you're recognized for five minutes.

Ms. BONAMICI. Thank you very much to the Chairs and Ranking Members.

Thank you, Mr. Mayock, for being here today. I've been on this Committee and in Congress for more than a decade. We have differences of opinion here in Congress, but people who come here to testify, especially in this Committee on Science, Space, and Technology, are typically treated with respect, and I regret that you were not so treated today.

I've been also working on climate issues throughout my time in Congress, and I'm going to ask you about that, but first, I want to note that there seems to be a fundamental misunderstanding about what this rule does and does not do. It says nothing about how agencies make their ultimate decisions. On contracts, agencies can use the validation information as they may see fit, or they may waive the requirement entirely. Nothing would allow SBTi to shut down a contractor's operations overnight. That accusation is far beyond hyperbolic. There may be legitimate criticism of this proposed rule, but we need to focus on that, not on outlandish claims that we've heard today.

So I know well, Mr. Mayock, that climate change and extreme weather are destabilizing forces that affect military readiness, and I strongly support the Biden Administration's work to address the climate crisis, so thank you for your work, including the disclosure of emissions and climate-related risk. I also strongly support the use of standards in those disclosures. That's important to have those standards.

I'm going to take the opportunity that you're here today to ask you a couple questions. We know now especially in light of the Fifth National Climate Assessment that curbing greenhouse gas emissions is urgent, and we know we have the strategies to do so. In fact, according to the assessment, our country's emissions have declined by 12 percent since 2007, even with a growing population and economy. So this is an encouraging trend driven by a transition from coal and other fossil fuels toward renewable energy and technologies and improved energy capacity.

The assessment, the recent assessment emphasizes the importance of natural solutions, something that I've been working on, in-

cluding blue carbon. Blue carbon refers to restoring marine, coastal, and estuarine ecosystems using, for example, mangrove, kelp, seagrasses. And those capture atmospheric carbon at high rates. So the new assessment is evidence that our climate strategies are lowering emissions, but we know we need to do more.

So in 2021, CEQ and the National Oceanic and Atmospheric Administration, NOAA, convened to launch the White House Coastal Resilience Interagency Workgroup. And CEQ Chair Mallory underscored the essential role that coastal communities play in mitigating climate change. So how has CEQ worked to implement blue carbon strategies to reduce atmospheric carbon? And how can CEQ partner with agencies like NOAA to identify blue carbon ecosystems in need of protection and work with coastal communities to restore them?

Mr. MAYOCK. Thank you, Congresswoman. I would like to—before I address that, I would like to pick up on your comment regarding authorities and the suggestion that there's some delegation of authority through the proposed rule. And I just want to make crystal clear for the record, there is no delegation of authority. The U.S. Government, the contracting agency, the contracting officer have full authority that they had before the rule and that they would have after the rule if the rule was finalized.

Ms. BONAMICI. I appreciate it. And again, this is a proposed rule.

Mr. MAYOCK. It is a proposed rule, and the only thing that goes to the third-party standards is information. It's about information disclosure and sharing with the third-party standards governance organizations. And, as I noted in my testimony as well, we already have, you know, 50 percent of existing major suppliers in the government supply chain that would be subject to this rule that are reporting to Climate Disclosure Project.

Ms. BONAMICI. Already?

Mr. MAYOCK. Already, leading countries—leading companies like GM, Cummins, Airbus, Palantir, Johnson Controls, and I could go on. So those countries—those companies identified that this was important for their business and to increase their competitiveness, and we see that in a similar way in developing this policy. This is about strengthening our supply chain, making it more resilient. And we are following other U.S. corporate leaders as we make—as we propose this rule.

Second, I just wanted to note, too, quickly that utilizing third-party government standards is a standard thing that we do. And one required standard is through the Global Electronics Council, a standard called EPEAT (Electronic Product Environmental Assessment Tool) that we have required government agencies to utilize, and that has led to when they buy and they dispose electronics—and that has led to—just in 2021, it's touched 43 million electronics purchased by the U.S. Government. It saved American taxpayers \$2 billion, the equivalent of 4 million households in the United States their energy bills. So utilizing third-party standards through these kinds of disclosures leads to savings, leads to transparency publicly.

Ms. BONAMICI. Sure. And, Mr. Mayock, my time has expired. I appreciate your answer, and will you please respond in writing to

my question on blue carbon and the work the CEQ is doing on that?

Mr. MAYOCK. Happy to.

Ms. BONAMICI. Thank you, and I yield back.

Mr. MAYOCK. Thank you.

Chairman OBERNOLTE. The gentlewoman yields back.

We'll hear next from the gentleman from Texas. Mr. Babin, you're recognized for five minutes.

Mr. BABIN. Thank you, Mr. Chairman.

In response to Chairman Obernolte's question about EPA's activities related to this rule, Mr. Mayock, you said that you don't believe EPA has target-setting capabilities. Are you aware of EPA's Center for Corporate Climate Leadership?

Mr. MAYOCK. I'm aware of that, and I believe I said—and if I didn't, I meant to say they don't have third-party standards when it comes—the don't have standards when it comes to science-based targets.

Mr. BABIN. Well—

Mr. MAYOCK. That's my understanding.

Mr. BABIN. Well, I just want to enter into the into the record a page from their website titled "target setting" and a paragraph that says, and I quote, "EPA has developed two target-setting resources," which are right there for anyone to access, including you.

I also want to ask if you are aware of the fact that SBTi did not even exist until last June, and now it is based in Europe, of course, in the U.K., with zero Americans serving on the board.

I also want to kind of switch over to space since I represent Johnson Space Center. NASA and the Department of Defense rely on contractors to conduct launch activities. Has CEQ, NASA, DOD, or the FAR Council assessed the impact of civil and national security space activities? If so, please provide their input for the record. If the Administration did not assess the impact prior to issuing the proposed rule, then we should all be very concerned about how this rule could impact our space exploration activities, as well as our national security. And give me SBTi's expertise related to aerospace systems engineering, rocket physics, space propulsion, and astrodynamics. Can you do that?

Mr. MAYOCK. Can I provide you with that?

Mr. BABIN. Yes.

Mr. MAYOCK. I'm happy to take a look at that and happy to provide you if we have any information on that.

Mr. BABIN. OK. In 2020, Amazon voluntarily committed to setting a mission target—or reduction targets to having these targets validated by SBTi. However, earlier this summer, SBTi removed Amazon's validation after they failed to meet certain submission deadlines. Amazon accused SBTi of changing their methodologies and requirements for a submission, making it very difficult for them to submit data in a meaningful and accurate way. In other words, as you move—you move the goalposts. How are companies supposed to meet SBTi submission guidelines and methodologies if SBTi can change them seemingly on the fly and without notice?

Mr. MAYOCK. Yes, as I noted, the question for us is are they the leading standard and are they widely accepted? And as I've noted throughout this testimony, information for the record like the Ama-

zon experience is welcome during this proposed—as the information that we’re gaining from this Committee during this proposed rule time period——

Mr. BABIN. How much of a financial burden would an abrupt change by SBTi in methodologies and submission requirements imposed on any U.S. company, not just—obviously, Amazon felt like they had the rug jerked out from under them and then withdrew. How is any U.S. company going to comply with this?

Mr. MAYOCK. Well, there’s, you know, 6,000 companies globally that currently comply with it that represent 1/3 of global market capitalization. And then when it comes to the U.S. supply chain specifically, there’s approximately 100 of our major suppliers that comply with SBTi currently, companies that I mentioned like GM, CVS, Merck, Dell, Abbott Labs. So there’s—in the question in developing the policy and putting it out as a proposed rule was, is it the leading standard when it comes to science-based target? Is it widely accepted?

Mr. BABIN. I would remind, again, our Committee—our Subcommittee here that this is a brand new company, and you have hundreds of people—of companies you say are having to comply with them, and yet they weren’t even in existence until June of last year with no Americans on their board. I would say this puts—as Mr. Posey said, this puts our companies, American companies, at a distinct disadvantage.

One last question. Since SBTi is incorporated outside of the United States, they will essentially operate outside of any oversight or control from either the Administration, Congress, or even the courts. Was this done intentionally?

Mr. MAYOCK. SBTi’s incorporation, you know, is consistent with a number of third-party standards incorporation. The question is the third-party standard leading and widely used?

Mr. BABIN. Was it done intentionally? That’s what—could you point us——

Mr. MAYOCK. And it was——

Mr. BABIN [continuing]. To the constitutional authority that allows you to delegate government functions to a foreign company without——

Mr. MAYOCK. Yes.

Mr. BABIN [continuing]. Congressional approval?

Mr. MAYOCK. I can tell you that the intention, that the focus was on the standard and whether it’s leading and widely accepted by 6,000 companies and 100 of USG suppliers.

Mr. BABIN. I think that’s unsatisfactory as an answer.

Thank you. I yield back.

Chairman OBERNOLTE. The gentleman yields back.

We’ll hear next from the gentleman from Illinois. Mr. Casten, you’re recognized for five minutes.

Mr. CASTEN. Thank you, Mr. Mayock, for being here today and for your patience with us.

You know, full disclosure, I think some of these conversations are sort of silly. It’s no offense to you. Multiple U.S. Administrations have decided that we’re not going to participate in international standard-setting bodies when it comes to climate, and now we’re

complaining that we don't have a leadership role. When you choose to get in the back of the line, that's where you end up.

I want to—I do have a concern I want to raise, but I want to first make sure that—I think you and I have agreement on a number of issues, but I want to just flip through a couple things so we can—none of these are gotcha, but just—I want to be quick to get to the final point. Do you agree that the U.S. Government is exposed to climate risks?

Mr. MAYOCK. Yes.

Mr. CASTEN. Do you agree that the U.S. Government depends substantially on contractors to carry out the work of the government?

Mr. MAYOCK. Yes.

Mr. CASTEN. Are any of those contractors subject—currently subject to voluntary domestic or international carbon disclosure rules?

Mr. MAYOCK. I believe the answer is yes, but I would—

Mr. CASTEN. Yes.

Mr. MAYOCK [continuing]. Need to check on that. If they're doing business globally, yes.

Mr. CASTEN. Yes, I would assume so as well. Are those rules that they are currently complying with consistent with one another?

Mr. MAYOCK. No.

Mr. CASTEN. OK. So far, I'm four for four. I'm hoping I can finish up strong here. Is it in the national interest of the United States for atmospheric CO₂ emissions to rise?

Mr. MAYOCK. No.

Mr. CASTEN. All right. I'm pleased to see that we're on the same page on everything. Now I get to the tricky question. In the rules that you are contemplating applying—and again, I don't really care who the contractor is—do they include scope 3 emissions?

Mr. MAYOCK. For the major contractors, those who supply—those who have annual sales of \$50 million and above, that is one of three major—three party standards, yes.

Mr. CASTEN. And under the standards as you read them, is the United States as a country currently decarbonizing per dollar of GDP (gross domestic product) or carbonizing?

Mr. MAYOCK. Decarbonizing.

Mr. CASTEN. OK. Now I get to one where I disagree with you on. And the reason that I—the reason I raised that is because we have—and I had this conversation with Secretary Granholm in here a few weeks ago. If you ignore scope 3, renewables are kicking coal's butt, electric vehicles (EVs) are kicking IC (internal combustion) engines' butt, efficiency pays, people—given the choice between paying for fuel and not paying for fuel, people like money. I know it surprises some of my colleagues across the aisle sometimes, but having more money in your pocket is a—that polls at 100 percent.

The U.S. oil and gas industry has responded to that, not by providing a competitive product, but by massively ramping up exports. And if we agree that it is in the national interest of the United States to not increase atmospheric CO₂ emissions, and the *Natural Gas Act* says that we should not be approving LNG (liquefied natural gas) terminals unless they are in the national interest, what are we doing, right?

And you can—I think you can only answer that last question that the United States is decarbonizing if you ignore scope 3, right? And this isn't about SBTi. Like who cares? Get somebody who's good. I don't care. Get the best people in the world to work for the best government in the world. Awesome. But we need to be honest about what our goals are. And we need to have—if we don't have—and, look, it is in our narrow self-interest, I suppose, to tell the rest of the world that we're doing a good thing and we're decarbonizing, but if we're saying, you know that dirty, expensive fuel we have that nobody wants? We're going to ship that to the Third World so that you can buy it and burn it and pollute, and then we're going to take credit for being the good guys. That ain't true.

And if we care about getting these rules right, if we care about decarbonizing, we care about the national interest, we need to hold ourselves as a government subject to the same rules that it sounds like we're going to hold our contractors to.

So I appreciate what you're doing. It's a good start. We live in a big glass house, and let's not throw any rocks.

Thank you. I yield back.

Chairman OBERNOLTE. The gentleman yields back.

We'll go next to the gentleman from Montana. Mr. Zinke, you're recognized for five minutes.

Mr. ZINKE. Thank you, Mr. Chairman, and thank you for serving. As a former Secretary, it's not easy. I thank you for the call of duty.

So I see in your job description you are in charge of making sure the Federal Government prepares for and responds to the impacts of climate change, the Federal Government. So you're in charge?

Mr. MAYOCK. That is—I'm one among many with that.

Mr. ZINKE. But the White House sent you. So quick other questions. Are you aware the SBTi is a foreign company? Just yes or no. Are you aware that SBTi is a foreign company?

Mr. MAYOCK. My understanding is they're a foreign nonprofit.

Mr. ZINKE. Foreign company, all right. Are you aware that SBTi only incorporated in June of 2023 in the United Kingdom?

Mr. MAYOCK. Now I am, yes.

Mr. ZINKE. OK. Are you aware that when the proposed rule explicitly mentioned SBTi, that was released in November of 2022, so that was prior to them being a formal corporation? Are you aware of that?

Mr. MAYOCK. I'm aware of that now, yes.

Mr. ZINKE. Are you aware that Anabella Advisors and its various satellite nonprofit organizations directed more than \$200 million to the Democratic Party campaigns and left-leaning causes in 2020? Are you aware of Anabella and their ties to the Democratic Party, \$200 million?

Mr. MAYOCK. Only through the Committee's communications.

Mr. ZINKE. OK. Are you aware that there's a financial interest of We Mean Business, an Arabella advisory group and new venture capital initiative in SBTi? Are you aware of the link between the two?

Mr. MAYOCK. Only where I've read it in the communications from this Committee.

Mr. ZINKE. And when did you—from the communications in this Committee? So you were unaware prior to this? Prior to communications of this Committee, you were unaware of there's—

Mr. MAYOCK. I'm not—

Mr. ZINKE [continuing]. A link between the two?

Mr. MAYOCK. I'm not familiar with this concept.

Mr. ZINKE. OK. Are you aware that, as a foreign entity, SBTi has no legal obligation to respond to or oversight from Congress or, for that matter, the executive branch of the United States Government? Are you aware of that?

Mr. MAYOCK. I'm aware of that now.

Mr. ZINKE. All right. Are you aware that a founder of SBTi Bill Baue said in a letter to this Committee, and I quote, "SBTi structures itself on a double helix of intertwining conflicts of interest?" Were you aware of that statement?

Mr. MAYOCK. I'm not aware of that statement.

Mr. ZINKE. Are you aware of a Rutgers—a Reuters report from yesterday that four major banks, including HSBC, withdrew from SBTi because the entity would not validate them solely on the basis of fossil fuels?

Mr. MAYOCK. I'm not aware of that.

Mr. ZINKE. Are you aware of the Federal Acquisition Regulation in regards to sole-source contracts?

Mr. MAYOCK. I'm broadly aware of that.

Mr. ZINKE. Are you aware that this sole-source contract has irregularities that may cause question?

Mr. MAYOCK. I do not understand this to be a sole-source contract, Congressman.

Mr. ZINKE. Who specifically approved it, do you know, this contract?

Mr. MAYOCK. Well, again, I'm not familiar with any contract as part of this proposed rule.

Mr. ZINKE. In your meetings with him, was it discussed, any financial arrangements, entities? Because you did meet with SBTi.

Mr. MAYOCK. I did have one meeting with SBTi, and we did not have any discussion about finances.

Mr. ZINKE. Mr. Chairman, I yield back.

Chairman OBERNOLTE. The gentleman yields back.

We'll go next to the gentleman from Florida. Mr. Frost, you're recognized for five minutes.

Mr. FROST. Thank you, Mr. Chairman, and thank you so much for being here.

For all people, and especially my generation, the word sustainability really means life-sustaining, and President Biden's Federal Sustainability Plan is going to work to sustain the livability of folks across the country, the world, and especially my home State of Florida, which is rapidly become—being destroyed by the climate crisis.

To date, what have been some of the successes of the Federal Sustainability Plan, especially in the areas of resiliency?

Mr. MAYOCK. I think there's a number of successes that we've had with the Federal Sustainability Plan, inclusive of the area of resiliency, and that those would go to—from a resiliency perspective, I've had the opportunity to testify today about how the U.S.

Government has moved out in force to assess our vulnerability to climate risk, climate risk as we experienced at Tyndall Air Force Base in 2018, and then to address that climate risk head on. And we see the Department of Defense's leadership, for example, as a real success. And they're rebuilding a more durable Tyndall Air Force base for our security, and their leadership in creating tools such as the DCAT (DOD Climate Assessment Tool) tool for climate assessment vulnerability that is not only used by DOD now, but is used by other Federal agencies to make sure that we're in as resilient posture as possible. I think there's a number of other accomplishments of the Federal Sustainability Plan that I'm happy to go into, Congressman, but I also want to be conscious of your time.

Mr. FROST. Yes. No, no, I appreciate it. I mean, what are some potential obstacles to the implementation of the plan, and what can Congress do to help the Administration?

Mr. MAYOCK. Well, one, I'd like to thank Congress—what Congress has done to help the plan, and through President Biden's leadership and Congress's leadership through the *Bipartisan Infrastructure Law*, through the *Inflation Reduction Act*, through the *CHIPS Act*, that's given a real boost to the country as a whole and to the Federal Sustainability Plan specifically. And so when it comes to creating a more efficient and sustainable government powering our buildings and vehicles on clean energy, utilizing vehicles that are zero emission vehicles, creating greater energy efficiency in our buildings, continued support from Congress is always helpful. And we appreciate the relationship we have with Congress and the ability for Congress to support us.

Mr. FROST. The plan also commits the Federal Government to net zero by 2050. Can you speak a little bit about the outstanding challenges for the Federal Government in meeting this commitment?

Mr. MAYOCK. I think from the outstanding challenges perspective is that, you know, one of the challenges that we are, you know, currently working through successfully, the supply chain challenges as the United States and the globe makes this historic transition, a transition that we've seen include, you know, over \$150 billion of investment from the private sector since the passage of the *Inflation Reduction Act* and over 200,000 new clean energy jobs, another million clean energy jobs on their way in the next decade.

And so as that—as the economy makes that transition to input the charging infrastructure, as Ford and GM move to create the vehicles that they're creating for us to be using, we're ready recipients for those vehicles, and we're ready to, as I've stated in my testimony, make sure that the U.S. Government does what it does best and lead by example when it comes to sustainability.

Mr. FROST. In the proposed rule, the new regulations would apply to just over 1 percent of Federal contractors. Folks that take on the largest multimillion dollar contracts have the potential to be large greenhouse gas emitters. Why is it important to create new targets and disclosures for the largest Federal contractors around greenhouse gas emissions?

Mr. MAYOCK. What's really critical, as I've shared in my testimony today, is the U.S. Government is as vulnerable to climate change and the clear and present danger and the clear and present

impacts of climate change as the rest of the United States. And we've seen that in examples I've laid out today in the Department of Defense installations, but throughout the civilian side of the government as well.

And so making sure that our government does what other leading companies have chosen to do by addressing climate risk head on, companies like PWC, like Verizon, like Johnson & Johnson, like Cisco by signing on to these third-party standards, we're putting ourselves in a place where our supply chain is going to be as resilient as possible. When those next disasters come along, we're going to be in a much ready position to handle those and to bounce back from those.

Mr. FROST. Yes, thank you so much for your time. And, you know, as it relates to the climate crisis, the cost of not doing anything is far greater than the cost of taking action now.

I appreciate it, and I yield back.

Chairman OBERNOLTE. The gentleman yields back.

We'll hear next from the gentleman from Georgia. Mr. Collins, you're recognized for five minutes.

Mr. COLLINS. Thank you, Mr. Chairman.

You know, before I really get started, I want to make a comment. My colleague said over there on the other side that since we didn't get on board, that we deserve to be in the back of the line. I'm going to tell you something. This is United States of America. We are the best country in the world, period. We don't have to get in any line. We are the line.

Now, what I want to talk to you about is SBTi and the fact that they're a third party or whatever foreign corporation with no American input, been in business for a little bit over a year, and you say all these people that have joined up on their own recognizance, whatever. You got four big banks that have quit using SBTi's validation services after SBTi said it will not validate any bank that finances new fossil fuel projects. What are the government contractors supposed to do when SBTi makes a similar requirement change, but your rule mandates contractors go through SBTi in order to do business with the government?

Mr. MAYOCK. Well, as I noted, there's 6,000 companies that have signed up to SBTi and 100 U.S.—current U.S. major suppliers—

Mr. COLLINS. Well, I'm asking what are they supposed to do? I know you keep rattling that over and over, but they just can't quit like those banks. So what are they supposed to do?

Mr. MAYOCK. Well, our expectation is that if the currently proposed rule becomes a final rule, that companies are going to sign on to SBTi.

Mr. COLLINS. OK. So we have a situation here where SBTi is telling the banks who they can lend money to. So once your rule is finalized, SBTi will be telling all U.S. contractors what they can and can't do. So I'm going to use a real-life example here because I'm a trucker, and truckers are the backbone of our country. And our government uses their services for both logistics, both domestically and abroad. So what if SBTi decides tomorrow that all trucking companies must switch to EV or else they can't be validated? Do you think that a private foreign-based company should wield that kind of power over the U.S. economy?

Mr. MAYOCK. The only requirement in the proposed rule is that U.S. companies provide information to SBTi.

Mr. COLLINS. If you're going to—if this rule gets finalized, SBTi will be telling all U.S. contractors what they can and can't do, agree?

Mr. MAYOCK. That is not my understanding of the proposed rule—it's that the contractors need to supply information—

Mr. COLLINS. Then why do you need the rule then?

Mr. MAYOCK [continuing]. To—because it's a common use of third-party standards to—

Mr. COLLINS. No, if that's the case, people can voluntarily do whatever they want to. You're saying if the rule is finalized, that tells me that SBTi is going to be telling these contractors what they can and can't do, correct? Correct.

Mr. MAYOCK. That's not my understanding of the proposed rule, with all due respect.

Mr. COLLINS. Well, then y'all—I think you need to get an understanding what y'all are trying to do over there.

Mr. MAYOCK. Well, I'm trying to provide that understanding today, Congressman.

Mr. COLLINS. You are not doing too good of a job at it.

Let me ask you this, then. Director Mallory has been invited to testify before Congress numerous times, yet she's only shown up once. Why does Director Mallory refuse to attend congressional hearings?

Mr. MAYOCK. I know that Director Mallory has testified before Congress on numerous occasions, so—

Mr. COLLINS. I can attest she's only been to one.

Mr. MAYOCK. I think I share a different understanding about her—

Mr. COLLINS. Not during this—

Mr. MAYOCK [continuing]. Testimony before Congress.

Mr. COLLINS [continuing]. Congress. I'm a freshman here, so—

Mr. MAYOCK. OK.

Mr. COLLINS [continuing]. You know, during my tenure here—

Mr. MAYOCK. OK.

Mr. COLLINS [continuing]. The four times she's been invited, she showed up once. Do you believe the executive branch officials have an obligation to appear before Congress and answer our questions?

Mr. MAYOCK. I do. I'm here today.

Mr. COLLINS. Do you believe that Director Mallory should be here to justify the actions of this rogue agency to the American people?

Mr. MAYOCK. I think it's important for representatives to show up, and I think that that's a priority for the Administration as a whole.

Mr. COLLINS. Thank you. I yield back, Mr. Chairman. I have no more questions.

Chairman OBERNOLTE. The gentleman yields back. We'll hear next from my colleague from California. Mr. Issa, you're recognized for five minutes.

Mr. ISSA. Thank you, Mr. Chairman.

Sir, I waved on today because I'm trying to understand some very basic things about the United States, its current role and its

future role. Would you agree that the United States historically has been the premier standard-setting country of the world, whether it's the underwriters' laboratory for safety or the myriad of standards that we all deal with, including safety in aviation? You name the area, we have been the standard setters, haven't we?

Mr. MAYOCK. I don't know if my expertise extends that far, but in my—within my expertise, yes. In sustainability, the land of sustainability and the sector of that, a good example is like the U.S. Green Building Council is another—is one example that's set the international standards, sir.

Mr. ISSA. So along that line, it is fair to say—I'll save you having to answer it and just say it, it's fair to say that we're the most entrepreneurial major country on the planet. We have more startups, more unicorns. We have more unicorns in my State of California than all the countries of Europe combined. So why is it that there's—that by the commonsense rule of contracting, that a non-existent company in Britain was chosen to oversee and develop the ongoing standard, which they had to do from scratch by definition, while claiming that a startup here and/or human beings here or who could come here would be insufficient?

In other words, if you had to choose to make—to authorize somebody to become a startup in Britain or someone become a startup in the United States for the same purpose, how could you base choosing in any way, shape, or form a country—an entity outside the United States? Many of my colleagues have been concerned about the fact it's outside the United States. I'll leave that aside for a moment and say, aren't we the best place to choose for a startup organization to set standards?

Mr. MAYOCK. I think our essential question in the review, sir, was what is—what entity is providing the leading standard that's most widely accepted?

Mr. ISSA. What if this entity didn't exist? This entity was started after the decision was made in 2022 and then 2023. So we're talking about a startup.

Mr. MAYOCK. It has been stated today that the entity was incorporated later, but the entity SBTi, this initiative that it is, has been in force for a number of years and prior to—

Mr. ISSA. OK. But let's go through—

Mr. MAYOCK [continuing]. The Biden Administration—

Mr. ISSA. OK—

Mr. MAYOCK [continuing]. Being in office.

Mr. ISSA. What talent, expertise, trade secrets exist at SBTi that cannot be duplicated inside the United States?

Mr. MAYOCK. Oh, I think that the United States has plenty of capability to create a new—to create a standard-setting body like SBTi to be able to perform that function, and the U.S. Government has standards inside its contracting that some are U.S.-based and some are internationally based.

Mr. ISSA. But again, I'm frustrated. The *CHIPS Act* exists to try to onshore and bring home a technology that we were the creators of, and we outsourced it. Over time, it left. We are all—fair disclosure, I'm the former Chairman of the Consumer Electronics Association, was on the executive committee of EIA (Electronic Industries Alliance), and we were a standard-setting organization, still

are. And just like IEEE (Institute of Electrical and Electronics Engineers) or any of the other—SAE and so on, I'm familiar with how the private sector has successfully been involved in standard setting. As a matter of fact, over at Judiciary, we spend a lot of time trying to preserve that ability to create standards, and then Congress, or government in general—Federal, State and local—refer to those when it's legislating.

So I'll go back, final time, with some frustration. The Chairman of this Committee has called and sent a request for information and not gotten it, including the deliberative decision that you're claiming was made. There wasn't a competitive bid process. There was not a broad outreach for who would like to do it.

So I'll close with this, and it's a question but it's open-ended, and I would hope you could answer it. Wasn't there anyone who could have done it in the United States? And since you didn't look, aren't you responsible for making a decision to outsource outside America something that, in fact, over time is an important asset for America to have, and by overseeing it, gift it to the world?

Mr. MAYOCK. I think, Congressman, you're, likely through your experience in electronics, familiar with the Global Electronics Council, and I would note that the—in the proposed rule, the SBTi is a similar situation. The question is what's the leading standard currently, and is it widely accepted? And some of those standards for which U.S. companies abide by are international, and some of them are United States-based. And when we looked—and we did look in the United States for a leading standard when it comes to science-based targets, and we didn't find any. So that was really the focal point of our—of the policy development question.

Mr. ISSA. Well, Mr. Chairman, thank you for your indulgence. I will say that nothing you're saying here today really makes sense when America's leadership in electronics, in lots of areas, is generally stifled when Europe is involved in setting standards that often give them competitive advantage. The history of that is constant. It's one of the reasons that we serve on global standards organizations, but each coming with their own standards. Even Japan has its own Society of Automotive Engineers for a reason, and that is that the domestic issues in development are important. And usually, the United States leads the world after we do our own standard setting, our own oversight. We certainly do in electronics safety. We certainly have in a lot of other areas. And for a country that has led in reducing energy consumption and its carbon footprint, I find it unacceptable that you were unable to at least offer somebody the opportunity to bid.

Thank you, Mr. Chairman. I yield back.

Chairman OBERNOLTE. The gentleman yields back.

We'll hear next from the gentlewoman from New York. Ms. Tenney, you're recognized for five minutes.

Ms. TENNEY. Thank you, Mr. Chairman and Ranking Member.

And, as in our last hearing on this matter, I ask unanimous consent to insert the Science Based Targets initiative's articles of incorporation, a document from We Mean Business stating that they are a project of the New Venture Fund, and the "Who We Are" page from the New Venture Fund, which states that they're managed by Arabella Advisors into the record.

Chairman OBERNOLTE. Without objection.

Ms. TENNEY. So, Mr. Mayock, I want to jump right in. We've had a lot of issues here today, and thank you for being here. I know it's not always an easy position to be in. But I know my colleagues have been focusing on so much of how do we get to this company being the only option and trying to get an answer out of you as to how this company is the only option, foreign-based, foreign board of directors, as it says in the documents that we've submitted for the record.

You talked about—and in your testimony just a little while ago, that President Biden's focus and your focus is on the security of the American people, yet we have a foreign company able to get the information from American companies contracting, and that this is—this regulation puts legal issues, national security issues at risk with a foreign entity, not to mention the controversial nature of this foreign entity's umbrella organization that is a Democratic dark money operation that raises, you know, hundreds of millions, billions of dollars over the years to donate to Democratic donors. And yet this is the only option that these American companies have.

And so I'm just—I know some of my colleagues on the other side, particularly Mr. Casten said, I don't care who the contractor is, and I don't care who the entity is. But I think that, you know, some of my colleagues raised a really good point. If this were a Republican Administration and we had a dark money Republican operation putting up as the sole source of determining the emissions for these American companies, was a foreign company controlled by the Republicans and donates to Republican umbrella organizations and all kinds of entities, I think he would be concerned about that.

And I think from a—the American people's perspective, don't you think as—just as an American citizen, not someone who is, you know, involved in—maybe a Member of Congress or in serving in your role would be concerned that we would have something so politically charged like Arabella Advisors create an entity—or so it appears—after this rule was created because we were looking for something to create so we could find an entity? Don't you think that would be suspicious to any American regardless of their political persuasion?

Mr. MAYOCK. I can just assure you, Congresswoman, that our focus is—was on what is the leading standard in the marketplace, and is it widely accepted?

Ms. TENNEY. But—right, but reclaiming my time. What—you've said that, but we're talking about giving the ability to shut down an American company's opportunity to get a contract based on political views. Wouldn't that be the case here if your—if this is the only option? Wouldn't we want a choice? Wouldn't we want other companies to be able to be part of this mix to make these standards, and especially companies that maybe existed prior to the creation of this rule who are already engaged in this business instead of one that was created by a dark money, you know, Arabella Advisors-type group created just for this purpose? So it looks very suspicious. It doesn't look like an open-ended process.

And so one of the things that you've stated, and I want to just clarify this, is—and it hasn't been accurately set forth, and I just

want you to clarify it. The Carbon Disclosure Project is where companies actually make their emissions public. Is that correct?

Mr. MAYOCK. Yes.

Ms. TENNEY. So SBTi, the company in question here, the sole contractor that we all are subject to, a foreign entity created by dark money Democratic donor super PAC, sets the standards for the emissions reduction and validates that reduction. Failure to get this validation from this company that's under the umbrella of a dark money Democratic super PAC makes the company non-responsible and unable to contract with the government unless it gains a waiver from the contractor. Is that true?

Mr. MAYOCK. That's—

Ms. TENNEY. That's what the rule states. So—

Mr. MAYOCK. Yes, I—

Ms. TENNEY [continuing]. Is that OK?

Mr. MAYOCK [continuing]. Think we have a different understanding of the rule, and so I'm happy to share—

Ms. TENNEY. But the rule is a mandate—

Mr. MAYOCK [continuing]. My understanding of the rule.

Ms. TENNEY [continuing]. Though. It says—

Mr. MAYOCK. So—

Ms. TENNEY [continuing]. It has to go through SBTi.

Mr. MAYOCK. You have to disclose a—

Ms. TENNEY. Well, disclosure is the—

Mr. MAYOCK [continuing]. Science-based target—

Ms. TENNEY [continuing]. Carbon Disclosure Project.

Mr. MAYOCK. Right.

Ms. TENNEY. SBTi—

Mr. MAYOCK. Yes.

Ms. TENNEY [continuing]. Is the company that gets to decide if you get to have this contract or not. And you have to get a waiver, or you don't get it. So you have to go through a Democratic dark money super PAC subdivision in order to get your contract approved. And as—I think it was Mr. Issa or Mr. Zinke asked you—you said you weren't aware of it—but as shown by a former board member of SBTi, that these—some of these contracts are awarded on a partisan basis. If you're a donor, a Democrat donor, then you're going to get that contract. Don't you think that's unfair?

Mr. MAYOCK. I think, again, our process of focusing on the—of what's the leading standard and what's widely accepted—

Ms. TENNEY. You're talking about standards. I'm talking about what's—

Mr. MAYOCK [continuing]. By 6,000 companies—

Ms. TENNEY [continuing]. In place. This is a mandate, is it not?

Mr. MAYOCK. This is a requirement—

Ms. TENNEY. So requirement—

Mr. MAYOCK [continuing]. In order to—

Ms. TENNEY. Is a requirement a mandate, do you think?

Mr. MAYOCK. It's a requirement—

Ms. TENNEY. This is—

Mr. MAYOCK [continuing]. In order to contract—

Ms. TENNEY. This is semantics, but—

Mr. MAYOCK [continuing]. With the U.S. Government.

Ms. TENNEY [continuing]. Requirement means mandate, right? So we have to use SBTi. Is that correct?

Mr. MAYOCK. If the proposed rule moves to final, and then SBTi is—

Ms. TENNEY. Right.

Mr. MAYOCK [continuing]. Yes.

Ms. TENNEY. So it is a mandate, requirement, to use a sole entity that was created after the formation of the rule by a Democratic dark money entity that is—has a preference for Democratic companies that donate? Isn't that exactly what—

Chairman OBERNOLTE. The gentlewoman's time has expired.

Ms. TENNEY. Isn't that exactly what everyone in America hates? I mean—

Chairman OBERNOLTE. You could submit that for the record to Mr. Mayock.

Ms. TENNEY. Thank you, Mr. Chairman. I yield back. And thank you for your testimony today.

Mr. MAYOCK. Thank you, Congresswoman.

Chairman OBERNOLTE. That concludes our questioning. I'd like to thank all of the Members of the Subcommittees for their questions.

Mr. Mayock, I'd also like to thank you very much for being here and for your testimony. But two points I'd like to make briefly as we close here. The first is that we here in Congress have a constitutional obligation to perform oversight. That oversight role does not have to be adversarial, but making it non-adversarial requires transparency and responsiveness. So I'm looking forward to receiving the results of our inquiry back in March within, as you say, days, not weeks, hopefully.

The second point is that there is a big difference between adopting a third-party standard and requiring U.S. companies to contract with a third party to validate and enforce that standard. You have said several times today that the rule that we're talking about is not a final rule, and so I am in hopes that you will take our concerns about the selection of SBTi and the role that that company would play in this process back to your agency and the Administration and seriously consider it as this rule is finalized.

The record will remain open for 10 additional days for comments and written questions from Members.

And with that, this Committee meeting is adjourned.

[Whereupon, at 3:33 p.m., the Subcommittees were adjourned.]

Appendix I

ANSWERS TO POST-HEARING QUESTIONS

ANSWERS TO POST-HEARING QUESTIONS

Responses by Mr. Andrew Mayock

Questions submitted by Representative Jay Obernolte, Committee on Science, Space, and Technology

1. On May 20, 2021, President Biden signed an executive order titled “Climate-Related Financial Risk” which was the basis for the proposed rule we discussed at the hearing.
 - a. Did you, or your office, advise the President on this executive order?
 - b. How did CEQ determine a third-party standard was preferable over existing government regulatory agencies? What did CEQ find was the benefit of this method and who made this decision?

The Office of the Federal Chief Sustainability Officer (OCSO), within the Council on Environmental Quality (CEQ), leads sustainability across Federal operations and works to ensure that the Federal Government leads by example in the ways that it buys, builds, and operates. OCSO advises the President and Federal agencies on sustainability issues, including on the implementation of Executive Order (EO) 14030 of May 20, 2021 (*Climate-Related Financial Risk*), EO 14057 of December 8, 2021 (*Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*), and the accompanying Federal Sustainability Plan.

OCSO was one of a number of Federal agencies and offices that advised the President in the development of EO 14030.

EO 14030 directed the Federal Acquisition Regulatory Council (the FAR Council), in consultation with CEQ and the heads of other agencies as appropriate, to consider amending the Federal Acquisition Regulation (the FAR) to require major Federal suppliers to publicly disclose greenhouse gas emissions and climate-related financial risk and to set science-based reduction targets.

On December 8, 2021, the Office of Management and Budget (OMB), the Climate Policy Office (CPO), and CEQ released Memorandum M-22-06, on “Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability” (Memorandum M-22-06). M-22-06 directed agencies to take various actions to implement the policies and goals of EO 14030. Among other things, M-22-06 advised the FAR Council on the development of amendments to the FAR to promote contractors’ attention to carbon emissions reduction and Federal sustainability. Following the publication of M-22-06 and consistent with the direction of EO 14030, CEQ continued to consult with the FAR Council to provide expertise on Federal sustainability to support the development of the Proposed Rule throughout its development.

The United States has procurement contracts with businesses in a wide variety of industries. With respect to the Proposed Rule, M-22-06 recommended the FAR Council leverage third-party standards and systems that are already widely accepted by major companies across industries; *i.e.*, protocols and platforms that Federal contractors are already using to publicly disclose annual climate data to interested parties outside the Federal Government.

Using third party standards is a common and effective governmental and commercial practice. It aligns with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119, which directs Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives. Reliance on third-party standards can promote efficient government operations by avoiding the effort and expense of developing new, government standards; moreover, it can reduce compliance costs by avoiding the need for the private sector to adapt to a new set of standards.

Third-party standards play an important role in the U.S. Government’s existing procurement practices. For example, the Government and federal suppliers use the Electronic Product

Environmental Assessment Tool (EPEAT), an internationally recognized third-party ecolabel standard, when purchasing and disposing of electronics. The Environmental Protection Agency (EPA) estimates that in 2021 alone, the Federal Government saved taxpayers around \$2 billion in current and future energy costs by purchasing EPEAT-registered electronics. Further, these EPEAT-registered purchases reduced the Government supply chain's carbon emissions by an amount equivalent to the annual carbon emissions of four million households.

As of 2022, more than half of major Federal contractors were already disclosing climate-related information. In particular, numerous Federal contractors were among the 18,700 companies globally—collectively worth more than half of global market capitalization and including 1,800 small and medium-sized enterprises—that voluntarily disclosed emissions and climate risk through CDP, the leading disclosure system for this data.

The Proposed Rule described the benefits of standardization as follows:

“By aligning with global standards such as the TCFD recommendations and SBTi target-setting methodologies, as well as the leading centralized data platform CDP (which implements and is aligned with TCFD), this rule will reinforce existing industry trends toward standardization around these systems, which are already used by large numbers of U.S. companies because they are required in order to meet the demands of other entities, such as non-Federal customers and investors. . . .

“The standards and systems required by this rule will thus allow affected companies to develop disclosures that efficiently meet multiple requirements for Federal procurement (this rule), access to capital markets (investors’ needs), and other existing market requirements (such as ratings and rankings systems). . . .

“Much of this standardization to date has occurred outside of the Federal Government, led by NGOs, investors, companies and ratings and rankings platforms as well as cities, states, and other national governments.”

In short, the Proposed Rule, if finalized, would reinforce the preexisting trend towards industry-wide standardization by aligning the requirements of Federal procurement policy with those of capital markets, investors, and other key stakeholders, such as ratings and rankings organizations.

In recognition of the complexity of applying standards across the wide range of Federal procurements, the FAR Council specifically solicited input from the public on the use of third-party standards, as well as potential alternatives, in the Proposed Rule.

2. **According to estimates submitted by the U.S. Chamber of Commerce, this proposed regulation will cost U.S. businesses over \$1 billion dollars in the first year alone. How are companies supposed to deal with this added cost?**

- a. **Do you expect that there will be a significant increase in costs to the American taxpayer if this were to go through?**

The Proposed Rule is focused on saving American taxpayers’ money by reducing costs from climate-related supply chain risks. As the world’s single largest buyer of goods and services—purchasing over \$630 billion in Fiscal Year 2022 alone—the Federal Government faces significant financial risks from climate change. In 2023, there were 28 confirmed weather and climate disaster events affecting

the United States with losses exceeding \$1 billion each and \$92 billion in the aggregate. This is a fraction of the cost of disasters generally, much less climate change overall.

In conjunction with the Proposed Rule, the FAR Council published a regulatory impact analysis (RIA) that projected that compliance with the Proposed Rule, if finalized, would cost \$462 million per year at a 3% discount rate. Not every contractor, however, would bear the same cost. The Proposed Rule would impose no requirements on businesses with less than \$7.5 million in annual Federal contracts, and only a limited set of requirements on small businesses and on businesses with \$50 million or less in annual contracts. Furthermore, many large contractors already report climate data and set emissions reductions targets, and therefore already incur a portion of those costs.

Therefore, the RIA projected that a small business holding between \$7.5 million and \$50 million in Federal contracts would incur \$30,947 in compliance costs during the first year, and \$18,707 annually thereafter. A major Federal contractor that is not a small business, that holds over \$50 million in Federal contracts, and that does not already report climate data, would incur \$508,394 in compliance costs during the first year, and \$414,792 annually thereafter.

The RIA presents evidence that tracking climate data may also convey a benefit to the contractors themselves, because it can spur cost-saving improvements to efficiency and risk management. Both the contractors and taxpayers would benefit from these improvements.

3. How did CEQ come to the conclusion that SBTi would be able to handle the significant influx of work from every government contractor?

- a. **Could you provide the Committee with the report(s) or memos that helped support this conclusion?**
- b. **What reassurances did SBTi provide that led CEQ to conclude that they were capable of taking on this significant workload?**

Under the Proposed Rule, only contractors that receive more than \$50 million under government contracts annually and that are not small businesses would be required to report their climate-related financial risks and set science-based targets. The RIA indicates that this would amount to approximately 1,000 businesses, or less than 1% of all Federal contractors. Furthermore, a considerable number of these contractors already set science-based targets with SBTi. Therefore, the Proposed Rule would result in only a modest increase in SBTi's user base, which already exceeds 6,000 companies globally.

For additional context, please see these attached documents:

- M-22-06, on "Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability" (Dec. 8, 2021)
- *Federal Acquisition Regulation: Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk*, 87 Fed. Reg. 68312 (Nov. 14, 2022)
- FAR Case 2021-015: Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk Regulatory Impact Analysis (Nov. 15, 2022)
- Fact Sheet: Biden-Harris Administration Proposes Plan to Protect Federal Supply Chain from Climate-Related Risks (Nov. 10, 2022)

4. Did you ever speak with anyone in the government contracting industry regarding this rule?

CEQ engaged a broad set of stakeholders, including companies in the government contracting industry, the standards industries, and other experts, regarding the Proposed Rule. As part of this process, CEQ participated in over 60 meetings with external parties, including businesses, nonprofits, and industry organizations in the aerospace, defense, engineering, information technology, professional services, and transportation sectors, among others.

In addition, CEQ reviewed the comments that members of the public, including representatives of the government contracting industry, submitted to the FAR Council in response to the Proposed Rule to inform CEQ's continuing consultation with the FAR Council as directed in EO 14030. During the public comment period, which ended on February 13, 2023, over 38,000 members of the public submitted their views. The public comments are available at <https://www.regulations.gov/docket/FAR-2021-0015>.

- 5. During a previous hearing on this proposed rule, the Committee heard from leading industry stakeholders including Mr. Eric Fanning, President of the Aerospace Industries Association and former Secretary of the Army under the Obama Administration. Mr. Fanning expressed concerns that "disclosing emission information that would be published on public databases, as called for in the proposed rule, could very well telegraph sensitive information to foreign surveillance agencies".**
- a. Why does this proposed rule require that companies publicly disclose greenhouse gas emissions when the same goals could be accomplished by disclosing emissions privately to the government?**
 - b. Does the President's national security council share Mr. Fanning's concerns that disclosing greenhouse gas emissions information could telegraph sensitive information to foreign surveillance? If not, why not?**

The Proposed Rule explains its transparency requirements as follows:

"While disclosure alone does not reduce emissions and climate risk, the expectation of increased public transparency and accountability may prompt suppliers to take action following a 'what gets measured gets managed' mantra, and thus increase the resilience of the Federal supply chain. . . .

"Without knowledge of existing 'hot spots' (emissions-intensive sectors and activities) and cost-effective emissions reduction opportunities, it may be difficult for Federal agencies and contractors to understand where to start in seeking to reduce emissions, how to prioritize emissions reduction programs and activities, and how much to invest in each. Public disclosure provides transparency into the historical costs and impacts of organizational strategies and activities, the current management strategies of peer and partner organizations, and their future-focused targets. Disclosure of climate risks and management strategies enables benchmarking and collaborative opportunities (1) between Federal contractors and (2) between contractors and the Government, thereby increasing economy of efforts. Public disclosures thus benefit collective accountability for the shared challenge of addressing climate change throughout the global economy and enable transparent tracking of progress over time.

"Furthermore, for companies with significant Scope 3 emissions, supply chain engagement can be an opportunity for further efficiency, collaboration and innovation. In 2021, of the 13,000 companies reporting through CDP, 71 percent of companies reported their Scope 1 and 2

emissions, while only 20 percent reported emissions associated with products and goods they purchase (Scope 3). However, Scope 3 emissions for a company are, on average, over 11 times higher than operational emissions. Companies can calculate Scope 3 emissions using a hybrid approach of disclosed and modeled data that improves over time as data quality and supplier engagement improve. Only 38 percent of companies who disclose through CDP currently report that they engage their own suppliers on sustainability, however those who do engage suppliers realize significant cost and emissions savings; companies engaging their suppliers through CDP resulted in a reduction of 231 million tons of CO₂e in 2021. Supplier engagement represents an opportunity for many companies to drive additional benefits for the Federal government and national economy by encouraging contractors to work with their suppliers, contractors, and other entities in their supply chains to identify cost-effective ways to reduce emissions. Through this rule, the Federal Government will communicate to its prospective contractors and their supply chains that transparent disclosure and management of supply chain GHG emissions and climate risk can be a matter of social license to operate and contractual access to important customers, thus multiplying the potential for reducing energy costs and associated emissions.”

Under the Proposed Rule if finalized, if a company were unable to publicly disclose its emissions data or emissions reduction targets, the Government would retain its full authority to contract with that company.

Per the Proposed Rule’s amendments to FAR section 9.104–3, the contracting officer would not presume an entity whose “noncompliance resulted from circumstances properly beyond the prospective contractor’s control” to be “nonresponsible,” within the meaning of the FAR (effectively, would not treat the entity as failing to comply with the Proposed Rule). Additionally, the Proposed Rule provides three specific categories of waivers in the proposed rule’s text where an agency Senior Procurement Executive can waive the requirements.

6. **During your testimony you said that “there was extensive stakeholder outreach to find what is the leading and most widely used standard when it comes to science based targets...”. Please list all the stakeholders that CEQ spoke with to identify SBTi. Were stakeholders with clear conflicts of interest, such as a financial stake in SBTi, excluded from consideration?**

CEQ participated in over 60 meetings with external parties, including businesses, nonprofits, and industry organizations in the aerospace, defense, engineering, information technology, professional services, and transportation sectors, among others.

SBTi is registered as a charity (No. 1205768) with the Charity Commission for England and Wales, which is the organization that regulates charities in England and Wales. Accordingly, to CEQ’s knowledge, no organization holds a financial stake in SBTi.

7. **Several times during your testimony, you cited that SBTi was a non-profit organization. However, according to their incorporation documents in the UK they are listed as a “private company limited by guarantee”. Could you clarify, is SBTi a non-profit company as defined by both U.K. and U.S. law?**

SBTi is registered as a charity (No. 1205768) with the Charity Commission for England and Wales, which is the organization that regulates charities in England and Wales. SBTi is not incorporated in the United States.

8. **During your testimony, you told Ranking Member Foushee, that CEQ did not “select SBTi” for inclusion in the proposed rule. Did CEQ recommend, advise, or suggest that the FAR Council**

select SBTi for inclusion in the proposed rule? If so, how does this align with the memo referenced in your testimony?

As I stated in my testimony, CEQ, OMB, and CPO issued Memorandum M-22-06, which recommended that the FAR Council leverage existing third-party standards and systems, including the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations, CDP reporting system, and SBTi criteria, or their equivalents, in developing the Proposed Rule. The FAR Council included the standards named in M-22-06 in the Proposed Rule and specifically solicited input from the public on those standards as well as potential alternatives.

Following the publication of M-22-06 and consistent with the direction of EO 14030, CEQ continued to consult with the FAR Council to provide expertise on Federal sustainability to support the development of the Proposed Rule throughout its development.

9. **During your testimony, you stated that “the only thing that goes to the third-party standards is information - it’s about information disclosure and sharing with the third-party standards governance organization”. This statement is patently false, and you repeated it multiple times during the hearing. The proposed regulation requires that major contractors set science-based emission reduction targets and have those targets validated by SBTi. Therefore, companies must both disclose information and await SBTi’s decision on validation. Were you unaware of this in the proposed rule?**

The statement in question was intended to clarify that, while SBTi and other third-party standards-setting organizations would receive information from contractors under the Proposed Rule, the proposed rule would not delegate the government’s authority to award contracts and supervise contractor performance.

The statement’s context clarifies this point:

“Mr. Mayock: . . . I would like to pick up on your comment regarding authorities and the suggestion that there’s some delegation of authority through the proposed rule. And I just want to make crystal clear for the record, there is no delegation of authority. The U.S. Government, the contracting agency, the contracting officer have full authority that they had before the rule and that they would have after the rule if the rule was finalized. . . . It is a proposed rule, and the only thing that goes to the third-party standards is information. It’s about information disclosure and sharing with the third-party standards governance organizations.”

Under the Proposed Rule if finalized, major Federal suppliers (*i.e.*, Federal contractors that receive contracts worth more than \$50 million annually), other than small businesses, would be required to publicly disclose emissions in Scope 1, Scope 2, and relevant categories of Scope 3; disclose climate-related financial risks; and set science-based emissions reduction targets. The Proposed Rule estimates that only approximately 1,000 contractors, or less than 1% of all Federal contractors, would qualify as major Federal suppliers subject to these requirements.

The Proposed Rule, if finalized, also would provide various exceptions to the requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year. Furthermore, the Proposed Rule would authorize agencies to waive its requirements for emergencies, national security, or other mission-essential purposes, or to enable a contractor to come into compliance with the Proposed Rule. Entities with an exception or waiver would not need to comply with the requirements, including the requirement to develop science-based targets and have them validated by SBTi. Therefore, requiring contractors to obtain validated science-based targets, subject to exceptions and waiver, would not

delegate the Government's contracting authority; rather, this requirement would help inform the Government's exercise of that authority.

10. On multiple occasions in the hearing, you stated that this rule is intended to "improve federal supply chain resilience to increasing climate risks." How does limiting the government to only specific SBTi approved contractors make the supply chain more resilient?

a. What did you mean by resilient? What does supply chain resiliency mean to you?

M-22-06 recommended that the FAR Council incorporate TCFD, CDP, and SBTi or their equivalents in the Proposed Rule. These are the leading standards and the ones used most widely across industries, with a proven track record of working with companies that seek to manage their climate risks and disclose and reduce their greenhouse gas emissions.

Under the Proposed Rule, however, only contractors that receive more than \$50 million under government contracts annually and that are not small businesses would be required to report their climate-related financial risks and set science-based targets. Thus, these requirements would apply to only approximately 1,000 contractors, or less than 1% of all Federal contractors.

The Proposed Rule, if finalized, also would provide various exceptions to the requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year. Furthermore, the Proposed Rule would authorize agencies to waive its requirements for emergencies, national security, or other mission-essential purposes, or to enable a contractor to come into compliance with the Proposed Rule. Entities with an exception or waiver would not need to comply with the requirements, including the requirement to develop science-based targets and have them validated by SBTi. Therefore, requiring contractors to obtain validated science-based targets, subject to exceptions and waiver, would not delegate the Government's contracting authority; rather, this requirement would help inform the Government's exercise of that authority.

In short, the Government could continue to work with contractors other than contractors with SBTi-validated emissions reduction targets if the Proposed Rule were finalized.

On the subject of resilience, the Proposed Rule explains,

"Requiring significant and major contractors to publicly disclose their GHG emissions and requiring major contractors to publicly disclose their climate-related financial risk and set science-based reduction targets will give visibility to major annual sources of GHG emissions and climate risks throughout the Federal supply chain and could, in turn, provide insights into the entire U.S. economy. While disclosure alone does not reduce emissions and climate risk, the expectation of increased public transparency and accountability may prompt suppliers to take action following a 'what gets measured gets managed' mantra, and thus increase the resilience of the Federal supply chain."

Extreme weather continues to upend the U.S. economy by disrupting international and domestic supply chains with delays and shortages, and American families are paying the cost. Climate change poses a systemic risk to our economy and our financial system, and we must take decisive action to mitigate its impact. The Proposed Rule is focused on ensuring the U.S. Government's supply chain remains resilient for the American people and reducing costs from climate-related supply chain risks. As the world's single largest buyer of goods and services—purchasing over \$630 billion in Fiscal Year 2022 alone—the Federal Government faces significant financial risks from climate change.

Supply chain disruptions over the past three years have impacted every sector, including the Federal Government and its critical contractors and subcontractors. In 2023, there were 28 confirmed weather and climate disaster events in the United States that produced losses exceeding \$1 billion each, including one drought event, four flooding events, nineteen severe storm events, two tropical cyclone events, one wildfire event, and one winter storm event. Overall, these events resulted in the deaths of 492 people and imposed significant economic burdens on the areas they affected.

The Proposed Rule, if finalized, would strengthen the resilience of vulnerable Federal supply chains, resulting in greater efficiencies and reduced climate risk.

Questions submitted by Representative Max Miller, Committee on Science, Space, and Technology

- 1. Please explain the process that SBTi uses to adopt its methodology and ensure that it is using the most advanced and widely accepted science?**

Science Based Targets initiative (SBTi) provides the following resources that address its methodologies:

- <https://sciencebasedtargets.org/resources/files/foundations-of-SBT-setting.pdf>
- <https://sciencebasedtargets.org/resources/legacy/2017/04/SBTi-manual.pdf>

- 2. With virtually no accountability, how will this Administration or future Administrations ensure that SBTi's scientific methodologies are accurate?**

Using third-party standards is a common and effective governmental and commercial practice. It aligns with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119, which directs Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives.

M-22-06 recommended that the FAR Council incorporate TCFD, CDP, and SBTi or their equivalents in the Proposed Rule. These are the leading standards and the ones used most widely across industries, with a proven track record of working with companies that seek to manage their climate risks and disclose and reduce their greenhouse gas emissions. In particular, SBTi is used by over 6,000 companies globally—worth approximately one third of global market capitalization.

Furthermore, third-party standards already play an important role in the U.S. Government's existing procurement practices. For example, the Government and federal suppliers use the Electronic Product Environmental Assessment Tool (EPEAT), an internationally recognized third-party ecolabel standard, when purchasing and disposing of electronics. The Environmental Protection Agency (EPA) estimates that in 2021 alone, the Federal Government saved taxpayers around \$2 billion in current and future energy costs by purchasing EPEAT-registered electronics. Further, these EPEAT-certified purchases reduced the Government supply chain's carbon emissions by an amount equivalent to the annual carbon emissions of four million households.

- 3. Based on national security concerns this Committee has heard, it appears that SBTi and CDP will be granted access to information that could telegraph sensitive information to foreign surveillance agencies. Will the Administration be providing SBTi employees and personnel with security clearances then to review this information?**
- a. Who will be expected to pay for these clearances?
 - b. A number of SBTi employees are foreign nationals, how will this impact the clearance process?
 - c. Will SBTi need to build a SCIF in order to handle this sensitive information? If not, why not? If yes, who will bear this financial burden?

On December 8, 2021, OMB, CPO, and CEQ released Memorandum M-22-06, on "Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability" (Memorandum M-22-06).

M-22-06 recommended that the FAR Council "should leverage existing third-party standards and systems including the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations, CDP reporting system, and Science Based Targets Initiative (SBTi) criteria, or

equivalents, in the development of regulatory amendments to promote contractor attention on reduced carbon emissions and Federal sustainability.”

CEQ understands that the Proposed Rule would not require the disclosure of sensitive information.

4. **Since they are a foreign company, do we believe that their employees will be able to pass the background checks?**
 - a. **Since many of SBTi’s employees are foreign born, their background checks will take significantly more time, how will that delay impact the implementation of the rule?**
 - b. **Since they aren’t government contractors, what processes outline SBTi’s application process?**
 - c. **What do you think they will have a “need to know?”**

See answer 3 above.

5. **While drafting this proposed rule, what national security experts did you speak to? What concerns did they raise at that time?**

The agency members of the Federal Acquisition Regulatory Council (FAR Council)—the General Services Administration, the Department of Defense, and the National Aeronautics and Space Administration—issued the Proposed Rule. Following the publication of M-22-06 and consistent with the direction of EO 14030, CEQ continued to consult with the FAR Council to provide expertise on Federal sustainability to support the development of the Proposed Rule throughout its development. Pursuant to Executive Order 12866, other Federal agencies with pertinent responsibilities also had the opportunity to provide comment on the Proposed Rule.

CEQ also engaged a broad set of stakeholders, including companies in the government contracting industry, the standards industries, and other experts, regarding the Proposed Rule. As part of this process, CEQ participated in over 60 meetings with external parties, including businesses, nonprofits, and industry organizations in the aerospace, defense, engineering, information technology, professional services, and transportation sectors, among others.

Furthermore, the Proposed Rule would authorize agencies to waive its requirements for emergencies, national security, or other mission-essential purposes, or to enable a contractor to come into compliance with the Proposed Rule.

6. **Would you agree with the general assessment that Scope 3 emissions are difficult to control for a company or contractor because they fall outside a company's direct management or ownership?**
 - a. **Just last week, Securities and Exchange Commission Chair Gary Gensler said the complexities around scope 3 reporting are causing a delay in the rule he is trying to issue. What about SBTi makes CEQ think they are positioned to accurately track and predict scope 3 emission and figure out what no one else in the federal government has been able to crack?**

M-22-06 identified the use of third-party standards as a common and effective governmental and commercial practice. Large numbers of U.S. companies, including many U.S. Government contractors, already measure and disclose their organization’s Scope 3 emissions.

7. **There’s an argument to be had that tracking and reporting Scope 3 emissions is arguably counterproductive when that time and money could be dedicated to implementing effective strategies that work toward net-zero by addressing Scope 1 and Scope 2 emissions. What**

conversations has CEQ had about the value of scope 3 emissions and has CEQ considered this potential lack of value in the context of this rule?

The Proposed Rule put forward a risk-based, targeted approach by focusing primarily on *major* Federal suppliers. The Proposed Rule, if finalized, would require only major Federal suppliers (that is, Federal contractors that receive more than \$50 million in annual contracts), other than small businesses, to inventory their emissions in Scope 1, Scope 2, and relevant categories of Scope 3; disclose their climate-related financial risks; and set science-based emissions reduction targets. Only approximately 1,000 contractors, or less than 1% of all Federal contractors, would qualify as major Federal suppliers subject to these requirements. The Proposed Rule would require Federal contractors with \$50 million or less in annual contracts to disclose only their Scope 1 and Scope 2 emissions, and would exempt them from the other requirements. Federal contractors with less than \$7.5 million in annual contracts would be exempt altogether.

As the Proposed Rule states,

“The Federal Government has committed to reducing its Scope 1, 2, and 3 GHG emissions, including those associated with Federal procurement activities, to achieve a net zero economy by 2050. As the single largest purchaser in the world, Federal procurement represents both a substantial contribution to climate change emissions and a significant opportunity to reduce them. GSA has estimated that emissions from contractors performing Federal contracts are significantly greater (150 million MT CO₂e in Fiscal Year 2019) than emissions from Federal buildings and non-tactical fleets (37 million MT CO₂e) (see <https://www.gsa.gov/Governmentwide-initiatives/Federal-highperformance-green-buildings/resource-library/sustainable-acquisition>). The Federal Government has committed to a 65 percent reduction in its Scope 1 and 2 operational emissions by 2030 (from 2008 levels), demonstrating it is doing its part via internal operations to achieve the U.S. Nationally Determined Contribution of a 50–52 percent economy-wide reduction in emissions by 2030. In order to similarly reduce its much greater Scope 3 emissions, the Federal Government's best solution is to require that its major contractors quantify their GHG emissions and set science-based targets to align ambitions and identify areas for collaboration on shared goals. . . .

“Requiring that major contractors set, disclose, and maintain validation of such ambitious climate targets can thus be an effective tool for addressing the Federal Government's Scope 3 emissions and associated risks of climate change to the national economy, while providing economic and other benefits to the contractors themselves.”

8. Do you agree that SBTi could deny validation to a U.S. contractor of missiles used by the Iron Dome based on the emissions of producing those missiles?

Under the Proposed Rule, the U.S. Government does not relinquish its authority to determine whether or not to contract with a supplier.

The Proposed Rule sets forth a process for waiving its disclosure and target-setting requirements, as appropriate. Accordingly, the Proposed Rule would not deprive the Government the authority to contract with any company.

9. Should the U.S. government make military procurement decisions based on the effectiveness of a weapon or the emissions of a weapon? Should emissions be considered at all when deciding on which weapon or tool to arm our soldiers with?

As the world's single largest buyer of goods and services—purchasing over \$700 billion in Fiscal Year 2023 alone—the Federal Government faces significant financial risks from climate change. Supply chain disruptions over the past three years have impacted every sector, including the Federal

Government and its critical contractors and subcontractors. In 2023, there were 28 confirmed weather and climate disaster events in the United States that produced losses exceeding \$1 billion each, including one drought event, four flooding events, nineteen severe storm events, two tropical cyclone events, one wildfire event, and one winter storm event. Overall, these events resulted in the deaths of 492 people and imposed significant economic burdens on the areas they affected.

Disasters of this magnitude are becoming more frequent. In 1980 through 2023, the United States experienced an annual average of 8.5 such events (CPI-adjusted); for 2019 through 2023, the annual average rose to 20.4 events (CPI-adjusted).

Military infrastructure and supply chains are not exempt from these risks. Here are three examples of the effects of climate change on military readiness:

1. **Tyndall Air Force Base:** In 2018, Tyndall Air Force Base, located near Panama City, Florida, experienced severe destruction from Hurricane Michael. The hurricane affected 484 buildings, destroyed planes and runways, and inflicted \$5 billion in total damage. The Department of Defense's rebuilding work, scheduled to continue through 2026, is focused on improving resilience against future storms.
2. **Offutt Air Force Base:** In March 2019, record flooding along the Missouri River inundated Offutt Air Force Base in Nebraska. Offutt is home to the U.S. Strategic Command, which oversees the Pentagon's nuclear strategic deterrence and global strike capabilities. Floodwaters engulfed at least 30 buildings and damaged 30 more. The cost estimate to repair the damage at Offutt has already risen from \$420 million to \$800 million and may increase to as much as \$1.1 billion.
3. **Marine Corps Base Camp Lejeune, Marine Corps Air Station New River, and Marine Corps Air Station Cherry Point:** In 2018, Hurricane Florence made landfall over the east coast, causing storm surges of 9 to 13 feet and dumping 20 to 30 inches of rain. The storm caused roughly \$3.8 billion in damage to Marine Corps Base Camp Lejeune, Marine Corps Air Station New River, and Marine Corps Air Station Cherry Point.

The Proposed Rule is focused on ensuring the U.S. government's supply chain, including the military supply chain, remains resilient for the American people and reduces costs from climate-related supply chain risks. The Proposed Rule does not direct or require Federal agencies in the procurement process to prioritize goods' or services' emissions characteristics over their suitability for the mission or project, whether in military procurements or otherwise. Under the Proposed Rule, if finalized, the U.S. Government would always retain the authority to determine whether or not to contract with a supplier and to decide what equipment or weapons to purchase.

The Proposed Rule also would provide various exceptions to the requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year. Furthermore, the Proposed Rule would authorize agencies to waive its requirements for emergencies, national security, or other mission-essential purposes, or to enable a contractor to come into compliance with the Proposed Rule.

10. Is climate change more important than the lives of U.S. military personnel?

As stated above, under the Proposed Rule, the U.S. Government would always retain the authority to determine whether or not to contract with a supplier and to decide what equipment or weapons to purchase. This question poses a false dichotomy between addressing the existential threat of climate

change and protecting the lives of U.S. service members, when, in fact, climate change itself is one of the threats to the lives and livelihoods of Americans both in and out of uniform.

As Secretary Austin has said,

“Climate change is an existential threat to our nation’s security, and the Department of Defense must act swiftly and boldly to take on this challenge and prepare for damage that cannot be avoided. Every day, our forces contend with the grave and growing consequences of climate change, from hurricanes and wildfires that inflict costly harm on U.S. installations and constrain our ability to train and operate, to dangerous heat, drought, and floods that can trigger crises and instability around the world.”

Major disasters in the United States claim hundreds of lives and cost over one hundred billion dollars every year. In 2023 alone, there were 28 confirmed weather and climate disaster events in the United States that produced losses exceeding \$1 billion each, including one drought event, four flooding events, nineteen severe storm events, two tropical cyclone events, one wildfire event, and one winter storm event. Overall, these events resulted in the deaths of 492 people and imposed significant economic burdens on the areas they affected.

Disasters of this magnitude are becoming more frequent. In 1980 through 2023, the United States experienced an annual average of 8.5 such events (CPI-adjusted); for 2019 through 2023, the annual average rose to 20.4 events (CPI-adjusted).

Unless we act, climate-related disasters will only grow more severe, more frequent, more ferocious, and more costly.

11. If this rule is ultimately adopted, how does the CEQ plan to address the national security concerns associated with having a foreign entity set emissions standards for U.S. contractors and then validate those same standards?

M-22-06 identified the use of third-party standards as a common and effective governmental and commercial practice. Providers of third-party standards play an important role in existing Government procurement practices. CEQ notes that the Department of Defense and related agencies are responsible for national security policy.

12. How does the CEQ plan to counter Russian environmental disinformation as it relates to SBTi?

CEQ notes that the Department of Defense and related agencies are responsible for national security policy.

Questions submitted by Representative Bill Posey, Committee on Science, Space, and Technology

1. How does this proposed rule strengthen U.S. space industry?

The Proposed Rule is focused on ensuring the U.S. government's supply chain, including our critical space sector, remains resilient for the American people and reduces costs from climate-related supply chain risks.

Using third-party standards is a common and effective governmental and commercial practice. It aligns with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119, which directs Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives. On December 8, 2021, the Office of Management and Budget (OMB), the Climate Policy Office (CPO), and CEQ released Memorandum M-22-06, on "Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability" (Memorandum M-22-06). M-22-06 recommended that the FAR Council incorporate TCFD, CDP, and SBTi or their equivalents in the Proposed Rule. These are the leading standards and the ones used most widely across industries, with a proven track record of working with companies that seek to manage their climate risks and disclose and reduce their greenhouse gas emissions.

As the world's single largest buyer of goods and services—purchasing over \$700 billion in Fiscal Year 2023 alone—the Federal Government faces significant financial risks from climate change. Supply chain disruptions over the past three years have impacted every sector, including the Federal Government and its critical contractors and subcontractors. In 2023, there were 28 confirmed weather and climate disaster events in the United States that produced losses exceeding \$1 billion each, including one drought event, four flooding events, nineteen severe storm events, two tropical cyclone events, one wildfire event, and one winter storm event. Overall, these events resulted in the deaths of 492 people and imposed significant economic burdens on the areas they affected.

Disasters of this magnitude are becoming more frequent and more intense. In 1980 through 2023, the United States experienced an annual average of 8.5 such events (CPI-adjusted); for 2019 through 2023, the annual average rose to 20.4 events (CPI-adjusted).

The Proposed Rule, if finalized, would strengthen the resilience of vulnerable Federal supply chains across all sectors, resulting in greater efficiencies and reduced climate risk.

2. During your testimony, you stated that you "were not aware of any delegation of function to a foreign company." SBTi is a private for-profit company owned by CDP, We Mean Business, and others. The proposed rule requires "major contractors" to have their reduction targets validated by SBTi to continue working with the federal government (waivers are possible). Which fact do you disagree with? Are you claiming that SBTi is not a foreign company or that this proposed rule is not a delegation of authority? If you believe that this is not a delegation of regulatory authority, please explain how.

CEQ understands that each of these organizations is a non-profit organization under the laws of its home jurisdiction.

The Proposed Rule, if finalized, would not delegate regulatory authority to SBTi; the U.S. Government would always retain the authority to determine whether or not to contract with a supplier.

The Proposed Rule would direct Federal contractors that receive contracts worth more than \$50 million annually (other than small businesses) to submit emissions reduction targets to SBTi for

validation in accordance with SBTi's scientific methodologies. (Only approximately 1,000 contractors, or less than 1% of all Federal contractors, would qualify as major Federal suppliers subject to these requirements.)

If a company were unable to have SBTi validate its emissions reduction target, the Government would retain its full authority to contract with that company by waiving the requirement. The Proposed Rule also would provide various exceptions to the requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year.

Questions submitted by Representative Brian Babin, Committee on Science, Space, and Technology

1. Since SBTi is incorporated outside of the United States, they will essentially operate outside of any oversight or control from either the Administration, Congress, or even the Courts.
 - a. Was this done intentionally?
 - b. Could you point us to the Constitutional authority that allows you to delegate government functions to a foreign company without Congressional approval?
 - c. When I asked you this question in the hearing you stated that this was not a delegation of authority. Does this mean that you do not believe that congressional input is necessary as it pertains to this proposed rule?

Under the Proposed Rule if finalized, the U.S. Government, at all times, would retain the authority over whether or not to contract with a supplier. U.S. Government contracts are subject to the laws of the United States and the oversight of the executive, legislative, and judicial branches.

Using third-party standards is a common and effective governmental and commercial practice. It aligns with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119, which directs Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives.

Furthermore, third-party standards play an important role in the U.S. Government's existing procurement practices. For example, the Government and federal suppliers use the Electronic Product Environmental Assessment Tool (EPEAT), an internationally recognized third-party ecolabel standard, when purchasing and disposing of electronics. The Environmental Protection Agency (EPA) estimates that in 2021 alone, the Federal Government saved taxpayers around \$2 billion in current and future energy costs by purchasing EPEAT-registered electronics. Further, these EPEAT-certified purchases reduced the Government supply chain's carbon emissions by an amount equivalent to the annual carbon emissions of four million households. The Global Electronics Council, a non-profit organization based in the European Union, governs the EPEAT standard.

These standards, including the Science Based Targets Initiative criteria, are currently the leading standards and the ones used most widely across industries, with a proven track record of working with companies that seek to manage their climate risks and disclose and reduce their greenhouse gas emissions.

As noted above, using third-party standards is a common and effective governmental and commercial practice. The purpose of Proposed Rule is to gather input from the public. The Administration welcomes the input of SST members and others through these processes.

2. The Environmental Protection Agency has what's called the Center for Corporate Climate Leadership, which is "a resource center for all organizations looking to expand their work in greenhouse gas measurement and management." EPA's website says that the Center "offers resources to help organizations conduct, assess, and reduce their Scope 1, 2, and 3 GHG emissions..." From what you understand, and I've described, does it sound like this Center and SBTi conduct some of the same activities?

- a. Does CEQ trust the science of SBTi to be more accurate than the EPA's?

EPA's Center for Corporate Climate Leadership provides written materials and tools that companies can use in developing inventories of their own emissions and setting their own emissions targets. The

Center does not work directly with companies to develop and validate targets. The Center and SBTi therefore carry out different functions.

The Center's [webpage on Target Setting](#) states,

"[A]s of the end of 2020, more than 500 companies have set targets based on guidance and resources provided by the Science Based Targets initiative (SBTi). According to SBTi, 'Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.' SBTi considers targets as 'science-based' if they are in line with limiting global warming to 1.5°C above pre-industrial levels."

3. **During the hearing Mr. Collins asked, "Four big banks have quit using SBTi's validation services after SBTi said it will not validate any bank that finances new fossil fuel projects. What are government contractors supposed to do when SBTi makes a similar requirement change, but your rule mandates contractors go through SBTi in order to do business with the government? They can't just quit like these banks so what are they supposed to do?" You responded that, "our expectation is that if the currently purposed rule becomes a final rule that companies are going to sign onto SBTi." Your answer was non-responsive.**

What does CEQ expect government contractors to do when SBTi makes changes to their requirements without notice and are counter to their business model or their business existence? For example, SBTi does not currently validate ANY fossil fuel companies and refuses to do so.

a. Does the federal government no longer need to buy fossil fuel?

Fossil fuels continue to be important supply products for the United States Government.

Under the Proposed Rule, the U.S. Government would always retain the authority to determine whether or not to contract with a supplier.

According to press reports, various financial institutions decided to withdraw from SBTi's target validation process in late 2023. Those withdrawals took place nearly two years after CEQ, CPO, and OMB issued M-22-06 which recommended that the FAR Council leverage existing third-party standards and systems, including the Task Force on Climate-Related Financial Disclosures (TCFD) Recommendations, CDP reporting system, and SBTi criteria, or their equivalents, in developing the Proposed Rule.

b. If this rule is finalized, will the federal government be able to buy fossil fuels without a waiver? If so, how?

Under the Proposed Rule, the U.S. Government would always retain the authority to determine whether or not to contract with a supplier. Companies that meet the requirements of the Proposed Rule, including fossil fuel contractors, would not need a waiver. The Proposed Rule also would provide various exceptions to the requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year.

Furthermore, CEQ understands that SBTi is in the process of developing a methodology for validating targets set by companies in the oil and gas sector. See <https://sciencebasedtargets.org/sectors/oil-and-gas>.

4. **In 2020, Amazon voluntarily committed to setting emission reduction targets and to having those targets validated by SBTi. However, earlier this summer, SBTi removed Amazon's validation after they failed to meet certain submission deadlines. Amazon accused SBTi of changing their methodologies and requirements for submission making it difficult for them to submit data in a "meaningful and accurate way."**

- a. **If a U.S. company does not agree with SBTi's change in methodology or submission requirements, is there any recourse available, for example, an appeals process?**

The Proposed Rule would provide various exceptions to the requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year.

The Proposed Rule, if finalized, would also enable Federal agencies to waive the requirements of the rule with respect to particular entities or acquisitions for particular purposes. Thus, if a company were unable to have SBTi validate its emissions reduction target, the Government retains its full authority to contract with that company by waiving the requirement to develop an emissions reduction target.

The Proposed Rule put forward a risk-based, targeted approach by focusing primarily on *major* Federal suppliers. The Proposed Rule would require only major Federal suppliers—that is, Federal contractors that receive more than \$50 million in annual contracts, other than small businesses—to publicly disclose emissions in Scope 1, Scope 2, and relevant categories of Scope 3; disclose their climate-related financial risks; and set science-based emissions reduction targets. Only approximately 1,000 contractors, or less than 1% of all Federal contractors, would qualify as major Federal suppliers subject to these requirements.

The Proposed Rule would require Federal contractors with \$50 million or less in annual contracts to disclose only their Scope 1 and Scope 2 emissions and would exempt them from the other requirements. Federal contractors with less than \$7.5 million in annual contracts would be exempt altogether.

- b. **If U.S. companies that provide essential national security services are barred from federal contracting because a foreign entity won't validate their activities, are you prepared to explain this regulation's harm to national security to the President and the American people?**

Under the Proposed Rule, the U.S. Government would always retain the authority to determine whether or not to contract with a supplier. Furthermore, the waiver process in the Proposed Rule would enable a contractor to seek a waiver from an agency in the event that there is sensitivity around data disclosure.

The Proposed Rule would also provide various exceptions to the requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year.

- c. **While "waivers" may be granted, they are not guaranteed. Since waivers would be granted by contracting officers on a case by case basis this could lead to widely different outcomes depending on the contracting officer or industry. How will this proposed rule, if adopted, help increase uniformity and stability in federal contracting if waivers can be applied with such varying degrees?**

Under the FAR, every agency that acquires goods and services must make any number of discretionary determinations in the procurement process, including the determination of which contractor to hire. Agencies use various mechanisms to promote uniformity and stability in the contracting process.

The Proposed Rule also would provide various exceptions to its requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year. Furthermore, the Proposed Rule would authorize agencies to waive its requirements for emergencies, national security, or other mission-essential purposes, or to enable a contractor to come into compliance with the Proposed Rule.

5. **Please provide the names of all the other third-party standard setters other than CDP and SBTi that were considered during this proposed rule? How many meetings occurred between CEQ and these other third-party standard setters?**

M-22-06 recommended that the FAR Council incorporate TCFD, CDP, and SBTi or their equivalents in the Proposed Rule. These are the leading standards and the ones used most widely across industries, with a proven track record of working with companies seeking to manage their climate risks and disclose and reduce their greenhouse gas emissions.

- a. **How many meetings did CEQ conduct with EPA? Did CEQ explore having EPA assist in science-based target setting? If not, why not? If so, please provide the rationale for not including EPA.**

EPA's Center for Corporate Climate Leadership provides written materials and tools that companies can use in developing inventories of their own emissions and setting their own emissions targets. The Center does not work directly with companies to develop and validate targets. The Center and SBTi therefore carry out different functions.

The Center's [webpage on Target Setting](#) states, "[A]s of the end of 2020, more than 500 companies have set targets based on guidance and resources provided by the Science Based Targets initiative (SBTi). According to SBTi, 'Science-based targets provide a clearly-defined pathway for companies to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proof business growth.' SBTi considers targets as 'science-based' if they are in line with limiting global warming to 1.5°C above pre-industrial levels."

The National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119 direct Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives, where possible.

6. **Under this proposed rule, the Administration is requiring U.S. contractors hire the services of at least two companies. U.S. businesses will be forced to pay the Carbon Disclosure Project \$2,950 to file their annual disclosures and SBTi \$9,500 to validate emission reduction targets. In doing so, this Administration has provided these two companies with an insurmountable advantage and guaranteed cashflow. Essentially giving them a monopoly.**
- a. **How is this fair to other companies or non-profits in the same sector who seek to compete with CDP and SBTi?**

The use of third-party standards is a common and effective governmental and commercial practice and is in alignment with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119, which directs Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives.

As of 2022, more than half of major Federal contractors were already disclosing climate-related information. In 2022, these Federal contractors were among the 18,700 companies globally—collectively worth more than half of global market capitalization and including 1,800 small and medium-sized enterprises—that voluntarily disclosed emissions and climate risk through CDP. Large numbers of U.S. companies already use the CDP, TCFD, and SBTi standards because other entities, such as non-Federal customers and investors, demand them; these companies include Pfizer, Ford, AT&T, Johnson & Johnson, and Honeywell, among many others. The Proposed Rule, if finalized, would reinforce this trend towards industry-wide standardization by aligning the requirements of Federal procurement policy with those of capital markets, investors, and other key stakeholders, such as ratings and rankings organizations, and accords with the policies in A-119 that are intended to reduce to a minimum the reliance by agencies on standards unique to the Government.

The FAR Council included the standards recommended in M-22-06 in the Proposed Rule and sought specific public input on those standards. The FAR Council is currently reviewing the public comments it received, as is CEQ.

b. Could you cite another instance where the government has required by regulation that a contractor must pay for the services of another business?

For example, the Government and federal suppliers use the Electronic Product Environmental Assessment Tool (EPEAT), an internationally recognized third-party ecolabel standard, when purchasing and disposing of electronics. The Environmental Protection Agency (EPA) estimates that in 2021 alone, the Federal Government saved taxpayers around \$2 billion in current and future energy costs by purchasing EPEAT-registered electronics. Further, these EPEAT-certified purchases reduced the Government supply chain's carbon emissions by an amount equivalent to the annual carbon emissions of four million households.

Section 23.704 of the Federal Acquisition Regulation requires agencies to meet at least 95 percent of their requirements for electronic products by acquiring EPEAT-registered products. EPEAT, like other third-party-standard organizations, charges fees.

The FAR also requires agencies to use Institute of Electrical and Electronics Engineers (IEEE) standards in certain product purchase categories. (*See FAR 23.704, Electronic products environmental assessment tool.*)

In addition, for several decades until 2022, the Government required contractors to obtain unique business identifying numbers (DUNS Numbers) from Dun and Bradstreet, Inc., in order to register for Federal contracts.

7. Why wasn't a US based company, not-for-profit, or other standard setting body selected to conduct this task?

The United States has procurement contracts with businesses in a wide variety of industries. M-22-06 recommended that the FAR Council rely on third-party standards and systems that are already widely accepted by major companies across industries; *i.e.*, protocols and platforms that Federal contractors are already using to publicly disclose annual climate data to interested parties outside the Federal Government. It is CEQ's understanding that CDP and SBTi are non-profit organizations under the laws of their home jurisdictions.

In recognition of the complexity of applying standards across the wide range of Federal procurements, the FAR Council specifically solicited input from the public on the use of third-party standards, as well as potential alternatives, in the Proposed Rule.

8. **This proposed rule would force companies to engage in speech on a matter subject to political debate and to publicly associate with the political messages of a private organization, and to subject themselves to those organizations' speech guidelines. Legal experts have raised this as a potential first amendment compelled speech violation.**

- a. **How do you address the concerns of constitutional violations with this requirement as a component of the potential rule?**

CEQ does not agree that the Proposed Rule would force Federal contractors to associate with another company's speech as a condition of doing business with the Government. In addition, our understanding is that some public comments spoke to concerns about legal authority for the proposed rule, which would have to be analyzed prior to publication of a final rule.

- b. **If a company is not comfortable associating with SBTi's speech or that of their donors, are there options to waive this requirement?**

CEQ does not agree that the Proposed Rule would force Federal contractors to associate with another company's speech as a condition of doing business with the Government.

Nevertheless, the Proposed Rule, if finalized, would provide various exceptions to its requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year. Furthermore, the Proposed Rule would authorize agencies to waive its requirements for emergencies, national security, or other mission-essential purposes, or to enable a contractor to come into compliance with the Proposed Rule. The Government would retain its full authority to contract with that company by waiving the requirement to develop an emissions reduction target.

- c. **Can you cite another example in which the federal government has forced companies to associate with another company's speech as a condition of doing business with the government?**

CEQ does not agree that the Proposed Rule would force Federal contractors to associate with another company's speech as a condition of doing business with the Government.

9. **EPA's Greenhouse Gas Reporting Program covers 85-90% of all U.S. GHG emissions. From a strictly knowledge perspective, do you think SBTi will have to spend a significant amount of time learning the different processes, emission pathways, offsets, and all the other detailed features that come with each contractor and their production chain?**

As of 2022, more than half of major Federal contractors were already disclosing climate-related information. In 2022, these Federal contractors were among the 18,700 companies globally—collectively worth more than half of global market capitalization and including 1,800 small and medium-sized enterprises—that voluntarily disclosed emissions and climate risk through CDP. Large numbers of U.S. companies already use the CDP, TCFD, and SBTi standards because other entities, such as non-Federal customers and investors, demand them; these companies include Pfizer, Ford, AT&T, Johnson & Johnson, and Honeywell, among many others.

Accordingly, SBTi is already familiar with the process of validating targets for many Government contractors or comparable companies.

10. Is the federal government going to support SBTi with funding to hire additional staff and expand their operations or will that fall on the contractors who are forced to use them?

In conjunction with the Proposed Rule, the FAR Council published a regulatory impact analysis (RIA) that projected the costs of implementing the Proposed Rule.

Under the Proposed Rule, only contractors that receive more than \$50 million under government contracts annually and that are not small businesses would be required to report their climate-related financial risks and set science-based targets. The RIA estimates that approximately 1,000 U.S. Government contractors would become subject to these requirements, a considerable number of whom already work with CDP and SBTi voluntarily.

Therefore, the Proposed Rule, if finalized, would only modestly increase the user bases of CDP, which exceeds 18,700 companies, and SBTi, which exceeds 6,000 companies.

Similar to other nonprofit standard setting organizations, CDP and SBTi charge nominal fees to cover the costs of their services.

Questions submitted by Representative Claudia Tenney, Committee on Science, Space, and Technology

1. **During your testimony, you refer to SBTi's role in the proposed rule as the "third-party standard" for science-based target setting. As you're aware, the proposed rule does not merely adopt SBTi's third-party standard for science-based targets but also requires SBTi perform the regulatory function of validating compliance with those standards. Do you believe that tasking a private company with both standard setting and validating compliance with that standard is a delegation of government authority? If not, why not?**

The Proposed Rule would not delegate regulatory authority to SBTi. The Proposed Rule would direct Federal contractors that receive contracts worth more than \$50 million annually (other than small businesses) to submit emissions reduction targets to SBTi for validation in accordance with SBTi's scientific methodologies. Only approximately 1,000 contractors, or less than 1% of all Federal contractors, would qualify as major Federal suppliers subject to these requirements.

If a company were unable to have SBTi validate its emissions reduction target, the Government would retain its full authority to contract with that company by waiving the requirement.

Using third-party standards is a common and effective governmental and commercial practice. It aligns with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119, which directs Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives.

- a. **Mr. Bill Baue, an original instigator of SBTi, has, in both of his letters to the Committee, commented on what he calls, "a double helix of conflicts." He stated that allowing an organization to both set standards and verify those standards has inherent conflicts, among others he alleges with SBTi. Does CEQ see this standard joint standard setting and validation model as a conflict?**

No. The Committee has not provided copies of Mr. Baue's letters to the Council on Environmental Quality (CEQ). CEQ is not aware of any credible allegations that SBTi's methodology or operations entail a conflict of interest.

- b. **Does CEQ believe that SBTi's firewall between these departments is adequate?**

Large numbers of U.S. companies, including many U.S. Government contractors, already use the CDP, TCFD, and SBTi standards. 18,700 companies globally—worth more than half of global market capitalization—use CDP, which has been a standard-setting organization for over two decades. SBTi is used by 6,000 companies globally—worth approximately one third of global market capitalization.

- c. **Please provide another example in which a federal agency has, with congressional approval, delegated both a standard setting and validation service to a foreign entity through the drafting of a federal regulation.**

For example, the Government and federal suppliers use the Electronic Product Environmental Assessment Tool (EPEAT), an internationally recognized third-party ecolabel standard, when purchasing and disposing of electronics. The Environmental Protection Agency (EPA) estimates that in 2021 alone, the Federal Government saved taxpayers around \$2 billion in current and future energy costs by purchasing EPEAT-registered electronics. Further, these EPEAT-certified purchases reduced the Government supply chain's carbon emissions by an amount equivalent to the annual carbon emissions of four million households.

Section 23.704 of the FAR requires agencies to meet at least 95 percent of their requirements for electronic products by acquiring EPEAT-registered products.

The Global Electronics Council, a non-profit organization, governs the EPEAT standard and validates compliance with the standard.

2. **According to the proposed regulation, the cost to the government to analyze the emissions disclosure data is only \$200,000. However, the regulation would require the government to potentially review hundreds of thousands of documents from companies across a variety of sectors and industries. As we all know, \$200,000 would not even cover the salary of two qualified federal employees.**

- a. **How did you arrive at this number and how is the government supposed to review all this data with an estimated expense to barely cover one person's salary?**

According to the regulatory impact analysis (RIA) for the Proposed Rule, the figure in question is the General Services Administration's (GSA) projection of the annual cost it would incur to analyze contractor-reported data in order to inform future Government policymaking. This analysis would not form part of the implementation of the Proposed Rule, if finalized, and would not necessarily extend to hundreds of thousands of documents.

- b. **Who would be tasked with analyzing this data? How are they supposed to understand the complexities of each industry as well as the intricacies of what NASA, DOD, and GSA demand?**

M-22-06 directs GSA to analyze this data to inform future Government policymaking.

- c. **Is the goal of a public disclosure to transfer regulatory power once again to climate activists and have them comb through the data and then lobby this Administration as to which contracts should be cancelled?**

No. The Proposed Rule would not alter the Government's rules or procedures for managing Federal contracts.

The Proposed Rule furthers the policy objectives set forth in Executive Order (EO) 14030 of May 20, 2021 (*Climate-Related Financial Risk*), EO 14057 of December 8, 2021 (*Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability*), and the accompanying Federal Sustainability Plan, which set a goal to achieve net-zero emissions procurement by 2050.

As the President said in EO 14057,

"The Federal Government faces broad exposure to the mounting risks and costs already posed by the climate crisis. . . . As the single largest land owner, energy consumer, and employer in the Nation, the Federal Government can catalyze private sector investment and expand the economy and American industry by transforming how we build, buy, and manage electricity, vehicles, buildings, and other operations to be clean and sustainable.

"We also must build on past progress and pursue new strategies to improve the Nation's preparedness and resilience to the effects of a changing climate, including advancing the Federal Government's strategic planning, governance, financial management, and procurement to ensure climate resilient operations."

We cannot manage, however, what we don't measure. The Proposed Rule would require certain contractors to track their emissions and set and meet targets in order to increase the resilience of Federal Government supply chains and reduce costs.

3. **According to a recent New York Post article, the Arabella Advisors, which funds SBTi through various other non-profit organizations, donated over \$10 million in the last 5 years to various anti-Israeli causes. What happens if businesses have a moral objection to doing business with SBTi because of their connections to anti-Israeli causes?**

- a. **Arabella Advisors also funnels money to various other causes including pro-abortion causes. What if business owners have a moral or religious objection to doing business with SBTi because of these connections?**

The Proposed Rule would provide various exceptions to its requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year. Furthermore, the Proposed Rule would authorize agencies to waive its requirements for emergencies, national security, or other mission-essential purposes, or to enable a contractor to come into compliance with the Proposed Rule.

Accordingly, under the Proposed Rule, if a company were unable to have SBTi validate its emissions reduction target, the Government would retain its full authority to contract with that company by waiving the requirement.

4. **The Major Questions Doctrine, proports that if an agency seeks to regulate a significant portion of the American economy or the agency's assertion of regulatory authority has "vast economic and political significance" its rule must be based on a clear grant of statutory authority. There have been several groups that have come out claiming that as constructed this rule would violate the Major Questions Doctrine due to the lack of statutory authority granted to the FAR Council to regulate emission standards and the lack of authority by CEQ to regulate procurement standards.**

- a. **Does DoD, GSA, or NASA have a clear grant of statutory authority to require businesses to disclose and reduce their greenhouse emissions? Could you point to the specific language in the statute that grants these agencies the power to regulate business emissions?**

The Proposed Rule cites various statutory provisions that authorize its issuance.

- b. **Does CEQ have a clear grant of statutory authority to set standards for procurement requirements? Could you provide the specific language in the statute that grants CEQ this authority?**

EO 14030 directed the FAR Council, in consultation with CEQ and the heads of other agencies as appropriate, to consider amending the FAR to require major Federal suppliers to publicly disclose greenhouse gas emissions and climate-related financial risk and to set science-based reduction targets.

Section 203(d) of the Environmental Quality Improvement Act of 1970 directs CEQ to

"assist and advise the President on policies and programs of the Federal Government affecting environmental quality by . . . assisting the Federal agencies and departments in appraising the effectiveness of existing and proposed facilities, programs, policies, and activities of the Federal Government, . . . assisting in coordinating among the Federal departments and agencies those programs and activities which affect, protect, and improve environmental quality; . . . [and] assisting the Federal departments and agencies in the development and interrelationship of

environmental quality criteria and standards established through the Federal Government.” 42 U.S.C. § 4372(d).

5. **Article I of the Constitution vests all legislative powers in Congress. The Nondelegation Doctrine limits Congress’s authority to delegate legislative power to the other branches of government. The related “private nondelegation doctrine” has further limited delegations of federal authority to private entities. While the court has not deemed it entirely forbidden, it has strictly limited its application.**
 - a. **During the hearing you provided conflicting information regarding SBTi’s status as a future government contractor. If the rule is finalized will SBTi be considered a government contractor?**
 - b. **If not, how would CEQ categorize the relationship between SBTi and the federal government? How will SBTi interact with the federal government in the future? What government entity will be charged with this relationship?**
 - c. **If yes, how do you intend to deal with the case law on this issue? How is this not a delegation of regulatory authority?**
 - d. **If finalized, will SBTi be subject to the proposed rule? If so, will SBTi be required to set standards for and validate itself?**

CEQ respectfully disagrees that it has provided conflicting information on this subject.

Nevertheless, CEQ understands that, if the Proposed Rule were finalized as proposed, SBTi would not hold a federal contract, or any other form of direct relationship with the Government. The Proposed Rule would not delegate regulatory authority to SBTi.

The Proposed Rule provides various exceptions to its requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments online to comply within one calendar year. Furthermore, the Proposed Rule would authorize agencies to waive its requirements for emergencies, national security, or other mission-essential purposes, or to enable a contractor to come into compliance with the Proposed Rule. Therefore, under the Proposed Rule, the Government would retain its full authority to contract with any company.

The Proposed Rule would require only major Federal suppliers—that is, Federal contractors that receive more than \$50 million in annual contracts—to disclose their climate-related financial risks and set science-based emissions reduction targets. Only approximately 1,000 contractors, or less than 1% of all Federal contractors, would qualify as major Federal suppliers subject to these requirements. According to the most recently available data, SBTi would not be a major Federal supplier within the meaning of the Proposed Rule.

6. **The Court has previously drawn distinctions between authorizing private entities to assist the government, subject to its control and supervision and authorizing private entities to engage in government functions or render a final decision on a policy matter without agency oversight.**
 - a. **By requiring major contractors to submit annual climate disclosures through the completion of the "CDP Climate Change Questionnaire" that align with the recommendations identified by CDP, does the proposed rule simply incorporate a third-party standard or allow the private party to set the standard?**

Under the Proposed Rule, major Federal suppliers would disclose their emissions in Scope 1, Scope 2, and relevant categories of Scope 3, as well as information on their climate risks, using CDP's disclosure framework.

Accordingly, CDP would provide the mechanism by which companies report emissions related data and climate risk information; it would not set a standard for companies to meet.

Questions submitted by Representative Ryan Zinke, Committee on Science, Space, and Technology

1. During your testimony, you stated you were not aware of SBTi's connection to Arabella Advisors.

- a. When drafting the policy memo/recommendations to the FAR Council, did CEQ conduct any financial review to determine the funding sources of SBTi?

Using third-party standards is a common and effective governmental and commercial practice. It aligns with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119, which directs Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives.

SBTi is [registered](#) as a charity (No. 1205768) with the Charity Commission for England and Wales, which is the organization that regulates charities in England and Wales.

- b. When determining which third-party standard to use, does CEQ normally conduct financial reviews to determine the funding sources of third-party standards?

The Council on Environmental Quality (CEQ) has not recently participated in the development of recommendations about the use of third-party standards apart from Memorandum M-22-06, on "Catalyzing Clean Energy Industries and Jobs Through Federal Sustainability" (M-22-06).

2. After the hearing, Mr. Bill Baue, an SBTi founder, sent a second letter to this Committee (attached). In that letter he states,

Mr Mayock of the Council on Environmental Quality (CEQ) repeatedly reiterated (at least 13 times, by my count) that CEQ's research identified SBTi as the "leading" and "most widely used / accepted" standard setter and validator – suggesting that SBTi is thus best suited to serve the role of standard setter and validator in the (proposed) rule.

Anyone who's experienced high school culture knows that popularity (most widely used) is not causally related to quality (best) – in fact, popularity and quality often don't even correlate.

So while we can agree that Mr Mayock's assertion is an accurate descriptive assessment — SBTi is indeed "widely used" (due primarily to its illegitimate monopolization of the standard and validation marketplaces in this arena) — it falls far short of a critical analysis of whether SBTi's standard setting and validation meet sufficiently robust quality criteria.

- a. Did CEQ review allegations that SBTi had an, "illegitimate monopolization of the standard and validation marketplaces in this arena"?

CEQ was not aware of any such allegation at the time that CEQ, the Office of Management and Budget (OMB), and the Climate Policy Office (CPO) issued M-22-06 in December 2021.

- b. Do you agree or disagree with Mr. Baue's statement that the most widely used standard may not be the best standard?

The value of a particular standard depends on what it measures and the circumstances in which it is applied. The degree to which a standard already enjoys wide acceptance and adoption is one factor in determining its value.

As of 2022, more than half of major Federal contractors were already disclosing climate-related information. In 2022, these Federal contractors were among the 18,700 companies globally—collectively worth more than half of global market capitalization and including 1,800 small and

medium-sized enterprises—that voluntarily disclosed emissions and climate risk through CDP. Large numbers of U.S. companies already use the CDP, TCFD, and SBTi standards because other entities, such as non-Federal customers and investors, demand them; these companies include Pfizer, Ford, AT&T, Johnson & Johnson, and Honeywell, among many others. The Proposed Rule, if finalized, would reinforce this trend towards industry-wide standardization by aligning the requirements of Federal procurement policy with those of capital markets, investors, and other key stakeholders, such as ratings and rankings organizations, and accords with the policies in A-119 that are intended to reduce to a minimum the reliance by agencies on standards unique to the Government.

c. What efforts did CEQ take to ensure that, beyond being the most widely used standard, SBTi was the best standard generally and/or the best standard specifically to take on this role?

CEQ solicited input from a wide range of stakeholders. As part of its role in consulting with the FAR Council to provide expertise on Federal sustainability to support the development of the Proposed Rule, CEQ participated in over 60 meetings with external parties, including businesses, nonprofits, and industry organizations in the aerospace, defense, engineering, information technology, professional services, and transportation sectors, among others.

In recognition of the complexity of applying standards across the wide range of Federal procurements, the FAR Council specifically solicited input from the public on the use of third-party standards, as well as potential alternatives, in the Proposed Rule.

CEQ has reviewed the comments that members of the public, including representatives of the government contracting industry, submitted to the FAR Council in response to the Proposed Rule to inform CEQ's continuing consultation with the FAR Council as directed in EO 14030. During the public comment period, which ended on February 13, 2023, over 38,000 members of the public submitted their views.

The public comments are available at <https://www.regulations.gov/docket/FAR-2021-0015>.

3. During the hearing you stated, “we looked – and we did look in the United States– for a leading standard when it comes to science-based targets and we didn't find any.” Mr. Baue, states in his letter that, “[t]his is highly unusual – even the most cursory review of the scientific literature would identify the two extant comprehensive scientific studies on the relative quality of all science-based target (SBT) setting methods...” and cites two different scientific articles.

a. How did CEQ determine that SBTi was the most widely used standard?

In its review of third-party standards, including standards for developing science-based targets, CEQ studied the field of emissions disclosure and target-setting to determine which approaches were used frequently, both in general and by U.S. Government contractors.

As of 2022, more than half of major Federal contractors were already disclosing climate-related information. In 2022, these Federal contractors were among the 18,700 companies globally—collectively worth more than half of global market capitalization and including 1,800 small and medium-sized enterprises—that voluntarily disclosed emissions and climate risk through CDP. Large numbers of U.S. companies already use the CDP, TCFD, and SBTi standards because other entities, such as non-Federal customers and investors, demand them; these companies include Pfizer, Ford, AT&T, Johnson & Johnson, and Honeywell, among many others.

- b. **You stated in the hearing that over 6,000 companies worldwide voluntarily use SBTi. When compared to the estimated total number of companies in the world is that a significant percentage?**

CEQ understands that the 6,000 companies globally that use SBTi represent approximately one-third of global market capitalization.

- c. **What is the total number of US companies utilizing SBTi? When compared to the estimated total number of companies in the US is that a significant percentage?**

SBTi's target dashboard lists approximately 950 U.S. companies that have committed to or have set a science-based target.

The Proposed Rule would require only major Federal suppliers—that is, Federal contractors that receive more than \$50 million in annual contracts, other than small businesses—to develop science-based emissions reduction targets with SBTi. The Proposed Rule estimated that only approximately 1,000 contractors, or less than 1% of all Federal contractors, would qualify as major Federal suppliers subject to this requirement.

4. **In his letter, Mr. Baue states that defense contractor Lockheed Martin, utilizes a different scientific method to that of SBTi – one that is arguable more stringent. But that, “Lockheed Martin would fail to qualify for SBTi validation...”**

- a. **If this purposed rule was finalized, would it require Lockheed Martin, and potentially others, to utilize an arguable lower standard? If yes, please explain how that serves, on the individual company level, CEQ's goals for this purposed rule.**

The Committee has not provided copies of Mr. Baue's letters to CEQ, and accordingly CEQ has no basis on which to evaluate Mr. Baue's argument that the Proposed Rule would cause particular major Federal contractors to adopt less ambitious targets for emissions reduction.

CEQ engaged a broad set of stakeholders, including companies in the government contracting industry, the standards industries, and other experts, regarding the Proposed Rule. As part of this process, CEQ participated in over 60 meetings with external parties, including businesses, nonprofits, and industry organizations in the aerospace, defense, engineering, information technology, professional services, and transportation sectors, among others. CEQ also met with the Aerospace Industries Association as part of this engagement.

- b. **By selecting SBTi, is CEQ (through the FAR Counsel Council) deciding which scientific method is best or will this continue to be outsourced to SBTi? If the former, please cite to the legal authority that allows CEQ or the FAR Council to do so. If the latter, how is this not a delegation of regulatory authority?**

The Proposed Rule, if finalized, would not delegate regulatory authority to SBTi. Rather, the Proposed Rule would direct major Federal contractors (those that receive contracts worth more than \$50 million annually), other than small businesses, to submit emissions reduction targets to SBTi for validation in accordance with SBTi's scientific methodologies. Only approximately 1,000 contractors, or less than 1% of all Federal contractors, would qualify as major Federal suppliers subject to this requirement.

The Proposed Rule would provide various exceptions to its requirements, including for contractors that fail to comply due to circumstances beyond their control; contractors that provide documentation showing they have made substantial efforts to comply; and contractors that make public commitments

online to comply within one calendar year. Furthermore, the Proposed Rule would authorize agencies to waive its requirements for emergencies, national security, or other mission-essential purposes, or to enable a contractor to come into compliance with the Proposed Rule.

Accordingly, if a company were unable to have SBTi validate its emissions reduction target, the Government would retain its full authority to contract with that company by waiving the requirement.

Using third party standards is a common and effective governmental and commercial practice. It also aligns with the National Technology Transfer and Advancement Act of 1995 and OMB Circular A-119, which directs Federal agencies to use non-governmental private sector standards to meet policy and procurement objectives.

Appendix II

ADDITIONAL MATERIAL FOR THE RECORD

LETTERS SUBMITTED BY REPRESENTATIVE JAY OBERNOLTE



November 30, 2023

The Honorable Jay Obernolte
Chairman
Subcommittee on Investigations and Oversight
House Committee on Science, Space, and Technology
2321 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Obernolte:

On behalf of the Aerospace Industries Association (AIA), which represents many of the nation's most innovative and integral aerospace and defense (A&D) companies ranging from family-run businesses to multinational corporations, I write today to express my sincere appreciation for the opportunity to testify at the recent subcommittee hearing on the challenges posed by the Federal Acquisition Regulation (FAR) Council's proposed greenhouse gas emissions (GHG) rule and to reiterate our industry's concerns with the approach outlined in their proposal.

While the aerospace industry shares the goal of addressing climate change and has already made a number of meaningful commitments to reduce environmental impacts, this proposal would impose significant costs on businesses as they work to meet complex requirements; open the door to foreign influence on government procurement and the U.S. A&D industry; and inflict a disproportionate burden on small businesses.

Additionally, the proposal would effectively sanction the role of non-governmental international entities into the federal contracting process. Under this proposal, companies must set targets to reduce their emissions based on standards set by Science-Based Targets initiative (SBTi), an international coalition of non-governmental entities with foreign national leadership and no accountability to the U.S. government. For over 100 years, the men and women of the U.S. A&D industry have worked tirelessly to support and defend America's national security, an advantage that has never been more important than it is today. It is unthinkable that any U.S.-led proposal would outsource governance to an international body, opening the door to foreign influence on who is qualified to build military equipment for the protection of our country.

As the committee continues its investigation and oversight of the proposed GHG rule with additional hearings, I urge Congress to make inquiries to U.S. government officials as to why a non-governmental international entity like SBTi is better suited than the U.S. government to set and approve key emission standards in the federal contracting process. Furthermore, the divestment of U.S. government authority under the proposed rule fails to ensure proper protections for American contractors' sensitive business information. The proposal also opens the door for our national security adversaries and economic competitors to gain access to the proprietary and sensitive information and attempt to reverse-engineer valuable U.S. aviation and defense equipment.



While industry will continue to outline its concerns with this proposal, AIA remains dedicated to reducing carbon emissions in both commercial and military applications, keeping commercial aviation safe and economically viable, and improving the efficiency, affordability, and performance of the capabilities we provide to our armed forces. We are similarly committed to being a close partner with the government toward these ends as well.

Thank you again for your time and consideration of these matters. As always, I look forward to continued collaboration and am available to address any questions or concerns the Committee has now and in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Fanning", is written over a light blue horizontal line.

Eric Fanning
President & CEO
Aerospace Industries Association



107 S. West St., Ste 442
Alexandria, VA 22314

AmericansforPublicTrust.org
202.656.5175

November 7, 2023

The Honorable Frank Lucas
Chairman
Committee on Science, Space, and Technology
United States House of Representatives
Washington, D.C. 20515

The Honorable Zoe Lofgren
Ranking Member
Committee on Science, Space, and Technology
United States House of Representatives
Washington, D.C. 20515

Re: Letter for the Record:

Dear Chairman Lucas, Ranking Member Lofgren, and Members of the Committee:

Americans for Public Trust (APT), a nonprofit, nonpartisan organization dedicated to restoring trust in government by holding politicians and political groups accountable, respectfully submits this statement for the record. Since our founding in 2020, APT has devoted extensive resources to uncovering, mapping, and publicizing outside money and influence in American politics and policy.

One of the most prolific networks influencing politics and policy today is Arabella Advisors, the left's dark money clearinghouse. Arabella Advisors is a DC-based company that manages five nonprofit organizations, including the Sixteen Thirty Fund, the New Venture Fund, Hopewell Fund, Windward Fund, and the North Fund. While their presence is felt on issues around the country, this network of non-profits managed by Arabella still operates mostly in the shadows. In 2021, the network raised nearly \$1.6 billion in anonymous contributions, which were then routed to a variety of liberal pet projects and issue advocacy campaigns.¹ Their most recent tax returns, which will detail their total haul for 2022, will be made public on November 15, 2023.

One of the top donors to this network is the foreign national, and Swiss billionaire, Hansjörg Wyss. While prohibited by law from directly or indirectly influencing U.S. politics, according to the *New York Times*, Mr. Wyss' "political activism is channeled through a daisy chain of opaque organizations that mask the ultimate recipients of his money."² Two organization part of the Arabella network, the Sixteen Thirty Fund and the New Venture Fund, have accepted at least \$245 million of Mr. Wyss' foreign money since 2016.³

In July 2023, APT released a report detailing how Mr. Wyss has influenced U.S. elections and policy through two nonprofits he controls, and the steps Congress must take to curtail his influence.⁴ After the release of our report, the American Confidence in Elections (ACE) Act was introduced, including provisions to close

¹ Joe Schoffstall, "Liberal Dark Money Network Hauled in More Than \$1.5B in Anonymous Donations for Left-Wing Causes in 2021," *Five News*, (Nov. 15, 2022).

² Kenneth P. Vogel, "Swiss Billionaire Quietly Becomes Influential Force Among Democrats," *The New York Times*, (May 3, 2021).

³ Brian Slodysko, "Group Steers Swiss Billionaire's Money to Liberal Causes," *The Associated Press*, (Apr. 4, 2023).

⁴ Hans Nichols and Stef W. Knight, "Scoop: GOP Plan Targets Foreign Dark Money for 2024," *Chorus*, (Jul. 10, 2023).

loopholes that allow foreign nationals—like Mr. Wyss—to funnel money to super PACS and ballot initiatives.⁵

The impact of the Arabella Advisors network, and their foreign funding, can be seen across all major issues in the United States, one example is the formation of the Science Based Targets Initiative (SBTi) to tackle climate change. Launched in 2015 in part by the foreign funded New Venture Fund, SBTi, which charges companies to set carbon emission targets, became an incorporated company in the UK just this year. Under a proposed rule by the Biden administration, SBTi would become responsible for setting carbon emission targets for all Federal contractors. Such a move would make the Arabella network responsible for both causing alarm around climate change and providing the fee-based solution to the problem.⁶

Not only is the Arabella network brimming with foreign money and influencing policy discussions, but it is also the subject of a recently filed IRS complaint by APT.⁷ In August 2023, APT asked the IRS to investigate the Arabella Advisors network and their founder Eric Kessler for personal enrichment. The complaint alleged that through the complex and sophisticated dark money network that Mr. Kessler created, he routed \$228 million dollars from the nonprofits he initially founded back to the for-profit Arabella Advisors. The complaint urges the IRS to investigate this scheme and determine to what degree and extent Eric Kessler has used Arabella and the nonprofits they manage for his own self-enrichment.⁸

The Arabella network must be subjected to further scrutiny in order to determine the extent of their foreign funding, what issues is being impacted by that foreign funding, as well as any impermissible financial benefits the network may be bestowing upon their founder, Mr. Kessler. Additional investigation is also needed regarding their business and financial relationship with Science Based Target Initiative (SBTi), the New Venture Fund, and why SBTi was set up to benefit from proposed policy by the Biden administration.

Sincerely,



Caitlin Sutherland
Executive Director

⁵ *Ibid.*

⁶ Alana Goodman, "Biden Proposal Would Give Foreign Climate Group Veto Power Over U.S. Military Contracts," [The Washington Free Beacon](#), (Jul. 13, 2023).

⁷ Emily Birnbaum, "US 'Dark Money' Donor Groups Accuse Each Other of Abusing System," [Bloomberg](#), (Aug. 15, 2023).

⁸ Joe Schoffstall, "Top Dem Dark Money Network Faces IRS Complaint Over Alleged Self-Enrichment of Its Founder," [Fox News](#), (Aug. 16, 2023).

DOCUMENTS SUBMITTED BY REPRESENTATIVE CLAUDIA TENNEY

FILE COPY



**CERTIFICATE OF INCORPORATION
OF A
PRIVATE LIMITED COMPANY**

Company Number **14960097**

The Registrar of Companies for England and Wales, hereby certifies that

SCIENCE BASED TARGETS INITIATIVE LTD

is this day incorporated under the Companies Act 2006 as a private company, that the company is limited by guarantee, and the situation of its registered office is in England and Wales

Given at Companies House, Cardiff, on **26th June 2023**



N14960097N



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

The above information was communicated by electronic means and authenticated
by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House

IN01(ef)**Application to register a company**Received for filing in Electronic Format on the: **23/06/2023**

XC6AJNSA

<i>Company Name in full:</i>	SCIENCE BASED TARGETS INITIATIVE LTD
<i>Company Type:</i>	Private company limited by guarantee
<i>Situation of Registered Office:</i>	England and Wales
<i>Proposed Registered Office Address:</i>	FIRST FLOOR, 10 QUEEN STREET PLACE LONDON ENGLAND EC4R 1BE
<i>Sic Codes:</i>	96090

Date of Birth: ****/06/1964** *Nationality:* **INDIAN**
Occupation: **PRESIDENT AND CEO**

The subscribers confirm that the person named has consented to act as a director.

Company Director 2

Type: **Person**
Full Forename(s): **MS MARIA**
Surname: **MENDILUCE VILLANUEVA**
Former Names:
Service Address: **389 7TH STREET, BROOKLYN
NEW YORK
UNITED STATES NY11 215**
Country/State Usually Resident: **SWITZERLAND**

Date of Birth: ****/02/1974** *Nationality:* **SPANISH**
Occupation: **CHIEF EXECUTIVE OFFICER**

The subscribers confirm that the person named has consented to act as a director.

Date of Birth: ****/02/1975** *Nationality:* **SOUTH AFRICAN,BRITISH**
Occupation: **CHIEF IMPACT OFFICER**

The subscribers confirm that the person named has consented to act as a director.

Company Director 4

Type: **Person**
Full Forename(s): **MR MANUEL**
Surname: **PULGAR-VIDAL**
Former Names:
Service Address: **28 RUE MAUVERNEY
GLAND
SWITZERLAND 1196**
*Country/State Usually
Resident:* **PERU**

Date of Birth: ****/05/1962** *Nationality:* **PERUVIAN**
Occupation: **CLIMATE & ENERGY GLOBAL PRACTICE LEADER**

The subscribers confirm that the person named has consented to act as a director.

Persons with Significant Control (PSC)

Statement of no PSC

The company knows or has reason to believe that there will be no registerable Person with Significant Control or Relevant Legal Entity (RLE) in relation to the company

Statement of Guarantee

I confirm that if the company is wound up while I am a member, or within one year after I cease to be a member, I will contribute to the assets of the company by such amount as may be required for:

- payments of debts and liabilities of the company contracted before I cease to be a member;
- payments of costs, charges and expenses of winding up, and;
- adjustment of the rights of the contributors among ourselves, not exceeding the specified amount below.

Name: **WE MEAN BUSINESS COALITION INC.**

Address **389 7TH STREET, BROOKLYN
NEW YORK
UNITED STATES
NY11 215**

Amount Guaranteed **1**

Name: **CDP WORLDWIDE**

Address **4TH FLOOR, 60 GREAT TOWER STREET
LONDON
ENGLAND
EC3R 5AZ**

Amount Guaranteed **1**

Name: **WORLD RESOURCES INSTITUTE**

Address **10 G ST NE #800
WASHINGTON
UNITED STATES
DC20 002**

Amount Guaranteed **1**

Name: **WWF- WORLD WIDE FUND FOR NATURE (FORMERLY WORLD WILDLIFE FUND)**

Address **28 RUE MAUVERNEY
GLAND
SWITZERLAND
1196**

Amount Guaranteed **1**

Statement of Compliance

I confirm the requirements of the Companies Act 2006 as to registration have been complied with.

<i>Name:</i>	WE MEAN BUSINESS COALITION INC.
<i>Authenticated</i>	YES
<i>Name:</i>	CDP WORLDWIDE
<i>Authenticated</i>	YES
<i>Name:</i>	WORLD RESOURCES INSTITUTE
<i>Authenticated</i>	YES
<i>Name:</i>	WWF- WORLD WIDE FUND FOR NATURE (FORMERLY WORLD WILDLIFE FUND)
<i>Authenticated</i>	YES

Authorisation

<i>Authoriser Designation:</i>	subscriber	<i>Authenticated</i>	YES
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COMPANY NOT HAVING A SHARE CAPITAL**Memorandum of Association of
SCIENCE BASED TARGETS INITIATIVE LTD**

Each subscriber to this memorandum of association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company.

Name of each subscriber	Authentication
WE MEAN BUSINESS COALITION INC.	Authenticated Electronically
CDP WORLDWIDE	Authenticated Electronically
WORLD RESOURCES INSTITUTE	Authenticated Electronically
WWF- WORLD WIDE FUND FOR NATURE (FORMERLY WORLD WILDLIFE FUND)	Authenticated Electronically

Dated: 23/06/2023

The Companies Act 2006

Company Limited by Guarantee without Share Capital

Articles of Association

of

Science Based Targets initiative

Company Number:



10 Queen Street Place, London EC4R 1BE
bateswells.co.uk

The Companies Act 2006

Company Limited by Guarantee without Share Capital

Index to Articles of Association of Science Based Targets initiative

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The Companies Act 2006

Company Limited by Guarantee without Share Capital

Articles of Association of Science Based Targets initiative

PART I - CHARITABLE STATUS AND CAPACITY

PURPOSES AND POWERS

1. Purposes

The Charity exists to further the charitable purposes of:

- 1.1 promoting for the public benefit the conservation, protection and improvement of the physical and natural environment; and
 - 1.2 advancing education for the public benefit in the subject of climate change and making the useful results of research in this subject available to the public;
- in particular, but not exclusively, by developing standards, guidance, tools and resources to enable the assessment of ambition and performance of products, entities, and financial portfolios against greenhouse gas emission limits informed by science.

2. Powers

The Charity has power to do anything which helps to promote its Purposes for the public benefit. For the avoidance of doubt (and without limit) it may:

Promote best practice in greenhouse gas emissions reduction

- 2.1 develop standards, guidance, tools and resources to enable the assessment of ambition and performance of products, entities, and financial portfolios against greenhouse gas ("GHG") emission limits informed by science (hereby referred to as "**climate alignment**");
- 2.2 independently assess and validate conformance against standards;
- 2.3 undertake research, information gathering, peer-learning, capacity building and delivering education in relation to aligning economic activity to science-based GHG emission limits;
- 2.4 provide technical advice to organisations aiming to align to science-based GHG emission limits;
- 2.5 provide support and activities which develop skills, capacities and capabilities to enable greater understanding of climate change risks and mitigation against such risks;
- 2.6 provide grants and funding for initiatives focussed on climate alignment, including contribution to scientific research;
- 2.7 contribute to the sound administration of climate science and climate alignment initiatives;
- 2.8 comment on climate science and its regulation and implementation;

- 2.9 promote public support for climate alignment in the private sector;

Manage its finances

- 2.10 raise funds;
- 2.11 borrow money (including, without limit, for the purposes of investment or raising funds);
- 2.12 accept or disclaim gifts (of money and/or other property);
- 2.13 lend money and give credit to, take security for such loans or credit, and guarantee or give security for the performance of contracts by, any person or company;
- 2.14 invest money not immediately required for its Purposes in or upon any investments, securities, or property;
- 2.15 set aside funds for particular reasons, or as reserves;
- 2.16 open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments;
- 2.17 give guarantees or other security for the repayment of money borrowed, for a grant, or for the discharge of an obligation (but only in accordance with the restrictions in the Charities Act 2011);
- 2.18 pay out of the funds of the Charity the costs of forming and registering the Charity;

Manage its property affairs

- 2.19 dispose of, or deal with, all or any of its property (but only in accordance with the restrictions in the Charities Act 2011);
- 2.20 acquire or rent property of any kind and any rights or privileges in and over property and construct, maintain, alter and equip any buildings or facilities;
- 2.21 arrange for investments or other property of the Charity to be held in the name of a nominee or nominees (and pay any reasonable fee for this);
- 2.22 impose (revocable or irrevocable) restrictions on the use of any property of the Charity, including (without limitation) by creating permanent endowment;
- 2.23 incorporate and acquire subsidiary companies;
- 2.24 insure the property of the Charity against any foreseeable risk and take out other insurance policies as are considered necessary by the Trustees to protect the Charity;

Work with other organisations

- 2.25 establish and support (or aid in the establishment and support of) any other organisations, execute charitable trusts and subscribe, lend or guarantee money or property for charitable purposes;

- 2.26 become a member, associate or affiliate of or act as trustee or appoint trustees of any other organisation (including without limit any charitable trust, including a charitable trust of permanent endowment property held for any of the charitable purposes included in the Charity's Purposes);
- 2.27 co-operate with charities, voluntary bodies, statutory authorities and other bodies and exchange information and advice with them;
- 2.28 amalgamate or merge with or acquire or undertake all or any of the property, liabilities and engagements of any body;

Manage its day-to-day operations

- 2.29 subject to Article 3 (Limitation on private benefit):
 - 2.29.1 engage and remunerate staff and advisers;
 - 2.29.2 make reasonable provision for the payment of pensions and other benefits to or on behalf of employees and their spouses and dependants; and
 - 2.29.3 enter into compromise and settlement arrangements with them;
- 2.30 alone or with other organisations, seek to influence public opinion and make representations to and seek to influence governmental and other bodies and institutions regarding the reform, development and implementation of appropriate policies, legislation and regulations provided that all such activities shall be confined to those which an English and Welsh charity may properly undertake;
- 2.31 promote, encourage, carry out or commission research, surveys, studies or other work, make the useful results available;
- 2.32 organise and assist in the provision of conferences, courses of instruction, exhibitions, lectures and other educational activities; and
- 2.33 provide indemnity insurance for:
 - 2.33.1 the Trustees, in accordance with, and subject to the conditions in, section 189 of the Charities Act 2011; and
 - 2.33.2 officers who are not Trustees, subject to such conditions as the Trustees shall determine.

LIMITATION ON PRIVATE BENEFIT

3. Limitation on private benefit

The general rule

- 3.1 The Charity's income and property may only be applied to promote its Purposes.
- 3.2 In light of the Charity's charitable status:
 - 3.2.1 no part of its income or property may be paid or transferred to any of the Charity's members, whether directly or indirectly, by way of dividend, bonus or otherwise by way of profit; and

3.2.2 no Trustee, or person Connected to them, may:

- (a) sell goods, services or any interest in land to the Charity;
- (b) be employed by, or receive any remuneration from, the Charity;
- (c) buy any goods or services from the Charity on terms preferential to those applicable to members of the public; or
- (d) receive any other financial benefit from the Charity (that is, a benefit, direct or indirect, which is either money or has a monetary value);

except as set out in Article 3.3.

Exceptions to the general rule

3.3 Article 3.2 does not prohibit:

- 3.3.1 an Authorised Benefit;
- 3.3.2 a benefit to a person in their capacity as a beneficiary of the Charity;
- 3.3.3 a grant being paid to a member provided that the member must be obliged to use any such grant to further the Charity's Purposes (and not for any other purpose);
- 3.3.4 the payment of reasonable expenses properly incurred by a Trustee or Connected person when acting on behalf of the Charity (including without limitation expenses falling within the scope of Article 2.18); or
- 3.3.5 any other payment, benefit or action which is authorised by the court or the Charity Commission (or where the Charity Commission has confirmed that its authority is not required).

Authorised Benefits

3.4 The following are Authorised Benefits:

3.4.1 A member, Trustee or Connected person may receive:

- (a) reasonable and proper remuneration for any goods or services supplied to the Charity (so long as, once this Article 3.4.1(a) has been relied upon, only a minority of Trustees will be receiving (or will be Connected to a person who is receiving) remuneration from the Charity that is authorised by this Article 3.4.1(a));
- (b) reasonable and proper rent for premises let to the Charity; and/or
- (c) a reasonable and proper rate of interest on money lent to the Charity.

3.4.2 Additionally:

- (a) the Charity may pay reasonable and proper premiums in respect of indemnity insurance, as permitted under Article 2.33; and

- (b) a Trustee or other officer of the Charity may receive payment under an indemnity from the Charity in accordance with the indemnity provisions set out at Article 5.

Application to Subsidiary Companies

- 3.5 In Articles 3.3 and 3.4, a reference to the Charity should be interpreted as including any Subsidiary Company of the Charity (in which case, cross-references in Article 3.4.2 to particular Articles should instead be interpreted as referring to the equivalent articles (if any) in governing document of that Subsidiary Company). For the avoidance of doubt, the effect of this Article 3.5 is that only a minority of Trustees may receive (or may be Connected to a person who is receiving) remuneration from the Charity or any Subsidiary Company by virtue of Article 3.4.1(a) at any time, meaning that any relevant remuneration paid by a Subsidiary Company to a Trustee (or Connected person) must be taken into account when determining how many Trustees fall within the scope of Article 3.4.1(a) at any time.

Authorised Benefits: additional terms

- 3.6 Where a benefit is to be received from the Charity (rather than a Subsidiary Company), Article 3.4.1(a):
- 3.6.1 does not permit a Trustee to be employed by the Charity (but, for the avoidance of doubt, a Connected person can be employed by the Charity); and
- 3.6.2 does not permit a Trustee to be paid for acting as a charity trustee.
- 3.7 Article 16 (Conflicts) applies where benefits are to be received under this Article.
- 3.8 If the Charity is registered with the Office of the Scottish Charity Regulator, the additional requirements under section 67 of the Charities and Trustee Investment (Scotland) Act 2005 must be complied with.

LIMITATION OF LIABILITY AND INDEMNITY

4. Liability of members

The liability of members is limited. Each member agrees, if the Charity is wound up while they are a member (or within one year after they cease to be a member), to pay up to £1 towards:

- 4.1 payment of the Charity's debts and liabilities contracted before they ceased to be a member;
- 4.2 payment of the costs, charges and expenses of winding up; and
- 4.3 adjustment of the rights of the contributors among themselves.

5. Indemnity

Without prejudice to any indemnity to which a Trustee may otherwise be entitled:

- 5.1 every Trustee of the Charity shall be indemnified out of the assets of the Charity in relation to any liability incurred by them in that capacity but only to the extent permitted by the Companies Acts; and

- 5.2 every other officer of the Charity may be indemnified out of the assets of the Charity in relation to any liability incurred by them in that capacity, but only to the extent permitted by the Companies Acts.

WINDING UP

6. Winding up

- 6.1 At any time before, and in expectation of, the winding up or dissolution of the Charity, the members or, subject to any resolution of the members, the Trustees, may resolve that any net assets of the Charity after all its debts and liabilities have been paid, or provision made for them, shall on the winding up or dissolution of the Charity be applied or transferred in any of the following ways:
- 6.1.1 directly in furtherance of one or more of the Purposes of the Charity; or
- 6.1.2 to any institution or institutions to be used for charitable purposes which fall within the Purposes of the Charity.
- 6.2 For avoidance of doubt, the net assets of the Charity may only be paid to one or more of the members of the Charity at any time before, and in expectation of, the winding up or dissolution of the Charity, if such payment or distribution is made in accordance with Article 6.1.1 or 6.1.2.
- 6.3 If no resolution is passed in accordance with Article 6.1 the net assets of the Charity shall be applied for such purposes regarded as charitable under the law of every part of the United Kingdom as are directed by the Charity Commission.

PART II – TRUSTEES

THE ROLE OF THE TRUSTEES

7. Management of the Charity's business

- 7.1 Unless the Articles provide otherwise, the Trustees are responsible for managing the Charity's business. When doing so, they may exercise all the powers of the Charity.
- 7.2 The members may pass a special resolution requiring the Trustees to take (or refrain from taking) specified action: but this does not invalidate anything which the Trustees did before the resolution was passed.

8. Ability to delegate

- 8.1 Unless the Articles provide otherwise, the Trustees may delegate:
- 8.1.1 any of their powers or functions to any committee; and
- 8.1.2 the implementation of their decisions, or the day-to-day management of the Charity's affairs, to any person or committee.
- 8.2 The Trustees may delegate by such means; to such an extent; in relation to such matters or territories; and on such terms and conditions as they think appropriate. They may allow those

to whom a responsibility has been delegated to delegate further; and may change or terminate the delegation arrangements at any time.

Appointing a Chief Executive Officer

- 8.3 The Trustees shall appoint a Chief Executive Officer ("**CEO**") of the Charity in accordance with such recruitment process as the Trustees determine is appropriate. The CEO shall normally attend Trustees' meetings at the invitation of the Trustees, but for the avoidance of doubt shall not be a Trustee and shall have no automatic right to attend Trustees' meetings. The Trustees shall provide the CEO with a written job description and confirm the extent of the CEO's delegated authority pursuant to Article 8.1 and 8.2.

Delegating to a committee

- 8.4 When delegating to a committee, the Trustees must confirm:
- 8.4.1 the composition of that committee (although they may permit the committee to co-opt its own additional members, up to a specified number);
- 8.4.2 how the committee will report regularly to the Trustees; and
- 8.4.3 any other regulations relating to the functioning of the committee.
- 8.5 No committee shall knowingly incur expenditure or liability on behalf of the Charity except where authorised by the Trustees or in accordance with a budget which has been approved by the Trustees.

Appointment of Nominations Committee

- 8.6 The Trustees shall establish a Nominations Committee which shall include at least one Trustee and have the functions, composition and governance as set out in these Articles and under terms of reference adopted by the Trustees ("**Nominations Committee Terms of Reference**").

Delegating investment management

- 8.7 The Trustees may delegate the management of investments to a Financial Expert or Financial Experts provided that:
- 8.7.1 the investment policy is set down in writing for the Financial Expert or Financial Experts by the Trustees;
- 8.7.2 timely reports of all transactions are provided to the Trustees;
- 8.7.3 the performance of the investments is reviewed regularly with the Trustees;
- 8.7.4 the Trustees are entitled to cancel the delegation arrangement at any time;
- 8.7.5 the investment policy and the delegation arrangements are reviewed regularly;
- 8.7.6 all payments due to the Financial Expert or Financial Experts are on a scale or at a level which is agreed in advance; and

- 8.7.7 the Financial Expert or Financial Experts must not do anything outside the powers of the Trustees.

Appointing agents

- 8.8 The Trustees may (by power of attorney or otherwise) appoint any person to be the agent of the Charity for such purposes and on such conditions as they decide.

9. Chair and Deputy Chair

- 9.1 Subject to Article 9.2, the Trustees may appoint from among their number a Chair and Deputy Chair of the Trustees for such term of office as they think appropriate and may at any time remove a person so appointed from office.

- 9.2 Once the Nominations Committee is established, the Trustees shall consider its recommendations whenever making decisions to appoint a Chair or Deputy Chair.

10. Technical Council

- 10.1 The Trustees shall establish a Technical Council and shall agree the terms of reference ("**Technical Council Terms of Reference**") setting out the appointment process, membership eligibility criteria, technical decision-making functions, reporting requirements and any other operational arrangements applying to the Technical Council.

- 10.2 Each member shall have the right to propose one candidate for consideration, but the decision about whether such candidates meet the qualifying criteria shall be made in accordance with the Technical Council Terms of Reference.

- 10.3 The chair of the Technical Council shall be appointed by the Trustees. The Trustees may invite the chair of the Technical Council to attend the Trustees' meetings, as appropriate, but for the avoidance of doubt the chair of the Technical Council shall not be a Trustee and shall have no automatic right to attend Trustees' meetings.

11. Rules

- 11.1 The Trustees may from time to time make, repeal or alter such rules as they think fit as to the management of the Charity and its affairs, including (without limitation) the conduct of meetings (including any arrangements for Remote Attendance); codes of conduct for members or trustees; the payment of subscriptions; and the duties of officers and employees of the Charity. The rules shall be binding on all members of the Charity to the extent they regulate the relationship between the Charity and its members. No rule shall be inconsistent with the Companies Acts, the Articles or any rule of law.

HOW TRUSTEES MAKE DECISIONS

12. The Trustees must take decisions collectively

Any decision of the Trustees must be either:

- 12.1 a decision of a majority of the Trustees present and voting at a quorate Trustees' meeting (subject to the casting vote described in Article 14.6); or

- 12.2 a decision without a meeting taken in accordance with Article 15.
13. **Calling a Trustees' meeting**
- 13.1 The Chair, Deputy Chair or any two Trustees may call a Trustees' meeting or instruct the Secretary (if any) to do so.
- 13.2 A Trustees' meeting must be called by at least four Clear Days' notice unless all the Trustees agree otherwise, or urgent circumstances require shorter notice. The person scheduling the meeting must try to ensure, subject to the urgency of any matter to be discussed at the meeting, that as many Trustees as practicable are likely to be available to participate.
- 13.3 Notice of Trustees' meetings must be given to each Trustee and the Permanent UN Advisor by such means as the Trustees decide. Such notice must ordinarily be in writing and specify:
- 13.3.1 the day and time of the meeting;
- 13.3.2 the place where all the Trustees may physically attend the meeting (if there is to be such a place);
- 13.3.3 the general nature of the business to be considered at the meeting; and
- 13.3.4 if it is anticipated that Trustees participating in the meeting will not be in the same physical place, how it is proposed that they should communicate with each other during the meeting.
14. **Procedure for Trustees' meetings**
- Quorum***
- 14.1 The Trustees cannot conduct any business at a Trustees' meeting unless a quorum is participating. However, if the total number of Trustees for the time being is less than the minimum number of Trustees under Article 18, the Trustees may still act to appoint further Trustees, or call a general meeting to enable the members to do so.
- 14.2 The quorum shall be 50% of the total number of Trustees in office. In the event that all Representatives Trustees are conflicted on a matter and are unable to vote, the quorum requirement shall be a majority of the non-conflicted Trustees in office.
- Virtual / hybrid meetings are acceptable***
- 14.3 Meetings do not need to take place in one physical place. Trustees participate in (and form part of the quorum in relation to) a Trustees' meeting, or part of a Trustees' meeting, when they can contemporaneously communicate with each other by any means. If all the Trustees participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.
- Chair and casting vote***
- 14.4 The Chair (if any) shall preside as chair of each Trustees' meeting unless they are absent from the meeting in which case the Deputy Chair shall preside as chair.

- 14.5 If both the Chair and Deputy Chair are absent from a Trustees' meeting, the Trustees in attendance may nominate one of their number to preside as chair.
- 14.6 If the numbers of votes for and against a proposal at a Trustees' meeting are equal, and the chair of the meeting is eligible to vote on the proposal, they will have a casting vote in addition to any other vote they may have.
15. **Decisions without a meeting**
- 15.1 A decision is taken in accordance with this Article 15 when the majority of the Trustees indicate by any means that they share a common view on a matter, provided that:
- 15.1.1 the Chair or Secretary (if any) or any other person authorised by the Trustees to put the proposed decision to the Trustees (the "**Facilitator**") has taken reasonable steps to notify all Trustees and the Permanent UN Advisor of the proposed decision; and
- 15.1.2 a majority of the Trustees have indicated to the Facilitator that they approve the proposed decision.
- 15.2 Following receipt of responses from a majority of the Trustees, the Facilitator must communicate to all of the Trustees (by any means) whether the decision has been formally approved by the Trustees in accordance with Article 15.1.
16. **Conflicts**
- Declaration of interests***
- 16.1 A Trustee must declare the nature and extent of:
- 16.1.1 any direct or indirect interest which they have in a proposed transaction or arrangement with the Charity; and
- 16.1.2 any duty, or any direct or indirect interest, which they have which conflicts or may conflict with the interests of the Charity or their duties to the Charity.
- Involvement in decision-making***
- 16.2 A Trustee's entitlement to participate in decision-making in relation to a matter depends on whether:
- 16.2.1 their situation could reasonably be regarded as likely to give rise to a conflict of interest or duties in respect of the Charity (a "**Potential Conflict Situation**"); or
- 16.2.2 their situation could not be reasonably regarded as likely to give rise to a conflict of interest or duty in respect of the Charity (a "**No Conflict Situation**").
- 16.3 Any uncertainty about whether a situation is a Potential Conflict Situation or a No Conflict Situation in relation to a matter shall be decided by a majority decision of the other Trustees taking part in the relevant decision.
- 16.4 A Trustee in a No Conflict Situation can participate in the decision-making process, be counted in the quorum and vote in relation to the relevant matter.

- 16.5 A Trustee in a Potential Conflict Situation can participate in the decision-making process, be counted in the quorum and vote in relation to the relevant matter, unless:
- 16.5.1 a majority of the other Trustees taking part in the relevant decision decide otherwise; or
- 16.5.2 the decision could result in the Trustee or any person who is Connected with them receiving a benefit. The following benefits are not counted for the purposes of this Article:
- (a) any benefit received by any person in their capacity as a beneficiary of the Charity (see Article 3.3.2) which is available generally to the beneficiaries of the Charity;
 - (b) the payment of premiums in respect of indemnity insurance (see Article 3.4.2(a));
 - (c) payment under the indemnity in Article 5;
 - (d) reimbursement of expenses (see Article 3.3.4); or
 - (e) any benefit authorised by the court or the Charity Commission under Article 3.3.5, so long as any conditions accompanying that authorisation are complied with;
- in which case Article 16.6 applies to the decision.
- 16.6 If this Article 16.6 applies, the relevant Trustee must:
- 16.6.1 take part in the relevant decision-making process only to such extent as in the view of the other Trustees is necessary to inform the debate;
- 16.6.2 not be counted in the quorum for that part of the process; and
- 16.6.3 have no vote on the matter.

Continuing duties to the Charity

- 16.7 Where a Trustee or person Connected with them has a conflict of interest or conflict of duties and the Trustee has complied with their obligations under these Articles in respect of that conflict:
- 16.7.1 the Trustee shall not be in breach of their duties to the Charity by withholding confidential information from the Charity if to disclose it would result in a breach of any other duty or obligation of confidence owed by them; and
- 16.7.2 the Trustee shall not be accountable to the Charity for any benefit expressly permitted under these Articles which they or any person Connected with them derives from any matter or from any office, employment or position.

17. Validity of Trustee actions

All acts done by a person acting as a Trustee shall be valid, notwithstanding that it is afterwards discovered that there was a defect in their appointment, or that they were disqualified from holding office or had vacated office, or that they were not entitled to vote on the matter in question.

APPOINTMENT AND RETIREMENT, ETC. OF TRUSTEES**18. Number of Trustees**

The Charity shall seek to ensure that there are always at least three Trustees and ordinarily no more than 11 Trustees in post, unless the Trustees determine a higher number is appropriate on the recommendation of the Nominations Committee and resolve to increase the limit.

19. Appointment and retirement of Trustees***First Trustees***

- 19.1 The first Trustees shall be the people notified to the Registrar of Companies as the initial directors of the Charity.

Composition and appointment of Trustees

- 19.2 The board of Trustees shall at all times be comprised of the Representative Trustees and such additional Trustees as are appointed in accordance with Article 19.3 up to the maximum specified in Article 18.

- 19.3 Trustees shall be appointed to the board of Trustees (provided that they would not otherwise be disqualified from acting under Articles 19.7 or 20):

- 19.3.1 by a Founding Member as a Representative Trustee, subject to Article 19.4.1; or

- 19.3.2 by a decision of the Trustees, following nomination by the Nominations Committee in accordance with the process in Article 19.6.

Representative Trustees

- 19.4 For Representative Trustees:

- 19.4.1 Each Founding Member shall have the right to appoint one Representative Trustee under Article 19.3.1 by giving written notice to the Charity, but such appointment is subject to board approval and shall not take effect unless and until that appointment is confirmed by a decision of the Trustees; and

- 19.4.2 Representative Trustees remain in office until their Founding Member removes them by giving notice under Article 20.4, or they resign or are otherwise removed or disqualified from office under Article 20, in which case the Founding Member shall be entitled to make a replacement appointment under Article 19.3.1

Trustees appointed following the nominations process

- 19.5 For each Trustee appointed by the Trustees under Article 19.3.2:

- 19.5.1 their term of office will run until the next board meeting following the third anniversary of their appointment and will expire at the conclusion of that meeting;

- 19.5.2 they will be eligible to be re-appointed by the Trustees if the Nominations Committee recommends this, provided that they have not reached the term limits in Article 19.5.3; and

- 19.5.3 if they have served for consecutive terms totalling nine years, the Trustee must take a break from office and are not eligible for re-appointment until twelve months has passed, unless the Trustees acting on the recommendation of the Nominations Committee resolve otherwise due to exceptional circumstances.

Nominations process

- 19.6 The Trustees shall delegate responsibility for identifying individuals for appointment as Trustees to the Nominations Committee who shall put forward candidates for appointment in accordance with the Nominations Committee Terms of Reference (adopted under Article 8.6).

Minimum age

- 19.7 No one may be appointed as a Trustee unless they have reached the age of 18 years.

20. Disqualification and removal of Trustees

A Trustee ceases to hold office if:

- 20.1 they cease to be a director, or become prohibited from being a director or charity trustee, by law;
- 20.2 the Trustees reasonably believe that the Trustee has become physically or mentally incapable of managing their own affairs and they resolve to remove the Trustee from office;
- 20.3 they notify the Charity in writing that they are resigning from office, and any period of time specified in such notice has passed (but only if at least three Trustees will remain in office when such resignation has taken effect);
- 20.4 they are a Representative Trustee and the Founding Member which appointed them gives notice to the Charity that they are to be removed from office (in which case the Founding Member shall be entitled to make a replacement appointment under Article 19.3.1);
- 20.5 they fail to attend three consecutive meetings of the Trustees and the Trustees resolve that they be removed for this reason;
- 20.6 at a general meeting of the Charity, a resolution is passed that the Trustee be removed from office, provided the meeting has invited their views and considered the matter in the light of such views; or
- 20.7 in the case of a Trustee who is not a Representative Trustee, at a meeting of the Trustees at which at least half of the Trustees are present, a resolution is passed that the Trustee is removed from office. Such a resolution shall not be passed unless the affected Trustee has been given at least 14 Clear Days' notice that the resolution is to be proposed, specifying the circumstances underlying the proposal, and has been afforded a reasonable opportunity of either (at their option) being heard by or making written representations to the Trustees. For the avoidance of doubt, a Representative Trustee may not be removed under this Article.

21. Honorary Representative Roles

The Trustees may appoint and remove any individual(s) to honorary representative roles such as (but not limited to) patron(s) or honorary president or honorary ambassador of the Charity

on such terms as they shall think fit. Such individual(s) shall have the right to be given notice of, to attend and speak (but not vote) at any general meeting of the Charity and shall also have the right to receive accounts of the Charity when available to members.

PART III – MEMBERS

BECOMING AND CEASING TO BE A MEMBER

22. Becoming a member

- 22.1 The first members of the Charity are the subscribers to its Memorandum of Association and shall be referred to as the Founding Members.
- 22.2 After this, the members may admit additional members by a unanimous decision.
- 22.3 Except for the Founding Members, no organisation may become a member of the Charity unless:
 - 22.3.1 it has applied for membership; and
 - 22.3.2 the members have approved the application by unanimous vote.
- 22.4 The members may from time to time prescribe criteria for membership.
- 22.5 The members may in their absolute discretion decline to accept any person as a member (whether or not they meet any criteria prescribed under Article 22.4), and do not need to give reasons for this.

Authorised representatives of corporate members

- 22.6 If a corporate body is a member, it may authorise one or more individuals to exercise its rights as a member. Evidence of the representative's appointment must be provided in any such form as the Trustees reasonably require. This individual or individuals may exercise (on behalf of the corporate member) the same powers as the corporate member could exercise if it were an individual member.

23. Ending membership

- 23.1 Membership is not transferable.
- 23.2 A person shall cease to be a member if:
 - 23.2.1 that person gives at least seven days' written notice to the Charity via an authorised representative that it intends to withdraw from membership, and that period of notice has elapsed;
 - 23.2.2 the members (excluding the member who is proposed to be removed) unanimously decide that a member should be removed from its membership; or
 - 23.2.3 the member goes into liquidation other than for the purpose of a solvent reconstruction or amalgamation, has an administrator or a receiver or an administrative receiver appointed over all or any part of its assets, or has an order made or a resolution passed for its winding up.

24. **Associate members**

- 24.1 The Trustees may establish one or more categories of associate membership. Associate members are not members of the Charity for the purposes of the Articles or the Companies Acts but may have such rights and obligations (and may be liable for any such subscriptions) as the Trustees decide from time to time. The Trustees may admit and remove any associate members in accordance with any regulations that they make.

25. **Permanent UN Advisor**

- 25.1 The UN Global Compact shall have the right to appoint a UN Global Compact staff person to serve as a Permanent UN Advisor who shall be given notice of and have the right to attend and speak (but not vote) at any Trustees' meeting, committee meeting, or general meeting of the Charity and shall also have the right to receive accounts of the Charity upon request. The Permanent UN Advisor shall confine themselves to providing technical comment which is not of a policy nature with respect to any of the activities or business of the Charity.
- 25.2 The Permanent UN Advisor may be appointed by the UN Global Compact giving written notice to the Charity, and the UN Global Compact may at any time remove its Permanent UN Advisor and make a replacement appointment by giving written notice to the Charity.
- 25.3 The UN Global Compact may nominate the Permanent UN Advisor for appointment by the Trustees to an honorary role under Article 21. The conferral of an honorary role or title is intended to reflect the significant commitment and role played by the UN Global Compact in supporting the Charity. For the avoidance of doubt neither the Permanent UN Advisor nor any individual appointed to any honorary role shall be a Trustee or member of the Charity.
- 25.4 The UN Global Compact's participation and/or entry into any document concerning the establishment of the Charity, and the exercise by the Permanent UN Advisor of the rights set out in these Articles are not to be interpreted as a waiver of all or part of the privileges and immunities applying to the UN Global Compact as recognised under English law or international treaties recognised by English law.
- 25.5 Accordingly, any persons acting on behalf of any of the UN Global Compact in relation to matters concerning the Charity shall continue to benefit from all the privileges and immunities applicable to the UN Global Compact in England and Wales.

ORGANISATION OF GENERAL MEETINGS

26. **Annual general meetings and general meetings**

- 26.1 It is anticipated that in most circumstances, formal members' decisions under these Articles and for the purposes of company law will be made by written resolution of the members under Article 27. If this is not possible or practical, and/or if the Trustees wish to convene an annual general meeting or other general meeting of members, and/or a member exercises their rights under company law to require the Trustees to call a general meeting, then a general meeting shall be convened by the Trustees in accordance with company law and the provisions in Schedule 2.

27. **Written resolutions**

General

- 27.1 Subject to this Article 27, a written resolution agreed by:
- 27.1.1 members representing a simple majority; or
- 27.1.2 (in the case of a special resolution) members representing not less than 75%;
- of the total voting rights of eligible members shall be effective, save that:
- 27.1.3 for a decision to admit a new member of the Charity under Article 22.2, a written resolution must be passed by all members, and
- 27.1.4 for a decision to remove a member of a Charity under Article 23.2.2, a written resolution must be passed by all members excluding the member who is proposed to be removed.
- 27.2 On a written resolution each member entitled to vote on the proposal shall have one vote.
- 27.3 A written resolution must state that it was proposed as a special resolution in order to be a special resolution under the Companies Acts.

Circulation

- 27.4 A copy of the proposed written resolution must be sent to every eligible member together with a statement informing the member how to signify their agreement and the date by which the resolution must be passed if it is not to lapse.
- 27.5 In relation to a resolution proposed as a written resolution of the Charity the eligible members are the members who would have been entitled to vote on the resolution on the Circulation Date of the resolution.
- 27.6 The required majority of eligible members must signify their agreement to the written resolution within the period of 28 days beginning with the Circulation Date.
- 27.7 Communications in relation to written resolutions must be sent to the Charity's auditors in accordance with the Companies Acts.

Signifying agreement

- 27.8 A member signifies their agreement to a proposed written resolution when the Charity receives from them (or from someone acting on their behalf) an authenticated document:
- 27.8.1 identifying the resolution to which it relates; and
- 27.8.2 indicating the member's agreement to the resolution.
- 27.9 For the purposes of Article 27.8:
- 27.9.1 a document sent or supplied in hard copy form is sufficiently authenticated if it is signed by the person sending or supplying it; and

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- 27.9.2 a document sent or supplied in electronic form is sufficiently authenticated if:
- (a) the identity of the sender is confirmed in a manner specified by the Charity; or
 - (b) where no such manner has been specified by the Charity, if the communication contains or is accompanied by a statement of the identity of the sender and the Charity has no reason to doubt the truth of that statement.
- 27.10 If the Charity gives an electronic address in any document containing or accompanying a written resolution, it will be deemed to have agreed that any document or information relating to that resolution may be sent by electronic means to that address (subject to any conditions or limitations specified in the document).

PART IV - ADMINISTRATIVE ARRANGEMENTS AND MISCELLANEOUS**28. Communications by the Charity****General rule**

- 28.1 The Charity may send or supply any documents, notices, information or other material to members or Trustees in the manner indicated in the first column below. They will be deemed received at the time specified in the second column below. This Article is subject to Article 28.2.

Method	Deemed delivery
(a) By hand.	The day it was delivered.
(b) By post, in a prepaid envelope addressed to the recipient.	48 hours after posting, excluding any part of a day that is a Saturday, Sunday or Public Holiday.
(c) By electronic means.	The day it was sent.
(d) By making it available on a website.	The day it was made available or (if later) the day the recipient was notified (or is deemed notified) that it was so available.
(e) By other means authorised by the Articles and the Companies Acts.	In accordance with any provisions in the relevant Article or the Companies Acts.

Exceptions

- 28.2 The following exceptions apply:
- 28.2.1 where the Companies Act 2006 requires it, the requirements in that Act for the Charity to gain a person's consent (or deemed consent) must be complied with before method (c), (d) or (as applicable) (e) is used (or before relevant material is sent in electronic form by other means);
- 28.2.2 insofar as the communication falls within the scope of the Companies Act 2006, the Charity must have gained the Trustee's prior agreement for the deemed delivery provisions listed above (rather than those prescribed by the Companies Act 2006) to take effect. A Trustee may agree with the Charity that notices or documents concerning Trustee decision-making can be sent to them in a particular way (whether or not listed above); and that they may be deemed delivered sooner than would otherwise be the case under this Article;
- 28.2.3 a member present by proxy or authorised representative at a meeting of the Charity shall be deemed to have received notice of the meeting and the purposes for which it was called;
- 28.2.4 a member who does not register a postal address within the United Kingdom with the Charity shall not be entitled to receive any notice from the Charity by methods (a) or (b) but shall be entitled to receive any notice by methods (c), (d) or (e) (subject to Article 28.2.1 above); and

28.2.5 where any document or material has been sent or supplied by the Charity by electronic means and the Charity receives notice that the message is undeliverable:

- (a) if the material has been sent to a member or Trustee and is notice of a general meeting of the Charity, the Charity is under no obligation to send a hard copy of the material to their postal address as shown in the Charity's register of members or Trustees, but may in its discretion choose to do so;
- (b) in all other cases, the Charity shall send a hard copy of the material to the member's postal address (within the United Kingdom) as shown in the Charity's register of members (if any), or in the case of a recipient who is not a member, to the last known postal address for that person within the United Kingdom (if any); and
- (c) the date of service or delivery of the material shall be the date on which the original electronic communication was sent, notwithstanding the subsequent sending of hard copies.

29. **Secretary**

A Secretary may be appointed by the Trustees on such terms as they see fit and may be removed by them. If there is no Secretary, the Trustees may make appropriate alternative arrangements.

30. **Irregularities**

The proceedings at any meeting or on the taking of any poll or the passing of a written resolution or the making of any decision shall not be invalidated by reason of any accidental informality or irregularity (including any accidental omission to give or any non-receipt of notice) or any want of qualification in any of the persons present or voting or by reason of any business being considered which is not specified in the notice.

31. **Minutes**

31.1 The Trustees must ensure minutes are made:

- 31.1.1 of all appointments of officers made by the Trustees;
- 31.1.2 of all resolutions of the Charity and of the Trustees (including, without limitation, decisions of the Trustees made without a meeting); and
- 31.1.3 of all proceedings at meetings of the Charity and of the Trustees, and of committees of Trustees, including the names of the Trustees present at each such meeting;

and any such minute, if purported to be signed (or in the case of minutes of Trustees' meetings signed or authenticated) by the chair of the meeting at which the proceedings were had, or by the chair of the next succeeding meeting, shall, as against any member or Trustee of the Charity, be sufficient evidence of the proceedings.

32. **Records and accounts**

32.1 The Trustees shall comply with the requirements of the Companies Acts and of the Charities Act 2011 as to maintaining a members' register, keeping financial records, the audit or

examination of accounts and the preparation and transmission to the Registrar of Companies and the Charity Commission of:

- 32.1.1 annual reports;
- 32.1.2 annual statements of account; and
- 32.1.3 annual returns or confirmation statements.
- 32.2 Except as provided by law or authorised by the Trustees or an ordinary resolution of the Charity, no person is entitled to inspect any of the Charity's accounting or other records or documents merely by virtue of being a member.

33. **Interpretation**

These Articles should be read and interpreted in accordance with Schedule 1.

34. **Exclusion of model articles**

The relevant model articles for a company limited by guarantee are expressly excluded.

Schedule 1 - Interpretation – Defined Terms

1. In the Articles, unless the context requires otherwise, the following terms shall have the following meanings:

	Term	Meaning
1.1	“Articles”	the Charity's articles of association;
1.2	“CDP”	means CDP Worldwide, a charitable company limited by guarantee incorporated in England and Wales with company number 05013650 and charity registration number 1122330, whose principal address is at 4th Floor, 60 Great Tower Street, London EC3R 5AZ;
1.3	“Chair”	has the meaning given in Article 9;
1.4	“Charity”	Science Based Targets initiative;
1.5	“Clear Days”	in relation to the period of a notice, that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
1.6	“Companies Acts”	the Companies Acts (as defined in Section 2 of the Companies Act 2006), in so far as they apply to the Charity;
1.7	“Connected”	means in respect of a Trustee: (a) the Trustee's parent, child, sibling, grandparent or grandchild; (b) the spouse or civil partner of the Trustee or another person described in paragraph (a); (c) a person carrying on business in partnership with the Trustee, or a person described in paragraph (a) or (b); (d) an institution controlled by the Trustee and/or one or more person(s) described in paragraph (a), (b) or (c); or (e) a body corporate in which the Trustee and/or one or more person(s) described in paragraph (a), (b) or (c) have a substantial interest. Sections 350 – 352 of the Charities Act 2011 apply for the purposes of interpreting the terms used in this definition;
1.8	“electronic form” and “electronic means”	have the meanings respectively given to them in Section 1168 of the Companies Act 2006;

1.9	“Financial Expert”	an individual, company or firm who, or which, is authorised to give investment advice under the Financial Services and Markets Act 2000;
1.10	“Founding Members”	The first subscribers to the Memorandum of Association which are CDP, The World Resources Institute, The World Wide Fund for Nature, and We Mean Business Coalition;
1.11	“hard copy” and “hard copy form”	have the meanings respectively given to them in the Companies Act 2006;
1.12	“Nominations Committee”	A committee established by the Trustees in accordance with Article 8.6;
1.13	“Permanent UN Advisor”	The representative of the UN Global Compact appointed under Article 25, as notified to the Charity from time to time;
1.14	“Purposes”	means the charitable objects (or purposes) of the Charity;
1.15	“Proxy Notice”	has the meaning given in Article 11;
1.16	“Public Holiday”	means Christmas Day, Good Friday and any day that is a bank holiday under the Banking and Financial Dealings Act 1971 in the part of the United Kingdom where the company is registered;
1.17	“Remote Attendance”	means remote attendance at a general meeting by such means as are approved by the Trustees in accordance with Article 4.5;
1.18	“Representative Trustees”	Trustees appointed to the board of Trustees by the Founding Members under Article 19.3.1;
1.19	“Secretary”	the secretary of the Charity (if any);
1.20	“Subsidiary Company”	any company in which the Charity holds more than 50% of the shares, controls more than 50% of the voting rights attached to the shares or has the right to appoint a majority of the board of the company;
1.21	“Trustee”	a director of the Charity, and includes any person occupying the position of director, by whatever name called;
1.22	“UN Global Compact”	the United Nations Global Compact (or its respective successor body within the United Nations). The UN Global Compact is a special initiative of the UN Secretary-General based on commitments by businesses to implement universal sustainability

principles and to take steps to support UN goals. The Board of the UN Global Compact, appointed and chaired by the UN Secretary-General, is the main governance body of the initiative and makes recommendations to the Global Compact Office. The Global Compact Office works on the basis of a mandate from the UN General Assembly to advance United Nations values and responsible business practices within the United Nations system and among the global business community (A/RES/68/234);

- 1.23 **"We Mean Business Coalition"** means We Mean Business Coalition Inc, a US non-profit, 501(c)(3) tax exempt organisation, with company name We Mean Business Coalition Inc, whose principal address is at 1178 Broadway 3rd Floor, #325 New York, NY 10001;
- 1.24 **"The World Wide Fund for Nature"** means WWF-World Wide Fund for Nature (formerly World Wildlife Fund) a Swiss foundation, No. CH-CHE-107.971.916, with its registered address at Rue Mauverney 28, 1196 Gland, Switzerland; and
- 1.25 **"The World Resources Institute"** means a US non-profit, 501(c)(3) tax-exempt organisation incorporated in the State of Delaware with FEIN 52-1257057 whose principal address is at 10 G Street, NE, Suite 800 Washington, DC 20002 USA.
2. Unless the context requires, references to "writing" and "document" should be interpreted (without limitation) as allowing for the transmission of information in electronic form. A reference to a "document" includes summons, notice, order or other legal process.
3. Subject to paragraph 4 of this Schedule, any reference in the Articles to an enactment includes a reference to that enactment as re-enacted or amended from time to time and to any subordinate legislation made under it.
4. Unless the context otherwise requires, words or expressions contained in the Articles which are not defined in paragraph 1 above bear the same meaning as in the Companies Act 2006 as in force on the date when the Articles became binding on the Charity.

Schedule 2 – General Meetings of the Charity**1. Annual general meetings**

1.1 The Charity may (but is under no obligation to) hold an annual general meeting within 18 months of incorporation and afterwards once in every calendar year and not more than 15 months shall pass between one annual general meeting and the next.

1.2 Any annual general meeting shall be held in accordance with such arrangements as are made by the Trustees.

2. General meetings

2.1 The Trustees may call a general meeting at any time.

2.2 The Trustees must call a general meeting if required to do so by the members under the Companies Acts.

3. Notice of general meetings***Length of notice***

3.1 All general meetings must be called by either:

3.1.1 at least 14 Clear Days' notice; or

3.1.2 shorter notice if it is so agreed by a majority in number of the members having a right to attend and vote at that meeting. Any such majority must together represent at least 90% of the total voting rights at that meeting of all the members.

Contents of notice

3.2 A notice calling a general meeting must specify the following information, insofar as required by the Companies Acts:

3.2.1 the day, time and place of the meeting; and

3.2.2 the general nature of the business to be transacted.

3.3 If a special resolution is to be proposed, the notice must include the full text of the proposed resolution and specify that it is proposed as a special resolution.

3.4 In every notice calling a meeting of the Charity there must appear with reasonable prominence a statement informing the member of their rights to appoint another person as their proxy at a meeting of the Charity.

3.5 If the Charity gives an electronic address in a notice calling a meeting, it will be deemed to have agreed that any document or information relating to proceedings at the meeting may be sent by Electronic Means to that address (subject to any conditions or limitations specified in the notice).

Service of notice

- 3.6 Notice of general meetings must be given to every member, to the Permanent UN Advisor, to the Trustees and to the auditors of the Charity.

4. Attendance and speaking at general meetings

- 4.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- 4.2 A person is able to exercise the right to vote at a general meeting when:
- 4.2.1 that person is able to vote on any resolutions put to the vote at the meeting; and
- 4.2.2 that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- 4.3 In determining attendance at a general meeting, it is irrelevant whether any two or more members attending it are in the same physical location as each other.
- 4.4 Two or more persons who are not in the same physical location as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.
- 4.5 The Trustees may make such lawful arrangements as they see fit in respect of physical attendance and/or Remote Attendance at a general meeting. The entitlement of any person to attend and participate in a general meeting shall be subject to such arrangements.
- 4.6 When the Trustees have made arrangements to facilitate Remote Attendance:
- 4.6.1 the provisions of the Articles shall be treated as modified to permit such arrangements and in particular:
- (a) a person attending a general meeting by Remote Attendance shall be treated as being present and/or present in person at the meeting for the purposes of the Articles, including without limitation the provisions of the Articles relating to the quorum for the meeting and rights to vote at the meeting, unless the Articles expressly provide to the contrary; and
- (b) references in these Articles to the place of a general meeting shall be treated as references to the place specified as such in the notice of general meeting;
- 4.6.2 the Trustees must ensure that the notice of the meeting includes details of the arrangements for Remote Attendance, and any relevant restrictions, in addition to any other information required by the Companies Acts;
- 4.6.3 the arrangements must specify:
- (a) how those attending by Remote Attendance may communicate with the meeting, for example by using an electronic platform to communicate with the chair and/or others attending the meeting in writing;

- (b) how those attending by Remote Attendance may vote;

4.6.4 Insofar as not disapplied by any arrangements made under Article 4.5:

- (a) the arrangements for Remote Attendance may be changed or withdrawn in advance of the meeting by the Trustees, who must give the members as much notice as practicable of the change;
- (b) in the event of technical failure or other technical issues during the meeting (including, for example, difficulties in establishing whether the meeting is quorate) the chair of the meeting may adjust or withdraw the arrangements for Remote Attendance and/or adjourn the meeting if in their view this is necessary or expedient for the efficient conduct of the meeting; and
- (c) under no circumstances shall the inability of one or more persons (being entitled to do so) to access, or continue to access, the technology being used for Remote Attendance at the meeting (despite adequate technology being made available by the Charity) affect the validity of the meeting or any business conducted at the meeting, provided a quorum is present at the meeting.

5. **Quorum for general meetings**

- 5.1 No business (other than the appointment of the chair of the meeting) may be transacted at a general meeting unless a quorum is present.
- 5.2 The quorum shall be 50% of the total membership (represented by authorised representative or by proxy) on the condition that at least two individuals must be in attendance.
- 5.3 If both a member's authorised representative and its proxy are present at a general meeting, only the authorised representative shall be counted towards the quorum and entitled to vote.
- 5.4 If a quorum is not present within half an hour from the time appointed for the meeting; (or such longer time as is decided by the chair of the meeting) or a quorum ceases to be present during the meeting:
 - 5.4.1 where the meeting has been called by requisition of the members under the Companies Acts, it shall be dissolved; or
 - 5.4.2 otherwise, the meeting shall stand adjourned to the same day in the next week at the same time and place, or to such day (within 14 days of the original meeting), time and place (and with such arrangements for Remote Attendance (if any)) as the Trustees may decide, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting those present and entitled to vote shall be a quorum.

6. **Chairing general meetings**

- 6.1 The Chair (if any), or in their absence the Deputy Chair, shall preside as chair of every general meeting.
- 6.2 If neither the Chair nor Deputy Chair is present within fifteen minutes after the time appointed for holding the meeting and willing to act, the Trustees present shall elect one of their number

to chair the meeting and, if there is only one Trustee present and willing to act, they shall be chair of the meeting.

- 6.3 Failing this, the members present by authorised representative or by proxy, and entitled to vote, must choose one of the authorised representatives to be chair of the meeting.

7. **Attendance and speaking by Trustees, Permanent UN Advisor and non-members**

- 7.1 Trustees may attend and speak at general meetings, whether or not they are the authorised representative or a proxy for a member.
- 7.2 The Permanent UN Advisor may also attend and speak at general meetings.
- 7.3 The chair of the meeting may permit other persons who are not members of the Charity (or otherwise entitled to exercise the rights of members in relation to general meetings) to attend and speak at a general meeting.

8. **Adjournment**

- 8.1 The chair of the meeting may adjourn a general meeting at which a quorum is present:
 - 8.1.1 with the consent of the meeting;
 - 8.1.2 in the event of technical failure under Article 4.6.4(b); or
 - 8.1.3 if it appears to the chair that adjournment is necessary to protect the safety of any person attending the meeting or to ensure the business of the meeting is conducted in an orderly manner.
- 8.2 The chair of the meeting must adjourn a general meeting if directed to do so by the meeting.
- 8.3 When adjourning a general meeting, the chair of the meeting must:
 - 8.3.1 either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Trustees; and
 - 8.3.2 have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 8.4 If the meeting is to continue more than 14 days after it was adjourned, the Charity must give at least 7 Clear Days' notice of it:
 - 8.4.1 to the same persons to whom notice of the Charity's general meetings is required to be given; and
 - 8.4.2 containing the same information which such notice is required to contain.
- 8.5 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

9. **Voting at general meetings**

- 9.1 A resolution put to the vote at a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

Voting rights

- 9.2 Where a vote is carried out by a show of hands, the following persons have one vote each:
- 9.2.1 each authorised representative of a corporate member present and entitle to vote; and
- 9.2.2 (subject to Article 12.3) each proxy present who has been duly appointed by one or more persons entitled to vote on the resolution,
- provided that if a person attending the meeting falls within two or more of the above categories, they are not entitled to cast more than one vote but shall instead have a maximum of one vote.
- 9.3 On a vote on a resolution which is carried out by a poll, the following persons entitled to vote have one vote each:
- 9.3.1 every member present by proxy (subject to Article 12.3); and
- 9.3.2 every authorised representative of a corporate member present (subject to Article 9.8).
- 9.4 On a vote on a resolution at a meeting which is carried out by a poll, if more than one authorised representative of a corporate member purports to vote on behalf of the same corporate member:
- 9.4.1 if they purport to vote in the same way, they will be treated as having cast one vote between them; and
- 9.4.2 if they purport to vote in different ways they are treated as not having voted.
- 9.5 In the case of an equality of votes, whether on a show of hands or on a poll, the chair of the meeting shall not be entitled to a casting vote in addition to any other vote they may have.
- 9.6 For the avoidance of doubt, the Permanent UN Advisor shall not be entitled to vote and a member shall not be entitled to vote on any resolution proposed to remove them as a member under Article 23.2.2.

Saving provisions

- 9.7 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid. Any such objection must be referred to the chair of the meeting whose decision is final.
- 9.8 On a vote on a resolution at a meeting on a show of hands, unless a poll is duly demanded, a declaration by the chair of the meeting that the resolution:
- 9.8.1 has or has not been passed; or

- 9.8.2 passed with a particular majority,

is conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution. An entry in respect of such a declaration in minutes of the meeting recorded in accordance with Article 31 is also conclusive evidence of that fact without such proof.

10. **Poll voting: further provisions**

Process for demanding a poll

- 10.1 A poll on a resolution may be demanded:
- 10.1.1 in advance of the general meeting where it is to be put to the vote; or
- 10.1.2 at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 10.2 A poll may be demanded by:
- 10.2.1 the chair of the meeting;
- 10.2.2 the Trustees;
- 10.2.3 two or more persons having the right to vote on the resolution;
- 10.2.4 any person who holds two or more votes; or
- 10.2.5 a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.
- 10.3 A demand for a poll may be withdrawn, if the poll has not yet been taken, and with the consent of the chair of the meeting.

Procedure on a poll

- 10.4 Subject to the Articles, polls at general meetings must be taken when, where and in such manner as the chair of the meeting directs.
- 10.5 The chair of the meeting may appoint scrutineers (who need not be members) and decide how and when the result of the poll is to be declared.
- 10.6 The result of a poll shall be the decision of the meeting in respect of the resolution on which the poll was demanded.
- 10.7 A poll to elect a chair of the meeting, or concerning the adjournment of the meeting, must be taken immediately. Other polls must be taken within 30 days of their being demanded. If a poll is demanded the meeting may continue to deal with any other business that may be conducted at the meeting.
- 10.8 No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the meeting at which it is demanded.

- 10.9 In any other case, at least 7 days' notice must be given specifying the time and place at which the poll is to be taken.

11. **Proxies**

Power to appoint

- 11.1 A member is entitled to appoint another person as its proxy to exercise all or any of their rights to attend and speak and vote at a meeting of the Charity. A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed.

Manner of appointment

- 11.2 Proxies may only validly be appointed by a notice in writing (a "**Proxy Notice**") which:
- 11.2.1 states the name and address of the member appointing the proxy;
- 11.2.2 identifies the person appointed to be that member's proxy and the general meeting in relation to which that person is appointed;
- 11.2.3 is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the Trustees may decide; and
- 11.2.4 is delivered to the Charity in accordance with the Articles and any instructions included with the notice of the general meeting to which they relate.
- 11.3 The Charity may require Proxy Notices to be delivered in a particular form and may specify different forms for different purposes.
- 11.4 Proxy Notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 11.5 Unless a Proxy Notice indicates otherwise, it must be treated as:
- 11.5.1 allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
- 11.5.2 appointing that person as a proxy in relation to any adjournment or postponement of the general meeting to which it relates as well as the meeting itself.

12. **Delivery of Proxy Notices**

- 12.1 A Proxy Notice may be delivered (including by electronic means) in accordance with any instructions included with the notice of general meeting to which it relates. It must be received by the Charity in accordance with the following timing requirements:

(a) Where the proxy appointment relates to a poll, which is not to be taken at the meeting, but is to be taken 48 hours or less after it was demanded.	The Proxy Notice must be: 1. delivered in accordance with paragraph (c) below; or 2. given to the chair, Secretary or any Trustee at the meeting (including an adjourned or
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	postponed meeting) at which the poll was demanded.
(b) Where the proxy appointment relates to a poll, which is to be taken more than 48 hours after it was demanded.	The Proxy Notice must be received 24 hours before the time appointed for taking the poll.
(c) In all other circumstances.	The Proxy Notice must be received 48 hours before the meeting, adjourned meeting or postponed meeting to which it relates.

- 12.2 Saturdays, Sundays, and Public Holidays are not counted when calculating the 48-hour and 24-hour periods referred to in this paragraph 12.
- 12.3 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the Charity by or on behalf of that person.
- 12.4 The appointment of a proxy may be revoked by delivering to the Charity a notice in writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given. It must be delivered before the start of the meeting or adjourned meeting to which it relates; or (in the case of a poll not taken on the same day as the meeting or adjourned meeting) the time appointed for taking the poll to which it relates.
- 12.5 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointer's behalf.
13. **Power to postpone general meetings**
- 13.1 The Trustees may postpone a general meeting if, after the notice of meeting (or adjourned meeting) is sent, but before the meeting (or adjourned meeting) is held, they reasonably believe that it is an appropriate and proportionate measure to preserve the safety and security of attendees or the wider public, or to comply with law or government guidance. The Trustees must then provide such notice of the date, time and place (and any Remote Attendance details) of the postponed meeting and any such other information as they shall determine. No business shall be dealt with by the postponed meeting that could not have been dealt with if it had not been postponed.
14. **Amendments to resolutions**
- 14.1 An ordinary resolution to be proposed at a general meeting may be amended by a further ordinary resolution if:
- 14.1.1 notice of the proposed amendment is given to the Charity in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours (excluding Saturdays, Sundays and Public Holidays) before the meeting is to take place (or such later time as the chair of the meeting may decide); and
- 14.1.2 the proposed amendment does not, in the reasonable opinion of the chair of the meeting, materially alter the scope of the resolution.

- 14.2 A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
 - 14.2.1 the chair of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - 14.2.2 the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 14.3 If the chair of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chair's error does not invalidate the vote on that resolution.

GRANTS AND PROGRAM ASSOCIATE

We Mean Business, a project of the New Venture Fund is recruiting a full time Grants and Program Associate.

The Associate is a full time, non-exempt position working as part of the operations team where we manage fundraising, grants + programs, finance, and our partner board. The associate role works very closely with the Managing Director and reports directly to the Director of Operations + Culture.

This is an essential role for our operations and development responsibilities for the entire coalition. A successful person in this role loves to work with people, is extremely detail oriented, has a good sense of humor and loves working in fast-paced entrepreneurial environments.

ESSENTIAL RESPONSIBILITIES

Grants + Programs

- ▶ Work with Strategic Projects Manager to develop, plan for, and execute on granting cycles. Includes end-to-end support ranging from gantt calendar development, setting meetings + review time, overview material development, and having visibility on contracts
- ▶ Support Strategic Projects Manager in developing biannual grant reports for funders, including coordination of partner reporting and drafting materials following templates

Board Management

- ▶ Manage board meetings (and other) logistics including venue selection, catering, transportation, fulfillment and other related tasks
- ▶ Scheduling board and compliance committee calls, working across time zones and with multiple staff
- ▶ Working with Strategic Project Manager and Managing Director on various board communications, including planning, drafting materials and staff outreach

Managing Director support:

- ▶ Calendar + scheduling meetings and calls across time zones, manage travel schedules
- ▶ Drafting emails on behalf of the Managing Director
- ▶ Track emails for Managing Director and surface high priority items
- ▶ Research and write briefings for various meetings and/or future ideas to develop



jobs@wemeanbusinesscoalition.org



wemeanbusinesscoalition.org



[@WMBtweets](https://twitter.com/WMBtweets) | [#wemeanit](https://twitter.com/wemeanit)



[wemeanbusiness](https://www.linkedin.com/company/wemeanbusiness)

WE MEAN BUSINESS

General Responsibilities

- ▶ Lead on coordinating meeting and events logistics for all meetings - board meetings and calls, full team meetings, smaller team meetings for operations team
- ▶ Provide support and logistics for various special projects and events, including research and event production management
- ▶ Act as leading liaison between fiscal sponsor account team and operations team on select questions and items

EDUCATION + EXPERIENCE

- ▶ Bachelors Degree
- ▶ Minimum three years of full-time work experience

SKILLS

- ▶ Impeccable interpersonal and client relationship skills
- ▶ Excellent written and oral communication skills
- ▶ Excellent organizational skills
- ▶ Proven ability to work both independently and collaboratively
- ▶ Meticulous attention to detail
- ▶ Have enthusiastic team spirit, and the discipline and confidence to work solo
- ▶ High level of computer proficiency, including Microsoft Office (Word, Excel, PowerPoint), Salesforce and Asana experience a plus
- ▶ Ability to plan long term and proactively plan and provide materials needed
- ▶ Enthusiasm for - and is very good at - managing multiple demands, projects and deadlines

TO APPLY

- ▶ Send resume and cover letter as one document to jobs@wemeanbusinesscoalition.org
- ▶ Use subject line "Grants and Program Associate"
- ▶ Applications will be accepted until the right candidate is found

We Mean Business is a project of New Venture Fund (NVF), a 501(c)(3) public charity that incubates new and innovative public-interest projects and grant-making programs. NVF is committed to attracting, developing and retaining exceptional people, and to creating a work environment that is dynamic, rewarding and enables each of us to realize our potential. NVF's work environment is safe and open to all employees and partners, respecting the full spectrum of race, color, religious creed, sex, gender identity, sexual orientation, national origin, political affiliation, ancestry, age, disability, genetic information, veteran status, and all other classifications protected by law in the locality and/or state in which you are working.



jobs@wemeanbusinesscoalition.org



wemeanbusinesscoalition.org



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[wemeanbusiness](https://www.linkedin.com/company/wemeanbusiness)

Who We Are

The New Venture Fund works with
change leaders who share our
purpose of creating positive impact

in our communities, our country,
and our world.

We were founded in 2006
in response to demand
from leading
philanthropists for an
efficient, cost-effective,
and time-saving platform
to launch and operate
public interest projects.

From 2013-2018,
we partnered with more than

8,000

DONORS

Our team of creative
problem-solvers
provides strategic advice
and operational support
to a range of donor-
supported [projects](#) in
conservation, education,
youth development,
global health, public
policy, global
development, disaster
recovery, and the arts.

9/20/23, 8:46 AM

Who We Are

More than half of the [50 largest US grant-making foundations](#) have funded projects hosted at the New Venture Fund, including eight of the top 10.

From 2013-2018,
we made more than

4,900

SUBGRANTS

We are a 501(c)(3) public charity overseen by an independent [board of directors](#) with extensive experience in philanthropy and nonprofit management. To increase our own efficiency and effectiveness, NVF employs a team from Arabella Advisors to manage many of our day-to-day operations. Arabella is a leading philanthropy services firm that provides expert support to a wide range of foundations, impact

9/20/23, 8:46 AM

Who We Are

investors, individual
philanthropists, and
nonprofit organizations.

"New Venture Fund staff members are **extraordinary thinkers**
and display **impeccable professionalism.**"

— NVF PROJECT PARTNER

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