

GSA Acquisition Policy Federal Advisory Committee (GAP FAC) Policy & Practice Subcommittee Meeting

June 22, 2023

The GSA Acquisition Policy Federal Advisory Policy & Practice Subcommittee convened for a public meeting at 3:00 PM on June 22, 2023, virtually via Zoom, with Steven Schooner, Chair, and Luke Bassis, Co-Chair, presiding.

In accordance with FACA, as amended, 5 U.S.C. App 2, the meeting was open to the public from 3:00 PM to 5:00 PM EST.

Committee Members Present:

Steven Schooner, Chairperson	<i>George Washington University</i>
Luke Bassis, Co-Chair	<i>Port Authority of New York and New Jersey</i>
Richard Beutel	<i>George Mason University</i>
Antonio Doss	<i>US Small Business Administration</i>
Mark Hayden	<i>State of New Mexico</i>
Amlan Mukherjee	<i>Michigan Technological University</i>
Jennie Romer	<i>Environmental Protection Agency</i>
Anish Tilak	<i>Rocky Mountain Institute</i>
Dr. David Waggoner	<i>Institute of Scrap Recycling Industries</i>

Absent: Leslie Cordes, Stacy Smedley, Nigel Stephens, Kimberly Wise White

Guest Speakers & Presenters:

Yonne Huemer	<i>Associate Partner, McKinsey</i>
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GSA Staff Present:

Boris Arratia	<i>Designated Federal Officer</i>
Stephanie Hardison	<i>Deputy Designated Federal Officer</i>
David Cochinnec	<i>GAP FAC Support</i>
Skylar Holloway	<i>GAP FAC Support</i>
Annabelle Thompson	<i>Closed Captioner</i>
Daniel Swartz	<i>ASL Interpreter</i>
Rene Devito	<i>ASL Interpreter</i>

CALL TO ORDER

Boris Arratia, Designated Federal Officer, opened the public meeting by welcoming the group before reminding the public that there will be time for comments and statements at the end of the meeting. He then performed a roll call to confirm attendance and a quorum before he turned the meeting over to Co-Chair Luke Bassis.

INTRODUCTORY REMARKS

Co-Chair Luke Bassis opened the meeting by briefly going through the agenda. He introduced the speakers and mentioned they will be giving an overview on best practices in the private sector with a sustainable procurement perspective.

GUEST SPEAKER

Yonne Huemer focuses on engineering procurement as well as sustainability approach in design in procurement. She will be explaining how companies incorporate procurement with a sustainable approach.

Joy Chen works with public and private sector clients on sustainability, decarbonization, and related topics.

Companies are being pushed internally and externally to move toward a more sustainable approach/environment. Externally, companies are receiving pressure from consumers and the government. Consumers are seeking sustainable products, and care about where their products are sourced. There are more government regulations that are continuing to be introduced that require companies to set new environmental targets. Internally, employees and investors are applying pressure for change. Employees seek purpose and want sustainable targets and directions for a company. Investors are prioritizing that companies follow Environmental, Social, & Governance (ESG) guidelines.

There are three steps companies take to move sustainably. Firstly, they need to determine where they are currently at and what goals they want to achieve/reach. Secondly, they need to determine how they will get the organization there and how to enforce these changes. Thirdly, it's how the company can shift the mindset and scale out the new approach to scale it out.

In the baseline phase, it's important to understand how the business needs to be changed. A benchmark needs to be set. It's important to see where other businesses are and where it is you want to go.

Thinking about the execution, it's important to understand how to do it. There are guidelines and regulations that need to be followed along with a public demand. It's

good to start with a pilot and to implement first principles when initially rolling out the change. This will help to make the direction the company is going in known.

Shifting the organization is about having different target systems and incentives to steer your organization. Embedding this change within the organization is good, but it must also reach suppliers.

Decarbonization is one of the biggest environmental levers in the automotive and electric industry. There is a push to move toward a less fuel and fossil consumption and consumers are willing to pay for this. This comes with challenges. There's a high manufacturing cost, research and development investment, and capital expense. It's highly ambitious to move toward the carbon direction along with adhering to scope one, two, and three emissions. There's a pressure to find smart solutions to decarbonize while staying competitive and fulfilling regulations.

It's crucial for the automotive industry to move toward using battery electric vehicles. Yonne showed a chart demonstrating the share between the carbon emission of a diesel combustion engine compared to an electric. There is a large portion of operation with diesel engines making the carbon emissions about 80% during life cycle and only 20% in production. Moving toward a battery electric vehicle will shift because the emission target is lower during life cycle.

To make this shift, you need to understand the current decarbonization of your product. After understanding this, the next step would be to see how to reduce your carbon footprint. What levers is a company able to pull to actively achieve this? Examples of this could be for companies to change energy sources and move for a more circular product. The next step is to define the implementation strategy. How can you build the capabilities within your organization and procurement. This leads to the next step which is to embed this new change deeply into the organization. More and more companies are committing to reducing carbon footprint.

Private sectors can utilize the resource clean sheet which is a tool used in procurement to figure out cost while adding CO₂ into the equation. By doing this, you understand the cost and carbon of the material to see what the impact is.

Materials are the main factor of where carbon sits so it's important to source material with low carbon. Green material is not a protected word yet but does mean for a low carbon material. The demand for these materials is increasing especially on steel, plastics and recycled aluminum. Companies need to find smarter ways to procure these materials.

For green, low carbon steel, the demand is much higher than the supply. This is the case for many low carbon products.

QUESTIONS & ANSWERS

Q: Steven Schooner – Are your larger clients relying on the greenhouse gas (GHG) protocols as other tools for targeting GHG emissions? Are other subgroups relying on science-based target initiatives (SBTI)?

A: Yonne Huemer – Yes, most companies are committing to SBTI targets as well as low carbon and low emission targets. We saw a ramp up of more than 80% of companies committing to SBTI targets. This is the same with GHG protocols. Companies are relying on these protocols and looking for guidance.

Q: Steven Schooner – Are your clients finding the cost of assessment, reporting, and targeting, nominal or significant?

A: Joy Chen – Not allowed to disclose.

Q: Antonio Doss – One of your recommendations deals with embedding these criteria into the overall category management approach. What has your experience/challenges been with that?

A: Yonne Huemer – If carbon is a new target dimension next to cost, it's sometimes difficult to build a business case around that. A solution for companies to do is to find a carbon equivalent and add this into the business case. Moving toward a carbon accounting allows you to be able to decide if you have a trade-off between a product and cost.

Q: David Wagger – We have been discussing environmental product declarations (EPD). Can you talk more about that? Do manufacturers get EPDs for their suppliers? Is that a significant hurdle in accomplishing things regarding decarbonization?

A: Joy Chen – Not allowed to disclose.

Q: Nicole Darnall – How do you forecast applying these models to the public sector? What unique difficulties would you see in this space that this committee should be attuned to that vary from the private sector? Have you worked with public sector clients previously?

A: Joy Chen – We have worked with public sector clients.

Q: Boris Arratia – Maturity models is something being discussed within our subcommittees. How do you help your clients become a more sustainable product provider? Was there any kind of maturity model that you all used?

A: Joy Chen – We have helped with this, and we do have publications on this topic. Happy to share them with the group.

SUBCOMMITTEE BUSINESS

Chairman Steven Schooner spoke to the group on next steps. There are four directions the subcommittee can go in which the group will discuss. The four issues are PFAS, life cycle thinking, evolving GSA's existing technological resources, and training.

The group voiced their opinion on each topic stating which one they would be interested in tackling. This will lead to the potential creation of task force groups to take on these topics simultaneously. The group agreed to reconvene on which topics the group will delve into, however there is a strong push for life cycle thinking and for updating existing technological resources within GSA.

The group will also be meeting to discuss their meeting cadence.

PUBLIC COMMENTS

The subcommittee opened the conversation up to the public, but there were no comments.


CLOSING REMARKS

Luke Bassis turned the meeting over to Boris Arratia.

ADJOURNMENT

Boris Arratia adjourned the meeting at 5:00 PM EST.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

DocuSigned by:

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2/15/2024

Luke Bassis
Co-Chairperson
GAP FAC Policy & Practice Subcommittee

Former Chair, Steven Schooner was succeeded by Luke Bassis on September 28, 2023.