

Climate Related Financial Risk

Climate change poses a unique threat to the U.S. General Services Administration's (GSA) ability to deliver on its mission. Extreme weather — like wildfires, extreme heat, hurricanes, and flooding — puts Federal buildings and property at risk. Supply chain disruptions, delivery delays, and cost increases affect GSA's ability to deliver services, products, and solutions to Federal customers.

To address these and other climate-related challenges, GSA developed the [Climate Change Risk Management Plan](#). The plan lays out the detailed metrics, timeframes, and steps that the agency is taking to manage both fiscal and physical risks and secure Federal real property and supply chain investments.

GSA's Public Buildings Service (PBS), which is responsible for managing property under the jurisdiction, custody, or control of GSA, has adopted a two-pronged approach to understanding and mitigating risks to GSA-controlled property. The first approach is that PBS's Capital Investment and Leasing Program has added a climate risk assessment to the reviews it conducts on new projects. So far, more than 100 GSA-controlled buildings and projects have gone through this new process, which leverages current climate science and forecasts for long-term changes. For example, GSA has already completed climate profiles for all of its Bipartisan Infrastructure Law - Land Port of Entry modernization projects to identify risks and to incorporate the climate profiles into each project definition rating index, as appropriate.

The second approach is that PBS is applying the Capital Investment and Leasing Program's successful risk management approach to its existing real property portfolio. Through its Climate Resilience Special Emphasis initiative — part of GSA's Climate Change Risk Management Plan — PBS is surveying its existing assets' elevations and vulnerability to effectively assess flooding risks in the face of extreme weather.

GSA's Federal Acquisition Service (FAS) leverages Government-wide buying power and acquisition expertise to successfully deliver services, products, and solutions to Federal agencies. To manage and reduce supply chain issues caused by climate change, FAS identified five critical offerings with the greatest exposure and sensitivity to climate risks: telecommunications, motor vehicles and fleet, professional services, information technology (IT) hardware, and IT services. These critical offerings were identified in GSA's 2015 Vulnerability Assessment Report, and the agency is in the process of updating the assessment following the International Organization for Standardization 14091: 2021 standard. The FAS Acquisition Council¹ reviews all external-facing acquisitions valued at \$100 million or greater to ensure compliance with a number of requirements, including climate risk, at various phases of the acquisition life cycle. In FY 2022, climate risk and adaptation requirements were integrated into three Government-wide acquisition vehicles, requiring awarded contractors to identify climate-related risks that could negatively impact performance and to report on actions taken to address these risks. This process provides an umbrella of climate risk management coverage to GSA's customer agencies and seeks to protect their financial investments in these acquisitions.

The impact of climate-related risks or opportunities on financial performance and financial position presents new challenges to incorporate climate-related risk assessments into the governance structure, business strategy, and financial planning of the agency. GSA is participating in the Federal Accounting Standards Advisory Board's Climate-Related Financial Reporting Task Force

¹ Established by FAS Policy and Procedure 2021-06, FAS Acquisition Oversight Reviews

and the Office of Management and Budget's Intergovernmental Working Group on Climate-Related Financial Risk.

GSA will continue to identify and assess climate-related risk through an internal climate vulnerability assessment that will rely on actionable science from the latest [National Climate Assessment](#). It is expected to be completed by the third quarter of FY 2023. In the meantime, GSA's Climate Change Risk Management Plan: 2022 [Progress Report](#) provides implementation updates on the climate adaptation actions outlined in GSA's Climate Change Risk Management Plan.

GSA has recently released the [Sustainability Plan](#), which lays out the agency's priority strategies for sustainability, emissions mitigation, and portfolio performance metrics.