



**Ceres Accelerator**  
for Sustainable Capital Markets

# **The FAR Council's Proposal in FAR Case 2021-015: An Historic Step to Address Climate Risk in Federal Supply Chains**

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# Ceres Networks Overview

Through our powerful networks and global collaborations of investors, companies, and nonprofits, we **drive action and inspire equitable market-based and policy solutions** throughout the economy to build a just and sustainable future



## Company Network

55+ companies, 70% in the Fortune 500, committed to driving sustainable business leadership



## Investor Network

More than 220 Institutional Investors managing more than \$60 trillion in assets



## Policy Network (BICEP)

75+ leading companies, with dozens of consumer brands and Fortune 500s

# An Historic Step to Address Large-Scale Climate Pollution in Federal Supply Chains



At \$630 Billion / year, the federal government is the world's largest purchaser of products and services. Until now its enormous carbon footprint has not been addressed in a comprehensive way.



In the private sector, working with contractors on emissions reduction is already best practice. 200 companies representing US\$5.5T in procurement spending are requesting suppliers to disclose emissions data through a CDP initiative.



Large governmental purchasers outside the U.S. (e.g., Canada, UK, various EU countries) are also requiring supplier emissions disclosures

# Three Types of Disclosures Will Ensure the Government has the Information it Needs to Protect Taxpayers and Government Operations from Climate Risk

- Greenhouse gas emissions calculations
- Climate risk assessments
- Validated emissions reductions targets

## Three Features Will Help Minimize Burdens on Contractors

- Requirements limited to largest contractors - 1.3% of total registered
- Use of well-established methodologies
- Exceptions and waivers to avoid unfair or unintended outcomes (e.g., duplicative reporting obligations, inability to deliver on national security & other critical missions)

RULE OVERVIEW	Tier 1: Minimal Disclosure	Tier 2: Modest Disclosure	Tier 3: Robust Disclosure
Requirements	Disclose whether you are a significant contractor (>\$7.5M-\$50M) or major contractor (>\$50M)	Disclose Scope 1-2 emissions	<ol style="list-style-type: none"> <li>1. Disclose Scope 1-2 and relevant Scope 3 emissions</li> <li>2. Disclose climate risk assessment</li> <li>3. Disclose validated science-based targets</li> </ol>
Applicability	Contractors registered in System for Award Management (SAM) (~490K entities)	Significant contractors <u>not covered</u> by 5 exceptions & major contractors <u>covered</u> by 2 exceptions (~4.8K entities)	Major contractors <u>not covered</u> by exceptions for small businesses and nonprofits (~960 entities)
Percentage of SAM-registered contractors		Approximately 1%	Approximately 0.3%

# Disclosures are Essential to Addressing Three Major Risks to Taxpayers & Program Delivery

- 1 Contractor Management of Physical Risk
- 2 Contractor Management of Transition Risk
- 3 Systemic Climate Risk

# Disclosures Will Help Address Contractors' Physical Risk





# Disclosures Will Help Address Contractors' Transition Risk



# Disclosures Will Help Address Systemic Risk



## Additional Benefits

- 1 Spurring innovation and accelerating sustainable growth of the U.S. economy
- 2 Strengthening national security
- 3 Protecting the environment and public health

## **Ceres Analysis of Comments on the Proposed Rule :**

- Strong majority of commenters agree that the FAR Council has a strong legal and policy foundation for moving forward, with appropriate amendments
- Supporters offered constructive suggestions on:  
(1) analysis and disclosure methodologies; (2) target validation; (3) scope 3 emissions disclosure; (4) exceptions provisions; and (5) waiver provisions

# Thank you!

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**Ceres**

*Sustainability is the bottom line.*

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