



September 7, 2021

Ms. Barbara J. Trujillo  
Office of Undersecretary of Defense for Acquisition & Sustainment  
DPC/DARS, Room 3B938  
3060 Defense Pentagon  
Washington, DC 20301-3060

Subject: DARS-2021-0014 “Sustainability and Climate-related Disclosures” RFI

Ms. Trujillo,

The Coalition for Government Procurement (“the Coalition”) sincerely appreciates the opportunity to provide the Defense Acquisition Regulation System (DARS) with industry input in response to the Sustainability and Climate-related Disclosures Request for Information (RFI).

The Coalition is a non-profit association of firms selling commercial services, products, and solutions to the Federal Government. Our members collectively account for tens of billions of dollars of the sales generated through the GSA Multiple Award Schedules (MAS) program. Coalition members include small, medium, and large businesses that account for more than \$145 billion in Federal Government contracts. The Coalition is proud to have worked with Government officials for more than 40 years towards the mutual goal of common-sense acquisition.

The Coalition supports the Defense Department’s efforts to collect input from industry about standard commercial practices related to climate-related disclosures as it seeks to implement the Administration’s sustainability objectives. In addition, as noted in the RFI, the FAR Council is considering amending the Federal Acquisition Regulations (FAR) per EO 14030 Climate-Related Financial Risk to “require major Federal suppliers to publicly disclose greenhouse gas (GHG) emissions and climate-related financial risk and to set science-based reduction targets.”

We recommend that if Defense Pricing and Contracting and the FAR Council decide to establish requirements for the disclosure of GHG emissions, climate-related financial risk and the development of specific reduction targets, that these requirements should be harmonized in the DARS and FAR.

Further, the Securities and Exchange Commission (SEC) is expected to release a proposed rule on climate change risk disclosure requirements for public companies in the coming months. It is our understanding that one of the objectives of the SEC in issuing these regulations is to address the lack of standardization in how companies disclose their greenhouse gas emissions and other sustainability information. Many of the Coalition’s member companies are recognized leaders in corporate sustainability and are committed to disclosing their greenhouse gas emissions and environmental, social and governance (ESG) activities to the public and investors. However, as the SEC has observed, there is variation in how companies report this

information. For example, there is a lack of standardization in the third-party organizations that companies use for verification purposes and the types of data that are included in the ESG reporting.

The Coalition recommends that the Defense Department await the forthcoming rulemaking by the SEC and align with their framework for GHG emissions reporting, climate-related financial risk and specific reduction targets. We believe that the combined efforts of the Department of Defense, the SEC, and the Federal Government as a whole, would have a more profound impact on incentivizing commercial companies, including defense contractors, to reduce their environmental impacts and contribute to achieving the Administration's climate change objectives than if the Department were to develop its own unique requirements.

#### Small Business and Community Impacts

EO 14030 referenced in the RFI specifically mentions the consideration of GHG disclosure requirements for "major" Federal suppliers. Given the Administration's focus on increasing opportunities for small businesses, there should be consideration for the impacts of any GHG requirements on small businesses that contract directly with DoD and those that are suppliers of major Defense contractors.

A commitment to environmental sustainability has become standard commercial practice for large businesses in many industries. However, it is less so for small businesses due to the cost and other investments involved. These costs can be particularly daunting for small businesses in an industry where the prominence of price is ever-present. Sustainable products and services often carry a price premium, and there has not yet been strong market indicators from many Government customers that they are willing to pay that premium to warrant the investment. It is particularly important to consider small business and cost impacts of the requirements when discussing measuring or capturing data related to supply chain or flow down requirements that would be necessary for major Defense contractors to report Scope 3 emissions.

Finally, it is critical that the GHG emissions disclosures that are required of Defense contractors be measurable and reliable. Currently, product manufacturers regularly report country of origin throughout the supply chain. However, it is not standard commercial practice to track the city or specific community of origin of materials, components and assembled products. For this reason, it may be difficult for product manufacturers to report GHG emissions at the community level.

The Coalition appreciates the opportunity to provide industry input as the DARS works to implement recent Executive Orders on sustainability and climate-related disclosures. Our members also look forward to learning more about a potential GHG pilot and opportunities to participate. If you have any questions, I may be reached at [rwaldron@thecgp.org](mailto:rwaldron@thecgp.org).

Very respectfully,



Roger Waldron  
President