

Advocacy Encourages FAR Council to Reexamine Compliance Costs and Explore Regulatory Alternatives to its Proposed Climate Disclosure Regulations

On November 14, 2022, the Federal Acquisition Regulation (FAR) Council published a proposed rule that would require federal contractors that meet certain contract obligation thresholds to disclose greenhouse gas (GHG) emissions and climate-related financial risks and to set science-based targets to reduce emissions.

On February 10, 2023, the Office of Advocacy (Advocacy) filed a comment letter encouraging the FAR Council to reexamine the costs of the proposed rule to small businesses and explore additional alternatives that would achieve the goals of the regulation.

Advocacy made the following recommendations:

- The FAR Council should consider whether it would be more effective to require major federal suppliers to disclose GHG emissions and other climate-related financial risk metrics on a contract basis. This would ensure that small contractors would not face compliance costs unless they are ultimately awarded a contract.
- The FAR Council should carefully reexamine costs of the proposed rule to all impacted small entities. Following this examination, the FAR Council should consider modifying the contract obligation thresholds associated with the terms “significant contractor” and “major contractor” to lower the burden on small entities.
- The FAR Council should consider exempting certain industries or federal activities from the reporting requirements where climate metrics can be easily determined based on average risk or GHG emissions intensity. Such activities might include office-based support and professional services.
- As an alternative, the FAR Council should consider allowing certain industries or federal activities to report climate metrics using average risk or GHG emissions intensity figures provided by the FAR Council.

A complete copy of [Advocacy’s letter to FAR Council](#) is available. For more information, please contact Meagan Singer, Assistant Chief Counsel at meagan.singer@sba.gov or (202) 921-4843 -or- Dave Rostker, Assistant Chief Counsel at david.rostker@sba.gov or (202) 922-6091.

