



Opening Statement of Investigations and Oversight Subcommittee Chairman Jay Obernolte

Joint Subcommittee on Investigations & Oversight and Subcommittee on Environment
Hearing

Missing the Target: CEQ's Meritless Selection of SBTi

November 30, 2023

Good morning. Today's hearing will focus on a proposed regulation by the Federal Acquisition Regulatory (FAR) Council and the Council on Environmental Quality (CEQ) that would require federal contractors to disclose greenhouse gas (GHG) emissions and set reduction targets. The rule would require that a London-based company validate those targets.

That UK-based company, an entity named Science Based Target initiative or SBTi, would act as a quasi-regulator by performing a fundamental government task of setting emission reduction targets and then validating those same targets. This Committee held a hearing in September where we heard from various stakeholders about the impact the proposed rule would have on industry and about their concerns with the selection of a SBTi to perform a quasi-regulatory role.

However, today's hearing is not about the propriety of the proposed regulation. Instead, this hearing will examine the process that has been proposed to enact the regulation, and on the selection of SBTi to perform this role. I think we would all agree that one of the primary responsibilities of Congress in conducting oversight is to ensure that government functions in a way that is fair for all. Doing so requires that the government remove the appearance of conflicts of interest from decision-making and conduct itself as transparently as possible.

I want to emphasize that this hearing is not about climate change or whether companies should or should not reduce their greenhouse gas emissions. Today's hearing is about government overreach and a questionable process that could result in the federal government picking winners and losers in the marketplace. I'd like to highlight some of my concerns with this process.

The FAR Council, which is comprised of NASA, GSA, and the DOD, published a proposed rule last November which decreed that all major federal contractors would be required to set greenhouse gas emission reduction targets, and then be obligated to hire a specific private foreign company to validate those targets. The company chosen by the Administration to perform this task was SBTi.

We've had difficulty establishing the basis for the selection of SBTi to fill this critical role. We do know that NASA, a member of the FAR Council, confirmed that they had no communication with SBTi before or after the drafting of the proposed rule.

According to documents provided by OMB, representatives from OMB met to discuss this proposed regulation ONLY TWICE. There was no other email traffic, no formal vetting or application, no competitive process, and it appears SBTi did not even have to submit a single piece of paper explaining why they were the best suited for the job.

We don't know what vetting was performed by the CEQ because they've refused to provide the Committee with answers to our questions or any documents requested.

It's important for the American people to understand the process used to select SBTi and to craft this regulation because there appears to be serious conflicts of interest between the Administration and SBTi.

SBTi is a London-based company that lists the We Mean Business coalition as one of its primary owners. The We Mean Business coalition was launched by the New Venture Fund which is owned and operated by the Arabella Advisors. According to multiple news articles, Arabella Advisors are one of the top donors to numerous political candidates and causes.

We also know that at least one senior White House official previously partnered with the Arabella Advisors to launch an organization that advocated for some of the same policy that now appears in this proposed regulation.

Let's be clear here. There's nothing wrong with advocating for a policy goal and then going to work in the Administration to implement that goal. It happens in every administration.

However, there's a big difference between implementing a policy you advocated for, and using the government to steer money, power, and influence to your former employer.

If this is in fact what happened here then everyone, regardless of political party, should agree this is wrong regardless of who is in the White House. As Members of Congress, we have an obligation to safeguard the power of the Legislative Branch as the ultimate grantor of regulatory authority, and to reject attempts to usurp that authority by the Executive Branch, regardless of whether or not we otherwise support the current Administration.

The American people deserve answers on this issue. They need to know how and why this proposed regulation came to be, and why SBTi was selected in a non-competitive single-source process. We hope today's hearing will provide those answers.

Today's witness is Mr. Andrew Mayock, Chief Sustainability Officer for the Council on Environmental Quality, which was intimately involved in the drafting of this proposed rule.

Mr. Mayock, thank you for your willingness to be here. We hope your testimony today will provide answers to the Committee's concerns and also offer some much-needed transparency on this issue.