

# Congress of the United States

## House of Representatives

COMMITTEE ON SCIENCE, SPACE, AND TECHNOLOGY

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July 12, 2023

Luiz Amaral  
Chief Executive Officer  
Science Based Target Initiative

Dear Mr. Amaral:

Under a recently proposed regulation by the Federal Acquisition Council, all major U.S. contractors would be required to set emission reduction targets as determined by your organization and then retain the services of your organization – for a fee – to vet those targets.<sup>1</sup> Failure to meet the standards set by your organization would, absent a waiver from the federal government, disqualify major contractors from conducting further business with the United States. However, several news articles have recently highlighted potential conflicts of interest inherent with the proposed rule when combined with SBTi's business model. This is in addition to other serious criticism that has been leveled against SBTi, including allegations made by one of your founders and former partners. The Committee on Science, Space, and Technology has also learned that SBTi officials met with White House officials **only once** prior to SBTi's selection as the sole source provider of emission reduction targets and vetting services. While SBTi *may* be perfectly qualified to perform these tasks, the apparent lack of a proper deliberative vetting process by the Administration is both astonishing and reckless. We write to you today to seek answers to questions we believe the Administration failed to ask.

SBTi was established in 2015 as a collaboration between the Carbon Disclosure Project, World Wide Fund for Nature, United Nations Global Compact, and World Resource Institute.<sup>2</sup> It aims to reduce greenhouse emissions by encouraging the private sector to set emission reduction targets which SBTi then validates **for a fee**.<sup>3</sup> In 2022, SBTi received approximately 35% of its funding from its validation services, with the rest of their funding coming in the form of donations

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<sup>1</sup> Federal Acquisition Regulation: Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk, 87 Fed. Reg. 218 (proposed on Nov. 14, 2022) (to be codified 48 C.F.R. pt. 1.4,9,23,52). *available at* <https://www.federalregister.gov/documents/2022/11/14/2022-24569/federal-acquisition-regulation-disclosure-of-greenhouse-gas-emissions-and-climate-related-financial>.

<sup>2</sup> Science Based Targets, [Head-of-Standards.pdf](https://sciencebasedtargets.org/Head-of-Standards.pdf) ([sciencebasedtargets.org](https://sciencebasedtargets.org)).

<sup>3</sup> Science Based Targets, How We Are Funded, <https://sciencebasedtargets.org/about-us/funders>.

from philanthropic groups and businesses.<sup>4</sup> Some of SBTi's biggest donors include Amazon, Bezos Earth Fund, and Ikea Foundation among others.<sup>5</sup>

SBTi has recently come under scrutiny due to potential conflicts of interest, a lack of transparency, and has even been accused of manipulating their metrics to make it appear as though certain companies were doing more to reduce greenhouse gas emissions than what was actually happening.<sup>6</sup> For example, the New Climate Institute recently analyzed the greenhouse gas emissions disclosures of 18 companies which received a good approval score from SBTi.<sup>7</sup> They published their findings in a report which stated that "for the majority of the 18 companies assessed in this report with an SBTi approved 1.5°C (or 2°C) compatible target, we would consider that rating either **contentious or inaccurate**, due to various subtle details and loopholes that significantly undermine the companies' plans [emphasis added]."<sup>8</sup> Among the companies that were flagged by the New Climate Institute for receiving a misleading or erroneous rating by SBTi was IKEA, the buyer-assembled furniture store. This is notable because the IKEA Foundation – which is the parent company of IKEA – donated \$18 million to SBTi.<sup>9</sup> While there is no evidence of wrongdoing, it is clear the potential of strong conflicts of interests exists, especially for those companies who both donate to SBTi and seek their services.

The New Climate Institute is not SBTi's only critic. Bill Baue, one of the founders of SBTi, recently criticized SBTi for the inherent conflict of interest in combining the role of standard setter while also being paid to vet companies' climate plans.<sup>10</sup> According to a news article, Mr. Baue is quoted as saying "Science-Based Targets is not a science-based approach... I believe in this instance that SBTi... [is] putting their own interest above the interests of the public."<sup>11</sup>

These allegations raise serious concerns about SBTi's ability to properly and impartially perform the government tasks that the Administration seeks to assign to it. To better understand and assist Congress in determining the degree of intervention necessary and potentially overturn this proposed regulation (if finalized) please answer the following questions and provide the following documents by no later than July 26, 2023.

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<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> Joe Lo, *Science Based Targets initiative accused of providing a 'platform for greenwashing'*, Climate Home News (Jun. 6, 2022); <https://www.climatechangenews.com/2022/02/06/science-based-targets-initiative-accused-providing-platform-greenwashing/#:~:text=The%20Science%2DBased%20Targets%20initiative,or%202C%20of%20global%20warming>.

<sup>7</sup> Thomas Day et al, *Corporate Climate Responsibility Monitor 2022*, New Climate Institute (Feb. 2022) available at <https://newclimate.org/sites/default/files/2022/02/CorporateClimateResponsibilityMonitor2022.pdf>.

<sup>8</sup> *Id.* at pg. 6

<sup>9</sup> Science Based Targets, SBTi Secures \$37M USD to Scale-up Exponential Growth, <https://sciencebasedtargets.org/news/sbti-secures-37m-usd-to-scale-up-exponential-growth>.

<sup>10</sup> Ed Ballard, *Group That Vets Corporate Climate Plans Aims to Strengthen Its Own Governance*, Wall Street Journal (Feb. 23, 2022); <https://www.wsj.com/articles/group-that-vets-corporate-climate-plans-aims-to-strengthen-its-own-governance-11645638638>.

<sup>11</sup> Joe Lo, *Science Based Targets initiative accused of providing a 'platform for greenwashing'*, Climate Home News (Jun. 6, 2022); <https://www.climatechangenews.com/2022/02/06/science-based-targets-initiative-accused-providing-platform-greenwashing/#:~:text=The%20Science%2DBased%20Targets%20initiative,or%202C%20of%20global%20warming>.

1. Has SBTi received funding from a foreign government (defined as any government outside of the U.S.), or an entity controlled by a foreign government? If so, please list the foreign governments that have contributed to SBTi.
2. How many foreign nationals (non-US citizens) does SBTi employ? Please list the different nationalities employed at SBTi?
3. SBTi often receives donations from entities linked to businesses whom it also provides emission targets and vetting for. How does SBTi prevent conflicts of interests associated with these transactions? Will SBTi consider refusing any donations from entities linked to companies it is also providing vetting services for?
4. How does SBTi respond to the allegations leveled by the New Climate Institute, including allegations that several of the companies assessed had “contentious or inaccurate” ratings?
5. Does SBTi believe there is a conflict of interest in both setting emissions targets and charging clients to vet those targets? If not, why not?
6. How many current SBTi employees have previously worked for the U.S. government?
7. How many former employees of SBTi currently work for the U.S. government?
  - a. How many work for the current Administration?
8. How was SBTi approached to take on this role?
9. Did SBTi formally apply to take on this role?
10. What documents did SBTi provide to the U.S. government as part of this proposed rule? Please provide copies of all such documents to the Committee.
11. Does SBTi believe that their inclusion in the proposed rule was done through a competitive process? If so, how? If not, why does SBTi believe it was chosen to take on this role?
12. SBTi’s website claims that it is “conducting in-depth assessments of corporate emissions reduction targets to ensure they align with the latest climate science.” Will targets set by SBTi for U.S. government contractors change while they are trying to meet them based on the timeliness of new climate science? If so, how can these companies effectively plan? If not, how are they being held to the latest standards?
13. Please provide all communications (emails, documents, etc.) between SBTi and the United States government.

Should you have any questions or concerns please contact Dario Camacho of the Committee's Majority staff at (202) 225-6371. Thank you for your time and consideration regarding this important matter.

Sincerely,

A handwritten signature in blue ink that reads "Frank Lucas". The signature is written in a cursive style with a large, stylized "F" and "L".

Frank Lucas  
Chairman  
Committee on Science, Space, and  
Technology

cc: Ranking Member Lofgren