

Strong Methane Regs Needed to Safeguard the Planet

As shareholders representing \$1.9 Trillion in assets under management, we are concerned by the Environmental Protection Agency's (EPA) proposed rollbacks of the New Source Performance Standards (NSPS) regulating oil and gas methane emissions. We believe that strong, but fair regulations are critical to ensuring the ongoing viability of the oil & gas sector in the energy transition. We would like to hear the companies in our portfolios publicly support a similar position.

The EPA has proposed changes that appear to weaken the NSPS at a time when the industry is experiencing strong export growth, presenting a risk to our investments. The U.S. is a net exporter of natural gas, and industry-leading methane management practices are needed to ensure the industry's ongoing global competitiveness in the increasing number of countries that are adopting legislation and other policies to address climate change.

We believe the proposed regulation could derail the industry's most cost-effective avenue to reduce methane emissions, which is the regular use of LDAR. Furthermore, this proposal is expected to be followed by another proposal that will completely eliminate direct regulation of methane emissions.^[1] In our opinion, this will create unwanted volatility in the regulatory environment, impede further reduction of methane emissions and be detrimental to the interests of the industry.

There are many examples of industry leadership and innovation in regards to reducing methane emissions, and we commend that progress. However, over 610 different companies accounted for 50% of US oil and gas production in 2017.^[2] This market fragmentation means that while companies like yours are taking steps to reduce methane emissions in your operations, federal methane rules are needed to ensure the entire industry is operating under best practices to mitigate this material risk.

Therefore, we ask you to engage constructively during the ongoing rulemaking processes by:

- Publicly and privately supporting continued direct methane regulation by the EPA and explicitly opposing the elimination of EPA methane regulations.
- Submit comments to the EPA on Leak Detection and Repair (LDAR) programs. These comments should be submitted by December 17 and would preferably touch on the feasibility and effectiveness of semi-annual LDAR programs as well as the benefits of mandated industry-wide implementation of LDAR. Examples of the benefits of such regulation include leveling the playing field for all companies and ensuring the ability to sell natural gas to climate-conscious countries.

Rolling back federal regulation will lead to excessive methane emissions that needlessly tarnish the reputation of natural gas as a clean fuel and call into question the role natural gas can play in a low-carbon future. Comprehensive and common-sense national standards are needed to mitigate this industry-wide risk, and constructive engagement from industry on how to set the standards is critical.

Absent any expressed position on the importance of good regulation, industry silence will likely be interpreted as implicit support for no regulation at all.

Current regulations to reduce methane waste have already proven effective at the state level in Colorado and California. In addition to reducing emissions, the compliance costs are 20% less than initially estimated.^[3]

In order to protect the natural gas industry's future growth and global competitiveness, we urge you to publicly support continued EPA regulation of methane emissions.

Thank you for your time and attention; we look forward to speaking with you further on this important topic. Please contact [email for lead investor] with any questions regarding this issue.

Below is the list of signatories representing \$1.9 trillion in AUM who are part of the methane campaign.

- ACTIAM
- Adrian Dominican Sisters, Portfolio Advisory Board
- Aegon Asset Management
- Arjuna Capital
- As You Sow
- Bâtirente
- Bayerische Versorgungskammer
- Bon Secours Mercy Health
- CalSTRS
- Christopher Reynolds Foundation
- Church Investment Group
- Committee on Mission Responsibility Through Investment of the Presbyterian Church U.S.A.
- Conference for Corporate Responsibility, Indiana and Michigan
- Congregation of St. Joseph
- Corporate Responsibility Office - The Province of St. Joseph of the Capuchin Order
- Dana Investment Advisors
- Daughters of Charity, Province of St. Louise
- Dignity Health
- Dominican Sisters - Grand Rapids
- Dominican Sisters of Hope
- Edmond de Rothschild Asset Management (France)
- Friends Fiduciary Corporation
- JLens
- Kames Capital
- Le Regroupement pour la responsabilité sociale des entreprises (RRSE)
- Leadership Team of the Felician Sisters of North America
- Local Authority Pension Fund Forum
- Maryknoll Sisters
- Maryland State Treasurer
- Mercy Investment Services, Inc.
- Midwest Coalition for Responsible Investment
- Natural Investments
- NEI Investments
- New York City Comptroller's Office
- Newground Social Investment
- Niederösterreichische Vorsorgekasse AG
- NN Investment Partners

- Northwest Coalition for Responsible Investment
- Pax World Funds
- Region VI Coalition for Responsible Investment
- Robeco
- Seventh Generation Interfaith Inc.
- Shareholder Association for Research and Education (SHARE)
- Sisters of Bon Secours USA
- Sisters of Charity of Nazareth
- Sisters of Charity, BVM
- Sisters of St. Joseph of Chestnut Hill, Philadelphia, PA
- Sisters of St. Dominic of Caldwell, NJ
- Sisters of St. Francis Charitable Trust, Dubuque
- Sisters of St. Francis of Philadelphia
- Sisters of the Presentation of the BVM of Aberdeen, SD
- Socially Responsible Investment Coalition
- Tri-State Coalition for Responsible Investment
- Trillium Asset Management, LLC
- Trinity Health
- Unitarian Universalist Association
- Ursuline Sisters of Tildonk, U.S. Province
- Vert Asset Management
- Wespath Benefits and Investments
- Walden Asset Management
- Zevin Asset Management

<https://www.iccr.org/strong-methane-regs-needed-safeguard-planet>

[1] EPA begins rollback of Obama-era methane rules, September 2018. Axios

[2] Rystad Energy, 2018

[3] Regulatory Impact Analysis for the Proposed Reconsideration of the Oil and Natural Gas Sector Emission Standards for New, Reconstructed, and Modified Sources, September 2018. Environmental Protection Agency