Executive Summary

Reporting on methane emissions in the U.S. oil and gas industry is slowly improving, though unevenly. While many companies have improved reporting, some have not or gotten worse despite significant investor and U.S. regulator attention to the issue. The overall quality of methane data has improved, making information more actionable. This is a good start, but the industry needs to improve transparency further to ensure all investors and other stakeholders have the information they need to assess methane performance and manage risk.

EDF analyzed the publicly available information from 64 top upstream and midstream companies operating in the U.S. Below are high-level takeaways from our research. Please see page 25 for company-by-company results.

KEY RESEARCH FINDINGS:

A Story of Divergence in Industry Disclosure:

- 27% of companies report on at least three of the five analyzed methane metrics, and 58% of companies report at least some information on methane emissions. However, 42% of companies still do not disclose any information on methane emissions or management.
- Seven new companies have begun reporting on methane, but eight companies that once reported have stopped.
- 82% of companies that participate in voluntary initiatives provide some methane reporting, while only 32% of non-participants disclose methane information, showing some correlation.

Quality of Methane Data Is Better, but Not Enough:

- Reporting on methane metrics like absolute emissions figures, emissions intensity rates, targets, and leak detection and repair (LDAR) have all increased.
- Four companies now report quantitative methane reduction targets, up from zero in 2015. However, 60 companies still lack a methane reduction target.
- Only nine of the 32 companies that report a LDAR program detail the scope, frequency and methodology for how they conduct leak inspections.
- Only 14 companies report any information on the process of building an emissions inventory, either through direct measurement or estimates. Furthermore, only ten of those companies report using some level of direct measurement of emissions.

Investor Engagement Improves Reporting:

- Five of the seven new companies newly reporting on methane were targets of methane-disclosure shareholder resolutions during the past two years.
- More shareholder engagement leads to more frequent disclosure on methane, as evidenced by the greater disclosure among upstream vs. midstream companies.

RECOMMENDATIONS:

The report concludes with actionable recommendations to advance methane disclosure across the oil and gas industry, and address methane risk for the benefit for all parties involved.

Companies — Nail the Basics

Companies across the industry need to report on the basic methane metrics examined in *Rising Risk* as a bare minimum. Most notably, more companies need methane-specific reduction targets to show internal and external stakeholders their commitment to methane management. Well reported management programs are key to that accountability, including both quantitative metrics like targets, emission rates, and coverage of direct measurement, but also meaningful qualitative information like frequency, scope, and methodology for leak detection and repair. Non-reporting and reporting companies alike need to achieve this baseline level of reporting to begin addressing methane risk across the industry.

Industry Leaders — Raising the Bar

Robust reporting on methane management goes well beyond basic metrics. Comprehensive reporting going forward will need to include information to allow a company, its shareholders, regulators and peers to fully understand company commitment to the issue, and to assess performance over time. This next level of disclosure can include insights and actions from LDAR data, progress on technology pilots, company efforts to support methane regulations, and beyond. Continuous improvement in reporting is necessary for industry leaders to manage methane risk and remain competitive in the long-term.

Investors — Expand Engagement

To most effectively manage methane risk in their own portfolios, investors need to broaden their engagement, incentivizing companies to Nail the Basics and Raise the Bar. Furthermore, investors should find targeted ways to expand engagement to more midstream and smaller cap companies to close the gap between reporters and non-reporters. Leveraging this report and other materials like the PRI/EDF *Investor's Guide to Methane* for constructive conversation, investors can play a key role in closing the disclosure divide.