

## ***An Investor’s Guide to Methane: Engaging with Oil and Gas Companies to Manage a Rising Risk***

Below is a summary of the main points from the measure, report and reduce sections of An Investor’s Guide to Methane, as well as a consolidated performance assessment tool for quick reference

### **KEY POINTS FOR MEASURING, REPORTING, AND REDUCING EMISSIONS**

	<b>MEASURE</b>	<b>REPORT</b>	<b>REDUCE</b>
<b>SUMMARY</b>	The first step for a company in reducing methane risk is to understand their baseline methane emissions and significant sources	Actionable methane data is required to benchmark company performance and identify opportunities for continued improvement in reducing emissions	Lowering emissions reduces risk as it helps to prepare for coming regulations, improve social license to operate and operational efficiency, and secures a role for natural gas in a lower-carbon economy
<b>GUIDING PRINCIPLES</b>	<ul style="list-style-type: none"> <li>• Create a complete inventory of methane emissions, including robust use of direct measurement</li> <li>• Employ frequent observation especially for unpredictable leaks</li> <li>• Use rigorous quantification</li> </ul>	<ul style="list-style-type: none"> <li>• Report methane emissions rate</li> <li>• Report frequency, scope and methodology of LDAR program</li> <li>• Set and disclose quantitative methane emissions reduction targets</li> </ul>	<ul style="list-style-type: none"> <li>• Adopt cost-effective best management practices and technologies</li> <li>• Demonstrate declining trend in emissions</li> <li>• Establish governance practices to address methane risk</li> <li>• Investor and operators should support public policy to reduce emissions from all operators</li> </ul>
<b>SAMPLE DISCUSSION QUESTIONS</b>	<ol style="list-style-type: none"> <li>1. How do you improve the accuracy of your emissions inventory each year?</li> <li>2. What have you learned from direct measurement of emissions conducted to date? What are the main constraints to increasing direct measurement?</li> <li>3. How do you know your emissions inventory is accurate without direct measurement?</li> </ol>	<ol style="list-style-type: none"> <li>1. What are the plans to expand methane reporting and potential challenges?</li> <li>2. What form of a quantitative methane reduction target would work best for your company?</li> <li>3. What is your position on the role of regulations in reducing industry methane emissions?</li> </ol>	<ol style="list-style-type: none"> <li>1. What best management practices are in place and what percentage of sources are controlled? How will this look in three years?</li> <li>2. What specific steps are planned to reduce methane emissions next year?</li> <li>3. What governance elements support holistic, rigorous methane management and how do you evaluate success?</li> </ol>



## SUMMARY PERFORMANCE ASSESSMENT TOOL

	BEGINNER	INTERMEDIATE	EXPERT
MEASURE	<ul style="list-style-type: none"> <li>Estimates emissions using generic emissions factors</li> <li>Developing plans to take measurements within one year</li> </ul>	<ul style="list-style-type: none"> <li>Strategic plan for how and where measurements need to be taken</li> <li>Uses direct measurement to develop company-specific emissions factors</li> <li>Share data with international science efforts</li> </ul>	<ul style="list-style-type: none"> <li>Measures all facility emissions 1x or more every three years</li> <li>Robust use of company-specific emissions factors</li> <li>Active participant in and funding of international science efforts</li> </ul>
REPORT	<ul style="list-style-type: none"> <li>Reports one of the recommended methane metrics</li> <li>Methane emissions reported separately from other GHGs</li> <li>Methane reduction target</li> </ul>	<ul style="list-style-type: none"> <li>Reports against 2-3 methane metrics</li> <li>Uses best management practice quantitative targets (e.g. conducting LDAR on a % of assets, achieve % reduction from certain emissions sources)</li> </ul>	<ul style="list-style-type: none"> <li>Reports action taken and progress made against all recommended metrics, incl. quantitative reduction target; reports comprehensive methane management approach</li> <li>Information audited by a third-party</li> </ul>
REDUCE	<ul style="list-style-type: none"> <li>Methane emissions rates trending downward to flat</li> <li>Only partially controls emissions</li> <li>Less than 1x/yr leak inspection</li> <li>No public opposition of regulation</li> </ul>	<ul style="list-style-type: none"> <li>Methane emissions rate decreasing</li> <li>Adopts BMPs for new emissions sources</li> <li>1 – 2x/yr leak inspection</li> <li>Neutral on regulations</li> <li>50% of assets covered under voluntary initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Methane emissions rate and absolute emissions significantly decreasing</li> <li>Substantial retrofits of existing assets</li> <li>4 – 12x/yr leak inspection</li> <li>Publicly supports regulation</li> <li>More than 75% of assets covered under voluntary initiatives</li> </ul>

TO DOWNLOAD THE FULL REPORT AN INVESTOR'S GUIDE TO METHANE GO TO [www.edf.org/investorguide](http://www.edf.org/investorguide)