

Environmental and Social Performance Indicators for Natural Gas Production

The Natural Gas Supply Collaborative (NGSC) is a voluntary collaborative of natural gas purchasers that are promoting safe and responsible practices for natural gas supply. NGSC participants are some of the largest natural gas purchasers in North America. Collectively, NGSC participants deliver enough natural gas to meet the needs of more than 41 million households, and, as part of a portfolio of resources, generate enough electricity from natural gas to power 17 million households.

NGSC participants are committed to engaging natural gas producers and other stakeholders to support more robust voluntary reporting. Broader information sharing supports a virtuous cycle where companies highlight their approaches to managing natural gas development, companies and stakeholders benefit from having more information on leading practices, and stakeholders and the public gain greater insights into how companies are protecting the environment and local communities.

Natural Gas Supply Collaborative Participants



Why are companies participating in the Natural Gas Supply Collaborative?

To promote safe and responsible practices for the supply of natural gas.

To respond to heightened interest in practices used in natural gas production.

To extend existing supplier sustainability efforts to include natural gas, a primary business input for NGSC participants.

To encourage advances in the availability and accessibility of information associated with natural gas production practices.

Increased Focus on Natural Gas

Natural gas plays a vital role in the U.S. energy mix, meeting 30 percent of U.S. energy needs in 2016. The abundant domestic resource currently provides significant economic and environmental benefits to customers in the electric power, residential, industrial and commercial sectors and across the U.S. economy. The rise in U.S. natural gas production has also coincided with more stakeholders requesting information about practices used in production. Operating at the intersection of the natural gas supply chain and end-use customers, NGSC participants are increasingly being asked to address questions concerning natural gas production.

Benefits of Reporting

As key parts of the natural gas value chain, both producers and purchasers benefit from robust voluntary reporting on natural gas production practices.

Robust voluntary reporting offers important benefits to natural gas producers:

- **Improving Performance.** Metrics tracked through environmental and social reporting help companies assess their operations and identify opportunities to reduce costs and improve operations.
- **Communicating Accurate Information.** Voluntary reporting on environmental and social practices provides an opportunity for companies to directly communicate with the public and educate stakeholders about corporate priorities and sustainability practices.
- **Building Transparency and Trust with Stakeholders.** Companies can strengthen their social license to operate by engaging with and responding to stakeholders.

More information on responsible practices in natural gas production will help NGSC participants address important business needs, including:

- **Increasing Understanding of Natural Gas Supply.** NGSC participants engage a wide variety of suppliers to better understand inputs to their business and want to extend engagement to natural gas suppliers.
- **Addressing Stakeholder Questions.** Access to more information on environmental and social practices will help NGSC participants respond to stakeholder questions and concerns.
- **Supporting Corporate Sustainability Goals.** Greater visibility in the supply chain helps companies meet sustainability goals.

NGSC Environmental and Social Performance Indicators

NGSC participants have identified a set of 14 environmental and social performance indicators for natural gas production. The non-financial performance indicators were drawn from existing voluntary reporting frameworks and were shaped by the thoughtful feedback from a diverse set of stakeholders. The performance indicators reflect the perspectives of NGSC participants and are guided by the interests of the participants' customers and stakeholders. They are not intended as a comprehensive set of performance indicators but represent high priority topics for participants.

In recent years, a number of leading companies have expanded their public disclosure to cover a wide range of stakeholder concerns, including those covered by the NGSC performance indicators, and to highlight leading practices they use to protect the environment and local communities. NGSC encourages natural gas producers to provide an accessible, clear, and thorough discussion of these important environmental and social issues through public disclosures, including company websites and annual reporting. Companies that are in the early stages of reporting can use the performance indicators to inform the development of voluntary disclosures and improve their reporting over time. Companies with established programs can use the performance indicators to strengthen their reporting.

Next Steps

Moving forward, NGSC will continue to engage with diverse stakeholders to discuss key environmental and social concerns related to natural gas production. An important aspect of this will be continued direct engagement with natural gas producers. These opportunities will be used to raise awareness about the NGSC environmental and social performance indicators, learn first-hand about producers' approaches to voluntary non-financial reporting, engage in a dialogue about improving producer voluntary non-financial reporting across the industry, and solicit feedback on any appropriate updates or revisions to the environmental and social performance indicators.

NGSC is also working to improve the accessibility of public information published by natural gas producers on their approaches and practices related to the environmental and social performance indicators to increase its usefulness to stakeholders and NGSC participants.



Natural Gas
Supply Collaborative

Contact

For additional information on the Natural Gas Supply Collaborative, please contact Robert LaCount at rlacount@mjbbradley.com

Environmental and Social Performance Indicators for Natural Gas Production

| Topic Area | Performance Indicators | |
|--|--|---|
| | Quantitative | Management Strategy |
| 01 Methane and Air Emissions | <p>What are the total methane emissions of your operations, and what is the methane emissions intensity of your operations?</p> | <p>What is your strategy for limiting methane emissions?</p> |
| 02 Water | <p>What are the sources of water for completions (hydraulic fracturing) at your operations by volume and percentage of total volume? For freshwater, what is the intensity of use?</p> <p>Do you conduct pre- and post-drill groundwater testing? What is the frequency and location?</p> <p>What were the number and volume of hydrocarbon and non-hydrocarbon spills to soil and water from your operations?</p> | <p>What is your strategy for managing freshwater use?</p> <p>What is your approach to well planning and strategy for maintaining well integrity?</p> <p>What is your strategy for managing water onsite and wastewater?</p> |
| 03 Chemical Use | <p>How do you measure progress on stewardship activities for hydraulic fracturing chemicals? Provide quantitative data.</p> | <p>What is your strategy for managing chemicals?</p> |
| 04 Community and Safety | <p>How do you measure progress on improving engagement with the communities that you operate in? Provide quantitative data.</p> <p>What were your recordable injury rate, fatality rate, and near miss frequency rate for employees and contractors?</p> | <p>What is your strategy for protecting and engaging with communities?</p> <p>What is your strategy for ensuring contractor health, safety, and environmental performance?</p> |