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State Street Global Advisors

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Asset Stewardship  
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Dear Board Member,

As a long-term investor and a responsible steward of our clients' capital, climate change has been a core stewardship priority for our program for several years. It is our view that managing the systemic risks posed by climate change across our portfolios is imperative for long-term value creation and protection.

Reducing emissions from methane – a short-lived climate pollutant over 80 times more powerful than carbon dioxide in warming the atmosphere<sup>1</sup> – represents a key lever in advancing efforts to achieve net-zero emissions by midcentury. The oil and gas industry represents one of the largest contributors to global methane emissions, and investors are increasingly focused on understanding how companies are responding to heightened regulatory, reputational, and financial risks related to methane.

Methane emissions mitigation presents one of the most cost-effective, readily available strategies for the fossil fuel sector to deliver immediate emissions reductions and support efforts to tackle climate change.<sup>2</sup> Further, according to the International Energy Agency, almost 45% of methane emissions from global oil and gas operations could be avoided at no net cost.<sup>3</sup>

For these reasons, we believe boards and management teams should address the risks and opportunities related to methane as part of their strategy to effectively manage long-term climate risk. This includes enhancing methane detection and monitoring, improving measurement-based reporting and data quality, strengthening flaring and methane emissions reductions commitments, and integrating these efforts into the climate transition plan and business strategy.

In 2022, we intend to engage with our portfolio companies in the North American oil & gas industry directly exposed to methane-related risks in their operations. We would welcome the opportunity to engage with your company leadership and subject matter experts to understand your strategies, commitments, and actions around methane.

We look forward to a productive dialogue on this subject, and would appreciate the opportunity for this engagement. Please reach out to us at [GovernanceTeam@ssga.com](mailto:GovernanceTeam@ssga.com) to facilitate this conversation.

Respectfully,

Ben Colton  
Managing Director, Asset Stewardship  
State Street Global Advisors

Devika Kaul  
Environmental Voting & Engagement Lead, Asset Stewardship  
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<sup>1</sup> "Sixth Assessment Report of the Intergovernmental Panel on Climate Change," IPCC, (2021): <https://www.ipcc.ch/assessment-report/ar6/>.

<sup>2</sup> "Global Methane Assessment: Benefits and Costs of Mitigating Methane Emissions," United Nations Environment Programme, (2021): <https://www.unep.org/resources/report/global-methane-assessment-benefits-and-costs-mitigating-methane-emissions>.

<sup>3</sup> "Methane Tracker 2021," IEA, (2021): <https://www.iea.org/reports/methane-tracker-2021>.

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