

Initiative for Responsible Procurement of Natural Gas

A new standard in terms of responsibility and transparency

The responsible procurement of natural gas initiative aims to promote business relations with proactive and responsible gas producers who are committed to being transparent and have demonstrated leadership in implementing environmental, social and governance (ESG) best practices. Ultimately, the use of these best practices will help to reduce the environmental footprint of natural gas.

Providing a Better Understanding

Critical review of the environmental and social impacts of natural gas developments in North America and stakeholder engagement were conducted in order to:

- Develop a solid understanding of the environmental impacts associated with production;
- Understand stakeholders' concerns and determine issues that should be prioritized in the certification initiative;
- Select a certification that addresses these impacts and concerns and suggest additional performance targets.

The issues identified included:

- Stress on available water supplies;
- Risk of surface and ground water contamination;
- Adverse impact from air pollution on health and air quality;
- Greenhouse gas emissions and fugitive methane;
- Impacts on the land, wildlife and communities;
- Seismicity.



EO100 Standard: Ensuring Responsible Energy Development

The EO100™ Standard for Responsible Energy Development encourages continuous improvement through adherence to operating best practices and progressive social and environmental management requirements that take into account and aim to address the potential ESG impacts of energy development.

Principles constituting the requirement basis of the EO100™ Standard:

1. Corporate Governance, Transparency and Ethics
2. Human Rights, Social Impacts and Community Development
3. Indigenous People's Rights
4. Fair Labour and Working Conditions
5. Climate Change, Biodiversity and Environment



These principles encompass over 200 management requirements with three different levels of performance:

- **Level 1 (PT1):** Performance consistent with international standards and industry best practices
- **Level 2 (PT2):** Performance exceeding international standards and industry best practices
- **Level 3 (PT3):** Performance demonstrating leadership and innovation in responsible corporate behaviour

The verification process is carried out in multiple stages:

- Self-assessment by the producer;
- Interviews with producers' executive and management staff;
- Site visits to operational facilities;
- Meetings with stakeholders;
- Report from the independent auditor.

Initiative Structure

Goals of the initiative:

- Buy from specific producers so that Énergir’s natural gas supplies are easier to track;
- Buy from producers that have adopted some of the best practices to reduce the impacts of their operations.

1. Producer eligibility

- Phase 1: EO100™ assessment & certification
- Phase 2: Disclosure of key indicators
 - Intensity of methane production;
 - Intensity of greenhouse gas emissions (GHG) from operations;
 - Intensity of water usage for operations;
 - Percentage of water recycled;
 - Percentage of serviced land on the company’s leases;
 - Soil usage area by natural gas production volume.
- Approximately 20% of Énergir’s system gas purchases dedicated to eligible producers

2. Maintaining eligibility

- Eligibility valid until the end of the period of the version of the Initiative
- Yearly declaration that the producer continues to respect the criteria of the Initiative
- Right to audit at any time and to withdraw eligibility in case of material breach to the sustainability values

3. Review of the Criteria

- Criteria review every 3 years including stakeholders’ consultation
- For certified producers, eligibility to the next version of the Initiative can be demonstrated during year 3



First Eligible Producer to the Initiative

Seven Generations Energy (7G) is the first producer to join Énergir’s Responsible Procurement of Natural Gas Initiative and the first natural gas producer to obtain the EO100™ Standard for Responsible Energy Development that governs it. The certification and supply agreement is aligned with 7G’s commitment to differentiated stakeholder service and responsible development of a critical resource in a transparent way that considers the needs of all stakeholders – not just shareholders.

Commitments and benefits

- Recognizes commitment to best practices in ESG performance.
- Encourages diligent work to maintain certification and to advance ESG performance as certification encourages continuous improvements.
- Collaboration and support of multiple stakeholder groups, Indigenous communities and partner companies providing time and expertise throughout the process.
- Forges a new path for industry that supports sustainability while helping to secure broader market access.

Sustainability Fund launched

The natural gas supply transaction will help fund and catalyze 7G’s new sustainability fund, supporting future sustainability projects aimed at reducing its environmental footprint, broadening its Indigenous partnerships and overall responsible development.



Benefits of the initiative

- Better understanding of and transparency as to:
 - Where the gas comes from;
 - How the gas is produced;
 - What the environmental impacts of the production are.
- Better equipped to interact with stakeholders;
- Possibility to determine more precisely the environmental benefits of natural gas vs other types of energy;
- Complementary to efforts to promote renewable natural gas as a means to reduce the environmental footprint of gas;
- Increased market access with respect to:
 - Énergir’s system gas (some purchases reserved to eligible producers);
 - Direct purchase customers;
 - Interested buyers in other jurisdictions.
- Markets’ recognition of the value of natural gas produced with methods aligned with greater environmental stewardship;
- Helps to build transparency and trust across the value chain;
- Better understanding as to how natural gas can play a role in the energy transition.