

AGA ESG/Sustainability Reporting

January 2019



Summit Utilities Inc. (Summit) is among the many American Gas Association (AGA) members using voluntary Environmental, Social and Governance (ESG)/Sustainability reporting in an effort to provide greater transparency and consistency across the natural gas sector. This is Summit's first report using the AGA ESG/Sustainability metrics template, which addresses:

- ESG/Sustainability Governance
- ESG/Sustainability Strategy
- Our Safety Commitment
- Quantitative Emissions Data

ESG/Sustainability Governance:

Summit prioritizes its sustainability and continuously seeks to improve its ESG practices at all levels of the company.

Our ESG matters are overseen by a Board-level Corporate Governance Committee that was created in 2017. The committee is charged with advising the Board on matters related to ESG. In addition, in 2018, we formed an ESG Committee at the senior leadership level to prioritize and implement key ESG initiatives, which we identify through an annual materiality assessment and engagement with key stakeholders, including our shareholders. Through these committees, we set annual ESG-related goals and priorities that cascade throughout all levels of the company.

To benchmark our ESG performance, we participate in the annual Global Real Estate Sustainability Benchmarking (GRESB) assessment. In each of the last three years, our ESG performance improved while earning 4-out-of-5 stars.

ESG/Sustainability Strategy:

As an energy provider, socially responsible business and good neighbor, we are committed to partnering with the communities we serve to build a sustainable energy future. To help us reach that future, we continually look for ways to reduce our carbon and methane emissions and promote sustainable and efficient energy use.

Methane Reduction Initiatives:

At Summit, we are proud to be a leader in reducing methane emissions. Through our participation in several mitigation programs, along with our comprehensive pipeline replacement program in Arkansas and Oklahoma, as of 2017, Summit achieved a methane emissions intensity of just 0.292 percent.

Our methane reduction initiatives include:

- **Natural Gas STAR Methane Challenge:** Through our participation in the U.S. Environmental Protection Agency's voluntary Methane Challenge Program, we commit to transparently reporting our methane emissions and describing the systematic and comprehensive actions we are taking to reduce our methane emissions. Through this program, we make our system safer, reduce operational risk and increase efficiency. Beyond that, we also share information and best practices with our peers across the country to further enhance methane mitigation efforts industrywide. Our specific Methane Challenge commitments are to reduce emissions through distribution excavation damage prevention and better transmission purge practices.
 - + **Excavation damage prevention:** As part of our commitment under the Methane Challenge Program, we have completed several new public outreach initiatives in an effort to reduce excavation damages. These initiatives included the distribution of a pipeline safety brochure to thousands of excavators across our service territories, a fully integrated and enhanced public awareness campaign, and a school outreach program.

- + Better transmission purge practices: We are improving our operating procedures to limit the amount of natural gas released during planned transmission purges. The environmental impact of planned transmission purges will be minimized through flaring and/or methane capture.
- ONE Future Coalition: Summit is a committed member of the ONE Future Coalition, an organization made up of energy companies from across the natural gas supply chain that are committed to achieving a science-based average rate of methane emissions across facilities equivalent to one percent or less of total natural gas production. With company leaders on ONE Future's Board of Directors and other policy and technical committees, we work together to report emissions data, mitigation efforts and best practices with the goal of leading the industry to a sustainable path of lower emissions and more efficient operations. Through our mitigation efforts, for 2017, our methane emissions intensity was just 0.292 percent, beating ONE Future's goal of one percent by 2025. In addition, as a coalition, we were able to exceed our goal with a methane intensity record of 0.552 percent in 2017. Read the November 2018 ONE Future progress report [here](#).
- Pipeline Replacement: To increase safety, reduce methane emissions, and enhance system efficiency, we are systematically replacing and upgrading aging pipe through a multi-year capital investment program. In 2018 alone, we replaced nearly 38 miles of aging pipe in Arkansas and Oklahoma. Through this effort, we have been and will continue to be able to further reduce our methane emissions and promote the ongoing safety and efficiency of our system.

Energy Efficiency Programs:

At Summit, we are committed to reducing carbon emissions and providing affordable energy solutions to our customers. One of the ways we do that is by investing in energy efficiency. Each year, we invest more than \$3.0 million in energy efficiency programs that directly benefit our customers. By reducing the energy usage of those we serve, we help our customers keep more money in their pockets, while reducing their carbon footprint. In fact, between 2012 and 2017, our energy efficiency programs in Arkansas, Oklahoma, Colorado and Missouri resulted in a carbon offset of approximately 17,265 metric tons of carbon dioxide. That is equivalent to taking nearly 4,000 cars off the road or offsetting the total energy usage of about 1,800 homes.

In Maine, where oil is commonly used to heat homes and power industry, we have helped large industrial users like papermills, rail yards and construction companies, as well as thousands of residential customers, convert from oil to natural gas. A typical residential conversion from oil to natural gas results in an average carbon emissions reduction of about 26 percent for that family. By using the rebates we provide, our Maine customers are able to add more efficient heating equipment, which can increase those reductions by an additional 10 percent. Together, we can make great strides in cleaning our air, reducing our emissions, and keeping families and businesses warm through the winter.

Commitment to Safety:

Safety

Summit places the highest priority on the safety of its customers, employees, contractors, communities, and pipelines throughout all areas we operate. We are proud of the company-wide effort to make "safety" a cultural norm at Summit. Some of our safety efforts include:

- Employee and Contractor Training: We believe that to provide the best and safest services to our communities, workforce training must be a high priority. We use a multifaceted approach to training our workforce. By providing our employees the latest automated training technology and face-to-face, subject matter expert-led training, we continually maintain and improve our high-quality workforce.
- Community Engagement: Our employees make a considerable effort to educate customers and the public in general about the safe use of natural gas and associated natural gas facilities.
- Employee Engagement: Our employees and contractors alike are focused on safety and tasked with identifying potential hazards so that hazards can be avoided or mitigated. This disciplined approach not only enhances the safety of our employees and contractors, but it also enhances the safety and integrity of our pipeline system.
- Compliance: Summit is committed to complying with applicable pipeline and worker safety laws and regulations. We conduct robust internal auditing to monitor compliance with our policies, procedures and guidelines for employee safety and safe operations of our gas systems. Summit will continue to hold itself to the highest safety standards.

Public Safety

Summit operates facilities in 46 counties throughout the country and endeavors to safely deliver its natural gas to customers, which benefits all stakeholders who live, work, and play around Summit's facilities. Our educational outreach programs are designed to identify those within the communities we serve that will benefit from learning how to recognize natural gas and any potential hazards they may encounter. In addition to the safety programs that we sponsor within schools in our communities, our education initiatives extend to all excavators regarding 811 and suitable excavation methods around utilities, as well as proper emergency service response when responding to a natural gas emergency.

Public education about the safe use of natural gas is a cornerstone of our outreach efforts. We provide many key education resources to our stakeholders help ensure customers and communities enjoy the quality of life benefits natural gas has to offer.

2018 Highlights

- In furtherance of our commitment to safely deliver natural gas, our employees participate on a wide variety of industry-specific committees. Some of the organizations Summit partnered with last year include the American Gas Association (AGA), Southern Gas Association (SGA), Northeast Gas Association (NGA), Missouri Association of Natural Gas Operators (MANGO) and Colorado Pipeline Association (COPA).
- Summit trains and certifies certain employees through the National Association of Corrosion Engineers (NACE). This association is recognized globally as the premier authority for corrosion control solutions. The organization offers technical training and certification programs, conferences, industry standards, reports, publications, technical journals, government relations activities and more. It is focused on improving industry-wide business conditions, and advances knowledge through certification programs that promote public safety, protect the environment and reduce the economic impact of corrosion.
- Through its Public Awareness Program outreach, Summit employees partnered with several schools located in its service areas to educate school-aged children on the importance of safe activities associated with natural gas.
- We offer free training to all emergency service personnel operating in our service territories. Specifically, in 2018, we provided face-to-face training for over 700 public and emergency officials.

Our Public Awareness Program and related messaging is intended for various stakeholders, including:

- Emergency Officials
- Public Officials
- Affected Members of the Public
- Schools
- Excavators
- Customers

We communicate our Public Awareness Program and related messaging via ads on television, radio and outdoor, direct mail, presentations and school materials that educate the public about pipeline purpose, reliability, potential hazards and preventive measures. Additional topics include leak recognition and response, emergency preparedness and damage prevention, and 811 requirements.

Throughout 2018, we delivered approximately 400,000 direct mail pieces helping protect people, property and the environment through increased stakeholder awareness and knowledge.

Workplace Safety

Summit is proud of its commitment to provide the safest possible work environment for its employees. High quality workforce performance requires Summit employees to be proactively engaged in all aspects of not only their safety, but that of their co-workers, customers and the general public. Safety initiatives are designed to facilitate a holistic view of the work environment with a focus on identifying possible hazards employees may encounter. Training and technology resources are instrumental for all Summit employees for the proper hazard recognition and response.

Summit drives its safety-based initiatives using a cultural perspective. We believe that all Summit employees and contractors have a voice and responsibility where safety is concerned. Employees and contractors are empowered with the authority to stop work when a possible safety issue presents itself. This collaborative effort helps to keep us all safe.

2018 Safety Initiative Highlights

- Summit developed and implemented a near-miss entry program. This data collection program provides Summit employees and contractors the ability to document when they witness or encounter a “near-miss”. Near-miss awareness and evaluation helps us identify and possibly avoid or mitigate future hazards. The near-miss data helps us track contributors that create these hazards, and develop processes or equipment to neutralize those contributors when necessary. In 2018, employees reported over 830 possible near-misses, which resulted in numerous follow-up actions toward improving the safety of our employees, customers, and the public in general.
- Summit launched a web-based application tool which provides its employees and contractors the ability to analyze potential hazards they may encounter when performing company-related activities. This job hazard analysis (JHA) tool also drives a process to identify solutions to these hazards, which employees are expected to institute prior to performing the task. In 2018, over 2,000 of these comprehensive JHAs were performed, identifying over 8,900 potential hazards to our workforce resulting in Summit implementing over 25,700 safety controls to promote the health and safety of those in or near our workplace.
- Summit’s comprehensive safety programs and its safety-minded employees are instrumental in the continued health and well-being of its employees. Success in these areas is demonstrated by employee at-fault motor vehicle accident rates and personnel injuries rates being below industry averages in 2018. In fact, in 2017 employees in Summit’s Missouri and Colorado operations achieved a 0-0 rating, meaning zero recordable injuries and zero days away from work/restricted injuries. Their success is attributable to a commitment to incorporate safety into everything they do.

Quality Assurance

Summit strives to provide the highest quality service to its customers. A big part of this effort relies on our robust and comprehensive internal auditing program, which is a collaborative, internal effort that is shared across multiple departments within the organization. In 2018, Summit employees participated in and/or conducted approximately 700 compliance audits and 106 environmental, health and safety audits. We believe that compliance with our own rules, regulations and protocols, and with applicable state, federal, and local rules, regulations and laws helps us achieve this high standard of service. Our compliance and comprehensive auditing efforts help our team to maintain a high standard of service.

Quantitative Emissions Data:



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS - 2017	
Number of Gas Distribution Customers	120683
Distribution Mains in Service	5012.53
Plastic (miles)	3796.39
Cathodically Protected Steel - Bare & Coated (miles)	1205.94
Unprotected Steel - Bare & Coated (miles)	10.2
Cast Iron / Wrought Iron - without upgrades (miles)	0
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to	10 years
Unprotected Steel (Bare & Coated) (# years to complete)	10 years
Cast Iron / Wrought Iron (# years to complete)	N/A
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	23936.52
Natural Gas Throughput from Gas Distribution Operations in thousands of scf	13788261
CO2e Fugitive Methane Emissions Rate (metric tons per thousand scf of Throughput)	0.007384329



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS - 2017	
Number of Gas Distribution Customers	72620
Distribution Mains in Service	2,431.97
Plastic (miles)	1,382.00
Cathodically Protected Steel - Bare & Coated (miles)	1,039.77
Unprotected Steel - Bare & Coated (miles)	10.20
Cast Iron / Wrought Iron - without upgrades (miles)	-
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to	10 years
Unprotected Steel (Bare & Coated) (# years to complete)	10 years
Cast Iron / Wrought Iron (# years to complete)	N/A
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	11944.65
Natural Gas Throughput from Gas Distribution Operations in thousands of scf	8,161,198.00
CO2e Fugitive Methane Emissions Rate (metric tons per thousand scf of Throughput)	0.0015



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS - 2017	
Number of Gas Distribution Customers	22012
Distribution Mains in Service	1,289.49
Plastic (miles)	1,183.94
Cathodically Protected Steel - Bare & Coated (miles)	105.55
Unprotected Steel - Bare & Coated (miles)	-
Cast Iron / Wrought Iron - without upgrades (miles)	-
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to	N/A
Unprotected Steel (Bare & Coated) (# years to complete)	N/A
Cast Iron / Wrought Iron (# years to complete)	N/A
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	5,952.18
Natural Gas Throughput from Gas Distribution Operations in thousands of scf	2,139,425.00
CO2e Fugitive Methane Emissions Rate (metric tons per thousand scf of Throughput)	0.0028



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS - 2017	
Number of Gas Distribution Customers	22380
Distribution Mains in Service	1,101.69
Plastic (miles)	1,041.53
Cathodically Protected Steel - Bare & Coated (miles)	60.16
Unprotected Steel - Bare & Coated (miles)	-
Cast Iron / Wrought Iron - without upgrades (miles)	-
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to	N/A
Unprotected Steel (Bare & Coated) (# years to complete)	N/A
Cast Iron / Wrought Iron (# years to complete)	N/A
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	5,157.15
Natural Gas Throughput from Gas Distribution Operations in thousands of scf	2,810,737.00
CO2e Fugitive Methane Emissions Rate (metric tons per thousand scf of Throughput)	0.0018



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS - 2017	
Number of Gas Distribution Customers	3671
Distribution Mains in Service	189.38
Plastic (miles)	188.92
Cathodically Protected Steel - Bare & Coated (miles)	0.46
Unprotected Steel - Bare & Coated (miles)	-
Cast Iron / Wrought Iron - without upgrades (miles)	-
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to	N/A
Unprotected Steel (Bare & Coated) (# years to complete)	N/A
Cast Iron / Wrought Iron (# years to complete)	N/A
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	882.54
Natural Gas Throughput from Gas Distribution Operations in thousands of scf	676,901.00
CO2e Fugitive Methane Emissions Rate (metric tons per thousand scf of Throughput)	0.0013