

AGA ESG/Sustainability Reporting

December 2019



Summit Utilities, Inc. (Summit) is one of the many American Gas Association (AGA) members using voluntary Environmental, Social and Governance (ESG)/Sustainability reporting to provide greater transparency and consistency around this very important initiative taking place across the natural gas sector. This report uses the AGA ESG/Sustainability metrics template, which outlines Summit's ongoing efforts in the following areas:

- ESG/Sustainability Governance
- ESG/Sustainability Strategy
- Cyber Security
- Commitment to Safety
- Quantitative Emissions Data

ESG/Sustainability Governance:

Summit prioritizes its sustainability efforts and continuously seeks to improve our current ESG practices at all levels of the company. Our governance commitment is to set the bar on being a progressive leader in implementing strong management practices that contribute to the overall sustainability of the company.

Our ESG matters are overseen by the Corporate Governance Committee of the Board that was created in 2017. Our company ESG Committee, created in 2018 and made up of employees and executives from all corporate departments, has grown and continues to prioritize and implement key ESG initiatives, which we identify through an annual materiality assessment and engagement with key stakeholders, including our shareholders. The ESG Committee develops annual ESG-related goals and priorities that are approved by the Corporate Governance Committee and then adopted throughout all levels of the company.

In 2019, Summit formalized a Sustainability Department to further lead its sustainability and ESG efforts. Through the creation of this department we have employees solely dedicated to the creation and implementation of long-term sustainability and ESG planning and goal setting.

To benchmark our ESG performance, we participate in the annual Global Real Estate Sustainability Benchmarking (GRESB) assessment. In each of the last four years, our ESG performance improved and in 2019 we scored 5-out-of-5 stars. Our 2019 scores show that we are ranking above the GRESB participant average in most of the categories of the GRESB assessment, with our governance and social programs standing out as well above peer and global averages.

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. At Summit, we are conscious that our everyday actions have a lasting impact on the environment, our communities, and the world.

Commitment to Community

At Summit, we understand we are only as strong as the communities we serve, which is why being a good friend, community member and neighbor is at the heart of what we do. In 2019, we invested more

than \$100,000 in our communities through charitable donations, community sponsorships and local memberships.

To foster and promote volunteerism, we provide employees with 20 hours of paid time off to use for volunteering with non-profit organizations during work hours. In 2019, our employees donated more than 2,000 volunteer hours to our communities through this program.

Whether it's going above and beyond helping one of our customers with an issue, donating to a local charitable organization or volunteering with one of the many nonprofit organizations in our service territories, we understand that our customers and the success of the communities in which they live are core to our business.

Going Green

Summit is committed to conserving natural resources and reducing our impact on the environment through energy efficiency, pollution reduction and forward-thinking innovation. We help keep our environmental commitment by launching renewable natural gas (RNG) programs, participating in methane reduction initiatives, and running energy efficiency programs.

Renewable Natural Gas:

In the spring of 2019, Summit Natural Gas of Maine launched its RNG program to further the company's commitment to building a sustainable energy future. We are matching 5 percent of our residential gas demand for one year by purchasing RNG attributes¹ at no cost to our customers to help reduce our carbon footprint. In addition, we are giving our customers the opportunity to match 10 to 100 percent of their average annual gas usage through our voluntary RNG attribute programs by purchasing RNG attributes at a flat monthly rate. This program will help jumpstart the renewable biofuels market and spur investment in new technologies that mitigate one cause of climate change.

Methane Reduction Initiatives:

Summit is committed to strengthening our energy system's contributions to a sustainable energy future. We have put a strong focus on investing in energy efficiency and converting homes, small businesses and industrial customers from oil and propane to cleaner natural gas to reduce greenhouse gas emissions.

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

¹ Our renewable attributes are derived from biomethane. When biomethane is produced, two products are created simultaneously, methane and renewable attributes. Methane is the physical, tangible commodity that is used in homes and businesses. Renewable attributes are the intangible benefits associated with the creation of methane from renewable materials. Renewable attributes from biomethane are similar to Renewable Energy Certificates (RECs), the intangible benefits created by the generation of electricity using renewable sources (solar, wind, hydro, etc.). Currently, the source of the renewable attributes is not in Maine, and Summit is not purchasing the methane itself. The company is simply purchasing the attributes and matching them with the methane that we normally deliver to our customers here in Maine.

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 2018, our methane emissions intensity was just 0.228 percent, beating ONE Future's goal of one percent by 2025.
- 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. To build on our 2018 efforts, in 2019 we have retired over 20 miles of additional 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 2018, our energy efficiency programs in Arkansas, Oklahoma, Colorado and Missouri resulted in a carbon offset of approximately 20,270 metric tons of carbon dioxide. That is equivalent to taking over 4,300 cars off the road, offsetting the total energy usage of almost 2,500 homes, or charging over 2.5 billion smartphones.

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. Heating with oil generates 27 percent more carbon emissions than heating with natural gas and adding efficient equipment can reduce emissions by an additional 11 percent. This means a typical customer can reduce their carbon emissions by 38 percent by switching from old oil equipment to efficient natural gas equipment. By converting customers from oil and propane to natural gas and investing millions in energy efficiency rebates, we have reduced carbon emissions by an estimated 69,000 metric tons a year in Maine. That's equivalent to taking nearly 15,000 cars off the road.

Cyber Security

Summit has a deep-seated commitment to cyber security and makes significant investments in tools, resources, and training to protect the data of our customers, team members, and investors.

Summit's cybersecurity strategy combines a defense-in-depth approach with information security awareness initiatives. Technologies deployed such as next generation firewalls and AI driven threat

protection create layers of defense for data traversing our networks. Along with our digital safeguards, Summit invests in training and awareness for our team members.

Some of our 2019 activities and accomplishments include:

- Employees completed over 800 hours of cyber security training
- 96% of our employees completed information security training
- Added a cyber security session to our yearly leadership conference
- Participated in National Cyber Security Awareness Month
- Collected over 500 devices during our e-waste drive (all devices were disposed of safely and securely)

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 train 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. We will continue to hold ourselves to the highest safety standards.

Public Safety

Public education about the safe use of natural gas is a cornerstone of our outreach efforts. Summit operates facilities in six states 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 how to react to any potential hazards they may encounter. In addition to the safety programs that we sponsor within schools in our communities, our educational 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.

2019 Highlights

- As a part of our continuing commitment to safely deliver natural gas to our customers, our employees, from leadership to field personnel, actively serve on a wide variety of industry specific committees. Some of the organizations Summit partnered with last year include the AGA,

Southern Gas Association, Northeast Gas Association, Missouri Association of Natural Gas Operators, and Colorado Pipeline Association.

- Summit trains and certifies certain employees through the National Association of Corrosion Engineers in Cathodic Protection and Protective Coatings. 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 (PAP), 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.

Our PAP and related messaging is intended for various stakeholders, including:

- Emergency Officials and First Responders
- Public Officials
- Affected Members of the Public
- Schools
- Excavators
- Customers

We communicate our PAP 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, including 811 requirements.

Throughout 2019, we delivered approximately 400,000 direct mail pieces helping protect people, property and the environment through increased stakeholder awareness and knowledge. Twice a year, we publish safety advertisements in 16 local Missouri newspapers to ensure that our customers have access to relevant safety information.

Workplace Safety

Summit is proud of its commitment to provide the safest possible work environment for our 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 and have the responsibility to stop work when a possible safety issue presents itself. This collaborative effort helps to keep us all safe.

2019 Safety Initiative Highlights

- Summit continued to use and improve its near-miss entry program that was developed in 2018. 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 2019, employees reported over 850 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 Safety Suggestion tool in 2019. This tool is a supplement to the near miss program in that employees are given the ability to recommend safety initiatives. Over 150 safety suggestions were submitted in 2019 and may have resulted in changes that have improved safety, including additional equipment, vehicle lighting and reflective marking, vehicle reversing sensors and cameras, facility housekeeping issues and many more.
- Summit launched a Nurse Triage program in 2019 that is aimed at providing employees with on-call medical resources ready to assist them with caring for work related injuries. In addition to streamlining our reporting processes, nurse triage gives our employees 24-7 access to registered nurses ensuring our employees get the immediate care they need.
- Understanding that employees want to have more in-person interaction with safety experts, Summit scaled up the number of instructor-led safety training courses for employees. This action resulted in less computer-based training and more in-person interaction with employees.
- As part of its continuing commitment to safety and injury prevention, Summit included individual near miss, safety suggestion and safety training goals as part of every employees' goals in 2019. This has resulted in an increase in engagement in the safety program and has given all employees a voice and role in continuous safety improvement.

Quality Assurance and Pipeline Safety

The Quality Assurance (QA) program allows Summit to monitor field work activities performed during the construction, installation, operation and maintenance of our facilities. Summit employee and contractor performance is critical in maintaining gas system integrity, protecting public safety, and providing effective maintenance and expansion of our natural gas system. In 2019, Summit employees participated in and/or conducted approximately 167 environmental, health and safety audits.

The key to QA is the construction procedures/practices and the quality of the work that is carried out. Summit is always looking for opportunities to improve by developing and implementing more efficient Quality Assurance program procedures. We are currently in the process of developing and rolling out a comprehensive library of Standard Operating Procedures and training to improve field task consistency by placing greater emphasis on consistent execution and inspection of specific field level tasks. Summit's Management of Change program provides a prescribed process to manage system change through risk evaluation, risk mitigation, communication and closed loop verification that all required action items are completed.

Equally key to the programs and part of Summit's overall commitment to continuous process improvement is the self-audit process within the program, as part of the Plan-Do-Check-Act Cycle it helps us determine the effectiveness and efficiency of the various elements and understand where we can further drive improvement in the program.

Quantitative Emissions Data:



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS-2018	
Number of Gas Distribution Customers	121,860
Distribution Mains in Service	
Plastic (miles)	3,849
Cathodically Protected Steel - Bare & Coated (miles)	1,184
Unprotected Steel - Bare & Coated (miles)	10
Cast Iron / Wrought Iron - without upgrades (miles)	0
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to complete)	
Unprotected Steel (Bare & Coated) (# years to complete)	9
Cast Iron / Wrought Iron (# years to complete)	0
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	23,690
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	947.6
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	49.3
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	18,688,859
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	17,754.4
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)	0.278%



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS-2018	
Number of Gas Distribution Customers	72,815
Distribution Mains in Service	
Plastic (miles)	1,409
Cathodically Protected Steel - Bare & Coated (miles)	1,019
Unprotected Steel - Bare & Coated (miles)	10
Cast Iron / Wrought Iron - without upgrades (miles)	0
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to complete)	
Unprotected Steel (Bare & Coated) (# years to complete)	9
Cast Iron / Wrought Iron (# years to complete)	0
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	11,635
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	465.4
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	24.2
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	9,307,080
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	8841.7
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)	0.274%



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS-2018	
Number of Gas Distribution Customers	22,480
Distribution Mains in Service	
Plastic (miles)	1,188
Cathodically Protected Steel - Bare & Coated (miles)	106
Unprotected Steel - Bare & Coated (miles)	0
Cast Iron / Wrought Iron - without upgrades (miles)	0
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to complete)	
Unprotected Steel (Bare & Coated) (# years to complete)	0
Cast Iron / Wrought Iron (# years to complete)	0
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	5,902
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	236.1
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	12.3
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	2,466,296
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	2342.9
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)	0.525%



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS-2018	
Number of Gas Distribution Customers	3,954
Distribution Mains in Service	
Plastic (miles)	199
Cathodically Protected Steel - Bare & Coated (miles)	0.5
Unprotected Steel - Bare & Coated (miles)	0
Cast Iron / Wrought Iron - without upgrades (miles)	0
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to complete)	
Unprotected Steel (Bare & Coated) (# years to complete)	0
Cast Iron / Wrought Iron (# years to complete)	0
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	963.3
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	38.5
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	2.0
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	3,403,647
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	3,233.4
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)	0.062%



METHANE EMISSIONS AND MITIGATION FROM DISTRIBUTION MAINS-2018	
Number of Gas Distribution Customers	22,611
Distribution Mains in Service	
Plastic (miles)	1,052
Cathodically Protected Steel - Bare & Coated (miles)	60
Unprotected Steel - Bare & Coated (miles)	0
Cast Iron / Wrought Iron - without upgrades (miles)	0
Plan/Commitment to Replace / Upgrade Remaining Miles of Distribution Mains (# years to complete)	
Unprotected Steel (Bare & Coated) (# years to complete)	0
Cast Iron / Wrought Iron (# years to complete)	0
Distribution CO2e Fugitive Emissions	
CO2e Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	5,190
CH4 Fugitive Methane Emissions from Gas Distribution Operations (metric tons)	207.6
CH4 Fugitive Methane Emissions from Gas Distribution Operations (MMSCF/year)	10.8
Annual Natural Gas Throughput from Gas Distribution Operations in thousands of standard cubic feet (Mscf/year)	3,511,836
Annual Methane Gas Throughput from Gas Distribution Operations in millions of standard cubic feet (MMscf/year)	3,336.2
Fugitive Methane Emissions Rate (Percent MMscf of Methane Emissions per MMscf of Methane Throughput)	0.324%