

# American Petroleum Institute

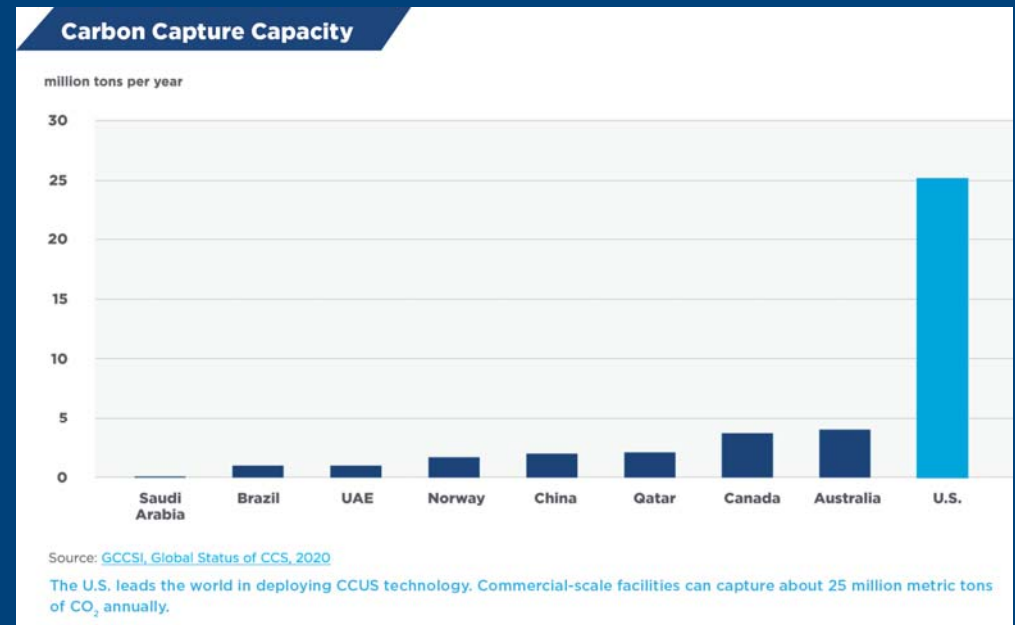
John Wagner, Vice President and Assistant General Counsel  
API Climate Action Framework Overview



# 1. Accelerate Technology & Innovation

## Priorities:

- Fast-track the Commercial Deployment of Carbon Capture, Utilization and Storage (CCUS)
- Advance Hydrogen Technology, Innovation, and Infrastructure
- Advocate for Federal Funding for Low-Carbon RD&D

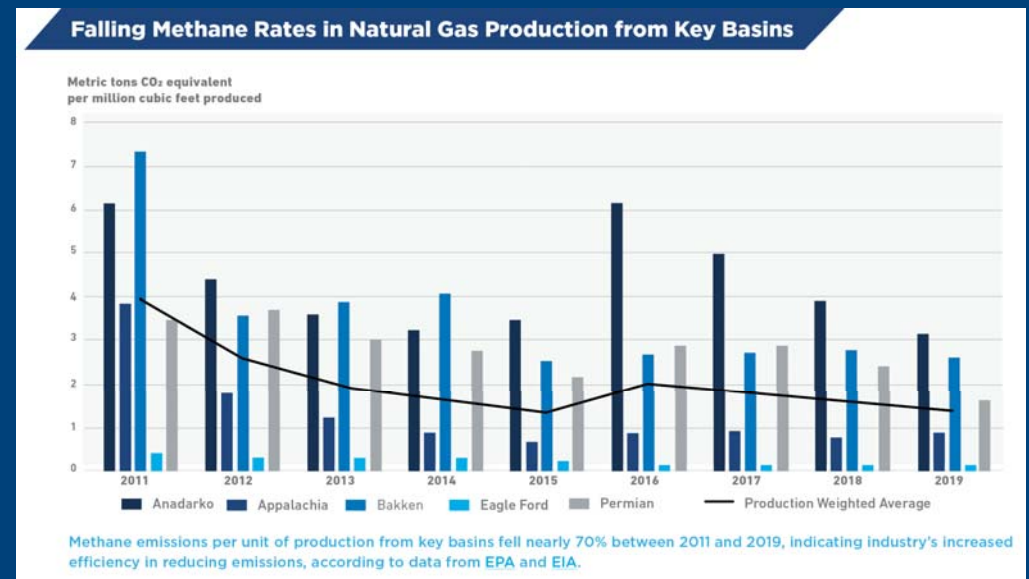


*Our industry's focus is on technologies that have shown they can reach the largest commercial scale and maximize emissions reductions in ways that are cost-effective for the industry and consumers.*

## 2. Further Mitigate Emissions From Operations

### Priorities:

- Advance Direct Regulation of Methane from New and Existing Sources
- Develop Methane Detection Technologies
- Promote Reductions in Refinery GHG Emissions and Mitigate Upstream Flaring Emissions



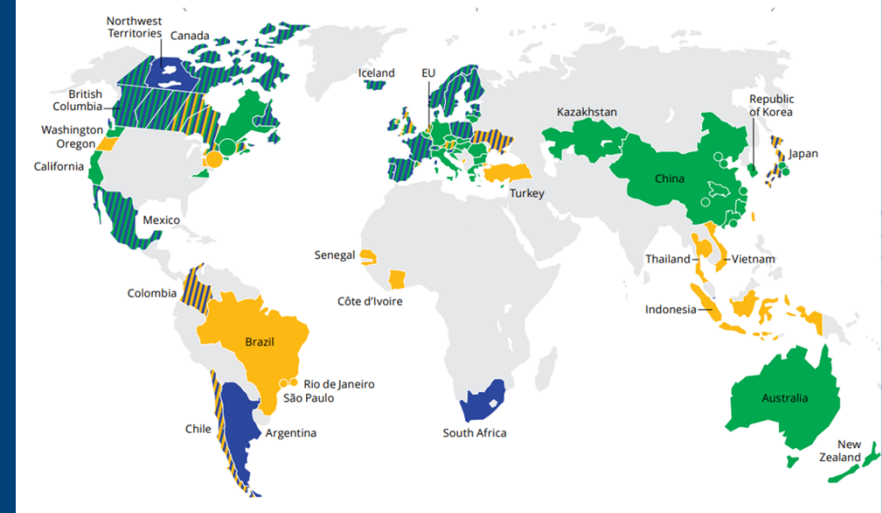
*The Environmental Partnership – an initiative of API - is comprised of 90 upstream and midstream companies in the U.S. oil and natural gas industry working to continuously improve the industry's environmental performance.*

# 3. Endorse a Carbon Price Policy

## Priorities:

- Price Carbon Dioxide Emissions Across the Economy
- Avoid Carbon Leakage and Integrate with Global Carbon Markets, while Focusing on Net Emissions
- Support Policies that Provide Transparency for Consumers
- Minimize Duplicative Regulations and Help Maintain U.S. Competitiveness

Carbon pricing schemes, by market and status



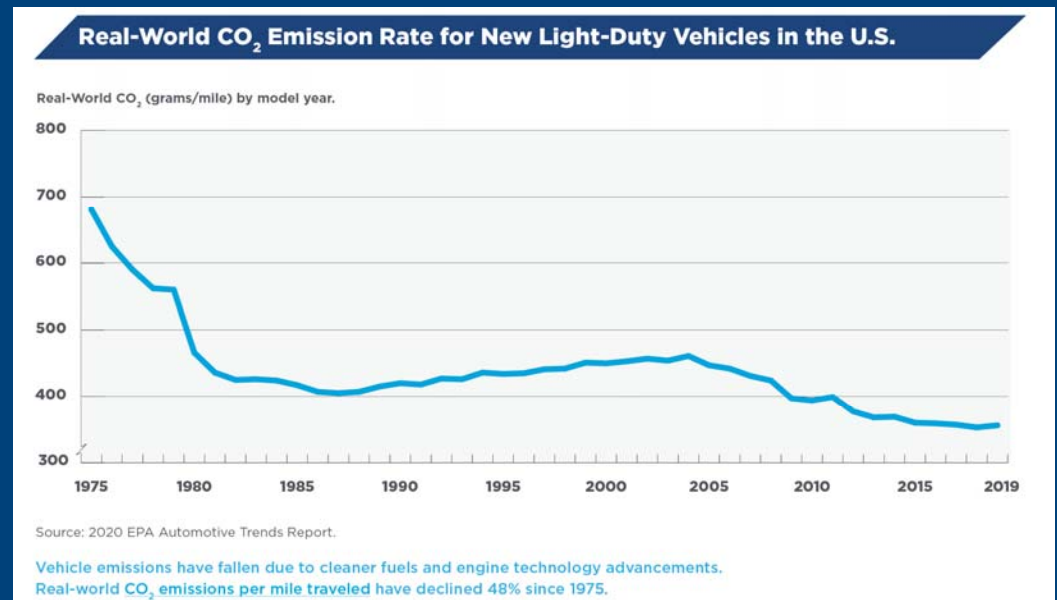
*Rather than a patchwork of federal and state regulations and mandates that could ineffectively address the climate challenge, an economywide government carbon price policy is the most impactful and transparent way to achieve meaningful progress.*

Source: BloombergNEF, World Bank

## 4. Advance Cleaner Fuels

### Priorities:

- Reduce Lifecycle Emissions in the Transportation Sector
- Develop Markets for Differentiated U.S. Natural Gas
- Support Policies to Advance Lower-Carbon Electricity



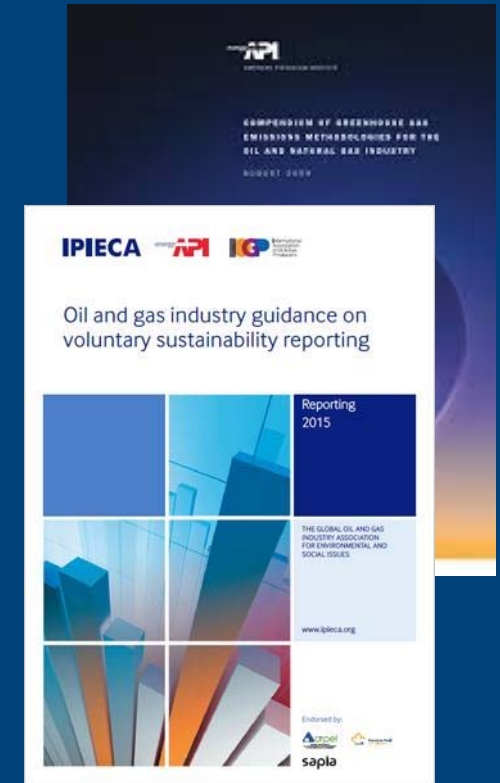
*The natural gas and oil industry is advancing cleaner fuels to provide consumers with lower-carbon options.*

# 5. Drive Climate Reporting

## Priorities:

- Expand Use of ESG Reporting Guidance for the Oil & Natural Gas Industry
- Report Comparable Climate-Related Indicators in New API Template for GHG Reporting
- Build on the API Compendium of Greenhouse Gas Emissions Methodologies for the Natural Gas and Oil Industry

API Template 1.0 for GHG Reporting		
As approved by API Executive Committee on June 9, 2021		
General		
Date:	PCC AR GWP:	AR6
Basic:		Equity
No.	Indicator	Units
<b>1. Direct GHG Emissions (Scope 1)</b>		
1.1	Direct GHG Emissions (Scope 1) - All GHGs	(million metric tons CO <sub>2</sub> e)
1.1.1	Upstream - All GHGs	(million metric tons CO <sub>2</sub> e)
1.1.1.1	CH <sub>4</sub>	(million metric tons CO <sub>2</sub> e)
1.1.1.2	Upstream Flaring - All GHGs (subset of Scope 1)	(million metric tons CO <sub>2</sub> e)
1.1.1.3	Volume of Flare	(mmcf)
1.1.2	Midstream - All GHGs	(million metric tons CO <sub>2</sub> e)
1.1.2.1	CH <sub>4</sub>	(million metric tons CO <sub>2</sub> e)
1.1.3	Downstream - All GHGs	(million metric tons CO <sub>2</sub> e)
1.1.4	LNG - All GHGs	(million metric tons CO <sub>2</sub> e)
1.1.5	Oil and Natural Gas Field Services - All GHGs	(million metric tons CO <sub>2</sub> e)
<b>2. Indirect GHG Emissions from Imported Energy (Scope 2)</b>		
2.1	Indirect GHG Emissions from Imported Electricity + Heat + Steam + Cooling (Scope 2, Market-based)	
2.1.1	Upstream - All GHGs	(million metric tons CO <sub>2</sub> e)
2.1.2	Midstream - All GHGs	(million metric tons CO <sub>2</sub> e)
2.1.3	Downstream - All GHGs	(million metric tons CO <sub>2</sub> e)
2.1.4	LNG - All GHGs	(million metric tons CO <sub>2</sub> e)
2.1.5	Oil and Natural Gas Field Services - All GHGs	(million metric tons CO <sub>2</sub> e)
<b>3. GHG Mitigation</b>		
3.1	GHG Mitigation from CCUS, Credits, and Offsets	(million metric tons CO <sub>2</sub> e)
3.1.1	Carbon Capture Utilization or Storage (CCUS) - All GHGs	(million metric tons CO <sub>2</sub> e)
3.1.2	Renewable Energy Credits (RECs) for Indirect Emissions - All GHGs	(million metric tons CO <sub>2</sub> e)
3.1.3	Offsets - All GHGs	(million metric tons CO <sub>2</sub> e)
<b>4. Intensity - Direct GHG Emissions (Scope 1)</b>		
	Pending API member company testing of suitable options, selected set of intensity indicators will be included in a subsequent version of the template	
<b>5. Additional Climate-Related Targets and Reporting</b>		
5.1	GHG Reduction Target(s)	<input type="checkbox"/> Yes <input type="checkbox"/> No
5.2	TREDS informed reporting	<input type="checkbox"/> Yes <input type="checkbox"/> No
5.3	Additional Climate Reporting Resources	Include links in the Comments Box
<b>6. Third-party Verification</b>		
6.1	Assurance Level	
6.2	Assurance Provider	



*API supports timely and accurate reporting of GHG emissions from all emitting sectors in the economy to provide a transparent fact base for market-based solutions and government policy.*