



2019 CORPORATE RESPONSIBILITY REPORT

FIRST AND FORWARD



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## WELCOME

First. Let's assess our journey, but only briefly. Because we must use the considerable momentum of what we have accomplished to push ourselves to the aspirations that lie on tomorrow's horizon. Forward.



Our inaugural Corporate Responsibility (CR) Report is based on a unique analysis of relevant environmental, social, and governance (ESG) issues for Cheniere Energy Inc. (Cheniere). A mapping of the content herein against the IPIECA/IOGP/API, Sustainability Accounting Standards Board (SASB), Global Reporting Initiative (GRI) and Task Force on Climate-related Financial Disclosures (TCFD) guidelines is found in the Appendix.

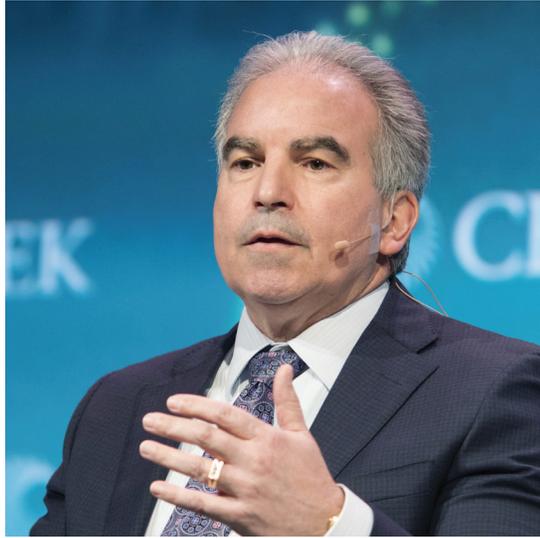
We disclose data for calendar years 2016-2019, unless otherwise noted. Deloitte & Touche LLP conducted limited assurance of select indicators in this report for the year ending December 31, 2019. The report can be found at [cheniere.com](https://www.cheniere.com).

If you have questions about any information contained in our report or would like to provide feedback, please contact [sustainability@cheniere.com](mailto:sustainability@cheniere.com).

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Our urgency to address the key considerations of ESG issues — how our company manages our environmental footprint, values the safety of our people and impacts communities large and small — is core to our operations and our shared values.

#### MESSAGE FROM OUR CEO

Cheniere is a young company. Our commercial liquefaction operations only started in 2016, when we became the first company to initiate large-scale exports of U.S. liquefied natural gas, or LNG. Our employee tenure at Cheniere averages approximately 3.5 years of service. And we have big plans.

We've created impact around the world, beginning with our first cargo. We've provided dozens of countries access to clean, secure and affordable energy from the United States. We've upended the previous prescriptive paradigm of LNG deliveries, replacing it with destination-free cargoes providing both transparency and liquidity on pricing around the globe. We've given countries a source of energy that increases their security and options and reduces pollution from their dependence on oil and coal. In fact, each LNG cargo that leaves our terminals, depending on its destination, could result in a displacement of about 140,000 - 200,000 metric tons of greenhouse gas (GHG) emissions generated by a coal plant.

As young as we are, we have made sustainability a priority. As a first-mover and industry leader, as an important component of the United States and global energy system and as a company that provides a cleaner source of energy to millions of people at a time when environmental and social issues are more urgent than ever, we already have a track record for change.

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Our urgency to address the key considerations of environmental, social and governance (ESG) issues — how our company manages our environmental footprint, values the safety of our people and interacts with and impacts communities large and small — is core to our operations and our shared values.

Indeed, the arrival of COVID-19 and its social and economic impacts reinforces the need to address ESG issues, as it relates to the safety of our workers, our relationships with our communities and our place in a connected, changing global energy system.

The LNG facilities and associated infrastructure we have built have created or supported tens of thousands of domestic jobs and represents more than \$30 billion invested in American energy. Our diverse, engaged and inclusive workforce strengthens our mission. And to date, we have contributed thousands of volunteer hours and we have donated millions to charities and communities.

The LNG we produce is an important and competitive alternative to more environmentally damaging sources of energy like coal and oil. Along with reductions in carbon emissions when compared to the use of higher-emitting fossil fuels,

our LNG emits significantly less air pollution, helping provide cleaner air in cities around the world.

And finally, as the largest domestic producer of LNG, we are positioning ourselves to meet a global demand with less impact by engaging our natural gas suppliers on methane emissions management and advancing science, so that a cargo of LNG from Cheniere will meet high ESG performance standards.

We're proud of what we do and what we detail in this inaugural report, but it is just the first step. We will continue to look for ways to create positive impacts on our communities, our economy and our environment and welcome feedback on how we can improve our efforts. Thank you for your investment in Cheniere and your interest in our commitment to a sustainable future.

Be safe,



**Jack A. Fusco**

*President and Chief Executive Officer*



Sabine Pass LNG Terminal, Cameron Parish, LA

## ABOUT CHENIERE

### A UNIQUE COMPANY WITH AN EVOLVING HISTORY

Cheniere didn't start out as the largest U.S. LNG exporter. Just over a decade ago, we built facilities to import and receive LNG from other countries. Then, technology advances unlocked new natural gas resources in the United States. We responded by changing our path to LNG exports, leading the way for energy availability and emissions reductions worldwide. Our story is one of a global energy system that has shifted over the last decade towards lower-polluting fuels that are affordable and reliable.

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## OUR COMPANY

Today, we are a unique and growing company — the first publicly traded and operating pure U.S. LNG company. Headquartered in Houston, we've produced more than 950 cargoes of LNG that have reached 35 markets as of 2019.<sup>1</sup> Those cargoes have originated from what is now one of the largest LNG facilities in the world — our Sabine Pass Liquefaction facility in Cameron Parish, Louisiana; and from the first greenfield LNG facility in the lower 48, our Corpus Christi Liquefaction facility. We also operate and own two pipelines that supply our facilities and operate a new pipeline in Oklahoma, owned in part by Cheniere.

Cheniere is a full-service LNG company. We purchase natural gas from the efficient North American market, process and liquefy the gas into LNG and offer our customers the option to load the LNG onto their vessels at our terminals, or have us deliver the LNG to regasification facilities around the world.

We do all of this while investing in the communities where we live and work and conducting our business in a safe and responsible way.



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<sup>1</sup> As of December 31, 2019.

2019 MILESTONES



BEGAN OPERATING OUR  
SECOND LNG FACILITY  
IN SOUTH TEXAS



SHIPPED MORE THAN  
950 CARGOES



SIGNED TWO FIRST-OF-A-KIND  
INTEGRATED PRODUCTION  
MARKETING DEALS WITH  
UNITED STATES GAS PRODUCERS



LAUNCHED METHANE  
STUDIES THROUGH  
COLLABORATORY TO ADVANCE  
METHANE SCIENCE



CONTINUED TO FOCUS ON  
SAFETY, BEATING OUR  
ANNUAL SAFETY TARGETS



INVESTED OVER  
\$3.7 MILLION INTO  
OUR COMMUNITIES



RANKED #383 ON  
THE FORTUNE 500



PRESIDENT AND CEO  
JACK FUSCO AWARDED  
CWC LNG EXECUTIVE OF THE YEAR



ON-BOARDED  
SEVEN LONG-TERM  
LNG CUSTOMERS

## LNG — SUSTAINABILITY ON A GLOBAL SCALE

LNG is increasingly becoming part of the global energy system and is making a positive impact around the world. Our product is replacing higher-emitting fossil fuels, improving air quality and supporting the transition to a lower-carbon energy economy — all while providing responsive, reliable and affordable energy.

When we make LNG, we strip out impurities and airborne toxins, helping to combat air pollution and limit public health risks in the countries that import our LNG. Estimates show that when used for power generation in natural gas combined-cycle power plants, LNG emits virtually no mercury or particulate matter (PM) and can provide significant improvements in nitrogen oxide (up to 82%) and sulfur dioxide (up to 99%) emissions relative to coal on a lifecycle basis.<sup>2,3</sup>

Along with reducing air pollution, our global customer base is seeking to combat challenges related to climate change. In fact, every country and region that our cargoes have been delivered to is a signatory to the Paris Agreement and has outlined measures to reduce emissions. We firmly believe U.S. LNG can provide a viable pathway to help our customers meet their climate and environmental goals and support the global energy transition. That transition is one toward a lower-carbon system that is more flexible and provides greater energy access to millions of people. As the largest LNG exporter in the United States, our business is a key component within this transition. [See Climate](#) for more information.

## CHENIERE IN THE LNG VALUE CHAIN



2 National Energy Technology Laboratory (2016). Grid Mix Explorer version 3. Retrieved from: <https://cheniere.wiki/2XEBoI>

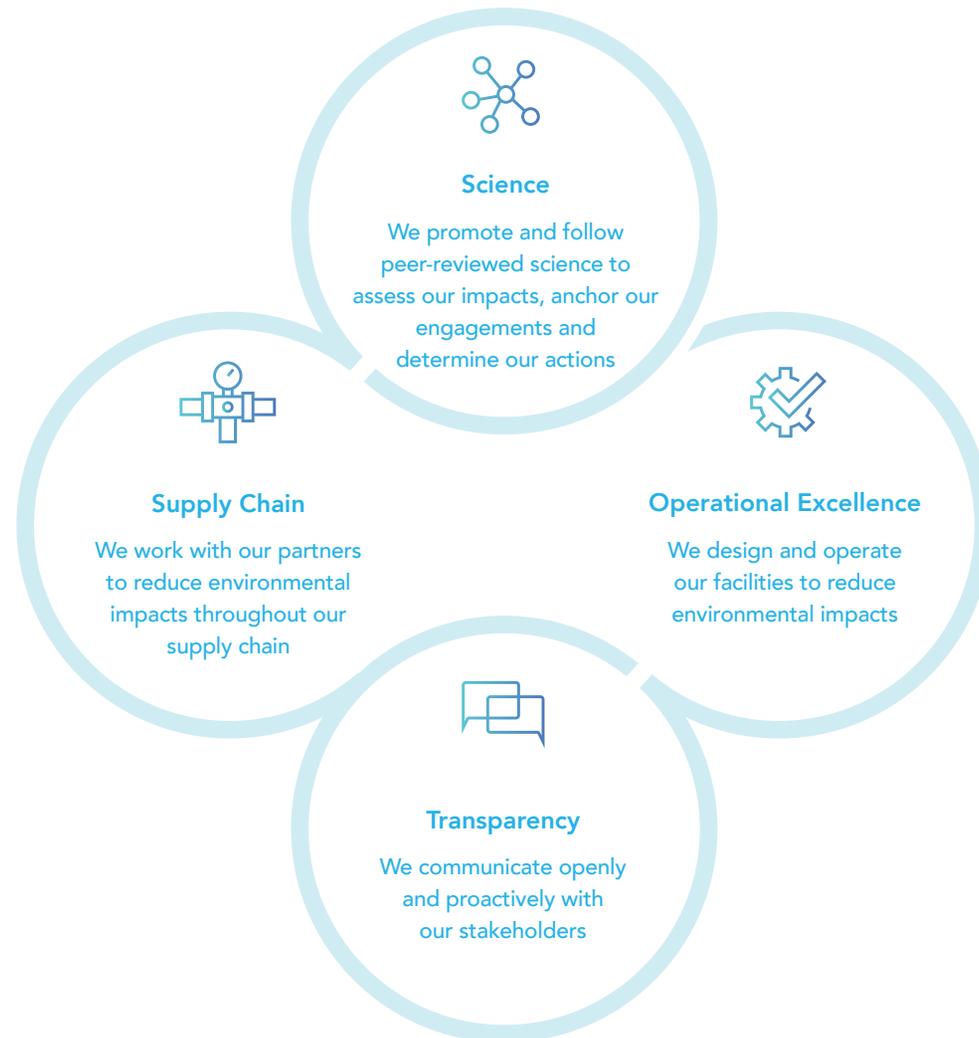
3 National Petroleum Council (2011). Prudent Development: Realizing the Potential of North America's Abundant Natural Gas and Oil Resources. Retrieved from: <https://cheniere.wiki/376vAEz>

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## OUR CLIMATE AND SUSTAINABILITY PRINCIPLES

Even as Cheniere's LNG is creating positive impacts in health, climate and energy reliability, we recognize that improvements must continue to be made to enhance the environmental performance of our LNG and the natural gas industry overall. That's why we established our Climate and Sustainability Principles in 2018 as part of our long-term climate and sustainability strategy. These principles guide our efforts and help strengthen our business model in a new energy economy.

Our strategy starts with these principles, but does not end there. We continue to support ongoing and pragmatic solutions to long-term sustainability issues — investing in the communities where we live and work, creating a diverse and supportive workplace and conducting our business with safety as a top priority. As stakeholders are becoming more socially aware and environmentally responsible, being successful requires maintaining relevance in a changing world. To that end, Cheniere is dedicated to operating responsibly — and setting that standard moving forward.



## LNG’s global environmental benefits

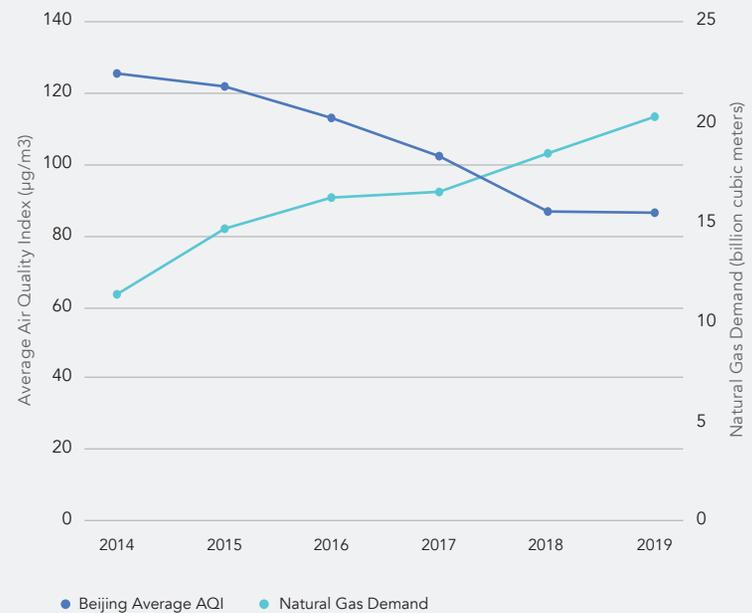
LNG from Cheniere is already helping to make an impact on improving air quality and reducing carbon emissions in markets around the world.

In China, environmental policies have focused on air quality issues, including the 2018 “Blue Sky” three-year action plan. From 2016 to 2018, China’s natural gas use increased by more than 30%. Over that same period, the country’s LNG consumption more than doubled to about 56 million tonnes per year (mtpa), with a significant number of cargoes originating from Cheniere’s Sabine Pass facility.

Air quality improved over those years, especially in urban areas, as millions of households switched from coal to gas heating. By 2019, Beijing’s average Air Quality Index, which includes PM<sub>2.5</sub> — the kind of fine-particle pollution that can cause significant health risks — improved over 30% relative to 2014.

At the same time, natural gas helped create a net benefit to the climate. A recent study by the National Energy Technology Laboratory (NETL), estimates that every U.S. LNG cargo shipped to China has the potential to displace GHG emissions of approximately 140,000 metric tons CO<sub>2</sub>e, equivalent to taking over 30,000 cars off the road for a year. That’s just one example of the kind of impact Cheniere’s LNG can have globally to improve public health and the environment and support the transition to a lower-carbon future.

BEIJING AIR QUALITY INDEX (AQI) AND NATURAL GAS DEMAND



Source: China National Bureau of Statistics, Cheniere Energy Analysis (2020).



LNG Trains, Corpus Christi LNG Terminal, San Patricio County, TX

## CLIMATE

### TAKING THE ROAD TO A LOWER-CARBON ECONOMY AND UNIQUELY POSITIONED TO DO SO

We recognize the scientific consensus related to human influence on climate change and the dual challenge of providing affordable energy to a growing global population while transitioning to a lower-carbon future. We see natural gas as a fundamental component within this transition and aim to support our customers in meeting their climate and environmental goals.

In line with our vision to provide clean, secure and affordable energy to the world, we aim to engage in business activity that can support this transition while preserving shareholder value.



Understanding, managing and reporting on climate-related financial risks and opportunities is critical for our business. The Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) established recommendations for voluntarily reporting such risks and opportunities in 2017.

Over the past year, we listened to feedback from our stakeholders on the importance of TCFD and transparent reporting. In response, we are pleased to voluntarily align with several TCFD disclosures in our inaugural Corporate Responsibility (CR) report and to be one of the first LNG companies globally to do so. As we move forward, we will work toward improving our reporting. The [TCFD Index](#) details our alignment with the TCFD recommendations.

## CLIMATE GOVERNANCE

### Board oversight

We established board-level oversight of climate and sustainability issues in November of 2018. We update our board on these relevant issues, as well as management plans and projects implemented at least annually. The board also reviews our annual enterprise-wide risk assessment (ERA), which includes climate-related risks.

### Role of management

Our sustainability efforts are managed by executive-level leadership. Cheniere's senior vice president (SVP) of policy, government and public affairs (PGPA) heads our enterprise-wide climate initiatives and maintains oversight of climate-related risks. The SVP of PGPA provides periodic updates on climate and sustainability programs to executive leadership, including the CEO and the board.



## CLIMATE STRATEGY

### Implementing a plan to provide the world with clean and affordable natural gas.

We believe that natural gas is a foundational fuel with an important role to play in the low-carbon transition. We recognize that significant efforts will have to be made to respond to the energy challenges and opportunities of the future and have developed our climate and sustainability strategy to strengthen Cheniere’s business model in this transition.

As recommended by the TCFD, the following tables outline potential climate-related risks and opportunities that we identified for our business.

The TCFD divides climate risks into two categories, physical and transition risks:

- Physical risks are potential risks related to the physical impacts of climate change.
- Transition risks are potential risks related to the transition to a lower-carbon economy.

Transition risk is further divided into four categories: policy and legal risk, technology risk, market risk and reputation risk. Physical risk is divided into acute and chronic risk.

We identify potential physical and transition risks and opportunities below, along with descriptions of the potential financial impacts.

## POTENTIAL CLIMATE-RELATED PHYSICAL RISKS AND FINANCIAL IMPACTS

| Category     | Climate-related risks  | Potential financial impacts   |
|--------------|--|---|
| Acute risk   | Increased frequency and severity of severe weather events (e.g. hurricanes, storm surge, temperature volatility) | Interruption of operations; damage to assets; delays in the completion of construction projects; increased insurance premiums |
| Chronic risk | Rising sea levels; rising average temperatures   | Damage to coastal assets; increased insurance premiums; increased resiliency costs  |

## POTENTIAL CLIMATE-RELATED TRANSITION RISKS AND FINANCIAL IMPACTS

| Category              | Climate-related risks  | Potential financial impacts   |
|-----------------------|--|---|
| Policy and legal risk | More stringent state and federal reporting obligations and regulatory approval processes             | Higher compliance costs and difficulty obtaining and maintaining permits from regulatory agencies   |
|                       | Carbon policies and regulations  | Increased natural gas prices; higher cost to supply gas to LNG terminals  |
|                       | New and existing subsidies for renewable energy sources  | Reduced demand for LNG due to policy changes  |
|                       | Policies restricting or banning hydraulic fracturing   | Restricted domestic gas supply and increased costs; reduced competitiveness of LNG in global markets  |
| Technology risk       | Technological advancements and increased integration of renewable energy sources                     | Reduced demand for LNG  |
| Market risk           | Uncertainty in market signals  | Shifts in energy prices due to impacts of climate change on supply and demand   |
|                       | Increased cost of raw materials  | Increased natural gas prices; increased production costs  |
|                       | Changing customer and financial market sentiment   | Reduced demand for LNG due to changing customer preferences   |
| Reputation risk       | Stigmatization of sector   | Additional financing challenges for new projects  |
|                       | Negative stakeholder feedback; poor operations by certain actors within the natural gas supply chain | Failure to hold social license to operate; increased communications costs; challenges attracting and retaining talent; increased cost of capital; reduced revenue |

## POTENTIAL CLIMATE-RELATED OPPORTUNITIES AND FINANCIAL IMPACTS

| Category                                   | Climate-related opportunities  | Potential financial impacts  |
|--|--|--|
| Technology and production efficiency       | <p>Upstream technology improvements resulting in abundant gas that provides a low-cost, immediate pathway to a lower-carbon future</p> <p>Improvements in facility design, energy and production efficiency</p> <p>Improvements in shipping efficiency</p> | Reduced operating costs and increased production efficiency, resulting in increased revenue  |
| Emissions improvement                      | Investment in R&D related to emissions characterization and management across the natural gas value chain; use of government incentives for carbon mitigation  | Increased profitability due to lower operating costs; increased customer demand due to lower emissions profile   |
|  | Investments in Carbon Capture, Utilization and Storage (CCUS); engagement with natural gas suppliers on emissions management and assessment of supply chain lifecycle emissions  | Increased customer demand due to the ability of less carbon-intensive LNG to meet customers' climate goals; increased revenue due to increased competitiveness of lower-emitting LNG; reputational benefits; increased access to capital |
| Government policies and consumer sentiment | Shifts in consumer preferences leading to greater demand for natural gas relative to other fossil fuels  | Increased revenue due to increased global demand for less carbon-intensive energy sources  |
|  | Access to new markets as a result of government climate policies   | Increased revenue due to access to new and emerging markets  |
| Strategic planning                         | Integration of sustainability into core business strategy  | Increased access to capital due to stronger stakeholder relationships  |
|  | Increased stakeholder engagement and disclosure  | Reputational benefits and reduced cost of capital  |

## Reducing methane emissions benefits climate and business

If we want to capitalize on the climate benefits of LNG and natural gas overall, it's important to minimize methane leakage across the natural gas value chain. And when it comes to our business, the more methane that is captured and not leaked, the more we can produce. Leaking methane is not good for business.

Consistent with our Climate and Sustainability Principles, we initiated efforts to engage our natural gas suppliers on managing their emissions footprints in 2019. We hosted our first supplier sustainability workshop to encourage open dialogue and best practice sharing on methane management and to begin collaborating with suppliers to assess the emissions profile of our supply chain.

*"I buy gas to make LNG, not to have it leak into the atmosphere. Working with our suppliers and others, we can reduce leaks, flaring and other practices and create even more positive impacts from our LNG."*

**COREY GRINDAL**  
SENIOR VICE PRESIDENT, GAS SUPPLY AND TRADING

*"Reducing methane emissions improves the environmental performance of natural gas. We support peer-reviewed science to innovate new ways to identify, measure and eliminate fugitive methane emissions throughout the domestic natural gas value chain."*

**CHRISTOPHER SMITH**  
SENIOR VICE PRESIDENT  
POLICY, GOVERNMENT AND PUBLIC AFFAIRS



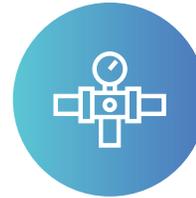
In June 2018, we co-founded the Collaboratory to Advance Methane Science (CAMS) to improve scientific understanding of methane emissions across the entire natural gas value chain. By collaborating with experts from industry, academia and the scientific community, CAMS will deliver cost-effective solutions to reduce methane emissions from the natural gas sector. The founding members include Cheniere, Chevron, Equinor, ExxonMobil and Pioneer Natural Resources. In 2019, CAMS awarded its first grant to the University of Texas-Austin to make a publicly-available methane emissions calculator and to study methane emissions profiles across various oil and gas basins.

Cheniere's LNG has already created impact by displacing higher-emitting fossil fuels and reducing emissions globally. Through our supplier engagement and methane research efforts, we aim to further strengthen the environmental competitiveness of U.S. LNG.

## Our climate and sustainability strategy

To position Cheniere to respond to the risks and opportunities identified above, we recently began developing our climate and sustainability strategy. Our strategy builds on our Climate and Sustainability Principles and supports Cheniere's vision and purpose to provide clean, secure and affordable energy to the world. And beyond simply being economically competitive, we want to remain environmentally competitive compared to other global suppliers. Our strategy guides our efforts to bolster the environmental competitiveness of Cheniere-delivered LNG and strengthen our proven business model within the global energy transition.

Our supply chain and operations are subject to regulatory and voluntary measures that promote responsible operations. In fact, approximately 70% of the gas we purchased from producers in 2019 came from companies committed to a methane reduction target. Cheniere and our suppliers promote research and development on GHG emissions characterization and mitigation as well as transparently report GHG data to the U.S. Environmental Protection Agency (EPA) and other regulators. Collectively, these efforts reinforce the environmental competitiveness of our delivered LNG to customers globally.



## Supply chain

### We work with our partners to reduce environmental impacts throughout our supply chain

Beyond these efforts, engagement with our major gas suppliers is a core pillar of our Climate and Sustainability Principles. As the largest physical domestic consumer of natural gas, we connect U.S. producers to global markets. Through proactive engagement, data sharing and a joint commitment to emissions mitigation, we believe we can further improve the carbon intensity of Cheniere-delivered LNG. This can potentially help mitigate future regulatory risks and lead to the development of new business opportunities. In 2019, we began such engagements at our first supplier sustainability workshop.

## 2019 NATURAL GAS SUPPLY VOLUMES<sup>4</sup>

70%

SUPPLIED BY COMPANIES  
THAT VOLUNTARILY  
ADOPTED METHANE  
REDUCTION TARGETS

79%

SUPPLIED BY COMPANIES  
THAT PARTICIPATE IN  
VOLUNTARY EMISSIONS  
REDUCTION PROGRAMS

<sup>4</sup> Reflects volumes purchased from oil and gas production companies in 2019. Voluntary emissions reduction programs include the ONE Future Coalition, Oil and Gas Climate Initiative (OGCI), the Climate and Clean Air Coalition Oil and Gas Methane Partnership, EPA Natural Gas STAR Program and the Methane Guiding Principles.

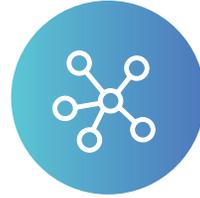


### Operational excellence

We design and operate our facilities to reduce environmental impacts

In addition to reducing emissions from our supply chain, we explore opportunities to reduce our own footprint. We employ environmental prudence, scientific research and technological advancements to ensure disciplined operations.

In 2019, we raised our run rate production guidance based on production optimization, maintenance optimization and efficiency projects, which will help improve operational efficiency. We also implement best practices for emissions monitoring and management across our operations.



### Science

We promote and follow peer-reviewed science to assess our impacts, anchor our engagements and determine our actions

It is our priority to ensure our actions are rooted in best available science and data. We support climate science and research through engagements with research entities and think tanks to inform our decision-making.

In 2018, we co-founded CAMS.<sup>5</sup> In 2019, CAMS issued its first grant to a consortia of researchers led by the University of Texas to develop an open-access model to simulate methane emissions from any oil and gas production basin. We have supported other scientific studies to assess our lifecycle emissions and will continue to engage with the research community.



### Transparency

We communicate openly and proactively with our stakeholders

This report highlights our first step toward enhancing transparency and disclosure. In addition to TCFD, our external stakeholders identified the Sustainability Accounting Standards Board (SASB) as an important growing reference. That's why we incorporated several disclosures from SASB's Oil & Gas: Refining & Marketing, Midstream, and Exploration & Production industry standards relevant to our business in our inaugural report. We intend to continue to engage and listen to our stakeholders, because we believe transparency is the basis of building trust.

In 2019, we also enhanced communication internally. We created an internal sustainability blog and hosted lunch-and-learns to educate employees on our climate and sustainability and CR programs. These initiatives help foster a culture of sustainability within our organization.

<sup>5</sup> CAMS: <https://cheniere.wiki/2YptawW>



LNG vessel at berth, Sabine Pass LNG Terminal, Cameron Parish, LA

## RESILIENCE IN A LOW-CARBON FUTURE: FIVE TRENDS

We fully acknowledge the challenges and opportunities to our business model posed by the global energy transition. The five trends outlined here speak to this reality and affirm our view that natural gas is and will be a critical component in the low-carbon energy transition and future global energy supply.<sup>6</sup> Coupled with our climate and sustainability strategy, we believe Cheniere's business model will remain resilient in a lower-carbon future.

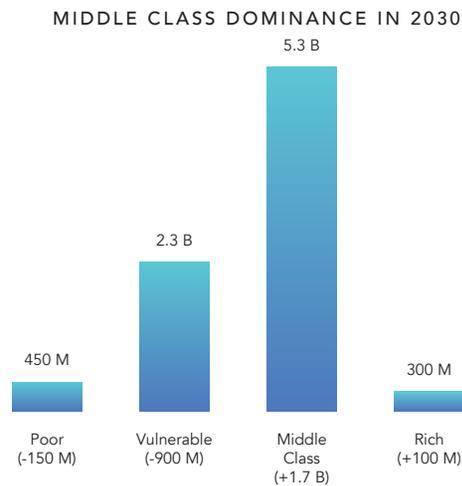
“GHG emissions from energy supply can be reduced significantly by replacing current world average coal-fired power plants with modern, highly efficient natural gas combined-cycle power plants or combined heat and power plants, provided that natural gas is available and the fugitive emissions associated with extraction and supply are low or mitigated.”

IPCC  
CLIMATE CHANGE 2014 SYNTHESIS REPORT

# 1

## The global middle class is growing rapidly and it needs energy

The world has entered a period of higher development and prosperity, dominated by the growth of the middle class. Over a billion people will transition from being poor or vulnerable to the middle class or higher by 2030, adding to a growing middle class, primarily in Asia.<sup>7</sup> Higher levels of development correlate to higher energy consumption, as developing economies grow their modern sectors — industry, motorized transport and urbanization — spurring growth in energy demand.



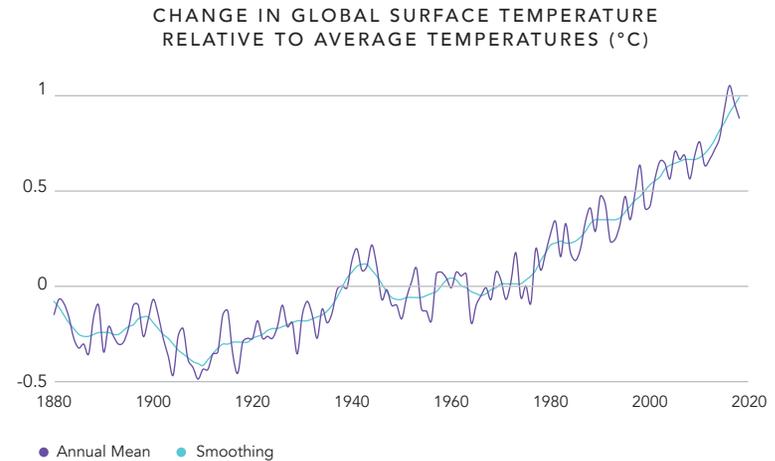
Figures in parentheses indicate the change in the number of people in each category by 2030 compared with 2018. Source: Brookings Institution, World Data Lab (2018).

# 2

## Policymakers have recognized the need to address climate change

As global energy demand grows, so do concerns about climate change. The Intergovernmental Panel on Climate Change (IPCC) concludes that “human activities are estimated to have caused approximately 1.0°C of global warming above pre-industrial levels, with a likely range of 0.8°C to 1.2°C.”<sup>8</sup>

Policymakers have recognized the need to limit temperature rise to less than 2°C (3.6°F) above pre-industrial levels by the end of the century.<sup>9</sup>



Source: NASA's Goddard Institute for Space Studies (2019).

<sup>6</sup> These five trends relate to the low-carbon energy transition only. We acknowledge that there are other trends and developments that affect the conditions in which Cheniere operates.

<sup>7</sup> Kharas, H. and Hamel, K. (2018). A Global Tipping Point: Half the World is Now Middle Class or Wealthier. Retrieved from: <https://cheniere.wiki/2UkTxTo>

<sup>8</sup> IPCC. (2018). Global Warming of 1.5°C. Retrieved from: <https://cheniere.wiki/2BBP3kE>

<sup>9</sup> United Nations Framework Convention on Climate Change. (2015). Adoption of the Paris Agreement. Retrieved from: <https://cheniere.wiki/2XF2MQa>

# 3

## The energy transition could take decades and natural gas can help support a lower-carbon future

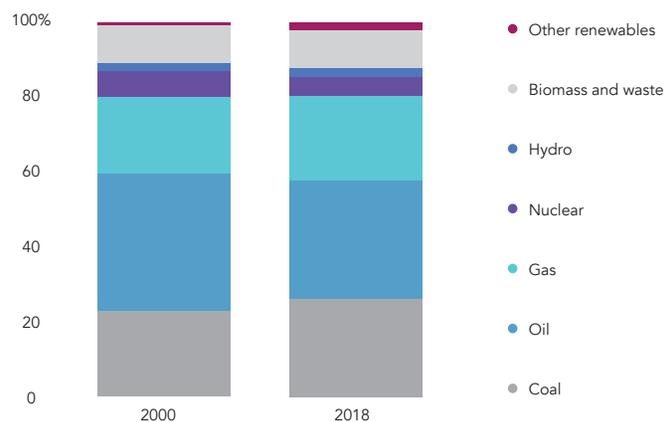
International Energy Agency (IEA) data shows that the share of fossil fuels (coal, oil and natural gas) in global primary energy demand in 2018 has barely shifted since 2000, in fact rising from 80% in 2000 to 81% in 2018.<sup>10</sup>

And while modern renewable energy sources (e.g. solar, wind, geothermal and liquid biofuels) have seen tremendous growth globally with falling costs, history shows that every major energy source has taken 15 - 20 years to capture at least a 10% share of global energy supply.<sup>11</sup> Although it remains

unclear how quickly renewables will be able to significantly penetrate global supply to meet growing demand, other sources, including natural gas, are projected to continue to play a significant role in the global energy mix.

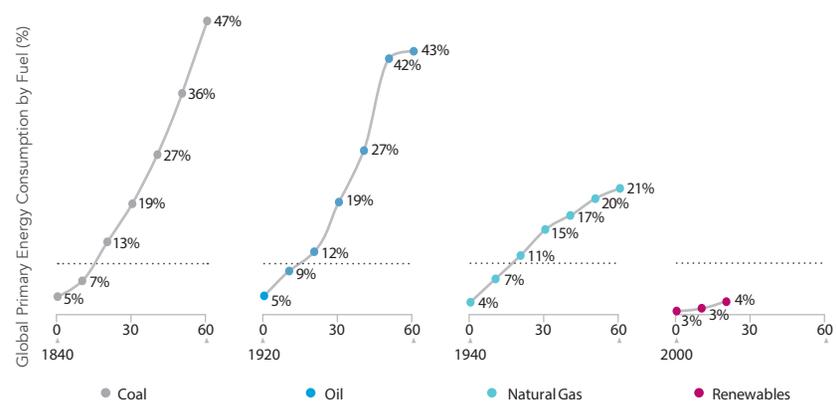
At the same time, natural gas will continue to help enable the adoption of renewables. According to the International Renewable Energy Agency (IRENA),<sup>12</sup> the transition to sources such as wind and solar require balancing supply and demand to overcome challenges related to limitations in output and reserve requirements. The growth of renewables has been, in part, aided by fast-cycling natural gas plants, which are vital to smoothing out intermittency in solar and wind power.

GLOBAL PRIMARY ENERGY DEMAND



Source: International Energy Agency (2018, 2019).

HISTORICAL ENERGY TRENDS



Source: <https://cheniere.wiki/2MMBSQ8> (2019), Vaclav Smil (2017), Cheniere Energy Analysis (2019).

<sup>10</sup> International Energy Agency. (2019). World Energy Outlook 2019. Retrieved from: <https://cheniere.wiki/3cJQVEO>

<sup>11</sup> Smil, V. (2014). A Global Transition to Renewable Energy Will Take Many Decades. Retrieved from: <https://cheniere.wiki/2MEv1Za>

<sup>12</sup> International Renewable Energy Agency (2019). Solutions to Integrate High Shares of Variable Renewable Energy. Retrieved from: <https://cheniere.wiki/2z9gBgm>

# 4

## Natural gas remains a crucial energy source in any realistic outlook and can be part of the energy mix in a less than 2°C warming scenario

Technological advances in oil and gas production have ushered in an era where gas supplies are abundant, reliable and economical. This has fundamentally changed the paradigm to the dual challenge: providing affordable energy while addressing a proven, immediate pathway to a lower-carbon future to mitigate the impacts of climate change and poor air quality.

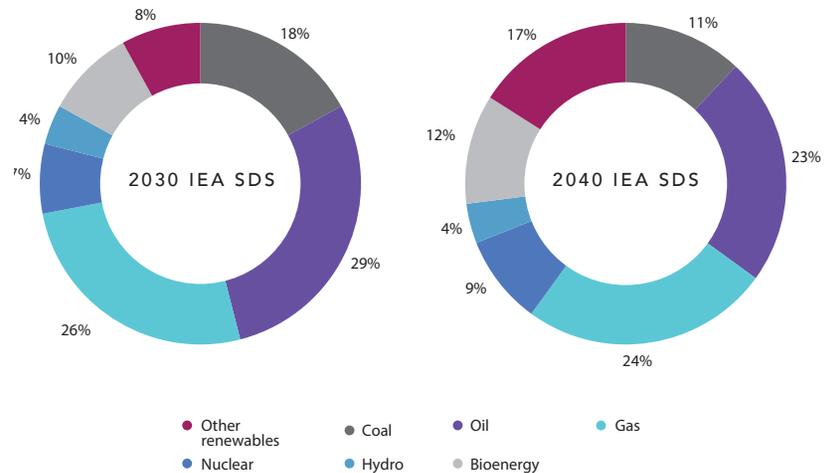
As a versatile resource with application in every major sector of the global economy, natural gas plays an important role in the low-carbon transition. We believe that energy transition scenarios that combine environmental considerations, current energy business models and low-carbon technology investments are likely to require natural gas to continue to play a key role in the future low-carbon energy mix. This is supported by independent organizations such as the IEA,<sup>13</sup> Oxford Institute for Energy Studies,<sup>14</sup> Resources for the Future<sup>15</sup> and Energy Transitions Commission.<sup>16</sup>

The IEA forecasts that, even under a 2°C warming carbon-constrained scenario,<sup>17</sup> natural gas will provide nearly a quarter of global energy demand in 2040. LNG facilities will remain critical to meeting future demand and the risk of stranded LNG export facilities appears limited. In fact, under IEA’s Sustainable Development Scenario (SDS), LNG trade grows by 81% by 2040 relative to 2018 levels, implying an important role for LNG in a low carbon transition pathway.

“No [LNG] export facilities would need to be closed prematurely and all facilities that exist in 2040 would be needed (indeed new facilities would need to be built): the risk of stranded LNG export facilities therefore looks limited.”

IEA WORLD ENERGY OUTLOOK 2017

PRIMARY ENERGY DEMAND – SUSTAINABLE DEVELOPMENT SCENARIO



Source: International Energy Agency (2019).

13 International Energy Agency. (2018). World Energy Outlook 2018. Retrieved from: <https://cheniere.wiki/3dGJE67>

14 Oxford Institute for Energy Studies. (2019). The Energy Transition and Oil Companies’ Hard Choices. Retrieved from: <https://cheniere.wiki/2BjgxEd>

15 Resources for the Future. (2018). Global Energy Outlook 2019: The Next Generation of Energy. Retrieved from: <https://cheniere.wiki/2Y7WU1a>

16 Energy Transitions Commission. (2017). The Future of Fossil Fuels: How to Steer Fossil Fuel Use in a Transition to a Low-Carbon Energy System. Retrieved from: <https://cheniere.wiki/3h3cNP6>

17 International Energy Agency (2017). World Energy Outlook 2017, OECD Publishing. <https://cheniere.wiki/2Y7Xg80> The SDS is an IEA scenario that includes “an integrated approach to achieving internationally agreed objectives on climate change, air quality and universal access to modern energy.” The SDS is fully aligned with the Paris Agreement’s goal of “holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C.”

# 5

## Fuel displacement is one of the key pillars for achieving the less than 2°C goal

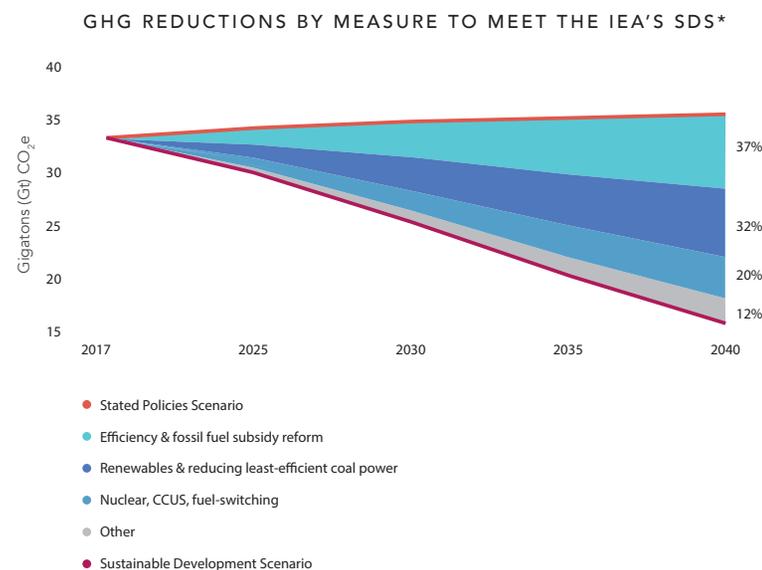
Natural gas with its lower-carbon footprint (relative to other fossil fuels), can provide significant emissions reductions to meet the Paris Agreement’s 2°C goal.<sup>18</sup> In fact, the IEA estimates that switching to natural gas has already helped limit the rise in global emissions since 2010 and has avoided over 500 million metric tons (Mt) of CO<sub>2</sub> emissions between 2010 and 2018.

According to the IEA, there is a near-term potential for 1.2 gigatons (Gt) of CO<sub>2</sub> reductions globally (~4% of current energy-related CO<sub>2</sub> emissions) by fuel displacement to natural gas in the power sector, which could provide 8% of the reductions needed under the IEA’s SDS. A recent peer-reviewed paper reinforced that increased fuel displacement to natural gas is a key pathway to reducing CO<sub>2</sub> emissions and achieving “climate stabilization objectives for the next 50–100 years.”<sup>19</sup> Based on current literature, each cargo that leaves our terminal and is used to generate natural gas-fired electricity could potentially result in a reduction of 140,000-200,000 metric tons of CO<sub>2</sub>e emissions, if displacing electricity from a coal-fired power plant.<sup>20</sup> Cheniere continues to evaluate GHG lifecycle analyses of U.S. LNG relative to other fossil-fuel sources, including coal and other natural gas supplies.

The IEA identifies continued improvements in methane emissions management and further commercialization of CCUS as important pillars to achieve the 2°C goal while meeting the energy demand of a growing global population and providing reliable energy. The scale of this dual

challenge reinforces the role of natural gas and LNG in the low-carbon transition.

We recognize the critical need to understand and manage risks and opportunities posed by climate change and are operating a business model consistent with global decarbonization efforts. Cheniere considers the increasing focus on carbon management in the energy industry to be a tailwind for our business — not a headwind.



Source: International Energy Agency (2018).  
\* The graph represents central estimates as reported in the study.

18 International Energy Agency. (2019). The Role of Gas in Today's Energy Transitions. Retrieved from: <https://cheniere.wiki/377Bzc0>

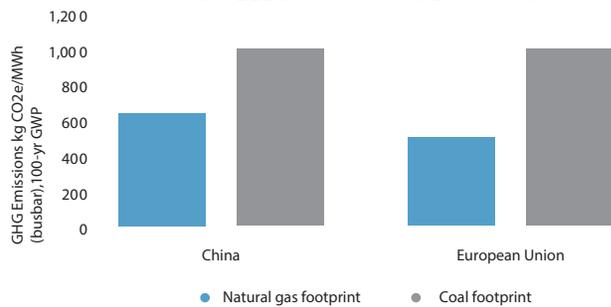
19 Tanaka, K., Cavalett, O., Collins, W.J. and Cherubin, F. (2019). Asserting the Climate Benefits of the Coal-to-Gas Shift Across Temporal and Spatial Scales. Retrieved from: <https://cheniere.wiki/2MEx0N6>

20 Roman-White, et al. (2019). Lifecycle Greenhouse Gas Perspective on Exporting Liquefied Natural Gas from the United States: 2019 Update. Retrieved from: <https://cheniere.wiki/37aC3OK>

# DISPLACING COAL WITH LNG REDUCES GHG EMISSIONS\*

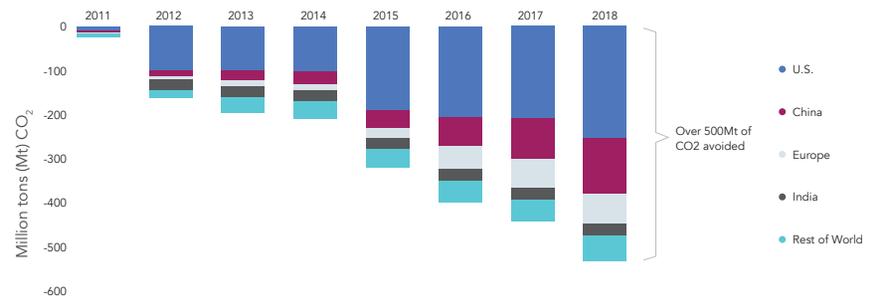


GHG FOOTPRINT OF ELECTRICITY PRODUCTION



Source: Cheniere Energy Analysis, National Energy Technology Laboratory (2019).

CO<sub>2</sub> SAVINGS FROM COAL-TO-GAS SWITCHING BY REGION COMPARED WITH 2010



Source: International Energy Agency (2019).

\*We estimate over 200,000 metric tons of CO<sub>2</sub>e reductions for the European Union based on a 100-year GWP, and 140,000 metric tons for China based on a 20-year GWP to illustrate the range of potential CO<sub>2</sub>e reductions from one cargo (~3.6Tbtu) of LNG.

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## RISK MANAGEMENT

In line with our First and Forward theme, our vision is fixed on the road ahead. As we progress in our sustainability journey, we are developing efforts to identify, assess and manage climate-related risks and integrate these into our overall risk management approach.

### Risk assessment model

We conduct an ERA to identify short- and medium-term risks within a five-year time horizon. We analyze these risks in terms of their potential financial or reputational impact on the organization. The chief risk officer (CRO) is responsible for overseeing the ERA process. The group risk committee, which is chaired by the executive vice president and chief financial officer (CFO), reviews the ERA and the CRO presents the findings of the assessment to the board. The SVP of PGPA reviews and reports the climate-related transition and physical risks identified for our annual ERA to the CRO.

### Identifying and managing climate-related risks and opportunities

To identify and manage climate related risks and opportunities outlined by the TCFD, we employ several mechanisms.

### Transition risk

To identify climate-related policy risks and opportunities, we assess domestic and international climate policies through proprietary third-party and public information. We analyze how climate and energy policies in key destination markets can affect our business and communicate findings with management. These assessments are ongoing and supported by collaboration with internal subject matter experts as needed.

Our Climate and Sustainability Principles inform our approach to managing climate-related risks and opportunities. Consistent with our transparency principle, we manage climate-related reputational risks via engagements with key stakeholders, including investors, banks and financiers, ESG rating agencies, customers and local communities. To address opportunities related to supply chain emissions improvements, we engage our major natural gas suppliers.

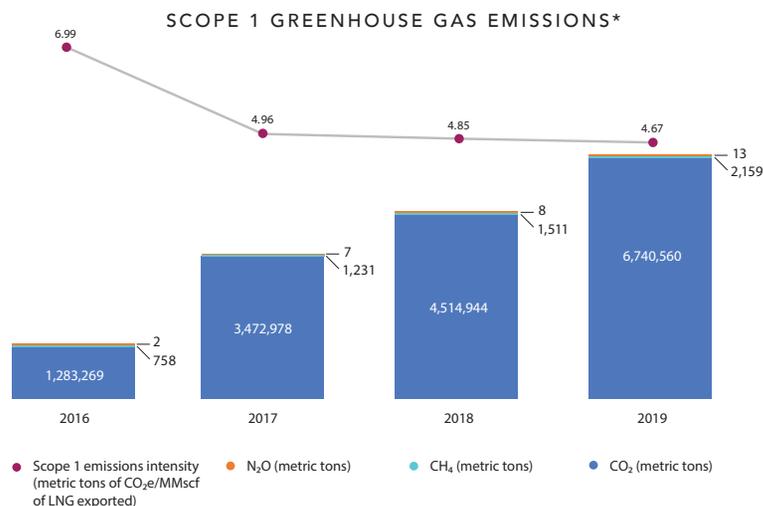
### Physical risk

According to the U.S. Global Research Program, U.S. energy and transportation systems are expected to be increasingly disrupted by climate change and extreme weather events. Such impacts could have an adverse effect on our operations. To help address these risks, our LNG facilities are designed, constructed and operated to withstand a variety of extreme weather conditions, incorporating design features that meet stringent regulatory requirements. For example, equipment is located well above expected storm surge heights and installed with controls to allow for safe shut down should an extreme weather event occur. Our facilities are also built to withstand Category 4 hurricane winds.

Our emergency response plans — developed and implemented at every asset and facility — help us prepare for and minimize potential impacts from emergency situations, including extreme weather events. We identify crisis-management scenarios and conduct drills across various business functions to simulate hurricanes, power loss and other emergency situations. These efforts help maintain flexibility, reliability and safety across our operations.

## Metrics

A more precise understanding of climate-related issues requires that we assess a range of metrics, including Scope 1 and Scope 2 GHG emissions, Scope 1 GHG emissions intensity and methane intensity.<sup>21</sup> Between 2016 and 2019, new liquefaction trains came online at Sabine Pass and commissioning exports from our Corpus Christi LNG facility began. As expected, our total Scope 1 GHG emissions increased during this period. However, we are proud to report that our GHG intensity has decreased over the past four years. As we grow LNG production to meet global natural gas demand, we will focus on monitoring our GHG emissions intensity, as a more meaningful measure of GHG performance management in addition to absolute emissions.



\* Scope 1 GHG emissions include emissions reported to the EPA under the Greenhouse Gas Reporting Program (GHGRP). All CO<sub>2</sub>e is reported using 100-year Global Warming Potentials (GWP). Methane GWP = 25 and N<sub>2</sub>O GWP = 298. GHG emissions intensity is reported as total Scope 1 GHG emissions per million standard cubic feet (MMscf) of LNG exported in the calendar year as reported to the U.S. Department of Energy (DOE).

| Metric*                                  | Units                         | 2016    | 2017    | 2018           | 2019      |
|--|-------------------------------|---------|---------|----------------|-----------|
| Total LNG trains                         | #                             | 2       | 4       | 4 <sup>†</sup> | 7         |
| LNG exported <sup>‡</sup>                | MMscf                         | 186,364 | 706,645 | 939,066        | 1,455,161 |
| Methane emissions intensity <sup>§</sup> | %                             | 0.021%  | 0.009%  | 0.008%         | 0.008%    |
| Scope 2 emissions <sup>¶</sup>           | Metric tons CO <sub>2</sub> e | —       | —       | 31,009         | 172,399   |

\* All CO<sub>2</sub>e is reported using 100-year GWP. Methane GWP = 25 and N<sub>2</sub>O GWP = 298. Emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O are reported on an absolute basis without GWP weighting.

<sup>†</sup> In 2018, two additional LNG trains began commissioning with the production of first LNG and were placed into full operation in 2019.

<sup>‡</sup> Quantity exported in the calendar year for LNG export equipment as reported to the DOE.

<sup>§</sup> Methane intensity is reported per the ONE Future Reporting Protocol as metric tons of methane emissions per metric tons of LNG exported (as methane) as reported to the DOE.

<sup>¶</sup> Scope 2 emissions are based on electricity purchased for use at major offices and operating sites using the location-based method per the GHG protocol Scope 2 guidance.

<sup>21</sup> According to GRI, Scope 1 emissions are direct emissions from sources owned or controlled by an organization. Scope 2 emissions are indirect emissions that result from the generation of purchased or acquired electricity, heating, cooling and steam consumed by an organization.

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## GREENHOUSE GAS EMISSIONS AND ENERGY

### Stepping up on emissions management and leaving a smaller carbon footprint

As a company, our vision is to provide clean, secure and affordable energy to the world. At the same time, we are driving operational efficiencies to minimize our own GHG emissions and energy consumption.

#### OVERSIGHT AND COMPLIANCE

Our operations team, with support from the corporate environmental team, is responsible for GHG emissions compliance. The SVP of operations maintains responsibility for managing GHG emissions at our facilities, reporting emissions to regulatory agencies and providing updates to the board of directors regularly.

As required by our environmental policy,<sup>22</sup> we monitor, track and report environmental performance, including GHG emissions. These requirements help us ensure that we adhere to the legal limits on our GHG emissions as an LNG provider. Our GHG permits dictate our emissions limits and regulate how we commission our facilities, perform operations and maintenance and report emissions performance. We also report GHG emissions annually for our compressor stations and terminals to the EPA, employing calculation methodologies under 40 CFR Part 98.

#### MANAGING AND REDUCING GHG EMISSIONS

Throughout design, construction and ongoing operations, we implement efforts to reduce emissions and improve our operational efficiency.

#### LNG facilities

Our largest sources of GHG emissions are our LNG facilities. When designing LNG terminals, we evaluate and select equipment and technologies to responsibly manage emissions and reduce costs. For example, we design our facilities to employ compressed air instead of natural gas to control valves and other equipment.

To support the optimization of our overall portfolio, we have taken steps to improve the efficiency of our chartered vessels. Several newbuild vessels will leverage innovations to improve efficiency, such as reliquefaction technology to capture and reuse “boil-off gas,” which consists of methane. The vessels will also use state-of-the-art engines that significantly reduce fuel consumption. At our terminals, we reuse boil-off gas generated during normal operation as well as during ship-loading and return it back into the process rather than flaring it.

#### Pipelines

We operate two pipelines, the 94-mile Creole Trail and 23-mile Corpus Christi Pipelines, which primarily supply natural gas to our LNG terminals. We take advantage of the best available technologies in pipeline design and construction, employing best practices for managing emissions. For instance, our standard practice is to avoid using high-bleed natural gas pneumatic devices and instead use compressed air controllers where possible to eliminate methane emissions. Our compressors also reduce methane releases by remaining pressurized for 12 hours after a shutdown, helping reduce the number of blowdowns.

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<sup>22</sup> Environmental policy: <https://cheniere.wiki/3dlv8yP>

## METHANE EMISSIONS

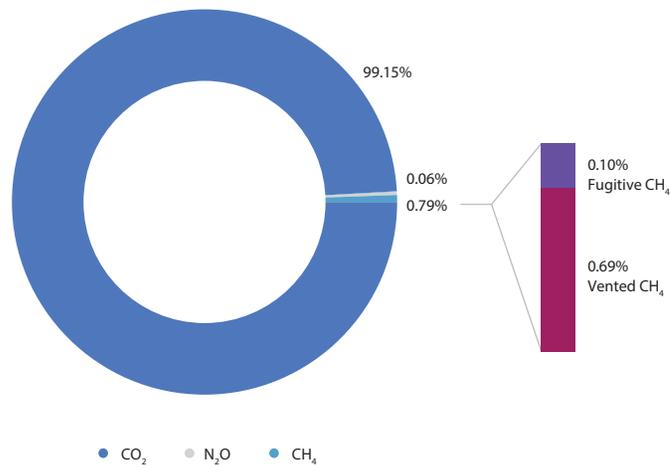
Methane emissions constitute a small fraction of our total GHG operating emissions. As a prudent operator, we perform Leak Detection and Repair (LDAR) at our terminals and compressor stations to monitor fugitive emissions, including methane. In 2019, methane emissions contributed about 0.79% of our total Scope 1 GHG emissions. Fugitive emissions accounted for just 0.10% of our total GHG emissions reported to the EPA.

We monitor for leaks across our operations utilizing Optical Gas Imaging (OGI) cameras or EPA Method 21 techniques on a quarterly

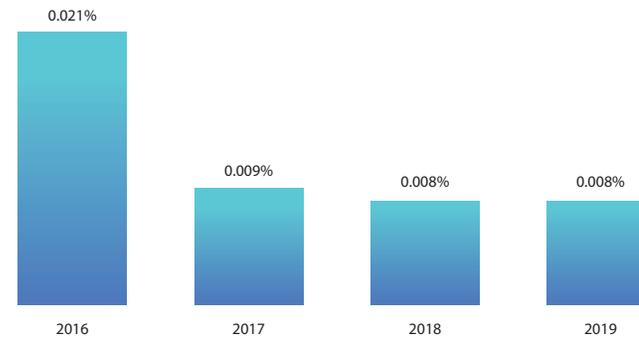
to annual basis. We also conduct routine Audio Visual and Olfactory (AVO) inspections at our LNG facilities and incorporate LDAR results into estimates of fugitive emissions. In 2019, our methane intensity was 0.008%. In other words, for every metric ton of LNG (as natural gas) produced, we emitted only 0.00008 metric tons of methane.

In addition to reducing emissions from our operations where possible, we engage our suppliers on managing methane emissions and support methane research. For more information, [see Climate](#).

2019 GHG EMISSIONS BREAKDOWN



METHANE INTENSITY\*



\* Methane intensity is reported per the ONE Future Reporting Protocol as metric tons of methane emissions per metric tons of LNG exported (as methane) as reported to the DOE.

## MANAGING ENERGY CONSUMPTION

Efficiency is prioritized throughout the lifecycle of our projects. We design and construct our facilities to optimize cost-effective, energy-efficient operations and seek opportunities to capture and reuse energy where possible. At our Sabine Pass and Corpus Christi facilities, we capture a portion of waste heat from our refrigeration gas turbines and reuse it to support various energy-intensive processes, thus increasing our overall thermal efficiency. These systems ensure that our production facilities maintain a high level of reliability, availability and energy efficiency.

At our offices, we also employ several additional energy-saving strategies, such as installing energy-efficient lighting and minimizing HVAC use when our offices are closed. Our headquarters in Houston and our office in Washington D.C. are each located in certified LEED Gold buildings.

Consistent with our Climate and Sustainability Principles, we are pursuing avenues to strengthen operational excellence at Cheniere. We endeavor to reach beyond the “business as usual” mentality and find innovative ways to optimize our performance.

| GHG emissions*                                | Units  | 2016      | 2017      | 2018           | 2019      |
|---|--|-----------|-----------|----------------|-----------|
| Total LNG trains                              | #  | 2         | 4         | 4 <sup>†</sup> | 7         |
| LNG exported <sup>‡</sup>                     | MMscf  | 186,364   | 706,645   | 939,066        | 1,455,161 |
| Total Scope 1 emissions <sup>§</sup>          | Metric tons CO <sub>2</sub> e                      | 1,302,962 | 3,505,689 | 4,555,261      | 6,798,317 |
| Carbon dioxide                                | Metric tons CO <sub>2</sub>                        | 1,283,269 | 3,472,978 | 4,514,944      | 6,740,560 |
| Methane                                       | Metric tons CH <sub>4</sub>                        | 758       | 1,231     | 1,511          | 2,159     |
| Nitrous oxide                                 | Metric tons N <sub>2</sub> O                       | 2         | 7         | 8              | 13        |
| Scope 1 GHG emissions intensity <sup>  </sup> | Metric tons CO <sub>2</sub> e / MMscf LNG exported | 6.99      | 4.96      | 4.85           | 4.67      |
| Scope 2 emissions <sup>¶</sup>                | Metric tons CO <sub>2</sub> e                      | -         | -         | 31,009         | 172,399   |

\* All CO<sub>2</sub>e is reported using 100-year GWP. Methane GWP = 25 and N<sub>2</sub>O GWP = 298. Emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O are reported on an absolute basis without GWP weighting.

† In 2018, two additional LNG trains began commissioning with the production of first LNG and were placed into full operation in 2019.

‡ Quantity exported in the calendar year for LNG export equipment as reported to the DOE.

§ Scope 1 GHG emissions include emissions reported to the EPA under the GHGRP. In 2018, emissions from both LNG facilities and one of our two compressor stations met the reporting threshold. In 2019, both of our compressor stations met the reporting threshold.

|| Reported as total Scope 1 GHG emissions per million standard cubic feet (MMscf) of LNG exported in the calendar year as reported to the DOE.

¶ Scope 2 emissions are based on electricity purchased for use at major offices and operating sites using the location-based method per the GHG Protocol Scope 2 Guidance.



The Gulf Coast region is gator country

## ENVIRONMENT

### BEHIND OUR NAME IS A LEGACY OF PRESERVATION

With two major facilities near the Gulf of Mexico, we operate in close proximity to areas rich in wildlife and natural resources. It isn't odd to see an alligator on the premises or flocks of migratory birds landing on a nearby bayou or beach.

The Louisiana Chenier plain, a natural geological feature along the Louisiana coast, inspired the name of our company. In accordance with that spirit, we respect the environment throughout our operations.

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## ENVIRONMENTAL POLICY

Our corporate environmental policy<sup>23</sup> outlines our approach to conducting business in an environmentally responsible manner and articulates the importance of compliance with applicable environmental laws and regulations — including proper permitting, construction and operation of all projects. Our policy applies to all employees, contingent workers, contractors and consultants.

To put our policy into practice, we have implemented elements of an Environmental Management System (EMS) in accordance with the ISO 14001 standard. We expect to systematically integrate and more fully document the remaining elements of our EMS in the near future.

## OVERSIGHT

Our operations team — with support from corporate environmental — oversees compliance and management for air quality, effluents and waste. The vice president (VP) and general manager (GM) of each LNG terminal is responsible for facility-level compliance on these issues and the VP of pipeline operations is responsible for compliance at our pipelines. We conduct assurance projects, including audits, to assess compliance with external and internal obligations. Consistent with our environmental policy, we conduct regular monitoring and reporting on these issues.

The SVP of operations manages environmental programs and updates the board of directors quarterly on our performance.

## BIODIVERSITY

### It's wild out there, we like to keep it that way

Our two LNG facilities are located near areas rich in biodiversity. That closeness to nature is a cultural constant in the Gulf of Mexico and informs our respect for biodiversity throughout our operations.

In fact, biodiversity factors were considered as part of our determination to minimize construction and operational impacts when we built our two LNG terminals. We've also implemented several coastal restoration and mitigation projects — all as part of our effort to support the biodiversity surrounding our operations.

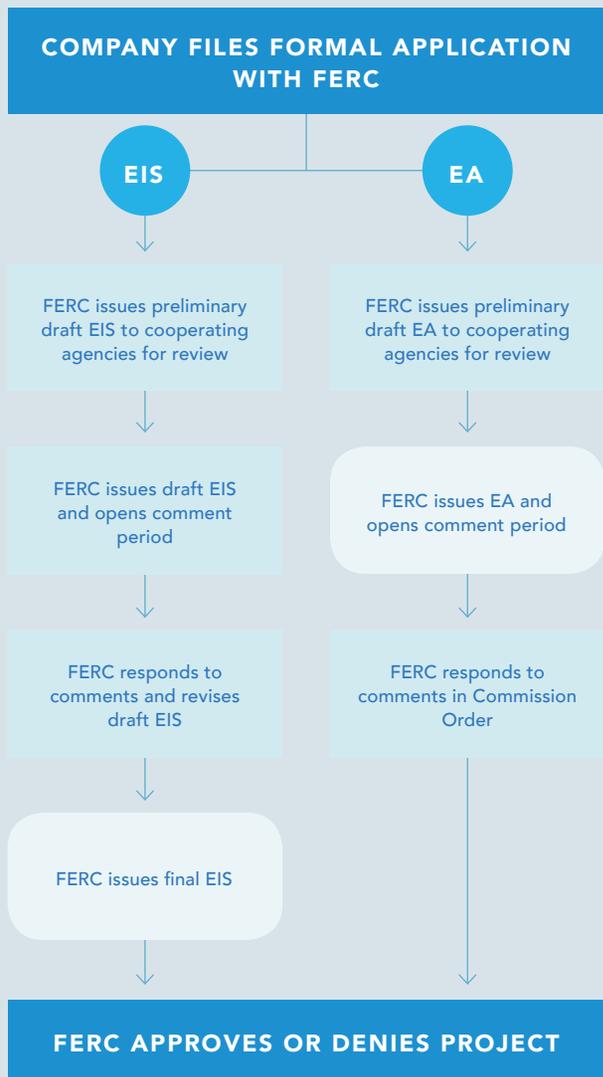
## COMPLIANCE AND OVERSIGHT

As required by our permitting authorities, we conduct environmental assessments before implementing projects. Each assessment considers biodiversity issues, such as potential effects on sensitive species and terrestrial and aquatic ecosystems. We provide a detailed environmental review of our major Federal Energy Regulatory Commission (FERC)-regulated projects, in accordance with the National Environmental Policy Act (NEPA).

Our VP of corporate environmental oversees our efforts to minimize biodiversity impacts, including programs associated with various permitting actions at state and federal levels. Our environmental experts are directly involved with the permitting process, fulfilling FERC and other regulatory agency requirements and developing the resource reports that support the NEPA Environmental Assessment (EA) or Environmental Impact Statement (EIS).

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<sup>23</sup> Environmental policy: <https://cheniere.wiki/3dlv8yP>



Source: FERC: <https://cheniere.wiki/3cKXAyt>

## ASSESSMENT PROCESS

A biodiversity impact assessment is a key feature of our project-planning process, especially on major projects overseen by FERC. Our experts study potential site locations and perform a robust analysis of the species and habitats in the area, identifying stakeholders and consulting with other relevant federal and state regulatory agencies. We hold public discussions to solicit input from the public and agencies about the project and integrate the results with process information, our commitments, potential impacts and proposed strategies into resource reports. We outline our strategy for mitigating any potential negative biodiversity impacts during the entirety of the project and conduct field and route surveys to support our regulatory applications.

We submit the resource reports to FERC as part of the application and depending on requirements, FERC may complete an EA or EIS to provide further information related to the proposed project's potential environmental and safety impacts. Under the Natural Gas Act, FERC may choose to establish mitigation measures identified in the NEPA process. Once we receive approval from FERC and other resource agencies, the commission issues a Notice to Proceed with construction.

We followed the environmental and biodiversity assessment process outlined above for all major LNG facilities and pipelines and are required to comply with all laws and regulations throughout ongoing operation.

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## MANAGING IMPACTS

Our LNG facilities and pipelines are not located in areas of protected conservation status or critical habitat. Construction activities to expand our facilities will not cause additional disturbance to terrestrial areas.

In line with our environmental policy, we carefully manage projects with an emphasis on reducing and mitigating environmental impacts. For our pipeline operations we:

- Route our pipelines to minimize potential ecosystem impacts.
- Restore habitats to pre-construction condition or better, where possible.
- Monitor pipeline restoration areas and document habitat restoration.
- Restore any affected wetlands or buy wetland credits to offset impacts.

Beyond compliance with environmental and wildlife protection laws and regulations, we have developed internal policies and procedures to safeguard ecosystems and wildlife. Our wildlife procedure outlines our approach for interacting with wildlife identified on Cheniere property. Our migratory bird procedure sets out the appropriate actions should a migratory bird nest be found at one of our sites.

## MITIGATION PROJECTS

We mitigate biodiversity impacts and support both voluntary and required restoration projects in our local communities, such as:

**Calcasieu Lake Biodiversity Offset:** During the construction of our Creole Trail Pipeline, we worked with the Louisiana Department of Wildlife and Fisheries to develop 16 acres of oyster reefs and fish habitat in Calcasieu Lake. This voluntary project helped offset any potential biodiversity loss due to our pipeline construction. To this day, the oyster reefs continue to

thrive and have become a popular location for commercial harvesting. This project led to successful conservation of the ecosystem, as well as local economic development.

**Sabine Pass tidal mitigation project:** We built the Sabine Pass terminal and created a 70-acre tidal wetland mitigation area — nearly double the size required to meet our obligations. The U.S. Army Corps of Engineers previously used this area for dredged material placement. By building channels to allow water to enter the wetland system, we were able to create a viable wildlife habitat. This area is now protected from future dredge placement and other development activities. The wetlands continue to thrive, supporting dozens of species of fish, crustaceans and birds.

**Shamrock Island breakwater mitigation project:** We collaborated with several federal and state agencies including the U.S. Fish and Wildlife Service, National Oceanic and Atmospheric Administration (NOAA) and Texas Parks and Wildlife Department to construct 16 breakwaters around Shamrock Island in Corpus Christi Bay. The new breakwaters, an investment of about \$4 million, will help prevent erosion in the area, promote the growth of seagrass and protect bird habitat. The island is prime nesting location for many water birds, including black-crowned night heron, roseate spoonbill and reddish egret.

**Galveston Bay oyster gardens:** We awarded Restore America's Estuaries, a non-profit estuary conservation organization, \$50,000 to support Gulf-region restoration projects. One such project, the Galveston Bay Foundation's oyster shell recycling and restoration project, reclaimed 115 tons (230,000 pounds) of oyster shells from restaurants to create "oyster gardens." These gardens consist of recycled oyster shells hung from docks and piers around the Galveston Bay to recruit oyster larvae during



Cheniere volunteers prepare seed balls to support Restore America's Estuaries

the spawning season. Volunteers created more than 200 oyster gardens, recruiting nearly 4,500 larvae on recycled shells. The 32 tons of remaining shells were used to create a 250-foot oyster bar breakwater structure at the Sweetwater Preserve on Galveston Island, providing shoreline and marshland protection.

## AIR QUALITY

### Improving our own air quality, even as we improve the world's

In addition to doing our part to meet global needs for improved air quality, Cheniere is setting an example within our own company, managing emissions from air pollutants in every facet of our business, from development through operations.

## COMPLIANCE AND OVERSIGHT

We manage our operations in accordance with relevant state and federal laws and regulations. The EPA regulates our operations at the federal level and the Louisiana Department of Environmental Quality (LDEQ) and the Texas Commission on Environmental Quality (TCEQ) are our primary state environmental regulators. We submit periodic environmental reports outlining our performance, including:

- Annual criteria air emissions inventory to LDEQ (i.e.  $\text{NO}_x$ ,  $\text{SO}_2$ , CO, VOC).
- Annual criteria air emissions inventory to TCEQ.
- Semi-annual and annual Title V Operating Permit Compliance Reports to the EPA, LDEQ and TCEQ.

We have also adopted several internal standards, procedures and guidelines — such as the air permit compliance and reporting procedure — to manage air quality.

## MANAGING AND MONITORING EMISSIONS

We responsibly manage and monitor emissions from air pollutants across our operations. We select equipment that utilizes technology for air-emission controls, such as for NO<sub>x</sub> and other criteria air emissions.

### Emissions management

Examples of emission controls employed at our facilities include low NO<sub>x</sub> burners and Dry Low Emissions (DLE) technology to reduce NO<sub>x</sub> emissions. In our pipeline operations, we use electric motor drives at certain compressor stations, which do not produce direct emissions, as well as technologies to reduce NO<sub>x</sub> and carbon monoxide emissions. These efforts help ensure that our emission control practices meet regulatory requirements and the emissions limits set in our air permits.

### Air monitoring

We implement stringent management and reporting mechanisms to monitor air quality at our facilities. Consistent with our environmental policy, we monitor and track our criteria air emissions to determine our compliance status with respect to our hourly and annual emission limits. Emissions tests are performed on our turbines periodically following EPA reference methods.

We perform LDAR at our terminals and compressor stations to monitor fugitive air emissions. Optical Gas Imaging (OGI) cameras or EPA Method 21 techniques are used to detect leaks across our operations on a quarterly to annual basis. Our LDAR monitoring includes:

- Volatile Organic Compounds (VOC) LDAR and 40 CFR 98 Subpart W monitoring at our Corpus Christi and Sabine Pass facilities.

- 40 CFR 98 Subpart W monitoring at our Creole Trail and Corpus Christi pipelines.
- VOC LDAR monitoring per New Source Performance Standards (NSPS) at our Corpus Christi pipeline.
- Routine VOC inspections at our LNG storage tanks.

We leverage numerous tools to evaluate performance, such as assurance projects, including focused air compliance audits, and assess compliance with external and internal obligations.

Between 2016 and 2019, we brought new LNG trains online and expanded our production capacity. As our business continues to expand, we remain prudent in managing air emissions according to our internal policies, as well as state, federal and local regulatory requirements.

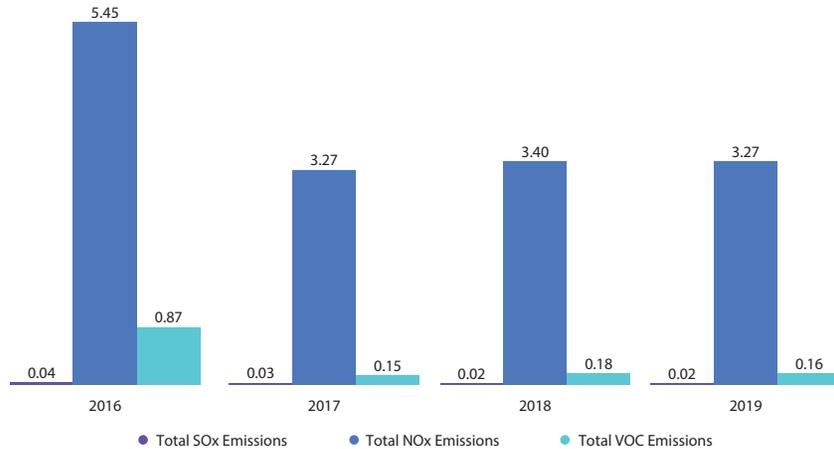
| Criteria air pollutant emissions | Units      | 2016    | 2017    | 2018    | 2019      |
|----------------------------------|------------|---------|---------|---------|-----------|
| Total LNG trains                 | #          | 2       | 4       | 4*      | 7         |
| LNG exported†                    | MMscf      | 186,364 | 706,645 | 939,066 | 1,455,161 |
| Total SO <sub>x</sub> emissions  | Short tons | 7       | 20      | 21      | 33        |
| Total NO <sub>x</sub> emissions  | Short tons | 1,017   | 2,310   | 3,195   | 4,762     |
| Total VOC emissions              | Short tons | 159     | 103     | 169     | 239       |

\* In 2018, two additional LNG trains began commissioning with the production of first LNG and were placed into full operation in 2019.

† Quantity exported in the calendar year for LNG export equipment as reported to the DOE.

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CRITERIA AIR POLLUTANT EMISSIONS INTENSITY  
(SHORT TONS/BCF OF LNG EXPORTED)



### ADDRESSING COMMUNITY NEEDS

We responsibly manage our operations to limit impacts in the areas where we operate. As part of the permitting process, our major air permits go through a public notice and comment period at least every five years as our air permits are renewed. Additionally, as described in our environmental policy, we regularly consult with stakeholders on environmental issues, including members of the communities in which our facilities are located. For more information on our stakeholder engagement efforts [see community engagement](#) within [Community](#).

## Taking air quality to school

We partnered with the University of Texas to sponsor the installation of an ambient-air monitoring station within Gregory-Portland Independent School District (G-PISD) property in Portland, Texas. This school district is located near several industrial facilities and, as a responsible neighbor, we designed and installed this air monitoring station — Portland's first — to enhance the existing local air quality network and to help address community needs.

The air monitoring station began operating in 2019. It gathers air quality data and shares information about the results publicly, measuring levels of volatile organic compounds, nitrogen oxides, sulfur dioxide and fine particulate matter. Our partners at the University of Texas manage the project and engage local stakeholders through public presentations on the operations of the air monitoring site, data findings and analysis.

By working with G-PISD, we put local communities at the center of our commitment to the environment and act as a responsible neighbor.

*"We appreciate Cheniere's partnership with our school district and their diligence in addressing the community's desire to monitor air quality in our area. This station will serve not only to provide public information and potential educational opportunities for our students, but it will also act as a catalyst for industrial transparency in our region."*

DR. PAUL CLORE  
SUPERINTENDENT



Portland Broadway Station, Portland, TX

Photo Credit: gpa@ceer.utexas.edu

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## EFFLUENTS AND WASTE

### Managing our output — and our impact

Among its many characteristics, the world is also finite. This reality underscores the importance of containment and waste reduction. To achieve these goals, we endeavor to comply with all relevant laws and regulations for waste and effluent management. Comprehensive facility-specific plans and procedures are in place detailing characterization, storage, transportation and disposal:

- Stormwater Pollution Prevention Plan.
- National Pollutant Discharge Elimination System (NPDES) Wastewater Management Procedure.
- Waste Minimization Plan.

### EFFLUENTS

Our operations generate effluents from reverse osmosis and sanitary treatment systems, as well as stormwater runoff. We submit monthly discharge monitoring reports to our regulators and perform effluent discharge assessments.

### Spills

At each site, we maintain Spill Prevention, Control and Countermeasure plans, helping to minimize the likelihood of occurrence and outlining spill control and response measures. Should a spill occur, we adhere to our site-specific emergency response plans to help protect the safety of our personnel. For more information [see emergency response](#), within [Health and Safety](#).

In January of 2018, after a sustained and unusual freezing period in Southwest Louisiana that affected a specific valve on a tank at Sabine Pass, one of our storage tanks released approximately 39 cubic meters of LNG. Our employees responded as trained, the release was contained, we reported the incident to all required authorities and there was no danger to the environment, the community or our workers. While we regret this incident occurred, we have made efforts in consultation with regulatory agencies and experts to prevent it from happening again.

### WASTE

We generate waste during construction and operations, as well as from office activities. In all areas, we take measures to dispose of our waste in a safe and responsible manner and encourage our employees to reduce waste in our offices.

At our facilities we follow waste-minimization plans and waste storage and labeling procedures. Distinguishing between hazardous and non-hazardous waste, we carefully store, label and handle these wastes separately. We contract a qualified and licensed third party to transport and dispose of our hazardous and non-hazardous wastes and submit hazardous waste data to our regulators.

We try to recycle wherever and whenever we can, including the waste oil generated in our LNG facilities. To divert waste from landfills, we maintain active recycling programs at our Houston, Washington D.C. and London offices. Our headquarters in Houston and our Corpus Christi office implemented a battery recycling program and we are working to expand recycling efforts at our sites. We also provide our employees with reusable bottles and shopping bags to help reduce single-use plastic waste and raise environmental awareness.



Cheniere team members gather for safety meeting and LNG demo, Jones Plaza, Houston, TX

## TEAM

### WE ARE THE SUM OF OUR PEOPLE

Cheniere's strength lies within the collective expertise of its people. They help drive our success, build our reputation, establish our legacy and deliver on our commitments — First and Forward.

Attracting the best and most diverse talent is a priority. To engage them, we offer fulfilling career opportunities. To keep them engaged, we continually listen to, train, develop and reward them on their journey of professional growth.

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## OVERSIGHT

Our SVP and chief human resources officer is responsible for human capital management, including talent attraction and retention, rewards and remuneration, employee relations, employee engagement, diversity and inclusion and training and development. We communicate progress on our human capital programs to our board annually.

| Employees by Region       | 2016 | 2017  | 2018  | 2019  |
|---------------------------|------|-------|-------|-------|
| United States - Texas     | 513  | 718   | 812   | 939   |
| United States - Louisiana | 331  | 414   | 450   | 497   |
| United States - Other     | 6    | 3     | 7     | 18    |
| International             | 62   | 70    | 76    | 83    |
| Total                     | 912  | 1,205 | 1,345 | 1,537 |

## TALENT ATTRACTION, ENGAGEMENT AND RETENTION

Looking for top talent. Inspiring them in the right ways.

### TALENT ATTRACTION

Through our recruitment efforts, we seek top diverse talent who will continue to drive our strong performance. We have a competitive offering that provides us with a solid pipeline of candidates. Internally and externally, we post openings to attract individuals with a range of backgrounds, skills and experience, offering employee bonuses for

referring highly qualified candidates. In addition, we actively recruit at colleges and conduct information sessions at select universities including Historically Black Colleges and Universities and Hispanic-Serving Institutions.

To encourage emerging talent to consider a career at Cheniere, we offer paid internships as well as entry-level rotational positions. We pair each intern with a mentor, offering both structured learning and topical business experience. We recently enhanced our rotational program, which systematically moves analysts around the organization so they may explore a variety of career paths and we are developing an engineering rotation program. Additionally, we partner with Genesys Works, a local non-profit organization, to provide professional internships to high school students from under-served communities.

In 2018, we launched a local apprenticeship program to develop the next generation of operations and maintenance professionals. In partnership with local community colleges in Louisiana and Texas, the program awards grants to help offset the cost of tuition for students. After completing required coursework, students transition to on-the-job training at our LNG facilities. In 2019, 40 students participated in the program and our first graduates commenced employment at Cheniere.

## LIFESTYLE AND BENEFITS

We value work-life balance and encourage a healthy lifestyle. To support that, we provide a highly competitive compensation and benefits package. Given the varied roles and functions within our company, locations may offer work schedules that align with business needs.

Our wellness program offers employees incentives to maintain an active lifestyle and set personal wellness goals. Incentives include online education related to health and nutrition as well as subsidies for fitness devices and gym memberships through the LiveWell365 platform. We also offer mammography screenings, rooms for nursing mothers and biometric screenings on site.

These competitive benefits support our employees' health and financial well-being:

- Medical, dental and vision insurance
- Life insurance
- Business travel accident protection
- Wellness reimbursements
- Retirement benefits
- Maternity and paternity leave
- Short and long-term disability protection
- Bereavement leave
- Paid holidays and vacation time off



Cheniere was the leading corporate fundraiser in 2019 Susan G. Komen Race for the Cure, Houston, TX

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## EMPLOYEE ENGAGEMENT

Strong workforce communication lies at the core of everything we do. Through HENRY, our internal communications online platform, as well as town halls, all-hands meetings and other information sessions, we share company updates, videos, internal and external news and other information with our teams. In 2019, we created a sustainability feature on HENRY to engage and educate employees on sustainability and ESG issues.

To further engage our workforce, we offer a variety of employee activities including: breakfast mingles, Cheniere Foundation committees, cultural champions teams, employee safety committees, lunch-and-learns, team-building exercises and volunteer events.

## EMPLOYEE FEEDBACK

We conduct anonymous engagement surveys to better understand our employees' connection with Cheniere and their work and to identify opportunities for improvement. We share information from our survey results with employees globally and with leaders in each business, creating action plans to address areas of greatest opportunity.

In 2018, over three-quarters of our employees participated in our engagement survey. We performed extremely well against internal and external benchmarks; 90% of 2018 responses were favorable.

We also offer employees the means to voice concerns and offer suggestions to management. Online suggestion boxes are available for each location. Designated cultural champions teams gather, log and respond to the suggestions. In 2016, we also launched Cheniere Listens, a program for employees to submit questions or concerns. We value all feedback and aim to quickly address any concerns.

We promote an environment of open and honest communication. With an integrated open-door culture, we encourage employees to approach their managers at any time to discuss concerns or share ideas. We also have an ethics reporting hotline. For more information, see [compliance and ethics](#) within the [Governance](#) chapter.

| Employee turnover    | 2016  | 2017  | 2018  | 2019  |
|----------------------|-------|-------|-------|-------|
| Annual turnover rate | 13.6% | 11.3% | 10.9% | 11.4% |
| Voluntary            | 6.0%  | 5.2%  | 4.1%  | 5.1%  |
| Involuntary          | 7.6%  | 6.1%  | 6.8%  | 6.3%  |

## Giving high school kids real-world experience and inspiration

As part of our commitment to community engagement and promoting education, we offer high school students in the Houston area internships through Genesys Works, an organization that supports students in underserved communities. While working at Cheniere for a year, these students gain relevant work experience and build confidence to prepare for college and fulfilling careers. Before joining Cheniere, the students take summer classes with Genesys Works, to learn the necessary skills for working in a corporate environment. Once they arrive, participants shadow employees, develop professional skills as they work with our team and are encouraged to think about their future aspirations. In 2018, we had six participants with Genesys Works and in 2019 we had seven.

“Being part of Genesys Works has helped me get an insight in working in a corporate setting. Cheniere has influenced me to become more confident and taught me different career opportunities, how to communicate with others and understand the importance of teamwork. Because of Cheniere, it helped me become the best version of myself.”

NATALIE ALFARO, 2019 GENESYS WORKS TEAM MEMBER



Natalie Alfaro, Genesys Works intern, Houston, TX

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When different ideas and perspectives come together, the result is an empowered culture in which innovation can grow.

## DIVERSITY AND INCLUSION

### What makes us different makes us stronger

When different ideas and perspectives come together, the result is an empowered culture in which innovation can grow.

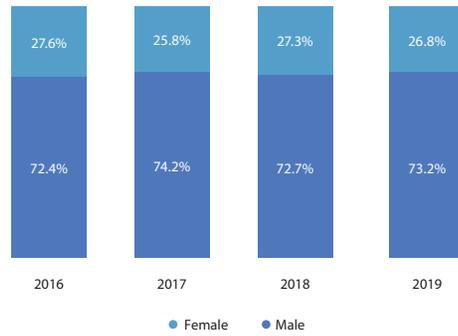
### SUPPORTING A DIVERSE WORKFORCE

Employees thrive in a diverse culture. To create this environment, we are committed to equal employment opportunity and to compliance with all federal, state and local laws that prohibit workplace discrimination, harassment and unlawful retaliation. Both our discrimination and harassment and equal employment opportunity policies demonstrate our commitment to building an inclusive workplace, regardless of background, race, beliefs, nationality or gender. Through our targeted recruitment efforts, we attract a variety of candidates with a diversity of backgrounds, skills, experience and expertise.

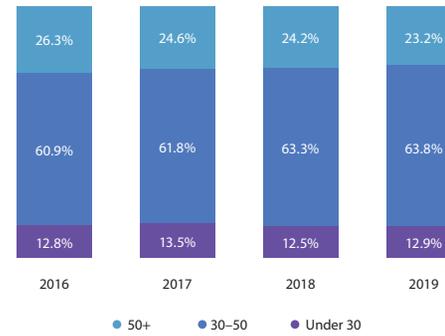
We encourage our employees to leverage their unique backgrounds in support of our efforts to grow a culture of diversity. Our employee resource group Women Inspiring and Leading Success (WILS) — affiliated with Pink PETRO, Lean In Energy and Women's Energy Network (WEN) — has a mission to promote a global culture of diversity and inclusion that fosters teamwork, respect and a rewarding work environment. This network offers employees industry-wide mentoring as well as opportunities to support women in Science, Technology, Engineering and Math (STEM) in our communities. WILS organizes internal workshops and forums around diversity and inclusion, leadership and skill development to support professional growth.

Our employee engagement survey includes several questions on diversity and inclusion. The survey results, combined with ongoing assessment of diversity metrics, provide us with important information on our diversity and inclusion practices.

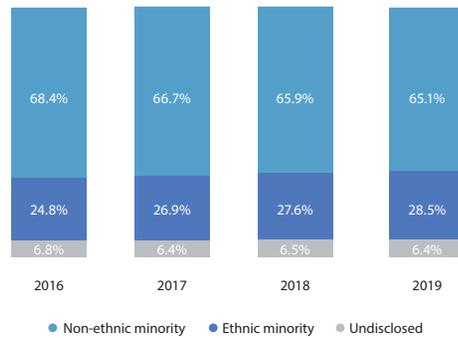
EMPLOYEE GENDER DIVERSITY



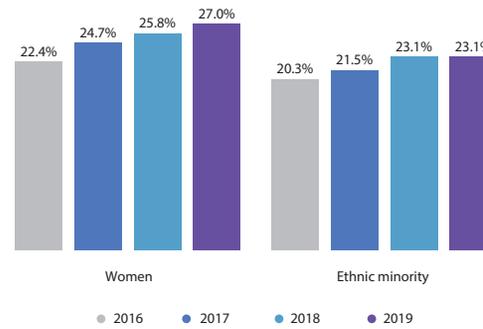
EMPLOYEE AGE DIVERSITY



EMPLOYEE ETHNIC DIVERSITY\*



WOMEN AND ETHNIC MINORITIES IN MANAGEMENT†



\* A percentage of staff each year has elected not to disclose ethnicity information. For further information see Key Performance Data.

† This category includes both executive and non-executive management. A percentage of staff each year has elected not to disclose ethnicity information.

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## DEVELOPMENT AND TRAINING

### Because individual growth and collective success are one in the same

Growth is rewarding both professionally and personally. It shows us who we are and what we are capable of, while guiding us towards what we can be. For us as a company, it makes sense to provide our people with all the tools and support necessary for them to succeed.

#### EMPLOYEE DEVELOPMENT

We leverage the 70:20:10 model for overall employee development, as we believe this offers employees the greatest opportunity for growth. We focus on 70% of learning through experience, 20% through working with others and 10% from formal learning modules. Employees work with their supervisors, training and organizational effectiveness teams to create development plans based on role requirements and individual career aspirations. We offer a core curriculum to all employees on topics such as project management, crucial conversations, presentation skills and negotiations.

We actively encourage our employees to take ownership of their careers and offer a number of resources to do so. We fund our employees' external professional certifications, continuing education and professional conferences and offer avenues for mentoring and job shadowing programs through our partnerships. We also offer leadership development, including executive coaching, university-based immersion programs, a Leadership Foundations Program and a Core Curriculum™ for all employees. Our employees have embraced this culture and participate

in initiatives such as the Cheniere Administrative Professionals and Support group and Toastmasters to further develop their skills.

We conduct regular talent reviews with managers to identify development needs as well as succession and workforce plans.

#### PERFORMANCE REVIEWS

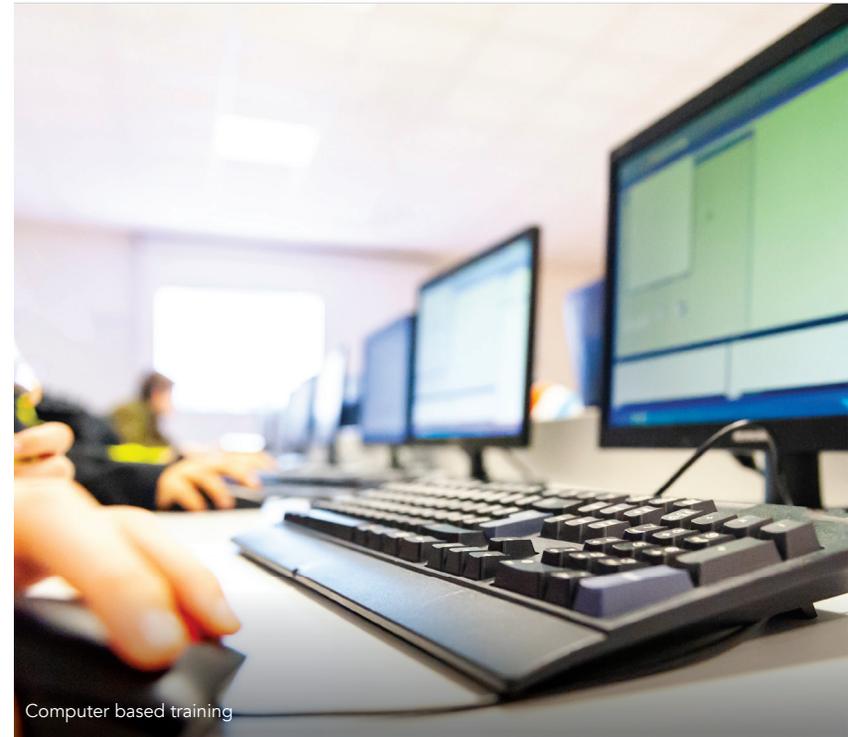
Employees undergo annual performance reviews to ensure the ongoing development of their skills and expertise. The formal year-end review consists of a detailed self-assessment and manager feedback, both of which evaluate an employee's performance against his/her performance goals and our values. To ensure that employees are on track for their goals each year, we encourage managers to conduct frequent informal reviews with employees.

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## DEVELOPMENT AND TRAINING

To ensure safe, reliable and efficient operations in a highly regulated environment, we offer online and site-specific learning opportunities. Training is managed through our Learning Management System, Cheniere LEARN, where employees can access online courses covering topics including compliance, technical training, office productivity, project management and leadership. Some of these courses have been developed in-house by instructional designers with customized content specific to our facilities. Leaders have access to dashboards and analytics to monitor compliance and competency.

Our in-house trainers and assessors provide on-the-job technical training on the equipment and technologies at our facilities. Training programs are refreshed in alignment with regulatory compliance and business requirements. In 2019, employees completed over 160,000 hours of technical, employee development and compliance training.



**160,000** HOURS OF TECHNICAL,  
EMPLOYEE DEVELOPMENT  
AND COMPLIANCE TRAINING

## Going the social distance: Our COVID-19 response

As we address the unprecedented challenges presented by the COVID-19 pandemic, we rely on the collective strength of our people. Cheniere responded swiftly, implementing measures to support our employees, contractors and communities while maintaining safe and reliable operations.

### PROTECTING OUR PEOPLE

- Established temporary housing and added protective measures at both LNG facilities for the workforce.
- Required social distancing and work-from-home protocols.
- Enhanced cleaning and disinfecting practices at all offices and sites.
- Implemented a pandemic personal risk assessment policy.
- Provided regular updates to staff through HENRY.
- Administered temperature checks at both LNG facilities.
- Hired a medical advisor to consult on best practices.
- Paid sick leave, short-term disability and family medical leave.
- Implemented a case management process at all locations.
- Provided PPE including hand sanitizer, cleaning supplies and travel kits.

### SUPPORTING OUR COMMUNITIES

In response to the unprecedented impact caused by COVID-19 globally, Cheniere donated more than \$1,000,000 to organizations in Louisiana, Texas, Oklahoma, Washington D.C., the United Kingdom and China. These donations helped reduce food insecurity and supply provisions and equipment for first responders and frontline healthcare workers. As part of the donation, we partnered with the City of Houston, Project C.U.R.E. and the



Volunteers at City of Houston PPE drive, sponsored by Cheniere with Project C.U.R.E. and the Astros Foundation

Astros Foundation to sponsor a “no touch” medical supply drive in Houston. This included a \$50,000 public matching donation campaign benefiting Project C.U.R.E.

Protecting the safety and well-being of our workforce is most important. We will continue to closely monitor and follow guidance from the World Health Organization and government officials as well as the Centers for Disease Control (CDC) guidelines. In the coming months, we will remain focused on our response and the lessons learned that help us to remain resilient.



Corpus Christi LNG Terminal, San Patricio County, TX

## HEALTH AND SAFETY

**EMBRACING A ZERO-INCIDENT CULTURE.  
ZERO EXCEPTIONS.**

There is nothing we value more than the well-being of our people, our customers and the communities in which we operate. Safety is one of our core values and is embedded throughout our business and culture. Our commitment, along with the expectations we have for employees and contractors, is outlined in our health and safety policy.



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Our health and safety management system framework defines our approach to safety and keeps safety central to all aspects of our business. There are four elements to the framework.

#### HEALTH AND SAFETY DOCUMENTATION

Our health and safety actions and expectations are established through several standards and procedures including but not limited to:

- Contractor management standard
- Incident management standard
- Industrial hygiene standard
- Management of change standard
- Occupational health management standard
- Process hazard analysis standard
- Process safety management standard
- Risk management standard

Our standards are designed to fulfill regulatory requirements for both the Occupational Safety and Health Administration (OSHA) and Pipeline and Hazardous Materials Safety Administration (PHMSA) training and competency.

Safety training is essential to protect the well-being of our employees. In addition to enterprise-wide required safety training, employees working on-site receive additional site-specific training to develop workplace safety competency.



LNG storage tanks, Sabine Pass LNG Terminal, Cameron Parish, LA

## GOVERNANCE AND ASSURANCE

Cheniere's assurance process helps us assess our safety performance and identify opportunities to improve health and safety processes and programs. We conduct site-based assessments, functional verifications and audits and request employee feedback to determine program effectiveness. Management reviews our assessments annually and recommends corrective actions.

## CONTINUOUS IMPROVEMENT

Continuous improvement is embedded in every aspect of health and safety at Cheniere. We continuously seek ways to improve our programs and leverage lessons learned, strengthen our safety culture and increase employee engagement as we work toward leading safety performance.

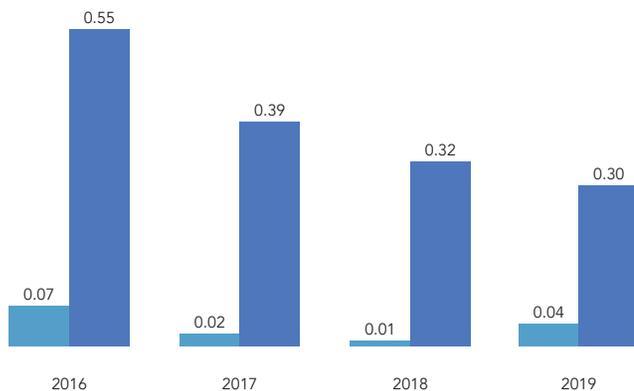
## OUR PERFORMANCE

We are proud to have achieved steady performance improvements in Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR) since LNG exports first began in 2016. Over the past few years, management has implemented and refined programs to promote safety in the workplace and increase engagement and awareness, further strengthening our safety culture.

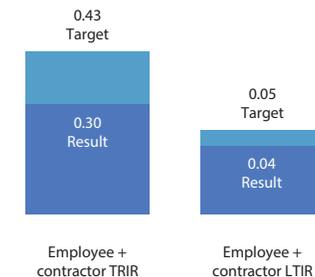
In 2019, we outperformed our enterprise-wide safety targets for TRIR and LTIR with both employees and contractors. We have established more aggressive safety targets for 2020 to drive continuous improvement. Our annual incentive program for all employees and executives is tied to safety performance. For more information, see our proxy statement.<sup>24</sup>

In 2019 we outperformed our safety targets

COMBINED EMPLOYEE AND CONTRACTOR LTIR AND TRIR



SAFETY TARGETS



24 As reported in Cheniere's 2020 proxy statement: <https://cheniere.wiki/2XEVBW3>

Since 2016, we have had zero employee fatalities. Regrettably, one of our contractors was fatally injured in 2016. Over the past few years, we have implemented new programs and continue to educate personnel and promote safe practices in the workplace.

| Safety metrics | 2016 | 2017 | 2018 | 2019 |
|----------------|------|------|------|------|
| Fatalities     |      |      |      |      |
| Employees      | 0    | 0    | 0    | 0    |
| Contractors    | 1    | 0    | 0    | 0    |

| LTIR*         | 2016 | 2017 | 2018 | 2019 |
|---------------|------|------|------|------|
| Employees     | 0.00 | 0.00 | 0.00 | 0.05 |
| Contractors   | 0.07 | 0.03 | 0.01 | 0.04 |
| Combined LTIR | 0.07 | 0.02 | 0.01 | 0.04 |

| TRIR          | 2016 | 2017 | 2018 | 2019 |
|---------------|------|------|------|------|
| Employees     | 0.43 | 0.08 | 0.07 | 0.16 |
| Contractors   | 0.56 | 0.42 | 0.36 | 0.33 |
| Combined TRIR | 0.55 | 0.39 | 0.32 | 0.30 |

\* TRIR and LTIR are calculated per 200,000 hours per the OSHA standard. Metrics may differ slightly from those previously published due to a change in calculation methodology to better align with industry practice.

## SAFETY CULTURE AND COMMITTED LEADERSHIP

Embracing our motto:  
 “One Safety Culture for One Cheniere”

At Cheniere, health and safety principles are ingrained in our behaviors and procedures. Safety for us is a core value, maintained by open communication between employees and leadership while encouraging individual accountability.

### LEADERSHIP AND EXECUTIVE OVERSIGHT

Strong leadership underpins our safety culture. The executive safety committee, sponsored by our CEO, is a cross-functional group of employees who meet quarterly to review safety performance and company-wide health and safety strategic priorities. Our SVP of operations chairs the committee and maintains accountability for health and safety across the organization. The SVP of operations is supported by the corporate and site-based health and safety teams at our LNG facilities and pipeline locations and reports performance to the board of directors quarterly.

### SAFETY COMMITTEES

Our safety committees, made up of employee volunteers, are active at all company locations. These committees play a key role in fostering our safety culture. Members serve as safety ambassadors and set a positive example for the rest of our workforce. Our site-based Sabine Pass, Corpus Christi and Pipeline safety committees meet frequently to evaluate safety opportunities and share lessons learned. At office locations, members raise awareness and educate employees on safety topics such as emergency preparedness and ergonomics. Safety

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committees listen to employee suggestions and collaborate to develop new ideas to improve company programs.

## **PERSONAL SAFETY**

### **Because our people matter, safety matters**

When someone gets hurt, we all feel it. To protect our most valued assets — our people — we have implemented programs to enhance incident prevention and response in the workplace.

#### **PREVENTING INCIDENTS**

On site, our employees and local managers meet to review potential hazards and discuss best practices to prevent incidents before starting a job. During these meetings, they review work plans, identify potential risks and address protocols that help prevent incidents.

Our leadership also promotes and enforces optimum workforce occupational health and industrial hygiene, including mandating appropriate safety gear and taking steps to minimize noise exposure. We train employees to make them aware of our occupational health tools and services, such as first-aid kits and tips for how to maintain good general health at work.

Our hazard recognition program helps identify and mitigate potential hazards in the workplace. Select employees trained in hazard recognition are responsible for surveying our operations for potential safety hazards, reporting those identified and developing a solution with management. In 2019, we implemented a new hazard-reporting system across operations that enabled real-time tracking.

We also empower our people to exercise stop work authority if they have a safety concern. If any employee or contractor recognizes a potential hazard or unsafe behavior in the workplace, they have the authority and the obligation to stop work at any time.

#### **Engaging employees**

We believe that every employee is responsible for making a positive contribution to the safety of personnel and for promoting effective safety engagement. Employees are encouraged to share lessons learned about incidents as well as offer solutions using our safety alert program. Using peer-to-peer learning and lesson sharing engages our people to participate in conversations about safety.

#### **DOCUMENTING AND RESPONDING TO INCIDENTS**

We encourage employees and contractors to report all incidents openly and offer the option to remain anonymous. If a safety incident occurs in the workplace, we respond by documenting and investigating the situation. We manage incidents to closure, identifying and sharing key lessons learned and implementing corrective actions to prevent recurrence.

Should the need arise, we provide services to treat work-related injuries and illnesses. Our two LNG terminals maintain around-the-clock paramedics and have access to emergency services. We also ensure that all locations, including our corporate offices, have first-aid and CPR-trained employees.



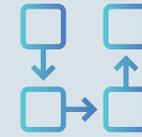
## PEOPLE

Develop internal competency for process safety management



## PLANT

Design, construct, operate and maintain plants to promote facility integrity



## PROCESS

Implement effective processes to achieve safe operations

## PROCESS SAFETY

Process safety involves the management of unplanned or uncontrolled releases of hazardous materials that could occur as a result of failures in process, procedures or equipment. Avoiding such an event — or mitigating its consequences — requires an understanding of what, where and when something can go wrong. We manage process safety throughout the lifecycle of our facilities and rely on alignment between people, plant and process.

The requirements within process safety protocols also integrate with other health and safety processes, such as audits, incident management and investigation and emergency response. We are currently enhancing our process safety program and developing the capability to identify, classify and track process safety events aligned with American Petroleum Institute (API) 754 process safety event reporting.

**“The time for safe behavior is always. Each and every employee’s safety behavior inherently builds the strong safety culture we have here at Sabine Pass LNG.”**

**CRAIG CORDER**  
SUPERVISOR, EMERGENCY RESPONSE  
SABINE PASS SAFETY COMMITTEE MEMBER

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## EMERGENCY RESPONSE

### Expecting the unexpected and ready to respond

While we never want to find ourselves in a crisis, being prepared at all times minimizes risk to our employees, contractors, communities and the environment. Our emergency response program provides enterprise-wide guidelines for emergencies such as spills, fires or extreme weather events.

Dedicated on-site emergency response teams can also access corporate-level resources through the business support team (BST) for assistance as needed. Depending on the situation, the BST may involve executive management. Each site team and the BST ensure that response planning and execution are aligned.

### EMERGENCY RESPONSE PLANS

Site-specific emergency response plans (ERPs) provide step-by-step instructions for potential events that may require an emergency response at our LNG facilities, pipelines and corporate offices. Each ERP provides guidance on the responsibilities of each ERP role, including first responders, employees and management. ERPs also outline communication protocols for local law enforcement, external emergency responders, internal personnel and regulatory agencies.

We require certain site and office personnel to complete annual training, including tabletop exercises and a minimum of one annual mock-drill under the Incident Command System (ICS) structure. ERPs undergo annual reviews to verify that they satisfy internal and regulatory requirements. Emergency response teams conduct on-site monthly drills to simulate

hurricanes, power loss, leaks and other events. To ensure alignment, we conduct company-wide drills in conjunction with our corporate BST.

### EMERGENCY COMMUNICATION

We maintain an emergency alert system to communicate with personnel enterprise-wide, which includes notification to the appropriate emergency response team.

Keeping our local communities safe and informed is imperative. Each site has a method for communicating with community members as needed. In 2018, we partnered with the Corpus Christi Coastal Plains Local Emergency Planning Community to fund an on-demand text alert system. We also host routine briefings, workshops and town hall-style meetings within the community to address safety concerns and questions. And in 2019, we invested \$120,000 to increase capacity for emergency notification infrastructure in Bryan County, Oklahoma.

## Using AI to simulate critical safety

“This is not a drill” is the moment in any profession when experience and training is truly tested. At Cheniere, we want to arm our operators with the skills and training they need to maximize efficiency and react appropriately if something were to ever happen.

For our panel operators, we implemented an operations training simulator (OTS) which replicates our control room and enables our operators to learn and practice their skills in a safe simulation environment. The simulator provides employees with training on plant start-up and shutdown and proper handling of abnormal situations throughout the lifecycle of plant operations. It enhances our control room teams’ abilities to operate facilities and respond to emergencies.

“The OTS is the first training tool that allowed me to get hands-on training in a simulated environment. The technology that it uses realistically depicts the actions that are required to safely start up, shut down and respond to emergency and abnormal operations.”

ALEX GUILLORY  
SHIFT TRAINER



Photo credit: Honeywell

Operations Training Simulator for control room operators



4,884

In 2019, our employees logged 4,884 total training hours on the OTS, increasing our capacity to respond safely and effectively to emergency situations at our plants.



Cheniere team, Beach to Bay Relay, Corpus Christi, TX

## COMMUNITY

### BECAUSE ULTIMATELY, LOCAL IS WHERE WE LIVE

Our business is global. But we live and work in local communities — and we never lose sight of the powerful positive impact we can create there. Whether it's with our neighbors, school teachers, or the chamber of commerce, we value our local relationships. Supporting them is critical to our success.

As a responsible corporate citizen, we work with our communities throughout all stages of a project lifecycle — from early development through permitting, construction and operation. Combined with our robust stakeholder engagement efforts, our strategic community investments support the well-being and long-term development of these communities.

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## OVERSIGHT

We view strong community relations as essential to our business. In 2019, we expanded the dedicated teams within the PGPA team that are responsible for overseeing our community relations efforts. The VP of state and local government and community affairs manages stakeholder engagement, community investments, philanthropy and volunteer efforts across all locations. This team provides periodic updates to the CEO and other senior members of management.

We view strong community relations as essential to our business.



Cheniere leaders construct a home benefiting Habitat for Humanity, Montgomery, TX

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## COMMUNITY ENGAGEMENT

### Listening to our neighbors, addressing their needs

Getting all the stakeholders around the same table gives us a golden opportunity to listen, learn, engage and educate. It's the most direct path to mutually productive understanding and, as such, has become one of our top priorities. Identifying, evaluating and addressing these issues takes collaboration among our corporate environmental, legal, operations and business development functions, among others.

We have strengthened our community engagement efforts through increased local stakeholder communication and alignment of our community investments with community impacts. We also expanded our community relations team at our Corpus Christi facility in Texas and at our Sabine Pass facility in Louisiana.

### LOCAL STAKEHOLDER ENGAGEMENT

We engage with our local communities from early project development through all phases of permitting, construction and operations. We work with numerous stakeholder groups including residents, landowners, elected officials, government agencies, nongovernmental organizations, civic groups, first responders, local media, indigenous peoples and other community leaders.

In 2019, we built upon the existing stakeholder engagement strategy for our Corpus Christi facility. The enhanced strategy transforms our approach from the traditional public affairs methodology, whereby the public affairs team is the primary engagement lead and instead pairs site managers

“Getting all the stakeholders around the same table gives us a golden opportunity to listen, learn, engage and educate. It's the shortest, straightest path to mutually productive understanding and, as such, has become one of our top priorities.”

at each facility with essential stakeholders. Our process breaks down the barriers of single-point communication, guiding and empowering experts and senior leaders within our facility to engage with their counterparts outside of our fence line. We estimate that we have participated in over 400 unique engagements using this approach and have begun utilizing the same stakeholder engagement strategies for Sabine Pass.

Key local stakeholder engagement efforts over the past two years include:

**Public safety workshops:** We prioritize public safety and the well-being of our communities.

- Hosted workshops at our Corpus Christi facility for local first responders and law enforcement agencies to discuss emergency management plans.
- Conducted outreach in the Sabine Pass community to address health and safety concerns.
- Held two safety and security workshops with the Oklahoma Department of Public Safety and sheriffs from the counties where construction would occur for the Midship Pipeline.

**Public presentations:** We maintain relationships with local elected officials at nearly all levels of government to try to address their communities' concerns and needs.

- Conducted one-on-one briefings throughout the year with local and state elected officials in Louisiana and Texas.
- Delivered public presentations to local city councils, commissioners' courts, economic development organizations, chambers of commerce and other civic organizations.

**Community open houses and meet-and-greets:** We work to broaden our outreach and engage community members in their own neighborhoods.

- Hosted two large-scale informational open houses, attended by approximately 400 people, in and around Corpus Christi.
- Hosted a series of in-home meet-and-greets near our Corpus Christi facility, where community members invited neighbors into their homes to hear about our operations from site managers and safety professionals.
- Held eight public project briefings with community members near Midship's project area, made local investments in STEM education and supported emergency and first responder programs.



Cheniere works with local STEM students at Rice University, Houston, TX

## Creating forums for local concerns

The Cheniere Coastal Bend Community Advisory Panel (CAP), created in 2018, acts as an advisory group to Cheniere to address community feedback and concerns. This diverse 27-member panel was designed to support engagement with residents from nine different communities near our Corpus Christi facility.

We sought to include a range of members on the panel to ensure feedback was reflective of the broader community sentiment. An independent facilitator helped ensure that participants were not just those who were supporters of the Corpus Christi facility. At each CAP meeting, we discuss our current operations at the facility and listen to feedback and suggestions on behalf of the community. Over the past two years, we discussed safety, construction, permitting and environmental impacts. Tours of the facility have also been made available to the panel.

We create an open atmosphere for all CAP members to feel welcome to share thoughts and concerns and aim to develop solutions where possible. For example, when the CAP notified us that lighting at our facility was a growing concern among many of our neighbors, we retrofitted a series of lights, alleviating community concerns about the light intensity at night.

The CAP continues to serve as an effective avenue for open communication and active engagement with the community near Corpus Christi.

“Over the last year, comments or questions about LNG operations have been addressed at CAP meetings. Cheniere always responds, whether good news or bad, in an honest manner, which helps develop trust. When their response involves further action, they follow through in a timely manner with a response or a solution.”

**MIKE CARRELL**  
COMMUNITY ADVISORY PANEL MEMBER



BEFORE AND AFTER: Corpus Christi LNG facility responded to community concerns about light intensity by making changes to reduce light pollution

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## STAKEHOLDER FEEDBACK MECHANISMS

As part of our effort to respond to community needs, we recently established a formal stakeholder feedback mechanism for each LNG facility and the Midship Pipeline in Oklahoma.

The formal process allows us to collect, record and address community input. We value and consider all feedback from our stakeholders and offer a range of communication channels for them, such as email, toll-free phone numbers, social media and websites.

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WE EMPLOY  
THE FOLLOWING  
PROCESS FOR  
OUR STAKEHOLDER  
FEEDBACK  
MECHANISMS:



### 1. REGISTRATION

When we receive feedback, we record and assess the issue. We assign and notify senior management immediately if necessary.



### 2. ACKNOWLEDGMENT

Within 72 hours of registration, we notify the stakeholder that we received their feedback.



### 3. INTERNAL INVESTIGATION

The responsible person conducts an investigation and, if needed, escalates the issue to senior management. The public affairs manager monitors progress and ensures compliance during the investigation process.



### 4. RESPONSE

We communicate a proposed resolution to the stakeholder and seek feedback as needed. We incorporate feedback and ensure implementation of the resolution.



### 5. RESOLUTION

We aim to resolve all issues successfully. If an issue remains unresolved, the stakeholder may request an appeal, or we may automatically consider an appeal for repeat issues or untimely resolutions.

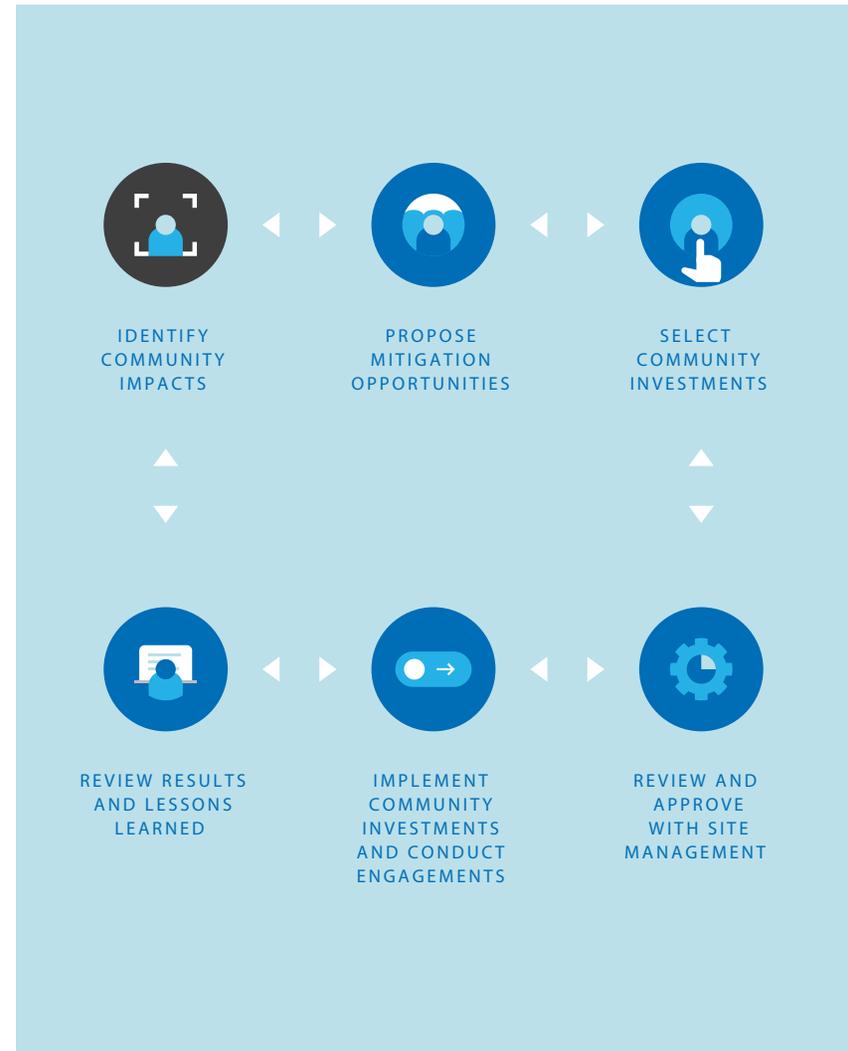
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We log and track feedback from our local communities near both LNG facilities to ensure timely and transparent actions to address concerns. We recorded 59 concerns in 2019 covering issues including noise, light, emissions and traffic. We engaged with 100% of community members who submitted feedback and mitigated or resolved all concerns.

### UNDERSTANDING SOCIAL IMPACTS AND NEEDS

In 2019, we made improvements to our social risk assessment process to better understand our impacts and community needs in our areas of operation. Our process includes a review of guidance from international standards including the Equator Principles, the United Nations Guiding Principles on Business and Human Rights and the IFC Performance Standards.

Understanding our impacts helps inform and better align our community investment strategies with community needs. Our engagement with community stakeholders is a critical step in this process as it gives us insight on community needs and expectations. At each of our facilities, site managers have an opportunity to provide input regarding our social investment priorities, further tailoring our approach.



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## RESPECTING INDIGENOUS PEOPLES

We respect indigenous peoples and aim to preserve the culture of indigenous communities near our operations. As required by FERC, we notified federally recognized Native American tribes of our planned activities for our LNG terminals and pipelines during the initial permitting process.

Our operations in Texas and Louisiana are not located in or on designated Native American lands, nor have our operations ever caused resettlement of indigenous peoples.

### Midship Pipeline

Since the permitting process for the Midship Pipeline began in 2016, we have engaged more than 2,000 stakeholders to identify, discuss and resolve concerns. Our engagement included 18 Native American tribes identified as having potential historic or cultural interest in portions of the pipeline route. Although the pipeline does not cross tribal-owned lands,

we worked with tribal representatives on extensive cultural and historical surveys and conducted outreach with local regulators, including the Oklahoma Historical Society and Oklahoma Archeological Survey.

We took measures to mitigate the potential negative impacts of our construction or operations activities on indigenous peoples throughout the planning and design of the project. We developed an action plan, referencing industry best practices, for preserving cultural artifacts in the event of an unanticipated discovery during construction or operations. We also consulted with an external tribal engagement facilitator to help us communicate with tribal leaders about the project and solicited the facilitator's feedback on our unanticipated discoveries plan, as well as the project's tribal monitoring plan, going above and beyond regulatory requirements.

We will continue to communicate with tribes and other community members during operations. For additional information on the Midship project, please visit [midshippipeline.com](http://midshippipeline.com).



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## COMMUNITY INVESTMENT

### We're not just opening our wallets, we're rolling up our sleeves

We are passionate about community support — and in a very tangible way. In 2017, we established the Cheniere Foundation, a 501(c)(3) organization, to implement our community investment strategy. The following year, we strategically re-aligned our investments with our business objectives. We also introduced matching gift and volunteer time-off programs, enabling our employees to make more meaningful and personally rewarding positive impacts.

#### CHENIERE FOUNDATION OVERSIGHT

The Cheniere Foundation board meets quarterly and provides oversight on the foundation's plans and priorities. The foundation is guided by the following principles:

- We promote active participation in local community philanthropy through employee volunteerism and financial investments.
- We prioritize well-planned, employee-supported initiatives that have a direct impact on those in need in our communities.
- We partner with local communities to select initiatives that will improve the community while also strengthening our community involvement.
- We target opportunities that matter most to our employees and stakeholders.
- We expect the highest level of safety, integrity and ethical behavior of ourselves and our program beneficiaries.

Recognizing the opportunity for our employees to participate, the foundation formed employee committees at our corporate offices and at facility sites in the United States. The committees act as ambassadors of the Cheniere Foundation and engage employees in each location. They implement projects to help achieve our annual philanthropic goals, which include increasing volunteer hours and the number of matching gift participants.

We align our investment and volunteer priorities with the needs of our communities. Through our stakeholder engagements, we seek to better understand our communities' current and future needs. This helps directly inform our community investment strategy and tailor our approach to the unique needs of each community.

We invested more than \$3.7 million in 2019, including over \$230,000 of in-kind donations to benefit various organizations. Our community investment priorities in 2019 focused on four key areas: empowering individuals and families, supporting our military and veterans, protecting our environment and disaster response.

OVER  
**\$3.7M**  
IN COMMUNITY  
INVESTMENTS

GRANTED OVER  
**\$90K**  
IN MATCHING  
GIFTS

GAVE OVER  
**\$230K**  
IN-KIND  
DONATIONS

LOGGED OVER  
**8,000**  
HOURS OF  
VOLUNTEER TIME



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### Empowering individuals and families

We believe a good education is a pathway to developing capable and confident leaders. We provide youth and adults support and tools to help them develop critical technical and literacy skills to enter the workforce.

In 2019, we provided young leaders the opportunity to join our ranks through our local apprenticeship program and energized adult education by supporting GED programming, empowering individuals and enhancing our local economies. We also invested in early childhood literacy to help make reading a habit. We partnered with the Barbara Bush Literacy Foundation to adopt two Houston Independent School District elementary schools. Each student received books through the My Home Library Program and employees volunteered their time reading in the classrooms.

### Supporting our military and veterans

We have a heart for military service and support organizations across all military branches to provide assistance where it's most needed. We're honored to volunteer time for service projects and contribute to programs that support those who serve or who have served in the United States Military. Our investments help empower service members while active and through transitions into new duty stations, civilian education or the local workforce. We also work with organizations to meet the needs of homeless veterans. Our goal is to help retain veteran leaders within our communities.

The Cheniere Foundation recently became the largest corporate investor in the Veteran Resource Center and associated programming at Texas A&M University – Corpus Christi. This investment enabled the University to offer private tutors at the Veteran Center on campus, grow the Career Transition Program by 25% and create the first veteran-focused graduation recognition program. In Sabine Pass, it has been a tradition for eight years to host wounded veterans for a weekend of recreation and camaraderie. Over the course of hosting the Cheniere Fishing Classics, over \$235,000 has been donated to multiple military groups.

### Protecting our environment

Our two LNG facilities are located in areas rich in biodiversity. Our focus on operating an environmentally sound business extends beyond our fence line. As good stewards of our environment, we work to strengthen the diversity of our natural habitats through targeted investments and volunteerism.

Since 2008, we have worked with the Coalition to Restore Coastal Louisiana (CRCL) and Restore America's Estuaries to support the restoration of the Chenier plain shoreline in southwest Louisiana. With our support, CRCL restored over 50 acres of coastal habitat by planting more than 143,000 marsh plants, installing at least 10,000 feet of sand fence and enhancing over 24 miles of shoreline. These efforts protect the region's marshes and help strengthen coastal resiliency.<sup>25</sup>

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<sup>25</sup> For information on our efforts to support biodiversity near our operations along the Gulf Coast, see [biodiversity](#) within [Environment](#).

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## Disaster Response

Increasing capacity to prepare for and respond to disasters builds community resilience. To support our local communities, we invested \$120,000 to enhance emergency notification infrastructure in Bryan County, Oklahoma in 2019. The contribution provided weather alert radios to residents, improved radio tower reception and enabled the installation of an automatic tornado siren, all strengthening emergency awareness and response in the community.

## POLICIES AND PROGRAMS

In 2018, we established a volunteer time off program, providing employees the equivalent of one full day paid time off per year to volunteer in their communities. Soon after, we adopted a matching gifts program, to match employee charitable contributions. All of our U.S., U.K. and Singapore employees (with at least six months of service) are eligible to participate in the program. Each receives up to \$1,000 USD equivalent matched, dollar-for-dollar.

In 2019, we launched a new program for employees to direct funds to communities where employees live and work. In a few short months, over 250 employees contributed to the employee giving fund, resulting in nearly \$40,000 presented to 14 charities.

“Cheniere has been an outstanding partner in our community. They have gone above and beyond in helping southwest Louisiana prosper, including helping our parish rebuild after two storms that devastated our communities and establishing innovative training programs that help prepare and retain our local workforce.”

STATE REPRESENTATIVE RYAN BOURRIQUE, LA





Reading to local students at a literacy event in Gregory, TX

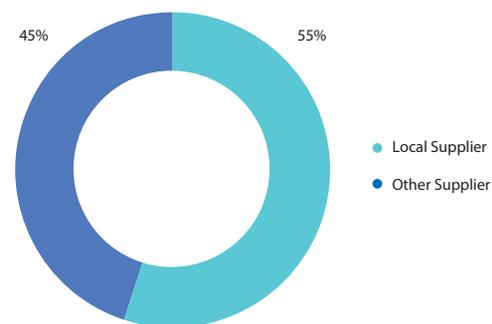
### SUPPORTING LOCAL ECONOMIES

In addition to supporting local communities through philanthropic and volunteer efforts, we hire and spend locally whenever possible. We recruit candidates who reside in our operating regions and offer competitive wages. We host several career fairs in the communities near our Corpus Christi and Sabine Pass locations to attract local talent.

In 2018, we launched an apprenticeship program in partnership with SOWELA Technical Community College in Louisiana and Del Mar College in Texas. We select apprentices with a desire to work in field operations and offer real-life work experience. Upon completion of the program, students can apply for available positions within Cheniere. We also contributed \$400,000 to each school to build refrigeration units supporting the apprenticeship training.

We work with local suppliers to support the economies of the areas in which we operate. We develop strong relationships with a wide range of local businesses in our communities and procure goods and services from local businesses where possible. In 2019, more than half of our supplier budget was directed to vendors located in the states where we operate, which included Louisiana, Texas and Oklahoma.

2019 SIGNIFICANT SUPPLIER SPEND\*



\* Significant local suppliers represent vendors located in Louisiana, Texas and Oklahoma from which Cheniere procured a significant value of goods and services through the supply chain management unit. Other suppliers represent the remainder of Cheniere vendor spend. Cheniere procured goods and services in Oklahoma throughout 2019 during the construction of the Midship Pipeline.

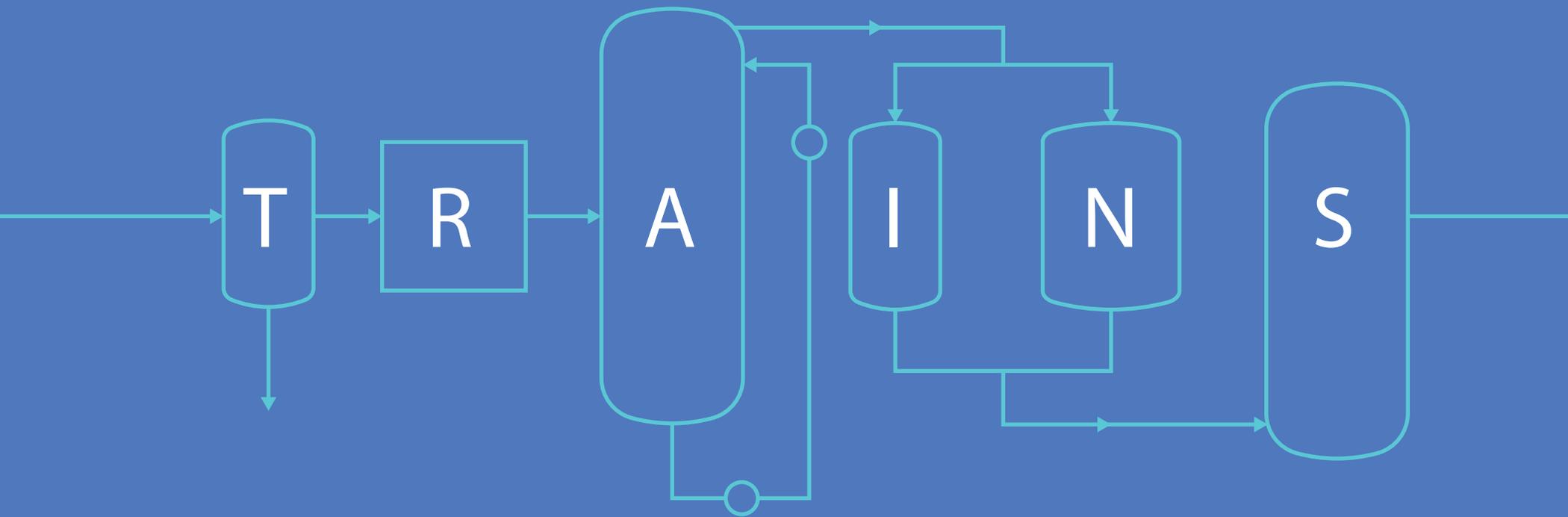


Sabine Pass LNG Terminal, Cameron Parish, LA

## GOVERNANCE

### LAYING THE TRACKS FOR THE HIGHEST STANDARDS OF BEHAVIOR — IN EVERYTHING WE DO

In the LNG business, our production units are called trains. Our corporate governance, political engagement and business ethics are informed by our core values: teamwork, respect, accountability, integrity, nimble and safety — or TRAINS. These values inform and inspire our work to provide LNG in a responsible manner.



**TEAMWORK**

Trust each other, share ideas and collaborate to meet our shared goals

**RESPECT**

Respect each other, the company, our stakeholders and the environment

**ACCOUNTABILITY**

Set high, measurable performance goals, keep commitments and hold yourself and others responsible

**INTEGRITY**

Hold yourself and each other to the highest standards of honesty and transparency

**NIMBLE**

Innovate, be flexible and adaptable when facing change

**SAFETY**

Protect the safety and well-being of people, our customers and the communities in which we operate



## CORPORATE GOVERNANCE

Creating long-term shareholder value, building a lasting reputation

Our board of directors is responsible for risk oversight including liquidity, credit, construction and operational risks. The board works to ensure that Cheniere conducts its business responsibly and ethically, with a focus on sustainability and strict adherence to all regulations.

Our board consists of a majority of independent directors and we maintain an independent non-executive chairman of the board. We share our board member qualifications in our proxy statement<sup>26</sup> and annually review each director's relationship with the company.

### BOARD COMMITTEES

We maintain three board committees whose charters are reviewed annually. An independent director chairs each committee, which consists of independent members appointed by the board.

### Audit Committee

The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. It supports adherence to internal controls over financial reporting and encourages continuous improvement and maintenance of open channels of communication among the independent auditor, financial and accounting management, our internal audit and compliance functions and the board.<sup>27</sup>

### Compensation Committee

The compensation committee reviews and approves our compensation policies, practices and plans pursuant to its charter, which directs the committee to review, recommend and determine executive compensation and risks associated with our compensation policies.<sup>28</sup>

### Governance and Nominating Committee

The governance and nominating committee oversees the annual board evaluation process, along with our director-nominations process and procedures. It develops and maintains our corporate governance policies while carrying out any related matters required by federal securities, laws, rules, or regulations, or by rules or regulations of the exchange or market on which our common stock may be listed.

This committee evaluates with management the current and emerging ESG risks and opportunities facing the company at least once per year. It also reviews our climate change and sustainability policies and strategies at least annually.<sup>29</sup>

## SUSTAINABILITY GOVERNANCE



Sustainability is crucial to our success and our long-term value. In 2018, we began formally integrating

oversight of sustainability into our governance structure, establishing board-level oversight of sustainability and social-responsibility issues. The SVP of PGPA oversees and informs the board of ESG risks and opportunities and our efforts to manage and address them.<sup>30</sup>

In 2018, we also created a dedicated climate and sustainability team and adopted our Climate and Sustainability Principles, which were reviewed and endorsed by the board. In 2019, we launched our CR program and created a cross-functional CR team to administer the program.<sup>31</sup>

We recognize the importance of managing climate-related risks and opportunities and the role we play in the global transition to cleaner,

26 As reported in Cheniere's 2020 proxy statement: <https://cheniere.wiki/2XFV8W3>

27 For more information, see the audit committee's charter: <https://cheniere.wiki/2AJxSq>

28 For more information, see the compensation committee's charter: <https://cheniere.wiki/3cHKdPV>

29 For more information, see the governance and nominating committee's charter: <https://cheniere.wiki/3dln5lw>

30 For more information on climate-risk oversight, see [Climate](#).

31 For more information on our CR program, see [About this Report](#).

less carbon-intensive energy sources such as natural gas. This compels the board and management committees to execute and clearly articulate appropriate strategies for managing such risks and opportunities to our shareholders.



### COMPENSATION

Cheniere's executive compensation program focuses management on long-term

value creation and is strongly aligned with the interests of our shareholders. As a result of our significant growth and in response to shareholder and compensation consultant feedback through 2018, we realigned our peer group and further refined our executive compensation program for 2019 to be market competitive within our new peer group, to focus compensation awards within the designed framework of the program and to further ensure alignment of our compensation program with long-term shareholder value creation.

Our executive compensation program includes:

- Market-competitive base compensation opportunities tied to company and individual performance.
- Annual cash-bonus incentive compensation opportunities tied to specific financial,

operating, safety and strategic performance objectives.

- Annual long-term incentive opportunities with portions tied to specific financial performance and growth objectives.

We have implemented several compensation best practices that further align our compensation program with our shareholders' interests. These best practices are described in our proxy statement.

Our scorecard, which is linked to our annual cash-bonus incentive program for all executives and employees, includes non-financial performance targets, including compliance and safety performance objectives.

### BOARD DIVERSITY

We designed our board member selection criteria to ensure that the board and the company benefit from a diverse pool of directors. We view and define diversity in a broad sense, to include gender, ethnicity, age, education, experience and leadership qualities. The governance and nominating committee considers suggestions for potential director nominees to the board and assesses their qualifications to ensure that directors meet specified criteria, as described in our proxy statement.

Our board and each committee conduct annual self-assessments to evaluate their effectiveness, including assessing diversity of talents, expertise and occupational and personal backgrounds.



### SHAREHOLDER ENGAGEMENT

We value shareholder input and maintain multiple communication

channels for engagement. Our investor relations team actively engages with shareholders via meetings and calls to address shareholders' inquiries and suggestions on corporate governance, compensation and ESG topics. As ESG has become an increasingly important topic for our shareholders, members of our board and executive leadership have become increasingly active in participating in shareholder meetings on these topics. Shareholders may attend our annual meetings and correspond with directors.

Following our 2019 annual meeting, we engaged with shareholders cumulatively holding more than 50% of our outstanding common stock, as well as proxy advisory firms.

We intend to remain proactive in our efforts to gather shareholder feedback and consider any shareholder concerns regarding our governance framework, compensation practices and environmental and social practices.

A number of common themes have emerged during our recent engagements with shareholders on ESG matters, such as requests for additional disclosures regarding our prioritization of and efforts regarding ESG issues and continued monitoring and implementation of best governance practices. This inaugural report is one of the outputs resulting from active engagement with our shareholders.

## COMPLIANCE AND ETHICS

### Upholding the highest business standards, applying them rigorously

In every transaction at every level, it's imperative that we do the right thing. All stakeholders, including our customers, shareholders and employees deserve nothing less than unconditional excellence.

## OVERSIGHT

Our chief compliance and ethics officer (CCEO) leads our ethics and integrity efforts. With

executive and board-level oversight, our CCEO manages and implements our ethics policies and provides quarterly updates to the CEO and audit committee of the board. The CCEO also works with executive leadership to address any concerns that may arise.

Ultimately, each of our employees is held responsible for their own actions. We tie a portion of employee performance evaluations and compensation to the timely completion of ethics trainings and compliance with our policies and procedures.

## POLICIES

Our code of business conduct and ethics (code) provides the framework for honest and ethical conduct within our company. It outlines our commitment to ethical behavior, accurate reporting, compliance with applicable regulations, reporting of violations and accountability for adherence to the code. Our CCEO and CEO review our code annually, prior to final review and approval by our board. As part of our annual compliance and ethics training, all eligible employees certify that they have received, understand and agree to adhere to the code.

The code references other key policies, including:

- Anti-corruption and economic sanctions policy
- Enterprise gifts and entertainment policy
- Insider trading and compliance policy
- Prohibition of workplace violence policy
- Discrimination and harassment policy



# 502

HOURS OF EMPLOYEE  
TRAINING ON  
COMPLIANCE  
AND ETHICS

# 100%

ELIGIBLE EMPLOYEES  
COMPLETING TRAINING  
ON ETHICS AND  
INTEGRITY

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Our anti-corruption and economic sanctions policy establishes the necessary requirements to comply with applicable laws on anti-corruption, anti-bribery and economic sanctions. It prohibits facilitation payments and establishes guidelines for ethical behavior.

We work with suppliers who meet our standards of ethical business conduct and require suppliers to comply with all applicable laws, including labor and health, safety and environmental laws. We conduct risk assessments of suppliers during the prequalification process and provide our expectations in the areas of environmental stewardship, health and safety and regulatory compliance in our supplier code of conduct. Under this code, suppliers are also required to review and acknowledge our [health and safety policy](#). We monitor our suppliers on a range of issues including regulatory compliance and financial stability. Collectively, these policies support our employees, contractors and business partners in maintaining the highest levels of conduct and ethics.

As our business evolves, we continue to evaluate and update our compliance and ethics policies to address our risks and to provide appropriate guidance for our employees and business partners.

## REPORTING CONCERNS

If an employee observes a violation of our code or policies, they have been trained to contact their supervisor or human resources representative. Employees may also report concerns confidentially with the option to remain anonymous, via email or through our hotline.<sup>32</sup> Once we receive a report, our compliance and ethics team assigns it to the appropriate person for investigation. Suppliers, customers and other third parties can also use our hotline to report concerns. As part of our annual compliance and ethics training, we inform employees on methods to report ethics concerns.

We explicitly prohibit any form of retaliation against employees who make good-faith complaints, report a violation of our code, or report other illegal activities. Any personnel involved in retaliation are subject to appropriate disciplinary action, which may include termination of employment.

## POLITICAL ENGAGEMENT

### Aligning vision, sustainability and public action

It's amazing what we can accomplish with discourse. We align all political engagement efforts with our vision statement — to provide clean, secure and affordable energy to the world — and, where appropriate, our Climate and Sustainability Principles. We lend our LNG operational and business expertise to regulators, policymakers and the global energy industry.

## OVERSIGHT

The PGPA organization manages government advocacy efforts pertinent to our business and public policy interests. Led by the SVP of PGPA, the organization develops and advocates policy positions through our participation in trade associations and partnerships. The federal government affairs and state and local government affairs teams implement our advocacy programs. The SVP of PGPA updates the board at least annually on political involvement programs and practices.

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<sup>32</sup> Employee concerns email: [complianceandethics@cheniere.com](mailto:complianceandethics@cheniere.com), or hotline: (866) 207-4751 in the U.S. or +44 (0)808 234 1127 in the U.K.

## TRADE ASSOCIATIONS AND MEMBERSHIPS

As the leading provider of LNG in the United States, we engage with industry, trade and business associations as a matter of strategic priority. While our participation and involvement in such organizations is important, at times our official position on certain issues may differ from positions or views advocated by such organizations. We provide our insight and expertise on policy issues affecting the natural gas industry and our operations. Our employees may periodically serve on federal advisory committees or NGO committees to provide expert counsel. For a list of major associations and memberships, see Cheniere Energy major memberships and industry associations.<sup>33</sup>

## POLITICAL ADVOCACY AND LOBBYING

We expect employees to uphold the highest standards of ethical behavior and conduct all political advocacy activities in compliance with applicable state and federal laws as well as company policies.

### Political Contributions

The Cheniere Energy, Inc. Political Action Committee (PAC) allows employees to

| Political contributions                  | 2016             | 2017               | 2018            | 2019             |
|--|------------------|--------------------|-----------------|------------------|
| Cheniere PAC political contributions     | \$176,400        | \$48,500           | \$82,500        | \$76,800         |
| Direct corporate political contributions | \$22,500         | \$1,314,673*       | \$6,000         | \$67,500         |
| <b>Total political contributions</b>     | <b>\$198,900</b> | <b>\$1,363,173</b> | <b>\$88,500</b> | <b>\$144,300</b> |

\* Includes direct PAC contributions of \$1,292,723 to support a state constitutional amendment. Direct political contributions are made in compliance with all state laws and regulations.

voluntarily make contributions to support candidates or political parties in state or federal elections in the United States only, primarily in states where we operate. A five-member PAC committee oversees the PAC. The committee reviews and either approves or denies each individual contribution. In the 2019 calendar year, the PAC contributed \$76,800 to U.S. political parties and candidates. The dollar value of each contribution and its recipient is publicly available at the federal contributions database.<sup>34</sup>

Cheniere makes direct corporate contributions. Company funds or assets used to make a political contribution must be permitted by law in the relevant jurisdiction. It is our policy

that company funds or assets will not be used to make a political contribution to any political party or candidate, unless approved by a compliance officer.

### Lobbying

Our corporate vision drives our strategy on engaging policymakers and the positions we advocate on proposed rules and legislation. We comply with regulatory standards associated with registration and reporting of our lobbying activities, which are limited to the United States only. We disclose lobbying expenses as required by Congress at the Federal Lobbying Database<sup>34</sup> and by state agencies at the Texas<sup>35</sup> and Louisiana state databases.<sup>36</sup>

<sup>33</sup> Cheniere Energy major memberships and industry associations: <https://cheniere.wiki/2XCWK2G>

<sup>34</sup> Federal contributions database: <https://cheniere.wiki/3794VGW>

<sup>35</sup> Texas State database: <https://cheniere.wiki/3cG9zgX>

<sup>36</sup> Louisiana State database: <https://cheniere.wiki/3eYnvUZ>



Sabine Pass LNG Terminal, Cameron Parish, LA

## ABOUT THIS REPORT

### ESTABLISHING THE FRAMEWORK, DRIVING TRANSPARENCY

Being first isn't about accomplishment. It's about setting standards and expectations for those who follow. We are mindful of that. And while we embrace our success as a company, we are also passionate about sustainability moving forward.

In 2019, we launched Cheniere's CR program and are proud to share our inaugural report, supporting our goals of enhanced transparency and disclosure.



### GOVERNANCE AND NOMINATING COMMITTEE

Review sustainability policies and strategies impacting the company

### CEO AND EXECUTIVE LEADERSHIP

Review processes developed by the CR team and coordinate approval of the CR report

### STEERING COMMITTEE

Provide feedback on strategic work plans, review CR report and support the integration of CR into Cheniere's corporate culture

### WORKING GROUP

Support report development and provide feedback on processes to implement the CR program

## CORPORATE RESPONSIBILITY PROGRAM

As an integral part in preparing this report, we established a cross-functional CR team made up of representatives from the following functions in 2019:

- Climate and sustainability
- Corporate environmental
- Gas supply and trading
- Health and safety
- Human resources services
- Internal audit
- Investor relations
- Legal compliance and ethics
- Operations site management
- Operations support
- Origination
- Supply chain management
- Treasury

The CR team includes a management-level working group and a steering committee made up of senior and executive leaders. The steering committee met regularly in 2019 to provide guidance on the development of our inaugural CR report. The SVP of PGPA coordinated the approval of this report with our executive leadership and board of directors.

As the global ESG space evolves, it is important that our CR team members and leaders remain informed and engaged on matters that influence our business. Therefore, we circulate periodic updates on emerging climate and ESG issues to the entire CR team.

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## ANALYSIS OF RELEVANT ESG ISSUES

To guide our disclosures for this report and prioritize the ESG issues most relevant to our business and of most interest to our stakeholders, we conducted an analysis of relevant ESG issues — a first for U.S. LNG.

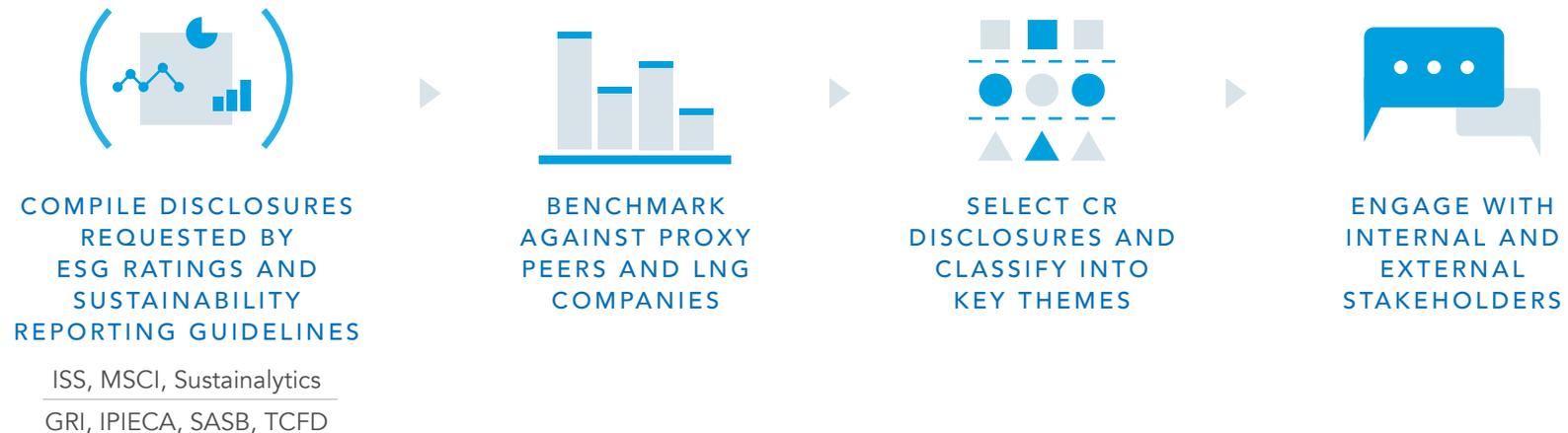
We use the term “relevant” instead of the commonly employed term “material” used by GRI and others to avoid the confusion with the term “material” as used to assess disclosures governed by U.S. securities laws more generally. GRI defines material topics as those that reflect significant economic, environmental and social impacts and/or substantively influence stakeholders’ assessments of the organization’s ESG performance in the reporting period.<sup>37</sup> The figure below outlines our process.

During our analysis, we reviewed qualitative and quantitative disclosures requested by leading ESG rating agencies, as well as major sustainability and industry-specific reporting guidelines relevant to our business model. These reporting guidelines included IPIECA, GRI, SASB and TCFD. Since SASB does not have an existing LNG industry reporting standard, we considered relevant disclosures from SASB’s Oil & Gas: Refining & Marketing, Midstream, and Exploration & Production industry standards.

This process allowed us to understand the industry-specific ESG disclosures that key reporting organizations and rating agencies deem important.

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## ANALYSIS OF RELEVANT ESG ISSUES



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<sup>37</sup> GRI (2016). GRI 101: Foundation 2016: <https://cheniere.wiki/3f0BDgE>



To further identify relevant ESG topics, we benchmarked ESG reporting practices of our proxy peers and several additional companies that operate a liquefaction business segment. We combined our benchmarking results with the disclosures recommended by reporting frameworks and rating agencies and then engaged with internal and external stakeholders for feedback. Internal subject matter experts, as well as external investors, financial institutions and non-profits provided input.

This process resulted in a decision to include approximately 75 metrics and disclosures in our inaugural CR report across six key themes — climate, environment, team, health and safety, community and governance. These themes align with our business strategy and Climate and Sustainability Principles.

## OUR STAKEHOLDERS

### Engaging with those to whom we answer

We actively and regularly connect with our stakeholders to build enduring relationships. We listen to their needs, concerns and priorities. During our ESG engagements and throughout our general business activities this year, we identified the key interests of our stakeholders.

The table, seen on the next page, describes our main stakeholder groups, their primary interests and the ways in which we typically engage with them.

| Stakeholder group                | Key CR interests  | Engagement activities  |
|----------------------------------|---|--|
| Customers                        | Reliability and security of LNG supply<br>GHG emissions<br>Air quality<br>Health and safety<br>Compliance and ethics              | In-country meetings with Cheniere<br>Site visits to Sabine Pass and Corpus Christi<br>Industry conference attendance by senior representatives<br>Long-term customer workshops |
| Employees                        | Safety culture<br>Personal safety<br>Emergency response   | Executive and employee safety committee meetings<br>Employee health and safety training<br>Employee feedback on health and safety programs                                     |
|                                  | Employee training and development<br>Talent attraction, engagement, retention<br>Diversity and inclusion<br>Compliance and ethics | Employee engagement surveys<br>Town hall meetings, Cheniere Listens, HENRY<br>Employee affinity groups<br>Ethics and compliance training<br>Ethics hotline                     |
| Banks and financiers             | Climate strategy<br>GHG emissions<br>Community engagement<br>Indigenous peoples   | Meetings and calls<br>Engagement with outside consultants when required for financing initiatives  |
| Indigenous peoples               | Cultural heritage<br>Indigenous rights and land rights  | Engagements with tribal leaders<br>Midship stakeholder feedback mechanism<br>Engagements and collaboration with tribal leaders and representatives                             |
| Local communities                | Direct impacts (noise, dust, traffic)<br>Local content<br>Community investment  | Periodic community open houses and workshops<br>Ongoing in-person meetings and briefings<br>Coastal Bend Community Advisory Panel (CAP)<br>Stakeholder feedback mechanisms     |
| Regulators and elected officials | Direct impacts (noise, dust, traffic)<br>Stakeholder engagement   | Meetings with local elected officials  |
|                                  | Air quality<br>Biodiversity<br>Effluents and waste  | Meetings with state and federal elected officials and regulatory bodies<br>Permitting process with state and federal agencies  |
|                                  | Political involvement<br>Climate strategy<br>GHG emissions<br>Compliance and ethics   | Policy discussions, letters and meetings<br>Cheniere PAC<br>Memberships in trade associations  |
| Investors                        | Corporate governance<br>Compensation<br>Climate strategy<br>Board diversity   | Proxy statement<br>Quarterly earnings calls<br>Annual general meeting  |
| Suppliers and contractors        | Personal safety<br>Emergency response<br>Local procurement<br>Compliance and ethics   | Supplier monitoring<br>Review and adherence to Cheniere's health and safety policy and supplier code of conduct<br>Contractor safety training                                  |

## SUSTAINABLE DEVELOPMENT GOALS

### Setting global initiatives in motion

In 2015, the United Nations General Assembly adopted the 17 Sustainable Development Goals (SDGs) as part of its 2030 Agenda for Sustainable Development. The SDGs serve as a call to action for governments, civil society and the private sector to address the world's most pressing challenges.

In 2019, we assessed the alignment of our core business to the SDGs. We identified five goals that best align with our sustainability priorities and to which we have the opportunity to make the greatest positive contribution through our business activities and interactions with our stakeholders:

Goal 4: Quality Education

Goal 7: Affordable and Clean Energy

Goal 9: Industry, Innovation and Infrastructure

Goal 13: Climate Action

Goal 17: Partnerships for the Goals

We are in the process of mapping Cheniere's contributions to these SDGs.





LNG vessel at berth, Corpus Christi LNG Terminal, San Patricio County, TX

## EXTERNAL ASSURANCE

Cheniere retained Deloitte & Touche LLP to conduct limited assurance of select climate and environment indicators included in this report for the year ending December 31, 2019, including:

- Total Scope 1 GHG emissions
- Scope 2 GHG emissions
- Scope 1 GHG emissions intensity
- Methane emissions intensity
- Criteria air pollutant emissions
- Criteria air pollutant emissions intensity

The full report can be found at [cheniere.com](https://www.cheniere.com).

## KEY PERFORMANCE DATA<sup>38</sup>

|                              | METRIC   | UNIT   | 2016      | 2017      | 2018      | 2019      |
|------------------------------|--|--|-----------|-----------|-----------|-----------|
|                              | Total revenues <sup>39</sup>                         | \$ Millions  | 1,283     | 5,601     | 7,987     | 9,730     |
|                              | LNG exported <sup>40</sup>                           | MMscf  | 186,364   | 706,645   | 939,066   | 1,455,161 |
|                              | LNG trains (in full operation) <sup>41</sup>         | #  | 2         | 4         | 4         | 7         |
| <b>CLIMATE</b> <sup>42</sup> | <b>Total Scope 1 GHG emissions<sup>43</sup></b>      | Metric tons CO <sub>2</sub> e                        | 1,302,962 | 3,505,689 | 4,555,261 | 6,798,317 |
|                              | Carbon dioxide                                       | Metric tons CO <sub>2</sub>                          | 1,283,269 | 3,472,978 | 4,514,944 | 6,740,560 |
|                              | Methane  | Metric tons CH <sub>4</sub>                          | 758       | 1,231     | 1,511     | 2,159     |
|                              | Nitrous oxide  | Metric tons N <sub>2</sub> O                         | 2         | 7         | 8         | 13        |
|                              | Scope 1 GHG emissions intensity <sup>44</sup>        | Metric tons CO <sub>2</sub> e/<br>MMscf LNG exported | 6.99      | 4.96      | 4.85      | 4.67      |
|                              | Methane emissions intensity <sup>45</sup>            | %  | 0.021     | 0.009     | 0.008     | 0.008     |
|                              | Scope 2 emissions <sup>46</sup>                      | Metric tons CO <sub>2</sub> e                        | -         | -         | 31,009    | 172,399   |
| <b>ENVIRONMENT</b>           | <b>Criteria Air Pollutant Emissions<sup>47</sup></b> |  |           |           |           |           |
|                              | SO <sub>x</sub>                                      | Short tons   | 7         | 20        | 21        | 33        |
|                              | NO <sub>x</sub>                                      | Short tons   | 1,017     | 2,310     | 3,195     | 4,762     |
|                              | VOC  | Short tons   | 159       | 103       | 169       | 239       |
|                              | <b>Emissions Intensity</b>                           |  |           |           |           |           |
|                              | SO <sub>x</sub>                                      | Short tons/Bcf of LNG exported                       | 0.04      | 0.03      | 0.02      | 0.02      |
|                              | NO <sub>x</sub>                                      | Short tons/Bcf of LNG exported                       | 5.45      | 3.27      | 3.40      | 3.27      |
|                              | VOC  | Short tons/Bcf of LNG exported                       | 0.87      | 0.15      | 0.18      | 0.16      |
|                              | <b>Reportable Hydrocarbon Spills<sup>48</sup></b>    |  |           |           |           |           |
|                              | Number of spills                                     | #  | 0         | 2         | 0         | 1         |
|                              | Volume of spills                                     | Gallons  | 0         | 2,640     | 0         | 1         |
|                              | Terrestrial acreage disturbed <sup>49</sup>          | Acres  | 420.7     | -         | -         | 3,340.7   |

38 Figures presented may not precisely sum due to rounding.

39 Cheniere Energy, Inc. 2020 10-K: <https://cheniere.wiki/2UgXSHi>.

40 Quantity exported in the calendar year for LNG export equipment as reported to the United States DOE.

41 In 2018, two additional LNG trains began commissioning with the production of first LNG and were placed into full operation in 2019.

42 All CO<sub>2</sub>e is reported using 100-year Global Warming Potentials (GWP). Methane GWP = 25 and N<sub>2</sub>O GWP = 298. Emissions of CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O are reported on an absolute basis without GWP weighting.

43 As reported to the EPA GHGRP. In 2018, emissions from both LNG facilities and one of our two compressor stations met the reporting threshold. In 2019, both our Sinton and Gillis compressor stations met the reporting threshold.

44 Reported as total Scope 1 GHG emissions per million standard cubic feet of LNG exported in the calendar year as reported to the EPA.

45 Reported as metric tons of methane emissions per metric tons of LNG exported (as methane) per the ONE Future Reporting Protocol.

46 Scope 2 emissions are based on electricity purchased for use at major offices and operating sites (Sinton and Gillis compressor stations, CCL and SPL LNG facilities) using the location-based method per the GHG protocol.

Scope 2 guidance: <https://cheniere.wiki/2Y9gijvG>. Scope 2 emissions are reported as of 2018 per data availability.

47 As reported annually to the to the LDEQ and TCEQ (2016 – 2018) and LDEQ, TCEQ and the Oklahoma Department of Environmental Quality (ODEQ) (2019).

48 We define reportable spills as a spill of liquid materials containing hydrocarbons to the ground or water that exceeds a regulatory-based reportable quantity and requires an immediate (< 24 hours) notification to a regulatory agency.

Our business focuses solely on natural gas. Reportable spills from our operations refer to spills from service equipment, process equipment, or similar sources.

49 The construction of the 23-mile Corpus Christi Pipeline in 2016 caused a terrestrial disturbance of 420.70 acres. In 2019, the construction of the Midship Pipeline caused a terrestrial disturbance of 3,340.7 acres.

The Creole Trail Pipeline and both LNG terminals were constructed prior to 2016. The construction of liquefaction trains occurs within our terminals and does not cause additional disturbance to surrounding terrestrial areas.

## KEY PERFORMANCE DATA

|                          | METRIC                                      | UNIT | 2016 | 2017  | 2018  | 2019  |
|--------------------------|---|------|------|-------|-------|-------|
| TEAM                     | <b>Employees</b>                            |      |      |       |       |       |
|                          | Total employees                             | #    | 912  | 1,205 | 1,345 | 1,537 |
|                          | United States – Texas                       | #    | 513  | 718   | 812   | 939   |
|                          | United States – Louisiana                   | #    | 331  | 414   | 450   | 497   |
|                          | United States – Other                       | #    | 6    | 3     | 7     | 18    |
|                          | International                               | #    | 62   | 70    | 76    | 83    |
|                          | <b>Employee gender and ethnic diversity</b> |      |      |       |       |       |
|                          | Female                                      | %    | 27.6 | 25.8  | 27.3  | 26.8  |
|                          | Male  | %    | 72.4 | 74.2  | 72.7  | 73.2  |
|                          | Ethnic minority <sup>50</sup>               | %    | 24.8 | 26.9  | 27.6  | 28.5  |
|                          | <b>Diversity in management<sup>51</sup></b> |      |      |       |       |       |
|                          | Women in management                         | %    | 22.4 | 24.7  | 25.8  | 27.0  |
|                          | Ethnic minorities in management             | %    | 20.3 | 21.5  | 23.1  | 23.1  |
|                          | <b>Employee age diversity</b>               |      |      |       |       |       |
|                          | Employees <30                               | %    | 12.8 | 13.5  | 12.5  | 12.9  |
| Employees 30-50          | %   | 60.9 | 61.8 | 63.3  | 63.8  |       |
| Employees >50            | %   | 26.3 | 24.6 | 24.2  | 23.2  |       |
| <b>Employee turnover</b> |   |      |      |       |       |       |
| Total turnover rate      | %   | 13.6 | 11.3 | 10.9  | 11.4  |       |
| Voluntary turnover       | %   | 6.0  | 5.2  | 4.1   | 5.1   |       |
| Involuntary turnover     | %   | 7.6  | 6.1  | 6.8   | 6.3   |       |

50 A percentage of staff each year has elected not to disclose ethnicity information. Ethnic minority categories include American Indian or Alaska Native, Asian, black or African American, Hispanic or Latino, Native Hawaiian or other Pacific Islander and two or more races.

51 This category includes both executive and non-executive management. A percentage of staff has elected not to disclose ethnicity information each year.

## KEY PERFORMANCE DATA

|  | METRIC   | UNIT              | 2016      | 2017      | 2018             | 2019             |
|--|--|-------------------|-----------|-----------|------------------|------------------|
| <b>HEALTH AND SAFETY</b> <sup>52</sup> | <b>TRIR</b>  |                   |           |           |                  |                  |
|  | Total Recordable Incident Rate – Employees             | Per 200,000 hours | 0.43      | 0.08      | 0.07             | 0.16             |
|  | Total Recordable Incident Rate – Contractors           | Per 200,000 hours | 0.56      | 0.42      | 0.36             | 0.33             |
|  | Total Recordable Incident Rate – Combined              | Per 200,000 hours | 0.55      | 0.39      | 0.32             | 0.30             |
|  | <b>LTIR</b>  |                   |           |           |                  |                  |
|  | Lost Time Incident Rate – Employees                    | Per 200,000 hours | 0         | 0         | 0                | 0.05             |
|  | Lost Time Incident Rate – Contractors                  | Per 200,000 hours | 0.07      | 0.03      | 0.01             | 0.04             |
|  | Lost Time Incident Rate – Combined                     | Per 200,000 hours | 0.07      | 0.02      | 0.01             | 0.04             |
|  | <b>Fatalities</b>                                      |                   |           |           |                  |                  |
|  | Employees  | #                 | 0         | 0         | 0                | 0                |
| Contractors                            | #  | 1                 | 0         | 0         | 0                |                  |
| <b>COMMUNITY</b>                       | Significant local supplier spend <sup>53</sup>         | %                 | -         | -         | -                | 55               |
|  | Community investment                                   | \$ millions       | -         | -         | >2.4             | >3.7             |
| <b>GOVERNANCE</b>                      | <b>Board age</b>                                       |                   |           |           |                  |                  |
|  | Average board member age                               | #                 | -         | -         | 59 <sup>55</sup> | 60 <sup>56</sup> |
|  | <b>Political contributions</b>                         |                   |           |           |                  |                  |
|  | Cheniere PAC political contributions                   | \$                | 176,400   | 48,500    | 82,500           | 76,800           |
|  | Direct corporate political contributions <sup>54</sup> | \$                | 22,500    | 1,314,673 | 6,000            | 67,500           |
| Total political contributions          | \$   | 198,900           | 1,363,173 | 88,500    | 144,300          |                  |

52 TRIR and LTIR are calculated according to the OSHA standard. These figures slightly differ from those in the proxy statement due to a minor change in calculation methodology to better align with industry practice.

53 Significant local suppliers represent vendors located in Louisiana, Texas and Oklahoma from which Cheniere procured a significant value of goods and services through the supply chain management unit.

Other suppliers represent the remainder of Cheniere vendor spend. Cheniere procured goods and services in Oklahoma throughout 2019 during the construction of Midship Pipeline.

54 Direct corporate political contributions are made in compliance with all state laws and regulations. 2017 contributions include direct PAC contributions of \$1,292,723 to support a state constitutional amendment.

55 As reported in Cheniere's 2019 proxy statement: <https://cheniere.wiki/3f3XqZb>

56 As reported in Cheniere's 2020 proxy statement: <https://cheniere.wiki/2XFV8W3>

Looking forward we will continue to strengthen the quality of our reporting as we progress in our sustainability journey. With each passing year we will continue to share more data and accomplishments.



## LOOKING FORWARD

I joined Cheniere as its SVP of PGPA less than two years ago. It has been one of my first and highest priorities since joining the company — as well as a priority of our board, executive leadership and employees — to collect and share with you key information that affirms our commitment to environmentally, socially and financially sustainable operations.

In some ways, we have a major advantage in doing this — our vision statement is to provide clean, secure and affordable energy to the world. In other words, we make money by making the world's overall energy mix cleaner.

We are demonstrating that our commitment to sustainability goes beyond vision statements. That's why in 2018 we adopted our first Climate and Sustainability Principles:

- Science
- Operational excellence
- Supply chain
- Transparency

On the last principle of transparency, this report is part of that effort. We believe our operations are of such caliber that it would only benefit us to provide clear, substantive disclosures.

We assembled dozens of individuals across Cheniere to develop this inaugural report, which includes a significant quantity of data on our company, our reportable emissions, our challenges and our opportunities.

As our CEO Jack Fusco said in his introductory letter, this report is just our first. We have shaped it to align with elements of leading sustainability reporting guidelines such as those of IPIECA, GRI and SASB and have included a number of disclosures that align with the recommendations of the TCFD. Moving forward, we will continue to strengthen the quality of our reporting as we progress in our sustainability journey. We hope that with each passing year we will have more data and accomplishments to share with you beyond what our young company has already achieved.

A handwritten signature in black ink, appearing to read 'Chris Smith', written in a cursive style.

**Christopher Smith**

*Senior Vice President*

*Policy, Government and Public Affairs*

## APPENDIX

### TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD) INDEX

| TCFD recommendation  | Disclosure level | Location or response  |
|--|------------------|---|
| <b>Governance</b>  |                  |   |
| a) Describe the board's oversight of climate-related risks and opportunities.  | Full             | Climate strategy; corporate governance 2020 proxy statement <sup>58</sup> |
| b) Describe management's role in assessing and managing climate-related risks and opportunities.   | Full             | Climate strategy 2020 proxy statement <sup>58</sup>                       |
| <b>Strategy</b>  |                  |   |
| a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term.                                | Full             | Climate strategy 2020 10-K <sup>59</sup>                                  |
| b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning.                         | Partial          | Climate strategy 2020 proxy statement <sup>58</sup>                       |
| c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | Partial          | Climate strategy  |
| <b>Risk management</b>   |                  |   |
| a) Describe the organization's processes for identifying and assessing climate-related risks.  | Full             | Climate strategy  |
| b) Describe the organization's processes for managing climate-related risks.   | Partial          | Climate strategy  |
| c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management.      | Full             | Climate strategy  |
| <b>Metrics and targets</b>   |                  |   |
| a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.    | Partial          | Climate strategy; GHG emissions and energy                                |
| b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.   | Partial          | Climate strategy; GHG emissions and energy                                |
| c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against those targets.                    | Not fulfilled    | Climate strategy; GHG emissions and energy                                |

<sup>58</sup> As reported in Cheniere's 2020 proxy statement: <https://cheniere.wiki/2XEV8W3>

<sup>59</sup> 2019 10-K: <https://cheniere.wiki/2UgXSHi>

## APPENDIX

### IPIECA/IOGP/API, SASB, GRI INDEX

This index references the IPIECA/IOGP/API 4th edition Sustainability Reporting Guidance for the Oil and Gas Industry. Cheniere has reported against the “core” reporting elements where applicable for the issues relevant to our business in 2019. These reporting elements are mapped against metrics from SASB’s Oil & Gas Refining & Marketing, Midstream and Exploration & Production Standards as well as the GRI standards.

| Issue   | IPIECA/IOGP/API indicator  | SASB                       | GRI  | Location or response   |
|---|----------------------------|----------------------------|--|--|
| Module: Governance and business ethics                            |                            |                            |  |  |
| GOV-1: Governance approach  | C1; C2; C3; C4; C5; A4; A5 |                            | 102-16; 102-18; 102-20; 102-22; 102-23; 102-26; 102-32; 102-35; 102-56 | Corporate governance; compliance and ethics; external assurance; health and safety   |
| GOV-2: Management systems   | C1; C2; C3; C4             |                            | 103-2  | GHG emissions; biodiversity; air quality; team; safety culture and committed leadership; community; sustainability governance; compliance and ethics; political engagement |
| GOV-3: Preventing corruption                                      | C1; C2; C3; C4             | EM-EP-510a.2               | 205-2  | Compliance and ethics  |
| GOV-5: Public advocacy and lobbying                               | C1                         |                            | 415-1; 102-13  | Political engagement   |
| Module: Climate change and energy                                 |                            |                            |  |  |
| CCE-1: Climate governance and strategy                            | C1; C2; C3; C4             |                            |  | Climate strategy; corporate governance   |
| CCE-2: Climate risk and opportunities                             | C1; C2; C3                 |                            |  | Climate strategy; GHG emissions and energy   |
| CCE-3: Lower-carbon technology                                    | C1                         |                            |  | GHG emissions and energy; climate strategy   |
| CCE-4: Greenhouse gas emissions                                   | C1; C2; C3; C4             | EM-MD-110a.1 <sup>60</sup> | 305-1; 305-2; 305-4  | GHG emissions and energy; climate strategy   |
| CCE-5: Methane emissions  | C1; C2                     |                            |  | GHG emissions and energy   |
| CCE-6: Energy use   | C2                         |                            |  | GHG emissions and energy   |
| Module: environment   |                            |                            |  |  |
| ENV-3: Biodiversity policy and strategy                           | C1; C2; C3                 | EM-MD-160a.1; EM-MD-160a.3 | 304-2  | Biodiversity   |
| ENV-4: Protected and priority areas for biodiversity conservation | C1; C2                     | EM-MD-160a.2               | OG4  | Biodiversity (Cheniere does not operate in areas of protected conservation status or critical habitat).  |

<sup>60</sup> 97% of Scope 1 GHG emissions are covered under emissions-limiting regulations. The GHG emissions (CH<sub>4</sub>, CO<sub>2</sub>, N<sub>2</sub>O) from both Cheniere LNG terminal facilities are permitted under federal air permitting programs. Both liquefaction plants have permit limits for GHG emissions under 40 CFR Part 52 and underwent Best Available Control Technology (BACT) review. Hence, we conclude 100% of our liquefaction plant GHG emissions are covered by emissions limiting regulations. Emissions from the Gillis and Sinton compressor stations are permitted under state minor source air permitting programs which do not include GHG limitations. Cheniere’s facilities are not subject to emissions trading programs or carbon tax/fee systems.

## APPENDIX

### IPIECA/IOGP/API, SASB, GRI INDEX

| Issue  | IPIECA/IOGP/API indicator | SASB         | GRI                                     | Location or response  |
|--|---------------------------|--------------|---|---|
| Module: Environment (continued)                          |                           |              |   |   |
| ENV-5: Emissions to air                                  | C1; C2; A3                | EM-MD-120a.1 | 305-7                                   | Air quality   |
| ENV-6: Spills to the environment                         | C1; C2; C3; C4            | EM-MD-540a.4 | 306-3                                   | Effluents and waste; emergency response   |
| ENV-7: Materials management                              | C1; C2                    |              |   | Effluents and waste   |
| Module: Safety, health and security                      |                           |              |   |   |
| SHS-1: Safety, health and security engagement            | C1; C2; C3; A1            | EM-MD-540a.4 | 403-1; 403-2;<br>403-3; 403-4;<br>403-5 | Safety culture and committed leadership; personal safety; OTS case study; ethics and compliance       |
| SHS-2: Workforce and community health                    | C1; C2; C3; A1            |              | 403-6                                   | Health and safety; personal safety; talent attraction, engagement and retention; community engagement |
| SHS-3: Occupational injury and illness incidents         | C1; C2; C3; C4            | EM-RM-320a.1 | 403-9                                   | Health and safety; personal safety  |
| SHS-6: Process safety                                    | C3                        |              | 403-7                                   | Emergency response  |
| Module: Social   |                           |              |   |   |
| SOC-5: Workforce diversity and inclusion                 | C1; C2; C3                |              | 405-1                                   | Diversity and inclusion   |
| SOC-6: Workforce engagement                              | C1; C2                    |              |   | Talent attraction, engagement and retention; Compliance and ethics                                    |
| SOC-7: Workforce development and training                | C1; C2                    |              | 404-2                                   | Development and training  |
| SOC-8: Workforce non-retaliation and grievance mechanism | C1                        |              |   | Compliance and ethics   |
| SOC-9: Local community impacts and engagements           | C1; C2; C3; A1            | EM-EP-210b.1 | 413-1; 413-2                            | Community engagement  |
| SOC-10: Engagement with indigenous people                | C1                        |              | OG9                                     | Community engagement  |
| SOC-12: Community grievance mechanisms                   | C1; C2; A1; A3            |              |   | Community engagement  |
| SOC-13: Social investment                                | C1; C2                    |              | 201-1                                   | Community investment  |
| SOC-14: Local procurement and supplier development       | C1                        |              | 204-1                                   | Community investment  |
| SOC-15: Local hiring practices                           | C1                        |              |   | Community investment; talent attraction; engagement and retention                                     |

## GLOSSARY

Several acronyms and terms are included in this report. While this may not be an exhaustive list, to ease the reading of this report and for reference purposes, the following terms and acronyms are defined here.

|                        |  |
|------------------------|--|
| <b>API</b>             | American Petroleum Institute   |
| <b>BCF</b>             | Billion Cubic Feet   |
| <b>CCUS</b>            | Carbon Capture, Utilization and Sequestration (CCUS) is a process that captures carbon dioxide emissions from large emitting sources and either reuses or stores it and thereby prevents or reduces the level of CO <sub>2</sub> entering the atmosphere |
| <b>CH<sub>4</sub></b>  | Methane  |
| <b>CO<sub>2</sub></b>  | Carbon Dioxide   |
| <b>CO<sub>2</sub>e</b> | Carbon Dioxide equivalent  |
| <b>EPA</b>             | Environmental Protection Agency  |
| <b>ESG</b>             | Environmental, Social and Governance   |
| <b>GRI</b>             | Global Reporting Initiative  |
| <b>GHG</b>             | Greenhouse Gas   |
| <b>GT</b>              | Gigatons   |
| <b>GWP</b>             | Global Warming Potential is the value describing the radiative forcing impact of one unit of a given GHG relative to one unit of CO <sub>2</sub> over a given period of time   |
| <b>IPCC</b>            | Intergovernmental Panel on Climate Change  |
| <b>IEA</b>             | International Energy Agency  |
| <b>IPIECA</b>          | IPIECA, formerly the International Petroleum Industry Environmental Conservation Association, is a global oil and gas industry association that encourages improvement in the environmental and social performance of the industry                       |
| <b>LDAR</b>            | Leak Detection and Repair is a set of monitoring and maintenance actions related to detection and repair of fugitive emissions from potential sources at a facility such as valves, connectors, pressure relief devices, open-ended lines and flanges    |
| <b>LEED</b>            | Leadership in Energy and Environmental Design (LEED) is a widely recognized green building rating system that provides a framework for creating healthy, efficient, cost-saving green buildings  |

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| <b>LNG</b>             | Liquefied Natural Gas  |
| <b>MMscf</b>           | Million standard cubic feet  |
| <b>MTPA</b>            | Million tonnes per annum   |
| <b>NGO</b>             | Non-Governmental Organization  |
| <b>N<sub>2</sub>O</b>  | Nitrous Oxide  |
| <b>NO<sub>x</sub></b>  | Nitrogen Oxides reported as NO and NO <sub>2</sub>   |
| <b>OGCI</b>            | Oil and Gas Climate Initiative   |
| <b>Paris Agreement</b> | An agreement made in 2015 in which all 196 parties to the United Nations Framework Convention on Climate Change agreed to work to limit global temperature rise to well below 2°C and given the grave risks, to strive for 1.5°C                       |
| <b>SASB</b>            | Sustainability Accounting Standards Board  |
| <b>SDGs</b>            | The Sustainable Development Goals are a call for action by all countries to promote economic growth, tackle climate change and environmental protection and address social needs, including education, health, social protection and job opportunities |
| <b>SDS</b>             | The International Energy Agency's Sustainable Development Scenario (SDS) presents the scenario whereby nations work together to successfully limit climate change, by transforming the energy market and addressing air pollution                      |
| <b>SO<sub>x</sub></b>  | Sulfur Oxides reported as SO <sub>2</sub> (sulfur dioxide)   |
| <b>TCFD</b>            | Task Force on Climate-related Financial Disclosures  |
| <b>UN</b>              | United Nations   |
| <b>VOCs</b>            | Volatile Organic Compounds   |

## DISCLAIMERS

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### I. POLICIES AND PROCEDURES

This report includes descriptions of various policies, values, standards, procedures, processes, systems, programs, initiatives, assessments, technologies, practices and similar measures related to our operations and compliance systems (“policies and procedures”). References to policies and procedures in this report do not represent guarantees or promises about their efficacy, or any assurance that such measures will apply in every case, as there may be exigent circumstances, factors, or considerations that may cause implementation of other measures or exceptions in specific instances.

### II. FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements within the meaning of applicable securities laws, including the United States Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities and Exchange Act of 1934. Generally the words “expects”, “believes”, “anticipates”, “plans”, “will”, “shall”, “estimates”, “intends” and similar expressions identify forward-looking statements, which are generally not historical in nature. In particular, statements, express or implied, concerning the occurrence, impact or timing of future actions, conditions or events, future operating results or our ability to generate revenues, income or cash flow or to pay dividends, are forward-looking statements.

Forward-looking statements are not guarantees or assurance of performance. They are included for the purpose of providing management’s current expectations and plans for the future, based on the beliefs and assumptions of management and the information currently available to management. Forward-looking statements are subject to risks and uncertainties. Although we believe that forward-looking statements in this report are based on reasonable assumptions, we can give no assurance that any such forward-looking statements will materialize.

Important factors that could cause actual results to differ significantly from those expressed in or implied by these forward-looking statements include our ability to estimate accurately the time and resources necessary to meet the reporting and assurance testing standards applicable to additional measures we expect to include in future reports, as well as the other risks and uncertainties described in our reports filed with the SEC, including our Annual Report on Form 10-K for the year-ended December 31, 2019 (under the headings “Risk Factors” and “Information Regarding Forward-Looking Statements” and elsewhere) and our subsequent reports, which are available through the SEC’s EDGAR system at [sec.gov](http://sec.gov) and on our website at [cheniere.com](http://cheniere.com).

Forward-looking statements speak only as of the date they were made and except to the extent required by law, we undertake no obligation to update any forward-looking statement because of new information, future events, or other factors. Because of these risks and uncertainties, readers should not place undue reliance on these forward-looking statements or use them for anything other than their intended purpose.

### III. WEBSITE REFERENCES

This Report contains references to Cheniere’s website. These references are for readers’ convenience only. We are not incorporating this report by reference into any other document posted on [cheniere.com](http://cheniere.com), or [sec.gov](http://sec.gov) and are not incorporating any other document posted on either website into this report.

### IV. THIRD-PARTY WEBSITES

This Report also includes links to websites owned and operated by third parties, which are provided for readers’ information and convenience only. We are not responsible for these websites or their content.

### V. NO EXTERNAL AUDIT

Except where and how specified in “about this report - external assurance” and where otherwise stated, this report and the data presented in it have not been externally audited, assured, attested or verified.

Cheniere retained Deloitte & Touche LLP to conduct limited assurance of select climate and environment indicators included in this report for the year ending December 31, 2019. The full report can be found at [cheniere.com](http://cheniere.com).

### VI. NO WARRANTY

We make no warranty, express or implied, regarding the accuracy, adequacy, completeness, legality, reliability or usefulness of this report.

## **CORPORATE INFORMATION**

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If you have questions about any information contained in our report or would like to provide feedback, please contact [sustainability@cheniere.com](mailto:sustainability@cheniere.com).



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