

Submitted via [Online Regulatory Consultation System](#)

February 14, 2024

**RE: Comments on Proposed Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds (Upstream Oil and Gas Sector) - Proposed Regulations**

Dear Minister Guilbeault:

EOS at Federated Hermes Limited (EOS) appreciates the opportunity to submit comments in support of Environment and Climate Change Canada's (ECCC) proposed regulations that would enhance monitoring and reduce methane emissions from flaring, venting and fugitive sources in upstream oil and gas sector operations<sup>1</sup>.

EOS is a leading stewardship service provider advising on \$1.4tn<sup>2</sup> assets on behalf of global international institutional investors. Our purpose is to support clients to be active and responsible owners, seeking alignment between their investee companies and the long-term fiduciary interests of their investors. The views expressed in this communication are those of EOS and do not necessarily represent the views of all our clients or our affiliates.

We commend your department's efforts to improve methane emissions measurement and performance levels, and to broadly align the Canadian and US approach to methane emissions monitoring and reduction. We believe that better measurements and consistent performance standards will equip investors with higher-quality data to assess company-specific performance and material financial risks, point companies to economic opportunities to reduce methane emissions, enhance the Canadian and North American oil and gas sector's global competitiveness and resultant economic and geopolitical benefits, and help mitigate health, safety and environmental concerns.

We express support for the ECCC to continue to work with the oil and gas sector, the largest industrial source of methane emissions, and to develop a final regulation that carefully considers the cost of any reporting obligations to ensure that the Canadian industry is able to meet customer demands in an economically viable fashion, particularly as customers in Europe and Asia seek alternatives to Russian supply following its invasion of Ukraine; these same customers increasingly prefer low methane emission suppliers.<sup>3</sup>

Our reasons are outlined below:

- More accurate measurement and reporting is critical to helping investors discern company-specific risks, including as related to emissions and carbon taxes, safety and reputation.
- Russia's invasion of Ukraine created a unique window of opportunity for Canadian and North American-based suppliers to meet demand of countries seeking new sources of reliable, affordable,

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<sup>1</sup> [Canada Gazette, Part 1, Volume 157, Number 50: Regulations Amending the Regulations Respecting Reduction in the Release of Methane and Certain Volatile Organic Compounds \(Upstream Oil and Gas Sector\)](#)

<sup>2</sup> As of September 30, 2023

<sup>3</sup> [In July 2023, the EU, Japan and South Korea, who are all large liquified natural gas \(LNG\) customers, along with the US and Australia, participated in a joint statement affirming the importance of transparency for methane emissions data in the fossil fuel energy sector and supporting accelerated methane reduction in the LNG value chain. Big LNG buyers and producers to tighten methane monitoring | Financial Times \(ft.com\)](#)

and environmentally conscious energy. The ECCC can play a constructive role enhancing the Canadian oil and gas sector's global competitiveness by setting measurement and operating standards that enhance data quality and transparency and elevate average Canadian methane performance.

- Some leading operators have already voluntarily taken technically-viable and cost effective actions to improve methane reporting and methane emissions performance. For example, members of the Oil and Gas Climate Partnership (OGMP) 2.0, including a range of large and small, publicly-traded and privately-owned companies have improved their methane disclosures and performance in a manner that is broadly consistent with the proposed regulations.<sup>4</sup>
- Some leading financial services providers have already started evaluating their clients' methane measurement and operating practices against actions that are broadly consistent with the proposed regulations.<sup>5</sup>

Our position on the proposed rule is that it should be principles based, including:

- Enhance reporting transparency, credibility, and comparability;
- Promote best operating practices;
- Improve public health and safety and human rights; and
- Further value chain regulatory oversight and transparency;

We believe this letter in support of strong methane emissions monitoring and performance requirements is consistent with our fiduciary responsibility to our clients and their beneficiaries. We encourage your department to move swiftly to finalize the proposed regulation and would be happy to further discuss our views in a call or meeting at your convenience. Thank you for your consideration.

Respectfully,

Dana Barnes, Associate – Engagement  
Diana Glassman, Director – Engagement

EOS at Federated Hermes Limited

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<sup>4</sup> [Our member companies – OGMP 2.0 \(ogmpartnership.com\)](https://ogmpartnership.com)

<sup>5</sup> For example, see page 15 of [The Methane Emissions Opportunity \(ijpmorgan.com\)](https://ijpmorgan.com)