RISK MANAGEMENT

Enterprise risk assessment

We incorporate climate-related risks and opportunities into our annual enterprise risk assessment (ERA) process, which is overseen by our chief risk officer and reviewed by the board of directors. 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 formal ERA process takes place on an annual basis with a mid-year check-in to determine if any significant changes identified during the annual ERA process need to be addressed. Additionally, individuals responsible for oversight of climate risk have the ability to bring any significant changes to the attention of the chief risk officer on an ad hoc basis. The SVP of corporate development and strategy and SVP of PGPA are responsible for assessing climate-related risks as part of the overall ERA process.

Identifying and managing climate-related risks and opportunities

The TCFD defines potential climate-related risks and opportunities according to two categories: transition and physical risks. Transition risks are those that stem from regulatory, economic, market, technological and other societal changes associated with the transition to a lower-carbon economy. Physical risks are those associated with physical impacts from climate change, like increases in severe weather or changes in weather patterns. We consider these risks over the short-, medium- and long-term, including their related potential financial impacts. In 2020, we also initiated a Climate Scenario Analysis to better understand these potential impacts and assess the resilience of our business model under a range of scenarios, which helps inform our strategy and business planning.

Transition risks

To identify policy-related risks and opportunities, we review international and domestic climate policies and assess how they may affect our business. We also follow potential regulatory changes that could impact our business, as well as any potential requirements to expand reporting on climate or other environmental impacts. To manage these risks, we conduct ongoing engagements with policymakers and think tanks in the United States and key international markets.

To assess market risks, we actively engage our customers to help us understand changing market sentiment. Our efforts to enhance transparency around GHG emissions across the LNG value chain can inform and support our suppliers and customers' decarbonization efforts, and thereby help to enhance the GHG footprint of our product and the broader industry.

We work to address technology risks by assessing opportunities to reduce the carbon footprint of our product and help ensure the climate benefits of U.S. LNG. For example, we prioritize efforts to monitor and mitigate emissions in our operations and implement measures to improve efficiency throughout all phases, including design, construction and into ongoing operations.

We manage climate-related reputational risks through regular stakeholder engagement. In 2020, we interviewed over 60 stakeholders as part of efforts to identify our most relevant ESG topics and to better understand potential climate-related risks and opportunities to Cheniere's business (see *page 10*).

Physical risks

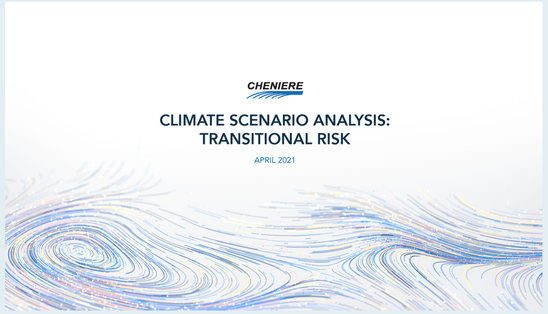
We analyze our climate-related physical risks and opportunities during the design, construction and operation of our LNG facilities, and have built these to withstand a variety of extreme weather conditions. We have a dedicated Emergency Response Program, through which we plan and prepare for potential events, including extreme weather, that could impact business continuity and our workforce or our communities (see *page 36*).

In 2020, we enhanced our enterprise crisis management framework by strengthening our coordination and response process and establishing an executive-level crisis advisory team. Our emergency response capabilities and facility design were tested during one of the most active hurricane seasons on record. At Sabine Pass, our facility performed as planned during Hurricane Laura, and we safely reinitiated LNG production after operations had been suspended for only a week. Further, we conclude that Cheniere does not operate in any *areas of high water stress*.

Potential climate-related risks and opportunities identified

As recommended by the TCFD, the following tables outline potential climate-related risks and opportunities, and mitigation opportunities that are relevant for our business. The mitigation measures identified are potential measures that may be relevant to addressing the corresponding risks. This list is not meant to be exhaustive nor commits Cheniere to incorporate these measures as part of its ERA process.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES



Climate Scenario Analysis

In April 2021, we issued the "*Climate Scenario Analysis: Transitional Risk*" report, which provides insights into climate-related risks and opportunities related to the long-term resilience of Cheniere's business under multiple scenarios, including a trajectory consistent with the goals of the Paris Agreement to limit global warming to well below 2°C compared to pre-industrial levels. The report was informed by the recommendations of the TCFD.

Under all scenarios evaluated, we find that Cheniere is positioned to help meet growing demand for LNG through 2040. The analysis validates Cheniere's belief in the long-term resiliency of its business, even under a well-below-2°C pathway and a major transformation of the global energy system.