

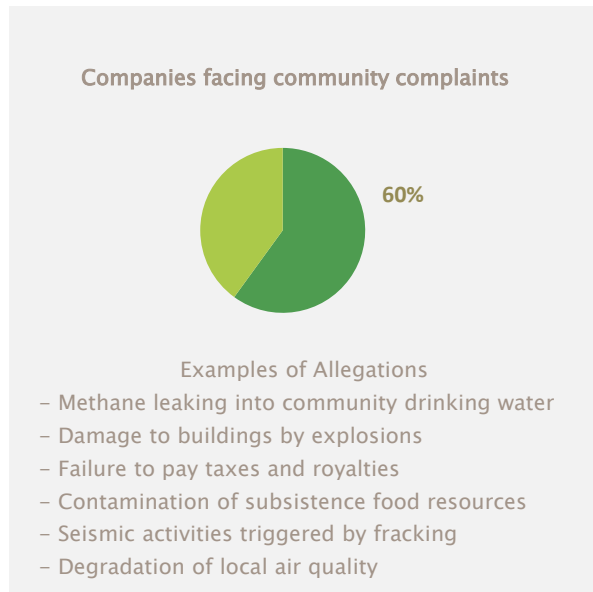


Fracking in the USA – A Regulatory and Community Relations Challenge for North American Companies – June 2014

Vigeo’s review of the North American Energy sector has been updated. Our findings reveal that companies in the sector provide uneven evidence of their ability to responsibly extract controversial resources.

In the United States, energy debates have been focused on shale gas over the last few years. Establishing the legislative framework for shale gas production has been primarily done at the state level, resulting in regulatory inconsistency across the country which has perplexed and frustrated stakeholders. Some states have responded by banning hydraulic fracturing or issuing moratoria. Others have moved to regulate it beyond the existing oil and gas regulations that preceded the shale gas boom. Each state is bringing changes to deal with the unique challenges associated with fracking and working to manage changes in the public tolerance for the supposed environmental risks.

In this constantly shifting legislative framework, at least 60% of North American companies under our review have faced discontent from host communities through campaigns, lawsuits and often convictions related to their activities. Vigeo’s analysts have identified community consultation processes in a limited but growing number of companies.



This is perhaps a signal that the sector is gradually moving towards a more collaborative approach to deeper engagement with its stakeholders. Deeper stakeholder engagement is set to become an increasingly vital component of risk management in the sector and can serve to support the integrity of Energy companies and their social license to operate.

To find out more on this recent sector update please contact rating.services@vigeo.com.



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