Lobbying Activities and Expenditures Proposal

Whereas, we believe in full disclosure of Cheniere Energy’s (“Cheniere”) direct and indirect lobbying activities and expenditures to assess whether its lobbying is consistent with its expressed goals and in shareholders’ best interests.

Resolved, the shareholders of Cheniere request the preparation of a report, updated annually, disclosing:

1. Company policy and procedures governing lobbying, both direct and indirect, and grassroots lobbying communications.

2. Payments by Cheniere used for (a) direct or indirect lobbying or (b) grassroots lobbying communications, in each case including the amount of the payment and the recipient.

3. Cheniere’s membership in and payments to any tax-exempt organization that writes and endorses model legislation.

4. Description of management’s and the Board’s decision-making process and oversight for making payments described in sections 2 and 3 above.

For purposes of this proposal, a “grassroots lobbying communication” is a communication directed to the general public that (a) refers to specific legislation or regulation, (b) reflects a view on the legislation or regulation and (c) encourages the recipient of the communication to take action with respect to the legislation or regulation. “Indirect lobbying” is lobbying engaged in by a trade association or other organization of which Cheniere is a member. Both “direct and indirect lobbying” and “grassroots lobbying communications” include efforts at the local, state and federal levels.

The report shall be presented to the Audit Committee or other relevant oversight committees and posted on Cheniere’s website.

Supporting Statement

We encourage transparency in Cheniere’s use of funds to lobby. Cheniere spent $16,130,000 from 2013 – 2018 on federal lobbying. This does not include state lobbying, where Cheniere also lobbies but disclosure is uneven or absent. For example, Cheniere had lobbying contracts worth a total of $460,000 to $1,015,000 in Texas from 2015 – 2018. Cheniere also lobbies abroad, spending between $50,000–99,000 on lobbying in Europe for 2015.

Cheniere belongs to the American Gas Association, American Petroleum Institute (API) and Interstate Natural Gas Association of America, which altogether spent $20,212,000 on lobbying for 2017 and 2018. Cheniere does not disclose its memberships in, or payments to, trade associations, or the amounts used for lobbying. And Cheniere does not disclose its membership in tax-exempt organizations that write and endorse model legislation, such as the American Legislative Exchange Council (ALEC).

We are concerned that Cheniere’s lack of disclosure presents reputational risk when its lobbying contradicts company public positions. For example, Cheniere believes the Paris Accord is a good start, yet API and ALEC were found to be two of the top ten groups “most effective in opposing climate-change policies.”1 Cheniere’s ALEC membership has attracted attention for supporting a bill dubbed the “pollution secrecy act” in Louisiana,2 and over 110 companies have left ALEC, including Ameren and ConocoPhillips.

We believe the reputational damage stemming from this misalignment between general policy positions and actual direct and indirect lobbying efforts harms long-term value creation by Cheniere. Thus, we urge Cheniere to expand its lobbying disclosure.

1 https://www.newsweek.com/climate-action-lobby-groups-greta-thunberg-1461292
2 https://www.theadvocate.com/baton_rouge/news/politics/legislature/article_7e6367de-7824-11e9-a53b-ef89fda3256f.html