

Showcasing Environmental, Social, and Governance (ESG)

An Opportunity for Oil and Gas Companies to Authentically Demonstrate Long-Term Sustainability

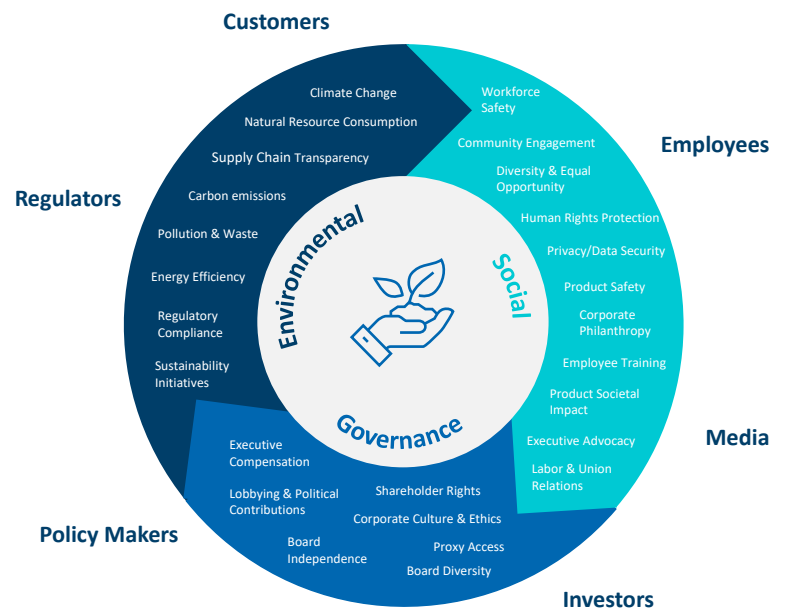
Oil and Gas Company Investments Serve as a Foundation for Comprehensive ESG Framework

The approach to environmental, social and governance (ESG) issues across the oil and natural gas industry is an evolving, critical component of a company's social license to operate. More than anything, ESG is risk management.

The oil and natural gas industry continuously invests in innovative technologies, people and stewardship best practices aimed at further enhancing environmental and operational safety.

From water recycling and the use of solar power to monitor remote operations, to partnerships with third party environmental organizations and enhanced employee and contractor training programs, the industry continues to advance strong ESG-related progress.

Building an authentic, dynamic and tailored ESG program is a critical business imperative. Sharing these risk management systems, targeted investments and measurable progress against very clear commitments with stakeholders ranging from employees to investors, independents can protect their license to operate, enhance market reputation, and position operators to access and compete for capital as well as credit.



The Growing Necessity of ESG



ESG is an entirely new—and rapidly growing asset class. According to research firm Opimas, the value of global assets applying ESG data to drive investment decisions has almost doubled over four years, and more than tripled over eight years, to \$40.5 trillion in 2020.



According to a State Street Global survey, 88% of institutional investors take ESG issues into account when making investments decisions.



The world's largest institutional investors and pension funds, as well as proxy advisors, are compelling companies to adopt strong ESG reporting metrics—including climate risk factors—to promote sustainability.



The SEC's investor advisory committee has studied and recommended the adoption of new rules to require all companies to disclose information related to ESG concerns, and legislation to mandate the SEC to adopt such regulations have passed the U.S. House of Representatives.

BUILDING AN AUTHENTIC & HIGHLY EFFECTIVE ESG PROGRAM

Developing and maintaining a successful ESG program is a journey. There is no one-size-fits-all approach and every company faces unique issues that demand tailored solutions. Whether a company is just starting out, facing roadblocks or trying to seize opportunity, key milestones can be adapted to meet a company's business objectives.

No matter where you are in your ESG journey, several essential elements can build and drive success your strategy.



ESG Strategy & Positioning Leadership Training

A tailored board or executive-level strategy session can help breakdown, distill and prioritize ESG-related risks and opportunities. The session(s) focuses on the current operating environment and trends toward more robust ESG strategies and tactics; the journey forward, including an overview of key reporting frameworks, the process for index inclusion and ESG rating providers; and opportunities for ESG leadership.



ESG Assessment

A thorough ESG assessment can evaluate strengths and weaknesses in a current ESG program compared to best practices, proxy peers, and shareholder expectations. This may include:

- Identifying key ESG factors that are most material to the oil and gas industry, geography and specific operations to ensure ESG strategy is tied to long-term business strategy.
- Examining industry trends and whitespace opportunities to identify positioning opportunities to take credit for and elevate a company's ESG profile.
- Evaluating best practices for ESG reporting frameworks, developing disclosures, establishing goals/KPIs and reputational drivers.



Sustainability Reporting

A comprehensive annual sustainability report can succinctly tie ESG priorities to a broader business strategy in a way that also meets best practice reporting standards.

- Position as central hub for all key ESG disclosures.
- Define approach to ESG including objectives, strategy, governance and policies supporting the program.
- Provide progress updates against stated goals, KPIs and initiatives.



Stakeholder Engagement

Enhance, strengthen, and (re)position ESG messaging to improve stakeholder understanding and receptivity through engagement with:

- The investment community to ensure key influencers fully understand how ESG aligns with and underpins the larger equity story.
- ESG rating agencies and proxy advisors to optimize offering and receive credit.
- Employees, partners and customers to highlight the important stewardship work you are doing to protect and defend your license to operate.

PARTNERING FOR SUCCESS

FTI Consulting has long partnered with IPAA and our members to effectively advocate for the industry. We are excited to partner with FTI to provide support for members as they look to understand this growing trend and develop ESG programs that align with their unique business strategies and stakeholder needs. Oil and gas producers who implement strong ESG programs will continue to realize competitive market advantages and value creation opportunities while also managing associated risks.

- ✓ **Deep understanding of the energy industry and key reporting frameworks**, the process for index inclusion and ESG rating providers.
- ✓ **Ability to streamline all aspects of the key reporting frameworks** and rating criteria into impactful company-specific disclosures.
- ✓ **In-depth knowledge of effective governance frameworks** in all industries and markets, fostering the greatest level of shareholder support.
- ✓ **Experience framing and amplifying companies' narrative** on a range of ESG-related topics.
- ✓ **Global reach**, which ensures we have the most current knowledge to develop a best-in-class ESG program.

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