

# HOW TO CREATE AN EFFECTIVE ESG REPORTING PROGRAM



ENVIRONMENTAL



SOCIAL



GOVERNANCE

## 1) DEVELOP YOUR COMPANY'S ESG PHILOSOPHY AND PRIORITIES.

Identify who in your Company is responsible for implementation and oversight of your ESG program.

Clearly identify why ESG is important to your Company, what are your program objectives, and who is your intended audience.

Leverage ESG reporting as an opportunity to fully explain your Company's actual long-term value creation strategy and future prospects.

Prioritize the positive social, economic and environmental impacts of your Company, rather than focusing only negative aspects or conceding to the "extinction narrative" for oil and gas companies.

## 2) DETERMINE WHICH ESG ISSUES AND DATA ARE MATERIAL TO YOUR COMPANY AND TO KEY STAKEHOLDERS.

Read your investors' position statements, voting guidelines and open letters posted on their websites.

Look at the proxies, websites and ESG reports of other independent U.S. E&P companies addressing ESG.

Consider existing ESG frameworks such as API-IPIECA industry guidelines, SASB standards for oil and gas, etc.

Review the information on your Company provided by rating agencies (e.g., Sustainalytics, MSCI, etc.) used most often by your key shareholders to understand what ESG data and metrics they expect to be disclosed.

## 3) SET A GOAL TO PUBLISH AN ESG OR SUSTAINABILITY REPORT OR ESG WEBSITE ONCE YOU HAVE SUFFICIENT ESG INFORMATION TO REPORT.

Complying with the legitimate aspects of ESG can improve your company's perception and rating.

Full context reporting on the positive impacts of your company's operations, while also addressing potential ESG concerns, creates stronger investor messaging on the actual long-term value of your company.

## 4) CONFIRM YOUR PROXY, INVESTOR DECKS, SHAREHOLDER ENGAGEMENT DECKS AND WEBSITE ARE CONSISTENT REGARDING ESG DISCLOSURES.

Keep most disclosures aspirational and general, unless you can confirm (and ideally audit) specific data.

Make sure your company's IR deck includes a page or two on ESG-related topics.

## 5) INCORPORATE ESG PRACTICES INTO YOUR OPERATIONS, WHERE APPROPRIATE, AS WELL AS MANAGEMENT AND BOARD OVERSIGHT.

Report and review ESG regularly (and metrics if available) with senior management and your board.

## 6) REVIEW AND UPDATE THE ESG PORTION OF YOUR WEBSITE AND YOUR ESG/ SUSTAINABILITY REPORT AT LEAST ANNUALLY.

Determine who are your key shareholders and other stakeholders and consider reaching out to them during the off season for engagement.

Visit the DEPA website for more information about how to get started creating an ESG, and to find links to sample ESGs and Tudor, Pickering, Holt & Co "Data Disclosure Wish List" for Domestic US E&P.