

Haynes and Boone, EnerCom Release Inaugural Report on ESG Movement's Impact on Oil and Gas Sector

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Haynes Boone and EnerCom, Inc. have launched a new research report that tracks how oil and gas companies are responding to growing pressure to support and communicate environmental, social and governance (ESG) policies and report their progress implementing those policies.

The inaugural Oil and Gas ESG Tracker analyzes ESG programs, if any, of 30 U.S.-listed middle market onshore oil and gas producers and the extent of publicly disclosed ESG policies in proxy statements filed in 2020. The report focuses on U.S. onshore producers that have a market cap of greater than \$100 million and are not at risk for insolvency.

The ESG Tracker will be updated periodically as Haynes Boone and EnerCom continue to monitor mid-sized onshore oil and gas operators' SEC filings and other disclosures to help the market better understand the companies' evolving ESG policies and spot industry trends.

Among the general trends identified in the first ESG Tracker:

- Significant capital is being invested in funds with an ESG focus.
- Institutional holders own a greater percentage of producers tracked with comprehensive ESG disclosures than those producers with limited or lacking ESG policies.
- More than two-thirds of the companies tracked have disclosed ESG programs in SEC filings, company websites, and investor presentations, but the scope and content of each disclosure varies significantly from company to company.
- ESG-focused activism continues to gain momentum in the oil and gas industry.

The report also tracked trends with companies' proxy statements, including:

- Companies are disclosing ESG highlights in the CEO's letter and/or the proxy statement summary.
- Companies are including qualitative, and to a lesser extent quantitative, disclosures on ESG in the proxy statement although there is a lack of consistency among quantitative environmental disclosures.
- Companies are disclosing that executive performance bonuses are tied to ESG metrics.
- Companies are disclosing details of stockholder engagement efforts relating to ESG.
- Boards of Directors are forming a committee dedicated to ESG oversight.

"Our first-ever tracker reveals that while many producers have created ESG policies, there is still considerable variance in the extent to which companies disclose these policies," said Haynes Boone Partner [Jennifer Wisinski](#), chair of the firm's Business Transactions Department. "We expect that ESG disclosures will grow more robust due to growing pressure from stakeholders, investors and regulators. We also expect that ESG disclosures will become more consistent as disclosures become standardized and new disclosure regulations are adopted."

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Haynes Boone is an international corporate law firm. The firm's ESG Practice Group helps clients develop and implement a comprehensive approach to managing legal and business risks and addressing ESG-related issues. The firm's Energy and Restructuring Practice Group lawyers also closely follow industry developments and prepare closely-followed reports that track trends for borrowers, lenders, private equity firms, investment funds and other industry participants.

EnerCom, Inc. is an internationally recognized management consulting firm advising companies on ESG, investor relations, corporate strategy/board advisory, marketing, analysis and valuation, media, branding, and visual communications design. Learn more at www.enercom.com.