



**metavû**  
Creating a Return on Environment™



## Oil and Gas Industry

Extractive industry and sustainability – an oxymoron, right? While no extractive industry can be ultimately sustainable in itself, the products, technologies and intellectual expertise sourced from within the oil and gas sector help support today’s lifestyles and, ultimately, will allow a move to the alternative forms of energy that future generations will need.

As industry consolidation and climate change policy drive innovation and new technology, oil and gas companies are being pressured to reduce the environmental footprint of their operations, improve social impact and reputation, and use energy and resources more efficiently. **How can social and environmental performance improve shareholder value for an oil and gas company?**

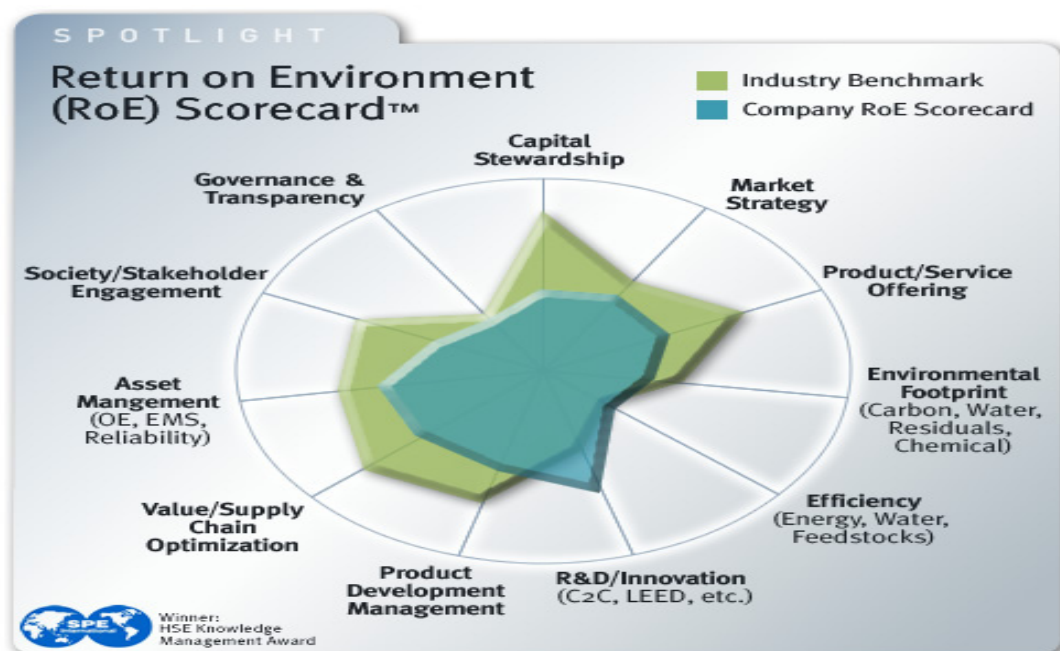
Benchmarks prove that top quartile Health, Safety and Environmental (HSE) performance contributes to “top line” value creation. This has to do not only with brand premiums and new products, but time to market and even access to markets. Through a company’s social license to operate. Meeting customer environmental and sustainability needs creates value for shareholders through the development and implementation of new business models.

Furthermore, there is a “bottom-line” capital efficiency component to HSE – Consider compliance upgrades in the context of asset lives; appropriate valuation of carbon and legacy

liabilities; and acquisition due diligence, to name but a few. Benefits of sustainable operations in oil and gas include:

- ❖ Accelerating through the O&G Value Chain
- ❖ Reducing Lease Operating Expense (LOE)
- ❖ Driving early production via faster permitting cycles
- ❖ Increasing brand / reputational capital
- ❖ Reducing energy and resource consumption
- ❖ Improving Total Shareholder Returns (TSR)
- ❖ Monetizing Carbon liabilities / opportunities

More and more, HSE aspects are being considered in project financing in the capital markets. The Equator Principles – a set of benchmarks for the financial industry uses to manage social and environmental issues in project financing – are just one example. HSE performance is highly regarded by analysts as an indicator of the overall Quality of Management in assessing the risk of investing in a company.



### Creating Sustainable Excellence for Oil and Gas Companies

An Oil and Gas company’s future competitive advantage will be determined in part by its ability to seize opportunities and manage risks associated with growing environmental awareness and economics. Your organization’s success in the mid- to long-term will be based on how well you anticipate the future, how well your strategy suits that future, and how well your organization executes the strategy.

### Could My Organization Benefit from External Sustainability Perspective?

Consider the following and ask yourself if your current plans to respond to social and environmental performance will adequately manage risks or seize opportunities.

**Capital and Asset Allocation:** GHG emissions’ regulations, offset costs, and overall environmental market preferences will favor some assets and business models over others, and affect asset risk-to-hold values. How will your organization integrate these concerns into strategic decision-making processes?

**Operations Process and Supply Chain Innovation:** Understanding the social and environmental performance expectations of each host-country regulatory environment is paramount to maintaining the company’s social license to operate. This provides potential sources of competitive advantage for your business as well as for your competitors. Will your organization systematically address these opportunities and risks?

**Environmental Footprint Measurement:** Do you understand your environmental footprint? Do you know the sizes and sources of your GHG emissions – both intensity and total? Have you properly reported current and future environmental liabilities in your financial statements? Are your environmental management workflows and processes optimized?



### How Could MetaVu Help?

MetaVu’s product and service mix includes the **Return on Environment<sup>SM</sup> (RoE) Suite of Process Tools**. The award-winning **RoE Index Scorecard** helps oil and gas companies establish a performance baseline to drive social and environmental performance throughout the O&G Value Chain, from entry strategy, through exploration, production, refining, marketing exit.

In addition, MetaVu has published several benchmarking reports and industry white papers on performance metrics, sustainability and reporting for operators in the upstream, midstream and downstream sectors. For a copy of the available documents, or for discussion on how metavû can help your company Create a Return on Environment<sup>SM</sup>, **please contact Mark A. Serwinowski at 303.679.8340 or mas@metavu.com.**