The Current State of ESG in Energy
SPEE Annual Conference
13 June 2022 | David Ferris

Forward-Looking / Cautionary Statements

This presentation, including any oral statements made regarding the contents of this presentation, contains forward-looking statements as defined under Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, that address activities that Laredo Petroleum, Inc. (together with its subsidiaries, the "Company", "Laredo" or "LPI") assumes, plans, expects, believes, intends, projects, indicates, enables, transforms, estimates or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. The forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. Such statements are not guarantees of future performance and involve risks, assumptions and uncertainties.

General risks relating to Laredo include, but are not limited to, the decline in prices of oil, natural gas liquids and natural gas and the related impact to financial statements as a result of asset impairments and revisions to reserve estimates, the ability of the Company to execute its strategies, including its ability to successfully identify and consummate strategic acquisitions at purchase prices that are accretive to its financial results and to successfully integrate acquired businesses, assets and properties, oil production quotas or other actions that might be imposed by the Organization of Petroleum Exporting Countries and other producing countries ("OPEC+"), the outbreak of disease, such as the coronavirus ("COVID-19") pandemic, and any related government policies and actions, changes in domestic and global production, supply and demand for commodities, including as a result of the COVID-19 pandemic, actions by OPEC+ and the Russian-Ukrainian military conflict, long-term performance of wells, drilling and operating risks, the increase in service and supply costs, including as a result of inflationary pressures, tariffs on steel, pipeline transportation and storage constraints in the Permian Basin, the possibility of production curtailment, hedging activities, the impacts of severe weather, including the freezing of wells and pipelines in the Permian Basin due to cold weather, possible impacts of litigation and regulations, the impact of the Company's transactions, if any, with its securities from time to time, the impact of new laws and regulations, including those regarding the use of hydraulic fracturing, the impact of new environmental, health and safety requirements applicable to the Company's business activities, the possibility of the elimination of federal income tax deductions for oil and gas exploration and development and other factors, including those and other risks described in its Annual Report on Form 10-K for the year ended December 31, 2021, and those set forth from time to time in other filings with the Securities and Exchange Commission ("SEC"). These documents are available through Laredo's website at www.laredopetro.com under the tab "Investor Relations" or through the SEC's Electronic Data Gathering and Analysis Retrieval System at www.sec.gov. Any of these factors could cause Laredo's actual results and plans to differ materially from those in the forward-looking statements. Therefore, Laredo can give no assurance that its future results will be as estimated.

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The SEC generally permits oil and natural gas companies, in filings made with the SEC, to disclose proved reserves, which are reserve estimates that geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions, and certain probable and possible reserves that meet the SEC's definitions for such terms. In this presentation, the Company may use the terms "resource potential," "resource play," "estimated ultimate recovery," or "EURs," "type curve" and "standardized measure," each of which the SEC guidelines restrict from being included in filings with the SEC without strict compliance with SEC definitions. These terms refer to the Company's internal estimates of unbooked hydrocarbon quantities that may be potentially discovered through exploratory drilling or recovered with additional drilling or recovery techniques. "Resource potential" is used by the Company to refer to the estimated quantities of hydrocarbons that may be added to proved reserves, largely from a specified resource play potentially supporting numerous drilling locations. A "resource play" is a term used by the Company to describe an accumulation of hydrocarbons known to exist over a large areal expanse and/or thick vertical section potentially supporting numerous drilling locations, which, when compared to a conventional play, typically has a lower geological and/or commercial development risk. "EURs" are based on the Company's previous operating experience in a given area and publicly available information relating to the operations of producers who are conducting operations in these areas. Unbooked resource potential and "EURs" do not constitute reserves within the meaning of the Society of Petroleum Engineer's Petroleum Resource Management System or SEC rules and do not include any proved reserves. Actual quantities of reserves that may be ultimately recovered from the Company's interests may differ substantially from those presented herein. Factors affecting ultimate recovery include the scope of the Company's ongoing drilling program, which will be directly affected by the availability of capital, decreases in oil, natural gas liquids and natural gas prices, well spacing, drilling and production costs, availability and cost of drilling services and equipment, lease expirations, transportation constraints, regulatory approvals, negative revisions to reserve estimates and other factors, as well as actual drilling results, including geological and mechanical factors affecting recovery rates. "EURs" from reserves may change significantly as development of the Company's core assets provides additional data. In addition, the Company's production forecasts and expectations for future periods are dependent upon many assumptions, including estimates of production decline rates from existing wells and the undertaking and outcome of future drilling activity, which may be affected by significant commodity price declines or drilling cost increases. "Type curve" refers to a production profile of a well, or a particular category of wells, for a specific play and/or area. The "standardized measure" of discounted future new cash flows is calculated in accordance with SEC regulations and a discount rate of 10%. Actual results may vary considerably and should not be considered to represent the fair market value of the Company's proved reserves.

This presentation includes financial measures that are not in accordance with generally accepted accounting principles ("GAAP"), such as Consolidated EBITDAX and Free Cash Flow. While management believes that such measures are useful for investors, they should not be used as a replacement for financial measures that are in accordance with GAAP. For definitions of such non-GAAP financial measures, please see the Appendix.

Unless otherwise specified, references to "average sales price" refer to average sales price excluding the effects of the Company's derivative transactions. All amounts, dollars and percentages presented in this presentation are rounded and therefore approximate.

The Current State of ESG in Energy – Overview of Topics

ESG Overview	Communicating risk mitigation through reporting and frameworks
Cost of Carbon	The range of outcomes and their impact
Attestation	Technical assurance for ESG climate disclosures

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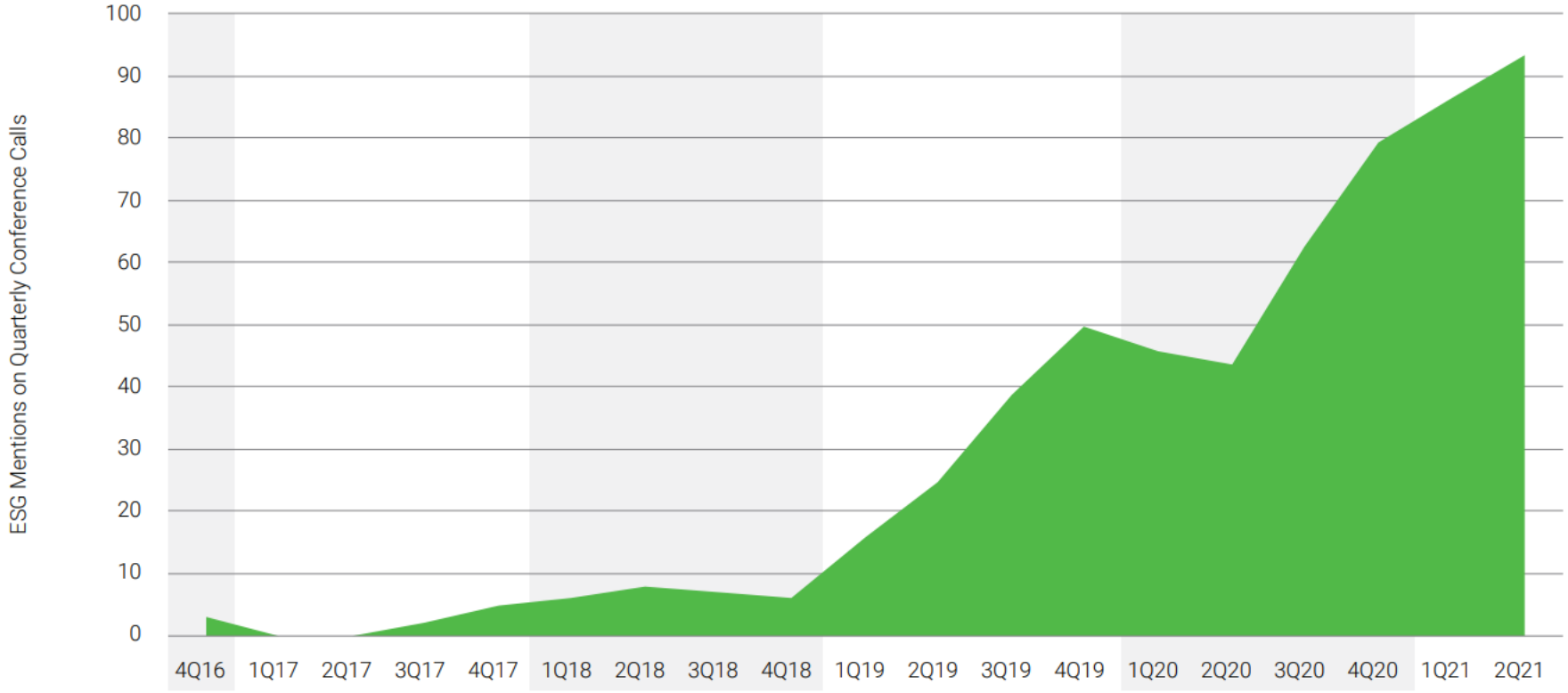
ESG Reporting and Frameworks

ESG is Important to Stakeholders

Blackrock (February 2020):

"vote against management… not making sufficient progress on sustainability"

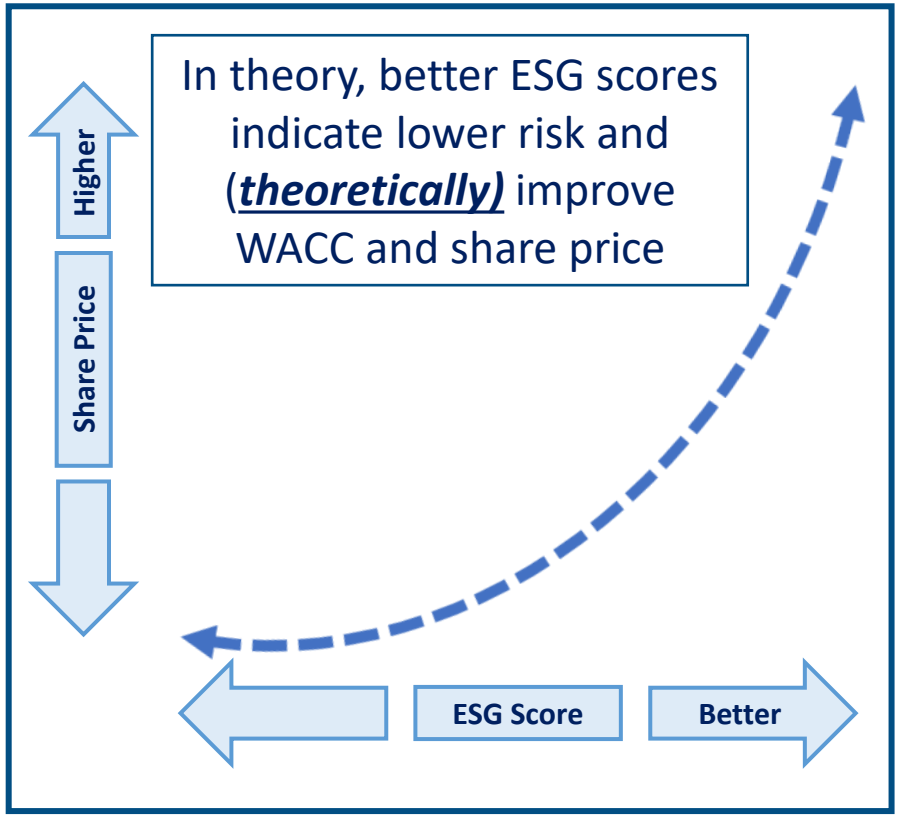
FIGURE 1 | ESG Mentions on Quarterly Conference Calls for the 51 Companies in Our ESG Ranking



Source | Enverus, FactSet

Source: Enverus – ESG Performance vs. the Market – Do Valuations Fit the Narrative, October 5th, 2021

ESG is Communicating our Risk Mitigation Strategies



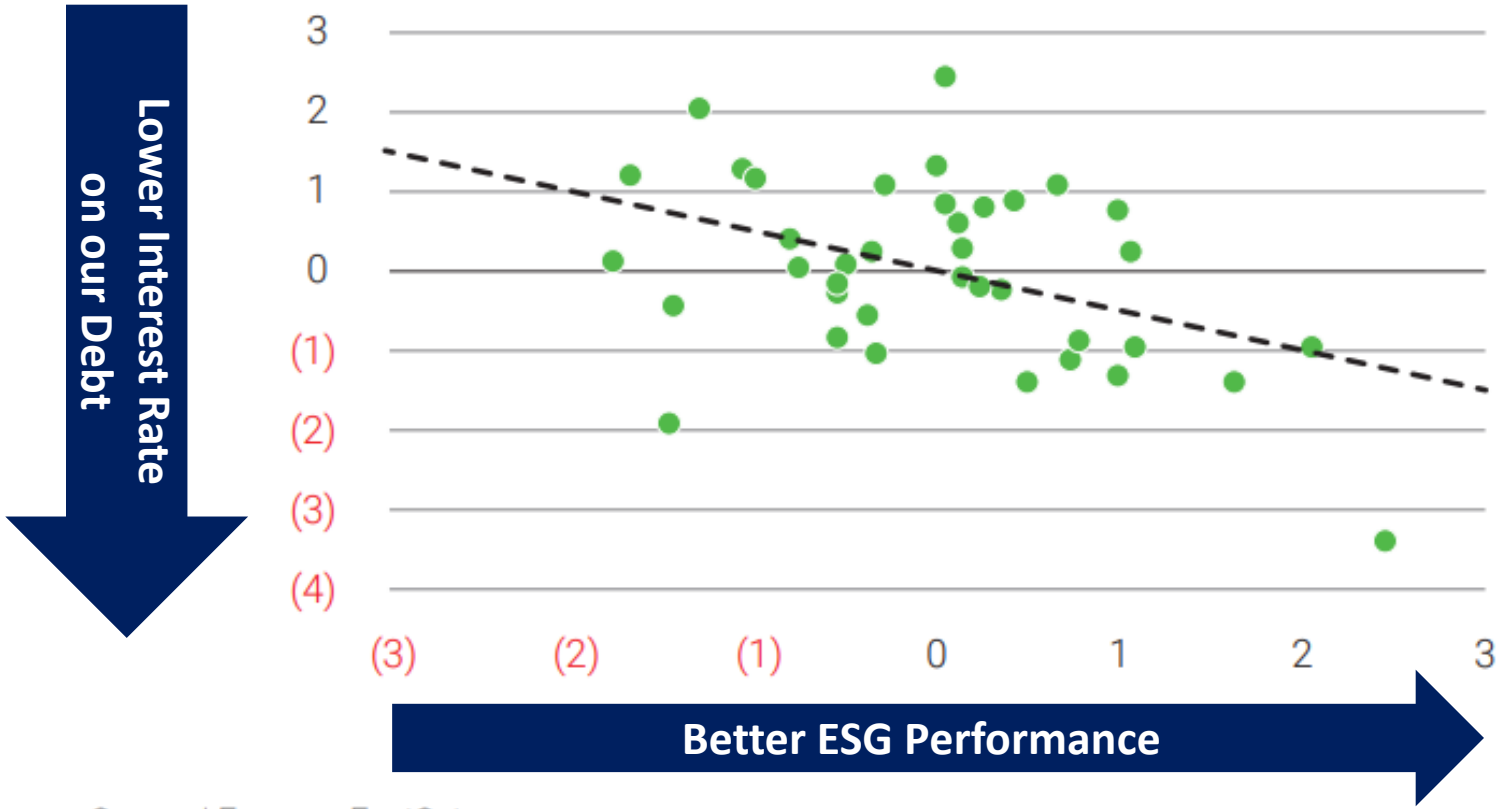
Environment
- Emissions and Air Quality
- Fluid Management
- Natural Capital

Social
- Safety
- Communities
- Diversity & Inclusion

Governance
- Board
- Risk Management
- Statements & Policies

Predict future financial performance based on risk and reward

ESG Performance Indicates Lower Risk in Debt Markets



Source | Enverus, FactSet

Cost of Capital Drivers

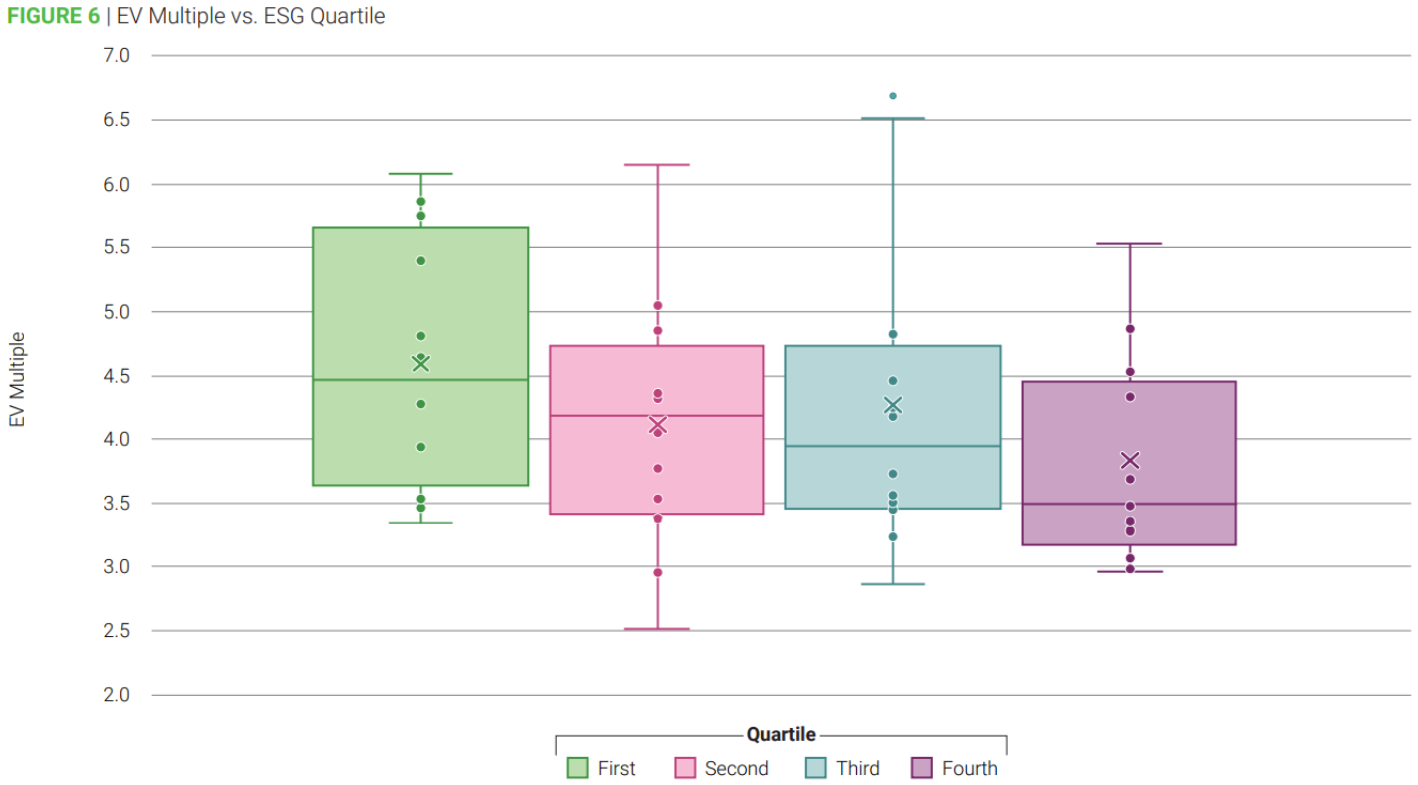
Leverage ▼

Company Size ▲

ESG Performance ▲

Source: Enverus – ESG Performance vs. the Market – Do Valuations Fit the Narrative, October 5th, 2021

Enterprise Value Multiple Correlated to Assets and Economics



Stock Price Correlation

Assets & Operations

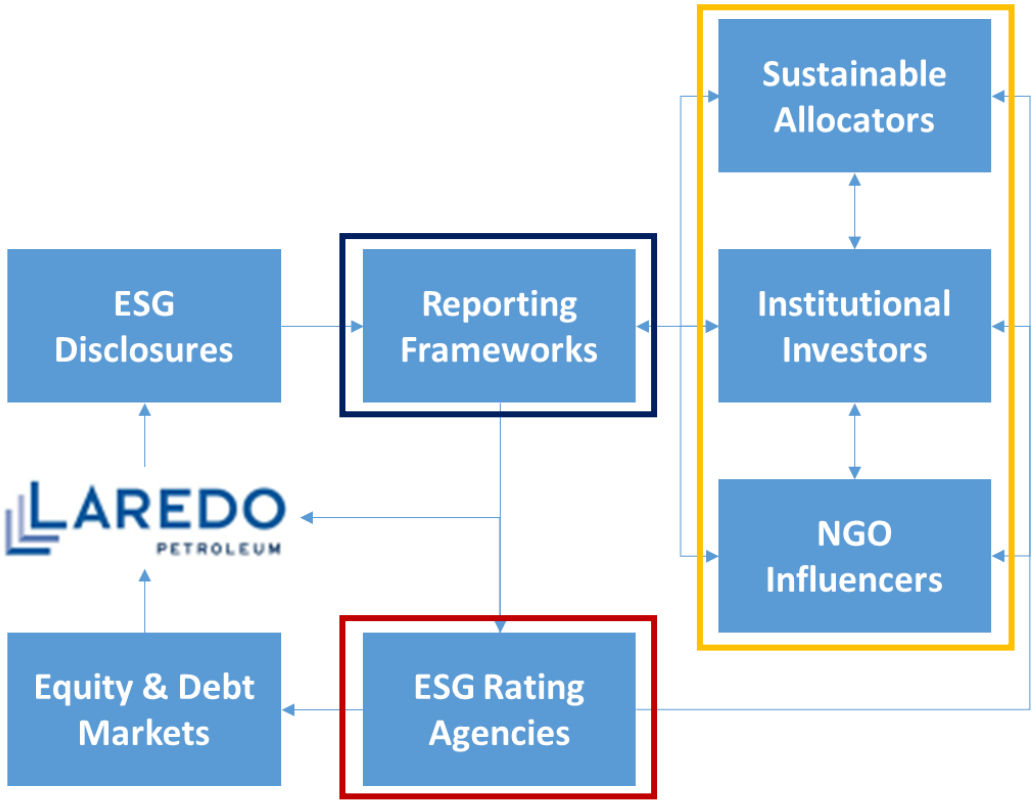
Economics & Finance

ESG Performance

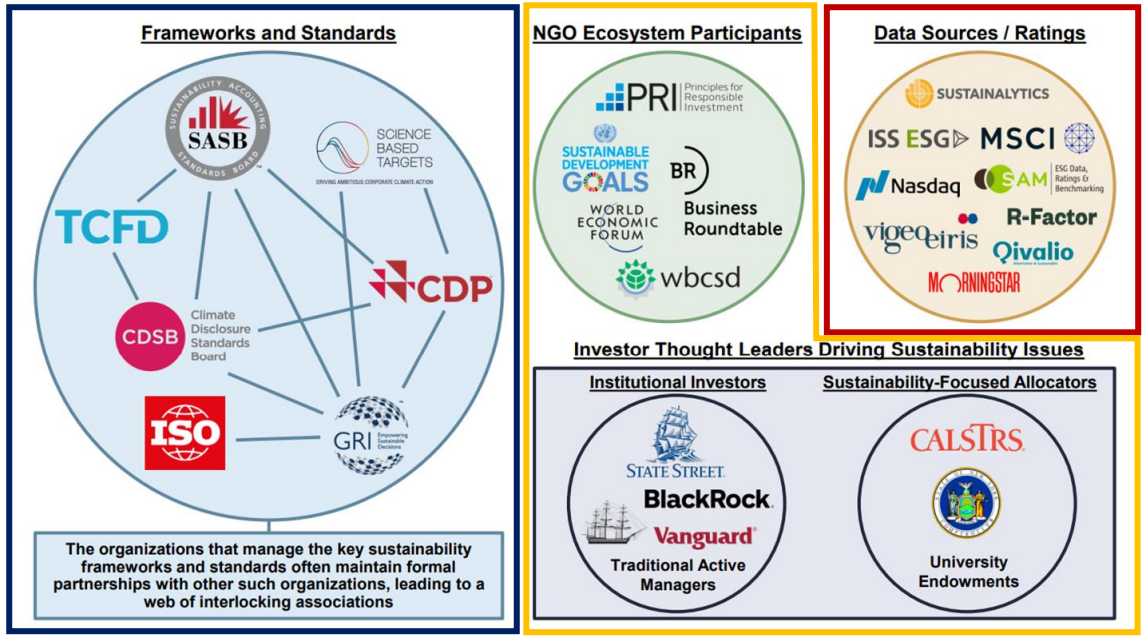
Source: Enverus – ESG Performance vs. the Market – Do Valuations Fit the Narrative, October 5th, 2021

ESG Ecosystem

Flow of Information

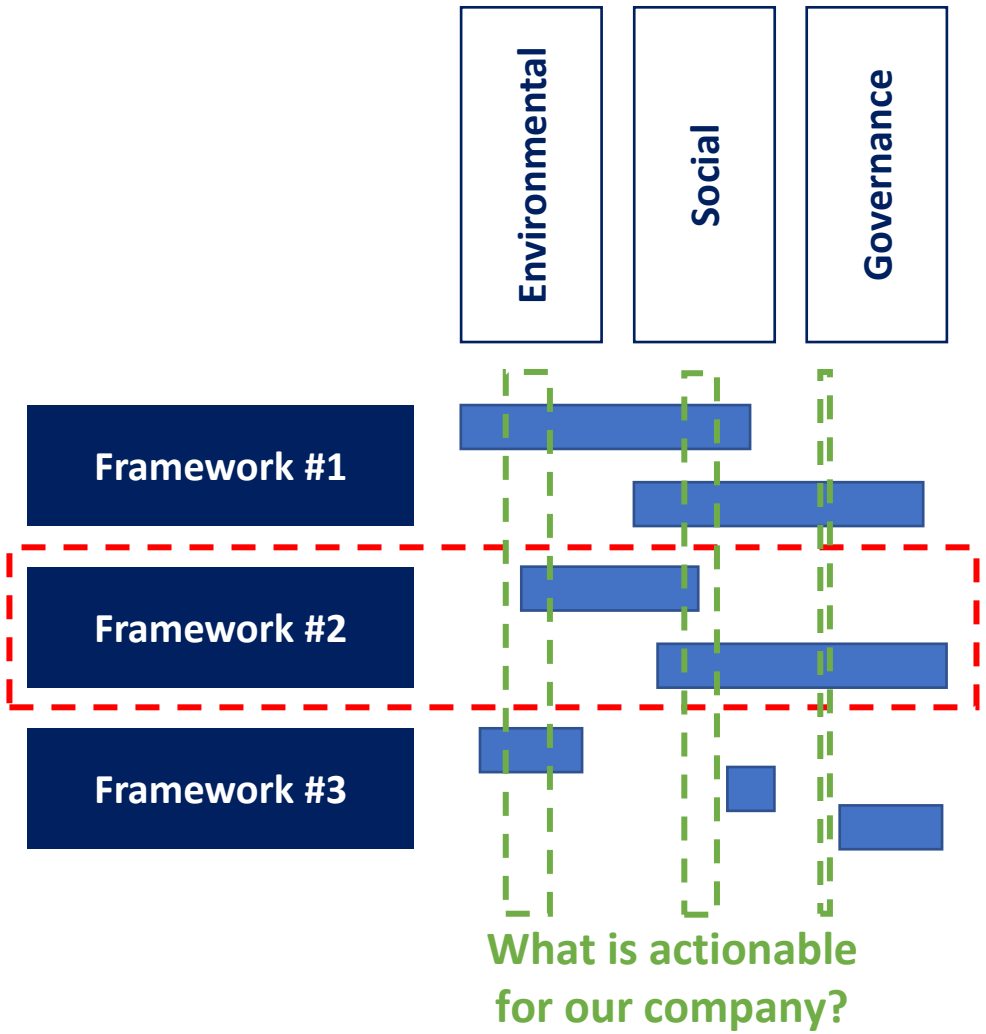


Primary Players



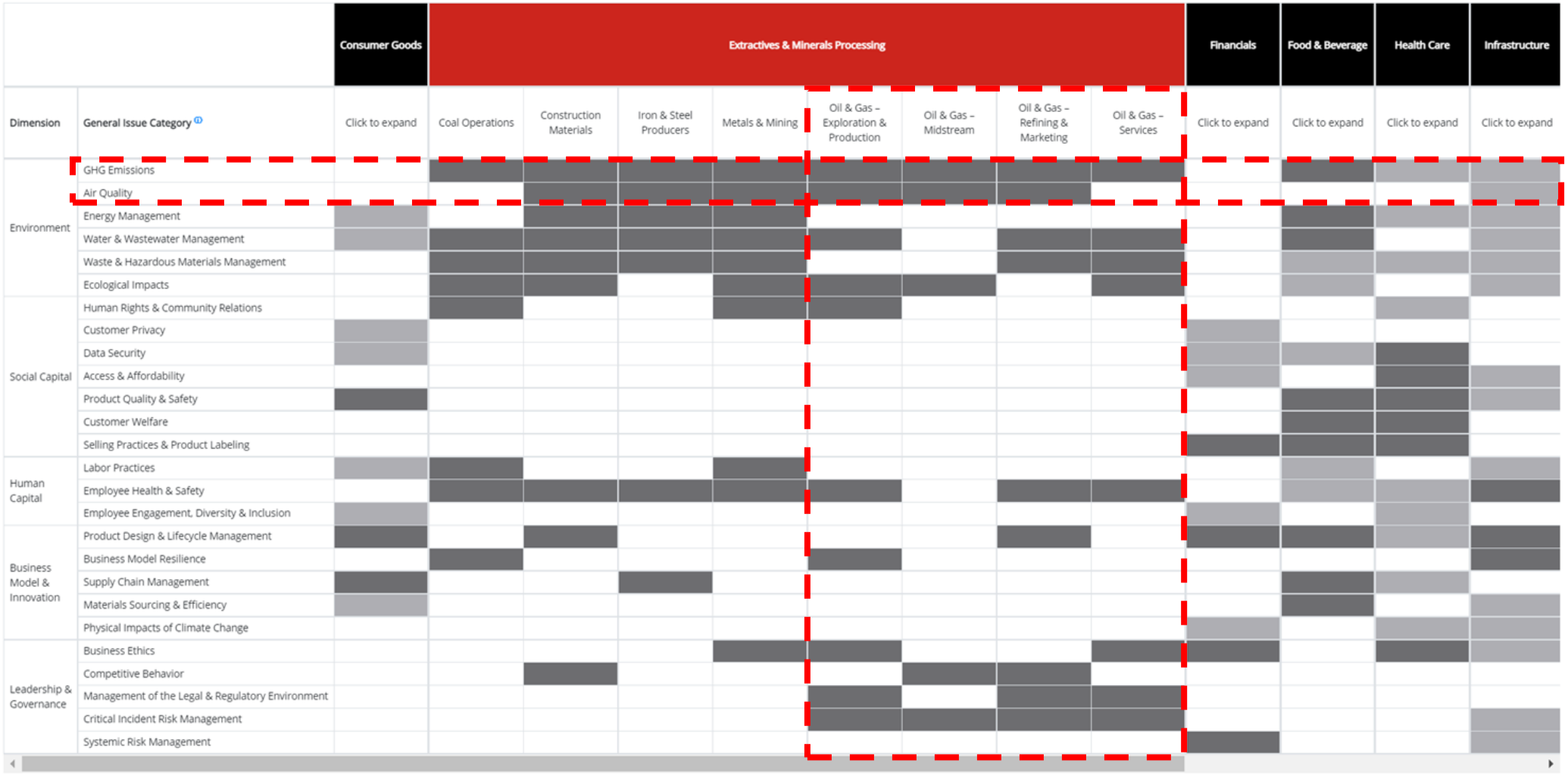
Source: Source: Lazard, January 2021

Where to Focus



What frameworks are most important to our stakeholders?

SASB Materiality Map



		Consumer Goods	Extractives & Minerals Processing								Financials	Food & Beverage	Health Care	Infrastructure
Dimension	General Issue Category	Click to expand	Coal Operations	Construction Materials	Iron & Steel Producers	Metals & Mining	Oil & Gas – Exploration & Production	Oil & Gas – Midstream	Oil & Gas – Refining & Marketing	Oil & Gas – Services	Click to expand	Click to expand	Click to expand	Click to expand
Environment	GHG Emissions		■	■	■	■	■	■	■	■		■	■	■
	Air Quality			■	■	■	■	■	■					■
	Energy Management	■		■	■	■						■	■	■
	Water & Wastewater Management	■	■	■	■	■	■		■	■		■		■
	Waste & Hazardous Materials Management		■	■	■	■			■	■		■	■	■
	Ecological Impacts		■	■		■	■	■		■		■		■
Social Capital	Human Rights & Community Relations		■			■	■						■	
	Customer Privacy	■									■			
	Data Security	■									■	■	■	
	Access & Affordability										■		■	■
	Product Quality & Safety	■										■	■	■
	Customer Welfare											■	■	
	Selling Practices & Product Labeling										■	■	■	
Human Capital	Labor Practices	■	■			■						■		■
	Employee Health & Safety		■	■	■	■	■		■	■		■	■	■
	Employee Engagement, Diversity & Inclusion	■									■		■	
Business Model & Innovation	Product Design & Lifecycle Management	■		■					■		■	■	■	■
	Business Model Resilience		■				■							■
	Supply Chain Management	■			■							■	■	
	Materials Sourcing & Efficiency	■										■		■
	Physical Impacts of Climate Change										■		■	■
Leadership & Governance	Business Ethics					■	■			■	■		■	■
	Competitive Behavior			■				■	■					
	Management of the Legal & Regulatory Environment						■		■	■				
	Critical Incident Risk Management						■	■	■	■				■
	Systemic Risk Management										■			■

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GHG Emissions Classification and Quantification

Scope 1 Emissions — **Operations** under organizational control

Scope 2 Emissions — **Electricity** purchased from others

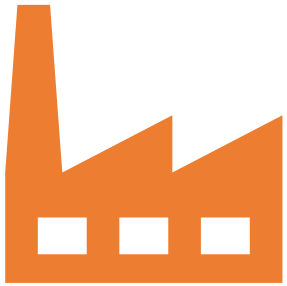
Scope 3 Emissions — **Consumption** of produced product by others

GHG Emissions

Reported to EPA under 40 CFR 98 Subpart W
- Production related sources
- Boosting and Gathering related sources

GHG Emissions Reporting

1 mt CO2	= 1 mt CO2e
1 mt CH4	= 25 mt CO2e
1 mt NOx	= 298 mt CO2e



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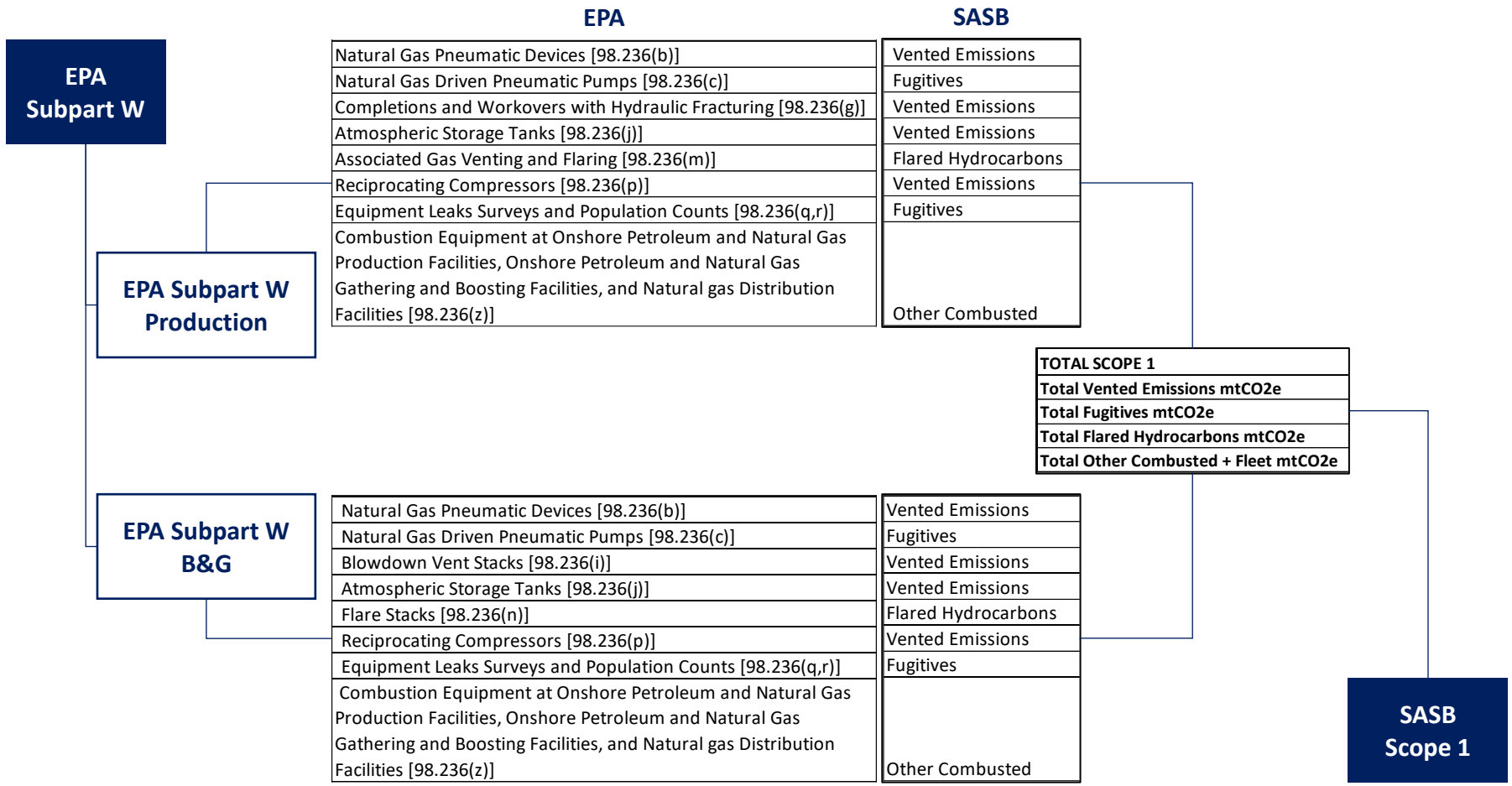
From EPA to ESG Reporting

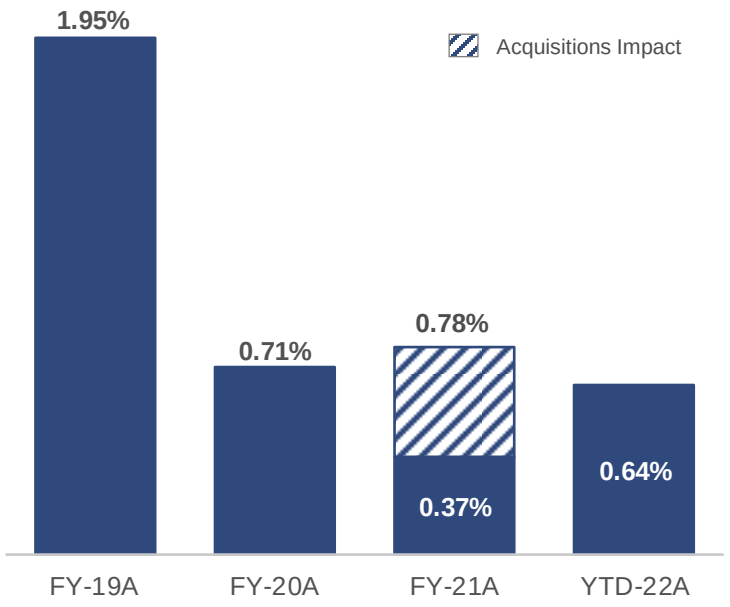


Systematic Plan to Achieve Emissions Reductions

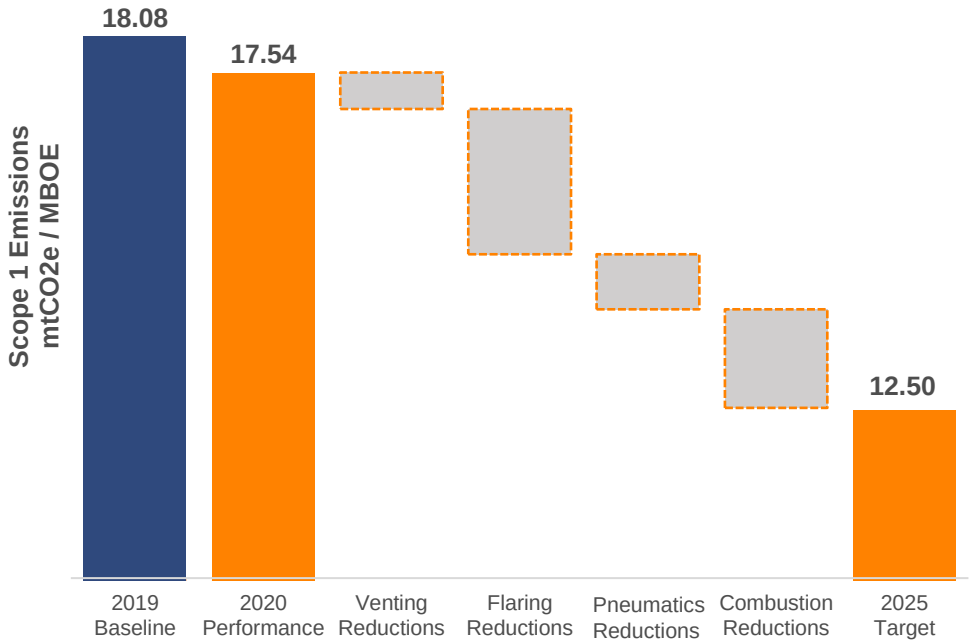
Targets for 2025

- **Zero routine flaring**
- **<12.5 mtCO2e / MBOE**
- **<0.20% methane emissions[1,2]**

Percentage of Produced Natural Gas Flared / Vented



Defined Scope 1 Emissions Reduction Plan



PROJECT CANARY TrustWell™ Certification

- First Permian operator to receive TrustWell™ responsibly sourced certification
- Gold certification awarded for production from 73 horizontal wells representing ~31,500 BOEPD of gross operated production in the certification area
- Uniquely positioned among Permian Basin operators to benefit as premium markets are developed for certified responsibly sourced production

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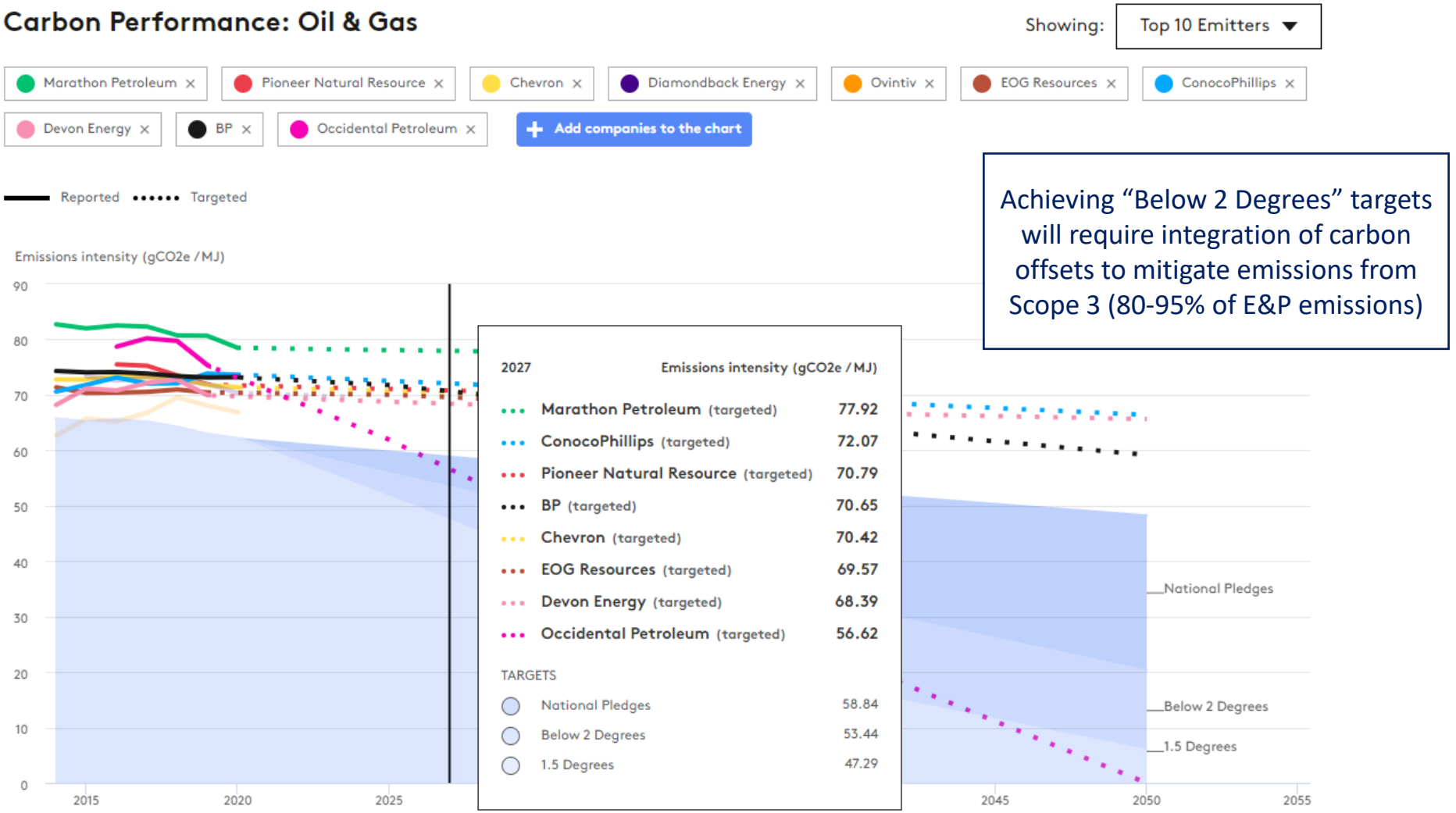
[1]2019 calendar year as baseline; [2]As a percentage of natural gas production

Cost of Carbon

What is in Scope?



Achieving “Below 2 Degrees” targets will require integration of carbon offsets to mitigate emissions from Scope 3 (80-95% of E&P emissions)

Source: https://www.transitionpathwayinitiative.org/sectors/oil-gas

Formal Cost of Carbon Becomes More Likely Over Time

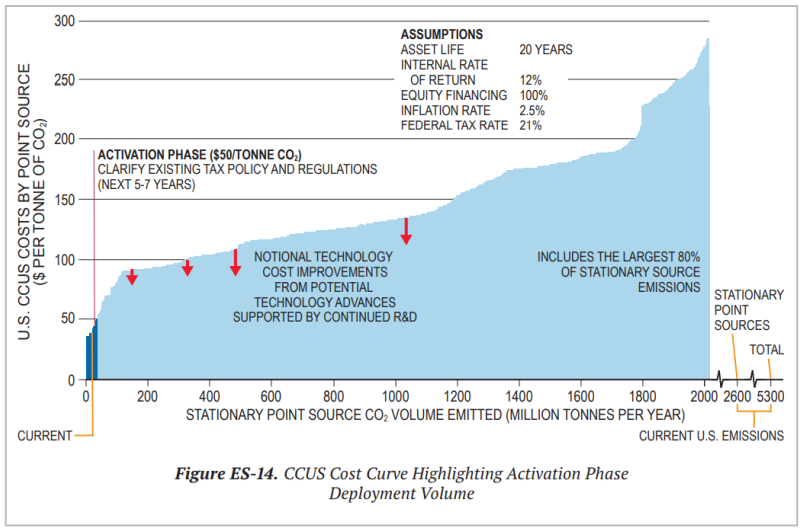
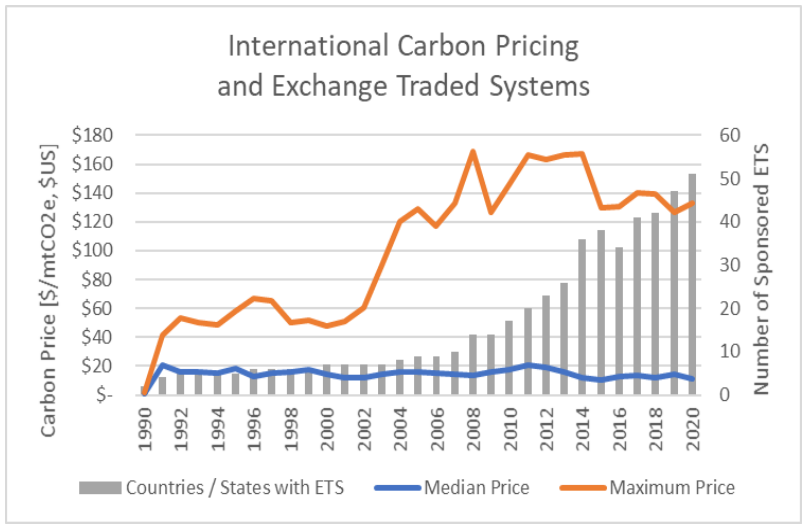
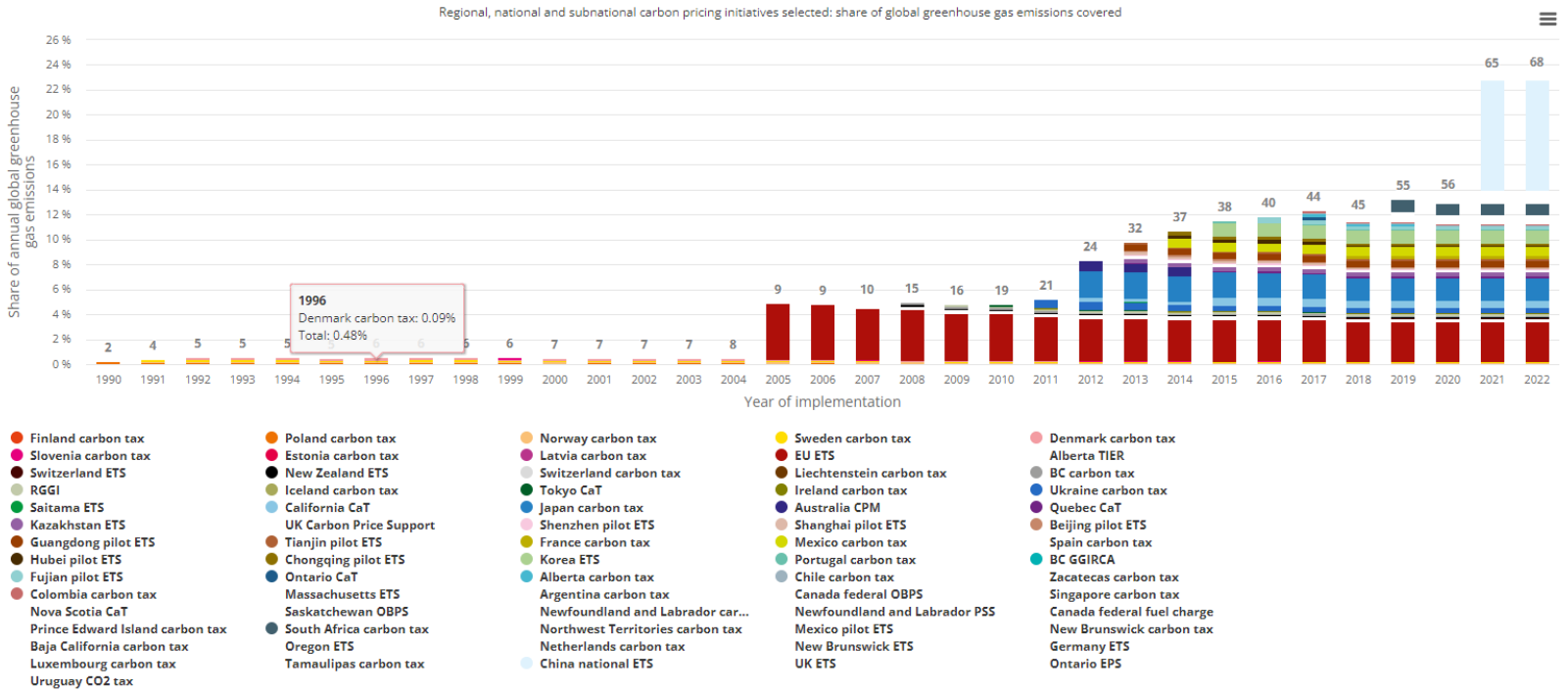


Figure ES-14. *CCUS Cost Curve Highlighting Activation Phase Deployment Volume*





Current US Carbon Pricing ($US/mtCO2e)

- CA Offsets (ICE): $30
- IRS-45Q (EOR): $35
- IRS-45Q (Sequestration): $50

Public Carbon Prices ($US/mtCO2e)

- Obama Admin: $50
- NPC CCUS: $50-100+
- BP: $65-250

https://dualchallenge.npc.org/; https://carbonpricingdashboard.worldbank.org/map_data

Impact of Carbon Scenario Analysis on NAV and Reserves

Scenario Analysis

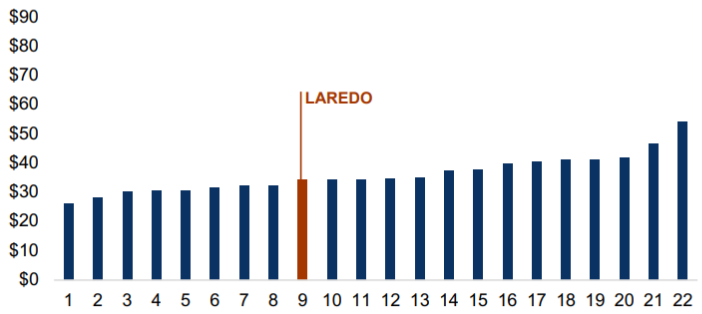
TCFD aligned comparison of breakeven pricing in low carbon scenarios

Reserves & NAV Impact

understanding economics of carbon on inventory and returns

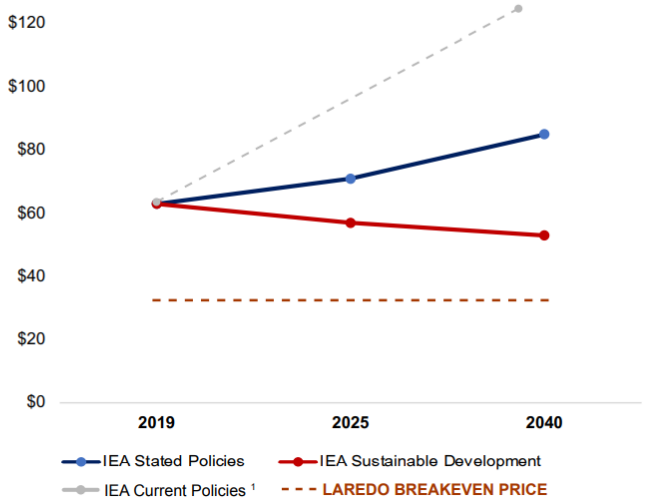
PEERS' BREAKEVEN PRICE PER BARREL (US$)

Source: Enverus



OIL PRICE BY SCENARIO ($/BARREL)

Source: IEA



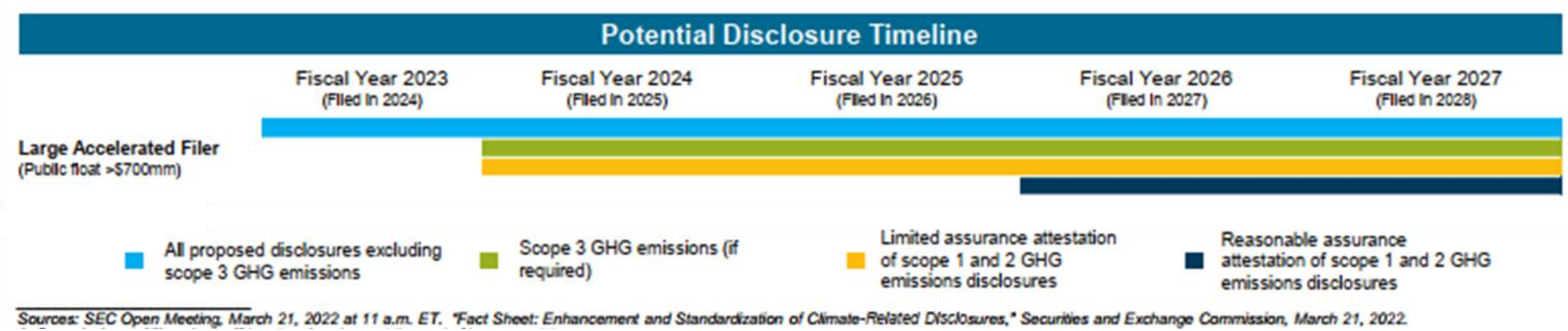
Winning Strategy

Low Cost
Low Carbon

TCFD: Task Force on Climate-Related Financial Disclosures

Technical assurance for ESG climate disclosures

SEC Rule Proposal on Climate Disclosures



Sources: SEC Open Meeting, March 21, 2022 at 11 a.m. ET. "Fact Sheet: Enhancement and Standardization of Climate-Related Disclosures," Securities and Exchange Commission, March 21, 2022.

Proposed Disclosures Aligned with TCFD

- Scopes 1, 2 and 3
- Scenario analysis
- Climate related risks over time

- Internal carbon price
- Climate transition plan
- Board oversight

- Limited and reasonable assurance
- ICFR SOX controls in place by EOY

Timing

SEC Comment Letters
- Deadline extended to June 17th
- Over 4,000 responses to date

Sources
- Individual companies
- Trade organizations

Collective Areas of Concern

- Organizational Authority

- Furnished to vs Filed with SEC
- Operations vs Equity Emissions
- Safe Harbor
- Scope 3

- Timing of Reporting vs EPA timeline
- Attestation
- Cost to Comply
- Chilling Effect on Voluntary Actions

Note: Potential Disclosure Timeline adapted from Barclays SEC Rule Proposal March 22, 2022

New Technical Assurance Opportunities for the Evaluation Engineer

Attestation	Impact of carbon on financials in line with SEC proposed rule
Oil & Gas Reserves	Impact of the cost of carbon on NAV, reserves, and inventory breakeven
Carbon Reserves	Technical assurance for underground carbon sequestration

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Looking Forward

Momentum	The trend is your friend
Opportunity	Beginning of a major societal transition
Collaborate	Be part of the discussion (and the solution)

Takeaways

ESG Overview

- Communicate and Mitigate Risks
- Importance to Stakeholders
- ESG Ecosystem

Cost of Carbon

- Range of Outcomes
- Integration to Scenario Analysis
- Impact on NAV, Reserves, Inventory Breakeven

Career Opportunities

- SEC Attestation
- Oil and Gas Reserve Impacts
- Carbon Sequestration Reserves

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Thank You for the Opportunity

David S. Ferris | Chief Sustainability Officer
Laredo Petroleum | NYSE: LPI