



---

## 2021 ESG and Climate Risk Report





<b>03 LETTER FROM OUR CHIEF EXECUTIVE OFFICER</b>	<b>14 SOCIAL</b>	<b>27 OUR 2021 ESG AND CLIMATE RISK REPORT HIGHLIGHTS</b>
<b>04 LETTER FROM OUR CHIEF SUSTAINABILITY OFFICER</b>	15 Letter from our VP of Human Resources	<b>28 ABOUT THIS REPORT AND INDICES</b>
<b>05 COMPANY OVERVIEW</b>	16 The Laredo Way	30 Sustainability Accounting Standards Board (SASB)
<b>06 GOVERNANCE</b>	18 Employee Health and Safety	39 Task Force on Climate-related Financial Disclosures (TCFD)
07 Letter from our Chairman	19 Employee Spotlight: Markayla Adam	44 International Petroleum Industry Environmental Conservation Association (IPIECA)
08 Letter from our Chair of Nominating, Corporate Governance, Environmental and Social Committee	<b>20 ENVIRONMENTAL</b>	54 American Exploration & Production Council (AXPC)
09 Our Board of Directors	21 Letter from our Chief Operating Officer	56 American Petroleum Institute (API)
10 Board Composition	22 Environmental Management System (EMS)	59 Explanation of Scenario Analysis
10 ESG Oversight and Management	23 Emissions	60 Equal Employment Opportunity (EEO-1) Data
11 Enterprise Risk Management (ERM)	23 Metrics and Targets	61 Statement of Assurance
12 Transparent Policies and Corporate Beliefs	24 Scenario Analysis	
	25 Sustainable Development	
	25 Air Quality	
	26 Water and Biodiversity	
	26 Supply Chain Management	



Laredo Petroleum is pleased to publish our second Environmental, Social, Governance (ESG) and Climate Risk Report. We are proud of the commitments and progress we've made and will continue to integrate best-in-class practices as part of our culture of continuous improvement and doing the right thing.

In 2020, we made efforts to improve our environmental data quality, including sources of emissions and water usage, and are expanding our climate-related disclosures. We continue to demonstrate our commitment to ESG by including environmental metrics in our performance based Short-Term Incentive Plan (STIP), a plan to increase the use of water recycling in our Howard County operations and continually improving the diversity of our workforce and Board, which are already among the most diverse in our industry.

None of these efforts would be possible without our Laredo community. During the pandemic, we prioritized the health and safety of our employees by expanding access to telemedicine services, improving remote work capabilities and keeping in-person meetings for essential personnel and safety training only. Our Coronavirus Task Force responded to company and community needs, including providing water to local families during the extreme winter weather conditions earlier this year.

During the pandemic, we also recognized the importance of building resilience to better manage risks—to our community, our business and the environment. We are working toward improving the quality of our emissions data and systems for monitoring our progress toward our 2025 Greenhouse Gas (GHG) Emission Reduction Targets. We are pleased to show year-over-year improvement in our GHG intensity and flared volumes, disclose our estimated Scope 3 emissions and remain on track to achieve our goals. Most importantly, we've made this progress while also continuing to grow our company by acquiring transformative assets.

I look forward to advancing and supporting more ESG initiatives and programs that are material to Laredo's business and our stakeholders.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jason Pigott'.

Jason Pigott  
President and CEO



**Jason Pigott**  
*President and CEO*

“We are proud of the commitments and progress we've made and will continue to integrate best-in-class practices as part of our culture of continuous improvement and doing the right thing.”

Our Laredo community is proud to share updates on our continued progress towards our environmental, social and governance goals through our second ESG and Climate Risk Report.

Laredo's transformational efforts continued in 2020, despite pandemic challenges. Our operational teams showed significant grit and resilience in the face of uncertain circumstances, delivering a 56%<sup>1</sup> reduction in flared volumes and a 48% reduction in produced fluid spill intensity, all while reducing our Total Recordable Incident Rate (TRIR) by 14% as compared to 2019. In parallel to our environmental and safety improvements, our land and business development teams made a series of small acquisitions in Howard County which laid the foundation for our transformational acquisition of the Sabalo assets in 2021. Laredo expects to continue acquiring and economically developing strategic assets in a manner which significantly improves the air quality of the Permian Basin.

We are a low cost-operator developing high-margin inventory and have embedded climate risk into our financial and business planning to minimize our emissions. Relatedly, we disclosed our estimated Scope 3 emissions for the Use of Sold Products and also improved our data quality through third-party limited assurance verification. Additionally, we are pleased to report progress toward our emissions reduction targets and other ESG metrics, which are congruent with leading standards and frameworks. Consistent with our last report, we've aligned our

disclosures to SASB, TCFD, IPIECA<sup>2</sup> and further enhanced this year's reporting by providing indices for the American Exploration & Production Council (AXPC) and the American Petroleum Institute (API). Enhancements to our Enterprise Risk Management system, as well as undertaking our first scenario analysis to ensure our longevity amidst increased uncertainty and climate risks, have improved the future resiliency of our company.

None of these improvements would be possible without the support and dedication of our Laredo community. We are proud that 56% of our Board and 61% of our professional staff are diverse on the basis of gender or race and we are pleased to share related information through disclosure of our EEO-1 data.

These are just a few examples of Laredo's continued progress towards its ESG and climate risk mitigation goals. We look forward to continuing to implement these strategies at the highest ethical, environmental and safety standards, and creating value for all of our stakeholders.

Regards,



David Ferris  
Chief Sustainability Officer



**David Ferris**  
*Chief Sustainability Officer*

“ We are a low cost-operator developing high-margin inventory and have embedded climate risk into our financial and business planning to minimize our emissions. ”

<sup>1</sup> Reduction in flared emissions differ slightly from the proxy due to improved data quality and final verification of this year's emissions data, but was not found to be material.

<sup>2</sup> SASB: Sustainability Accounting Standards Board; TCFD: Task Force on Climate-related Financial Disclosures; IPIECA: International Petroleum Industry Environmental Conservation Association



Laredo Petroleum

We are an independent energy company with headquarters in Tulsa, Oklahoma. Our business strategy is focused on the acquisition and development of oil and natural gas properties in the Permian Basin of West Texas.



Key Statistics

As of December 31, 2020



**257** full-time employees  
in Oklahoma and Texas



**133,139**  
net acres in the  
Permian Basin

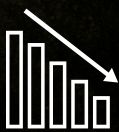


**87,750** net BOE per  
day production in 2020  
(three-stream)



**278,228** MBOE of  
total proved reserves  
(three-stream)

Emissions Targets



**12.5 mtCO<sub>2</sub>e/MBOE**  
Scope 1 GHG Intensity by 2025  
(2019 calendar year baseline)



**ZERO**  
routine flaring  
by 2025



**<0.20%**  
methane emissions by 2025  
(as a percentage of natural gas production)



# GOVERNANCE

---





## Letter from Our Chairman

Laredo Petroleum's Board of Directors is proud to continue its leadership and oversight of ESG and climate-related issues for the company. As Chairman, I was pleased to announce the Board's decision to appoint Jarvis Hollingsworth as Chair of the Nominating, Corporate Governance, Environmental and Social Committee earlier this year.

Since our inaugural ESG Report in February, the Board has enhanced shareholder rights by adoption of a majority voting standard for uncontested director elections, as well as a director resignation policy. Starting in 2020, we also updated the STIP performance metrics to better reflect the criteria important to our stockholders, including an emphasis on sustainability and generating free cash flow. Additionally, we continued to refine our executive compensation program, informed by stakeholder feedback raised through our robust engagement program. Finally, we remain committed to improving our diversity and inclusion practices across our Board and workforce, which is evidenced by the fact that over half of Laredo's Board and professional staff is now represented by women and minorities. We are very proud that our leadership was recognized by the 2019 National Conversation on Board Diversity.

Strong governance ethics and oversight of climate risks and other ESG-related considerations has never been as important as they are today. Laredo's resilience amidst the pandemic and challenges of 2020 is a testament to our best-in-class governance and progress towards achieving our social and environmental goals and opportunities. We look forward to continuing to make progress in the months and years ahead.

Sincerely,



William Albrecht  
Chairman of the Board



**William Albrecht**  
*Chairman of the Board*

“Strong governance ethics and oversight of climate risks and other ESG-related considerations has never been as important as they are today.”



## Letter from Chair of Our Nominating, Corporate Governance, Environmental and Social Committee

In early 2021, the Board restructured the Nominating and Corporate Governance Committee to include Governance, Environmental and Social oversight responsibilities. As Chair of this reinvigorated committee, I am proud to oversee Laredo's ESG and climate-related processes and initiatives.

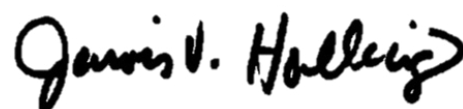
The pandemic and challenges of the past year have put both environmental and social topics into heightened focus, and I am proud of the efforts Laredo has made to embody these important changes. Our Board recognizes that cultivating a culture of diversity, inclusion and mutual respect for our differences not only creates a better environment for people—it creates better value for our company.

Laredo's decision to increase transparency around our diversity and inclusion efforts by disclosing our Equal Employment Opportunity (EEO-1) data is a foundational step in putting our words into action. Since 2019, we have more than doubled diverse representation on our Board, from 22% to 56% in 2021. Laredo continues to exemplify best-in-class

governance policies, with a commitment to Board refreshment and a robust succession plan that prioritizes both diversity and experience. Lastly, Laredo is committed to human capital management and is evaluating opportunities for company-wide diversity trainings, such as those for inherent bias, which can help continue to propel us forward in our social goals.

I look forward to working with the Board and the Laredo community to further embed ESG efforts into our company in the year ahead.

Sincerely,



Jarvis V. Hollingsworth  
Chair of the Nominating, Corporate Governance,  
Environmental and Social Committee



**Jarvis V. Hollingsworth**  
*Chair of Nominating, Corporate  
Governance, Environmental  
and Social Committee*

“Laredo continues to exemplify best-in-class governance policies, with a commitment to Board refreshment and a robust succession plan that prioritizes both diversity and experience.”



Our Board of Directors



**William Albrecht**  
Former President  
Oxy Oil & Gas, Americas

Chairman of the Board  
Board member since 2020  
Compensation Committee  
Finance Committee



**Jason Pigott**  
President & CEO  
Laredo Petroleum, Inc.

Board member since 2019



**Frances Powell Hawes**  
Former Chief Financial Officer  
Grant Prideco, Inc.

Board member since 2018  
Chair-Audit Committee  
Nominating, Corporate  
Governance, Environmental  
and Social Committee



**Jarvis V. Hollingsworth**  
Former Secretary/General Counsel  
Kayne Anderson Capital Advisors, L.P.

Board member since 2020  
Chair-Nominating, Corporate  
Governance, Environmental,  
and Social Committee  
Audit Committee



**Craig Jarchow**  
President & CEO  
Castleton Resources, LLC

Board member since 2019  
Chair-Compensation Committee  
Finance Committee



**Lisa Lambert**  
Founder & President  
National Grid Partners.

Board member since 2020  
Compensation Committee  
Nominating, Corporate  
Governance, Environmental  
and Social Committee



**Lori Lancaster**  
Former Managing Director  
UBS Securities, Global Energy Group

Board member since 2020  
Chair-Finance Committee  
Audit Committee



**Edmund P. Segner III**  
Former President, Chief of Staff  
& Director, EOG Resources

Board member since 2011  
Finance Committee  
Audit Committee



**Pamela S. Pierce**  
President & CEO  
Scientific Drilling International, Inc.

Board member since 2007  
Compensation Committee  
Nominating, Corporate  
Governance, Environmental  
and Social Committee

INDEPENDENT DIRECTORS JOINING LAREDO'S BOARD OF DIRECTORS SINCE 2018



Board Composition

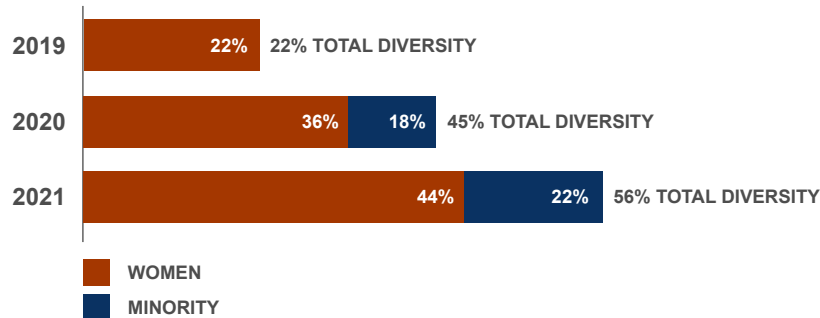
**NATIONALLY-RECOGNIZED DIVERSITY:** Guided by mutual respect, openness, honesty and a spirit of trust and collaboration, our Board supports and encourages an inclusive work environment to attain the highest level of productivity. The gender diversity of the Laredo Board was recognized by the 2019 National Conversation on Board Diversity.

**INDEPENDENT GOVERNANCE AND SHAREHOLDER RIGHTS:** Our Board is chaired by an experienced independent Director whose role is separate and distinct from the CEO. Furthermore, our Board regularly holds executive sessions without management and each of our Committees is fully comprised of independent Directors. Additionally, we enhanced shareholder rights through adoption of a majority voting standard for uncontested director elections, as well as a director resignation policy. Understanding our shareholders’ views is important to us, and we

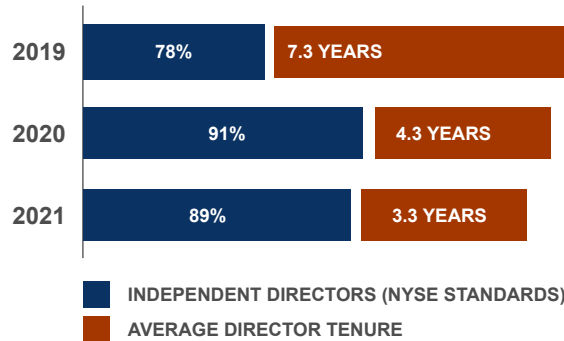
annually engage with our investors to solicit feedback on our compensation and ESG practices. In 2020, we reached out to over 50 of our largest shareholders, representing almost 54% of our shares outstanding, to gain material insights and valuable feedback to integrate into our strategy and corporate practice. Our 2021 proxy statement provides further details regarding feedback we’ve received over the last two years and actions we have taken in response.

**BOARD REFRESHMENT AND PARTICIPATION:** We are committed to Board refreshment, with 78% of our Directors joining the Board within the past three years, leading to an average Director tenure of 3.3 years. We value experienced perspectives and fresh thinking and have a robust Board succession plan, in which diversity and experience are selection criteria. In 2020, all Board members attended at least three quarters of meetings.

INCREASED BOARD DIVERSITY SINCE 2019



DECREASING AVERAGE DIRECTOR TENURE AND INCREASED DIRECTOR INDEPENDENCE SINCE 2019



ESG Oversight and Management

The Nominating, Corporate Governance, Environmental and Social Committee is accountable for monitoring and evaluating programs and policies relating to ESG and climate-related matters. This Committee was expanded in early 2021 to take primary responsibility for the review of Laredo’s ESG performance, regulatory compliance matters and strategies and policies related to human capital management. Additionally, the Committee also reviews ESG risks and exposures, including climate-related risks and Laredo’s actions for managing those risks, ESG communications, ESG trends and stakeholder concerns. Furthermore, Laredo’s full Board receives timely updates on any significant environmental or safety incidents as well as general briefings at regularly scheduled Board meetings.

Management of our daily ESG efforts is led by the ESG Management Committee, a multi-disciplined team of ten leaders who are responsible for implementing, executing and assessing new and ongoing ESG efforts across the organization. Their recommendations provide key considerations for Laredo’s operations and business strategy and increase the company’s awareness of ESG matters throughout the organization. The ESG Management Committee reports to the Board’s Nominating, Corporate Governance, Environmental and Social Committee at each committee meeting.

BOARD OF DIRECTORS

NOMINATING, CORPORATE GOVERNANCE, ENVIRONMENTAL AND SOCIAL COMMITTEE  
Jarvis V. Hollingsworth (Chair), Frances Powell Hawes, Lisa Lambert, Pamela S. Pierce

ESG MANAGEMENT COMMITTEE  
Comprised of ten cross-functional company leaders



Enterprise Risk Management (ERM)

In 2020, Laredo formalized and augmented its ERM process, which helps the company identify, prioritize and mitigate ESG risks, among other risks. Physical risks related to natural disasters, as well as transition risks related to legislation or regulatory impacts and competitive or technological displacement, were included in our review. We also undertook a TCFD-aligned scenario analysis conducted by third-party consultants to quantify and identify the climate-related financial risks to our business, which are included in this report. Additional risks can be found in our annual report dated December 31, 2020.

**Materiality:** Through a combination of our internal ERM efforts and regular engagement with our stakeholders, we seek to understand and focus on issues of material significance to both Laredo and our stakeholders. Our assessment of such issues is informed by the Oil & Gas Exploration & Production SASB standards as well as stakeholder feedback. Our ERM process continues to evolve to reflect our sector’s dynamic risk landscape.

**Material Risks:** This year, our risk analysis focused on the following priorities:

- Formalizing the ERM process to include quarterly updates to the executives and Board, as well as embedding outcomes of our risk analysis into our business strategy through a TCFD-aligned scenario analysis
- Strengthening our process for prioritizing and allocating resources to manage risks
- Re-evaluating our top enterprise risks, which include commodity price risk, illiquid capital markets, credit markets and counterparty risk to Laredo
- Integrating climate change and energy transitions more deeply into our strategic planning, including efforts to ensure high quality data regarding emissions inventory and progress towards achieving our reduction targets
- Utilizing best practices for managing cybersecurity risks by protecting our computer systems, data assets, and infrastructure
- Continuing to prioritize the health and safety of our workforce through continual technology, communication and training improvements.





# Transparent Policies and Corporate Beliefs



## STRONG GOVERNANCE PRACTICES

- **Audit Policies:** Laredo’s Audit Committee assists the Board in overseeing the integrity of the company’s financial statements, the independent auditor’s qualifications, independence and performance, the performance of the company’s internal audit function and the company’s compliance with legal and regulatory requirements.
- **Board Assessment:** We annually conduct Board and Board Committee self-assessments and a review of our Board’s leadership structure.
- **Board Refreshment:** Laredo uses a comprehensive, ongoing Board succession planning process with a focus on diversity and a mandatory retirement age of 75. Additionally, we are committed to our Board members serving on no more than five (including Laredo) public company boards and no Audit Committee members can serve on more than three (including Laredo) public company audit committees.
- **ERM Policies:** Our Board takes an enterprise-wide and iterative approach to risk management through written policies, regularly scheduled meetings, the formation of committees to oversee specific company objectives and the solicitation of feedback from stakeholders. Our ERM process also helps us identify climate-related risks and opportunities to our business and operations.
- **Executive Sessions without Management:** Independent Directors meet in regular executive sessions without management present.
- **Independent Chair:** The Board believes it is appropriate and best practice for the Chairman of the Board to be separate from Laredo’s CEO.
- **Executive Severance Practices:** Double trigger change in control requirements and market-based executive severance plan in place that permits severance payments only for involuntary termination without cause or other termination for a good reason.



## BUSINESS ETHICS

- **Advocacy and Lobbying:** Laredo fully complies with all political contribution laws. Our funds may not be used for contributions of any kind to any political party, committee, candidate or holder of any government position (national, state or local) unless such contribution is permitted by law.
- **Anti-Corruption and Anti-Bribery Policy:** Laredo operates its business ethically and in compliance with all applicable laws and regulations, including compliance with anti-bribery and anti-corruption laws such as the Foreign Corrupt Practices Act. Additionally, Laredo strictly prohibits facilitation payments (small payments made to government officials in exchange for expedited services such as approvals of

permits or licenses). Furthermore, we require all employees to complete mandatory anti-corruption and anti-bribery training that covers giving and receiving gifts, conflict of interest, appropriate record-keeping and our overall commitment to ethical behavior and compliance.

- **Code of Conduct and Business Ethics:** The Board of Directors has adopted a Code of Conduct and Business Ethics applicable to our Directors, officers and employees and a Code of Ethics for Senior Financial Officers, in accordance with applicable U.S. federal securities laws and the NYSE Listed Company Manual. Laredo employees attest to the Code of Conduct and Business Ethics every year.
- **Conflicts of Interest:** Any time a Laredo employee, nonexecutive officer or Director believes a conflict of interest may exist, he or she must disclose the potential conflict of interest to management and our General Counsel. Any activity that is approved, despite the actual or apparent conflict, must be documented.
- **Policies Against Hedging and Pledging Stock:** Our Insider Trading Policy prohibits our Directors, officers and employees from engaging in hedging transactions designed to hedge or offset a decrease in market value of such a person’s common stock in the company.
- **Whistleblower Policy:** Laredo has a robust Whistleblower Policy whereupon any employee, as well as any other person, may submit a good faith complaint regarding accounting, internal accounting controls, auditing matters or concerns related to treatment of people or the environment to the management of the company without fear of dismissal or retaliation of any kind. Our third-party service also facilitates dialogue-based complaints.



## CYBERSECURITY

To manage information and cybersecurity risks, Laredo utilizes best practices for protecting our computer systems, data assets and infrastructure. Our Board’s Audit Committee is responsible for oversight of our cybersecurity practices. Senior leadership briefs the Board on cybersecurity matters at regularly scheduled Audit Committee meetings, or as needed. Relatedly, Laredo has not experienced any security breaches in the last three years; however, we are currently in the process of entering into an information security risk insurance policy to mitigate against such an event. Furthermore, our information security financial controls are audited annually by third-party auditors and an independent third-party security partner provides risk assessments on an annual basis. Likewise, we are committed to providing training to equip our employees and suppliers with resources and skills to mitigate these risks. We recognize that these measures have become even more critical as a result of remote work and iteratively evaluate improvements and new measures to protect our information and computing systems.



## SOCIAL

- **Child and Forced Labor Policy:** Laredo prohibits the use of human trafficking, child labor and forced labor, in accordance with the International Labor Organization's (ILO) conventions.
- **Diversity and Inclusion:** We believe that a diverse workforce and supply chain will help our organization better accomplish our mission. We are committed to recruiting diverse candidates to attract and retain a talented workforce. To increase our hiring of traditionally underrepresented personnel, with oversight from our Board's Nominating, Corporate Governance, Environmental and Social Committee, Laredo has incorporated a number of new strategies in 2020 to improve diversity, including plans to incorporate anti-bias training into our learning and development program moving forward. See our "Social" section for more information.
- **Equal Employment Opportunity and Anti-Harassment:** We are committed to providing equal employment opportunities and will not tolerate any speech or conduct that is intended to, or has the effect of, discriminating against or harassing any qualified applicant or employee because of his or her race, color, religion, sex, national origin, age, physical or mental disability, veteran status or any characteristic protected by law.
- **Human Rights, Security and Rights Of Indigenous Peoples Policy:** Laredo is committed to ensuring we uphold all internationally recognized human rights in every aspect of our work and follow all applicable national and local regulations as they pertain to the fundamental rights of all stakeholders. Laredo's commitment to human rights aligns with the principles of the UN's Universal Declaration of Human Rights, the UN's Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Furthermore, Laredo commits not to operate in or near areas of active conflict. We also do not currently operate on or adjacent to any lands under the governance of indigenous peoples. Should we do so, we would follow all applicable laws and work to engage with those communities to ensure business practices are respectful of their sovereignty, security (including water security and access to resources) and indigenous rights through community consultations.
- **Rights to Organize:** The rights to organize, freedom of association and collective bargaining are proclaimed in the Universal Declaration of Human Rights and ILO conventions. We support rights to organize and the rights of our employees to lawfully and peacefully associate, organize and bargain collectively. We are committed to negotiating agreements that provide attractive and competitive levels of compensation, benefits and working conditions for our employees. We also are committed to ensuring our business operates in a manner that is fair, equitable and competitive in the global market.

- **Supply Chain Policies:** Laredo's Supply Chain Management process, which is part of our Environmental Management System (EMS), is designed to minimize financial and other risks to the company and define uniform and consistent procurement practices in alignment with our ESG strategy. Our policies regarding gifts, gratuities and conflicts of interest extends to our vendors, suppliers and contractors. In 2021, we conducted our first ESG focused survey with our suppliers to understand the diversity of our supply base and their respective beliefs. We are committed to continuing to align our supply chain policies and procurement process with human rights and sustainable practices. In the future, we will work towards selecting vendors who are committed to:
  - **Appropriate Compensation:** compliance with all applicable wage laws and standards, including punctual and regular payment.
  - **Health and Safety:** compliance with applicable standards and laws, demonstrated safety record and programs to support ethical working conditions.
  - **Human Rights:** not hiring employees below the legal working age or using any form of forced labor.
  - **Non-Discrimination:** suppliers may not expose employees and potential employees to sexual or physical harassment or discrimination in line with our company-wide policy.

## ENVIRONMENTAL

- **Commitment to Environment And Biodiversity:** Laredo recognizes its responsibilities as a steward of the land on which it operates. We comply with all applicable environmental regulations and embed environmental considerations into our EMS process and consideration of future climate-related risks. This year, we also undertook a limited assurance third-party data verification of our Scope 1, Scope 2 and Scope 3 emissions, as well as energy use.
- **Commitment to Improving Environmental Performance:** Laredo is committed to improving our environmental performance by strengthening our systems for data collection and management with respect to our Scope 1 and Scope 2 greenhouse gas emissions and reduction goals, as well as our EMS.
- **Environmental Site Selection:** Laredo is committed to not operate in protected areas or areas of high diversity value as well as areas designated under International Union for Conservation of Nature (IUCN), United Nations Educational, Scientific and Cultural Organization (UNESCO) sites, Key Biodiversity Areas and designated wetlands. Furthermore, Laredo is committed to responsible wildlife management and seeks to minimize disturbance from operations.



# SOCIAL

---





## Letter from Our VP of Human Resources

Safety is a core part of Laredo's culture, and we pride ourselves on our commitment to conduct all operations in a safe manner. We have renewed our focus on creating a healthy and flexible workplace to accommodate different needs and meet the challenges of the past year. We amended our health care plan to include remote services for employees during the pandemic, as well as provided leadership checklists and other resources to help our workforce manage the transition to remote work.

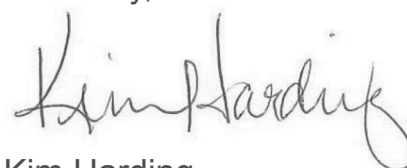
Our focus on creating a diverse and inclusive workforce continues to yield positive results, with over 44% of our Board positions now filled by women—up from 36% last year. With respect to racial diversity, our Board added two racially diverse Directors in 2020—representing 22% of the Board. We are committed to continued progress on this front and have taken the first step by choosing to publish our EEO-1 data in this report. Working together, we are stronger, and we will continue to honor diversity and inclusion as key values of the Laredo Way.

Laredo's strong culture of doing the right thing encourages open communication with our management team and new ideas on how to improve our operations and run a better business. To build more trust and transparency with our employees, Laredo's CEO regularly connects with employees, soliciting their feedback on various topics. These are in addition to our quarterly, company-wide CEO town hall meetings following release of our quarterly earnings where we provide important updates to our workforce.

Doing the right thing for our business also includes doing the right thing for our communities. Laredo grants employees up to eight hours of paid time off, annually, in order to participate in volunteer programs of their choice. More details about our charitable efforts can be found in the Philanthropy and Community Engagement sections of this report.

At Laredo, we consider the social impacts of our business to be as important as the environmental ones. From our employees and their families to our communities and suppliers, we will continue to do the right thing by all of our stakeholders and integrate their feedback into our ESG programs and policies.

Sincerely,



Kim Harding  
Vice President, Human Resources



**Kim Harding**  
*Vice President  
Human Resources*

“Working together, we are stronger, and we will continue to honor diversity and inclusion as key values of the Laredo Way.”



The Laredo Way

Guided by mutual respect, openness, honesty and a spirit of trust and collaboration, we support and encourage an inclusive work environment to attain our highest level of productivity, creativity and efficiency. Diverse and sound ideas, approaches and individual experiences are essential features of inclusion. We also foster an environment of safety and inclusion through our Code of Conduct and Business Ethics and biennial anti-harassment training. We firmly believe that everyone at Laredo contributes to our Company’s success.

DIVERSITY AND INCLUSION EFFORTS

We believe that a diverse workforce will help our organization better accomplish our mission. To increase our hiring of traditionally underrepresented personnel, with oversight

from our Board’s Nominating, Corporate Governance, Environmental and Social Committee, Laredo incorporated a number of new strategies in 2020 to improve diversity.

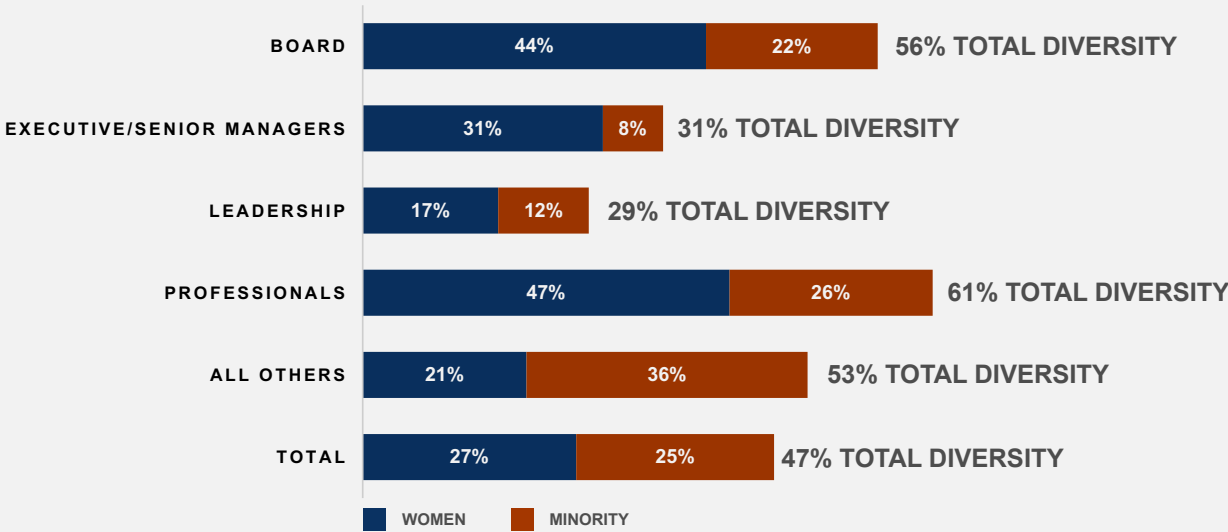
This year, we are sharing workforce diversity information by publishing our EEO-1 data in this report. With respect to our hiring practices, we expanded our job listings for new positions on job bulletin boards for veterans, people living with disabilities, racial and ethnic diversity and vocational rehabilitation. We also recruited from the University of Texas El Paso and state job boards in Texas and Oklahoma. Additionally, we believe in the importance of having a diverse supply chain, and include veteran, minority and women-owned suppliers as part of our procurement process. Furthermore,

as part of developing an inclusive workforce, Laredo is committed to incorporating anti-bias training into our learning and development program going forward.

SUPPLY CHAIN DIVERSITY

We are focused on bolstering diversity in our supply chain. In 2021, we conducted our first ESG focused survey with our suppliers to understand the diversity of our supply base and their respective beliefs. These measures have strengthened our supply chain resilience through use of optimal supply alternatives, consistency and supplier relationships.

BOARD AND WORKFORCE DIVERSITY (2020)





DRIVING INNOVATION

To promote innovation and collaboration at Laredo, we launched an initiative where we encourage our employees to submit ideas for projects that will result in a positive and innovative impact for the company. Ideas are reviewed by Laredo’s leadership team and the top five submissions are pitched to an evaluation panel in an entrepreneurial-themed setting similar to the popular television show ‘Shark Tank’. The panel votes on the top idea and funds the project. Laredo encourages innovation and collaboration, allowing employees to think creatively and take ownership in the success of the company.

PERFORMANCE-DRIVEN AND ESG-LINKED COMPENSATION

Over the past two years, we have refined our compensation practices in light of shareholder feedback. Two important changes relate to further enhancing the pay for performance nature of our program and incorporating ESG goals into our pay structure. To broadly measure our performance, 50% of our long-term incentive awards are granted based on our performance against the relative total shareholder return of all E&P companies listed in the Russell 2000 index instead of a self-selected peer group. To align pay decisions with material ESG issues that are tied to our emissions reduction goals and criteria that are important to our shareholders, we have added spill severity and air stewardship metrics to our short-term incentive program.

LOCAL AND IMPACTFUL PHILANTHROPY

Laredo and its employees believe in making a meaningful impact in their communities through their employee volunteer program and philanthropy. Since 2020, Laredo has instated a new policy allowing full-time employees up to eight hours of paid time off, annually, to participate in volunteer programs of their choice. During 2020, employees partnered with various charitable organizations, such as the Tulsa Area United Way, the West Texas Food Bank, the West Texas Rehabilitation Center and many more, to offer their support and charitable donations.

Through our Charitable Matching Gift Program, we match donations of up to \$1,000 per employee per year to a non-profit organization of their choice. Laredo donated over \$253,600 to local charities in 2020—nearly double our amount from the prior year—through personal and matching corporate gifts.

COMMUNITY ENGAGEMENT

Laredo strives to hire top local talent and provide development opportunities to advance our careers. We are proud to work with many small businesses and service providers in our communities. In 2021, we began collecting demographic data for our supply chain in an effort to support local businesses

and are pleased to report that small businesses represented 15% of the companies who responded to our survey.

Lastly, in consideration of surrounding communities in more densely populated areas, Laredo regularly implements dust control protocols during drilling and completion operations and have raised sound walls to further minimize impact from our operations. As Laredo continues to grow, we are committed to consulting with local communities and engaging with key stakeholders in the early stages of any new project. We will also apply the principles of Free, Prior and Informed Consent (FPIC) in keeping with best practices for community engagement.





Employee Health and Safety

We know that an engaged, healthy, well-trained workforce is key to our world-class culture and helps us accomplish our strategic goals.

EMPLOYEE HEALTH AND WELLBEING

**Healthcare:** We pay over 80% of the health insurance premiums for our employees to ensure our employees and their families have access to affordable healthcare.

**Fitness:** We provide an on-site fitness center for our Tulsa employees and access to local fitness facilities for our Midland and field personnel.

**Family:** Our flexible hybrid-work schedule enables our employees to attend important family events during the workday and onsite lactation rooms provide mothers with a calm and private space.

**Trust:** Our hotline provides a mechanism for employees, contractors and the public to report grievances without retaliation and allows the company to review and adjust our practices, if necessary.

WORKPLACE FLEXIBILITY

Laredo offers flexible workplace options as part of our employee benefits. This includes a hybrid schedule, allowing employees to work from home on Thursdays and Fridays, as well as a compressed schedule option, allowing employees to work nine hours Monday through Thursday, and four hours on Fridays. Laredo has also provided employees with additional IT equipment to increase productivity and ergonomic training to ensure our employees are both productive and safe while working remotely.

MATERNITY LEAVE

Laredo provides mothers up to twelve weeks of paid Maternity Leave immediately following the birth of a child, as well as four weeks of paid Parental Leave for non-birthing parents. We have also extended our health and wellness benefits to new mothers by including lactation rooms to provide mothers with calm and private spaces.

2020 SAFETY METRICS

**ZERO** vehicle incident rate per million miles driven

**ZERO** employee or contractor fatalities

**TWO** employee recordable incidents, representing a 65% reduction in recordable incidents across combined workforce since 2017

**0.74** combined Total Recordable Incident Rate (TRIR), representing a 38% reduction in combined workforce TRIR since 2017. We have also decreased our Lost Time Incident (LTIR) and Days Away, Restricted or Transferred (DART) rates during this time.

	2018	2019	2020
TRIR – Employee + Contractor Combined	1.19	0.86	0.74
LTIR – Employee + Contractor Combined	0.40	0.17	0.11
DART – Employee + Contractor Combined	0.80	0.43	0.32

EMPLOYEE SAFETY

Although we are always striving for zero incidents, we are proud of our record of safe operations. In 2020, we established a combined workforce TRIR target of 1.0 or less, which was achieved for the second year in a row. In 2021, we continue to aspire to achieve a combined workforce TRIR of zero and are implementing programs to continue building a belief-based safety culture. To further emphasize executive commitment to safety, workforce safety performance has been included as a metric in our STIP. Laredo is currently updating our emergency response plans and some of our safety best practices, which include risk assessments and annual training, pre-job safety meetings, monthly all-field employee safety meetings, on-site contractor management and safety personnel, hazard hunts, bi-annual external safety audits in accordance with Occupational Safety and Health Administration (OSHA), stop work authority, after-action review and root cause analysis. Together, we will all go home better each day.

RESPONSIBLE WORKFORCE RESTRUCTURING

Our commitment to doing the right thing guides our approach to managing our workforce, even during challenging times. In 2020, we provided non-officer severance assistance to ensure our employees were supported. This included three months of salary plus 1-week of severance for each year of service, as well as medical benefits throughout the severance period paid by the company.



## TRAINING

We have a robust training program for our Lease Operators and Field Technicians that allows for consistency in our processes and gives the management team clarity when considering field employees for promotional opportunities. Administration of this program is a joint effort between leadership of the Production team and the Human Resources staff that allows us to train our employees with the goal of promoting from within for our field roles.

We utilize a third-party Learning Management System for our field employee training courses. There are three levels for each job function: Basic, Intermediate and Advanced. The coursework for each level contains various training courses that include readings, videos and assessments, and are intended to teach the employee the fundamentals of the industry and how Laredo desires work to be completed in the field. Accordingly, our lease

operators participated in over 7,000 hours of additional operational training in 2020. Completion of each training program is vital to the success of Laredo as we compete in the market and the Learning Management System is a great tool our leaders use to make promotional decisions in the field. Laredo prides itself on the ability to promote our great employees.

Our office and field personnel are required to participate in safety training specifically designed to mitigate incidents most likely to occur in our respective roles and operations, including ergonomics while working remotely during COVID. Furthermore, our leadership teams participate in a training program which incorporates both group sessions as well as individual coaching all focused on improving leadership capabilities as individuals and as a team.



### Employee Spotlight: Markayla Adam

**Meet Markayla Adam**, a Reservoir Engineer at Laredo Petroleum. Markayla graduated with a degree in Petroleum Engineering from the University of Oklahoma. Markayla says, “After graduating, I took a non-traditional path and started working for an oil and gas software company as a Solutions Consultant. I eventually moved on to work as a Field Development Planning Engineer at a Fortune 500 E&P company and eventually transitioned to a role in Reservoir Engineering at Laredo Petroleum.” Women like Markayla are raising the bar and setting records as they choose to head down the Engineering career path. Here is some advice Markayla would like to give to those women who want to pursue engineering: “Pave your own way! One of the beautiful things about engineering is that there are many different career paths – no path is wrong. All experience is valuable. Most importantly, don’t be afraid to ask difficult questions and to seek out new opportunities.”

“Pave your own way! One of the beautiful things about engineering is that there are many different career paths – no path is wrong. All experience is valuable.”

**Markayla Adam**  
*Reservoir Engineer*



# ENVIRONMENTAL

---





Letter from Our Chief Operating Officer

The “Laredo Way” and our ethos of doing the right thing is evident in our operations and environmental stewardship. We take great pride in our comprehensive and holistic approach to managing and minimizing our impact on the water, land and air around us and we believe our facility design, technological advancements and data management are drivers of our performance. This year Laredo has made great strides towards further embedding climate-related risk analysis into our financial and business planning approach. We are embracing a comprehensive strategy to reduce our emissions through piloting Internet-of-Things (IoT) sensors, Continuous Emissions Monitoring Systems (CEMS) and a pneumatic device conversion program. We are also evaluating opportunities to electrify the field both today and in the future to mitigate emissions from fuel combustion. We continue to make significant progress in reducing the volume of gas flared and remain on track to achieve our 2025 targets.

We remain committed to the safety of our employees and contractors and are working to enhance our already strong safety record to reach our goal of zero Incidents. We continue to implement programs to build on our strong belief-based safety culture and are currently working to improve our emergency response plans, safety best practices and on-site contractor management.

In 2020, we reduced our spills through proactive efforts including equipment and fluid transmission line upgrades. Relatedly, most of our Laredo operated lines have cathodic protection systems and are periodically inspected by third-party specialists and twice monthly flyovers. Laredo also seeks to optimize the number of horizontal wells drilled to minimize our surface footprint while maximizing value to stakeholders. Each of our drilling, completion, production and water management teams have developed standard operating procedures that apply to both our employees and Laredo contractors. Despite being a leader in flare mitigation among mid-cap oil and gas companies, we continue to evaluate solutions to minimize our flaring and emissions.

We are proud of our progress across environmental, efficiency and safety performance metrics and look forward to sharing more on what’s to come from our world-class operations.

Sincerely,

Karen Chandler

Karen Chandler  
Senior Vice President and Chief Operating Officer



**Karen Chandler**  
*Senior Vice President and  
Chief Operating Officer*

“We are embracing a comprehensive strategy to reduce our emissions through piloting Internet-of-Things (IoT) sensors, Continuous Emissions Monitoring Systems (CEMS) and a pneumatic device conversion program.”



## Environmental Management System (EMS)

Continuous improvement has long been part of Laredo's culture of doing the right thing and our efforts around environmental management are no different. While we work to formalize our environmental management system in alignment with the ISO 14001 Standard, the "Plan-Do-Check-Act (PDCA) methodology has long been integrated into our operations. For example, one of our 2019 goals was to reduce the frequency and volume of fluids spilled.

Our Operations and Health, Safety and Environment teams identified potential risks, developed mitigation plans, met monthly to track progress toward our goals

and worked through our Root Cause Analysis program to avoid future spills. These efforts led to continued operational improvements, with the number of spills reduced by 40% and the net volume spilled by 82% when compared to 2017 performance.

Laredo continued to augment our EMS in 2020 by operationalizing our emissions reduction strategy. Relatedly, our aim is to outperform our 2025 emissions reduction targets by focusing on three key areas: flaring and venting, pneumatics and electrification.



Emissions

Laredo is committed to integrating low-carbon transition technologies that can help us continue to grow our operations while ensuring a sustainable energy future. Our climate and emissions reduction strategy includes engineering, process and behavioral improvements to our operations. We have already begun to make progress on reducing our emissions through our Closed-Loop Flowback System and Dual-Fuel Hydraulic Fracturing Fleet. We have also begun piloting new leak detection and 24/7 remote sensing technology and are evaluating ways of expanding these systems across our assets.

Moving forward, we will continue to improve through three focus areas:

- 1) Improved and expanded monitoring and detection technologies and processes to reduce emissions related to flaring and venting and mitigation of super-emitter events.
- 2) Replacing pneumatic devices with non-vent and instrument air to mitigate emissions related to pneumatics
- 3) Expanding the electrification of our field operations to reduce Scope 1 emissions associated with combustion.

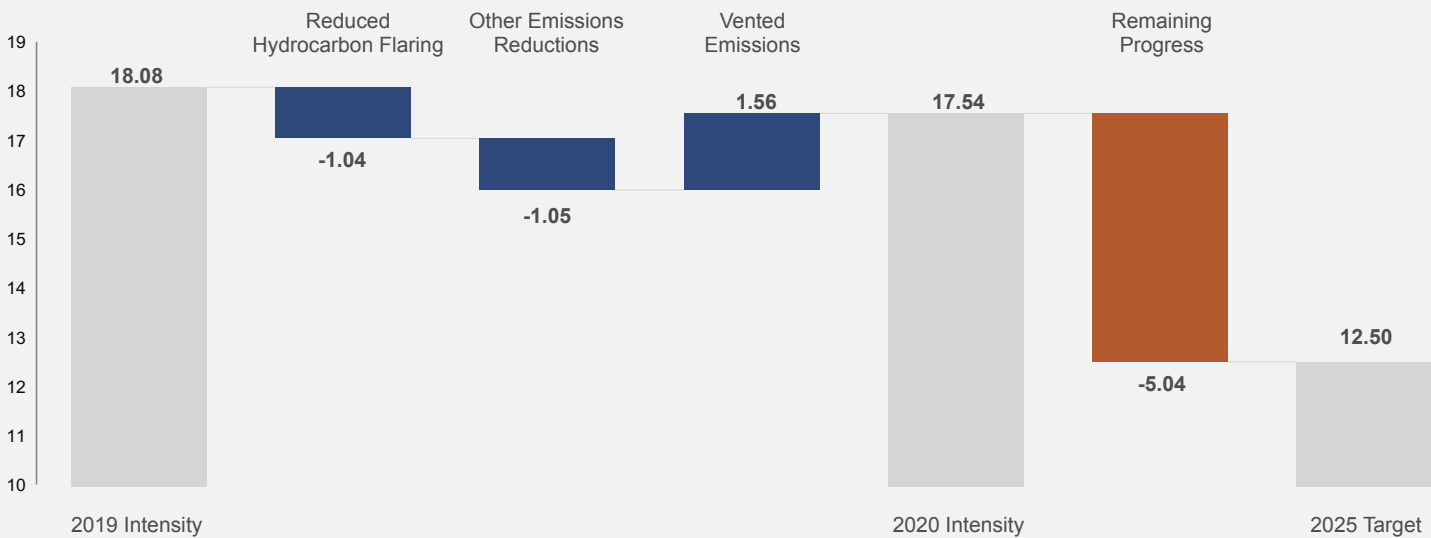


Metrics and Targets

Laredo’s ESG metrics are aligned to SASB, TCFD, IPIECA, AXPC and API indices with respective outcomes disclosed in the indices section of this report.

- Compensation: In 2020, we updated and strengthened the STIP component of our executive compensation program to include environmental metrics based on Spill Severity Rate and Air Stewardship metrics. We expect our compensation program to include additional sustainability metrics in the future.
- Environmental: Our emissions targets are relative to our 2019 operations baseline and we expect to achieve the following:
  - **12.5 mtCO<sub>2</sub>e/MBOE Scope 1 GHG Intensity by 2025**  
(2019 calendar year baseline)
  - **Zero routine flaring by 2025**
  - **<0.20% methane emissions by 2025**  
(as a percentage of natural gas production)
- Scope 3 Emissions: We estimated Scope 3 emissions based on gross operated sales volumes using the IPIECA Scope 3 Category 11 methodology. This methodology assumes oil and gas sold were burned as fuel and incorporates EPA GHG emissions factors.

SCOPE 1 GHG INTENSITY(mtCO<sub>2</sub>e/MBOE)  
REDUCTION PROGRESS VS. 2025 TARGET





Scenario Analysis

OVERVIEW

In response to the increasing interests of shareholders and other stakeholders in how Laredo assesses and manages climate-related risks and opportunities, Laredo has conducted a TCFD-aligned scenario analysis, using a minimum 2°C scenario, to understand the potential impacts of climate change on our business operations and financial performance. We utilize expert energy analyses and projections produced by the US Energy Information Administration (EIA) and the International Energy Agency (IEA) to review our portfolio and test the robustness of our strategy against the identified climate-related risks in a range of possible future low oil price and low-carbon scenarios.

SCENARIOS USED

To evaluate the resiliency of Laredo’s portfolio and our ability to develop oil and gas resources economically, we applied three scenarios from the International Energy Agency (IEA): the Current Policies Scenario, the Stated Policies Scenario (STEPS) and the Sustainable Development Scenario (SDS).

**IEA Current Policies Scenario** represents the “business-as-usual” case. It considers only the policies that have been already formally adopted by governments, and no new policies are proposed or implemented.

**IEA Stated Policies Scenario (STEPS)**, the IEA’s central scenario, explores energy market trends based on policies adopted by mid-2020 and considers possible impacts

of relevant proposals, even though these proposals may still need to be developed and implemented. The IEA Stated Policies Scenario projects an oil price of \$85 per barrel and an average Henry Hub natural gas price of \$4.20 per MBtu in 2040.

**IEA Sustainable Development Scenario (SDS)** is aligned with the Paris Agreement and key energy-related targets of the UN Sustainable Development Goals. It describes an energy sector pathway and actions that would be required to limit the rise in the global average temperature to well below 2°C with a 66% probability compared to pre-industrial levels. This represents the most extreme case for Laredo.

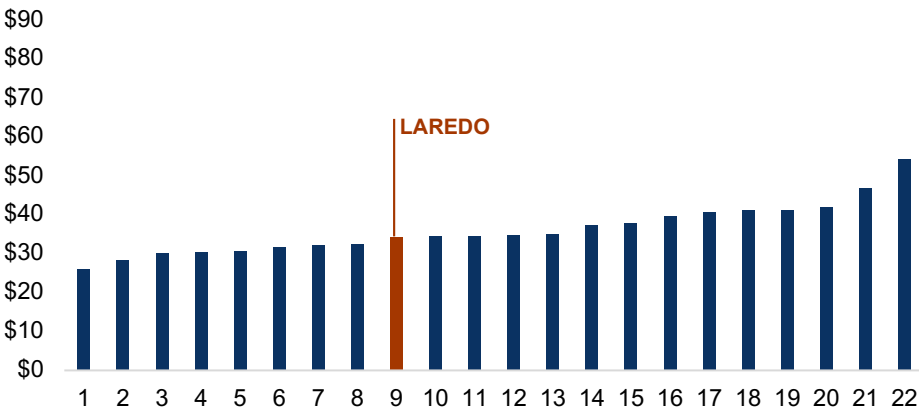
ANALYSIS

In the most extreme IEA SDS scenario, where prices for oil and natural gas are projected to be \$53 per barrel of oil and \$2 per MBtu for natural gas in 2040, oil and natural gas are projected to remain a significant part of the global energy mix with oil accounting for 17% of the world’s primary energy demand and natural gas accounting for 25% through 2040. Laredo is one of the top low-cost producers in the Permian Basin, which is one of the most prolific oil and gas basins in the United States and we believe will be best positioned to economically develop and produce energy in the long-term.

We incorporated conservative commodity price assumptions for the oil and natural gas prices in the base case. For our portfolio analysis, we used breakeven oil prices for the Permian Basin oil wells provided by Enverus, a private market analysis firm. Estimated at US\$34.30 per barrel, Laredo’s breakeven cost is below the range of prices in both the IEA’s Stated Policies Scenario and the Sustainable Development outlooks. This suggests that Laredo’s assets are expected to continue to yield economic returns even in an aggressive low-carbon scenario.

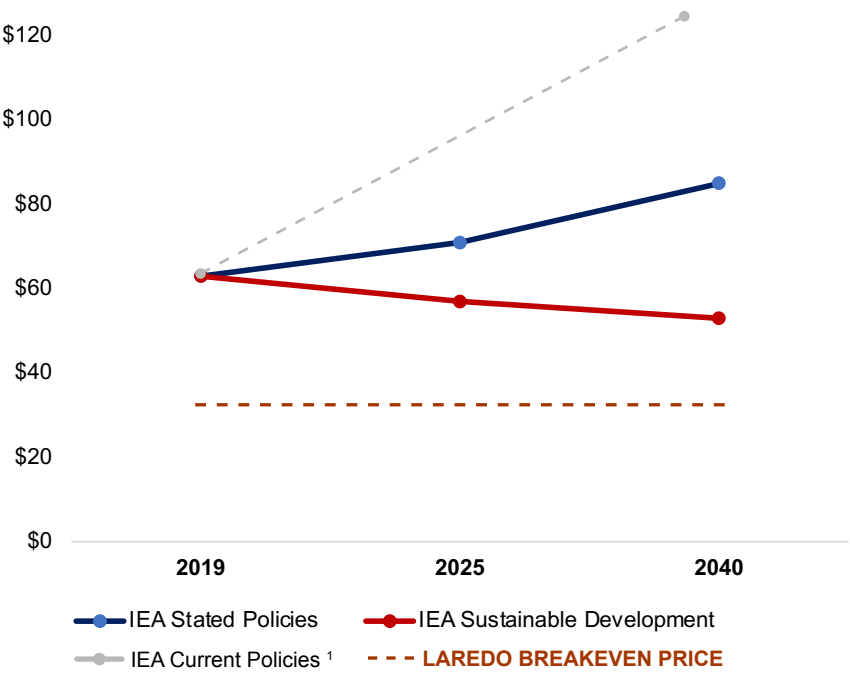
PEERS’ BREAKEVEN PRICE PER BARREL (US\$)

Source: Enverus



OIL PRICE BY SCENARIO (\$/BARREL)

Source: IEA



<sup>1</sup> The IEA Current Policies price projections come from the World Energy Outlook (2019) that shows the oil price above \$120 per barrel in 2040. Data is not available for 2025.



## Sustainable Development

### RESILIENT PORTFOLIO

Based on the results of the scenario analysis, Laredo is confident that its portfolio of assets will remain resilient in a range of possible future low oil prices and low-carbon scenarios. Laredo expects to remain a leading low-cost operator through expanding high-margin inventory and leveraging its contiguous acreage position to drive operational efficiency and increase drilling program rates of return. Our scenario planning analysis results support Laredo's strategic focus on capital efficiency and long-term value creation. We believe this indicates that Laredo is positioned to continue producing oil and gas profitably, even in a carbon-constrained environment, and our business is likely to be resilient to the potential price impacts outlined in the IEA Sustainable Development Scenario.

### OPERATIONAL PLANNING

Laredo is committed to transforming our assets through new technologies and systems that can allow us to grow, while also reducing our impacts on the environment. In 2021, we began piloting an array of Internet-of-Things (IoT) sensors combined with machine learning to alert our operations personnel of a potential equipment failure or emissions event. These devices, combined with our integrated infrastructure planning efforts, will support our continued efforts to reduce emissions from Laredo operated facilities. Furthermore, we are increasing our collaboration with the third-party midstream companies that purchase our produced products to mitigate emissions on Laredo locations due to third-party operational issues. We believe these strategies will allow us to continue acquiring and developing Permian Basin assets in an operationally and financially sustainable manner.

### RENEWABLE ENERGY

Electricity consumed through Laredo's operations currently comes from the Electric Reliability Council of Texas (ERCOT) grid. However, we recognize the importance of procuring energy from renewable sources as we continue to scale our operations and are evaluating partnership opportunities to procure certified, renewable energy moving forward.

### THIRD-PARTY CERTIFICATION

Laredo is proud to announce that it will move forward with best-in-class practices for third-party, industry-specific certification for our operations through Project Canary's TrustWell® Certification, further demonstrating our commitment to advanced monitoring technology, as well as safety and training practices.

## Air Quality

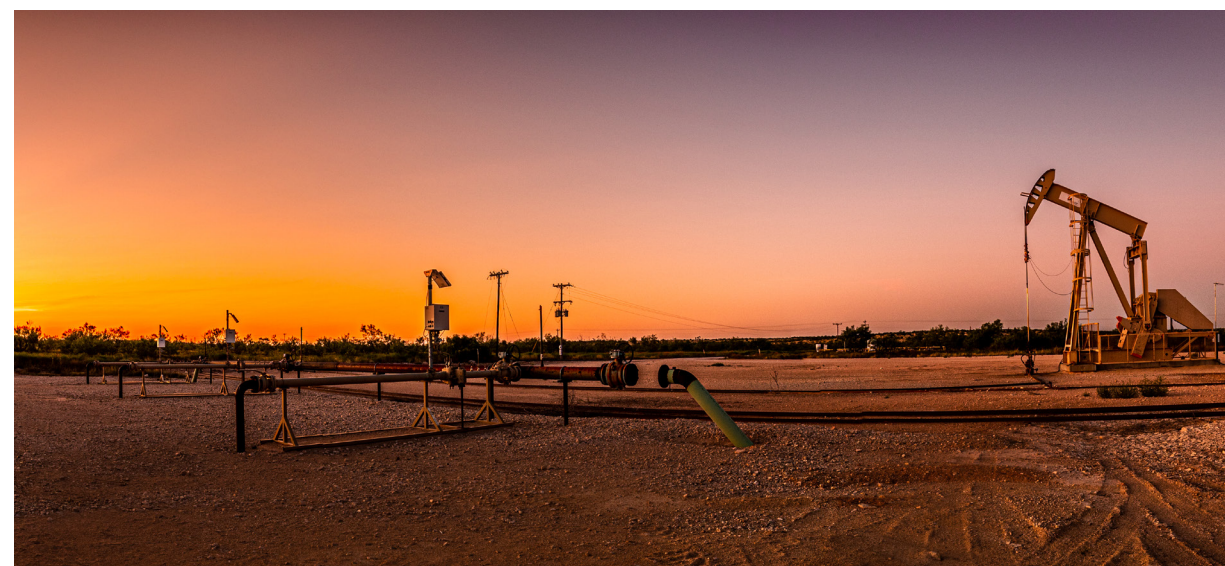
### DUST MITIGATION

In 2015, and prior to OSHA regulations, Laredo implemented dust mitigation technology to protect employees and contractors from breathing silica. We also implemented dust control measures for lease roads and work sites to minimize dust from high traffic areas during completion operations.

### FLARING AND VENTING

In 2020, Laredo further reduced the volume of natural gas flared or vented by 56%<sup>3</sup>, as compared to 2019. All new Laredo facilities are outfitted with Vapor Recovery Systems to minimize emissions during routine operations and on-site combustors are used to minimize emissions during non-routine emergency events. Takeaway capacity in the Permian Basin can be constrained at times and, during such a period, Laredo worked to expand offload capacity to third-party sales points as opposed to the industry standard of flaring.

In 2020, we began a voluntary Leak Detection and Repair (LDAR) program where an optical gas imaging camera was used to inspect each company-operated facility at least once annually to minimize emissions from our facilities. In 2021, we expanded our LDAR program to inspect company-operated facilities at least twice annually, a goal we expect to achieve in 2022. Furthermore, we also began piloting the use of Continuous Emissions Monitoring Systems (CEMS) to mitigate emissions related to flaring and venting at Laredo operated facilities.



<sup>3</sup> Reduction in flared emissions differ slightly from the proxy due to improved data quality and final verification of this year's emissions data, but was not found to be material.



Water and Biodiversity

WATER RECYCLING

The reuse and disposal of produced water is one of the most challenging aspects of horizontal development in the Permian Basin. Our company-operated water infrastructure provides a reliable source of water for our completion operations while providing low-cost takeaway capacity for flowback and produced water. In 2020, Laredo recycled 4.71 million barrels of produced water, or 17% of our produced and flowback water. This represents a slight decrease in recycled water compared to last year, largely due to limitations on water recycling at our newly acquired Howard County operations. Going forward, we are on track to increase our average recycled water rates for each wellsite beyond the current 17% as we build out new infrastructure and as third parties commission the recycling of water on Laredo’s behalf in Howard and Western Glasscock Counties.

SPILL MANAGEMENT

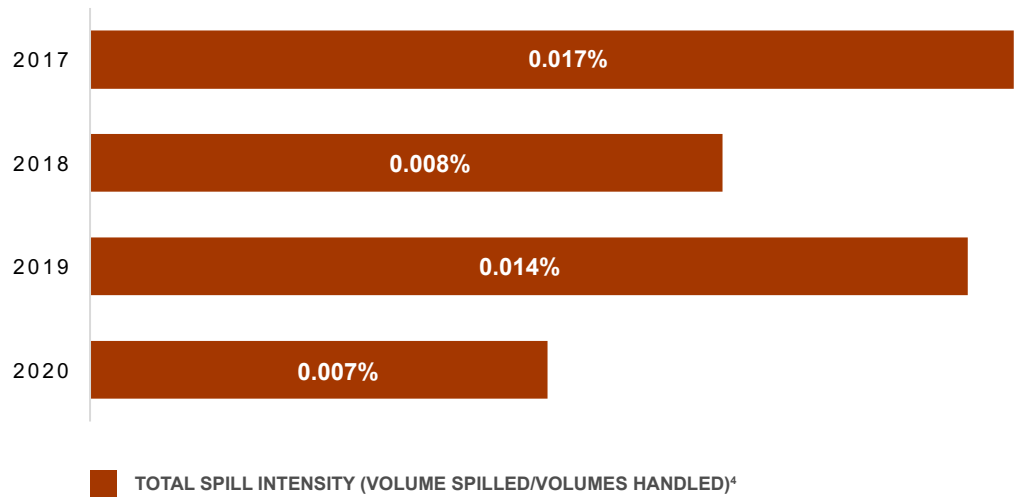
Minimizing spills of crude oil and water is important to Laredo. Our storage facilities are equipped with early warning alarms that notify our field personnel of a potential spill and all of our operated oil, gas and water lines are monitored for leaks twice per week by a third-party aerial surveillance company with any issues reported immediately for mitigation. We also use impermeable liners in our storage facilities which enable us to safely contain 99.99% of all liquids handled. Laredo works with our service providers to ensure proper mitigation measures are used when trucks pick up loads of crude oil to haul.

Supply Chain Management

SUPPLIER RELATIONSHIPS

Laredo’s reputation for integrity is directly related to the conduct of our people and those with whom we work. Accordingly, our policies regarding gifts, gratuities and conflicts of interest extends to our vendors, suppliers and contractors. We have a formal program to assess suppliers for safety, quality, sustainability and financial assurance. We work closely with our suppliers and business partners to monitor our procurement processes and recognize the significance of these practices for sustainability and human rights. In 2021, we conducted our first ESG focused survey with our suppliers to understand the diversity of our supply base and their respective beliefs. These measures have strengthened our supply chain resilience through use of optimal supply alternatives, consistency and supplier relationships. Read more about our Supply Chain Policy as it relates to human rights, health and safety, appropriate compensation and non-discrimination in the Governance section of this report.

TOTAL SPILL INTENSITY



SPILL METRICS FOR 2020

2020	Crude Oil (Barrels)	Water (Barrels)
Events	87	120
Spilled	401	3,931
Recovered	265	2,966
Net	137	965

<sup>4</sup> Volumes handled includes all aspects of the well life cycle, including total produced fluids (oil and water), as well as total freshwater consumed by our operations.



Doing the Right Thing

GOVERNANCE

- Nationally-recognized Board diversity
- Formalized ESG oversight and management structure
- Independent Board leadership

SOCIAL

- Increased Board diversity (on basis of race and gender) from 22% to 56% since 2019
- Commitment to diversity and inclusion progress and transparency demonstrated by EEO-1 data disclosure
- Women in leadership
- Employee and contractor safety
- Local philanthropy and community engagement

ENVIRONMENTAL

- Emissions targets
- Resilient planning and scenario analysis
- Sustainable development
- Disclosed Scope 3 emissions

Progress and Next Steps

We have come a long way since we began externally communicating our ESG efforts with the release of our inaugural report in February 2021. Since the beginning of 2021, we have published ESG and Climate Risk Reports for 2019 and 2020, both in calendar year 2021; introduced ESG considerations to the company and began providing quarterly ESG updates; and participated as panelists to discuss ESG matters in industry conferences. Specifically, we expanded our Nominating and Corporate Governance Committee’s mandate— now the Nominating, Corporate Governance, Environmental and Social Committee— and established an ESG management committee which now meets on a regular basis. Additionally, we continued to improve our processes for integrating climate risks and opportunities into our ERM process and strategic planning. These efforts have already begun to have real impacts. We continue to reduce our flaring volumes and are piloting continuous emissions monitoring. Finally, we published our EEO-1 data and strengthened our commitment to recruiting diverse candidates to attract and retain a talented workforce.

Moving ahead, we aim to publish our next ESG and Climate Risk Report in Q3 2022, which reflects our ongoing commitment to meeting ESG targets. We will formalize our governance practices to further embed climate-related risk assessments and energy transition into our business strategy. We also aim for ambitious emissions and flaring reductions, by continuing to pilot and expand new pneumatic and electrification systems. Finally, we will continue to improve with respect to human capital management through expanded trainings, including Environment, Health and Safety, and diversity and inclusion offerings.

Emissions Targets



**12.5 mtCO<sub>2</sub>e/MBOE**

**Scope 1 GHG Intensity by 2025**  
(2019 calendar year baseline)



**ZERO**

**routine flaring**  
**by 2025**



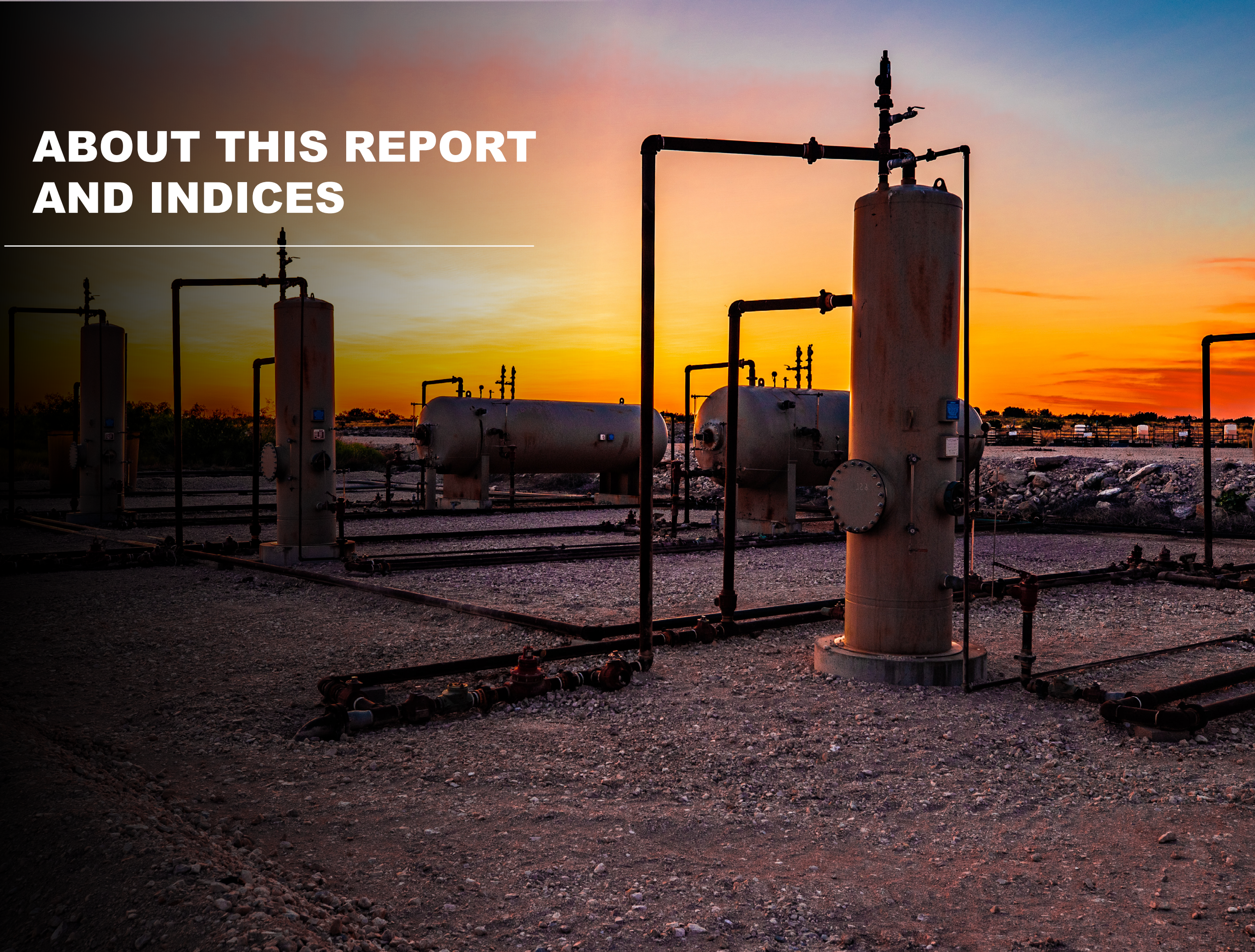
**<0.20%**

**methane emissions by 2025**  
(as a percentage of natural gas production)



# ABOUT THIS REPORT AND INDICES

---





This report is the second ESG and Climate Risk Report for Laredo. In developing this report, we referenced sustainability reporting frameworks, standards and industry groups such as the Sustainability Accounting Standards Board (SASB), the Task Force on Climate-related Financial Disclosures (TCFD), the International Petroleum Industry Environmental Conservation Association (IPIECA), American Exploration & Production Council (AXPC) and the American Petroleum Institute (API). The report contains quantitative metrics drawn from available data for the 2020 calendar year. This report also includes qualitative information from both 2020 and partial year information from 2021. Laredo discloses gross emissions related to our operated properties and therefore uses gross production associated with those assets.

Laredo engaged Georgeson and HXE Partners to support the stakeholder engagement process, report content development, quantitative data collection, limited data assurance and calculations and report design. Our environmental information included in this report is preliminary, unaudited and subject to revision.

### DISCLAIMER

Various statements contained in this report may be considered forward-looking statements. These forward-looking statements include statements, projections and estimates concerning our operations, performance, business strategy, oil, natural gas liquids and natural gas reserves, drilling program capital expenditures, liquidity and capital resources, the timing and success of specific projects, outcomes and effects of litigation, claims and disputes, derivative activities and potential financing. Forward-looking statements are generally accompanied by words such as “estimate,” “project,” “predict,” “believe,” “expect,” “anticipate,” “potential,” “could,” “may,” “Will,” “foresee,” “plan,” “goal,” “should,” “intend,” “pursue,” “target,” “continue,” “suggest” or the negative thereof or other variations thereof or other words that convey the uncertainty of future events or outcomes. Forward-looking statements are not guaranteeing of performance. These statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments as well as other factors we believe are appropriate under the circumstances. The data and information herein are as of December 31, 2020, unless otherwise indicated.





## Sustainability Accounting Standards Board (SASB)

SASB standards enable businesses around the world to identify, manage and communicate financially-material sustainability information to their investors. SASB provides a complete set of 77 globally applicable industry-specific standards which identify the minimal set of financially material sustainability topics and their associated metrics for the typical company in an industry. The following table references the specific “Oil & Gas-Exploration and Production” industry standard.



SASB CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE	
GREENHOUSE GAS EMISSIONS			2019 <sup>5</sup>	2020
EM-EP-110a.1	Gross global Scope 1 GHG emissions	Metric tons CO <sub>2</sub> e	599,343	609,685
EM-EP-110a.1	Gross global Scope 1 GHG intensity rate	Metric tons CO <sub>2</sub> e/MBOE	18.08	17.54
EM-EP-110a.1	Methane emissions as a percentage of gross global Scope 1 GHG emissions	Percentage (%)	21%	51%
EM-EP-110a.1	Percentage of gross global Scope 1 GHG emissions covered under emissions-limiting regulations	Percentage (%)	0%	0%
EM-EP-110a.1	Gross global Scope 1 GHG emissions from flared hydrocarbons	Metric tons CO <sub>2</sub> e	259,174	235,442
EM-EP-110a.1	Gross global Scope 1 GHG emissions from other combustion	Metric tons CO <sub>2</sub> e	184,512	158,215
EM-EP-110a.1	Gross global Scope 1 GHG emissions from process emissions	Metric tons CO <sub>2</sub> e	0	0
EM-EP-110a.1	Gross global Scope 1 GHG emissions from other vented emissions	Metric tons CO <sub>2</sub> e	137,942	198,982
EM-EP-110a.2	Gross global Scope 1 GHG emissions from fugitive emissions	Metric tons CO <sub>2</sub> e	13,540	13,082

<sup>5</sup> In 2020 we undertook rigorous efforts to improve our environmental data quality and revised our 2019 data to reflect new and more granular emissions and water sources. The 2019 data published in this report reflects the 2019 revised data set.





SASB CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE
EM-EP-110a.3	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions reduction targets and an analysis of performance against those targets	Qualitative	<p>In our 2020 ESG and Climate Risk Report, Laredo set an absolute emissions target to achieve a Scope 1 emissions intensity of 12.5 metric tons CO<sub>2</sub>e/MBOE by 2025. We are pleased to report our greenhouse gas emissions intensity decreased from 18.08 mtCO<sub>2</sub>e/MBOE in 2019 to 17.54 mtCO<sub>2</sub>e/MBOE in 2020. This decrease was driven by a reduction in the volume of gas flared and partially offset by an increase in remissions related to venting, mainly driven by a single event that comprised over 8% of our total emissions for the year. To mitigate this type of “super emitter” event, we are piloting Continuous Emissions Monitoring and other IoT devices to monitor, detect and alert our field personnel should an emissions event occur. By doing so, we expect to minimize the duration and emissions associated with such an event. The deployment of advanced monitoring technology is congruent with our strategy to achieve our GHG emissions reduction targets by mitigating venting and flaring through advanced monitoring and detection, converting our pneumatic devices to non-vent or instrument air and electrifying portions of our field operations to minimize combustion related emissions.</p> <p>Furthermore, beginning in 2022, we committed to LDAR inspections on every location twice annually, up from one visit to each facility in 2019 and continuing to increase awareness and technical training to mitigate flaring and venting opportunities in our field operations. We expect to see continued progress toward our 2025 emission reduction targets and our ESG Management Committee and our Board’s Nominating, Corporate Governance, Social and Environmental Committee will monitor our performance against these metrics.</p>

## AIR QUALITY

EM-EP-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N <sub>2</sub> O), (2) SOx, (3) volatile organic compounds (VOCs) and (4) particulate matter (PM <sub>10</sub> )	Metric tons	Laredo continually works to minimize our greenhouse gas emissions. While we track components related to EPA reporting, we do not currently track additional air emissions at the component level. However, we are currently piloting Continuous Emissions Monitoring Systems (CEMS) which have the capability of providing information related to NOx, SOx, VOCs and PM <sub>10</sub> and look forward to sharing this data in the future.
--------------	--	-------------	--

WATER MANAGEMENT			2019	2020
EM-EP-140a.1	Total fresh water withdrawn	Cubic meters (m3)	3,472,717	3,266,870
EM-EP-140a.1	Total fresh water consumed	Cubic meters (m3)	3,472,717	3,266,870
EM-EP-140a.1	Percentage of each in regions with High or Extremely High Baseline Water Stress	Percentage (%)	0%	63%
EM-EP-140a.2	Volume of produced water and flow back generated	Cubic meters (m3)	4,779,469	4,346,481
EM-EP-140a.2	Percentage discharged	Percentage (%)	0%	0%
EM-EP-140a.2	Percentage injected	Percentage (%)	61%	83%





SASB CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE	
WATER MANAGEMENT			2019	2020
EM-EP-140a.2	Percentage recycled	Percentage (%)	39%	17%
EM-EP-140a.2	Hydrocarbon content in discharged water	Metric tons	0%	0%
EM-EP-140a.3	Percentage of hydraulically fractured wells for which there is public disclosure of all fracturing fluid chemicals used	Percentage (%)	100%	100%
EM-EP-140a.4	Percentage of hydraulic fracturing sites where ground or surface water quality deteriorated compared to a baseline	Percentage (%)	Not currently tracked.	Not currently tracked.
BIODIVERSITY IMPACTS				
EM-EP-160a.1	Description of environmental management policies and practices for active sites	Qualitative	<p>Continuous improvement has long been part of Laredo's culture of doing the right thing and our efforts around environmental management are no different. While we work to formalize our environmental management system in alignment with the ISO 14001 Standard, the "Plan-Do-Check-Act (PDCA) methodology has long been integrated into our operations. For example, one of our 2019 goals was to reduce the frequency and volume of fluids spilled. Our Operations and Health, Safety and Environment teams identified potential risks, developed mitigation plans, met monthly to track progress toward our goals and worked through our Root Cause Analysis program to avoid future spills. These efforts led to continued operational improvements, with the number of spills reduced by 40% and the net volume spilled by 82% when compared to 2017 performance.</p> <p>Laredo continued to augment our EMS in 2020 by operationalizing our emissions reduction strategy. Relatedly, our aim is to outperform our 2025 emissions reduction targets by focusing on three key areas: flaring and venting, pneumatics and electrification. Pilots for each strategy area are already underway. Additionally, we expanded our emissions monitoring and third-party data verification, are piloting the construction of all new facilities with instrument air and no-vent pneumatics, and evaluating the electrification of our field operations where sufficient power infrastructure is available. Furthermore, we are continuing to expand our water recycling efforts and are committed to increasing the amount of recycled water used in our Howard County operations to decrease the use of potable fresh water in an area of water stress. Lastly, we are embedding climate risk and other environmental impacts considerations into our supplier procurement process, including procuring renewable energy for our operations, as part of our EMS. Moving forward, we are focused on further strengthening our EMS methodology according to PDCA, ISO 14001, and other best practices.</p>	





SASB CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE
<b>BIODIVERSITY IMPACTS</b>			
EM-EP-160a.2	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume impacting shorelines with ESI rankings 8-10, and volume recovered	Number, barrels (bbls)	Laredo does not operate in the Arctic not along shorelines with ESI rankings 8-10. As such, we have no spills in these areas.
			<b>Hydrocarbon Spills (Barrels): In the Arctic</b>
			<b>2019</b>
			<b>2020</b>
			Events 0 0
			Spilled 0 0
			Recovered Not Applicable Not Applicable
			Net 0 0
			<b>Hydrocarbon Spills (Barrels): Impacting Shorelines with ESG Rankings 8-10</b>
			<b>2019</b>
			<b>2020</b>
			Events 0 0
			Spilled 0 0
			Recovered Not Applicable Not Applicable
			Net 0 0
			For our onshore operations, the tables below provide an overview of hydrocarbon and water spills in 2019 and 2020.
			<b>Hydrocarbon Spills (Barrels): From Onshore Operations</b>
			<b>2019<sup>6</sup></b>
			<b>2020</b>
			Events 107 87
			Spilled 1,196 401
			Recovered 361 265
			Net 835 137
			<b>Water Spills (Barrels): From Onshore Operations</b>
			<b>2019<sup>6</sup></b>
			<b>2020</b>
			Events 174 120
			Spilled 7,809 3,931
			Recovered 4,723 2,966
			Net 3,086 965
			<b>Recovery, spill and spill intensity by year and product</b>
			<b>2017</b>
			<b>2018</b>
			<b>2019</b>
			<b>2020</b>
			Recovery Rate Oil Barrels of Oil Recovered / Barrels of Oil Spilled 0.61 0.27 0.30 0.66
			Recovery Rate Water Barrels of Water Recovered / Barrels of Water Spilled 0.47 0.68 0.60 0.75
			Spill Rate Oil Barrels of Oil Spilled / 1,000 Barrels of Oil Produced 0.13 0.22 0.08 0.03
			Spill Rate Water Barrels of Water Spilled / 1,000 Barrels of Water Produced 0.46 0.11 0.26 0.14
			Produced Fluid Spill Intensity (Secondary Containment) Barrels of Fluid Spilled / 1,000 Barrels of Fluid Produced 0.34 0.15 0.20 0.11

<sup>6</sup> In 2020 we undertook rigorous efforts to improve our environmental data quality and revised our 2019 data to reflect new and more granular spills tracking and management. The 2019 data published in this report reflects the 2019 revised data set.





SASB CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE	
BIODIVERSITY IMPACTS			2019	2020
EM-EP-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	Percentage (%)	0%	0%
SECURITY, HUMAN RIGHTS AND RIGHTS OF INDIGENOUS PEOPLES			2019	2020
EM-EP-210a.1	Percentage of (1) proved and (2) probable reserves in or near areas of conflict	Percentage (%)	0%	0%
EM-EP-210a.2	Percentage of (1) proved and (2) probable reserves in or near indigenous land	Percentage (%)	0%	0%
EM-EP-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights and operation in areas of conflict	Qualitative	Per our Human Rights, Security and Rights of Indigenous Peoples Policy, Laredo is committed to ensuring we uphold all internationally recognized human rights in every aspect of our work and follow all applicable national and local regulations as they pertain to the fundamental rights of all stakeholders. Laredo’s commitment to human rights aligns with the principles of the UN’s Universal Declaration of Human Rights, the UN’s Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We also do not currently operate on or adjacent to any lands under the governance of indigenous peoples. We also do not operate in any areas of active conflict and are committed to not doing so in the future. Should we do so, we would follow all applicable laws and work to engage with those communities to ensure business practices that are respectful of their sovereignty, security (including water security and access to resources) and indigenous rights through community consultations.	
COMMUNITY RELATIONS				
EM-EP-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interests	Qualitative	Strong, positive relationships with the communities in which we operate are core to our successful operations. As a company, Laredo upholds all human rights and condemns any violation of such rights.  We also do the right thing in protecting our surface owners and their interests. We regularly implement dust control protocols during drilling and completion operations and have raised sound walls to further minimize impact from our operations when they occur in densely-populated areas. As Laredo continues to grow, we are committed to consulting with local communities and engaging with key local stakeholders in the early stages of any new project. We will also apply the principles of Free, Prior and Informed Consent (FPIC) in keeping with best practices for community engagement.	
			2019	2020
EM-EP-210b.2	Number and duration of non-technical delays	Number, days	0	0





SASB CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE																
WORKFORCE HEALTH AND SAFETY																			
EM-EP-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR) and (4) average hours of health, safety and emergency response training for (a) full-time employees, (b) contract employees and (c) short-service employees	Rate, hours (h)	<p>(1) Laredo workforce combined TRIR – 0.74 (0.73 Contractor TRIR and 0.78 Employee TRIR) . See the Employee Health and Safety portion of our report for additional safety metrics.</p> <p>(2) Fatality rate-0 (3) Not currently tracked</p> <p>(4a) Full-time field employees receive 27.5 hours of annual training. Normally, new supervisors receiving another 16 hours for HAZWOPER certification, which is renewed annually with 8-hour refresher; however, the HAZWOPER training was required to be in person and was therefore not conducted in 2020 due to COVID safety protocols. (4b) Contract supervisors receive 19.5 hours of training per year through our monthly safety meetings (4c) New field employees must complete the 8-hour SafeLand Certification course before engaging in field work. Additionally, new field employees receive 24.5 hours per year and an additional 3 hours of safety training upon new hire orientation. Our lease operators also participated in training related fundamental, intermediate and advanced technical operations and standard operating procedures for a total of over 7,000 hours of additional operational training in 2020.</p> <table><tr><th></th><th>2018</th><th>2019</th><th>2020</th></tr><tr><td>TRIR – Employee + Contractor Combined</td><td>1.19</td><td>0.86</td><td>0.74</td></tr><tr><td>LTIR – Employee + Contractor Combined</td><td>0.40</td><td>0.17</td><td>0.11</td></tr><tr><td>DART – Employee + Contractor Combined</td><td>0.80</td><td>0.43</td><td>0.32</td></tr></table>		2018	2019	2020	TRIR – Employee + Contractor Combined	1.19	0.86	0.74	LTIR – Employee + Contractor Combined	0.40	0.17	0.11	DART – Employee + Contractor Combined	0.80	0.43	0.32
	2018	2019	2020																
TRIR – Employee + Contractor Combined	1.19	0.86	0.74																
LTIR – Employee + Contractor Combined	0.40	0.17	0.11																
DART – Employee + Contractor Combined	0.80	0.43	0.32																
EM-EP-320a.2	Discussion of management systems used to integrate a culture of safety throughout the exploration and production lifecycle	Qualitative	<p>Laredo management systems integrate a culture of safety throughout the exploration and production lifecycle. Our culture of safety starts with our core values of doing the right thing. All field employees are required to complete both third-party and internal training programs prior to beginning field operations. We have developed standard operating procedures for routine activities to ensure we do it right the first time, every time.</p> <p>When on-site, we conduct pre-job and pre-shift safety meetings with all personnel and contractors on location, with additional meetings if operations call for a change from our standard operating procedure.</p> <p>Furthermore, all employees and contractors have the right to stop work any time they believe conditions may pose a danger to health, safety or security of personnel or result in a release. Additionally, we conduct regular hazard hunts on locations to identify and correct any safety deficiencies, hire a third-party to inspect rigs on a bi-annual basis, conduct pre-spud inspections with the contract rig manager and confirm regulatory compliance and safety performance for all contractors that operate, or are present, at our field locations. All incidents and near miss events are reviewed and most issues go through our root cause analysis process to ensure responsive and corrective actions are taken to prevent future events.</p>																



# ABOUT THIS REPORT AND INDICES



SASB CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE	
RESERVES VALUATION AND CAPITAL EXPENDITURES			2019	2020
EM-EP-420a.1	Sensitivity of hydrocarbon reserve levels to future price projection scenarios that account for a price on carbon emissions	Million barrels (MMbbls), Million standard cubic feet (MMscf)	Not tracked.	In response to requests from our stakeholders, Laredo undertook a scenario analysis aligned with the Task Force on Climate-related Financial Disclosures (TCFD) in 2020 to assess risks and opportunities related to climate change, as well as quantify these impacts based on different transition risks and policy scenarios. In the most extreme International Energy Agency (IEA) Sustainable Development Scenario, where prices for oil and natural gas are projected to be \$53 per barrel of oil and \$2 per MBtu for natural gas in 2040, oil and natural gas are projected to remain a significant part of the global energy mix with oil accounting for 17% of the world's primary energy demand and natural gas for 25% through 2040. Laredo is one of the top low-cost producers in the Permian Basin, which is one of the most prolific oil and gas basins in the United States and will be best positioned to economically develop and produce energy in the long-term. We incorporated conservative commodity price assumptions for the oil and natural gas prices in the base case. For our portfolio analysis, we used breakeven oil prices for the Permian Basin oil wells provided by Enverus, a private market analysis firm. Estimated at US\$34.30 per barrel, Laredo's breakeven cost is below the range of prices in both the IEA's Stated Policies Scenario and the Sustainable Development outlooks. This suggests that Laredo's assets are expected to continue to yield economic returns even in an aggressive low-carbon scenario.
EM-EP-420a.2	Estimated carbon dioxide emissions embedded in proved hydrocarbon reserves	Metric tons CO2e	Not currently tracked.	Not currently tracked.
EM-EP-420a.3	Amount invested in renewable energy; revenue generated by renewable energy sales	US dollar	\$0	\$0
EM-EP-420a.4	Discussion of how price and demand for hydrocarbons and/or climate regulation influence the capital expenditure strategy for exploration, acquisition and development of assets	Qualitative	<p>In 2020, Laredo conducted a third-party scenario analysis to provide an even more comprehensive review of the resilience of our business strategy with respect to climate-related scenarios. The methods used aligned with the TCFD and utilized three transition risk scenarios from the IEA. The outcome of our analysis found that Laredo is positioned to continue producing oil and gas profitably, even in a carbon-constrained environment, and our business is likely to be resilient to the potential price impacts outlined in the IEA Sustainable Development Scenario.</p> <p>Laredo is confident that its portfolio of assets will remain resilient in a range of possible future low oil prices and low-carbon scenarios. Laredo expects to remain a leading low-cost operator through expanding high-margin inventory and leveraging its contiguous acreage position to drive operational efficiency and increase drilling program rates of return. Our scenario planning analysis results support Laredo's strategic focus on capital efficiency and long-term value creation. We believe this indicates that Laredo is positioned to continue producing oil and gas profitably, even in a carbon-constrained environment, and our business is likely to be resilient to the potential price impacts outlined in the IEA Sustainable Development Scenario. Furthermore, Laredo expects to continue acquiring strategic assets which we can not only economically develop but operate in a way which significantly improves the air quality of the Permian Basin.</p>	





SASB CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE	
BUSINESS ETHICS AND TRANSPARENCY			2019	2020
EM-EP-510a.1	Percentage of (1) proved and (2) probable reserves in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Percentage (%)	0%	0%
EM-EP-510a.2	Description of the management system for prevention of corruption and bribery throughout the value chain	Qualitative	<p>Laredo has built a reputation as a trustworthy and ethical company, and positive member of our community. All Laredo employees annually certify they are free from conflict of interest and further agree to conduct business honestly and fairly and to not take unfair advantage of anyone through any misrepresentation of material facts, manipulation, concealment, abuse of privileged information, fraud or other unfair business practice.</p> <p>Augmenting our conflict-of-interest policy is our Whistleblower Policy whereupon any employee, as well as any other person, may submit a good faith complaint to the management of the company without fear of dismissal or retaliation of any kind. These complaints are submitted via our corporate hotline and may be submitted anonymously with review of such complaints overseen by the Audit Committee of the Board of Directors. The ethics reporting hotline is (844) 732-6240.</p> <p>Further guarding against conflict of interest and corruption are our Code of Conduct and Business Ethics, and polices against hedging or pledging stock, for independent committee chairs on the Board, regular audits of internal performance, supply chain, equal opportunity and anti-harassment, advocacy and lobbying and human rights policies.</p> <p>Laredo also strictly prohibits facilitating payments, which are small payments made to government officials in exchange for expedited services such as approvals of permits or licenses. We require all employees to complete mandatory anti-corruption and anti-bribery training that covers giving and receiving gifts, conflict of interest, appropriate record-keeping and our overall commitment to ethical behavior and compliance.</p>	
MANAGEMENT OF THE LEGAL AND REGULATORY ENVIRONMENT				
EM-EP-530a	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Qualitative	<p>Our Board's Audit Committee oversees and reviews Laredo's compliance with legal and regulatory requirements by reviewing and discussing the implementation and effectiveness of our compliance program. Furthermore, Laredo's ESG Management Committee and the Board's Nominating, Corporate Governance, Environmental and Social Committee review environmental and social factors addressing the industry. Additionally, Laredo fully complies with all political contribution laws. Our funds may not be used for contributions of any kind to any political party or committee or to any candidate or holder of any government position (national, state or local) unless such contribution is permitted by law.</p>	
			2019	2020
EM-EP-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1)	Rate	0	0





SASB CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE
-----------	-------------	-----------------	-------------------

CRITICAL INCIDENT RISK MANAGEMENT

EM-EP-540a.2	Description of management systems used to identify and mitigate catastrophic and tail-end risks	Qualitative	<p>Laredo has multiple systems and processes in place to identify, understand and prevent or minimize the occurrence of low-probability, high-impact events with potentially significant environmental or social externalities. We annually review our Enterprise Risk Management (ERM) program for continuous improvement opportunities and regularly review our Environmental, Health and Safety performance to understand possible trends.</p> <p>In 2020, Laredo formalized and augmented its ERM process. We further embedded the assessment and management of climate-related risks into our strategy through strengthened governance structures: a newly defined Nominating, Corporate Governance, Environmental and Social Committee and ESG Management committee. We also undertook a third-party reviewed, TCFD-aligned scenario analysis to quantify the financial impacts of climate change to our business strategy. Finally, we undertook rigorous efforts to improve our data quality, detection and monitoring systems, which will help us better manage our environmental risks and opportunities over time.</p> <p>Our Board’s Audit Committee is responsible for our cybersecurity. Senior leadership briefs the Board on cybersecurity matters at regularly scheduled Audit Committee meetings or as needed. Laredo has not experienced any security breaches in the last three years. Our information security financial controls are audited annually by third-party auditors, and an independent third-party security partner provides risk assessments on an annual basis. Lastly, we are currently in the process of entering into an information security risk insurance policy.</p>
--------------	---	-------------	--

ACTIVITY METRICS

EM-EP-000.A	Production of: (1) oil, (2) natural gas, (3) synthetic oil and (4) synthetic gas	Thousand barrels per day (Mbbbl/day); Million standard cubic feet per day (MMscf)	<p>In 2019, Laredo’s net production was 80,883 barrels of oil equivalent per day (using a 6:1 ratio) and was comprised of 28,429 barrels per day of crude oil and 314,724 MMCFD of wet natural gas.</p> <p>In 2020, Laredo’s net production was 87,750 barrels of oil equivalent per day (using a 6:1 ratio) and was comprised of an average production 26,849 barrels per day of crude oil and 365,406 MMCFD of wet natural gas.</p>
			<div>2019</div> <div>2020</div>
EM-EP-000.B	Number of offshore sites	Number	<div>0</div> <div>0</div>
EM-EP-000.C	Number of terrestrial sites	Number	<div>All of Laredo’s current operations are on terrestrial sites and we operated 1,269 producing wells (gross) as of December 31, 2019.</div> <div>All of Laredo’s current operations are on terrestrial sites and we operated 1,322 producing wells (gross) as of December 31, 2020.</div>



Task Force on Climate-related Financial Disclosures (TCFD)



The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD) is a market-driven initiative, set up to develop a set of recommendations for voluntary and consistent climate-related financial risk disclosures in mainstream filings. The work and recommendations of the Task Force help firms understand what financial markets want from disclosure in order to measure and respond to climate change risks and encourage firms to align their disclosures with investors’ needs.

PILLAR	TOPIC	METRIC / RESPONSE <sup>7</sup>
Governance	Board oversight of climate-related risks and opportunities	The Nominating, Corporate Governance, Environmental and Social Committee of Laredo’s Board is accountable for monitoring and evaluating programs and policies relating to ESG and climate-related matters. This Committee was expanded in early 2021 to take primary responsibility for the review of Laredo’s ESG performance, regulatory compliance matters, and strategies and policies related to human capital management. Additionally, the Committee also reviews ESG risks and exposures, including climate-related risks and Laredo’s actions for managing those risks, ESG communications, ESG trends and stakeholder concerns. Furthermore, Laredo’s full Board receives timely updates on any significant environmental or safety incidents as well as general briefings at regularly scheduled Board meetings.
	Management’s role in assessing and managing climate-related risks	Management of our daily ESG efforts is led by the ESG Management Committee, a multi-disciplined team of ten leaders who are responsible for implementing, executing and assessing new and ongoing ESG efforts across the organization. Their recommendations provide key considerations for Laredo’s operations and business strategy and increase the company’s awareness of ESG matters throughout the organization. The ESG Management Committee reports to the Board’s Nominating, Corporate Governance, Environmental and Social Committee at each committee meeting.
Strategy	Short, medium and long-term climate-related risks	In 2020, Laredo formalized and augmented its Enterprise Risk Management System (ERM) process, which helps the company identify, prioritize and mitigate ESG risks, among other risks. Laredo’s ERM program is one of multiple systems and processes in place to identify, understand and prevent or minimize the occurrence of low-probability, high-impact accidents and emergencies with significant potential environmental and social externalities. Laredo analyzes risks over a range of time horizons as far into the future as practical for the company’s business. Typically, the company considers risks to its business as near-term between 1-3 years, medium term as 4-6 years and long term as 7-10 years.
		In line with the TCFD recommendations, Laredo assesses potential physical, energy transition and climate-related risks, including regulatory, technological, market and reputational risks associated with the transition to a low-carbon economy. Laredo identified several transition and physical risks with potential to impact its business operations and financial performance. The climate-related risks include emerging GHG laws and regulations, energy market volatility, extreme weather and access to water. Furthermore, we are working to mitigate the impact of regional transportation constraints; volatility in commodity pricing and services; regulatory impacts on our operations; energy transition; and adoption of new technologies. Our 2021 ESG and Climate Risk Report describes identified climate-related risks and our approaches to mitigate these risks within the TCFD-aligned scenario analysis conducted by third-party consultants (see section within report for more details). More detailed descriptions of risks and uncertainties is provided in the “Risk Factors” section of the Form 10-K.  Through a combination of our internal ERM efforts and regular engagement with our stakeholders, we seek to understand and focus on issues of material significance to both the company and our stakeholders. Our assessment of such issues is informed by the Oil & Gas Exploration & Production SASB standards as well as stakeholder feedback. With respect to cybersecurity, our Board’s Audit Committee is responsible for managing such risks and senior leadership briefs the Board on cybersecurity matters at regularly scheduled Audit Committee meetings or as needed. Relatedly, Laredo has not experienced any security breaches in the last three years. Furthermore, information security financial controls are audited annually by third-party auditors, and an independent third-party security partner provides risk assessments on an annual basis. Lastly, we are currently in the process of entering into an information security risk insurance policy.

<sup>7</sup> In 2020 we undertook rigorous efforts to improve our environmental data quality and revised our 2019 data to reflect new and more granular emissions sources. The 2019 data published in this report reflects the 2019 revised data set.



PILLAR	TOPIC	METRIC / RESPONSE
Strategy	Impact on business, strategy and planning	<p>Left unmitigated, climate change legislation or regulations restricting emissions of greenhouse gases could result in increased operating costs for the energy resources we produce. Consequently, we implemented emissions reductions targets as part of our 2020 ESG and Climate Risk Report to mitigate the potential environmental impact of our operations and the influence of potential legislation or regulations on our business. We are pleased to report year over year reduction in our GHG intensity and affirm we are on track to achieve our 2025 emission reduction targets. Moving forward, we will continue to use the latest tools and industry best practices to improve our environmental performance and manage climate risks and integrate mitigation of potential environmental impacts into our planning and decision-making. We are committed to taking a proactive and action-oriented approach to address current emissions and future emissions reduction opportunities from various sources, as well as reducing our overall environmental impact.</p>
		<p><i>Air Quality</i></p> <p>Laredo continually works to minimize our greenhouse gas emissions. While we track components related to EPA reporting, we do not currently track additional air emissions at the component level. However, we are currently piloting Continuous Emissions Monitoring Systems (CEMS) which have the capability of providing information related to NOx, SOx, VOCs and PM10 and look forward to sharing this data in the future. With respect to our emissions reduction commitment, we have developed, and are operationalizing, our emissions reduction strategy, which is focused on three areas to outperform our 2025 emissions reduction targets: Flaring &amp; Venting, Pneumatics and Electrification. Relatedly, in line with our zero-flaring target, we are proud to announce a 56%<sup>8</sup> reduction in flared volumes since 2019 as a key step in continued progress toward our 2025 emissions reduction targets. Key elements of our emissions reduction approach include:</p> <ul style="list-style-type: none"><li>• Piloting continuous emissions monitoring to reduce and mitigate venting events</li><li>• Piloting the electrification of our field operations to mitigate emissions associated with combustion</li><li>• Piloting construction of new facilities, and conversion of existing facilities, with instrument air or zero vent pneumatics</li></ul>
		<p><i>Water Management</i></p> <p>Water is vital to our communities, and as an Exploration &amp; Production company, water management is a key resource for our operational activities. We seek to minimize our impact on freshwater supplies and are continuing to expand our water recycling efforts. Consequently, we are committed to increasing the amount of recycled water used in our Howard County operations to decrease the use of potable fresh water in a water-stressed area.</p> <p>At Laredo, we have a robust system for tracking and reporting spills. Our facilities also have early warning alarms that notify our field staff before spills occur. With the use of impermeable liners in our storage sites, we have safely contained 99.99% of the liquids that we handle . Reducing spills of crude oil and water is fundamental for us and our efforts on spill reductions have led to a 28%<sup>9</sup> reduction in the total number of discreet crude oil and water spills since 2019. When a spill does occur, we remediate, investigate the cause and take corrective action to prevent a recurrence.</p>

<sup>8</sup> Reduction in flared emissions differ slightly from the proxy due to improved data quality and final verification of this year’s emissions data, but was not found to be material.

<sup>9</sup> This reduction is based of the total number of discreet, actual crude oil and water spills or releases, which differs from total number of events. Some events may include both water and oil spills.



PILLAR	TOPIC	METRIC / RESPONSE
Strategy	Resilience of strategy using 2-degree or lower scenarios	<p>In response to the increasing interests of shareholders and other stakeholders in how Laredo assesses and manages climate-related risks and opportunities, Laredo has conducted a TCFD-aligned scenario analysis, using a minimum 2°C scenario, to understand the potential impacts of climate change on our business operations and financial performance. Based on the results of the scenario analysis, Laredo expects to continue acquiring and developing Permian Basin assets in an operationally and financially sustainable manner, while mitigating the emissions associated with prior operations, which is a step toward improving air quality in the Permian Basin. Furthermore, our investment in digital systems and physical infrastructure allow us to cost effectively consolidate and develop new assets at scale. For example, our Howard County sand mine and electric infrastructure will lower costs and provide certainty of execution while our Glasscock and Reagan County water infrastructure lowers our lease operating expenses and reduces truck traffic, making roads safer for everyone. We utilize expert energy analyses and projections produced by the US Energy Information Administration (EIA) and the International Energy Agency (IEA) to review our portfolio and test the robustness of our strategy against the identified climate-related risks in a range of possible future low oil price and low-carbon scenarios.</p> <p>In the most extreme IEA SDS scenario, where prices for oil and natural gas are projected to be \$53 per barrel of oil and \$2 per MBtu for natural gas in 2040, oil and natural gas are projected to remain significant part of the global energy mix with oil accounting for 17% of the world's primary energy demand and natural gas for 25% through 2040. Laredo is one of the top low-cost producers in the Permian Basin, which is one of the most prolific oil and gas basins in the United States and will be best positioned to economically develop and produce energy in the long-term. We incorporated conservative commodity price assumptions for the oil and natural gas prices in the base case. For our portfolio analysis, we used breakeven oil prices for the Permian Basin oil wells provided by Enverus, a private market analysis firm. Estimated at US\$34.30 per barrel, Laredo's breakeven cost is below the range of prices in both the IEA's Stated Policies Scenario and the Sustainable Development outlooks. This suggests that Laredo's assets are expected to continue to yield economic returns even in an aggressive low-carbon scenario.</p>
		<p>Laredo is committed to assessing both physical and transitional climate-related risks as part of our ERM and EMS processes. These processes help embed climate-related risks more deeply into our strategic planning process, including efforts to ensure the highest possible data quality of our emissions inventories and progress towards achieving our goals. For example, in 2021, Laredo worked with third-party consultants to provide limited assurance data verification of our emissions and environmental data. We also conducted a TCFD-aligned scenario analysis, using a minimum 2°C scenario, to understand the potential impacts of climate change on our business operations and financial performance.</p> <p>To manage our risk assessment processes, matters related to our ERM and EMS are regularly presented to senior management for review. Afterwards, goals or specific projects are often initiated, prioritized and communicated to the organization. Climate-related goals are managed by the ESG Management Committee, which reports to the Board's Nominating, Corporate Governance, Environmental and Social Committee at each committee meeting. Through a combination of our internal ERM efforts and regular engagement with our stakeholders, we look across our organization and operations to assess the probability and predicted impact of risks to our business, including climate-related risks and seek to understand and focus on issues of material significance to both Laredo and our stakeholders. Our assessment of such issues is informed by the Oil &amp; Gas Exploration &amp; Production SASB standards as well as stakeholder feedback. Our ERM process continues to evolve to reflect our sector's dynamic risk landscape. This year, our risk analysis focused on the following priorities:</p> <ul style="list-style-type: none"> <li>• Formalizing the ERM process to include quarterly updates to the executives and Board, as well as embedding outcomes of our risk analysis into our business strategy through a TCFD-aligned scenario analysis</li> <li>• Strengthening our process for prioritizing and allocating resources to manage risks</li> <li>• Re-evaluating our top enterprise risks, which include commodity price risk, illiquid capital markets, and credit markets and counterparty risk to Laredo</li> </ul>



PILLAR	TOPIC	METRIC / RESPONSE										
Risk Management	Process to manage climate-related risks	<p>The Nominating, Corporate Governance, Environmental and Social Committee of Laredo’s Board is accountable for monitoring and evaluating programs and policies relating to ESG and climate-related matters. This Committee was expanded in early 2021 to take primary responsibility for the review of Laredo’s ESG performance, regulatory compliance matters, and strategies and policies related to human capital management. Additionally, the Committee also reviews ESG risks and exposures, including climate-related risks and Laredo’s actions for managing those risks, ESG communications, ESG trends and stakeholder concerns. Furthermore, Laredo’s full Board receives timely updates on any significant environmental or safety incidents as well as general briefings at regularly scheduled Board meetings.</p> <p>Management of our daily ESG efforts is led by the ESG Management Committee, a multi-disciplined team of ten leaders within the company who are responsible for implementing, executing and assessing new and ongoing ESG efforts across the organization. Their recommendations provide key considerations for Laredo’s operations and business strategy and increase the company’s awareness of ESG matters throughout the organization. The ESG Management Committee reports to the Board’s Nominating, Corporate Governance, Environmental and Social Committee. We use the following mitigation strategies to address each identified climate-related risk:</p>										
		<table><tr><th>CLIMATE-RELATED RISKS</th><th>MITIGATION</th></tr><tr><td>GHG laws and regulations</td><td>GHG emissions reduction strategy</td></tr><tr><td>Increased likelihood of extreme weather conditions</td><td>Emergency response preparedness</td></tr><tr><td>Access to water</td><td>Water management, water recycling and reuse</td></tr><tr><td>Energy market demand and price volatility</td><td>Strategic hedging program and focus on developing low cost, high-margin assets</td></tr></table>	CLIMATE-RELATED RISKS	MITIGATION	GHG laws and regulations	GHG emissions reduction strategy	Increased likelihood of extreme weather conditions	Emergency response preparedness	Access to water	Water management, water recycling and reuse	Energy market demand and price volatility	Strategic hedging program and focus on developing low cost, high-margin assets
		CLIMATE-RELATED RISKS	MITIGATION									
		GHG laws and regulations	GHG emissions reduction strategy									
		Increased likelihood of extreme weather conditions	Emergency response preparedness									
Access to water	Water management, water recycling and reuse											
Energy market demand and price volatility	Strategic hedging program and focus on developing low cost, high-margin assets											
Metrics and Targets	Integration of risk process into overall risk management	<p>The Nominating, Corporate Governance, Environmental and Social Committee’s Charter includes monitoring and evaluating programs and policies relating to ESG matters. Relatedly, the ESG Management Committee, which reports to the Nominating, Corporate Governance, Environmental and Social Committee is focused on further integrating ESG and climate-related considerations, into our Enterprise Risk Management process.</p> <p>Our ERM system ensures that we focus on significant organization-level risks, including climate change-related risks. As part of our ERM process, we regularly review the financial impact of these risks on the business with material risks elevated to the Board for visibility to ensure our efforts appropriately mitigate the risks.</p> <p>Furthermore, we work to ensure our compensation program, including Short Term Incentives, are aligned with our climate-risk mitigation efforts including air quality, emissions and spill reduction goals.</p>										
Metrics and Targets	Metrics used to assess climate-related risks	<p>Laredo tracks and monitors a number of climate-related metrics, including Scope 1 and Scope 2 GHG emissions, to assess risks and opportunities. Laredo also estimates Scope 3 emissions based on gross operated sales volumes using the IPIECA Scope 3 Category 11 methodology. This methodology assumes oil and gas sold were burned as fuel and incorporates EPA GHG emissions factors. Gross operated sales volumes were used in our Scope 3 emissions estimations to prevent double counting of energy used in operations to produce oil and gas, which falls under Scope 1 emissions. Additional metrics related to GHG emissions, air quality, water management, biodiversity, land use can be found throughout the Environmental section, and in the SASB, TCFD, IPIECA, APXC, and API indices of this report.</p> <p>Effective for 2020, our Compensation Committee recommended, and the Board approved, our Short-Term Incentive Plan (STIP) to include environmental metrics based on Spill Severity Rate and Air Stewardship metrics. We believe these metrics are aligned with our 2021 business strategy, place a focus on both environmental and capital efficiency, and provide the type of incentives sought by our Board of Directors and stakeholders. We expect our compensation program to include additional sustainability metrics in the future.</p>										



PILLAR	TOPIC	METRIC / RESPONSE	
		2019	2020
Metrics and Targets	Scope 1 and Scope 2 emissions	Scope 1: 599,343 Metric tons CO <sub>2</sub> e Scope 2: 20,288 Metric tons CO <sub>2</sub> e	Scope 1: 609,685 Metric tons CO <sub>2</sub> e Scope 2: 21,578 Metric tons CO <sub>2</sub> e
	Scope 3 emissions <sup>10</sup>	12,154,754 Metric tons CO <sub>2</sub> e	12,648,136 Metric tons CO <sub>2</sub> e
	Scope 1 intensity	18.08 Metric tons CO <sub>2</sub> e	17.54 Metric tons CO <sub>2</sub> e
	Describe targets used	Our targets are relative to our 2019 emissions levels as stated in our 2020 ESG Report. - GHG intensity: 12.5 mtCO <sub>2</sub> e/MBOE Scope 1 GHG intensity by 2025 - Flaring: zero routine flaring by 2025 - Methane emissions: <0.20% methane emissions (as a percent of natural gas production by 2025)	

<sup>10</sup> Estimated Scope 3 emissions based on gross operated sales volumes using the IPIECA Category 11 methodology, which incorporates EPA GHG emissions factors. Our Scope 3 estimates are preliminary, unaudited and subject to uncertainty, inconsistency, duplication.



International Petroleum Industry Environmental Conservation Association (IPIECA)



IPIECA is the global oil and gas industry association for advancing environmental and social performance. The Sustainability reporting guidance for the oil and gas industry is a key tool to help companies shape the structure and content of their sustainability reporting. The guidance provides direction on the content of a typical industry report by covering 21 sustainability issues and 43 indicator categories. These issues and indicators have been selected based on industry consensus, together with significant insights and suggestions from an independent panel of stakeholders with expertise in the sector and sustainability reporting.

PILLAR	TOPIC	METRIC / RESPONSE <sup>11</sup>
Governance and Management Systems	GOV-1: Governance approach	Laredo’s Board of Directors is elected by the shareholders to oversee management and to ensure the long-term interests of stakeholders are being served. Relatedly, the Nominating, Corporate Governance, Environmental and Social Committee is accountable for monitoring and evaluating programs and policies relating to ESG matters. This Committee was expanded in early 2021 to take primary responsibility for the review of Laredo’s ESG performance, regulatory compliance matters, and strategies and policies related to human capital management. Additionally, the Committee also reviews ESG risks and exposures, including climate-related risks and Laredo’s actions for managing those risks, ESG communications, ESG trends and stakeholder concerns. Furthermore, Laredo’s full Board receives timely updates on any significant environmental or safety incidents as well as general briefings at regularly scheduled Board meetings. We also work with external advisors for an external view of the environmental risks and opportunities in our industry. For example, this year, Laredo undertook a TCFD-aligned scenario analysis conducted by third-party consultants to assess the potential financial impacts of climate risks to the business in the short, medium, and long-term.
	GOV-2: Management systems	Management of our daily ESG efforts is led by the ESG Management Committee, a multi-disciplined team of ten leaders within the company who are responsible for implementing, executing and assessing new and ongoing ESG efforts across the organization. Their recommendations provide key considerations for Laredo’s operations and business strategy and increase the company’s awareness of ESG matters throughout the organization. The ESG Management Committee reports to the Board’s Nominating, Corporate Governance, Environmental and Social Committee at each committee meeting.
Business Ethics and Transparency	GOV-3: Preventing corruption	<p>Laredo has built a reputation as a trustworthy and ethical company and member of our community. All Laredo employees annually certify they are free from conflict of interest and further agree to conduct business honestly and fairly and to not take unfair advantage of anyone through any misrepresentation of material facts, manipulation, concealment, abuse of privileged information, fraud or other unfair business practice.</p> <p>Augmenting our conflict of interest policy is our Whistleblower Policy whereupon any employee, as well as any other person, may submit a good faith complaint to the management of the company without fear of dismissal or retaliation of any kind. These complaints are submitted via our corporate hotline and may be submitted anonymously with review of such complaints overseen by the Audit Committee of the Board of Directors. The ethics reporting hotline is (844) 732-6240.</p> <p>Further guarding against conflict of interest and corruption are our Code of Conduct and Business Ethics and policies against hedging or pledging stock, for independent committee chairs on the Board, regular audits of internal performance, supply chain, equal opportunity and anti-harassment, advocacy and lobbying and human rights policies. Lastly, Laredo ensures strict measures against corruption or bribery as part of our business ethics and operating procedures. In particular, Laredo strictly prohibits facilitating payments, which are small payments made to government officials in exchange for expedited services such as approvals of permits or licenses. We require all employees to complete mandatory anti-corruption and anti-bribery training that covers giving and receiving gifts, conflict of interest, appropriate record-keeping and our overall commitment to ethical behavior and compliance.</p>
	GOV-4: Preventing corruption involving business partners	Laredo’s reputation for integrity is directly related to the conduct of its officers and other employees. Laredo’s policies regarding gifts, gratuities and conflicts of interest extends to its vendors, suppliers and contractors with all new vendors internally approved at the Vice-President level. Moving forward, we plan to augment employee trainings on corruption, anti-trust violations, conflicts of interest, and other ethics topics.

<sup>11</sup> In 2020 we undertook rigorous efforts to improve our environmental data quality and revised our 2019 data to reflect new and more granular emissions and water sources. The 2019 data published in this report reflects the 2019 revised data set.



PILLAR	TOPIC	METRIC / RESPONSE
Business Ethics and Transparency	GOV-4: Preventing corruption involving business partners	<p>With respect to our supply chain, Laredo's Supply Chain Management process, part of our EMS, is designed to minimize financial and other risks to the company and define uniform and consistent procurement practices in alignment with our ESG strategy. In 2021, we conducted our first ESG focused survey with our suppliers to understand the diversity of our supply base and their respective beliefs. We are committed to continuing to align our supply chain policies and procurement process with human rights and sustainable practices. In the future, we will work towards selecting vendors who are committed to:</p> <ul style="list-style-type: none"> <li>• <b>Human Rights:</b> not hiring employees below the legal working age or using any form of forced labor</li> <li>• <b>Health and Safety:</b> compliance with applicable standards and laws, demonstrated safety record and programs to support ethical working conditions.</li> <li>• <b>Appropriate Compensation:</b> compliance with all applicable wage laws and standards, including punctual and regular payment</li> <li>• <b>Non-Discrimination:</b> suppliers may not expose employees and potential employees to sexual or physical harassment or discrimination in line with our company-wide policy.</li> </ul>
	GOV-5: Transparency of payments to host governments	Laredo does not operate in foreign countries and operates its business ethically and in compliance with all applicable laws and regulations, including compliance with anti-bribery and anti-corruption laws such as the Foreign Corrupt Practices Act. Additionally, Laredo strictly prohibits facilitation payments (small payments made to government officials in exchange for expedited services such as approvals of permits or licenses). We require all employees to complete mandatory anti-corruption and anti-bribery training that covers giving and receiving gifts, conflict of interest, appropriate record-keeping and our overall commitment to ethical behavior and compliance.
	GOV-6: Public advocacy and lobbying	Laredo fully complies with all political contribution laws. As per our Code of Conduct and Business Ethics, our funds may not be used for contributions of any kind to any political party or committee or to any candidate or holder of any government position (national, state or local) unless such contribution is permitted by law.
Climate Risk Strategy	CCE-1: Climate governance and strategy	The Nominating, Corporate Governance, Environmental and Social Committee is accountable for monitoring and evaluating programs and policies relating to ESG and climate-related matters. This Committee was expanded in early 2021 to take primary responsibility for the review of Laredo's ESG performance, regulatory compliance matters, and strategies and policies related to human capital management. Additionally, the Committee also reviews ESG risks and exposures, including climate-related risks and Laredo's actions for managing those risks, ESG communications, ESG trends and stakeholder concerns. Furthermore, Laredo's full Board receives timely updates on any significant environmental or safety incidents as well as general briefings at regularly scheduled Board meetings.
	CCE-2: Climate risk and opportunities	<p>In 2020, Laredo formalized and augmented its ERM process, which helps the company identify, prioritize, and mitigate ESG risks, among other risks. Laredo's ERM program is one of multiple systems and processes in place to identify, understand and prevent or minimize the occurrence of low-probability, high-impact accidents and emergencies with significant potential environmental and social externalities. Laredo analyzes risks over a range of time horizons as far into the future as practical for the company's business. Typically, the company considers risks to its business as near-term between 1-3 years, medium term as 4-6 years and long term as 7-10 years.</p> <p>In line with the TCFD recommendations, Laredo assesses potential physical, energy transition and climate-related risks, including regulatory, technological, market, and reputational risks associated with the transition to a low-carbon economy. Laredo identified several transition and physical risks with potential to impact its business operations and financial performance. The climate-related risks include emerging GHG laws and regulations, energy market volatility, extreme weather and access to water. Furthermore, we are working to mitigate the impact of regional transportation constraints; volatility in commodity pricing and services; regulatory impacts on our operations; energy transition; and adoption of new technologies. Our 2021 ESG and Climate Risk Report describes identified climate-related risks and approaches to mitigate these risks within our TCFD-aligned scenario analysis (see section within report for more details). More detailed descriptions of risks and uncertainties is provided in the "Risk Factors" section of the Form 10-K.</p> <p>Through a combination of our internal ERM efforts and regular engagement with our stakeholders, we seek to understand and focus on issues of material significance to both the company and our stakeholders. Our assessment of such issues is informed by the Oil &amp; Gas Exploration &amp; Production SASB standards as well as stakeholder feedback. Furthermore, we expect continued performance improvement in our operations and, although we are currently formalizing our environmental management system, the "Plan-Do-Check-Act (PDCA)" methodology has long been integrated into our operations.</p>



PILLAR	TOPIC	METRIC / RESPONSE
Climate Risk Strategy	CCE-2: Climate risk and opportunities	<p>As we continue to mature our capabilities, our processes for monitoring and improvements will include components emphasizing: communicating our ESG efforts in a succinct and transparent manner; formalizing governance-related to climate-related risks and opportunities; integrating climate change and energy transitions more deeply into our strategic planning; developing and implementing targets for emissions and flaring reduction; and continuing improvement in our human capital management, EHS and diversity metrics.</p> <p>In 2020, a key part of augmenting our EMS has been our efforts to operationalize our emissions reduction strategy. Our aim is to outperform our 2025 emissions reduction targets by focusing on three key areas: flaring and venting, pneumatics and electrification. Pilots for each strategy area are already underway. We have expanded our emissions monitoring and third-party data verification, piloting the construction of all new facilities with instrument air and no-vent pneumatics and evaluating the electrification of our field operations where sufficient power infrastructure is available. We are also continuing to expand our water recycling efforts and are committed to increasing the amount of recycled water used in our Howard County operations to decrease the use of potable fresh water in an area of water stress. Lastly, we are embedding climate risk and other environmental impacts considerations into our supplier procurement process, including procuring renewable energy for our operations, as part of our EMS. Moving forward, we are focused on further strengthening our EMS methodology according to PDCA, ISO 14001, and other best practices.</p>
		<p>Consistent with Laredo's greenhouse gas reduction strategy, we are piloting continuous emissions monitoring systems (CEMS) on select operated facilities with an expectation of combining this information with a portfolio of IoT monitoring devices to help mitigate venting emissions associated our operations. Furthermore, we are committed to voluntary LDAR inspections on Laredo's operated facilities twice per year starting in 2022. Additionally, we are piloting the conversion of our pneumatic devices to instrument air or non-vent devices and anticipate expanding more broadly beginning in 2022. We believe these steps will support our pilot certification program with Project Canary, which is focused primarily on our go-forward development plans in Howard and western Glasscock counties.</p> <p>Operationally, we reduced emissions associated with our completion operations through the use of a Tier II Dual-Fuel Fleet which replaces approximately 50% of our diesel consumption with cleaner burning natural gas. Relatedly, our Closed-Loop Flowback System further minimizes emissions during our completion operations. We plan to expand these technologies and others across our operations to further reduce our emissions towards our 12.5 metric tons CO<sub>2</sub>e/MBOE target by 2025.</p>
Technology	CCE-3: Lower-carbon technology	
Emissions	CCE-4: Greenhouse gas (GHG) emissions	<p><b>2019</b></p> <p>Scope 1: 599,343 Metric tons CO<sub>2</sub>e</p> <p>Scope 2: 20,288 Metric tons CO<sub>2</sub>e</p> <p>Scope 3: 12,154,754 Metric tons CO<sub>2</sub>e<sup>12</sup></p>
		<p><b>2020</b></p> <p>Scope 1: 609,685 Metric tons CO<sub>2</sub>e</p> <p>Scope 2: 21,578 Metric tons CO<sub>2</sub>e</p> <p>Scope 3: 12,648,136 Metric tons CO<sub>2</sub>e</p>
		<p>Scope 1 intensity</p> <p>18.08 Metric tons CO<sub>2</sub>e</p>
Energy Use	CCE-5: Methane emissions	<p>Scope 1: 125,091 Metric tons CO<sub>2</sub>e</p> <p>Scope 2: 313,810 Metric tons CO<sub>2</sub>e</p>
	CCE-6: Energy use	<p>172,019 gigajoules (Scope 2 emissions only)</p> <p>182,958 gigajoules (Scope 2 emissions only)</p>
	CCE-7: Flared gas	<p>259,174 Metric tons CO<sub>2</sub>e and 43% of total Scope 1 emissions</p> <p>235,442 Metric tons CO<sub>2</sub>e and 39% of total Scope 1 emissions</p>

<sup>12</sup> Estimated Scope 3 emissions based on gross operated sales volumes using the IPIECA Category 11 methodology, which incorporates EPA GHG emissions factors. Our Scope 3 estimates are preliminary, unaudited and subject to uncertainty, inconsistency, duplication.



PILLAR	TOPIC	METRIC / RESPONSE	
		2019	2020
Water	ENV-1: Freshwater	3,472,717 cubic meters of freshwater withdrawn	3,266,870 cubic meters of freshwater withdrawn
	ENV-2: Discharges to water	0%	0%
Biodiversity	ENV-3: Biodiversity policy and strategy	<p>Laredo recognizes its responsibilities as a steward of the land on which it operates. We comply with all applicable environmental regulations and embed environmental considerations into our ERM process and consideration of future climate-related risks. We are also committed to improving our environmental performance by strengthening our systems for data collection and management with respect to our Scope 1 and Scope 2 greenhouse gas emissions and reduction goals, as well as our Enterprise Risk Management system.</p> <p>Additionally, maintaining the trust of landowners is important to us. We reach out to our landowners to determine their wishes for their land and strive to minimize our environmental footprint. Furthermore, we encourage suppliers and vendors who work on our sites to maintain the same commitment to environmental and biodiversity stewardship. Should an issue arise on one of Laredo's locations, the issue is reported to our EH&amp;S Department in real-time via an internet-based reporting system. This system is monitored 24/7 to ensure we respond quickly and appropriately in the case of an emergency. All issues, regardless of severity, are reviewed by operations and EH&amp;S personnel as part of our bi-weekly review process where we conduct root cause analysis to improve our process, identify causal factors, lessons learned and develop mitigation strategies.</p>	
	ENV-4: Protected and priority areas for biodiversity conservation	<p>Laredo does not currently operate on, or adjacent to, protected or priority areas for biodiversity conservation. Per our Environmental and Biodiversity Policy, Laredo recognizes its responsibilities as a steward of the land on which it operates and maintaining the trust of landowners is important to us. We comply with all applicable environmental regulations and embed environmental considerations into our Enterprise Risk Management process and consideration of future climate-related risks.</p>	
Air Emissions	ENV-5: Emissions to air	<p>Laredo continually works to minimize our greenhouse gas emissions. While we track components related to EPA reporting, we do not currently track additional air emissions at the component level. However, we are currently piloting Continuous Emissions Monitoring Systems (CEMS) which have the capability of providing information related to NOx, SOx, VOCs and PM10 and look forward to sharing this data in the future.</p>	



PILLAR	TOPIC	METRIC / RESPONSE
Spills	ENV-6: Spills to the environment	For our onshore operations, the tables below provide an overview of hydrocarbon and water spills in 2019 and 2020.
		Hydrocarbon Spills (Barrels): From Onshore Operations
		2019 <sup>13</sup> 2020
		Events10787
		Spilled1,196401
		Recovered361265
		Net835137
		Water Spills (Barrels): From Onshore Operations
		2019 <sup>13</sup> 2020
		Events174120
		Spilled7,8093,931
		Recovered4,7232,966
		Net3,086965
		Recovery, spill, and spill intensity by year and product
		2017201820192020
Recovery Rate Oil0.610.270.300.66		
Recovery Rate Water0.470.680.600.75		
Spill Rate Oil [Spills / MBO]0.130.220.080.03		
Spill Rate Water [Spills / MBW]0.460.110.260.14		
Produced Fluid Spill Intensity (Secondary Containment) [Barrels Spilled / 1,000 Barrels Produced]0.340.150.200.11		
Materials Management	ENV-7: Materials management	Our materials management efforts were comprised principally of water and gas filters from compressor sites as well as contaminated soil associated with spill remediation. In 2020, we generated 9.43 cubic meters of waste.
Decommissioning	ENV-8: Decommissioning	When decommissioning a facility, our EH&S team ensures that decommissioning is done per our lease agreements and documents the site closure process. We also engage third-parties, as needed, to conduct an independent analysis to confirm we have completed the decommissioning process per our agreement with the landowner and continue to uphold the Laredo Way of doing the right thing.

<sup>13</sup> In 2020 we undertook rigorous efforts to improve our environmental data quality and revised our 2019 data to reflect new and more granular spills tracking and management. The 2019 data published in this report reflects the 2019 revised data set.



PILLAR	TOPIC	METRIC / RESPONSE																
Workforce Protection	SHS-1: Safety, health and security engagement	Although we are always striving for zero incidents, we are proud of our record of safe operations. In 2020, we established a combined workforce TRIR target of 1.0 or less, which was achieved for the second year in a row. In 2021, we continue to aspire to achieve a combined workforce TRIR of zero and are implementing programs to continue building a belief-based safety culture. To further emphasize executive commitment to safety, workforce safety performance has been included as a metric in our STIP. Laredo is currently updating our emergency preparedness procedures and risk assessments and some of our safety best practices, which include risk assessments and annual training, pre-job safety meetings, monthly all-field employee safety meetings, on-site contractor management and safety personnel, hazard hunts, bi-annual external safety audits in accordance with occupational Safety and Health Administration (OSHA), stop work authority, after-action review and root cause analysis. To further our progress toward zero incidents, we are taking steps to build a belief-based safety culture for the workforce associated with our operations. Together, we will all go home better each day.																
	SHS-2: Workforce health	Laredo is proud to report our COVID-19 response efforts led to a full office reopening in May 2021. Subsequently, out of an abundance of caution for our employees and to protect the communities in which we live and operate, we made the decision to return to remote work in August 2021 due to rising cases of COVID-19. We continue to monitor the situation as it evolves and to put the care of our employees and their families first. Accordingly, we pay over 80% of the health insurance premiums for our employees to ensure our employees and their families have access to affordable healthcare. Additionally, we provide an on-site fitness center for our Tulsa employees and access to local fitness facilities for our Midland and field personnel. Furthermore, we implemented a flexible hybrid-work schedule which enables our employees to attend important family events during the workday and provide on-site lactation rooms for mothers to have calm and private spaces. Lastly, Laredo is committed to a transparent and healthy workplace culture. Our hotline provides a mechanism for employees and contractors to report grievances without retaliation and allows the company to review and adjust, if necessary. The ethics reporting hotline is (844) 732-6240.																
	SHS-3: Occupational injury and illness incidents	<p><b>2020 Safety Metrics</b></p> <ul style="list-style-type: none"><li>0 employee or contractor fatalities</li><li>2 employee recordable incidents, representing a 65% reduction in recordable incidents across combined workforce since 2017</li><li>0.74 combined Total Recordable Incident Rate (TRIR), representing a 38% reduction in combined workforce TRIR since 2017. We have also decreased our Lost Time Incident (LTIR) and Days Away, Restricted or Transferred (DART) rates during this time</li></ul> <table><tr><th></th><th>2018</th><th>2019</th><th>2020</th></tr><tr><td>TRIR – Employee + Contractor Combined</td><td>1.19</td><td>0.86</td><td>0.74</td></tr><tr><td>LTIR – Employee + Contractor Combined</td><td>0.40</td><td>0.17</td><td>0.11</td></tr><tr><td>DART – Employee + Contractor Combined</td><td>0.80</td><td>0.43</td><td>0.32</td></tr></table>		2018	2019	2020	TRIR – Employee + Contractor Combined	1.19	0.86	0.74	LTIR – Employee + Contractor Combined	0.40	0.17	0.11	DART – Employee + Contractor Combined	0.80	0.43	0.32
		2018	2019	2020														
TRIR – Employee + Contractor Combined	1.19	0.86	0.74															
LTIR – Employee + Contractor Combined	0.40	0.17	0.11															
DART – Employee + Contractor Combined	0.80	0.43	0.32															
SHS-4: Transport safety	0 vehicle incident rate per million miles driven																	
Product Health, Safety and Environmental Risk	SHS-5: Product stewardship	Laredo is focused on providing operationally and financially sustainable energy to consumers. We are proud of the meaningful emissions reductions targets we have set for our company and we will continue to work with our suppliers to mitigate their carbon footprint. Furthermore, we believe our investments in digital systems and physical infrastructure allow us to cost effectively consolidate and develop new assets at scale. Our Howard County sand mine and electric infrastructure will lower costs and provide certainty of execution. Likewise, our Glasscock and Reagan County water infrastructure lowers our lease operating expenses and reduces truck traffic, making roads safer for everyone.																

PILLAR	TOPIC	METRIC / RESPONSE
Process Safety	SHS-6: Process safety	<p>Laredo management systems integrate a culture of safety throughout the exploration and production lifecycle. Our culture of safety starts with our core values of doing the right thing. All field employees are required to complete both third-party and internal training programs prior to beginning field operations. We have developed standard operating procedures for routine activities to ensure we do it right the first time, every time.</p> <p>When on-site, we conduct pre-job and pre-shift safety meetings with all personnel and contractors on location with additional meetings if operations call for a change from our standard operating procedure. Furthermore, all employees and contractors have the right to stop work any time they believe conditions may pose a danger to the health, safety or security of personnel or may result in a release. Additionally, we conduct regular hazard hunts on locations to identify and correct any safety deficiencies and hire a third-party to inspect rigs on a bi-annual basis, conduct pre-spud inspections with the contract rig manager and confirm the regulatory compliance and safety performance for all contractors that operate or are present at our field locations. All incidents and near miss events are reviewed and most issues go through our root cause analysis process to ensure responsive and corrective actions are taken to prevent future events.</p> <p>In 2020, we had no operations which qualified as a Process Safety Event (PSE) or as a Loss of Primary Containment (LOPC) of greater consequence (Tier 1).</p>
	SHS-7: Security risk management	Laredo does not own or operate assets in or near areas of conflict, and has a commitment not to operate in areas of active conflict.
Human Rights Management	SOC-1: Human rights due diligence	<p>Per our Human Rights, Security and Rights of Indigenous Peoples Policy, Laredo is committed to ensuring we uphold all internationally recognized human rights in every aspect of our work and follow all applicable national and local regulations as they pertain to the fundamental rights of all stakeholders. Laredo's commitment to human rights aligns with the principles of the UN's Universal Declaration of Human Rights, the UN's Guiding Principles on Business and Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. We also do not currently operate on or adjacent to any lands under the governance of indigenous peoples. We also do not operate in any areas of active conflict and are committed to not doing so in the future. Should we do so, we would follow all applicable laws and work to engage with those communities to ensure business practices that are respectful of their sovereignty, security (including water security and access to resources), and indigenous rights through community consultations.</p>
	SOC-2: Suppliers and human rights	<p>With respect to our supply chain, Laredo's Supply Chain Management process, part of our EMS, is designed to minimize financial and other risks to the company and define uniform and consistent procurement practices in alignment with our ESG strategy. In 2021, we conducted our first ESG focused survey with our suppliers to understand the diversity of our supply base and their respective beliefs. We are committed to continuing to align our supply chain policies and procurement process with human rights and sustainable practices. In the future, we will work towards selecting vendors who are committed to:</p> <ul style="list-style-type: none"> <li>• <b>Human Rights:</b> not hiring employees below the legal working age or using any form of forced labor</li> <li>• <b>Health and Safety:</b> compliance with applicable standards and laws, demonstrated safety record and programs to support ethical working conditions.</li> <li>• <b>Appropriate Compensation:</b> compliance with all applicable wage laws and standards, including punctual and regular payment</li> <li>• <b>Non-Discrimination:</b> suppliers may not expose employees and potential employees to sexual or physical harassment or discrimination in line with our company-wide policy.</li> </ul>
	SOC-3: Security and human rights	Laredo is committed to not operating in areas of active conflict. Although, Laredo does not own or operate assets in or near areas of conflict, we are committed to the implementation and evaluation of effective outcomes of our Human Rights, Security and Rights of Indigenous Peoples Policy.



PILLAR	TOPIC	METRIC / RESPONSE
Labor Practices	SOC-4: Site-based labor practices and worker accommodation	Guided by mutual respect, openness, honesty and a spirit of trust and collaboration, we know that an engaged, healthy, well-trained workforce is key to our world-class culture and helps us accomplish our strategic goals. We work to foster an environment of safety and inclusion through our Code of Conduct and Business Ethics and biennial anti-harassment training. Similarly, our flexible work schedule enables our employees to attend important family events, and provide on-site lactation rooms for mothers to have calm and private spaces. We firmly believe that everyone at Laredo contributes to our company's success. We also recognize there are always areas for continuous improvement and our hotline provides a mechanism for employees and contractors to report grievances without retaliation and allows the company to review and adjust, if necessary. The ethics reporting hotline is (844) 732-6240. Furthermore, as part of developing an inclusive workforce, Laredo is committed incorporating anti-bias training into our learning and development program going forward.
	SOC-5: Workforce diversity and inclusion	We believe that a diverse workforce and supply chain will help our organization better accomplish our mission. We are committed to recruiting diverse candidates to attract and retain a talented workforce. To increase our hiring of traditionally underrepresented personnel, with oversight from our Board's Nominating, Corporate Governance, Environmental and Social Committee, Laredo has incorporated a number of new strategies in 2020 to improve diversity, including plans to incorporate anti-bias training into our learning and development program moving forward. This year, we are sharing further workforce diversity breakdowns by publishing our EEO-1 data in this report. With respect to our hiring practices, we expanded our job listings for new positions on job bulletin boards for veterans, people living with disabilities, racial and ethnic diversity, and vocational rehabilitation. We also recruited from University of Texas—El Paso and State job boards in Texas and Oklahoma. We also believe in the importance of having a diverse supply chain and include veteran, minority and women-owned suppliers as part of our procurement process.
	SOC-6: Workforce engagement	Laredo prides itself on a strong culture of doing the right thing where we encourage open communication with our management team to share new ideas on how to improve our operations and run a better business. To build more trust and transparency with our employees, Laredo's CEO regularly connects with employees, soliciting their feedback on various topics. These are in addition to our quarterly, company-wide CEO town hall meetings after earnings calls where we provide important updates to our workforce.
	SOC-7: Workforce training and development	<p>We have a robust training program for our Lease Operators and Field Technicians that allows for consistency in our processes and gives the management team clarity when considering field employees for promotional opportunities. Administration of this program is a joint effort between leadership of the Production team and the Human Resources staff that allows us to train our employees with the goal of promoting from within for all field promotions.</p> <p>We utilize a third-party Learning Management System for our field employee training courses. There are three levels for each job function: Basic, Intermediate and Advanced. The coursework for each level contains various training courses that include readings, videos and assessments, and are intended to teach the employee the fundamentals of the industry and how Laredo desires work to be completed in the field. Accordingly, our lease operators participated in over 7,000 hours of additional operational training in 2020. Completion of each training program is vital to the success of Laredo as we compete in the market and the Learning Management System is a great tool our leaders use to make promotional decisions in the field. Laredo prides itself on the ability to promote our great employees.</p> <p>Our office personnel and field personnel are required to participate in safety training specifically designed to mitigate incidents most likely to occur in our respective roles and operations, including ergonomics while working remotely during COVID. Furthermore, our leadership teams participate in a training program which incorporates both group sessions as well as individual coaching all focused on improving leadership capabilities as individuals and as a team.</p> <p>Full-time field employees receive 27.5 hours of annual training. Normally, new supervisors receiving another 16 hours for HAZWOPER certification, which is renewed annually with 8-hour refresher; however, the HAZWOPER training was required to be in person and was therefore not conducted in 2020 due to COVID safety protocols. Contract supervisors receive 19.5 hours of training per year through our monthly safety meetings. New field employees must complete the 8-hour SafeLand Certification course before engaging in field work. Additionally, new field employees receive 24.5 hours per year and an additional 3 hours of safety training upon new hire orientation.</p>

PILLAR	TOPIC	METRIC / RESPONSE
Labor Practices	SOC-8: Workforce non-retaliation and grievance mechanisms	Laredo has a robust Whistleblower Policy whereupon any employee, as well as any other person, may submit a good faith complaint to the management of the company without fear of dismissal or retaliation of any kind. These complaints are submitted via our corporate hotline and may be submitted anonymously with review of such complaints overseen by the Audit Committee of the Board of Directors. The ethics reporting hotline is (844) 732-6240.
	SOC-9: Local community impacts and engagement	Strong, positive relationships with the communities in which we operate are core to our successful operations. As a company, Laredo upholds all human rights and condemns any violation of such rights.  We also do the right thing in protecting our surface owners and their interests. We regularly implement dust control protocols during drilling and completion operations and have raised sound walls to further minimize impact from our operations when they occur in densely- populated areas. As Laredo continues to grow, we are committed to consulting with local communities and engaging with key local stakeholders in the early stages of any new project. We will also apply the principles of Free, Prior and Informed Consent (FPIC) in keeping with best practices for community engagement.
	SOC-10: Indigenous peoples	Per our Human Rights, Security and Rights of Indigenous Peoples Policy, we follow all applicable national and local regulations as they pertain to the fundamental rights of all stakeholders. Laredo's commitment to human rights aligns with the principles of the United Nations' Universal Declaration of Human Rights, the United Nations' Guiding Principles on Business and Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Furthermore, Laredo does not currently own or operate any assets in, or near, areas of conflict. Likewise, Laredo does not currently operate assets on federal or Native American land.
Community Engagement	SOC-11: Land acquisition and involuntary resettlement	Strong, positive relationships with the communities in which we operate are core to our successful operations. As a company, Laredo upholds all human rights. Relatedly, Laredo recognizes its responsibilities as a steward of the land on which it operates and maintaining the trust of landowners is important to us. We reach out to our landowners to determine their wishes for their land and strive to minimize our environmental footprint. As an example, we regularly implement dust control protocols during drilling and completion operations and have raised sound walls to further minimize impact from our operations when they occur in densely populated areas.
	SOC-12: Community grievance mechanisms	Laredo provides a hotline to allow any person to report grievances without retaliation and allows the company to review and adjust, if necessary. These complaints may be submitted anonymously and are reviewed by the Audit Committee of the Board of Directors. The ethics reporting hotline is (844) 732-6240
	SOC-13: Social investment	Laredo and its employees believe in making a meaningful impact in their communities through their employee volunteer program and philanthropy. Laredo has a policy allowing full-time employees up to eight hours of paid time off, annually, to participate in volunteer programs of their choice. Our employees have partnered with various charitable organizations such as the Tulsa Area United Way, the West Texas Food Bank, the West Texas Rehabilitation Center, and many more to offer their support and charitable donations.  Relatedly, Laredo sponsors a Charitable Matching Gift Program to match donations of up to \$1,000 per employee per year to a non-profit organization of his or her choice with Laredo and its employees donating \$253,600 to charitable programs in 2020.



PILLAR	TOPIC	METRIC / RESPONSE
Local Content	SOC-14: Local procurement and supplier development	Laredo is proud to work with many of the small, local service providers who work safe, work smart and work local. We strive to develop lasting partnerships with these local service providers in our areas of operations to minimize miles driven and benefit the economy of the communities where we work.
	SOC-15: Local hiring practices	Laredo strives to hire top local talent and provide development opportunities to advance their careers. We are proud to work with many small businesses and service providers in our communities. In 2021, we began collecting demographic data for our supply chain in an effort to support local businesses and are pleased to report that small businesses represented 15% of the companies who responded to our survey.

## American Exploration & Production Council (AXPC)



The American Exploration and Production Council (AXPC) is a national trade association representing the largest independent oil and natural gas exploration and production companies in the United States. This Framework centers around five key metrics groupings that AXPC members believe were essential to capture in promoting more consistent reporting across its members companies – Greenhouse Gas (GHG) Emissions, Flaring, Spills, Water Use, and Safety.

TOPIC	METRIC / RESPONSE (2019) <sup>13</sup>	METRIC / RESPONSE (2020)
<b>GREENHOUSE GAS EMISSIONS</b>		
GHG Emissions (Metric tons CO <sub>2</sub> e) <sup>14</sup>	Scope 1: 595,167 Scope 2: 20,288 Scope 3: 12,154,754 Metric tons CO <sub>2</sub> e	Scope 1: 605,722 Scope 2: 21,578 Scope 3: 12,648,136 Metric tons CO <sub>2</sub> e
GHG Emissions Intensity (Scope 1 Only)	17.95	17.43
GHG Emissions (Metric tons CO <sub>2</sub> e)/Gross Annual Production-As Reported Under Subpart W (MBoe)		
Percent of GHG Emissions Attributed to Boosting and Gathering Segment	48%	34%
Methane Emissions (Metric tons CH <sub>4</sub> )	5,004	12,552
Methane Emissions Intensity	0.15	0.36
Methane Emissions (Metric tons CH <sub>4</sub> )/Gross Annual Production-As Reported Under Subpart W (MBoe)		
Percent of Methane Emissions Attributed to Boosting and Gathering Segment	45%	23%
<b>FLARING</b>		
Gross Annual Volume of Flared Gas (Mcf)	2,205,971	961,706
Percentage of gas flared per Mcf of gas produced	1.93%	0.75%
Gross Annual Volume of Flared Gas (Mcf)/Gross Annual Gas Production (Mcf)		
Volume of gas flared per barrel of oil equivalent produced	6.65%	2.77%
Gross Annual Volume of Flared Gas (Mcf)/Gross Annual Production (Boe)		
<b>SPILLS</b>		
Spill Intensity	0.20	0.11
Produced Liquids Spilled (Bbl)/Total Produced Liquids (MBbl)		
<b>WATER USE</b>		
Fresh Water Intensity	0.66	0.59
Fresh Water Consumed (Bbl)/Gross Annual Production (Boe)		
Water Recycle Rate	0.54	0.23
Recycled Water (Bbl)/Total Water Consumed (Bbl)		

<sup>14</sup> Estimated Scope 3 emissions based on gross operated sales volumes using the IPIECA Category 11 methodology, which incorporates EPA GHG emissions factors. Our Scope 3 estimates are preliminary, unaudited and subject to uncertainty, inconsistency, duplication.





TOPIC	METRIC / RESPONSE (2019)	METRIC / RESPONSE (2020)
WATER USE		
Does your company use WRI Aqueduct, GEMI, Water Risk Filter, Water Risk Monetizer, or other comparable tool or methodology to determine the water stressed areas in your portfolio?	Not assessed in 2019	WRI Aqueduct
SAFETY		
Employee TRIR # Of Employee OSHA Recordable Cases x 200,000 / Annual Employee Workhours	0.37	0.78
Contractor TRIR # Of Contractor OSHA Recordable Cases x 200,000 / Annual Contractor Workhours	1.0	0.73
Combined TRIR # Of Combined OSHA Recordable Cases x 200,000 / Annual Combined Workhours	0.86	0.74

## American Petroleum Institute (API)



API is the largest U.S. trade association for the oil and natural gas industry. It represents over 600 corporations in the production, refinement, distribution, and many other aspects of the petroleum industry.

API CODE	DESCRIPTION	UNIT OF MEASURE	METRIC / RESPONSE 2020	
1. DIRECT GHG EMISSIONS (SCOPE 1)				
1.1	Direct GHG Emissions (Scope 1)-All GHGs	Million metric tons CO <sub>2</sub> e	0.61	In our 2020 ESG and Climate Risk Report, Laredo set an absolute emissions target to achieve a Scope 1 emissions intensity of 12.5 metric tons CO2e/ MBOE by 2025.
1.1.1	Upstream-All GHGs	Million metric tons CO <sub>2</sub> e	0.61	We are pleased to report our absolute greenhouse gas emissions intensity decreased from 18.08 mtCO <sub>2</sub> e/MBOE in 2019 to 17.54 mtCO <sub>2</sub> e/MBOE in 2020. In 2020, we also hired a third-party to provide limited assurance data verification for Scope 1, Scope 2 and Scope 3 emissions.
1.1.1.1	Upstream-CH <sub>4</sub>	Million metric tons CO <sub>2</sub> e	0.31	Laredo has a goal of reducing methane emissions to <0.20% by 2025 (as a percentage of natural gas production). To achieve this target, we have begun piloting Continuous Emissions Monitoring Systems (CEMS) and an array of Internet-of-Things (IoT) devices combined with machine learning to detect and mitigate flaring and venting emissions related to our operations.
1.1.1.2	Upstream Flaring-All GHGs (subset of Scope 1)	Million metric tons CO <sub>2</sub> e	0.24	Laredo is committed to a goal of zero routine flaring incidents by 2025. Our Scope 1 emissions reductions this year were in part due to reducing volumes flared by 56% <sup>15</sup> from 2019.
1.1.1.3	Volume of Flares	MMCF	961.7	
1.1.2	Midstream- All GHGs	Million metric tons CO <sub>2</sub> e	N/A	N/A
1.1.2.1	Midstream-CH <sub>4</sub>	Million metric tons CO <sub>2</sub> e	N/A	N/A
1.1.3	Downstream-All GHGs	Million metric tons CO <sub>2</sub> e	N/A	N/A
1.1.4	LNG-All GHGs	Million metric tons CO <sub>2</sub> e	N/A	N/A
1.1.5	Oil and Natural Gas Field Services-All GHGs	Million metric tons CO <sub>2</sub> e	N/A	N/A

<sup>15</sup> Reduction in flared emissions differ slightly from the proxy due to improved data quality and final verification of this year's emissions data, but was not found to be material.





API CODE	DESCRIPTION	UNIT OF MEASURE	METRIC/RESPONSE 2020		
2. INDIRECT GHG EMISSIONS FROM IMPORTED ENERGY (SCOPE 2)					
2.1	Indirect GHG Emissions from Imported Electricity + Heat + Steam + Cooling (Scope 2, Market-based)	Million metric tons CO <sub>2</sub> e	0.02	Laredo’s Scope 2 emissions are derived from electricity purchased from the ERCOT grid to power our upstream field operations.	
2.1.1	Upstream-All GHGs	Million metric tons CO <sub>2</sub> e	0.02		
2.1.2	Midstream-All GHGs	Million metric tons CO <sub>2</sub> e	N/A		N/A
2.1.3	Downstream-All GHGs	Million metric tons CO <sub>2</sub> e	N/A		N/A
2.1.4	LNG-All GHGs	Million metric tons CO <sub>2</sub> e	N/A		N/A
2.1.5	Oil and Natural Gas Field Services-All GHGs	Million metric tons CO <sub>2</sub> e	N/A		N/A
3. GHG MITIGATION					
3.1	GHG Mitigation from CCUS, Credits, and Offsets	Million metric tons CO <sub>2</sub> e	N/A	N/A	
3.1.1	Carbon Capture Utilization or Storage (CCUS)-All GHGs	Million metric tons CO <sub>2</sub> e	N/A	N/A	
3.1.2	Renewable Energy Credits-(RECs for Indirect Emissions)-All GHGs	Million metric tons CO <sub>2</sub> e	N/A	N/A	
3.1.3	Offsets-All GHGs	Million metric tons CO <sub>2</sub> e	N/A	N/A	

API CODE	DESCRIPTION	RESPONSE 2020	COMMENTS
<b>5. ADDITIONAL CLIMATE-RELATED TARGETS AND REPORTING</b>			
5.1	GHG Reduction Target(s)	Yes	<p>In our 2020 ESG and Climate Risk Report, Laredo set an absolute emissions target to achieve a Scope 1 emissions intensity of 12.5 metric tons CO<sub>2</sub>e/MBOE by 2025. We are pleased to report our greenhouse gas emissions intensity decreased from 18.08 mtCO<sub>2</sub>e/MBOE in 2019 to 17.54 mtCO<sub>2</sub>e/MBOE in 2020. This decrease was driven by a reduction in the volume of gas flared though also partially offset by an increase in emissions related to venting that was mainly driven by a single event that comprised over 8% of our total emissions for the year. To mitigate this type of “super emitter” event, we are piloting Continuous Emissions Monitoring and other IoT devices to monitor, detect and alert our field personnel should an emissions event occur. By doing so, we expect to minimize the duration and emissions associated with such an event. The deployment of advanced monitoring technology is congruent with our commitment to achieving our GHG emissions reduction targets by mitigating venting and flaring through advanced monitoring and detection, converting our pneumatic devices to non-vent or instrument air and electrifying portions of our field operations to minimize combustion related emissions. Furthermore, beginning in 2022, we committed to LDAR inspections on every location twice annually, up from one visit to each facility in 2019 and continuing to increase awareness and technical training to mitigate flaring and venting opportunities in our field operations. We expect to see continued progress toward our 2025 emission reduction targets, and our ESG Management Committee and our Board’s Nominating, Corporate Governance, Environmental and Social Committee will monitor our performance against these metrics.</p>
5.2	TCFD-informed reporting	Yes	<p>In response to the increasing interests of shareholders and other stakeholders in how Laredo assesses and manages climate-related risks and opportunities, Laredo has conducted a TCFD-aligned scenario analysis, using a minimum 2°C scenario aligned with the Sustainable Development Scenario of the Paris Agreement, to understand the potential impacts of climate change on our business operations and financial performance. We utilize expert energy analyses and projections produced by the US Energy Information Administration (EIA) and the International Energy Agency (IEA) to review our portfolio and test the robustness of our strategy against the identified climate-related risks in a range of possible future low oil price and low-carbon scenarios. In the most extreme IEA Sustainable Development Scenario, where prices for oil and natural gas are projected to be \$53 per barrel of oil and \$2 per MBtu for natural gas in 2040, oil and natural gas are projected to remain a significant part of the global energy mix, with oil accounting for 17% of the world’s primary energy demand and natural gas for 25% through 2040. Laredo is one of the top low-cost producers in the Permian Basin, which is one of the most prolific oil and gas basins in the United States, and will be best positioned to economically develop and produce energy in the long-term. We incorporated conservative commodity price assumptions for the oil and natural gas prices in the base case. For our portfolio analysis, we used breakeven oil prices for the Permian Basin oil wells provided by Enverus, a private market analysis firm. Estimated at US\$34.30 per barrel, Laredo’s breakeven cost is below the range of prices in both the IEA’s Stated Policies Scenario and the Sustainable Development outlooks. This suggests that Laredo’s assets are expected to continue to yield economic returns even in an aggressive low-carbon scenario.</p>
5.3	Additional Climate Reporting Resources	Include links as available	Please see Laredo’s website for more information: <a href="http://www.laredopetro.com">http://www.laredopetro.com</a>
<b>6. THIRD-PARTY VERIFICATION</b>			
6.1	Assurance Level	Limited	<p>HXE Partners (HXE) was contracted by Laredo Petroleum, Inc. (Laredo) to provide independent, third-party verification of Laredo’s Greenhouse Gas (GHG) Emissions and methane emissions consumption inventory, for the calendar year (CY) 2019 Revision and 2020, with responsibility for providing a limited level of assurance regarding their accuracy and completeness, in accordance with the ISO 14064-Part 3 verification standard.</p>
6.2	Assurance Provider	HXE Partners	



Explanation of Scenario Analysis

RISK TIME HORIZONS

Laredo analyzes risks over a range of time horizons as far into the future as practical for the company’s business. Typically, the company considers risks to its business as near-term between 1-3 years, medium term as 4-6 years and long term as 7-10 years.

CLIMATE-RELATED RISKS

Laredo has conducted scenario analysis to understand the potential impacts of climate change on our business operations and financial performance. To evaluate the resiliency of our portfolio and our ability to develop oil and gas resources economically,

we applied three scenarios from the IEA – the Current Policies Scenario, the Stated Policies Scenario (STEPS), and the Sustainable Development Scenario (SDS). The results of the scenario analysis indicate that the company is positioned to continue producing oil and gas profitably, even in a carbon constrained environment, and our business is likely to be resilient to the potential price impacts outlined in the IEA Sustainable Development Scenario. More detailed descriptions of risks and uncertainties is provided in the “Risk Factors” section of the Form 10-K.

CLIMATE-RELATED RISKS	MITIGATION
GHG laws and regulations	GHG emissions reduction strategy
Increased likelihood of extreme weather conditions	Emergency response preparedness Business continuity
Access to water	Water management, water recycling and reuse
Energy market demand and price volatility	Strategic hedging program and focus on developing low cost, high-margin assets

CLIMATE-RELATED RISK MANAGEMENT

Our Enterprise Risk Management (ERM) system ensures that we focus on significant organization-level risks, including climate change-related risks. As part of our ERM process, we regularly review the financial impact of these risks on the business with material risks elevated to the Board for visibility to ensure our efforts appropriately mitigate the risks.

At Laredo, we use the latest tools and industry best practices to improve our environmental performance and manage climate risks. We take account of the potential environmental impacts in every step of the way of our decision-making. We take a proactive and action-oriented approach to address current emissions and future emissions reduction opportunities from various sources.

AIR QUALITY

Laredo continually works to minimize our greenhouse gas emissions. While we track components related to EPA reporting, we do not currently track additional air emissions at the component level. However, we are currently piloting Continuous Emissions Monitoring Systems (CEMS) which have the capability of providing information related to NOx, SOx, VOCs and PM10 and look forward to sharing this data in the future. Furthermore, as part of our emissions reduction commitment, we have developed and are

operationalizing our emissions reduction strategy, which is focused on three areas to outperform our 2025 emissions reduction targets: Flaring & Venting, Pneumatics, and Electrification. Relatedly, in line with our zero-flaring target, we are proud to announce a 56%<sup>16</sup> reduction in flared volumes since 2019 as a key step in continued progress toward our 2025 emissions reduction targets.

Key elements of our emissions reduction approach include:

- Piloting continuous emissions monitoring to reduce and mitigate venting events
- Building all new facilities with instrument air and zero-vent pneumatics
- Piloting the electrification of our field operations where sufficient power infrastructure is available

WATER MANAGEMENT

Water is vital to our communities, and as an Exploration & Production company, water management is one of the most crucial resources for our operational activities. We seek to minimize our impact on freshwater supplies and are continuing to expand our water recycling efforts. Consequently, we are committed to increasing the amount of recycled water used in our Howard County operations to decrease the use of potable fresh water in a water-stressed area.

<sup>16</sup> Reduction in flared emissions differ slightly from the proxy due to improved data quality and final verification of this year’s emissions data, but was not found to be material.

## Equal Employment Opportunity (EEO-1) Data<sup>1</sup>

Job Categories	MALE							FEMALE						
	White	Hispanic or Latino	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or More Races	White	Hispanic or Latino	Black or African American	Native Hawaiian or Pacific Islander	Asian	American Indian or Alaska Native	Two or More Races
EXECUTIVE/SR OFFICIALS & MGRS	69.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	23.1%	0.0%	0.0%	0.0%	0.0%	7.7%	0.0%
LEADERSHIP	71.0%	7.2%	0.0%	0.0%	0.0%	2.9%	1.4%	17.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
PROFESSIONALS <sup>2</sup>	39.4%	7.6%	0.0%	0.0%	3.0%	1.5%	1.5%	34.8%	0.0%	4.5%	0.0%	3.0%	0.0%	4.5%
ALL OTHERS <sup>3</sup>	47.2%	29.6%	0.9%	0.0%	0.0%	0.0%	0.9%	16.7%	3.7%	0.0%	0.0%	0.9%	0.0%	0.0%
TOTAL <sup>4</sup>	52.7%	16.4%	0.4%	0.0%	0.8%	1.2%	1.2%	21.9%	1.6%	1.2%	0.0%	1.2%	0.4%	1.2%

<sup>1</sup> EEO-1 information is as of 12/31/2020 and submitted in 2021.

<sup>2</sup> Using the DOL's FLSA Exemption definition for Professionals, employees counted in this job category include Professional, Administrative, Outside Sales or Computer-Related exempt jobs.

<sup>3</sup> Includes technicians, non-exempt administrative support works, craft workers, operatives, laborers and helpers, service works and non-exempt sales workers.

<sup>4</sup> Numbers may not total to 100% due to rounding.



HXE Partners

09.22.2021  
Laredo Petroleum, Inc.

INDEPENDENT VERIFICATION STATEMENT AT THE LIMITED ASSURANCE LEVEL FOR CALENDAR YEAR 2019 REVISION AND CALENDAR YEAR 2020 GREENHOUSE GAS EMISSIONS, METHANE EMISSIONS AND APPLICABLE ENVIRONMENTAL DATA

SCOPE OF ENGAGEMENT

HXE Partners (HXE) was contracted by Laredo Petroleum, Inc. (Laredo) to provide independent, third-party verification of Laredo’s Greenhouse Gas (GHG) Emissions, methane emissions consumption, water consumption and waste generation inventory, for the calendar year (CY) 2019 Revision and 2020, with responsibility for providing a **limited level of assurance** regarding their accuracy and completeness, in accordance with the **ISO 14064-Part 3** verification standard.

Our engagement covered Laredo operations B&G and Production across the Permian Basin using the operational reporting method. The scope of our review included Laredo data sources encompassing:

- **All Scope 1** emission sources: Natural Gas Pneumatic Devices [98.236(b)], Natural Gas Driven Pneumatic Pumps [98.236(c)], Blowdown Vent Stacks [98.236(i)], Atmospheric Storage Tanks [98.236(j)], Flare Stacks [98.236(n)], Reciprocating Compressors [98.236(p)], Equipment Leaks Surveys and Population Counts [98.236(q,r)], Combustion Equipment at Onshore Petroleum and Natural Gas Production Facilities, Onshore Petroleum and Natural Gas Gathering and Boosting Facilities, and Natural gas Distribution Facilities [98.236(z)] and fleet mileage.
- **All Scope 2** emission sources: Purchased electricity
- **Select Scope 3** emission sources: emissions from oil and gas products sold not included in Scopes 1 and 2.
- Electricity consumption through utility bills.
- Water consumption through quarterly water data.
- Waste generation
- Other data sources as relevant

Although information on Laredo’s Oil Production, Wet Gas Production, Gross Annual Volume of Flared Gas and Gross Annual Volume of Vent Gas is included in this report, HXE did not verify these production volumes. Data sources and supporting documents provided (“data sources”) used for HXE’s scope, as described prior, include:

- Quarterly Water Consumption
- ESG Repot 2020 Data Request
- Waste Manifest -Waste Calculation

Laredo is responsible for collecting, analyzing, and presenting data sources provided to HXE, as well as for maintaining effective internal controls over the systems from which the data sources. Data sources have ultimately been approved by and remains the responsibility of Laredo.

The verification assessment, conducted in accordance with ISO-14064-Part 3: *Specification with Guidance for the Verification and Validation of Greenhouse Gas Statements* included:

- Verification of Laredo’s reporting methodologies for the greenhouse gas emissions, methane emissions and environmental related data sources with:

HXE Partners

- The World Resources Institute / World Business Council for Sustainable Development (WRI/WBCSD) Greenhouse Gas Protocol: *A Corporate Accounting and Reporting Standard (Revised Edition)*
- WRI/WBCSD Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- US EPA - Greenhouse Gas Reporting Program (GHGRP) - Subpart W - Petroleum and Natural Gas Systems
- Estimated Scope 3 emissions based on gross operated sales volumes using the IPIECA Category 11 methodology, which incorporates EPA GHG emissions factors.
- Review that the data sources have considered sector guidelines
- Evaluation of the accuracy and reliability of provided data sources

VERIFICATION PROCESS AND DOCUMENT REVIEW

As part of this assurance engagement, HXE conducted the following verification activities:

- Conducting an overarching strategic/risk analysis
- Generating and developing a verification plan and a data and information sampling plan
- Interviewing relevant employees at Laredo responsible for managing GHG emissions and environmental data and records
- Verifying GHG emissions and environmental data and records at an aggregated level for calendar year 2019 revision and calendar year 2020
- Reviewing Laredo’s data management systems, from data handling to internal verification procedures, to confirm that there were no significant errors, omissions, or misstatements in provided data sources
- Conducting materiality review of findings

HXE provided a “Verification Findings Review” report to Laredo which details the specific review tasks completed and which areas were flagged for clarification or improvement. Laredo has addressed all requests for clarification and has completed all necessary corrective actions. The following data has been fully verified.

Table 1. Summary of Laredo’s Data for Calendar Year (CY) 2019 Revision:

Scope of GHG Emissions	mtCO <sub>2</sub> e
Scope 1 GHG emissions	599,343
Scope 2 GHG emissions (location-based)	20,288
Scope 2 GHG emissions (market-based)	20,288
Scope 3 GHG emissions	12,154,754
Methane Emissions (Scope 1)	125,091
Methane Emissions as a Percentage of Natural Gas Production (mtCH <sub>4</sub> / MCF)	0.23%

## HXE Partners

Environmental Data	CY 2019	Units
Energy Consumption	47,783,168	kWh

**Table 2. Summary of Laredo's Data for Calendar Year (CY) 2020:**

Scope of GHG Emissions	mtCO <sub>2</sub> e
Scope 1 GHG emissions	609,685
Scope 2 GHG emissions (location-based)	21,578
Scope 2 GHG emissions (market-based)	21,578
Scope 3 GHG emissions	12,648,136
Methane Emissions (Scope 1)	313,810
Methane Emissions as a Percentage of Natural Gas Production (mtCH <sub>4</sub> / MCF)	0.51%

Environmental Data	CY 2020	Units
Energy Consumption	50,821,726	kWh
Freshwater Withdrawn	20,547,995	Barrels
Freshwater Consumed	20,547,995	Barrels
Volume of Produced Water	21,077,248	Barrels
Volume of Flowback Water	6,261,299	Barrels
Waste Generation	9.43	Cubic Meters

## HXE Partners

### ASSURANCE FINDING

Based on these review processes and procedures, nothing has come to HXE's attention that would cause us to believe that Laredo has not, in all material respects:

- Met the requirements of the criteria listed above; and
- Disclosed accurate and reliable performance data and information as summarized in Table 1 and Table 2 above

The opinion expressed is formed based on a **limited level of assurance** and at the materiality of the professional judgement of the verifier. Note the extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Signed,



On behalf of HXE Partners LLC  
September 22, 2021