

## Midstream Energy ESG Management Questionnaire

Kroll Bond Rating Agency (KBRA) recently published the [Midstream Energy Companies and ESG Risk Management](#) report, which explains how environmental, social, and governance factors could impact Midstream Energy companies. At KBRA, we believe it is critical that a management team understands its ESG risks. Assessing management performance and capability has long held a prominent role within KBRA, and so it is a natural evolution to question how management identifies and addresses its ESG-related credit risks.

### KBRA's Management Questionnaire

KBRA has many conversations with management as part of its due diligence process. A portion of these discussions have increasingly focused on how management plans for and manages ESG-related risks and opportunities. In response to investor inquiries, KBRA thought it would be helpful to provide examples of some questions that may be raised throughout this process:

1. How do the ESG policy preferences of your investors, customers, or other constituents' impact your business?
2. Do you have physical or financial assets that are at risk under various climate change scenarios? How do you determine such risk?
3. What are your annual greenhouse and CO<sub>2</sub> emissions levels? Explain your measurement/analysis. Are there any self-initiated or third-party required plans to reduce them? How is the Company measuring its progress toward its stated goals? What is your exposure to a potential carbon tax?
4. How is the Company adapting its business strategy to account for the energy transition?
5. What types of cyber threats are of greatest concern to your operations? How does your business manage cybersecurity threats?
6. How prepared is your business for anticipated social, technological, and demographic changes?
7. What environmental risks/opportunities have you identified that could impact the revenue generation potential of the Company?
8. What type of mitigation measures are in place in the event of increasing natural hazard-induced technological disasters and other ecological hazards to protect staff and ongoing operations?
9. How does the Company account for and monitor the occurrence of spills and other leakages during the transportation process?
10. Does the Company have ongoing dialogue with politicians, landowners, regulators, and community members regarding its role in energy policy?
11. How does the Company address adversarial permitting, right-of-way and/or construction issues?
12. Have you had any opinions or misstatements identified by auditors on your financial statements? Have you had any other relevant regulatory/legal findings?

---

## Contacts

Andrew Giudici, Senior Managing Director  
+1 (646) 731-2372  
[andrew.giudici@kbra.com](mailto:andrew.giudici@kbra.com)

Shane Olaleye, Senior Director  
+1 (646) 731-2432  
[shane.olaleye@kbra.com](mailto:shane.olaleye@kbra.com)

William Cox, Senior Managing Director  
+1 (646) 731-2472  
[william.cox@kbra.com](mailto:william.cox@kbra.com)

## Related Reports

Access for free at [www.kbra.com](http://www.kbra.com)

- [Credit Ratings Deserve ESG Risk Analysis, Not ESG Scores](#)
- [Midstream Energy Companies and ESG Risk Management Credit Ratings Deserve ESG Risk Analysis, Not ESG Scores](#)
- [U.S. Corporates 2020 Outlook: How Long Will This Go On?](#)
- [Coronavirus \(COVID-19\): Corporate Risk: 12-Month Outlooks by Sector](#)

© Copyright 2021, Kroll Bond Rating Agency, LLC and/or its affiliates and licensors (together, "KBRA"). All rights reserved. All information contained herein is proprietary to KBRA and is protected by copyright and other intellectual property law, and none of such information may be copied or otherwise reproduced, further transmitted, redistributed, repackaged or resold, in whole or in part, by any person, without KBRA's prior express written consent. Information, including any ratings, is licensed by KBRA under these conditions. Misappropriation or misuse of KBRA information may cause serious damage to KBRA for which money damages may not constitute a sufficient remedy; KBRA shall have the right to obtain an injunction or other equitable relief in addition to any other remedies. The statements contained herein are based solely upon the opinions of KBRA and the data and information available to the authors at the time of publication. All information contained herein is obtained by KBRA from sources believed by it to be accurate and reliable; however, all information, including any ratings, is provided "AS IS". No warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, or fitness for any particular purpose of any rating or other opinion or information is given or made by KBRA. Under no circumstances shall KBRA have any liability resulting from the use of any such information, including without limitation, for any indirect, special, consequential, incidental or compensatory damages whatsoever (including without limitation, loss of profits, revenue or goodwill), even if KBRA is advised of the possibility of such damages. The credit ratings, if any, and analysis constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. KBRA receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. Please read KBRA's full disclaimers and terms of use at [www.kbra.com](http://www.kbra.com).