

Freeport LNG Development L.P. Assigned ESG Evaluation Score Of 63; Preparedness Adequate

NEW YORK, April 13, 2021 /PRNewswire/ -- S&P Global Ratings said today that it has assigned Freeport LNG Development L.P. (Freeport LNG) an ESG evaluation score of 63. The company's ESG evaluation score is the result of an ESG profile of 63 combined with adequate preparedness. Higher numbers indicate stronger sustainability in our evaluations. The report is available [here](#).

The ESG evaluation score is driven by Freeport LNG's emphasis on marketing low-carbon liquified natural gas (LNG) production, long-term contractual arrangements primarily to Asian end markets, and its private ownership structure. The adequate preparedness is based on good awareness of material strategic risks and a good track record of strategy execution, but is limited by a lack of strategic focus on innovation and sustainability across its employee base and decision-makers and limited ability to pivot given the fixed and specialized nature of its assets.

Despite being exposed to the oil and gas infrastructure sector's moderate environmental and social risk, Freeport LNG's exposure is moderated somewhat by its small footprint, industrial siting, and use of state-of-the-art technology.

Freeport LNG's social profile score is driven by a strong safety performance based on a comprehensive safety risk management protocol that has enabled a strong track record of safety management, with zero recordable injuries and no fatalities in 12 years of operations, including the construction period. This safety performance exceeds that of oil and gas infrastructure peers. The company's governance is supported by a strong shareholder agreement among its owners and a structure that has so far supported good operations.

Freeport LNG develops and operates LNG projects. Through its ownership interests in three liquefaction trains with a combined export capacity of around 15 metric tonnes per year (mtpa), Freeport LNG engages in natural gas liquefaction and export at its facility in Texas. The parent company was founded in 2002 and is privately owned by three main shareholders.

What Is An ESG Evaluation?

S&P Global Ratings' ESG evaluation is a cross-sector, relative analysis of an entity's capacity to continue to operate successfully. It is grounded in how ESG factors could affect stakeholders, potentially leading to a material direct or indirect financial impact on the entity.

Our definition of stakeholders for a particular entity goes beyond shareholders to include employees, the local community, government, regulators, customers, lenders, borrowers, policyholders, voters, members, and suppliers. A high ESG evaluation score indicates an entity is relatively less prone to experiencing material ESG-related events, and is relatively better positioned to capitalize on ESG-related growth opportunities than entities with lower ESG evaluation scores.

First, we establish an ESG profile for a given entity, which assesses the exposure of the entity's operations to observable ESG risks and opportunities, and how the entity is mitigating these risks and capitalizing on these opportunities.

Second, we assess the entity's long-term preparedness, namely its capacity to anticipate and adapt to a variety of long-term plausible disruptions.

S&P Global Ratings currently evaluates over 60 entities across the globe; they have an average score of 68. Since the first ESG evaluation, published in June 2019, we have finalized ESG Evaluations across 19 sectors globally. By region, the highest average score is 72, for companies headquartered in Europe.

Visit spglobal.com/ratings for our latest [sustainable finance research](#) and all of our [publicly available ESG Evaluations](#).

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