During 2015, we took a number of steps to enhance our safety, health, environmental and social performance, all of which we regard as essential to the sustainability of our ongoing business. This progress was achieved despite the severe downturn in oil and natural gas prices that began in 2014. We recognize that stakeholders have high expectations of us and we are determined to remain a safe and responsible employer, neighbor, partner and operator.

Our accomplishments included our best overall year in personal safety for recordable injuries. We are particularly proud of this achievement considering that we had seven major facility startups, including megaprojects at the APLNG liquefied natural gas venture in Australia, the Surmont 2 oil sands development in Canada and the CD5 drilling program in Alaska.

Across our global activities, we continued to actively engage with stakeholders to develop workable solutions for a range of local and broader societal issues. For example, in Australia we supported a fire abatement program developed by indigenous communities. In several areas of our operations we worked to promote road safety focused on speed limits and text-free driving. We held dialogues with socially responsible investors to develop social performance indicators. We appreciate the mutual benefit created by our relationships with stakeholders.

Oil and natural gas operations are dependent upon a vast supply chain of goods and services provided by other companies. We have raised our performance expectations of key suppliers. An important step was conducting Supplier Quality Audits to assess vendor management of emissions, waste generation, water usage, human rights and forced labor risks. These efforts provide insight into how we can work with suppliers to learn and improve together.

Integrating advanced technology and engineering with our approach to water sustainability resulted in numerous process improvements and innovations. We achieved success with the first large-scale produced water reuse project in our Lower 48 operations, improved steam quality at our oil sands operations in Canada and optimized offshore water treatment in Norway.

We continue taking action on climate change issues. During 2015 we either eliminated or avoided an estimated 0.6 million tonnes of CO\textsubscript{2} equivalent emissions, bringing cumulative reductions since 2009 to 6.8 million tonnes compared to business as usual.

Looking ahead, we believe that the global greenhouse gas emissions reduction framework agreed to at the COP-21 meeting in Paris validates the importance of managing our footprint and engaging constructively with policymakers, communities, investors and other interested stakeholders. We continue to position the company to successfully operate in a world challenged to reduce its emissions. Our work entails managing risk, optimizing opportunities, investing in technologies and preparing to respond to evolving government policies in countries around the world.

This Sustainability Report details our activities during 2015, and our web-based content outlines the foundation of our comprehensive approach to incorporating sustainability goals into business planning and decision making. We are proud of what we have been able to accomplish as we strive to develop resources responsibly and create lasting value for communities. As always, we invite input from stakeholders at sdteam@conocophillips.com.

Ryan Lance, Chairman and CEO
Responsible Operations

At our Surmont facility in Canada, Operator Brian White checks a water storage tank. Exploring for, developing and producing crude oil and natural gas globally is what we do. A commitment to safety, operating excellence and environmental stewardship is how we do it.
Safety

We recognize the responsibility that comes with managing complex oil and natural gas operations around the world, and we understand the gravity of potential consequences of failing to operate safely. Keeping people and assets safe, and being good stewards of the environment are critical to running our business well. Our SPIRIT Values — Safety, People, Integrity, Responsibility, Innovation and Teamwork — inspire our actions and confirm that safety is core to how we operate.

Our Focus

Developing a strong culture of safety and delivering superior safety performance are achieved by having dedicated and engaged leadership working with a committed and skilled workforce. The framework through which we safely manage our operations, the Health, Safety and Environment (HSE) Management System Standard, emphasizes occupational safety, risk management, emergency preparedness and environmental performance, along with an intense focus on process safety.

In 2015, our workforce continued to build on momentum gained through existing, effective programs. We set out to further embed these systems into our culture through the following actions:

- Enhanced integration of the 8 Life Saving Rules.
- Continued implementation of the Process Safety Strategy with improvements to training, governance, documentation and communications.
- Continued implementation of Learning Teams to better learn from successes and challenges, and where defenses can strengthened.
- Continued to target improvements to emissions, spills and flaring through the Environmental Strategy Framework.
- Continued strengthening of crisis and emergency management capabilities.

Read our Health, Safety and Environment Policy.

8 Life Saving Rules

Best Safety Performance on Record

Overall, HSE performance was strong through 2015 with significant reductions in serious incidents and workforce recordable injuries. Serious incidents were down 32 percent versus 2014, and we experienced no serious Tier 1 Process Safety Events. At 0.20, our Total Recordable Rate dropped to a record low and improved 30 percent versus 2014. An increased focus on verification of the Life Saving Rules in 2015 is believed to have contributed to the improvement in our serious incident rate. Business units are accountable for developing and implementing a field verification program that best suits the needs of the business.

Process safety awareness played a key role in the company experiencing no serious Tier 1 Process Safety Events in 2015, compared to six in 2014. A Tier 1 Process
RESPONSIBLE OPERATIONS  SAFETY

Safety Event represents a loss of primary containment of energy or hazardous material that has the potential to result in a serious consequence. The improvement in our process safety performance speaks to the importance we have placed on process safety competency and preventing losses of containment in our operations.

New leading metrics, including Life Saving Rules verification, leadership visibility and process safety defenses, were combined with existing lagging metrics like Total Recordable Rate and Significant and High Risk Incident Rate to create a more holistic and balanced view of performance. Using these performance indicators will place increasing focus on leading metrics and will help businesses focus on activities designed to strengthen barriers and ultimately, prevent incidents.

Along with our intense focus on prevention, we continued to enhance our emergency preparedness and response capabilities. Our Global Incident Management Assist Team (GIMAT) received third-party certified training from the internationally recognized Incident Command System (ICS). We conducted three regional emergency response exercises, completed training for 19 internal functional support teams and institutionalized lessons learned. In addition to internal resources, we subscribe to surface and subsea oil spill and emergency response entities, participate in mutual aid agreements and collaborate with regulators and external agencies that may further augment and support a response, if needed.

Indonesia’s iCARE Program Targets Continuous Improvement

Analysis of industry data shows that low consequence, high frequency incidents are good predictors of low frequency, high consequence events. In Indonesia, we implemented a plan to identify and correct low consequence incidents before they result in an event with higher consequences. A new tool called iCARE (Intervention Card for Appropriate Risk Engagement) helps workers perform appropriate risk behavior interventions. The goal is to make others aware of risk and potential consequences, appropriately manage the risk, and make targeted improvements based on human factor learnings gained in the intervention. Other advantages to the new program include lower cost and greater flexibility than previous programs, more efficient use of manpower and simplified number of reporting tools.

Encouraging people to intervene when they observe unsafe behavior has led to greater understanding of human behavior, and the implementation of improvement programs based on those learnings. With a Total Recordable Rate below 0.1 for the past seven years, our safety performance in Indonesia is already strong. Incorporating this program has the potential to further improve our safety culture, resulting in even better HSE performance.
Canada’s Focus on High Reliability

It was an outstanding year for safety performance in Canada. We saw a step-change in safety outcomes across the organization, including a decrease of our total recordable incident rate by 57 percent.

This success was demonstrated across all aspects of the business. The year started well, with Oil Sands Delineation Drilling completing their program free of recordable injuries for the first time ever. In 2015, our Western Canada business unit began increasing their best ever periods of time recordable injury-free, while maintaining industry-leading process safety performance in areas such as pipeline integrity. Additionally, ConocoPhillips Canada achieved first steam and first oil at Surmont 2 in the oil sands, a project that demonstrated how world-class construction safety performance can be achieved. At Surmont 2, staff turned over 1,058 systems with zero recordable incidents, completing more than 3.6 million work hours. The year ended with volumes ramping up at Surmont and the commissioning and startup of Surmont 2, an extremely complex operation, conducted in a safe and controlled manner.

The main drivers of these results can be traced to a focus on safety, contractor engagement efforts and the journey to high reliability. High reliability is characterized by deliberate execution and mindful change. It is leadership driven, fixated on detecting error-likely situations and learning from them, working to simplify while remaining alert, and maintaining awareness of what happens at the front line. Operational learning serves as the catalyst for change. Application of these characteristics, combined with previous efforts and leadership focus, has shifted the safety culture in Canada and enabled significant improvements in safety performance. The underlying efforts consistent across the business were:

- Careful planning to ensure the right people and equipment were in place.
- Accountability of field leadership to ensure work was always under control.
- A focus on the frontline, giving those doing the work a voice that could be heard.

Our 2015 performance in Canada reflects how effective the journey to high reliability can be.
Workforce

We are committed to attracting and retaining collaborative, innovative and responsible people and providing them with growth opportunities. We invest in people to strengthen our organizational capability and develop a talented global workforce.

Our Workforce

As we managed through low commodity prices, we took the opportunity to find ways to do business better. Through this effort, we’re building a more competitive ConocoPhillips that can outperform through industry cycles. This work required some difficult decisions in 2015, including a 17 percent global workforce reduction and a consolidation in management positions. At the end of 2015 we had 15,900 employees working in 21 countries. Despite challenges in the industry, we’re focusing on maintaining core capabilities in our workforce and believe that innovation and excellence create a platform for opportunity and growth.

Diversity

Valuing everyone’s contribution isn’t just something we talk about. It’s what we put into practice each day. We believe that diverse opinions, ideas and perspectives are what fuel innovation throughout our company. Everyone plays a role in giving our company a competitive business advantage. Consistent with our focus on excellence, we continue to progress in diversity and inclusion — for the good of our enterprise, employees, vendors and communities.

In the spirit of valuing all people, we support numerous employee network groups. These local groups align with our corporate objective of fostering a diverse workforce and focus primarily on professional development, networking, community involvement and supporting our recruiting activities. Although network memberships are limited to employees only, many of the social, educational or cultural events and activities are open to all employees, contractors, family members and external stakeholders.

Payroll Country Distribution

15,900 Employees worldwide

21 Countries with operations and activities
Talent Management and Training

One unique element of our talent development process is our Talent Management Teams (TMTs). Seventeen TMTs represent the majority of employees across the globe and are responsible for managing skills critical to business success, now and into the future. They provide the foundation for our employees to develop their skills and provide us with the ability to attract, develop and retain employees with strong skillsets. Each TMT is comprised of senior representatives from business units and corporate functional organizations. These representatives are the interface between business unit leaders, supervisors and employees.

Performance Management at ConocoPhillips is an ongoing process in which supervisors and employees work together to:

- Set individual business and development goals.
- Ensure goals are aligned with business performance objectives.
- Measure progress toward those goals.
- Identify developmental needs to achieve goals.

The process also incorporates ongoing coaching, feedback and progress assessment throughout the cycle.

Each employee is responsible for managing his or her own career and we offer many tools to assist employees in their career development. Training opportunities are customized for each region and specific job role. In 2015, our employees logged more than 250,000 hours in online training, with an average of 16.5 hours of training per employee. Time spent training decreased as compared to previous years due to focus on other business priorities. More than 2,000 employees attended a technical training course in 2015 and approximately 200 participated in our Engineering Academy.

Wellness

We offer programs to help give employees what they need to achieve better health and wellness. Our Good for You! campaign is intended to educate, encourage and challenge all employees to learn how to improve their well-being through good nutrition, physical activity, managing stress and knowing their numbers by participating in biometric screenings.

Throughout the Good for You! campaign, there have been a number of activities like the Energy in Action event that allows individuals and teams to earn points for physical activity, track their progress and challenge others to increase their level of activity. The 2015 campaign focused on the connection between wellness and safety in particular, addressing fatigue, distraction and stress.
Stakeholders

Developing and maintaining relationships with a broad range of stakeholders is fundamental to our business success, and our stakeholders have varied and evolving expectations. This is particularly true in a year like 2015, when falling commodity prices had dramatic effects on our industry and the communities where we operate. Even in this tough business environment, we understand the importance of our responsibilities on the ground.

Ongoing stakeholder engagement allows us to understand a variety of perspectives as we continue to improve our company. As we develop plans and report results, we consider stakeholder feedback, questions, and insight in a variety of ways. The ways we engage with our stakeholders are as varied as stakeholders themselves. We include town hall meetings, community meetings, one-on-one discussions, conferences and forums, emails and social media among others. Our stakeholders and topics of interest include:

**EMPLOYEES**
Safety, compensation and retention, environmental responsibility, career development, health and wellness, company strategy, ethics and compliance

**COMMUNITIES**
Local employment, economic development, training, emergency response, air and water impacts, noise, traffic, safety

**SUPPLIERS**
Performance expectations, supplier diversity, cost efficiencies, local content development

**STOCKHOLDERS**
Governance, financial sustainability, climate change, carbon asset risk, water, hydraulic fracturing, human rights

**GOVERNMENTS**
Health, safety and environmental protection issues, tax policy, U.S. crude oil exports, job protection and creation, hydraulic fracturing

Through this engagement in 2015, we tracked issues of significance to stakeholders to prioritize in our reporting. See page 32 for more information about our stakeholder engagement.

**Supporting Industry Dialogues**
To ensure we have a full understanding of all the issues and trends facing our industry and company and to contribute our experience to those discussions we are a member of numerous industry associations. External organizations are important for best practice sharing and learning as well. The benefits we receive from trade and industry association memberships include the general business, technical and industry standard-setting expertise that these organizations provide. Through leadership and participation in trade associations involved in lobbying, we seek to champion legislative solutions that are practical, economical, environmentally responsible, non-partisan and in the best interests of the company. ConocoPhillips does not always agree with all positions taken by trade and industry associations on issues and in fact, we publicly acknowledge that we do take contrary positions from time to time. We have strong governance around these activities, annually report on trade association memberships with dues in excess of $50,000, and engage with stakeholders who have questions about these activities. Learn more about our approach to people and society.
Corporate Governance

The Public Policy Committee of the Board of Directors oversees our positions on public policy issues, HSE and matters that may impact the company’s reputation, including sustainable development performance and reporting. The committee is regularly updated, at least annually, on sustainable development issues and the progress the company is making on the action plans. The committee also engages in deeper discussion on timely topics, including the company’s approach to managing carbon asset risk and water.

Learn more about our governance.

Ensuring Ethical Business Practices
Our reputation and integrity depend on each employee, officer, director and those working on our behalf assuming a personal responsibility for our business conduct. Led by our Chief Compliance Officer, our Global Compliance and Ethics team was established to ensure adherence with applicable laws and the highest ethical standards, promote a positive corporate reputation, prevent criminal and civil liability, and set the tone for an ethical work environment. The team includes local ambassadors embedded in business units and functions who help support and administer our global compliance program.

Code of Business Ethics and Conduct
Our Code of Business Ethics and Conduct (Code), along with our SPIRIT Values, provides clear direction to all employees, contractors and suppliers about how to behave ethically and in accordance with ConocoPhillips standards. The Code covers a range of topics including business ethics, anti-trust, anti-corruption, gifts and entertainment and political involvement.

Training
New employees receive training on the Code and all employees receive web-based training periodically. All employees are also required to read the Code annually and confirm compliance. People who are most exposed to corruption risks take part in annual web-based training and other targeted training.

Systems and Practices for Reporting Violations
We encourage employees and contractors to ask questions and seek guidance about ethical concerns and to understand their responsibility to report actual or suspected misconduct. We have several confidential reporting mechanisms, including speaking to a manager, supervisor, human resource representative or a Global Compliance and Ethics representative. Additionally, there is an anonymous option. Any stakeholder, whether employee, contractor, shareholder or the general public, may report an actual or suspected violation anonymously through our 24-hour Ethics Helpline. The Ethics Helpline is hosted by a third party to ensure anonymity and is available worldwide via the web or phone in multiple languages. ConocoPhillips prohibits retaliation of any kind against employees for raising an ethical or legal concern.
San Juan: Reducing Emissions in New Mexico

Since 2009, we have reduced global greenhouse gas (GHG) emissions by 6.8 million tonnes of CO₂ equivalent when compared to business-as-usual, keeping our absolute emissions nearly flat. Much of this was achieved in the San Juan Basin in the U.S., where we own 1.3 million net acres of oil and gas leases with more than 10,000 producing wells.

“We have voluntarily implemented an aggressive emissions reduction strategy in the San Juan Basin,” said Bij Agarwal, vice president, Rockies business unit. “These proactive efforts have been implemented in a safe and efficient manner.” Methane is the main component of natural gas. Methane accounts for about 10 percent of U.S. GHG emissions, of which less than 30 percent is from natural gas and petroleum systems according to the U.S. Environmental Protection Agency (EPA). That includes emissions from production, processing, storage, transmission and
distribution of natural gas. Methane is also emitted from manure management, coal mining, landfills, and enteric fermentation. Our GHG emissions include about 24 percent carbon dioxide equivalent (CO$_2$e) from methane, so reducing those emissions is a focus of our global and business unit climate change management plans.

**Since 2009, we’ve reduced GHG emissions by 6.8 million tonnes of CO$_2$ equivalent.**

In San Juan, we continued to create and implement a wide range of programs to drive operational improvements and emission reductions in 2015. Primary sources of reductions have been replacing pneumatic devices and installing plunger lifts, traditionally the two largest sources of natural gas emissions. While regulations now restrict the use of high-bleed pneumatic devices on new installations, we voluntarily replaced most existing high-bleed devices with no-emission or low-emission controllers on existing installations across our operations. And we plan to finish replacing all of our remaining high-bleed devices in San Juan in 2016.

In addition to replacing the pneumatic devices, we continue to optimize plunger lift operations on wells that require liquids unloading. This involves upgrading current controllers with high tech devices that optimize the production of oil and minimize emissions.

“These proactive efforts to reduce emissions demonstrate the successful balancing of the economic, social and environmental benefits of ensuring natural gas is a clean fuel across its life cycle,” said Don Hrap, president, Lower 48 business unit. We further reduced emissions by using infrared cameras to detect and repair small natural gas releases and by capturing methane vented during well completions. We are converting our 300-truck fleet in northwest New Mexico from gasoline to propane autogas, which will dramatically reduce vehicle emissions. Other energy efficiency improvements include greater utilization of photovoltaic solar panels field equipment, optimized compression, and the use of solar-powered chemical injection units in place of gas-powered pumps on some wells to reduce emissions and fuel use. We also work with our service providers to evaluate alternative energy sources for well pad operations. These efforts are part of the the asset’s climate change management plan.

The work resulted in 2015 CO$_2$e emissions in the San Juan Basin being reduced by 26 percent relative to 2014. Other 2015 performance indicators include a 24 percent reduction in liquids unloading CO$_2$e emissions and a 34 percent reduction for pneumatic device CO$_2$e emissions.

We have completed the majority of feasible emissions reductions projects. As we look to the future, our emissions should continue to decline, albeit at a slower rate because other economic reduction opportunities using existing technology have already been completed. We are currently evaluating several new technologies for their potential feasibility, cost effectiveness and emissions recovery potential, and will continue this work in 2016. Our focus will continue to be on identifying voluntary projects that improve our overall performance by reducing emissions and flaring.

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**CASE STUDY**

**SAN JUAN**

Frank Anstead monitors and controls well performance in real time using solar-powered telemetry.
A pump jack operates in San Juan, New Mexico. We implement high environmental standards so that our actions today will provide the energy needed for economic growth, social well-being, and a healthy environment.
Discussions about climate change and emissions reductions were frequent and far-reaching in 2015, headlined by the COP-21 negotiations and agreement in Paris. Society needs expanding energy supplies to support economic growth and improved standards of living, while at the same time also wanting to address concerns related to greenhouse gas (GHG) emissions.

**Our Focus**

Our Climate Change Action Plan includes understanding our GHG footprint, taking steps to reduce our emissions in our operations and projects, planning for risks and opportunities including climate change policy and engaging in public policy development and other stakeholder dialogue. Our multi-year, comprehensive plan is refreshed annually as part of our long-range planning process. During this process, we assess risks and opportunities against several criteria, including commodity price forecasts, GHG price forecasts, and our climate change and sustainability position statements.

Our 2015 priorities related to managing climate change risks included:

- Improving data related to emissions.
- Identifying opportunities to reduce emissions.
- Monitoring proposed legislation and regulations.

Our Climate Change Action Plan includes 73 specific actions and projects. Of those, we have completed 51, 14 are in progress and eight have been deferred.

**Taking Steps to Reduce Our Emissions**

In order to increase our focus on emission reductions, we set an overall company GHG emission reduction target of 3 to 5 percent against our business-as-usual forecast for 2015. Business-as-usual is defined as the emissions that would have occurred from the assets that existed at the time the target was set, had the emission reduction projects not been implemented. Despite the large reductions made to our capital expenditure budget in 2015, we were able to carry out emission reduction projects totaling 0.6 million tonnes against our business-as-usual emissions of 26.4 million tonnes. This represents a reduction of 2.2 percent in 2015, maintaining our 7-year average annual reduction at 3.5 percent, or 6.8 million tonnes of CO₂e (data from each year includes our actual operated assets; dispositions are removed from current, but not prior years) since the implementation of our Climate Change Action Plan in 2008.

Read our Climate Change Position.
Reduction Initiatives
Our reduction efforts focus on methane and carbon dioxide releases from operations. We prioritize projects on a global basis to optimize emissions reductions per dollar spent.

In 2015, our business units completed numerous projects to improve energy efficiency, recover product and reduce GHG emissions as highlighted in the San Juan case study on page 10. Examples include:

- Reduced methane venting during well completions.
- Reduced flaring.
- Plunger lift optimization.
- Optimized compression.
- Replacement of high bleed controllers.
- Electrification of central facilities.

GHG Emissions
In 2015, total CO₂e gross operated GHG emissions were approximately 25.8 million tonnes, a decrease of about 6.8 percent, or 1.9 million tonnes, from 2014. Primary drivers for the decrease in CO₂ from operations were transitioning from operatorship of the China Peng Lai field, lower operated production in some assets and increased sales of CO₂ for beneficial use in the U.S. Primary drivers for reduced methane emissions were asset dispositions, decreased operated production across multiple assets and reduced venting at a gas terminal. Despite the reduced emissions, the intensity expressed as tonnes/MMBOE increased 5 percent due to lower operated production volumes. Operated production declined largely due to reduced drilling in the U.S. Lower 48 and change of operatorship of the Peng Lai field, and equity production increased with addition of production from Foster Creek and Christina Lake, Gurnusut and APLNG Upstream.

Flaring
Flaring, burning off excess gases that might otherwise pose a hazard, is managed by our business units in their action plans and continue to target improvements to emissions and flaring through the Environmental Strategy Framework.

An example of how we are addressing flaring is the work with our co-venturers in Qatargas to reduce flaring from liquefied natural gas (LNG) trains with a jetty boil-off gas (JBOG) recovery project implemented at Ras Laffan in Qatar. The JBOG recovery system is designed to minimize flaring for all six LNG berths, with a vapor recovery system that compresses gas for fuel to the fullest extent practicable. The project has reduced flaring during LNG loading by more than 90 percent and recovers approximately 700,000 tonnes per year of flared gas. It will result in a reduction of 1.6 million tonnes of carbon dioxide per
year — equivalent to annual GHG emissions from 175,000 cars — and achieve savings of 29 billion standard cubic feet (BSCF) per year in flaring reduction. This is just one example of working with our joint venture partners to influence non-operated emissions reductions.

In 2015, our total volume of flared gas was 25.9 BCF, a decrease of 11 percent from 2014. Although post-combustion flaring emissions represent less than 10 percent of our emissions, reducing flaring continues to be a priority. The decrease is primarily related to improved gas capture, including installation of a gas pipeline to receive gas that previously was flared and installation of a booster compressor. Other impacts were the change in operatorship of an asset, reduced maintenance activities, less well test flaring and decommissioning of an offshore asset. Partly offsetting these reductions were increases in one asset that experienced equipment problems and another where there was an increase in non-routine flaring. Our rate of flaring per unit of production remained flat at 37.4 MMCF/MMBOE.

**Methane**

Managing natural gas emissions, which are primarily composed of methane, continues to be a key priority. We work to capture even small releases of natural gas known as “fugitive emissions.” Methane emission reduction is a crucial aspect of our well management principles and we rely on numerous technologies, such as forward looking infrared radiometers, reduced emissions completion technology and automatic flare monitoring systems, as we manage our methane emissions. These steps have helped us reduce or prevent the release of 9 billion cubic feet of methane emissions from our facilities in the U.S. Lower 48 states over the past five years. This reduced our global methane emissions by 12.8 percent.

In 2015, we continued our review of external methane emissions studies which assess natural gas losses across the entire value chain from well to consumers for heat and electricity. The more than 40 studies continue to estimate an average natural gas loss rate of less than 2 percent. Aircraft methane measurement studies indicate difficulty estimating methane loss from a particular source type. Additionally, aircraft and remote sensing measurement studies are relatively new and generally report very wide confidence intervals for methane loss rate. Regardless of the uncertainties around the total amount of fugitive emissions, we are taking action in our operations.

**Energy Efficiency**

Total energy consumption in 2015 was approximately 218 trillion British Thermal Units (BTUs), a reduction of about 10 trillion BTUs. Of the 2015 consumption, about 97 percent was from combustion of fuel for our own energy use and about 3 percent was from purchased electricity. Reduced operated production, deactivation of a generator, change in operatorship of an asset, and dispositions were primarily responsible for the reduction, partly offset by increases due to startup of the Surmont 2 asset in Canada. Despite the reduced use, the intensity expressed as Trillion BTUs/MMBOE increased 10 percent due to lower operated production volumes.

**Total Energy Use**

![Total Energy Use Graph](image)

Our work with the province of Alberta’s Climate Change and Emissions Management Corporation (CCEMC) is a prime example of how innovation and collaboration can advance environmental improvements. In 2011, ConocoPhillips Canada successfully secured a $7 million...
CCEMC grant, which ConocoPhillips matched. That $14 million has allowed us to significantly expand our energy efficiency and emissions reduction projects. Since 2010, a total of 580 CCEMC-related projects have been implemented across Western Canada operations, collectively reducing GHG emissions by about 270,000 metric tons of CO$_2$e. That’s the equivalent of taking more than 56,300 cars off the road for one year. To date, our Western Canada business unit has implemented more than 1,870 projects since it started reporting GHG-reduction initiatives and projects in 2008, leading to a combined reduction of more than 470,000 tonnes of CO$_2$e per year — equivalent to taking approximately 98,000 cars off the road.

In 2015, we hosted a public workshop in collaboration with CCEMC and the Canadian Environmental Technology Advancement Corporation (CETAC)-West. This workshop, attended by over 200 individuals representing 27 energy companies, 11 government institutions and 47 service providers, allowed participants to exchange valuable information, data and lessons learned from the implementation of energy efficiency technologies, which will help improve the effectiveness of future energy efficiency initiatives across the province. In recognition of the energy efficiency innovation that we deployed and shared with other stakeholders, ConocoPhillips was a finalist in the 2016 Alberta Emerald Awards for environmental achievement.

Technology

Along with our current technological and operational improvements, we also invest in research and development.

In the Canadian Oil Sands, the industry has cut emissions from oil sands production by 28 percent since 1990 through improved design and equipment, higher efficiency and new technology. ConocoPhillips was a founding member of Canada’s Oil Sands Innovation Alliance (COSIA), an alliance of producers that have developed more than 800 innovations at a cost of $1.3 billion, and with global innovation partners are dedicated to further reductions as technology for steam-assisted gravity drainage is improved.

In 2015, we announced support for the $20 million NRG COSIA Carbon XPRIZE. The contest challenges participants...
ENVIRONMENTAL PERFORMANCE  CLIMATE CHANGE

to reduce GHG emissions by capturing CO₂ emissions and turning them into valuable, useable products. Teams will be scored on how much CO₂ they convert, and the net value of their products.

We also worked to find cost effective projects that contribute to reducing GHG emissions from Norway’s Greater Ekofisk Area, where we have operated since 1973. The upgraded waste heat recovery unit (WHRU) at Norway’s Eldfisk 2/7 E will produce approximately 9 megawatts (MW) of electricity generated from the steam turbine, approximately 2 MW more than the original unit. Since completion of the WHRU upgrade, the steam turbine covers almost the entire power demand of the Eldfisk Complex with green energy rather than power from a fuel driven generator. This results in an overall reduction in emissions of approximately 48,000 tonnes of CO₂ per year.

External Engagement
Our Climate Change Position outlines our principles of effective climate change policy. These principles continue to guide our engagement on climate change policy in the United States, Canada, Europe, Australia and other countries in which we operate. We work with trade associations, industry peers and other key stakeholders to develop and use best practices and in efforts to align the policymaking process with our positions and principles. Our history of U.S. policy engagement on climate change, along with our principles for effective climate policy, reflects what we have and have not supported and why.

At the COP-21 meeting in Paris almost 200 countries agreed on a new global emission reduction framework starting in 2020. At the meeting countries representing 95 percent of global GHG emissions submitted voluntary “Intended Nationally Determined Contributions” (INDCs) to set the process in motion. The current INDCs are estimated to represent about 50 percent of the effort required to achieve an emissions trajectory that would hold temperature increases since pre-industrial times to well below 2 degrees Celsius and there is an expectation that the gap will be closed by the pledge and review system that takes place every five years.

We participated in the development of IPIECA’s The Paris Puzzle — describing the challenges and responses needed to address the risks of climate change, in light of the new global agreement at COP-21. The Paris Puzzle outlines the critical pieces of the pathway to how the oil and natural gas industry can meet future energy needs while reducing emissions.

We believe that over the months and years ahead, governments — federal, state/provincial and local — will continue to act upon the issue of global climate change. In order to succeed in a low carbon economy, we need to play a constructive role in public policy dialogue to devise practical, equitable and cost-effective approaches to reduce GHG emissions and address the implications of climate change.

Carbon Strategy
We don’t debate the science behind climate change and recognize that human activity is a contributor to GHGs in the atmosphere. We have a strategy to manage and address climate-related business issues in a complete and logical way, through setting strategy, taking action and engagement.

Some stakeholders have expressed concerns that at some point, the use of fossil fuels could be restricted in order to limit GHG concentrations in the atmosphere in an effort to limit changes in global temperatures. This concept is being called “carbon asset risk” or “unburnable carbon.” Some shareholders are concerned that reserves may not be developed and that their contribution to
company valuations may create a "carbon bubble." We do not believe there is any evidence of a speculative "carbon bubble." Markets are pricing oil and gas companies rationally, based on their expectations of future earnings, taking into account the size and type of reserves, the risks arising from future climate policies and many more factors. Regulations are in place for publicly traded companies that provide a consistent set of rules that allow investors to evaluate and compare investment choices; we fully comply with rules and regulations for reporting reserves. We have regular discussions about topics of interest to shareholders, including Carbon Asset Risk and provide presentations about our perspective. These collaborative conversations are preferable to formal, costly shareholder resolutions and offer enhanced understanding for ourselves and our stakeholders.

We’ve participated in surveys conducted by CDP, formerly the Carbon Disclosure Project, since 2004. Our 2015 disclosure grade was 93, well above the sector average, and we were placed in performance band C.

We are and will continue to take action on GHG emissions, resiliency, and policy frameworks related to climate change. We consider a wide range of climate change related risks in setting our corporate strategy as policymakers, stakeholders, consumers and energy-producers work together on policy and actions on emissions. And we are committed to doing our part.

Learn more about our approach to climate change.

Breakthrough Policy Engagement in Canada

Engaging with a broad range of stakeholders to collaborate on effective climate change policy and GHG emissions solutions is key to solving the climate change challenge. In 2014, both the oil industry and environmental leaders in Alberta, Canada, realized they were at an impasse. Over the last decade public dialogue on the oil sands, pipelines, and climate change had descended into a polarized debate.

The oil and gas industry was making environmental improvements without seeing improvements in public opinion. Environmental organizations were generating a lot of attention, but they weren’t making progress on climate policy. Surveys said the public felt a balance between environmental and economic priorities was possible, and they wanted both sides of the debate to work together to come up with a solution. At the same time, the new provincial government was giving strong signals that they wanted help to achieve their climate change policy commitments.

Industry and environmental organizations both realized that it was time to try something different, get out of the unproductive status quo and get moving on a provincial climate policy that recognized the importance of industry competitiveness. That realization led to a group of oil sands executives and environmental non-governmental organizations meeting in late 2014.

While initial conversations weren’t easy, the groups discovered areas of common ground. Both wanted Alberta and Canada to have a strong economy, agreed that climate change issues should be addressed and that they had to work together to find workable solutions. This included defining what leadership in climate change looked like for an oil producing economy.

The groups were able to work together and agree on recommendations that the Alberta government decided to include in its new Climate Leadership Plan. In addition to achieving progressive policy, the conflict and rhetoric regarding oil sands development has de-escalated. The policy creates the conditions for improved environmental performance, carbon competitiveness and economic success. It also strengthens the competitive position of Alberta’s oil industry, and its capacity to create sustained wealth and jobs, by driving cleaner, lower cost performance. We hope through this policy and our actions, we can continue a constructive conversation about oil sands, industry and pipelines.

We have been constructively engaged in climate change policy dialogue around the world. And we believe that effective climate change policy must be aligned with a set of principles that includes environmental and economic considerations. The work in Canada illustrates that climate and energy policy can be coordinated to ensure a diverse and secure supply of affordable energy and promote government and private sector investment in energy research and development.
Water

Water is an essential natural resource for communities, ecosystems and economic development. Our operations both use water and produce water, so managing water is a key priority for our business. We recognize that freshwater is a limited resource in some parts of the world and that its future availability may change.

Our Focus
All of our activities are guided by our Water Action Plan, which focuses on improving the understanding of our water footprint; managing operations through risk-based decision-making; managing risks and opportunities through use of non-freshwater sources; reusing and recycling produced water and improving water quality prior to discharge; engaging externally to develop innovative solutions; and increasing capacity for managing water risks. The multi-year Water Action Plan includes 77 specific actions or projects. Of those, we have completed 23, 43 are in progress, and 11 have not yet started or have been deferred. Development activity decreased in 2015 due to low commodity prices, which slowed some related water actions.

Our risk-based approach integrates water strategy and risk management into our long-range planning and business processes. In 2015, some of our water-related accomplishments included development, testing and deployment of fit-for-purpose water treatment technology to:

- Recycle and reuse produced water.
- Reduce freshwater consumption and lower operating costs.
- Reduce the volume of water disposal.
- Reduce number of water trucks on local roads.
- Improve discharge water quality.

Integrating Technology, Engineering and Sustainability
Our dedicated Water Solutions team focuses on advancing technology and innovation to reduce water consumption from freshwater sources through recycling and reuse and to reduce the volume of water we discharge or dispose. The group includes onshore and offshore water experts, advisors, team leads and managers representing our global exploration and production portfolio. We also have a Global Water Sustainability Center in Qatar, where programs focus on applying advanced technologies to develop innovative solutions.

The collective knowledge and experience of our engineers, geologists and other experts has been internalized in many standards, practices, guidelines, procedures and tools that guide key operational steps from exploration to decommissioning.

Integrating technology and engineering with our approach to water sustainability resulted in numerous global process improvements and innovations in 2015.

Water management

43 specific actions underway

Read our Water Sustainability Position.
One example is from our team in the Red Hills area of the Permian Basin in the U.S. Building on their experience with produced water recycling and treatment projects for conventional vertical wells, they were able to translate that expertise to unconventional wells. They optimized the process, making it faster and more efficient, leading to the reuse of 250,000 barrels of produced water. It was the first successful, large-scale produced water reuse in our Lower 48 operations.

In Canada, Surmont 1 has increased baseline steam quality, the proportion of boiler feedwater converted to dry steam, from 78 percent to a consistent 80 percent, with ongoing trials that have successfully reached 84 percent and beyond. Benefits of increased steam quality include increased steam output from installed equipment, reduced boiler blowdown volumes and increased water use efficiency, which allows us to produce more bitumen with the same amount of water. Application of steam quality improvements and other efficiency learnings, in conjunction with saline water makeup capacity and water recovery evaporator technology, provide the foundation for Surmont 2 performance to exceed that of Surmont 1.

**Managing Local Water Risks**

Water management priorities are evolving globally in response to physical risks from local water scarcity and changing priorities and expectations of people and society. While water protection and conservation is a global issue, the use, management and sourcing of water is often very local in nature. For this reason, we conduct

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**SPOTLIGHT**

**Recycling Produced Water for Hydraulic Fracturing**

Water is scarce in the U.S. Permian Basin. Fortunately, up to 90 percent of the water used in well completions is returned to the surface as produced water.

Not surprisingly, water produced during production contains residual oil and must be treated before it is recycled or reinjected into a disposal well. The traditional method for deoiling is based on storing the produced water until the dispersed oil floats to the top to be skimmed off. This method, which relies on density, gravity and time, is not very efficient. Additionally, it recovers a relatively low percentage of oil and requires large tanks and long wait times, which means a bigger footprint.

A 2015 pilot project in the Permian Basin has challenged conventional thinking and could impact how we treat produced water as an asset. A new, compact cyclonic deoiler, similar to the cyclonic systems used in offshore production, was tested to see how it stacked up against the old method. The deoiler uses a new liner design that allows processing of dispersed oil at a level that was not possible before. Our team designed an eight-week pilot program to see if the technology could be adapted for use in our unconventional Permian operations. The new cyclonic deoiler performed well, recovering about 7 barrels of oil a day and yielding much cleaner produced water.

The technology has now been installed at one of our storage facilities in the Permian Basin that stores produced water from approximately 10 unconventional wells and additional applications are being evaluated for use in conventional and unconventional assets. The process has the potential to reduce our environmental footprint and at the same time save millions in trucking costs over the life of a well while lengthening the life of owned and operated disposal wells.
water risk assessments for our assets so that we can develop specific solutions to manage water risks for each asset within a local context. Engaging with stakeholders and encouraging dialogue about local water use is a key component of our water management planning and implementation. Protecting groundwater is a key element of our Global Onshore Well Principles, a framework of operating standards that apply to all operations and throughout the life cycle of a well.

For assets located in regions that experience water scarcity today or are predicted to do so in the future, we work to minimize our use of freshwater, explore the use of non-freshwater sources and the reuse of produced water. In 2015, we updated our analysis of predicted water scarce regions amid our operations. Two of our 23 operated assets are projected to experience water scarcity at the watershed level by 2025; this represents less than 10 percent of our operating areas.

Technological advances continue to reduce our reliance on freshwater sources for our operations exposed to water supply, social or regulatory risks, allowing for the re-use of produced water in conventional, oil sands and hydraulic fracturing operations. By using this recycled water, we are minimizing the company’s water footprint while maximizing the return on investments made in water treatment.

**Freshwater Withdrawn**

In 2015, ConocoPhillips-operated assets withdrew 11.6 million cubic meters of freshwater, a decrease of approximately 0.48 million cubic meters, or 4 percent. The decrease was primarily due to less drilling and was partly offset by startup of the new Canada Surmont 2 facility.

**Freshwater Withdrawn**

![Freshwater Withdrawn Chart]

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**Optimizing Offshore Water Treatment**

In Norway’s Greater Ekofisk Area, which has been producing oil since 1979, our fields produce more water than they do oil and natural gas — about 250,000 barrels of water and 200,000 barrels of oil and natural gas equivalent are produced each day. Produced water volumes associated with oil and gas production have increased significantly, due to aging fields and injection of seawater into the reservoir to increase production. The produced water is discharged into the sea after treatment.

Options to meet company and government goals of low oil-in-water (OIW) concentration were to reinject produced water back into the reservoir or to improve produced water quality by removing oil and other organics before discharging it. We opted to use the CTour technology, which removes dispersed oil and some water-soluble organics from produced water. In 2006, the OIW concentration in discharged produced water from Ekofisk was just under 20 mg/liter. Since the installation of the new CTour treatment system at the Ekofisk complex in 2008, the OIW concentration has decreased steadily to below 10 mg/liter for the last two years. Based on this success, the CTour module was installed at the new Eldfisk 2/7 platform, which began operation in early 2015 and Eldfisk delivered an OIW result of 4.6 mg/liter.

Our team of experts continue to focus on advancing technology, optimizing water treatment and reducing water production and usage in order to reduce the environmental impacts and costs associated with produced water.
**Seismicity**
Public concerns have been raised about an uptick in the number of small magnitude earthquakes (“seismicity”) around oil and gas activity in some regions of the U.S. and Canada. Some studies have linked increased seismicity rates to the disposal of produced water in saltwater disposal (SWD) wells, while other studies have assessed the potential linkage between hydraulic fracturing and increased seismicity rates. Academic researchers are working to better understand and document if, where and how fluid injection operations may contribute to the phenomenon of increased rates of seismicity over background trends. We are working with peers, government agencies, and independent researchers to arrive at scientifically based conclusions and solutions that could help reduce the probability and/or impact of human “induced” felt seismicity attributed to oil and gas operations. We are using these results and findings to develop our own internal guidelines and operational practices to assess risk and manage our own produced water injection wells or those being used through third party disposal sites.

[Learn more about seismicity.](#)

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**Freshwater Conservation Through Produced Water Recycling**

Conventional assets in the arid Permian Basin typically have an ample supply of produced water available for reuse. But the water can contain H₂S gas, a flammable, naturally occurring gas that is very dangerous at high concentrations. We identified and adopted a degassing process as a chemical-free treatment alternative to remove H₂S gas, successfully conducting a 6,500-barrel field trial on a vertical well in the summer of 2015. The treatment removed H₂S levels down to zero parts per million. The process was then optimized and successfully tested on a horizontal well, reusing approximately 100,000 barrels of treated produced water on two wells. The treated produced water was stored on-site until needed in above-ground tanks featuring a double liner around the storage area and five sensors for leak detection. In the future, we hope to refine and replicate the process, conserving freshwater and reducing project costs.

**Achievements**
- Recycled and reused 100,000 barrels of produced water.
- Eliminated more than 800 truckloads of water from local roads.
- Implemented a new treatment technology capable of removing high levels of H₂S.
- Utilized a new oxidation technology for bacterial disinfection.
- Established guidelines for above-ground storage.

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One of the two 25,000-barrel above-ground storage tanks at Waddell Ranch.
Biodiversity

Biodiversity — terrestrial and marine plant and animal species and ecosystems — is important to human well-being and for maintaining ecosystem health. We continue working with communities, landowners, government agencies, conservation groups and research institutions to enhance habitats and protect species. Working with partners such as the U.S. Fish and Wildlife Service, Ducks Unlimited and the Australian Institute of Marine Science, we learn together and collaborate on solutions to protect species and habitats.

Our Focus
Our actions and projects are designed to mitigate biodiversity risks and to support biodiversity conservation throughout the life cycle of our assets, including planning, operations, decommissioning and restoration. Our activities are guided by our Biodiversity Action Plan. The multi-year plan includes 46 specific actions or projects. Of those, we have completed 10, 25 are in progress and 11 have not yet started or have been deferred. Development drilling activity decreased in 2015 due to low commodity prices, which slowed some of our biodiversity projects.

Our risk-based approach integrates biodiversity into our long-range planning and business processes. We manage our biodiversity risks while developing and implementing innovative protective measures and mitigations in support of habitat conservation and ecosystem sustainability. In 2015, our biodiversity actions and projects focused on priorities related to:

- Understanding and protecting sensitive environments.
- Reducing the footprint of our operations.

Sensitive Environments
Worldwide, the number of species considered to be at-risk or threatened and the number of protected areas established to conserve habitats is increasing. Our Biodiversity Position and risk-based approach provide guidance on integrating our operations and infrastructure into local ecosystems.

Marine baseline studies can be an important tool to understand the entire environmental system, including marine flora and fauna, sediments, water quality, socio-economic impacts and emergency response for our offshore operations.

We conducted an extensive, multi-year environmental baseline studies program to characterize the marine environment of the Caldita-Barossa field within the Bonaparte Basin, located in the Timor Sea. The program began with a detailed literature review and gap analysis of existing information, followed by the collection of detailed baseline data over more than 12 months to capture seasonal variability. As part of the program, the Australian Institute of Marine Science completed a survey of the seabed biodiversity and fish communities of offshore shoals and within the proposed Oceanic Shoals Commonwealth Marine Reserve.

Read our Biodiversity Position.
Decommissioning in Marine Environments

Decommissioning and reclamation are essential parts of our project planning and includes the final disposition of infrastructure at the end of the life cycle of our assets. Decommissioning of an offshore asset located within a marine protected area adds significant complexity.

In the United Kingdom, we are working to address the challenge of removing the infrastructure associated with the Viking offshore gas production and export facilities, installed in the Southern North Sea more than 30 years ago. The location within which the Viking infrastructure is situated was proposed by the U.K. government as an example of offshore sandbank and biogenic reef habitat type and was designated as a Marine Protected Area (MPA) in 2010. MPAs are a key part of the government’s biodiversity strategy; their purpose is to protect and conserve species, habitats, ecosystems or ecological processes of the marine environment and to strike a balance between species and habitat protection and economic activity. Achieving this balance requires a comprehensive understanding of the sustainable use of marine resources.

We set out to design a customized decommissioning plan in which the MPA designation influenced the decommissioning engineering scope. Before deciding on the best approach for the decommissioning of the pipeline infrastructure, we completed a comparative assessment that ranked decommissioning options based on technical feasibility, impact on the marine environment, energy and resource use, impact on fisheries, tourism, shipping, safety, societal impacts and economics. It was concluded that the preferred option would be to leave the pipelines in place, following a cleaning program to remove hydrocarbons, causing the least disruption to the protected marine habitat. Cutting operations for the steel frame supporting the deck and the topsides of the offshore platform are being designed to limit excavation activities, allowing removal of the structure to a depth below the seabed that will not present a risk to other users of the sea.

We undertook seabed surveys to establish an environmental baseline to inform environmental impact assessments and better understand the environmental and social impacts of our decommissioning options. The Environmental Impact Assessment has been presented for public consultation in support of the Viking Area Decommissioning Program and we are waiting for a decision from the government on our proposed strategy.
The results of the Caldita-Barossa baseline studies and the collaboration with research experts, including the Australian Institute of Marine Science, provide us with a better understanding of the existing environment in the development area and are being used to inform a rigorous environmental impact assessment that will form the basis of an environmental management strategy should the project proceed.

In a similar effort, ConocoPhillips Indonesia conducted an Oil Spill Trajectory Study in Sumatra in 2015, developing Environmental Sensitivity Index mapping to identify sensitive habitats so that plans could be modified in order to protect these highly sensitive, priority areas in case of a spill. Our emergency preparedness starts with an emphasis on preventing spills or incidents through good project planning, design, implementation and leadership. However, if a spill or other unplanned event occurs, we have plans and processes in place to ensure we can respond efficiently and effectively.

We also continue to assess other sensitive environments. For 30 years, we have monitored a North Slope subsistence fishery on the Colville River Delta, near our Alpine operations in Alaska. Fishery biologists work with the local Nuiqsut subsistence fishers to monitor the migrating Arctic Cisco. The survey provides a better understanding of current fish population dynamics, helps predict future harvests and provides insight into key factors that contribute to the health of the fishery.

3.3 million trees and shrubs planted by COSIA members at 2,200 locations since 2009

Reducing Our Footprint
In Canada, we are leveraging technology and innovation to reduce our footprint in several areas close to our operations. The Faster Forests program focuses on accelerating the reclamation of areas impacted by exploration activities through better construction techniques and planting

Learn more about our approach to biodiversity.
native trees in collaboration with members of Canada’s Oil Sands Innovation Alliance (COSIA). The multi-year program focuses on accelerating ecological recovery and a strategic planting program takes full advantage of natural regeneration. In 2015, ConocoPhillips Canada planted about 75,000 trees and shrubs at 71 locations, bringing the collective total to 3.3 million plants at more than 2,200 locations since the program began in 2009. To address the impacts of exploration activities of multiple oil and gas companies in the oil sands region, we also support the Algar Restoration Project to restore the habitats of native caribou species. The last of 240 miles of linear features — mostly old seismic lines — were restored in 2015, with monitoring work expected to continue for the next several years to understand impacts to habitat and wildlife.

To improve the efficiency and effectiveness of linear restoration programs, we are contributing to a pilot of “amphibious excavators” to perform linear restoration. Typical reclamation equipment often sinks in the marsh-like conditions of northern Alberta’s boreal forests, limiting reclamation work to the winter season, when the land is frozen. However, “amphibious” equipment, which can work in swamp-like conditions with minimal environmental impacts, could help extend the reclamation season. To explore the available technology further, we partnered on a COSIA Joint Industry Project to test two types of amphibious excavators. Based on this brief trial, amphibious equipment shows tremendous potential for reducing costs and increasing the available days for working on habitat restoration programs.

In 2015, we led the next phase of a COSIA joint industry project on caribou recovery, aiming to create a predator exclusion zone to help rehabilitate caribou herds through fencing out predators such as wolves. Key parts of the project included working with regulators and other stakeholders on the design of the exclusion zone.

In addition, the Junction Lake Conservation Area, representing 10 percent of the total breeding habitat of the endangered Piping Plover in Alberta was formally recognized by the Government of Alberta in 2015 for “early action recognition” and eventual offset credits. We are the first company to receive this recognition, demonstrating our leadership in working with conservation partners.

Coastal Wetlands Restoration Innovation

Our effort to preserve sensitive Louisiana coastal wetlands won the Climate Change Business Journal 2015 Business Achievement Award in the Climate Change Adaptation & Resilience category.

A pilot project between ConocoPhillips and Tierra Resources tested a groundbreaking methodology — aerial planting of native black mangroves using a crop duster — in a small acreage of salt marsh within ConocoPhillips’ 636,000 acres of coastal wetlands.

The mangroves help to protect fish habitats while reducing erosion. The project also makes economic sense; traditional restoration techniques range from $20,000 to $150,000 per acre, while this method is about $3,000 per acre.
Spills

Through the design, operation and maintenance of our facilities, we are able to reduce the risk of spills in our operations and protect the environments where we operate. Should a spill occur, our trained response personnel are available to ensure a rapid, comprehensive response focused on minimizing safety, health and environmental impacts.

Our Focus

In 2015, we targeted improvements to spill performance through the company’s Environmental Strategy Framework, a structured approach to driving environmental performance improvements. Our Process Safety Strategy focused on improvements to training, governance, documentation and communications with a goal of preventing spills and releases. We also focused on strengthening our oil spill response capability through our systematic, multi-tiered approach to emergency preparedness and crisis management.

Prevention, Preparedness and Response

We invest significant resources on spill prevention. In drilling operations, prevention begins with proper well design and carries forward into a critical well review, hazard and operability study, spill risk analysis and task specific job hazard analyses. We also train personnel, select the right contractors and execute our operations in a manner that maintains safety and environmental stewardship.

Preventing spills or incidents through good project planning, design, implementation, operations and leadership is our primary objective. However, if a spill or other unplanned event occurs, we have plans and processes to ensure we can respond effectively. For any incident, our response priorities are people, the environment, assets and our reputation, in this order.

In 2015, our Global Incident Management Assist Team (GIMAT) received third-party certified training, we completed oil spill preparedness assurance reviews, and maintained programs for existing assets and new activities. The Marine Well Containment System project was completed, an internal Source Control Team was on-boarded and we joined the Marine Well Containment Company Gulf of Mexico Mutual Aid Agreement.

Learn more about our approach to safety.

Hydrocarbon Spills

In 2015, there was a significant reduction in the number of spills greater than 1 barrel with 149 events versus 258 in 2014. While all hydrocarbon spills are considered serious, those greater than 100 barrels are defined as significant incidents and trigger immediate reporting to management, as well as extensive investigation and corrective action. In 2015, we experienced eight hydrocarbon spills greater than 100 barrels. Asset integrity programs, spill prevention teams and monitoring activities are credited for the overall improved performance in 2014 and 2015.
CASE STUDY APLNG

APLNG: Integrating Sustainability in Australia

Production of the first liquefied natural gas (LNG) at our Australia Pacific LNG (APLNG) facility in late 2015 was truly a milestone — not just for our company, but for our industry partners, the Gladstone Region and wider economies in Queensland, Australia. The multi-train LNG facility is part of a joint venture project between ConocoPhillips, Origin Energy and Sinopec that also includes the development of coal seam gas (CSG) resources in central southwest Queensland and a 323-mile transmission pipeline. It is one of the world’s first projects to convert CSG to LNG.

We are responsible for construction and operation of the Curtis Island LNG facility. By incorporating sustainability considerations into project planning efforts, we worked to reduce impact to the environment while maximizing opportunities for stakeholder communities. As with all capital projects, sustainability guidelines and program approvals were aligned with specific functional and management processes to assess and mitigate risks related to climate change, water, biodiversity and social performance. The LNG facility was designed in accordance with leading environmental and sustainable practices, and stakeholder engagement was an integral part of project planning.

“Australia Pacific LNG aspires to be at the forefront of sustainable practices, driving continual improvement in the areas of safety, business conduct, environment, community and social engagement and economic activities.”
At the APLNG facility, ground flares (shielded by an enclosure) were installed for several reasons. Designed to be smokeless under all specified operating conditions, the ground flare system is a leading design for emissions management, and for reducing aesthetic impact and light disturbance to local communities. During the design stage, a significant effort was made to also integrate equipment and processes that reduce the need to flare as well as reduce flaring volumes. This type of flare burns more cleanly than the conventional elevated stack flare and results in fewer GHG emissions overall. Additionally, the reduced light lessens the potential effect the plant operations may have on marine mammals and turtles and subsequent nesting and breeding behaviors.

**Ground Flaring**

Flaring — the safety practice of burning off excess gases — is normal and required for the safe operation of an LNG facility. The flare is a critical safety feature in any facility handling hydrocarbons as it collects and disposes hydrocarbons that may be released during startup and shutdown, ship loading and abnormal process conditions.
to the LNG projects and eliminated the release of an average of 5 million barrels per year of brine and treated effluent to Gladstone Harbor.

Additionally, the company reduced carbon emissions and minimized the operational footprint by eliminating the need for a desalination plant and wastewater treatment facility. The pipeline solution is saving millions across the life cycle of the project and reducing the capital expenditure by an estimated $72 million.

“The pipeline was a win for industry and for the community,” said Kent Anderson, ConocoPhillips’ project manager, Australia Pacific LNG. “Gladstone Harbor is within the Great Barrier Reef World Heritage Area and is a popular recreation area for local residents. People use it for boating and other activities, so a solution that preserved its natural characteristics was good for all of us.”

The water pipeline is also influencing broader business practices as other operators on Curtis Island are using the water pipeline and one operator has been able to idle its desalination plant, reducing effluent brine and GHG emissions.

Conserving Land
A landmark conservation initiative undertaken by APLNG saw nearly two-thirds of Curtis Island protected for environmental conservation, safeguarding the island’s unique ecology and heritage for future generations. This combined effort by three natural gas companies includes:

- Purchase of the Monte Christo property on Curtis Island in order to transfer the titles to the State Government.
- Protection of land, either as newly declared conservation park or national park, or existing protected areas upgraded to national park under the Nature Conservation Act.
- Removal of cattle grazing from acquired areas in the Curtis Island Conservation Park and Curtis Island State Forest.

Combined with the existing National Park on the island, more than 59 percent of Curtis Island will be actively managed under a conservation management plan, compared to the 2 percent used by the LNG projects on the southern tip of Curtis Island.

Additionally, our APLNG operation supports the Quoin Island Turtle Rehabilitation Centre. The facility is licensed by the Queensland Government and is supported by both the specialists at Australia Zoo and Sea World. APLNG has been the primary funder of the center since 2013, providing funding assistance for food, medical and veterinary expenses, rescue boat and volunteer transport.

Benefitting Local People
We place a high value on relationships with local communities, landowners, contractors and local government and strive to be a great neighbor and a responsible corporate citizen. During the construction phase of APLNG, we maximized local workforce participation so that local residents would benefit from the project.

Developing local suppliers was a key element for APLNG. We conducted 46 supplier information sessions throughout Australia with more than 5,700 people in attendance. We worked to purchase goods and services locally, giving local contractors and suppliers the opportunity to participate in projects through a competitive bid process. More than $200 million (AUD) of investment was also committed for community funding, roads and transport infrastructure, upgrades to regional airports and local training opportunities.

Approximately 78 percent of the project expenditure to date occurred in Australia, and 57 percent within the State of Queensland, bringing substantial benefits to the national and local economies. This expenditure resulted in the purchase of goods and services from local and interstate suppliers and included payment of wages and contract service agreements, generating flow-on benefits at local, regional and national levels.

Engaging with Indigenous Peoples
Wherever our operations involve indigenous communities, we seek to partner and engage with them to minimize impacts from resource development and maximize the social and economic benefits we can bring. We applied our sustainable development principles to deliver a successful local indigenous content strategy in the Gladstone region.
CASE STUDY APLNG

10 new indigenous trainee roles, including an indigenous warehouse traineeship program under development in Gladstone

14 new contracts to indigenous businesses in Gladstone

19 new jobs for indigenous workers in Gladstone

region as part of our commitment to sustainable operations.

“Our APLNG Indigenous Engagement Strategy centers around improving opportunities for indigenous-owned companies, increased employment, retention and career development of local indigenous people, positively contributing to indigenous economic and social development, and respecting cultural heritage,” said Warwick King, president, Australia-East.

Safety
We started 2015 facing a challenge to our safety performance at APLNG, with nine recordable injuries in the first two months. The diversity and changing makeup of the workforce made it difficult to establish a safety culture. To address this, we worked with our partners and planned a year-long safety strategy.

As a result, the downstream construction project achieved a greater than 60 percent reduction in the total recordable rate (TRR) from 1.06 TRR in February 2015 to 0.38 TRR in December 2015 and included four consecutive months without a recordable injury. This step-change in performance reflected a renewed level of collaboration between all on-site teams.

60%
Total reduction in recordable injury rate

One of the strategies included a “Boots on the Ground” campaign, with the project team engaging with the workforce to recognize safe behaviors and challenge unsafe behaviors. A structured approach to proactively identify root causes of safety incidents was also implemented.

One of the most successful elements to this effort was the work to enhance the existing Project Safety Roundtable process. This resulted in increasing accountability for the roundtable members to distribute safety information to their teams and taking responsibility for incident investigations in their work area. It also included the development of safety plans based on upcoming 30- and 90-day work plans, trade mentoring and behavior based programs, and a “Blue Hat” program to support the transition from the construction phase to commissioning and startup by providing knowledgeable and easily recognizable safety specialists.

Australia Pacific LNG External Affairs Manager Fiona McLeod and ConocoPhillips Communities and Sustainable Development Manager Robert Gibb with Roxy, a juvenile Hawksbill turtle, before her release from the Quoin Turtle Rehabilitation Centre.
Social Responsibility

In the Eagle Ford region of Texas, Landman Chris Dunbar visits with a landowner. We value our relationships and strive to be a safe and responsible employer, neighbor, partner and operator.
Stakeholder Engagement

Due to low prices of oil and natural gas, 2015 was a difficult year for our industry and many of the communities where we operate. Despite this, we maintained a focus and priority on stakeholder engagement and human rights as we addressed other business priorities.

Our Focus
Guided by our Human Rights Position and our Stakeholder Engagement Principles, our efforts this year focused on continued improvement, consistency and alignment. We are committed to respecting human rights and engaging with those who impact or may be impacted by our business. Our activities are guided by our multi-year Stakeholder Engagement Action Plan, which includes 74 specific actions, indicators or projects. Of those, we have completed 14, 48 are in progress, including social performance indicator implementation, and 12 have not yet started or have been deferred.

In 2015, our priority efforts included:

- Working with indigenous communities to reduce negative impacts of our operations while maximizing benefits.
- Sustaining community engagement with local communities near our operations.
- Implementing and updating stakeholder engagement plans at the business unit level.
- Developing and implementing social performance indicators to manage issues more systematically.

Sustaining Community Engagement
We believe that success in our business relies on establishing and maintaining relationships with stakeholders. We engage with stakeholders to understand issues and develop long-term management strategies throughout the life of a project. The communities where we operate across the globe are each unique, which is why our business units work with each community on appropriate engagement strategies. Our relationships are especially important during a downturn when both community and business interests can change.

In the U.S., where local communities have been hard hit by falling oil and gas prices, active engagement continues to be a priority. In South Texas, we are continuing to collaborate with the Eagle Ford Leadership Roundtable groups and Citizens Advisory Committee. In the Bakken Shale area of North Dakota we are continuing with our Relationships Matter program that offers training to employees and contractors on how to best interact with local community members. Since our development activity has slowed, we are taking the opportunity to invest in training.

For each project, we engage with our stakeholders to understand their values and interests, learn their expectations, and then incorporate what we learn into our business plans and actions. We seek early and frequent engagement with our stakeholders to build trust, garner respect, and develop mutually beneficial relationships. Two-way conversations allow us to best understand the needs and concerns of communities and collaborate for mutual benefit. By integrating community input into our business decision-making processes, we are able to create better outcomes.

This is reflected in our approach to exiting an onshore exploration project in central Borneo. Our local stakeholder engagement team developed a phased plan to match

Read our Human Rights Position.

Learn more about our stakeholder engagement principles.
STAKEHOLDER ENGAGEMENT

SOCIAL RESPONSIBILITY

Fighting Fire with Fire

Indigenous peoples have been using fire to manage the landscape for thousands of years. Their management of otherwise uncontrolled late dry season fires encourages new growth and protects important places and resources.

The West Arnhem Land Fire Abatement (WALFA) project uses an innovative mix of customary indigenous fire management techniques and contemporary technology to manage uncontrolled fires in Northern Australia while reducing carbon emissions. Supported by ConocoPhillips, the project offers economic, environmental, social and cultural outcomes for local indigenous community members across 17,574 square miles, an area about the size of Belgium. WALFA supports over 200 indigenous jobs per year, conserves rainforest vegetation, protects local wildlife and rock art sites and allows cultural aspects of land management to be passed down to younger generations. In 2015, 33 Savanna burning projects across Australia were successful in selling offset contracts — all using methodology pioneered by WALFA. The project reduces CO₂ emissions released through wildfires and helps to protect local wildlife. It also supports indigenous peoples’ return to the land by providing sustainable employment opportunities on traditional land.

Participation in WALFA continues to provide the catalyst for socially beneficial programs that enhance the local community’s ability to manage the natural environment and maintain cultural ties.

View “Fire with Fire.”

the preparation, drilling and exit phases of the project. It included working with the local university to facilitate events with leaders of the villages, partner representatives, community members and contractors to explain the project, answer questions and discuss community priorities. To respect the local culture, a Manyanggar Ceremony was held to request permission from spirits who guard the area where we planned to drill. Our social mapping indicated that our donations of 20 solar street lights and a Moving Library program with 1,000 books and system training for teachers were most useful.

Addressing Road Safety Challenges

The challenges in communities near our operations are sometimes compounded by other activity in the area. Traffic and road safety concerns often increase with higher activity levels. Oil and gas operations require the movement of goods and services and local infrastructure is often not designed to accommodate increased levels of traffic associated with industry operations. In addition to internal campaigns to ensure a commitment to safety, we also often work with the community and other operators to proactively address these issues. In 2015, we worked in several areas of our operations in the U.S. to promote road safety. This included public service announcements reminding drivers to obey speed limits in school zones in the Bakken area of North Dakota, creating a “Stop for School Buses” campaign in the Eagle Ford area of Texas and encouraging text-free driving at local events in the San Juan basin area of New Mexico. In Canada, we are a founding member of the Coalition for a Safer 63/881, whose mission it is to reduce vehicle-related injuries and fatalities along the two dangerous highways leading to oil sands work sites. In 2015, the Coalition launched a new fatigue-related driving campaign, created an interactive Fatality Map and fostered key partnerships with community organizations. To engage ConocoPhillips staff, the Coalition hosted a Drive Safe Day at our Surmont operation that included the Royal Canadian Mounted Police roll-over simulator, a driving simulator, guest speakers and the premiere of an impactful new video titled “Stop the Dreaded Door Knock.”

Addressing Human Rights

We believe businesses have a constructive role in advancing respect for human rights and believe that all people should live their lives free from social, political, or economic discrimination or abuse. We intend to conduct business consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labor Organization Declaration.

Training
We recently implemented human rights training for employees and contractors to actively manage human rights risks appropriately. The internal, computer-based training was built from the human rights toolkit developed by IPIECA and is available to all employees.

New Country Entry
The decision to begin operating in a new country is not one we make lightly. It involves looking at all facets of the opportunity, from the subsurface to future facilities, as well as financial, political, environmental, safety, security and social aspects. This forms the basis for activities as we begin our interactions with local communities. Our New Country Entry Toolkit provides guidance during this process. In Colombia, we began this process in 2012 and signed the first contract for unconventional exploration there in December 2015. The regulatory process for exploration activities involves a detailed Environmental Impact Assessment (EIA) and formal phases of community outreach. After spending time with people from the 13 neighboring communities, we’ve become familiar with native plants and animals that are important to them, and used that information to inform field data collection for the EIA. The next stage of socialization will be to communicate the results of the impact analysis and seek comments from the communities on those results. Our contractors and employees have been trained on our HSE Policy, sustainable development commitments, code of conduct, and ethics. This also includes training on safety, security and human rights as described in the Voluntary Principles on Human Rights and Security.

Indigenous Peoples
Wherever our operations neighbor with indigenous communities, we engage with them to reduce negative impacts of our operations and maximize the social and economic benefits. We recognize and respect the choice of indigenous communities to live as distinct peoples, with their own cultures and relationships to the land.

When engaging with indigenous peoples, we seek first to understand their social hierarchy, culture and traditions, as well as their priorities, expectations and preferences for dialogue. We engage with indigenous communities at the regional, local and individual levels by meeting regularly with regional governments, community associations, and local leaders.

More than 2,000 Aboriginal people live within a 35-mile radius of the Surmont projects in northeastern Alberta, Canada. In recognition of their unique and long-standing cultures, we jointly held ceremonial ground blessings with two local communities in the forest near the Surmont 2 facility when the project was commissioned in 2015. ConocoPhillips staff and leadership joined elders and dignitaries from Fort McMurray First Nation (FMFN) and Chipewyan Prairie Dene First Nation (CPDFN) in ceremonies that blessed the earth and the commitment to return the Surmont site to its original use at the end of the project’s life.

View “Collaborating on the North Slope of Alaska.”

Our Indigenous Content & Engagement Strategy, developed with local residents of our APLNG project, focuses on long-term, sustainable outcomes for local residents through training, employment, and support for indigenous businesses in Australia.

Participants in Baung Muba Kreatif, a community development and training program we sponsor in South Sumatra, Indonesia, design and produce items such as plates, mugs and T-shirts.
Nineteen new jobs were created for indigenous workers, with more pending, and 10 new training roles were established through the program. More than a dozen new contracts to indigenous businesses have already been awarded.

**Implementing Social Performance Indicators**

Through our work with stakeholders, including socially responsible investors (SRIs), we also developed and began implementing social performance indicators in 2015 to track our progress in key business units. Some of these metrics are more locally focused and others are managed globally at the corporate level. These indicators will gradually enhance our action planning process and performance results with trackable metrics. All of our business units have stakeholder engagement plans and all of our new ventures or projects have developed impact assessments. A few business units have matured their tracking of community concerns and associated responses and several are using stakeholder mapping to track issues and areas of interest. Others are documenting the numbers and type of community engagements. Some of these metrics are reflected in the examples from our business units.

**Sustainable Communities Initiative**

ConocoPhillips Canada is involved in a unique, award-winning partnership that focuses on the social dimensions of sustainable development. The Sustainable Communities Initiative (SCI) is a collaborative effort among five oil sands companies, two communities in northern Alberta, regional government, a local school division and community police to create and support opportunities for youth to gain skills and knowledge to move forward in life with confidence.

Several programs exist under the umbrella of SCI, each tailoring outreach to the specific needs of each community. The planning and design of programs are done through two community associations that are primarily run by youth workers and volunteers, along with support from other community leaders and industry members.

In 2015, SCI won the Alberta School Boards Association Friends of Education Award for a program focused on building community capacity to bring about positive change through experiential education in the Northland School Division.

Known as the Experiential Learning Initiative (ELI), this program develops activities that give youth the ability to “walk in two worlds,” with one shoe firmly planted in western culture and one moccasin in Aboriginal culture and values. Activities expose students to learning curricula via cultural experiences, such as camps and elder teachings. ELI recognizes the importance of integrating Aboriginal culture, language, values and traditions into the educational experience. The program develops strategies that improve community engagement, youth participation and engagement in learning performance and overall well-being. For more information about SCI, please visit: [www.sciconnect.ca](http://www.sciconnect.ca)
Economic Contributions

We take pride in being a great neighbor and a responsible corporate citizen. We contribute to the economies of local communities and broader society where we work through jobs, taxes, investments, charitable giving and employee volunteerism.

Positive Economic Impacts
Our global operations contribute to the social and economic development in the communities where we operate. Our direct economic contribution during 2015 included:

• Jobs: We employed approximately 15,900 people at year-end 2015.
• Taxes: Our operations generated approximately $900 million in taxes, excluding income taxes.
• Shareholder dividends: ConocoPhillips common stock yielded $3.7 billion in cash dividends.
• Capital investments: We reinvested $10.1 billion in capital expenditures and investments to find new energy supplies.

Read our 2015 Annual Report.

$11.5 million
to support signature water, biodiversity and math programs

Strategic Community Investments
Our charitable investments are aligned with our business plans and objectives. In 2015, we contributed $44.1 million to communities around the world for a range of programs and projects. Our charitable investments are built around three pillars: signature programs, local contributions and employee giving.

We made significant steps in implementing the strategic signature programs we introduced in 2014: Water and Biodiversity Stewardship, and Math Education. In collaboration with Rice University in Houston, we are supporting the Applied Math Program (AMPI) to improve science and math teaching in Houston-area middle schools. Through our global Water and Biodiversity Stewardship program, we are working on a number of projects aimed at advancing conservation, skills building and improved access to technology. One example is the work we are doing with the Smithsonian Institution to collect connectivity information for several species of migratory birds. In 2015, this included tracking 3,830 birds representing 93 species.

In addition to our corporate-led initiatives, we also have community specific programs. In 2015, we provided assistance ranging from environmental education programs provided by the Jane Goodall Institute in China to support of the new Blood Bank of Alaska facility construction project. The company also participated in eight United Way campaigns, raising more than $6.6 million in employee, retiree and company contributions.

Learn more about our charitable investments.

2015 Charitable Investments

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<tr>
<td>Signature Programs</td>
<td>$11.5 million</td>
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<tr>
<td>Employee Community Programs</td>
<td></td>
</tr>
<tr>
<td>Health &amp; Safety</td>
<td></td>
</tr>
<tr>
<td>Disaster Relief</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

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Learn more about our charitable investments.
Supply Chain

With operations around the world, we work with thousands of contractors, suppliers and local businesses, making supply chain sustainability integral to our operations. From processes that guide our procurement to supplier engagement initiatives, we work to identify risks and opportunities in our supply chain.

Our Focus
By integrating sustainability criteria into our processes and procedures, we incorporate sustainability thinking into our interactions with suppliers. It is essential that our suppliers remain fully aligned with our values to ensure the highest standards of operating excellence. Our expectations regarding integrity, labor and human rights, supplier inclusion, and health, safety, and the environment are clearly defined for contractors and suppliers.

In 2015, our priorities were:

• Developing and utilizing local suppliers.
• Working with suppliers and contractors to manage and mitigate risks from our operations.
• Integrating sustainable development components into our Supplier Quality Audits.

Engaging with Suppliers
Building strong relationships with our contractors and suppliers is essential for delivering our projects and operating our business. We engage with our suppliers regularly. We ask sustainability questions in our bids and monitor outcomes through performance indicators over the course of the contract. We are enhancing our processes and engaging our suppliers to identify and manage risks, foster supplier inclusion, and increase productivity and efficiency within the supply chain.

All of our suppliers and contractors are expected to perform in accordance with our Code of Business Ethics, and Conduct. We provide greater clarity about our Code through our Expectations of Suppliers and Commitment to Supplier Inclusion documents, which provide clear insight into our operating philosophies and expectations.

Recycling Waste in the Eagle Ford

Collaboration with Eagle Ford Reclamation Center (EFRC), a supplier in Texas’ Eagle Ford region, allowed us to pilot a program to recycle 100 percent of our oil-based cutting waste while lowering costs and reducing traffic on area roads. Cuttings are now taken from the rig to a nearby reclamation company instead of a disposal site, reducing the distance traveled by trucks by up to 60 percent.

A thermal desorption process removes oil and water, creating reclaimed base oil and dry ash. The reclaimed oil is reused by the rig as fuel and the dry ash is sold for other uses. Simply put, the drilling waste is turned into useable products. The process is now used on all our rigs in the Eagle Ford. Estimates suggest it allowed for reuse of more than 1 million gallons of reclaimed base oil in 2015. Reusing the reclaimed oil saves $6,000 to $10,000 per well, so this project helps the community by reducing traffic, the environment by reducing waste, and the economics of our development. EFRC was recognized by ConocoPhillips as part of our 2015 Supplier Recognition Awards program. Awards were given to six suppliers in the areas of safety, focus on execution and doing business better, with EFRC receiving one of two “Doing Business Better” awards.
Our suppliers play a significant role in our business activities at all stages of development, so how they manage their impacts on the environment and community is important to us and can impact our performance.

In 2015, we collaborated with suppliers to audit their policies and practices to determine if their environmental and social management systems needed improvement. By including sustainable development components in our Supplier Quality Audits, we are able to assess management of issues such as GHG emissions, waste, water usage, human rights and forced labor. We also look for oversight systems to be in place for their suppliers. Suppliers have taken actions based on the recommendations from these audits.

We have also designed, and are in the process of implementing, a program to better understand the sustainability practices of our key suppliers — those who are identified as our largest global partners in our most critical categories.

**Local Content**

Contributing to the sustainable economic development of the countries and communities where we work is a key commitment for us. We promote local economic growth in communities where we operate by purchasing goods and services locally and we give local contractors and suppliers the opportunity to participate in projects through a competitive bid process. In Timor Leste, we undertook a Local Industry Capability Mapping study in 2015 to identify local industry suppliers and capabilities, the main challenges to local participation, and local businesses that could benefit from better knowledge of ConocoPhillips’ requirements in order to overcome existing barriers. One of the many practical outcomes of the study is a registry of suppliers that we have shared with our sub-contractors who provide goods and services to Bayu Undan, increasing the use of local suppliers.

Our commitment also includes promoting supplier diversity. In the U.S., we do business with diverse companies and continue to provide them access to business opportunities through our Supplier Diversity Program. In 2015, our U.S. Supplier Diversity Program yielded expenditures of $799 million with minority and women owned businesses and $269 million in expenditures with small businesses.

**Economic Impact**

In 2015 our total spend with vendors and suppliers for products and services was $11.2 billion for production, operating and exploration expenses and $0.95 billion for selling, general and administrative expenses.

**Supporting Aboriginal Businesses at Surmont**

In the Canadian Oil Sands, we strive to work with local Aboriginal businesses. The region near our Surmont project is home to five First Nations communities and six Metis Locals. In Canada, Aboriginal Peoples (who consist of First Nations, Metis and Inuit) have constitutionally protected rights to their traditional territories and ways of life.

The construction of the Surmont 2 oil sands facility provided ConocoPhillips Canada with the opportunity to contribute to mutually beneficial local relationships through local contracting opportunities. Over the Surmont 2 construction phase (2010–2015), we supported Aboriginal communities with over 300 contracts and sub-contracts with Aboriginal businesses, which totaled $500 million in value. In total, 97 Aboriginal businesses contributed to the Surmont project through services ranging from construction to drilling, completions, seismic, and operations. Over 80 percent of those businesses continue to operate today, including approximately 30 that are still active at the Surmont site in some capacity.

In 2015, we were recognized by Northeastern Alberta Aboriginal Business Association (NAABA) with the “Best Practices in Aboriginal Businesses” Award in the “Intermediate Producers in the Oil Sands” category. NAABA is comprised of 128 Aboriginally owned businesses, 143 non-Aboriginally owned contractors and 15 industry members, including ConocoPhillips. Prior to the construction of Surmont 2, we sponsored NAABA to create an online work opportunities board that is still in use today.

In addition to contracting opportunities, we support the local economy through sponsoring local apprentices to work in operations at our Surmont 1 facility.
CD5: Collaborating and innovating in Alaska

Working closely with communities and protecting the environment are key values everywhere we operate, but are especially important in the sensitive ecosystem on the North Slope of Alaska.

With more than 40 years of experience in the area, our employees and contractors understand the challenges of operating on the tundra. And they were able to utilize that experience to develop Alpine drill site CD5, the first oil development on Alaska Native lands within the boundaries of the National Petroleum Reserve-Alaska (NPR-A). Long-anticipated first oil was celebrated October 2015. Alpine is a land-based North Slope oil and gas field developed without a permanent road connecting it to other North Slope infrastructure, so many things can only be delivered via winter ice roads. To the challenge of operating remotely, add summer terrain defined by ecologically sensitive tundra, wetlands and abundant wildlife, and harsh winters when temperatures commonly dip to minus 30 degrees Fahrenheit and wind gusts can reach near hurricane force.

We started the Alpine project by doing our homework in planning the field, spending more than eight years and millions of dollars establishing baseline conditions, documenting wildlife use and evaluating potential effects of development on the flora and fauna. The environmental and archeological studies, among other things, helped guide placement of drill sites and other facilities to minimize the development’s effects on wildlife, water flow and the subsistence lifestyle of residents in the neighboring village of Nuiqsut.

The first Alpine discovery well was drilled just outside the National Petroleum Reserve-Alaska (NPR-A) in 1994. By 2000, the company had completed the main Alpine drilling pad, called Colville Delta (CD) 1, including the process facility, offices, camp and most of the primary infrastructure needed to support oil development in an area accessible only by air about nine months of the year. By 2006, the field included a total of four drill sites.

A permit application was submitted in 2005 for CD5, which is located 6 miles away across the Colville River in the NPR-A. CD5 was on course to follow its sister drill sites into production, but its environmental and politically sensitive location in the NPR-A sent it down a long and circuitous route.

When we weren’t able to reach agreement with local stakeholders on the location of the main bridge connecting CD5 to Alpine, we withdrew the
permit applications and spent the next several years working closely with permitting agencies and Nuiqsut residents to find common ground.

“Stakeholder relations is critical to pretty much everything we do on the North Slope of Alaska,” said Helene Harding, who was vice president of North Slope Operations from January 2008 through June 2011.

At CDS, Nuiqsut isn’t only a neighbor; it’s also a business partner. Kuukpik Corporation, the Native village corporation for Nuiqsut, owns the land on which CDS sits. “So whatever we do impacts them,” Harding added.

We were committed to finding a path forward that would be workable for all involved. The goal was to minimize the impact of the bridge on key subsistence hunting and fishing areas while ensuring that it would also work from an engineering, access and cost perspective.

“The folks who have lived in the community for many years know the land better than we ever will,” said Project Permitting Coordinator Lynn DeGeorge. “So we sought their advice.”

“One of my most memorable times throughout this project was when we went out to the bridge site with some of the key elders from the village,” Harding said. “The elders laid down on the tundra to look at the maps. I got down with them and that is when we picked the final location for the bridge.”

Permit applications reflecting the updated project design were resubmitted in 2009. The Kuukpik Corporation was on board. In fact, the project had broad support, including the State of Alaska, the Alaska Congressional Delegation, the North Slope Borough and CDS subsurface owner Arctic Slope Regional Corporation — representing the business interests of approximately 11,000 Inupiaq shareholders.

Even with these key stakeholders aligned, CDS continued to face permitting and legal hurdles that added two more years to the timeline. But through hard work, perseverance and collaboration, we overcame those challenges and in December 2011, the company received permits, followed by project sanction in 2012.

Once permitted, the project took three years to develop, including a year of planning and two seasons of construction. The lack of a permanent road means Alpine has a smaller footprint,
but it also means that construction is bound by the short 90- to 110-day window during the depths of winter when ice roads offer access to the remote frozen tundra. During that time the team completed:

- Construction of the gravel drill site.
- 6-mile gravel road to CD1.
- Four bridges.
- Modular buildings to support oil and gas operations.
- 32 miles of pipeline.
- Electrical and fiber optic cables strung on pipeline supports from Alpine’s main power generation facility.

Crossing the 1,400-foot-wide Nigliq Channel of the Colville River presented a unique challenge. A custom hydraulic package was designed to launch the bridge, 5 feet at a time, from the support on the east side of the river channel to the support on the west side. The bridge launch, as an alternative to standard bridge construction, was a big achievement for the environment and personal safety. It allowed us to significantly reduce the need to stage, maintain and refuel heavy equipment on the Nigliq Channel ice while at the same time keeping the ice clear for snow machines and subsistence access under the bridge. It also reduced our exposure hours of people working at heights by at least 50,000 hours. Additionally, the road and bridge allow emergency response equipment and personnel located at Alpine easy access to the CD5 facilities.

The ConocoPhillips Village Outreach team serves as the face of the com-

“Being accessible to the community to answer questions and provide timely information is important to ConocoPhillips and an important part of project success,” said Village Outreach Liaison Rusty Creed Brown.
pany within the community of Nuiqsut. During the CD5 construction season in 2014, Village Outreach staff maintained a full-time presence in Nuiqsut, keeping village residents up-to-date on the work being done at CD5.

“Between all of the construction, the additional workers at Alpine, and the temporary camps in Nuiqsut, communication was vital. We used email lists, radio (VHF) communications, online posts, fliers and newsletters in addition to in-person communication. Being accessible to the community to answer questions and provide timely information is important to ConocoPhillips and an important part of project success,” said Village Outreach Liaison Rusty Creed Brown.

With a construction project the scale of CD5 came hundreds of skilled construction workers, many of whom had never worked in the oil industry. New to the environment and with no previous exposure to the company’s safety culture, these workers were at increased risk of being injured or injuring someone else. Planning for safety success, every worker for the CD5 project was sent through the ConocoPhillips Alaska four-hour incident-free culture safety leadership training before they even set foot on the job site, effectively reinforcing that the safety of its workforce is the top concern for ConocoPhillips.

“I really believe — and it’s more than a priority, it’s a core value — that safety is our number one issue,” added Joe Marushack, president, ConocoPhillips Alaska. “The most important thing I can do is set the right safety tone.”

View “Collaborating on the North Slope of Alaska.”

The Nigliq Channel superstructure was launched during the second project construction season. The bridge launch, as an alternative to standard bridge construction, was a big win for the environment and safety.
An evening view of the Judy Platform in the North Sea. In both our offshore and onshore operations, we integrate sustainability via our principles, commitments, action plans and reporting.
About Our Report

This report provides information and data on our highest priority issues in 2015.

Content Prioritization Process
A key step in developing our annual Sustainability Report is to provide content that reflects the issues that are important both for our stakeholders and our business performance. In order to determine those priority sustainability issues (“materiality”) for 2015, we have used an issue identification process that considered the following:

- Input from regular dialogue with key stakeholders.
- International reporting guidelines and rating agency surveys.
- Topics covered in previous reports.
- Feedback on our 2014 report from internal and external stakeholders.

In 2015 we added additional rigor to the process by convening the subject matter experts from key functions in our organization to provide further insight and participate in the weighting of our issues list. That weighting was based on the following criteria:

- Level of interest or concern for key stakeholders.
- Strategic importance to ConocoPhillips.
- Level of public interest or concern.
- Reporting coverage by our industry and peers.

We identified the following issues as having the highest priority for 2015.

RESPONSIBLE OPERATIONS
- Safety & Health
- Business Ethics
- Transparency & Corruption
- Workforce

ENVIRONMENTAL PERFORMANCE
- GHG Emissions
- Methane
- Carbon Policy
- Carbon Asset Risk
- Groundwater Quality
- Sensitive Environments
- Water Scarcity

SOCIAL RESPONSIBILITY
- Stakeholder Engagement
- Local Content
- Community Impacts
- Human Rights
- Indigenous Peoples

In order to make our annual Sustainability Report more concise and relevant, the report focuses primarily on these aspects of high priority while lower priority issues are covered less comprehensively in the report or on the website.

Shorter Annual Performance Report
Our comprehensive approach to sustainable development reporting includes details on our approach, commitments, performance insights and quantitative results. In 2015, we separated our reporting into two parts — the annual Sustainability Report and website. This Sustainability Report is focused on our 2015 high priority issues and performance results, with references
and links to further background information on conocophillips.com. Our website continues to be a key part of our sustainability reporting, covering our management approaches and policies, foundational materials for priority issues, and further examples of action and information on other issues of importance to stakeholders.

**Reporting Frameworks**

We report our sustainability performance using internationally recognized reporting standards and frameworks. Our reporting is informed by the reporting guidelines, indicators and terminology developed by IPIECA and the Global Reporting Initiative (GRI) G4 guidelines and the Oil and Gas Sector Supplement. To help stakeholders find information easily, we have mapped relevant IPIECA, GRI and U.N. Global Compact indicators on our website.

We provide regular information to the CDP (formerly known as the Carbon Disclosure Project), Dow Jones Sustainability Index (DJSI) and other top tier organizations that assess the economic, social and environmental performance of companies. It is not practical to respond to all the surveys that rate companies, so we focus on the top few of interest to most stakeholders.

**Reporting Scope**

The 2015 Sustainability Report covers data from January 1 to December 31, 2015.

**Assurance**

We recognize the importance of assurance for building credibility and for assessing our performance accurately. Corporate HSE auditors have reviewed 2010 to 2014 metrics and data collection processes. We conduct reasonable and limited assurance in countries having a regulatory requirement to verify reported emissions, including the U.K., Australia, Canada and Norway. In 2014, we engaged a third party to selectively review data and data analysis at a detailed level in key assets. ERM Certification and Verification Services conducted a limited assurance review of our greenhouse gas emissions, flaring volume and energy consumption for 2013. We include limited third-party independent assurance at least every three years.
## Our Performance by Year

### Total Operated Production (MMBOE)

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<tr>
<th>Year</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
<th>2011</th>
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<tbody>
<tr>
<td>Value</td>
<td>692</td>
<td>780</td>
<td>761</td>
<td>780</td>
<td>814</td>
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### Safety (rate per 200,000 hours worked)

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<tr>
<td>Workforce Fatalities (number)</td>
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<td>0</td>
<td>2</td>
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<td>0.26</td>
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<td>Workforce Lost Workday Rate</td>
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<td>Employee Lost Workday Rate</td>
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<td>0.04</td>
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<td>Contractor Total Recordable Rate</td>
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<td>0.34</td>
<td>0.31</td>
<td>0.35</td>
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<tr>
<td>Contractor Lost Workday Rate</td>
<td>0.05</td>
<td>0.04</td>
<td>0.05</td>
<td>0.08</td>
<td>0.07</td>
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### Greenhouse Gases (thousand tonnes)

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</thead>
<tbody>
<tr>
<td>CO₂ from Operations</td>
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<td>19,400</td>
<td>18,600</td>
<td>19,000</td>
<td>19,500</td>
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<tr>
<td>CO₂ from Imported Electricity</td>
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<td>1,400</td>
<td>1,600</td>
<td>1,600</td>
<td>1,500</td>
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<tr>
<td>Methane (CO₂ equivalent)</td>
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<td>6,700</td>
<td>7,300</td>
<td>5,300</td>
<td>5,400</td>
</tr>
<tr>
<td>Nitrous Oxide (CO₂ equivalent)</td>
<td>100</td>
<td>100</td>
<td>200</td>
<td>200</td>
<td>200</td>
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<td>Total Greenhouse Gases</td>
<td>25,800</td>
<td>27,600</td>
<td>27,600</td>
<td>26,100</td>
<td>26,600</td>
</tr>
</tbody>
</table>

### Energy Use (trillion BTUs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Combustion Energy</td>
<td>212</td>
<td>222</td>
<td>242</td>
<td>243</td>
<td>264</td>
</tr>
<tr>
<td>Imported Electricity</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Total Energy</td>
<td>218</td>
<td>228</td>
<td>248</td>
<td>250</td>
<td>270</td>
</tr>
</tbody>
</table>

### Flaring (routine and non-routine; MMCF)

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>25,900</td>
<td>29,200</td>
<td>22,700</td>
<td>20,700</td>
<td>30,700</td>
</tr>
</tbody>
</table>

### Criteria Air Pollutants (tonnes)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volatile Organic Compounds (VOC)</td>
<td>77,000</td>
<td>87,600</td>
<td>125,200</td>
<td>98,000</td>
<td>110,200</td>
</tr>
<tr>
<td>Nitrogen Oxides (NOx)</td>
<td>88,000</td>
<td>100,600</td>
<td>97,800</td>
<td>107,000</td>
<td>108,800</td>
</tr>
<tr>
<td>Sulfur Oxides (SOx)</td>
<td>6,900</td>
<td>8,500</td>
<td>7,200</td>
<td>9,700</td>
<td>6,300</td>
</tr>
<tr>
<td>Particulate Matter (PM)</td>
<td>1,500</td>
<td>2,000</td>
<td>2,000</td>
<td>3,100</td>
<td>2,700</td>
</tr>
<tr>
<td>Total Criteria Air Pollutants</td>
<td>173,400</td>
<td>198,700</td>
<td>232,200</td>
<td>217,800</td>
<td>228,000</td>
</tr>
</tbody>
</table>

### Wastes (tonnes)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hazardous Wastes</td>
<td>27,600</td>
<td>36,800</td>
<td>37,300</td>
<td>35,100</td>
<td>31,000</td>
</tr>
<tr>
<td>Non-Hazardous Wastes</td>
<td>211,000</td>
<td>113,600</td>
<td>248,200</td>
<td>283,300</td>
<td>408,100</td>
</tr>
<tr>
<td>Recycled Wastes</td>
<td>163,600</td>
<td>327,300</td>
<td>262,600</td>
<td>276,600</td>
<td>280,100</td>
</tr>
<tr>
<td>Total Wastes</td>
<td>402,200</td>
<td>477,700</td>
<td>548,100</td>
<td>595,000</td>
<td>719,200</td>
</tr>
</tbody>
</table>

### Freshwater Withdrawn (thousand cubic meters)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>11,600</td>
<td>12,100</td>
<td>12,000</td>
<td>9,700</td>
<td>11,200</td>
</tr>
</tbody>
</table>

### Liquid Hydrocarbon Spills

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Spills &gt; 100 Barrels</td>
<td>8</td>
<td>3</td>
<td>11</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Volume from Spills &gt; 100 Barrels (barrels)</td>
<td>1,300</td>
<td>900</td>
<td>2,800</td>
<td>900</td>
<td>1,900</td>
</tr>
<tr>
<td>Spills &gt; 1 Barrel</td>
<td>149</td>
<td>258</td>
<td>286</td>
<td>198</td>
<td>189</td>
</tr>
<tr>
<td>Volume from Spills &gt; 1 Barrel (barrels)</td>
<td>3,000</td>
<td>3,300</td>
<td>4,900</td>
<td>2,200</td>
<td>3,900</td>
</tr>
<tr>
<td>Volume Recovered from Spills &gt; 1 Barrel (barrels)</td>
<td>1,100</td>
<td>1,800</td>
<td>3,300</td>
<td>1,200</td>
<td>1,800</td>
</tr>
</tbody>
</table>

*continued on page 48*
Our Performance by Year (continued)

<table>
<thead>
<tr>
<th>METRIC</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic Contribution</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charitable Investments ($ million)</td>
<td>44</td>
<td>50</td>
<td>54</td>
</tr>
<tr>
<td>Payments to Vendors and Suppliers ($ billion)</td>
<td>17.1</td>
<td>26.0</td>
<td>24.2</td>
</tr>
<tr>
<td>Shareholder Dividends ($ billion)</td>
<td>3.7</td>
<td>3.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Capital Investments ($ billion)</td>
<td>10.1</td>
<td>17.1</td>
<td>16.9</td>
</tr>
<tr>
<td><strong>Workforce</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees at Year-End</td>
<td>15,900</td>
<td>19,100</td>
<td>18,400</td>
</tr>
<tr>
<td>Employees — Women (percent)</td>
<td>27%</td>
<td>28%</td>
<td>28%</td>
</tr>
<tr>
<td>Leadership — Women (percent)</td>
<td>14%</td>
<td>20%</td>
<td>12%</td>
</tr>
<tr>
<td>Non-U.S. Employees (percent)</td>
<td>50%</td>
<td>48%</td>
<td>49%</td>
</tr>
<tr>
<td>Non-U.S. Leadership (percent)</td>
<td>24%</td>
<td>18%</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Average Daily Net Production</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude Oil (MBD)</td>
<td>605</td>
<td>595</td>
<td>581</td>
</tr>
<tr>
<td>NGL (MBD)</td>
<td>156</td>
<td>159</td>
<td>156</td>
</tr>
<tr>
<td>Bitumen (MBD)</td>
<td>151</td>
<td>129</td>
<td>109</td>
</tr>
<tr>
<td>Natural Gas (MMCFD)</td>
<td>4,060</td>
<td>3,943</td>
<td>3,939</td>
</tr>
<tr>
<td>Total (MBOED)</td>
<td>1,589</td>
<td>1,540</td>
<td>1,502</td>
</tr>
<tr>
<td>Total Proved Reserves at Year-End (billion BOE)</td>
<td>8.2</td>
<td>8.9</td>
<td>8.9</td>
</tr>
</tbody>
</table>

MMCF — Millions of cubic feet.
MBD — Thousands of barrels per day.
MMCFD — Millions of cubic feet per day. Represents quantities available for sale and excludes gas equivalent of natural gas liquids included above.
MBOED — Thousands of barrels of oil equivalent per day.

1 Health, safety and environmental (HSE) data are based on ConocoPhillips operated assets.
2 Environmental data are represented as 100% ownership interest regardless of actual share owned by ConocoPhillips.
3 Former operations that were included in the 2012 spinoff of downstream are excluded.
4 To provide the most current and accurate data available, we have updated previously reported data for prior years as needed.
5 Data is normalized using barrels of oil equivalent (BOE) from production operations, including gas plant liquid production of ethane, propane, butane and condensate. For gas production, 6,000 standard cubic feet of gas is assumed to be equal to one BOE.
6 The Global Warming Potential factor (GWP) for reporting methane emissions was changed from 21 to 25 in 2013.
7 Payments to Vendors and Suppliers is an estimate based on Production and Operating Expenses and Capital Program; this reflects a methodology change from what was previously reported in 2013 and 2014.
8 Production data is average daily net production from continuing operations of operated and non-operated assets.

Read our HSE performance by country.
Read our GRI/IPIECA table for more information.
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Read our Annual Report.

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Certain disclosures in this annual report may be considered “forward-looking” statements. These are made pursuant to “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. The “Cautionary Statement” in the Management’s Discussion and Analysis in ConocoPhillips’ 2015 Form 10-K should be read in conjunction with such statements.

“ConocoPhillips,” “the company,” “we,” “us” and “our” are used interchangeably in this report to refer to the businesses of ConocoPhillips and its consolidated subsidiaries.