ConocoPhillips

2019 SUSTAINABILITY REPORT



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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements based on management's current expectations relating to our operations and business plans. Examples of forward-looking statements contained in this report include the scenarios used in our strategic planning process, including the underlying assumptions, the estimated impacts on our business, including operating costs, revenues and cost of capital, and technology related to climate-related risks. Words or phrases such as "anticipate," "estimate," "believe," "budget," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" or similar expressions that convey the prospective nature of events or outcomes generally indicate forward-looking statements. The reader should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. These statements are not guarantees of future performance as they involve assumptions that, while made in good faith, may prove to be incorrect, and involve risks, uncertainties and other factors, many of which are beyond the company's control and we cannot predict. Actual results could differ materially from anticipated results and reported results should not be considered an indication of future performance. Factors that could cause results to differ include, but are not limited to: the impact of significant declines in prices for crude oil, bitumen, natural gas, LNG and natural gas liquids; potential failures or delays in achieving expected reserve or production levels from future oil and gas developments, including due to operating hazards, drilling risks and the inherent uncertainties in predicting reserves and reservoir performance; unsuccessful exploratory drilling activities or the inability to obtain access to exploratory acreage; legislative and regulatory initiatives addressing environmental concerns, including initiatives addressing the impact of global climate change or further regulating hydraulic fracturing, methane emissions, flaring or water disposal; reduced demand for our products or the use of competing energy products, including alternative energy sources; substantial investment in and development of alternative energy sources, including as a result of existing or future environmental rules and regulations; general domestic and international economic and political developments, including changes in governmental policies relating to crude oil, bitumen, natural gas, LNG and natural gas liquids pricing, regulation or taxation; competition in the oil and gas exploration and production industry; failures in risk management and other factors discussed in this report and described in Item 1A—Risk Factors in our 2018 Annual Report on Form 10-K and any additional risks described in our other filings with the Securities and Exchange Commission (SEC). Unless legally required, ConocoPhillips undertakes no obligation to update publicly any forward-looking statements, whether as a result of new information, future events or otherwise. Third-party scenarios discussed in this report reflect the modeling assumptions and outputs of their respective authors, not ConocoPhillips, and their use or inclusion herein is not an endorsement by ConocoPhillips of their likelihood or probability.

Cautionary Note to U.S. Investors – The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. We use the term "resource" in this report that the SEC's guidelines prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the oil and gas disclosures in our 2018 Form 10-K and other reports and filings with the SEC. Copies are available from the SEC and from the ConocoPhillips website.

A Message from Our Chairman and CEO



Chairman and CEO Ryan Lance

As I write this, the COVID-19 pandemic has caused unprecedented social and economic upheavals worldwide, undermining oil demand at a time when our industry already faced a growing oversupply. The subsequent oil price collapse tested the strength of our strategic planning. ConocoPhillips responded efficiently and adapted quickly, stepping up to the challenges of a volatile and uncertain market that is now in early recovery. I am proud of the efforts of our employees and appreciative of the support of our stakeholders.

During these trying times, our top priorities have been protecting the wellbeing of our workforce and their families, mitigating the spread of COVID-19, and running the business safely. Yet we have also retained focus on our core mission – investing in development of the energy supply essential to human and economic progress, while effectively managing social and environmental concerns, including climate change.

In doing so, we are striving to meet the objectives of the Paris Agreement to manage climate in the context of sustainable development, and the United Nations Sustainable Development Goals that guide global actions to address social and environmental issues. In addition, we are conducting our business in a manner to maintain our financial viability and competitiveness through an energy transition.

Our business planning process tests portfolio and capital allocation choices against a wide range of energy scenarios. It incorporates input from stakeholders and establishes priorities based on regular assessments of business risk and impact. The resulting business plan is by design responsive to challenges and resilient to risks. It reflects and leverages our competitive advantages, including strategic flexibility, low cost of supply, low sustaining price and strong balance sheet.

Along with financial performance, we are committed to performance with a purpose and broader sustainability. This has been the case since the 2003 introduction of our first sustainable development and climate change positions. Now collectively referred to as ESG (environmental, social and governance) performance, the concept entails responsibly delivering long-term value to all stakeholders, including our home communities, employees and shareholders.

In serving the communities where we live and work, we provide investment and jobs, mitigate impacts to water resources and biodiversity and respond to local concerns. For investors, governance-related priorities include management of environmental and social risks, for which responsibility extends from our board of directors downward to our executive leadership team and managers and employees at all levels. Their assessments of risks inform decisions ranging from long-term strategy to facility design. For stakeholders in general, priorities include management of risks related to climate change, human capital management, human rights and protection of water resources.

Our actions speak clearly. We advocate enactment of a well-designed U.S. price on carbon through our membership in the Climate Leadership Council; we believe this would be the most effective tool to reduce greenhouse gases economy wide. To protect water resources, we are developing centralized gathering and distribution systems in the Delaware and Montney basins that reuse treated produced water for hydraulic fracturing. This reduces freshwater consumption, produced water disposal volumes and tanker-truck traffic. On Alaska's North Slope, we have protected subsistence resources by meeting with community leaders and residents to gather local and traditional knowledge, then revising our Willow project development plan.

We are often asked how we measure successful ESG performance. As an exploration and production company, we define success as meeting society's energy needs while reducing operational impacts, advocating for sustainable policy, valuing community input, building resiliency and creating shared value for stakeholders. We recognize society's rising expectations for ESG performance, and plan to be the company of choice for stakeholders through our strong strategic planning, focus on environmental and social performance and active external engagement. We will keep you informed of our progress.



Ryan Lance, Chairman and Chief Executive Officer
July 2020

Integrating Sustainability

We are focused on sustainably meeting energy demand, while creating lasting value for employees, communities and shareholders.

We have been on a journey to integrate sustainability into planning and decision making for decades. Even before our first Sustainable Development report was published in 2005, we had implemented a process to identify and manage environmental and social issues and assess performance. That process has evolved significantly over the years as our understanding of how to deliver value to a range of key stakeholders developed, and as the risk and opportunity trends in science, demographics, technology and policy have changed. We published our first sustainable development (SD) position and climate change position in 2003. Since that time, we have updated those positions and developed positions on water, biodiversity, human rights and diversity and inclusion. We also continue to refine our governance structure to ensure sustainability risks and opportunities are managed throughout the organization. Our systems-based approach, by design, includes continuous improvement and internal assurance.

2019 Performance Highlights

- Upgraded SD Risk Management Practice to a standard to increase corporate oversight assurance and consistency of approach across the business.
- Created performance criteria for the employee bonus program to drive and measure progress on SD priority risks.
- Updated our global energy model to cover a range of transition outcomes for use in strategic planning.
- Worked within the broad coalition of Climate Leadership Council members to define the implementation plan for the carbon dividends framework in the U.S.







Sustainable Development Governance

Environmental, social and governance (ESG) performance is important to stakeholders and company success. Environmental and social performance is a key component of our long-range planning process and we have a comprehensive governance framework for sustainable development (SD) risks and opportunities that extends from the board of directors, through executive and senior management, to the working levels in each of our business units. The corporate governance element is addressed in the Investors section of our website.



Board Oversight

The ConocoPhillips Board of Directors oversees our SD positions and related strategic planning and risk management policies and procedures. The board delegates certain elements of its oversight functions to one or more of its five standing committees: Executive, Audit and Finance, Human Resources and Compensation, Directors' Affairs, and Public Policy. Each committee, other than the Executive Committee, is made up of independent directors and convenes at least quarterly.

The Public Policy Committee (PPC) is responsible for identifying, evaluating and monitoring sustainability trends and risks that could affect business activities and performance. The PPC makes recommendations to the board and monitors compliance with the company's programs and practices regarding health and safety protection and environmental performance, including climate change, water and biodiversity management; business operations in sensitive countries; government relations and political contributions; human rights and social issues; and corporate philanthropy. The PPC reviews sustainable development as a standing agenda item, including briefings and discussions on SD strategic priorities, to advance the SD risk management process, implementation of the greenhouse gas (GHG) emissions intensity reduction target, and the use of reporting and disclosure frameworks. In 2019, this included:

- Climate-related risk strategy, management, metrics and disclosure.
- Membership in the Climate Leadership Council.
- SD strategic priorities.
- Non-financial SD process audit findings.
- SD reporting and ratings.
- ESG engagement strategy.
- Respecting Indigenous Peoples.
- Biodiversity risks.

Issues considered by the PPC are regularly reported to the full board.

Other board committees also address sustainability issues. The Audit and Finance Committee (AFC) mandate includes enterprise risk management (ERM). The AFC facilitates appropriate coordination among the board committees to ensure that our risk management processes are functioning properly with necessary steps taken to foster a culture of prudent decision-making throughout the company. The AFC receives annual updates on how enterprise risk is being addressed, mitigated and managed across the company, including sustainable development considerations that influence market, reputational, operational and political risks within the ERM system. The Human Resources and Compensation Committee oversees executive compensation and performance-based components, including sustainability performance. Annual incentive programs promote achievement of strategic milestones and objectives that address stakeholder issues essential to sustaining excellence in environmental and social performance.

Executive Management

The Executive Leadership Team (ELT) has final responsibility for developing corporate strategy, implementing sustainability efforts, and reporting company performance. We have ELT champions for key issue areas:

- **Climate change –** chief operating officer (COO) and SVP, Government Affairs.
- **Water –** president, Lower 48.
- **Human rights –** SVP, Legal.
- **Stakeholder engagement –** senior vice president (SVP), Corporate Relations.
- **Biodiversity –** president, Alaska, Canada and Europe.

These executives are briefed regularly on emerging issues and strategic priorities and issue action plans in order to understand their implications and represent them to the ELT on an as-needed basis.

The shareholder resolution process provides investors the opportunity to raise ESG concerns with our leadership. While we take those concerns seriously and respect the right for shareholders to file resolutions, we find it is most productive to engage when an issue is identified and shared early.

Performance and Compensation

Two components of executive compensation include metrics related to sustainability performance: the three-year Performance Share Program (PSP) and the annual Variable Cash Incentive Program (VCIP). We engage with our stakeholders regularly on sustainable development priorities, and this feedback is reviewed with the HRCC when considering executive compensation arrangements.

For the 2017 – 2019 performance period, the PSP, which our senior leaders participate in, included an objective to engage on critical stakeholder issues. This objective was achieved, in part, by active participation in the Climate Leadership Council.

All employee compensation includes an annual cash bonus, VCIP, based upon company, business unit and individual performance. We incorporate metrics for health, safety and environmental performance into this annual incentive compensation program as well as the achievement of milestones aligned with strategic priorities. In 2019, employees were rewarded for safety and SD performance for the lowest Total Recordable Rate for injuries on record, which was leading among our peer companies; establishing an integrated management and governance system for setting and monitoring greenhouse gas (GHG) emission reduction targets; our top-tier SD ratings; and for the company's inclusion in the Dow Jones Sustainability Index and S&P ESG 500. In 2019, we created specific performance criteria for the 2020 VCIP to measure progress on SD priority risks, including actions taken to achieve the long-term GHG emissions intensity target.

Organizational Management

Leadership Teams

The Sustainable Development Leadership Team (SDLT) is comprised of global business unit presidents and functional department heads. Chaired by the global head, Sustainable Development, the SDLT reviews and provides input on proposed SD strategies, plans and goals to address company SD risks. The Health, Safety and Environment Leadership Team (HSELT) is made up of global leaders within the function and the global head of Sustainable Development. Chaired by the vice president (VP), Health, Safety and Environment, it reviews HSE performance and drives implementation of company-wide initiatives including SD plans, processes and reporting requirements.

Sustainable Development Team

Within Corporate Planning and Development, the sustainable development team provides implementation frameworks, expertise in key topics and regular engagement with the businesses and executive leadership. This includes addressing the company's SD risks, opportunities, commitments, performance, external engagement and reporting. Team members are responsible for key topics in sustainability, including:

- Water
- Climate Change
- Biodiversity
- Stakeholder Engagement and Social Responsibility
- Risk Management, Modeling and Life Cycle Analysis
- Supply Chain Sustainability

The team is responsible for informing the ELT and board of risks and opportunities for our business and ensuring that these issues are integrated appropriately into strategic decisions. The SD group reports to the VP, Corporate Planning and Development, who reports to the COO. In addition to roles on the SDLT and HSELT, the global head, Sustainable Development, also leads the standing SD agenda item for the Public Policy Committee of the board.

Health, Safety and Environment

The SD team works closely with the Environmental Assurance group within HSE to ensure that environmental risks and opportunities are identified and monitored by our business units and metrics are provided for public disclosure. The groups collaborate to ensure that the requisite environmental risk tools, processes and procedures are developed and integrated into the company's HSE Management System. The Environmental Assurance group reports to the vice president, HSE, who reports to the COO.

Issues Working Groups (IWGs)

We have IWGs for climate change, water, stakeholder engagement/human rights, and biodiversity. These are internal global cross-functional groups of subject matter experts who meet quarterly to discuss risks and opportunities in each subject area. The objective is to share key SD learnings across the company, identify issues and work to resolve them as they arise.

Business Units

Each ConocoPhillips business unit is responsible for integrating sustainability issues, as appropriate, into day-to-day operations, project development and decision-making. They are held accountable through an annual goal-setting process and they report progress to the ELT.

Policies & Positions

POLICIES	
• Code of Business Ethics and Conduct (PDF) • Health, Safety and Environmental Policy • Political Support Policy & Procedures	• Political Contributions • Substance Abuse Policy • Supplier Expectations

POSITIONS	
• Sustainable Development • Climate Change • Water Sustainability • Human Rights • Biodiversity	• Diversity & Inclusion • Economic Transparency & Reporting • Renewable Energy • HIV/AIDS

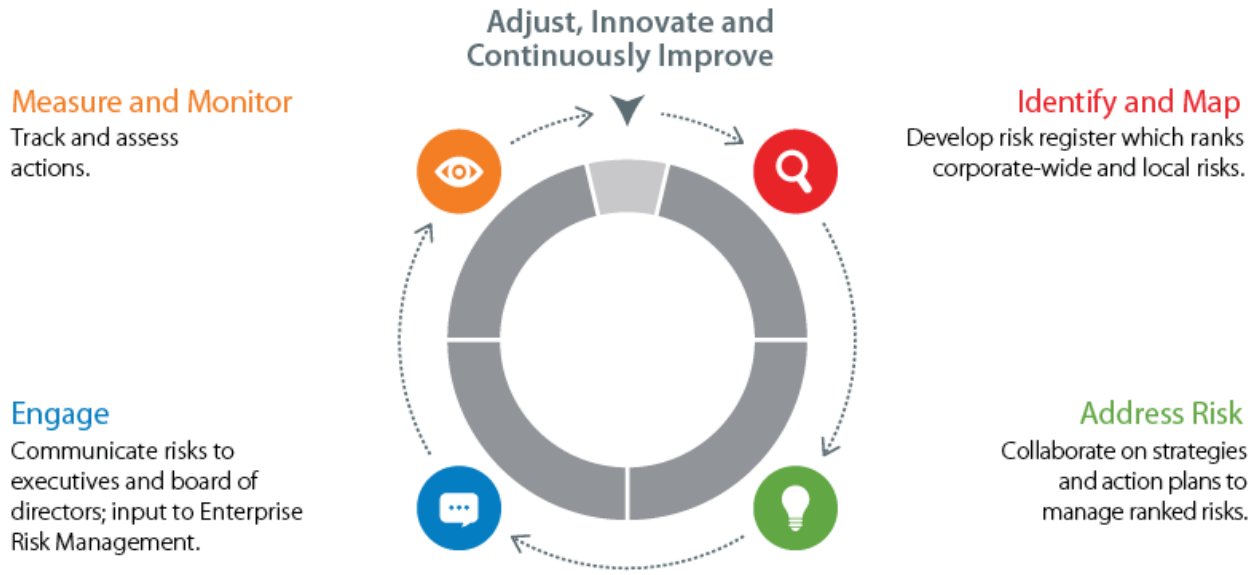
Training

We've adapted and applied training materials developed by IPIECA and other best practice groups, and rolled out training to new hires, key functions and leaders. Additionally, we are active in IPIECA best practice groups to develop training and guidance material. We provide computer-based training and less formal awareness raising through our annual communication plan, which includes executive videos, interviews, podcasts, internal web broadcasts and social media that reinforce company positions, goals, actions and reporting. Stakeholder engagement and human rights training is available for all employees and key contractors.

Managing Sustainable Development Risks

Our governance structure provides board and management oversight of our risk processes and mitigation plans. Our integrated management system approach to identifying, assessing and managing sustainable development (SD) risks is aligned with how we make business decisions to ensure the consistent global identification and assessment of risks. This system links directly to the enterprise risk management (ERM) process, which includes an annual risk review by executive leadership and the board. These elements help us manage and mitigate risk, as well as track our SD performance.

Management System Approach to Sustainable Development Risk



Assessing and Managing Risks

In 2019, as part of our continuous improvement approach, we updated our SD Risk Management process for operated assets and projects to a standard to increase corporate oversight, assurance and consistent implementation. Risks are identified and assessed against the physical, social and political settings of our operations by subject matter experts in each business unit (BU) and project. Local concerns may influence the potential importance of these environmental and social matters, including cumulative effects. Each risk is then assessed using a matrix that evaluates both its likelihood and consequence. In evaluating the consequence level, we consider potential impacts to stakeholders and the environmental as well as reputational and financial implications for the company. Risks identified as significant or high are included in the corporate SD Risk Register. The company undertakes a review of SD risks annually and updates the SD Risk Register and associated action plans.

An audit protocol for the new standard is being developed in 2020 with a regular schedule of audits to be implemented in 2021.

Read more about our management process for climate change, water, biodiversity and social risks.

Action Plans

The SD Risk Management Standard ensures that an action plan is developed to track mitigation activities for each priority risk included in the corporate SD Risk Register. These plans include details about our commitments, related responsibilities and milestones. As part of annual updates to the register, the action plans and their effectiveness are evaluated, and decisions are made to continue mitigation measures, add new measures or simply monitor the risk for further developments. The SD Risk Register and action plans are also used to track performance and guide goal setting. Action plan milestones will be used as a component to calculate the VCIP payout beginning with the 2020 program. Read more about Performance and Compensation.

Action plans for prioritized risks are typically managed at the BU level, along with the ongoing management of SD performance and engagement designed to minimize or avoid other social and environmental aspects of our business. Overarching risk management actions, such as GHG target setting, prioritization of global emissions-abatement projects and disclosure and reporting, are managed at the corporate level. Line-of-sight goals for business units and key functions are shown as specific action items within the action plans.

Enterprise Risk Management

Sustainability risks are integrated into the corporate Enterprise Risk Management (ERM) system. Risks from the corporate SD Risk Register are mapped to relevant enterprise risks including market, reputational, operational and political. Owners of these enterprise risks, who are ELT members or senior managers, are briefed on the risks and our mitigation activities. Enterprise risks are then presented to the Audit and Finance Committee (AFC) of the board. The AFC receives annual updates on how enterprise risk is being addressed, mitigated and managed across the company.

Long-Range Plan and Corporate Strategy

Our long-range and strategic planning activities consider sustainable development risks and mitigation. Our long-range plan (LRP) forecasts key data for our corporate strategy covering our proposed portfolio development and performance, production, costs and cash flows. We also use the LRP to forecast GHG emissions and water use to understand our future environmental footprint. Environmental and social risk mitigations, such as emission reduction projects, are reflected in the LRP and our annual budget.

Our corporate strategy defines the company's direction for exploration and development, including portfolio, capital allocation and cost structure. Our cost of supply, portfolio diversification (both geological and geographical) and technology investments are aspects of the corporate strategy that also address sustainability risk. For example, a low cost of supply mitigates climate transition risk in lower-energy demand scenarios. A geographically diverse portfolio mitigates the risk of community opposition delaying a significant portion of our production. Investing in water treatment technology allows us to recycle produced water and decrease our reliance on local water sources. We work with company leadership through our governance structure, enterprise risk management system and energy transition models to ensure our strategy effectively manages SD risks.

Key SD Management Processes

Our integrated management system is based on mandatory and auditable corporate standards, which are supported by principles and guidelines aligned with how we make business decisions to ensure the consistent global identification and assessment of SD risks. This includes integration into key business-planning processes for the company, from business development activities and exploration to developing major capital projects and managing our day to day operations.

SD Risk Management Standard	• Identify social and environmental risks, conduct risk ranking and develop mitigation action plans. • Applies to all operated assets and projects.
HSE Social and Due Diligence Standard	• Identify risks and liabilities related to health, safety, environment, regulatory and social issues for new acquisitions, new business ventures, joint ventures and real property transactions. • Applies to all operated assets and projects.
HSE Management System Standard	• Identify and manage operational risks to the business, employees, contractors, stakeholders and environment. • Applies to all operated assets and projects.
Capital Projects Management Standard	• Assess risks, including SD risks during the project engineering stage. • Applies to all operated capital projects costing more than $50 million net.
HSE Waste Management Standard	• Prepare management plans for waste and produced water, evaluate the suitability of industrial disposal facilities and contract only with approved facilities. • Applies to all operated assets and projects.
Global Onshore Well Management Principles	• Provides guidance on protection of groundwater and surface water through strict well-integrity procedures and safe water management practices. • Applies to all operated assets and projects.
Guideline for Groundwater Baseline Assessment	• Provides guidance on when and how voluntary baseline sampling could be conducted through a risk-based approach. • Available for use by operated assets and projects in areas not already covered by state-regulated groundwater baseline assessments.
Global Induced Seismicity Guideline	• Provides a method to characterize seismicity risks by assessing historical seismicity, identifying geological faults of concern, assessing existing or proposed injection operating conditions and considering proximity to people and population centers. • Available for use by business units for the planning and operation of injection wells for operated assets and for screening third-party injection operations.

We perform due diligence on acquisitions, divestitures, trades, exchanges and farm-in/farm-out agreements. This process is designed to ensure that past, present and potential HSE and sustainable development risks and liabilities are clearly identified, understood and documented. This due diligence standard applies to ConocoPhillips and global subsidiaries, and we strive to influence all affiliated companies and joint ventures to conduct due diligence before undertaking binding business transactions.

While the majority of ConocoPhillips' oil and natural gas reserves and production are within Organization of Economic Cooperation and Development (OECD) nations, some of the world's most resource-rich areas are in countries that pose risks associated with political instability, inadequate rule of law or corruption. Before entering a new country — or for other new developments, when warranted by the geopolitical environment — we have adopted comprehensive risk management tools to evaluate and manage these types of risks. A preliminary due diligence assessment is conducted to identify significant risks, including social, environmental and political concerns, and define how they will be managed.

As operated and non-operated projects are developed and put forward for internal approval, consideration is given to environmental and social risks and their mitigation. For qualifying projects, our management system also requires a set of deliverables for investment approval that includes:

- Climate-related risk assessment.
- Environmental, Social, Health Impact Assessment.
- Stakeholder engagement plans.

In managing our day to day operations, the HSE management system addresses operational risk and helps ensure that business activities are conducted in a safe, healthy and environmentally and socially responsible manner, aimed at preventing incidents, injuries, occupational illnesses, pollution and damage to assets. We believe incidents are preventable and that HSE considerations must be embedded into every task and business decision. We also provide guidance to address specific activities in our operations including waste management. The standard ensures all our assets have detailed plans to manage waste streams, minimize where possible, and ensure waste is directed to facilities that have been evaluated and approved by the company.

Sustainable Development Position

Sustainable Development is about conducting our business to promote economic growth, a healthy environment and vibrant communities, now and into the future. We believe that this approach will enable us to deliver long-term value and satisfaction to our shareholders and our stakeholders.

Sustainable Development is fully aligned with our vision, to be the E&P company of choice for all stakeholders by pioneering a new standard of excellence, and our SPIRIT Values.

Our Focus

To deliver on our commitments, we will prioritize issues, establish plans for action with clear goals and monitor our performance. In addition, we will develop the following company-wide competencies to successfully promote sustainable development:

- **Integration —** Clearly and completely integrate economic, social and environmental considerations into strategic planning, decision-making and operating processes.
- **Stakeholder Engagement —** Engage our stakeholders to understand their diverse and evolving expectations and incorporate that understanding into our strategies.
- **Life-Cycle Management —** Manage the full life-cycle impacts of our operations, assets, and products.
- **Knowledge Management —** Share our successes and failures to learn from our experiences.
- **Innovation —** Create a culture that brings new, innovative thinking to the challenges of our evolving business environment.

Our Expectations

Through delivering on our commitments to sustainable development, we will be the best company to have as a supplier, investment, employer, partner and neighbor.

Business Ethics

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 explains our standards as well as our legal and ethical responsibilities and provides concrete guidance for expected behaviors. It covers a range of topics including business ethics, anti-trust, anti-corruption, gifts and entertainment, and political involvement.

New employees receive training on the Code of Business Ethics and Conduct and all employees receive web-based training periodically. All employees are also required to read the code annually and confirm compliance. Employees who are most exposed to legal risks, like corruption, take part in web-based training and other targeted training. In addition to corruption training, we also teach employees how to deal with situations that may involve laws or regulations regarding political activities, antitrust, economic sanctions or export controls.

Systems and Practices for Reporting Violations

We encourage employees and contractors to ask questions and seek guidance about ethical concerns and we give them tools to guide ethical decision-making so they can understand their responsibility to report actual or suspected misconduct. We have several confidential reporting mechanisms including speaking to a trusted 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.

In 2019, Global Compliance and Ethics received questions, concerns and requests for advice from employees and stakeholders across our businesses. We investigated workplace conduct, conflicts of interest, financial and business integrity matters, misuse of company assets and other allegations. Depending on the scale and type of concern, issues were elevated to provide appropriate management oversight. Additionally, appropriate remedial and disciplinary action was taken when necessary. Senior management and the Audit and Finance Committee of the board were also provided regular updates on our compliance and ethics program, so they can ensure that the program promotes ConocoPhillips' SPIRIT values, addresses the compliance and ethics risks in our business and works effectively.

Key Stakeholders

Active stakeholder engagement and dialogue is an integral part of our sustainability commitment. It is a key component of our action plans, and our business units develop fit-for-purpose solutions to assess and address stakeholder priorities at all stages of operations. Our stakeholders are as diverse as the communities they live in or the organizations they represent. The breadth of the perspectives they provide gives us a greater understanding of not only concerns and expectations, but also options and opportunities to create lasting value. We engage with our stakeholders in a range of ways as we work to improve our performance.

	Financial Sector	Governments	Communities	Employees	Suppliers
Top Priorities	• Investor meetings and presentations at conferences • Investor/analyst calls • Shareholder meetings • Climate change • Carbon asset risk • Water • Hydraulic fracturing • Human rights • Ethics • Human Capital	• Equitable job creation • Environmental protection • Climate Change • Hydraulic fracturing • Energy supply • Regulation • Taxes and royalties	• Local employment • Economic development • Training • Emergency response • Clean air and water • Noise and traffic • Safety • Human rights • Traditional land use • Hydraulic fracturing • Sensitive environments	• Safety • Compensation and benefits • Environmental responsibility • Career development • Employee experience • Health and well-being • Company strategy • Ethics and compliance • Diversity and inclusion	• Performance expectations • Supplier diversity • Cost efficiencies • Local content development
Engagement	• Investor presentations and conferences • Analyst calls • Annual Shareholder Meeting • SEC filings • Socially Responsible Investor meetings and conferences • Tours	• Advocacy • Policy development • Industry and trade association representation • Regulatory compliance • Permit reviews • Regulatory audits • Regional development • Tours • Collaboration on community investment projects • Town halls • Multi-stakeholder initiatives	• Websites, media and social media • Community investment programs • Royalty relations • Community consultations • Local procurement • Employment • Landowner meetings • Town halls • Volunteering	• Performance management • Training and development • Internal communications • Code of Conduct • Employee surveys • Participation on trade and industry association committees • Safety meetings • Ethics Helpline • Volunteering • Leadership town halls • Employee network groups • Talent Management Teams • Global wellness programs • 360-feedback tool	• Bid process • Contract negotiations • Project management • Supplier forums • Annual performance reviews

Supporting Industry Dialogue

We actively work with different organizations and associations around the world to ensure we have a full understanding of the issues and trends facing our industry and company. The benefits we receive from trade and industry associations range from best practice sharing to technical standard setting and issue advocacy. We do not always agree with all positions taken by the organizations that we work with. For example, we may not always agree with the positions they take on climate change or regulatory reform. In these cases, we make our views known and seek to influence their policy positions. We have strong governance around our association activities and annually report on trade association memberships with dues in excess of $50,000.

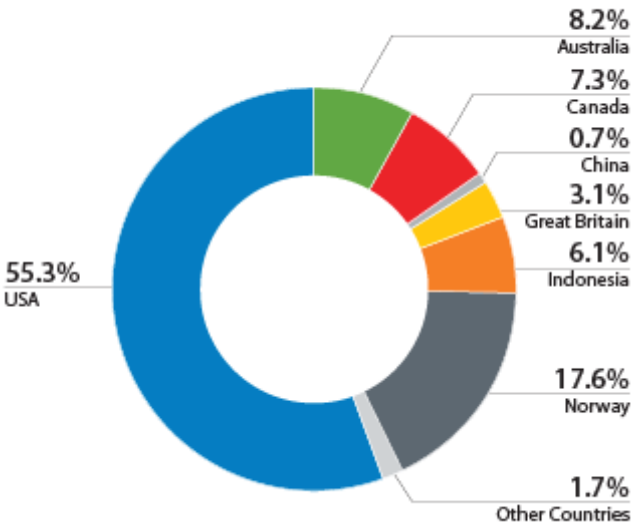
Our People

Our success depends on our people. Our employees' focus on accountability and performance enables us to safely find and deliver energy to the world. Effectively engaging, developing, retaining and rewarding our employees is a priority for us.

We believe that an engaged workforce is a powerful determinant of business success and in 2019 we launched a multi-year effort to solicit feedback from our employees via an employee survey, "Perspectives." In the survey, we had 86% employee participation and achieved a satisfaction score 5 points higher than general industry companies and 11 points higher than our energy peers. Based on survey results, leaders across the company developed action plans for their areas of accountability to address employee feedback. We track progress on the action plans and intend to resurvey our employees in 2020.

At year-end 2019, we had approximately 10,400 employees in 17 countries. This reflects a 4% decrease from 2018, driven primarily by asset dispositions.

Payroll Country Distribution









Diversity & Inclusion

Actions matter. Valuing everyone's contribution isn't just something we talk about. It's what we put into practice each day. We respect one another and are focused on creating an inclusive environment and culture that reflects the different backgrounds, experiences, ideas and perspectives of our employees.

We believe each person is accountable for creating and sustaining an inclusive work environment. As individuals and as a company, we are taking concrete steps to address inequities and racial injustice. Current actions include:

- Examining our Talent Management Teams (TMT) processes to ensure we're promoting diversity and inclusion (D&I) within our selection and succession efforts.
- Improving our recruiting process to mitigate bias, embed inclusion throughout our process and attract a diverse candidate pool.
- Mandating diversity and inclusion goals for each business unit, function and staff group across the company. Additionally, we expect all our leaders to have a personal inclusion goal that will be assessed as part of our annual performance process.
- Providing numerous training and development offerings – with enrollment goals – to equip our workforce, our hiring managers and our leaders with the skills, knowledge and self-awareness to advance our diversity and inclusion efforts.
- Supporting employee networks that we are leveraging to bring awareness to D&I.

Guided by Our Values

Our commitment to building a diverse and inclusive environment is foundational to our SPIRIT Values that guide how we interact every day. We believe each employee is accountable for creating and sustaining an inclusive work environment. Three areas guide our actions and drive progress: leadership accountability, employee awareness, and processes and programs. In 2019, we established corporate priorities under each of these areas.

Leading from the Top

We believe leadership is the single most important factor to achieve meaningful progress on diversity and inclusion. In 2019, we established a governance process to support D&I efforts within ConocoPhillips. The Executive Leadership Team has final responsibility, and our senior vice president, Corporate Relations is the D&I Champion. A global D&I Council, made up of top senior leaders, has the responsibility to advocate, advise and serve as ambassadors for D&I across the company. Leaders around the world are accountable for having local D&I plans, and they meet regularly to discuss challenges, opportunities, best practices and progress. They also continue to develop plans and supporting programs to align with the company's D&I priorities. For example:

- As part of ConocoPhillips China's 2019 inclusion program, all female employees attended a gathering with the business unit (BU) president. During the half day activity, they discussed the challenges faced by women in the workplace and developed recommendations for how to resolve those challenges.
- Our U.S. Lower 48 BU launched a monthly inclusion newsletter for supervisors that includes resources on varying D&I topics and concepts to help leaders actively engage with their teams. This series kicked off with a video featuring the BU president highlighting the important role leaders play in creating an inclusive environment.

- In Qatar, a team of employees developed local action plans aligned with the company's D&I priorities. The team branded their efforts as WASL, which means connecting and respecting in Arabic, and focused on three concepts: same but different, small tweaks and focusing on inclusive conversations.

We actively monitor diversity on a global basis. In 2019, 36% of our board of directors, 26% of our employees and 24% of our leaders were women. In the U.S., minorities make up 19% of our leadership and 24% of our workforce. Global leaders also track and review their data to identify focus areas, which can vary by region.

Enhancing Awareness

Every employee has access to resources including network groups and training. For more than 30 years, our employee networks have provided an important forum for discussion, development and connection to our communities. These groups also raise awareness about important D&I topics and help influence greater awareness of diversity and inclusion.

Training on topics, such as unconscious bias, help create a more inclusive environment and training is available to all employees. In 2019, more than 130 leaders participated in Catalyst's Men Advocating Real Change (MARC) program training. This included hosting MARC program trainings at our Houston, Calgary and Anchorage offices. Additionally, we had a pilot group of employees complete training on psychological safety in the U.S. and China. This training is key to ensuring all employees feel open to share and play a key role in our organization, from safety and production to innovation and inclusion. Our top senior leaders also received training on psychological safety and how it relates to our core priorities as a company. Psychological safety training will be expanded in 2020.



To further general awareness across the organization, we:

- Launched an internal Yammer Group in 2019 to provide a forum for employees to talk openly, honestly and respectfully about D&I.
- Updated our resource site for all employees to learn more about D&I and share what others are doing around the company.
- Have D&I committees in many of our BUs and functions who help advocate and advance their organization's D&I priorities.
- Discuss D&I activities and share best practices in quarterly HR manager meetings.

Sustaining Progress

We link our inclusion efforts to our daily activities. For example, we offer flexible work schedules at most locations to help employees balance personal and work responsibilities. In the U.S., we've worked to expand our policies by offering increased parental leave beginning in 2020 to fathers, mothers, partners and adoptive parents. In 2019, we enhanced our recruiting practices to embed inclusion into each step of the process, from drafting job descriptions to using intentionally diverse interview panels and candidate selection methodologies.

- We added an innovative writing platform to help us remove any biased language from job postings and unconscious barriers to attracting top candidates.
- All those involved in the recruiting process receive training on inclusive hiring best practices. More than 275 managers, HR professionals and employees also completed our inclusive hiring course to assist them in recognizing bias and its impact on the staffing process while providing strategies to mitigate bias and make objective hiring decisions. In addition, all U.S. recruiters participated in disability etiquette training.



- To continue building a diverse candidate pool, we work to connect with individuals and veterans with disabilities who want to find employment with an inclusive employer, and we ensure job postings are promoted through a variety of diverse organizations.
- Hiring veterans is a key piece of our talent strategy as they represent 6% of our U.S. employee workforce. We also work with an external contingent worker partner to help veterans gain industry experience. Additionally, we participated in the Disability: IN Greater Houston Fifth Annual Veterans and Individuals with Disabilities Hiring Event and Business Symposium and continued to train our recruiters on military terminology, as well as the top challenges veterans and transitioning military service members face.
- To attract diverse candidates for full-time positions and summer internships, we recruit from a number of universities in the U.S. By attending conferences and recruiting at Hispanic-serving institutions and historically black colleges and universities (HBCUs), we are able to extend a broader outreach to potential candidates. Last year, we also attended the National Society of Black Engineers Conference in Detroit, Michigan. In addition, our Supply Chain and IT organizations attended career fairs and other related events at Prairie View A&M University, one of the largest HBCUs in the United States.

Supplier Diversity

We apply our high standards for diversity and inclusion throughout our supply chain. We identify and facilitate opportunities to utilize products and services from businesses owned by women and minorities. We expanded our supplier diversity program to support the inclusion and utilization of suppliers that are service-disabled veteran-owned businesses. Our supplier diversity team builds relationships with diverse suppliers and provides guidance to position them for current or future projects. Read more about our support for diverse companies in the U.S.

Recognition

In 2019, we were named one of Forbes's World's Best Employers. Additionally, four ConocoPhillips employees and the Diversity Network of Alaska were recognized with a 2019 GRIT Award for their D&I efforts. The individual GRIT Awards were created to recognize women leaders in energy and the men who advocate for their progress. To qualify for a team GRIT Award, groups must demonstrate support and embrace collaboration, diversity and inclusion. Internally, we established a D&I Advocate category for our SPIRIT of Performance Awards, signaling our ongoing commitment to advancing our D&I culture. The Human Rights Campaign's 2018 and 2020 Corporate Equality Index recognized us for our commitment to lesbian, gay, bisexual and transgender equality in the workplace with a score of 100.

While we have been recognized for our inclusion efforts, we know that it takes ongoing commitment to make sustainable progress. So, we continue to provide training, build awareness and reinforce accountability at all levels of the organization and focus on behaviors and processes that build an environment where everyone has the opportunity to succeed.

Employee Networks

For more than 30 years, our employee networks have provided an important forum for discussion, development and connection to our communities. Open to all employees, these groups help foster a diverse workforce and create an inclusive environment of mutual respect, trust and understanding. They also connect colleagues from different business units (BUs) and functions and provide opportunities for personal and professional development, networking and community involvement. These groups raise awareness about important topics and help influence change. More than 4,000 employees participated in various networks in 2019. These networks are led by employees with guidance and involvement from leadership.

From park cleanups and dragon boat races to cultural showcases and networking events, our employee networks offer various programs and events to support personal and professional development. For example, through our partnership with Pink Petro, a global organization of men and women that believes the future depends on education, inclusion and community, all Women's Network members have access to join and take advantage of the organization's offerings. By forging relationships with external organizations, our network groups host various speakers to share unique perspectives on diversity and inclusion. Past speakers have included representatives from the Human Rights Campaign, the University of Houston and an Australian female football coach. In Houston, one of the most popular network events is the annual "Bring the Future to Work" day, hosted by the Parents Network, where children of employees can learn about work and life at ConocoPhillips through interactive booths and tours. In 2019, the event broke records by attracting more than 750 kids.

In the spirit of valuing all people, ConocoPhillips supports the following 12 internal network groups.

Asian American Network: provides a medium for sharing, learning and supporting one another to become better leaders and increase contributions to achieve corporate goals.



Black Employee Network: exchanges information to increase corporate insight, knowledge and personal development among people of African descent and improves the communities in which we live and work.

Diversity Network Alaska: highlights the spectrum of diversity within the Alaska business unit by recognizing similarities, promoting opportunities to learn about differences, and celebrating values and experiences.

Diversity Network of Canada: engages and supports staff by fostering a welcoming environment that recognizes and celebrates all the unique and individual diversities across ConocoPhillips Canada.

Global Support Staff Network: a catalyst and change agent so that all administrative support staff are seen as integral parts of their business teams and given the opportunity to contribute to their fullest potential.

Hispanic Network: provides leadership on diversity and Hispanic issues and focuses on business and personal development to achieve corporate, individual and community objectives.

Native American Network: promotes tribal cultural awareness through networking, sponsorship, community service and special events.

New Hire Network: provides recent hires an environment to meet and network while promoting professional growth, effective cross-functional communication, social and volunteer opportunities and encouragement in growth and development as a way to increase retention.

Parents Network: provides support for a positive working parent experience by advocating for parents' issues and creating a forum for parents to network.



Patriot Employee Network: engages employees and their families in supporting our troops, wounded heroes and families of those who made the ultimate sacrifice.

Pride Network: creates a forum to support equality of opportunity and experience, where lesbian, gay, bisexual or transgender (LGBT) employees, and their allies, can come together to network, develop and provide value back to ConocoPhillips.



Women's Network: encourages women to take an active role in personal and professional development, provides a forum to build strong relationships through networking and makes a difference through women-oriented outreach activities.

Learning & Development

Investing in our employees maximizes our company's performance, so we approach talent development and succession planning with the same rigor that we apply to our business strategy. We seek to attract, develop and retain employees through a combination of on-the-job learning, formal training and regular feedback and mentoring.

Career Development

We empower our employees to grow their careers through personal and professional development opportunities. Employees can identify opportunities through career conversations with their supervisors and by creating an Individual Development Plan (IDP), a development tool that captures employee's long-term plans for their careers. In 2019, we developed an IDP Career Conversation Guide to help employees and supervisors have meaningful career conversations. As part of ongoing development, we encourage supervisors to gain insights on their strengths and areas for improvement through an assessment tool which gathers feedback from supervisors, direct reports and peers to help increase an employee's overall effectiveness. We also encourage employees to attend industry conferences in their career fields to network with others, learn about upcoming trends and gain new insights applicable to their careers.

Talent Management Teams

Skill-based Talent Management Teams (TMTs) guide employee development and career progression by skills and location. The TMTs help identify our future business needs and assess the availability of critical skill sets within the company. TMTs include senior representatives from business unit (BUs) and corporate functions. These representatives are the interface between leaders, supervisors and employees.

Formal Training

In 2019, our employees completed more than 297,934 hours of virtual and in-person training on topics ranging from technical learning to professional development. Each year, learning priorities from the BUs and functions are identified to ensure our employees have the right skills and training to deliver on the company's priorities. Through the Petrotech Academy, early-career employees in the engineering and geoscience disciplines have the opportunity to network with others in the company and to enhance their technical and professional skills through web-based and virtual training modules, case studies and formal presentations from leaders and subject-matter experts.

In 2019, the company hosted the Learning and Innovation for Today and Tomorrow (LIFT) event for more than 200 global petrotech employees with four to 10 years of experience. A complementary mix of training and networking, the event featured nine technical tracks and 36 courses, giving petrotechs the opportunity to learn, innovate and connect with colleagues. Participants were required to choose a track outside their expertise, pushing them out of their comfort zones and advancing their technical skills across disciplines. As we continue to teach new skills to our workforce to meet the changing needs of our industry, we have placed a higher emphasis on data analytics training. During 2019, we provided basic and advanced data analytics training to more than 6,000 employees around the globe with over 11,000 hours of training delivered.

We are also working to develop a pipeline of new talent. In 2019, ConocoPhillips announced a nearly $3 million contribution to several universities to support data science programs, providing funds to hire faculty, working with them to shape curriculums that align with ConocoPhillips' workforce needs and helping them further data science education in general. Many of our BUs also hosted employee development months to promote continuous learning during 2019. In Houston and Bartlesville, 1,650 employees attended nearly 40 development sessions on a variety of topics including cultural awareness, investor relations and stress management. Over 1,500 employees attended 60 similar sessions in Alaska.



Leadership Development

We recognize that supervisors play a key role in talent development, so we offer a robust supervisor development curriculum to help leaders engage and develop their employees. Global courses focus on proactive communication, employee development and building trust. In 2019, supervisors completed over 5,540 hours of training. We also launched short, in-person skills practice trainings and a new Leading the Business course which is the capstone of the curriculum, highlighting basic financial principles and offering a decision-making framework for strategic thinking.

In an effort to foster collaboration and share best practices, we established the Leaders of Leaders program. This program brings together the company's top senior leaders in small cohort groups to learn, discuss, network and adopt practices promoting diversity and inclusion, psychological safety, innovation, HSE and other important topics.

Performance Management

We identified leadership competencies that provide a common baseline of knowledge, skills, abilities and behaviors to support employee performance, growth and success. All employees participate in regular performance management discussions and have access to a voluntary 360-feedback tool to provide feedback on their strengths and opportunities relative to these competencies. In 2019, we announced a new performance management program focused on increased objectivity, credibility and transparency. The program includes goal-setting guidance with a stronger connection to ongoing priorities, broad stakeholder feedback, frequent real-time recognition and the introduction of a new "how" rating to assess behaviors to ensure they are in line with our guiding principles. The process is being implemented in 2020.

Mentoring

Together, our employees deliver strong performance. Throughout our long history, employees with experience in every field have taken great care to pass on knowledge and maintain a tradition of excellence. Our U.S.-based Information Technology (IT) organization provides an avenue for its employees to develop mentor and mentee relationships to grow personally and professionally. Employees can also expand their network by participating in mentoring circles. These small groups of individuals meet regularly to learn and grow together and to discuss a wide variety of topics, such as leadership, diversity and inclusion and communication. The success of the program inspired the Houston Women's Network to create mentoring circles in 2019 to foster trust, support and open dialogue among its members.

Compensation, Benefits & Wellness

We offer competitive, performance-based compensation packages and have global equitable pay practices. Our global benefits are competitive, inclusive and align with our culture. We provide family-friendly policies such as flexible work schedules, competitive time off, paid leave to care for seriously ill family members and parental leave in many locations.

Our compensation programs are competitive and generally comprised of a base pay rate, the annual Variable Cash Incentive Program and, for eligible employees, the Restricted Stock Unit (RSU) program. From the CEO to the front-line worker, every employee participates in our annual incentive program, which aligns employee compensation with ConocoPhillips' success on critical performance metrics and also recognizes individual performance. Our RSU program is designed to attract and retain employees, reward performance and align employee interest with stockholders by encouraging stock ownership. Our retirement and savings plans are intended to support employee's financial futures and are competitive within local markets.

Beginning in 2020, our U.S. parental leave benefit increased from 2 weeks to 6 weeks, and we extended the benefit to U.S. employees who became new parents (birth mothers, non-birth parents, adoptive parents) in 2019. Combined with our maternity benefit of 8 weeks, new birth mothers are eligible for up to 14 weeks of paid leave in 2020.

Our global wellness programs encourage healthy behaviors, empower employees to understand their potential health risks and provide them with opportunities to improve their overall health. Globally, 75% of employees participate in voluntary biometric screenings. We also offer programs to help reduce global obesity, blood pressure, cholesterol and tobacco use. Our signature global program, Energy in Action!, is a friendly competition that attracts thousands of employees annually to get active, have fun and achieve a heart-healthy activity level. In 2019, we had over 2,300 participants, and approximately 68% achieved the heart-healthy activity level.

All employees have access to our employee assistance program, and many of our locations offer custom programs to support mental well-being. In 2019, our Canadian BU developed a Personal Preventative Maintenance Plan (PPMP) for employees to assess their overall health and wellbeing prior to the turnaround at our Surmont 2 central processing facility. This effective tool is now available to and leveraged by all BUs as part of our mental health program.

Each year, we spotlight World Mental Health Day to reinforce how employees can improve and maintain their emotional and mental health. In the U.S., we also recognize National Disability Employment Awareness Month by spotlighting a series of topics, such as neurodiversity and fostering an inclusive workplace.

SPOTLIGHT

Helping Families Focus on their Most Important Job

SEPTEMBER 19, 2019

Effective, Jan. 1, 2020, ConocoPhillips will increase its paid parental leave from two weeks to six weeks for all parents – fathers, mothers, adoptive parents and partners alike. Maternity leave will also increase to provide all birth mothers eight weeks of paid leave versus the current range of six to eight weeks. When combined with the enhanced parental leave benefit, birth mothers will be eligible for up to 14 weeks of paid leave following the birth of their child. U.S. employees who became new parents in 2019 are eligible for these benefits starting Jan. 1, 2020.

"We must be a company that doesn't expect employees to choose between work and family," said Ellen DeSanctis, senior vice president, Corporate Relations, and executive sponsor of the Parents Network. "This is especially true in the early stages of parenting, but it's also true over the course of a career as family circumstances change."



Cherishing every moment

"We want employees to feel empowered to use these benefits," said Dominic Macklon, president, Lower 48. "All parents deserve to be able to spend time with their families during this important time."

Evan Lamoreux, supervisor, Completions Engineering and his wife Cristin are busier than ever after the recent arrival of their son, Lawson. "I know this will impact many families throughout ConocoPhillips in such a positive way. Growing your family is such an important time, and I feel so fortunate that ConocoPhillips recognizes that and is doing so much to ensure both moms and dads get the time they need to be home with their families during this time of great change."

'A giant benefit' for new parents

Hal Mead, director, Corporate Planning & Portfolio Management and father of four, said the policy changes set ConocoPhillips apart from other companies, allowing the company to better attract and retain employees who plan on starting or adding to their families.

"It means that ConocoPhillips is not just a great place to work, but it is an even better place to build a career," Hal said. "The ability to maintain work/life balance is critical for longevity, and this is a giant benefit for individuals who want to raise a family." Hal and his wife, Stephanie, adopted their youngest child, Sam, when he was 23 months.

Megan Gosnell, supervisor, Williston Implementation & Planning, was pleased to see ConocoPhillips continue to support employees' lives beyond the office. "I do not plan to have more children, but as a supervisor and parent, I'm thrilled to support my team in having this additional time off during a critical time in their lives, especially for non-birth parents," said Megan, adding that it's important for supervisors like her to encourage employees to take advantage of this benefit.

"There's more than one way to have and raise a family," said Kelly Rose, senior vice president, Legal, General Counsel and Corporate Secretary, and executive sponsor of the Pride Network. "These changes reinforce an inclusive culture that recognizes and promotes the diversity of employees and their families."

More fulfilled and focused

Mo Chahal, supervisor, Permian Asset, and Jessica Chahal, senior corporate assurance analyst, are expecting their first child this fall. Both are excited about the new changes.

"Although I was already planning on taking time off after the birth, it's great to know that Mo will also be able to focus on being a new parent and bond with our new baby," Jessica said.

"Being able to spend more time with my child in his early development will help me feel more fulfilled in my role as a parent and ensure that I am refreshed and focused on my return to work," Mo said. "Parenting is an exciting but potentially stressful time and the extended parental leave will help Jessica, baby Chahal and I to progress on this journey as a tight family unit right from the start."

"We're excited about these U.S. benefits changes," said Chairman and CEO Ryan Lance. "And we're committed to continuing to look for ways to help our employees be successful both at work and at home. That's the key to attracting and retaining our world-class workforce."

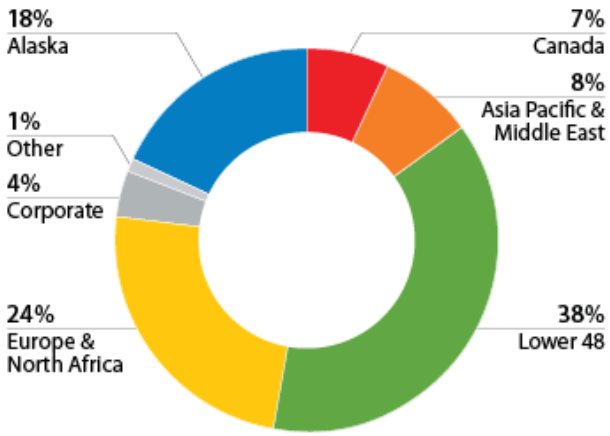
Supply Chain Sustainability

Sustainability is integral to our procurement processes and supplier engagement. We have identified sustainability questions to be used in bids and performance indicators and will continue to enhance processes and engage our suppliers to identify and manage risks and increase productivity and efficiency within the supply chain. We are committed to supporting business opportunities and capacity building for local and diverse suppliers in our own operations and through our supply chain.

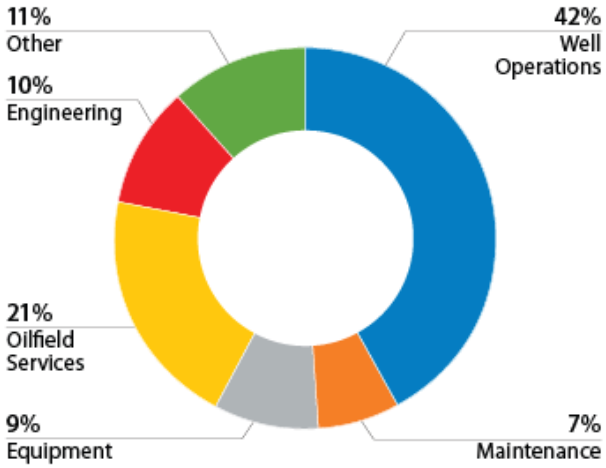
$9.4 billion

Total spend with contractors and suppliers in 2019

2019 Total Spend by Segment



2019 Total Spend by Category



Engaging with Suppliers

As we integrate sustainable development into our key business activities, suppliers play a significant role. From constructing our facilities to providing well services and supplying equipment, how they manage their impact on the environment and community is important to us and can affect our performance.

We regularly engage our suppliers through Business Reviews, Supplier Relationship Management, Supplier Sustainability Forum and supplier audits to:

- Review the ConocoPhillips sustainability governance system and asses how we can work with suppliers.
- Identify sustainable development opportunities and risks in the extended supply chains of critical categories.
- Share best practices for building supplier capacity throughout the supply chain.

We conduct all contracting and procurement activities in an ethical manner in accordance with our Supply Chain Standard and applicable laws. We require suppliers to comply with certain requirements as a condition of business and to be guided by the principles and standards set forth in the ConocoPhillips Code of Business Ethics and Conduct and their own ethics and conduct policies. Our Code of Business Ethics and Conduct: Expectations of Suppliers provides additional clarity to our suppliers regarding our expectations in these areas:

Health, Safety and Environment (HSE)	Suppliers must comply with applicable environmental laws and regulations and conduct business with respect and care for the environment, including utilizing energy and natural resources efficiently and managing waste, emissions and discharges responsibly.
Labor and Human Rights	We conduct our business consistently with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work and expect suppliers and contractors working on our behalf to be guided by these principles.
Integrity	Contracts require that suppliers be guided in their performance for ConocoPhillips by the principles and standards set forth in the ConocoPhillips Code of Business Ethics and Conduct and their own ethics and conduct policies.
Social Performance	We engage with suppliers and contractors on sustainable development issues through our Quarterly Business Reviews, Supplier Relationship Management, Supplier Sustainability Forum and supplier audits.

Additionally, our contract templates have contractual requirements for:

- Ethics.
- The U.S. Foreign Corrupt Practices Act (FCPA).
- Export compliance.
- Sustainability and HSE.

By collaborating with suppliers, we can identify activities in their operations and extended supply chains that have environmental and social impacts and guide how they manage those impacts. Read more about how we worked with a supplier in Norway in 2019 to reduce greenhouse gas emissions.

In 2019, we focused on continued engagement with key suppliers. One key element was hosting a supplier sustainability forum with over 65 suppliers from more than 35 different companies, as well as ConocoPhillips representatives from across the globe. The agenda included short presentations and panel discussions and was designed to facilitate sharing of sustainability best practices that are transferable throughout our diverse supply chains. Topics discussed included innovation and efficiency specifically in water management and air emissions. Companies also shared emerging technologies in their respective sectors. Collaborating with our suppliers to identify and manage risks, foster supplier inclusion, and increase productivity and efficiency allows us to mutually improve our sustainability performance.

We also engaged with major suppliers on standardized environmental key performance indicators (KPIs) to ensure alignment with our environmental, social and governance (ESG) performance objectives. Annual review meetings also clarify performance expectations, track results and identify continuous improvement opportunities.

Local Content and Employment

We emphasize promoting supplier capacity building in our procurement, and we expect our suppliers to do the same. We also place a high priority on purchasing goods and services locally and are committed to giving local contractors and suppliers the opportunity to participate in projects and operating requirements, generally through a competitive bidding process. We also seek opportunities to develop local suppliers and promote local hiring as appropriate to meet business needs. Read more about how we are creating shared value in communities.

Supplier Diversity

We expect to do business with qualified suppliers that share our values, whether minority-owned, women-owned, small business enterprises, or global, local or Indigenous suppliers around the world. In the U.S., we do business with diverse companies and continue to give them access to business opportunities through our Supplier Diversity Program. This approach attracts qualified suppliers, stimulates local economic development, and creates long-lasting social and economic benefits in our stakeholder communities. We support Veteran-owned companies and track our spending with Veteran-owned suppliers. In the U.S., our 2019 Supplier Diversity program totaled $827 million spent with businesses owned by Veterans, minorities, women, members of the LGBT community, service-disabled people and historically underutilized businesses (HUBs). Additionally, ConocoPhillips had $702 million in expenditures with small businesses.

Through our Supplier Diversity program, we actively participate in certifying and developing diverse and small local businesses in the United States.

Local Employment	• Business unit, asset or project plans include support for local employment as appropriate. • Where appropriate, social investment initiatives support the strengthening of local capacity to respond to employment needs.
Local Procurement	• Business unit, asset or project plans include support for local procurement and providing opportunities for local contractors and suppliers, and investment in supplier capacity building as appropriate.
Local Business Development	• Certain business units support local business development initiatives or "incubators." • Where appropriate, social investment initiatives support strengthening of local business development.

Read more about supplier diversity efforts in our Lower 48 business unit.

Sustainable Procurement

The supply chain function contributes to the company's sustainable development commitments by integrating sustainability issues into our processes and procedures. This incorporates sustainability thinking into our source-to-settle process, from sourcing goods and services through to the payment process.

Supplier Expectations

- Integrity
- Labor and Human Rights
- Environmental Sustainability
- Supplier Inclusion

Supplier Qualification

- Pre-qualification Questionnaire

Strategic Sourcing and Category Management

- Request for Information
- Bids
- Category Risk Assessment

Contract Delivery

- Key Performance Indicators
- Supplier Audits

Integrating oversight on labor and human rights into our procurement processes and procedures includes recommended questions for supplier prequalification, bids and audits, as well as contract language. The questions and contracts directly address these issues and are based on our commitment to conduct our business consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work as described in our Code of Business Ethics and Conduct and our Supplier Expectations. We recognize slavery and human trafficking likely exist in every country. We are committed to the California Transparency in Supply Chains Act of 2010 and the United Kingdom Modern Slavery Act 2015.

SPOTLIGHT

Battery-Hybrid Propulsion Reduces Emissions, Fuel Consumption

NOVEMBER 22, 2019

Efforts to reduce our emissions in Norway in 2019 included working closely with supplier Solstad Offshore to install batteries on three platform supply vessels (PSVs) as part of a hybrid-based power solution. The PSVs provide goods and equipment to ConocoPhillips installations in the Greater Ekofisk Area of the North Sea from the company's shore base in Tananger.



Battery-hybrid propulsion offers several advantages. Consumption of marine gas oil (the main source of power generation) is reduced by 15% and annual emissions of carbon dioxide (CO_2) and nitrous oxide (NOx) are reduced annually by around 3,700 tonnes and 60 tonnes respectively. The batteries also offer improved safety since they will restart power supply in a split second if the vessels experience an outage. Additionally, the batteries act as a spinning reserve during dynamic position operations to stabilize the vessels alongside offshore installations, further enhancing operational safety. When the PSVs dock in Tananger they immediately connect to hydroelectric power, which provides a better onboard working environment by eliminating noise and vibrations, as well as air emissions. This further reduces emissions by 1,400 tonnes of CO_2 and 20 tonnes of NOx annually.

Approximately 40% of project cost, 15 million Norwegian kroner (about $1.6 million), was funded through Norway's NOx Fund. The primary objective of the fund is to reduce emissions by providing investment assistance to projects from collected carbon taxes.

About Our Reporting

We take a digital approach to our sustainability reporting. To provide stakeholders with timely information we provide performance examples and updates as they occur rather than annually. These highlights and our performance metrics are integrated into the foundational information on our website and consolidated into our sustainability hub, which can be accessed from the top navigation. Performance metrics are updated yearly.

We recognize that an annual report is still important for many stakeholders and will continue to consolidate annual performance information and metrics into a report that can be found in our Company Reports and Resources section. Stakeholders can also create customized reports, based on topics of interest, by using our report builder.

Prioritizing Reporting Topics

Our sustainability reporting focuses on the ESG issues that matter to our business and our stakeholders. To select content for our 2019 sustainability reporting, we used a process involving:

Identification: Through our risk assessment process as well as meetings and discussions with key stakeholders, we identified and gained an understanding of important topics. We also received feedback on our 2018 report and considered international reporting guidelines and rating agency survey questions.

Prioritization: Subject matter experts from key functions in our organization then provided further insight and prioritized topics based on level of interest or concern to key stakeholders and strategic importance to the company. We validated these priorities in our ongoing engagements with external stakeholders.

Final prioritization: Topics with the highest priority are included in our annual reporting. Our annual report and financial reporting also include environmental and social risks when they reach a "material" level as defined by regulatory requirements. Information about issues deemed material to our investors may be found in our Security and Exchange Commission (SEC) filings. In-depth analysis of our financial performance can be found in our Annual Report.

Priority Reporting Topics

Environment	
GHG Emissions	Carbon Policy
Methane	Water Sourcing
Energy Efficiency	Produced Water Disposal
Carbon Asset Risk	Sensitive Environments
Social	
Stakeholder Engagement	Human Rights
Community Impacts	Indigenous Peoples
Local Content	
Governance	
Governance Process	Workforce
Business Ethics	Safety and Health
Transparency and Corruption	

Reporting Frameworks and Scope

We report our sustainability performance using internationally recognized reporting standards and frameworks. This includes reporting guidelines, indicators and terminology developed by the Task Force on Climate-Related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), IPIECA, the Global Reporting Initiative (GRI) G4 guidelines, and the Oil and Gas Sector Supplement. We provide regular information to the CDP climate, Dow Jones Sustainability Index (DJSI) and other top-tier organizations that assess the ESG performance of companies. We engage with Disclosing the Facts, MSCI, Sustainalytics, and ISS E&S QualityScore, all of whom rate us based on publicly available information. We have mapped relevant TCFD, SASB, IPIECA, GRI and UN Global Compact Principles disclosures for stakeholder convenience, and we continue to assess alignment with other emerging frameworks.

The 2019 Sustainability Report covers data from January 1 to December 31, 2019. Notes to our metrics outline the scope and methodologies of our data reporting. The minimum boundary for reporting on social and environmental priorities is assets we operate.

UN SDGs

The United Nations General Assembly has adopted 17 Sustainable Development Goals (SDGs) that set the global agenda for equitable, socially inclusive and environmentally sustainable economic development. Our core business of delivering energy to the world contributes directly to:

- Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.
- Goal 8: Promote inclusive and sustainable economic growth, employment and decent work for all.
- Goal 13: Take urgent action to combat climate change and its impacts.

Many of our business and community investment activities support other goals such as those on clean water, industry, infrastructure and innovation, and life below water and on land. We are working with IPIECA, the global oil and gas industry association for environmental and social issues, on the role the oil and gas industry can most effectively play to support the achievement of the globally endorsed framework of the SDGs. We continue to monitor the goals as they move to international and national implementation.





- Over $2 million in support for Blood Bank of Alaska
- Road Safety programs in the U.S.
- Founding member of Coalition For Safer Alberta Roads
- Support for community wellness programs in Colombia
- Support for community wellness programs in Indonesia



- Math Education in Houston
- The Yalari scholarship in Australia
- Rodeo Run scholarship race in Houston
- Excel Alaska program
- Indonesian scholarship program
- Partnership with Sandnes Upper Secondary School in Norway



- Producing resources to power civilization
- Australia Pacific LNG supplies clean natural gas to millions



- CareerQuest mentoring program on the North Slope
- Small business sustainability program in Indonesia
- Sustainable Communities Initiative
- Working with First Nations in Canada



- Climate Leadership Council (DC)
- Corporate GHG Intensity Target
- Detecting methane emissions
- Carbon XPRIZE



- Decommissioning in Norway
- Spill response capabilities



- Faster Forests
- Rocky Mountain Rangelands Project
- Migratory Connectivity Project
- Sriwijaya Botanical Garden offset
- Curtis Island conservation

Managing Climate-Related Risks

As we work to meet current and projected oil and gas demand in the world's energy mix, we are focused on addressing climate-related risk.

We recognize that human activity contributes to increased atmospheric greenhouse gas concentrations, which can affect the climate. We continue to manage GHG emissions in our operations and to integrate climate change-related activities and goals into our business planning.

2019 Performance Highlights

- Established GHG emissions intensity targets for business unit.
- Enhanced the Marginal Abatement Cost Curve (MACC) process, resulting in 50% increase in projects submitted.
- Launched Managing Climate-Related Risks report.
- Developed company-wide performance criteria for compensation beginning in 2020 to measure progress on sustainable development priority risks, including actions taken to achieve the long-term GHG emissions intensity target.







Ryan Lance on Climate Change



Society faces perhaps the defining challenge of our times as it strives to address climate change while still supplying the energy that drives human and economic progress. These imperatives are reflected in both the Paris Agreement and the United Nations Sustainable Development Goals, which call for action on greenhouse gas emissions, sustainable development and alleviation of poverty.

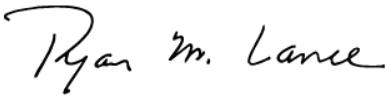
For ConocoPhillips, meeting this challenge entails ongoing investment in energy development to satisfy world demand, competing financially in a volatile market, and managing climate-related risks and opportunities. We do so by applying well-established governance practices, sound strategy, diligent risk management and responsible performance.

In our strategic planning, we acknowledge the uncertainty inherent to our business. We model a variety of global energy transition scenarios to test the robustness of our portfolio and capital allocation choices. These scenarios also inform us on adapting to evolving technologies and market conditions. As a result, our actions over the last decade and our future plans were designed for resiliency and responsiveness. These same attributes are key to managing climate-related risk and the uncertainties of the energy transition.

We bring other essential strengths to our efforts, among them a geologically and geographically diverse asset portfolio. Its low cost of supply makes future development of our oil and gas resources more likely to remain economically feasible, even in low-demand scenarios aligned with Paris Agreement trajectories. At year-end 2019 our resource base included 15 billion barrels of oil equivalent with an average cost of supply of $30 per barrel. Disclosing our supply curve enables investors to judge our resiliency to lower price or demand scenarios. Adding to this resiliency are a low overall decline rate, and low capital intensity that yields increased free cash flow under reasonable price scenarios.

In support of climate protection, the ConocoPhillips Climate Change Action Plan, which has been in place since 2008, has successfully driven substantial voluntary reductions in greenhouse gas emissions. ConocoPhillips was also the first exploration and production company to set a long-term GHG intensity reduction target. We have advocated for enactment of a U.S. carbon price since 2007 and continue this advocacy through membership in the Climate Leadership Council. We believe a well-designed carbon price would reduce emissions by driving innovation, technology development and efficient end-use of hydrocarbon products.

We recognize that oil and gas industry stakeholders, particularly the financial sector, have rising expectations of our performance on climate protection. To meet these expectations, we are taking numerous actions that include improving our risk-management and governance processes, updating our climate strategy and assessing the physical risks of climate change on specific assets. As a company, we believe we exist for the benefit of all stakeholders and we embrace the opportunity to be an industry leader in delivering on this commitment.



Ryan Lance, Chairman and Chief Executive Officer, July 2020

Introduction

We have aligned our climate-related risk reporting with the four central themes of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations — Governance, Strategy, Risk Management and Metrics and Targets. We consider both transitional and physical climate-related risks in this report. Transitional risks are those risks that arise from a world changing to low carbon energy. This includes:

- Policy and legal risks from regulation, legislation and litigation.
- Technology risks from the move toward low carbon energy production.
- Market risk from shifts in the supply and demand for fossil fuels.
- Reputational risk from changes in consumer and stakeholder behaviors.

Physical risks are the acute physical risks arising from severe climate-related weather events and the chronic physical risks arising from longer-term events such as sea level rise and sustained temperature changes.

Scenarios

The different scenarios we have developed describe possible pathways leading to a particular outcome. It is important to remember that they are hypothetical constructs and are not meant to be used as predictions of what is likely or forecasts of what we think is going to happen. Scenarios are not intended to represent a full description of the future, but rather to highlight central elements of a possible future and to draw attention to the key factors that will drive future developments. The scenarios we have developed and discuss in this report describe four possibilities out of the myriad that are possible, given the uncertainty surrounding the development of future energy markets out to 2050. They do not, and cannot, describe all possible future outcomes. As such, there is no assurance that the scenarios presented in this report are a reliable indicator of the actual impact of climate change on ConocoPhillips' portfolio or business.

We publish certain details of our scenarios to give an insight into the analysis we use to inform our strategic decision-making. We rarely make any decision based on a single source of information, but use a range of analyses, input and information when developing our strategy. We believe sharing these scenarios will give our stakeholders and shareholders a measure of confidence that we are both preparing for reductions in greenhouse gases consistent with the Paris Climate Agreement and developing resilient strategies that reflect the complex and uncertain range of energy futures.

An important disclosure issue requiring further engagement is the use of scenario planning as a tool to characterize and disclose comparative financial risk. The key to scenario planning is the use of a wide-enough range so that uncertainty can be characterized, rather than trying to correctly guess specific future variables or parameters. We believe different low carbon scenarios that depict a wide range of future possibilities should be used to facilitate strategic planning, not as reference scenarios to compare companies. For example, addressing market price uncertainty has led us to significantly change our portfolio, capital flexibility and cost structure over a short period of time. This illustrates how misleading it can be to compare companies based on a static view of a current portfolio that will continue to change, to either a single or even a range of "reference" scenarios of the thousands that are possible. We believe that the thoughtful application of scenarios in strategic planning is core to a company's ability to navigate future uncertainty and is a practical way of conveying this information in a decision-useful manner.

Feedback

We welcome your feedback on our approach to scenario planning or any other content in this report. If you have comments, suggestions or questions, please send them to our Sustainable Development team at SDTeam@ConocoPhillips.com.

Governance Framework

We have a comprehensive climate-related risk governance framework that extends from the board of directors, through executive and senior management to the working levels in each of our business units.



Board Oversight

In-depth board engagement.

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Executive Management

Day-to-day leadership.

LEARN MORE



Organizational Management

Cross-cutting collaboration.

LEARN MORE



Key Processes

Integrated business planning.

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Board Oversight

The ConocoPhillips Board of Directors oversees our position on climate change and related strategic planning and risk management policies and procedures, including those for managing climate-related risks and opportunities. In particular, the board reviews:

- Climate change position statements.
- Sustainable development risk management processes.
- Enterprise risk management policy and output.
- Corporate strategy and climate-related risk strategy.
- Climate-related risk scenarios.
- GHG emissions intensity target and progress.

The board delegates certain elements of climate oversight functions to one or more of the five standing committees: Executive, Audit and Finance, Human Resources and Compensation, Directors' Affairs, and Public Policy. Each committee, other than the Executive Committee, is made up of independent directors and convenes at least quarterly. Issues considered by the committees are, as appropriate, regularly reported to the full board.

The Audit and Finance Committee (AFC) mandate includes enterprise risk management (ERM). The AFC facilitates appropriate coordination among the committees to ensure that our risk management processes, including those related to climate change, are functioning properly with necessary steps taken to foster a culture of prudent decision-making throughout the company. The AFC receives annual updates on how enterprise risk is being addressed, mitigated and managed across the company, including climate-related considerations that influence market, reputational, operational and political risks within the ERM system. With oversight of the company's internal audit function, the AFC also receives summaries of internal audit results, which in 2019 included a review of the company's ESG and climate processes and reporting.



"The board recognizes that effectively addressing climate change and ensuring human and economic progress is one of the biggest challenges facing society today. We oversee the company's enterprise-wide approach to identifying, assessing, characterizing and managing climate-related risk as it supports the transition to a low-carbon economy."

— BOARD PUBLIC POLICY COMMITTEE CHAIR, JODY FREEMAN

The Public Policy Committee (PPC) is responsible for identifying, evaluating and monitoring climate-related trends and risks that could affect business activities and performance. During 2019, the PPC met 5 times. Topics on the agenda included:

- Progress of the climate-related risk strategy.
- ConocoPhillips participation on the Climate Leadership Council.
- External engagement on climate-related risks.
- Progress on our GHG emissions intensity reduction target.
- Marginal Abatement Cost Curve projects.
- Updates to the risk management process including assurance.
- Progress on risk management priorities.

Other board committees also address climate-related issues. The Human Resources and Compensation Committee oversees executive compensation and performance-based components, including sustainability performance. Annual incentive programs promote achievement of strategic milestones and objectives that address stakeholder issues essential to sustaining excellence in environmental and social performance.

Read more about the skills and qualifications of our board members.

Executive Management

The Executive Leadership Team (ELT) manages climate-related risks and opportunities and assists the businesses in implementing climate-related plans. This includes:

- Reviewing and approving GHG pricing forecasts for inclusion in our long-range planning and project authorization reviews.
- Approving climate-related Variable Compensation Incentive Plan milestones.
- Reviewing the GHG emissions long-range plan and peer analysis.

Responsibility for managing climate-related issues rests with the chief operating officer (COO) and the senior vice president (SVP), Government Affairs, who report directly to the chief executive officer. The COO serves as the ELT's climate change champion, with overall accountability for corporate planning and development, including corporate strategy and long-range planning. The SVP, Government Affairs, is responsible for public policy positions and engagement with government on climate-related public policy. These executives are briefed quarterly on emerging climate-related issues, strategic priorities and the Climate Change Action Plan in order to understand their implications and represent them to the ELT on an as-needed basis. The briefings also include three regional presidents, who oversee our global operations and environmental performance, including setting business unit goals for GHG emissions, implementing action plans and reporting GHG emissions. Examples of issues reviewed by these executives during 2019 include:

- GHG emissions intensity target implementation plan and progress.
- GHG emissions intensity target metrics for use in decision support.
- Marginal Abatement Cost Curve opportunities review and project approval.
- Marginal Abatement Cost Curve funding mechanism review and approval.
- Internal climate-related education and communications.
- Internal business unit GHG emissions targets review and approval.
- Climate risk strategy review and focus areas for 2020 update.

Climate-related risks are communicated and integrated into strategy through the SD risk management process and Enterprise Risk Management system. Climate-related risks from the corporate SD Risk Register are mapped to relevant enterprise risks. Owners of these enterprise risks, who are ELT members or senior managers, are briefed on the risks and our mitigation activities. Enterprise risks are then presented to the Audit and Finance Committee of the board.



Read how climate-related performance is a component of executive compensation.

Organizational Management

Leadership Teams

The Sustainable Development Leadership Team (SDLT) is comprised of global business unit presidents and functional department heads. Chaired by the global head, Sustainable Development, the SDLT provides consultation and approval for SD focus areas, goals, priorities, action plans and results. The Health, Safety and Environment Leadership Team (HSELT) is made up of global leaders within the function and the global head of Sustainable Development. Chaired by the vice president (VP), Health, Safety and Environment, it reviews HSE performance and drives implementation of company-wide initiatives, including implementation of the GHG emissions intensity reduction target. Strategic planning, goalsetting, implementation performance and reporting for climate-related risk are reviewed by the SDLT and HSELT.

Sustainable Development Team

Within Corporate Planning and Development, the SD team is responsible for informing the ELT and board of long-term climate-related risks and opportunities for our business and ensuring that these issues are integrated appropriately into strategic decisions. The SD group reports to the VP, Corporate Planning and Development, who reports to the COO. The Global Head, Sustainable Development, chairs the SDLT, sits on the HSELT and leads the standing SD agenda item for the PPC.

Health, Safety and Environment

The SD team works closely with the Environmental Assurance group within HSE to provide environmental metrics for public disclosure. The groups collaborate to ensure that the requisite climate risk tools, processes and procedures are developed and integrated into the company's HSE Management System. The Environmental Assurance group reports to the VP, HSE, who reports to the COO.



Climate Change Issues Working Group (CCIWG)

The CCIWG is an internal global cross-functional group of subject matter experts that meets quarterly to discuss the external context for climate-related risk, including:

- Legislative and regulatory actions.
- Trade association activities.
- Internal activities to address climate-related risks and opportunities, including energy efficiency and emissions reduction projects.
- Developments in emissions reduction technology.
- The outlook for GHG prices that might impact our operations.
- Climate-related long-range planning issues.

The objective is to share key climate-related risk learnings across the company, identify issues and work to resolve them as they arise. The working group also provides input from subject matter experts on processes, procedures and issues prior to review by the SDLT and HSELT.

Business Units

Each ConocoPhillips business unit is responsible for identifying and monitoring near- and medium-term climate-related risks and opportunities, and integrating sustainability issues, as appropriate, into day-to-day operations, project development and decision-making. They are held accountable through an annual goal-setting process that includes the Climate Change Action Plan and GHG target progress, and they report progress to the ELT.

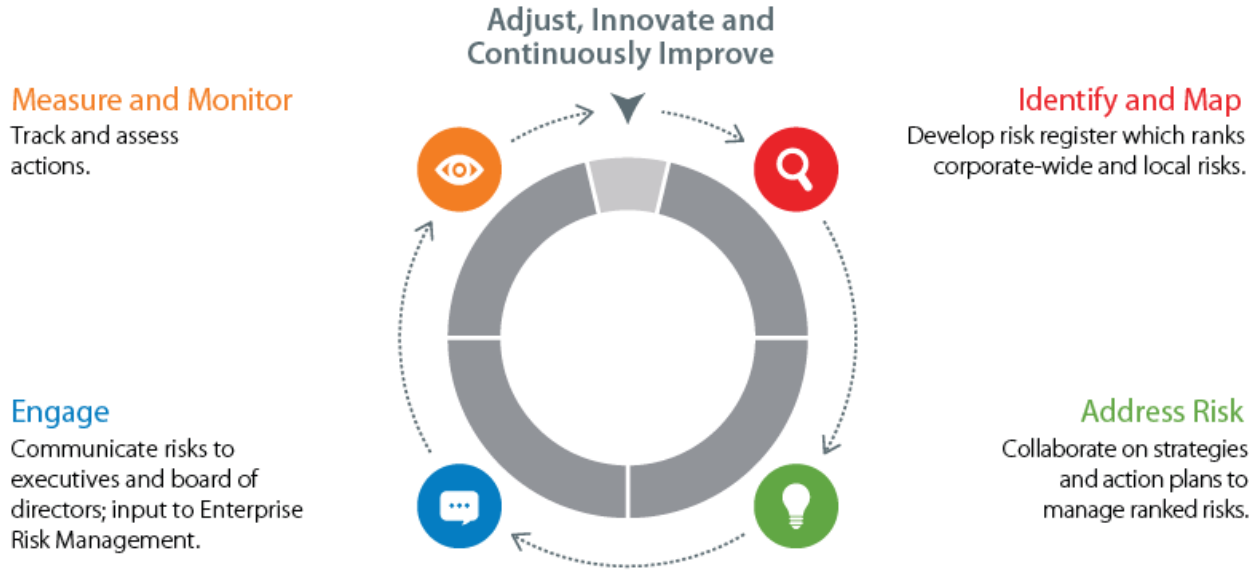
Key Processes

Climate-related considerations are integrated into the key business planning processes for the company:

- Scenario planning.
- Corporate strategy.
- Long-range plan.
- SD risk management process.
- Enterprise risk management.

Our SD risk management process, risk register and Climate Change Action Plan are used to track performance and guide goal setting. Line-of-sight goals for business units and key functions are shown as specific action items within the action plan. Progress against the plan is reported through our governance structure to the ELT and board of directors.

Management System Approach to Climate-Related Risk



Strategy

Our objective is to manage climate-related risk, optimize opportunities and equip the company to respond to changes in key uncertainties, including government policies around the world, technologies for emissions reduction and alternative energy technologies.



Energy Outlook

World Energy Outlook Scenarios.

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Scenario Planning

Understanding a range of risks.

LEARN MORE



Short, Medium & Long-Term Risks

Time horizons for climate-related issues.

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Climate Change Action Plan

Addressing priority risks.

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Impact on Business and Strategy

Areas for potential impact.

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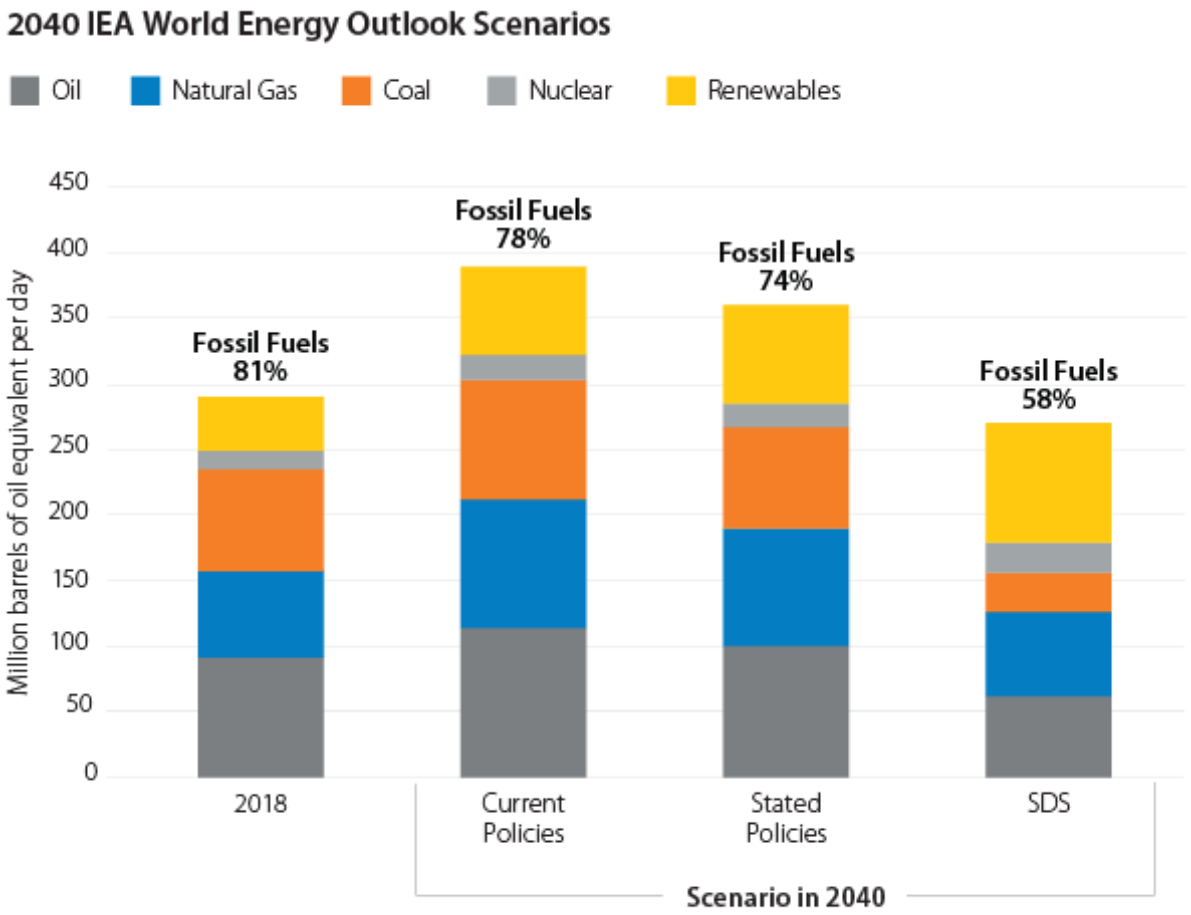
Financial Planning

Effect on financial planning.

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Energy Outlook

In its 2019 World Energy Outlook, the International Energy Agency (IEA) illustrated a range of different energy mix scenarios in 2040. Total energy demand increases in IEA's Current Policies and New Policies scenarios and declines by around 10% compared to 2018 in the below 2-degree Celsius Sustainable Development Scenario (SDS). Demand for natural gas and oil have different outcomes across the IEA scenarios. Demand grows relative to 2018 in the Current and New Policies scenarios but declines in SDS. Even in the SDS scenario, 2040 oil demand remains at 61MMbbl/day and natural gas at 64MMboe/day (almost equal to 2018 natural gas demand) and despite a reallocation of capital to renewables, significant investment in natural gas and oil is still required. IEA estimates this to be $750 billion each year from 2021 to 2030 and then $550 billion per year to 2040 - a total of approximately $13 trillion from 2021 to 2040.



Source: © OECD/IEA 2019 World Energy Outlook, IEA Publishing. License: https//www.iea.org/t&c/termsandconditions/

Achieving the IEA's SDS (below 2-degree Celsius) scenario requires significant progress on several fronts:

- Improving energy efficiency of power generation, transportation and industrial processes.
- Reducing emissions from fossil fuels, or capturing and storing or utilizing those emissions.
- Increasing the amount of non-carbon energy, such as renewables and nuclear power.

Changes in the energy system take time, as energy infrastructure components have long asset lives and change would have to go beyond replacing the power generation and distribution systems to include replacing automobile, truck, ship and aircraft fleets or retrofitting them to meet tougher specifications. Increasing renewable power utilization would also require significant improvement in the daily reliability of wind- and solar-powered electricity generation, or a significant improvement in energy storage that would reduce the amount of backup fossil fuel-fired electricity generation needed.

These widely varying factors are the reason scenario planning is important. There is not just one pathway to a low carbon future; there are numerous ways in which government action and technology development could interact with consumer behavior to bring about a lower-carbon future. Performance on climate-related risk is driven by the strength of strategic planning, including the use of widely varying scenarios, as well as the financial strength and asset flexibility to manage across a range of possibilities.

Scenario Planning



Scenarios represent plausible potential future states of the world. We use scenarios in our strategic planning process to:

- Gain better understanding of external factors that impact our business to assist in the identification of major risks and inform mitigating actions.
- Test the robustness of our strategy across different business environments.
- Communicate risks appropriately.
- Inform how we position our business, as technologies and markets evolve, to capitalize on opportunities that meet risk and return criteria.

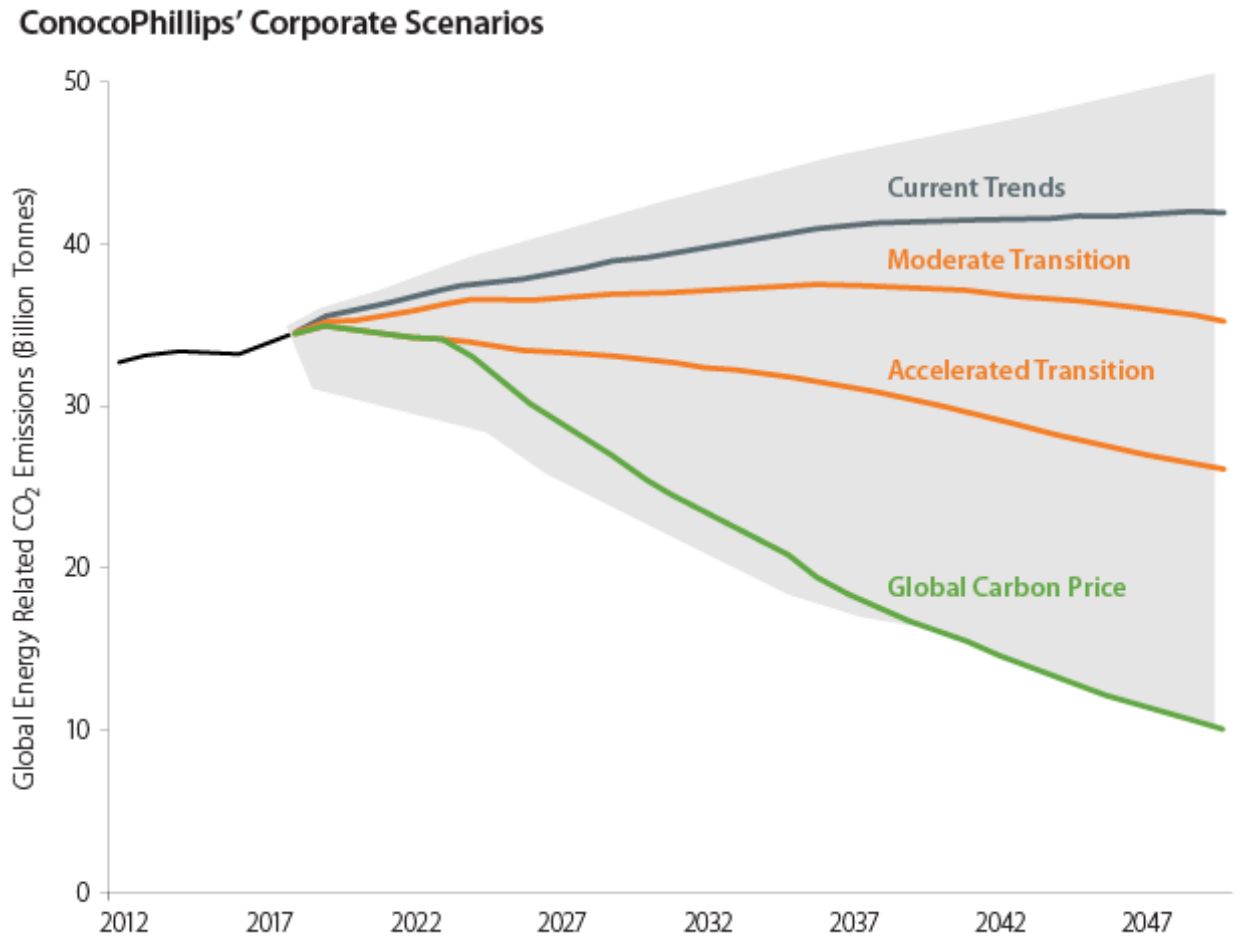
Using scenarios enables us to understand a range of risks around potential commodity market prices associated with various greenhouse gas (GHG) reduction scenarios. To assist our capital allocation decisions, we can test our current portfolio of assets and investment opportunities against these future possibilities and identify where weaknesses may exist.

In 2019, we worked to change the way we use scenarios. Previously, we had constructed a single corporate scenario to reflect a world with carbon constraints which was subdivided into four climate-related risk scenarios to characterize possible pathways that could result from a mix of technology advancement and government policy actions. We have now combined our corporate and climate constraint scenarios into four main corporate scenarios: Current Trends, Moderate Transition, Accelerated Transition and Global Carbon Price. The scenarios were constructed using our revised global energy model and regional differences were included to reflect areas of the world that may take a different pace or direction. We also extended the duration of the scenarios to 2050. While these scenarios extend well beyond our operational planning period, they give insights on trends that could have an implication for near and medium term decisions and enable the creation or preservation of future options.

Each scenario models the full energy system including oil, natural gas, solar, wind, nuclear and storage, as well their related GHG emissions and pricing policies. Each of these plausible pathways is designed to stretch our thinking about potential rates of new technology adoption, policy development and consumer behavior. We believe that three of the four climate-related risk scenarios result in global emissions trajectories that may be capable of being Paris aligned. Only the Global Carbon Price scenario is likely to achieve this without the need for negative emissions technology beyond 2050.

Constructing four very different scenarios means that analyzing and modeling potential outcomes is not the end of the process, as we also need to understand the probability of the world moving toward a specific scenario. We monitor crucial signposts that can indicate the direction and pace of scenario changes. The objective is to connect our scenarios with our climate-related risk strategy in a way that enables comprehensive strategic decision making. By measuring changes in the key signposts, we aim to track the pace and direction of the energy transition and identify potential leading indicators of change in the demand for hydrocarbons. In this way we aim to establish not just which scenario we are moving towards, but also identify merging disruptive scenarios. This analysis is presented to executive management and the board of directors to assist in strategic decision making.

Scenario Descriptions[1]



Source: Various ConocoPhillips estimates and 3rd party independently published projections. ConocoPhillips estimates are based on industry consultants and publicly available data. Gray area indicates the range of third-party projections.

Current Trends

This scenario is built on the assumption that current trends continue. Government policies for carbon emissions remain globally uncoordinated. Technologies evolve at a gradual pace and current modes of transportation and power generation remain the lowest cost, most efficient avenues for energy consumption and generation. Carbon taxes are introduced at a moderate rate in Organisation for Economic Co-operation and Development (OECD) countries, rising to only $30/tonne of CO_2 equivalent (CO_2e) in 2030. It is assumed that non-OECD countries have not implemented carbon pricing by 2050 in this scenario. Consequently, fossil fuels continue to deliver roughly 75% of global energy needs in 2050, and energy related carbon emissions continue to increase.

Supported by healthy economic growth, the global oil market grows by 25%, reaching 125 million barrels per day (MMBD) in 2050. Transportation's share of total oil demand expands from 60% today to 65% in 2050. The automotive sector continues to evolve gradually, and the global share of electric vehicle sales increases from 1 – 2% today to

40% in 2050. The global average internal combustion engine efficiency modestly improves, and petroleum remains the most prevalent fuel for all modes of transportation. Production from all regions and resource types are developed.

The natural gas market expands at a faster rate than oil over the long term. By 2050, natural gas demand is 75% larger than today, reaching just under 700 billion cubic feet per day (BCF/D) as growing economies utilize natural gas in all sectors. The volume of natural gas consumed in power generation more than doubles. The focal point of demand shifts away from North America and Europe towards Asia.

Moderate Transition

This scenario assumes moderate advances in carbon pricing policies and alternative energy technologies, with incremental shifts in consumer preferences for lower carbon products. Fossil fuels remain at roughly 75% of the primary energy mix in 2050. Carbon taxes go into effect across OECD countries during the mid-2020s and are $25/tonne CO_2(e) ($TeCO_2e$) in 2030, rising to $60 in 2050. It is assumed that China implements its proposed national carbon pricing policy at 50% of the OECD carbon fee and that no other non-OECD countries implement a carbon pricing policy prior to 2050. Global energy-related carbon emissions stabilize by 2050.

Global oil demand peaks in 2040 and then declines very slowly. Average internal combustion engine efficiency improves by one-third. Electric vehicle penetration is slow in the early years but accelerates in the 2030s and 2040s, reaching 60% of the passenger auto fleet in 2050 (compared to 1% in 2019). Regional policies also influence the outcome for electrification in transportation. Global oil production benefits from technology advances which improve productivity and enable global demand to be satisfied. U.S. crude oil production grows through 2030 then falls as incremental productivity improvements slow and high-quality acreage is exhausted.

The global gas market expands by 55% by 2050. The primary driver for natural gas demand growth is power generation. Natural gas consumed in power generation increases from 140 BCF/D in 2018 to 250 in 2050. Improvements in energy storage enable wind and solar to be available throughout the day, increasing their contribution to power generation sevenfold. As in the Current Trends scenario, global demand shifts east to Asia, the Middle East and the Commonwealth of Independent States (CIS). Global supplies remain heavily weighted to North America. U.S. shale gas and Permian associated gas drive North American growth until the 2030s, after which Canada leads North America's production growth.

Accelerated Transition

This is a scenario with more aggressive changes in technologies, consumer preferences and government policies relative to Moderate Transition. Technology is vital to limiting growth in energy demand, while the population and economy expand. Social trends that are prevalent today in specific regions or municipalities spread because technological advances make these choices universally economic. For example, individual auto ownership gives way to shared mobility. Mass transit and ridesharing are accessible and cost effective for more people in more regions. Consumers shift purchases toward products and services that are viewed as environmentally responsible, and society demands more transparent environmental stewardship from the businesses they patronize. Governments target aggressive policies toward GHG emissions, fossil fuel production and consumption. Carbon pricing goes into effect across OECD countries during the mid-2020s and is $30 per $TeCO_2e$ in 2030, rising to $80 in 2050. Again, China implements its proposed carbon pricing policy at 50% of the OECD price. Other non-OECD countries impose a very low $5 per $TeCO_2$(e) price by 2030.

Global oil markets reach a peak by 2025 and remain near that level until tapering more quickly after 2035. The combination of internal combustion engine efficiencies and faster adoption of electric vehicles, which reach 75% of new passenger vehicle sales by 2050, reduces oil demand in the transportation sector. Oil demand from the industrial sector grows for plastics and chemicals.

The global natural gas market grows at an average annual rate of 0.6% into the 2040s, peaking at just under 450 BCF/D in 2045 before starting a gentle decline. Natural gas remains a prominent fuel in electricity generation but starts to yield market share to wind and solar in the latter years of the scenario. By the late 2040s, energy storage technology allows renewables to contribute a larger share of power generation. North America's gas production increases 15% over today's level, plateauing in about 2040, before declining.

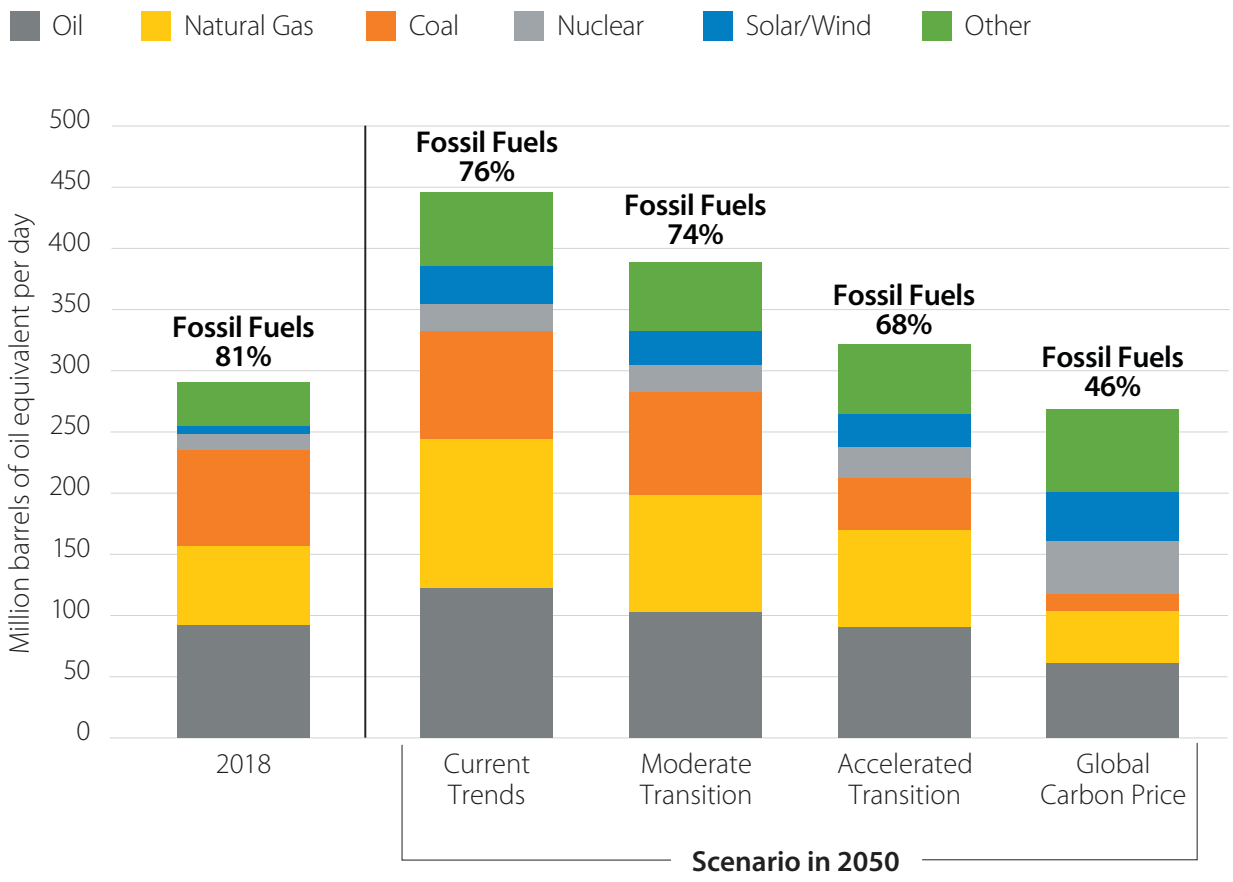
Global Carbon Price

This scenario assumes technology breakthroughs, major social movements to reduce fossil fuel consumption and rapid global policy coordination to price GHG emissions at a level that materially reduces fossil fuel use and emissions. It also assumes that OECD countries and China implement a pricing mechanism by 2025 rising from $50/TeCO$_2$(e) in 2030 to $120 by 2050. Other non-OECD nations follow by imposing prices of $10/TeCO$_2$(e) in 2030 rising to $50 by 2050. The scenario assumes significant technological advances which reduce battery, wind and solar generation costs, improve fuel efficiencies for internal combustion engines (80% more fuel efficient by 2050), improve energy efficiency in buildings and lighting, and other advances impacting energy production, delivery and consumption. Technology and efficiencies allow total energy demand in 2050 to be 5% below today's level with 55% of energy provided by non-fossil fuels.

The global oil market peaks in 2023, before significantly declining thereafter. Energy storage improvements lead to 80% of new passenger automobile sales being electric in 2050. Consequently, transportation sector demand falls to 22% of total oil demand. Industrial demand becomes the largest proportionate sector at 45% as petroleum derived chemicals and plastics remain vital to many sectors. Oil supply dynamics evolve as most production occurs in OPEC countries and Russia and geopolitics play an even larger role in oil prices and the supply and price of oil.

Like oil, the natural gas market peaks in 2023. Natural gas generates only 8% of global electricity in 2050, while wind and solar grow to produce 55% of electricity in 2050. Global gas demand shifts to emerging markets in Asia, the Middle East, CIS and Africa. Only 20% of global gas demand remains in North America and Europe. The market also becomes more reliant on OPEC and Russia for supply as North American gas output declines.

ConocoPhillips Scenarios Energy Mix



Our scenarios indicate a wide range of oil and natural gas prices. We take this future price uncertainty into account in our strategy by only sanctioning projects with a fully loaded cost of supply which is less than $40 per barrel (WTI) in 2019 dollars. Of our 15 billion barrels of resources with a cost of supply below $40 per barrel, 13.5 billion have a cost of supply below $35 per barrel.

None of the scenarios include a significant contribution to emission reductions from carbon capture and storage.

The scenarios are designed to address transitional risks. A separate scenario process addresses physical climate-related risk using consultant scenarios based on the Intergovernmental Panel on Climate Change (IPCC) modeling.

"By using scenarios to model the entire energy system, we can better understand and evaluate the energy transition as it unfolds and use that information in our long-term strategic planning"

— CHIEF OPERATING OFFICER, MATT FOX



Key Strategic Linkages to our Scenario Planning

Our corporate strategy reflects several findings from our scenario analyses. We have acted to:

- Use a fully loaded cost of supply, including cost of carbon where legislation exists, as an important metric in our project authorization process. Our portfolio changes have created a resource base of 15 billion barrels of oil equivalent with less than a $40 per barrel cost of supply and an average cost of supply of less than $30 per barrel. Our strategic objective is to provide resilience in lower price environments, with any oil price above our cost of supply generating an after tax fully burdened return greater than 10%.
- Prepare for diverse policy environments by maintaining a less than $40 per barrel of oil equivalent sustaining price that will generate the cash to fund capital expenditure to keep production flat over time and generate a dividend to shareholders.
- Maintain diversification in our portfolio to be able to balance our production and capital expenditures as commodity prices become more volatile.
- Provide a distinctive payout of cash flows to investors.
- Identify and fund profitable emissions reduction projects, including methane emissions reductions. Reducing our scope 1 and scope 2 emissions intensity reduces the impact of any future regulations, or the introduction of carbon prices or taxes, and helps maintain our low cost of supply into the future. We have upgraded the use of a marginal abatement cost curve (MACC) in long-range planning to identify the most cost effective emissions reduction opportunities available to the company globally. These process upgrades have resulted in more efficient collection, recording, sharing and funding of emission reduction projects.
- Introduce a proxy cost of carbon into qualifying project sensitivities to help us be more resilient to climate-related risk in the short to medium term and provide the flexibility to remain resilient in the long term.
- Focus near-term technology investments on reducing both costs and emissions where feasible.
- Monitor for potential disruptive technologies that might impact the market for natural gas or oil, enabling us to take advantage of our capital flexibility and reduce our exposure to lower commodity prices at an early point in time.
- Focus on the carbon and cost competitive supply of natural gas and oil while continuing to utilize our scenario planning system to monitor and assess additional business opportunities within the evolving energy transition.
- Monitor global regulatory and legislative developments and engage in development of pragmatic policies aligned with the climate policy principles outlined in our Global Climate Change Position.

Note

[1] All carbon taxes are in 2019 dollars.

Short, Medium & Long-Term Risks



As described in the Risk Management section, we evaluate and track our climate-related risk through our SD Risk Register and Climate Change Action Plan. Those risks broadly fall into four categories:

- Greenhouse gas (GHG) related policy.
- Emissions and emissions management.
- Climate-related disclosure and reporting.
- Physical climate-related impacts.

The time horizons we use for climate-related issues are based on the time taken for the risks to manifest themselves, our planning time horizons and the time required to realize the majority of the net present value of our projects.

Short-Term Risks

Our short-term time horizon is one to five years, during which we can complete short-cycle drilling campaigns and small projects. Our GHG forecasting and financial planning processes are used to determine risks and opportunities that could have a material financial impact for that period. Our short-term climate-related risks are generally government policy-related and managed at the business unit level through policy advocacy and technology to reduce emissions.

Regulations to address climate-related risk, including GHG emissions, are a short-term risk for several of our businesses. For example, regulations issued by the Alberta government in 2019 under the Emissions Management and Climate Resilience Act require any facility existing in 2016, with emissions equal to or greater than 100,000 metric tons of carbon dioxide or equivalent per year, to reduce the net emissions intensity, with reduction increases over time. The cost of compliance and investment in emissions-intensity reduction technologies influence investment decisions for the Canada business unit, where we are purchasing carbon offsets while evaluating and developing technology opportunities to reduce emissions for existing and new facilities. A good example of technology development is our piloting and roll-out of non-condensable gas co-injection at our oil sand operations, which have improved steam-to-oil ratios by 20-30% in 2019, thereby decreasing GHG intensity.

GHG or carbon prices are another near-term risk in some jurisdictions where we operate. For example, in our Norway business unit, we are managing carbon price risk with specific actions to study emissions reduction opportunities, and we also evaluate project economics with full Norwegian CO_2 tax and European Union emissions allowance costs.

While a price on carbon in the U.S. will increase our costs and decrease demand for our product, we support a well-designed pricing regime on carbon emissions as the most effective tool to reduce greenhouse gas emissions across the economy. By putting a price on carbon, the U.S. would also maintain the energy advantage it currently has while at the same time building credibility with OECD countries and incentivizing other countries to also price carbon. We are a Founding Member of the Climate Leadership Council (CLC), a collaboration of business and environmental interests working to develop a carbon dividend plan for the U.S. The plan has four key pillars: a gradually increasing price on carbon, a carbon dividend, border carbon adjustments and regulatory simplification. Read more about the carbon dividend plan.

Medium-Term Risks

Our medium-term time horizon is six to 10 years, during which we can complete most major projects and revise our portfolio significantly if required. Our GHG forecasting and financial planning processes are used to determine the risks and opportunities that could have a material financial impact for that period. Medium-term risks take longer to impact our business and may include emerging policy that is not yet fully defined. These risks are managed by business unit planning, but if significant, may also be managed by corporate strategies and company-wide risk assessments.

Offset requirements have been identified as both a medium-term risk and as an opportunity for some business units where carbon offsets can be used for compliance with an emissions reduction program.

Chronic physical changes are a medium-term risk for some of our operations. Temperature extremes could impact facilities located in Arctic regions if warmer temperatures reduce the length of the ice road season and restrict well and facility construction times. Mitigation measures could include utilizing gravel road connections to reduce reliance on ice roads, pre-packing to extend the start of ice road season and constructing roads that prevent permafrost thawing.

Long-Term Risks

Our long-term time horizon is 11 years and beyond. Generally, long-term risks are managed by our scenario analysis and climate-related risk strategy, as they include long-term government policy, technology trends and consumer preferences that affect supply and demand. They may also include risks that align with long-term physical climate scenarios.

We recognize that our GHG intensity will be compared against peers, so we track this as a competitive risk at the corporate level. Investors, the financial sector and other stakeholders compare companies based on climate-related performance, and GHG intensity is a key indicator. For this reason, our GHG intensity target aligns with the long-term time horizon to ensure we manage the risk appropriately. It also demonstrates our goal to be a leader in managing climate-related risk.

Both chronic and acute physical climate risks are a long-term risks for our business. In some parts of the U.S. we have identified potential storm severity as a risk for future operations, based on previous storms and flooding. Science suggests that future extreme weather events may become more intense or more frequent, thus placing at risk our operations in coastal regions and areas susceptible to typhoons or hurricanes. We have a crisis management system in place to manage that risk before, during and after a storm event.

Climate Change Action Plan

Our Climate Change Action Plan addresses the significant or high risks from our Sustainable Development (SD) Risk Register and includes milestones over a number of years. Actions within the plan address individual risks identified by our business units or global/regional risks identified by our central corporate staff. For example, both chronic and physical climate-related impacts are more likely to apply to a single business unit, given the specific local nature of the risk and geographical location of our assets.

Climate Change Action Plan

Risks	2019 Mitigation Actions And Milestones
GHG Policy	
GHG regulations, including carbon taxes	• Complete process to inform company position on the direct regulation of methane. • Review global emerging issues with Public Policy Leadership Team on a regular basis. • Work with Climate Leadership Council and API Climate Working Group to develop and implement U.S. carbon tax design. • Focus on operational efficiency globally to reduce GHG intensity. • Integrate global Marginal Abatement Cost Curve with corporate technology group plans and pilots..
GHG Offset requirements	• Establish global corporate position and strategy on carbon offsets purchases.
Emissions and Emissions Management	
Air emissions regulations	• Engage with U.S. EPA to develop mutually acceptable work practices and emission limits. • Develop U.S. flare reduction plans.

GHG intensity relative to peers	• Report externally on global corporate GHG emissions intensity target performance. • Work with global business units to identify and improve GHG estimation methodologies and set internal business unit emission targets. • Identify and implement GHG emission reduction projects at the business unit level. • Develop business unit GHG implementation plans and establish steering teams where appropriate • Establish U.S. Innovation & Technology manager to identify opportunities for enhanced detection and quantification of GHG emissions.
Climate-Related Disclosure and Reporting	
	• Update global web-based climate risk report, integrating appropriate feedback.
Physical Climate-Related Impacts	
	• Investigate developing a satellite monitoring program for lakes to evaluate thermokarst development and assess risk to critical water sources. • Utilize assessment approaches on critical water bodies and implement preventative measures to minimize melting of ice wedges where prudent. • Increase application of mitigation measures (fresh water use minimization) in project design phase. Investigate alternative sources for water (e.g. pipelines, desalination, etc.). Consider rotation of fresh water source. • Develop global physical risk assessment guidelines for business units and continue with ongoing review cycle. • Continue assessment of risk of permafrost thaw for new construction. Continue implementation of mitigation measures. Investigate cost-effective approaches for monitoring permafrost thaw and thaw degree days.

Note: Actions relate to specific business units unless indicated as "global."

Impact on Business and Strategy

Climate-related risks have the potential to impact our business in several ways. Our SD risk management processes identify those risks and assess the potential size, scope and prioritization of each. We have aligned a description of these impacts with the recommendations of the TCFD.



Products and Services

Compliance with policy changes that create a GHG tax, fee, emissions trading scheme or GHG reductions could significantly increase product costs for consumers and reduce demand for natural gas- and oil-derived products. Demand could also be eroded by conservation plans and efforts undertaken in response to global climate-related risk, including plans developed in connection with the Paris Agreement. Many governments also provide, or may in the future provide, tax advantages and other subsidies to support the use and development of alternative energy technologies that could impact demand for our products. However, there are also opportunities associated with increased demand for lower-carbon energy sources such as natural gas to displace coal in power generation and in combination with carbon capture and storage in the production of hydrogen for industrial use.

Our scenario analysis indicates that as the energy sector transitions, it will be important to be competitive on both cost of supply and GHG emission intensity. We have adjusted our portfolio to concentrate on lower-cost production and have divested some of our higher-emissions-intensity natural gas and oil sands fields. We have also set a GHG emissions intensity reduction target for our scope 1 and scope 2 emissions.

Supply Chain and/or Value Chain

We engage with suppliers on the environmental and social aspects of their operations and supply chains through each step of the procurement process, from supplier prequalification through supplier performance evaluation. This includes communicating our expectations and priorities and identifying opportunities for improvement and collaboration related to climate issues, including energy use, GHG management and environmental supply chain risks. We also engage through membership in several trade associations, such as IPIECA, that address climate-related issues through working groups and task forces that include downstream businesses as well as suppliers. We continue to monitor climate-related risks and opportunities related to our supply chain and value chain and believe that maintaining a global network of businesses and suppliers will mitigate physical climate-related risks.

Adaptation and Mitigation Activities

While our business operations are designed and operated to accommodate a range of potential climate conditions, significant changes, such as more-frequent severe weather in the markets we serve or the areas where our assets are located, could cause increased expenses and impact to our operations. The costs associated with interrupted operations will depend on the duration and severity of any physical event and the damage and remedial work to be carried out. Financial implications could include business interruption, damage or loss of production uptime and delayed access to resources and markets. For example, a three-day shutdown of all U.S. Gulf Coast production would cause $35 million in lost revenue, based on the 2019 average production and our average worldwide realized price of $48.78 per barrel of oil equivalent (BOE). It is likely that not all our Gulf Coast area production would be affected, as assets further inland are less susceptible to hurricanes than offshore assets in the Gulf of Mexico.

Business-resiliency planning is a process that helps us prepare to mitigate potential physical risks of a changing climate in a cost-effective manner. During Hurricane Harvey in 2017, we put our hurricane and crisis response training and business continuity plans into action in the United States. Prior to Harvey's landfall, Lower 48 employees safely shut down and secured Eagle Ford production and associated facilities. Personnel were evacuated from our Magnolia platform in the Gulf of Mexico, though production remained online. Once the storm passed, production in the Eagle Ford resumed within several days, despite unprecedented conditions and infrastructure constraints in the area.

We continue to conduct workshops on resiliency risks in key business units to establish future mitigations for potential physical changes to the operating environment. Business units in Texas, Alaska, Canada and Australia have participated in this process and integrated the results into their goals. In 2019 we facilitated a workshop in Canada and produced a report on the resiliency risks around our new Montney development.

Research and Development

Technology will play a major role in addressing GHG emissions, whether through reducing fugitive emissions or lowering the energy intensity of our operations or value chain. In Canada we are sponsoring the NRG COSIA Carbon XPRIZE to incentivize and accelerate development of technologies that convert carbon dioxide into valuable products.

Our annual MACC process identifies and prioritizes our emissions-reduction opportunities from operations based on the cost per tonne of carbon dioxide equivalent abated. This data helps identify projects that might become viable in the future through further research, development and deployment. As a result of this work, we have focused our near-term technology investments on reducing both costs and emissions where feasible, such as improving the steam-to-oil ratio in the oil sands. Part of a new research and development effort is a multilateral well technology pilot, which enables the drilling of multiple lateral sections without the need for additional above ground capital or additional steam injection, thereby reducing emissions intensity and operating costs.

Over the past three years we have spent more than $400 million on research and development, equipment, products and services which have reduced our GHG emissions. Large scale commercial deployment projects include:

- Eliminating the majority of methane emissions by using air, rather than natural gas, to drive equipment at our Montney development in Canada.
- Reducing emissions by electrifying plant and pad equipment in Alaska.
- Installing vapor recovery systems to capture methane emissions in Lower 48.

Investments Which Reduced GHG Emissions

Technology Area	Stage Of Development	2017, 2018, 2019 Investments
Energy Efficiency	Applied research and development	$2 million
	Pilot demonstration	$40 million
	Small-scale commercial deployment	$26 million
	Large-scale commercial deployment	$206 million
Methane Detection and Reduction	Applied research and development	$2 million
	Large-scale commercial deployment	$5 million
Other Emission Reductions	Small-scale commercial deployment	$3 million
	Large-scale commercial deployment	$142 million

Operations

We have acted to mitigate our GHG emissions for many years. Our first Climate Change Action Plan was introduced in 2008, and since then we have voluntarily reduced our annual global GHG emissions compared to business as usual. In 2017, we introduced a long-term GHG emissions intensity target to incentivize reductions in our production operations as well as project design, exploration and portfolio decisions. To date, this has resulted in a reduction of both our emissions intensity and our absolute emissions. Most of the reduction projects carried out since 2008 have paid for themselves through increased sales of natural gas. Around two-thirds of the projects carried out relate to the reduced emissions of methane from reduced venting, updated plunger lifts or replacing pneumatic controllers.

To continue those reductions, we have set up regional teams in North America, Australia, Southeast Asia and Europe to use the MACC process to identify energy efficiency projects for consideration in the Long-Range Plan. By evaluating our day-to-day decisions regarding flaring, drilling, completions and equipment use we have gained a sharper focus on energy consumption, along with increased revenue, reduced energy costs, reduced emissions and an improved overall cost of supply.

We are one of more than 80 companies participating in The Environmental Partnership, a coalition of natural gas and oil companies focused on accelerating environmental performance improvements from operations across the United States. The partnership prioritizes managing methane emissions and aligns with our focus on emissions reductions and high environmental standards.

Financial Planning

We take climate-related issues into account in our financial planning in several ways. In the short to medium term, we use a range of commodity prices derived from our scenario work. In the longer term our scenarios provide insight into the possibilities for future supply, demand and price of key commodities. This helps us understand a range of risk around commodity prices, and the potential price risk associated with various GHG reduction scenarios. History has shown an interdependency between commodity prices and operating and capital costs. In the past, lower commodity prices have driven down operating and capital costs, whereas the opposite has been true when commodity prices have risen. We have aligned a description of the potential impacts on financial planning with the recommendations of the TCFD.

Operating Costs and Revenues

New or changing climate-related policy can impact our costs, demand for fossil fuels, the cost and availability of capital and exposure to litigation. The long-term impact on our financial performance, either positive or negative, will depend on several factors, including:

- Extent and timing of policy.
- Implementation detail such as cap-and-trade or an emissions tax or fee system.
- GHG reductions required.
- Level of carbon price.
- Price, availability and allowability of offsets.
- Amount and allocation of allowances.
- Technological and scientific developments leading to new products or services.
- Potential physical climate effects, such as increased severe-weather events, changes in sea levels and changes in temperature.
- Extent to which increased compliance costs are reflected in the prices of our products and services.

The long-term financial impact from GHG regulations is impossible to predict accurately, but we expect the geographical reach of regulations and their associated costs to increase over time. We model such increases and test our portfolio in our long-term transitional scenarios.

Capital Expenditures and Capital Allocation

We test our current portfolio of assets and investment opportunities against the future prices generated from our corporate scenarios and identify where weaknesses may exist, assisting with our capital allocation. As a result of our strategy and scenario work, we have focused capital on lower cost-of-supply resources, reducing our investments in oil sands and exiting deep water while increasing our investments in unconventional oil projects.

Acquisitions and Divestments

Business development decisions consider the impact to our portfolio from the financial, operational and sustainability perspectives. In our long-range planning process, we run sensitivities on our GHG emissions intensity based on possible acquisitions, divestments and project decisions. We focus on cost of supply to account for lower and more volatile product prices and possible introduction of carbon taxes. In recent years, we have divested higher emissions intensity assets, such as oil sands and some older gas fields.

Access to Capital

In addition to cost of supply and carbon, we also strive to compete more effectively by earning the confidence and trust of the communities in which we operate, as well as our equity and debt holders. We consider how our relative environmental, social and governance performance could affect our standing with investors and the financial sector, including banks and credit-rating agencies. Our engagement with investors has focused on climate-related risks in many one-on-one meetings and periodic conferences, such as with the Interfaith Center on Corporate Responsibility. In 2019, we also built on the success of our 2018 Sustainable Development workshop and held a meeting in which stakeholders from banks, credit rating agencies and other financial institutions engaged with our sustainable development subject matter experts and members of our Executive Leadership Team. We have also engaged on climate-related issues and sustainability risks with institutions such as Moody's and Standard & Poor's. An important priority in our corporate strategy has been to pay down debt and target an "A" credit rating to maintain, facilitate and ensure access to capital through commodity price cycles.

Carbon Asset Risk

Scenario analysis and our climate-related risk strategy help build optionality into our strategic plans to reduce the risk of stranded assets. Key elements of our climate-related risk management process include: considering a range of possible future carbon-constraint scenarios; developing strategic alternatives to manage shareholder value in a future with uncertain carbon constraints; testing strategies and asset portfolios in various scenarios; developing actionable insights, and incorporating risk mitigation actions into the Long-Range Plan and Climate Change Action Plan.

We have taken action to reduce our cost of supply and are the only oil and natural gas company to transparently disclose the full cost-of-supply of our reserve base. Combined with our belief that we have the lowest sustaining capital required to maintain flat production among our peers, this demonstrates a competitive advantage in reducing carbon asset risk. The cost of supply of our resource base shown in the Metrics and Targets (link) section supports our assertion that resources with the lowest cost of supply are most likely to be developed in scenarios with lower demand, such as the IEA's Sustainable Development Scenario.

All U.S. publicly traded companies must adhere to a consistent set of regulations that enable investors to evaluate and compare investment choices. We fully comply with rules and regulations, including for reporting natural gas and oil reserves. In order to meet the Securities and Exchange Commission requirement that reserve estimates be based on current economic conditions, our reported reserves are determined by applying a carbon tax only for jurisdictions with existing carbon tax requirements. We have also increased our disclosure over the years to offer investors and stakeholders additional insights into the processes and procedures we use to manage climate-related risks, including carbon asset risk.

Risk Management

We utilize an integrated management system approach to identify, assess, characterize and manage climate-related risks. This system links directly to the enterprise risk management (ERM) process, which includes an annual risk review by executive leadership and the board of directors.



Assessing Climate-Related Risks

Assessing physical and transition risk for operations.

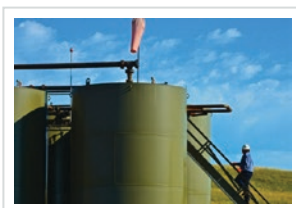
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Managing Climate-Related Risks

Adapting to a range of scenarios.

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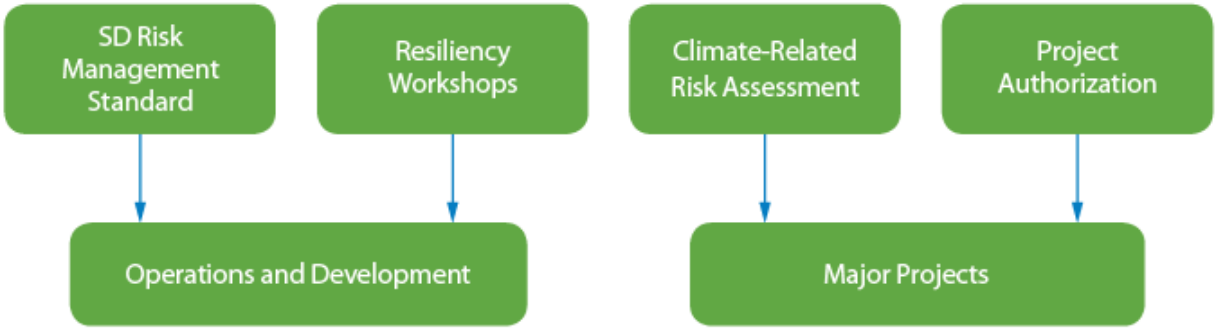
Integrating Risks into ERM

Ranking risks to our business.

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Assessing Climate-Related Risks

The diagram below illustrates how we assess climate-related physical and transition risk for operations, developments and new major projects.



To understand long-term risk and mitigation options, we have developed four scenarios (link). Depending on the deployment of carbon capture and storage and negative emissions technologies beyond 2050, we believe three of the scenarios may be capable of achieving an emissions trajectory consistent with the aims of the Paris Agreement. Utilizing this scenario approach helps us evaluate distinct outcomes related to the potential timing and intensity of government climate change policy development, the pace of alternative energy technology development and trends in consumer behavior. This information is then used to shape our analysis and consideration of various outcomes for policy, technology and market risk. Read more about our use of scenarios.

We periodically review emerging climate-related risks with our Executive Leadership Team as part of our scenario monitoring system. A cross-functional team enters events into a centralized database that is reviewed regularly for indications that risks are changing or developing. We use this "early warning" system to inform our strategies in a timely manner so that we can identify and implement effective mitigation measures. The scenario monitoring system helps us understand the pace and direction of the energy transition. For example, if regulations and technology were moving more quickly than in our scenarios, this would indicate that we might be moving to a 1.5-degree scenario similar to the range identified in the recent IPCC "1.5 degree" report, and we would take action accordingly. In our resiliency workshops, we use externally produced scenarios that describe the range of possible future physical risk.

SD Risk Management Process

As part of the annual risk management process mandated by our SD Risk Management Standard, we examine operated assets and major projects against the physical, social and political settings of our operations. Subject matter experts in each business unit (BU) and project identify and describe climate-related risks.

Each risk is then assessed using a matrix that evaluates both its likelihood and consequence. Risks rated significant or high are included in the corporate SD Risk Register. In evaluating the consequence level, we consider potential impacts on employee and public safety, socio-cultural and economic impacts to stakeholders, environmental impact, and reputational and financial implications. As part of the process, we examine the interdependence of risks

and work to identify emerging risks such as new regulatory requirements and emerging greenhouse gas (GHG) pricing regimes.

Read more about our risk register and Climate Change Action Plan.



Resiliency Planning Workshops

We facilitate resiliency planning workshops in key BUs to identify and assess the risks and opportunities associated with the physical impacts of changing climate and the potential technology and solutions to mitigate risks and take advantage of opportunities. These workshops are conducted on a periodic basis to ensure that our operations have access to the most up-to-date science provided by qualified consultants to inform their engineering and infrastructure decisions. In 2019 we facilitated a workshop in Canada and produced a report on the resiliency risks around our new Montney development.

Climate-Related Risk Assessment

A climate-related risk assessment is conducted on any future project development that costs more than $50 million net and is expected to emit more than 25,000 metric tons CO_2 equivalent (CO_2(e)) net to ConocoPhillips during any year of its lifespan. This assessment is mandatory for investment approval. Project teams for qualifying projects are required to assess the potential risks and opportunities associated with GHG emissions, GHG regulation and a physically changing climate based on local jurisdictions and geographies as opposed to using our corporate scenarios. The climate risk assessment guideline provides a framework for project teams to:

- Forecast GHG emissions for the life of the project.
- Evaluate climate-related risks and opportunities, including physical and transition risks that apply to the project.
- Make decisions on GHG emissions control in project design, including energy efficiency solutions, power source selection, emissions management, carbon capture and storage/utilization, and external compliance options such as the purchase or origination of GHG offsets.
- Evaluate the potential cost of GHG emissions in project economics.

We assess climate-related risks early in the project engineering stage to better inform our investment decisions and facility design. The ConocoPhillips Health, Safety and Environment (HSE) Due Diligence Standard also provides further guidance on accounting for sustainable development issues for new acquisitions, new business ventures, joint ventures and real property transactions.

Project Authorization

In 2019, our corporate authorization process required all qualifying projects to run a GHG pricing sensitivity using a price of $40 tonnes $CO_2(e)$ ($TeCO_2(e)$), plus annual inflation, for all scope 1 and scope 2 GHG emissions produced in 2024 and later. Projects in jurisdictions with existing GHG pricing regimes incorporated that GHG price forecast into their base case economics. Where existing GHG price regulation is below the $40 $TeCO_2(e)$ corporate price, the $40/$TeCO_2(e)$ sensitivity is run from 2024 onward. This ensures that both existing and emerging regulatory requirements are considered in our decision-making.

Pricing sensitivity impact - We evaluated an international gas development opportunity in an existing field with high native CO_2 content. Testing it against the $40/tonne sensitivity price indicated it was economically challenged without the availability of offsets or the potential for carbon capture and storage. When we took the carbon price sensitivity into account with other risk factors, we decided not to pursue the project.

Managing Climate-Related Risks

Our climate-related risk management process is designed to drive appropriate action for adapting to a range of possible future scenarios. Through integrated planning and decision-making, we develop mitigation plans for climate-related risk, track performance against our goals and adjust our plans as we learn and conditions evolve.

Local risks and opportunities related to our operations and projects are assessed and managed at the BU level, enabling tailored business goals to address the challenges and opportunities unique to each region's operations. Reporting and overarching climate-related risks, such as GHG target-setting and prioritization of global emissions-abatement projects, are managed at the corporate level.

The diagram below shows a simplified process flow of our climate-related risk management process.



Corporate Strategy

Our corporate strategy and the embedded Climate-Related Risk Strategy are informed by the output of our corporate scenarios and the risk management system. Examples of impacts on our corporate strategy include:

- Reducing the sustaining price of the company — the equivalent oil price at which we can sustain production and pay our dividend.
- Lowering the cost of supply to manage market risk.
- Maintaining a diversified portfolio of projects and opportunities.
- Diversifying our portfolio to include assets with lower decline rates and low capital intensity to drive higher free cash flow yields.
- Developing technologies that reduce both costs and emissions.
- Monitoring alternative energy technologies.

The objective of our Climate-Related Risk Strategy is to manage climate-related risk, optimize opportunities and equip the company to respond to changes in key uncertainties, including government policies around the world, technologies for emissions reduction, alternative energy technologies and changes in consumer trends. The strategy sets out our choices around portfolio composition, emissions reductions, targets and incentives, emissions-related technology development, and our climate-related policy and finance sector engagement.

In 2017, in accordance with our strategy, we set a public long-term GHG emissions target based on the architecture of the Paris Agreement, with an aspiration to become a leader in GHG climate-related risk management.

Long-Range Plan

The ConocoPhillips Long-Range Plan provides the data that underlies our corporate strategy and enables us to test our portfolio of projects against our climate-related risk scenarios, and thus make better-informed strategic decisions.



Grissik Gas Plant, South Sumatra

We use a marginal abatement cost curve (MACC) process to collect potential GHG emissions reduction projects from our business units, prioritize them based on their cost and reduction volume, and implement the most cost-effective projects. As a result of our focus on emissions reductions, we have completed the installation of non-condensable gas co-injection in the Canadian oil sands to enhance production while reducing energy consumption and emissions. In the U.S. Lower 48, we have changed the design of some new facilities to include instrument air packages rather than gas-driven devices, reducing methane emissions from those sites. To continue those reductions, we have set up regional teams in North America, Australia, Southeast Asia and Europe to use the MACC process to identify additional energy efficiency projects. Output from the MACC informs our annual budget, Long-Range Plan and technology strategy.

SD Risk Management Process and Climate Change Action Plan

The SD risk management process ensures that a Climate Change Action Plan is developed to track mitigation activities for each climate-related risk included in the corporate SD Risk Register. This plan includes details about our commitments, related responsibilities, resources and milestones. As part of annual updates to the register, the action plan and its effectiveness are evaluated, and decisions are made to continue mitigation measures, add new measures, or simply monitor the risk for further developments. The table below lists our key SD risk management processes, their scope and purpose.

Risk Management Process	Scope	Description
Corporate strategy	Corporate/portfolio	Defines the company's direction for exploration and development, including portfolio, capital allocation and cost structure.
Climate-related risk strategy	Corporate/portfolio	Identifies options to reduce and mitigate climate-related risks as policies, markets and technologies develop over time.
GHG emissions intensity target	Business units and qualifying projects	Drives actions, reviews and management of future policy and market risk.
Long-Range Plan	Corporate/portfolio	Forecasts key data for our corporate strategy covering our proposed portfolio development and performance, including production, costs, cash flows and emissions.
Marginal abatement cost curve (MACC)	Business units	Collects a list of GHG emissions-reduction projects across our business units and prioritizes them based on cost and emissions abated.
SD risk management process	Corporate, business units and qualifying projects	Records all SD-related risks that are prioritized as significant and high in the SD Risk Register to ensure that mitigation progress is reported and issues are managed effectively.
Climate Change Action Plan	Corporate, business units and qualifying projects	Records mitigation actions, milestones and progress in managing climate-related risks from the SD Risk Register.

Read more about our Risk Register and Climate Change Action Plan.

Integrating Climate-Related Risks into ERM

Climate-related risks from the corporate SD Risk Register are mapped to key categories in the enterprise risk management process. Descriptions of these risks and mitigation measures from the Climate Change Action Plan (link) are shared with Enterprise Risk Management (ERM) risk owners to inform their assessments of risk ranking, corporate actions and mitigations. Each risk owner evaluates and prioritizes risks in their area based on likelihood and consequences, thereby determining the relative significance of climate-related risks in relation to other enterprise risks.



The ERM process is a direct input into our strategic planning process. By identifying major cross-cutting risks and trends, we closely link action plan efforts to key performance issues and address and mitigate identified risks. The board regularly reviews the ERM system and mitigation actions.

Information about issues deemed material to our investors may be found in our Security and Exchange Commission (SEC) filings.

Performance Metrics & Targets

We calculate key metrics and use targets to measure and monitor our performance and progress in managing climate-related risks and opportunities in line with our strategy and risk management process. These include:

- Internal proxy greenhouse gas (GHG) pricing and the financial impact of existing GHG pricing on our businesses across the globe.
- Scope 1, scope 2 and scope 3 GHG emissions.
- Metrics for water, methane and flaring.
- GHG emissions intensity target.

We believe these metrics and targets are the most useful in managing climate-related risks and opportunities and monitoring performance.

All data is from January 1 to December 31, 2019. Our Performance Metrics footnotes outline the scope and methodologies of our data reporting. The minimum boundary for reporting on environmental priorities is assets we operate.



Strategic Flexibility & Planning

Robust and flexible corporate strategy.

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GHG Emissions

Measuring our emissions performance.

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GHG Emissions Intensity Target

Reducing GHG Intensity.

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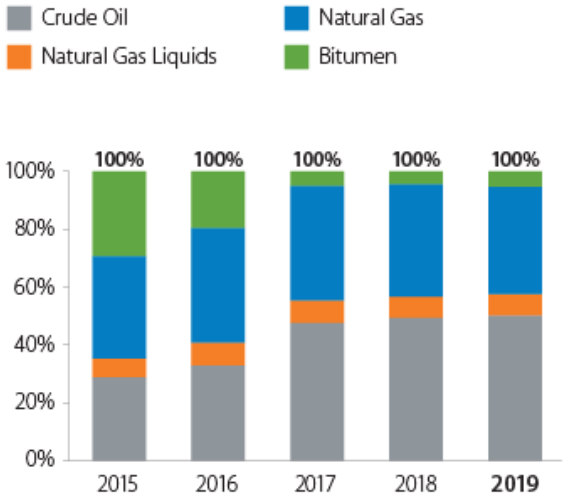
Strategic Flexibility & Planning

A robust and flexible corporate strategy will be key to navigating the energy transition. The three key strategy components for an exploration and production company are portfolio, capital allocation and management of uncertainty. We manage uncertainty by focusing on the fundamental characteristics that drive competitive advantage in a commodity business — a low sustaining price, low cost of supply, low decline rates and low capital intensity that drive free cash flow, capital flexibility and a strong balance sheet. Based on our scenario analysis and monitoring of signposts, we decide when we should act and which actions to take.

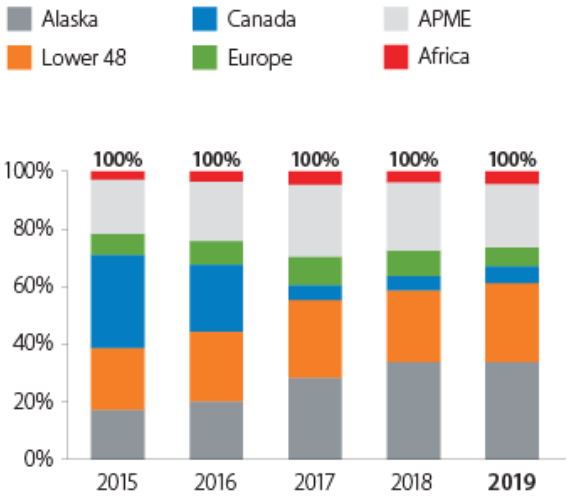
Proved Reserves

The mix and location of the resources in our portfolio demonstrate flexibility and the ability to adapt to change as we monitor scenarios and global trends. Our short-cycle project times and capital flexibility enable us to redirect capital to the most competitive basins. Our extensive low cost of supply resource base allows us to divest higher cost assets to high-grade our portfolio as our strategy evolves. This applies not only to hydrocarbon mix, but geographic region as well. If policy in a country or region significantly impacts cost of supply, we can shift capital to other opportunities. Examples include our presence in the oil sands business in Canada and in North American natural gas. Changing market fundamentals led us to significantly reduce our focus on both, while our portfolio diversity enabled expansion in other areas.

Percent of Proved Reserves by Hydrocarbon Type (Net Equity), 2015-2019



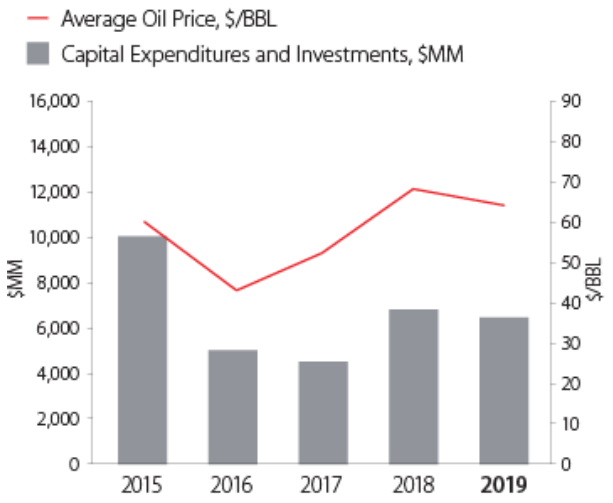
Percent of Proved Reserves by Region (Net Equity), 2015-2019



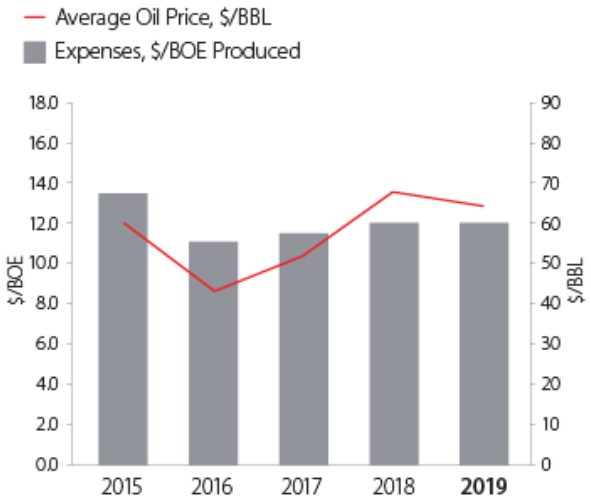
Capital and Operating Spend

Our strategy is also made more robust by discipline in capital and operating costs. When oil prices started dropping in 2014, we could respond with changes to short- and long-term planning, as well as more cost-effective and efficient operations.

Capital Expenditures



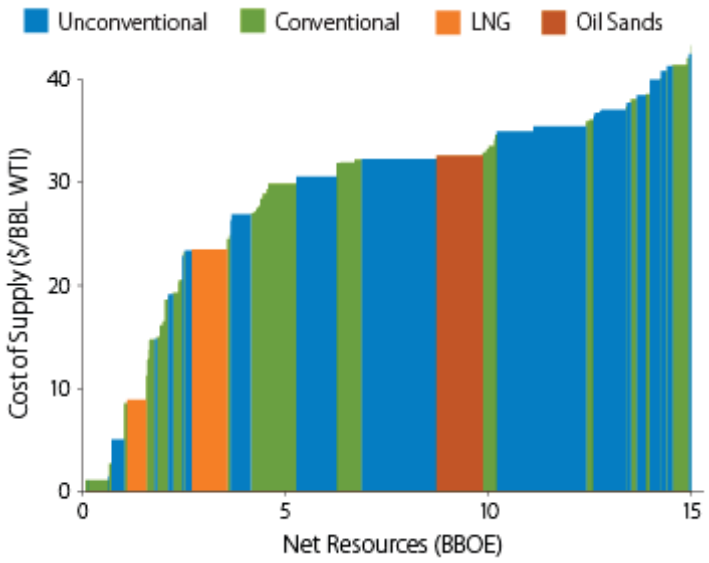
Expenses



Cost of Supply

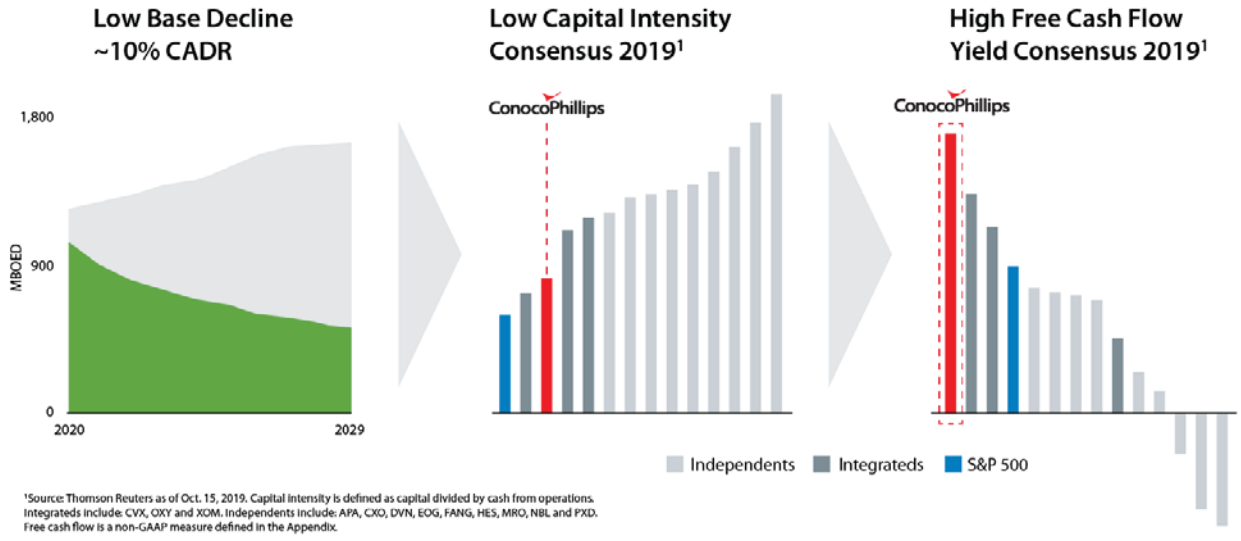
Cost of supply is the West Texas Intermediate (WTI) equivalent price necessary to generate a 10% after-tax return on a point-forward and fully burdened basis, including cost of carbon where legislation exists. In our definition, cost of supply is fully burdened with exploration, midstream infrastructure, facilities cost, price-related inflation and foreign exchange impact, and both regional and corporate general and administrative costs. Cost of supply is the primary metric that we use for capital allocation, and it has the advantage of being independent of price forecasts. Any oil price above the cost of supply will generate an after-tax fully burdened return that is greater than 10%.

The cost of supply of our resource base supports our assertion that resources with the lowest cost of supply are most likely to be developed in scenarios with lower demand, such as the IEA's Sustainable Development Scenario. In 2019, we had 15 billion barrels of resource below $40 per barrel diversified across four megatrends.



Decline Rate, Capital Intensity and Free Cash Flow

There are also a number of other key portfolio attributes that drive competitive advantage. The base decline rate is the rate at which producing wells at the end of any given year decline in production into the future. Our base decline rate is about 10% per year due to low-decline assets and a diverse portfolio. Capital intensity, which is driven by the base decline rate, is defined as capital expenditure divided by cash from operations. The three charts below demonstrate that low base decline results in a low capital intensity and produces a higher free cash flow yield compared to our peers, achieving a greater level of resiliency.



[1]Source: Thomson Reuters as of Oct. 15, 2019. Capital intensity is defined as capital divided by cash from operations. Integrateds include: CVX, OXY and XOM. Independents include: APA, CXO, DVN, EOG, FANG, HES, MRO, NBL and PXD. Free cash flow is a non-GAAP measure defined in the Appendix.

GHG Price

We use GHG pricing to navigate GHG regulations, change internal behavior, drive energy efficiency and low-carbon investment, and stress-test investments. The company uses a range of estimated future costs of GHG emissions for internal planning purposes, including an estimate of $40 per metric tonne applied beginning in the year 2024 as a sensitivity to evaluate certain future projects and opportunities. In accordance with SEC guidelines, the company does not use an estimated market cost of GHG emissions when assessing reserves in jurisdictions without existing GHG regulations.

Cost of Compliance with Carbon Legislation

Climate Legislation	2019 Cost Of Compliance, Net Share Before Tax (US$ Approx)	Operations Subject To Legislation	Percent Of 2019 Production*
European Emissions Trading Scheme (EUETS)	$8 million	U.K., Norway	13
Alberta Carbon Competitiveness Incentive Regulation (CCIR)	$4 million	Canada	4
Norwegian carbon tax	$30 million	Norway	10
British Columbia and Alberta carbon tax	$0.8 million	Canada	5

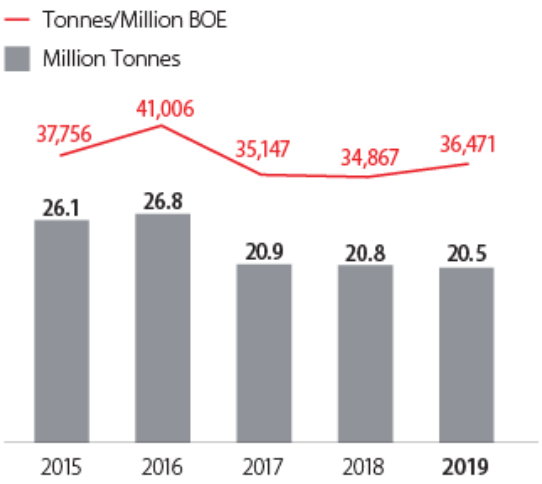
**2019 country production over total production; cost of GHG emissions may only apply to some of our assets or to a portion of our emissions*

GHG Emissions

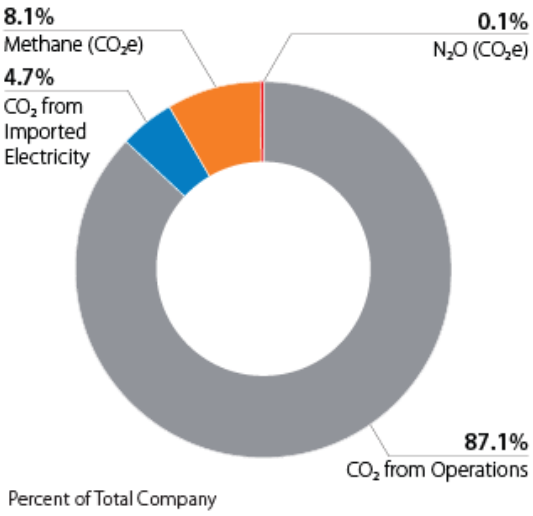
Scope 1 and Scope 2 Emissions

Our scope 1 and scope 2 GHG emissions and emissions intensity calculations directly measure our climate performance and help us understand climate transition risk. For example, our ability to manage GHG emissions can help us measure resilience to emerging carbon tax regulation.

Total GHG Emissions and Intensity (CO_2 equivalent)



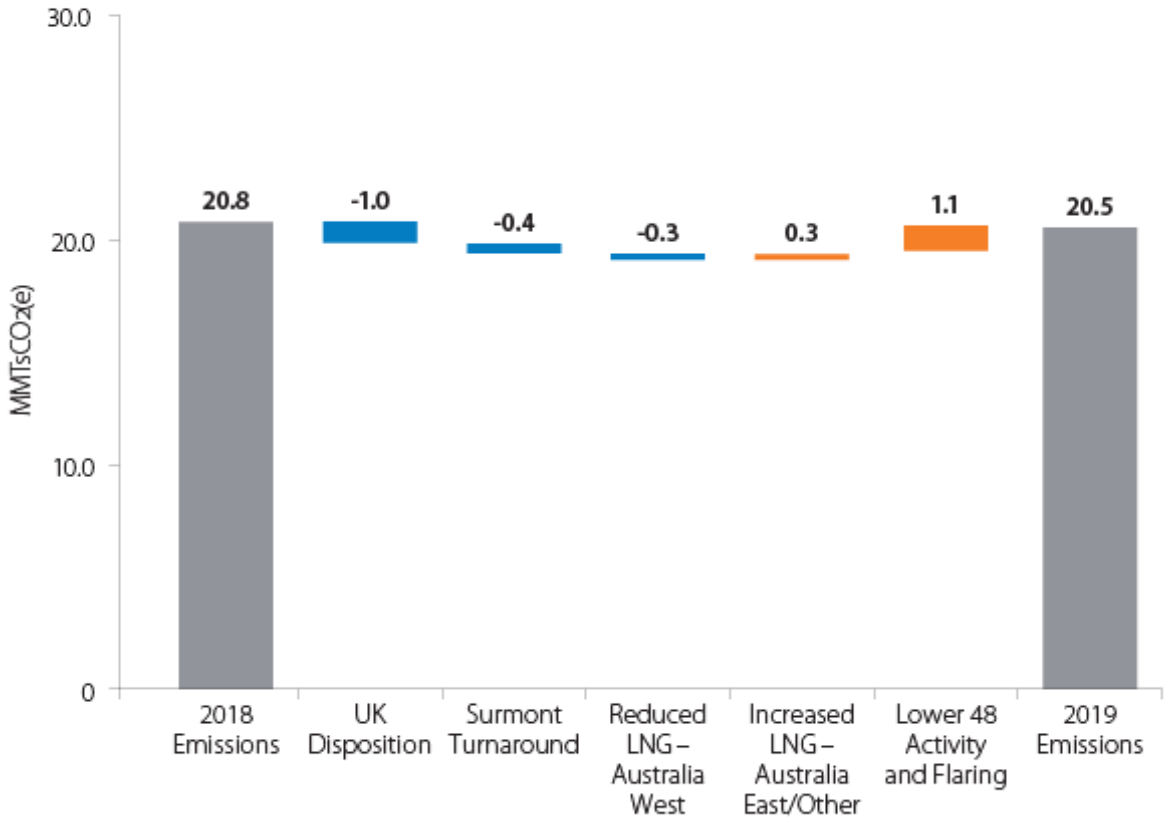
Total GHG Emissions



In 2019, our total gross operated GHG emissions, in CO2 equivalent terms, were approximately 20.5 million tonnes, a decrease of about 1.4% from 2018. The reduction was driven primarily by our UK asset disposition, downtime at Surmont due to a turnaround, and reduced production and LNG plant throughput at Darwin LNG. This was partly offset by increases from continued development in Lower 48 and increased flaring and LNG plant throughput at APLNG. Our overall GHG emissions intensity increased by 4.6% in 2019. Read more about our GHG emissions intensity target.

In accordance with our aim to improve the disclosure of risk to our stakeholders, we have integrated climate related Sustainability Accounting Standards Board (SASB) metrics into our 2019 performance metrics.

GHG Emissions Changes



We report our operated emissions in the following regions, countries and provinces in accordance with regulation:

- **Australia:** The National Greenhouse and Energy Reporting Act 2007 (NGER Act) and the National Greenhouse and Energy Reporting (Measurement) Determination 2008.
- **European Union:** EU Emissions Trading System, Monitoring and Reporting Regulation Council Directive 2003/87/EC, as amended by Council Directive 2009/29/EC.
- **Norway:** Greenhouse Gas Emission Trading Act of 17 December 2004.
- **United Kingdom:** Greenhouse Gas Emissions Trading Scheme Regulations 2012.
- **Alberta, Canada:** Emissions Management and Climate Resilience Act: Specified Gas Reporting Regulation, Alberta Regulation 251/2004.
- **British Columbia, Canada:** Greenhouse Gas Industrial Reporting and Control Act: Greenhouse Gas Emission Reporting Regulation, British Columbia Reg. 249/2015.
- **Indonesia:** Minister of Environment Regulation No. 12 of 2012 regarding Guideline for the Emission Load Calculation for Oil and Gas Industry Activities.
- **United States:** 40 CFR 98 Subparts C,PP, UU & W — Stationary Combustion Sources; Suppliers of CO_2; Injection of CO_2; Petroleum and Natural Gas Systems.

Our corporate reporting system uses the rules, emission factors and thresholds for regulatory emissions with the following amendments. We use a facility threshold for reporting of 25,000 tonnes per year increasing the corporate emissions reported for Alberta, Canada, which uses a regulatory threshold of 100,000 tonnes per year. In our corporate reporting system, we include scope 2 (emissions from imported electricity) which are not required under regulatory reporting.

Scope 1 – Direct GHG emissions from sources owned or controlled by ConocoPhillips.

Scope 2 – GHG emissions from the generation of purchased electricity consumed by ConocoPhillips.

Scope 3 – All other indirect GHG emissions as a result of ConocoPhillips activities, from sources not owned or controlled by the company.

Read more about GHG Protocol definitions.

Scope 3 Emissions

For oil and natural gas exploration and production companies, scope 3 emissions fall primarily into the "use of sold products" category. Our GHG intensity target does not cover scope 3 emissions. As an exploration and production company with no downstream assets, we have no control over how the raw materials we produce are transformed into other products or consumed. We do, however, calculate our scope 3 emissions annually based on net equity production numbers. In 2019 our scope 3 emissions increased by 9%, primarily due to increased net production.

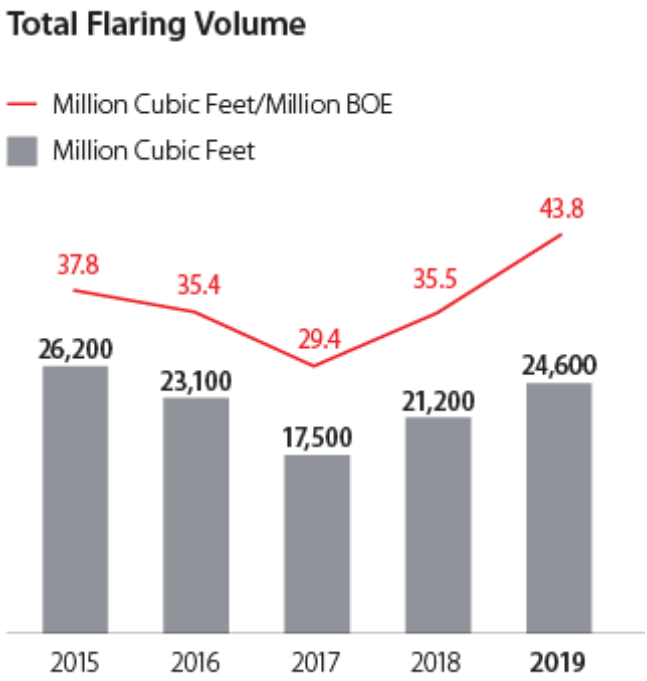
Source	Estimated Million Tonnes CO_2e
Upstream transportation and distribution	2.7
Downstream transportation and distribution	4.9
Processing of sold products	14.2
Use of sold products	173.4

Another issue with scope 3 emissions is that they are someone else's scope 1 or 2 emissions. For example, the scope 3 emissions from refining the oil we produce are a refiner's scope 1 emissions. The combustion of that oil in the form of a finished product such as gasoline are also scope 3 emissions for the producer of the oil, the refiner and the marketer. There is double counting throughout the economy. Likewise, our scope 3 combustion emissions for natural gas might be an electricity producer's scope 1 emissions and our own scope 2 emissions. This is one of the reasons that to date, only integrated oil and gas companies have set scope 3 net-zero targets.

As an exploration and production company, we will concentrate on reducing the emissions that we own and control, and then advocate and help develop policy that impacts scope 3 emissions through a price on carbon. This is why we were a part of US Climate Action Partnership in 2007 and a founding member of the Climate Leadership Council in 2018.

Flaring

Flaring is a regulated and permitted process for the controlled release and burning of natural gas during oil and gas exploration, production and processing operations. Flaring is required to safely dispose of flammable gas released during process upsets or other unplanned events and to safely relieve pressure before performing equipment maintenance. Flaring is also used to control and reduce emissions of volatile organic compounds from oil and condensate storage tanks, and to manage emissions at well sites that lack sufficient pipeline infrastructure to capture gas for sale. We have reduced flaring by utilizing closed-loop completions, central gas gathering systems, vapor recovery units, directing condensate to sales pipelines and improving uptime through operational excellence (a major focus for all our operating facilities).



In 2019, our total volume of flared gas was 24.6 BCF, an increase of 13.8% from 2018. This was primarily related to gas infrastructure constraints for our Bakken asset as production growth exceeded midstream pipeline and processing capacity, resulting in excess gas being sent to flare rather than to sales. Part of the increase was also due to calculation methodology improvements by several assets in Lower 48. Flaring increases were partly offset by reductions at APLNG and the Bayu Undan field and our UK disposition.

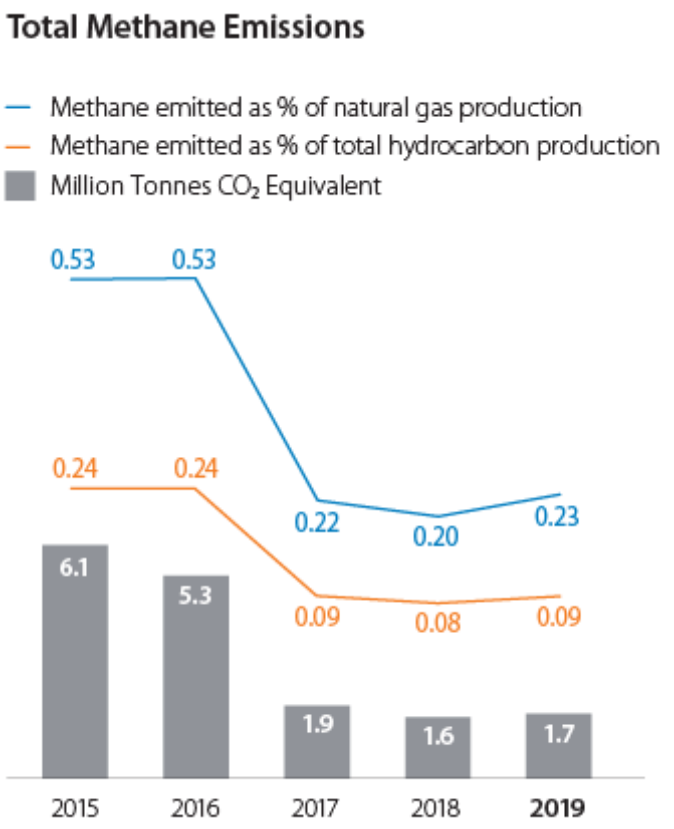
Our Bakken team has identified several measures to reduce flaring, including working with our midstream partners to increase processing capacity and provide forecasts to improve their ability to plan. In the Permian, we have built and operate our own gathering system, which enables more flexibility and connections to multiple third-party processors. We have also developed and implemented facility design changes to reduce (or eliminate) flaring from tanks, and we utilize an internal decision tree to optimize our operations to reduce flaring during third party outages.

Methane and Fugitive Emissions

Managing emissions, particularly methane, is one of our key priorities. Reducing emissions, even the small equipment leaks known as fugitive emissions, is a key aspect of our Global Onshore Well Management Principles. While there are differing methods and many measurement points, estimates of natural gas leakage rates between gas processing plants and electric power plants vary widely, from 0.7 to 2.6%.

We have standard operating procedures to detect and repair leaks. Audio-visual-olfactory (AVO) inspections are routinely performed during operator rounds to identify any leaks or other issues. Leak detection and repair (LDAR) is a work practice used to identify and quickly repair leaking components, including valves, compressors, pumps, tanks and connectors, in order to reduce GHG emissions and increase efficiency.

At many of our locations, especially high rate producing wells and stand-alone compressor stations, we have a periodic voluntary fugitive monitoring program using forward-looking infrared (FLIR) cameras to enhance our LDAR. FLIR cameras create real-time images of gases or liquids leaking from pipes, vessels, tanks and other types of process equipment. FLIR surveys are completed at new or modified well sites, and subsequent monitoring surveys are conducted at least annually. We fix leaks as soon as feasible, with many leaks repaired either the same day or within a few days of being detected. If additional time is required, we follow standard maintenance processes by adding the required repairs to our maintenance tracking system. After repairs are completed, inspections ensure that the repairs are successful. We implement engineered solutions and/or operational changes if we identify developing trends of systemic hardware problems.

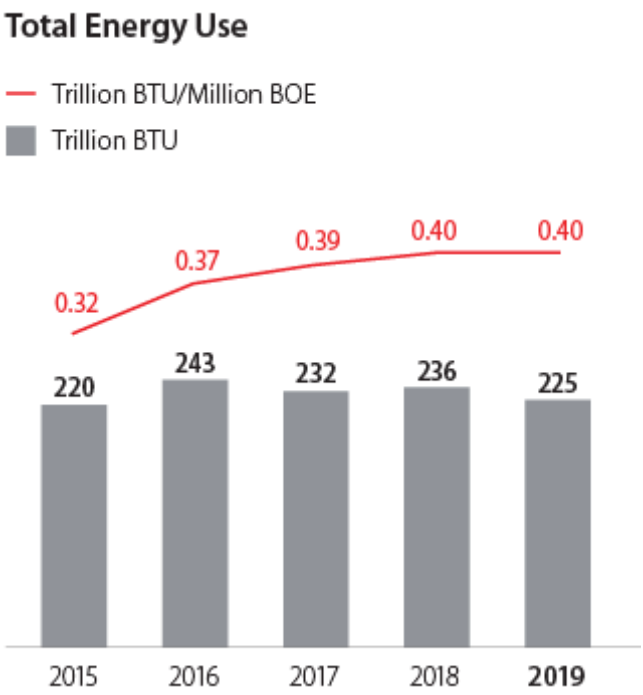


In 2019, methane emissions increased by 0.1 million tonnes of CO_2e due to increased development in our Lower 48 assets, increased flaring caused by gas infrastructure constraints for our Bakken asset as production exceeded midstream pipeline and processing capacity, and calculation methodology improvements.

Despite increased activity, we have maintained a low methane emission intensity rate. In 2019, the rate was 0.23% of natural gas production and 0.09% of total hydrocarbon production. Methane emissions reductions continue to be a key focus of our emissions reduction efforts.

Energy Efficiency

We continually strive to make our operations more energy efficient. This can provide an environmental benefit through reduced emissions, as well as an economic benefit through lower production costs or greater sales revenue. Through the natural decline of production, as our fields diminish in size, they tend to require either the same, or in some cases, even greater amounts of energy to extract the product and transport it for processing or refining. Newer operations tend to be more energy intensive as well.



Total energy consumption in 2019 was 225 trillion British Thermal Units (BTUs), a decrease of about 4.6%. The reduction was due to our UK disposition, a turnaround at Surmont and low production at Darwin LNG. This was partly offset by increased field gas compression for our Eagle Ford and Indonesia assets and increased production at APLNG. Approximately 98% of our consumption was from combustion of fuel for our own energy use with the remaining from purchased electricity.

Low-Carbon Emitting Products

In 2019, we supplied consumers with approximately 1 trillion cubic feet (or 2.8 billion cubic feet per day) of natural gas. To put this in perspective, if all the natural gas we produced in 2019 had been used to replace coal for electricity generation, GHG emissions would have been reduced by approximately 52 million metric tons, more than double the company's combined scope 1 and scope 2 emissions for the year.

CDP

The annual CDP survey collects a wide range of information concerning corporate efforts to manage climate change issues effectively and drive emissions reductions. It includes an emphasis on governance, strategy, actions and reporting to try to provide a complete view of companies' performance for comparison. It also provides a view of sector performance. ConocoPhillips has participated in the survey since 2003. Our most recent CDP submission can be found in the 2019 CDP document.

Read more about our Performance Metrics and SASB metrics.

GHG Emissions Intensity Target

We have a long-term target to reduce our GHG emissions intensity from five to 15% by 2030 from a Jan. 1, 2017 baseline. The target will support innovation on efficiency and emissions reduction, GHG regulatory risk mitigation and climate-related risk management throughout the lifecycles of our assets.

The target informs climate goals at the business level. Our performance will be based on gross operated GHG emissions, stated in carbon dioxide-equivalent terms, divided by our gross operated production, stated in barrels of oil equivalent. The target is set in relation to our scope 1 emissions and scope 2 gross operated emissions as these are the emissions over which we have the most control. The target covers all GHGs, but in practice will likely apply to carbon dioxide and methane emissions, as our emissions of other greenhouse gases are a small fraction of the total. For comparability purposes we exclude exploration and transportation services (i.e. Polar Tankers and Global Aviation) which are not directly related to oil or gas production from our emissions totals. This may give rise to small differences between the intensity we report for our GHG target purposes and the intensity we report in our annual Sustainability Report. Our current metrics also do not include the use of carbon offsets.

We report our progress against the target on an annual, calendar-year basis.

Target Implementation

In 2019, we completed our implementation plan to strengthen processes, tools and data required to support achievement of the target. This included:

- Validation of our baseline emissions to attempt to ensure an accurate and well-documented baseline.
- Continued collection and critical review of prospective emissions reduction projects through our marginal abatement cost curve (MACC) process to assess completeness of the project list.
- Business units developing fit-for-purpose plans that focus on further emissions reductions.
- The establishment of emissions-reduction steering groups in many business units to manage the planning process.
- Our North American business units collaborating to share knowledge about methane reduction projects.
- Continued engagement of our workforce to ensure broad alignment on target implementation.

Progress on target performance will be regularly reviewed by executive management and the board.

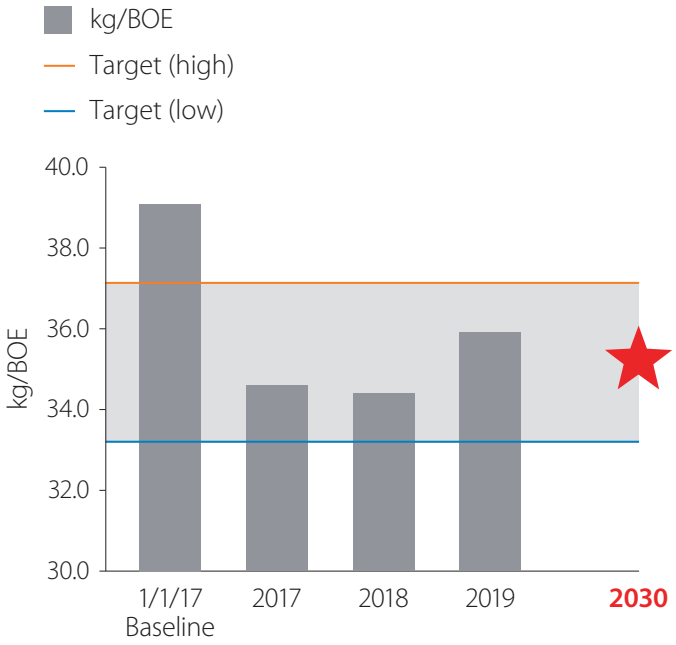
Target Progress

The 2017 sale of older assets in the U.S. and Canada reduced our GHG emissions intensity significantly. GHG emissions intensity increased in 2019 primarily due to an increase in drilling, production and flaring in the Lower 48 and the disposition of our U.K. business unit. Read more about our Total Flaring Volume.

While we have made strong progress in meeting the target during the first three years as we adjust our portfolio and use new technologies in our developments, we believe we will continue to need a long-term target range for several reasons. First, there are still 11 years before the target end date, and we would expect GHG intensity of our older

fields to increase. (As natural gas and oil fields deplete, more energy is required to produce the same or lower volumes, while newer fields utilizing modern technologies are likely to operate at lower intensities.) Second, some of our reported emissions are the result of applying standard emissions factors which may underestimate or overstate our actual emissions. We expect industry technologies around emissions reporting to advance over the next 11 years to more accurately reflect actual performance, which could also increase or decrease our intensity. Third, our portfolio will continue to change over time and, depending on the intensity of new production, our future intensity could increase or decrease. For example, part of the increase in intensity in 2019 was due to the full-year impact of the disposition of our U.K. business unit, which was comprised of lower-intensity offshore developments, while the full-year disposition of our higher intensity West Australia business unit will not be reflected until 2020.

2019 GHG Emissions Intensity Target Progress



As part of our efforts to continuously improve the quality of our environmental metrics data, in 2019 we honored our commitment to our emissions metrics procedures by working to improve our recording processes to facilitate more consistent and accurate recording and reporting of greenhouse gas emissions. We conducted an internal detailed review of our emissions inputs and accounting practices with one of our business units. As a result of the findings from this review, we updated our previously reported air emissions, greenhouse gas emissions and energy efficiency metrics for 2016, 2017 and 2018. This resulted in a revision of the company totals for these metrics by 1-3% of previously reported totals. This has resulted in small changes to the previously reported GHG intensities.

We built in a five-year review process, similar to what is proposed in the Paris Agreement. If our emissions projections appear to remain at the lower end of the target, we may adjust the target to a lower or smaller range in the future.

Reducing Emissions

Our 2019 gross operated global business-as-usual GHG emissions have been reduced by approximately 26% as a result of discretionary projects since 2009. We continued our voluntary emissions reduction program in 2019, with projects reducing GHG emissions in the U.S., Canada, and Norway.

In the U.S. we are participating in The Environmental Partnership, a coalition of over 80 natural gas and oil companies working to improve methane emissions management. As part of our commitment, our Lower 48 operations have focused on two key areas:

- Leak Detection and Repair (LDAR) programs — In 2019, we conducted more than 5,900 site surveys across our assets to detect leaks and quickly repair them. While this is a regulatory requirement in many areas, almost half the surveys were done voluntarily. These surveys continue to provide a better understanding of where leaks occur continuous site monitoring to reduce site emissions. Read more about our drone pilot project.
- Pneumatic device evaluation and conversion — All high-bleed pneumatic controllers have been removed or replaced. Many of our greenfield designs at new facilities include devices to use supplied air instead of site gas to reduce natural gas emissions from pneumatics.

In Canada, GHG reduction projects include:

- The installation of non-condensable gas co-injection in the oil sands to enhance production while reducing energy consumption and emissions. Read more about how we are reducing GHG emissions by over 20% while increasing production.
- The Carbon XPRIZE competition to research technologies to capture and transform CO_2. Read more about the global competition. (link to CCUS section)

In Norway, we worked with one of our offshore suppliers to install batteries on supply vessels to reduce CO_2 by 1,400 tonnes and nitrous oxide by 20 tonnes annually. Read more about the project.

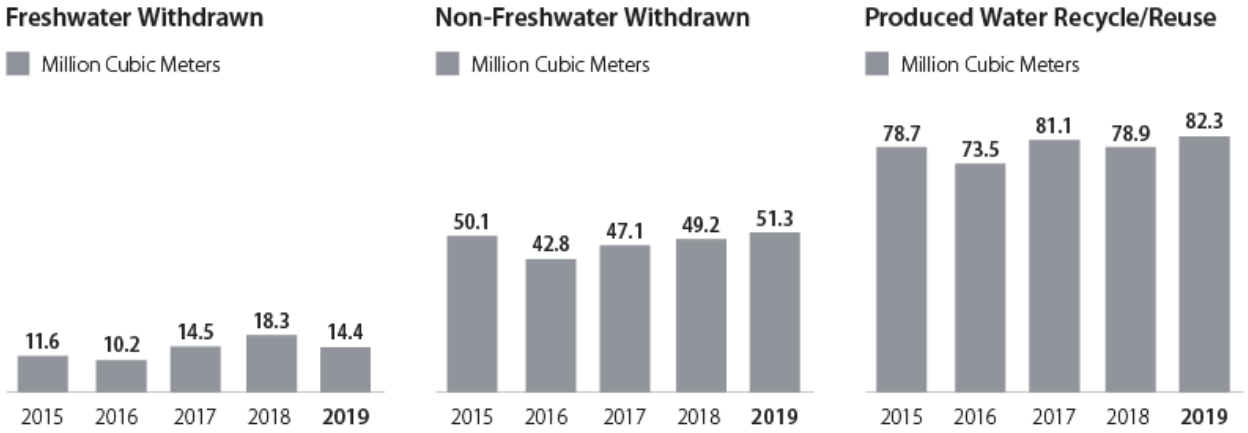
Carbon Capture, Use & Sequestration

In the U.S. our operations at Buckeye East in New Mexico use recycled CO_2 for enhanced oil recovery, and in 2019 we purchased over 259,000 tonnes of CO_2 for injection. We are also a member of the Energy Advance Center (EAC), a voluntary association of energy and energy-related organizations dedicated to advancing the development and deployment of carbon capture, utilization and storage to achieve a cleaner energy profile and improve U.S. economic security. Our interest in EAC centers around advocating for a commercially reasonable standard to demonstrate secure geological storage in the context of captured carbon dioxide that gets sequestered underground as a tertiary injectant in enhanced oil recovery projects.

Seven of Canada's Oil Sands Innovation Alliance (COSIA) member companies, led by ConocoPhillips Canada, partnered with NRG Energy, an integrated power company in the U.S., to back a global competition to research technologies to capture and transform CO_2. The NRG COSIA Carbon XPRIZE challenges the world to reimagine what can be done with CO_2 emissions by incentivizing and accelerating the development of technologies that convert CO_2 from fossil fuel combustion into valuable products. Ten teams from five countries were recently named finalists for the $20 million competition. Teams range from entrepreneurs and start-ups to academic institutions and companies that have been tackling the carbon challenge for more than a decade. The competition has two tracks: one focused on testing technologies at a coal-fired power plant and one at a natural gas-fired power plant. The 10 finalists received equal shares of a $5 million milestone prize to test their technologies at commercial scale under real-world conditions at the Integrated Test Center in Gillette, Wyoming for the coal track or at the Alberta Carbon Conversion Technology Centre in Calgary for the natural gas track. Teams will be scored on how much CO_2 they convert and the net value of their products. Ultimately, each of the two winning teams in the natural gas and coal tracks will be awarded a $7.5 million grand prize.

Water

Access to water is essential to the communities and ecosystems near our operations and for our ability to produce natural gas and oil. Water risks are evolving globally in response to cumulative effects of human water demand, physical effects of climate change and changing priorities and expectations of governments, investors and society. We measure and report on the volume of freshwater and non-freshwater withdrawn from local water sources and the volume of produced water that is reused, recycled, disposed or discharged after treatment. This data is used to estimate our water intensity and exposure to water stress. We also collect water forecast data for our Long-Range Plan which enables us to test our portfolio of projects against our water risks to make better-informed strategic decisions. Read more about our water management approach.



Water sourcing and produced water disposal for our unconventional assets continue to be priority risks for our business and stakeholders. While some water is required during drilling, the majority is used for fracking. Some wells can produce more water than natural gas or oil, and the relative volumes vary significantly with basin geology/hydrogeology.

- In the China Draw area of the Delaware Basin, where produced water is plentiful, we began using a centralized water gathering and distribution system in 2019. The system includes a produced water treatment facility, storage ponds for treated produced water and pipeline gathering, and distribution infrastructure. We have a target to use 98% recycled produced water for fracking in China Draw in 2020.
- In the Eagle Ford region of southern Texas, less water is produced with the natural gas and oil, so we utilize water from deeper, more brackish water sources that are not used for municipal, domestic or agricultural purposes. In 2019, we began using a pipeline system for central gathering and disposal of produced water for facilities in DeWitt County. That system will be expanded, and a similar central gathering and disposal system is expected to be completed for facilities in Karnes County in 2020. We have also developed a three-dimensional visualization tool, which provides a 3-D digital model of aquifers, water wells and natural gas and oil wells.
- For our Bakken operations in North Dakota, the majority of source water is transported using temporary, lay-flat pipelines from central storage ponds, and produced water is transferred to disposal wells using pipeline infrastructure.
- In the Montney basin in Canada, we completed water sourcing agreements with the Halfway River First Nation, secured a 20-year term water license and completed the installation of a centralized water gathering and distribution system in 2019. We have a target to recycle at least 80% of the produced water for fracking, with the remaining amount sourced from a local river.

The 2019 freshwater consumption intensity for our unconventional assets in the U.S. (Eagle Ford, Delaware and Bakken) and in Canada (Montney) is 0.27 BBL/BOE EUR. This is a 7% reduction compared to 2018 due to ramping up of produced water recycling in Delaware and the increased use of non-fresh groundwater sources in the Eagle Ford.

We use the World Resources Institute Aqueduct Risk Atlas (Aqueduct tool) to assess our portfolio exposure to water stress. Our Anadarko, Lost Cabin Gas Plant, Permian Basin Central Platform and Alaska Kuparuk assets are located in basins with high or extremely high baseline water stress and accounted for 8.4% of our total freshwater withdrawal in 2019.

Verification & Assurance

Each of our business units is responsible for quantifying emissions and reporting the information to our corporate center for compilation and internal verification. Reporting to authorities and regulators is also the responsibility of business units.

The method of data collection at each individual source ranges from continuous emissions monitoring to emissions estimations. Estimating approaches meet applicable regulatory reporting requirements or industry guidance, as appropriate. The quality of estimating methodologies, measurements and calculations are audited on a routine schedule by our corporate HSE auditing team and periodically assessed by third parties.

We conduct independent third-party limited assurance for scope 1, scope 2 and scope 3 emissions annually. The verification and assurance process for 2019 data will consist of independent third-party limited assurance of scope 1, scope 2 and scope 3 GHG emissions, as well as selected environmental and safety metrics including energy use, flaring, water use, criteria air pollutants, waste and liquid hydrocarbon spills. That assurance will be complete in fall 2020. See our most recent ERM CVS Assurance Statement.

Read more about our internal quality assurance and third-party verification.

External Collaboration

External engagement is important to understanding the issues and challenges relating to climate and the evolution of policy development.



Current actions include:

- Developing methane and shale development communications.
- Taking part in global legislation and regulation development.
- Engaging with stakeholders, including investors, on climate-related risks.

External Perspective

We are members or sponsors of a number of external groups that support our efforts to manage climate-related risks.

The API GHG Group addresses climate change issues affecting the U.S. oil and natural gas industry. The group oversees issues such as the development of the API Compendium methodology for estimating oil and gas industry greenhouse gas emissions and has recently taken part in the development of the overview of methodologies for estimating petroleum industry value chain greenhouse gas emissions. We are active in many API committees that can also involve or address climate-related issues, and we work to contribute our perspective in alignment with our positions and actions.

IPIECA established its Climate Change Working Group in 1988. Since then, the group has monitored the climate science and policy discussions, engaging with international governmental bodies and other stakeholders. It is not an advocacy body. It now also focuses on providing best practice guidance on GHG emissions monitoring, reporting and management to improve industry performance.

IPIECA participates in the Intergovernmental Panel on Climate Change (IPCC) and the United Nations Framework Convention on Climate Change (UNFCCC), and provides IPIECA members with reliable and timely information about these and other international process dealing with climate change.

We are sponsors of the MIT — Joint Program on the Science and Policy of Global Change program which supports efforts to:

- Improve knowledge of interactions among human and natural Earth systems, with a focus on climate and energy, and of the forces that drive global change.
- Prepare quantitative analyses of global change risk and its social and environmental consequences.

- Provide independent assessments of potential responses to global risks, through emissions mitigation and anticipatory adaptation, contributing to improved understanding of these issues among other analysis groups, policymaking communities and the public.
- Augment the pool of people needed for work in this area by the education of graduate and undergraduate students in relevant disciplines of economic and Earth science analysis and methods of policy assessment.

An interdisciplinary team of natural scientists, social scientists and policy analysts supports this mission, with their efforts coordinated through the maintenance and application of a set of analytical frameworks that integrate the various components of global system change and potential policy response.

IHS Markit hosts forums where member companies can discuss global climate change and clean energy research and its implications for policy. They provide a wide range of research products to ensure that members are up to date with current developments around the world.

Additionally, we have worked with the following groups:

- International Oil and Gas Producers Association (IOGP)
- U.S. Business Council for Sustainable Development (USBCSD)
- Socially Responsible Investors (SRIs)
- Nongovernmental Organizations (NGOs)

We are a founding member of Canada's Oil Sands Innovation Alliance (COSIA), a group of oil sands producers focused on accelerating the pace of improvement in environmental performance in Canada's oil sands through collaborative action and innovation. COSIA member companies, led by ConocoPhillips Canada, partnered with NRG Energy, a leading integrated power company in the U.S., to establish a Carbon XPRIZE which challenges the world to reimagine what can be done with carbon dioxide (CO_2) emissions by incentivizing and accelerating the development of technologies that convert CO_2 from fossil fuel combustion into valuable products.

Public Policy Engagement



We believe that over the months and years ahead, governments — federal, state/provincial and local — will continue to act on climate-related risks. To succeed in a low-carbon economy, we must play a constructive role in public policy dialogue to devise practical, equitable and cost-effective approaches to reduce greenhouse gas (GHG) emissions and address climate-related risks.

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.

Carbon Pricing Policy

We believe:

- The Paris Agreement and public opinion trends will yet lead governments around the world to regulate and price GHG emissions more stringently, and that our interests are best served by proactively engaging on climate-related policy.
- Climate-related policy action can support an orderly transition to a low-carbon economy, facilitate the development of carbon capture, use and storage, and reduce the overall risks associated with climate change.
- The most effective tool to reduce greenhouse gases across the economy is a well-designed price on carbon emissions.
- A revenue-neutral carbon tax that is transparent, predictable and cost effective to administer would be an effective policy option.
- Any carbon pricing mechanism should result in some relief via the elimination of other laws and regulations aimed at reducing or controlling carbon and other GHG emissions.
- Any proposed tax should be revenue-neutral and used in such a way as to minimize economic impact.
- The best way to regulate methane is through a price on carbon.
- In the absence of that carbon price in the U.S., the economy-wide direct regulation of methane would be effective. We support well-formulated federal regulation of methane emissions from oil and gas exploration and production if that regulation:
  - Encourages early adopters and voluntary efforts.
  - Incorporates cost-effective innovations in technology.
  - Supports appropriate state-level regulations.

We are a Founding Member of the Climate Leadership Council (CLC), an international policy institute founded in collaboration with business and environmental interests to promote a carbon dividends framework as the most cost-effective, equitable and politically-viable climate solution in the U.S. Participation in the CLC provides another opportunity for ongoing dialogue about carbon pricing and framing the issues in alignment with our principles. We also belong to and fund Americans For Carbon Dividends (AFCD), the education and advocacy branch of the CLC. We support and are advocating for a carbon price contingent upon four pillars - a gradually increasing carbon price, carbon dividends for all Americans, border carbon adjustments and regulatory simplification.

We have been actively engaged in climate-related discussions with policy makers and stakeholders since our first global climate change position was published in 2003. Since then, we have developed climate change action plans, set an emission intensity target, integrated carbon restricted scenarios into our strategic planning process and published carbon tax principles.

Global Principles for Country-Specific Carbon Tax Legislation

A well-designed carbon tax or other legislative proposal to fix and impose a price on carbon dioxide or other GHGs should meet the following principles:

- **Economy-wide** – Any carbon tax designed to fix and impose a price should apply as broadly across the economy as administratively practicable.
- **Non-discriminatory** – GHG emissions alone should form the basis of taxation. A carbon tax should not "pick winners and losers" among industries or emissions sources or discriminate in providing subsidies to energy sources.
- **Uniform** – The carbon tax should apply to all GHG emissions at the same rate on a "units of carbon dioxide equivalent" basis using the IPCC standard 100-year global warming potential.
- **Transparent** – In order to most efficiently incentivize changes to consumer behavior, the carbon tax should be imposed at the point in the value chain which is as close as administratively practical to the point and timing of the emission. If a point is chosen further upstream, a system of credits or other mechanisms should be designed to eliminate (or prevent) taxation of emissions applicable to taxable products sequestered downstream of the point of taxation and to those used as feedstocks for the manufacture of products in which GHGs are stored.
- **Avoid double taxation** – Any federal carbon tax should preempt state, provincial and local carbon taxes and renewable production tax credits.
- **Provide regulatory relief** – The federal carbon tax should replace all environmental laws and regulations that are intended to reduce or control carbon and other GHG emissions.
- **Predictable** – The application of the tax and the tax rate may be adjustable when necessary, but such adjustments should be infrequent and should be limited to those designed to achieve the broader environmental goal of the tax legislation.
- **Cost-effective administration** – Existing channels of tax collection and emissions reporting systems should be used if feasible. Where actual emissions cannot be measured, best efforts based upon sound science should be used as an estimate.
- **Globally competitive** – Any country-specific carbon tax rate should be set in accordance with existing taxation channels and emissions reporting systems and be adjusted to ensure global competitiveness. Depending on the point of taxation chosen, carbon tax legislation should include a border adjustment mechanism, or other attributes designed to mitigate competitive disadvantages to host country industry when competing in global markets.
- **Revenue recycling** – The tax should be revenue-neutral and used in such a way as to minimize economic impact.
- **Compliance flexibility** – Any federal carbon tax should include multiple options for compliance, including offset credits from a broad range of jurisdictions, cash payments or flexible compliance frequency.

Climate Change Policy — Our History

Our approach to public policy engagement on climate change has evolved. However, we remain consistent in our view that market-based solutions at national and global levels, rather than a patchwork of less effective regulatory approaches, are most likely to be effective in reducing GHG emissions.

Shortly after the merger of Conoco and Phillips Petroleum in 2003, we published our first global climate change position. Since then, we have consistently used our Sustainability Report to detail our commitments, priorities and actions. We also first participated in the Carbon Disclosure Project (now CDP) questionnaire in 2003.

Historical Engagement

In 2004, we described actions that we would be taking to address climate change, including:

- Assessing data.
- Developing objectives to reduce GHG emissions.
- Improving operational efficiency.
- Developing climate change considerations for project planning and approval processes.
- Engaging in discussions on climate change through the International Petroleum Industry Environmental Conservation Association (now IPIECA).
- Joining the International Emissions Trading Association (IETA).

In 2005, we began trading in the European Union ETS.

Through our membership in the U.S. Climate Action Partnership (USCAP) beginning in 2007, we actively participated in efforts to design an effective legislative approach.

In 2008, we adopted and published our first Climate Change Action Plan to systematically address climate change risk.

In June 2009, the American Clean Energy and Security Act of 2009 (HR2454) (Waxman-Markey) bill passed the House of Representatives. Although the USCAP Blueprint for Legislative Action was considered influential in the design of the legislation, we had serious concerns about some of the detailed elements in the bill. Following passage of the House bill, our focus turned to addressing issues of concern in the Senate version of the legislation. In order to intensify our company's focus and resources on addressing the key issues, including the important role that natural gas can play in reducing U.S. GHG emissions, we announced in February 2010 that the company would not be renewing our membership in USCAP.

Through this more direct engagement, we were successful in helping to develop draft legislation that incorporated a more equitable approach to energy sectors while maintaining environmental effectiveness. We issued a statement regarding the draft legislation introduced in the Senate in May 2010.

Since 2010, we've continued to work toward approaches that are practical and effective, including active participation in dialogue with trade associations like the American Petroleum Institute (API), industry partners and the government to advocate smart policy solutions.

Recent regulatory engagement

Collaborating with a broad range of stakeholders on effective climate change policy and GHG emissions solutions is key to solving the climate change challenge.

In 2014, we publicly supported the Gas Capture Plan in North Dakota, now required, which took a pro-active approach to flare gas reduction. We entered into agreements with pipeline companies to ensure that required gathering infrastructure was available when needed in order to reduce emissions.

In 2016, we supported the U.S. Bureau of Land Management Onshore Order 1, electronic filings, as the proposed changes reduced work and errors and sped up response time for both industry and the government.

In 2016, the U.S. Bureau of Land Management (BLM) proposed a series of Onshore Orders. After careful review, ConocoPhillips opposed Onshore Order 9, the proposed Venting and Flaring rule, based on the conclusion that the BLM was overreaching their authority and the proposal created a duplication of federal authority with EPA. Our comments to the BLM included suggestions to remove many of the duplicative requirements. While we opposed many of the requirements in Onshore Order 9, we did suggest some changes to certain proposed requirements. For example, we agreed that the limits for royalty-free flaring should be changed and gave recommendations for the limits.

Since 2018, we have been a member of the Energy Advance Center (EAC), a voluntary association of energy and energy-related organizations dedicated to advancing the development and deployment of carbon capture, utilization and storage to achieve a cleaner energy profile and improve U.S. economic security. In 2018, Congress passed the Furthering Carbon Capture, Utilization, Technology, Underground Storage, and Reduced Emissions Act to enhance the 45Q tax credit to further incentivize carbon capture and storage technology deployment in the United States. The primary issue with the 45Q tax credit is the interpretation of what constitutes secure geological storage (SGS). In particular, we support the adoption of a commercially reasonable ISO standard to demonstrate secure geological storage in the context of captured carbon dioxide that gets sequestered underground for enhanced oil recovery projects. The standard should establish criteria for transparency and assurance that carbon dioxide removal is achieved. We also support self-verification of compliance with the ISO standard given that our tax officer would attest to satisfying the requirements of 45Q under penalties of perjury.

Recent legislative engagement

In 2019, we worked within the broad coalition of Climate Leadership Council members to better define details of the overarching implementation plan. That included work on topics such as carbon price escalation rates, points of taxation, regulatory backstop provisions, high energy-cost region challenges and a border carbon adjustment. While the policy work continues with CLC members, the results of that engagement are reflected in the more detailed CLC plan released in early 2020. We also engaged with members of congress directly and through Americans For Carbon Dividends. This included reviewing several proposed climate bills and continuing to offer technical feedback on those bills to elected representatives and their staff. The company remains engaged with representatives from both sides of the political spectrum.

In 2014, both the oil industry and environmental leaders in Alberta, Canada, realized they were at an impasse as public dialogue on the oil sands, pipelines and climate change had descended into a polarized debate. The provincial government wanted help to achieve their climate change policy commitments, and industry and environmental organizations realized it was time to try something different: to participate in a provincial climate policy that would recognize the importance of industry competitiveness. The groups were able to work together and agree on recommendations that the Alberta government included in its Climate Leadership Plan.

One element of the Climate Leadership Plan is the Emissions Limit for oil sands. In 2016, through our progressive work with leading environmental groups in Canada, we secured a seat on the Oil Sands Advisory Group (OSAG), one of only seven industry seats. Designed to advise the government on the implementation of the limit and other oil sands environmental issues, the OSAG includes members from industry, environmental organizations, and indigenous and non-indigenous peoples. The primary focus of the group is to consider how to implement the 100 million tonnes of CO_2 equivalent per year GHG emissions limit for the oil sands industry.

Paris Agreement on Climate Change

At the COP-21 meeting in Paris in 2015, almost 200 countries agreed on a new global emission reduction framework starting in 2020. In 2017, President Trump announced that the U.S. would withdraw from the agreement. Prior to this announcement, we took actions to advocate for the U.S. to stay in the agreement. ConocoPhillips Chairman and CEO Ryan Lance publicly expressed his view that it was good for the U.S. to remain in the agreement. During meetings with White House energy advisors on the National Economic Council and National Security Council staff, ConocoPhillips Government Affairs and Executive Leadership Team members advocated that the U.S. should continue to participate in the agreement because:

- It gives the U.S. the opportunity to participate in future climate policy discussions to safeguard its economic and environmental best interests as the Paris Agreement is being implemented globally.
- It provides an opportunity for the U.S. to encourage other nations to incorporate technology development as a means of lowering emissions from fossil fuels into their commitments under the agreement.
- Switching to natural gas power is already occurring in the U.S., driving economic development and GHG reductions.
- Withdrawing from the agreement could energize political action by domestic opponents of U.S. energy development.

We will continue to work to address climate change concerns by supporting effective, fit-for-purpose solutions that link to binding international agreements. We will also work to reduce emissions associated with our operations while ensuring the continued supply of affordable, reliable energy necessary for economic growth.

Climate Change Position

ConocoPhillips recognizes that human activity, including the burning of fossil fuels, is contributing to increased concentrations of greenhouse gases (GHG) in the atmosphere that can lead to adverse changes in global climate.

Our Focus

While uncertainties remain, we continue to manage greenhouse gas emissions in our operations and to integrate climate change related activities and goals into our business planning. Our corporate action plan focuses on the following areas:

- Understanding our GHG footprint
- Reducing our GHG emissions
- Evaluating climate change related risks
- Leveraging technology innovation to explore new business opportunities
- Engaging externally in support of practical, sustainable climate change solutions
- Reviewing progress and updating business unit climate change management plans

Our approach to climate change is designed to advance the company's vision to be the exploration and production company of choice for all stakeholders by pioneering a new standard of excellence.

Climate Change Public Policy

We believe that effective climate change policy must be aligned with the following principles:

- Recognize that climate change is a global issue which requires global solutions — economy-wide governmental GHG management frameworks should be linked to binding international agreements comprising the major GHG contributors
- Result in the stabilization of global GHG atmospheric concentrations at safe levels
- Coordinate with energy policy to ensure a diverse and secure supply of affordable energy
- Utilize market-based mechanisms rather than technology mandates
- Create a level competitive playing field among energy sources and between countries
- Avoid overlapping or duplicating existing energy and climate change programs
- Provide long-term certainty for investment decisions
- Promote government and private sector investment in energy research and development
- Match the pace at which new technology can be developed and deployed
- Encourage efficient use of energy
- Foster resiliency to the impacts of a changing climate
- Avoid undue harm to the economy

Building balanced energy policies is challenging, and we recognize that no one has all the answers. As economies around the world continue to develop, fossil fuels will play an important role in meeting the growing global demand for energy. Meeting the challenge of taking action on climate change while providing adequate, affordable supplies of reliable energy will require financial investments, skilled people, technical innovation and responsible stewardship from policy makers, energy producers and consumers. We are committed to doing our part.

SPOTLIGHT

Testing Drone Technology to Detect and Quantify Emissions

AUGUST 29, 2019

Managing methane, which is the primary component of natural gas, and reducing even small releases of methane from operating components, is a key aspect of our Global Well Management Principles. Quickly detecting and repairing leaks is also an important element as we work to achieve our greenhouse gas (GHG) emissions intensity reduction target. Drones are the latest technology being piloted in our arsenal of leak detection and repair (LDAR) tools, providing real-time identification of leaks and accurate quantification of leaks and process equipment emissions. Drone-based methane monitoring programs have the potential to help our entire industry reduce emissions by providing a better understanding of where leaks occur and at what magnitude. This technology advancement quantifies emissions and allows us to benchmark sites and establish a baseline for reduction efforts.

"By testing this technology, we are seeing the possibility of both detecting and quantifying methane emission rates coming from individual oil and gas production sites. Understanding the quantity of methane, and not just the presence of the gas, could help direct more efficient and effective maintenance activities in the future," said David Camille, Manager, Lower 48 HSE Innovation & Technology.

The project is a collaboration with Scientific Aviation, a company well-known for its expertise in using manned aircraft to detect and quantify methane emissions. The effort began after ConocoPhillips expressed interest in improving the precision of emissions quantification rates coming from sites by scaling Scientific Aviation's manned aircraft technology to drones. Airplanes fly loops around the area being assessed but are limited to collecting data from a broad area. In dense fields with multiple potential emission sources, data from manned aircraft does not provide the granularity needed to easily identify emission sources or quantify emissions from an individual site. Airplanes can identify a leak source within a range of about 500 meters.

Field Testing the Technology

Texas's Eagle Ford was the first location to test the drone system technology at an operating well site. The area was selected because it is relatively flat and has steady wind conditions. Drones began collecting data in early 2019 and, for comparison purposes, tests were also conducted using a manned aircraft and optical gas imaging camera.

The drone system is outfitted with on-board gas analyzers and meteorological sensors, which provide data to the operator while being flown around well sites. By executing a flight pattern that creates a virtual plane downwind of equipment, the technology identifies the total amount of methane being emitted from site. The system does this by detecting methane passing through the virtual plane and capturing wind vector in real time. These variables are then fed into sophisticated algorithms to quantify methane volumes.

Flying the drone closer to the equipment allows for isolation and confirmation of the source. Since the drones are much smaller than aircraft, they fly at much lower altitudes and are able to more precisely pinpoint the location of leaks by using the data collected paired with visual information from the on-board video feed.

"The ability to fly nearer to sources, combined with the wind and methane measurement, allows us to locate the source of a leak to within a few meters," Camille noted. Additionally, tests indicate that the drone system has the potential to detect smaller leaks that are difficult to detect by planes or on-the-ground methods.



See more about how we are testing drone technology.

Once leaks are identified, they are fixed as soon as feasible, with many leaks repaired either the same day or within a few days of being detected. If additional time is required, we follow standard maintenance processes by adding the required repairs to our maintenance tracking system. After repairs are completed, inspections ensure that the repairs are successful. We implement engineered solutions and/or operational changes if we identify developing trends of systemic hardware problems.

Current Regulations

The current U.S. regulatory framework allows operators to use optical gas imaging cameras or point source air sampling to detect leaks from oil and gas operations. Quantification normally relies on equipment counts and Environmental Protection Agency (EPA) equipment factors that estimate emissions for each piece of equipment. Early measurement results by the drone system suggest that facilities with gas-driven pneumatic controllers emit much less than what is currently reported under the EPA factors.

Use of unmanned aerial systems for emission detection generally has been limited due to regulatory frameworks, quantification techniques and big data capabilities. We see potential for change in several of these areas and are proactively evaluating and further developing various technologies. Data obtained by the drone system allows for benchmarking and continuous improvement, while supporting future regulatory conversations related to leak detection, repair and quantification.

Next Steps[1]

We are continuing to test the drone technology in other areas of our operations to evaluate the consistency of findings across various operating conditions.

"Next, we will work closely with our operations teams to identify and document best practices for emissions detection via drone in parallel with developing and testing a number of technical enhancements to improve the performance of the technology," said Amanda Morris, ConocoPhillips director of Technology Commercialization. "Since methane emissions are a global issue, using and testing this technology at more of our assets has the potential to help reduce methane emissions at a faster and larger scale."

[1] Due to constraints on capital in 2020 and beyond, any future plans for testing technology may be curtailed.

SPOTLIGHT

Designing Projects to Reduce Methane Emissions in Canada

SEPTEMBER 5, 2019

Reducing greenhouse gas (GHG) emissions associated with our operations is an important part of our long-term corporate goals and often also yields economic benefits. Managing methane, which is the primary component of natural gas, is one of our key priorities and reducing even the smallest releases of methane from operating components is a key aspect of our Global Well Management Principles. In the liquids rich area of Montney, an unconventional resource basin located in northeast British Columbia, Canada, we designed a way to eliminate the majority of methane emissions by relying on air, rather than natural gas, to drive our equipment.

The Montney development is well-suited for a system that uses air due to the proximity of well pads to the central processing facility, which makes it economic and more efficient to run the air-driven equipment. However, the challenge was generating our own power to run the system onsite.



"The innovative design of the central processing facility relies on natural gas turbines to generate the electricity required to compress the air to operate valves and small pumps. Older plants and other remote facilities typically use process gas for the instruments, which requires venting, so we're decreasing emissions by using air. It's also safer for operations since you're eliminating gas vapors from the enclosed space of the plant," said Dave Strathdee, Montney plant engineer.

The British Columbia government is promoting hydroelectrical power as part of its GHG reduction strategy and is providing incentives for electrifying equipment.

"Other operators in the Montney area are close to the grid so it has been relatively simple for them to electrify. As the region develops, hydroelectricity power could reach our development in the mid-2020s, so going electric now means we could consider connecting into the grid at a later date. With hydropower having zero emissions, this would further reduce our environmental footprint significantly," said Julie Dalzell, ConocoPhillips Senior Climate Change Advisor.

ConocoPhillips Canada received a $4.5 million royalty credit in 2018 from the British Columbia government for the methane-reducing plant design under the CleanBC plan. New regulations in Canada will require newly built facilities to use zero emission equipment and instruments by 2023, part of the government initiative targeting a 45% emissions reduction from the oil and gas sector. Operating Montney with an instrument air system, in lieu of natural gas, is also estimated to reduce carbon taxes.

"We didn't know what the exact regulations would be when we were designing the facility but knew the focus would be on methane reductions and an increased scrutiny on methane emissions. Now we are in a great place to comply with the regulations," Dalzell added.

The effort also supports our company-wide, long-term target to reduce our GHG emissions intensity between 5% and 15% by 2030. As a result of using air to power operations, early indications are that Montney may be one of lowest GHG intensity projects in the ConocoPhillips portfolio.

SPOTLIGHT

Optimizing Power Supply to Reduce Emissions

DECEMBER 19, 2019



The installation of a new offshore power cable from the Eldfisk Complex to the Eldfisk Bravo platform in the Norwegian North Sea in 2019 was the final step in integrating the power grid serving the Greater Ekofisk Area. The effort replaces power from diesel generators with surplus capacity electricity from existing low nitrous oxide (NOx) generators at the Ekofisk Complex and the steam generator at Eldfisk 2/7 E.

The 3.73 mile (6 kilometer) cable provides electricity to support both day-to-day and drilling operations and was installed along existing water and gas pipelines. The fiber optics within the cable replaced the old radio link communication to the Complex and has opened the door for possible future remote operations of Bravo.

Replacing the diesel generators will result in reductions in our NOx and carbon dioxide (CO_2) emissions, reduced noise levels and less exposure to exhaust gas by workers. The project could yield annual emission reductions of as much as 165 tonnes of NOx and up to 1,000 tonnes of CO_2 emissions. Improved production reliability is also expected, as well as reduced operating and maintenance costs. Two diesel generators will be retained as backup generators in the event of a power failure in critical phases of future drilling activities.

Norway's NOx Fund allocated 73 million kroner (about $8.2 million) in investment assistance based on this estimated NOx reduction, funding approximately 36% of project cost.

The Greater Ekofisk Area, located approximately 300 kilometers (200 miles) offshore Stavanger, is comprised of four producing fields: Ekofisk, Eldfisk, Embla and Tor. Crude oil from Greater Ekofisk's producing fields is exported via pipeline to Teesside, England, and natural gas flows via pipeline to Emden, Germany.

Water

We manage water risks and mitigate potential impacts to water resources, taking into account the unique hydrologic, quality, use and ecological settings of each basin or offshore marine area. For every barrel equivalent of energy we produce, we manage about two barrels of water, including:

- Withdrawing it from local fresh surface water and groundwater or non-fresh groundwater and seawater sources for use at our facilities and operations to produce natural gas and oil.
- Managing it as produced water, as part of the natural gas and oil production process.
- Reusing or recycling it to use as an alternative to local water resources for enhanced oil recovery, steam generation and hydraulic fracturing.
- Discharging it from offshore operations after treatment in accordance with local water quality regulations.
- Disposing of it in disposal wells in accordance with local regulations.

Water sourcing and produced water disposal for our unconventional assets continue to be priority risks for our business and stakeholders.

2019 Performance Highlights

- Enabled produced water recycling through installation of central gathering, distribution and treatment facilities for China Draw and Montney assets.
- Developed local produced water recycling targets for China Draw and Montney assets.
- Improved unconventional freshwater consumption intensity.
- Achieved performance goal for oil in water concentration in produced water discharges in Norway.

Read more about some of our efforts around the globe.







Local Risk Management

Access to water is essential to the communities and ecosystems near our operations and for our ability to produce natural gas and oil. We identify and mitigate water risks at every stage of development and continue to work to improve our environmental performance.

Governance

Our governance structure provides board and management oversight of our risk processes and mitigation plans. Priority water risks and mitigation measures are provided to the executive leadership champion for water. They are also mapped to key categories in the enterprise risk management (ERM) process and shared with ERM risk owners to inform their assessments of risk ranking, corporate actions and mitigations. By identifying major crosscutting risks and trends, we closely link action plan efforts to key performance issues and mitigate identified risks. The ERM system and mitigation actions are reviewed regularly by executive leadership and the board of directors.

Read more about our sustainable development governance structure.

Strategy

Water is an essential natural resource for communities, ecosystems and economic development. It is also integral to our operations. Our strategic priorities are to:

- Continue to integrate water management into asset lifetime risk assessments, asset planning and project design.
- Identify, rank and mitigate water risks through established management processes.
- Identify and implement opportunities for improving water management performance through metrics tracking and through leveraging technology and innovation.
- Promote continuous improvement of a water stewardship culture through development of corporate guidance and engagement with company staff and external stakeholders.

Portfolio Risks and Exposure

Water risks are evolving globally in response to cumulative effects of human water demand and impacts to local water resources, physical effects of climate change, local water stress, and changing priorities and expectations of governments, investors and society. Risks could impact our business through project delays, business interruption, policy or regulatory costs. Potential water risks for our business and asset portfolio are related to:

- Restricted access to water supply or produced water discharge/disposal options.
- Policy changes to address basin-level cumulative effects, limiting production techniques such as hydraulic fracturing or restricting produced water discharge/disposal.
- Changes related to the impact of physical effects of climate change on local water resources, such as changes in precipitation patterns and temperature.
- Actions by investors and the financial sector including ESG performance and reporting expectations, shareholder resolutions, access to capital and credit ratings.

For our operations, local water risks are determined by the combination of social, regulatory, economic and environmental conditions, which are unique to every basin or offshore marine area. Risks are influenced by the type of operation – whether we explore for or produce crude oil, bitumen, natural gas, natural gas liquids or liquefied natural gas – and whether we operate an unconventional reservoir or within a conventional field onshore or offshore.

Assessing Water Risks

As part of the annual risk management process mandated by our SD Risk Management Standard, water risks are identified and assessed by subject matter experts in each business unit (BU), operated asset and project. Water risk assessments consider:

- Local availability of water needed for drilling, enhanced oil recovery (EOR), hydraulic fracturing, steam generation, terminals, liquefied natural gas (LNG) production and decommissioning.
- Transport and storage of source water and produced water.
- Produced water or process wastewater treatment requirements.
- Water quality of discharged produced water and process wastewater.
- Produced water disposal.

Once identified, each risk is plotted on a matrix that evaluates both its likelihood of occurrence and consequence. In evaluating the consequence severity, we consider potential impacts on employee and public safety, socio-cultural and economic impacts to stakeholders, environmental impacts, and reputational and financial implications.

Risk Register and Action Plan

For risks rated significant or high, mitigation actions are developed and included in the corporate SD Risk Register. The standard describes the process and requirements for priority risks and mitigation actions that are included in the register.

The 2019 Risk Register includes two categories for water: secure source of water supply and produced water management.

Risks	2019 Mitigation Actions And Milestones
Secure Source of Water Supply	
Insufficient access to freshwater, due to basin-level cumulative and long-term water withdrawal.	• Achieved sourcing agreement with local Indigenous group and secured long-term water license for our Montney operations. • Worked towards achieving oil sands freshwater intensity reduction goal. • Worked with business units to develop freshwater intensity metrics. • Enabled produced water recycling through installation of central gathering, distribution and treatment facilities at China Draw and Montney.* • Developed local produced water recycling targets for China Draw and Montney.* • Integrating water sourcing risks into climate resiliency (physical climate impacts) workshops and project planning and design.*
Produced Water Management	
Insufficient available produced water disposal capacity or restrictions due to basin-level cumulative and long-term produced water disposal.	• Installed produced water central gathering and distribution system for new wells in Eagle Ford, Dewitt County. • Participating in research initiatives on third party reuse of treated produced water. • Monitored seismic events in the vicinity of operations and completed seismicity risk assessments. • Achieved performance goal for oil in water concentration in produced water discharges of less than 10 mg/L in Norway.

* Mitigation applies to both secure source and produced water management risks.

Our corporate Water Action Plan addresses these priority risks and provides information about the accountable action owner, milestones and target completion dates. Line-of-sight goals for business units and key functions are shown as specific action items within the plan, and progress is reported through our governance structure to the ELT and board.

Managing Water Risks

Water sourcing and produced water management are global challenges that require local solutions. Water risks identified for our operated assets and projects are managed at the BU level, enabling a tailored region-specific approach. The corporate SD team supports the risk management process by tracking business risks across the company, developing and tracking metrics for annual reporting and forecast data for the Long-Range Plan, and providing oversight and support to the businesses.

Read more about our risk management processes.

Our onshore water risks and priorities are determined by water sourcing and produced water disposal challenges that are specific to each basin. Onshore water sources include fresh, non-fresh and reused/recycled produced water used for drilling, enhanced oil recovery (EOR), hydraulic fracturing, steam generation for steam-assisted gravity drainage (SAGD) oil sands production, natural gas and oil terminals, and LNG production.

Produced water from our onshore operations is treated and recycled to hydraulically fracture wells and generate SAGD steam, reused untreated for EOR, or disposed by well injection. We also manage waste water at our terminals, for LNG production and domestic waste water for staff accommodations at remote assets.

Unconventional

Hydraulic fracturing, or fracking, is essential to produce oil and natural gas that is otherwise trapped in low-permeability rock formations. This unconventional well completions technique includes pumping water and sand into the formation to create narrow fractures through which oil and natural gas can flow. While some water is required during drilling, the majority is used for fracking. Some wells can produce more water than natural gas or oil, and the relative volumes vary significantly with basin geology/hydrogeology. Similarly, produced water quality varies between and even within basins. In 2019, our unconventional assets included Eagle Ford, Delaware and Bakken in the U.S. and Montney in Canada.

The volume of water used, as well as overall water intensity, has increased over the last years as more unconventional wells have been completed and techniques have advanced. The techniques and technologies used to hydraulically fracture horizontal wells have evolved into an increasingly complex and large-scale process. Our completions teams have maximized production and reduced costs by using advanced data analytics and innovative technologies such as distributed acoustic sensing to monitor the efficiency and distribution of fractures. This has allowed optimization of key parameters including:

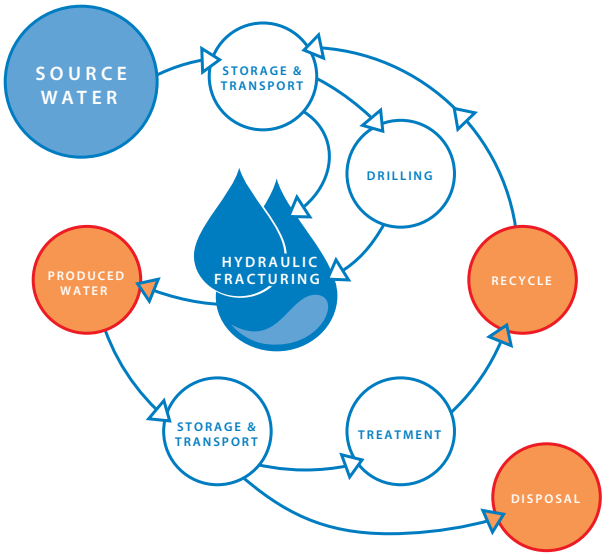
- Lateral length of the well.
- Number of stages (distinct intervals).
- Number and geometry of clusters (groups of fractures).
- Volume of proppant (mostly sand).
- Volume of water.
- Relative spacing and stacking.

These design changes have not only improved the economics but have also helped to increase the average overall production (estimated ultimate recovery – EUR) of wells across our unconventional asset portfolio.

While each region has a unique set of optimum parameters determined by subsurface conditions and geology, several general trends are consistent:

- Lateral lengths of wells have increased for most assets, reducing the number of wells and surface facilities, reducing costs and increasing production.
- Cluster spacing is now five-times denser, and there are twice as many clusters per stage, creating a more efficient fracture network and increasing production.
- The amount of proppant has increased almost four-fold, improving the flow in the fracture network and increasing production.
- Water use has more than doubled and now typically ranges from approximately 200,000 to 650,000 barrels (32,000 to 100,000 cubic meters) per well.

Produced water recycling has been identified as the best option to hydraulically fracture our Delaware and Montney assets. This has both economic and environmental benefits for full-cycle water management, as the use of treated produced water reduces the amount of water withdrawn from local sources, the amount of produced water injected for disposal and truck traffic used to transport the water.



In the China Draw area of the Delaware Basin, we began using a centralized water gathering and distribution system in 2019. The system includes a water treatment facility, storage ponds for treated produced water and pipeline gathering and distribution infrastructure. We have a target to use 98% recycled produced water for hydraulic fracturing in China Draw in 2020. A similar centralized water gathering, treatment and distribution system is planned for installation in the Zia Hills area of the Delaware Basin. Read more about water recycling in the Delaware Basin.

In Montney, we completed water sourcing agreements with the Halfway River First Nation, secured a 20-year term water license and completed the installation of the centralized water gathering and distribution system in 2019. In the water hub, produced water is treated for recycling and stored in engineered ponds. We have a target to recycle at least 80% of the produced water for fracking, with the remaining amount sourced from a local river. Learn more about our Montney water management.

In the Eagle Ford, we target groundwater sources that are not in proximity to other users such as municipal, domestic or agricultural. Our 3-D water visualization tool provides a 3-D image of aquifers, water wells and natural gas and oil wells. We use the tool to demonstrate that we target deeper water sources that are not used by local landowners. The majority of source water is transported using temporary, lay-flat pipelines from central storage ponds, rather than trucks. In 2019, Eagle Ford began using a pipeline-based produced water central gathering and disposal system for facilities in DeWitt County. That system will be expanded, and a similar central gathering and disposal system is expected to be completed for facilities in Karnes County in 2020. Both initiatives have removed truck traffic from local roads.

For our Bakken operations, the majority of source water is transported using temporary, lay-flat pipelines from central storage ponds. The majority of produced water is transferred to disposal wells using pipeline infrastructure.

Induced Seismicity

Our risk-based Global Induced Seismicity Guideline helps characterize seismicity risks for our new injection wells and for screening third-party injection operations, if circumstances warrant, and provides possible monitoring, management and response planning options. We also monitor seismic activity close to operations prior to drilling to identify potential seismicity risks using data and information from the U.S. Geological Survey for U.S. Lower 48 plays and the British Columbia Oil & Gas Commission for Montney. British Columbia seismicity regulations require continuous seismic monitoring during fracking operations, and if an anomalous seismic event occurs, regulators have the authority to stop operations immediately.

In 2019, we continued to work with the state of Texas and peer companies to support funding to deploy and manage seismic monitoring equipment which can help provide proactive responses to address earthquake-related risks. TexNet is a system of earthquake sensors placed in the ground at dozens of locations across the state of Texas, coupled with a dynamic mapping tool that offers information on the detection location, timing, depth and magnitude of recorded earthquakes. By analyzing data from the monitoring network and placing it into a geologic context, TexNet provides an independent, comprehensive investigative approach to help monitor earthquakes. Access to data from this network greatly improves our knowledge about earthquake risks and assists operational decision-making. The TexNet data is publicly available and widely used by academics.

Conventional

Our diverse operated conventional asset portfolio includes Alaska's Kuparuk and Alpine fields, the Permian Basin in the U.S. and fields in Indonesia's South Sumatra province.

Water management for our Alaska operations is unique, as most of our freshwater use is not directly for natural gas and oil production, but primarily to build seasonal ice roads and pads for exploration and overland resupply. The water is sourced locally from surface water bodies in accordance with regulatory permits and returned to the environment every spring as meltwater. To produce natural gas and oil, our Alaska assets rely on non-freshwater, specifically seawater, and reused produced water for EOR.

For our conventional assets in the Permian Basin, the water management focus is on reusing produced water for EOR. In 2019 we also conducted a pilot project to use evaporative technology to reduce the volume of produced water for disposal. This forced evaporation technology, also called thermal desalination, uses natural gas to heat produced water. The process releases water vapor to the atmosphere while concentrating the residual produced water. It can significantly reduce produced water volume, reducing disposal requirements.

In Indonesia, we use freshwater from groundwater and surface water sources for operations. Recovered produced water is injected back into the formation via dedicated disposal wells. Routine monitoring programs assess the water quality of surface runoff from rain events and of treated wastewater discharged to the environment.

LNG Facilities

Water management priorities for our Australia-Pacific LNG (APLNG) facility focus on the quality of water discharged to municipal water treatment systems or directed to the receiving environment. This includes water used in the LNG process and runoff from rain events that is discharged to surface water. Routine monitoring programs are in place to

assess water quality prior to discharge to municipal systems, at each stormwater discharge point, and inside and outside the discharge mixing zone in the receiving environment.

Oil Sands

In Canada, our Surmont oil sands operation uses recycled produced water, freshwater from low-quality groundwater sources and non-freshwater from brackish groundwater sources to create steam. Our freshwater sources have been deemed by regulators as not high-quality freshwater due to low water quality, lack of connection to shallow aquifers, lack of local water stress and lack of use by local communities. Water management priorities for Surmont include produced water recycling and reducing freshwater use intensity. As a founding member of COSIA we are committed to the in-situ oil sands performance goal to reduce freshwater use intensity by 50%, from a 2012 benchmark, by 2022. To date, the freshwater use intensity has been reduced by about 44% collectively by COSIA companies.

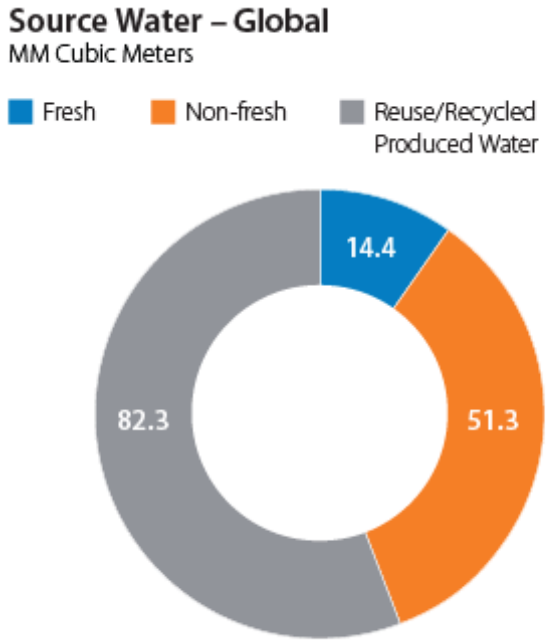
Offshore

Water management priorities for our Norway offshore operations are treatment and water quality of discharged produced water. Norway operations treat produced water prior to discharge from offshore platforms in accordance with local regulations. No freshwater is used for offshore operations, except for domestic purposes. Freshwater is used at the Teesside terminal, which receives natural gas, oil or natural gas liquids (NGL) from Norway offshore fields. Norway is our largest user of non-fresh water (seawater) for drilling and for EOR.

Our Norway operations surpassed their 2019 performance goal for oil in water concentration in produced water discharges of less than 10 mg/L. The 2019 value of 6.9 mg/L is more than four times lower than the regulatory limit of 30 mg/L. Potential impacts from produced water being discharged into the sea have been studied for more than 20 years, including in situ water column monitoring. Based on current knowledge, the environmental risk of discharging produced water is very low.

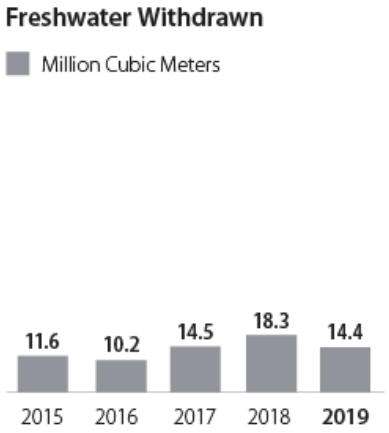
Water Performance Metrics

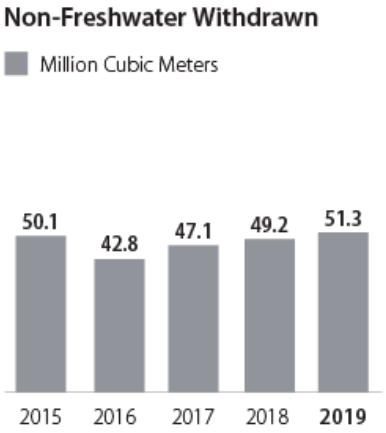
We measure and report on the volume of freshwater and non-fresh water withdrawn from local water sources and the volume of produced water that is reused, recycled, disposed or discharged after treatment. This data is used to estimate our water intensity and exposure to water stress. We also collect water forecast data for our annual Long-Range Plan process which enables us to test our portfolio of projects against our water risks to make better-informed strategic decisions.

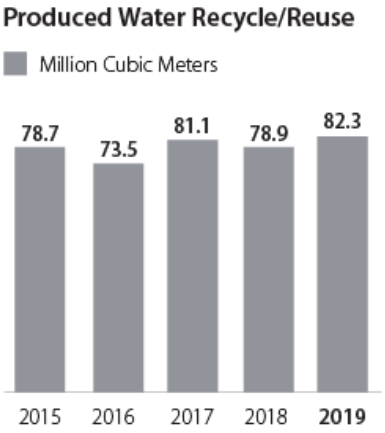


About 90% of the water we use as source water for our operations is non-fresh groundwater, seawater and reused/recycled produced water.

In 2019, our operated assets withdrew 14.4 million cubic meters of freshwater[1], a decrease of 21%. This was primarily due to reduced freshwater use for hydraulic fracturing in our Eagle Ford and Bakken operations, partially offset by increased fresh water needs as our Montney operations ramped up.

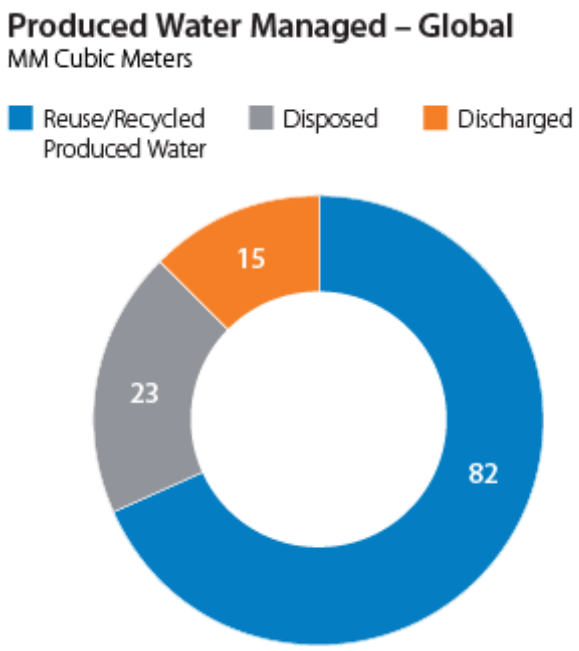






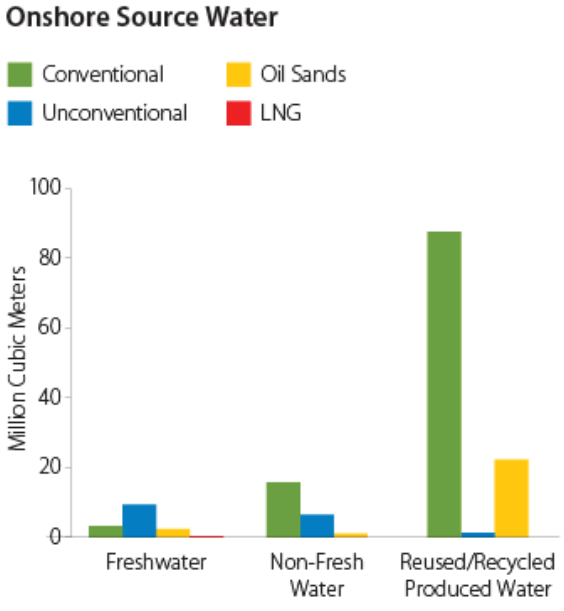
Our 2019 non-freshwater[2] withdrawal volume was 51.3 million cubic meters, an increase of 4%. This increase was mostly due to increased non-freshwater use for hydraulic fracturing in our Eagle Ford operations and for Alaska operations, partly offset by reductions in seawater use in Norway.

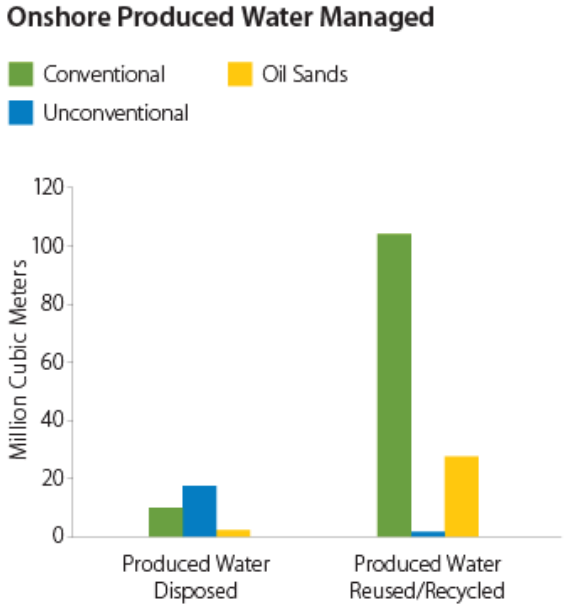
Of the produced[3] water recovered in 2019, 70% was reused or recycled, 18% was disposed and 12% was treated and discharged offshore.



We recycled or reused 82.3 million cubic meters of produced water in 2019, an increase of 4%. This increase was mostly due to increased produced water reuse for EOR and recycling for hydraulic fracturing in our Permian assets, partly offset by a reduction at Surmont due to a turnaround.

Regional Water Metrics





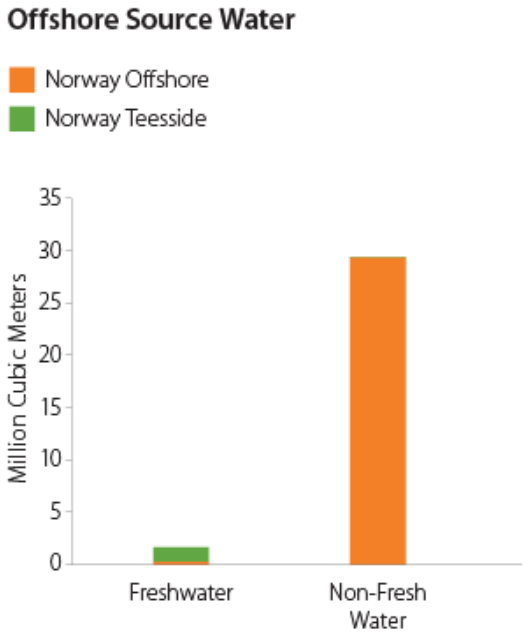
Unconventional*

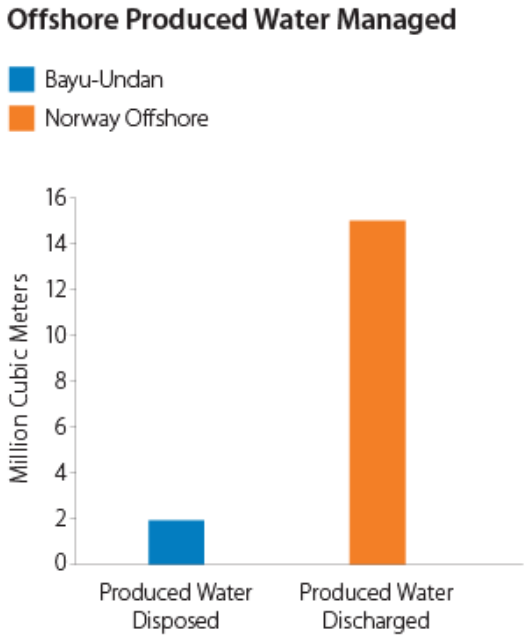
	Eagle Ford	Bakken	Delaware	Niobrara[4]	Montney
Freshwater Withdrawn	5.5	1.6	0	0.8	1.2
Freshwater Discharged	0	0	0	0	0
Non-fresh Water Withdrawn	5.9	0	0.5	0	0
Produced Water Reused/Recycled	0	0	1.4	0	0
Produced Water Disposed	4.7	3.7	3.2	0.09	0.04

Conventional/LNG/Oil Sands*

	Alaska	LNG	Permian	Surmont	Indonesia
Freshwater Withdrawn	0.5	0.45	0	2.4	0.35
Freshwater Discharged	0.2	0.09	0	0.05	0.09
Non-fresh Water Withdrawn	14.1	0	0	1.2	0
Produced Water Reused/Recycled	38.5	0	20.8	21.5	0
Produced Water Disposed	0	0	3.8	1.8	0.57

* All data in units of million cubic meters.





Our offshore operations used 29.4 million cubic meters of seawater, disposed 1.9 million cubic meters of produced water and discharged 15 million cubic meters of treated produced water. About 1.7 million cubic meters of freshwater were used for domestic purposes at offshore staff accommodations and at the Teesside terminal for processing.

Freshwater Consumption Intensity

We measure and track the freshwater consumption intensity for our unconventional, conventional and offshore assets. The 2019 freshwater consumption intensity[5] for our unconventional assets in the U.S. (Eagle Ford, Delaware and Bakken) and in Canada (Montney) is 0.22 bbl/BOE EUR. This is a 20% reduction compared to 2018 due to ramping up of produced water recycling in Delaware and the increased use of non-fresh groundwater sources in the Eagle Ford. The 2019 freshwater consumption intensity[6] for our conventional (Alaska, Canada Surmont, U.S. Permian, LNG and Indonesia) and offshore assets (Norway) is 0.05 bbl/BOE. The conventional/offshore water intensity remains relatively unchanged.

Freshwater Withdrawn in Regions with High Baseline Water Stress

We use the World Resources Institute Aqueduct Risk Atlas (Aqueduct tool) to assess our portfolio exposure to water stress. The Aqueduct tool, also used by the Sustainable Accounting Standards Board (SASB), measures the ratio of total water withdrawals to available renewable surface and groundwater supplies. Our Anadarko, Lost Cabin Gas Plant, Niobrara, Permian Basin Central Platform and Alaska Kuparuk assets are located in basins with high or extremely high baseline water stress and accounted for 8.4% of our total freshwater withdrawal in 2019.

Notes

[1] Regulatory definitions of freshwater can range from less than 1,000 to less than 4,000 milligrams per liter total dissolved solids (TDS).

[2] Non-freshwater includes brackish/saline groundwater with ranges between 2,000 to more than 10,000 milligrams per liter TDS and seawater with about 35,000 milligrams per liter TDS.

[3] Produced water ranges from less than 10,000 to more than 300,000 milligrams per liter TDS.

[4] The sale of Niobrara assets was completed in 2020.

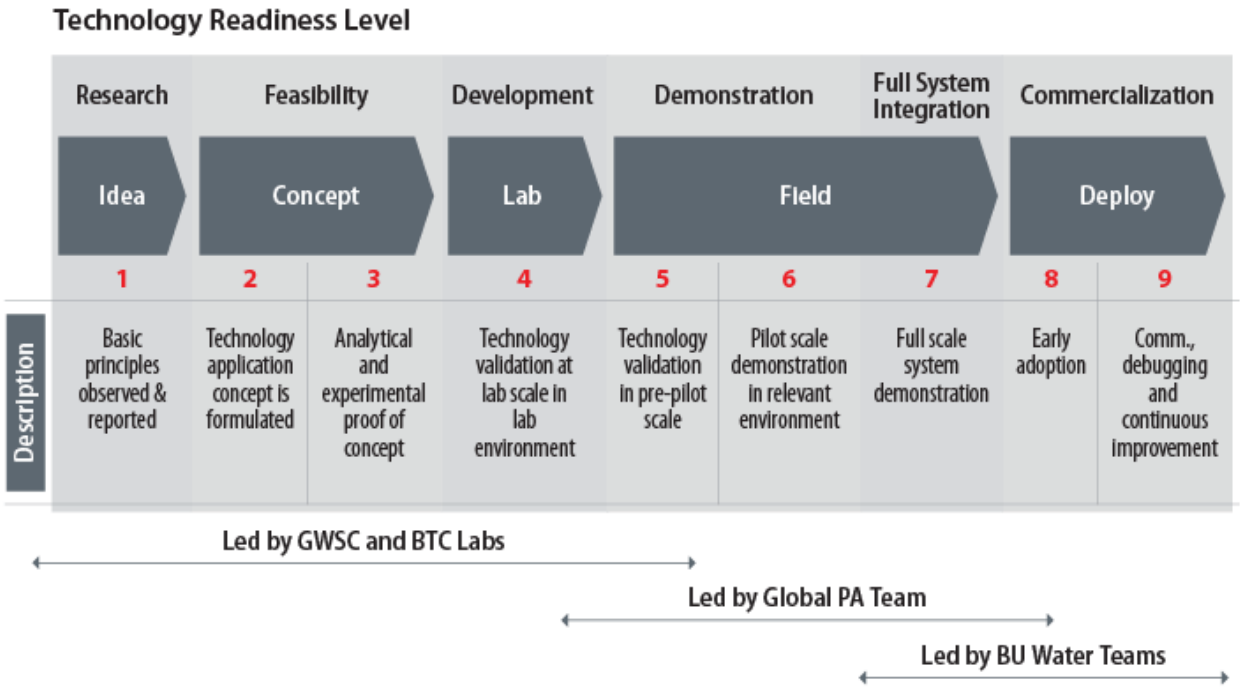
[5] Calculated using RS Energy Group data for the average volume of freshwater (bbl) divided by the average estimated ultimate recovery (EUR, BOE) as of March 31, 2020. Intensity value may change as EUR data is updated.

[6] Calculated using the average volume of freshwater (bbl) divided by the average annual production (BOE).

Integrating Technology

We rely on finding innovative solutions through technology applications to reduce business risks and address local community concerns around water resources, treatment and management of produced water. Offshore, we treat produced water to remove dispersed oil prior to discharge, we disinfect seawater used for enhanced oil recovery (EOR) and we remove dissolved solids in water to avoid the buildup of scale. Onshore, we treat produced water or process water to remove certain organics, dissolved solids and dissolved gases like H_2S to avoid the buildup of scale and to enable storage, recycling, discharge or disposal. Innovative water technologies can optimize processes, reduce costs, improve efficiency and reduce potential impact on the environment.

New water technology must be customized and tested by our engineers to ensure it is effective for local water and reservoir conditions. Whether a technology is capable or fit for deployment is expressed as the technology readiness level (TRL). We use nine TRLs, ranging from TRL 1 (paper studies of basic properties) to TRL 9 (multiple production units integrated into operations).



Our Bartlesville Technology Center (BTC) provides scientific, analytical and technical water treatment support, including lab experiments, pilot tests, fluid sampling and demonstration test that evaluates new technologies or qualifies available commercial technologies for produced water treatment and recycling for hydraulic fracturing. The BTC routinely collaborates with the Global Water Sustainability Center (GWSC) on research and feasibility studies to develop new technologies, but most water technology programs focus on evaluating and customizing available commercial technologies through lab and field tests. This process was highlighted as we worked to implement the produced water recycling project in the China Draw area of the Delaware Basin that reduced both the amount of water withdrawn from local sources and the amount of produced water requiring disposal by deep well injection.

Global Water Sustainability Center

Our GWSC in Qatar develops innovative solutions for water management from natural gas and oil operations. Programs focus on providing specialized technical engineering and analytical support to our global operations and Qatargas, conducting applied research to qualify advanced technologies for operations, and organizing outreach activities related to water sustainability. The GWSC manages our Water Solutions Technology Toolbox, an internal technology-sharing website capturing the latest water treatment experience from full-scale operations, field trials and bench tests.

Examples of 2019 technical projects include:

- Specialized quality assurance support to Qatargas related to chemistry of corrosion inhibitors used in LNG operations.
- Evaluating "pressure retarded osmosis", an advanced membrane technology, as a method of harnessing osmotic energy of highly saline produced water.
- Developing analytical methods for monitoring corrosion inhibitor residual concentrations in North Sea operations.

The GWSC also features a visitor center where students and teachers experience hands-on displays promoting the value of water and conservation. The center promotes water sustainability within Qatar with a variety of local outreach initiatives including a sustainability video competition for students, a debate and discussion forum and various collaborative programs with Kahramaa, the Qatar water and electricity utility. An upgrade of the visitor center to improve the audio-visuals and overall learning experience was carried out in 2019.

External Collaboration

Engaging externally on water risks and opportunities means:

- Engaging in collaboration, best practices development and benchmarking with industry organizations both on the regional/local and the global level.
- Collaborating with local and regional community and industry groups.
- Supporting research and educational initiatives.

We collaborate and engage with IPIECA, the global oil and gas industry association for environmental and social issues. The IPIECA Water Working Group focuses on developing guidance for freshwater management, promoting greater consistency in identification of water risks, sharing good practices and promoting consistent reporting. Additionally, we participate in local and regional community and industry groups related to addressing local water risks, including:

- U.S. Lower 48: South Texas Energy and Economic Roundtable Water Sustainability Committee and the Energy Water Initiative.
- Canada: Canada's Oil Sands Innovation Alliance (COSIA), Canadian Association of Petroleum Producers (CAPP), Petroleum Technology Alliance Canada (PTAC) and the Northeast British Columbia (Canada) Montney Operators Group.
- Australia: Gas Industry Social & Environmental Research Alliance, Gladstone Healthy Harbour Partnership, Port Curtis Integrated Monitoring Program, Australian Institute of Marine Sciences.

Global Water Sustainability Position

Water is an essential natural resource for communities, ecosystems and economic development. It is also integral to our operations. We recognize that fresh water is a limited resource in some parts of the world and its availability may change in the future. While water scarcity is an important issue globally, the solutions for constrained availability are often local. All users – domestic, agriculture and industry – will need to effectively manage supplies to meet demands.

Our Focus

We have a risk-based approach and integrate water strategy and risk management into our long-range planning and business processes. Our corporate action plan focuses on the following areas:

- Understanding our water footprint for operations including use of freshwater and produced water management.
- Managing operations through integrated risk-based decision-making.
- Supporting protection of groundwater and surface water by adhering to internal well-integrity procedures and safe water management practices.
- Leveraging our Water Solutions team, including the Global Water Sustainability Center in Doha, Qatar to evaluate commercial and innovative water technologies for COP deployment.
- Addressing risks and opportunities through use of non-fresh water sources, reusing and recycling of produced water and improving water quality prior to discharge.
- Engaging externally through collaboration with industry peers, suppliers, regulatory agencies, academia, nongovernment organizations, communities and indigenous peoples to develop innovative solutions and increase capacity for managing water risks.
- Building capacity through sharing of experience and good practices for managing water risks.

Our Expectations

Through this approach we manage our water risks and contribute to sustainable water management. Through our individual and collaborative efforts, we strive to align our actions with societal values for protecting and conserving fresh water resources and to support improved water management performance across the industry.

SPOTLIGHT

Recycling Water in the Delaware Basin

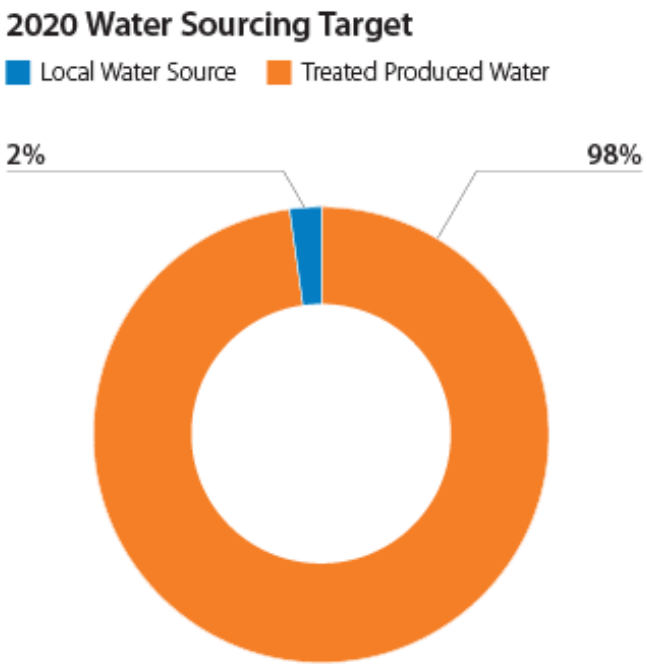
DECEMBER 17, 2019

Determining a source for water is an essential component of our drilling and completions activities. In the Delaware Basin, produced water reuse has been identified as the best option, economically and environmentally, for full-cycle water management. Produced water is recovered from wells along with natural gas and oil production. In the Delaware Basin, the water-to-oil ratios are between 1:1 and 7:1, so produced water is abundantly available. Given the limited surface and ground water resources in the area and resulting well cost implications, there is both an environmental and an economic incentive to utilize produced water whenever feasible.

In the China Draw area of the Delaware, 2019 was the first year in which we used a centralized water gathering and distribution system. The system transports water from producing wells to a water treatment facility. From there it goes into holding ponds and then on to the next well to be used for hydraulic fracturing. Then the process is repeated. 7.8 million barrels were transported via above ground pipes to the treatment facility. We treated 9 million barrels of water for use in the completions of 20 wells. By piping the majority of our water needs, we were able to remove the equivalent of 52,000 truck round trips from local roads. By treating and then reusing water, we reduced the amount of local water required for hydraulic fracturing by 68% and reduced the amount required for deep-well disposal by 36%.

During 2019 there were challenges in keeping up with the water reuse needs due to insufficient water supply from the existing wells and infrastructure. The team had to manage scheduling issues as they worked to get enough water treated in time for the next wells to be fracked. Transportation for treatment of the remaining 1.2 million barrels required trucking. As field production from China Draw grows and infrastructure expands, additional system flexibility will be created to meet the long-term needs of the water reuse program.

The next centralized system is already being developed in the Zia Hills area of the Delaware Basin. Lessons learned from China Draw have been incorporated in the planning and it is expected the facility will begin treating water for use in well completions in the early fall.



SPOTLIGHT

Innovative Stormwater Management at APLNG

JUNE 18, 2020

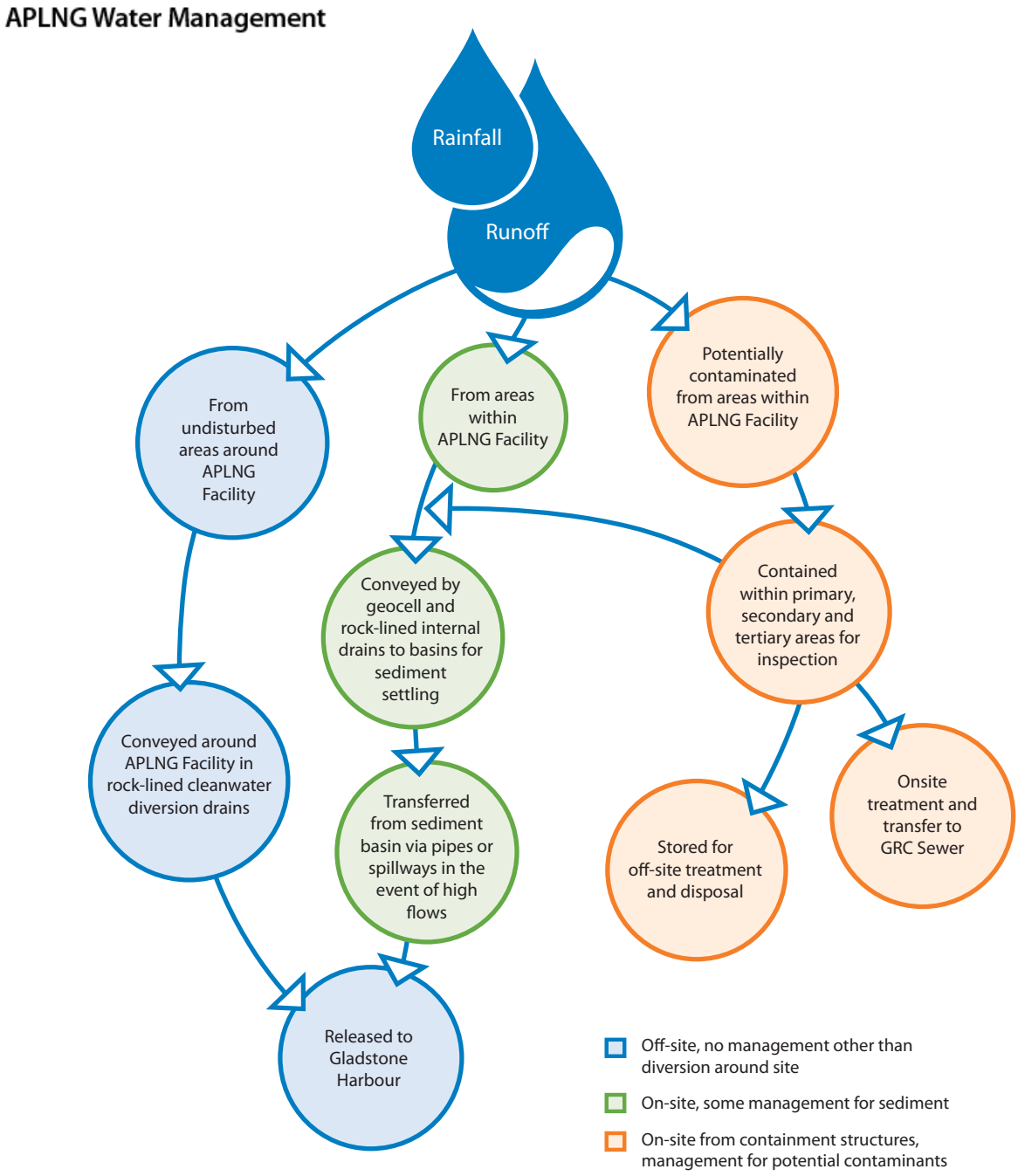
Identifying and managing any associated environmental impacts related to our Australia Pacific LNG (APLNG) facility near Gladstone, is a cornerstone of our commitment to responsible operations. Managing the potential for large volumes of rainfall to fall on and near the facility was one of our early planning challenges. We explored different ways to manage storm and wastewater to minimize water releases as we worked to protect a range of critical environments within the Great Barrier Reef World Heritage Area. A review of system performance and receiving environment response was completed in 2019, with data indicating that stormwater releases have resulted in no noticeable adverse impacts on the mangrove communities in Gladstone Harbour near the facility.

An innovative stormwater management system was designed to segregate clean and potentially contaminated stormwater, minimize erosion and control the movement of suspended solids. The installation of a perimeter drain around the APLNG facility protects the environment during heavy rain, ensuring that runoff from external undisturbed areas does not mix with runoff from disturbed areas, while effectively minimizing the volume of water requiring management onsite. Improvements to manage stormwater in operational areas minimize erosion and capture suspended solids. This includes surface treatments such as:

- Concreting.
- Gravel sheeting and revegetation.
- Constructed slopes and internal drain protection using geocell and rock.

Five basins facilitate the settlement of sediments that may be contained in rainfall runoff from the site. These are designed to drain freely, discharging low flows through a geofabric-wrapped perforated pipe. Moderate flows are released through a discharge pipe operated by a manual valve, which can be closed to allow treatment if needed, and high flows are discharged via a rock armored spillway. Stormwater releases from perimeter diversion drains and sediment basins are channeled to concrete and rock armored outfalls that minimize erosion and support mixing in the receiving environment. Stormwater management within the plant is complimented by primary, secondary and tertiary containment areas that segregate potentially contaminated waters arising from production activities. These containment areas capture potentially contaminated stormwater during rainfall events so that water quality can be inspected prior to release as stormwater or diverted to on-site or off-site treatment or disposal facilities. Through an agreement with the Gladstone Regional Council (GRC), our sewage and wastewater are piped to existing facilities on the mainland, which reduces truck traffic on local roads. This agreement also meant that ConocoPhillips did not need to install treatment facilities on Curtis Island.

“The industry-leading stormwater management system installed at APLNG has proven effective even during periods of extremely heavy rainfall, with stormwater runoff from the site being cleaner than runoff from nearby undisturbed areas,” said Fiona McLeod, General Manager of Government and External Affairs for ConocoPhillips Australia.



Mangrove monitoring

Monitoring the health of mangrove communities in the receiving environment and at reference sites provides insight into whether there have been any impacts to biodiversity related to the construction and operation of the APLNG Facility. From the early construction phase in 2012 through to February 2019, we monitored:

- Height, diameter and leaf count of seedlings.
- Number of crab burrows.
- Water chemistry, including pH, turbidity and temperature.
- Leaf litter and herbivory damage.
- Diameter and height of mature trees.
- Canopy cover.

"The data shows that the health of mangrove communities adjacent to the facility has remained stable since operations commenced. Simply put, the ongoing operation of the facility is not expected to cause any negative impact to these significant ecosystems," said McLeod.

Biodiversity

Across much of the globe, biodiversity has been significantly altered by human pressure, including land- and sea-use change, direct exploitation of organisms, climate change, pollution and invasive species. The World Economic Forum estimates that diversity within and between species and the diversity of ecosystems is declining faster than at any other time in human history.

We assess potential impacts associated with the direct and indirect operational footprint of our onshore and offshore assets through an integrated management system approach to identifying, assessing, characterizing and managing biodiversity risks. We mitigate potential impacts through the use of the mitigation hierarchy.

2019 Performance Highlights

- Conducting research on the impact of infrastructure and operations on sensitive species and habitats.
- Implementing annual metrics across our operations for protected areas, protected/restored habitats and International Union for Conservation of Nature (IUCN) Red List species.
- Supporting joint venture partnerships for conservation projects in the U.S. Lower 48 to protect grassland bird habitat.

Read more about some of our efforts around the globe.







Risk Management Framework

We utilize an integrated management system approach to identify, assess, characterize and manage biodiversity risks. We mitigate potential impacts through the use of the mitigation hierarchy.

Governance

Our governance structure provides board and management oversight of our risk processes and mitigation plans. We provide information about priority biodiversity risks and mitigation measures to the executive leadership champion for biodiversity. We also map the risks to key categories in the enterprise risk management (ERM) process and shared with ERM risk owners to inform their assessments of risk ranking, corporate actions and mitigations. Cumulative impacts to biodiversity, habitats or ecosystems has been identified as an emerging risk. The ERM process is a direct input into our strategic business planning process.

Read more about our governance structure.

Strategy

Biodiversity and ecosystems services provide ecological, cultural, economic, recreational and scientific value. Our strategic priorities are to:

- Continue to integrate biodiversity into asset lifetime risk assessments, asset planning and project design.
- Identify, rank and mitigate biodiversity risks through established management processes.
- Identify and implement opportunities for improving biodiversity management performance through metrics tracking and through leveraging technology and innovation.
- Promote continuous improvement through development of corporate guidance and engagement with company staff and external stakeholders.

Portfolio Risks

Biodiversity risks are evolving globally in response to cumulative effects related to human land- and sea-use, direct exploitation of organisms, climate change, pollution, invasive species, and changing priorities and expectations of governments, investors and communities. Biodiversity risks could impact our business through project delays, business interruption, policy or regulatory changes. Potential biodiversity risks for our asset portfolio are related to:

- Restricted land use or restricted access to lease areas.
- Policy changes to address basin level or marine area cumulative effects, limiting land use or restricting lease access.
- Changes related to the impact of physical effects of climate change on local habitats, such as changes in precipitation patterns and temperature.
- Actions by investors and the financial sector including ESG performance and reporting expectations, shareholder resolutions, access to capital and credit ratings.

Portfolio Exposure

For our operations, local biodiversity risks are determined by the combination of social, regulatory, economic and environmental conditions which are unique to every basin or offshore marine area. Risks are influenced by the increasing number of species considered to be at-risk or threatened globally and the establishment of protected areas of habitat.

Assessing Risks

As part of our annual sustainable development (SD) risk management process, mandated by our SD Risk Management Standard, operated assets and major project activities are assessed for potential biodiversity risks including:

- Species characterized as at-risk, endangered, rare, significant, threatened or of cultural value.
- Internationally, nationally, regionally or locally designated protected areas.
- Habitats including rare or threatened ecological communities and regionally unique ecosystems.
- Cumulative effects on habitats, ecosystems or species.

The process is designed to identify potential biodiversity impacts such as changes in species distribution or abundance, habitat disturbance, or changes to habitat intactness. This may be associated with the direct or indirect physical footprint of project development or operations, or through releases, spills or discharges to the environment. Each risk is then assessed using a matrix that evaluates both its likelihood and consequence. Priority risks are included in the corporate SD Risk Register.

Risk Register & Action Plan

For risks rated significant or high, mitigation actions are developed and included in the corporate SD Risk Register. The SD Standard describes the process and requirements for priority risks and mitigation actions that are included in the corporate SD Risk Register.

The 2019 Risk Register includes two categories for biodiversity: Cumulative impacts to habitats or ecosystems and threatened or valued species.

Risks	2019 Mitigation Actions And Milestones
Cumulative Impacts to Habitats or Ecosystems	
Cumulative anthropogenic impacts to habitats or ecosystems could lead to regulatory restrictions or limitations on access for new developments.	• Reducing infrastructure footprint through smaller pads and longer laterals.* • Reporting metrics for protected areas, protected/restored habitats and IUCN Red List species.* • Integrating biodiversity risks into project planning and design.* • Collaborating with conservation partnerships to conserve and restore habitats.* • Engaging with regulatory agencies to develop wildlife management and habitat conservation policy. • Engaging with regulatory agencies and stakeholders for support of mitigation alternatives that create social benefits. Integrating biodiversity management into climate resiliency (physical climate impacts) workshops.*
Threatened or Valued Species	
Cumulative anthropogenic impacts in basins or marine areas increase threats to biodiversity and lead to an increasing number of species at risk in regions with company assets or exploration interests.	• Conducting research on impact of infrastructure and operations on sensitive species. • Completing species distribution surveys, implementing and monitoring protective buffers. Supporting joint venture partnerships for conservation projects to protect grassland bird habitat.

* Mitigation applies to both cumulative impacts to habitats/ecosystems and threatened/valued species.

Our corporate Biodiversity Action Plan addresses these priority risks and provides information about the accountable action owner, milestones and target completion dates. Line-of-sight goals for business units and key functions are shown as specific action items within the plan, and progress is reported through our governance structure to the ELT and board.

Read more about our approach to managing sustainable development risks.

Biodiversity Management

A global biodiversity assessment report issued by the Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services (IPBES) in 2019 cautioned that existing biodiversity conservation goals, including United Nations Sustainable Development Goals (SDGs) regarding Life below Water and Life on Land, and the Convention on Biological Diversity (CBD) Aichi targets cannot be achieved. In the report, IPBES projected that one in four species is at risk of extinction, predicted further acceleration of the global extinction rate, and suggested that global biodiversity loss also undermines other goals, such as the Paris Climate Change Agreement. IPBES concluded that transformative changes across economic, social, political and technological factors are required in support of global biodiversity conservation.

The CBD's post-2020 Global Biodiversity Framework seeks to stop further biodiversity loss by 2030 and to reverse population declines by 2050. The framework provides guidance for goals to reduce threats to biodiversity including smart targets for protection, sustainable use and control of invasive species. Through IPIECA, we have provided feedback on the draft framework as the private sector continues to play an important role in its implementation.

Biodiversity loss is a global challenge that requires local mitigation solutions, as every basin or marine area has a unique combination of habitats, plant and animal species. Without mitigation, exploration and production activities can disturb or alter habitats, reduce habitat intactness and impact species distribution and abundance through the construction of roads, well pads, compressor stations and storage facilities. We manage risks and mitigate impacts to areas with biological or cultural significance through the use of the Mitigation Hierarchy. The hierarchy includes four prioritized steps to mitigate adverse biodiversity impacts: Avoid, Minimize, Rehabilitate and Restore, and Offsets.

Avoid

Some biodiversity impacts can be avoided through careful spatial or temporal placement of infrastructure or scheduling field activities outside peak migration or breeding seasons.

Alaska

We conduct aerial infrared surveys where winter activities are planned on the North Slope of Alaska to look for heat signatures indicative of polar bears in dens. For over 15 years we have also funded grizzly bear research to help improve our activities and avoid human influence on bears. Read more on how we work to avoid human-bear interactions.

Ice roads and ice pads are constructed every winter when seasonal access is sufficient, avoiding permanent infrastructure on the tundra. Ice road routes are carefully mapped out, avoiding rough terrain, cultural sites and other potentially sensitive areas. In 2019, we built the equivalent of 148 miles of winter ice roads and 225 acres of ice pads which melted away in the summer. Ground disturbing activity on the tundra, such as gravel placement and other construction, occurs in the winter, outside of the migratory bird breeding season.

Norwegian North Sea

In Norway, we continue to study the timing of cod spawning in the North Sea to mitigate impact from seismic surveys on the cod population.

U.S. Lower 48

In the Bakken area of North Dakota, we separately analyze each new well pad to design our footprint based on the species, current land uses and ecosystem near our operations. Early in the planning process, we do a thorough review of the species, ecosystem and cultural components of the area as we consider the location of our wells and facilities. This enables us to design our operations with landscape best use in mind and to avoid impacts to biodiversity and habitats. See more about our project-specific approach to avoidance planning in North Dakota.

Strategic initiatives like conservation agreements also help avoid biodiversity impacts and protect sensitive habitats near our operations. We have enrolled over 280,000 acres in voluntary conservation agreements that protect the Lesser Prairie Chicken in Oklahoma, New Mexico and Texas and the Dune Sagebrush Lizard in New Mexico. These formal agreements with the U.S. Fish & Wildlife Service and/or other federal or state agencies typically require that new well locations and surface infrastructure avoid species habitats or sensitive areas within habitats.

Minimize

We minimize biodiversity impacts through measures taken to reduce the duration, intensity and/or extent of the footprint of our operations. New drilling technology, data analytics techniques and integrated planning have helped reduce our infrastructure footprint and improve reservoir development efficiency through multi-well pads, longer lateral wells, multi-lateral wells, tankless pads and central facilities.

Canada

Through Canada's Oil Sands Innovation Alliance (COSIA), our oil sands operations led the development of a footprint intensity reduction goal to reduce the footprint intensity of in-situ operations by 10% by 2022. This land performance goal applies to the in-situ projects of COSIA members collectively and is achieved primarily through surface infrastructure footprint optimization, improved drilling technology and accelerated interim reclamation. By 2019, COSIA in-situ companies collectively reduced their footprint intensity by over 10%, achieving the performance goal early.

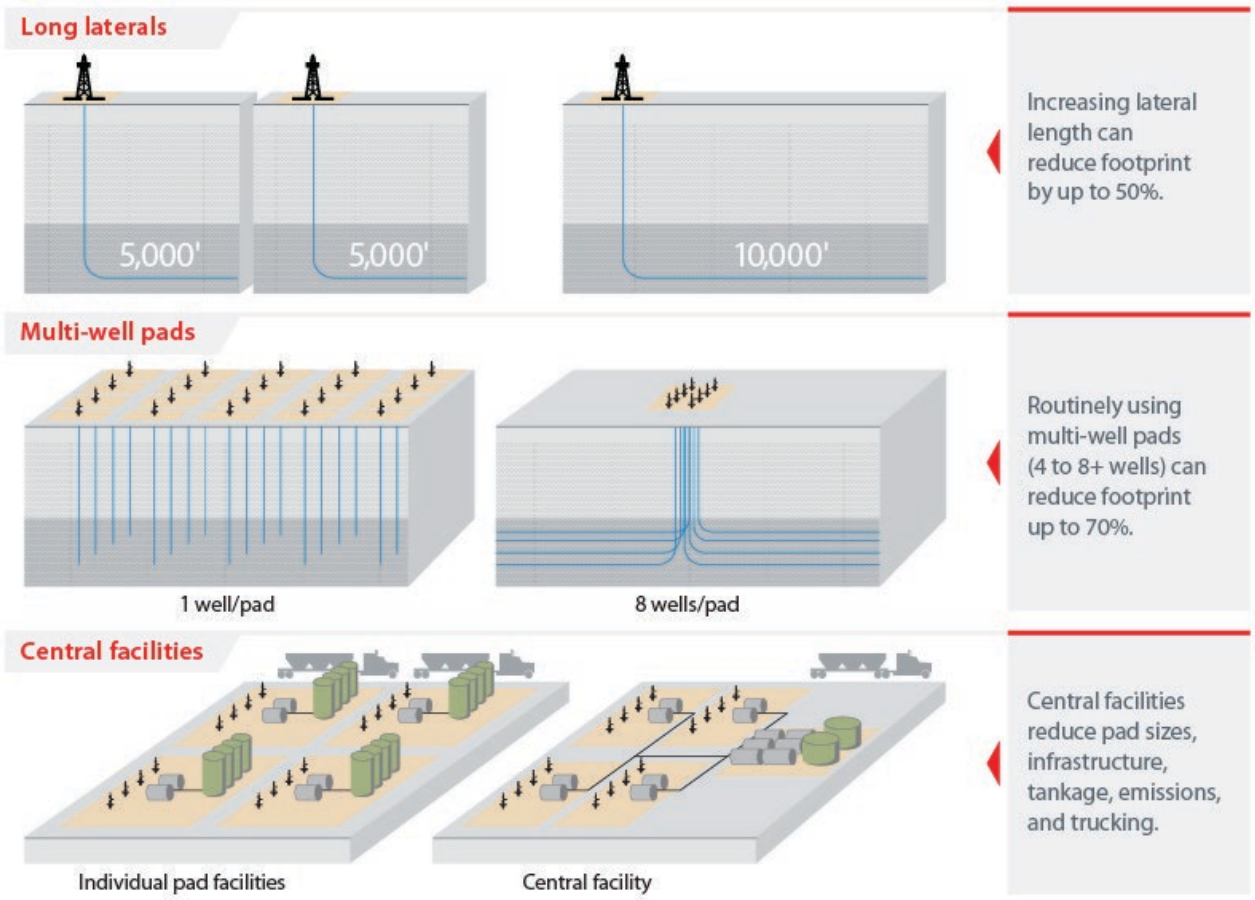
Alaska

The size of well pads has been reduced from 65 acres in 1970 to about 12 acres. At the same time, the drilling radius has increased from 5,000 feet to about 22,000 feet. Our extended-reach drill (ERD) rig will have an even greater radius of around 37,000 feet. This allows us to locate surface infrastructure at a safe distance from local communities and sensitive environments, minimizing our impact. Our engineers are also integrating biodiversity preservation measures into the design and siting of infrastructure. New pipelines are elevated seven or more feet above the tundra to allow caribou to cross underneath. New roads and pipelines are also typically constructed 500 feet apart to further facilitate unimpeded caribou movement. For new projects, we place power cables on the pipeline racks to eliminate the need to build overhead powerlines and reduce bird collision hazards.

U.S. Lower 48

Shrinking pad size and increased drilling radius have also helped minimize the infrastructure footprint for our unconventional operations in the Lower 48. Over the last few years, the typical length of horizontal wells increased from around 5,000 feet to 8,000-10,000 feet. We have achieved a significant reduction of well pad size by routinely placing four to six wells, and sometimes as many as eight to 12 wells, on multi-well pads, and through utilizing central facilities and tankless pads. For our China Draw and Zia Hills assets in the Delaware Basin, our development strategy leverages a centralized facility concept, which reduces infrastructure footprint, land disturbance, impacts on wildlife, emissions and truck traffic. This concept is also being applied in our Bakken assets in North Dakota. We estimate that this strategy will lead to an overall pad footprint reduction of at least 50%.

Technology and Design to Reduce Footprint



Through collaboration with strategic partners in joint ventures we work to minimize biodiversity impacts in areas near our operations. We are contributing to the conservation of 5.6 million acres of sage grouse habitat on almost 1,500 participating ranches in 11 western states by providing $1 million to the Intermountain West Joint Venture over a five-year period. The funds will support the implementation of the Sage Grouse Initiative, an effort by regulators, nongovernmental organizations, universities and industry to restore and conserve intact native rangelands for the species. We are also co-funding a three-year, landscape-scale assessment project to develop a grassland birds conservation plan. Modeled after the successful Sage Grouse Initiative, the goal of the project administered by the Prairie Pothole Joint Venture is to develop a set of recommendations for a grasslands conservation framework to stabilize grassland bird populations and minimize impacts across the Great Plains.

Across North America

Through our Biodiversity Stewardship program, we help advance conservation and minimize the impact on migratory birds through work with the Smithsonian Conservation Biology Institute's Migratory Bird Center. As part of the Migratory Connectivity Project, 668 birds of 20 different species have been fitted with geolocators, and over 10,000 birds have been banded to date. By tracking bird movement, we gain a better understanding of habitats throughout their migration cycle, and how we can take a coordinated approach for more effective conservation.

Restore

When impacts and disturbance cannot be completely avoided or minimized, we employ measures to restore the area to a stable, productive and self-sustaining ecosystem, taking into account beneficial uses of the impacted and surrounding areas.

Norwegian North Sea

As part of our offshore decommissioning activities in Norway, we are removing and recycling offshore platforms to reduce our footprint and restore marine habitat. Several first-generation Ekofisk platforms installed in the 1970s in Norway have been removed and more than 97% (excluding hazardous waste) has been reused or recycled so far. Safety zones around removed platforms have been mapped and debris identified and removed, restoring approximately 1,400 acres of seabed.

Canada

To accelerate reclamation and restore disturbances in the Canadian boreal forest, we have led an industry collaboration through COSIA to develop, share and implement best practices for reclaiming exploration well sites. The Faster Forests program started in 2009 and has resulted in more than 5 million trees and shrubs being planted on about 5,500 acres of land in the oil sands region. Read more about this 10-year project.

The Algar Restoration Project was a COSIA-funded initiative that aimed to restore disturbances from legacy conventional seismic lines in caribou habitat. The five-year project included tree planting and regeneration protection of about 240 miles of linear disturbances, restoring over 600 acres. We have been monitoring the efficacy of the restoration project for the past six years.

Australia

Our Australia Pacific LNG operation in Gladstone has been the primary supporter of the Quoin Island Turtle Rehabilitation Centre since 2013, providing funding assistance for food, medical and veterinary expenses, a rescue boat and volunteer transport in an effort to mitigate threats to the local marine turtle population. The facility is licensed to rehabilitate up to 10 marine turtles and is supported by specialists at the Australia Zoo and Sea World.

U.S. Lower 48

We leverage strategic partnerships to restore biodiversity areas near our operations. In 2019, we launched the Rocky Mountain Rangelands Program with the Bureau of Land Management and the National Fish and Wildlife Foundation. The program supports efforts to maintain and conserve migration route corridors for elk, mule deer and antelope, improve management and restoration of sagebrush rangelands, restore habitat, and expand occupancy of wetland birds and native fish in the western states. Combined habitat outcomes will restore, enhance or improve management on over 1 million acres by 2029. Read more about this program and our other conservation partnerships.

We have a long track record of collaboration with Ducks Unlimited and the National Fish & Wildlife Foundation (NFWF) to help restore wetland and grassland habitats. Together with Ducks Unlimited we implement coastal restoration and mitigation projects for our Louisiana Coastal Wetlands and work closely with stakeholders on marsh terracing, shoreline stabilization, mangrove planting and coastal ridge restoration. Since inception of this partnership, over 18,000 acres of coastal wetlands have been enhanced or restored. Through the SPIRIT of Conservation & Innovation Program, we support NFWF projects focused on the restoration of habitats and the development of tools and techniques to support conservation. Since 2005, the program has awarded grants worth $12.6 million to conservation groups in 13 states and five countries. Grantees matched this funding with an additional $27.5 million, for a conservation investment of over $40 million. As a result of these investments, more than 315,000 acres of fish and wildlife habitat have been conserved, restored or enhanced.

Offsets

Biodiversity offsets may be used for impacts or disturbances that remain after avoidance, mitigation and rehabilitation/restoration measures have been implemented, or to address a regulatory requirement. Our Biodiversity Offset Guideline provides direction to asset teams where a biodiversity offset is a regulatory requirement or a strategic business preference. We have implemented biodiversity offsets in several areas of our operations.

Indonesia

In Indonesia, there is a regulatory requirement that infrastructure footprint in forests must be offset to balance any disturbance. The Sriwijaya Botanical Garden Rehabilitation program was implemented to fulfill that regulatory requirement. As part of the offset program, 88 acres of peatland within the Sriwijaya Botanical Garden were rehabilitated. The 247-acre garden is in South Sumatra and was established as a center for conservation, research and education, as well as outdoor recreation. The tree density of the peatland rehabilitation program, which was verified by a government team after three years, was 526 trees per acre (1,300 trees per hectare), exceeding the minimum regulatory requirement of 243 trees per acre (600 trees per hectare). The program was awarded a Certification of Appreciation by the Government of South Sumatra during the botanical garden opening in July 2018.

Australia

Federal and state environmental approval to develop major construction projects in Australia requires biodiversity offsets to counterbalance disturbance. These offsets can involve conserving, enhancing and/or protecting areas of national environmental significance, marine habitat, endangered and of-concern regional vegetative ecosystems and/or significant fauna and their habitat. We are involved in efforts to protect these critical environments both onshore and offshore.

On Curtis Island, the LNG industry's landmark conservation initiatives put nearly two-thirds of the island under a conservation management strategy. Combined with the existing national park, more than 59% of the island is actively managed under a conservation management plan, compared to just 2% used by LNG projects on the southern tip. This will protect the island's unique ecology and heritage for future generations and contributes to conservation of about 100 square miles in perpetuity. Read more about the Curtis Island Conservation park which was finalized in 2019.



Curtis Island, Australia

Canada

In Canada, we co-funded the Junction Lake Conservation Site in Northern Alberta as a voluntary offset. The 289-acre conservation area is open to the public for hiking, birdwatching, hunting or berry picking, and provides a unique opportunity to view the Piping Plover, an endangered bird species with a local population of only about 100. The area represents 10% of known habitat for this rare bird. Through this conservation collaboration, we received the first "early action recognition" from the Government of Alberta for a voluntary offset in 2015.

In collaboration with Ducks Unlimited we conserved the Bullshead Conservation Area in southeastern Alberta in 2014. It encompasses more than 2,050 acres of wetland-rich prairie as well as interpretive sites and education programs. Bullshead is a conservation area which includes native grasslands and high-value wildlife and plant species, including large numbers of waterfowl. Protecting the land also meant protecting important habitat features that many of these species need to survive.

Biodiversity Performance Metrics

We collect data and information related to species occurrence and sensitive habitats located within or adjacent to our operated assets. We focus on species characterized as at-risk, endangered, rare, significant, threatened or of cultural value, and habitats characterized as sensitive by local regulators or conservation organizations as well as International Union for Conservation of Nature (IUCN) I-VI protected areas. Data and information are used to develop metrics related to protected areas, restored or protected habitats and the IUCN Red List of Threatened Species.

Protected Areas

We complete an enterprise-wide assessment of protected areas located within or adjacent to operated assets using the Protected Planet World Database on Protected Areas (WDPA). Protected Planet is an online platform managed by the United Nations Environment World Conservation Monitoring Centre with support from the IUCN and updated monthly with submissions from governments, non-governmental organizations, landowners and communities. The WDPA includes areas designated at the national and regional level (national parks or wildlife sanctuaries) as well as at the international level (World Heritage or Ramsar sites). Our infrastructure within or adjacent to protected areas includes pipelines, well pads, compressor stations, one LNG facility and one terminal.

- Operated asset lease areas overlapping with IUCN I-VI protected areas: 0.25%.
- Number of IUCN I-VI protected areas within 3 miles (5 km) of operated assets: seven.

Habitats Protected or Restored

We consider habitat to be protected where the environment remains in its original state with a healthy and functioning ecosystem, and habitat to be restored where actions have either restored the environment to its original state, or enhanced it to a state where it has a healthy and functioning ecosystem.

- Habitats protected or restored on company-owned lands, operated assets or projects: More than 300,000 cumulative acres.
- Habitats protected or restored through partnerships: Almost 6,000,000 cumulative acres.

IUCN Red List Species

For our operated assets, we identify species of interest at the local level including at-risk, endangered, rare, significant, threatened or of cultural value. Some of the local species of interest may also have been identified as near-threatened, vulnerable, endangered or critically endangered on the IUCN Red List of Threatened Species. The majority of our assets actively mitigate risks related to at least one species of local importance that is also an IUCN Red List species.

- Number of operated assets with one or more IUCN Red List species observed or known to occur: 15 assets in six countries.

Conservation Partnerships

ConocoPhillips looks for opportunities to improve conservation and restoration of marine and terrestrial ecosystems through our own activities and in collaboration with others. We work with strategic partners to invest in voluntary projects that contribute to the management of areas of national or international conservation significance. This includes partnering with communities and institutions to advance conservation efforts, practices, and build skills essential to slowing and ultimately reversing species decline. This deep commitment to species and habitat conservation is important to our operations and is integrated into the planning, exploration, development and production over the life of our assets.

National Fish & Wildlife Foundation

Our decades-long partnership with National Fish & Wildlife Foundation (NFWF) promotes leading-edge solutions to improve habitat quality and landscape connectivity in ways that facilitate migrations of avian and terrestrial species. Efforts include conservation programs that improve habitat and support for high-priority birds and large mammals from the Gulf of Mexico to the Great Plains, and Rocky Mountains to Alaska. The goal is a coordinated approach that yields effective conservation.

SPIRIT of Conservation Program

The ConocoPhillips SPIRIT of Conservation Program is structured to conserve, protect and restore important avian habitat, and support the development of innovative conservation tools and practices. Since 2005, ConocoPhillips, NFWF and the U.S. Fish and Wildlife Service have invested $12.6 million in projects through this program. Grantees have matched this funding with an additional $27.5 million for a total conservation impact of over $40 million. As a result of these investments, more than 315,000 acres of important fish and wildlife habitat have been conserved, restored or enhanced, including:

- 228,600 acres of grassland and sagebrush habitat.
- 10,100 acres of wetland habitat.
- 1,200 acres of coastal habitat.



26 innovative conservation tools developed

Rocky Mountain Rangelands Program

Understanding and tracking animal movements are crucial components for conserving habitats that are essential to species survival. The program requires alignment with state-identified priorities to conserve or restore habitat and measurable contributions to the sustainability of local and regional big-game populations. Through this partnership, nine grants were awarded totaling $2.1 million, leveraging $8.6 million in matching funds from grantees and generating a total conservation impact of $10.7 million in 2019. Over the next 10 years, the program seeks to grant more than $56 million across three major conservation strategies to:

- Improve management and restoration of sagebrush rangelands to benefit sagebrush-obligate and other associated species.
- Secure important ungulate migrations across the landscape with specific focus on transportation conflicts, winter range and stopover sites.
- Restore habitat and expand occupancy of wetland birds and native fish.

Smithsonian Institution

We work with the world-renowned Smithsonian Institution to collect migratory connectivity information for several bird species of concern that follow a migratory flyway aligned with our areas of operation. These birds include species that breed from the North Slope of Alaska to the oil sands of northern Alberta, then migrate south through the "prairie potholes" into Texas, and across the Gulf of Mexico to wintering grounds as far south as Colombia. The project has three biodiversity stewardship goals:



- Track avian species of concern throughout their annual cycles to discover unknown migrations.
- Test and advance new conservation technologies.
- Catalyze research and scientific collaborations around the migratory connectivity of birds throughout North America and across the Western Hemisphere.

As a result of these efforts, since 2014, we have:

- Funded 23 expeditions.
- Tracked 23 species.
- Tracked 668 birds.
- Banded 10,193 birds.

Read more or watch a video about The Migratory Connectivity Project.

Joint Venture Partnerships



We support several migratory bird joint venture partnerships that help protect species and critical habitat essential for their survival. Since 2006, we have provided nearly $4 million in grants to support projects that protect and restore high-priority sites, reduce barriers to wildlife passage and improve conservation practices, including:

Intermountain West Joint Venture (IWJV)

- Established in 1994 to catalyze bird habitat conservation through partnership-driven, science-based projects and programs.
- Operates across 11 western states.
- Habitats in this region include wetlands, sagebrush-steppe, cottonwood-lined riparian galleries, grasslands, aspen woodlands, and Ponderosa pine woodlands and savannahs.

Northern Great Plains Joint Venture (NGPJV)

- Fosters new partnerships while strengthening existing alliances for the protection, enhancement and restoration of prairie, riverine and forest ecosystems important to priority birds.
- Emphasizes efforts to sustain and enhance populations, consistent with conservation objectives of the North American Bird Conservation Initiative.

Playa Lakes Joint Venture (PLJV)

- Partnership began in 1990.
- Supports the region's wildlife habitats and protects the vital recharge zones of the primary source of drinking water for the region.
- Works to ensure there is a science-based process for prioritizing application of public and private funds for avian species population maintenance.

Prairie Potholes (PPJV)

- Partnership among federal, state and nongovernmental organizations formed in 1987 to advance wetland and grassland conservation for birds.
- Advances scientific tools that allow habitat practitioners to specifically target the most effective and efficient conservation.

Gulf Coast (GCJV)

- Originated from the North American Waterfowl Management Plan (NAWMP), an international agreement signed by the United States and Canada in 1986, and Mexico in 1994. The NAWMP focused on the conservation of waterfowl and wetlands, in response to declining continental populations.
- Focuses on conservation of waterfowl and wetlands, in response to declining continental populations.

Oaks and Prairies Joint Venture (OPJV)

- Covers almost 60 million acres with at least 450 avian species.
- Over 95% of the land is privately owned, and 85% is agricultural land.

Rio Grande Joint Venture (RGJV)

- Brings people from the U.S. and Mexico together to collaborate and increase the collective capacity for bird conservation planning, implementation and evaluation.
- 129 priority birds and several priority habitats across three bird conservation regions.

Ducks Unlimited



As the largest private owner of wetlands in the United States, we're dedicated to preserving wetlands and protecting vulnerable wildlife and their habitats. We collaborate with Ducks Unlimited, working to save vital economic resources along the Gulf Coast that millions of people rely on for survival. We also focus on saving and revitalizing habitats that threatened and endangered species depend on to live and thrive. Through the 20-plus year partnership, we have provided more than $8 million since 2012 to help manage, restore and preserve wetlands. Working with our partners, we've supported 75 total restoration projects enhancing more than 186,000 acres of wetlands along the Gulf Coast.

Our conservation efforts with Ducks Unlimited have helped:

- Preserve the land's ability to protect and nourish the habitats of the many wildlife species.
- Protect the nation's seafood, maritime trade and natural gas and oil industries.
- Protect local home and business investments.
- Increase the quality of commercial and recreational fishing.

Biodiversity Position

We recognize biodiversity as a vital factor in human well-being and understand its importance for maintaining ecosystem health. With an increasing number of species considered to be at-risk or threatened, and an increasing number of protected areas established to conserve habitats, evaluation and mitigation of our potential impact on biodiversity is one of our priorities.

Our Focus

We have a risk-based approach and integrate biodiversity strategy and risk management into our business processes. Our corporate action plan focuses on the following areas:

- Understanding our infrastructure footprint needed on the land or the sea for exploration and production operations.
- Managing operations through integrated risk-based decision-making.
- Addressing risks and opportunities through technology and innovation to reduce our infrastructure footprint including consideration of offsets.
- Recognizing that a landscape-scale perspective enables a better understanding of the importance of ecosystem services to communities and promotes habitat integrity and connectivity over a broader area than just our infrastructure footprint.
- Engaging externally through collaboration with industry peers and joint ventures, regulatory agencies, academia, non-government organizations, local communities and indigenous peoples to understand and develop an increased capacity for managing biodiversity risks.
- Building capacity through the sharing of experience and good practices for managing biodiversity risks.

Our Expectations

Through this approach we manage our biodiversity risks and develop and implement innovative protective measures and mitigations in support of habitat conservation and ecosystems sustainability. Through our individual and collaborative efforts, we strive to align our actions with societal values for biodiversity and to support improved performance across the industry for conserving biodiversity.

SPOTLIGHT

Sharing Alaska's North Slope with Grizzly Bears

DECEMBER 20, 2019

Across our operations, we prioritize safety and work to avoid or minimize the impact of our activities on local biodiversity. In Alaska, this includes keeping bears away from human influences and mitigating danger to humans from potential interactions. For over 15 years, ConocoPhillips has funded grizzly bear research conducted by the Alaska Department of Fish and Game (ADFG) on the North Slope of Alaska as an element of these goals. We also support ADFG's research efforts by providing field access and in-kind support, such as coordinating and furnishing helicopter refueling areas during data collection events.

"The first step in learning how to avoid disrupting wildlife with our operations is learning as much as we can about animal populations and behavioral patterns," said Robyn McGhee, Supervisor, Sciences and Sustainable Development for ConocoPhillips Alaska. This includes research efforts like the collaring of grizzlies in order to obtain information such as real-time movement data, den locations, and grizzly distribution within the development region. ADFG's collaring effort also includes installing ear flags on bears, which enables identification and tracking over time.

"This continues to be extremely valuable to ConocoPhillips in Alaska. The real-time bear movement data helps us understand and assess mitigation effectiveness and adjust as needed," she added. Data from collared bears helps scientists track their movement and ensure that operational activities and ice roads do not interfere with dens during the hibernation season. Each grizzly sighting near our operations is also reported to ADFG.

In addition to collaring and tagging bears, ADFG has incorporated the use of fur snares and genetic analysis into research efforts. By analyzing fur samples, ADFG scientists can determine if a bear is eating natural food or a diet that includes human food, which aids in the identification of food-conditioned bears on the North Slope. Familial relations among individual bears and ongoing pedigree analysis can also be tracked using advances in DNA "fingerprinting" to provide increased understanding of the social order of bears in the region.



Installing fur snares

Working with ADFG, ConocoPhillips implemented a program that included employee education about bear safety and minimizing human-bear interaction, improved management of garbage and human food at work sites and training our security personnel in proper hazing techniques to reduce bear-human encounters. As part of our bear interaction program, regular training is provided to North Slope workers to reduce the potential for human-bear interactions.

Although training and education programs minimized the immediate impacts of development on bears and the potential for human-bear interactions, they didn't fully eliminate bears accessing scraps of human food or garbage. This is known as "unintentional feeding," when bears find food waste and containers in landfills, open dumpsters, and improperly stored food at oilfield work sites. ConocoPhillips initiated a Slope-wide program to eliminate these food sources. In collaboration with ADFG, the North Slope Borough, the Alaska Department of Environmental Conservation, and other North Slope operators, it was agreed that bear-proof dumpsters would be used. Additionally, the North Slope Borough installed an electrified fence at its regional landfill, which has been effective in excluding bears.

To eliminate the likelihood of unintentional feeding, we carefully manage waste in our fields by: ·

- Storing food waste in kitchen trashcans inside buildings or in bear-proof dumpsters.
- Disposing of food waste properly, typically in incinerators.
- Not storing food and food waste in areas that might be accessible to wildlife (some bears have learned to open doors).
- Training our workforce about company policies, which are seasonally reinforced at meetings, on signage and through wildlife bulletins.

"This is all to prevent potentially life-threatening encounters with humans. Oilfield bears that have become food-conditioned and habituated to humans are a serious safety hazard, and it's typically the bear that will suffer in those circumstances," said McGhee. "Grizzlies are frequent visitors in our fields and our goal is to ensure that they can safely coexist with the people working in the area."

SPOTLIGHT

10 Years and 5 Million Trees

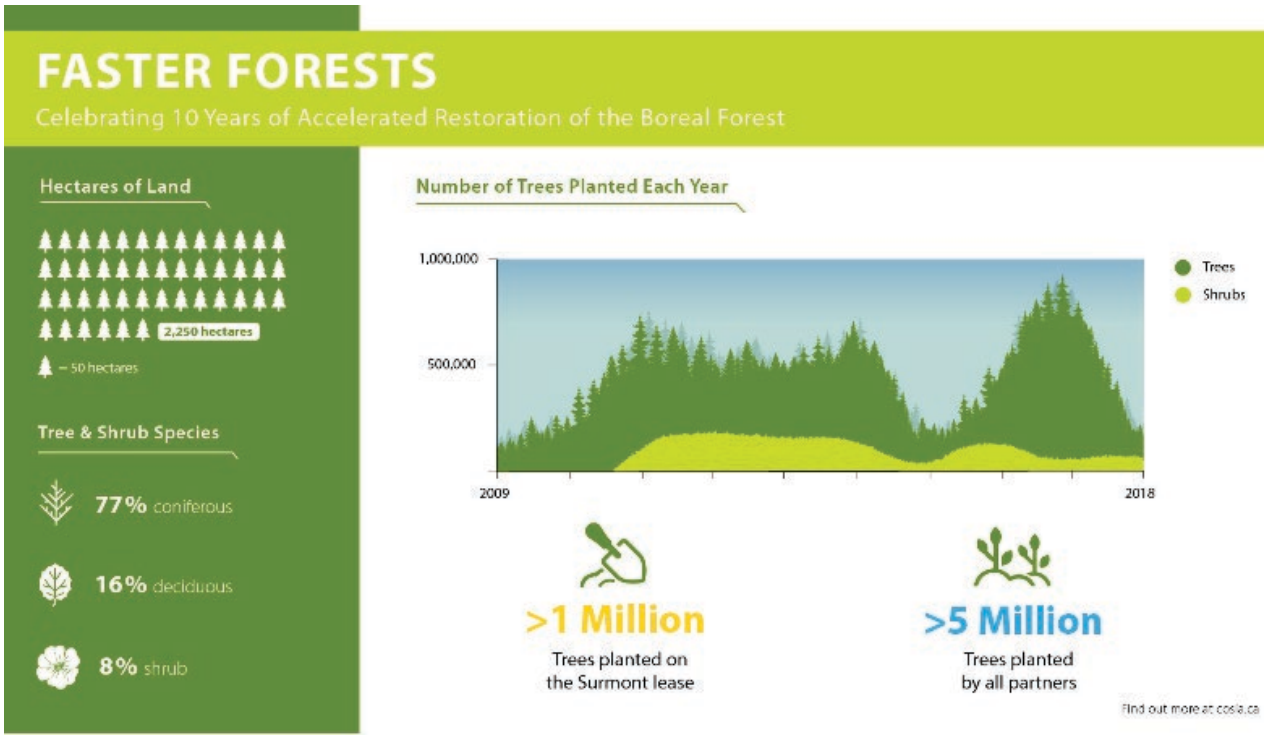
SEPTEMBER 25, 2019

Faster Forests, a multiyear effort to accelerate the restoration of Canadian oil sands exploration sites, has planted over 5 million trees and shrubs, on more than 5,550 acres, during the past 10 years. ConocoPhillips Canada (CPC) is celebrating the planting of over 1 million trees and shrubs on our Surmont oil sands lease as part of the program.

5,550 acres restored = more than
4,200 Canadian football fields or
14,200 NHL hockey rinks

A Canada's Oil Sands Innovation Alliance (COSIA) project, Faster Forests is led by CPC and includes an increasing number of industry partners working to accelerate the reclamation of areas impacted by exploration activities. The program has led to the adoption of improvements in site construction and reclamation practices and planting to accelerate site recovery.

"ConocoPhillips has been a leader in the development and broader adoption of the Faster Forests initiative since 2009," said Kirk Johnson, president, CPC. "We are pleased to reach this milestone and remain committed to continuously improving our practices to ensure we leave behind self-sustaining boreal ecosystems that meet the expectations of our regulators, our Indigenous neighbors and the public."



Before Faster Forests, historic reclamation practices were rooted in agriculture and often resulted in grassy sites with limited tree and shrub regeneration. Improved construction and reclamation practices, more suited to the boreal forest, protect and enhance the natural capacity of a site to regenerate. These practices preserve diversity and encourage a wide range of plant species to flourish.

"Faster Forests is a great example of how we employ restoration mitigation hierarchy measures when impacts and disturbance cannot be completely avoided or minimized," said Willie Staudt, director of water and biodiversity for ConocoPhillips.

For example, on upland sites minimal soil disturbance protects roots and encourages speedy natural regeneration. When soils are disturbed, they are placed back in a rough and loose manner, with coarse woody material spread throughout. On lowland or peatland sites, preserving mounds and hollows creates variable water levels to preserve diversity.

After the area is prepared for planting, Faster Forests sites are planted with a mix of coniferous and deciduous trees and shrubs that match the local ecological conditions. The selected plants include species important to local Indigenous communities and the forestry sector. The diversity of species and the care taken to match plants with the site conditions increases the potential for a positive result.

"Through this collaboration with industry, academics and the Alberta Energy Regulator, we have shared successes, learned from failures and captured a decade of insights in technical and visual guides to share with a larger audience," said Robert Albricht, CPC senior coordinator, environmental projects.



Broad adoption of the Faster Forests techniques increases the resilience of reclaimed sites and accelerates the establishment of forest while reducing overall costs. Ultimately, by applying the principles of Faster Forests at a large scale, we increase reliability of reclamation outcomes and contribute positively to achieving landscape-level ecological benefits.

Read more at cosia.ca.

SPOTLIGHT

Enhancing Environmental Conservation on Curtis Island

DECEMBER 16, 2019

Nearly two-thirds of Australia's Curtis Island, near Gladstone, is protected for environmental conservation as a result of an initiative by the three Curtis Island liquified natural gas (LNG) operators, including ConocoPhillips Australia as downstream operator of Australia Pacific LNG. The LNG companies worked to consolidate a number of properties on the island in order to protect a range of critical environments within the Great Barrier Reef World Heritage Area. The 2019 transfer of 3,200 hectares (about 7,900 acres) of land to government ownership to form the Curtis Island Conservation Park is the final step in achieving the goal of safeguarding the island's unique ecology and heritage for future generations.

Additionally, the LNG companies contributed $34.5 million AUD (about $23.8 million USD) for the preservation and ongoing management of the area.



"These LNG-funded conservation measures alone protect over 44% of Curtis Island. Combined with existing conservation and national parks, more than 59% of Curtis Island is set aside for environmental protection. This is compared to the 2% used by the LNG facilities on the southern tip," said Jason Charton, General Manager HSE at ConocoPhillips Australia.

Federal and state environmental approvals to develop the LNG facilities on Curtis Island require biodiversity offsets to counterbalance the disturbance made by the facilities. Establishment of the conservation park is a direct offset of a significantly larger magnitude than required by those regulations.

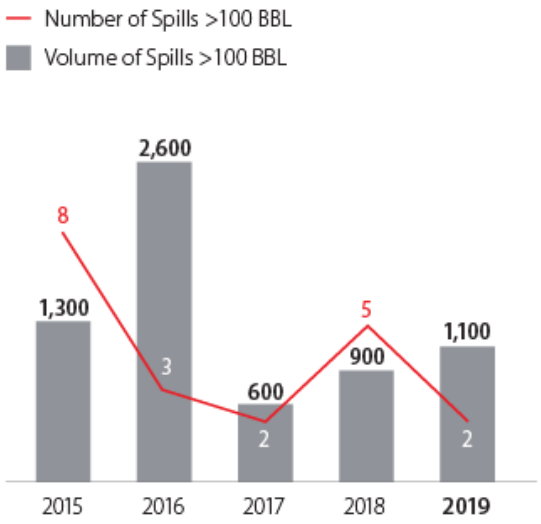
The Curtis Island Conservation Park is located within the Great Barrier Reef World Heritage area and features marine plain and saltpan ecosystems. These terrains are important to migratory shorebirds and serves as breeding habitat for the Capricorn Yellow Chat. Additionally, there are significant undisturbed coastal ecosystems, and more than 500 hectares (about 1,235 acres) of wetlands, including mangroves, salt flats and salt marshes, and floodplain tree swamps that are a nursery area for fish and crustacean species.

Spills

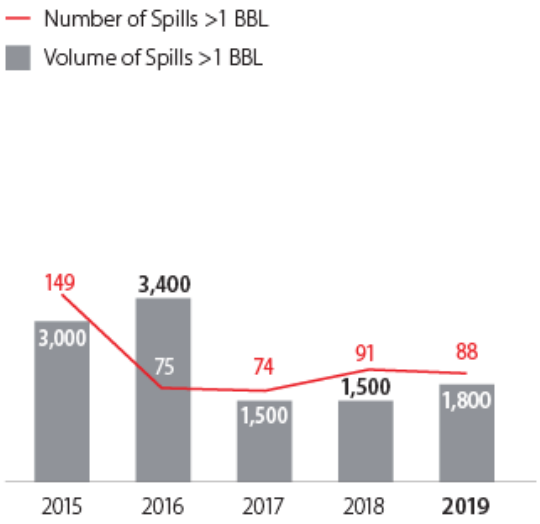
We take numerous precautions to reduce the risk of a spill, proactively work to minimize opportunities for spills and continually evaluate spill risks across our operations. Design, operation and maintenance of our facilities play a key role in protecting the environment where we operate. We are also focused on strengthening our oil spill response capability through our systematic, multi-tiered approach to emergency preparedness and crisis management.

Hydrocarbon spills impacting a sensitive area and spills greater than 100 barrels are immediately reported to our corporate office. In 2019, we experienced two spills greater than 100 barrels. Both spills were to land in the Lower 48. The two events resulted in approximately 1,100 barrels being released with an 84% recovery rate which was higher than 2018.

Volume of Spills >100 BBL



Volume of Spills >1 BBL



The number of spills greater than one barrel was also reduced in 2019, although the spilled volume was higher. We had 89 spills that were greater than one barrel, with 70 of those being between one and 10 barrels. All spills were to land. Two-thirds of the volume of our spilled material was fully recovered.

Spill Response

Our investment in spill response technologies includes membership in Oil Spill Removal Organizations (OSROs) across the globe, which affords us access to substantial inventories of, and the latest advances in, proven response equipment.

In the Gulf of Mexico, we are members of two OSROs, Marine Spill Response Corporation (MSRC) and Clean Gulf Associates (CGA). Our Alaska business unit has memberships in two large OSROs, including Alaska Clean Seas (ACS) and Ship Escort/Response Vessel System (SERVS) for our exploration and production operations on the North Slope and our Polar Tanker operations in Prince William Sound, respectively. Our membership in MSRC, as well as a contract with the National Response Corporation (NRC), provides coverage for our Polar Tankers operations along the U.S. west coast.

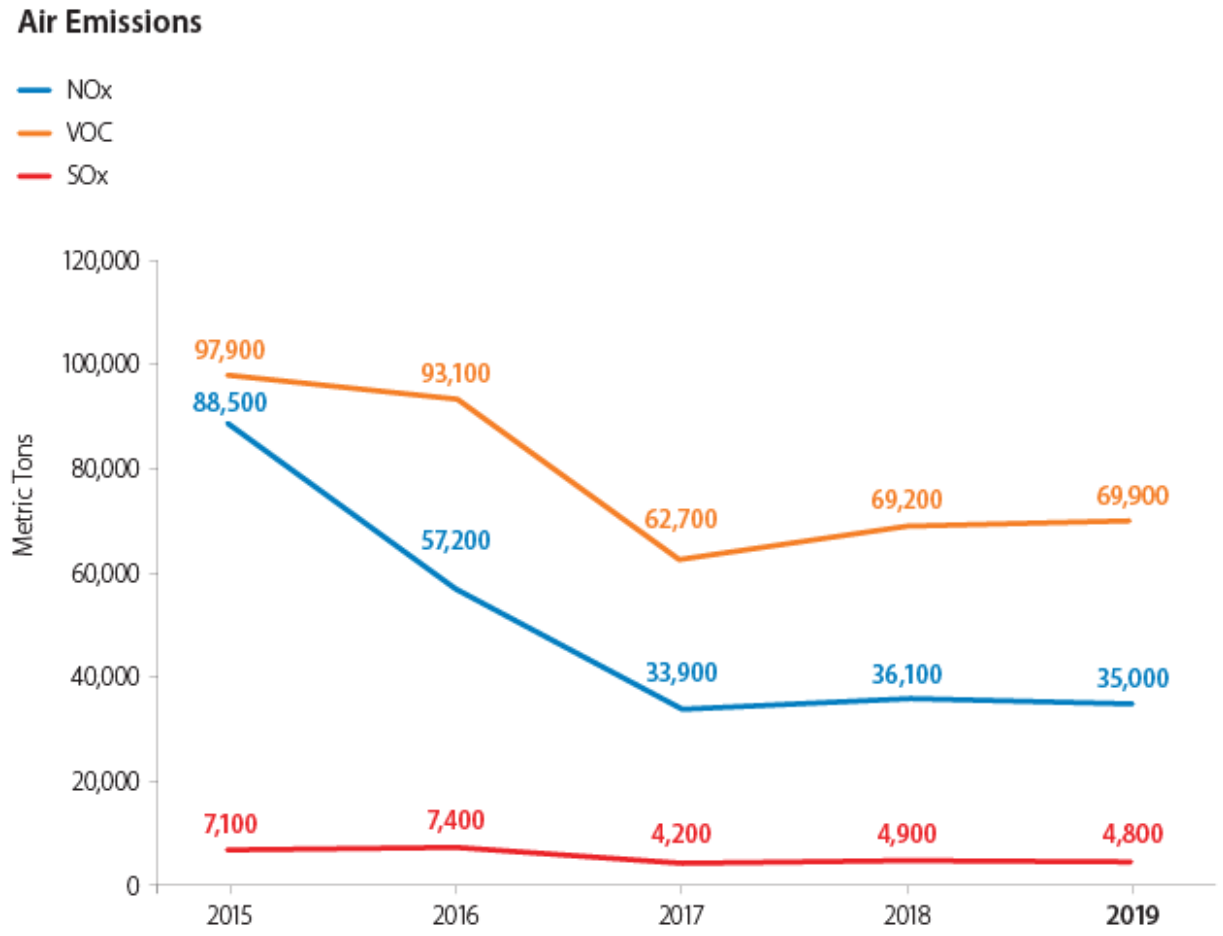
In addition to our U.S.-based OSRO memberships, the company also belongs to the Oil Spill Response Limited (OSRL) and Norwegian Clean Seas Association for Operating Companies (NOFO). OSRL provides global substantial response resources staged at various locations around the world, whereas NOFO, also with significant resources, provides regional OSRO support for our Norway operations. We are also members in other, somewhat smaller, local OSROs associated with many of our global operations.

Read more about our Emergency Preparedness.

Air Emissions

Combustion and venting are the two primary sources of nitrogen dioxide (NOx), sulfur dioxide (SOx), volatile organic compounds (VOCs) and particulate matter (PM). We design infrastructure and operate in a way that minimizes emissions.

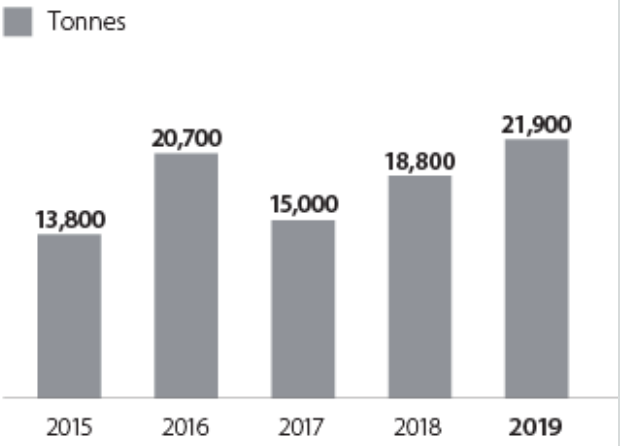
In 2019, VOC emissions increased approximately 1% primarily due to increased drilling and completions in Lower 48. NOx emissions decreased approximately 3% driven by our UK disposition. SOx emissions decreased approximately 2% due to reductions from a gas plant outage in Lower 48.



Waste

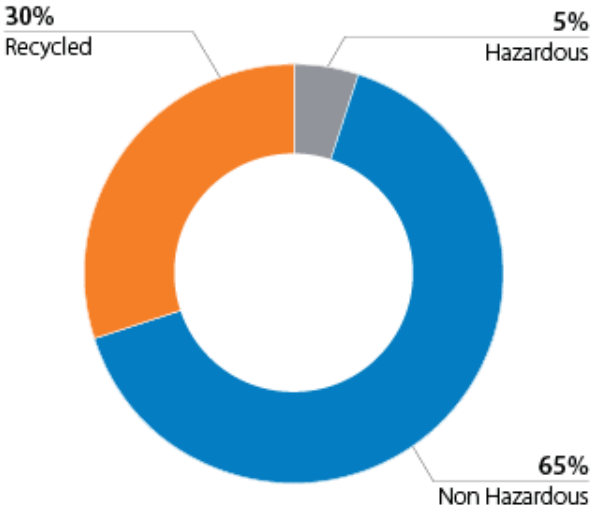
We have a corporate waste management standard to ensure waste is disposed properly and to reduce associated risk and liability. Business units must document, categorize and characterize each waste stream, including hazardous waste, and identify recycling, treatment and reuse and/or disposal options. Transportation, handling and record keeping requirements are also set by the standard. Business units also consider options to minimize each waste stream and plan for jurisdiction-specific handling and training requirements for hazardous waste. Third party commercial waste facilities are audited and evaluated at least once every five years. Those handling waste at the business unit level are trained according to local procedures and regulatory requirements.

Total Hazardous Wastes Generated



2019 Waste Profile

Tonnes



The amount of hazardous waste generated in 2019 was 21,900 tonnes, an increase of approximately 16% compared to 2018. The increase was driven primarily by increased drilling in Norway and Canada and disposal of contaminated debris and soil due to spill cleanup and remediation at a drilling site in Canada.

Creating Shared Value

We strive to make a significant difference in the communities where we live and operate.







Local Stakeholder Engagement

We are committed to respectfully engaging with local stakeholders — those who impact or may be impacted by our business — to understand their values and interests, reduce the impact of our operations and contribute to economic opportunities. We build long-term benefits for both the company and local communities by first listening to understand concerns, finding mutually agreeable solutions to mitigate these concerns through our actions and then integrating them into planning and decision-making.

2019 Performance Highlights

- Amended the development plan for our Willow project in Alaska in response to Indigenous community feedback.
- Addressed community challenges for education, healthcare, roads, housing and workforce development through our support of the Permian Strategic Partnership.
- Continued to implement a water management plan for our Montney drilling project in Canada to mitigate concerns of a local Indigenous community.

In addition to the communities near our operations, we also engage with government representatives, nongovernmental organizations, academic institutions, industry associations and the financial sector. We also participate in multi-stakeholder forums to gain diverse and valuable perspectives as we continuously work to improve our sustainable development programs and initiatives. Learn more about our broad range of stakeholders.

Community Risk Management

Local risks and impacts related to our operations and projects are assessed and managed at the business unit (BU) level.

Governance and Strategy

We have a comprehensive governance framework that extends from the board of directors, through executive and senior management to the working levels in each BU. Priority risks and mitigation measures are provided to the executive leadership champions for stakeholder engagement and human rights. They are also mapped to key categories in the enterprise risk management (ERM) process and shared with ERM risk owners to inform their assessments of risk ranking, corporate actions and mitigations. The ERM system and mitigation actions are reviewed regularly by executive leadership and the board of directors. Read more about our sustainable development governance structure.

While engaging with people who may impact or be impacted by our business is a cornerstone of our operations across the globe, stakeholder engagement priorities, risks and their mitigation solutions are typically distinct at the local level. 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. In dispersed communities, we identify key stakeholders and engage with them face-to-face to ensure that our activities are understood and that we consider their feedback. Where there are opportunities to bring stakeholders together, we work with multi-stakeholder groups. By integrating community input into business decision-making processes, we are able to manage social risks.

Portfolio Risks

Social risks at the community-level could result from potential project, operational and cumulative impacts to community safety, human rights, infrastructure, services, land use, environmental quality (air and water quality), cultural heritage, business opportunity and employment. Risks could impact our business through project delays, business interruption, policy or regulatory costs, reputational damage, increased cost of capital or reduced demand for our products. Social risks for our asset portfolio are related to:

- Community opposition based on negative social and/or environmental impacts, including cumulative impacts.
- Community expectations of economic benefits, such as local hiring and local content.
- Public policy that restricts access to, or development of, natural gas and oil resources.
- Investor and financial sector expectations about environmental, social and governance (ESG) performance and reporting.
- Negative consumer sentiment.

Assessing Social Risks and Impacts

Our stakeholder identification process is a key component of social risk assessment. Each business unit is responsible for identifying stakeholders to understand their perspectives and concerns. The relationships of stakeholders and their priorities are considered to identify any potential points of collaboration or conflict. We then prioritize key stakeholders and develop an engagement plan to address concerns and maintain our focus on developing mutually beneficial relationships. By having open dialogue, we identify and address the potential impacts associated with our operations.

This is done through our integrated sustainable development (SD) risk management process where existing and planned exploration and production and major projects are examined against the physical, social and political settings of our operations. Social assessments consider:

- Impacts to community, including human rights, Indigenous peoples' rights, labor rights, security, public health, political and economic issues.
- Stakeholder priorities.
- Stakeholder opposition to company activities.
- Risks and impacts related to supplier and contractor activities.
- Cumulative effects of company and/or industry activities.

Social risks are identified and described by subject matter experts in each business unit, operated asset and project. Each risk is then plotted on a matrix that evaluates both its likelihood and consequence. In evaluating the consequence severity, we consider potential impacts on employee and public safety, socio-cultural and economic impacts to stakeholders, environmental impacts, and reputational and financial implications. Each business unit manages its own social risks, priorities and regulatory requirements, enabling tailored, region-specific business goals to address unique challenges and opportunities.

To support our business units in operationalizing our Stakeholder Engagement Principles, we provide Social Performance Guidance with recommended internal processes and external engagement to understand and address stakeholder priorities.

Stakeholder Engagement Principles	Social Performance Guidance
• Proactively identify and seek out stakeholders. • Include stakeholders in the design and implementation of the engagement process. • Listen to understand stakeholders' interests, concerns and culture. • Communicate openly. • Seek solutions that create mutually beneficial relationships and build long-term value for both the company and our stakeholders. • Follow through on our commitments and stand accountable for the results, both internally and externally.	• Community Engagement: Identifying our stakeholders and how they may impact or be impacted by company activities. • Human Rights: Assessing potential risks to stakeholders' human rights, incorporating risks into planning and providing a grievance mechanism to remedy realized impacts. • Indigenous Peoples: Consulting with Indigenous stakeholders to understand their culture, identify their priorities and work together to address them. • Security and Human Rights: Implementing the Voluntary Principles on Security & Human Rights. • Community and Social Investment: Aligning investments with community needs and company strategy.

Corporate Risk Register and Action Plan

Social risks rated significant or high are included in the corporate SD Risk Register, and action plans are developed to track mitigation activities for each risk. The 2019 Risk Register includes two social categories: infrastructure targeting and local intervention. Mitigation actions and milestones address the potential impacts and risks to stakeholders.

Risks	2019 Mitigation Actions And Milestones
Delayed or restricted access to pipeline infrastructure results in constrained market access and/or production limits.	• Engage pipeline partners to review existing stakeholder engagement efforts. • Integrate social due diligence into engagement on future commercial pipeline agreements.
Project delays, business interruptions and damage to reputation due to local actions regarding economic benefits or environmental effects.	• Reinforce stakeholder engagement to address evolving local concerns regarding environmental effects and economic benefits and incorporate initiatives such as traditional land use studies or specific scientific studies in response to community concerns. • Increase engagement with industry associations, regulators and other government officials to specifically address local intervention risks. • Continue current stakeholder engagement efforts to build community relationships through focused social investment and economic development programs.

Action plans are developed for each of the priority risks and provide information about the accountable action owner, milestones and target completion date. Line-of-sight goals for business units and key functions are shown as specific action items within the action plans, and progress against the plans is reported through our governance structure to the ELT and board. Stakeholder engagement plans may also include mitigation actions. Mitigation actions can range from single or multiyear specific projects to routine and long-term programs. In addition to actions undertaken by the business unit, there may also be actions managed at the corporate level.

Read more about our approach to managing sustainable development risks.

Working with Communities

By taking a personal approach with communities, we are able to build strong relationships and an environment of transparency, courtesy and trust. This allows us to better manage potential risks and impacts to local stakeholders and our business.

Listening to Understand Our Stakeholders

We proactively engage our stakeholders to understand their interests, concerns and culture.

Canada

Due to the close proximity of Indigenous communities to our Canadian operations, we have developed a values and interest assessments (VIA) process to guide practitioners as they work with those communities to create positive, sustainable outcomes. Our stakeholder engagement team begins by building relationships through authentic, collaborative dialogue with members of the community. Next, we work with the community to create a shared vision and to discuss ways we can work together. The third stage centers around planning and focuses on collaboratively prioritizing ideas and creating structures and processes for working together. The ideas are turned into a shared action plan to be implemented and assessed. The VIA process can result in formal agreements with interested Indigenous communities in close proximity to large developments, such as the Halfway River First Nation (see below for more information). For those communities, agreements formalize a respectful relationship and the mutual promises between our company and communities. Each agreement is focused on shared value and addressing the specific promises, obligations and benefits for both parties, and, like many agreements, is confidential. Agreements include a process to resolve concerns about rights infringement from our activities and language committing both parties to work toward mutually beneficial relationships.



Colombia

Working with agencies of the Colombian national government, we have engaged with stakeholders, including local communities, over 250 times from 2016 through 2019, listening to concerns and addressing questions about our project plans in the Middle Magdalena River Valley. These efforts have been successful in securing the support of local leaders and the vast majority of community members, many of whom had questions and concerns at the beginning of the project. 2019 meetings focused on the legal, technical, social and environmental aspects of our plans. This included explaining the use of hydraulic fracturing in unconventional reservoirs, our global expertise and our stakeholder engagement principles which apply to our activities wherever we operate. Read more about our operations in Colombia.

U.S. Lower 48

In the Eagle Ford, our Citizens Advisory Committee, comprised of community leaders from DeWitt, Karnes, Live Oak and Bee counties, meets quarterly to discuss industry-related issues. We conduct polls to determine the topics important to community members to be addressed at each quarterly meeting. Local elected officials participate in our Leadership Roundtable, where we discuss our operation plans and listen to concerns and suggestions. Our Leadership Roundtable in the Bakken brings together local government and civic leaders to discuss our development plans and to collaborate on key community issues.

Integrating Stakeholder Input into Business Decisions

As we understand stakeholders' priorities and concerns, we seek to integrate that input into our plans and operations.

Alaska

We meet frequently with North Slope community leaders and residents to get feedback and gather local and traditional knowledge to help protect their subsistence resources and to share information about current and planned operations.

- In 2019, those discussions led us to change our development plan for our Willow project. Instead of building a temporary gravel island as a staging area to move infrastructure to the remote project site, we have proposed relying on ice roads instead. This new module delivery option addresses concerns from North Slope communities about a gravel island's potential impacts on marine mammal subsistence activities. It also reduces the amount of gravel needed for the project (reduces the size of the mine site and amount of gravel mining activity) and the overall footprint of the project. Read more about our Willow project.
- As we built a road and drill site in 2019, we also worked with the gravel pit operator and mine site owner to modify the gravel mining procedure to reduce the noise and sound vibrations associated with the gravel blasting operation. This included utilizing technology new to the North Slope to reduce the sound wave and vibration impacts from blasting as well as conducting daily vibration monitoring in Nuiqsut. The vibration monitoring data was combined with our air quality monitoring data to produce weekly reports which were shared with the community during the winter construction season.
- We also have robust environmental study programs at existing operations that include air quality monitoring stations; caribou, bird and fish surveys; hydrology studies; lake water quality and recharge monitoring; subsistence hunting studies; and tundra rehabilitation. Extensive environmental baseline studies are conducted in all potential areas of new operations. New projects are subject to rigorous permitting and public review processes.

Canada

In Northeast British Colombia, we continue to work with local communities as we develop our Montney project. We are implementing a "life of project" agreement with the Halfway River First Nation, which has created a collaborative process around community engagement and contracting. As a result of our engagement, we have created an innovative water management plan for the development that mitigates concerns about water use as well as truck traffic and has steadily increased our local Indigenous contracting spend. We also continue to partner on a variety of community initiatives that focus on the communities' evolving interests. Hear more about our ongoing relationship with the Halfway River First Nation.

Indonesia

In 2019, we conducted 12 safety training sessions for nearly 600 people living close to our operations in Indonesia. Participants learned about pipeline and road safety and forest fire awareness and how to report issues so they can be addressed in a timely manner.

Lower 48

In 2019, our Eagle Ford employees worked closely with a school board, county officials, transportation agencies and educational institutions to advocate for re-routing oilfield trucks to minimize noise and traffic near a school. This resulted in truck traffic being re-routed and the county working with the state to build a new road. As part of a multiyear road safety initiative, we have also partnered with Safe 2 Save and local restaurants to raise awareness to help combat distracted driving. In addition, a ConocoPhillips-led industry effort removed over 451,000 pounds of trash from local roadsides by the end of 2019.

We have been an active member in the Permian Road Safety Coalition (PRSC) since 2015 and became a board member in 2019. The goal of the coalition is to lead a collaborative cross-industry effort with oil and gas operators, service and transportation companies, nongovernmental organizations and governments to improve road safety and reduce the number of traffic-related injuries and deaths in the Permian Basin.

Building Local Economies

We work with stakeholders to support economic development through capacity-building and contracting opportunities for local businesses.

Canada

For more than two decades, we have worked with Indigenous-owned businesses near our oil sands operation to develop local capacity. The region near our Surmont project is home to five First Nations communities and six Métis Locals. In Canada, Aboriginal Peoples (who consist of First Nations, Métis and Inuit) have constitutionally protected rights to their traditional territories and ways of life. The Cooperation and Mutual Benefits Agreement (CMBA) with Fort McMurray First Nation (FMFN) is a culmination of years of engagement to identify mutual areas of interest and benefit, and build trust, respect and a formal commitment to a stronger relationship. Leaders meet regularly to discuss:

- Local contracting opportunities and capabilities.
- Shared goals for local business benefits and environmental monitoring.
- Opportunities to support environmental stewardship of the Surmont Project and FMFN community values and vision.

Indonesia

We helped establish a Rubber Farmers Group in 2002 in collaboration with the local rubber research institution, Sembawa, to improve the quality and quantity of latex production as well as the marketing capabilities of farmers. Approximately 1200 acres of rubber plantation have been rejuvenated and are managed by 560 individual farmers from the villages near our operations in the Musi Banyuasin regency, South Sumatra province. Our business unit, through Sembawa, provides quality rubber seeds and fertilizers, as well as regular mentoring and supervision - from planting trees to latex production. The group has given farmers direct access to local rubber factories and a stronger bargaining position that has resulted in higher income.

Strengthening Communities

We work with stakeholders to identify and support programs that will make a real difference in communities.

Alaska

50% of federal revenue from NPR-A is available to communities impacted by oil and gas development through a mitigation grant program. As a community impacted by development in the area, Nuiqsut is eligible to receive funding for community projects from this program. We have partnered with the City of Nuiqsut, the Native Village of Nuiqsut and the Kuukpik Corporation to create the Nuiqsut Community Development Foundation, a nonprofit focused on assisting the community to access grants by providing services for project planning, grant writing and administration, accounting and project execution. By building this capacity, the community was able to increase its grant applications from $1.4 million in 2018 to $4.5 million in 2019.

In 2019, we also sponsored the attendance of 15 Nuiqsut high school students at the Excel Alaska program in Anchorage in 2019 and early 2020. The vocational program offers students hands-on life-skills training ranging from budgeting and personal banking to resume writing and job interviews. Our ongoing CareerQuest program provided numerous opportunities for Nuiqsut high school students to gain valuable work skills. This included work experience at our Alpine facility and with local businesses. Activities included office procedures, phone etiquette, customer service and standard first aid with automated external defibrillator for adults, children and infants. Eighteen students participated in the program in 2019.



Stakeholders in the communities near our operations have a unique relationship with the land and wildlife that goes back generations. In 2019, a ConocoPhillips team helped Nuiqsut resident Lydia Sovalik relocate her family's cabins along the eroding Nigliq Channel riverbank. Sovalik's brother built the two cabins in 1950 on a plot of land her father obtained in 1948. After hearing that the family was in danger of losing their two historic cabins, a crew worked with Sovalik's grandson to move them away from the channel, so that future generations could continue subsistence activities on their land. Recognizing and respecting the choice of Indigenous communities to live as distinct peoples, with their own cultures and relationships to the land, is a cornerstone of our operations. Watch a video about the effort.

Australia

We started a six-year scholarship program with Yalari to fund a Queensland Indigenous female student to study at an all-girls school in Brisbane, Australia in 2019. Yalari is a not-for-profit organization that provides secondary education scholarships for Indigenous children from regional, rural and remote communities. Through ongoing engagement with Indigenous communities, we aim to create long-term benefits through education. Read more about our investment in Australian communities.

Canada

In 2008, ConocoPhillips partnered with other oil sands companies, Indigenous communities and community organizations to create the Sustainable Communities Initiative, a social innovation project focused on youth empowerment and designed to build stronger relationships with and benefit nearby communities in the oil sands

region. The project has evolved from joint planning and programming with the target communities to the communities' scoping the long-term sustainability of the project independent from industry. Beginning in 2019, community boards became independent and accountable for managing their own social innovation projects. To facilitate this, they implemented a strategy to diversify their partners, strengthen board governance and actively engage a variety of sponsors. One of the project's success stories features Elliot Deltess, a young community member from Janvier, Alberta, who now works at our Surmont oil sands facility. Read more about Deltess and the Sustainable Communities Initiative.



Colombia

In 2019, we continued to support soccer programs near our project in Colombia. This included funding soccer balls, uniforms and gloves for women and men's teams and providing logistics for a local tournament. We also funded four workshops for children in the area to create awareness about the importance of environmental conservation. Over 75 children took part in the program along with three local teachers, who also received the training materials so they can replicate the workshop for more children.

Indonesia

In 2019, we worked to help local communities live healthier lives by providing 122 village health providers in six villages with the skills to deliver better health services. Our support was recognized by the Governor of South Sumatra with a Health Education Award. Since 2002, we have also had a scholarship program that provides financial assistance to local university students and elementary and high school teachers to obtain undergraduate degrees. More than 5,000 students from villages near our operations in the Musi Banyuasin regency have received support. The program has also helped recipients develop their social and entrepreneurial skills, which they can then apply to helping other members of their communities.

U.S Lower 48

We are a member of the Permian Strategic Partnership (PSP), a coalition of energy companies and regional leaders that is working to address current and future challenges associated with oil and gas development. In 2019, the PSP brought doctors into rural communities, funded the creation of a charter school system to build more schools, funded a new vocational/tech school in Hobbs, New Mexico to address workforce needs, and brought the first ever federal highway BUILD grant to the state. It is also hiring experts to help small towns apply for community grants.

As part of our ongoing community giving in the Permian, our sponsorship of the Bad Boy Blast sporting clays tournament has raised almost $3.2 million since 2004 for local fire departments and crime stopper organizations in West Texas. In the Permian region of southeast New Mexico, our golf tournament and silent auction has raised $1.55 million since 2014 for the Make a Wish foundation and other charities serving Lea County.

Globally

We support charities near our operations by funding programs that support education, civic and social services, arts, health and the environment.

2015-2019 Contributions	
Alaska	$21 million
Canada	$10.8 million
Lower 48/Corporate	$136.7 million
Australia/East Timor	$6.7 million
Norway/United Kingdom	$4.5 million
Other	$11.9 million

Read more about our global giving.

Engaging employees

Our employees strive to improve the quality of life in the communities where we live and work.

- Alaska employees contribute more than 3,500 hours each year serving nonprofit organizations and represent the industry on many multi-stakeholder boards.
- In 2019, 764 ConocoPhillips Canada staff volunteered more than 2,200 hours on a range of activities including serving lunches at the Calgary Drop-In Centre, making lunches for kids through Brown Bagging for Calgary's Kids, planting trees in local City of Calgary parks and helping children learn to read at Calgary's Connaught School.
- Eagle Ford employees have contributed more than 8,220 hours serving nonprofit organizations since 2015.
- With our Bakken operations close to the Little Missouri State Park, our employees volunteer each spring to prepare the campground facilities and riding trails for tourist season. In 2019, 34 employees contributed 170 hours of time to the effort. View more about our stakeholder commitment in the Bakken.

Read more about some of our efforts around the globe.

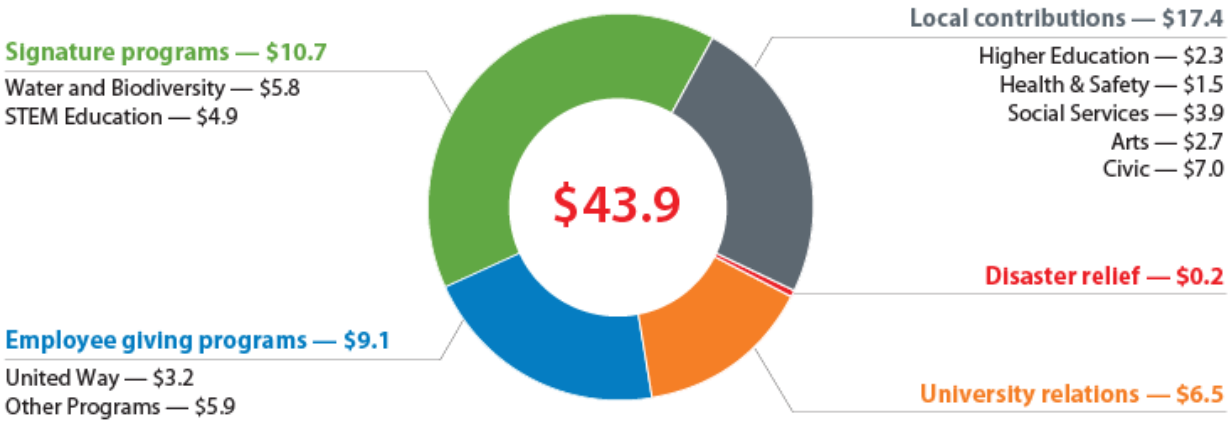
Global Giving

We contribute to the well-being of the communities in which we operate through charitable giving, employee volunteerism and civic leadership. We believe the most effective charitable investments are made through strategic relationships with organizations dedicated to serving our communities, day in and day out.

Our global giving budget is balanced across our signature programs, local contributions and employee programs. The budget is approved annually by the Public Policy Committee of the Board of Directors.

2019 Global Charitable Investments Spend by Giving Pillar and Cause Area

In Millions



Input and insight from business units are overlaid by uniform, global processes and policies to provide:

- Due diligence scrutiny of potential partners.
- Consistent project selection criteria and focus wherever we operate.
- Appropriate audits and document retention.
- Tracking and assessment of performance metrics and impact.

Signature Programs

Signature programs help unify our global giving around relevant themes and make our charitable investments program significantly more impactful.

Species and habitat preservation remain a primary focus of our global biodiversity signature program. In 2019, in partnership with the National Fish and Wildlife Foundation (NFWF), the ConocoPhillips SPIRIT of Conservation program hit a milestone goal. Program investments since 2005 have resulted in conservation of more than 300,000 acres of critical fish and wildlife habitat. Efforts to better understand, track and protect animal migration efforts continued to advance through several partnership programs including NFWF's Big Game Migration program, eight Migratory Bird Joint Venture grassland conservation efforts, and the Smithsonian Institution's Migratory Bird Center. Groundbreaking research findings by the Smithsonian were also featured on PBS as part of a three-day live migration television event.

Our Houston Signature Program continued to build on its math teacher development and student enrichment program success in 2019. Kicking off its third year, TORO's Math Drills reached more than 1,800 teachers and 15,000 students. The Rice Applied Math Program (AMP!) and Texas Alliance for Minorities in Engineering (TAME) programs also provided creative and engaging learning experiences to improve students' math scores.

Local Community Giving

In communities across the globe our taxes and investments contribute to economic growth and we also work to determine ways to be good neighbors. This includes working with community members and partners to meaningfully and measurably contribute to each community's unique needs by identifying and addressing areas of local concern through charitable investments and volunteerism in support of education, health and safety, the environment, the arts, civic and social services and disaster relief. In 2019, efforts ranged from supporting the National Geographic Live speaker series in Canada and the U.S. to the Qatar National Public Safety Campaign.

Through the Heart for Heart project in China, we fund surgeries for children from low-income families who suffer from congenital heart diseases. To build long-term capacity, ConocoPhillips China worked with Children's HeartLink and hospitals in China to develop the Creating Hope for Hearts project, which funds and supports overseas training for medical professionals from different provinces. Read more about the effort.

ConocoPhillips sponsors the Nordland Music Festival (Nordland Musikkfestuke), one of Norway's largest music festivals, which includes jazz, contemporary music, folk music, musical theater, dance and pop/rock concerts. In addition to performances in churches and concert venues around the city, the festival is famous for its spectacular and nontraditional outdoor concerts.

Read more about some of our efforts.

Employee Giving Programs

Our employees and retirees make our communities stronger. We are proud to support their generous involvement in local charitable activities through employee giving programs that include United Way campaigns, matching contributions, volunteer grants and dependent scholarships.

In 2019, we participated in eight United Way campaigns, raising more than $6.3 million in employee, retiree and company contributions and logging more than 31,000 volunteer hours globally. United Way organizations are engaged in nearly 1,800 communities across more than 40 countries and territories worldwide to create solutions that build stronger communities. We are proud to support United Way's mission of improving education, strengthening financial stability and making communities healthier.

Social Performance Metrics

Effective stakeholder engagement is critical to meeting our sustainability commitment and managing social risks.

Action	Indicator	Score
Assessment and Planning	Percentage of assets that incorporate community/social issues in risk assessment processes.	100%
	Percentage of assets that have conducted stakeholder identification and developed and updated stakeholder engagement plans.	100%[1]
Engagement	Percentage of key individual stakeholders or stakeholder groups (as identified through stakeholder identification) with whom we have conducted the planned engagements.	82%[1]
Addressing Community Concerns	Percentage of assets that have a grievance/complaint mechanism in place.	84%[1]
	Percentage of specific community concerns identified through the grievance/complaint mechanism or community engagement that were addressed through mitigation actions or operational practices/processes.	100%[1]
Indigenous Peoples Engagement	Percentage of key individual Indigenous stakeholders or Indigenous stakeholder groups (as identified through stakeholder identification) with whom we have conducted the planned engagements.[2]	91%[3]

[1] Calculated using a weighted average based on 2019 production and Social Performance Indicators reports from Alaska, Australia, Canada, China, Indonesia, Lower 48, Malaysia and Norway. Countries without production are excluded.

[2] Planned engagements refer to engagements outlined for key stakeholders in the stakeholder engagement plan.

[3] Average score from business units with Indigenous engagement including Alaska, Australia and Canada.

Valuing Human Rights

ConocoPhillips is committed to respecting human rights. We recognize the dignity of all human beings and our core values embrace these inalienable rights: for all people to live their lives free from social, political or economic discrimination or abuse. Our approach is consistent with the human rights philosophies expressed in the following global frameworks:

- Universal Declaration of Human Rights (UDHR)
- United Nations Guiding Principles on Business and Human Rights
- International Labour Organization Declaration on Fundamental Principles

This includes the core labor standards related to nondiscrimination, freedom of association, right to collective bargaining, and avoiding the use of forced or child labor.

We perform high-level human rights risk assessments on our global operations to identify countries for deeper evaluation of potential human rights issues. Key areas considered include:

- Security and human rights.
- Land rights and relocation.
- Land use.
- Indigenous Peoples issues and rights.
- Company and supplier labor standards.
- Access to water.
- Cultural heritage.
- Vulnerable groups.

Human rights issues are incorporated into capital project planning and HSE management systems including our HSE Due Diligence Standard. Our intent regarding human rights is also reflected in our Code of Business Ethics and Conduct and health, safety and environmental policy.

Business units assess and manage human rights risks. If our operations identify potential human rights concerns, engagement plans and specific actions to manage and mitigate that risk are developed through engagement with the community or other stakeholders. Where appropriate, business units, assets or projects communicate and engage communities and their representatives on how to contact the company and how to address any concerns or grievances. In addition, all interested stakeholders may access the ConocoPhillips Ethics Helpline to report a potential violation of our Code of Business Ethics and Conduct, which is publicly available on our website.

Respecting Indigenous Peoples

We recognize and respect the choice of Indigenous communities to live as distinct peoples, with their own cultures and relationships to the land. Wherever our operations neighbor with Indigenous communities, we seek to partner and engage with them to diminish the negative aspects of our operations and maximize the social and economic benefits we can bring. Areas where we explore or operate near these communities include the United States, Canada, Australia and Indonesia. Our engagement with Indigenous communities in those locations is consistent with the principles of the International Labour Organization Convention 169 concerning Indigenous and Tribal

Peoples, and the United Nations Declaration on the Rights of Indigenous Peoples. Our relationships are governed by national laws of the countries in which we are working, our social performance guidance, our own positions on sustainable development and human rights, and our core SPIRIT Values of Safety, People, Integrity, Responsibility, Innovation and Teamwork

Read more in a presentation from our Global Head of Sustainable Development to the Interfaith Center on Corporate Responsibility in March 2020.

When engaging with Indigenous Peoples who may impact or be impacted by our operations, we seek first to understand their social values, cultures and traditions, as well as their expectations and preferences for dialogue and dispute resolution. Our consultations consider traditional land use information and community interests, goals and perspectives on environmental, social and economic topics. We engage with Indigenous communities at the regional, local and individual levels by meeting regularly with regional governments, community associations, local leaders and community residents. Our stakeholder engagement professionals work closely with our drilling and production teams to guide discussions and facilitate cooperation with Indigenous peoples to address potential operational impacts on the community. Wherever we engage with Indigenous communities, we pursue opportunities to support economic development opportunities consistent with Indigenous communities' culture and community development plans. In some cases, the engagement and consultation may be guided by a formal agreement with the Indigenous community. We seek to honor cultures of Indigenous groups by taking steps to learn about Indigenous societies so that we know how to properly demonstrate respect in our relationships. Some of our larger business units provide cultural awareness training. In many cases, our stakeholder engagement leaders and business leaders will educate themselves through mentors in the Indigenous community or through the help of local experts. Read more about our work with local Indigenous communities.

Human Rights Training and Awareness

ConocoPhillips developed a human rights training course which incorporates IPIECA's guidance on human rights training and includes a module on security and human rights. The training has been rolled out globally via a computer-based module to our stakeholder engagement practitioners and other operations staff and management as appropriate based on location. We continue regular training of security providers in priority countries for security and human rights issues.

We continue to support the IPIECA social responsibility working group and human rights project. Additionally, we participate in IPIECA's broader work on human rights due diligence and grievance mechanisms and incorporate IPIECA guidance into our own training and practices.

Voluntary Principles on Security and Human Rights

We drive collective action to address security and human rights issues through engagement with government, NGO and other business stakeholders in the Voluntary Principles on Security and Human Rights (VPSHR). We have been a member of the VPSHR initiative since its inception in 2000. Our social performance guidance directs our VPSHR implementation and our annual report to the VPSHR details our current practices as well as provides updates for previous years.

We continue to conduct regular VPSHR training of security providers in priority countries for security and human rights issues. Security personnel and community engagement practitioners, including contractors, complete corporate human rights training on the VPSHR on an annual basis. All contract security organizations are required to

provide VPSHR training to their employees and comply with the principles. Training is also provided for the ConocoPhillips workforce as part of the onboarding process when relevant to working in field locations.

Economic Transparency and Reporting

We endorse transparency in the extractive industries. We are a participating member of the Extractive Industries Transparency Initiative (EITI), one mechanism which seeks to ensure that natural resource wealth is an engine for economic growth that contributes to sustainable development and poverty reduction.

We remain actively involved in the EITI process and implementation in participating countries in which we operate. Currently, we are engaged in exploration and/or production activities in EITI member countries Colombia, Indonesia, Norway and the United Kingdom. Current EITI information can be found here.

We note that various other transparency initiatives have either been adopted or are under development in areas in which we operate, including the Dodd-Frank Act in the United States and the EU Accounting and Transparency Directives in the European Union. These initiatives include detailed mechanisms for payment transparency, which we believe can and should be accomplished in a manner that:

- Does not require companies to violate existing contractual and legal obligations.
- Is fair to all participants in the extractive industries.
- Does not place unreasonable administrative burdens and expenses on reporting companies.
- Does not place reporting companies at a strategic disadvantage as compared with nonreporting companies.

Human Rights Position

Governments have the primary responsibility for protecting human rights and we believe business has a constructive role to play to advance respect for human rights throughout the world as do Non-Government Organizations (NGOs) and other representative groups in civil society.

We recognize the dignity of all human beings and our core values embrace these inalienable rights for all people to live their lives free from social, political, or economic discrimination or abuse.

Our Focus & Expectations

We will conduct business consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights (UDHR), and the International Labour Organization Declaration on Fundamental Principles and Rights at Work.

Our intent regarding human rights is also reflected in our Purpose and Values and in our business ethics policy and health, safety and environmental policy. These policies address how we conduct our business with respect for people and the environment, accountability and responsibility to communities, and ethical and trustworthy relationships with our stakeholders. We will maintain ongoing discussion with government, NGO and other business stakeholders through our participation in the Voluntary Principles on Human Rights and Security. The company's approach to engagement with indigenous communities, in locations where they are an important stakeholder group for our operations, is consistent with the principles of the International Labour Organization Convention 169, concerning Indigenous and Tribal Peoples, and the United Nations Declaration on the Rights of Indigenous Peoples.

SPOTLIGHT

Improving the Lives of Youth

NOVEMBER 25, 2019

Since 2008, the Sustainable Communities Initiative (SCI) has worked to create shared benefit and value in communities near the oil sands region of northern Alberta, Canada. ConocoPhillips joined other oil sands companies, partner organizations and Indigenous communities to explore how companies could work together to build stronger relationships with communities and have a positive social impact. The idea was to work with local residents to co-develop self-sustaining programs that they could manage independent from industry partners.

"The intent was to build local capacity in the community to run their own non-profit organization serving community needs. The idea was to either eventually integrate this service into already established institutions such as schools, health centers and First Nation programming or to create a fundraising model that would ensure its sustainability - or a combination of both," said Chantale Campbell, senior coordinator, Stakeholder Engagement. SCI had three phases: design, implementation and sustainability. The sustainability phase was always intended to be one of transitioning to financial independence and self-governance, Campbell noted.

SCI Vision - Safe, healthy, sustainable communities where people want to live, work, play and raise their children. Where youth are active members of their community and can move forward with confidence to their chosen path in life.

Evolution

SCI was formed as a joint industry project in 2008, by six companies in the Oil Sands Leadership Initiative (OSLI) and aimed to address environmental and social challenges. Work began with the rural community of Janvier in 2009 and once a basic design was in place, the small community of Fort Chipewyan joined in 2010.

Initial conversations were focused on education, but after two years of working with the communities the mission of SCI was reframed to capture a more holistic view of community sustainability, inspired by community interests. This included a pivot to programing that more directly met the needs of local youth, with a focus on improved quality of life via education and training. Additionally, Elders were consulted about how to incorporate cultural elements into curriculum development. An implementation phase was mapped out and ConocoPhillips Canada served as the lead operator for the project. Non-profit organizations with volunteer community boards were established and, as they developed a voice and greater capacity, the SCI program became more community focused.

Janvier and Fort Chipewyan community members were integral to SCI success during design and implementation phases, presenting at conferences and contributing directly to projects in their communities. They also provided ideas to support project sustainability and were involved in regular working group and transition planning meetings. Youth especially were catalysts for community and company involvement, since all parties agreed they were an important focus of program design.

"Additionally, the youth actively challenged everyone involved with SCI to think more broadly, which made everyone more accountable and dedicated to the success of SCI," Campbell said. "It's a perfect example of 'doing with' not 'doing to' communities."

The focus of SCI began to shift from program and administrative management support to the third and final sustainability phase in 2017. ConocoPhillips Canada and partners signaled that their funding levels would decline and, over the next three years, supported efforts by community members to raise an additional $350,000 annually through fundraising. Where there were budget shortfalls, company partners coached and supported community boards to rely on good governance and transparent accountability to make decisions, resulting in efficiency gains and innovation. Questions like "Can your program meet its vision without this activity?" and "Can you rely on volunteers to deliver this line item of the budget?" were common in discussions around budget stewardship.

The effort to transition program responsibility to the communities included moving from the old joint company-community structure and governance to an in-community, free-standing model. This final sustainability-focused step for SCI allowed each community program to define, design and operate independently with the support of its chosen partners. Starting in 2019, community boards were accountable for managing themselves by partnering with different company and community partners to support them financially and/or through in-kind services. During the transition to independence, Campbell worked with each community to entrench governance related to running their respective programs, including finance, funding partner management, staff and volunteer resources, and internal and external communication.

Key Program Initiatives

Sekweha

Sekweha, meaning 'for the youth' in Dene (an Athabaskan language spoken by local Indigenous Peoples), was the ideal name for a non-profit organization with a vision of "helping youth to gain the knowledge, confidence and skills they need to be successful in life and to make positive contributions to their community." The Sekweha Youth Centre in Janvier is the backbone of the program and was built on the foundation where the community dance hall once stood. Since the dance hall was the area's social gathering hub, the youth center aims to fill that void by offering daily programming after school and on weekends. A volunteer community board works with other partners to find opportunities to enrich programs and services to better meet the needs of children and youth. The center raises funds through grassroots activities such as Pizza Night, with Sekweha youth making pizza from scratch, soliciting orders via the community social media page, and delivering the product to customers. The experience not only helps supply funding for Sekweha activities, but also helps participants learn about time management, budgeting, cooking and customer service. Based on the confidence in governance and value the youth center provides to the community, ConocoPhillips Canada allocated $70,000 (CAD) to help fund Sekweha in 2019.

ELI

The Experiential Learning Initiative (ELI) was a subset to the broader youth-focused community initiative that was embraced and adopted by both of the participating SCI communities. It was designed to give participants insight into experiential learning practices and a deeper knowledge of traditional culture such as beading, traditional food preparation, and Dene and Cree language lessons, while also fulfilling school-based science curriculum. Dozens of students from Sekweha and Lake Athabasca Youth Council (LAYC) participate in activities throughout each year as well as Elders, community members and SCI partners and guests from various organizations. Since 2014, an annual ELI gathering is held to showcase the intersection of culture and curriculum.

At the 2017 ELI Gathering, Elder Agnes of Chipewyan Prairie First Nation (CPFN) started a tradition of taking the youth on a medicine walk where participants learned about the significance and use of local medicinal plants. Youth also participated in a tea boiling and fire making contest, as well as cultural drumming and hand game activities. 'Sweat lodges' allowed them to experience that traditional element of Dene culture. The gathering is designed to help youth "walk in two worlds" by promoting and supporting both cultural and secular educational opportunities.

"We've seen youth lives improving as they discover their life path, with some going to post-secondary school, some entering ConocoPhillips Canada apprenticeships . But there are still a lot of challenges," said Campbell. There's a long history of distrust between the school system and Indigenous Peoples in Canada. Integrating traditional knowledge into the classroom based on input from community experts and including ELI programming through SCI efforts has helped to bridge the gap and create a stronger relationship between the schools and community members where Sekweha and LAYC youth centers exist.

Key Outcomes

SCI programs provided many youth participants with their first jobs, travel experience, opportunity to plan and lead a meeting, event or project. Programming provided meaningful, consistent activities for youth to make positive and productive choices about how they spent their time, often contributing to their communities.

"Many people involved with SCI spoke about youth confidence improvements throughout the life of the Initiative, including specific memories of youth presenting on their experiences and what they gained through the programs. Additionally, accountability became more visible and worthy of celebration. There was a noticeable decrease in youth breaking rules or losing event participation privileges. And we saw the youth begin holding each other accountable," Campbell said.

Adults from area communities also engaged in SCI programming, acting as role models for youth and collaborating with industry partners. Volunteers served on the community board by sharing expertise in governance, and traditional land users guided land-based learning camps and activities, working with teachers at the local school to coordinate the curriculum with the traditional teachings.

"The SCI programs provided the community structures to support social change and engaged with community members in a manner that facilitated and respected cultural values in pursuing the vision," Campbell added.

Creating Value for ConocoPhillips

Though the project was designed to address social priorities of Indigenous communities, corporate partners also realized benefits from SCI. The effort created trust between the industry partners and communities and allowed company representatives to gain a better, more nuanced understanding of the communities.

Additionally, work with SCI provided a foundation for some of the stakeholder engagement principles used by a variety ConocoPhillips practitioners around the globe, and the development of the Values and Interests Assessment approach (VIA). These enable stakeholder engagement professionals to better understand community concerns and build relationships and trust while working in the communities. Also, programs provided the people from the community with skills that would position them to potentially work at Surmont.

"Most importantly, we were exposed to true community life and developed empathy for the community that allowed us to be better partners," Campbell said. "In the past, industry may have called a community investment a success if we saw our banner displayed at a local event. Now, we know it is successful because community members

really know us, and we see it is making a difference. We are welcomed at Sekweha and are part of community events."

Training for the Future



Elliot Deltess

Elliot Deltess appreciates his late grandmother for many reasons. She was his primary caregiver and offered him stability and love - including tough love - when life got challenging. After graduating from high school, Deltess really didn't have any specific plans, intending to spend his time hanging out with friends and relaxing.

"But less than two weeks later my grandmother said, 'Go get a job'," Deltess recalled.

His options were limited in the small community of Janvier. But, determined not to disappoint his grandmother, he walked down to Sekweha Youth Centre, where he was hired as a youth worker. That job set him on a path that led to his current role as a contractor working at Canada's Surmont oil sands facility. At the age of 17, Deltess lacked work experience but was immediately thrown into a job that involved planning daily activities for local Indigenous youth and working with sponsor companies to plan and fund field trips to larger cities. Time spent playing pool, in the gym, pizza nights and "minute to win it" games helped him develop his networking, communication and presentation skills. Adults affiliated with the center encouraged and mentored him. A nudge from his cousin led to the decision to apply for the Operator Trainee position at Surmont 2 after leaving his job at the youth center. There he received the training that positioned him to now serve as a local contractor at the facility, with marketable skills. He started the program, he said, "knowing nothing."

"And now I've gone from being the person who shovels the snow on the sidewalk to be the person who tells someone else to shovel the snow," Deltess quipped. He credits support from his grandmother, and lessons learned at the Sekweha Youth Centre, with his current success.

"Kids would not be the same without the youth center. They would find other things to do, like vandalism and stealing. Even if they just come for the Wi-Fi and food, they are hanging out there instead of somewhere else," he said.

SPOTLIGHT

Advancing STEM education in Texas

JUNE 27, 2019

Across the massive room, you could see the future at work. Three hundred students, grades 6-12, moved like a hive of bees, their brains switched to overdrive, using teamwork to solve an engineering design challenge. This is the workforce of tomorrow participating in the Texas Alliance of Minorities in Engineering's (TAME) 2019 State STEM Competition (science, technology, engineering and math). ConocoPhillips was the presenting sponsor for the 34th annual event in Huntsville, Texas and chose this year's theme: Powering Civilization.

"We are thankful to TAME for helping build a strong, diverse workforce for the future by inspiring thousands of minority students from across the state to pursue careers in STEM," said Andrew Roberts, manager, Brand & Community Programs.

For more than 40 years, TAME has reached hundreds of thousands of Texas students through programs that motivate and inspire young people to pursue careers in STEM fields. While TAME programs are open to everyone, the nonprofit organization targets female, Hispanic, African American and Native American students, populations underrepresented in STEM fields. ConocoPhillips has worked closely with TAME since its inception to create a new generation of engineers and other highly skilled workers. This year, ConocoPhillips donated $130,000 to TAME to support scholarships; 14 Divisional STEM Competitions and the State STEM Competition; the Trailblazer mobile STEM museums; and the STEM-focused comic book series Science Squad.



Top-scoring students from each of the 14 Divisional STEM Competitions advance to the State level. At the State STEM Competition, students participate in math and science assessments before tackling a team engineering design challenge.

Volunteers in action

ConocoPhillips employees helped create this year's design challenge and volunteered as test proctors, judges and event coordinators. More than 30 employees helped during this year's State Competition.

"The best way to foster inclusion is to have a more diverse talent pool to pull from," said Britiany Hayes, a ConocoPhillips Lower 48 Finance analyst and TAME board member. "Getting these students to become passionate about STEM now will hopefully encourage them to pursue related degrees and careers." Hayes said TAME empowers female and minority students in Texas by giving them access to STEM resources and knowledge they may not have otherwise encountered. And she said TAME teachers and club leaders continually encourage their students to network and envision themselves achieving their dreams.



Joyce Nolly, another volunteer and an Integrated Operations of the Future data technician, said ConocoPhillips' title sponsorship for the 2019 State STEM Competition made her proud to work for the company.

"It shows a commitment to students, their education and their future," she said. "ConocoPhillips helped make it a memorable weekend."

Volunteer Felicia Wilkerson, master data analyst, shared a success story about a female student who has participated in TAME competitions every year from sixth to 12th grade.

"This young lady has now been accepted and will be attending Massachusetts Institute of Technology," Wilkerson said. "Obviously, you do not get into MIT by one single action. She has done a lot of right things in her life to be accepted there. I hope her involvement in TAME and exposure to STEM because of our program was one of the many steps that helped her get to this prestigious institution. It is amazing, and I'm extremely proud of her success."

Gone fishin'

For the engineering design challenge, teams of six students were tasked with finding solutions to a common drilling problem: removing pipe or tools lost or stuck in the well bore, a process referred to as fishing. The students had to recover the lost equipment using the tools provided and staying within a budget.

"In a real-life scenario, fishing requires quick, creative thinking, budgeting and a lot of teamwork," said Completions Engineer Sam Schroeder, who worked with other engineers to develop the challenge. "This challenge put those same skills to the test and was designed to help students prepare for future careers in engineering." While sharpening students' problem-solving skills, the design challenge also taught them to collaborate and communicate effectively.

"A deliberate part of the design challenge is for the students to get along with people they've never met," Roberts said. "By the end of the day, you'd think they'd known each other for years."

After the design challenge, students participated in an interactive presentation that included a film on global energy called Switch. An awards ceremony wrapped up the day's STEM events.

TAME Executive Director Savita Raj said the ConocoPhillips sponsorship was a tremendous gesture, covering the cost of travel, meals and housing. Such support enabled students to focus on the competition and enjoy themselves without worrying about money. Raj recalled a conversation she had with one TAME student that summarized the event with stunning clarity.

Raj asked the student, "What was the best part of your day?"

"Seeing my future," the student replied.

SPOTLIGHT

Listening to Stakeholders on Alaska's North Slope

APRIL 14, 2020

Operating in the sensitive ecosystem on the North Slope of Alaska isn't simple. The remote terrain is defined by ecologically sensitive tundra, wetlands and abundant wildlife in the summer. Winters are harsh, with temperatures commonly dipping to minus 50 degrees Fahrenheit with winds that reduce visibility to near zero. That's why our key values of protecting the environment and working closely with communities are especially important when developing the Willow project in the northeast portion of the National Petroleum Reserve-Alaska (NPR-A).

After publication of the Willow Draft Environmental Impact Study (DEIS) by the Bureau of Land Management (BLM) in 2019, residents expressed concerns about the proposed gravel island built specifically for unloading sealift modules. This prompted us to re-evaluate the project development plans. The proposed solution is a supplement to the DEIS that offers the option of offloading construction modules at the existing Oliktok Dock with onshore transportation via existing roads and a heavy haul ice road instead of constructing the island. The BLM will seek public comment about these proposed changes.



"Throughout 2019, we held over 60 meetings with stakeholders across the North Slope. These meetings were a great opportunity to listen, identify and address concerns, many of which revolved around our plan to construct a temporary offshore gravel island. With that knowledge, we challenged our team to develop an alternative approach and have since introduced a new option to the EIS process. This extended the permitting timeline, but really demonstrates how we can work to improve our project with input from the community," said Connor Dunn, asset manager for the proposed Willow development.

At the request of the Nuiqsut whaling captains and the Alaska Eskimo Whaling Commission, we gathered additional marine mammal data in the area while the engineering team worked to develop other options to deliver the heavy modules. Under the updated proposed plan, lighter modules will be transported to the North Slope via the Dalton Highway or Haul Road. Heavier modules would first be delivered to the Oliktok Dock, then moved using existing gravel roads and land-based ice roads to the site of the Willow Central Facility (WCF). The ice road would be built to cross the Colville River near Ocean Point.

"An onshore option is preferred by stakeholders to reduce the potential impacts to bowhead whales and other subsistence marine mammals. It also reduces the amount of gravel needed for the project which helps minimize the amount of gravel mining activity near Nuiqsut and shrinks the surface footprint of the mine, both of which are also concerns in the community," noted Lisa Pekich, director of village outreach for ConocoPhillips Alaska.

The modules will consist of separation facilities, power generation, gas compression and water handling. They can weigh up to 3,000 tons and can be as tall as a seven-story building. During the summer months, the modules will be staged at a gravel pad in the Kuparuk field. In the winter we will transfer them, via existing Kuparuk gravel roads, to a dedicated ice road leading to Willow. The width of several infield gravel roads for the Willow development, including the airstrip access road, have been reduced from 32 feet to 24 feet in the supplemental plan. We are also proposing a 25-mph speed limit, down from 35 mph, a decrease intended to improve health and safety and better protect the environment by reducing potential impacts to wildlife and decreasing the amount of dust generated by traffic.

"We are continuing to engage stakeholders on other minor project changes, including introducing three boat ramps into the project at the creek crossings, which we heard might be useful for subsistence access from Nuiqsut community members," added Pekich.

The supplement to the DEIS does not significantly change the schedule for Willow's development; first oil is planned for the 2025-2026 timeframe. The potential multibillion-dollar development could produce in excess of 100,000 barrels of oil per day. The proposed project will create thousands of construction jobs and hundreds of permanent jobs, and contribute substantial revenue to federal, state and local entities.

Although the federal government manages the NPR-A, 50% of the revenue received by the federal government from oil and gas leases and production must be paid to the state of Alaska to fund the NPR-A Impact Mitigation Grant program. These "impact funds" are designated for planning, construction, maintenance and operation of public facilities and for provision of public services. Communities most directly impacted by resource development in the NPR-A are given priority for funding.

"In 2019, we worked with the City of Nuiqsut, the Native Village of Nuiqsut and the Kuukpik Corporation to form the Nuiqsut Community Development Foundation. The purpose of the foundation is to provide resources to Nuiqsut to manage these grants and provide services and infrastructure to support the community," Pekich noted.

Safety

SPIRIT Values — Safety, People, Integrity, Responsibility, Innovation and Teamwork — inspire our actions and confirm that safety is core to how we operate. We consistently promote safe work practices and are focused on control of work.



A Learning Organization

Introducing human performance concepts and enhancing leadership behaviors that promote learning.

LEARN MORE



Process Safety

We take special precautions to eliminate potential impact to people, property or the environment.

LEARN MORE



Personal Safety

Our safe work cycle includes planning, execution, verification and correction.

LEARN MORE



Emergency Preparedness

A strong emphasis on training to develop effective emergency response capabilities.

LEARN MORE



HSE Management System

HSE considerations are embedded into every task and business decision.

LEARN MORE

A Learning Organization

Our vision is to increase operational reliability and resiliency, and we believe that begins with learning. By being curious about how work is done, mindful of risks and committed to predicting errors, we can minimize or eliminate the likelihood of unexpected events.

Our goal is to prevent all injuries, occupational illnesses and incidents.

We define human performance as the way people, equipment, work processes and culture interact as a system. By introducing human performance concepts and enhancing leadership behaviors that promote learning, we are reenergizing our existing HSE processes and tools. We are specifically focused on reducing the outcome of human error by improving the interaction between individuals, critical controls and systems, by recognizing error-likely situations, and by applying safeguards to reduce the likelihood of error.

By applying a learning mindset and human performance concepts, we are increasing our capacity to safely manage work and critical activities. Across our operations, we take learnings from past events or near misses and use them to improve our procedures, training, maintenance programs and designs. Understanding how people work enhances our ability to identify potential risks and verify safeguards to mitigate them.



We have processes in place to encourage candid dialogue on the work being done and to share ideas that promote operational reliability and resilience. Learning teams are facilitated sessions in which the team and facilitator discuss successful work or an unplanned event to better understand the context of how the work was done. Our Opportunity to Learn process enables information to be shared quickly following an incident or near miss so learnings can be recognized and applied to other applicable locations to prevent repeat incidents.

This approach is reinforced through additional activities such as verification of personal and process safety safeguards, and meaningful leadership engagement with field operations.

Process Safety



Process safety is achieved by using special precautions, or barriers, to keep our facilities safe and our products safely contained, eliminating potential impact to people, property or the environment. Any unplanned release of hazardous material or any near miss that could have resulted in an unplanned release of hazardous material is considered a process safety event. We have consistent practices and processes for the prevention, control and mitigation of process safety events. Effective precautions, or barriers, can be active, passive or procedural, and can involve equipment and/or people. We utilize multiple barriers to achieve redundant safeguards depending on the severity of the potential hazard.

We seek to continually improve our process safety culture and performance across the entire company. A global network of process safety experts meets regularly to share knowledge and discuss best practices for continuous improvement. To strengthen our process safety performance:

- Engineers design safer systems with new knowledge and technologies.
- Trained operations staff performs routine maintenance to mitigate process hazards and ensure asset integrity.
- Process safety experts analyze events and share knowledge globally.

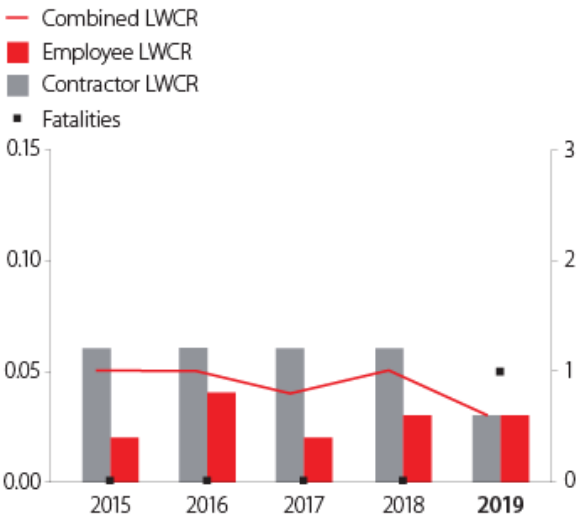
Enhancing process safety awareness and competency across our company is one of our key objectives. Process Safety Fundamentals were introduced in 2019 as simple, actionable, good operating practices developed to improve process safety awareness. Over time, people naturally become desensitized to the risks they face, making errors more likely. Recognizing this, the Process Safety Fundamentals are intended to increase focus on critical tasks.

Personal Safety

Our Life Saving Rules are visual reminders with easy to follow minimum requirements to keep our workforce safe during high-risk operations. They are part of our safe work cycle that includes planning, execution, verification and correction. The Life Saving Rules were refreshed in 2019 with the addition of a Line of Fire rule. The new rule is focused on establishing and honoring barriers and exclusion zones so that workers can avoid line-of-fire hazards. Our refreshed Life Saving Rules, a continued emphasis on process safety and increased organizational learning contributed to a decline in high consequence events, process safety events, environmental spills and personal injuries in 2019.

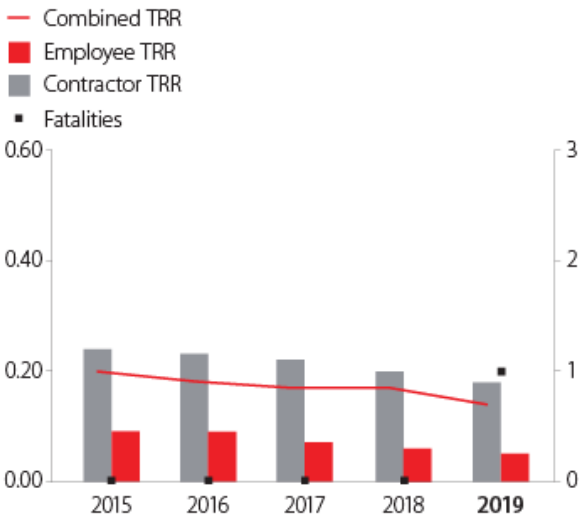
In 2019 we achieved a new company safety record achieving our lowest workforce total recordable incident rate (TRR), but this was overshadowed by the fatality of a contract worker on a drilling rig. This was our first incident resulting in fatal injuries in nearly six years. This tragic incident was thoroughly investigated, and we have incorporated learnings into the way we work globally.

Lost Workday Case Rate (LWCR)



Incidents per 200,000 hours worked

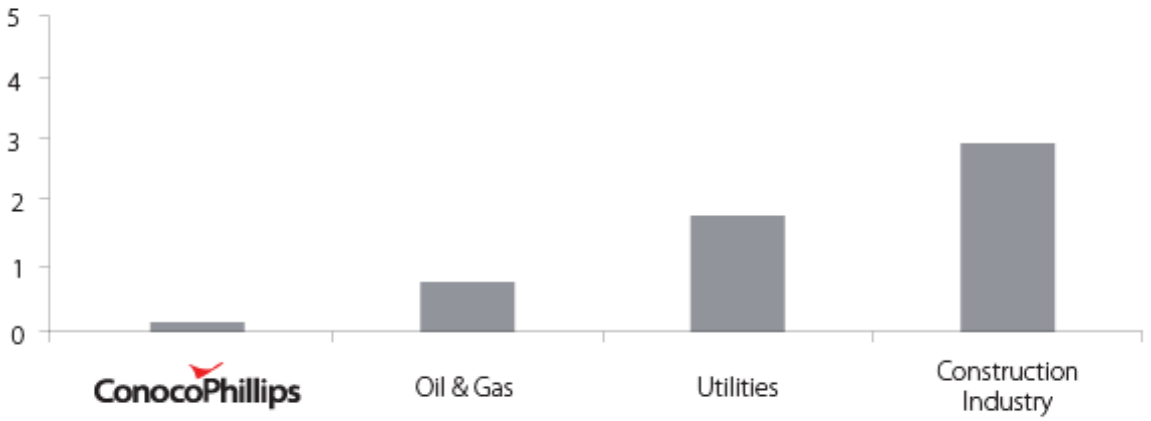
Total Recordable Incident Rates (TRR)



Incidents per 200,000 hours worked

We compare our TRR to oil and gas peers and to other industries. Our workforce TRR of 0.14 in 2019 leads the industry.

Sector Injury Rates



U.S. Bureau of Labor Statistics. Incidence rates and numbers of nonfatal occupational injuries by sector, released in 2019.

Emergency Preparedness

The complex nature of our business means we must be prepared to respond to a range of possible disruptions such as major accidents, political instability or extreme weather. Preventing incidents through good project planning, design, implementation and leadership is our primary objective. However, if a spill or other unplanned event occurs, we have plans and processes in place to respond effectively. We also conduct thorough investigations of all significant incidents to understand the root cause, and we share lessons learned to prevent future incidents. We report on our spill performance annually.



Incident response team members review spill trajectory maps to better direct mobilization of resources.

Preparedness Policies

Our corporate Crisis and Emergency Management Plan outlines the framework used to manage our response to significant incidents of all types. A Crisis Communications Functional Support Plan outlines how we will communicate with internal and external stakeholders, including emergency responders, regulatory agencies and community members, should an incident occur. Each business unit maintains emergency response plans specific to each asset's potential risks. Response plans are available to all employees, contractors and designated suppliers.

We have a comprehensive tiered response framework to efficiently mobilize the appropriate teams in an emergency. A Tier 1 response is fully managed at the business unit level. If the response exceeds the capabilities of an individual business unit the Crisis Management Support Team and Global Incident Management Assist Team (GIMAT) would be activated as part of our Tier 2 and Tier 3 response frameworks. The Crisis Management Support Team provides functional, strategic and/or tactical support to the affected business unit during a significant incident or crisis. The GIMAT is comprised of subject matter experts from different BUs and functions who have undergone extensive emergency response training. In a Tier 3 response scenario, the Crisis Manager would provide direct access and updates to the Executive Leadership Team.

Training

We develop effective emergency responders by conducting multiple emergency response training events and exercises each year for our global operations in compliance with company standards and local regulatory requirements, including the U.S. Oil Pollution Act. In 2019, we collaborated with the Norwegian Coastal Authority and peer company Equinor, on a worst-case scenario exercise that featured a worst-case scenario exercise simulating an offshore exploration well control event and helicopter crash. The multi-day drill was designed to audit the

response plan and optimize collaboration between local staff and GIMAT members. An exercise involving a hypothetical crude oil discharge from our Polar Tanker on the west coast of the U.S. included company participants, regulators, and third-party agencies. A third drill simulated a well control event offshore near Kuala Lumpur, Malaysia.

Scenario training and drill exercises provide an opportunity to evaluate BU, regional and corporate incident management systems. Lessons learned and best practices from key exercises are shared within our internal emergency response community and with external response partners and vendors to further enhance our capabilities.

24/7 Monitoring

Our Crisis Management Notification Process is anchored by a hotline — staffed 24 hours per day, 7 days per week — that allows stakeholders to report emergencies. The number is publicly available and is included in product transport paperwork. If assistance is required, a ConocoPhillips representative will coordinate the activation and/or mobilization of corporate resources as necessary.

HSE Management System

Our corporate HSE Management System Standard helps ensure that business activities are consistently conducted in a safe, healthy, environmentally and socially responsible manner across the globe. Our corporate standard aligns with, and is based on, industry standards such as ISO 45001, OHSAS 18001, ISO 14001 and ISO 9001. In accordance with the corporate standard, each business unit maintains an HSE Management System to assess and manage the local operational risks to the business, employees, contractors, stakeholders and the environment.

All our business units periodically review their HSE management systems against the corporate standard and are responsible for integrating HSE and sustainability issues into day-to-day operations, project development and decision making. They analyze current status, identify areas for potential improvement, and then implement key activities to reduce risk and further improve HSE performance. They are held accountable through an annual performance assessment.

Objectives, targets and deadlines are set and tracked annually to improve our HSE performance. Targets and progress are reported to our Executive Leadership Team and the Board of Directors.

Corporate HSE audits manage and maintain a process to provide an independent, objective and consistent assessment for global company-wide operations. Business units have auditing processes to provide an assessment of compliance with applicable HSE legal requirements and conformance with ConocoPhillips HSE policies, standards and practices.

Results of closure on corrective actions from audits and other risk improvement items are annually reported through a process designed to ensure items are communicated through all levels of company management and driven to appropriate resolution in a timely manner.

Read more about our Sustainable Development risk management process.

Occupational Health and Industrial Hygiene

The goal of our Occupational Health and Industrial Hygiene program is to protect the health of workers and the neighboring community through the identification, evaluation and control of potential workplace exposures. Each business unit develops and implements an Exposure Assessment Plan that identifies potential chemical and nonchemical exposures and implements controls to prevent worker or community exposures. Health assessments are conducted to ensure that control measures are protecting the health of potentially exposed workers.



Read more about employee benefits and wellness.

Health, Safety & Environment Policy

Our Commitment

ConocoPhillips is committed to protecting the health and safety of everybody who plays a part in our operations, lives in the communities in which we operate or uses our products. Wherever we operate, we will conduct our business with respect and care for both the local and global environment and systematically manage risks to drive sustainable business growth. We will not be satisfied until we succeed in eliminating all injuries, occupational illnesses, unsafe practices and incidents of environmental harm from our activities.

Our Plan

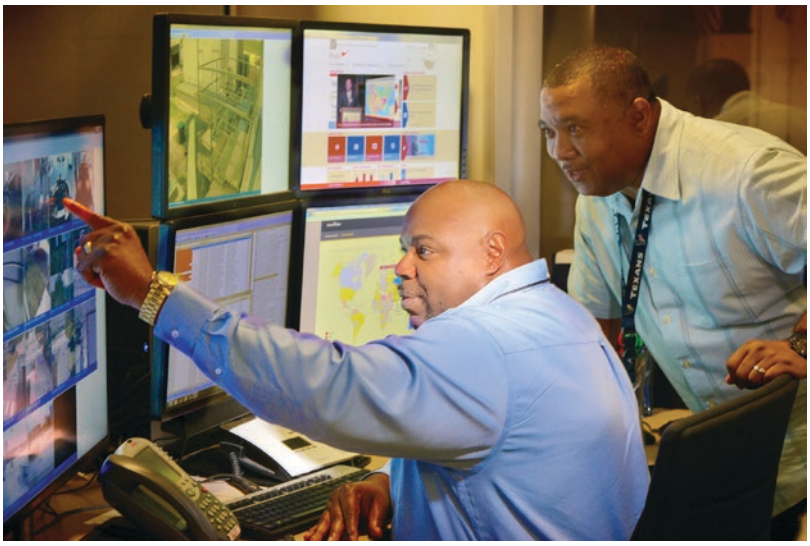
To meet our commitment, ConocoPhillips will:

- Demonstrate visible and active leadership that engages employees and services providers, and manage health, safety and environmental (HSE) performance as a line responsibility with clear authorities and accountabilities.
- Ensure that all employees and contractors understand that working safely is a condition of employment, and that they are each responsible for their own safety and the safety of those around them.
- Maintain "stop work" policies that establish the responsibility and authority for all employees and contractors to stop work they believe to be unsafe.
- Manage all projects, products and processes through their life cycles in a way that protects safety and health and minimizes impacts on the environment.
- Provide employees with the capabilities, knowledge and resources necessary to instill personal ownership and motivation to achieve HSE excellence.
- Provide relevant safety and health information to contractors and require them to provide proper training for the safe, environmentally sound performance of their work.
- Measure, audit and publicly report HSE performance and maintain open dialogue with stakeholder groups and with communities where we operate.
- Comply with applicable regulations and laws.
- Work with both governments and stakeholders where we operate to develop regulations and standards that improve the safety and health of people and the environment.
- Maintain a secure work environment to protect ourselves, our contractors and the Company's assets from risks of injury, property loss or damage resulting from hostile acts.
- Communicate our commitment to this policy to our subsidiaries, affiliates, contractors and governments worldwide and seek their support.

Our Expectations

Through implementation of this policy, ConocoPhillips seeks to earn the public's trust and to be recognized as the leader in HSE performance.

Security and Cybersecurity



The security and protection of our people, assets, information and reputation are cornerstones of our business. While risk can never be eliminated, we continuously strive to mitigate it by prudently anticipating, preventing and responding to internal and external security incidents.

As an operator of critical infrastructure and facilities in challenging locations worldwide, we work closely with governmental agencies, nongovernmental organizations, our peers and local communities on initiatives to identify, deter, prevent and mitigate a range of potential threats to company personnel, facilities and operations. Our facilities are compliant with national and international security regulations including:

- U.S. Customs-Trade Partnership Against Terrorism standards
- Department of Transportation
  - Transportation Worker Identification Credential (TWIC)
  - Hazmat Transportation Security requirements
- Chemical Facility Anti-Terrorism Standards
- International Ship and Port Facility Security Code
- Maritime Transportation Security Act
- Maritime Transport and Facilities Security Regulations (Australia)
- Bureau of Land Management
- All other applicable governmental security requirements

We maintain a "Tier III" status in the Customs-Trade Partnership Against Terrorism program by demonstrating effective security that exceeds the minimum program criteria. Our program ensures categories of company procedures intended to maintain the integrity and security of the international supply chain. This effort is conducted through our partnership with U.S. Customs and Border Protection who assess the overall effectiveness of our security processes.

We remain an active, participating member of the U.S. State Department Overseas Security Advisory Council (OSAC), the Domestic Security Alliance Council (DSAC), Voluntary Principles on Security and Human Rights (VPSHR) and other national and international security organizations.

Cybersecurity

Our business has become increasingly dependent on digital technologies, some of which are managed by third-party service providers on whom we rely to help us collect, host or process information. Among other activities, we rely on digital technology to estimate oil and gas reserves, process and record financial and operating data, analyze seismic and drilling information and communicate with employees and third parties. As a result, we face various cybersecurity threats including:

- Attempts to gain unauthorized access to, or control of, sensitive information about our operations and our employees.
- Attempts to render our data or systems (or those of third parties with whom we do business) corrupted or unusable.
- Threats to the security of our facilities and infrastructure as well as those of third parties with whom we do business.
- Attempted cyberterrorism.

The Information Technology Security, Strategy and Planning team is responsible for cybersecurity strategy and planning. The team reports to the Chief Information Officer who reports to the Executive Vice President and Chief Financial Officer.

While our management team is responsible for the day-to-day management of risk, the board has broad oversight responsibility for our risk-management programs. In order to maintain effective board oversight across the entire enterprise, the board delegates certain elements of its oversight function to individual committees. The Audit and Finance Committee (AFC) assists the board in fulfilling its oversight or enterprise risk management regarding the effectiveness of information systems and cybersecurity. In addition, the board delegates authority to the AFC to manage the risk oversight efforts of the various committees. As part of this authority, the AFC regularly discusses ConocoPhillips' enterprise risk-management policies and facilitates appropriate coordination among committees to ensure that our risk-management programs are functioning properly.

To minimize the likelihood of cyberattacks, employees and contractors are required to complete information security training annually, and we frequently communicate with our workforce about best practices to avoid cyberthreats. Although we have experienced occasional breaches of our cybersecurity, none of these breaches have had a material effect on our business, operations or reputation. As cyberattacks continue to evolve, we continue to modify or enhance our protective measures and to investigate and remediate any vulnerabilities detected.

SPOTLIGHT

Data, Insight and Action: Using Analytics to Improve HSE Audits

DECEMBER 13, 2019

Improvements to health, safety and environmental (HSE) performance data analysis are revealing insights that allow us to tailor HSE audits to be more effective in revealing risks. HSE audits are designed to assess compliance with laws, regulations and company governance, ensuring that we maintain our long-standing commitment to responsible operations.

In 2019, data analytics processes were applied to streamline the audit data collection effort. The data was aggregated and centralized, allowing for application of data analytic processes and visualizations. The team could now see both incident and audit data related to our Life Saving Rules. That's when a disconnect was discovered between the number of lifting incidents that occurred and the number of audit findings related to lifting operations.

"You would expect the number of lifting incidents to roughly correlate to audit findings related to lifting," said Matt Garner, director, Health and Safety Assurance. "When the data showed a trend of more lifting incidents than audit findings, we adjusted our audits to place a special focus on lifting operations."

Findings revealed two immediate non-conformances to the Life Saving Rule related to lifting operations as well as safe lifting procedures. One instance involved workers who were under a suspended load, potentially placing themselves in the line of fire. Another finding involved noncompliant lift plans and lifting equipment inspections.

Data insights helped the HSE team focus more on activities that pose risk to worker safety, and verify robust defenses are in place. Further data analysis contributed to the company's decision to add a new corporate Life Saving Rule regarding line of fire in order to bring increased attention to these hazards.

"It is rewarding to see how data analytics can help HSE professionals identify insights that will lead to actions, especially actions that can prevent events," said Jeremy Pryor, HSE data analytics coordinator. "We are just starting to scratch the surface on what insights our HSE data can provide."

Performance Metrics & Assurance

We use key metrics to measure and monitor our ESG performance and progress in managing sustainability risks.



Our Performance

2019 Key metrics.

LEARN MORE



Assurance

Internal and independent verification.

LEARN MORE



Ratings & Recognition

Appreciation for our performance.

LEARN MORE

Performance by Year

METRIC	Operated Total [1] 2019	2018	2017	2016	2015
ENVIRONMENT					
Energy Use (trillion BTUs)					
Combustion Energy	221	231	227	237	214
Imported Electricity	4	5	5	6	6
Total Energy	225	236	232	243	220
Greenhouse Gases (thousand tonnes)					
CO_2 from Operations	17,700	18,000	17,700	19,900	18,600
CO_2 from Imported Electricity	1,000	1,100	1,200	1,500	1,300
Methane (CO_2 equivalent)	1,700	1,600	1,900	5,300	6,100
Nitrous Oxide (CO_2 equivalent)	100	100	100	100	100
Total Greenhouse Gases	20,500	20,800	20,900	26,800	26,100
Scope 1 Emissions (thousand tonnes CO_2e) [2]					
Flaring	2,300	n/a	n/a	n/a	n/a
Combustion	15,150	n/a	n/a	n/a	n/a
Process Venting	1,500	n/a	n/a	n/a	n/a
Fugitive Venting	250	n/a	n/a	n/a	n/a
Other [3]	300	n/a	n/a	n/a	n/a
Total Scope 1 Emissions	19,500	19,700	19,700	25,300	24,800
Percent of Scope 1 Emissions Covered by Regulation	40%	41%	41%	33%	n/a
GHG Intensity					
Greenhouse Gas Intensity (tonnes/MMBOE)	36,471	34,867	35,147	41,006	37,756
CO_2e Per Dollars of Revenue (tonnes/$M) [4]	0.63	0.57	0.72	1.13	0.87
Potential CO_2e From Proved Reserves (million tonnes)	2,190	2,173	2,079	2,842	3,828
Methane					
Methane Emitted as Percent of Natural Gas Production	0.23%	0.20%	0.22%	0.53%	0.53%
Methane Emitted as Percent of Total Hydrocarbon Production	0.09%	0.08%	0.09%	0.24%	0.24%
Percent of Scope 1 Emissions From Methane	9%	8%	10%	21%	25%
Flaring Volume (million cubic feet, routine and non-routine)	24,600	21,200	17,500	23,100	26,200
Other Air Emissions (tonnes)					
Volatile Organic Compounds (VOC)	69,900	69,200	62,700	93,100	97,900
Nitrogen Oxides (NOx)	35,000	36,100	33,900	57,200	88,500
Sulfur Oxides (SOx)	4,800	4,900	4,200	7,400	7,100
Particulate Matter (PM)	1,400	1,400	1,300	1,300	1,600
Water (million cubic meters)					
Freshwater Withdrawn	14.4	18.3	14.5	10.2	11.6
Freshwater Withdrawn in Regions with High Baseline Water Stress [5]	8%	7%	6%	11%	13%
Non-freshwater Withdrawn [6]	51.3	49.2	47.1	42.8	50.1
Total Produced Water Recycled or Reused [7]	82.3	78.9	81.1	73.5	78.7
Percent of Produced Water Recycled or Reused	66%	67%	69%	61%	64%
Percent of Produced Water Injected or Disposed	22%	17%	16%	13%	13%
Percent of Produced Water Discharged Offshore	12%	15%	15%	26%	22%
Hydrocarbons in Overboard Discharges (tonnes)	145	185	215	265	300
Water Intensity (barrels per BOE)					
Unconventional Freshwater Consumption [8]	0.22	0.28	0.28	0.20	0.16
Conventional Freshwater Consumption [9]	0.05	0.04	0.06	0.04	0.05

Biodiversity					
Percent of Operated Area Overlapping With IUCN Protected Areas [10]	0.25%	n/a	n/a	n/a	n/a
Number of IUCN Protected Areas Near Operated Assets [10]	7	n/a	n/a	n/a	n/a
Habitat Areas Protected or Restored by ConocoPhillips [11]	316,000	n/a	n/a	n/a	n/a
Habitat Areas Protected or Restored by Supported Partnerships [11]	5,900,000	n/a	n/a	n/a	n/a
Number of Operated Assets with IUCN Red List Species [12]	15	n/a	n/a	n/a	n/a
Liquid Hydrocarbon Spills					
Spills > 100 Barrels	2	5	2	3	8
Volume of Spills > 100 Barrels (barrels)	1,100	900	600	2,600	1,300
Spills > 1 Barrel	89	94	76	77	151
Volume of Spills > 1 Barrel (barrels)	1,800	1,500	1,500	3,400	3,000
Volume Recovered from Spills > 1 Barrel (barrels)	1,200	800	400	400	1,100
Arctic Spills > 1 Barrel	1	3	2	2	2
Volume of Arctic Spills > 1 Barrel (barrels) [13]	2	5	5	21	3
Volume Recovered From Arctic Spills > 1 Barrel (barrels)	2	5	5	21	3
Wastes (tonnes)					
Hazardous Wastes	21,900	18,800	15,000	20,700	13,800
Non-Hazardous Wastes	279,000	224,600	199,800	259,000	193,000
Recycled Wastes	130,400	120,200	103,500	148,300	130,700
Total Waste Generated	431,300	363,600	318,300	428,000	337,500
Waste Disposed	300,900	243,400	214,800	279,700	206,800

SOCIAL

Economic Contribution					
Payments to Vendors and Suppliers ($ billion) [14]	9.4	8.4	7.4	9.3	17.1
Shareholder Dividends ($ billion)	1.5	1.4	1.3	1.3	3.7
Capital Investments ($ billion)	6.6	6.8	4.6	4.9	10.1
Charitable Investments ($ million)	43.9	33.7	36.7	34.8	44.0
Safety (rate per 200,000 hours worked)					
Workforce Fatalities (number)	1	0	0	0	0
Workforce Total Recordable Rate	0.14	0.17	0.17	0.18	0.20
Workforce Lost Workday Rate	0.03	0.05	0.04	0.05	0.05
Employee Total Recordable Rate	0.05	0.06	0.07	0.09	0.09
Employee Lost Workday Rate	0.03	0.03	0.02	0.04	0.02
Contractor Total Recordable Rate	0.18	0.20	0.22	0.23	0.24
Contractor Lost Workday Rate	0.03	0.06	0.06	0.06	0.06
Workforce					
Employees at Year-End	10,400	10,800	11,400	13,300	15,900
Employees - Women	26%	26%	26%	27%	27%
Top Leadership - Women	20%	19%	17%	17%	14%
All Leadership - Women	24%	22%	21%	21%	20%
Junior Leadership - Women	25%	23%	22%	21%	21%
Professional - Women	28%	28%	27%	28%	27%
Non-U.S. Employees	45%	49%	48%	49%	50%
Non-U.S. Top Leadership	31%	34%	30%	33%	31%
Non-U.S. Junior Leadership	50%	57%	53%	55%	57%
All Non-U.S. Leadership	47%	52%	49%	51%	52%
Additional Workforce Statistics (U.S.)					
Employees - Minorities	24%	24%	23%	23%	23%
Top Leadership - Minorities	13%	11%	10%	10%	8%
All Leadership - Minorities	19%	18%	17%	16%	16%
Junior Leadership - Minorities	21%	20%	19%	18%	18%
Professional - Minorities	24%	23%	23%	22%	22%

GOVERNANCE

Board [15]					
Independent Members	91%	91%	90%	91%	91%
Women	36%	36%	40%	5%	5%

EXPLORATION AND PRODUCTION

Average Daily Net Production [16]					
Crude Oil (MBD)	705	653	599	598	605
NGL (MBD)	115	102	111	145	156
Bitumen (MBD)	60	66	122	183	151
Natural Gas (MMCFD)	2,805	2,774	3,270	3,857	4,060
Total (MBOED)	1,348	1,283	1,377	1,569	1,589
Total Operated Production (MMBOE) [17]	561	597	595	653	692
Total Proved Reserves at Year-End (billion BOE)	5	5	5	6	8
Percent of Proved Reserves in Corrupt Countries [18]	4.4%	4.3%	4.6%	3.8%	3.0%

NOTES

1 HSE data is based on assets where we have operational control. Environmental data is represented as 100% ownership interest regardless of actual share owned by ConocoPhillips with acquisitions and divestitures aligned with regulatory reporting requirements. To provide the most current and accurate data available, we have updated previously reported data for prior years as needed.

2 Includes CO_2 from operations, methane (CO_2 equivalent), Nitrous Oxide (CO_2 equivalent).

3 Includes marine and aviation support operations.

4 Scope 1 and scope 2 emissions divided by sales and other operating revenues.

5 Based on World Resources Institute Aqueduct Risk Atlas water stress mapping layer as of December 31, 2019.

6 Includes water withdrawn from saline/brackish groundwater aquifers and seawater.

7 Includes produced water recycled for production (e.g. steam generation) or completions (e.g. hydraulic fracturing) and produced water reused for enhanced oil recovery.

8 Calculated using RS Energy Group data for the average volume of freshwater (bbl) divided by the average estimated ultimate recovery (EUR, BOE) as of June 4, 2020. Intensity value may change as EUR data is updated.

9 Calculated using the average volume of freshwater (bbl) divided by the average annual production (BOE).

10 Operated lease area overlapping with IUCN I-VI protected areas based on Protected Planet World Database on Protected Areas accessed on December 31, 2019.

11 Cumulative acreage includes impact avoidance, grassland and wetland restoration, habitat conservation, biodiversity offsets and voluntary conservation areas.

12 Operated assets with species observed or known to occur based on IUCN Red List of Threatened Species mapping tool accessed on December 31, 2019.

13 All but one of the Arctic releases over five years were to gravel pads.

14 Payments to vendors and suppliers is an estimate based on Production and Operating Expenses and Capital Program.

15 As of December 31, 2019.

16 Production data is average daily net production from continuing operations.

17 Data is normalized using barrels of oil equivalent (BOE) from production operations, including gas plant liquid production of ethane, propane, butane and condensate and LNG production from third-party gas not accounted for in production operations. For gas production, 6,000 standard cubic feet of gas is assumed to equal one BOE.

18 In the 20 lowest ranked countries per Transparency International's Corruption Perception Index.

UNITS OF MEASURE

MBD	Thousands of Barrels per Day.
MBOED	Thousands of Barrels of Oil Equivalent per Day.
MMCFD	Millions of cubic feet per day. Represents quantities available for sale and excludes gas equivalent of natural gas liquids.
MMBTU	Millions of British Thermal Units.

Performance by Country

METRIC	Operated Total [1] U.S.A.	Canada	Norway	Australia	All Others [2]	2019
ENVIRONMENT						
Energy Use (trillion BTUs)						
Combustion Energy	67	58	20	62	14	221
Imported Electricity	2	2	0	0	0	4
Total Energy	69	60	20	62	14	225
Greenhouse Gases (thousand tonnes)						
CO2 from Operations	5,900	3,000	1,200	4,000	3,600	17,700
CO2 from Imported Electricity	600	400	0	0	0	1,000
Methane (CO2 equivalent)	1,600	0	0	0	100	1,700
Nitrous Oxide (CO2 equivalent)	0	100	0	0	0	100
Total Greenhouse Gases	8,100	3,500	1,200	4,000	3,700	20,500
Greenhouse Gas Intensity (tonnes/MMBOE)	31,639	65,730	20,132	33,686	51,479	36,471
Flaring Volume (million cubic feet, routine and non-routine)	20,200	0	800	2,200	1,400	24,600
Other Air Emissions (tonnes)						
Volatile Organic Compounds (VOC)	63,100	300	4,300	1,000	1,200	69,900
Nitrogen Oxides (NOx)	25,100	1,500	2,300	4,100	2,000	35,000
Sulfur Oxides (SOx)	3,800	500	100	100	300	4,800
Particulate Matter (PM)	1,000	100	100	100	100	1,400
Water (million cubic meters)						
Freshwater Withdrawn	8.3	3.5	1.7	0.5	0.4	14.4
Non-freshwater Withdrawn [3]	20.6	1.2	29.5	0	0	51.3
Produced Water Recycle/Reuse [4]	60.8	21.5	0	0	0	82.3
Hydrocarbons in Overboard Discharges (Tonnes)	0	0	145	0	0	145
Liquid Hydrocarbon Spills						
Spills > 100 Barrels	2	0	0	0	0	2
Volume from Spills > 100 Barrels (barrels)	1,100	0	0	0	0	1,100
Spills > 1 Barrel	83	6	0	0	0	89
Volume of Spills > 1 Barrel (barrels)	1,700	100	0	0	0	1,800
Volume Recovered from Spills > 1 Barrel (barrels)	1,100	100	0	0	0	1,200
Waste (tonnes)						
Hazardous Waste	0	12,700	8,100	600	500	21,900
Non-Hazardous Waste	244,900	31,200	1,900	500	500	279,000
Recycled Waste	121,400	100	7,000	1,900	0	130,400
Total Waste Generated	366,300	44,000	17,000	3,000	1,000	431,300
Waste Disposed	244,900	43,900	10,000	1,100	1,000	300,900
PRODUCTION						
Total Operated Production (MMBOE) [5]	261	50	60	120	70	561

NOTES

1 HSE data is based on assets where we have operational control. Environmental data is represented as 100% ownership interest regardless of actual share owned by ConocoPhillips with acquisitions and divestitures aligned with regulatory reporting requirements. To provide the most current and accurate data available, we have updated previously reported data for prior years as needed.

2 All Others includes Indonesia and Malaysia.

3 Includes water withdrawn from saline/brackish groundwater aquifers and seawater.

4 Includes produced water recycled for production (e.g., steam generation) or completions (e.g., hydraulic fracturing) and produced water reused for enhanced oil recovery.

5 Data is normalized using barrels of oil equivalent (BOE) from production operations, including gas plant liquid production of ethane, propane, butane and condensate and LNG production from third-party gas not accounted for in production operations. For gas production, 6,000 standard cubic feet of gas is assumed to equal one BOE.

UNITS OF MEASURE

MBD	Thousands of Barrels per Day.
MBOED	Thousands of Barrels of Oil Equivalent per Day.
MMCFD	Millions of cubic feet per day. Represents quantities available for sale and excludes gas equivalent of natural gas liquids.
MMBTU	Millions of British Thermal Units.

Environmental Data Quality and Assurance

The accuracy of the information reflected in our report is very important to us. We use a triennial process for third-party limited assurance for selected metrics, including energy use, flaring, water use and safety. We conduct annual assurance for our scope 1, scope 2 and scope 3 GHG emissions to ensure we meet all applicable government reporting requirements as well as internal requirements. The 2019 verification and assurance process will consist of independent third-party limited assurance of scope 1, scope 2 and scope 3 GHG emissions as well as selected environmental and safety metrics including energy use, flaring, water use, criteria air pollutants and liquid hydrocarbon spills. That assurance will be complete Fall 2020.

We have several practices in place to provide the best available data at the time of publication including:

- **Guidelines, calculation tools and training.** We maintain reporting procedures for our business units around the world to calculate and report environmental incidents, releases and emissions. Business units are accountable for data completeness and accuracy, and for consistency with our accepted reporting practices.
- **Internal reviews.** A business-level data submission, review and approval process is practiced annually to promote accountability for the results and to ensure the best possible data quality.
- **Assurance.** We conduct reasonable and limited assurance in countries having a regulatory requirement to verify reported emissions, including Australia, Canada and Norway.
- **Internal corporate audits.** The corporate HSE function reviews HSE data for completeness and accuracy.

Our internal quality assurance process begins at the business unit level. This process includes:

- Ensuring that business units understand the corporate reporting obligations associated with safety, health and environmental metrics.
- Establishing standardized methods of data collection and expected reporting procedures.
- Verifying that the data provided by business units is accurate and complete.
- Reviewing and questioning the results.
- Assessing results to identify trends and better understand the drivers of year-over-year changes.

There are three phases of data verification at this level — during submission, review and approval. Before the data is sent from the business unit to the corporate level, it undergoes vetting by technical peers and leaders who challenge any findings that they find questionable. When the final business unit data is submitted to the corporate level, it contains an explanation for all variances greater than 10% from the prior year. Reasons for significant variances may include startups or dispositions. At the corporate level, data submitted for each asset is further reviewed and challenged by a team of subject matter experts utilizing a data quality checklist.

Once all business unit data is compiled at our corporate level, it undergoes further verification by subject matter experts. During this effort, an intensity analysis is conducted to measure total volumes and production throughput and year-over-year data changes to help identify any inconsistencies. The data is also compared to similar operations during this process. The information is then analyzed in aggregate by metric to understand the significant drivers

behind any year-over-year change in company values. After this process, the data is presented to company leaders who have an opportunity to review and challenge the information, possibly spurring additional verification. Final data undergoes executive-level approval prior to publishing.

To honor our commitment to continuously improve the quality of our environmental metrics data, we work with business units to review our reporting processes and facilitate consistent and accurate reporting. As part of that internal assurance process, in 2019 the corporate environmental assurance group collaborated with one of the business units to conduct an internal detailed review of emissions inputs and accounting practices for the business unit operations. As a result of the review, we updated our previously reported air emissions, greenhouse gas emissions, combustion energy and flaring volume metrics for 2016, 2017 and 2018. The company totals for these metrics have been revised and restated in this report. See more of our data metrics.

Ratings & Recognition

We have been honored for our sustainable development performance and success. As of May 31, 2020, this includes:

Awards and Recognition

Newsweek Green Rankings

United States

Ducks Unlimited Diamond Life Sponsor Award for Recognition of Outstanding Contributions to Waterfowl Conservation

United States

Carlsbad, New Mexico, Department of Development "Corporate Investment Award"

United States

2019 National Energy Globe Award

Global Water Sustainability Center, Qatar

Corporate Responsibility Magazine 100 Best Corporate Citizens

2nd in the energy industry, 24th overall

United States

2019 Society of Petroleum Engineers (SPE) Distinguished Corporate Support Award

South Asia, Pacific region

Recognition and Award from the governor of South Sumatra for economic empowerment programs, small business development

Indonesia

Ratings and Questionnaires

Dow Jones Sustainability Index

(82nd percentile, North America Index List)

CDP Climate

(B score, above average)

Sustainalytics

(89th percentile, Oil and Gas Producers)

ISS E&S Quality Score

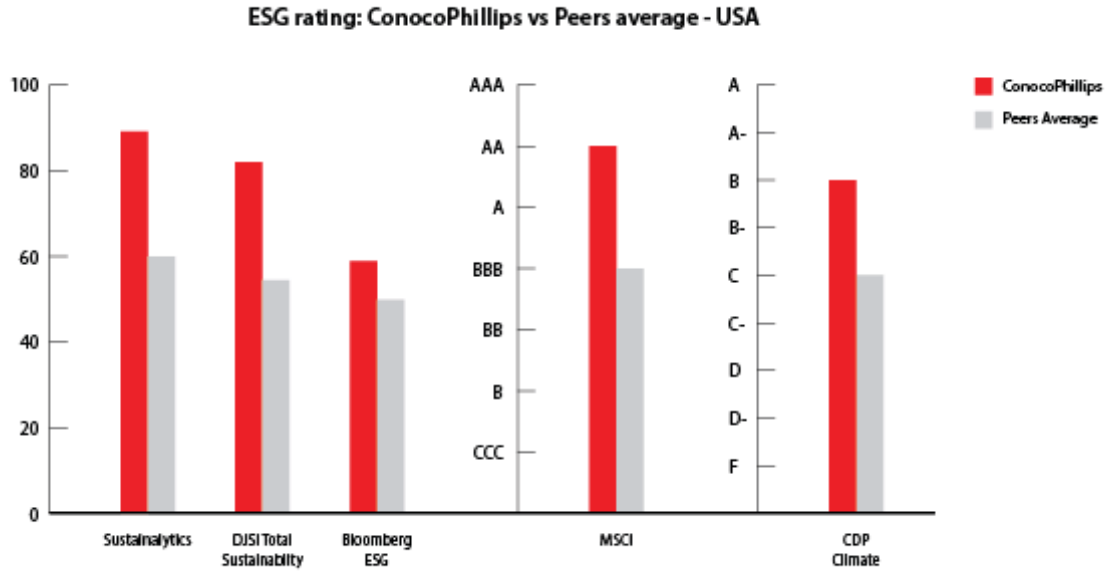
(1 = Lowest Risk, both Environmental and Social)

Corporate Human Rights Benchmark

(38 percent; industry average is 29.4 percent)

MSCI ESG

(AA rating)



We also have a long history of sustainable development leadership:

- Founding member of the United States Business Council for Sustainable Development.
- Founding member of the Marine Well Containment Company.
- Founding member of the Subsea Well Response Project.
- Co-led the development of the GEMI® Local Water Tool™.
- Co-led the development of the IPIECA Human Rights Training Toolkit.
- Founding member of the Climate Leadership Council.

ConocoPhillips

