



# 2023 Annual Meeting of Stockholders Answers to Questions

May 18, 2023





# Questions

## **1. Does the company find that there is a misalignment between ESG-related initiatives such as Diversity, Equity & Inclusion (DEI) and Corporate Social Responsibility (CSR), creating shareholder value and improving financial performance?**

We believe DEI and CSR are business imperatives that result in shareholder value and improved financial performance.

Meeting the world's evolving energy needs requires attracting and retaining a world-class workforce and cultivating an inclusive environment where different backgrounds, experiences, ideas and perspectives are recognized, valued and respected. Having the best and brightest people that bring a passion and excitement for solving complex problems is a competitive advantage that leads to better business outcomes. That is why we've put an emphasis on — and are committed to — elevating DEI.

## **2. Will the company continue to support political candidates that can be seen by some as unhealthy for democracy, and would ConocoPhillips consider suspending political donations in favor of supporting local charitable causes, establishing internship programs, or investing in technology, especially cybersecurity?**

Stakeholders, political organizations and others regularly approach us to support civic and political activities. Our board of directors and executive leadership encourage involvement in activities that advance the company's goals and improve the communities where we work and live. To confirm alignment with our public policy objectives and business goals, we regularly review the scope of such activities.

Federal law strictly prohibits the direct contribution of corporate funds to candidates running for federal office or to their campaign committees. ConocoPhillips is authorized under law to establish an employee political action committee (PAC) and fund its administrative costs. Consistent with approval of the Public Policy Committee, SPIRIT PAC was formed to facilitate contribution of employee funds to federal candidates, as well as state and local candidates.

The SPIRIT PAC Board of Directors has established in its operating guidelines the following nonexclusive criteria for selecting candidates to support:



- Integrity and character of candidate including upholding processes and rights bestowed by the Constitution as an exercise of democracy.
- The candidate's holding of a leadership or policy position in his party or on a standing legislative committee, or the likelihood of the candidate's attaining such position in the future.
- The candidate's position and/or voting record on issues affecting the relationship of business and government and on economic and social questions of importance.
- The candidate's relationship with or representation of an operating facility or company operations.
- The nature and strength of the candidate's opposition in primary or general elections.
- Other sources of financial assistance available to the candidate.

Information on SPIRIT PAC political contributions is provided on our website as an 18-month rolling archive.

### **3. As it relates to Item 5, regarding the proposal to call a special meeting: what is the rationale for proposing a 20% ownership requirement when both 10% and 20% proposals passed at last year's annual meeting?**

In 2022, a stockholder submitted a nonbinding stockholder proposal to provide shareholders owning a combined 10% of shares to call a special meeting. After considering the stockholder proposal, the Board recognized that providing stockholders the ability to request special meetings is viewed by some stockholders as a helpful additional governance mechanism. However, the stockholder proposal requested the Board provide that ability to owners of only 10% of ConocoPhillips' outstanding shares.

Special meetings impose significant costs, both administratively and operationally. The time and attention required of our Board of Directors, ELT, and employees to prepare for a special meeting takes their time and attention away from their primary focus of overseeing and operating ConocoPhillips' business. Therefore, the Board felt that it was in ConocoPhillips' and stockholders' best interest to ensure the right to call special meetings was limited to when it was necessary to discuss critical, time-sensitive issues that cannot be delayed until the next annual meeting and only when a broad base of stockholders were in support of calling the special meeting. As a result, at our 2022 Annual Meeting, management put forth an advisory proposal for stockholders to vote on similar to the stockholder proposal, but setting forth a 20% ownership threshold.

Stockholders were given the opportunity to vote on both non-binding proposals (the advisory proposal put forth by management, and the non-binding stockholder proposal) requesting the Board to take the steps necessary to amend ConocoPhillips' governing documents to provide stockholders the power to call a special meeting. The only difference in the two proposals was the requisite threshold of stock



ownership one must have to exercise such powers, with the management proposal setting the threshold at 20% and the stockholder proposal setting the threshold at 10%.

At the 2022 Annual Meeting, the advisory proposal put forth by management at the 20% threshold received nearly 80% support, while the stockholder proposal at the 10% threshold received just under 53% support. While both proposals received the support of the majority of our stockholders, the preference for the 20% threshold was meaningfully higher. Furthermore, when we engaged with our stockholders leading up to the 2022 annual meeting, stockholders expressed similar concerns as those set forth above, and we consistently heard significantly more support for the higher threshold. Stockholders that indicated they would support both proposals overwhelmingly expressed that they would prefer the special meeting right be implemented at the higher threshold set forth in the management proposal. Furthermore, consistent with the preference expressed by the vast majority of our stockholders during engagement, a 20% threshold is more aligned with market practices. A 20% or higher threshold has been adopted by approximately 62% of S&P 500 companies that offer stockholders the right to call a special meeting.

#### **4. What is the corporation's overall Cost of Capital?**

This is something that changes over time and is ascertainable through publicly available financial statements and observable market data.