

REFINITIV STREETEVENTS

# EDITED TRANSCRIPT

COP.N - ConocoPhillips Annual Shareholders Meeting

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## CORPORATE PARTICIPANTS

**Ellen DeSanctis** *ConocoPhillips - SVP of Corporate Relations*

**Ryan Lance** *ConocoPhillips - Chairman & CEO*

**Shannon Kinney** *ConocoPhillips - Deputy General Counsel, Chief Compliance Officer & Corporate Secretary*

## CONFERENCE CALL PARTICIPANTS

**Andrew Collins**

**John Chevedden**

**Mark van Baal**

**Steve Mason**

**Steven Heim** *Boston Common Asset Management, LLC - Principal & Director of ESG Research and Shareowner Engagement*

**Tim Smith**

## PRESENTATION

**Ryan Lance** - *ConocoPhillips - Chairman & CEO*

Good morning, ladies and gentlemen. I'm Ryan Lance, Chairman and CEO of ConocoPhillips. And it's my pleasure to welcome you to the ConocoPhillips 2021 Annual Stockholders' Meeting.

Due to the ongoing COVID-19 pandemic, and to be consistent with our SPIRIT Values, this year's annual meeting is virtual only. The health and well-being of our employees, stockholders and partners remain of the utmost importance to us. This does not represent a change in our stockholder engagement philosophy, and we hope to return to an in-person meeting next year.

While the meeting is virtual only, we still do welcome questions from our stockholders. When we come to the Q&A portion, we will give stockholders the opportunity to ask a question or make a short statement by phone. The phone number can be found on the right side of your screen under the Q&A text input field once you've clicked on the Q&A tab. (Operator Instructions) We will also answer online questions that were submitted in advance of or during the meeting today. Stockholders can submit questions through the text box also located on the screen.

Please remember that you may vote your shares online at any time during this meeting prior to the closing of the polls.

Now let me take the opportunity to introduce you to the members of the ConocoPhillips board of directors, all are participating in the virtual meeting today. In addition to myself, the members of our Board are: Charles E. Bunch, Chuck is the former Chairman and Chief Executive Officer of PPG Industries Inc.; Caroline Maury Devine, Maury is the former President and Managing Director of a Norwegian affiliate of ExxonMobil; John V. Faraci, John is the former Chairman and Chief Executive Officer of International Paper Company; Jody Freeman, Jody is the Archibald Cox Professor of Law at Harvard Law School; Gay Huey Evans, Gay is the Chairman of the London Metal Exchange; Jeffrey A. Joerres, Jeff is the former Executive Chairman and Chief Executive Officer of Manpowergroup, Inc.; Timothy A. Leach, Tim is the Executive Vice President of Lower 48 of ConocoPhillips; William H. McRaven, Bill is a retired U.S. Navy Four-Star Admiral; Sharmila Mulligan, Sharmila is the Chief Strategy and Marketing Officer of Alteryx Inc.; Eric D. Mullins, Eric is the Chairman and Chief Executive Officer of Lime Rock Resources; Arjun N. Murti, Arjun is a senior adviser at Warburg Pincus; Robert A. Niblock, Robert is the former Chairman, President and Chief Executive Officer of Lowe's Company, Inc.; David T. Seaton, David is the former Chairman and Chief Executive Officer of Fluor Corporation; and Al Walker, Al is the former Chairman and Chief Executive Officer of Anadarko Petroleum Corporation.

I'd like to thank our board members for their dedication and willingness to serve.

Next, I'd like to introduce you to the members of the ConocoPhillips executive leadership team. All of them are also participating in the virtual meeting today. In addition to myself and Tim Leach, the members of our executive leadership team are Bill Bullock, Executive Vice President and our Chief Financial Officer; Nick Olds, Senior Vice President, Global Operations; Dominic Macklon, Senior Vice President, Strategy and Technology; Ellen DeSanctis, Senior Vice President of Corporate Relations; Andrew Lundquist, Senior Vice President, Government Affairs; Kelly Rose, our Senior Vice President, Legal & General Counsel; and Heather Sirdashney, Vice President, Human Resources and Real Estate and Facilities Services. In addition, our Corporate Secretary, Shannon Kinney, is in attendance and participating in today's meeting.

Now we'll move to a brief business review, after which we'll call the meeting to order. Our business review will include forward-looking statements. This is our standard reminder that actual results can differ materially. You should refer to our filings with the SEC for factors that could cause actual results to differ from our projections.

I've been reflecting on this time a year ago. We were in the early stages of responding to both a global pandemic and severe industry downturn that would turn 2020 into one of the most challenging years in our history. And for the entire year, nothing went as expected for any of us. But I believe our company successfully rose to its many challenges. I also believe that an important contributor to our response in 2020 was the fact that we stayed true to our SPIRIT Values and to what we call Performance with Purpose.

Throughout 2020, we exercised available flexibility across our operations, preserved financial strength, delivered the underlying business and announced the transformational Concho transaction. But most importantly, we took those actions while also setting priorities around health and safety, continuing to up our game on ESG and staying engaged with our world-class workforce.

And I want to take this moment to recognize with tremendous pride and gratitude the contributions of our workforce during this more-than-year-long intense disruption brought about by COVID-19. Safety has always been a core value for ConocoPhillips. It's the first letter in our SPIRIT Values. There is no doubt that 2020 was a health and safety test for the ages, but we met the challenge head on. We put in place three core priorities: protect our people, mitigate the spread of the virus and safely run the business. We developed a governance structure and protocols that served us well and continue to serve us well in managing through the pandemic. Despite the year's many distractions, we maintained our focus on being the sector leader in environmental, social and governance matters.

We made history in October 2020 by becoming the first U.S. oil and gas company to adopt a Paris-aligned climate risk strategy that included specific goals. And those include: reducing our gross emissions by 35% to 45% by 2030, setting an ambition to become a net-zero company by 2050; and endorsing the World Bank's Zero Routine Flaring by 2030 initiative, with an ambition to meet the goal by 2025.

Looking to the future, we have created a low-carbon team to further evaluate low-carbon opportunities and technologies, such as carbon capture and utilization, hydrogen production and use, and alternative energy technologies that can further reduce our GHG emissions intensity.

It's important to note, we have well-developed governance and accountability not only for climate change, but also for water, biodiversity, human rights and stakeholder engagement. Our ESG efforts have garnered recognition for strong performance by several notable ESG analytical and ratings firms that serve the investment community. And we're fortunate to have a diverse and engaged board of directors, and they take vigorous interest in these topics and our overall strategy.

We continue to evolve our executive compensation programs to align with both ESG and strategic goals. This is how we ensure accountability for delivery of our commitments to our stakeholders. But of course, our success depends on our world-class workforce to execute our company's strategy successfully, safely and responsibly.

Our human capital management strategy is also built upon the strong foundation of our SPIRIT Values. And it's responsive to feedback from key stakeholders. We take a broad view of human capital management that begins with creating an innovative, diverse and inclusive culture, supported by programs and processes that engage our workforce and ensure that they have the skills needed to meet evolving business needs. 2020 brought heightened focus on racial injustice, and we took significant actions to accelerate our progress on diversity and inclusion.

Now with the acquisition of Concho, we're focused on successfully integrating our two companies, always with our SPIRIT Values in mind. Our work to be the best in safety and health, ESG and our people is never done. It's ongoing, and it's conducted in alignment with both our philosophy of performance with purpose and our SPIRIT Values.

Strategically, our company is guided by a value proposition that aims to deliver superior returns to shareholders through the inevitable price cycles of our business. The 2020 downturn tested our value proposition. But like our SPIRIT Values, it held up even in the face of the historic challenges. We continue to believe that the core principles of our value proposition, focus on generating free cash flow, maintaining a strong balance sheet, commitment to differential returns on and of capital, and ESG leadership, are the right ones for the upstream business. This has been validated by the support we've received through our stakeholder engagement conversations.

Supporting these core principles are five cash flow allocation priorities shown on the right side of this slide. Our conviction around our foundational principles and clear priorities and the relative strength of our business mid-last year's downturn are what enabled us to acquire Concho in late 2020. The transaction capped off a year of intense volatility and challenge but also affirmed who and what we are, a sector leader with a sound value proposition for the business.

I've alluded to the many challenges of 2020. But despite them, we put up a year of many notable achievements. Strategically, the Concho transaction strengthened the underlying drivers of our business. We also continued strengthening our portfolio through high-grading activities across several parts of our operations. We again delivered on our commitment to return capital to shareholders above our target level of greater than 30%. And as I described earlier, we led the industry by adopting a Paris-aligned climate risk strategy.

Financially, despite a tough year, we still generated free cash flow of approximately \$500 million and ended the year with cash and short-term investments of about \$7 billion on the balance sheet, and that's after paying our ordinary dividend and repurchasing shares. Through it all, we retained our balance sheet credit rating of single-A.

Operationally, throughout 2020, we exercised our flexibility to conserve cash, preserve value and operate safely, including during significant production curtailment activities. We announced two significant discoveries in Norway, acquired high-value acreage in the Montney and progressed major projects across our global operations.

On Jan. 15 of this year, the acquisition of Concho successfully closed with broad shareholder approval. Post-closing, ConocoPhillips is now the world's largest independent oil and gas company with production of approximately 1.5 million barrels of oil equivalent per day. The combination of Concho's best-in-class position in the Permian Basin and ConocoPhillips' best-in-class globally diverse portfolio creates a company of unmatched scale and quality among independent peers. We believe we're part of a vital industry, but we also recognize that stakeholders expect our industry to deliver stronger financial and climate-related performance. ConocoPhillips intends to lead this sector in this commitment by embracing three essential mandates. As a company, we must, one, provide affordable energy to the world by investing in the lowest-cost resources that will be developed in any lower-carbon scenario; two, generate superior returns on and of capital; and finally, three, demonstrate ESG leadership and excellence. These mandates frame how we are approaching sector leadership, and they also inform our priorities for 2021 and beyond.

We're putting tremendous effort into integrating Concho. We're still in the early stages of post-closing activities, but our teams are taking actions to drive greater efficiency and capture best practices to ensure we perform at the highest level organizationally, technically, operationally, financially and culturally.

The next priority is to safely execute our announced operating plan capital of \$5.5 billion for 2021. For this level of capital, we expect to produce 1.5 million barrels of oil equivalent per day. Our capital will be allocated roughly equally between the Lower 48 and our other global operations.

We continue closely watching the macro environment. At this point in the year, we expect to keep our program for 2021 relatively stable but watch the market and economic signals as we approach 2022. In the meantime, we're generating strong free cash flow at today's prices and satisfying our commitment to return capital to our shareholders while also strengthening our balance sheet.

And a final 2021 priority will be continuing to up our game on ESG. As I said previously, this is an area where we have a long-term demonstrated track record of commitment and performance. While we work diligently to reduce our emissions in accordance with our Paris-aligned climate risk framework, the low-carbon team I just mentioned will continue to perform in-depth studies of energy transition alternatives, monitor trends and evaluate the economics and viability of these alternatives for ConocoPhillips over time, and our board will remain engaged with the team and its work.

So our focus in 2021 is all about safety and safely delivering the results that make us the best E&P company in the business. For now, we believe that's the highest-value way for us to perform for all stakeholders. The world needs low-cost barrels that are safely delivered by responsible, disciplined companies that are focused on free cash flow and returns, specifically companies like ConocoPhillips.

2020 was indeed a challenging year, but the lessons and accomplishments we took from it put us in great stead, not only for 2021, but also as an industry leader, and we look forward to keeping you informed on our progress throughout the year.

So now we'll move to the formal business items. So I'd like to call the meeting to order. And we will first present the three proposals submitted by management for approval, and then I will ask each of the stockholder representatives participating today to present their proposals by phone. We will save all comments and questions for the Q&A session after the proposals have been presented. After the Q&A session, we will announce the results of the voting. And if you have not voted already, I encourage you to vote now online.

Shannon, can you report whether a quorum is present for the conduct of business?

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**Shannon Kinney** - ConocoPhillips - Deputy General Counsel, Chief Compliance Officer & Corporate Secretary

Our inspector of election reports that stockholders entitled to cast more than 85% of the votes eligible to be cast at this meeting are present or represented by proxy. Therefore, a quorum is present, and the meeting may proceed.

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**Ryan Lance** - ConocoPhillips - Chairman & CEO

Thank you, Shannon. So the meeting will now consider the five business items on the agenda. We will present each of the business items one at a time. For the stockholder representatives presenting a proposal, please state your name and verify that you are a stockholder or representative of a stockholder. In the interest of time, I will ask that you keep your comments to 5 minutes and focus your comments on the subject matter of the proposal.

Item 1 is a proposal to elect 15 directors to serve for a term of 1 year. As indicated in the Proxy Statement, the board of directors recommends that the stockholders elect the director nominees.

Item 2 is a proposal to ratify the appointment of Ernst & Young as the company's independent registered public accounting firm for 2021. The Audit and Finance Committee reappointed Ernst & Young to serve as ConocoPhillips' independent registered public accounting firm for 2021 and seeks ratification of that appointment by the stockholders. As indicated in the Proxy Statement, representatives of Ernst & Young are participating today and available to answer questions you may have for them during the Q&A session.

Item 3 is an advisory proposal to approve the compensation of our named executive officers as disclosed in the Proxy Statement. As indicated in the Proxy Statement, the board of directors recommends that the stockholders vote in favor of this proposal.

Item 4 is a stockholder proposal to eliminate any voting requirement in our charter and bylaws that calls for a greater than simple majority vote and replace it with a simple majority vote standard. The introduction and supporting statement will be limited to 5 minutes.

Operator, is a representative of Kenneth Steiner available to introduce this proposal and make a brief supporting statement?

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**Operator**

John Chevedden on behalf of Kenneth Steiner.

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**John Chevedden**

This is John Chevedden. Can you hear me okay?

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**Ryan Lance - ConocoPhillips - Chairman & CEO**

Yes, we can, John.

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**John Chevedden**

Yes. Proposal for simple majority vote, sponsored by Kenneth Steiner. Shareholders request that our board take each step necessary so that each voting requirement in our charter and bylaws that is explicit or implicit due to default to state law that calls for a greater than simple majority vote be eliminated and replaced by a requirement for a majority of the votes cast for and against such proposals or a simple majority. If necessary, this means the closest standard to a majority of the votes cast for and against such proposals.

Shareholders are willing to pay a premium for shares of companies that have excellent corporate governance. Supermajority vote requirements, like our 80% supermajority vote requirement, have been found to be 1 of 6 entrenching mechanisms that are negatively related to company performance, according to, "What Matters in Corporate Governance" by Lucien Bebchuk of the Harvard Law School. Supermajority requirements are used to block initiatives supported by most shareholders, but opposed by status quo management.

Our 80% supermajority rule means that 110% of the shares that typically vote at our annual meeting would have to approve certain modernization steps for our company. This proposal topic won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs and FirstEnergy. These votes would have been higher than 74% to 88% if more shareholders had access to objective proxy voting advice.

Church & Dwight shareholders gave 99% support to a 2020 proposal on this same topic. In anticipation of impressive shareholder support for this proposal topic, an enlightened Governance Committee and enlightened board of directors could have expedited adoption of this proposal topic by giving shareholders an opportunity to vote on the management version of this proposal at this annual meeting. Hence adoption could have taken place now instead of later. Now is a good time to expand shareholder rights, and this proposal is a good first step, especially since our stock is down from \$80 in 2014. Please vote, yes, simple majority vote, proposal 4.

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**Ryan Lance - ConocoPhillips - Chairman & CEO**

Thank you, John. We appreciate your engagement with the company. And as indicated in the Proxy Statement on Page 119, the board of directors recommends that stockholders vote in favor of this proposal.

Now moving to Item 5. It's a stockholder proposal for the company to set emission reduction targets covering greenhouse gas emissions of the company's operations as well as its energy products, or Scope 1, 2 and 3. The introduction and supporting statement will be limited to 5 minutes.

Operator, is a representative from Follow This available to introduce this proposal and make a brief supporting statement?

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**Operator**

Mark van Baal, the representative from Follow This.

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**Mark van Baal**

Thank you so much. Good morning to everybody. Good morning, Mr. Lance, fellow shareholders, esteemed members of the board and as an ex-Navy officer, I salute Admiral McRaven. Thank you so much for this opportunity to address you and your shareholders. The mission of Follow This is that shareholders support oil majors to drive the energy transition. And today is an important day, not just for Conoco, not even for the entire oil industry, but for the world at large. Today, for the very first time, after the Paris Climate Agreement was signed, investors can vote about emission reductions as a new U.S. oil major. We need big oil. Big oil can make or break the Paris Climate Agreement to limit climate change. So we need ConocoPhillips as well. You are one of the largest exploration and production companies in the world. We believe that the goals of the Paris Climate Agreement will not be met unless oil majors reduce the emissions of their products, the so-called Scope 3 emissions. Therefore, we filed climate resolutions at U.S. oil majors requesting emission reductions.

Scientific consensus indicates that to reach the goal of the Paris Agreement, emissions must fall by 25% to 45% this decade. ConocoPhillips is a major player in the international energy market, possessing the necessary market influence and capital to make the necessary changes. You have the brains and the abilities to help us stopping climate change. We understand that as -- you as a pure-play exploration and production company, the circumstances of ConocoPhillips differ from their truly integrated peers.

That being said, it does not absolve the company from taking responsibility for the emissions of their products and the energy transitions from fossil fuels to renewables. We very much look forward to continuing our excellent engagement with ConocoPhillips. It is our hope that shareholders will be able to express their support for Paris-consistent emission reduction targets in a resolution mutually endorsed by both Follow This and ConocoPhillips in 2022.

Fellow shareholders, this will not only save the world from devastating climate change, but it would also save our company from disruption by new technologies. So today, finalizing and finalizing today, investors will show if they support ConocoPhillips to contribute to a world that takes action to limit global warming to well below 2 degrees. And they can do so by voting for meaningful climate targets. Emissions must come down this decade. It's just a fair ask.

Shareholders, board members and the whole team at Conoco, I'd like to conclude with the final words of our climate resolutions, and these are, you have our support.

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**Ryan Lance - ConocoPhillips - Chairman & CEO**

Thank you, Mark. We appreciate your engagement with the company as well. The board's response to this proposal begins on Page 121 of the Proxy Statement. The board of directors recommends that stockholders vote against this proposal.

Now if you have already not voted online, please do so at this time. I will close the polls at the end of the Q&A session.

(Voting)

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**Ryan Lance - ConocoPhillips - Chairman & CEO**

Now I'll take comments or questions from stockholders by phone as well as questions that have been submitted online. If we are unable to answer all questions due to time constraints, we will post answers to such questions in accordance with our meeting procedures and rules of conduct on our website by the end of the week. Questions and answers may be grouped by topic and substantially similar questions may be grouped and answered once. We also reserve the right to reject questions we deem inappropriate.

## QUESTIONS AND ANSWERS

**Shannon Kinney** - ConocoPhillips - Deputy General Counsel, Chief Compliance Officer & Corporate Secretary

(Operator Instructions)

**Ryan Lance** - ConocoPhillips - Chairman & CEO

Operator, do we have anyone in the queue?

**Operator**

Your first question comes from the line of Tim Smith with Boston Walden.

**Tim Smith**

Good morning, Mr. Chairman and fellow shareholders. I am Tim Smith, and I represent a firm in Boston called Boston Trust Walden. We're a long-term shareholder in ConocoPhillips, presently owning approximately 800,000 shares of stock. Investors, including our company, have been discussing Conoco's positions on public policy issues for a decade. And more recently, discussions have focused on the specific topic of lobbying related to climate change. We very much appreciate the open dialogue with management, led by the company's sustainability team and Karl Fennessey in Government Affairs. This has been an ongoing and very constructive conversation.

As you know, Mr. Chairman, we've seen investor concern about climate lobbying increase tremendously in the last several years by investors around the world, and this includes the Climate 100-Plus group of investors who wrote top management at ConocoPhillips and other companies last fall, presenting a set of concerns related to climate lobbying. You're going to hear more about Climate 100-Plus from other shareholders in a moment.

This included shareholder resolutions filed with various companies. And as you may know, the resolution to Chevron last year received a 53% vote, a sign of growing shareholder support. We appreciate management responding to these issues and expanding company disclosure on how ConocoPhillips deals with public policy advocacy related to climate. Your report was one of the first U.S. company reports. And happily, now there are about 40 companies in Europe doing focused reporting and about a dozen in the U.S., including Chevron and then companies like BP, Shell, Total and others. Why is this issue of climate lobbying so important at this time? Well, it may be obvious, but as we face this climate crisis that you've acknowledged and demonstrated leadership on, we all know we need effective public policy at the federal, state and local level. And the voice and influence of business is crucial in supporting such future-looking public policy.

Conversely, too often, some individual companies and their trade associations have been a force for the status quo holding back progress. ConocoPhillips is a member of the Climate Leadership Council, which actively coordinates with businesses to promote constructive climate policy, and you were early involved in that. But we're also members of associations like the U.S. Chamber of Commerce and API, which historically have been active in blocking legislation and regulation on climate. When that happens, Conoco lose their money, wind up undercutting progress on climate and our company reputation suffers if some of our trade associations oppose the very message our company publicly supports such as that very -- a strong commitment you have to net-zero by 2050.

Sending contradictory messages doesn't help any company's reputation. And this is even more important as we face the real prospect of significant legislation being presented in Congress and state legislatures. We know ConocoPhillips is working with other companies, impressing the Chamber or API, for example, to update your climate policy. Thank you for that. But for example, the Chamber still won't acknowledge the need for science-based targets or a net-zero goal to reduce GHG. Thus, we need to urgently expand the pressure on these Washington lobbying powerhouses.

Final comment. We very much appreciate ConocoPhillips' expanded disclosure on climate lobbying and the board's oversight and involvement in this world -- work, excuse me, and your openness to continuous improvement on this issue. But unfortunately, Conoco's report got poor grades for its description of work with trade associations when it stated that all its trade associations had climate positions accessible to ConocoPhillips. And this greatly distressed investors who are well aware of the opposition of the Chamber and API to climate change. And certainly, these are not institutions who are presently Paris-aligned. So we couldn't imagine why ConocoPhillips gave them uncritical positive review. So the report also failed in what we felt was a need for an honest assessment of trade associations and you were -- how you were trying to change them.

So to conclude, as ConocoPhillips updates its first report, we hope it will strive to do better in candidly assessing what you will do to promote positive climate policy. And how you will hold your trade associations accountable as well. So thanks so much, Mr. Chairman for hearing us out and for the ongoing dialogue. I'm pleased to be part of this meeting. Thank you.

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**Ryan Lance** - ConocoPhillips - Chairman & CEO

Yes. Thank you, Tim. And again, thank you for your continued engagement with the company. Maybe a few comments from my -- our perspective. We remain actively engaged through our own and public positions in -- and then we stand that across all administrations. I think you recognize that in your comments.

In 2020, we increased our related disclosure to include an assessment of alignment with seven key trade associations with whom we've also been effectively engaged to promote such alignment, which can be seen in climate positions. For example, supporting the Paris carbon -- Paris Agreement carbon pricing and federal regulation of methane, some of the issues that you mentioned in your comments. Participation in the trade organizations' associations provides ConocoPhillips with the opportunity to shape legislative and regulatory positions that are practical, economical, environmentally responsible, nonpartisan and in the best interest of the company. And I would encourage you to get updated on API's climate policies, which we directly affected. I think you may be a little bit out of date in terms of what the association is advocating for.

The positions we advocate for within our trade associations are based on our climate change principles, which provide the company with a critical opportunity to show industry leadership in these areas, as I mentioned. We believe that the company's interest continued to be best served by proactively engaging and communicating our climate change principles and best practices with external stakeholders, both as a company and as a part of industry trade associations.

You mentioned governance. We regularly review the scope of these activities with the Public Policy Committee of the board in order to confirm that the trade associations are aligned with our public policy objectives and our business goals. But thank you, Tim, for your comments.

Operator, do we have another caller?

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**Operator**

Your next question comes from the line of Steve Mason with the Church of Brethren Benefit Trust.

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**Steve Mason**

Good morning and greetings Chairman Lance, board members, others. I look forward to seeing you next year. And thanks for this opportunity to speak directly with you. I represent the Church of the Brethren Benefit Trust, a long-time shareholder. I also speak on behalf of a group of shareholders that have been engaged in long-term conversation with ConocoPhillips regarding the rights of Indigenous Peoples who live in areas where the company has business interest.

Today, I come with no question. And only a brief expression of appreciation for the continuing conversations between company reps and shareholders on a number of important issues. In the instance of our group, we have found the conversations to be useful, interesting, challenging and encouraging. And we look forward to the time, hopefully soon, that we're able to do this together to continue to seek the greater good.

Specifically on behalf of our shareholder group, I acknowledge and express appreciation for the refreshed human rights position, that includes specific reference to the United Nations Guiding Principles on business and human rights. As new insights and guidance emerge over time, the company's commitment to being a good and positive member of every community, that's every community in which it finds itself, is notable and the company's public affirmation of that commitment is commendable. Chairman Lance, your opening comments today point to new challenges and opportunities as the company secures its place in communities, both large and small, both global and local. Believing that many eyes, ears and perspectives can focus the course of action on a good outcome, our shareholder group looks forward to continuing conversations with those from ConocoPhillips, who will join us at the table. And we invite anyone and everyone from the company who hears my voice to do so. Thank you, and good day.

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**Ryan Lance** - ConocoPhillips - Chairman & CEO

Thanks, Steve. We certainly appreciate your ongoing engagement with the company and your interest. I would -- and I appreciate your comments on our current efforts to include the United Nations Guiding Principles on business and human rights. And I would also point out, it's also consistent with the Universal Declaration of Human Rights and the International Labor Organization's Declaration of Fundamental Principles and Rights at Work. And I think that engagement with you has been helpful for the company. So thank you, and we also look forward to an in-person meeting next year as well. Thank you, Steve.

Operator, do -- any other callers on the line?

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**Operator**

Our next question comes from the line of Steven Heim with Boston Common Asset Management.

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**Steven Heim** - Boston Common Asset Management, LLC - Principal & Director of ESG Research and Shareowner Engagement

Thank you. Chairman Lance, members of the board, fellow shareholders, good morning, and thank you for the opportunity to speak today via teleconference during this virtual annual stockholders meeting. My name is Steven Heim of Boston Common Asset Management, and we have represented ConocoPhillips shareholders since 2006. We commend the steps the company has taken to protect its employees and other stakeholders this past year during the global pandemic. Additionally, we are making the statement as signatories to the Climate Action 100-Plus, an investor initiative that aims to ensure that the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Tim Smith of Boston Trust Walden mentioned that earlier. To date, over 575 investors with \$54 trillion in assets under management, have signed up to support the Climate Action 100 initiative, equivalent to more than 1/3 of all assets under management globally. Investors have been engaging with ConocoPhillips under this initiative since 2018 when it's selected as one of the focus companies of the Climate Action 100-Plus on the base of its relatively high greenhouse gas emissions, including Scope 1 and 2 and applicable Scope 3 or indirect emissions from the end-use of its products.

Boston Common Asset Management is the lead investor for the ConocoPhillips engagement with Boston Trust Walden, EOS at Federated Hermes and the San Francisco Employees Retirement System serving as co-lead investors. This March 2021, the Climate Action 100-Plus net-zero company benchmark was published, offering the first detailed and comprehensive assessment of individual focused company performance against the initiatives, three high-level commitment goals; reducing greenhouse gas emissions, improving governance and strengthening climate-related financial disclosures.

Based on the engagement and assessment of current disclosures in the Climate Action 100-Plus net-zero company benchmark, we do commend ConocoPhillips for the actions it has already taken to address climate change. We note the company in October 2020 set its ambition to achieve net-zero GHG emissions by 2050 for its operational Scope 1 and Scope 2 emissions and announced its framework to help achieve that. Second, adopted more aggressive medium-term, that is 2026 to 2035, and long-term, 2036 to 2050, greenhouse gas reduction targets for its operational

Scope 1 and Scope 2 emissions; and three, adopted new policies to eliminate routine flaring and employ continuous monitoring of the methane emissions from its operations.

However, we are convinced that additional steps are necessary to curb greenhouse gas emissions of your value chain. So we recognize challenges facing ConocoPhillips as an upstream E&P company in addressing the GHG emissions from the end use of its products. The net-zero company benchmark shows that there are several components for which ConocoPhillips meets the criteria partially or not at all. Areas to address further in the criteria include decarbonization strategy, capital allocation alignment and climate policy engagement.

We'd like to, one, ask the question, has the board reviewed the Climate Action 100-Plus net-zero company benchmark? And is the company committed to dialogue with investors and making progress in each of the 10 elements of the benchmark?

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**Ryan Lance** - ConocoPhillips - Chairman & CEO

Thanks, Steven. We appreciate the constructive engagement we've had with Climate Action 100-Plus and the Boston Common Asset Management over the last three years since this initiative began. I've actually seen a summary of the 100-Plus net-zero benchmark report and note it shows the progress we've made to date. We remain committed to engagement with investors, and we intend to make progress on the aspects of the Climate Action 100-Plus net-zero benchmark framework. The board's Public Policy Committee were apprised of the Executive Leadership Team's decision to submit to the net-zero benchmark framework and our commitment to further engage with Climate Action 100-Plus on their net-zero road map.

Operator, do we have another caller?

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**Operator**

Your next question comes from the line of Andrew Collins with San Francisco Employees' Retirement System.

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**Andrew Collins**

Chairman Lance, members of the board and fellow shareholders, thanks for the opportunity to speak here today. My name is Andrew Collins. I represent the San Francisco Employees' Retirement System. We're the public pension covering workers in the city and county of San Francisco, California. As Mr. Heim mentioned, we're co-lead investors to the Climate Action 100-Plus initiative. I mean, we recognize that the company has engaged in constructive dialogue with investors on how it's navigating climate risk and the energy transition. And I share Mr. Heim's support for all the responsive actions that the company has taken so far. And just we'll offer four areas that we, as long-term investors, would like to see the company focus on going forward.

So first, we applaud ConocoPhillips' net-zero commitment for its operational emissions, but encourage a continued focus on strategy around the company's most significant climate impact, and therefore, the biggest risk to investors, which is the emissions from the company's oil and gas products, or so-called Scope 3 emissions. We understand the company's plan so far has been to engage the climate policy with membership and initiatives like the Climate Leadership Council, as mentioned by investor Smith previously. But given the magnitude of this risk, we really encourage a more comprehensive disclosure on the management of risks associated with product-related emissions. This could be in the form of the Scope 3 emissions reduction target, an accompanying transition and business model.

Action could also take the form of limiting capital expenditure and production to fossil fuel resources that are economic in a credible net-zero by 2050 world, accompanied by support for Paris-aligned regulation. Of course, it could be a combination of the two or other strategies altogether, regardless, investors would benefit from a better understanding of the company's strategy as it's linked to a net-zero by 2050 transition?

Second and related, investors would benefit from better disclosure on how the company's capital allocation plan supports and ultimately advances its strategy to be viable in a rapidly decarbonizing economy. We encourage the company to explicitly commit to align future capital expenditures

with the Paris Agreement's objective of limiting global warming to 1.5-degrees C and to provide annual disclosure linking capital expenditure plans with this objective.

Third, we applaud the company's efforts in establishing board governance around climate-related risk, as mentioned earlier. However, the need for climate competence from corporate boards, particularly those of oil and gas companies, is more essential than ever. We encourage ConocoPhillips to evaluate whether the board has sufficient capabilities and competencies to these to assess and manage climate-related risks and opportunities. If competencies are found deficient, we, of course, encourage a search to augment the board's capabilities in this area. And annually, we encourage the board to include assessment of climate-related competencies as part of the board's regular skills assessment process.

And finally, we encourage the company to focus on integrating climate performance more fully into the remuneration structure for its senior leadership team. Currently, progress on the sustainable development action plan is only one component of the strategic milestones, which themselves are one component of the short-term variable cash incentive program. Further, we note that the target relates to the implementation of the plan and is not based on emissions performance. We encourage Conoco to consider making climate performance a more significant piece of the overall remuneration plan, integrating this element not only into short-term but also into long-term compensation and making the targets quantitative and performance-based rather than plan or strategy related.

I really appreciate your time today, and I appreciate consideration of these items and commend you for the progress to date and look forward to continued dialogue on this topic. Thank you.

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**Ryan Lance** - ConocoPhillips - Chairman & CEO

Thanks, Andrew. We appreciate the constructive engagement and feedback on building a climate-resilient business strategy. It's a little difficult to respond to all your feedback in the time we have today. What I would say is that we recognize that there are many pathways through the energy transition. And for E&P companies such as ourselves, we've set out what we think is an ambitious, yet achievable plan. We do have line of sight to achieving a 35% to 45% reduction in GHG intensity by 2030, which will set us on the path to achieving net-zero operational emissions by 2050. We're also assessing opportunities that may emerge from the energy transition. In 2020, we stood up a low-carbon team, as I mentioned earlier, to assess opportunities in carbon capture utilization, storage, alternative energy and the hydrogen economy. It's certainly no small ask to reach net-zero emissions, and so we will continue to engage with shareholders on our options and our choices as we move through the energy transition.

Now I'd also like to take questions that have been submitted online. Ellen, can you please read a question we have from online?

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**Ellen DeSanctis** - ConocoPhillips - SVP of Corporate Relations

Sure, Ryan. And in the interest of time, this will be our only question. However, I'll remind our participants that we will post answers to submitted questions onto our website by the end of the week.

Ryan, we actually received several questions or comments from stockholders asking what we're doing to be the net-zero company we aspire to be by 2050? And then how does ConocoPhillips fit into a carbon-neutral world?

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**Ryan Lance** - ConocoPhillips - Chairman & CEO

Thank you, Ellen. As I said in my prepared remarks, in October of 2020, we became the first U.S.-based oil and gas company to adopt a Paris-aligned climate risk strategy with specific targets that I have also addressed. Another goal we are championing is to set an ambition to become a net-zero company for operational Scope 1 and Scope 2 emissions by 2050, which we are addressing through portfolio investments and abatement activities across our operations.

To address Scope 3 emissions, which are those emissions we do not control, we're advocating for a U.S. carbon price, and this is being done through our membership in the Climate Leadership Council. Now as preparing -- as for preparing for a carbon-neutral world, we are taking multiple actions.

As I mentioned earlier, we have created a new low-carbon team. We're also playing a constructive role in public policy dialogue to devise practical, equitable and cost-effective approaches to reduce GHG emissions and the impacts of climate-related risks.

Lastly, I would say we're members of the IEA Energy Pathways Collaboration, which is working with MIT to develop quantitative methods to develop national energy policies.

Well, so thanks, Ellen, and thank you to our stockholders, for your participation and input. If you have further questions or comments following the meeting, please feel free to contact Investor Relations.

So now I declare the polls closed. The inspector of election has filed a certification of preliminary results of the voting. Shannon, would you please read those results?

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**Shannon Kinney** - *ConocoPhillips - Deputy General Counsel, Chief Compliance Officer & Corporate Secretary*

Mr. Chairman, the preliminary results based on the voting of shares represented by valid proxies on file and tabulated at the meeting this morning show that each of the 15 nominees for election have been elected as directors to serve a one-year term expiring at next year's annual meeting. Each director nominee received at least 84% of the votes present at today's meeting.

The appointment of Ernst & Young as the independent registered public accounting firm for ConocoPhillips for 2021 has been ratified, having received a favorable vote of more than 95% of the votes present at today's meeting.

The advisory approval of executive compensation has passed with more than 92% of the votes present at today's meeting cast in favor of the proposal.

The stockholder proposal for the company to eliminate any voting requirement in our charter and bylaws that calls for a greater than simple majority vote and replace it with a simple majority vote standard has passed, with more than 99% of the votes present at today's meeting cast in favor of the proposal.

The stockholder proposal for the company to set emission reduction targets covering greenhouse gas emissions of the company's operations as well as its energy products for Scope 1, 2 and 3 has passed with more than 58% of the votes present at today's meeting cast in favor of the proposal. The board of directors will take the outcome of this vote into account when evaluating our management of climate-related risks.

Mr. Chairman, that concludes the report of preliminary voting. Details of the results will be available for all stockholders in our filings with the SEC within four business days. Stockholders may also obtain the voting results by calling or writing the office of the Corporate Secretary.

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**Ryan Lance** - *ConocoPhillips - Chairman & CEO*

Thank you, Shannon. I guess that completes the business scheduled for today. The meeting is now concluded, and I want to thank you all for attending.

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