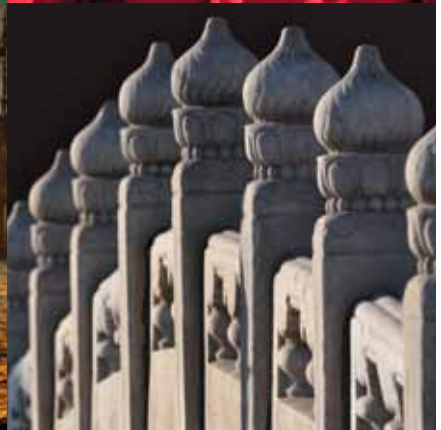
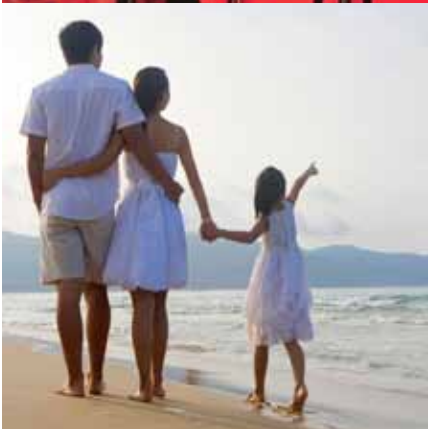


ConocoPhillips

康菲石油中国有限公司



China Sustainable
Development Report 2012

About this Report



About ConocoPhillips

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ConocoPhillips is one of the world's largest independent exploration and production companies, based on proven reserves and production of liquids and natural gas.

ConocoPhillips explores for, produces, transports and markets crude oil, natural gas, natural gas liquids, liquefied natural gas and bitumen on a worldwide basis. We manage our operations through six operating segments, which are defined by geographic region: Alaska, Lower 48 and Latin America, Canada, Europe, Asia Pacific and Middle East and Other International. Our key focus areas include safely operating producing assets worldwide; growing North American shale and oil sands businesses; executing a number of major international development projects; and building a global exploration program.

Headquartered in Houston, Texas, ConocoPhillips has operations in 30 countries, of which it conducts exploration activities in 19 countries, produces hydrocarbons in 13 countries, and has proved reserves located in 15 countries as of June 30, 2012.

As of the same date, ConocoPhillips has approximately 16,500 employees around the world.



ConocoPhillips China is proud to be part of the ConocoPhillips success story. ConocoPhillips is one of the largest foreign investors in China's upstream oil and gas sector and, as of June 30, 2012, it had approximately 700 employees involved in oil and gas exploration and production operations through cooperation with Chinese and international partners.

We are also working closely with leading Chinese partners on projects outside of China. Through these activities, ConocoPhillips China is supporting China's development goals by fostering the transition to a clean energy economy by providing clean energy supplies, as well as working toward greater diversification of the country's energy resources.

ConocoPhillips China is firmly committed to China and is dedicated to building on the strong work our team has completed over the past three decades. Our relationship with China began when we became the first international operator to assist in making an offshore discovery here in the early 1980s. Since then we have been involved in the development of the Xijiang oilfields as well as the discovery of the Penglai oilfields in the late 1990s.

2011 was a challenging year for us, due to the June 2011 oil spills that unexpectedly occurred in the Bohai Bay. However, with the support of relevant government departments and CNOOC, we helped mitigate the potential impact of the spills through safe and responsible containment efforts which were completed without injuries to staff or contractors. We have also taken steps to address concerns in relevant communities, including by implementing agreements made with the government and our co-venturer. We are actively engaged in a range of programs to improve the region's environment and benefit local communities.

"ConocoPhillips is committed to protecting the health and safety of everybody working in our operations as well as the communities in which we operate. Wherever we operate, we conduct our business with respect and care for the environment.

Our stakeholders live in many communities across China and around the world. Their interests are as specific as a well we're drilling, and as broad as our company's efforts to preserve biodiversity and promote environmental education and awareness. We believe sharing our sustainable development efforts invites open, transparent and far-reaching dialogue. This reporting and engagement is critical to improving our sustainable development performance."

Jim Taylor
President, ConocoPhillips China Inc.

About this Report

This report covers the time period from June 2009, when ConocoPhillips China published its 2009 Sustainability Report, to June 2012.

The report reflects the company's operations in China, including locations for which ConocoPhillips was the operator in the reporting period – namely the company's Beijing office, the Penglai oilfields in the Bohai Bay and the Xijiang oilfield in the South China Sea.

Content Assurance

The accuracy of the contents of this report is of vital importance to us and our stakeholders. Senior management and a large team of internal subject matter experts reviewed all content and data. The information presented here was subject to a variety of internal assurance activities, including environmental, health and safety performance, management system and compliance audits.

Other Clarifications

- References to "the company," "our" or "we" mean ConocoPhillips China unless the context indicates otherwise. References to "ConocoPhillips" mean the global corporation.
- Data measurement techniques and bases for calculations, if not obvious, are included with the data.
- Financial data is reported in Chinese renminbi (RMB) and for ease has been converted into U.S. dollars based on the official exchange rate of 6.3478 as of June 30, 2012.
- Environmental data is presented in metric units, unless noted otherwise.
- For more context and updates on the issues covered in this report please visit our website at www.conocophillips.com.cn.

**A Letter
from the President of
ConocoPhillips China**





ConocoPhillips is proud to have operated in and supported the development of China's energy resources for more than 30 years.

Our partnership with China has grown from when we became the first international operator to assist in making an offshore discovery in the early 1980s to our involvement in the development of the Xijiang oilfield in the South China Sea and the discovery of the Peng Lai oilfields in Bohai Bay in the late 1990s.

Today, ConocoPhillips China remains one of the largest international investors in China's upstream oil and gas sector and, as of June 30, 2012, had approximately 700 employees involved in the oil and gas exploration and production operations through cooperation with Chinese and international partners. We are also working closely with leading Chinese partners in projects outside of China. Through these activities we are dedicated to supporting China's development goals, including supporting the transition to a clean energy economy through clean energy supplies and supporting greater diversification of the country's energy resources.

At ConocoPhillips we firmly believe in being a responsible member of the communities in which we operate. This means while we are exploring for new energy sources and providing energy to power economic growth and support local communities, we are also supporting sustainable development in the communities in which we operate, and conducting our business in a way that promotes economic growth, a healthy environment and vibrant communities – now and in the future.

2011 was a challenging year for ConocoPhillips China. We remain committed to resolving any outstanding issues related to the approximately 723 barrels of oil spilled in the Bohai Bay in June of 2011. We have taken substantial steps to address relevant concerns, including implementing agreements with the government and our co-venturer. We are actively engaged in a range of programs to improve the region's environment and benefit local communities.

Elsewhere in China, ConocoPhillips has a long history of supporting communities across a number of key pillars, including the environment, education and health and wellness. In recent years we have focused on furthering our support for sustainable development best practices – from internal processes to new community initiatives.

Over the past three years we have continued to support many of our long-standing programs and developed a range of new initiatives across the communities near our China operational bases in Beijing, the Bohai Bay, the South China Sea, and beyond.

ConocoPhillips places safety, health and environmental stewardship at the top of our operating priorities. We are firmly committed to these core values in China and look forward to driving our sustainable development initiatives forward in the years ahead.

Yours truly,

Jim Taylor
President
ConocoPhillips China Inc.

Commitment

Commitment to Sustainable Development



Sustainable Development at ConocoPhillips

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At ConocoPhillips, sustainable development means conducting our business in a way that promotes economic growth, a healthy environment and vibrant communities in the regions where we operate – now and in the future.

We are committed to being the best energy company to work for, have as a neighbor, have as a supplier and have as a partner. An important part of accomplishing this is integrating sustainable development into our business and delivering on our economic, social and environmental commitments.

By incorporating sustainable development principles into our business, we strive to deliver energy to the world responsibly while staying true to our company's core values of Safety, People, Integrity, Responsibility, Innovation and Teamwork ("SPIRIT").

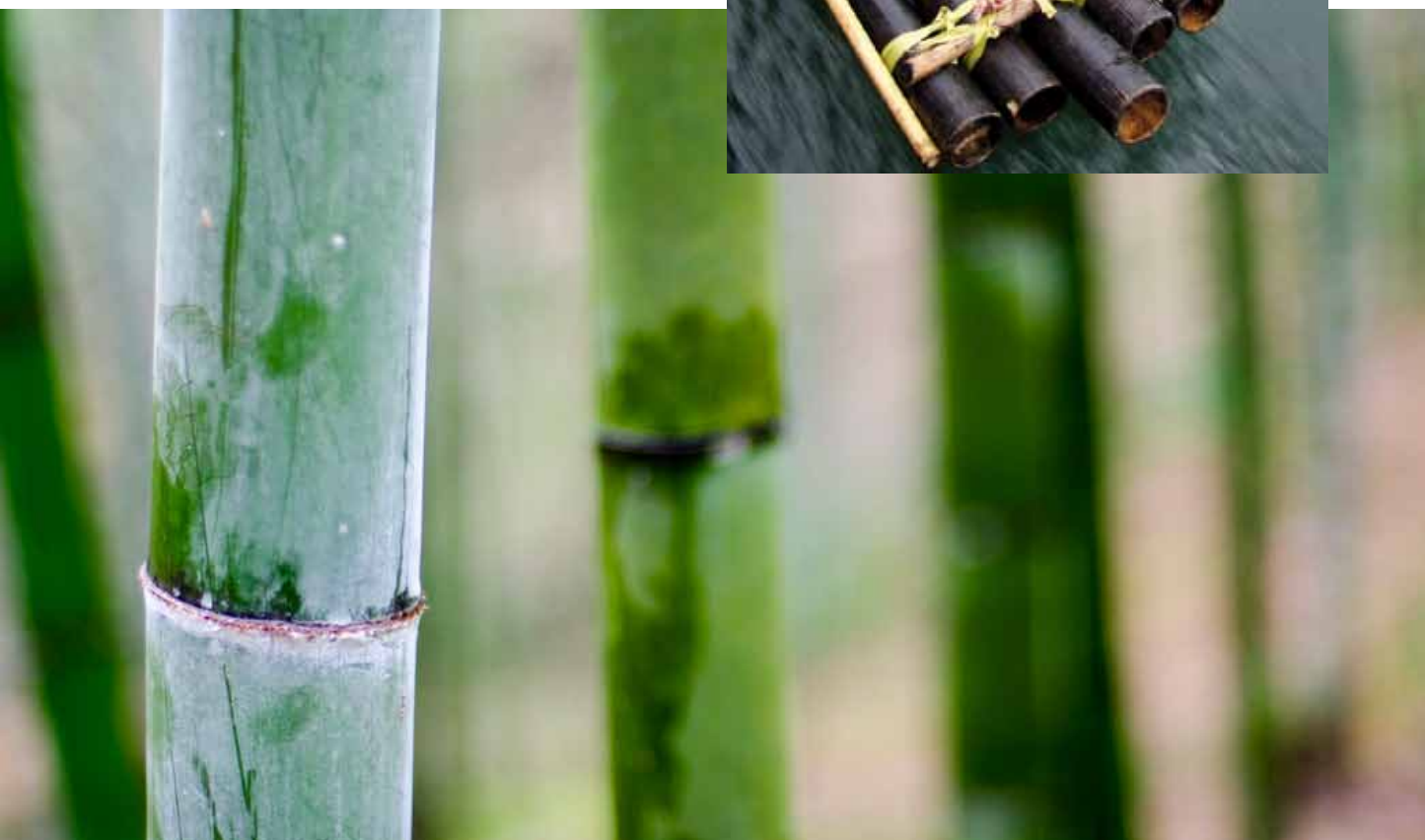
Our Nine Sustainable Development Commitments

ConocoPhillips' approach to sustainable development across our global network stems from our desire to build a global business that can meet the energy needs of today while ensuring future generations around the world have innovative energy solutions for tomorrow that improve living standards and provide a brighter future.

To deliver on this objective, ConocoPhillips has developed nine specific commitments that we are applying with measurable actions to the distinct environmental and social challenges facing the communities in which our businesses operate across our network. Our global progress on these commitments can be viewed on the Sustainable Development pages of the ConocoPhillips' global website – www.conocophillips.com.

Our Nine Sustainable Development Commitments include:

- Increase the availability of ever-cleaner energy.
- Be transparent and accountable by measuring and reporting both our financial and non-financial performance.
- Operate to the highest safety standards.
- Positively impact communities wherever we operate.
- Minimize the environmental impact of our operations.
- Invest in the wellbeing and development of our employees.
- Constantly improve the energy and material efficiency of our operations.
- Practice and uphold the highest ethical standards.
- Ensure the long-term financial viability of the company.



Our Approach to Promoting Sustainable Development

ConocoPhillips promotes sustainable development by practicing five competencies: integration, stakeholder engagement, lifecycle management, knowledge management and innovation. We prioritize issues, establish plans of action and monitor performance based on clear goals.

- **Integration** – Integrating economic, social and environmental considerations into strategic planning, decision-making and operating processes.
- **Stakeholder Engagement** – Consulting stakeholders to help us understand their diverse and evolving expectations and incorporating that understanding into our strategies.

- **Lifecycle Management** – Managing the full lifecycle of our operations, assets and products.
- **Knowledge Management** – Sharing our successes and failures to learn from our experiences.
- **Innovation** – Creating a culture that brings new and innovative thinking to the challenges of our evolving business environment.

We're working to embed these competencies across our global business. Our progress and the challenges we are working on are detailed on our global site at www.conocophillips.com.

Our Sustainable Development Process

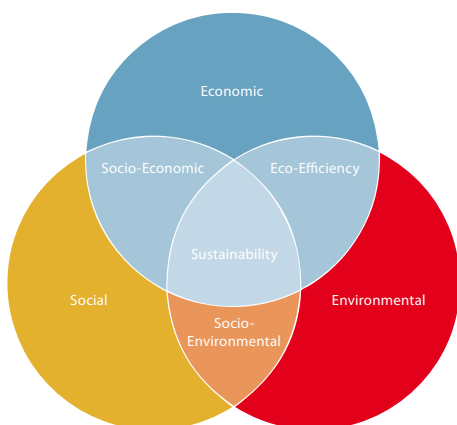
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Fully integrating sustainable development into our business and developing a formalized process is important to our long-term success. This process includes:

- **Scoping and prioritizing issues**
With the help of our stakeholders, we identify the issues that matter most and may impact our business.
- **Developing strategies, goals and plans**
Strategies and plans are supported by senior leaders and goals or commitments are incorporated into our regular business processes. These commitments are closely tied to ConocoPhillips' nine sustainable development commitments.
- **Selecting appropriate performance measures**
In some cases, we are able to use conventional metrics, such as the Global Reporting Initiative's G3 Sustainability Reporting Guidelines. In others, we use metrics that can be qualitative or quantitative, depending on the nature of the issue being assessed.



- **Monitoring, evaluating and reporting on performance**
We provide regular updates on our sustainable development progress.
- **Obtaining feedback and adapting strategies**
We solicit feedback on how we are doing from our stakeholders, adapt our strategies and modify the way we manage issues, if necessary.



ConocoPhillips' Commitment to Sustainable Development in China

Our partnership with China has grown considerably since the early 1980s when we were the first international operator to assist in making an offshore discovery in China. Today ConocoPhillips is one of the largest international investors in China's upstream oil and gas sector employing some approximately 700 people across our co-venture

projects in China. More than 90 percent of these employees are Chinese nationals.

As a long-term investor, operator and employer in China, we firmly believe that our organization must conduct its business responsibly and sustainably in China. We are committed to delivering on our global commitment to economic growth, a healthy environment and vibrant communities across our operations in China.

Innovation

Clean Energy



Diversified Mix of Energy Sources

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ConocoPhillips believes that a secure and sustainable energy future depends on utilizing a diverse mix of energy sources that are reliable, available and environmentally responsible.

This includes traditional hydrocarbon products, as well as alternative unconventional hydrocarbons and renewable sources – which are increasingly available through improved technology. When considering future energy solutions, we examine all the factors that impact energy – its use, cost and availability. While new technology emerging in our industry promises to change the future nature of energy supply, there is still work to be done to ensure minimal impact on the environment from the production, storage and transportation of these energy sources.

China is taking big steps toward transitioning into a cleaner energy economy, making natural gas exploration and development one of the centerpieces of its energy strategy over the next decade. ConocoPhillips is committed to assisting in this transition and to being part of the solution to provide secure, sustainable energy for the future as the Chinese economy continues its dynamic growth.

By providing environmentally sustainable and cost-effective alternatives to less clean-burning fuels, like coal, we can help reduce greenhouse gas emissions, enhance air quality and improve the quality of life of people in China. ConocoPhillips can assist in achieving these goals through supporting the importation of natural gas in the form of liquefied natural gas (“LNG”) into China, as well as through cooperative development of unconventional gas projects in China.

Liquefied Natural Gas

ConocoPhillips is a pioneer in the liquefied natural gas (“LNG”) industry with more than 40 years of experience in safely producing and delivering LNG in the Asia Pacific region. Starting in 1969 with supplies from ConocoPhillips’ Kenai Alaska LNG plant, the first LNG plant to service the Asia Pacific market, ConocoPhillips is now involved in projects that are linked to the LNG value chain in several countries around the world.

Working with China’s national energy companies, ConocoPhillips is progressing opportunities to bring LNG into China to meet the country’s demand for clean energy and to help diversify China’s energy sources. Through the implementation of these opportunities, China will become the largest and most important single market outlet for ConocoPhillips’ LNG activities.

In April 2011, Sinopec joined ConocoPhillips and Origin Energy in a world-class LNG project in Australia, called Australia Pacific LNG (“APLNG”). This marked an important step in bringing cleaner energy to China. APLNG’s integration of sustainable environmental practices further reinforces ConocoPhillips’ commitment to sustainable development.



As part of the agreement, Sinopec took a 15 percent equity interest in APLNG, and agreed to buy the entire 4.6 million tons per year of LNG from the first production train for 20 years. Building rapidly on the success of this partnership, in January 2012, Sinopec increased its purchase of LNG from APLNG by an additional 3.0 million tons per year from a second production train, and in July 2012, increased its equity interest in APLNG to 25 percent. Via these LNG sales contracts, APLNG will now be providing 7.6 million tons of LNG annually to the energy markets of coastal China. Deliveries will begin in 2016.

The 7.6 million tons per year of LNG that the APLNG project will provide to the Chinese energy market will reduce the amount of greenhouse gas emissions by around 30 million tons per year when compared to a similar energy output fueled by coal, with virtually none of the sulfur, ash, or other pollutants that are typically generated from coal burning.

Unconventional Hydrocarbons

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Unconventional Hydrocarbons

Besides clean energy importation projects, ConocoPhillips continues to seek opportunities to bring its technology and experience in the exploration and development of unconventional hydrocarbons such as coal bed methane, tight gas and shale gas to benefit and assist China in opening up its complex onshore gas reserves.

Over the past few years, ConocoPhillips has become one of the leaders of shale development in North America. With the cooperation of national energy companies, the government and other stakeholders, we hope to advance significant projects that will assist China in its goal of providing clean, long-term, sustainable energy for the

country. ConocoPhillips is working closely with these stakeholders to make these projects a reality and assist China in its transition to a cleaner energy economy.



Health, Safety and Environment at ConocoPhillips China



Our Health, Safety and Environment Commitment

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ConocoPhillips is committed to protecting the health and safety of everybody involved in our operations and everybody living in the communities in which we operate.

Wherever we operate, we conduct our business with respect and care for the environment.

To meet our commitment to health, safety and environment (HSE), ConocoPhillips has pledged to operate in accordance with the following key principles:

- We will conduct all activities with a visible commitment to HSE excellence.
- We will protect the health and safety of everyone involved in our operations, living in our communities or using our products.
- We will conduct our business with respect and care for the environment and promote sustainable business growth.
- We will not be satisfied until we are successful in eliminating all injuries, occupational illnesses, unsafe practices and incidents that result in environmental harm.

Our HSE Policy

We have developed the following HSE policies, which we adhere to in our operations:

- Demonstrate visible and active leadership that engages employees and service providers, and manage 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 responsibility and authority for all employees and contractors to immediately stop work which they believe to be unsafe.
- Manage all projects, products and processes through their lifecycles in a way that assures safety and health and minimizes impact on the environment.
- Provide employees with the capabilities, knowledge and resources to instill personal ownership and the motivation necessary to achieve HSE excellence.
- Provide relevant health and safety information to contractors and require them to provide proper training for the safe and environmentally sound performance of their work.
- Measure, audit and publicly report HSE performance, and maintain open dialogue with stakeholder groups and with communities in the areas in which we operate.
- Work with both governments and stakeholders to develop regulations and standards, which improve the safety and health of people and the environment.
- Comply with all applicable HSE laws and regulations.

Our HSE Expectation

At ConocoPhillips China, we believe that actions speak louder than words. We are focused on delivering on our commitments to HSE and driving the implementation of these policies. We believe that only by demonstrating our resolve to act can we earn the trust and respect of our employees, other businesses and communities in which we operate.

Health, Safety and Environment Management System

We operate a Health, Safety and Environment Management System (HSEMS) in China in line with our global Corporate Management System Standards to ensure greater consistency and efficiency in the management of HSE issues. The HSEMS provides clear details on the processes and methods ConocoPhillips China uses to identify, prioritize and control HSE risks.

To ensure that procedures are user-friendly and effective, each procedure is supported by a Process Control Map, which divides and assigns HSE roles and responsibilities among relevant organizational positions.

Operation Readiness Reviews

As our business has grown, so has the number of new work sites and processes. To minimize HSE risks and increase efficiency, our corporate HSE audit group conducts Operational Readiness Reviews (ORRs) for new exploration and production assets. ORRs help ensure that new assets are commissioned and operated correctly, that the work force has been properly trained, and that effective inspection and maintenance programs are in place.

Since 2009 we have conducted ORRs at five locations, including the Penglai 19-3 Well Head Platform D, Penglai 19-3 Well Head Platform E, Penglai 25-6 Well Head Platform F, Penglai 19-3 Well Head Platform M, and the Offshore Oil 117 (Pengbo) floating production storage and offloading (FPSO) facility. When the Pengbo FPSO came online in May 2009, it was among the largest of such vessels built anywhere in the world.

Compliance Verification

To ensure ongoing compliance with our HSE standards, ConocoPhillips China implements our company-wide compliance verification process. This is designed as an internal checks-and-balances procedure to ensure that all our HSE commitments are upheld in accordance with our policies. This includes compliance verification assessments following HSE audits.



Process Safety

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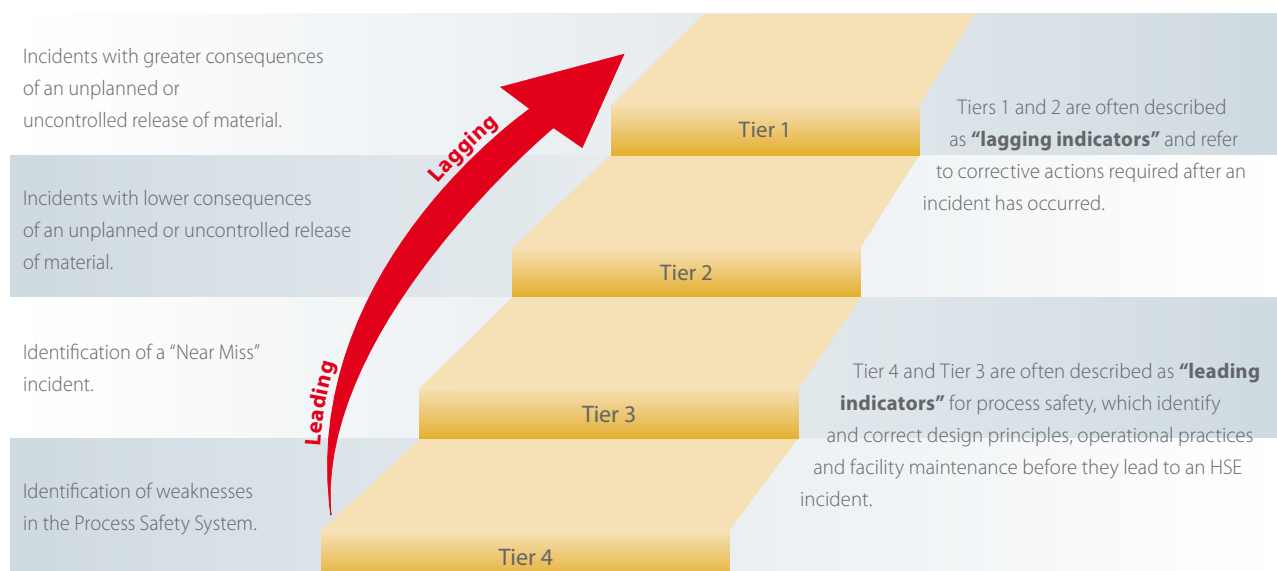
The safety of our employees, contractors and communities in which we operate is of paramount importance. As a result, we commit significant resources to analyzing the operational and technical challenges of our business and introduce new procedures when appropriate.

ConocoPhillips China has developed a process safety system to ensure that the wells and facilities are designed, constructed and operated by ConocoPhillips as expected and to protect our employees, our assets and the environment in which we operate. We operate within a disciplined framework to manage the integrity of our facilities, wells and operations in order to ensure overall process safety and minimize the risk of injury and loss from uncontained oil and gas spills.

Our process safety framework focuses on:

- Strong engineering design principles
- Safety-focused operating practices
- Efficient facility maintenance programs
- Effective reporting and auditing to ensure that principles, practices and programs are followed.

We launched a Process Safety Event Procedure on June 15, 2011. The procedure analyzes safety issues using a four-tiered approach:





Ultimately, we ensure safe operations by integrating and weaving together various functions and business processes. This produces a strong and resilient fabric for operational excellence and a model, which guarantees the safe and efficient operations that we and our stakeholders require.

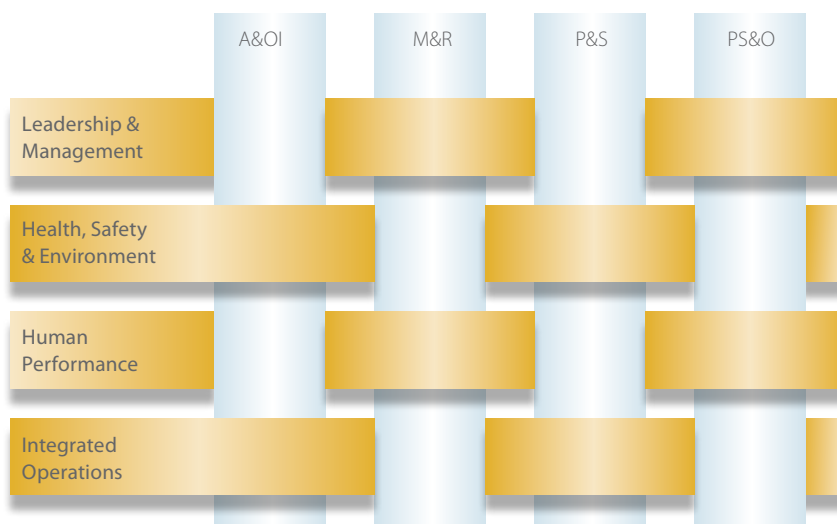
This fabric integrates business practices such as:

- **Asset and Operational Integrity (A&OI)**
- **Maintenance and Reliability (M&R)** for rotating equipment
- **Plan and Scheduling (P&S)** for all maintenance programs, and
- **Production Surveillance and Optimization (PS&O)** that integrates well operations with production facility operations.

Creating a Culture of Safety

Our business is constantly changing, but what never changes is our stand on safety. Safety is the first thing we think about, a continual focus in our operations and the first measure of our performance.

The safety of our employees and contractors is paramount to our business. Our leaders, front-line employees and contractors are all personally responsible for safety performance. We have developed a range of employee and contractor initiatives to ensure safety. Ultimately every employee and contractor must personally commit to safety – and together we can strive to achieve our objective of zero workplace injuries. We continually work to improve our safety performance.



Our stand on safety is:

- We will never compromise safety in the execution of our business.
- On principle, we believe all incidents are preventable and must be reported.
- We investigate all incidents, communicating and applying what we learn to prevent recurrence.
- We believe safety is a critical part of our performance and cannot be separated from production and costs.
- We embed accountability for safety in all levels of our organization. Our leaders, front-line employees and contractors are all personally responsible for safety performance.

Ongoing Safety Initiatives

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At ConocoPhillips China, we conduct regular training designed to educate both ConocoPhillips China employees and contractors about potential safety risks while providing them with the in-depth knowledge necessary to take responsibility for ensuring a safe work environment.

Safety Leadership Training

Over the past three years we have trained approximately 300 people each year. Trainees are typically new to ConocoPhillips China and its contractors, and include both those new to the industry and also those that have worked in the sector for many years. The training lasts one day and includes safety leadership and behavioral safety training modules.



"I tell each person – if they see it, they own it. That means if they see something unsafe, they are responsible for taking action to stop it."

Ding Yuhai
Drilling HSE Representative

Over the past three years, Ding Yuhai, Drilling HSE Representative at ConocoPhillips China has conducted safety training sessions for more than 900 contractors and employees.

Behavioral Safety – STOP

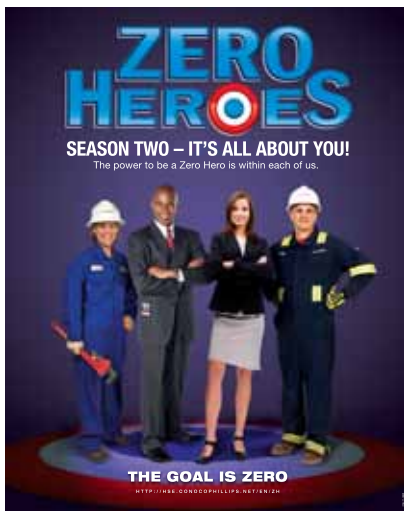
ConocoPhillips China has utilized a Safety Training Observation Program ("STOP") since 2006. STOP focuses on training employees and contractors with the knowledge and skills to recognize activities that could lead to an accident or injury, and to take immediate proactive steps to correct a dangerous situation and prevent an accident.

We operate special STOP training sessions each year and actively encourage employees and contractors to intervene when they identify unsafe behavior.



"The STOP training program has been a huge success and helped reduce injuries. The majority of STOP actions are related to body positioning and have led to better safety standards."

Shawn Xu
HSE Manager



Zero Heroes Program

To raise awareness of the importance of work safety, ConocoPhillips created the Zero Heroes program in 2009, which was launched by ConocoPhillips China the same year. The campaign is designed to support our overarching goal to have zero workplace injuries and to provide employees and contractors with guidance on how to identify hazards, how to intervene and stop unsafe practices, and how to solve safety problems.

Root Cause Analysis

Our goal is zero incidents, but when one does occur, it's important we learn from it. We use root-cause analysis to discover the physical and behavioral causes of a safety incident to help prevent similar incidents from occurring in the future. On principle, we believe such incidents are preventable, and the information gathered in an incident investigation is important for prevention.

Our goal is to complete root-cause investigations within 30 days of an incident. This timeline may be extended for rare cases where third-party expert opinions are needed.

Root-cause analysis investigations are very detailed undertakings and include visits to the scene of the incident, interviews, document analysis, detailed reports and the identification of corrective actions. We track the implementation of these corrective actions and share our learning across our company and often within our industry. We performed three investigations in 2009, seven in 2010 and seven in 2011.

This analysis enables our team to change equipment or procedures to eliminate risks, and to launch new customized training sessions to ensure employee and contractor

awareness. The Pinch Point Program was launched as a result of this analysis in 2008 and continues today. The program has helped reduce hand injuries in the work place.

Contractor Safety Training

Contractors are a vital part of our workforce, performing much of the hands-on work involved in drilling wells and constructing facilities. Our contractors are an important part of our overall team and we take their safety as seriously as that of our own staff.

Our business has seasonal and short-term swings in activity, which can make it difficult for our company and those companies that work with us to retain experienced staff familiar with our safety programs and procedures. Developing close relationships with contracting companies helps us manage this together through a common focus on safety.

We have established a regular program of contractor-focused activities to recognize their contribution and to ensure that they receive regular comprehensive safety training. Only with full alignment and full training can we achieve our goal of zero workplace injuries.

The frequency of injuries to our contractors has decreased steadily over time. To continue this trend, we are implementing industry-leading contractor-safety programs. Some of the engagement with contractors includes: quarterly contractor HSE meetings in Tanggu with contractor managers, quarterly incident sharing program with contractors, face-to-face communication meetings with major contractors at contract sites, contractor foreman training, and an annual contractor HSE excellence recognition program.

Contractor Award

To promote safety among the contractors that work for ConocoPhillips China we launched an annual Contractor Award that recognizes contractor companies and individuals that have excelled in HSE over the previous year. Separate awards are given to contractor companies and to individuals for helping make our collective workplace a safer place. Individual contractors are honored as "China Zero Heroes" – under our Zero Heroes Program.



Our Safety Performance

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We established the “**Target Zero**” goal in 2009 to focus employees and contractors on the company’s unwavering commitment to making safety a priority each and every day. Target Zero aims to achieve zero incidents, zero injuries and zero illnesses. We firmly believe that with ongoing commitment and focus, we can achieve our goal.

We see continuous improvement in our safety performance. In 2009, 23 of our employees and contractors were injured on the job including first aid injuries; in 2010, 22 were injured; in 2011, six were injured. This represents a 73.9 percent improvement over three years. The majority of these injuries were first aid injuries related to slips, trips and hand injuries. There were no major accidents in our operations in this reporting period.

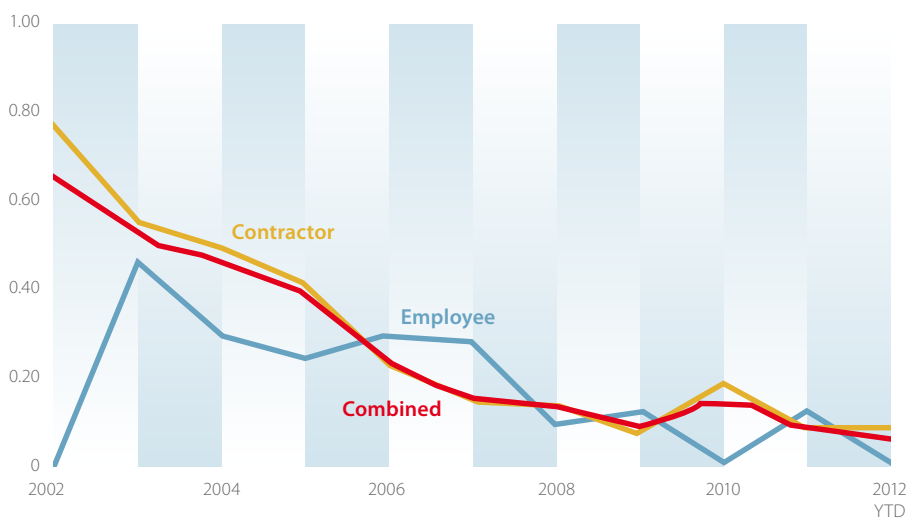
While the number of people hurt in our operations is decreasing, we will not be satisfied until we have zero injuries and incidents.

The metrics we use to judge the severity of injuries are first-aid cases, medical treatment cases, restricted-workday cases and fatalities.

We maintained a low lost workday case (“LWC”) rate during the past three years. LWC measures the number of incidents resulting in days away from work through occupational injury or illness, per 200,000 hours worked. In 2009 we recorded one LWC, in 2010 two cases, and in 2011 one case. As reported in our 2009 Sustainable Development Report, in the four years from 2005 to 2008 we reduced our combined workforce LWC rate by 87 percent.

Our total recordable rate (“TRR”), which measures the number of persons injured per 200,000 hours worked, was stable at approximately 0.10 over the past three years. This marks an excellent level of performance within the oil industry. In 2009, our combined employees and contractors’ TRR was 0.09, in 2010 it was 0.14 and in 2011 it was 0.09. Over the next two years, our goal is to improve our performance further, achieving a total recordable rate of zero. We are confident that a total recordable rate of zero is achievable and our employees actually achieved zero in 2010 while working approximately 1.75 million man hours*.

Through our continued efforts, Conoco-Phillips China has successfully reduced the number of workplace injuries over the past decade.



* Man hour – offshore employees typically work 12 man hours per day, while onshore employees typically work 8 man hours per day.



We firmly believe that when facilities are run with a commitment to safety, it is truly possible to achieve zero incidents, zero injuries and zero illnesses. Our warehouse and quarry-side operation in Tanggu near Tianjin is one example. As of July 2012, the facility had succeeded in achieving an extremely low LWC rate. The operation site recorded 3,000 workdays without any incident requiring an employee to miss work through occupational injury or illness.

During our response to the June 2011 incidents in the Penglai 19-3 oilfield we mobilized hundreds of divers and diver support personnel to vacuum and collect the majority of the mineral-oil based drilling mud that collected on the seafloor. This included more than 1,000 dives involving 100 divers as part of survey, clean-up and containment activities. During this response program there were no recordable injuries.



"Our number one responsibility is maintaining a safe work environment. Every employee and contractor is empowered to stop any job that they think is unsafe at any time."

Bruce Kuzyk
COPC Bohai Area Manager



"When we talk about safety, a lot of times we talk about statistics and numbers. We look at those numbers because it's important that we are measuring our performance, but we cannot lose sight of what the numbers represent. The numbers represent people."

Van Lineberger
Executive Vice President of China Operations

Our Environmental Goals

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At ConocoPhillips China we recognize that protecting the environment is a fundamental part of doing business.

If we ignore the environment, our collective future is at risk. We are committed to protecting the environment that we share with all those in the communities in which we operate because the environment impacts each of us.

We implement high environmental standards in order to ensure that our actions today will not only provide the energy needed to drive economic growth and social wellbeing, but also secure a stable and healthy environment for tomorrow.

We recognize that the June 2011 oil spills in the Bohai Bay unfortunately resulted in pollution to the marine environment, despite planning, systems and procedures designed to ensure containment of hydrocarbons. In order to address concerns from the spills, we reached agreements with relevant government agencies in China and with our co-venturer on resolution of claims related to the marine environment and fishery resources. We have analyzed the events and developed enhanced operating measures that are now being applied in the field to support ongoing, stable field management.

Biodiversity

Biodiversity plays an important part in achieving a healthy ecosystem and ensuring broader human wellbeing. We actively support biological diversity as an essential component of our health, safety and environmental commitment wherever we operate.

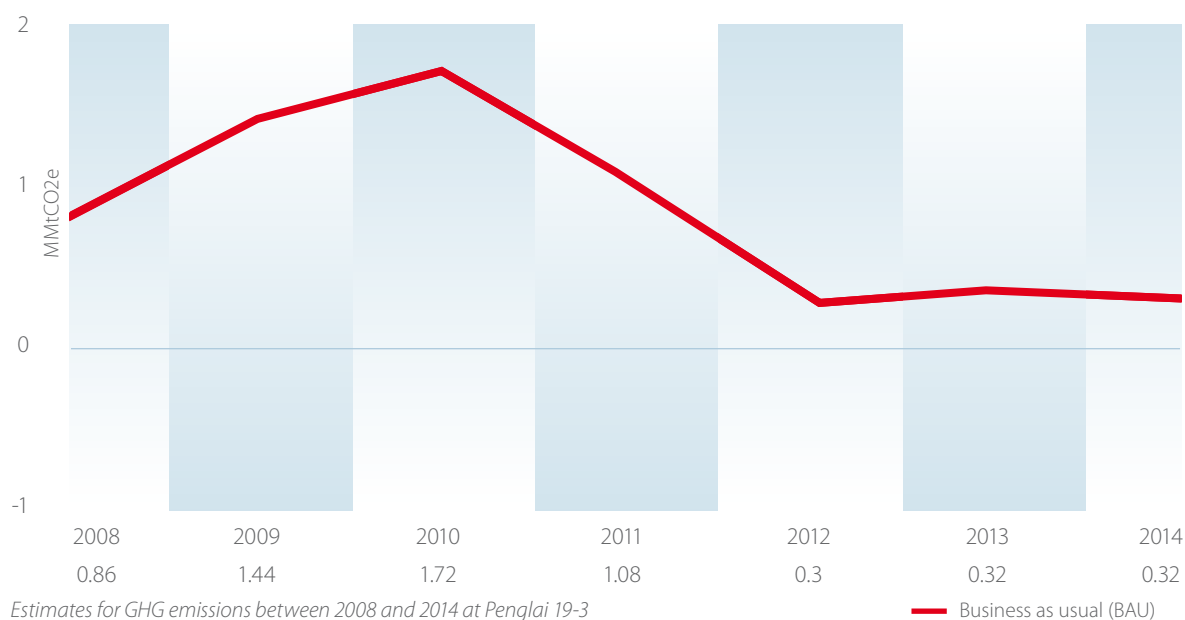
To support biodiversity conservation we have adopted the following key principles:

- Integration of the principle of biodiversity conservation into our business management systems and when considering all stages of an asset life cycle.
- Development of Biodiversity Action Plans for projects located in areas of high conservation value.
- Use of widely available and effective planning tools to facilitate biodiversity conservation, such as those developed by: IPIECA, the global oil and gas industry association for environmental and social issues; the Energy and Biodiversity Initiative; and the International Association of Oil and Gas Producers.
- Consideration of opportunities for habitat improvement, including rehabilitation projects.
- Collaboration with key stakeholders to increase capacity for biodiversity protection, internally and in related institutions and communities.
- Linkage of biodiversity protection with GHG emissions reductions, where both goals can be met through integrated planning and action.

Our Biodiversity Expectations

As part of our business, we are committed to acting as a positive example of how natural resource development can occur in harmony with society's need to conserve biodiversity.

We are actively engaged with national and provincial governments and other key stakeholders to identify and support areas that require biological conservation.



ConocoPhillips China, as the current operator of the Penglai 19-3 oilfield, intends to reduce overall emission levels of greenhouse gases (CO₂e) at Penglai 19-3 to around 300,000 tons by the end of 2012, and to maintain that level through the next two years.

Greenhouse Gas Emissions

ConocoPhillips recognizes that human activity, including the burning of fossil fuels, is contributing to increased concentrations of greenhouse gases in the atmosphere that can lead to adverse changes in the global climate. While uncertainties remain over the extent of human contributions and the timing and magnitude of future impacts,

we are committed to taking action today to expand our business planning processes to address greenhouse gas emissions and to develop greenhouse gas targets for our operations.

As part of ongoing efforts to help address climate change, we continue to identify key sources of greenhouse gases from our facilities and introduce measures to reduce or eliminate those emissions.

In 2009, ConocoPhillips China developed its Greenhouse Gas Management Action Plan, and we have been focused on implementing that plan for more than three years. The plan is designed to allow the company to manage greenhouse gas emissions from our operations as effectively as possible. The plan prepares the company for a world increasingly challenged to address climate change issues, and allows us to meet the expectations of a diverse set of stakeholders.



Bringing Clean Energy to Consumers in North China

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In 2011, ConocoPhillips China, together with CNOOC, its co-venturer in the Penglai 19-3 oilfield, launched a new program to reduce gas flaring at key platforms in the Penglai 19-3 oilfield, and to retain the unused gas for the benefit of consumers.



In oilfields operations, flaring is often used to burn off flammable raw natural gas released when petroleum crude oil is extracted and produced. This project collects all excess gas from the flaring reduction program and sends it to shore via the Bonan subsea pipeline. Approximately 60 million cubic meters of natural gas is now saved annually and sold to customers in North China.

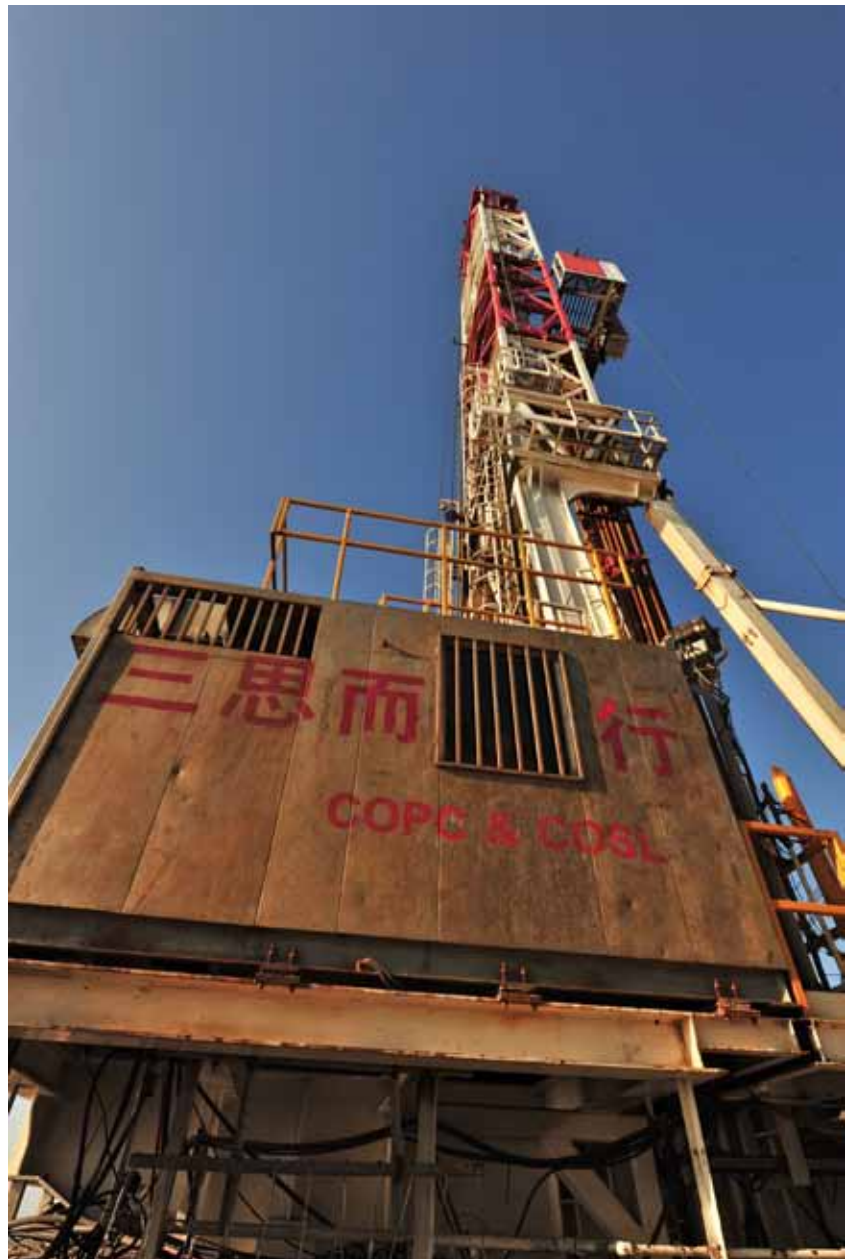
Some of the key actions we have taken over the 2009-2012 period include:

- **Preparing for a Low-Emission World**
Building capabilities and deploying resources that enable ConocoPhillips China to understand the business implications of climate change and fully integrate them into our strategic thinking, long-range planning, project development and operational processes and practices.
- **Reducing our Emissions**
Evaluating internal opportunities to reduce greenhouse gas emissions, and developing and implementing a greenhouse gas management program (including energy efficiency) for our operations.
- **Pursuing New Business Opportunities**
Analyzing the full range of new business opportunities that may emerge in managing climate change issues to make timely strategic investment decisions.
- **Engaging employees**
Creating and implementing programs that encourage employees to minimize greenhouse gas emissions at the office and at home.
- **Engaging Externally**
Proactively engaging in external efforts to foster pragmatic and sustainable climate solutions, including the development of effective public policy.

Case Study: Establishing a Penglai shore base

To reduce greenhouse gas emissions our team has been looking for ways we can increase efficiency within our operations. As part of the analysis we established a new remote operations base in Penglai, Shandong province, in late 2008. The new base enabled crew changes to occur in Penglai (closer to our offshore operations) as opposed to Tanggu and thereby helped reduce crew change travel time significantly. In addition, by significantly reducing the distance between our onshore base and the offshore platform, we saved a total of 3,370 tons of shipping fuel between 2009 and 2012.

The establishment of the new base provided enhanced support for our offshore facilities while reducing our environmental footprint. As a result of this move, between June 2009 and the end of June 2012, we reduced flying time by 2,767 hours and overall jet fuel consumption by 35.7 percent, equivalent to 1,105 tons.



Water

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Water is an essential natural resource. It is a vital resource to sustain life. Yet continued global population growth and economic progress are placing increased demand on both surface and ground water.



ConocoPhillips China uses water to drill and complete wells, to operate facilities and to produce oil from oil reservoirs. In addition, many oil reservoirs frequently contain large amounts of formation water, which comes to the surface along with oil or natural gas. This “produced water” can increase over time as the oil or natural gas is depleted.

At the Penglai 19-3 field, ConocoPhillips China employs a well-established technique called water flooding, whereby water is pumped into the reservoir to push the oil toward the producing wells and efficiently sweep more oil from the reservoir. Typically, treated seawater is used for offshore water flood projects and is disposed overboard from the production facilities. However, the Penglai 19-3 field is the first offshore oilfield in China designed to treat and re-inject all of the produced water, along with additional seawater, for its water flooding efforts.

Re-injecting the produced water back into the reservoir as part of a water flooding program, instead of disposing of it overboard from the production facilities, eliminates the environmental impact that the entrained oil, present in all produced water, might have on the Bohai Bay. In this regard, the Penglai 19-3 field is a leader in China’s offshore oil industry in produced water re-usage and environmental stewardship.

Self-Sustainable Water Usage

We have created a self-sustainable water usage environment at our offshore facilities in Penglai that includes fresh water-making equipment which takes sea water and converts it into fresh water to supply the bathrooms and laundry facilities.



Waste Management

At ConocoPhillips China we have established specific procedures to classify waste materials to ensure all relevant products are recycled. For instance, paper, polystyrene and lead batteries are collected in all our facilities in China and sent for recycling at third party locations.

We continue to track our waste metrics such as hazardous waste, non-hazardous waste and recycled residual materials.

Solid Waste Management Offshore

Operating offshore oil production facilities with 200 employees typically on our offshore platforms at any one time means that there will be a range of solid waste created – be it industrial waste or domestic garbage. We have put in place procedures to ensure solid waste is treated and disposed of in an environmentally sustainable manner. We also are constantly evaluating our system to identify ways we can reduce and re-use waste.

Industrial Waste

Industrial waste is typically generated in the production process of oil exploration and development and may include packaging materials and maintenance waste. Over the last three years we have produced an annual average of 1,390 tons of industrial waste. We are actively evaluating our industrial

waste usage to identify ways we can reduce the volume of waste – this includes buying less or prioritizing products that contain less waste. In addition, we maximize the reuse of waste by identifying ways that waste can be reused. Any waste that is not reusable is transported back to land and disposed of via approved agents.

For the past three years we have achieved an industrial solid waste re-utilization rate of more than 95 percent.

Domestic Garbage

In the course of daily life on our offshore platforms we generate approximately 1,150 tons of domestic garbage each year. This includes organic foodstuffs like the skin of fruit and leftovers, as well as inorganic items like waste paper, beverage cans, batteries, and expired medicine.

All domestic garbage is sent to shore for disposal or recycling. Organic items are sent to qualified companies to be incinerated. Inorganic items are separated into specific recyclable types on the platforms before being sent to shore for recycling.

Energy Conservation

ConocoPhillips China established an energy conservation team in 2008 to focus on identifying ways we can reduce our energy footprint. The team is composed of members from different functional groups and concentrates on identifying gaps and opportunities, while also helping drive thinking on new technologies and equipment that we can implement to help reduce our energy usage.

In 2008 ConocoPhillips China reevaluated the location of its Penglai support facilities to ascertain whether any location changes would help reduce our travel-related environmental footprint. As a result of the study we relocated our helicopter base from Tanggu to Penglai and the supply boat dock from Tanggu to Longkou, reducing relevant travel times, costs and environmental impact accordingly.

These moves reduced helicopter fuel consumption by 35.7 percent – which equates to about 3,370 tons – and reduced diesel oil consumption by at least 50 percent.

Health

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At ConocoPhillips China, we believe in the importance of a healthy work force and the benefits that good health can have for employees, their families, the company and the local community.



We encourage employees to be healthy through preventive medical care, regular exercise and good nutrition.

The company believes in the importance of preventive health programs and is developing more tools to prevent and address chronic illnesses.

Regular health checks are an important element in occupational health management as occupational illnesses are not always obvious. In some cases symptoms may take time to surface. Employees

are encouraged to participate in the annual occupational health monitor program which helps identify potential issues. In addition, we also organize employees to take Hepatitis B and flu vaccinations.

In 2007, we launched the ConocoPhillips Wellness Program. Steered by our Wellness Committee, we identify one key focus of wellness periodically and build internal education campaigns that run through all of our operations. In 2008, we identified noise-induced hearing loss as a risk and launched the Year of the Ear campaign the following year to build awareness about hearing loss and prevention techniques. In 2010 we addressed how to handle stress from a psychological perspective. And in 2012 we launched an annual campaign to educate colleagues on issues related to vision and eyesight.

We also have a robust drug and alcohol test program in support of our zero-tolerance philosophy on unauthorized or illegal drug and alcohol use in the workplace.



Oil Spill Response



Oil Spill Response

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At ConocoPhillips China, we utilize proven technology to monitor our operations and are prepared to respond to any oil spill.

Comprehensive spill-prevention and contingency plans have been developed for offshore operations, and highly-trained response teams are on call 24-hours a day under a contract with China Offshore Environmental Services.

In addition, Oil Spill Response and East Asia Response Limited are experienced contractors who are always on call to provide control services and support in the event of a significant spill in the Penglai oilfield.

We recognize that spill prevention is the responsibility of all personnel working at ConocoPhillips China facilities. We are constantly looking for ways to improve our operations and our response procedures to ensure the safety of future operations.

Penglai Oilfield – June 2011

In June 2011, we experienced two unrelated releases of fluids near two separate platforms in the Penglai 19-3 oilfield.

The incidents resulted in approximately 115 cubic meters (723 barrels) of oil and 416 cubic meters (2,620 barrels) of mineral oil-based drilling mud seeping into the Bohai Bay. The original seep sources were identified and sealed, and the vast

Facts and Figures				
The Numbers: ConocoPhillips responded quickly and was committed to response and clean-up efforts around the Penglai 19-3 incidents				
723 barrels (115 cubic meters) of oil released Crude oil was released during the two incidents	440 barrels (70 cubic meters) of oil and water recovered Oil was recovered by skimmers, absorbent boom and pads. The rest was naturally remediated	2,620 barrels (416 cubic meters) of MOBM released Mineral oil-based mud (MOBM) was released during the Platform C Incident	2,620 barrels (416 cubic meters) of MOBM recovered Mineral oil-based mud (MOBM) was collected from the seabed	900 response personnel Employees, contractors and volunteers were involved in the response and clean-up efforts
35 response vessels Fishing and tub boats, skimmers and dive support vessels supported clean-up activities	3,500 meters of boom ConocoPhillips China deployed absorbent and inflatable boom to contain the oil sheen	100 + divers 1,463 dives Divers were instrumental in the survey, clean-up and containment activities	163,456 km shoreline surveyed Shoreline protection search teams surveyed by vehicle and on foot	83 shoreline samples tested Only 3 of the 83 have characteristics similar to Penglai 19-3 crude

majority of the mineral oil-based mud that was released to the seabed was recovered. Between June 19, 2011 and July 1, 2012, less than one half of a cubic meter (three barrels) of oil was released from the seabed sediments – all of which was recovered or cleaned up.

Any release of oil, no matter the size, is too great. Safety and environmental responsibility are cornerstones of our corporate values and something we take extremely seriously. ConocoPhillips China responded swiftly and safely to clean up the released fluids and mitigate potential damages. No staff or contractors of ConocoPhillips China or CNOOC were injured in the containment and clean-up efforts. The company has developed and continues to review procedures and practices to ensure that incidents like this do not reoccur. ConocoPhillips China is committed to reducing any long-term impact on the Bohai Bay and its surrounding communities.

Our Response

Following the spill, ConocoPhillips China quickly mobilized an extensive response effort, often with substantial support from our co-venturer CNOOC. Throughout our response, ConocoPhillips China mobilized technical experts from across our global network, and deployed advanced equipment and specialized technology. We also brought environmental assessment and monitoring experts from around the world to assist in the safe implementation of our response efforts.

ConocoPhillips China also mobilized experts to conduct a thorough investigation to identify the root causes of the oil spill. Following this, a detailed corrective action plan was developed and implemented in order to prevent recurrence.



Where We Are:

Reviewing and Developing Procedures and Practices

In the period since the June 2011 incidents, we have organized teams of engineers and scientists to review what happened and to ensure the safety of our future operations. We conducted a comprehensive risk assessment on all ConocoPhillips China injection wells. As a result, we developed and are now adopting additional safety procedures as part of the revised Overall Development Program. These procedures include:

- Lowering overall waterflood injection pressures
- Suspending the use of wells to dispose of cuttings
- Identifying faults that extend close to the seabed
- Modifying waterflood patterns to move injection wells away from relevant faults
- Modifying well designs for future wells
- Implementing zonal injection and production capacity
- Staffing new organizations to more closely monitor the production and injection zonal balancing
- Establishing two controlled warehouses offshore on Platform B and the FPSO, and another two warehouses at the Penglai Shore Base to increase emergency response readiness

- Storing emergency response materials at Penglai to increase our emergency response capability, and
- Establishing vessel and helicopter resource-sharing contracts with other operators to increase logistics reliability and enhance emergency readiness.



Bioremediation Study

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The term “bioremediation” refers to the process of harnessing the ability of microorganisms to destroy environmental pollutants. It is generally the preferred strategy for treatment of sites impacted by petroleum hydrocarbons because it is the least invasive and disruptive to the seabed ecosystem.

What we did

Following the Bohai Bay incidents, Conoco-Phillips China conducted a study on the feasibility of bioremediation in the area.

This was a key part of our efforts to ensure that our operations have as small an impact on the Bohai environment as possible. Our goal was to characterize physical, chemical and microbial parameters to understand the biological processes that may support biological destruction of petroleum hydrocarbons and mineral oil-based mud (MOBM) in Penglai 19-3 sediments. The study included:

- **Baseline assessment:** Conducted from October 2011 to March 2012 to map the intrinsic biodegradation potential of the area.
- **Sediment collection and analysis:** Sediment core samples were collected and chemically analysed to determine the quantity and degree of hydrocarbon biodegradation.
- **Genetic and protein analyses:** Conducted to identify the existing microbial community and determine microbial metabolic activity.
- **Metagenomics and proteomics*:** Employed to characterize the microbial community present in the sediments impacted by the crude oil to seep and MOBM in the area.
- **Phase III sampling:** Conducted in April and May, 2012; intended to provide a more direct, comprehensive, and accurate assessment of microbial communities and the actionable data needed to make site management decisions.
- **Additional sampling:** Carried out to evaluate 1) biodegradation potential of highly weathered or toxic fractions that remain in place; and 2) first-order biodegradation rates.

* molecular biology tools used in this study to characterize the microbial community present in the sediments impacted by seep crude oil and MOBM

Initial Findings

Preliminary results, obtained as the Sustainable Development 2012 report was being finalized, indicate that the right microbial communities are living within the sediments around Penglai 19-3 and that intrinsic biodegradation is occurring. Test data collected and analyzed over the second half of 2012 will determine whether the rate of bioremediation is appropriate for the long-term health of the sediments in the Penglai 19-3 area, and whether any additional measures are required to enhance this bioremediation activity.

Reservoir Management and Surveillance Plan

Following the June 2011 Penglai 19-3 incidents, ConocoPhillips China assembled an integrated team to develop a Reservoir Management and Surveillance Plan. The purpose was to set out in detail plans for the development, operation and surveillance of the Penglai fields to ensure that all the lessons learned from the incidents will be reflected in future operations.

The plan contains information on current and future operational strategies for the field, guidelines for field management and reference information, which will serve as the basis for all subsequent planning documents.

The plan also outlines the manner in which reserves will be produced and draws on extensive analysis of geological and performance data used in geologic and reservoir simulation models.

The plan will be reviewed and adapted accordingly once a year at the beginning of the planning cycle, to ensure that it corresponds with changing operational needs and safety requirements at the reservoir.

Putting Commitments into Action



Environmental Protection Initiatives in China

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At ConocoPhillips China, we aim to meet our commitment to sustainable development by integrating sustainable development into our business wherever and whenever possible. We look to facilitate and ensure action, which helps deliver on our global economic, social and environmental commitments.

ConocoPhillips China has built a multi-pillar, multi-year approach to our engagement in China based on the above core areas of sustainable development. Currently our CSR programs in China comprise three key pillars:

- Environment
- Education
- Health and Wellness

The actions we take as part of these three pillars fundamentally support the communities in which we operate and reflect our belief that no individual or corporation can be a good citizen without engaging with local communities and the issues that matter to them.

We encourage employee volunteerism as an important facet of ConocoPhillips' overall corporate citizenship programs. Embedded in the company's core values of – Safety, People, Integrity, Responsibility, Innovation and Teamwork (SPIRIT) – is a strong commitment to enhancing the quality of life in the communities in which we live and operate.

We therefore select and advance our community activities through a portfolio approach which allows for greater employee volunteerism while ensuring widespread engagement and maximizing community impact.

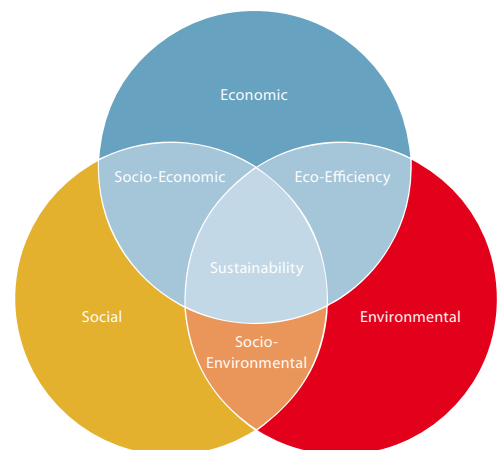
In addition to our own company initiatives, we also provide support during national disaster relief operations and have established special environmental initiatives in partnership with the Chinese government.

ConocoPhillips is committed to supporting programs that enhance the environment and bring long-term benefits to China and the local communities in which we oper-

ate. This means we are actively seeking programs and initiatives that benefit the communities around our China operational bases in Beijing and the Bohai Bay. We are also aiming to extend these activities to other regions in China as part of our efforts to support the country's development goals, such as supporting the transition to a clean energy economy through clean energy supplies, as well as working toward greater diversification of the country's energy resources.

Bohai Bay Commitment

As a significant investor in the Bohai Bay, we are actively supporting a portfolio of programs focused on preserving and protecting the local environment as well as communities along the Bohai Economic Rim. Over time we aim to support a range of programs, which will help enhance the long-term health of the bay and nearby communities and will address diverse environmental issues such as sustainable fishing, pollution reduction, wetlands conservation, water quality and protection of marine ecosystems.





By-Product Synergy

Program: By-Product Synergy Eco-Partnership Initiative
 Partner: China Business Council for Sustainable Development
 Date Established: May 2012

ConocoPhillips China has been a member of the China Business Council for Sustainable Development (CBCSD) since May 2012. As part of this partnership, we have donated over RMB 3.8 million (USD 600,000) toward a program to develop By-product Synergy (BPS) projects in the Bohai Bay area.

BPS is the matching of wastes and under-valued resources at one facility with potential users at another. The results of BPS projects include reductions in operating costs, improved environmental performance, increases in energy efficiency, reductions in CO2 emissions, and job creation and retention. Successful implementation of BPS not only benefits the participating companies and organizations but also the communities in which the project is located.

The development of BPS is a key goal of the EcoPartnership Program, jointly established by the CBCSD and the U.S. Business Council for Sustainable Development (USBCSD) in June 2011. The EcoPartnership strengthens the existing bi-national partnership between the CBCSD and the USBCSD and focuses on the energy and environmental challenges facing both countries.

By working with CBCSD on the BPS projects, ConocoPhillips China strives to support sustainable urban development by facilitating best practices for waste management, urban infrastructure design, water supply and conservation. The goal of the BPS projects is to help local businesses manage the utilization and disposal of their resources – which when successful, provides major cost benefits and brings long-term environmental benefits to communities in the Bohai Bay.

Independent Environmental Initiatives

Through participation in BPS projects, ConocoPhillips China also hopes to strengthen the relationship and cooperative spirit between China and the U.S. in promoting sustainable development. This synergic effort, organized under the EcoPartnership program, seeks to bring together groups of companies, and the resulting circular economy network produces results. This framework will allow companies in China to collaborate on new business and market opportunities, share resources and best practices, and develop joint projects. The USBCSD, which developed the framework, has a 15-year track record of successful BPS projects. Those projects demonstrate that collaborative projects can grow in value over years or even decades, generating economic returns while improving the environment and society.

Established through the Ministry of Civil Affairs of the People's Republic of China, CBCSD is a coalition of leading Chinese and international enterprises registered and operating in China. It provides a platform for exchange and cooperation among Chinese and international enterprises, government and social communities with the aim of sharing information, experiences and best practices to push forward the course of sustainable development in the world through common efforts.

For more information about the China Business Council on Sustainable Development, visit www.cbcsd.org.cn

This is an independent environmental initiative supported by the ConocoPhillips China Bohai Environmental Sustainability Program.





Cranes, Wetlands and Communities

Program: Conservation of the crane flyway from the Hulunbeier steppe to the Bohai Sea

Partner: International Crane Foundation

Date Established: April 2012

In 2012, ConocoPhillips China established a partnership with the International Crane Foundation (ICF) to protect cranes in north-east China and to conserve the wetland and grasslands on which they depend. Over a three-year period ConocoPhillips will provide approximately RMB 2.28 million (USD 360,000) to support conservation efforts in two key areas that are under significant threat:

- Northeast Inner Mongolia and adjacent parts of Jilin Province where variable rainfall, water diversions and climate change have created recurring stress conditions on crane habitats; and
- The coastal plain along Bohai where development puts strains on wetland ecosystems, to the detriment of water birds and local communities dependent on wetland resources.

The program will work with people dependent on the resources of wetlands and their watersheds to devise economic strategies, which safeguard their resource base, while being simultaneously compatible with water fowl and ecosystem protection. For example, two pilot projects will support sustainable economic development while also protecting wetland resources; the first in the Songnen Plain, a breeding ground for cranes, and the second on the coastal plain near Bohai.

Northeast China, together with adjacent parts of Inner Mongolia and Eastern Russia, support six species of cranes – the greatest diversity of cranes on earth. Four of these species are threatened with extinction, including the critically endangered Siberian Crane and the endangered Red-crowned Crane, a symbol of good fortune and long life across East Asia. Wetlands of this region provide a breeding habitat for most of the world's Red-crowned, White-naped and Hooded Cranes, and an essential stopover habitat for almost all the world's Siberian Cranes.

Since the 1980s, the ICF has emphasized a flyway approach to crane and water fowl

conservation. It has facilitated communications and coordinating activities involving wetland sites along the crane flyways in China, Mongolia and Russia. The coastal plain between the Bohai Sea and the mountains to the west is a migration corridor for a huge number of waterfowl, which are funneled across heavily populated and developed lowland areas. Over the past decade, the ICF has sponsored research, education programs, and the strengthening of wetland conservation and protected areas.

For more information about the International Crane Foundation, visit www.savingcranes.org.

This is an independent environmental initiative supported by the ConocoPhillips China Bohai Environmental Sustainability Program.

Hands-on Environmental Protection



Badaling International Friendship Forest

Program: Badaling International Friendship Forest

Partner: Badaling Special Zone Administration and Beijing Badaling Tourism General Company

Date Established: 2000

The Badaling International Friendship Forest, located at the foot of the world-famous Badaling Great Wall just outside Beijing, is an environmental park exclusively sponsored by ConocoPhillips China. The Park was initiated, designed, planned and developed by the U.S.-China Environmental Fund, and developed by the Badaling Special Zone Administration and Beijing Badaling Tourism General Company between 2000 and 2003.

The objective of the park is to create a harmonious environment that supplements the Badaling Great Wall in protecting and prominently displaying the Great Wall's historical heritage, cultural essence and ecological environment.

Trails around the park's 133 hectares are lined with signs telling the history and culture of the Great Wall and teaching visitors about the crucial importance of environmental conservation.

The Badaling International Friendship Forest, which is free to visit, not only provides an effective way to preserve the ecological environment of the Badaling scenic area, but it also serves as a place for visitors to relax and enjoy the splendor of the Great Wall.

- RMB 5 million (approximately USD 787,000) – ConocoPhillips China's initial contribution to the construction of the Badaling International Friendship Forest.
- RMB 100,000 (approximately USD 157,000) – the amount ConocoPhillips China has donated to the park on an annual basis since it opened in 2003.





ConocoPhillips China's sponsorship of the Badaling International Friendship Forest is a tremendous source of pride for our employees and is part of the company's commitment to corporate accountability, environmental protection and community involvement. Between 2009 and 2012, ConocoPhillips China organized six visits to the Badaling International Friendship Forest to clean up trash. The visits receive strong internal support with approximately 150 employees and their families participating in each activity.

Tree Planting at Remnant Great Wall

Program: Tree Planting
Partner: Badaling Remnant Great Wall
Date Established: 2010

As an extension of the Badaling International Friendship Forest project, every April since 2010, ConocoPhillips China employees, including offshore employees and family members, plant trees in the Apricot Valley near the Remnant Great Wall, which lies 8km west of the Badaling International Friendship Forest.

Between 2010 and 2012, 500 people from ConocoPhillips' Beijing and Tanggu offices supported our commitment to environmental protection and planted a total of 300 apricot trees.

Environmental Protection Activities in Tanggu

Program: Tanggu Clean-Up Initiative
Partner: Internally Developed
Date Established: 2009

ConocoPhillips China employees continue to put the company's belief in the importance of environmental protection into practice, and in 2009, our Tanggu-based employees initiated local efforts to clean up trash. To date, our employees have participated in clean-up activities in a number of places all around the Bohai Bay area, including Taifeng Park, Ziyun Park, Dongjiang Bay Beach, Nandaihe Beach and Beidaihe Beach.

From 2009 to July 2012, 16 trash clean-up days were held involving more than 300 employees and their family members. This small effort at hands-on environmental protection had a positive influence on local communities with residents showing appreciation for the clean-up and the parks being visibly cleaner.



Education and Youth Development



Education and youth development programs represent the foundation of ConocoPhillips' philanthropic support. We believe that connecting with young people on important issues affecting their communities is crucial to bringing about meaningful change, and this is why we direct more than half of our annual contributions toward young people around the world.

Light & Love School

Program: Light & Love School
Partner: Light & Love School
Date Established: September 2005

The Light & Love School is a non-profit school providing education and accommodation for orphaned, severely underprivileged and homeless children in migrant communities in Beijing. ConocoPhillips China has been supporting the school through financial donations and employee volunteer services since 2005.

- From 2009 to the end of 2012, our donations to the Light & Love School totaled approximately RMB 2.88 million (approximately USD 453,000). Of this, ConocoPhillips China donated RMB 2.51 million (approximately USD 395,000) to the school through the China Social Welfare Education Foundation to fund the ongoing development of a permanent school campus to house more than 100 students and teachers with classrooms, dormitories and other much needed facilities at the end of 2010.
- ConocoPhillips China has held an annual charity auction every year since 2005 to raise money for the Light & Love School. Between 2009 and 2012, these raised a total of RMB 370,000 (approximately USD 58,288).

- In October 2009 and October 2010, students and teachers at the school were invited to join ConocoPhillips China employees and family members in a trash clean-up at the Badaling International Friendship Forest.
- In 2009, 2010 and 2012, staff and family members held a "Children's Day Party" together with the students.
- In January 2011, ConocoPhillips China staff visited the school to celebrate the New Year.

Jelly Jam Environmental Education Programs

Program: Jelly Jam
Partner: Company employees and community schools
Date Established: 2002

Since the late 1990s, ConocoPhillips China has worked on the "Looking for Answers" environmental project in partnership with the Sino-U.S. Environmental Foundation. In 2002, as an extension of the project, ConocoPhillips China established "Jelly Jam," a cartoon rabbit who helps encourage and raise environmental awareness among students in primary schools and kindergartens in Beijing, Tanggu and Shenzhen. The annual program leverages our employees as volunteers to teach students about a variety of environmental issues and how each of us can make a difference by conserving more water and adopting a low carbon transportation philosophy.

The program is taught with an emphasis on interaction and participation, and applying the lessons learned to students' everyday lives. Students are encouraged to contribute in a variety of ways, whether through group discussions, drawing pictures, making handicrafts or theatrical performance. We

think of Jelly Jam students as “environmentally friendly” advocates helping to create a better tomorrow.

Our employee volunteers learn to become teachers under the guidance of more experienced volunteers and through reading our specially developed volunteer teacher’s handbook. ConocoPhillips China volunteers visit schools in Beijing, Tanggu and Shenzhen, near company’s operations and offices, and help students in primary schools and kindergartens become better environmental citizens by learning from Jelly Jam.

Between 2009 and June 2012, approximately 50 volunteers delivered 38 interactive training sessions to approximately 1,400 students in 13 primary schools.

Education Aid for Students in Yunnan

Program: Yunnan Education Aid Program

Partner: Yongning Education Assistance Center

Date Established: April 2010

In spring 2010, a long and persistent drought in southern China’s Yunnan Province made life for local people extremely difficult. Water shortages were severe enough to threaten basic food supplies and local resources were being redirected to address the immediate water shortage and



food challenges. As a result, many other vital areas were at risk of losing important support – including local education.

In response, ConocoPhillips China employees in Beijing and Tanggu rallied together in May 2010 and raised over RMB 16,400 (approximately USD 2,500) through a company-wide charity sale. The proceeds were put towards covering the cost of school lunches at the Wenquan School, near Lugu Lake in the Yunnan province. In addition, employees also donated clothes and books to support student learning.

In March and November 2010, volunteers traveled to the Wenquan School, located in a remote mountain area in Yunnan province, to visit the students and deliver a session of ConocoPhillips China’s “Jelly Jam” environmental education training. Our employees continued to support the local communities

in Yunnan. In August 2011, just before the new school year started, staff in Tanggu donated approximately RMB 2,600 (approximately USD 400) and bought basic supplies to support students in the Wenquan School.

Furthermore, between August 2010 and August 2012, 30 ConocoPhillips China employee volunteers joined a one-on-one education aid project in Yunnan. As part of the project, a donation of almost RMB 92,200 (approximately USD 14,500) helped fund schooling for 24 students. The donation was made through Yongning Education Aid Center, a local grassroots non-profit organization.

Health and Wellness

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We are committed to supporting organizations that connect citizens and families in need with basic human or social services to ensure their safety, health and wellbeing.



Love & Hope Project

Program: Love & Hope Program
Partner: China Association of Social Workers and the TEDA International Cardiovascular Hospital
Date Established: April 2008

The Love & Hope Project was developed by the China Association of Social Workers (CASW) and the TEDA International Cardiovascular Hospital (TICH) of Tianjin to fund heart surgery for children born with heart conditions or who suffer from heart disease. The project is specifically aimed at orphans and children from severely deprived families. Each child selected under the program is awarded RMB 10,000 (approximately USD 1,500) to fund their heart surgery.

Between 2009 and 2012, ConocoPhillips China donated over RMB 2 million (approximately USD 315,000) to fund heart surgery for approximately 200 severely underprivileged children born with congenital heart disease from a range of areas including

Qinghai, Tianjin, Inner Mongolia, Gansu, Yunnan, Henan, Shanxi, Hebei, Hubei and Anhui.

In addition to donations, ConocoPhillips China supports employee volunteerism at the hospital, through which local and international ConocoPhillips employees offer help and support to the children receiving treatment. From 2010 to July 2012, we conducted 182 employee visits, achieving a total of 314 volunteer hours.

Sunshine Home

Program: Sunshine Home
Partner: Sunshine Home
Date Established: 2009

Sunshine Home is a non-profit foster home for mentally and physically disabled children in severe need. Located in Tanggu Minjiangli, near the ConocoPhillips China office, it is funded by Mr. Wang Baijun, whose own child is mentally disabled. The Sunshine Home has space to provide nursing, rehabilitation and skills training to

38 children. ConocoPhillips China employees regularly participate in visits to the Sunshine Home, and bring food and other necessities.

In 2009, 2010 and 2011, ConocoPhillips Tanggu onshore and offshore employees held charity auctions, the proceeds of which helped fund a craft workshop, which now helps sustain the Sunshine Home. Since 2009, a total of RMB 178,000 (approximately USD 28,000) has been raised, of which half was provided by the ConocoPhillips China one-to-one matching fund.

Additionally, in 2010, ConocoPhillips China volunteers raised RMB 10,000 (approximately USD 1,500) for the Sunshine Home in a charity sale of crafts made in the workshop.



Beacons of Hope Program

Program: Beacons of Hope Program
Partner: Rotary Club of Beijing
Date Established: 2010

"Beacons of Hope" was established in 2010 to provide health checks to underprivileged children in Beijing. The program was initiated by two high school students, Patrick Yao and Nicol Lo, from Dulwich College in Beijing. The program was designed to identify local migrant schools where students are deprived of healthcare – in some cases, from birth – and provide health check services.

Between 2010 and 2012, ConocoPhillips China has donated RMB 47,500 (approximately USD 7,500) to the program to fund medical checkups for 400 students from Xin Xin and Bo Shi Migrant Schools. ConocoPhillips

China employees and their families helped as volunteers during the checkups.

Disaster Relief

When the unexpected happens and national disasters strike, we seek to identify ways in which we can support – either via our own expertise or via donations to those best placed to deliver aid.

In May 2010, we donated RMB 500,000 (approximately USD 78,000) to the Red Cross Society of China to support disaster relief efforts following an earthquake, which occurred in Yushu in Qinghai province on April 14, 2010.



Government Managed Projects

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Ministry of Agriculture

Program: Bohai Bay Fishery Resources and Habitats
Partner: Ministry of Agriculture
Date Established: April 2012

As part of our agreement with the Ministry of Agriculture ("MOA"), RMB 618.5 million (approximately USD 97 million) is to be used to improve fishery resources and the environment in the Bohai Bay. The MOA is administering the funds and is responsible for developing appropriate programs.

On June 4, 2012, the MOA, together with local authorities from Hebei, Liaoning and Shandong provinces and the Tianjin municipal government, jointly launched the 2012 Bohai Bioresources Restoration and Release Campaign.

The campaign was the first program to utilize environmental funding provided by ConocoPhillips China to benefit Bohai Bay fishery resources. Representatives from the MOA, the four local provincial and municipal governments, China National Offshore Oil Corporation and ConocoPhillips China attended the fishery release in Qinhuangdao, Hebei province. The campaign was the largest of its kind in recent years and is part of a bid to restore the marine environment and sustain the fishing industry in the Bohai Bay. A total of 140 million Chinese shrimp, gazami crab, flounder and redeye mullet were released at multiple locations around the Bohai Bay.

State Oceanic Administration

Program: Bohai Bay Marine Ecological Protection
Partner: State Oceanic Administration
Date Established: April 2012

As part of our agreement with the State Oceanic Administration, ConocoPhillips China committed RMB 113 million (approximately USD 17.8 million) to support environmental initiatives in the Bohai Bay. Initial programs will focus on improving the protection of marine ecology, reducing pollutants and studying long-term ecological influences in the Bohai Bay.



People

Empowering Employees



Training & Development

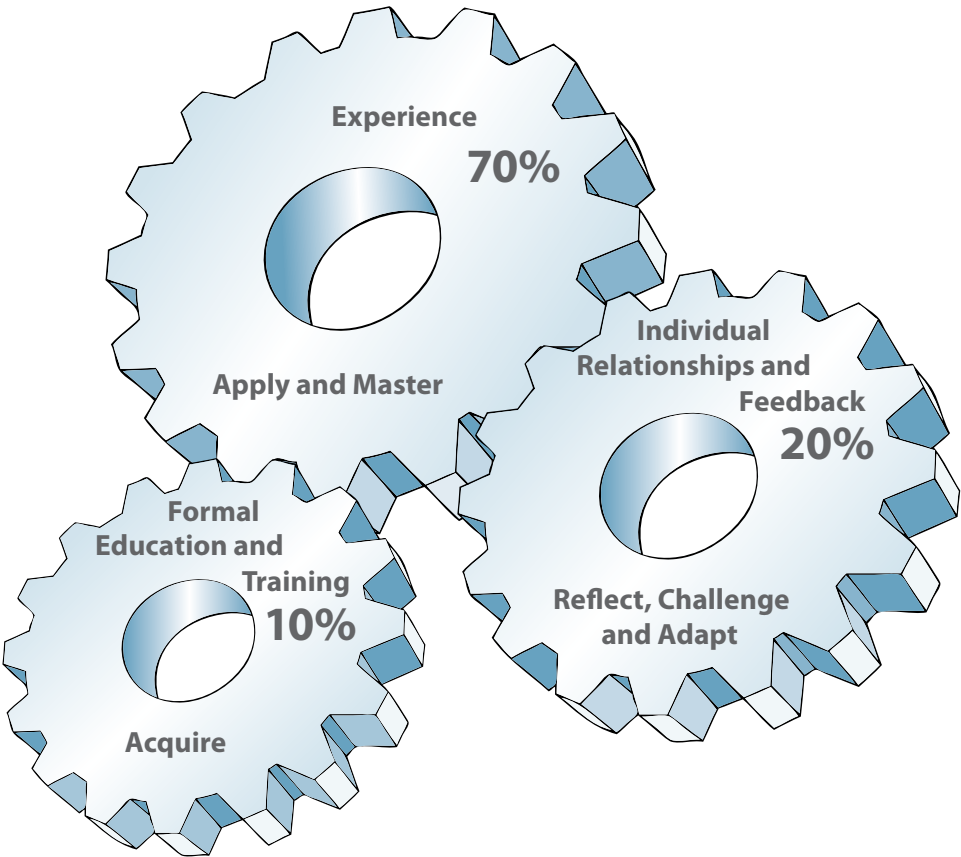
50

Our approximately 700 employees in China form part of ConocoPhillips’ worldwide workforce of 16,500 employees, all of whom are focused on consistently delivering energy to consumers and value to shareholders. We value the knowledge, diversity and performance of our employees and believe that they help to differentiate our company.

We continue to build and retain a world-class, committed and stable team at ConocoPhillips China and at the Penglai oil-field, and are focused on empowering our employees to achieve success for ConocoPhillips China, our partners, our customers and the communities in which we work.

We build employee empowerment by equipping employees with the skills and knowledge needed in their day-to-day activities through training and development programs, recognition of employee achievements, creating an open, collaborative and healthy work environment, and ensuring employees maintain a healthy work-life balance.

Developing employees has become an even bigger focus for ConocoPhillips China over the past three years, following the aggressive growth of the organization. Through our strategic and structured development programs, our employees are more empowered to perform to their best.



Multi-facet Development Approach

At ConocoPhillips, we believe 70 percent of an employee's development occurs on the job; 20 percent comes through feedback from and coaching by senior employees; and the final 10 percent is gained through formal education and training.

Supporting the '70 percent' of Development

To reflect this philosophy, we implement: job rotation to help employees broaden their experience, job enrichment to offer greater exposure and job transfer to help people progress. In the past two years, more than 100 ConocoPhillips China employees have participated in our annual job transfer, including approximately 30 Chinese-national employees taking international assignments and more than 50 employees experiencing job rotation and job enrichment programs.

Supporting the '20 percent' of Development

We encourage the mentoring of younger employees by experienced team members and offer a formal one-year career mentoring program for key talents within the company. Between 2009 and 2012, 33 employees benefited from the program. Program mentors are selected from ConocoPhillips' senior management and leadership team. Following the program, mentees develop a Personal Enterprise Plan, which encompasses short- and long-term career plans, which help employees establish a clear understanding of their personal goals and the opportunities available within ConocoPhillips. In addition, all employees can volunteer for and benefit from our informal mentorships.

Supporting the '10 percent' of Development

Although classroom training accounts for only 10 percent of the development wheel, ConocoPhillips China continues to invest heavily in this area. In 2010, on average,

three learning opportunities, offering soft skills development, were provided for each employee. Our training budget equals 3.5 percent of our total payroll in China, compared to a market average of 1.7 percent.



Reward and Recognition

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ConocoPhillips understands that recognition is central to performance management and is critical to driving business performance.

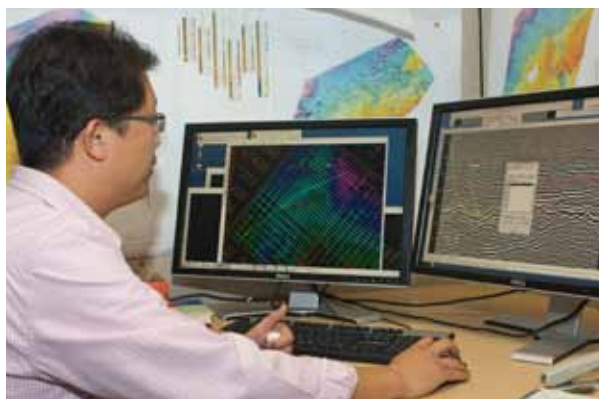
Recognition: Part of our culture

In 2010 we launched a series of managerial-level training workshops on how to build a culture of performance recognition and increase motivation and engagement within teams, to raise performance at ConocoPhillips China.

We recognize the dedication of our employees during critical events and the extra

lengths they go to. In 2011, we launched the President Award to recognize key employees and their commitment in exceptional circumstances. Our 'Offshore Thank You Award' recognizes the outstanding performance of our offshore employees. We also have regular award programs such as the 'Special Recognition Award,' which awards cash based on employee contributions to the business. In addition, the annual 'COPC SPIRIT Award'

honors employees and teams who exemplify COPC's high performance standards. In particular, it recognizes individuals who best implement our core values of Safety, People, Integrity, Responsibility, Innovation and Teamwork (SPIRIT) when conducting business and contributing to society.



Internal Trainer Program

Our Internal Trainer Program was initiated in 2010 and aims to encourage knowledge sharing within the company. Over the past two years, 10 internal trainers, selected for their skills and passion, have delivered more than 10 learning sessions covering topics in the fields of operations, health, safety, environment, finance, information technology, procurement and commercial issues.

Career Weeks

On a worldwide basis, ConocoPhillips continues to adopt the most advanced career development philosophies and practices. In order to address specific career development needs, ConocoPhillips China holds annual 'Career Weeks,' which enable employees to increase their competency in career development and management. In 2011, Career Weeks allowed participants to take a 'Career Anchor' assessment, which helped employees to better understand their personal values and how these shape career choices.



Work-Life Balance

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We are committed to providing a pleasant, supportive and green work environment for employees.



Creating a Pleasant Work Environment

At the ConocoPhillips China Beijing office, employees can enjoy in-house Starbucks coffee and iPad-based entertainment during coffee breaks. In 2009, we also launched the Green Office campaign which encouraged employees to save paper and energy. In particular, we promote the use of recycled paper for printing, and we have reconfigured the office lighting system to reduce the consumption of electricity. As a result of these efforts, we have reduced our annual consumption of electricity by approximately 40 percent. We continue to actively encourage our employees to promote environmental protection and to do their part to conserve energy.

Our wellness program is important for ConocoPhillips China as it emphasizes the importance of a positive work-life balance. It helps employees live healthier lives by building a supportive work environment and offering awareness and education. In 2012, we focused on the topic "Year of the Eye" through lectures, a family day event and outdoor activities.

Maintaining a Substance-free and Safe Workplace

In line with ConocoPhillips' global philosophy of zero tolerance for unauthorized or illegal drug and alcohol use in the workplace, we operate a drug and alcohol testing program across our China business. It is vital we preserve a safe, healthy and productive work environment for all employees. In 2010, the testing program, which was originally designed for offshore employees, was extended to include on-shore employees. Employees are tested on a periodic basis and any violations are treated very seriously.

Value Difference, Celebrate Diversity

Diversity is highly valued within ConocoPhillips as it stimulates creativity and helps the organization retain people. Since 2009, ConocoPhillips China has operated a program addressing many elements of diversity such as gender, age and personality. The program is made up of various workshops, lectures and ongoing activities for focused groups. For instance, one of the initiatives is a Women's Leaders Network, which supports approximately 40 leading female employees in their development through training and networking events.

Furthermore, to develop widespread understanding and promote diversity, we have organized a range of lectures and assessments as part of our annual Career Weeks.

Finally, to help our overseas managers and employees develop their understanding of doing business in China, in early 2012, we launched a program of workshops and information-sharing sessions looking at cross-cultural communications.

Recruitment: Campus Activities

To support the next generation of professionals, we partnered with several China-based petroleum universities in 2009 and 2010 and organized one-day 'Career Development Days' to give soon-to-be graduates insights into a career in the petroleum industry. As part of this, ConocoPhillips China's human resources team and chief engineers shared our corporate career development philosophy, practices and experiences. Furthermore, we invited a consultant to deliver a half-day interview skills workshop to help equip students with better job seeking skills.

Employee Engagement and Feedback

In a large, diverse and widespread organization like ConocoPhillips, communication is vital. To keep ConocoPhillips China employees abreast of key corporate activities, employees can participate in town hall meetings, and access our intranet and discussion forums. We also publish newsletters to share the work and life of our employees.

Business Ethics and Compliance

To help employee performance, ConocoPhillips China employees receive guidance on their professional conduct through our global 'Code of Business Ethics and Conduct' and 'Equal Employment Opportunity Policy.' These documents set consistent global standards for providing equal opportunities and fair treatment in recruitment, compensation, professional development and advancement. They are supported by regional policies, which clearly determine how these standards are implemented in compliance with local laws. Ongoing training and enforcement, open reporting lines, and anti-retaliation policies support the company's requirement for ethical conduct and fair treatment of our staff.

Performance Management

ConocoPhillips' performance management process is a dual-purpose process aligning performance expectations and measuring results, while encouraging ongoing feedback and coaching. It is an agreement between the supervisor and the employee about priorities. This ongoing process establishes clear goals and expectations and a plan to help employees achieve them.

Employees' performance is assessed against the goals achieved, contributions made compared to peers and demonstration of the company's core values.

The supervisor will propose the employee's performance rating based on discussions with the employee. The ConocoPhillips Performance Appraisal Committee ensures fairness throughout the process.



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