

# Environment, Social and Governance Highlights



ConocoPhillips recognizes how important it is to deliver reliable and affordable energy to the world in a sustainable way that addresses important social and environmental issues. We're grounded by values that position us to deliver strong performance in a dynamic business — but not at all costs. We believe it's not just what we do — it's how we do it — that sets us apart.

## ConocoPhillips at a Glance

**10,400** Employees around the world

**17** Countries where we operate

**\$36.7 billion** Total revenues and other income

**\$7.2 billion** Net income

**\$9.4 billion** Payments to contractors and suppliers

**\$1.5 billion** Cash dividends paid to shareholders

**\$6.6 billion** Reinvested in capital investments to find new energy supplies

**1.3 million** Barrels of oil equivalent per day produced

\*2019 data

"We recognize society's rising expectations for ESG performance, and plan to be the company of choice for stakeholders through our strong strategic planning, focus on environmental and social performance and active external engagement." — Chairman and CEO Ryan Lance



**Our Mission** We exist to **power civilization.**

**Our Vision** We will be the **E&P company of choice** for all stakeholders.

# Managing Climate-Related Risks

ConocoPhillips has adopted a comprehensive framework that will guide the company on how it will manage climate-related risk, meet energy demand and address the expectations of stakeholders through the energy transition.

To manage climate-related risks, we:

- Have long recognized the need for action to address climate change and have been reporting on our performance to reduce our greenhouse gas (GHG) emissions since 2003.
- Voluntarily reduced GHG emissions versus business as usual by approximately 40% over the last 10 years.
- Set an ambition to become a net-zero company for operational (scope 1 and 2) emissions by 2050, consistent with the Paris Agreement's aim to limit the rise of global temperature to well below 2 degrees Celsius.
- Increased our operational greenhouse gas emissions intensity reduction target to 35–45% by 2030.
- Endorsed the World Bank Zero Routine Flaring by 2030 initiative, with an ambition to meet that goal by 2025.
- Reduced our methane intensity by nearly 65% since 2015 and set a target to further reduce methane intensity by 10% by 2025.
- Are advocating for a U.S. carbon price to address end-use (scope 3) emissions through our membership in the Climate Leadership Council.

Paris-Aligned Climate Risk Framework to Meet a **Net-Zero Operational Emissions Ambition by 2050**

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## Reducing Emissions

### The Environmental Partnership

We participate in The Environmental Partnership in the U.S., a coalition of natural gas and oil companies working to reduce methane emissions.

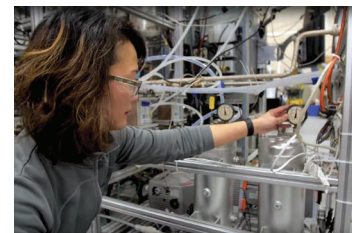


### Continuous Monitoring



We are adding continuous methane monitoring devices to our operations, with a focus on our larger Lower 48

facilities, with the expectation that two-thirds of Lower 48 production will be monitored for emissions by early 2021.



### Carbon XPRIZE

We are sponsoring a prize to incentivize and accelerate the development of technologies that convert CO<sub>2</sub> into valuable products

# Managing Local Water Risks

We manage water-related risks and mitigate potential impacts to water resources, taking into account the unique social, economic and environmental conditions of each basin or offshore marine area.

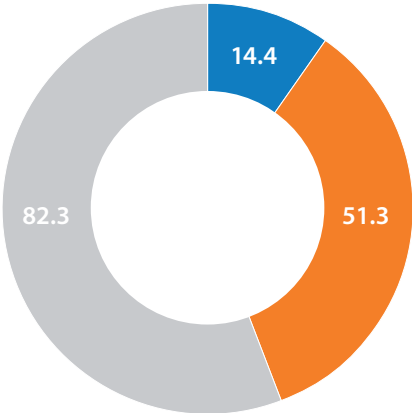
## Water Use

Almost 90% of the water we use globally is non-fresh groundwater, seawater and reused/recycled produced water.

### Source Water – Global\*

MM Cubic Meters

■ Fresh ■ Non-Fresh ■ Reused/Recycled Produced



\*2019 data

## Water Management Priorities

Water risks are evolving globally in response to cumulative effects of human water demand and impacts to local water resources, physical effects of climate change, local water stress, and changing priorities and expectations of governments, investors and society.



## Performance Goals

In the China Draw area of the U.S. Permian, we are reducing the amount of water withdrawn from local sources and have a target to use 98% recycled produced water in 2020.

We are using a closed-loop water hub in the Montney area of Canada to effectively manage water use and support our goal of recycling 80% of produced water in the basin.

In 2019, our Norway operations surpassed their performance goal for oil in water concentration of 10mg/L with 6.9 mg/L – more than four times lower than the regulatory limit.

Our strategic priorities are to:

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

# Managing Biodiversity Risks

We assess potential impacts associated with the direct and indirect operational footprint of our onshore and offshore assets through an integrated management system approach to identify, assess, characterize and manage biodiversity risks.

## Mitigating Risks

We manage risks and impacts to areas with biological or cultural significance through the four prioritized steps of the Mitigation Hierarchy.

### Avoid

- › In Alaska, we utilize winter ice roads to avoid placing permanent infrastructure on the tundra where possible.
- › In Norway, we study cod to mitigate the impact of seismic surveys on spawning.
- › In the U.S Lower 48, we have enrolled over 280,000 acres in voluntary conservation agreements.



### Minimize

- › In our oil sands operations in Canada, we are participating in a goal to reduce footprint intensity by 10% by 2022.
- › In Alaska, we have reduced the size of our well pads from 65 acres in 1970 to about 12 acres now.
- › In the Lower 48, we are using a centralized facility concept to reduce land disturbance and impacts on wildlife.



### Restore

- › In Norway, we have restored approximately 1,400 acres of seabed as we remove offshore platforms.
- › In Canada, we have planted over 1 million trees since 2009 to restore disturbances in the boreal forest.



### Offsets

- › In Indonesia, we have offset land disturbance by rehabilitating 88 acres of peatland within the Sriwijaya Botanical Garden.
- › In Australia, two-thirds of Curtis Island is actively managed under a conservation agreement to protect the island's ecology.



## Spill Prevention

We take numerous precautions to reduce the risk of a spill, proactively work to minimize opportunities for spills and continually evaluate spill risks across our operations. We maintain a

strong oil spill response capability through our systematic, multi-tiered approach to emergency preparedness and crisis management.

# Creating Shared Value

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

## Engaging stakeholders to understand their interests, concerns and culture

- In Canada, we have developed a values and interest assessments (VIA) process to guide practitioners as they work with Indigenous communities to create positive, sustainable outcomes.
- In Colombia, we have engaged with stakeholders, including local communities, over 250 times from 2016 through 2019, listening to concerns and addressing questions about our project plans in the Middle Magdalena River Valley.

## Integrating stakeholder input into business decisions

- In 2019, discussions with Alaska North Slope community leaders and residents led us to change the development plan for our Willow project from a gravel island staging area for infrastructure to using ice roads to minimize potential environmental impacts.
- In Canada, near our Montney project, we are implementing a “life of project” agreement with the Halfway River First Nation, which has created a collaborative process around community engagement and contracting.



## Building Local Economies

- In Indonesia, we continue to support a Rubber Farmers Group which we helped establish in 2002 in collaboration with the local rubber research institution, Sembawa. Approximately 1,200 acres of rubber plantation have been rejuvenated and are managed by 560 individual farmers from the villages near our operations. Through Sembawa, we provide quality rubber seeds and fertilizers, as well as regular mentoring and supervision. The group has given farmers direct access to local rubber factories and a stronger bargaining position that has resulted in higher income.

## Strengthening Communities

- We started a six-year scholarship program with Yalari to fund a Queensland Indigenous female student to study at an all-girls school in Brisbane, Australia in 2019. Yalari is a not-for-profit organization that provides secondary education scholarships for Indigenous children from regional, rural and remote communities.
- We are a member of the Permian Strategic Partnership (PSP), a coalition of energy companies and regional leaders that is working to address current and future challenges associated with oil and gas development. In 2019, the PSP brought doctors into rural communities, funded the creation of a charter school system to build more schools, funded a new vocational/tech school in Hobbs, New Mexico to address workforce needs, and brought the first ever federal highway BUILD grant to the state.
- We contribute to the well-being of the communities in which we operate through charitable giving, employee volunteerism and civic leadership. We believe the most effective charitable investments are made through strategic relationships with organizations dedicated to serving our communities, day in and day out.

# Integrating Sustainability

ConocoPhillips utilizes an integrated management system approach to identify, assess, characterize and manage environmental- and social-related risks. Sustainability is integrated into our strategy, project development and operations.

## Measure and Monitor

Track and assess actions.

Includes:

- GHG emissions
- Flaring and methane
- Energy efficiency
- Water use/reuse
- Spills
- Social performance

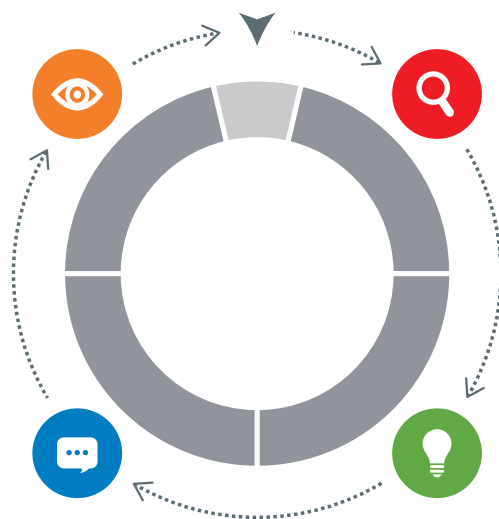
## Engage

Communicate risks internally and externally.

Includes:

- Regular briefings of executives and board of directors
- Input to Enterprise Risk Management
- Dialogue with external stakeholders

## Adjust, Innovate and Continuously Improve



## Identify and Map

Develop risk register which ranks corporate-wide and local risks.

Includes:

- Scenario planning
- Proxy carbon pricing
- Project authorization
- Environment and social risk assessments

## Address Risk

Collaborate on strategies and action plans to manage ranked risks.

Includes:

- Action plans for climate change, water, biodiversity, stakeholder engagement
- Greenhouse gas intensity target
- Marginal Abatement Cost Curve
- Long-range plan
- Corporate strategy

## Our People

We have created an inclusive environment that reflects the different backgrounds, experiences, ideas and perspectives of our employees.

## Key Stakeholders

Active stakeholder engagement and dialogue is an integral part of our sustainability commitment.

## Business Ethics

Our Code of Business Ethics and Conduct sets out our standards as well as our legal and ethical responsibilities and provides concrete guidance for expected behaviors.

## Supply Chain

We are committed to supporting business opportunities and capacity building for local and diverse suppliers in our own operations and through our supply chain.

