



2013 Sustainable Development Report

(07/22/14)

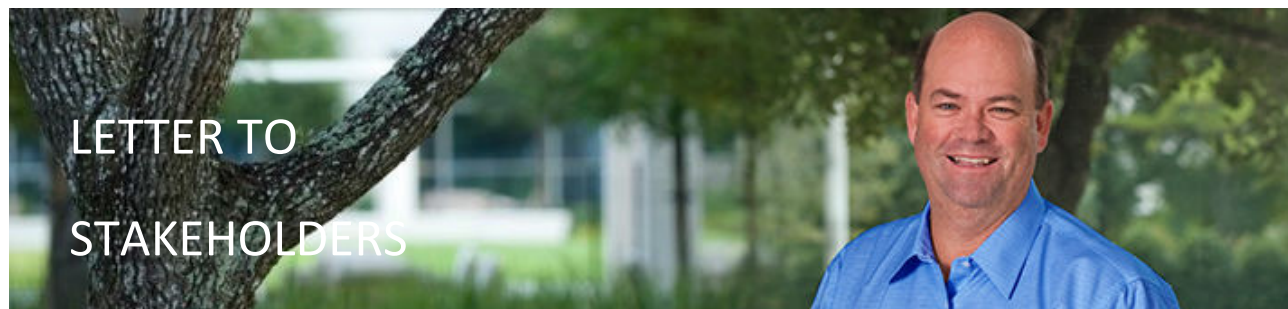
Introduction

This file contains all of the content related to sustainability found on ConocoPhillips.com. Its purpose is to better communicate our progress on sustainable development issues for stakeholders who choose to download our content. The file is current as of December 31, 2013.

Contents

Our Approach	3
Common Questions	35
Safety & Health	43
Environment	55
People & Society	104
Our Performance	132

OUR APPROACH



ConocoPhillips is making our mark as an independent exploration and production company, while holding ourselves accountable to our legacy values. Our SPIRIT Values of Safety, People, Integrity, Responsibility, Innovation and Teamwork define who we are as a company. These values are the basis for our sustainable development activities across the world.

Safety continues to be a top priority for the company, and our goal is to have zero recordable incidents. To help us achieve this goal, we launched our *8 Life Saving Rules* in 2013 as part of our ongoing, focused effort to eliminate serious and fatal incidents from every aspect of our business.

Our sustainability efforts last year centered on updating action plans for climate change, biodiversity, water and human rights. These action plans include objectives related to understanding our footprint, managing projects and operations, addressing risk and opportunity, and engaging externally. We also made progress on defining supplier expectations for business conduct, and on addressing related risks in our supply chain.

We continue to work to reduce greenhouse gas (GHG) emissions in our operations and to integrate climate change-related activities and goals into our business planning. As part of this work, we completed additional projects around the globe to improve energy efficiency and lower GHG emissions. These projects reduced or avoided about 1 million tonnes of carbon dioxide-equivalent emissions from ConocoPhillips-operated assets. This equals a reduction of approximately 4 percent and continues our 3 to 4 percent year-on-year success since 2009, for a total of more than 3.5 million tonnes of carbon dioxide-equivalent reduced or avoided emissions.

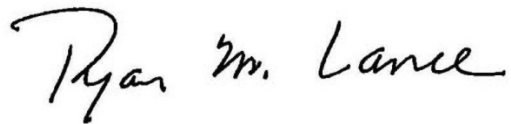
We recently revamped our sustainable development reporting to be more informative, searchable and responsive to common questions, and we make ongoing report upgrades to provide additional information that is better organized and more reader-friendly. It includes an

innovative learning module, originally designed to promote employee awareness of sustainability issues. We have since added this module to our website in response to requests for sharing it publicly. Last fall we held a highly successful best practices Environment and Sustainable Development Workshop for nearly 150 practitioners worldwide.

We pride ourselves in serving as responsible citizens in the communities where we work and engaging our diverse stakeholders. We also contribute to these communities through charitable giving, employee volunteerism and civic leadership. Worldwide, we give to organizations supporting education, health and safety, environment, arts, and social services. We also provide disaster relief when needed.

The ConocoPhillips commitment to sustainable development provides the foundation for our actions, which concentrate on conducting business to promote economic growth, a healthy environment and vibrant communities, now and into the future.

Sincerely,

A handwritten signature in black ink that reads "Ryan M. Lance". The signature is written in a cursive, flowing style.

Ryan M. Lance
Chairman and Chief Executive Officer

About Our Report

Scope

This report covers ConocoPhillips sustainable development performance through calendar year 2013, updating previous content for 2012.

ConocoPhillips is the world's largest independent oil and natural gas company, based on production and proved reserves. Our vision is to be the exploration and production company of choice for all stakeholders by pioneering a new standard of excellence. This report covers sustainable development activities and practices related to our current business activities focused exclusively on exploration and production. Performance data has been restated to reflect strictly upstream results for recent years.

This report also describes how we do business, and it shares our sustainable development approach and action plans, as well as our successes and challenges. We have provided company wide policies, positions and programs, as well as examples of local initiatives across our worldwide operations. Our report is informed by external reporting standards such as the Global Reporting Initiative and IPIECA standards, an internal systems-based approach, and key stakeholders.

We utilize our Sustainable Development Report to communicate about the key areas of our performance that interest stakeholders. Based on stakeholder feedback, we are continuing to use this website as our primary reporting method.

Our business units also communicate sustainability performance to stakeholders through dialogue, as well as formal reports associated with local regulatory processes. Several ConocoPhillips business units, including Alaska, Australia, Canada, and China published sustainable development reports to communicate performance and to engage with local and regional stakeholders.

In each year beginning in 2007, ConocoPhillips has been named to the Dow Jones Sustainability North America Index, which lists North America's leading, sustainability-driven companies.



For more information about this report, contact: SDteam@conocophillips.com

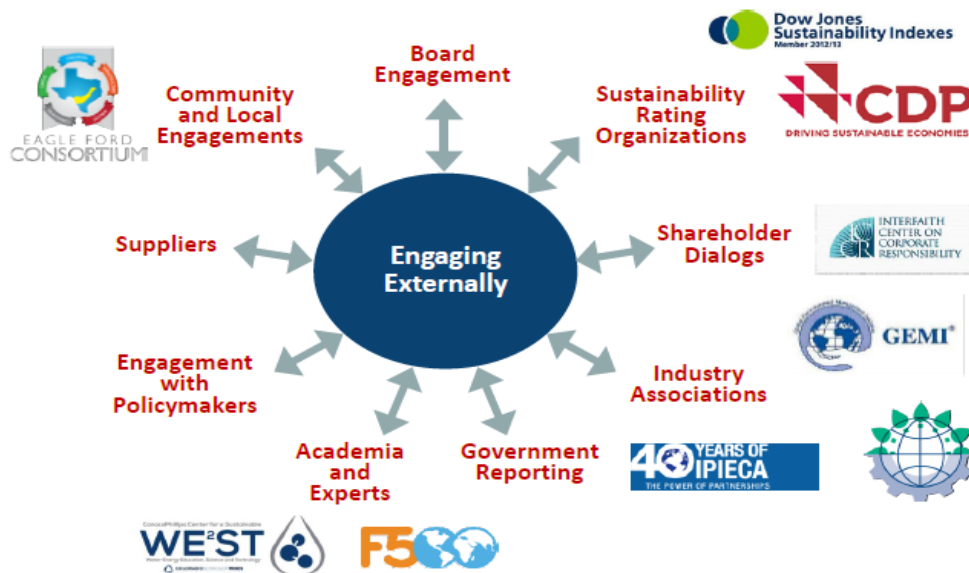
Transparency and Collaboration

ConocoPhillips believes it is our responsibility to seek to understand and be understood by our stakeholders – a diverse group of individuals and organizations who can impact or be impacted by our business. We work to accomplish this by maintaining open communication through both formal and informal engagement processes, and providing accessibility to information concerning our business practices. Our principles of stakeholder engagement inform our approach.

As we develop plans and report results, we consider stakeholder feedback, questions, and insight in a variety of ways.

Stakeholders shown in this diagram all play a role in informing our approach, priorities, plans, actions and reporting. We listen and learn through individual and group engagement, receive questions from our website and other sources, and analyze our performance based on external ratings and best practices from our industry and other industries. We use this process to assess the “materiality” of issues and information to include in the report.

Internal training and awareness is built through active engagement with Networks of Excellence, Issue Working Groups, Discussion Forums and Leadership Teams, as described under Sustainable Development Governance. These governance and best practice structures reach more than 900 leaders and practitioners. Broader training, like the new Sustainable Development Learning Module is available to all employees. In the first few weeks that it was available, over 4500 employees viewed the training.



External organizations are important for best practice sharing and learning as well. Our approach leads to enhanced issue understanding through work with industry associations and stakeholder forums and dialogue with socially responsible investors. Some of the key organizations that we collaborate with to advance our sustainable development work are including in this diagram with links to the relevant part

of their websites.

Report Library & Indexes

Regional Sustainability Reports

Developing energy responsibly includes processes, standards and people with the skills and passion to deliver on the expectations of our stakeholders. In addition to this Corporate SD Report, ConocoPhillips also develops regional SD Reports where it's appropriate to provide more detail about regional activities. . These business unit sustainable development reports provide more examples of how our businesses are translating SPIRIT values into action.

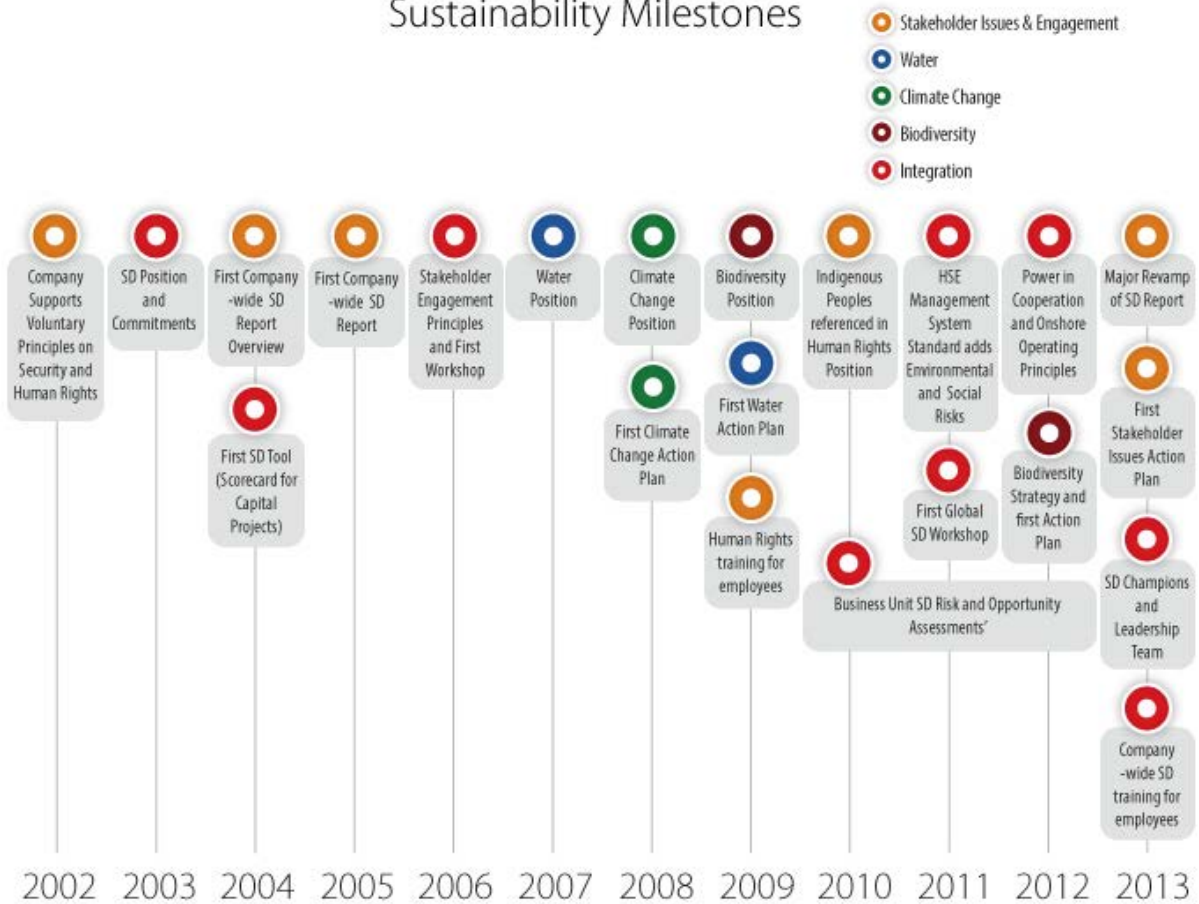
Recent reports have been prepared for:

- Alaska
- Australia
- Canada
- China
- Peru (move to archive reports)

Company Sustainability Reports

- 2012
- 2008
- 2006
- 2005 baseline

Sustainability Milestones



Our Principles

ConocoPhillips' approach to sustainable development stems from our fundamental intent to prosper as a business and to meet the energy needs of present and future generations. In doing so, we also will create value and improve living standards for our stakeholders.

Our sustainable development approach integrates principles, commitments, positions, action plans, performance indicators, engagement results and reporting. We seek continuous improvement and skills development in each of these management system elements. That's what leads to measurable results for social, economic and environmental performance. Our mission is to power civilization. Energy plays a foundational role in enabling global economic development and human progress. Many sources will be needed to meet global energy demand, and this fact underscores the



importance of a balanced energy policy approach. In support of ongoing dialogue with a broad spectrum of stakeholders, ConocoPhillips developed 10 energy principles to guide development of positions on specific public policy issues including environmental issues such as climate change. We invite you to read and share your thoughts on these principles. We also recognize that there are environmental and social implications, and that emphasizing responsible development is important. That's why we created the ConocoPhillips Global Onshore Well Management Principles to guide how we protect and respect people and the environment. We take these principles seriously, and we welcome your comments on them. Our Sustainable Development Commitments

Our Commitments

Increase Availability of Cleaner Energy	Be Transparent and Accountable	Operate Safely
Benefit Communities	Minimize Environmental Footprint	Invest in Employees
Improve Energy and Material Efficiency	Work Ethically	Ensure Long-term Viability

Our Vision

Our vision is to be the E&P company of choice for all stakeholders by pioneering a new standard of excellence. Our SPIRIT Values consist of Safety, People, Integrity, Responsibility, Innovation and Teamwork.

Our vision and values are essential building blocks in the continued success of ConocoPhillips. We further define and uphold our values through the following policies and positions.

Policies

Key ConocoPhillips operating policies include:



- Code of Business Ethics and Conduct
- Health, Safety and Environmental Policy
- Political Support Policy and Procedures
- Political Contributions
- Substance Abuse Policy

Code of Business Ethics and Conduct

The history of ConocoPhillips includes a long-standing commitment to conduct all business activities with the highest ethical standards. Our SPIRIT values lay out what we expect from ourselves and each other, as well as our commitment to integrity. In today's business environment, living our values is critical for our continued success in the global marketplace. Our Code forms the foundation of our compliance and ethics program and guides us in our day-to-day work. It explains ConocoPhillips' standards as well as our legal and ethical responsibilities, and it provides concrete guidance for the behaviors expected of us. For more details, read the complete Code of Business Ethics and Conduct.

Health, Safety and Environmental Policy

ConocoPhillips is committed to protecting the health and safety of everybody who plays a part in our operations, lives in the communities in which we operate or uses our products. Wherever we operate, we will conduct our business with respect and care for both the local and global environment and systematically manage risks to drive sustainable business growth. We will not be satisfied until we succeed in eliminating all injuries, occupational illnesses, unsafe practices and incidents of environmental harm from our activities.

Our Plan ...

To meet our commitment, ConocoPhillips will:

- Demonstrate visible and active leadership that engages employees and service providers and manage health, safety and environmental (HSE) performance as a line responsibility with clear authorities and accountabilities.
- Ensure that all employees and contractors understand that working safely is a condition of employment, and that they are each responsible for their own safety and the safety of those around them.
- Maintain "stop work policies" that establish the responsibility and authority for all employees and contractors to stop work they believe to be unsafe.
- Manage all projects, products and processes through their life-cycles in a way that protects safety and health and minimizes impacts on the environment.
- Provide employees with the capabilities, knowledge and resources necessary to instill personal ownership and motivation to achieve HSE excellence.
- Provide relevant safety and health information to contractors and require them to provide proper training for the safe, environmentally sound performance of their work.

- Measure, audit and publicly report HSE performance and maintain open dialogue with stakeholder groups and with communities where we operate.
- Comply with applicable regulations and laws.
- Work with both governments and stakeholders where we operate to develop regulations and standards that improve the safety and health of people and the environment.
- Maintain a secure work environment to protect ourselves, our contractors and the Company's assets from risks of injury, property loss or damage resulting from hostile acts.
- Communicate our commitment to this policy to our subsidiaries, affiliates, contractors and governments worldwide and seek their support.

Our Expectations ...

Through implementation of this policy, ConocoPhillips seeks to earn the public's trust and to be recognized as the leader in HSE performance.

Political Support Policy and Procedures

Customers, community groups, political organizations and others regularly approach ConocoPhillips to support civic and political activities. Management and the ConocoPhillips Board of Directors encourage involvement in activities that advance the company's goals and improve the communities where we work and live.

Overview

A number of local, state and federal laws exist that govern corporate involvement in activities of a political or public policy nature. These statutes contain numerous prohibitions and detailed reporting and record-keeping requirements. They also contain enforcement provisions that carry civil and criminal penalties for noncompliance. Employees may be asked to participate in activities that fall under the jurisdiction of one or more of these statutes.

The policies and guidelines below have been approved by the Public Policy Committee of the Board of Directors and are intended to help ensure corporate compliance with these laws and regulations. With respect to political contributions, all such contributions will promote only the interests of ConocoPhillips, and not the personal political preferences of its company officers and executives.

These policies and guidelines deal primarily with U.S. domestic political activity, and are not intended to cover the many global political, legal and business issues that apply to U.S. corporations and their international affiliates. Other countries' rules and U.S. rules, such as the Foreign Corrupt Practices Act, are covered under other policies. Additionally, the policies and guidelines below only apply to situations where employees are asked to act on behalf of ConocoPhillips and do not apply to personal activities employees choose to fund or pursue at their own cost and on their own time.

In addition to undergoing a voluntary, internal assurance audit of its corporate political expenditures each year, ConocoPhillips assesses its political policies on a regular basis and in light of changes in federal, state and local lobbying and campaign finance laws and regulations. For the period May 1, 2012 – December 31, 2013, ConocoPhillips has adhered to its own code for corporate political spending.

Gifts to Elected Officials, Regulators and Government Employees

Federal law prohibits registered federal lobbyists and those entities that employ federal lobbyists (such as ConocoPhillips) from providing gifts or anything of value to Members of Congress or Congressional staffers. This includes appreciation gifts, items for display in his or her office, as well as tickets to sporting or other events. Of particular note, it also includes meals and lodging. While the rules provide for selected exceptions, great care is required to ensure compliance. Separate and similarly strict gift rules apply to the Executive Branch of the federal government. Additionally, states and localities have various types of gift rules, with some states such as California having very strict gift prohibitions and reporting requirements.

Any gift to an elected official or government employee made on behalf of ConocoPhillips must comply with the applicable gift ban rules and receive prior approval from Government Affairs.

Lobbying & Grassroots Activities -- Government Contacts

Federal, state and local statutes govern corporate lobbying activities. These statutes require activities and expenses associated with working legislative and regulatory issues be reported regularly and in prescribed ways. Contacts with officials and other efforts to influence government action, including permitting or licensing of company operations, may constitute lobbying activities under various state and local laws.

While the Federal Lobbying Disclosure Act exempts infrequent contacts with federal lawmakers, advance consultation with Government Affairs is essential to confirm the ground rules for these discussions and proper reporting. Consultation with Government Affairs is also required for contacts with state and local policymakers. This is especially important given the wide variation in rules from state to state and locality to locality.

Additionally, ConocoPhillips employees should refrain from the following activities at the state or federal level without prior internal consultation and approval.

- Testifying before a legislative or regulatory body.
- Agreeing to share in the costs of retaining a firm or individual to work a regulatory or a legislative issue.
- Agreeing to join an association or coalition whose purpose is to influence a regulatory or legislative issue.
- Lending ConocoPhillips' name to any effort to endorse or oppose a pending legislative or regulatory issue.

Grassroots Activities

Grassroots activities are designed to supplement lobbying efforts in influencing officials to take favorable action on legislation important to the company. When appropriate, ConocoPhillips will initiate calls to action targeted to our employees, which typically include the development and distribution of information and mobilization to contact policymakers or elected officials. In the same way, ConocoPhillips may expand its grassroots activity and/or calls to action to include the general public, as deemed necessary on a case-by-case basis. All grassroots activities are based on collaboration between appropriate Government Affairs and business unit personnel.

Lobbying-related Activities --Trade Association Membership

ConocoPhillips actively engages with trade associations at the national, state and local levels. We encourage our employees to represent the interests of the company and the communities in which we operate through participation in committees and/or leadership roles in these associations. While not the primary motivation for joining or maintaining membership in any trade association, many such organizations actively engage in lobbying. Employees who serve on trade association committees that are advocating legislation or regulation must work closely with Government Affairs, affected business units and Legal to develop appropriate positions and ensure compliance with any possible lobbying disclosure requirements.

With respect to trade association contributions, the Company's primary purpose in joining groups such as the National Association of Manufacturers, the U.S. Chamber of Commerce, and the American Petroleum Institute is not for political purposes, nor does the Company agree with all positions taken by trade and industry associations on issues. In fact, ConocoPhillips publicly acknowledges that we do take contrary positions from time to time. The greater benefits we receive from trade and industry association memberships are the general business, technical and industry standard-setting expertise that these organizations provide. Through participation in trade associations involved in lobbying, ConocoPhillips seeks to champion legislative solutions that are practical, economical, environmentally responsible, non-partisan and in the best interests of the company.. See U.S. trade associations to which ConocoPhillips paid more than \$50,000 in annual dues for the year 2013. The report will be updated annually to reflect the current year's trade association memberships."

Independent Expenditures

For ConocoPhillips purposes, independent expenditures are defined as those funds given or expended to directly support or defeat a candidate, without collaboration of the candidate. ConocoPhillips' policy is to not make independent expenditures itself. However, if a compelling business purpose exists, an exception to this policy may be granted with the consent of Government Affairs, business unit personnel and Legal. Approval of the Public Policy Committee is also required. For the period May 1, 2012 – December 31, 2013, no contributions

to independent expenditures were made by ConocoPhillips.

Certain trade associations in which the company maintains membership elect to incur independent expenditures. We have engaged in discussions with certain stakeholders who have expressed concern about this trade association practice. As with prior reporting periods, ConocoPhillips again stipulated that none of our national trade association dues be applied to independent expenditures focused on the election or defeat of any federal candidates for the period May 1, 2012 – December 31, 2013.

Issue Advocacy

For ConocoPhillips business purposes, issue advocacy is the support of a pro-energy and/or pro-business position regarding a ballot initiative to be voted on by the people. Issue advocacy may also include support of an initiative that would defeat anti-energy and/or anti-business measures. Actions typically include development and distribution/broadcasting of information either jointly or solely, and may include signature gathering on initiative petitions which the company has expressly supported. ConocoPhillips will be active in such issues, provided there is a compelling ConocoPhillips business rationale; an agreement to participate among the affected business units and Government Affairs personnel and management; and where there is distribution/broadcasting of information, significant ConocoPhillips and/or energy industry involvement, input and approval of the message development and the tactics taken in the initiative process.

Political Contributions

Federal Political Campaign Contributions

Federal laws strictly forbid the giving or use of corporate funds for candidates campaigning for federal office, such as Congress. These laws apply to actual candidate campaigns and to solicitations from third parties, such as external political action committees, whose purpose is to help elect federal candidates.

ConocoPhillips is authorized under law to establish an employee political action committee (PAC) and fund its cost of administration. Consistent with approval of the Public Policy Committee, Spirit PAC has been formed to facilitate contribution of employee funds to federal candidates as well as state and local candidates. See list of contributions made by Spirit PAC from May 1, 2012 – December 31, 2013. This information is provided as an 18-month rolling archive, inclusive of the current report.

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

- The integrity and character of the candidate;
- The candidate's holding of a leadership or policy position in his party or on a standing legislative committee, or the likelihood of the candidate's attaining such position in the future;

- The candidate's position and/or voting record on issues affecting the relationship of business and government and on economic and social questions of importance;
- The candidate's relationship with or representation of an operating facility or company operations;
- The nature and strength of the candidate's opposition in primary or general elections; or
- Other sources of financial assistance available to the candidate.

In addition, the Spirit PAC Board of Directors primarily concentrates on contributions that go direct to candidates for office, generally avoiding:

- Independent expenditures in support of or opposition to a candidate;
- Out-of-election-cycle contributions;
- Contributions to Presidential campaigns;
- Contributions to leadership PACs;
- Contributions to political parties; and
- Large contributions to trade association PACs.

State & Local Political Campaign Contributions

Individual state and local laws govern contributions to candidates running for election to state and local offices. The Public Policy Committee has authorized a strict process for the justification, approval and reporting of any corporate political contributions made in states that permit corporate contributions. The Public Policy Committee also sets a bi-annual budget for such corporate contributions in the U.S. and Canada.

The guidelines for determining whether a corporate political contribution should be made to a candidate are the same as the political action committee guidelines above, including those contributions to be avoided.

The responsibility to approve and administer contribution requests has been delegated to the corporate officer responsible for government affairs or his or her designee. Accordingly, the Vice President, Federal & State Government Affairs, and Legal must approve all requests for U.S. state and local contributions. The Vice President of ConocoPhillips Canada responsible for Government Affairs and Legal must approve all Canadian requests. See list of corporate political contributions made from May 1, 2012 - June 30, 2013. This information is provided as an 18-month rolling archive, inclusive of the current report.

The Spirit PAC Board of Directors may elect to make state and local contributions in states where corporate contributions are not allowed subject to applicable laws and PAC operating guidelines.

Contributions to Other Political Action Committees

Many industry and special interest groups have created their own political action committees to elect candidates to office. State and national petroleum marketing associations, for example, have created PACs and are soliciting members and suppliers. Corporate contributions to these

external PACs are strictly prohibited under ConocoPhillips policy if the contributions are intended to be used to fund candidates or their election campaigns. This includes the expensing of any costs for events such as golf and fishing tournaments, hunts, dinners, silent auctions and other types of activities used by these PACs to raise funds. Corporate contributions to fund administrative costs of certain external PACs may be permitted if allowed under applicable law, if doing so advances company goals, and if approved by Government Affairs and Legal.

Candidate Fundraising Events and Other Related Requests

Candidates and their supporters hold social activities as political fundraisers. Recognizing federal and many state laws impose restrictions, corporate funds for these activities require prior review and approval of Government Affairs and Legal.

ConocoPhillips does, from time to time, contribute to ballot initiatives, get out the vote activities and partisan organizations such as the Democratic and Republican governors associations. These, too, require review and approval of Government Affairs and Legal. See list of contributions made from May 1, 2012 – December 31, 2013. This information is provided as an 18-month rolling archive, inclusive of the current report.

Contributions to Political Parties

Contributions to national parties by a corporation are illegal. Any such requests should be forwarded to Government Affairs given the potential for changes in the law and the need to monitor such requests. Contributions to state parties remain legal, but subject to varying limitations and reporting requirements depending on the state. All requests require Government Affairs and Legal review and approval.

Party Conventions

ConocoPhillips may elect to participate in state or federal political party conventions. Although corporate contributions to political parties at the national level are prohibited by law, corporations may make contributions to the presidential conventions held by the parties through the host committees. Any such contribution requires the review and approval of Government Affairs and Legal.

Substance Abuse Policy

At ConocoPhillips, our objective is to create and maintain an operating environment free of substance abuse. We believe that substance abuse increases the potential for accidents, absenteeism, substandard performance, and poor employee morale and health, as well as damage to the company's reputation. The company has zero tolerance for violations of this Policy and the employment of even first time offenders will be terminated in accordance with relevant law.

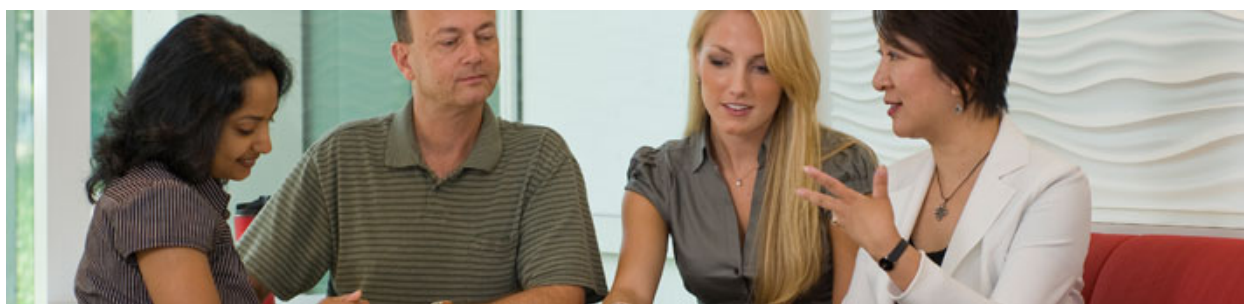
To enforce this Policy, ConocoPhillips will:

- Implement a substance abuse testing program that subjects employees to random drug and alcohol screening.
- Require pre-employment drug testing of job applicants, and drug and alcohol testing of employees for reasonable suspicion/cause, post-accident situations, rehabilitation follow-up, and to verify return-to-duty eligibility post-rehabilitation.
- Ensure that all employees are aware that this Policy covers improper use of prescription medications, as well as abuse of alcohol, illegal drugs and other substances that may alter an individual's mood, perception, coordination, response, performance or judgment.
- Provide relevant training to raise employee awareness of substance abuse issues and the consequences for violation of this Policy.
- Provide employees who voluntarily disclose their substance abuse problems with opportunities for rehabilitation, where adequate facilities are available and it is feasible to do so.
- Offer internal or external resources, where available, to answer employees' questions regarding the potential work-related impact of over-the-counter or prescription medications.
- Communicate our commitment to this Policy to our employees, contractors, and visitors and engage their support for creating and maintaining an environment that is free of substance abuse.

In those circumstances where government regulations, laws, or local practices impact the implementation of this Policy, business unit leadership will develop and implement a country-specific

Substance Abuse Policy that conforms to local requirements, after which the local policy will be included as an addendum to this Policy. Applicants and employees will adhere to the Substance Abuse Policy addendum relevant to their country.

We believe that the successful implementation of this Global Substance Abuse Policy will help ensure a continued safe, healthy and productive work environment.



Our Positions

Sustainable Development Position

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

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

Our Focus

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

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

Our Expectations

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

Biodiversity Position



ConocoPhillips will implement mitigation planning processes aimed at reducing the effects of our activities on the environment and conserving biodiversity. We will address biodiversity conservation as part of investment appraisal, and during the planning and development of major capital projects, by conducting environmental impact analyses, collecting key environmental data and implementing mitigation and monitoring programs to reduce impacts and assure results.

Our Focus

We are continuously building our knowledge about the ecosystems in which we work and recently completed an internal study to benchmark our performance compared to other extractive-industry companies. To increase internal awareness about biodiversity, a knowledge-sharing intranet site has been launched to foster employee collaboration within ConocoPhillips in the areas of biodiversity and ecosystems.

We conducted industry benchmarking to explore better ways to collect and manage our biodiversity data. We are using a range of technologies, from improved animal tagging to streamlined databases. Employees are encouraged to ask questions about challenges they encounter in this area, and to share project ideas for technology development in the area of ecosystems and land use. The intranet site also provides such resources as global conferences and contacts to benefit its members.

Our biodiversity focus will include the following elements:

- Integration of biodiversity conservation principles in our business management systems, considering all stages of the 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 such as those developed by the International Petroleum Industry Environmental Conservation Association (IPIECA), Energy and Biodiversity Initiative, and the International Association of Oil and Gas Producers to facilitate biodiversity conservation.
- Adoption of a landscape-scale perspective which promotes habitat integrity and connectivity over a broader area than just our facility sites as important issues in land use decision making.
- Consideration of targeted opportunities for habitat improvement, including projects for rehabilitation. The use of biodiversity offsets will be considered when appropriate.
- 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 Expectations

We follow widely accepted guidelines from the IPIECA and the International Association of Oil and Gas Producers (OGP) in our approach to biodiversity conservation. As a member of the IPIECA biodiversity working group, we work to develop tools and materials to help companies across our industry enhance their biodiversity conservation activities. As a founding member of the OGP's Sound and Marine Life program, we support continued research to increase scientific knowledge on the possible impact that sound produced by offshore exploration and production has on marine mammals, fish, turtles, seabirds, invertebrates and other marine life. In the fulfillment of our business strategy, we will serve as a positive

example of how natural resource development can occur in harmony with society's need to conserve biodiversity. For more information, see Biodiversity

Climate Change Position

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

Our Focus

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

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

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

Climate Change Public Policy

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

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

Building balanced energy policies is challenging, and we recognize that no one has all the answers. As economies around the world continue to develop, fossil fuels will play an important role in meeting the growing global demand for energy. Meeting the challenge of taking action on climate change while providing adequate, affordable supplies of reliable energy will require financial investments, skilled

people, technical innovation and responsible stewardship from policy makers, energy producers and consumers.

ConocoPhillips is committed to doing our part.

Diversity & Inclusion Position

At ConocoPhillips, we strive to represent and reflect the global communities in which we live and work. To deliver superior performance, we create an environment of inclusion that respects the contributions and differences of every individual (employees, contract workers, suppliers and business partners). Wherever possible, we use these differences to drive competitive business advantage, personal growth and, ultimately, create success for ConocoPhillips globally.

Our Focus

As we pursue opportunities in a dynamic marketplace, we value motivated people who set the standard of excellence by:

- Living our SPIRIT Values.
- Demonstrating a proactive attitude and being culturally capable of doing business globally.
- Using creativity and a variety of approaches to capture opportunities.
- Inspiring and supporting others to reach new heights.

Our Expectations

At ConocoPhillips, our pledge to diversity is a global commitment that reaches across the entire company. Our leadership team, managers and supervisors are accountable for developing and progressing our global inclusion initiatives. Additionally, employees and contractors are responsible for playing a key role in ensuring that their personal behaviors create an inclusive work environment. As a company, we continue to measure our progress toward becoming representative and reflective of the communities in which we live and work.

Economic Transparency and Reporting Position

ConocoPhillips participates in the Extractive Industries Transparency Initiative (EITI), which seeks to ensure that natural resource wealth is an engine for sustainable economic growth that contributes to sustainable development and poverty reduction.

Our Focus & Expectations

We remain actively involved in the EITI process and implementation in participating countries where we operate. Currently, three participating countries where we operate have achieved full EITI compliance – Timor-Leste, Nigeria and Norway. Of the countries that have committed to EITI principles, and therefore are considered candidates for EITI membership, we have resource interests in two: Indonesia and Kazakhstan. Of the EITI compliant or committed countries, only our investments in Indonesia, Nigeria and Norway involve production. We currently cooperate with these governments in their EITI validation

efforts. When we have assets in new countries, we will work to promote transparency and accountability with those governments.

EITI requires the public reporting of payments to governments. (See related information on the Dodd-Frank Act). Such reporting requirements take into account host-country laws and the terms of contracts under which such revenues are accrued.

HIV/AIDS Position

ConocoPhillips recognizes that HIV/AIDS is a global pandemic resulting in the death of over 3 million people every year, with potential to grow unless concerted action is taken to check the spread of the disease. There remains a significant stigma associated with this disease, which limits willingness of infected individuals to seek effective diagnosis, which frequently results in social and workplace discrimination. There are now treatments available which make HIV/AIDS a manageable chronic illness for those infected with this disease to live normal and productive lives. Yet economic and technical limitations in much of the developing world have created disparities between developed and developing countries, in their ability to effectively manage spread of the disease and treatment of infected individuals.

Our Focus & Expectations

To the extent that HIV/AIDS affects the health of our employees and their dependents and represents a significant public health risk where our employees live and work, ConocoPhillips will work to identify, use and otherwise support community-based resources and programs that recognize and seek to mitigate the social stigma and adverse impact of HIV/AIDS, emphasize preventive education and provide early intervention and long-term treatment.

Human Rights Position

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

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

Our Focus & Expectations

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

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

principles of the International Labour Organization Convention 169, concerning Indigenous and Tribal Peoples, and the United Nations Declaration on the Rights of Indigenous Peoples.

Renewable Energy Position

In alignment with our mission to power civilization, and consistent with our positions on sustainable development and climate change, ConocoPhillips is evaluating and supporting development of technologies for renewable energy. We are leveraging our expertise, intellectual property and physical assets in pursuit of economically viable, renewable energy business opportunities.

Our Focus

We continue to develop technology options with the potential to enable or complement renewable energy use.

Investments in technology development will be disciplined and commensurate with the likely returns, market size, timing of development and technology risk inherent in renewable energy projects. Our criteria for business investment include:

- **Business Leveraged.** Renewable energy opportunities that complement our existing processes will be prioritized.
- **Competency and Asset Leveraged.** We plan to focus our efforts on renewable technologies that directly leverage our experience in energy development and markets.
- **Ongoing Awareness.** We plan to continue to evaluate renewable energy technologies to proactively identify new opportunities and to understand the economic drivers, strengths and weaknesses of the alternative technologies available.
- **Sustainable Solutions.** We remain open to developing and using renewable energy as a component of our portfolio of energy offerings, as and when these technologies can be deployed in a sustainable manner for our stakeholders.

Our Expectations

Our work will assist in the development of viable, sustainable and environmentally responsible energy for existing and future customers. For more information, see Technology Ventures

Water Sustainability Position

As a responsible global energy company committed to sustainable development, we recognize that fresh water is an essential natural resource for communities, businesses, and ecosystems. Global population growth will increase demand for fresh water and all users – domestic, agriculture, and industry – will need to effectively manage supplies to meet demands.

Our Focus & Expectations

ConocoPhillips produces and utilizes water in its operations. We are committed to the development of water management practices that conserve and protect fresh water resources and enhance the efficiency of water utilization at our facilities. We will assess, measure, and monitor our fresh water usage and based on these assessments we will manage our consumption and strive to reduce the potential impact to the environment from wastewater disposal.

Our initial focus for implementation can be broken down into four broad categories:

- Focusing on priority assets and developing evaluation and mitigation tools.
- Sharing best-practice water management systems at a local level.
- Developing and implementing technologies to reduce the environmental impact of our water footprint.
- Delivering on sustainable development public commitment.

For more information, see [Integrated Water Management](#) .

Accountability and Governance

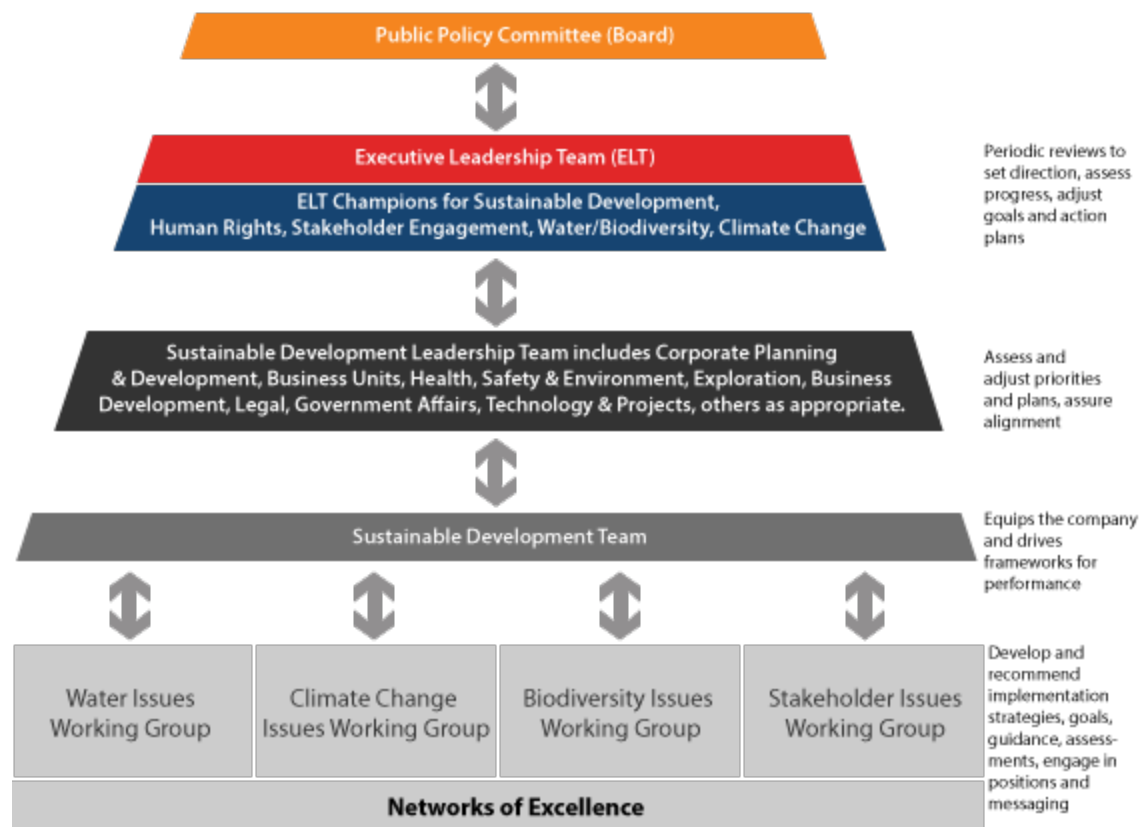
Each of the company's various businesses are responsible for integrating sustainability issues into day-to-day operations, project development and decision-making, and are held accountable through an annual performance management process. Members of senior management have final responsibility for developing corporate strategy, reporting company performance, and assisting the businesses with implementation of sustainability.

Sustainable Development Governance

Sustainable Development Governance includes direction and oversight from the Public Policy Committee of the Board of Directors and the Executive Leadership Team (ELT). As shown in the diagram, there is an executive champion for each of the key focus areas of sustainability – human rights, stakeholder engagement, water, biodiversity and climate change. To assure alignment between functions and businesses, and to provide for practical operational insight into key actions, we have established a Sustainable Development Leadership Team (SDLT). The SDLT consists of works with topic

Issue Working Groups and Networks of Excellence to build consistency and quality into our approach to sustainable development implementation.

ConocoPhillips Sustainable Development Governance



The Public Policy Committee oversees our positions on public policy issues, including climate change and on matters that may impact the company's reputation as a responsible corporate citizen, including sustainable development actions and reporting.

The committee makes recommendations to the Board, and monitors compliance with the company's programs and practices regarding health, safety and environmental protection, including climate change, water and biodiversity management; business operations in sensitive countries; government relations and political contributions; human rights and social issues; corporate philanthropy; and corporate advertising. It also approves the budget for political and charitable contributions, and monitors compliance with these plans.

The Committee, currently comprised of 3 independent Directors convenes at least quarterly and is regularly updated on sustainable development issues.

For more information see Public Policy Committee Charter.

Sustainable Development Group – Within corporate planning, which includes long-range planning and strategy, the company's Sustainable Development group mission is to provide regular reports to the businesses and executive leadership as to the company's risks, opportunities, commitments and

performance in sustainable development. Within this corporate team, directors are responsible for key topics in sustainability including:

- Water
- Climate Change
- Biodiversity
- Stakeholder Issues

Modeling and Life Cycle Analysis

Issue Working Groups – Issue Working Groups are internal, international, cross-functional groups of leaders and practitioners who meet periodically to share learning, understand and address issues. There are IWG's for topics above and cross-cutting issues such as Hydraulic Fracturing.

Issue Discussion Forums – We also have established Discussion Forums, which are open to all employees. The objective is to educate and inform attendees on both external and internal sustainable development issues of general interest.

NoEs – The Networks of Excellence support cross-business and cross-function communication relating to sustainable development implementation. These networks include over 100 practitioners and leaders who are working on social and environmental issues. Task workgroups within the NoE's collaborate to co-create guidance documents and tools, and share best practices.

Performance & Compensation

Executive Compensation - Three of the four components of executive compensation are performance based: the Variable Cash Incentive Program (VCIP), the Stock Option Program and the Performance Share Program (PSP). Awards under these programs are determined by company performance measured against several criteria, including the development and implementation of strategic plans to enhance ConocoPhillips operating and financial position. The strategic planning process includes consideration of climate change and sustainable development risks and opportunities.

Employee Compensation - Incentivized performance indicators vary among different corporate, business and functional units, and include, but are not limited to:

Health, Safety and Environmental Performance - We set very high operations excellence standards for protecting and respecting people and the environment. Therefore, we incorporate metrics of health, safety and environmental performance in our annual incentive compensation program.

Employee Non-Monetary Rewards - The ConocoPhillips SPIRIT award is given to employees who have delivered outstanding work to advance our SPIRIT Values (Safety, People, Integrity, Responsibility, Innovation, Teamwork).

Non-Employee Monetary Rewards - The St Andrews Prize for the Environment is an initiative by the University of St Andrews in Scotland and ConocoPhillips. The prize recognizes significant contributions to

environmental conservation, and since its launch in 1998, has attracted entries from more than 50 countries each year on diverse topics including:

- Sustainable development in the Amazon rainforest
- Urban regeneration
- Recycling Health and water issues
- Renewable energy

Submissions for the annual prize are assessed by a panel of eminent trustees representing science, industry and government with the award going to the project the trustees consider displays the best combination of good science, economic realism and political acceptability.

Integrating Sustainability

Sustainable development requirements are integrated into the key business planning processes for the company: New Country Entry, the Long Range Plan, Project Development Authorization and Management System and the Health Safety and Environment Management System. In addition, corporate and business unit, and functional SD action plans provide specific focus on climate change, water, biodiversity and stakeholder issues. This creates a complete system of continuous improvement (Plan, Do, Assess, Adjust) for new ventures, exploration, projects and assets at all lifecycle stages.

Sustainable Development (SD) Planning Cycle



New Country Entry

A new-venture project team must ensure that the identified risks and constraints are understood, documented and addressed in order for the project to obtain approval.

Before starting a venture in a new country, we take several steps to assess the potential sustainability and business risks. Once an opportunity is identified and a request for approval is drafted, a new-country-entry risk report is prepared. A preliminary due-diligence assessment is conducted to identify significant risks, including social and environmental concerns, and define how they will be managed.

The new-country entry request is then reviewed by the business-unit leadership and the CEO. In some cases, such as areas at high risk of political instability, consultation with the board of directors would take place. If we are entering into a joint venture, we use these assessments during negotiations with potential co-venturers to outline the risks identified, clearly state our expectations on environmental and social-issue performance, and discuss how the venture will manage these concerns.

Before entering a new country – or for other new developments, when warranted by the geopolitical environment – the company assesses the political risk of a potential investment. The majority of ConocoPhillips' oil and natural gas reserves and production are within Organization of Economic Cooperation and Development (OECD) nations.

Some of the world's most resource-rich areas, however, are in countries that pose risks associated with political instability, inadequate rule of law or corruption. Consequently, ConocoPhillips has adopted comprehensive enterprise risk management tools to evaluate and manage these types of risks.

The company has developed internal guidelines to help employees comply with policies related to business activities in sensitive countries, and applicable government regulations in areas subject to U.S. or international sanctions.

We also perform due diligence on acquisitions or divestments of businesses or properties, new business ventures, incorporated and unincorporated joint-venture agreements, and initiations and terminations of property leases or subleases. This process is designed to ensure that past, present and potential HSE liabilities and other social issues are clearly identified, understood and documented, with our sustainable development positions addressed prior to major business transactions. This due-diligence standard applies to ConocoPhillips and its global subsidiaries, and we strive to influence all affiliated companies and joint ventures to conduct due diligence prior to undertaking binding business transactions.

Following completion of the due-diligence assessment, a corporate HSE non-objection request that also addresses social issues is required for all major business transactions. The non-objection letter provides documentation that past, present and potential HSE liabilities have been adequately identified and assessed for the particular transaction, and that the liability risks are or can be satisfactorily mitigated. - See Integrating Sustainability for more information.

Sustainable Development Strategies and Action Plans

ConocoPhillips considers a range of insights on the external context when evaluating appropriate actions to take on key sustainability issues in our businesses and functions. As issues mature, the company develops strategies and specific action plans to address them. Corporate strategies and action plans have been developed for key issues and are updated periodically. The objective of these plans is to prepare the company to succeed in a world challenged by complex environmental, social and economic issues and increasing stakeholder expectations. In support of this objective, we have implemented a comprehensive company-wide action planning process. This process addresses our long-term efforts to understand our footprint, manage projects and operations, evaluate risks and opportunities, and engage externally. The planning process is designed to prompt appropriate action for adapting to a range of possible future scenarios.

The action plans include updates on external expectations and context, current status of the company's activities addressing the issue, future objectives and our plans to achieve those objectives. Work on an issue may begin with improving our understanding of the issue, developing measurements of key data, or assessing risks and opportunities, for example.



These comprehensive Issue Action Plans focus on addressing key aspects of the issues, assigning clear accountability, and driving goal setting and engagement. Business Unit Action Plans are also created to define goals, targets, objectives and/or key actions in more detail, and to be responsive to the priorities of the business, stakeholders and assets in that region.

Our first plans were developed over the past several years. We have now updated our key forward-looking goals and multi-year plans as summarized in the table below. This Sustainable Development Report also still includes the results of our previous plans. We will continue to provide annual updates on our plans and completed actions.

The updated plans have four main focus areas:

- Understanding Footprint – mapping and measuring our social and environmental footprint and continuously improving how we do so.
- Managing Operations and Projects – Assessing and implementing actions in our areas of operations and projects, which can include:
 - Prioritizing and implementing projects to reduce our footprint.
 - Evaluating mechanisms, including targets, to drive performance.
 - Monitoring, developing and implementing new technologies.
- Managing Risk and Opportunity Exposure – Scanning for emerging issues and preparing the company to address risks and opportunities, including:
 - Planning for business resiliency to changes in external context.
 - Reviewing plans and performance for our operated and non-operated assets.
 - Planning within political, regulatory and legislative uncertainty.
 - Maintaining our business unit risk and opportunity assessments and resulting action plans.
- Engaging Externally – Engaging with diverse stakeholders to understand their views and share our perspective; and shaping consulting, engagement and advocacy to address potential business implications, including:
 - Engagement and communications about issues of interest to stakeholders.
 - Global monitoring and engagement about regulation and legislation.
 - Engaging with trade associations appropriately.

Our action plans, performance results and management system indicators of implementation highlight the key business results and business practices. The plans and results are summarized for all topics in the reference chart below. This overview provides a comprehensive view into the completeness of the Action Plan framework for driving performance. Each action plan includes specific detailed actions with clear accountabilities and timetables.

Project Development

Project Authorization Guidelines -- Project and program approvals follow a consistent framework to manage for project economics, deliverables, reviews, authorization and funding. These guidelines communicate standard techniques to analyze and develop viable projects and communicate the project's value and risks effectively so that management can make a fully informed decision. The intent of these guidelines is to work in concert with specific functional and management processes to deliver projects that consistently outperform industry average and level the playing field so management decisions are based on information that is consistent, comparable and of appropriate quality.

The Capital Project Management System is a project management system codified in a set of documents that define requirements and provide guidance. It applies to all Project Development and Procurement

personnel throughout the phases of any project and is a foundational element of how ConocoPhillips executes projects. Through effective use of this system, the company aims to deliver projects that are safe, transparent, predictable and competitive.

Sustainable Development Standard -- Within the Capital Project Management System there is a Sustainable Development Standard. The standard defines the minimum requirements for ConocoPhillips Project Management Teams for applying Sustainable Development principles in the management of capital projects.

The standard refers to the criteria for using the Sustainable Development Scorecard and risk assessments for climate change, water, and biodiversity, as well as the social performance plan requirement. The standard also refers to the ConocoPhillips HSE Due Diligence standard for further guidance on how to account for Sustainable Development issues in new business ventures, joint ventures, or real property transactions.

Sustainable Development Scorecard -- The scorecard provides a consistent process to ensure proper evaluation and documentation of sustainability issues at key stages. It also provides teams with a simple but thorough method of assessing whether potential risks and uncertainties have been fully addressed and resolved. All project teams are encouraged to use the scorecard to measure alignment with our sustainable development approach and requirements, and its use is mandatory for capital projects that require approval by our board of directors. Such projects are not funded until this evaluation has been completed.

The scorecard is initiated in the early stage of the project, when a single location has been identified, as the team begins planning design details. The scorecard uses a qualitative risk-based scoring system to assess whether our nine sustainable development commitments have been properly addressed during planning. It enables decision-makers to assess a project's readiness to proceed to the next stage from a sustainable development perspective.

During project development, the completed scorecard provides a concise visual summary of a project's continued alignment with our principles. It also encourages project teams to take a life-cycle perspective by considering at the start of a project those issues that will become relevant during the operational and eventual decommissioning phases.

The scorecard fosters discussion of sustainable development issues among project team members, and between the project team and decision makers. These issues are logged into our risk tracking system for management throughout the project development process. In addition to the issues raised in the scorecard discussions, this process also enables the project team to set objectives for sustainability issues in each phase of the project.

Associated with the scorecard are two additional important processes: a social and environmental impact assessment, and a formal stakeholder engagement plan. These provide a baseline understanding of the existing social dynamics and environmental considerations within a location prior to our involvement, help identify important issues and potential effects that should be considered, and allow for continued learning as the project progresses.

ConocoPhillips Sustainability Scorecard	Risk/Uncertainty Category*			
	High	Med	Low	NA
1. Transparent and accountable				
Stakeholder Engagement				
Performance Metrics				
Reporting Mechanisms				
2. Operate to highest safety standard				
Safety Issue Identification				
Safety Issue Mitigation				
3. Reduce environmental footprint				
Impact Identification				
Management Planning				
Biodiversity Assessment				
Water Assessment				
Climate Change Assessment				
4. Benefit communities				
Social Impacts				
Community Benefits				
Human Rights				
Indigenous Communities				
5. Invest in workforce				
Labor Issue Identification/ Mitigation				
Workforce Development, Training and Well-being				
6. Energy and material efficiency				
Energy Efficiency				
Material Efficiency and Waste Minimization				
7. Work Ethically				
External Ethical Environment				
Ethical Performance				
8. Ensure long-term financial viability				
Energy Strategic Alignment				
Potential Long-Term Risk				
Life-Cycle Management				

Health, Safety, Environmental and Social Integration

We conduct assessments to identify how our business activities might impact the communities and ecosystems in areas where project development is planned. By identifying specific issues and the requirements of the host country, we can assess potential impact and how those issues can be avoided or mitigated. In determining what issues to investigate during the assessment, we begin with the host country's legal requirements, and supplement these as needed in order to address the issues covered by our own HSE standards and sustainable development requirements.

HSE/SD Tools for the Asset Life Cycle

Exploration and Business Development	Project Development	Business Unit (BU) Operations	Decommissioning and Disposition
Early Opportunities/ New Country Entry Contracts Development Preliminary HSE Assessment > Due Diligence > Health, Safety & Environment (HSE) Risk Evaluation > Environmental, Social & Health Impact Assessment (ESHIA) Scoping Exploration > ESHIA > Permitting > HSE Management System > Stakeholder Engagement > Social Investment	Authorization Guidelines/ Management System > Risk Register > ESHIA > Stakeholder Management > Social Performance Plans > SD Standard > SD Scorecard > Biodiversity Considerations > Climate Change Considerations > Water Considerations Joint Venture / Non Operated > Action and Influence Plan	HSE Sustainable Development (SD) Management Systems > Climate Change Action Plan > Water Action Plan > Stakeholder Engagement Plan > Social Performance Plan > Biodiversity Action Plan > Human Rights Training > Security and Human Rights Joint Venture / Non Operated > HSE Due Diligence Standard	HSE Due Diligence Process > HSE Management System > Project Management System
Knowledge Transfer			

HSE Management System

The HSE management system supports implementation of HSE and SD policies by providing a consistent framework and approach to managing vital issues. A systems approach helps ensure that business activities are conducted in a safe, healthy, and environmentally and socially responsible manner, aimed at preventing incidents, injuries, occupational illnesses, pollution and damage to assets. It enables our employees and communities to thrive, which helps keep our business healthy.

Through the implementation of HSE Management Systems, our businesses identify and eliminate work hazards and risks. The process builds on the principle that all incidents are preventable and that HSE considerations must be embedded into every task and business decision. HSE Management Systems are assessed annually using a common tool to guide continuous improvement and ultimately achieve the highest standards of excellence.

All business units periodically review their management systems against corporate HSE standards using the HSE Excellence Assessment Tool. They analyze current status, identify areas for potential improvement, and then implement key activities to reduce risk and further enhance HSE performance.

In 2012, we completed an update of the company's HSE management system and standard. Among other advancements, we incorporated sustainable development into new or revised management system elements and strengthened company guidance on integrating sustainable development into the life cycle of our assets.

Business units

All ConocoPhillips business units are responsible for integrating sustainability issues into day-to-day operations, project development and decision-making. They are held accountable through an annual

performance management process.

Operations

Once a project is ready for operations, the HSE management system and other company sustainability programs help define company expectations and provide direction for managing environmental and social issues.

It is the asset manager's responsibility to direct asset sustainable development performance. Audits carried out by corporate and business unit staff are a key process through which we assure these expectations are being met. These tools are described in further depth under each topic heading throughout our website.

For more information, please see our sections on Health, Safety and Environment Policy, Management System and Audits, Safety & Health , and Performance Data.

Life Cycle Assessment (LCA)

LCA methodology provides business units with a quantitative estimate of potential environmental and social impacts over the life of a project.

By assessing project emissions, natural resource usage and social footprint, business units can understand their individual performance, their footprint relative to other oil and gas projects, and their impacts relative to competing energy sources. See Life Cycle Thinking to learn more.

For more information, see the Environment section

Training & Awareness

Our approach encompasses a broad range of activities and tools. We've adapted and applied training materials developed by IPIECA and other best practice groups, and rolled out training to new hires, key functions and leaders. We've also focused our Networks of Excellence and practitioner work groups on further integration of sustainable development commitments into business planning and processes to broaden awareness and skill development.

ConocoPhillips is active in IPIECA best practice groups to develop training and guidance materials and improve our approach. Our internal training is distributed in a variety of ways, including a new animated video which addresses key concepts of sustainability – economic, social and environmental performance – and includes examples in [Australia](#), [Alaska](#) & [Canada](#) of successfully incorporating sustainability in business decision making.

COMMON QUESTIONS



Can hydraulic fracturing be done responsibly?

Protecting and Respecting People

Our most important job each day is:

ZERO INCIDENTS, ZERO INJURIES, ZERO ILLNESSES

SPIRIT Values (Safety, People, Integrity, Responsibility, Innovation and Teamwork) guide everything we do at ConocoPhillips. These values begin with safety, and protecting our workers and neighbors has always been a cornerstone of our culture and how we do business. That's why everyone on site is empowered and obligated to stop work to address safety concerns.

Our operations at Eagle Ford and across the globe include:

- Frequent safety meetings, training and discussions.
 - Rigorous safety qualification standards for hiring and extensive safety inspections.
 - Ongoing employee and contractor support for achieving zero injuries, illnesses and incidents.
- Continual encouragement of employees, business partners and neighbors to address risks.

Eagle Ford development activity has brought a welcome infusion of jobs, economic activity and local revenue to South Texas. The University of Texas at San Antonio projects that by 2020 industry presence in Eagle Ford will support 68,000 full-time jobs and account for \$11.6 billion in commerce.

Growth comes with challenges. To make sure we are aware of important local issues, we reach out through community meetings and informal discussions to develop relationships with a wide variety of stakeholders. These include civic groups, schools and community colleges, environmental groups, local officials, professional groups and many others. We engage to listen to concerns, discuss how we might work together to address issues and explain our work and potential implications for the community. In 2013, ConocoPhillips participated in over 250 community meetings in the Eagle Ford and engaged with more than 1,000 landowners.

We are also working with local officials to manage pressure on local infrastructure. ConocoPhillips convened the Eagle Ford Operators Task Force, a multi-company group that listens and responds to local issues in the counties where industry operates. This group tackles community concerns including

emergency response, traffic safety and roadside trash removal. Because activity at Eagle Ford increases vehicle traffic, we meet with local Department of Public Safety officers. Collaboration like this helps identify and address priority issues for the benefit of everyone in the area. For example, heavy vehicles recently were instructed to enter or exit one work site by making right turns only, improving safety and preventing congestion caused by left turns on a busy highway. We also have made it a practice whenever possible to provide advance public notice of detours or road closures needed to move our vehicles.

At Eagle Ford, we are committed to minimizing community impacts of development such as dust, noise and aesthetic issues where it makes sense. A few examples that have been used on specific work sites include:

- Putting non-potable water on roads to reduce dust.
- Installing temporary sound barriers to reduce noise levels.
- Implementing interim reclamation to improve work site appearance.
- Directing light downward as a courtesy to nearby residents and businesses.
- Eliminating water truck traffic for drilling and completions, where possible, by utilizing temporary ponds and temporary piping.

Read more about the company's Eagle Ford stakeholder engagement in the linked article from spirit Magazine, a quarterly ConocoPhillips publication.

Can oil sands be developed responsibly?

At ConocoPhillips, we say "yes." And we believe we are doing so today.

ConocoPhillips policies and practices are designed to minimize environmental, social and cultural impacts, while also helping communities realize economic benefits.

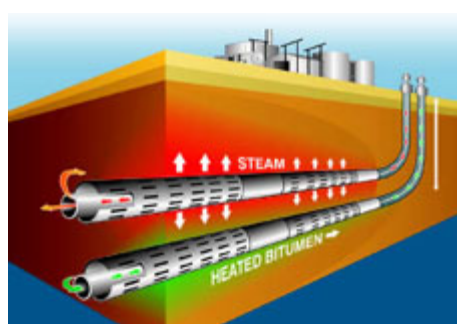


Illustration of SAGD method

We work to minimize impact on the region's water and diverse ecosystems during bitumen production using a method called steam-assisted gravity drainage (SAGD). A SAGD well injects steam into the reservoir to soften the bitumen and allow gravity to drain it into a producing well. The oil is then brought to the surface for further processing and sale. SAGD technology allows us to minimize water use, energy intensity, air emissions, land footprint and waste generation.

Water is an integral part of the SAGD process. Most of the water used in the process is recycled. To obtain the make-up water needed for the process, ConocoPhillips SAGD operations draw from a series of deep underground sources, targeting water that is unsuitable for human consumption and

agricultural or livestock purposes. We are continuing to research improved recovery processes that may reduce overall SAGD water demand. ConocoPhillips has approved an enhanced Steam-Assisted Gravity Drainage (e-SAGD) pilot project to learn whether water demand and energy consumption can be reduced further by injecting a combination of light hydrocarbons and steam into a bitumen formation. If successful, e-SAGD effectively reduces both water usage and greenhouse gas emissions intensity.



Aerial view of Oil Sands operations

ConocoPhillips is also researching improvements to water processing facilities and steam generation systems. Our Technology group is currently testing potential advances in boiler design. These prototype systems target a combination of water treatment and steam generation, which may be able to significantly reduce the carbon intensity for SAGD surface facilities, while also reducing water consumption.

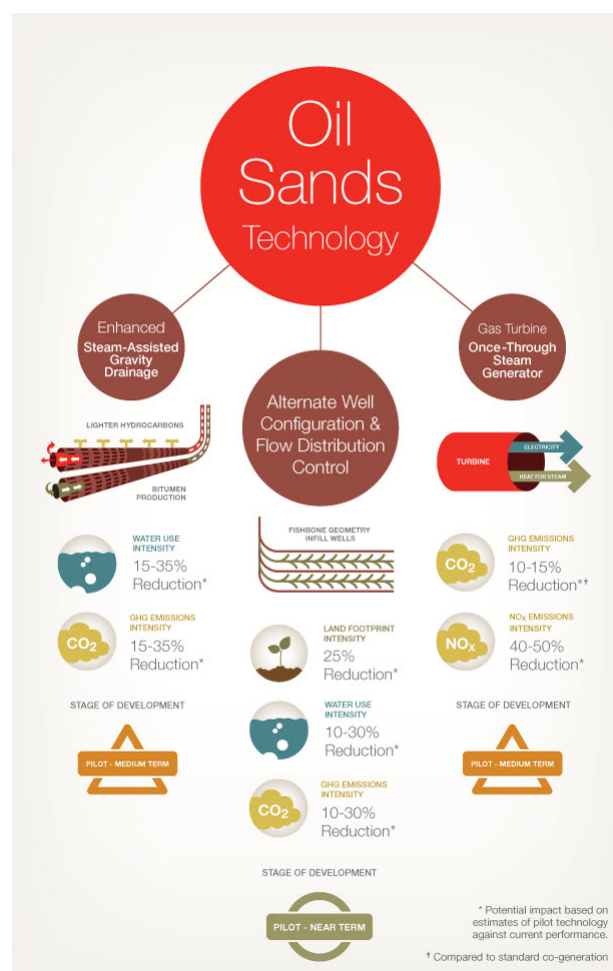
On a well-to-wheels basis, Canadian oil sands crude generates somewhat higher greenhouse gas (GHG) emissions than the weighted average crude processed in U.S. refineries.¹ We are actively pursuing technologies to reduce oil sands carbon intensity.

ConocoPhillips has developed a novel system to generate steam and power simultaneously for our operations. This co-generation technology could reduce our greenhouse gas footprint by:

- Increasing efficiency of steam generation.
- Generating power in the field with natural gas, which produces fewer carbon emissions than coal-fired electricity purchased from the grid.

We are also working on improved process-heat integration and testing enhanced oil production technologies – both aimed at maximizing fuel efficiency while reducing air emissions associated with steam generation. Currently we are testing these enhancements in the field. If successful, combining such advances in technology with co-generation could reduce the company's GHG emissions by as much as 15%-35% per barrel of bitumen produced.

The SAGD process disturbs less land compared to



surface mining. Our Technology group is working to minimize land footprint further by increasing horizontal well lengths. This would allow us to produce more bitumen with fewer well pads, resulting in less surface land impact.

We minimize land disturbance with careful planning and implementation of best practices. For example, our Faster Forests program accelerates the reforestation of boreal forest through the planting of a suitable mix of native trees and shrubs.

To promote vibrant communities near our operations, we direct considerable resources and effort to build local capacity, create economic opportunities and mitigate potential adverse impacts. Our efforts include community investment, training and employment programs, local business contracting, and support for social initiatives and infrastructure development. In particular, we put a special focus on helping communities realize benefits to youth from industrial development.

The company's participation in an alliance of oil sands producers focused on environmental improvement is helping us and other industry members identify even more ways to reduce impacts. You can learn more about the alliance by visiting COSIA

For more information about our oil sands operations and the technologies we're advancing to enable responsible development of the resources, please visit the ConocoPhillips Canada Sustainable Development Portal.

1 "Canadian Oil Sands: Life-Cycle Assessments of Greenhouse Gas Emissions", Congressional Research Service, March 15, 2013.

Does the company care about communities?

Our company views sustainable development success as conducting business in a way that promotes economic growth, a healthy environment and vibrant communities, now and into the future. The first two goals, economic growth and a healthy environment, get widely discussed and seem fairly well understood. But what does it mean to promote vibrant communities? Does the company care about communities?

Yes, ConocoPhillips does care. We run our business under a set of guiding principles that we call our SPIRIT Values of Safety, People, Integrity, Responsibility, Innovation and Teamwork. They are shared by everyone in our company. And they drive the way we care about the communities where we live and work.

We care deeply about developing relationships with people and communities where we operate. We think about communities during our daily work and decision-making, and view these relationships as an important part of our social license to operate.

We think about creating jobs, supporting community investments and, most importantly, understanding how a community feels about our activities near where they live. It's important for us to have a strong community connection, and to hear about local community issues and concerns. Communities

contribute diverse ideas and valuable perspectives. Listening and understanding these views helps us be better at what we do.

To get a sense of how the company works to build strong community connections, let's take the example of what we're doing in Australia.

Community Engagement in Australia

In Eastern Australia, ConocoPhillips is Foundation Shareholder (37.5%) and Downstream Operator of the Australia Pacific Liquid Natural Gas (APLNG) project, along with co-venturers Origin Energy and Sinopec. The project is currently under construction, with operations scheduled to start in mid-2015. As the project's downstream operator, ConocoPhillips will operate the LNG facility on Curtis Island.

Our company's community engagement approach for the APLNG project involves an extensive set of plans to ensure that local communities, including aboriginal communities, are engaged and consulted, benefit from the project, and play an active role in ensuring impacts are addressed.

The project includes a Social Impact Management Plan containing several action plans. These action plans address the project's most significant impacts and benefits identified by a social impact assessment. The plans apply distinct strategies centered on the following six key themes:

- Housing and Accommodation
- Community Investment
- Indigenous Engagement
- Workforce and Training
- Local Content
- Community Health and Safety

Additionally, the project features a Cultural Heritage Management Plan with local Aboriginal people, a Community and Stakeholder Engagement Plan, and a Grievance and Dispute Resolution Policy. Regional community consultative committees, comprised of a cross section of stakeholders, promote dialogue, engage communities in delivering action plans and ensure stakeholders participate in social impact monitoring.

Both the Social Impact Management Plan and Cultural Heritage Management Plan are carried out during project construction, with some aspects continuing into the operations period. Consistent with key themes identified in the project impact assessment, the ConocoPhillips Australia East Business Unit has also developed an Indigenous Content and Engagement Strategy to promote project employment, training and business development for indigenous stakeholders in the area. The goal is to develop and maximize employment and training opportunities for Aboriginal people in the Gladstone region, and to enhance indigenous participation in the APLNG supply chain. While some elements have already begun, most of the Indigenous Content and Engagement Strategy will be conducted during the operations phase.

We intend to share our progress on these strategies and plans as the APLNG project advances.

This is an example of how ConocoPhillips approaches our community responsibilities in the areas where we live and work. We make an effort to investigate and understand the relevant issues, develop strategies and plans for the long-term management of these issues and engage with stakeholders throughout the life cycle of a project. We would be happy to share other examples, as needed.

Does natural gas reduce greenhouse gas emissions?

Many studies have shown that electric power plants fueled with natural gas emit far less greenhouse gas (GHG) than coal-fired plants. Reduction estimates tend to be quite consistent, ranging from 37% to 54%, depending on the age and efficiency of the plants being compared. So natural gas clearly does reduce power plant GHG emissions.

What's less clear is how much GHG is emitted on the way to power plants during natural gas development, production, transportation and storage. With differing methods and many more measurement points, estimates of pre-plant natural gas leakage rates vary widely, from 0.7%-2.6%.

The main component of natural gas is a compound called methane. Compared to carbon dioxide, methane has more warming potential but leaves the atmosphere much sooner. The higher the methane leakage rate, the lower the GHG advantage natural gas has for power generation.

Natural gas leakage is a perfect example of a sustainable development challenge: it increases greenhouse gas emissions, causes people concern and costs the company lost revenue. We don't want any of those things to happen. When properly contained, natural gas is a useful and valuable product. That's why small releases of natural gas are known as 'fugitive emissions' because we want to capture them rather than let them escape. It's not good for the environment. It's money disappearing into thin air. And it's something we take seriously.

So what can we do about it? We've already taken several steps:

- In 2000, we joined the United States Environmental Protection Agency's Natural Gas Star program, a voluntary partnership that works cooperatively to reduce natural gas leakage.

We were one of the first companies to apply technology to reduce natural gas emissions when drilling shale gas wells. Since implementation in the United States in 2007, this "green completions" technology has already captured 3 BCF of natural gas that would have been released or flared.

In 2008, we implemented a Climate Change Action Plan with goals to reduce venting and flaring of natural gas, and to share best practices across the company. From 2009-2012, we reduced or avoided GHG emissions averaging 912,000 metric tons of CO₂(e) per year from projects including reduced venting and flaring.

In 2013 we updated our plan with the release and flaring of natural gas as one of the continuing key focus areas.

This year, along with other industry partners, we are participating in the second phase of an important University of Texas study focused on collecting more data on methane emissions from liquids unloading and conducting further study of pneumatics devices. This scientific peer-reviewed study is expected to be published in 2014.

ConocoPhillips monitors and participates in many other studies to understand greenhouse gas emissions from natural gas production and use. We have teamed up with academics, industry, consultants and non-governmental organizations to learn more. For example, the company took part in a major study published by the Joint Institute of Strategic Energy Analysis in November 2012. This study found that greenhouse gas emissions from 16,000 shale gas sources in the Barnett Shale area amounted to less than half of those from coal when these fuels were used for electricity generation.

We also joined with many other industry members in a study of 91,000 wells operated by 20 companies across the United States. This study found that natural gas leakage volume was 53% less than the Environmental Protection Agency's estimate of 2%.

Better data helps us manage GHG challenges better. We're glad to have and share this information. Our results are posted on our Power in Co-operation website in a fact sheet – 'Natural Gas and GHGs'

For further information on regulation, standards, the life-cycle, and studies regarding the development of natural gas please consult the following:



Nat Gas Studies
Public Information Fel

How does the company prepare for an emergency ?

While focused on operating safely, reliably and responsibly, ConocoPhillips also works hard to be ready for the unexpected. The company invests significant time, effort and resources in crisis and emergency management. Our preparation comprises three parts: Prevention, Training and Collaboration.

Prevention

The most important job at every location is to operate without injuries, incidents or illnesses. ConocoPhillips manages operational risks by paying close attention to planning, processes and operations excellence. That means focusing on safe behaviors (personal safety) and safe facilities (process safety). We pursue safe, reliable and environmentally responsible operations by following a systematic and collaborative approach called Operations Excellence. Our Health, Safety and Environment (HSE) Policy features a tool called the HSE Management System Standard, which helps deliver the commitments and expectations of the policy. Learn more in our Safety and Health section.

Training

ConocoPhillips places great value on having trained and capable emergency responders. As part of our ongoing commitment to safety and environmental stewardship, we want to be the best-trained and best-equipped emergency response organization in the industry. That's why we involve hundreds of employee subject matter experts from all disciplines in crisis and emergency management training and exercises several times each year. In addition to numerous local programs intended to practice and test our response capabilities, several large-scale exercises are slated to take place on three different continents in 2014. These drills include participation by third-party experts, oil spill response organizations and government emergency response agencies.

The company's 2013 major emergency management training and exercises were conducted in Southampton, UK; Gulf of Mexico, USA; Perth, Australia; Jakarta, Indonesia; and Alaska, USA. The Alaska drill included more than 600 staff and third-party responders, as well as local, state and federal government agency personnel. For more information on this exercise, see the related video.

Collaboration

We operate in a highly competitive business. But we also work closely with peer companies on collaborative solutions to manage crises and emergencies. For example, ConocoPhillips is one of the founding members of both the Marine Well Containment Company and the Subsea Well Response Project. These consortiums provide well containment equipment, technology and response capabilities for deepwater wells... ConocoPhillips also belongs to or supports many other organizations similarly focused on emergency preparedness and response across the globe. The Response Partnerships and Industry Alliances section gives a description and list of links to many of these.

SAFETY & HEALTH

Our Safety Commitment

At ConocoPhillips, it is our collective goal to eliminate all injuries, occupational illnesses, unsafe practices and incidents of environmental harm from our activities. We believe that our work is never so urgent or important that we cannot take the time to do it safely and in an environmentally responsible manner. The ConocoPhillips SPIRIT Values— Safety, People, Integrity, Responsibility, Innovation and Teamwork —inspire all our actions and confirm that safety is core to how we operate. Life Saving Rules guide the behavior of employees and contractors working on our global operations. Our plan for achieving safe and environmentally sound performance is described in our Health, Safety and Environment Policy.

Overview

Developing a strong culture of safety and delivering superior safety performance is achieved by having dedicated and engaged leadership working with a committed and skilled workforce. Together, we work toward the goal of zero injuries, illnesses and incidents. Our businesses develop programs that emphasize personal and process safety. Working safely is a condition of employment, and each employee and contract worker has the right to stop any job they believe to be unsafe.

Our improvement in safety performance has resulted in significantly fewer people being injured, but we cannot rest on that success. In 2013, we experienced the tragic loss of an employee and a contract worker in separate fatal incidents, underscoring the reason for our relentless drive to eliminate all injuries. To enhance our safety performance and focus, we launched 8 Life Saving Rules that are specifically targeted at reducing risks of serious incidents while workers are performing critical activities. The rules provide an added measure of protection and strengthen our existing HSE Management System. The rules also serve to guide the behavior of employees and contractors working across our global operations. Used with our Safe Work Cycle, the 8 Life Saving Rules are independently assured and verified on the job for all critical work tasks.

We strive to be a learning organization and as such encourage the reporting of both actual incidents and near misses. Although a near miss is an event without immediate consequences, we recognize that it could have resulted in personal injury, property damage, fire, process upset, spill, release or other failures. If a potential hazard is identified through a near miss or other hazard analysis, we believe reporting the problem is not enough; we implement corrective actions to address the root cause in order to eliminate recurrence.

Safety leadership is a key responsibility of line management. Employee participation is a key component to our safety efforts and can be evidenced through work in various safety committees, behavioral based safety observation programs and industry forums. Company-sponsored safety summits bring together ConocoPhillips management from around the world to discuss our safety programs and commitment. We also use internal and industry case studies to share knowledge and to strive to prevent unsafe situations.

Through the implementation of HSE Management Systems, our businesses identify and eliminate work hazards and risks. The process builds on the principle that all incidents are preventable and that HSE considerations must be embedded into every task and business decision.

HSE Management Systems are assessed annually using the company Operations Excellence process, an integrated systematic and collaborative approach, to guide continuous improvement and ultimately achieve the highest standards of excellence. Each year, all business units review their management systems against corporate HSE standards using the HSE section of the Operations Excellence assessment tool. They analyze current status, identify areas for potential improvement, and then implement key activities to reduce risk and further enhance HSE performance.

Contractor Selection & Oversight

The ConocoPhillips Contractor Health, Safety and Environment (HSE) Standard provides corporate HSE requirements for the company's contracting process. This process allows HSE risks to be measured using the ConocoPhillips Risk Matrix, and any contractor assignments that could include "high and significant risks" require full implementation of the Contractor HSE Standard.

A Pre-Qualification Assessment is conducted to prescreen potential contractors, which includes a review of contractor-supplied information. Documentation provided by the contractor is assessed against ConocoPhillips' standards and industry standards. The HSE portion of the overall contractor evaluation process is based on a combination of trailing indicators such as injury rates and the completeness and functionality of the contractor's HSE management system.

Oversight of contractor performance is accomplished through the various assessment steps of the ConocoPhillips HSE Management System. The ConocoPhillips business owner of the contracted work will have in place a two-level HSE audit system (local assessments and business unit audits) as well as a variety of key performance indicators and monitoring activities that allow the ConocoPhillips staff to review the contractor's performance levels against requirements and expectations.

OSHA VPP

We strongly support the Occupational Safety and Health Administration's (OSHA) Voluntary Protection Program (VPP), which distinguishes work sites that achieve exemplary occupational safety and health standards. Many of our operations have achieved VPP Star recognition in recent years including:

Alaska

- Beluga Gas Field
- Kuparuk Oil Field
- Tyonek Gas Production Platform
- Alpine Oil Field
- Anchorage Office Tower

Bartlesville

- Offices

- Technical Center

Houston - Headquarters Campus - Lower 48

- Bossier Asset
- San Juan Gas Plant
- South Texas Asset
- Wingate Fractionator

Governance & Management Systems

The [ConocoPhillips Health Safety and Environment \(HSE\) Policy](#) is the foundational HSE document for ConocoPhillips. A component of this policy, the HSE Management System Standard, provides corporate expectations for each individual business unit's HSE Management System and is the primary tool that our business units use to execute the contents and commitments contained within the company's HSE policy. The HSE Management System adheres to a continuous improvement lifecycle and includes key elements such as risk assessment, incident and near miss reporting and investigation, onsite job safety analysis, HSE training, audits, and annual review and goal setting.

Through the execution of the HSE Management System Standard, a variety of deliverables are generated by each business. Some of these include investigation reports of "high and significant risk" incidents, audit findings and HSE Compliance Verification Reports. A monthly report highlighting HSE performance is electronically communicated via the company intranet, which is accessible to all employees. Both the ConocoPhillips Management Committee and Public Policy Committee of the company's Board of Directors receive regular updates of key HSE issues, events and performance from the vice president of HSE.

ConocoPhillips maintains a multi-tiered risk based HSE audit program encompassing regulatory and management system compliance audits at both the corporate and business unit levels. Our program also includes external insurance risk assessments. We also commission independent, limited assurance audits of ConocoPhillips' corporate level processes for collating and reporting aggregated HSE data presented in ConocoPhillips' Sustainable Development report.

Integrated into our HSE Management System Standard is the requirement to assess all risks and mitigate them appropriately. ConocoPhillips uses an array of techniques and tools to perform appropriate risk assessments, including using the ConocoPhillips Risk Matrix Model to perform qualitative or semi-quantitative assessments, and using quantitative risk assessments where necessary for increased levels of complexity.

Operations Excellence

Operations Excellence (OE) is a systematic and collaborative approach to enabling safe, reliable and efficient operations. It provides the tools to identify and turn opportunities into realized improvements. The approach recognizes the operational and business challenges inherent in our global business. OE's methodology is aimed at striking the optimal balance between the discipline gained from structured global processes and the quick decision making and personal ownership derived from an experienced-based organization.

Operations Excellence provides the platform for the retention and sharing of corporate knowledge that is critical to ConocoPhillips' future success. It establishes a common language and approach that drives consistency in performance across the company.

Vision

- Be an industry leader in Health, safety and Environment and Asset and Operating Integrity.
- Deliver on long-range plan commitments.
- Achieve an aspirational target of 95% or greater direct operating efficiency.

Mission

To improve operational performance and deliver a sustainable competitive advantage.

Objectives

OE is an essential component of the company's continuous improvement efforts to:

- Reduce risk: A comprehensive risk-management process can prevent the occurrence and mitigate the consequences of major incidents. Leadership and Management; Planning and Scheduling; Human Performance; Asset and Operating Integrity (including Process Safety); Health, Safety and Environment (HSE); and Maintenance and Reliability programs contribute to the prevention of serious incidents. The OE systems are designed to minimize the potential for HSE impacts and maximize operating reliability.
- Improve base production: On any given day, ConocoPhillips produces over a million barrels of oil equivalent production per day from existing sources, so even small improvement in production can significantly impact the company's bottom line.
- Ensure operability: It is essential that projects come on stream and perform as premised in the basis of design. For this reason, it is critical that learning from operations is fed back into project design and construction. In order to achieve these objectives, ConocoPhillips has developed a systematic approach to delivering sustainable improvements.

Process Safety

ConocoPhillips invests significant resources and provides focused attention to continually improve our process safety culture and performance across the entire company. Process safety refers to the control of process hazards in a facility with the potential to impact people, property or the environment. This

includes the prevention, control and mitigation of unintentional releases of hazardous material or energy from primary containment.

The foundation of our successful process safety management program is promoting employee participation. At ConocoPhillips, our employees:

- Have defined safety roles and responsibilities at all levels.
- Serve as employee representatives on joint health and safety committees.
- Participate in analyses that identify process hazards together with their control and mitigation measures or barriers;
- Provide operator input and exhibit ownership of process startup/shutdown procedures and emergency procedures.
- Participate in safety qualification and training programs.
- Are empowered with the right and responsibility to stop unsafe work.
- Perform work permitting and pre-job hazard analysis.
- Participate in safety, technical and procedural reviews, incident investigations, audits and emergency response teams.

Process safety performance at ConocoPhillips is continually tracked to monitor strengths and assess opportunities for improvement across key business areas. This monitoring includes a strong emphasis on process safety auditing to validate and support metric data. ConocoPhillips has adopted additional process safety metrics across key business sectors beginning in 2011 based on the American Petroleum Institute (API) Recommended Practice (RP) 754 “Process Safety Performance Indicators for Refining and Petrochemical Industries,” and on the International Association of Oil & Gas Producers (OGP) “Asset Integrity – Key Performance Indicators.”

These metrics are intended to provide management with additional tools to evaluate the effectiveness of our risk control barriers in preventing or mitigating unplanned losses of containment. Analysis of metric results helps direct specific improvement measures, which may include changes in engineering design, operating and maintenance procedures, and training opportunities.

Emergency Preparedness

At ConocoPhillips, preventing spills or incidents through good project planning, design, implementation and leadership is a primary objective. However, if a spill or other unplanned event occurs, we have plans and processes in place to ensure we can respond effectively. We also conduct thorough investigations of all significant incidents to understand the root cause, share lessons learned and prevent future incidents.

Our company utilizes best practices for spill response on an international basis. We design our programs to meet robust compliance requirements and where feasible apply these standards internationally and

in alignment with host-country requirements. In some areas our internal preparedness requirements and programs exceed local compliance requirements.

ConocoPhillips works with organizations such as the International Petroleum Industry Environmental Conservation Association (IPIECA) and International Oil and Gas Producers (OGP) to encourage regulators to support international cooperation, including bringing outside resources into specific locations to improve local spill response capabilities.

Because we place great value on having trained and capable emergency responders, our company conducts oil spill exercises and drills each year for our U.S. operations in compliance with the requirements of the Oil Pollution Act and adopts many of those concepts for our international operations. We also adopt best practices identified from operations outside the U.S.

As part of our emergency preparedness program, ConocoPhillips conducted four major response exercises on three continents in 2013. About 1,000 people participated in these large-scale exercises, including the ConocoPhillips Global Incident Management Assist Team (GIMAT). These drills often included participation by third-party experts, oil spill response organizations and government emergency response agencies.

To complement the four major exercises, the GIMAT also experienced a week of specialized training during the year. In addition to general response topics, this training dedicated several days to oil spill response strategies and tactics. The 125 GIMAT participants had the opportunity to work side by side with an international oil spill response company and local regulators, sharing industry best practices and honing skills.

In 2014 the GIMAT will continue preparedness efforts with a dedicated training program plus three major exercises performed in the company's three major operating regions around the globe.

We also utilize the National Oil Spill Response Research and Renewable Energy Test Facility (Ohmsett) in New Jersey for spill response training. This facility is operated by the Bureau of Ocean Energy Management (BOEM), and provides full-scale oil spill response equipment testing, research and training.

Our investment in spill response technologies includes membership in Oil Spill Removal Organizations (OSROs) across the globe, which affords us access to substantial inventories of, and the latest advances in, proven response equipment. In the Gulf of Mexico, we are members of two OSROs, Clean Gulf Associates (CGA) and Marine Spill Response Corporation (MSRC). Our Alaska business unit has memberships in three large OSROs including Alaska Clean Seas (ACS), Cook Inlet Spill Prevention & Response, Inc. (CISPRI) and Ship Escort/Response Vessel System (SERVS) for our exploration and production operations on the North Slope, in Cook Inlet and our Polar Tanker operations in Prince William Sound, respectively. Our membership in MSRC as well as a contract with the National Response Corporation (NRC) provides coverage for our Polar Tankers operations along the west coast.

In addition to our U.S.-based OSRO memberships, the company also belongs to the Oil Spill Response Limited (OSRL) and Norwegian Clean Seas Association for Operating Companies (NOFO). These two groups perform roles similar to that of the CGA and MSRC for offshore operators, focusing on global

(OSRL) and region (NOFO) specific solutions. We are also active participants in many other emergency response cooperative efforts.

ConocoPhillips is also a founding member of two industry leading subsea capping and containment programs. The Marine Well Containment Company (MWCC) provides subsea well-response resources for the US GOM. The Subsea Well Response Project, operated by OSRL (SWRP-OSRL), is available to respond around the globe for a subsea well event in waters outside the US GOM.

For a more complete listing, along with descriptions and links to more information about these groups click on [Response Partnerships and Industry Alliances](#).

OFFSHORE INCIDENT PREVENTION & RESPONSE

Overview

Our company's focus and investments in offshore safety and environmental protection are best summarized in three primary areas:

- PREVENTION – to reduce the risk of an incident from occurring.
- CONTAINMENT – to reduce the footprint and impact of an incident and maximize the response capability.
- RESPONSE – to mitigate incident damage rapidly and effectively.

Incident Prevention

Safety and accident prevention are core focus areas in our exploration, production and drilling businesses and are integral parts of all types of our operations. ConocoPhillips invests significant resources on prevention – training of personnel, selecting the right contractors and executing our operations in a manner that maintains safety and environmental stewardship.

For example, for drilling operations, focusing on prevention begins with proper well design and carries forward into the daily drilling work execution. ConocoPhillips uses a well design methodology which meets or exceeds the requirements in all countries where we operate. We have well control, casing design, drilling fluid and cementing, and directional drilling and wellbore surveying standards, which are the building blocks we use to ensure a safe well design. Additionally, we have several processes embedded into our operating management system to help prevent a drilling accident from occurring. These processes include inspection, testing and maintenance of all safety critical elements of an asset (including wells), placement of precautionary safety critical elements to respond to certain scenarios, well integrity assurance and intervention to help ensure reliability of the well envelope, and detailed planned maintenance programs to ensure asset integrity.

The majority of ConocoPhillips' research and development funding in offshore drilling focuses on increasing efficiency without compromising safety. Some of this funding is leveraged in joint industry projects in association with multiple operators and contractors. While our company does not directly design and build rigs, we devote considerable financial resources to drive improvements in the drilling industry through our contracting and construction oversight strategies.

We actively seek to identify and partner with those companies that have the safest equipment and best safety records through our Contractor HSE Standard. (See Contractor Selection & Oversight for more information.) In our U.S. onshore rig fleet, we are contracting with innovative, safety-focused drilling companies for newly built, high-tech rigs equipped with fully automated pipe handling equipment. This equipment reduces the human-machine interaction which results in many of the injuries associated with drilling operations. We also provide oversight during construction activities.

ConocoPhillips was also one of the first companies to develop a Design Safety Case applied in the Gulf of Mexico. The company used this compilation of design information and studies to ensure our Magnolia facility was designed safely. Although a regulatory requirement in U.K. North Sea operations since 1991, safety cases have not been required in the Gulf of Mexico.

The safety case for Magnolia identified the accident hazards that could occur in an offshore facility, including process safety or well control incidents. Since then, ConocoPhillips has developed and implemented a global Safety Case Standard that requires the development of a safety case for all ConocoPhillips offshore facilities.

Spill Containment

ConocoPhillips recognizes that industry oil spill response capabilities should be continually improved, particularly in the case of subsea wells. We are participating with the industry in developing new spill response strategies and/or equipment improvements that will materially increase our ability to capture leaking oil at its source at the sea floor, stage equipment in locations where it might be needed, and engage in advanced and ongoing research and development.

ConocoPhillips is one of the four founding companies of [Marine Well Containment Company \(MWCC\)](#), an independent, not-for-profit company formed to provide better response and containment capability in the Gulf of Mexico. MWCC's interim well capping and containment system became available for use the following year. This interim system improved the industry's ability to respond to a deepwater well control incident in the U.S. Gulf of Mexico.

Now supported by 10 members, MWCC has advanced this capability by constructing a more robust well-capping system and is currently developing an [expanded containment system](#). This system further increases capacity to capture, contain and process oil and gas from a well control incident if the well cannot be capped. Elements of the expanded containment system became available for use in 2013, and

more will continue to be built in 2014. As MWCC's members look for new and deeper sources of oil, the company is committed to progressing technology that keeps pace with its members' needs.

Deepwater conditions vary around the globe, resulting in specific regional needs for oil spill containment and response solutions. That's why ConocoPhillips also helped found the Subsea Well Response Project (SWRP). Similar to MWCC, SWRP is a Norway-based nonprofit joint initiative of nine major oil and gas companies that worked together to design and construct four subsea well capping systems now deployed at strategic locations around the globe. With completion of global shore bases for the new capping systems in 2013, SWRP is developing additional subsea well containment programs. These systems enhance the industry's capacity to respond to subsea well-control incidents.

Industry Response

In May 2010, in response to the Gulf of Mexico incident, the oil and gas industry, with the assistance of the American Petroleum Institute (API), assembled three joint industry task forces (JITF) to focus on critical areas of Gulf of Mexico offshore activity:

- The Joint Industry Task Force to Address Offshore Operating Procedures and Equipment,
- The Oil Spill Preparedness and Response Task Force, and
- The Subsea Well Control and Containment Task Force.

These groups provided more than 50 recommendations including quicker and more effective methods for capping an uncontrolled well, improvements to subsea dispersant application and monitoring, in-situ burning, shoreline protection and cleanup and other response operations, and a new well construction interfacing document that offshore operators and drilling contractors can employ to integrate all aspects of safety management systems. ConocoPhillips is actively participating on each of these JITFs. For more information, please visit [API JITF](#).

In addition to participating in the JITF, ConocoPhillips actively participated in the Global Industry Response Group (GIRG), which formulated recommendations similar to the API effort on a global level. GIRG's three key focus areas addressed incident prevention by forming a wells expert committee, on-water oil spill response through joint industry programs, and subsea well response which established the SWRP. ConocoPhillips also participates in other industry groups such as:

- API Emergency Preparedness and Response Sub-Committee.
- IPIECA's Industry Technical Advisory Committee (ITAC), Oil Spill Working Group (OSWG) and Global Initiatives.
- OGP's Oil Spill Response and Arctic Response Joint Industry Projects (JIPs).
- Oil and Gas U.K. Oil Spill Prevention and Response Advisory Group (OSPRAG) and European Issues Subgroup.

- Society of Petroleum Engineers (SPE) Committee, which provided industry guidelines on how to calculate worse-case discharge volumes in response to a Bureau of Ocean Energy Management directive.
- Natural Resource Damage Assessment (NRDA), which provides a collaborative forum for stakeholders to share views concerning the environmental impact of oil spills.

Through our continued participation in the various national and international industry groups, ConocoPhillips benefits from opportunities to evaluate new technologies and equipment that maximize recovery and minimize waste during spill response. ConocoPhillips also remains committed to collaborating with government regulators, operators and industry to advance the state of the art in both equipment and procedural aspects of spill response and deepwater drilling operations. As additional guidance and regulations are put in place, ConocoPhillips will incorporate them into our procedures, policies, and oil spill response plans. We will continue to review our internal policies and procedures with all global locations to ensure the safety of our operations. Through these efforts, we will contribute to improving safety not only for ConocoPhillips operations, but for the entire industry.

[Response Partnerships and Industry Alliances](#) has a complete listing and more information about these groups.

Occupational Health and Industrial Hygiene

ConocoPhillips has a well-established process for identifying, evaluating and controlling workplace health hazards. The core of our process is the requirement for each business unit to develop and implement an Exposure Assessment Plan (EAP) for employees and contractors. The EAP identifies chemical and non-chemical risks that workers may be exposed to during daily work activities. Sampling performed under an EAP focuses our efforts on minimizing exposure risks to workers and the community.

ConocoPhillips has also established Occupational Health and Industrial Hygiene performance metrics used to continually evaluate and improve our processes. These metrics measure the effectiveness of our chemical risk identification processes, associated protection measures and medical surveillance of worker health.

The ultimate goal of our Occupational Health and Industrial Hygiene process is to effectively protect the health of our workforce and facility neighbors to prevent any related adverse health effects.

Security

Although security risks cannot be entirely eliminated, we believe they can be effectively managed. ConocoPhillips has taken comprehensive steps and invested heavily to address potential threats to our operations around the world. Through systematic security audits by specially trained personnel, we continuously monitor and assess our compliance with international security regulations, company

security policies and the potential for malicious action and implement a variety of preventive measures to provide for the safety and security of our personnel and operations.

As an operator of critical infrastructure in many challenging locations worldwide, we work closely with governmental agencies, nongovernmental organizations, our peers and local communities on initiatives to identify, detect, deter, prevent and mitigate potential terrorist attacks and other threats to company personnel and facilities. ConocoPhillips facilities are compliant with the:

- Chemical Facility Anti-Terrorism Standards,
- Maritime Transportation Security Act,
- Hazmat Transportation Security requirements,
- International Ship and Port Facility Security Code,
- U.S. Customs-Trade Partnership Against Terrorism standards, and
- All other applicable governmental security requirements.

ConocoPhillips maintains its Tier Three status in the Customs-Trade Partnership Against Terrorism program by demonstrating effective security that exceeds the minimum program criteria. Our program examines categories of company procedures intended to maintain the integrity and security of the international supply chain. This effort is conducted through on-site visits and procedural reviews by U.S. Customs and Border Protection officials who assess the overall effectiveness of our security processes.

ConocoPhillips continued as an active, participating member of the [Overseas Security Advisory Council \(OSAC\)](#), with the ConocoPhillips Chief Security Officer presently fulfilling the private sector co-chair position. OSAC is a federal advisory committee of public-sector entities and U.S. government. It is chartered by congress to promote security cooperation between American business and private-sector interests worldwide.

OSAC includes representation from the U.S. departments of Treasury, State and Commerce; the Executive Office; and more than 140 country councils. Today, members of more than 7,500 U.S. companies, educational institutions, faith-based institutions and non-governmental organizations are OSAC constituents. ConocoPhillips is also a founding member and leadership board member of the [Domestic Security Alliance Council \(DSAC\)](#). This group creates a strategic partnership between the Federal Bureau of Investigation (FBI) and the U.S. private commercial sector to enhance communications and promote the timely and effective exchange of information.

The DSAC advances the FBI mission in preventing, detecting and investigating criminal acts, particularly those affecting interstate commerce, while advancing the ability of the U.S. private sector to protect its employees, assets and proprietary information. The program has grown to include over 250 member companies representing almost every critical sector and over 50 unique business industries. DSAC members account for over 48% of the US gross domestic product and employ over 18 million people.

Additional security programs and initiatives include:

- security vulnerability assessments,
- journey management,
- contraband searches,
- due diligence investigations,

- threat analysis,
- work place violence prevention,
- emergency evacuations,
- external investigations,
- information protections,
- facility security plan development,
- security training,
- site access control and monitoring,
- technical counter surveillance monitoring, and
- special events security.

ENVIRONMENT

Lifecycle Thinking

Energy enables global economic development and human progress.

Yet, it is not always clear how best to protect the environment, conserve resources and operate compatibly with neighbors while delivering the energy needed to realize these benefits. Energy companies, including ConocoPhillips, deal with these issues on a daily basis. How can companies make the best choices for the environment and communities?

ConocoPhillips believes in using a systematic approach to understand these often complex issues. One tool in this approach is Life Cycle Assessment (LCA) methodology – a tool to quantify environmental impacts and natural resource usage from project conception to completion. Having full understanding of project lifecycle impacts allows planners to make more informed decisions regarding the environment and natural resource use. It also allows comparisons between alternative approaches and competing technologies. To conduct an LCA, a company must,

- Define the LCA goal, scope and boundaries.
- Develop an inventory of all products, resources and emissions entering or leaving the boundaries.
- Assess the benefits and impacts of products, resources and emissions leaving the boundaries.
- Interpret the results.

For instance, LCAs consistently find that electric power production from natural gas produces half the greenhouse gas emissions of coal when comparing total emissions across the entire life cycle, including fuel production, transportation and transformation into electric power.¹ But how does liquefied natural gas (LNG) compare with coal? Applying systematic LCA methodology, the U. S. Department of Energy Technology Lab finds that LNG can provide a similar greenhouse gas reduction benefit relative to coal (up to a 45% reduction).²

LCA methodology provides important information to company planners so that potential impacts to the environment, natural resources and communities are considered as part of ongoing operating decisions. By taking this systematic lifecycle approach, ConocoPhillips can better understand and manage our environmental footprint.

1 U. S. DOE, NETL (2011), Deutsche Bank/Worldwatch Institute (2011), IHS CERA (2011), University of Maryland (2011)

2 U. S. DOE NETL, (2010)

Biodiversity

POD 1- ACTION PLAN

Pod 1a- Overview

Biological diversity, or biodiversity, is a term used to capture the concept of the world's biological richness and variability. Biodiversity includes all populations and species of plants, animals and microbes that occur in nature, and the interactions within and between these populations that contribute to ecosystem function. Ecosystem functions provide essential services that support human needs such as food, shelter, clothing, medicines and fuel. Biodiversity can also have recreational, cultural, spiritual and aesthetic values.

Biodiversity is critical in maintaining ecosystem health and human well-being. Protecting plant and animal species and ecosystems where we operate is an essential component of our health, safety, and environmental commitment. In the company's biodiversity position, we make a number of specific commitments designed to conserve biodiversity as part of our commitment to systematically reduce the effects of our activities on the environment.

Pod 1b- Context for Action

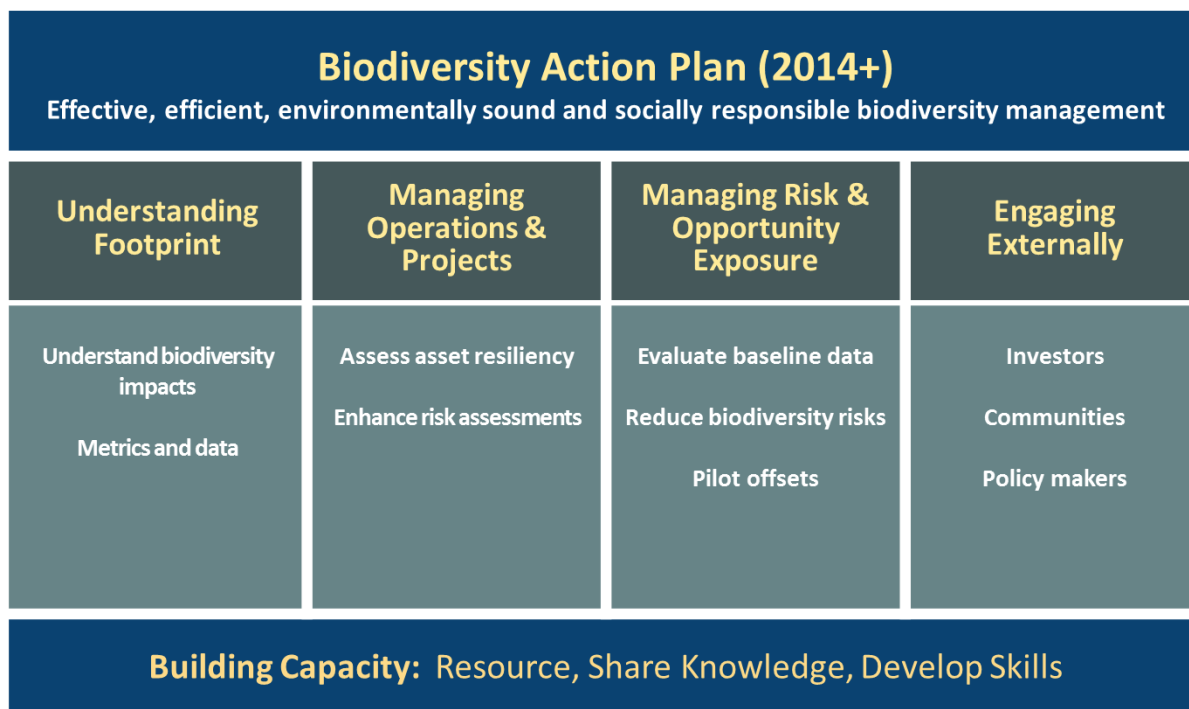
In support of our biodiversity position ConocoPhillips implements planning processes aimed at reducing or mitigating the effects of our activities on the environment and conserving biodiversity. We address biodiversity conservation as part of due diligence and other business processes. During the planning and development of major capital projects, we conduct environmental impact analyses, collecting key environmental data and implement mitigation and monitoring programs to reduce impacts and assure results.

We are continuously building our knowledge about the ecosystems in which we work and completed an internal study a few years ago to benchmark our performance compared to other extractive-industry companies and establish our baseline. To increase internal awareness about biodiversity, a knowledge-sharing intranet site was created for ConocoPhillips employees. We conducted industry benchmarking to explore better ways to collect and manage our biodiversity data, including improved animal tagging and streamlined databases for key regions. Employees are encouraged to ask questions about challenges they encounter and to share project ideas for technology development in the area of ecosystems and land use. The intranet site also provides such resources as reference to global conferences and contacts to benefit its members.

We have been working on the quality and completeness of assessing, measuring, and monitoring our biodiversity risks at our operated assets. Building on earlier work we have updated our Biodiversity Action Plan to address actions from 2014-2016. The objectives and actions we will take are described in the Biodiversity Action Plan.

Pod 1c- Action Plan

Since releasing our public position on biodiversity we have continued to improve our understanding of our performance in biodiversity by undertaking peer comparisons and cataloging current challenges and activities. Our corporate biodiversity strategy focuses on implementing mitigation planning processes that conserve biodiversity for existing and future operations.



Some examples of the more than 25 deliverables from the 2014-2016 Action Plan are below which represent a mix on continuous improvement ideas and forward looking objectives including:

- Pilot test options for a biodiversity offsets program in Canada
- Update Environmental Sensitivity Index Mapping for Indonesia offshore & onshore operations
- Continue to strengthen the Integration of biodiversity conservation principles in our business management systems
- Completing a marine environmental baseline studies program for key offshore field development
- Evaluate pilot testing of biodiversity data sharing program in Alaska

Pod 1d- Performance

In 2012 and early 2013, all major operated assets completed a business risk assessment for biodiversity. As an initial input into the assessment, our assets were plotted in the Conservation International biodiversity hot spots mapping layer of the International Petroleum Industry Environmental

Conservation Association's (IPIECA) Global Water Tool for Oil and Gas and PROTEUS UNEP World Conservation Monitoring Centre (UNEP-WCMC).

Using the Global Reporting Initiative (a well-known sustainable development reporting guideline), IPIECA practices and internal expertise, we developed an internal risk framework to evaluate our assets. This framework provided a consistent methodology and common tool for evaluating risks. The process looked at a number of international, national and local risk elements and created a categorization of risks for the asset. The guidance and methods in the tool allowed us to get a relative risk for each operated asset. After completing the assessment, the business unit developed appropriate follow up action plans, which are now under review.

These internal assessments complement the other engagement we do in the area of biodiversity. Through our various programs and activities, we cooperate with local and international non-government organizations (NGOs) and government agencies and communities in conserving and protecting biodiversity and ecosystems services in the regions where we work. Through relationships with experts, we improved our ability to recognize and manage sensitive environments, avoid them where possible, or reduce impacts to a minimum in areas that we cannot avoid. We use local experts to monitor and advise our activities in proximity to such sensitive areas.

Pod 1e- Implementation Indicators

Our global businesses follow specific, well-defined processes that help manage sustainability issues as we begin a new venture, from the initial phases of identifying a potential opportunity through project development and operations. We are committed to the development of biodiversity management practices that conserve and protect biodiversity and ecosystems services and enhance the efficiency of our assets.

Starting in 2013, the biodiversity risk assessment framework that was developed for screening risks at assets will be integrated into the Sustainable Development scorecard. This tool provided a broad perspective on our risks around biodiversity and ecosystem services for our assets globally, helped further identify important issues and potential effects that should be considered, and allows for continued learning as the project progresses. Examples of the work done can be seen in the Engaging Externally section.

Biodiversity Results and Integration Table	
Focus Area	Implementation Indicators
Impact Assessment and Results	All major operated assets have completed a biodiversity risk assessment.
	Assets have created fit-for-purpose mitigation plans.
Integration	An internal risk assessment framework has been developed.
	Business units and functions share best practices in biodiversity through working groups and Networks of Excellence.
Tracking (Issues, Actions)	Potential biodiversity risks or issues are identified and evaluated periodically through business unit, asset or project level risk assessments.

Pod 2- BIODIVERSITY SUSTAINABILITY POSITION

ConocoPhillips will implement mitigation planning processes aimed at reducing the effects of our activities on the environment and conserving biodiversity. We will address biodiversity conservation as part of investment appraisal, and during the planning and development of major capital projects, by conducting environmental impact analyses, collecting key environmental data and implementing mitigation and monitoring programs to reduce impacts and assure results

Pod 3- UNDERSTANDING FOOTPRINT

We work closely with land owners and government authorities to manage our operations in a way that protects wildlife and ecosystems. Our planning processes incorporate studies on local wildlife and natural resources to identify potential impacts from our operations. We use the data to make necessary modifications, such as locating well pads and facilities outside nesting habitats, adhering to timing restrictions and reclaiming land by planting vegetation that provides forage for animals and birds. Reseeding with native plants during our land restoration work gives us the opportunity to make a positive change that will improve the landscape for generations to come.

- <http://www.conocophillips.com/sustainable-development/reporting/reporting-statements/Pages/ernst-young-letter-of-assurance.aspx>

Pod 4- MANAGING OPERATIONS AND PROJECTS

ConocoPhillips is dedicated to helping meet the world's growing energy needs in a safe, environmentally responsible and sustainable way. That means protecting people and communities, plants, wildlife and our land, air and water. To accomplish this, we follow a set of principles that guide our decision-making every day, at all of our sites around the world. ConocoPhillips applies technology and designs facilities to reduce its land impact and works diligently to restore former production sites in an environmentally responsible manner. For more information, visit Power in Cooperation.

Taking Steps to Reduce Footprint

Each major operated asset is required to complete a biodiversity risk assessment and develop a biodiversity action plan. These plans are designed to address the local risks identified. These plans may include monitoring, plans for engagement, or specific technology plans and are aimed at helping each asset appropriately manage the issue within the local context. Some examples of our business unit water management planning and actions may be found in the Canadian oil sands and in our Eagle Ford shale development work.

Technology

Over the last few decades, the use of horizontal and directional well drilling technologies has allowed us to access resources deep underground with less disturbance to land. This increases options to drill multiple wells from a single drilling pad which reduces the equipment, roadways and pipelines needed to complete a project. Our Alaska operations have reduced well pad significantly over time. In the Eagle Ford area of Texas, we routinely place up to five wells on a single well pad that occupies only 12 acres of land, roughly half the acreage traditionally required for separate well pads. Drilling multiple wells from one pad also minimizes the amount of time we are actively developing an area because we don't have to move the drilling rig.

Oil Sands {[hyperlink: http://www.conocophillips.com/sustainable-development/common-questions/Pages/can-oil-sands-be-developed-responsibly.aspx](http://www.conocophillips.com/sustainable-development/common-questions/Pages/can-oil-sands-be-developed-responsibly.aspx) }

We work to minimize impact on the region's water and diverse ecosystems during the production of bitumen using a method called steam-assisted gravity drainage (SAGD). A SAGD well injects steam into the reservoir to soften the bitumen and allow gravity to drain it into a producing well. The oil is then brought to the surface for further processing and sale. Since the facility is designed to recycle most of the water used, the SAGD technology allows us to minimize water use, energy intensity, air emissions, land footprint and waste generation.

The SAGD process reduces disturbance of the surface, as it does not require surface mining or mined tailings ponds. Instead, SAGD uses a series of well pairs to extract bitumen. To reduce the land footprint of this equipment, our Technology group is working to increase horizontal well lengths and find alternative pad configurations, accessing more resource from less surface land.

Land disturbance is minimized through careful planning and implementation of best practices. Reclamation of disturbed sites is implemented through our Faster Forests program, which accelerates the reforestation of boreal forest through the planting of a suitable mix of native trees and shrubs.

Habitat Restoration

In many cases, where environmental monitoring or restorations comprise our action plans, we involve members of the local communities. For example, Potter Marsh, located within the Anchorage Wildlife Coastal Refuge, is one of ConocoPhillips' signature SPIRIT of Conservation programs in Alaska. Recent project activities include habitat enhancement for migratory birds and fish, increased public access to wildlife resources, and educational outreach. ConocoPhillips has invested more than \$2 million in Potter

Marsh and has worked collaboratively with regulatory agencies and environmental non-profit organizations to advance the project.

Pod 5- MANAGING RISKS & OPPORTUNITIES

We follow widely accepted guidelines from IPIECA and the International Association of Oil and Gas Producers (OGP) in our approach to biodiversity conservation. As a member of the IPIECA Biodiversity and Ecosystems Services Working Group, we develop tools and materials to help companies across our industry enhance their biodiversity conservation activities. As a founding member of the OGP's Sound and Marine Life Joint Industry Project, we support continued research to increase scientific knowledge on the possible impact that sound produced by offshore exploration and production has on marine mammals, fish, turtles, seabirds, invertebrates and other marine life.

We are also members of the OGP and are on the management committee for this organization. OGP companies, share information and develop guidance on safety, the environment, governance, fiscal transparency and corporate social responsibility. Additionally, we serve on the OGP Environment Committee.

Overview

Our global businesses follow specific, well-defined processes that help manage sustainability issues as we begin a new venture, from the initial phases of identifying a potential opportunity through project development and operations. We are committed to the development of Biodiversity management practices that conserve and protect resources and enhance the efficiency of land utilization at our facilities. Our oil sands development, Onshore Operating Principles, and natural gas operations offer examples of this commitment.

Training and Awareness

Our approach encompasses a broad range of activities and tools. ConocoPhillips led the development of the IPIECA Global Water Tool which includes one of several potential biodiversity risk evaluation maps. We have adapted and applied the tools developed by these organizations through integration into our processes and training for key functions and leaders. We've also focused our Biodiversity Issues Working Group and biodiversity networks on further integration of sustainable development tools and commitments into business planning and work processes. A biodiversity training module has been incorporated into HSE training.

Health, Safety, Environmental and Social Assessments

We systematically conduct assessments to identify how our business practices might affect communities and ecosystems in areas where project development is planned. Water assessments are included in this process as described in more detail in Our Approach under Health, Safety, Environmental and Social Assessments.

Biodiversity issues are included in our high level processes and where warranted by specific risk assessments. At the asset level, we continue to strengthen the consistency in implementation.

Biodiversity Risk Reviews

In 2012 and early 2013, all major operated assets completed a business risk assessment for biodiversity. As an initial input into the assessment, our assets were plotted in the Conservation International biodiversity hot spots mapping layer of the International Petroleum Industry Environmental Conservation Association's (IPIECA) Global Water Tool for Oil and Gas and PROTEUS UNEP World Conservation Monitoring Centre (UNEP-WCMC).

Using the Global Reporting Initiative (a well-known sustainable development reporting guideline), IPIECA practices and internal expertise, we developed an internal risk framework to evaluate our assets. This framework provided a consistent methodology and common tool for evaluating risks. The process looked at a number of international, national and local risk elements and created a categorization of risks for the asset. The guidance and methods in the tool allowed us to get a relative risk for each operated asset. After completing the assessment, the business unit developed appropriate follow up action plans, which are now under review.

These internal assessments complement the other engagement we do in the area of biodiversity. Through our various programs and activities, we cooperate with local and international non-government organizations (NGOs) and government agencies and communities in conserving and protecting biodiversity and ecosystems services in the regions where we work. Through relationships with experts, we improved our ability to recognize and manage sensitive environments, avoid them where possible, or reduce impacts to a minimum in areas that we cannot avoid. We use local experts to monitor and advise our activities in proximity to such sensitive areas.

Conservation Agreements

Partnering with state government and industry peers over the past four years, ConocoPhillips has helped lead an unprecedented voluntary conservation effort to protect the habitat of the Dunes Sagebrush Lizard on federal lands in Texas and New Mexico. In 2012, we were part of an industry commitment of nearly 1 million acres to help the U.S. Fish and Wildlife Service protect habitat for the Dunes Sagebrush Lizard in southeastern New Mexico. As a result, the U.S. Fish and Wildlife Service determined in June 2012 that the lizard does not need protection under the Endangered Species Act. "The voluntary conservation efforts of Texas and New Mexico oil and gas operators, private landowners and other stakeholders show that we don't have to choose between energy development and the protection of our land and wildlife. We can do both," said Secretary of the Interior Ken Salazar when he announced the decision.

Marine Environments

We carefully manage our marine water discharges. Our tanker operations, which typically move Alaskan crude to U.S. west coast refineries, are certified under the Washington Department of Ecology's Exceptional Compliance Program (ECOPRO). ECOPRO, a voluntary program for tankers and tank barges, recognizes operator commitment to environmental stewardship through compliance with standards exceeding regulatory requirements. Our fleet operations also comply with new vessel water discharge regulations.

As part of the company's emergency preparedness program, the company conducts drills in both land and marine environments. Additional information about those drills and our emergency response plans can be reviewed under Emergency Preparedness or Offshore Incident Prevention and Response Capabilities.

Alaska's Cook Inlet

We believe it is important to balance our presence with responsible conservation measures to protect biodiversity. This requires dialogue between environmentalists, industry, government and other interested parties.

ConocoPhillips has long recognized that our ability to safely develop oil and gas resources in Alaska, particularly in Cook Inlet, is inextricably linked to the ability of all resource developers to minimize the environmental impacts and protect the subsistence way of life for native peoples. For more than 40 years, ConocoPhillips has successfully developed and produced gas in Cook Inlet waters occupied by the beluga whale.

The Cook Inlet beluga whale is currently listed as endangered under the Endangered Species Act and depleted under the Marine Mammal Protection Act. It is therefore afforded a high level of protection by the National Marine Fisheries Service (NMFS) as the agency works with industry, native subsistence hunters and others to conserve and ultimately recover the species to sustainable population levels. Understanding the reasons behind the beluga whale population decline is important to the industry and other stakeholders.

ConocoPhillips is a longstanding supporter of beluga whale conservation, management and research in Alaska. We support the conduct of sound science to assist with decisions on the management of marine mammals, not only for the continuation and growth of the population, but also to allow for future harvests by local Native hunters who rely on these animals as part of their subsistence diet.

Pod 6- ENGAGING EXTERNALLY

Community engagement is integral to how we go about implementing or "operationalizing" our commitment to managing developments and addressing sustainable development issues, including biodiversity. Business unit engagement strategies, peer to peer best practice sharing, participation in industry forums, developing or implementing advances in technology and operating processes all enhance our ability to continue to responsibly develop hydrocarbons. For additional details, please see Shale Development.

We recognize the special relationship local communities and indigenous people have with the land and natural environment. Furthermore, we respect their unique knowledge in managing their local environment and conserving biodiversity. While assessing the potential impact of our operations, we actively seek to learn from the traditional knowledge held by indigenous communities as we work with them to develop mitigation strategies to any potential environmental or socioeconomic impacts.

We collaborate with the University of St. Andrews on the annual St. Andrews Prize for the Environment, which recognizes significant contributions to environmental conservation. Since its launch in 1998, the

St. Andrews Prize has attracted entries from more than 50 countries each year on diverse topics, including sustainable development in the Amazon rainforest, urban regeneration, recycling, health and water issues, and renewable energy.

Additionally, ConocoPhillips has an annual grant process that awards grants to grad students doing avian research in Alaska. The Angus Gavin Migratory Bird Research Fund is named after our first ecologist in residence.

SPIRIT of Conservation

One of ConocoPhillips' environmental interests is conserving the natural habitat of migratory birds, an objective that has been among the company's philanthropic priorities since the 1970s. In 2005, ConocoPhillips founded the SPIRIT of Conservation Migratory Bird Program, an outgrowth of the company's long-working relationship with the National Fish and Wildlife Foundation (NFWF). The program strives to protect, restore and improve the natural systems and habitats upon which migratory birds depend for survival, and to benefit declining bird species.

Through its first 8 years, 55 grants have been awarded to 30 conservation groups in 12 states and 5 countries. Nearly 100,000 acres of priority bird habitats have been protected and restored. ConocoPhillips' cumulative contribution of \$3.2 million has been leveraged by NFWF at better than 5:1, for a total on-the-ground impact of over \$16 million.

Gulf Coast Bird Observatory

In 1993, ConocoPhillips helped form a unique alliance of two conservation groups, three federal and state agencies and two petroleum companies to expand and improve habitat at High Island, Texas. Located approximately 60 miles south of Houston, High Island is one of the most important resting places for neotropical bird species as they migrate to the United States each year from Central and South America. Through the efforts of ConocoPhillips employees and corporate funding, the Gulf Coast Bird Observatory (GCBO) was created. It has expanded into a network of protected habitats across the Gulf Coast from Florida to Mexico.

The GCBO works to protect birds, habitat and birding areas along the Gulf of Mexico from the Florida Keys to the Yucatan Peninsula. Since 1993, ConocoPhillips has served as an annual sponsor for GCBO, donating nearly \$500,000.

ConocoPhillips is involved in creating the partnerships necessary to acquire and maintain other GCBO sites throughout the Gulf Coast.

One of the four Houston Audubon Society's sanctuaries on High Island is the S.E. Gast Red Bay Sanctuary, named in honor of a retired ConocoPhillips employee who has been instrumental in the habitat improvement and public education at High Island.

Playa Lakes Joint Venture

Established in 1989, the Playa Lakes Joint Venture (PLJV) was the seventh habitat joint venture to implement the goals of the North American Waterfowl Management Plan. This public-private

partnership is committed to the conservation of playa basins, saline lakes, marshes, riparian areas and associated watersheds through cooperative efforts with landowners. ConocoPhillips has been the lead corporate participant in the PLJV since its inception, providing in-kind support, employee expertise and has contributed over \$2.2 million to projects. Playa Lakes Joint Venture and its partners have restored, enhanced or protected over 1.4 million acres of land within the western great plains.

Grants and partnerships with state and federal agencies, conservation organizations, corporations, communities and individuals have enhanced, restored or protected more than 100,000 acres of habitat.

The Playa Lakes Joint Venture takes in more than 50,000 wetlands known as "playas" across the western High Plains of the United States. There are more than 80,000 playas and they range in size from less than 1 acre to more than 100 acres.

Houston Audubon Society

ConocoPhillips is a corporate supporter of the National Audubon Society. Founded in 1905, the organization is named for John James Audubon, a well-known bird expert, explorer and wildlife artist. The Society's mission is to preserve and restore natural ecosystems, focusing on birds, other wildlife and their habitats for the benefit of humanity and the earth's biological diversity. The organization's national network of community-based nature centers and chapters, scientific and educational programs and advocacy on behalf of all sustaining important bird populations, engage millions of people of all ages and backgrounds in positive emulation experiences.

ConocoPhillips also is a corporate supporter of the Texas Audubon Society. Both as a corporation and through Gulf area employees, ConocoPhillips is an active participant in the work of Houston Audubon Society (HAS). HAS became one of the first environmental organizations in Houston in 1969. With nearly 4,700 members from 13 counties along the Upper Texas Coast, HAS is one of the largest Audubon chapters in the nation. In 1983, HAS purchased acreage at High Island in Galveston County, and more recently purchased Horseshoe Marsh on Bolivar Peninsula. These properties and significant additional acreage, including Smith Oaks, provide critical stopover habitat for thousands of neotropical songbirds that migrate along the Gulf of Mexico flyway from Latin America to breeding grounds in North America.

HAS's sanctuary system includes nearly 3,000 acres and is still growing. HAS programs include the High Island Initiative and the Gulf Coast Initiative, which have brought together advocacy groups, governmental agencies and corporations to establish the Gulf Coast Bird Observatory. More than 16,000 children and adults benefit from HAS education programs.

Wildlife Habitat Council

Several projects taking place on ConocoPhillips' properties indicate the enthusiasm and interest of employees in protecting and improving habitat for birds, as well as other wildlife. These projects are being carried out under the rigorous land management guidelines of the Wildlife Habitat Council (WHC), a nonprofit organization that helps landowners manage their properties in an ecologically sensitive manner for the benefit of wildlife.

ConocoPhillips' sites participate in each level of WHC programming from habitat enhancement and environmental education to nest monitoring and community outreach. Each year, ConocoPhillips is proudly represented in WHC's Corporate Homes for Wildlife Calendar, showcasing a particular site with a photo and brief description showing the great work being done on corporate land to enhance critical wildlife habitat. ConocoPhillips has the following WHC projects currently under way at company locations in Bartlesville, Oklahoma:

- The Hillside Wildlife Habitat Enhancement Area has been certified for habitat since 1991.
- The Eliza Creek Habitat Enhancement Project has been certified for habitat since 1999.

Wetland Foundation

ConocoPhillips sponsors the America's WETLAND Foundation (AWF) established in Louisiana, and working throughout the Gulf region, was founded in 2002 in response to a comprehensive coastal study calling on the need to alert the nation to the devastating loss of Louisiana's coastal wetlands and how their loss impacts the rest of the nation.

For more information about AWF, visit their website at <http://www.americaswetland.com>

Water

POD 1- ACTION PLAN

Pod 1a- Overview

Our Water Sustainability Position states our commitment to developing management practices that conserve and protect freshwater resources and enhance the efficiency of water usage at our facilities.

Results of our first companywide Water Action Plan (2009-2013) include indicators of implementation and data about our water use. Our updated Action Plan (2014-2018) includes a diagram illustrating our comprehensive objectives for business practices, process integration, tool use and other actions to drive continuous improvement in our water performance.

Successful water issues management includes conserving and protecting freshwater, optimizing water processing options in our operations, and addressing responsible operations in marine environments.

Our commitment to developing management practices that conserve and protect freshwater resources while optimizing the efficiency of water usage at our facilities guides our company's strategic approach. In addition to managing freshwater, the company is exploring ways to use non-fresh sources of water ranging from using brackish water to recycling produced water and recycling municipal wastewater. This type of water can pose difficult challenges and potential additional costs to the business, but are important considerations for innovation and for local aspects of water use. Building awareness, skills, and sustainable and economical practices at a local level is crucial to our commitment to successful water management.

In addition, we carefully manage our marine water discharges.

Pod 1b- Context for Action

Almost half the world's population is projected to be living under severe water stress by 2030. Projected population growth will increase demand for water – for personal use, sanitation, manufacturing, energy production and food production.

Possible impacts from climate change, including rising sea levels, declining water storage in the form of snow, glaciers and ice caps, and increasing droughts and floods, may impact water supplies. In addition, many of the proposed methods for producing low carbon and renewable energies are water intensive and their increased use could further increase competition for freshwater.

Although water is an important issue globally, the impacts on freshwater supply and water quality can be very local in nature.

ConocoPhillips takes action to manage water in an environmentally sound and socially responsible manner, while cost-effectively addressing the short-term and long-term water related risks to our businesses.

Our first companywide Water Action Plan (2009-2013) was developed with the following priorities to understand the complete picture of our actions on water:

- Meet our public commitment to conserve, protect, measure and monitor freshwater usage.
- Focus water assessment on assets that have the greatest impact.
- Identify and develop opportunities linked to successful water management systems at a local level, and then share this knowledge with other assets.
- Develop, evaluate and implement technologies to reduce the environmental impact of the company's freshwater footprint.
- Utilize the company's Research and Development resources including the Global Water Sustainability Center to drive technology advances.

We have been working on the quality and completeness of assessing, measuring, and monitoring our freshwater usage at our operated assets. Building on this earlier work, and following the spinoff of COP's downstream assets in 2012, we have now updated our Water Action Plan to address actions from 2014-2018. The objectives and actions we will take are described in the Water Action Plan.

Pod 1c- Action Plan

Building on our previous work, an updated corporate water Action Plan was developed. This water Action Plan covers the four year period from 2014 to 2018 and targets advancing water knowledge and sharing information and best practices within the company. The Action Plan groups the work into five focus areas shown in the Action Plan diagram.

Water Action Plan (2014+)

Effective, efficient, environmentally sound, socially responsible water management



In each of these focus areas, business units and functions have committed to specific actions. The recently updated 2014-2018 Water Action Plan describes over 25 actions across the company in sufficient detail to drive clear accountability and performance including:

- Further develop company guidance on baseline groundwater assessment
- Implement water management plans and reduce fresh water use by 250,000 BBL through recycling of produced water and/or non-potable water for hydraulic fracture stimulation in our Permian assets in 2014
- Collaborate to set joint-industry water reduction targets for oil sands and contribute Surmont 1 and 2 data for aggregated reporting of industry performance
- Finalize and implement a water technology strategy including the piloting of alternative water use pilots
- Evaluate supply chain opportunities related to water sourcing, transportation, and disposal
- Expand asset water data collection and metrics to understand data trends better, identify opportunities to optimize fresh and non-freshwater use, and provide additional insight into technical needs for the assets. 2013 was the first year for expanded data collection. The increased data granularity can improve our internal awareness and support more targeted solutions.

- Further integrate water into our long range planning process to allow us to assess possible risk scenarios.

Pod 1d- Performance

Highlights of our past performance results for the 2009-2013 Water Action Plan include:

- Completed water risk assessments at 100% of major operated assets to identify potential risks, using tools developed for more standardized risk evaluation. ConocoPhillips was one of the drivers behind the consortiums which developed the IPIECA Global Water Tool {link} and the GEMI Local Water Tool {link}.
- Include water use and conservation considerations in operational optimization. The assessments highlighted ongoing development of technology and operational optimizations being done in the businesses. One example is a 45% reduction in water use for well completions in our Eagle Ford assets which reduced costs, truck traffic and conserved water.
- Invest in technology for water: One example is an investments in Salt Works Technology {<http://www.conocophillips.com/what-we-do/innovating/technology-ventures/Pages/venture-capital.aspx>}

More detailed reporting on results of our first Water Action Plan (2008-2013) are found in the Water Results and Integration Table in the 2013 Sustainable Development Report.

Pod 1e- Implementation Indicators

Some performance results related to increasing quality and consistency in implementation of water actions and integration of water into key company processes. One important step has been to focus on water risk assessments and action plans for our major operated assets.

All major operated assets have completed a water risk assessment and water action plan.

- Implement water risk evaluation tools: results include use of the tools to better assess risks and options for mitigation in key assets. Information from this work has been shared with regulators and other stakeholders. Asset examples:
 - Surmont 1 Oil Sands
 - Indonesia
 - North America
- Complete Business Unit Water Action Plans.
 - Canadian Oil Sands,
 - Eagleford Shale Development
- Connect contributions to important global water issues (link to water for people and charitable contributions pages). Examples:
 - Colorado School of Mines Water-Energy Education, Science and Technology (WE2ST) Center
 - Water for People

- USBCSD Water Synergy Project
- China By-Product Synergy Project including water supply conservation

Water Results and Integration Table	
Impact Assessment and Results	All major operated assets have completed a water risk assessment.
	All major operated assets have created fit-for-purpose mitigation plans.
Tracking (Issues, Actions)	Water risks are tracked at company level, business unit, asset or project level and communicated internally.
	Community concerns or grievances related to company activities or water are tracked at business unit, asset or project level, including responses and resolutions; mechanisms include community or stakeholder relations contact points at the business unit level.
Integration	Business units and functions share best practices in water through working groups and Networks of Excellence.

Pod 2- WATER SUSTAINABILITY POSITION

<http://www.conocophillips.com/sustainable-development/our-approach/living-by-our-principles/positions/Pages/water-sustainability.aspx>

Pod 3- UNDERSTANDING FOOTPRINT

Understanding our water footprint includes measuring our water use and performance related to conservation and reuse. In addition to the results shared in the Performance and Implementation Indicators sections, our performance data on water can be viewed here:

- <http://www.conocophillips.com/sustainable-development/reporting/performance-data/Pages/default.aspx#WATER>
- <http://www.conocophillips.com/sustainable-development/reporting/reporting-statements/Pages/ernst-young-letter-of-assurance.aspx>

Pod 4- MANAGING OPERATIONS AND PROJECTS

Taking Steps to Reduce Water

Natural gas development outperforms many energy sources in using water efficiently. ConocoPhillips is committed to the continuous improvement of its operations in all areas where the quality and availability of this precious resource are involved. We focus on groundwater protection, proper handling of recovered fluids, minimizing the use of freshwater, and evaluating alternatives to fresh water use including saline water sources and recycling. Some examples of our work to preserve and protect water can be read below and more about the advantages of natural gas can be read on Power in Cooperation

In the San Juan Basin in northwestern New Mexico, ConocoPhillips has reused 1.9 million gallons of water this year – the equivalent of a sheet of water 12 inches high spanning five acres. “This is very important in the desert southwest,” says Paul Marken, completions supervisor. “It means less freshwater is diverted from potential agricultural and municipal uses.”

This pilot project, which includes 10 wells, reuses the produced water that routinely flows from a well along with oil and natural gas. The water is separated and then trucked to a filtration site, where trace amounts of oil, solid carbonates, and other substances are removed. The filtered water is then hauled to a new well, located nearby, where it is reused for hydraulic fracturing.

In our Canada oil sands operations we have installed a pipeline to transfer and reuse waste water and produced water from a pilot facility. This reused water reduced the amount of local groundwater we used in 2013 by 64 million gallons.

We also founded the Eagle Ford Water Consortium, a group of oil and natural gas producers that meets regularly to share information about water use planning and to interact with local and state regulators. Using our own research findings and technological advances within the industry, we continually strive to reduce and conserve the water we use in hydraulic fracturing. In the Eagle Ford, we have reduced our water usage by up to 45 percent by modifying the composition of our fracturing fluid. This change was first implemented in early 2011 and is now applied to our new Eagle Ford wells.

Technology

ConocoPhillips has a long history of strong technology. In water, many of our technology efforts are focused on scale, oil sands and water preservation. We use the company’s Research and Development resources including the Global Water Sustainability Center to drive technology advances.

Oil Sands {[hyperlink: http://www.conocophillips.com/sustainable-development/common-questions/Pages/can-oil-sands-be-developed-responsibly.aspx](http://www.conocophillips.com/sustainable-development/common-questions/Pages/can-oil-sands-be-developed-responsibly.aspx) }

We work to minimize impact on the region’s water and diverse ecosystems during the production of bitumen using a method called steam-assisted gravity drainage (SAGD). A SAGD well injects steam into the reservoir to soften the bitumen and allow gravity to drain it into a producing well. The oil is then brought to the surface for further processing and sale. The facility is designed to recycle between 80 and 90% of the produced water for steam generation.

Water is an integral part of the SAGD process. Most of the water used in the process is reused water. To obtain the make-up water needed for the process, ConocoPhillips SAGD operations draw from a series of deep underground sources, targeting water that is unfit for human

consumption and unsuitable for agricultural or livestock purposes. We are continuing to research improved recovery processes that may reduce overall SAGD water demand. ConocoPhillips has approved an enhanced Steam-Assisted Gravity Drainage (e-SAGD) pilot project to learn whether water demand and energy consumption can be further reduced by injecting a combination of light hydrocarbons and steam into a bitumen formation. If successful, e-SAGD effectively reduces both water usage and emissions. We are also researching improvements to water processing facilities and steam generation systems with our dedicated technology development professionals and participation in an alliance of oil sands producers focused on environmental improvement. You can learn more about the alliance by visiting COSIA.

Our Technology group is currently testing potential advances in boiler design. These prototype systems target a combination of water treatment and steam generation, which may be able to significantly reduce the footprint for SAGD surface facilities, while also reducing water consumption.

Produced Water

Over the past few years, the original action plan delivered on identifying potential risks and developing tools to identify potential mitigation options. Each of our major assets underwent a water risk assessment over the past 5 years identifying risks and opportunities for both fresh and produced water. As part of the work to minimize the use of fresh water or economically reuse produced water, our business units continue to innovate. Two examples of that are:

- A 45% reduction in water for Eagle Ford completions represents advances in using non-fresh and produced water along with a reduction in fresh water demands.
- San Juan Basin in northwestern New Mexico, ConocoPhillips has reused 1.9 million gallons of water this year

Pod 5- MANAGING RISKS & OPPORTUNITIES

Overview

Our global businesses follow specific, well-defined processes that help manage sustainability issues as we begin a new venture, from the initial phases of identifying a potential opportunity through project development and operations. We are committed to the development of water management practices that conserve and protect freshwater resources and enhance the efficiency of water utilization at our facilities. Our oil sands development, Onshore Operating Principles, and natural gas operations offer examples of this commitment.

Training and Awareness

Our approach encompasses a broad range of activities and tools. ConocoPhillips led the development of the IPIECA Global Water Tool and the GEMI Local Water Tool and we continue to promote their use externally for industry awareness. Internally, we have adapted and applied the tools in our processes and training for key functions and leaders. Our Water Issues Working Group and water networks are key to awareness and knowledge sharing on water along with further integration of sustainable development tools and commitments into business planning and work processes.

Health, Safety, Environmental and Social Assessments

We systematically conduct assessments to identify how our business practices might affect communities and ecosystems in areas where project development is planned. Water assessments are included in this process as described in more detail in Our Approach under Health, Safety, Environmental and Social Assessments. At the asset level, we continue to strengthen the consistency in implementation.

Knowledge sharing

Business units and functions collaborate on water knowledge, processes and the sharing of best practices through the Water Issue Working Group and an internal Networks of Excellence.

Water Risk Assessments

When evaluating water risks, ConocoPhillips starts at a high level with an enterprise-wide search for issues around the world. Using the IPIECA Global Water Tool and other internal expertise to screen for risks, we then take a deeper look at potential water risks or opportunities using tools such as the GEMI Local Water Tool.

Each operated asset was required to complete a water risk assessment and, if needed, develop a water action plan. These plans are designed to address the local risks identified. These plans may include monitoring, plans for engagement, or specific technology plans and are aimed at helping each asset appropriately manage the issue within the local context. Some examples of our business unit water management planning and actions may be found in the Canadian oil sands and in our Eagle Ford shale development work.

ConocoPhillips was the first company to pilot the GEMI Local Water Tool at the Surmont I Oil Sands development in Canada. It was used to evaluate risks even though the operation is not located in a water short or scarce region. Indonesia also used the tool to evaluate risks at our operated assets. Both of these pilot projects and the actions taken to explore alternative sources have been shared with regulators and other stakeholders.

Marine Water Management

We carefully manage our marine water discharges. Our tanker operations, which typically move Alaskan crude to U.S. west coast refineries, are certified under the Washington Department of Ecology's Exceptional Compliance Program (ECOPRO). ECOPRO, a voluntary program for tankers and tank barges, recognizes operator commitment to environmental stewardship through compliance with standards exceeding regulatory requirements. Our fleet operations also comply with new vessel water discharge regulations.

As part of the company's emergency preparedness program, the company conducts drills in both land and marine environments. Additional information about those drills and our emergency response plans can be reviewed under Emergency Preparedness or Offshore Incident Prevention and Response Capabilities.

Attention to offshore safety and environmental performance is also important for our offshore drilling and production operations. ConocoPhillips uses a well design methodology which meets or exceeds the requirements in all countries where we operate. We have well control, casing design, drilling fluid and cementing, and directional drilling and wellbore surveying standards which are the building blocks we use to ensure a safe well design.

Global Water Sustainability Center

The Global Water Sustainability Center ConocoPhillips' Global Water Sustainability Center (GWSC) opened in early 2010 in the Qatar Science & Technology Park at Education City, Doha, Qatar, with the mission of examining methods to treat and reuse byproduct water from oil production operations, and conducting other projects relating to industrial and municipal water sustainability. The close proximity of the Qatar Foundation's Education City provides opportunities for collaboration with top scientists who have access to facilities and to employ graduates from world-class universities.

The GWSC technical programs focus on various desalination processes, in addition to removal of heavy metals and hydrocarbons. It also evaluates cost-effective ways to recycle municipal water for irrigation purposes. Increased emphasis is directed toward advanced technologies, with particular emphasis placed on membrane processes.

In addition to research at the center a key goal of the GWSC is to increase awareness of the importance of water conservation within Qatar. The GWSC visitor center includes interactive, hands-on exhibits to educate local school children and other visitors about water conservation. The facility also hosts workshops on key issues for water-scarce regions, such as water conservation and municipal water recycling.

Pod 6- ENGAGING EXTERNALLY

Community engagement is integral to how we go about implementing or “operationalizing” our commitment to managing developments and addressing sustainable development issues, including water. Business unit engagement strategies, peer to peer best practice sharing, participation in industry forums, developing or implementing advances in technology and operating processes all enhance our ability to continue to responsibly develop hydrocarbons. For additional details, please see Shale Development. While the individual assets work on the local focus, the company continues to look at how we can help address some of the larger global and societal water issues such as the lack of access to clean water and sanitation. These are difficult global challenges and require holistic water stewardship. We are not able to solve them alone, but ConocoPhillips’s is committed to doing our part. We contribute to Water for People which seeks to alleviate a lack of clean water and the community water conservation efforts such as the USBCSD Water Synergy Project and China BCSD Water Synergy Project. In addition, research and educational initiatives undertaken at the Colorado School of Mines WE²ST Center will benefit not only unconventional energy producers and water-reliant industrial stakeholders, but also the general public.”

More information on ConocoPhillips contributions to water and other sustainable development issues is shared In Communities.

Reduce, Reuse, Recycle

Good environmental stewardship includes setting standards for waste management, decommissioning and minimization. We seek to identify new and better ways to diminish our environmental footprint and social impacts by becoming more efficient in the workplace and in the communities in which we operate.

Waste Management

Our approach to waste management is based on a simple set of priorities – first, eliminate waste where possible; then reuse, recover and recycle it; and finally as a last resort, dispose of it safely. We have a global Waste Management Standard that requires all operations to evaluate the waste they generate and the suitability of the waste facilities they use.

ConocoPhillips’ businesses can use only commercial waste contractors that meet company standards for operational integrity, have environmental protection measures in place, implement monitoring and institutional controls, and comply with relevant regulations.

The Waste Management Standard also requires businesses to develop comprehensive management plans for company-owned or -operated waste units. The standard applies to all

operations worldwide. In ventures where we are not the operator or hold a minority interest, we strive to influence our co-venturers to implement similar programs.

In the United States and Canada, for example, ConocoPhillips developed a commercial waste management program to track waste disposal activity and compiled a list of company-approved commercial waste management facilities. We inspect potential new waste sites and periodically audit the sites that we choose to utilize. Preference is given to contractors who provide cost-effective responsible alternatives to landfill disposal. But if this is not an option, we select sites that comply with strict environmental standards.

Around the world, we manage the disposal of surplus or obsolete electronic equipment in a process known as e-cycling. As part of this process, we negotiate contracts with vendors for the remarketing and recycling of electronic equipment, such as computers, televisions, microwave ovens, copiers, fax machines and telephones that no longer have value to ConocoPhillips, but may have value for others. In many locations, we have partnered with our recycling contractor to provide similar services for the public, using company locations as collection points. In addition, our employees help their local communities collect household waste and recyclable material that cannot be disposed of in regular household garbage.

Decommissioning

We aim to manage all projects, products and processes throughout their life cycles in a way that safeguards public safety and health and minimizes environmental impact. In doing so, we strive to find new uses for obsolete or redundant assets.

ConocoPhillips continues working at a steady pace to remove decommissioned structures in the Ekofisk area of the North Sea. Under the approved plan, the company removed seven platforms between 2009 and 2012. Two more platforms were removed in 2013 and are being disposed in 2014. For all platform installations removed through this project since 2009, the recovery rate (i.e., the combined reuse and recycling rate) of disposed structure materials exceeds 97 percent, excluding hazardous waste.

Ekofisk I steel jacket-based platforms are being removed and disposed onshore in an environmentally responsible manner. The landed structures are dismantled, sorted and processed in a facility fully equipped and licensed to handle hazardous materials.

Waste Management Data

Our goal is to manage materials and waste efficiently. More information is available in Performance Data.

Climate Change

Climate Change Position

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

Our Focus

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

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

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

Climate Change Public Policy

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

Recognize that climate change is a global issue which requires global solutions – economy-wide governmental GHG management frameworks should be linked to binding international agreements comprising the major GHG contributors.

- Result in the stabilization of global GHG atmospheric concentrations at safe levels.
- Coordinate with energy policy to ensure a diverse and secure supply of affordable energy.
- Utilize market-based mechanisms rather than technology mandates.
- Create a level competitive playing field among energy sources and between countries.

- Avoid overlapping or duplicating existing energy and climate change programs.
- Provide long-term certainty for investment decisions.
- Promote government and private sector investment in energy research and development.
- Match the pace at which new technology can be developed and deployed.
- Encourage efficient use of energy.
- Foster resiliency to the impacts of a changing climate.
- Avoid undue harm to the economy.

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

ConocoPhillips is committed to doing our part.

Renewable Energy Position

In alignment with our mission to power civilization, and consistent with our positions on sustainable development and climate change, ConocoPhillips is evaluating and developing technologies for renewable energy. We are leveraging our expertise, intellectual property and physical assets in pursuit of economically viable, renewable energy business opportunities.

Our Focus

We continue to develop technology options with the potential to enable or complement renewable energy use.

Investments in technology development will be disciplined and commensurate with the likely returns, market size, timing of development and technology risk inherent in renewable energy projects. Our criteria for business investment include:

Business Leveraged. Renewable energy opportunities that complement our existing processes will be prioritized.

Competency and Asset Leveraged. We plan to focus our efforts on renewable technologies that directly leverage our experience in energy development and markets.

Ongoing Awareness. We plan to continue to evaluate renewable energy technologies to proactively identify new opportunities and to understand the economic drivers, strengths and weaknesses of the alternative technologies available.

Sustainable Solutions. We remain open to developing and using renewable energy as a component of our portfolio of energy offerings, as and when these technologies can be deployed in a sustainable manner for our stakeholders.

Our Expectations

Our work will assist in the development of viable, sustainable and environmentally responsible energy for existing and future customers. For more information, go to ConocoPhillips.com → What we do → Creating Innovative Solutions → Technology Ventures.

Climate Change

At ConocoPhillips, everything we do centers on our mission to power civilization. We recognize that human activity, including the burning of fossil fuels, is contributing to increased concentrations of greenhouse gas (GHG) in the atmosphere that can lead to adverse changes in global climate. We are continuing to manage GHG emissions in our operations and to integrate climate change related activities and goals into our business planning. Our commitment to sustainable development provides the foundation for our actions, which focus on conducting business to promote economic growth, a healthy environment and vibrant communities, now and into the future.

Global Climate Change Position

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

Our Focus

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

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

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

Climate Change Public Policy

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

Recognize that climate change is a global issue which requires global solutions – economy-wide governmental GHG management frameworks should be linked to binding international agreements comprising the major GHG contributors.

Result in the stabilization of global GHG atmospheric concentrations at safe levels.

Coordinate with energy policy to ensure a diverse and secure supply of affordable energy.

Utilize market-based mechanisms rather than technology mandates.

Create a level competitive playing field among energy sources and between countries.

Avoid overlapping or duplicating existing energy and climate change programs.

Provide long-term certainty for investment decisions.

Promote government and private sector investment in energy research and development.

Match the pace at which new technology can be developed and deployed .

Encourage efficient use of energy.

Foster resiliency to the impacts of a changing climate.

Avoid undue harm to the economy.

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

ConocoPhillips is committed to doing our part.

Action Plan

The ConocoPhillips approach to climate change is designed to advance the company's mission and values to power civilization, and vision to be the E&P company of choice for all stakeholders by pioneering a new standard of excellence.

Overview

The objective of our climate change strategy is to prepare the company to succeed in a world challenged to reduce GHG emissions. In support of this objective, we have implemented a comprehensive corporate climate change action planning process. This process addresses our long-term effort to manage the rate of growth of GHG emissions from our operations while growing our business. The planning process also prompts appropriate action on adapting to a range of possible changes to the physical conditions in areas where we do business.

Our action plan {link to Action Plan page below} , performance section {link to Performance section} and management system implementation section {link to Management System Implementation} highlight some key business results, as well as business practices, processes and tools we use to implement our Global Climate Change Position{link to Global Climate Change Position}.

Context for Action

ConocoPhillips considers a range of insights on the external context as we evaluate and plan appropriate actions to address climate change issues in our different businesses and functions. Examples of the external context we consider include:

Government actions on reporting and regulating greenhouse gas emissions. Globally, some governments are taking action on reporting and regulating greenhouse gas emissions – Australia, some Canadian Provinces, the European Union and the United States through the Clean Air Act. However, there is uncertainty about which governments will act, and the timing, type and range of actions that governments may take.

Listening to stakeholders. Some stakeholders are concerned about the impact of fossil fuel production and use on greenhouse gas emissions.

Understanding Investor concerns. Some investors have questions about the impact of increasing regulation and legislation on the company's returns, valuation and business outlook.

Seeking to understand a range of possible global climate scenarios and the implications the scenarios could have for physical and financial risks and opportunities for the company.

Action Plan

The first Climate Change Action Plan spanned our commitments and actions from 2008 through 2013. Our results are reported under the heading 'Performance'. {Link to Performance Section}

In 2013 we began to create the next plan by engaging with functional groups and business units around the world. The new Action Plan is built on the foundation provided by the first plan, where the focus included building capacity within the company to manage the risks of climate change, reducing emissions and engaging externally. The second plan is constructed of four main focus areas:

Understanding Footprint – mapping and measuring our emissions and improving the accuracy and consistency of recording and reporting.

Managing Operations and Projects – Assessing and implementing emissions reductions where it makes sense to do so, focusing our efforts on priority areas , including:

Monitoring, developing and implementing new technologies e.g. in Canadian Oil Sands.

Building capability to trade greenhouse gas offsets and allowances.

Prioritizing and implementing greenhouse gas emission reduction projects especially in the areas of flare reduction, methane emission reduction and energy efficiency.

Evaluating mechanisms, including targets, to drive performance.

Managing Risk and Opportunity Exposure – Scanning for emerging issues and preparing the company to address climate change risks and opportunities, including goals to:

Plan for business resiliency in key assets where pilot workshops have been held.

Review climate change plans for our non-operated assets.

Plan against a background of increasing political, regulatory and legislative uncertainty with regard to climate change.

Maintain our business unit climate change plans including updates in all assets by 2016.

Addressing stakeholder questions and concerns including methane emissions studies and carbon asset risk.

Engaging Externally – Communicating our position on climate change issues, both corporately and within external organizations; and addressing the potential impact to our business, including:

Engagement with diverse stakeholders to understand their views and share our perspective.

Communications about methane emissions and shale oil and gas development.

Global monitoring and engaging in the development of climate change regulation and legislation.

Engaging with trade associations, including those who may have differing policy or technical views, or different priorities from our own.

Climate Change Action Plan (2014+)			
Pro-active management of climate change business risks and opportunities			
Understanding Footprint	Managing Operations & Projects	Managing Risk & Opportunity Exposure	Engaging Externally
Improve GHG data Improve recording of emission reduction projects Provide consistent Life Cycle Analysis	Integrate GHG technology strategy Evaluate target and incentive options Prioritize emission reductions Recommend global offset policy	Integrate resiliency planning Review non-operated GHG plans Implement revised business unit GHG plans Address stakeholder questions and concerns	Develop methane and shale development communications Monitor global legislation and regulation development
Building Capacity: Resource, Share Knowledge, Develop Skills			

The second Climate Change Action Plan comprises 73 specific detailed actions which are being implemented across the company.

Each segment listed under the four focus areas has a number of detailed actions beneath it. Examples of a detailed action listed under a segment of each focus area is provided in the table below. In future reports we will continue to provide additional detail with regard to each segment.

Objective	Example Actions
Improve GHG data	Share business unit assurance practices to create companywide best practice by end Q3 2014.
GHG Reduction Technology	Work with Technology groups to develop GHG reduction technology strategy by end 2014.
Review non-operated GHG plans	Review climate change risk of non-operated assets and Business Units by end Q3 2014.
Assist methane emissions communications	Analyze and communicate major findings of academic papers and studies on methane emissions as they arise.

The comprehensive Corporate Climate Change Action Plan is refreshed annually as part of the company's long-range planning process. During the planning process, we assess risks and opportunities against several criteria, including commodity price forecasts, GHG price forecasts, and the company's climate change and sustainable development position statements.

Performance

The 2008-2013 Climate Change Action Plan contained a total of 27 actions addressing equipping for a low-emission world, reducing our emissions, new business opportunities and engaging externally. Our performance against each of the action items is described below:

Equipping for a Low Emission World	
Actions Completed:	Built capability to conduct quantitative analyses of the impact of climate policy on our businesses in Europe, Canada, Australia and the United States.
	Developed Business Unit Climate Change Management Plans and guidelines.
	Put strategies, systems and processes in place to be able to manage GHG transactions in jurisdictions where they arise.

	Positions, talking points and advocacy plans created to ensure consistency and alignment across the company when developing Public Policy communications on climate change issues.
	Employees engaged and encouraged to reduce GHG emissions at the office and in the home through educational events organized across the company.
	Human Resource requirements assessed and Business Units staffed appropriately to handle the goals of the Climate Change Action Plan.
Actions now integrated into business processes and carried out routinely:	Integrated the maintenance of company-wide GHG emissions inventories and forecasting into our annual Long Range Planning exercise.
	Integrated climate change issues into our contracting strategy.
	Integrated Climate Change Assessments into the risk analysis for all major projects to be able to ensure that policy and resiliency considerations are addressed in project development.
	Integrated low carbon scenarios into the Strategic Portfolio Management process.
	Developed annual GHG price forecasts for company-wide for use in Long Range Planning and Project Evaluation.
	Progress on the Climate Change Action Plan has been reported to senior management on a half-yearly basis.
Action Deferred:	Develop a corporate Emissions Management Information System – our businesses in Europe, Canada, Australia and the United States have developed their own individual Emission Management Information Systems to meet their respective country's reporting requirements. The development of a single company-wide system predicated on a global international trading system has been deferred.

Reducing our Emissions	
Actions Completed:	Fit-for-purpose GHG management goals have been set by business units in their Climate Change Management Plans.
	A number of Carbon Capture and Storage projects (described below) were evaluated and brought to sanction decision. Lost Cabin Gas Plant in Wyoming is now capturing and selling approximately 700,000 metric tons each year of CO ₂ for use in enhanced oil recovery that would otherwise have been vented to atmosphere.
Actions now integrated into business processes and carried out routinely:	New technologies and processes are being pursued to reduce the carbon intensity of production from our oil sands operations.
	Approximately 1,000,000 metric tons of CO ₂ (e) emissions were reduced or avoided by implementing emission reduction projects in 2012 bringing the total from 2009 to 2012 up to 3.6 MM metric tons, an average of 0.9 MM metric tons (approximately 3%) per year.
	Business units are taking action to identify and carry out methane flaring and reduction projects as part of the Long Range Planning process.
	A ranked list of internal GHG reduction projects with volumes and cost has been integrated in the company's Long Range Planning process.
New Business Opportunities	
Actions completed:	Strategies developed in major GHG markets to optimize GHG offsets and allowances.
	Evaluated our portfolio and progressed 3 business opportunities for Carbon Capture and Storage (CCS) through early project development phases – at a site in Texas; at a site in Kentucky where we received air permits, and successfully drilled and tested a CO ₂ injection well; and at a site in the UK with storage of CO ₂ in depleted offshore natural gas reservoirs. Decisions made not to pursue these projects due to less competitive commodity prices, scale, funding and economics. Learned much about the technical, regulatory and economic challenges that face CCS. Continue to monitor CCS developments and opportunities.

	Energy Technology Ventures joint venture created and funds low-carbon business opportunities. For more information about Energy Technology Ventures and our investments please visit the website: http://www.energytechnologyventures.com/
--	--

Engaging Externally	
Actions completed:	Engaged with key industry associations, advocacy groups and directly with government agencies to participate in the discussion and development of effective climate policy.
	Engaged in the development of climate change regulations in Europe, Canada, Australia and the United States.
	Joined the MIT Joint Program on the Science and Policy of Global Change to engage in the research and development of effective science-based policy.
Actions now integrated into business processes and carried out routinely:	Continually upgrading climate change related disclosures to make more consistent, holistic and informative to engage stakeholders including investors in our climate change related activities.

Management System Implementation

Climate Change Results and Integration Table	
Focus Area	Implementation Indicators
Impact Assessment and Results	100% of Business Units or major operated assets have a Climate Change Management Plan.
	Sustainable Development Scorecards are completed for capital projects, including an analysis of climate change issues, and are updated through project phases.
	The New Country Entry and other due diligence processes evaluate climate change issues and risks.
	Climate change risks are identified as part of project authorization guidelines for new ventures.
Integration	A Climate Change Assessment is completed for each major project.
	Climate change issues are incorporated into Capital Projects and HSE management systems.
	Business units and functions share best practices in climate change through the Climate Change Issues Working Group and Climate Change Network of Excellence.
Tracking (issues, Actions)	Climate change risks are tracked at business unit, asset or project level and communicated internally.
	Potential climate change risks or issues are identified and evaluated periodically through business unit, asset or project level risk assessments as part of the climate change planning cycle.

Understanding Footprint

Greenhouse Gas Metrics

Details of our Greenhouse Gas Emissions, Natural Gas Flaring performance and Energy Efficiency can be found under Performance Data.

External Reporting and Verification

Each of our business units is responsible for quantifying its emissions and reporting the information to the Corporate HSE group for compilation and internal verification. Reporting to authorities and/or regulators is the responsibility of the individual business units.

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

External Reporting/Verification of GHG Emissions

The majority of ConocoPhillips large stationary sources of GHG emissions around the world report annual GHG emissions to state/provincial or national governments. For those not listed below, verification/assurance is addressed through a framework of internal HSE audits with periodic external review of processes and/or data (<http://www.conocophillips.com/sustainable-development/reporting/reporting-statements/Pages/ernst-young-letter-of-assurance.aspx>)

United States

ConocoPhillips began reporting GHG emissions to the U.S. Environmental Protection Agency with effect from 1st January 2010. The EPA will assess data quality through the use of selective audits.

Australia

The Australia Business Unit participates in the federally mandated National Greenhouse Gas and Energy Reporting System (NGERS), which began in 2009. The federal legislation has a process for conducting or mandating external auditing but this is only triggered for cause, such as if a corporation is suspected of not meeting reporting obligations. ConocoPhillips activities have not triggered this auditing procedure.

Publicly available data is published in a single list for all reporters of Australian GHGs at Australian GHG data.

Canada

Environment Canada publicly posts GHG emissions information for Canadian facilities greater than 50,000 metric tons of CO₂e. The agency does not require third-party verification of emissions reported to the federal government. However, the information reported by the facility should be verifiable. Respondents are required to keep copies of the requested information, together with any calculation, measurements and other data on which the information is based, at the related facility or at that facility's parent company located in Canada. This information must be retained for at least three years from the date the reporting requirements came into force.

The government of Alberta requires third-party verification of GHG emissions from regulated facilities. The verification report from the ConocoPhillips-operated Elmsworth Gas Plant is available from Alberta Environment upon request.

Norway

The verified emission report is provided in Norwegian for ConocoPhillips Norway assets and may be found at Norwegian GHG Data - Ekofisk. Some information in English is available at Norwegian GHG data in English.

Ekofisk

Eldfisk

Tor

Embla

Europe

Data for all installations in the EU ETS is in the public domain, and a web reference to one source of the publicly available information (The European Commission's Environment site) is at European GHG data.

{<http://ec.europa.eu/environment/ets/napYearInformation.do?registryCode=GB&periodCode=1&periodYear=2012&languageCode=en®istryCodeLookup=United+Kingdom&installationAllowance=283334999&periodCodeLookup=First+Commitment+Period&periodYear=2012&napInstallation.installationIdentifier=102&napInstallation.installationName=&search=Search¤tSortSettings=&resultList.currentPageNumber=1&resultList.currentPageNumber=1> The page opens at our Seal Sands facility in the UK code 102. Our other facilities in the UK can be found by entering the following codes: 10; 24; 25; 28; 29; 30 & 361.}

Estimating Future Process Emissions

As is the case with financial metrics, ConocoPhillips does not publish its long-term forecast of GHG emissions, but we do include emissions in our forward planning activities within the company. GHG emissions from our operations are likely to increase as we grow our long-term oil and gas production, so

the Action Plans include focus on reductions and technologies which could reduce GHG absolute emissions and/or intensity.

Carbon Disclosure Project (CDP)

The CDP is an independent not-for-profit organization that acts as an intermediary between shareholders and corporations on all climate change related issues, providing primary climate change data from the world's largest corporations to the global market place. The annual CDP survey collects a wide range of information concerning corporate efforts to manage climate change issues. ConocoPhillips has participated in the survey since 2004. For more information visit the CDP website. Our most recent CDP submission can be found in the 2013 Carbon Disclosure Project document.

Managing Operations and Projects

Taking Steps to Reduce GHG Emissions

In 2012, ConocoPhillips businesses worldwide completed numerous projects to improve energy efficiency, recover product and reduce GHG emissions. Examples include:

- Use of closed loop gas handling systems for well completion and service.
- Plunger lift optimization and controller upgrades.
- Compressor and gas plant optimization.
- Combustion engine fuel delivery optimization.
- Pneumatic controller replacement.
- Small-scale solar for remote power.
- Flare reductions.

These projects are estimated to have reduced or avoided one million tonnes of CO₂e emissions in 2012. It is important to note that emission reductions resulting from some projects, for example reduced methane venting during well completions, occur only at the time that the activity takes place, whereas others will continue to deliver energy efficiency and GHG reduction benefits for a number of years into the future.

The list above does not represent a complete inventory of ConocoPhillips GHG reduction activities and the resulting emission reductions have not all been third-party verified.

Oil Sands GHG Intensity

ConocoPhillips recognizes that there are questions about GHG emissions from oil sands production.

Industry has successfully reduced the GHG intensity per barrel of oil sands crude produced by 26 percent since 1990. To capture both economic and environmental benefits, the Company continues to work to reduce per-barrel GHG intensity. We are investigating technologies focused on running our facilities more efficiently, using less energy, and reducing greenhouse gas and other air emissions. We are also designing plans for improved heat integration and testing an enhanced oil production technology, both aimed at maximizing fuel efficiency while reducing air emissions associated with steam generation. The research and development groups at our global and Canadian Headquarters spent over \$41 million on oil sands technology development in 2010. We increased this funding to \$70 million in 2011. For the 2009 – 2013 commitment period we spent a total of approximately \$300 million.

We are evaluating technologies that address environmental performance including:

Flow distribution control – using steam to extract bitumen more efficiently, this technology can reduce our operations' greenhouse gas emission and water use intensities by up to 10 percent. It can also potentially reduce the overall land footprint of our well pads by one third.

Gas turbine once-through steam generator – switching from the grid coal-fired electricity generation to natural gas would reduce overall greenhouse gas emissions by up to 15% and reduce our NOx emissions by up to 25%. It can also reduce many of the land disturbances associated with power corridors and local substations.

Enhanced steam-assisted gravity drainage has the potential to reduce our greenhouse gas emission intensity and water consumption intensity by up to one third.

Flare Reduction

From 2003 to 2008, ConocoPhillips made significant progress reducing the volume of gas flared at our facilities. Flaring is the safety practice of burning off excess gases that might otherwise pose a hazard and that cannot be recovered for export to consumers, used as fuel within the field, or cost-effectively re-injected into the producing formation.

From 2008 to 2010, we experienced an upward trend in the volume of natural gas that is flared mainly as a result of operating in areas of the world with insufficient infrastructure to transport natural gas to a market. A new pipeline which came online in Asia Pacific during 2012 has helped to reduce current flaring volumes and intensity to below 2008 levels. Goals addressing flaring and venting have been adopted by business units in their Climate Change Action Plans.

Voluntary GHG reduction Targets

Approximately 90% of ConocoPhillips facilities are covered by GHG-related reporting and/or permitting requirements, and 40% of the Company's facilities operate in countries with specific GHG emission reduction targets, including emission control legislation or regulation in Australia, Canada, Europe and the United States. For example, the Specified Gas Emitters Regulation (SGER) in Alberta, Canada requires large facilities to reduce facility emissions intensity by 12% after eight years of commercial operation. ConocoPhillips is on track to meet the emission reduction targets before the compliance deadline.

ConocoPhillips continues to demonstrate its commitment to addressing climate change by taking action to reduce its GHG emissions, through implementing GHG emissions reduction plans at the operational level, complying with existing regulatory GHG targets, investing in lower-carbon energy and through active participation in efforts to develop sound government policy for GHG regulation.

In support of our commitment, the company implements a corporate-wide Climate Change Action Plan that requires business units and major assets to develop and maintain climate change management plans. Each plan includes GHG emission measurements and forecast, identification of key risks and opportunities, and business appropriate goals and metrics.

The company will continue to report progress on its plans, emissions data, emission reduction results, investments, and policy engagement as part of its regular updates to the Sustainable Development Report. The report is updated annually with consideration of feedback from stakeholders.

ConocoPhillips chooses to drive GHG emission reductions using the company's Climate Change Action Plan rather than an overall voluntary corporate target.

The company also reports progress through organizations such as CDP (formerly Carbon Disclosure Project), which assesses companies on both their actions and disclosure related to GHG emissions and climate change related activities. ConocoPhillips was placed in performance band 'B' with a disclosure score of 83 out of 100 for its 2013 CDP response, reflecting positive performance and disclosure.

In its response, ConocoPhillips discusses its approach to GHG emissions reduction targets. ConocoPhillips drives GHG emissions reductions through its Climate Change Action Plan, rather than an overall voluntary corporate emissions target.

Technology to manage our emissions

ConocoPhillips undertakes research and development on technologies that reduce the environmental footprint of activities that extract and consume oil and gas, through a mix of internal technology development, investment in start-up companies, and partnerships with academic institutions and key suppliers.

For example, ConocoPhillips has invested in Skyonic, a Texas-based company, backed by venture capital. Skyonic is developing technology to capture CO₂ from industrial waste gases and mineralize it into carbonates and bicarbonates, chemical by-products with commercial value. Skyonic's technology is intended to be retrofitted to existing industrial plants, and does not need the underground sequestration of carbon dioxide.

We also have a significant number of technologies that have already reduced our oil sands footprint, or have the potential to do so in the future.

Our Canadian Surmont 1 2008 to 2013 project operating efficiency initiative has reduced our steam to oil ratio by more than 17%, which has directly reduced our fuel usage and greenhouse gas intensity by a proportional amount.

We have implemented and are testing technologies that target oil sands greenhouse gas intensity reductions of 30%. Examples of such technologies are: Gas Turbine-Once Through Steam Generators (GT-OTSG), enhanced Steam Assisted Gravity Drainage (eSAGD), use of Vacuum Insulated Tubing, and the use of Flow Control Devices (FCDs).

In addition, ConocoPhillips is a member of the Canadian Oil Sands Innovation Alliance (COSIA). COSIA consists of 13 oil companies comprising 90 percent of all oil sands production. The COSIA participants have shared knowledge and experience of more than 190 technologies to address GHG emissions. Two ConocoPhillips technologies were chosen as leading technologies to reduce greenhouse gases: the Gas Turbine-Once Through Steam Generator (GT-OTSG) and Vacuum Insulated Tubing technologies. These are highlighted at http://www.cosia.ca/greenhouse_gases. Furthermore, ConocoPhillips has over 20 patents and patents pending related to greenhouse gas reductions in oil sands production applications.

In South Texas, ConocoPhillips has, since 2013, been piloting the use of natural gas to supplement or replace diesel fuel utilized to provide power for drilling rigs and hydraulic fracturing completion operations. As of March 2014, five wells and over 200 hydraulic fracturing stages had been powered using natural gas, thereby eliminating over 190,000 gallons of diesel for rig and completion equipment power. While more work needs to be done to prove the potential environmental and economic benefits associated with this type of fuel substitution, ConocoPhillips is hopeful that results from these experiments will allow us to expand the use of abundant natural gas within the United States and other countries with sufficient natural gas related infrastructure.

Carbon capture and underground storage may represent a key set of technologies and practices that could play an important role in meeting long-term greenhouse gas reduction goals. ConocoPhillips is working to advance capture technologies and beneficial reuse options:

The company is leveraging its more than 30 years of operational experience in miscible gas injection at its North Slope assets in Alaska and 25 years of CO₂ enhanced oil recovery (EOR) experience in West Texas to evaluate new EOR opportunities to facilitate production growth.

In 2012, ConocoPhillips, together with Japan Oil, Gas and Metals National Corporation and the US Department of Energy successfully demonstrated methane hydrate production can be achieved using CO₂ injection.

ConocoPhillips has contracted to sell CO₂ captured from the ConocoPhillips' Lost Cabin Gas Plant in Wyoming for use in EOR. The company began shipments in March, 2013 and expects to reduce CO₂ emissions by approximately 700,000 tonnes per year.

Energy Efficiency

Since the combustion of fossil fuels is a contributor to GHG emissions, we continually strive to make our operations more energy efficient. This provides an environmental benefit through reduced emissions, as well as an economic benefit through lower production costs. The company has conducted a number of projects to improve overall energy efficiency in its producing fields. Among them, the Ekofisk II redevelopment project in the North Sea utilized high-efficiency turbines to reduce power usage and recover waste heat produced during power generation.

The C-GAS project, undertaken by ConocoPhillips China, replaced diesel fuel with excess associated gas to fuel the turbine generator during the early operational years. This project achieved greater efficiency, reduced flare volumes and reduced diesel fuel consumption.

In Indonesia, our Suban natural gas processing plant optimized power generation by implementing a load-sharing and fuel-usage monitoring system. The Grissik Debottlenecking Project (CGPX) has selected an option to use a thermal oxidizer instead of flaring or venting to reduce incremental CO₂. Furthermore, flaring reduction initiatives in both Onshore and Offshore Operations have been progressing. The business unit has been identifying and implementing process optimization, modifying

and upgrading process controls and improving shutdown management by aligning maintenance with the gas customer to reduce shutdown time.

In recent years, the Canada business unit completed a number of projects, saving approximately 279 million cubic feet of natural gas. This also precluded approximately 200,000 metric tons of CO₂ emissions annually, equivalent to taking 40,000 cars off the road. Projects included engine control systems, solar power projects, optimizing our operations to allow some facilities and equipment to be shut down, capturing vented gas, and reducing flared gas. The Energy Efficiency team continues to evaluate technologies and identify projects to reduce our emissions footprint.

The U.S. Lower 48 business unit has carried out energy efficiency improvements through greater utilization of photovoltaic solar panels on field equipment and optimizing compression in the San Juan Basin. We are now using solar-powered chemical injection units in place of gas-powered pumps on many wells, thus reducing emissions and fuel use.

Carbon Trading

Our Commercial organization trades greenhouse gas emission allowances to optimize emissions management in countries implementing emission-trading programs.

Where our operations are subject to GHG regulation our goal is to meet our compliance obligation in the most cost-effective manner possible. We begin by understanding the cost and impact of our internal GHG reduction opportunities, for example, projects to improve energy efficiency in our operations.

When reducing our own emissions will be costly and where the regulatory system allows trading, we consider purchasing allowances and high-quality offset credits to meet our compliance obligations.

Carbon Trading Around the World

Europe

Since 2005, ConocoPhillips facilities across Europe have participated in the European Union's emissions-trading program (ETS). The company's Commercial organization trades allowances on the secondary market exchanges.

Canada

ConocoPhillips Canada participates in the regional emissions reduction scheme in the province of Alberta and has experience with all the compliance mechanisms of that program:

Making internal improvements to operations to reduce emissions.

Purchasing or using Emission Performance Credits (EPC).

Purchasing Alberta-based offset credits and Contributing to the Climate Change and Emissions Management Fund (CCEMF).

Integrating the Cost of Greenhouse Gas Emissions into Project Economics

For operations in countries with existing or imminent GHG regulation, the cost of regulatory compliance is evaluated based on specific regulation and local greenhouse gas pricing information. This information is incorporated into the base-case economic analysis for ongoing and new capital expenditures. For operations in countries without existing or imminent GHG regulation, all capital projects with a cost of \$75 million or greater or which result in a change to annual emissions in excess of 25,000 metric tons of CO₂ equivalent are required to perform a sensitivity analysis that includes carbon cost as part of the project's economic analysis. The company uses an estimated market cost of greenhouse gas emissions in the range of \$6 to \$48 per tonne (2013 real) depending on the timing and country or region to evaluate future project opportunities.

Managing Risks and Opportunities

Overview

The effect of many current and potential GHG regulations will be to establish a price or value for a unit of avoided GHG emission. Such laws and regulations bring both risks and opportunities, for example the introduction of a cost of greenhouse gas emissions could also increase demand for less carbon-intensive energy sources and technologies, for example, natural gas and renewable energy. This section of the Sustainable Development report will discuss some of the risks and opportunities that we see developing in a lower carbon business environment.

Opportunities in a Lower Carbon Business Environment

Potential business opportunities related to anticipated climate change regulatory requirements fall into three broad categories:

Opportunities associated with increased demand for and value of lower carbon energy sources and technologies associated with our existing business, for example natural gas exploration and production.

New business opportunities in lower carbon energy and technologies with the potential to provide future growth prospects for ConocoPhillips, e.g., Energy Technology Ventures

Opportunities to extend the life or increase the value of existing ConocoPhillips assets and business, for example through the potential application of CO₂ capture and storage.

There are potential opportunities in all these categories to increase revenues, decrease expenses, expedite business development, enhance ConocoPhillips' license to operate, and to grow our business.

Energy Technology Ventures

ConocoPhillips, along with partners GE and NRG Energy Inc., participates in Energy Technology Ventures (ETV) to accelerate emerging energy technology. The companies have committed \$300 million in capital to the new joint venture to fund approximately 30 venture- and growth-stage companies over a four year period.

ETV invests in, and offer commercial collaboration opportunities to, venture- and growth-stage energy technology companies in the renewable power generation, smart grid, energy efficiency, oil, natural gas,

coal and nuclear energy, emission controls, water and bio-fuels sectors, primarily in North America, Europe and Israel. With their wide range of deep technical and financial expertise, relationships, services and products, the three companies behind Energy Technology Ventures intend to help start-ups develop next-generation energy technology.

The current investments are in companies developing potentially game-changing technologies in solar photovoltaic (Alta Devices, 1366 Technologies), cleaner coal (Ciris Energy), non-food biofuels (CoolPlanetBioFuels), energy storage technologies (Ioxus) and energy management software (Hara).

The joint venture's website is: www.energytechnologyventures.com.

Greenhouse Gas Regulatory Risk

There have been a broad range of proposed or promulgated state, national and international laws focusing on GHG reduction. These proposed or promulgated laws apply or could apply in countries where we have interests or may have interests in the future. Laws in this field continue to evolve, and while it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation, such laws, if enacted, could have a material impact on our results of operations and financial condition. Examples of legislation or precursors for possible regulation that do or could affect our operations include:

Federal mandatory GHG reporting (United States, Canada, EU, Australia).

The U.S. Supreme Court decision in *Massachusetts v. EPA*, 549 U.S. 497, 127 S.Ct. 1438 (2007), confirming that the EPA has the authority to regulate carbon dioxide as an "air pollutant" under the Federal Clean Air Act.

The EPA's announcement on March 29, 2010 (published as "Interpretation of Regulations that Determine Pollutants Covered by Clean Air Act Permitting Programs," 75 Fed. Reg. 17004 (April 2, 2010)), and the EPA's and U.S. Department of Transportation's joint promulgation of a Final Rule on April 1, 2010, that triggers regulation of GHGs under the Clean Air Act, may trigger more climate-based claims for damages, and may result in longer agency review time for development projects.

European Emissions Trading Scheme (ETS), the program through which many of the European Union (EU) member states are implementing the Kyoto Protocol. Our cost of compliance with the EU ETS in 2013 was approximately US \$2 million (pre-tax equity share).

A regulation issued by the Alberta government in 2007 under the Climate Change and Emissions Act. The regulation requires any existing facility with emissions equal to or greater than 100,000 metric tons of carbon dioxide or equivalent per year to reduce the net emissions intensity beginning July 1, 2007 by 12%. New facilities must reduce two percent per year until they reach the maximum target of 12%. We

also incur a carbon tax for emissions from fossil fuel combustion in our British Columbia operations. The total cost of compliance with these Canadian regulations in 2013 was approximately US \$6 million (pre-tax equity share).

Norwegian Carbon Tax - Our cost of compliance with Norwegian carbon tax legislation in 2013 was approximately US \$44 million (equity share pre-tax).

Australian Clean Energy Legislation which took effect from July 2012. Our annual cost of compliance with the Australian Clean Energy Legislation during the initial fixed price phase is approximately US \$15 million (equity share pre-tax).

Compliance with changes in laws and regulations that create a GHG emission trading scheme or GHG reduction policies could significantly increase our costs, reduce demand for fossil energy derived products, impact the cost and availability of capital and increase our exposure to litigation. Such laws and regulations could also increase demand for less carbon intensive energy sources, including natural gas. The ultimate impact on our financial performance, either positive or negative, will depend on a number of factors, including but not limited to:

- Whether and to what extent legislation is enacted.
- The nature of the legislation (such as a cap and trade system or a tax on emissions).
- Whether both process and product emissions are covered.
- The GHG reductions required.
- The price placed on GHG emissions (either by the market or through a tax).
- The price and availability of offsets.
- The amount and allocation of allowances.
- Technological and scientific developments leading to new products or services.

Any potential significant physical effects of climate change (such as increased severe weather events, changes in sea levels and changes in temperature).

Whether, and the extent to which, increased compliance costs are ultimately reflected in the prices of our products and services.

The ultimate financial impact arising from environmental laws and regulations is neither clearly known nor easily determinable as new standards, such as air emission standards, water quality standards and stricter fuel regulations continue to evolve. However, environmental laws and regulations, including those that may arise to address concerns about global climate change, are expected to continue to have an increasing impact on our operations in the United States and in other countries in which we operate. Notable areas of potential impacts include air emission compliance and remediation obligations in the United States.

Operating in a Physically Changing World

ConocoPhillips is an independent exploration and production company operating in about 30 countries around the world with physical assets in many of these countries. As such, the company can be exposed to impacts related to a changing physical environment caused by various factors in a number of locations. A few years ago, ConocoPhillips co-led the development and publication of the World Business Council for Sustainable Development (WBCSD) report Adaptation - An Issue Brief for Business. The report concluded that changes in the Earth's climate system could have repercussions on how business operates. The magnitude and frequency of impacts are uncertain, but consequences with negative effects on business could include:

Higher temperatures, which could affect the location, design, efficiency, operation and marketing of business infrastructure, products and services.

Water scarcity, which could stymie business operations, particularly those of water-dependent industries.

Rising sea levels, which could affect the location of business operations, submerge or complicate access to raw materials or natural and human resources.

Increased frequency of extreme weather events, which could damage business infrastructure, disrupt logistics, and affect business continuity and costs.

Changes in the distribution of vector-borne disease (e.g., malaria) and greater population migration, with their attendant socioeconomic impacts on workforces and markets.

ConocoPhillips business operations are designed and operated to accommodate expected climatic conditions. To the extent there are significant changes in the Earth's climate, such as more severe or frequent weather conditions in the markets we serve or the areas where our assets reside, we could incur increased expenses, our operations could be materially impacted, and demand for our products could fall.

Given the uncertainty regarding future physical impacts associated with changing local, regional or global climate, it is not possible to determine at this time whether future physical impacts of climate change represent significant opportunities for ConocoPhillips.

Building Resiliency to Climate Change

Business resiliency planning is a process that helps the company prepare to mitigate potential impacts of a changing climate in a cost-effective manner. The key elements of this process include:

Identifying the risks and business opportunities associated with the physical impacts of changing climate.

Identifying physical impacts of greatest concern.

Identifying potential technologies and solutions to mitigate risks and take advantage of opportunities.

Adaptation will not reduce the frequency or magnitude of events related to a changing climate, but will increase the resiliency of our business to events such as drought, hurricanes and flooding.

ConocoPhillips has conducted pilot workshops with business units in regions which cover a broad representation of resiliency risks to establish, on an informed basis, future programs and actions based on projected physical changes to the operating environment. The business units chosen were in Texas and the Gulf Coast, Arctic Canada, Canada Oil Sands, Australia North & West (including offshore) and North Slope Alaska.

The results were discussed within each business to determine the appropriate follow up actions and to integrate those changes into each business unit's Climate Change Action Plan.

Engaging Externally

Public Policy Engagement

Overview

We believe that over the months and years ahead, governments – federal, state/provincial and local – will continue to act upon the issue of global climate change. In order to succeed in a low carbon economy, ConocoPhillips must play a constructive role in public policy dialogue to devise practical, equitable and cost-effective approaches to reduce greenhouse gas (GHG) emissions and address the impacts of climate change.

Effective Climate Change Policy

The company climate change position outlines our principles of effective climate change policy.

These principles continue to guide our engagement on climate change policy in the United States, Canada, Europe, Australia and other countries in which we operate. We work with trade associations, industry peers and other key stakeholders to develop and use best practices and in efforts to align the policymaking process with our positions and principles. For more on our perspective on alignment with external organizations engaged in lobbying/advocacy, see xx

External Perspective

We are members or sponsors of a number of external groups, which are involved in our efforts to manage the impact of climate change.

American Petroleum Institute (API) – Climate Change Steering Committee

The API's Climate Change Steering Committee addresses climate change issues affecting the U.S. oil and natural gas industry. The group oversees API's Climate Challenge program, including participation in government voluntary GHG reduction programs, as well as development of the API Compendium methodology for estimating oil and gas industry greenhouse gas emissions.

Reference API Climate Change Steering Committee

IPIECA – Climate Change Working Group

IPIECA established its Climate Change Working Group in 1988. Since then the group has monitored the climate science and policy discussions, engaging with international governmental bodies and other stakeholders. It now also focuses on providing best practice guidance on GHG emissions monitoring, reporting and management.

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

The Climate Change Working Group is currently working on:

GHG emissions management.

Revising the Petroleum industry guidelines for reporting GHG emissions.

Technical input into the IPCC fifth assessment report.

Pilot version of the Addressing uncertainty in oil and natural gas industry greenhouse gas inventories.

Reference: IPIECA Climate Change Working Group

MIT - Joint Program on the Science and Policy of Global Change

ConocoPhillips is a sponsor of the Program. The program's mission is to:

Improve knowledge of interactions among human and natural Earth systems, with a particular focus on climate and energy, and of the forces that drive global change.

Prepare quantitative analyses of global change risk and its social and environmental consequences.

Provide independent assessments of potential responses to global risks, through emissions mitigation and anticipatory adaptation, contributing to improved understanding of these issues among other analysis groups, policy-making communities and the public, and

Augment the pool of people needed for work in this area by the education of graduate and undergraduate students in relevant disciplines of economic and Earth science analysis and methods of policy assessment.

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

IHS/CERA – Climate Change and Clean Energy Forum

IHS/CERA host bi-annual forums where member companies can discuss global climate change and clean energy research and its implications for policy. IHS/CERA provides a wide range of research products to ensure that members are up to date with current developments around the world.

Reference CERA - Climate Change and Clean Energy Forum

In addition ConocoPhillips works with the following groups discussed in the Reporting & Transparency section:

- International Oil and Gas Producers Association (OGP)
- U.S. Business Council for Sustainable Development (USBCSD)
- Social Responsible Investors and Non-Governmental Organizations

PEOPLE & SOCIETY

Stakeholder Engagement Action Plan

Overview:

The 2014 - 2016 Stakeholder Engagement Action Plan brings together work streams on stakeholder and community engagement, social issues and human rights. While the Company has been strongly focused on these areas for many years, the goal of the Action Plan is to foster continuous improvement, consistency and alignment as we further operationalize our Human Rights Position and Stakeholder Engagement Principles.

Adapting the structure used for the Climate Change, Water and Biodiversity Action Plans, the Stakeholder Engagement Action Plan solidifies and articulates key areas for continued and future strategic action. The Plan involves all of the major businesses, as well as new ventures and supporting corporate functions, such as Sustainable Development, Health, Safety & Environment, Investor Relations & Communications, Supply Chain, Technology & Projects, Public Policy, and Government Affairs.

Context for Action:

Stakeholder Engagement Principles

Due to the size and scale of our company, as well as the nature of our business, ConocoPhillips stakeholders have unique and evolving expectations. We proactively engage with them to learn their expectations of us, and then incorporate what we learn into our business plans and actions. This process fosters an environment of trust and mutual respect. Through work with industry associations, participation in multi-sector forums, and dialogue with socially responsible investors, we're gaining diverse and valuable perspectives as we continuously improve our sustainable development programs and initiatives.

ConocoPhillips' stakeholder engagement activities are an integral part of our sustainable development commitments. Our major businesses have engagement strategies which vary according to the nature of the local community. In dispersed communities, we identify key stakeholders and engage with them face-to-face to ensure that our activities are understood and that we consider their feedback. In regions where there are opportunities to bring local stakeholders together, we work with multi-stakeholder groups in a similar way.

This approach is embedded in our SPIRIT Value of Integrity, which states that we are ethical and trustworthy in our relationships with stakeholders. Expanding on the value of Integrity, our Principles for Stakeholder Engagement:

- Proactively identify and seek out key stakeholders early in the business endeavor.
- Include these key stakeholders in the design and implementation of the engagement process.
- Listen in order to understand stakeholders' interests, concerns and culture.
- Communicate openly.
- Seek solutions that create mutually beneficial business and engagement approaches that also build long-term value for both the company and our stakeholders.
- Follow through on our commitments and stand accountable for the results, both internally and externally.

Stakeholder engagement is also integral to how we go about implementing or “operationalizing” our commitment to human rights. From business unit engagement strategies, and peer-to-peer best practice sharing, to participation in investor and industry forums, our approach to engaging stakeholders reinforces and advances our human rights work.

Human Rights Position

The ConocoPhillips position statement on human rights includes our intent to conduct business consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work. The position also states our commitment to participate in the Voluntary Principles on Security and Human Rights.

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

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

Our Focus & Expectations

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

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

Stakeholder Engagement Action Plan:



In each of these focus areas, business units and functions have committed to specific actions. The full plan includes over 75 actions across the company with clear accountability to drive performance goals. Deliverables from the 2014-2016 Action Plan include continuous improvement plans and goals including:

- Implement new Company guidance in conducting issue and stakeholder mapping and planning for new ventures
- Implement stakeholder relationship management software to enhance and refine stakeholder and issue mapping
- Develop social issues performance indicators, expanding on existing implementation indicators (based on implementation management systems)
- Continue regular dialog with socially responsible investors and civil society on key sustainability issues and identify emerging topics for further dialog
- Launch updated computer based human rights training for stakeholder engagement, social issues and sustainability practitioners across the company
- Launch updated sustainable sourcing tools and training to key procurement professionals across the company

- Building on current Lower 48 stakeholder engagement plans, develop several asset specific integrated stakeholder engagement plans for Lower 48
- Continue stakeholder engagement plan for Alaska citizens with a focus on the North Slope and continue to maintain relationships with Chukchi villages
- Advance stakeholder engagement efforts for Alaska LNG project
- Complete and implement Community Engagement Framework designed to deepen engagement and collaboration with local communities in Canada, including aboriginal communities
- Develop enhanced and expanded aboriginal awareness training for Canada
- Roll out Sustainable Development awareness training for offshore assets in the United Kingdom
- Complete and implement indigenous content and engagement strategy in Eastern Australia in consultation with Port Curtis Coral Coast Traditional Owners regarding participation, capacity and capability development
- Develop and implement a Stakeholder Management Plan for Australia Business Unit East including transition from project construction to operations
- Expand stakeholder engagement with Timor-Leste by demonstrating our commitment to achieve an increase in local content

Performance:

While our Stakeholder Engagement Action Plan is new, our work on Stakeholder Engagement and Human Rights has produced meaningful results over the past several years. Some highlights include:

- Development and implementation of stakeholder engagement plans for all operating businesses, and key operated exploration programs
- Development and external reporting of implementation management systems indicators for stakeholder and community engagement, indigenous communities and human rights
- Regular annual reporting on implementation of our security and human rights program and activities
- Strengthening of company guidance on social issues and stakeholder engagement in our Health, Safety & Environment Due Diligence process
- Incorporation of Stakeholder Engagement module into HSE core curriculum required for all HSE professionals
- Creation of new company guidance on stakeholder engagement preparation and planning for exploration and new ventures

- Implementation of human rights training for key project and operational leaders and practitioners utilizing our customized training built from the 2008 IPIECA training tool kit
- Integration of international frameworks on the rights of indigenous peoples into our Human Rights Position and related business unit assessments
- Establishment of ongoing engagement program with socially responsible investors and members of civil society
- Ongoing execution of functional excellence through the Stakeholder Engagement Network of Excellence and Stakeholder Engagement Working Group comprised of practitioners and leaders from across the company

For additional information on our performance, please see the [People & Society](#) section of this report, as well as several [regional sustainability reports](#) for details of our business unit activities and results on social issues.

We look forward to sharing key results of the 2014-2016 Stakeholder Engagement Action Plan in future reports.

Implementation Management Systems:

Further details on our approach to implementation can be accessed from the following links, which provide a concise view of the business practices, processes and tools we use to implement our Human Rights Position and Stakeholder Engagement Principles. These practices also reinforce our [commitments](#) to Benefit Communities, Work Ethically, and Be Transparent and Accountable. For additional detail on the processes and tools noted in these sections, see [Integration of Sustainability into Business Processes](#).

Human Rights:

<http://www.conocophillips.com/sustainable-development/people-society/respecting-human-rights/Pages/default.aspx>

Security & Human Rights:

<http://www.conocophillips.com/sustainable-development/people-society/respecting-human-rights/Pages/voluntary-principles-on-security-and-human-rights.aspx>

Community & Social Investment:

<http://www.conocophillips.com/sustainable-development/people-society/benefiting-people/Pages/default.aspx>

Engaging with Communities:

<http://www.conocophillips.com/sustainable-development/people-society/engaging-stakeholders/engaging-with-communities/Pages/default.aspx>

Indigenous Communities:

<http://www.conocophillips.com/sustainable-development/people-society/engaging-stakeholders/indigenous-peoples/Pages/management-systems.aspx>

Working with Suppliers:

<http://www.conocophillips.com/sustainable-development/people-society/working-with-our-suppliers/Pages/default.aspx>

Respecting Human Rights

The ConocoPhillips position statement on human rights includes our intent to conduct business consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work.

Embedding Human Rights Into Business Processes

Section link: <http://www.conocophillips.com/sustainable-development/people-society/respecting-human-rights/Pages/default.aspx>

The ConocoPhillips position statement on human rights includes our intent to conduct business consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work. The position also states our commitment to participate in the Voluntary Principles on Security and Human Rights. In addition, the company's approach to implementing our human rights position incorporates key elements of the United Nations Guiding Principles on Business and Human Rights.

Management Systems

This table provides a concise view of the business practices, processes and tools we use to implement our human rights position. For additional detail on the processes and tools noted in the table see the section on Integration of Sustainability into Business Processes.

Human Rights Due Diligence	
Focus Area	Management Systems
Impact Assessment	<ul style="list-style-type: none"> The company has performed a high-level human rights risk assessment (by country) of its global operations using externally provided human rights risk assessment tools to identify countries of focus for deeper level evaluation of potential human rights issues. Key areas include: security and human rights; land use/relocation; indigenous issues and rights; company and supplier labor standards; access to water; and vulnerable groups. Environmental and Social Impact Assessments (ESIAs) assess human rights issues where appropriate. Sustainable Development Scorecards are completed for capital projects including an analysis of human rights issues, and are updated through project phases. The New Country Entry process evaluates human rights issues and risks. Human rights risks are identified as part of corporate authorization guidelines for new ventures. Business unit Stakeholder Engagement and Social Performance plans incorporate assessment of human rights issues, as appropriate.
Integration	<ul style="list-style-type: none"> Human rights issues are incorporated into Capital Projects and HSE management systems (using a "Plan, Do, Assess, Adjust" approach). Human rights issues are incorporated into the HSE Due Diligence Standard guidance. Business units and functions collaborate on human rights due diligence processes and share best practices through working groups and Networks of Excellence. Business unit, asset or project Stakeholder Engagement plans incorporate an assessment of human rights issues as appropriate, and project Social Performance plans also address such issues as appropriate. Where business units maintain separate social performance plans, human rights issues are also addressed.
Tracking (Issues, Actions)	<ul style="list-style-type: none"> Human rights issues are tracked at business unit, asset or project level and communicated internally as appropriate based on human rights risks identified at a country level. Potential human rights risks or issues are identified and evaluated periodically through business unit, asset or project level risk assessments. Community concerns or grievances related to company activities or human rights are tracked at business unit, asset or project level as appropriate, including responses and resolutions. Mechanisms include community or stakeholder

	relations contact points at the business unit level, and ConocoPhillips Ethics hotline and email address.
Communication & Training	<ul style="list-style-type: none"> • Our Human Rights position and its implementation are communicated internally and externally. • Training and guidance on human rights concepts, company approach to due diligence and implementation resources are provided to identified leaders and practitioners and made available to all employees through the company's intranet and "Networks of Excellence."
Grievance Mechanisms	<ul style="list-style-type: none"> • Where appropriate, business units, assets or projects have communicated with and engaged communities and their representatives on how to contact the company, and how to address any concerns or grievances. In addition, all interested stakeholders may access the ConocoPhillips Ethics Helpline to report a potential violation of our Code of Business Ethics and Conduct, which is publicly available on our website. • Stakeholder relations staff is in close contact with communities and engage in regular two-way dialogue. • Stakeholder relations staff has a process in place to respond to concerns or grievances in a timely manner. • Mitigation measures are informed by issues or concerns identified through engagement with communities or other stakeholders. • Incident management and tracking systems incorporate elements to capture incidents or "near misses" related to the safety and security of company personnel and directly impacted communities.

Stakeholder Engagement

Stakeholder engagement is integral to how we go about implementing or "operationalizing" our commitment to human rights. From business unit engagement strategies, and peer-to-peer best practice sharing, to participation in investor and industry forums, our approach to engaging stakeholders reinforces and advances our human rights work.

Indigenous Communities

We recognize and respect the choice of indigenous communities to live as distinct peoples, with their own cultures and relationships with the land. Wherever our operations neighbor with indigenous communities, we seek to partner and engage with them to diminish the negative aspects of our operations and maximize the social and economic benefits we can bring.

Training and Awareness

Our approach encompasses a broad range of activities and tools. We've adapted and applied a human rights tool kit developed by the International Petroleum Industry Environmental Conservation Association (IPIECA), and rolled out training to new employees, key functions and leaders. We've also focused our Stakeholder Engagement Network of practitioners on further integration of sustainable development commitments into business planning and processes.

Human Rights Training and Awareness

ConocoPhillips adapted the training tool kit developed by IPIECA and incorporated a human rights module into our sustainable development training materials. Functional areas that have participated in these education sessions include business development, major projects, project risk and review, and leadership development, as well as the sustainable development coordinators for our Exploration and Production business units. Our human rights position also is incorporated into a sustainable development training module for new hires.

We continue to support the IPIECA social responsibility working group and human rights project. As an example, the social responsibility working group held a pilot workshop to encourage companies to use IPIECA's suite of social responsibility guidance tools, including the Human Rights Training Toolkit.

ConocoPhillips led the task force that developed the workshop and then hosted the event. The company will continue to participate in IPIECA's broader work on human rights due diligence and grievance mechanisms, including learning programs, and the development of guidance materials that can be applied within ConocoPhillips.

Labor Issues

As outlined in our human rights position, ConocoPhillips has committed to conduct its business consistent with the human rights philosophy expressed in the International Labour Organization Declaration on Fundamental Principles and Rights at Work, which includes the core labor standards related to non-discrimination, freedom of association, and avoiding the use of forced or child labor.

Voluntary Principles on Security and Human Rights

ConocoPhillips has been a member of the Voluntary Principles on Security and Human Rights initiative since its inception in 2000. As a participating company, ConocoPhillips is committed to supporting and promoting the Voluntary Principles for Security and Human Rights in its operations. This commitment is aligned with our company's human rights position and our related implementation activities.

Our annual report to the Voluntary Principles on Security and Human Rights details our current practices as well as provides updates for the year 2012.

Security and Human Rights Management Systems

This table provides a concise view of the business practices that support our commitment to security and human rights.

Security & Human Rights	
Focus Area	Management Systems

Risk Assessments	<ul style="list-style-type: none"> • The company has performed a high-level security & human rights risk assessment of its global operations using externally provided human rights risk assessment tools to identify countries of focus for our security and human rights efforts. • The New Country Entry process evaluates security & human rights issues and risks. • Security & human rights risks are identified as part of authorization guidelines for new ventures.
Contracts with Security Providers	<ul style="list-style-type: none"> • The company has conducted research related to security providers with proven good track records on human rights. • Contracts with security providers contain language pertaining to the contractors' responsibilities regarding security & human rights.
Training for Security Providers	<ul style="list-style-type: none"> • Contractors are provided with training on security & human rights and related responsibilities and expectations.
Stakeholder Outreach	<ul style="list-style-type: none"> • The company participates in outreach with key stakeholders on security & human rights as appropriate; may include national, regional or local governmental organizations, public security forces, non-governmental organizations or local civil society, communities and/or other companies in the region.

For additional detail on the processes and tools noted in the table, see the section on Integration of Sustainability into Business Processes in the "Our Approach" section.

California Transparency in Supply ChainsConocoPhillips recognizes that slavery and human trafficking are crimes under state, federal and international laws. We also recognize slavery and human trafficking likely exist in every country, including the United States, and the State of California. ConocoPhillips is committed to the California Transparency in Supply Chains Act of 2010. Read more about California's Transparency in Supply Chains.

Economic Transparency & Reporting

Section Link: <http://www.conocophillips.com/sustainable-development/people-society/respecting-human-rights/Pages/economic-transparency-and-reporting.aspx>

ConocoPhillips endorses transparency in the extractive industries. We are also a participating member of the Extractive Industries Transparency Initiative (EITI), which seeks to ensure that natural resource

wealth is an engine for sustainable economic growth that contributes to sustainable development and poverty reduction. See our Economic Transparency & Reporting Position.

We remain actively involved in the EITI process and implementation in participating countries in which we operate. Currently, three participating countries where we operate have achieved full EITI compliance – Timor-Leste, Nigeria and Norway. We also have operations in Indonesia, which has committed to EITI principles, and is considered a candidate for EITI membership. We currently cooperate with the Indonesian government in its EITI validation efforts. ConocoPhillips is also engaged in exploration activities in Azerbaijan and Senegal, EITI compliant and candidate countries, respectively. When we have assets in new countries, we will work to promote transparency and accountability with those governments.

Please note that in 2013 ConocoPhillips completed the transaction for the sale of its 8.4 percent interest in the North Caspian Sea Production Sharing Agreement (Kashagan) located in Kazakhstan. Additionally, ConocoPhillips entered into an agreement to sell its Nigerian business in 2012. The proposed sale, which is subject to approvals, is expected to close in 2014.

EITI requires the public reporting of payments to governments. (See related information on the Dodd-Frank Act.) Such reporting requirements take into account host-country laws and the terms of contracts under which such revenues are accrued. Further information on EITI-compliant countries or the EITI-committed countries where we have production can be found below.

Timor-Leste

As the largest extractive-industry investor in Timor-Leste and operator of the major Bayu-Undan natural gas production project, ConocoPhillips took an active leadership role in helping Timor-Leste move toward and reach its goal of EITI validation. Timor-Leste achieved its goal of being an EITI-compliant country in July 2010 and is now one of 18 EITI-compliant countries. This achievement is the result of years of cooperation within the EITI multi-stakeholder working group, comprising representatives from government, civil society and industry.

From the early stages of Timor-Leste's extractive industries, associated revenues have been made publicly available via quarterly and annual Petroleum Fund reports, prepared in accordance with EITI criteria and published by the Timor-Leste Banking and Payments Authority and the Ministry of Finance. In addition to complying with statutory obligations regarding payment and reporting of taxes and royalties, ConocoPhillips provides details of Timor-Leste tax payments to the independent auditors of the Petroleum Fund to assist in the verification of payments made to the fund and public reporting of this information. The country's most recent EITI Reports covering 2010 and 2011 were published in December 2012. The Timor Leste EITI Multi Stakeholder Group (MSG) has commenced discussions and preparations for the 2012 and 2013 EITI Reports, to be conducted in line with the new EITI Standard.

Nigeria

The EITI Board designated Nigeria as EITI-compliant in March 2011. Nigeria was accepted as an EITI candidate country in September 2007 and submitted its final validation report to the EITI Board in June 2010. The country published EITI audit reports for 2009, 2010 and 2011 in January 2013.

In 2007, the Nigeria EITI (NEITI) was established by law to promote transparency principles. Per this law, NEITI is governed by the National Stakeholders Working Group (NSWG), which is comprised of government, civil society, and community and industry representatives. The law gives the NSWG the authority to develop policies and standards to be applied by NEITI and provides for audits to start the process. These continuing audits provide information to the NSWG in its role as the governing body for NEITI. The audits produce detailed data on payments of the Petroleum Profits Tax (PPT) and physical volumes of production/throughput. As a part of the process, auditors review company financial statements and PPT returns, along with additional information necessary for reconciliation. ConocoPhillips has participated fully in these audits and will continue to do so.

Please note that ConocoPhillips entered into an agreement to sell its Nigerian business in 2012. The proposed sale, which is subject to approvals, is expected to close in 2014.

Norway

Norway was accepted by the EITI Board as EITI-compliant in March 2011. Norway will request to be revalidated in 2016. Norway was accepted as an EITI candidate country in February 2009 and became the 25th implementing country.

In July 2009, Norway formalized its multi-stakeholder group, passed EITI regulation into law, and began its first report. All extractive companies, including ConocoPhillips, and relevant governmental agencies operating in Norway were required to report all of their tax, license and royalty payments and receipts by August 2009. The first Norwegian EITI report was published in January 2010, and a 2011 report has also been filed. Norway published its 2012 EITI Report in December 2013.

Indonesia

Indonesia announced its desire to become an EITI candidate country in 2009 and was designated as such by the EITI board in October 2010. ConocoPhillips has taken an active role in Indonesia's effort to achieve EITI-compliant status.

The first EITI Report covering 2009 was published in May 2013. Indonesia completed validation in July 2013, and in October 2013, the EITI Board concluded that Indonesia has made meaningful progress in implementing the EITI. The Indonesia EITI Multi Stakeholder Group (MSG) is currently working on the 2010 and 2011 EITI Reports which are expected to be published by June 2014. The national secretariat publishes regular EITI newsletters providing an overview of progress on their website.

Community and Social Investment

Section Link: <http://www.conocophillips.com/sustainable-development/people-society/benefiting-people/Pages/default.aspx>

As one of the world's largest independent exploration and production companies, ConocoPhillips is proud to be involved in the communities where we operate. We contribute to the well-being of these communities through charitable giving, volunteerism, and civic leadership. In 2013, our charitable cash contributions totaled approximately \$50 million, and we provided assistance ranging from disaster relief after flooding and fires in North America, to working with the Norwegian People's Aid to remove land mines in Angola. For the eighth consecutive year, the ConocoPhillips SPIRIT of Conservation program focused on protecting, restoring and improving the habitats of migratory birds. The company also continued its focus on education, providing assistance to organizations globally, like the Spark Engineering Camp in Australia. Finally, the company participated in nine United Way campaigns around the world, raising more than \$8.6 million in employee, retiree and company contributions.

Management Systems

The indicators below provide a concise view of the business practices that support our commitment to community and social investment.

Community & Social Investment	
<ul style="list-style-type: none"> Alignment with Company Focus 	<ul style="list-style-type: none"> The company has a strategic focus for charitable giving and community investment including key focus areas.
<ul style="list-style-type: none"> Project Sustainability 	<ul style="list-style-type: none"> The company's approach to selecting projects or programs and managing giving and social investment promotes project/program sustainability and "self-sustaining models."
<ul style="list-style-type: none"> Needs Assessments 	<ul style="list-style-type: none"> Business units, assets or projects seek to understand needs and assets of local communities to inform social investment plans.
<ul style="list-style-type: none"> Community Benefit 	<ul style="list-style-type: none"> The company strives to understand or measure results of charitable giving and social investment.
<ul style="list-style-type: none"> Company Volunteerism 	<ul style="list-style-type: none"> The company has a comprehensive employee volunteer program in place.

<ul style="list-style-type: none"> • Company Cash and In-Kind Giving 	<ul style="list-style-type: none"> • The company has programs for in-kind and cash contributions.
---	--

The company's global charitable investments focus is on five key areas:

- Education
- Health and Safety
- Natural Resources
- Arts, Civic and Social Services
- Disaster Relief

At the business unit level, our social investment initiatives reinforce our community engagement efforts in locations where we are active. We seek to understand community needs, as well as community assets. Our business units seek to support projects or initiatives that can help to fill needs where appropriate, or help communities to build on their own assets where those opportunities exist. We also believe that programs and projects that can be sustained over the longer term and that have multiple avenues for funding have the best chance for success. For this reason, our approach to community and social investment promotes project and program sustainability and "self-sustaining" models.

For more information on the projects and programs we support, visit [Community Investment](#).

Positive Economic Impacts

Our global operations contribute substantially to social and economic development in the communities in which we operate. For example, our direct economic contributions during 2012 included:

- Jobs – ConocoPhillips employed approximately 16,900 employees around the world.
- Taxes – Our operations generated \$11.5 billion in income and other tax revenue to governments.
- Shareholder dividends – ConocoPhillips common stock yielded \$3.3 billion in cash dividends.
- Capital investments – ConocoPhillips reinvested \$14.2 billion in capital expenditures and investments to find new energy supplies.
- Payments to various vendors and suppliers for products and services:
 - \$7.4 billion for production, operating and exploration expenses
 - \$1.1 billion for selling, general and administrative expenses

Note: Taxes, capital investments and payments represent amounts for continuing operations only.

Engaging Stakeholders

Key Stakeholders

Employees – We initiate dialogue with our employees and seek their input in our day-to-day activities. In addition, we offer numerous opportunities for employees to provide their thoughts on the company,

including opinion surveys, town hall meetings and one-on-one employee development discussions. We routinely conduct an employee opinion survey, which typically yields a high employee participation rate. The information gathered through such surveys helps management address issues that are important to employees, including safety, environmental preservation, and employee compensation and retention.

Shareholders – We communicate financial and operating performance with our shareholders through company reports and Securities and Exchange Commission filings, annual shareholders meetings, quarterly earnings releases and conference calls, and presentations to securities analysts. Further, we make Internet links to these events and other information available on our website. Our annual proxy statement provides a full listing of formal requests filed by shareholders, and we maintain a process for shareholders and interested parties to communicate with the board of directors. We also engage with investors on a range of sustainable development topics through ongoing dialogue, meetings, conferences and discussion forums.

Governments – We engage with local, state or provincial, and federal governments in the key areas of public policy and regulatory oversight that affect existing and future company operations and business. In certain circumstances, we work with governing bodies and regulatory agencies and engage in proactive exchanges of information. Major areas of interest for government stakeholders are taxation, environmental and economic issues. ConocoPhillips endorses the Extractive Industries Transparency Initiative, which seeks to ensure that revenues paid to governments by companies working in resource-rich countries contribute to sustainable development and poverty reduction. Read further information on our economic transparency statement.

Communities – Wherever we operate, our major projects and business units engage with local communities in a variety of ways, including consultations on specific projects, public forums and community investments. The company has various organized groups and programs that engage the community to discuss issues and concerns. Although specific areas of interest for communities can vary widely, recurring themes include the availability of employment and other economic opportunities, local environmental issues such as air and water impacts, emergency response procedures, and the company's contribution to local social investment.

Customers, suppliers and contractors – The most common avenue for communicating with these stakeholders is our secure extranet site where business partners can access financial information, interactive processes and fuel-purchasing procedures. In addition, they also can contact us through the ConocoPhillips website by submitting email questions and feedback.

To maintain and strengthen relationships with long-term customers and suppliers, the company initiates frequent conversations, correspondence and meetings. As an example, our regular and informative interactions with suppliers cover topics such as our long-term needs, on-site performance expectations and our position and requirements concerning diversity, ethics and other sustainability issues.

As with our employees, we believe safety is the most important issue in our work with contract workers. We address this in our operations by working with contractors on various comprehensive safety training and educational programs.

Other organizations - We connect with various stakeholders and industry peers through active involvement in several sustainability-related partnerships. Visit the Reporting and Transparency section to learn more.

We continuously review our approach to engaging corporate-level stakeholders and identify additional activities that may provide better opportunities to communicate with key stakeholders.

Engaging with Communities

Our strategies to fulfill our stakeholder engagement principles vary according to the nature of the local communities. In dispersed communities, we typically identify key stakeholders and work with them one-on-one. When our assets are near concentrated populations, we join or create collaborative forums to connect with multiple stakeholders. We also work with stakeholders on the local and state or provincial levels.

Management Systems

The table below provides a concise view of the business practices that support our commitment to community engagement and our Stakeholder Engagement Principles. For additional detail on the processes and tools noted in the table see the section on Integration of Sustainability into Business Process in the “Our Approach” section.

Community Engagement	
<ul style="list-style-type: none"> Focus Area 	<ul style="list-style-type: none"> Management Systems
<ul style="list-style-type: none"> Engagement Planning 	<ul style="list-style-type: none"> Community engagement and consultation is incorporated into business unit, asset or project stakeholder engagement plans. Plans include an assessment of key issues and community needs or assets where appropriate.
<ul style="list-style-type: none"> Social Mapping 	<ul style="list-style-type: none"> Business units, assets or projects may perform social or stakeholder mapping as part of Environmental and Social Impact Assessments (ESIAs) or as stand-alone assessments as appropriate. This is evaluated on a case-by-case basis.
<ul style="list-style-type: none"> Impact Assessments 	<ul style="list-style-type: none"> ESIAs assess community impacts, and include mitigation measures for community impacts. As part of ESIAs, communities are engaged regarding potential issues and concerns, as well as preferred mitigation measures.
<ul style="list-style-type: none"> Addressing Community Concerns 	<ul style="list-style-type: none"> Business units, assets or projects communicate with and engage communities and their representatives on how to contact the company and best ways for them to raise any concerns. Community relations staff are in close contact with communities and engage in regular two-way dialogue.

	<ul style="list-style-type: none"> Community relations staff has process in place to surface, track and respond to concerns or grievances in a timely manner and to develop appropriate mitigation measures.
--	---

Alaska

Section link:

<http://www.conocophillips.com/sustainable-development/people-society/engaging-stakeholders/engaging-with-communities/Pages/alaska.aspx>

ConocoPhillips is Alaska's largest oil producer and has been a leader in helping to improve the quality of life in the communities where we live and work. Employees in Alaska contribute on average 6,000 hours each year serving non-profit organizations and represent the industry on many multi-stakeholder boards. Since 2000, the company has given more than \$100 million to hundreds of Alaska-based nonprofits across the state, funding programs that support education, social services, the arts, civic and youth groups, and the environment.

We also actively consult with North Slope communities to help protect their subsistence resources and to share information about current and planned operations. Through our involvement with local residents, we support community projects and provide economic opportunities, while minimizing impacts from operations on local residents and the environment. Environmental baseline studies are conducted in all potential areas of new operations as well as conducting detailed monitoring of existing operations. And new projects are subject to some of the most rigorous permitting and public review processes in the nation.

We respect the rich culture of Alaska Native peoples and work diligently to build inclusive, honest and respectful relationships with our stakeholders, particularly with our neighbors who live nearest our operations. We support community projects and provide economic opportunities while minimizing impacts from operations on local residents and the environment. We meet frequently with North Slope community leaders and residents to get feedback on our operations and gather local and traditional knowledge to help protect their subsistence resources and to share information about current and planned operations. For example, we consult with the subsistence hunters in the village of Nuiqsut by meeting at least twice a year with the Kuukpikmuit Subsistence Oversight Board and employing Subsistence Representatives to monitor our ice road activities each winter. We also consult with the NPR-A BLM Subsistence Advisory Board and marine mammal co-management groups such as the Alaska Eskimo Whaling Commission and input is incorporated where possible in project operations.

We have robust environmental study programs at existing operations that include air monitoring stations; caribou, bird and fish surveys; hydrology studies; lake water quality and recharge monitoring; subsistence hunting studies; and tundra rehabilitation. Extensive environmental baseline studies are conducted in all potential areas of new operations. New projects are subject to some of the most rigorous permitting and public review processes in the nation.

U.S. Lower 48

Section link: <http://www.conocophillips.com/sustainable-development/people-society/engaging-stakeholders/engaging-with-communities/Pages/lower48.aspx>

"Stakeholder Engagement early and often" has been the mantra for the Eagle Ford Stakeholder Relations team, resulting in productive working relationships with local communities. In 2013, Stakeholder Relations met with over 1,000 landowners by hosting open houses and information sessions. This team also developed close relationships with county judges, local officials and emergency response coordinators, and supported and participated in local festivals, fairs and events in key counties where we operate.

Eagle Ford stakeholder engagement is managed through customized meetings and individual attention to stakeholders. We believe a more personal approach creates an environment of transparency and courtesy when working with stakeholders. We hired a local resident and community leader to provide real-time feedback on community issues and to assist with understanding local community needs. We work with the Department of Public Safety to address increased volume of trucks and traffic in the rural communities near our operations. We also collaborate with other operators in the area to manage priority issues in the communities.

Indonesia

Section link: <http://www.conocophillips.com/sustainable-development/people-society/engaging-stakeholders/engaging-with-communities/Pages/indonesia.aspx>

Regular stakeholder engagement with local communities has contributed to improving relationships and building community support in the areas in which we operate. We have developed partnerships with regional universities and local business associations where, together with the community, we have developed environmental strategies incorporating local practices. In 2009-2012 we conducted major safety campaigns involving various aspects of our operations. These campaigns were designed to increase public safety awareness around our river barging, pipeline right-of-ways and offshore platforms. We also conducted public safety

campaigns in local communities, schools and with neighboring companies on pedestrian, driving and motorcycle safety. Through this program, we reinforce our company's safe operations and promote the sustainability of local stakeholders' quality of life.

Economic Transparency & Reporting

Section Link: <http://www.conocophillips.com/sustainable-development/people-society/respecting-human-rights/Pages/economic-transparency-and-reporting.aspx>

ConocoPhillips endorses transparency in the extractive industries. We are also a participating member of the Extractive Industries Transparency Initiative (EITI), which seeks to ensure that natural resource wealth is an engine for sustainable economic growth that contributes to sustainable development and poverty reduction. See our Economic Transparency & Reporting Position.

We remain actively involved in the EITI process and implementation in participating countries in which we operate. Currently, three participating countries where we operate have achieved full EITI compliance – Timor-Leste, Nigeria and Norway. We also have operations in Indonesia, which has committed to EITI principles, and is considered a candidate for EITI membership. We currently cooperate with the Indonesian government in its EITI validation efforts.

ConocoPhillips is also engaged in exploration activities in Azerbaijan and Senegal, EITI compliant and candidate countries, respectively. When we have assets in new countries, we will work to promote transparency and accountability with those governments.

Please note that in 2013 ConocoPhillips completed the transaction for the sale of its 8.4 percent interest in the North Caspian Sea Production Sharing Agreement (Kashagan) located in Kazakhstan. Additionally, ConocoPhillips entered into an agreement to sell its Nigerian business in 2012. The proposed sale, which is subject to approvals, is expected to close in 2014.

EITI requires the public reporting of payments to governments. (See related information on the Dodd-Frank Act.) Such reporting requirements take into account host-country laws and the terms of contracts under which such revenues are accrued. Further information on EITI-compliant countries or the EITI-committed countries where we have production can be found below.

Timor-Leste

As the largest extractive-industry investor in Timor-Leste and operator of the major Bayu-Undan natural gas production project, ConocoPhillips took an active leadership role in helping Timor-Leste move toward and reach its goal of EITI validation. Timor-Leste achieved its goal of being an EITI-compliant country in July 2010 and is now one of 18 EITI-compliant countries. This achievement is the result of years of cooperation within the EITI multi-stakeholder working group, comprising representatives from government, civil society and industry.

From the early stages of Timor-Leste's extractive industries, associated revenues have been made publicly available via quarterly and annual Petroleum Fund reports, prepared in accordance with EITI criteria and published by the Timor-Leste Banking and Payments Authority and the Ministry of Finance. In addition to complying with statutory obligations regarding payment and reporting of taxes and royalties, ConocoPhillips provides details of Timor-Leste tax payments to the independent auditors of the Petroleum Fund to assist in the verification of payments made to the fund and public reporting of this information. The country's most recent EITI Reports covering 2010 and 2011 were published in December 2012. The Timor Leste EITI Multi Stakeholder Group (MSG) has commenced discussions and preparations for the 2012 and 2013 EITI Reports, to be conducted in line with the new EITI Standard.

Nigeria

The EITI Board designated Nigeria as EITI-compliant in March 2011. Nigeria was accepted as an EITI candidate country in September 2007 and submitted its final validation report to the EITI Board in June 2010. The country published EITI audit reports for 2009, 2010 and 2011 in January 2013.

In 2007, the Nigeria EITI (NEITI) was established by law to promote transparency principles. Per this law, NEITI is governed by the National Stakeholders Working Group (NSWG), which is comprised of government, civil society, and community and industry representatives. The law gives the NSWG the authority to develop policies and standards to be applied by NEITI and provides for audits to start the process. These continuing audits provide information to the NSWG in its role as the governing body for NEITI. The audits produce detailed data on payments of the Petroleum Profits Tax (PPT) and physical volumes of production/throughput. As a part of the process, auditors review company financial statements and PPT returns, along with additional information necessary for reconciliation. ConocoPhillips has participated fully in these audits and will continue to do so.

Please note that ConocoPhillips entered into an agreement to sell its Nigerian business in 2012. The proposed sale, which is subject to approvals, is expected to close in 2014.

Norway

Norway was accepted by the EITI Board as EITI-compliant in March 2011. Norway will request to be revalidated in 2016. Norway was accepted as an EITI candidate country in February 2009 and became the 25th implementing country.

In July 2009, Norway formalized its multi-stakeholder group, passed EITI regulation into law, and began its first report. All extractive companies, including ConocoPhillips, and relevant governmental agencies operating in Norway were required to report all of their tax, license and royalty payments and receipts by August 2009. The first Norwegian EITI report was published in January 2010, and a 2011 report has also been filed. Norway published its 2012 EITI Report in December 2013.

Indonesia

Indonesia announced its desire to become an EITI candidate country in 2009 and was designated as such by the EITI board in October 2010. ConocoPhillips has taken an active role in Indonesia's effort to achieve EITI-compliant status.

The first EITI Report covering 2009 was published in May 2013. Indonesia completed validation in July 2013, and in October 2013, the EITI Board concluded that Indonesia has made meaningful progress in implementing the EITI. The Indonesia EITI Multi Stakeholder Group (MSG) is currently working on the 2010 and 2011 EITI Reports which are expected to be published by June 2014. The national secretariat publishes regular EITI newsletters providing an overview of progress on their website.

Stakeholder Engagement Network

In 2004, ConocoPhillips established an internal Stakeholder Engagement Network to enable employees, who have a wealth of different experiences, to learn from each other and share their insights into working with our stakeholders and implementing our sustainable development commitments. The network offers an online discussion forum. Participants can seek advice from their peers and access a library of member-posted examples of stakeholder engagement in action. The library also offers tools from external resources.

In 2011, the company updated the Stakeholder Engagement Network charter and articulated a business case with specific goals. The Stakeholder Engagement Network provides an opportunity for the company and stakeholder engagement and social issues practitioners to:

- Continuously improve integration of stakeholder engagement principles, sustainable development commitments, and our human rights position into business planning and processes.
- Collaborate on the development of strategies and approaches to stakeholder engagement, social issues and human rights.
- Share best practices and tools to enhance quality and consistency of stakeholder engagement and raise awareness of links between local and global issues and stakeholders.
- Evaluate and update stakeholder engagement, social issues and human rights tools and procedures.
- Enhance the professional development of practitioners.
- Enable non-stakeholder engagement professionals in their engagements with communities and other external stakeholders.

Indigenous Peoples

Indigenous Communities

We recognize and respect the choice of indigenous communities to live as distinct peoples, with their own cultures and relationships to the land. Wherever our operations neighbor with indigenous communities, we seek to partner and engage with them to diminish the negative aspects of our operations and maximize the social and economic benefits we can bring. Areas where we explore or operate near these communities include the United States, Canada, Australia, Indonesia and Russia.

Our approach to such relationships is governed by national laws of the countries in which we are working, our own positions on sustainable development and human rights, and our core SPIRIT Values. In addition, there are several internationally recognized codes of conduct that outline the measures that should be taken to ensure respect for the rights of indigenous peoples. We strive to ensure that our actions meet the spirit of those codes, which cover company activity, engagement and consultation with indigenous groups, minimizing impact from resource development, identifying socioeconomic development opportunities, and respecting the local environment and culture.

For example, the Canadian Constitution recognizes and affirms the existing Aboriginal and treaty rights of Aboriginal peoples in Canada. The Crown is obligated to consult with Aboriginal peoples in good faith. Before an oil and gas project can proceed on Crown land, the Crown must determine, through consultation, whether the project has the potential to impact existing Aboriginal and treaty rights. The Crown must also determine how to balance the broader societal benefits of the project, with the potential impacts to Aboriginal and treaty rights.

In practice, the Crown often delegates the duty to consult to industry. The balance and understanding of Aboriginal and treaty rights, and the Crown's fiduciary obligations, continue to be tested and defined through court decisions. As these issues are debated and challenged in court, the role of industry continues to evolve and be redefined. Ongoing devolution, the gradual transfer of authority from the federal to Aboriginal governments and unsettled land claims add further complexity.

Management Systems

Focus Area	Management Systems
<ul style="list-style-type: none"> Consultation & Agreement 	<ul style="list-style-type: none"> Business units, assets or projects identify indigenous groups for consultation on company activities that may impact them. Participatory methods of engagement are sought wherever possible including capacity building of indigenous communities to engage in a participatory manner. Business units, assets or projects have plans in place to meet governmental requirements regarding consultation or formal agreement with indigenous communities, including recognized community leaders. Business units, assets or projects conduct pre-engagement analyses to understand indigenous communities in areas of our activities, including their culture, decision-making structures, and methods of communication. Business units, assets or projects develop plans that support culturally respectful consultation and engagement. Indigenous communities are involved in the design of engagement and consultation. Where governmental frameworks or requirements do not exist or are not clear as to requirements of companies to engage, consult or enter into formal agreements with indigenous communities, the company has put in place mechanisms for understanding indigenous group dynamics, traditional land use and preferences for engagement and consultation.

<ul style="list-style-type: none"> Land Use Issues 	<ul style="list-style-type: none"> Business units, assets or projects have identified indigenous groups that may have a traditional claim to land where the company operates. Engagement and consultation plans address land claims or issues where appropriate. Business units, assets or projects are prepared to address indigenous community concerns where appropriate, including making adjustments to plans in order to avoid interference with local livelihoods and traditional land use. Where appropriate, consultation with indigenous communities is conducted to determine what mitigation efforts will be most effective.
<ul style="list-style-type: none"> Relocation 	<ul style="list-style-type: none"> If there is relocation related to company activities, roles and responsibilities of the government and the company are understood. Should the company decide to move forward with a project or activity for which the government requires relocation, business units, assets or projects would meet related legal and regulatory requirements including consultation, agreement and/or compensation. Where applicable, these plans would consider non-financial impacts (e.g., cultural heritage of indigenous communities).
<ul style="list-style-type: none"> Economic Development 	<ul style="list-style-type: none"> Business units, assets or projects identify opportunities to support economic development opportunities consistent with indigenous communities' culture and community development plans.
<ul style="list-style-type: none"> Environmental Conservation 	<ul style="list-style-type: none"> Business units, assets or projects carry out staff awareness raising efforts related to the value of natural resources to indigenous communities. Business unit, asset or project plans include assessment of environmental impacts, and mitigation plans to offset or address environmental impacts affecting indigenous communities. The company provides support for conservation initiatives.
<ul style="list-style-type: none"> Cultural Heritage 	<ul style="list-style-type: none"> Business units, assets or projects understand the impacts of activities on cultural heritage. Mitigation measures are identified and implemented as appropriate. Company personnel involved in indigenous relations receive cultural heritage awareness training. Business units, assets or projects provide support for cultural heritage programs or projects as appropriate consistent with social investment plans.

Engagement and Consultation

Engagement and Consultation When engaging with indigenous peoples, we seek first to understand their social hierarchy, culture and traditions, as well as their priorities, expectations and preferences for dialogue. We engage with indigenous communities at the regional, local and individual levels by meeting

regularly with regional governments, community associations, and local leaders. These meetings provide an opportunity to share information on our plans, seek local input and learn the views of our neighbors before we undertake activities that could impact their community.

For example, during the previous seismic program in Peru (2010-2012), communication prior to, during and after preparation of environmental impact assessments was crucial to the success we experienced with local groups there. We held required government-sponsored workshops in previously agreed-upon venues and used audiovisual aids to enhance our communications. We also filmed these early meetings so that we could assess our communication efforts and verify compliance.

Additionally in Peru, we employed several people with ancestry and communication methods similar to these local groups. Thus, we were able to ascertain when members of communities were sufficiently prepared to assess and make informed decisions prior to signing the social license required to start our operations. And, based on analysis of social baseline cognitive maps developed from information gathered at these meetings, we identified and were able to avoid areas of the Tigre River used by the native people for traditional practices.

In support of ConocoPhillips' long-term interest in assets in the western Canadian Arctic, we continue working to build and maintain mutually beneficial relationships with the communities near our assets in the Mackenzie Delta/Beaufort Sea region of Canada's Northwest Territories. Our approach has been strongly influenced by aspects of the local culture, which is consensus-based and values established relationships among people.

Examples of how we adapt our actions to better meet local expectations include:

- Joint meetings held with local officials and the general public that allowed for open and inclusive dialogue.

Participation of Calgary-based employees in Beaufort Delta's community events.

- Community investment that is based on community priorities.
- Using multi-disciplinary consultation teams to answer various technical questions from concerned citizens during meetings.

Further, we believe that we share a responsibility to support a skilled local work force, and indeed will benefit from doing so. This responsibility includes providing business opportunities to local individuals and companies and taking actions to preserve local culture. These actions reflect our corporate commitment to positively impact communities, and will contribute to a sustainable approach in developing Arctic resources.

Minimizing Impact

The health, safety, environmental and social assessments that we conduct in association with new development projects, coupled with the input we gain from dialogue with indigenous groups themselves, help us identify any potential impacts our project may have on an indigenous community. As part of our impact assessment and dialogue process, we partner with representatives chosen by the potentially impacted indigenous communities in order to identify strategies that we should avoid or actions we can take to mitigate negative impacts.

We seek to document the agreements we reach with indigenous communities regarding the impact of our activities and mitigation strategies. This documentation takes the form that best fits the local process and the indigenous community's desire for engagement. For example, the documentation may be part of a permit proceeding or a separate Memorandum of Understanding with representatives chosen by the indigenous community. It also may summarize discussions held during our consultations with the indigenous community. The documentation can then be shared with the community's chosen representatives to ensure mutual understanding about the agreement.

Socioeconomic Development Opportunities In all indigenous communities in which we operate, we seek opportunities for our presence to inspire socioeconomic development. Therefore, we partner with representatives chosen by the community to help identify programs that best fit local needs. We seek opportunities for members of the community to develop skills and become part of the project's work force or supply chain. We also strive to help address social needs that can facilitate the community's own development. It is important to ConocoPhillips that any efforts we work on together be owned by the community, and to help build capacity for the community members to take charge of their own future. With these goals in mind, we team with our business partners to evaluate ahead of time the challenges of implementing socioeconomic development programs and how we can improve the likelihood of their success. In these discussions, we seek to respect the community's interest as to the balance they wish to achieve between maintaining their traditions and culture and participating in a cash-based economy.

During our interactions, we learn lessons that help us improve our methodologies and communications. For instance, in Peru, communities in the direct area of influence of our blocks generally received compensation based on the respective total impact to the community as determined by the regulatory environmental impact assessment process. In the past, such financial resources have not been as successful as desired in encouraging sustainable development in these communities, as a majority of communities tend to distribute the compensation funds among its individual families. However, a unique experience transpired in the native community of Nuevo Canaan, the only community to invest in an optimal manner. The community chose to collectively purchase an outboard engine to help with transportation during medical emergencies, a photovoltaic-powered satellite television to help them learn about the world outside their society, and a satellite telephone system that is expected to generate other business opportunities. This is a great example of our how compensation based on community customs generated positive returns the broader community.

Turning to Indonesia, we have successfully supported economic development opportunities for individuals in South Sumatera, Jambi and Riau Islands provinces. These include rubber plantation programs for local farmers and development programs in the fisheries industry. The development of small businesses and cooperatives has had a long-term positive impact on the local community. In the Riau province, we initiated the existence of mobile libraries that make rounds to public places such as schools, markets, and health centers, and have become for many, "the local library." We also have participated in community programs that provide basic necessities for citizens such as electricity, clean water and sanitation.

In Alaska, the 14-mile Nuiqsut Natural Gas Pipeline provides Nuiqsut residents with clean-burning natural gas to heat their homes. ConocoPhillips and its co-venturer in the Alpine field supply the pipeline with up to one million cubic feet of natural gas per day from the Alpine field as part of its land-use

agreement with Kuukpik, the Nuiqsut Native Village Corporation. ConocoPhillips provides the gas to the community at no charge. The move to natural gas from heating oil dramatically lowers heating costs for the approximately 125 home owners in Nuiqsut while reducing the community's ongoing GHG emissions and improving the overall health conditions related to air quality. The North Slope Borough financed the \$10 million pipeline project.

Indigenous Communities

and EnvironmentWe recognize the special relationship indigenous people have with the land and natural environment. Further, we respect their unique knowledge in managing their local environment and conserving biodiversity. While assessing the impact of our operations, we actively seek to learn from the traditional knowledge of indigenous communities as we work with them to develop mitigation strategies to any potential environmental impacts.

In support of our Alaska Chukchi Sea environmental ecological study program, local indigenous subsistence hunters work side by side with western scientists as protected species observers providing traditional knowledge on the behaviors of marine mammals as well as ice and weather conditions. They also serve as Inupiat communicators working closely with the crews to avoid conflicts with subsistence activities. Also in Alaska, we provide financial support for community based traditional knowledge projects that seek to gather traditional knowledge to assist communities and industry with decision making and planning.

Additionally, we collaborate with the University of St. Andrews on the annual St. Andrews Prize for the Environment, which recognizes significant contributions to environmental conservation. Since its launch in 1998, it has attracted entries from more than 50 countries each year on diverse topics, including sustainable development in the Amazon rainforest, urban regeneration, recycling, health and water issues, and renewable energy.

Indigenous Communities

and CultureThe unique and long-standing culture of each indigenous group is a vital part of their community. We seek to honor those cultures by taking steps to learn about indigenous societies so that we know how to properly demonstrate respect in our relationships. Some of our larger businesses have cultural awareness training that is required at all levels of the organization. In many cases, our stakeholder engagement leaders and business leaders will educate themselves through mentors in the indigenous community or through the help of local experts. One example is ConocoPhillips' participation in the Aseniwuche Winewak Nation (AWN) Cultural Camp in Canada. This camp is hosted by AWN leaders, elders and community members and is designed to increase understanding between industry and aboriginal peoples in whose traditional territories we work. Typically the camp is held for three days, during which participants listen to community leaders and elders speak about their relationship with the land and the cultural values by which they are guided.

In Peru, our dialogue with the people of the indigenous communities was facilitated by the respect we showed their culture, world view and spirituality, property, possessions and customs. As a result, we were able to carry out both phases of exploration in our previous blocks as a welcomed guest in these communities based on frequent engagement and a solid relationship.

Working with Suppliers

Supply Chain Sustainability

Section link: <http://www.conocophillips.com/sustainable-development/people-society/working-with-our-suppliers/Pages/sustainable-procurement.aspx>

The supply chain function contributes to the company's sustainable development commitments by integrating Environmental, Social, and Governance (E,S, G) issues into our processes and procedures. This incorporates sustainability thinking into strategic sourcing, category management, supplier collaboration, our requisition-to-pay process, contracts, systems, and material management programs. We have developed Supplier Expectations, and communicated our position with internal stakeholders and with suppliers. We have identified E, S, G questions to be used in bids and performance indicators, and will continue to enhance processes to identify and manage risks and foster supplier inclusion to increase productivity and efficiency within the supply chain.

US Supplier Diversity

Section link: <http://www.conocophillips.com/sustainable-development/people-society/working-with-our-suppliers/Pages/supplier-diversity.aspx>

In our US Operations, we do business with diverse companies and continue to give them access to business opportunities through our Supplier Diversity Program. This approach attracts very competitive suppliers, stimulates local economic development, and creates long-lasting social and economic benefits to our stakeholder communities. Through our Supplier Diversity program we actively participate in certifying and developing diverse and small local businesses in the United States. We are active corporate members, with board representation, of the National Minority Supplier Development Council and the Women's Business Enterprise National Council and their affiliates in the regions where we operate.

If your company is categorized as a minority-owned, woman-owned or small business and you are interested in doing business with ConocoPhillips in the United States, feel free to register by submitting a supplier profile form.

https://supplierprofile.conocophillips.com/Supplier/Supplier_Registration_Checklist.aspx

Visit our Supplier Diversity site to learn more about our program.

<http://supplierdiversity.conocophillips.com/EN/about/Pages/index.aspx>



OUR PERFORMANCE

Understanding our environmental and social performance from year to year is vital to understanding and managing the issues; it helps shape our commitments, goals and action plans. We track and evaluate key performance data regularly and update this information annually. Performance data are represented as 100 percent ownership interest regardless of actual share owned by ConocoPhillips.

Data Assumptions

Report Scope

Our report includes:

- **Operated assets.** Health, safety and environmental (HSE) data are based on ConocoPhillips assets we operate and assets where we have operational control. The reporting period covers operations from 2009 through 2013. The figures for this period were restated to represent the current scope of the company's operations. Former operations that were included in the 2012 spin-off of downstream are excluded. Environmental data are represented as 100% ownership interest regardless of actual share owned by ConocoPhillips. Data is reported in metric tons.
- **Specific business categories.** Mass, energy and volumetric data are presented for the company's Exploration and Production (E&P), Gas Processing and Marine/Other operations. Other includes an oil terminal, aviation operations and several office/laboratory facilities. Emissions and energy data are also presented for E&P operations and for the whole company on a per-energy-unit-produced basis.
- **Normalized values.** E&P data are normalized using barrels of oil equivalent (BOE) from production operations. For gas production, 6,000 standard cubic feet of gas is assumed to be equal to one BOE. Company data are normalized using BOE from production operations plus gas processing plant activity. For gas processing plants, the BOE includes liquid production of ethane, propane, butane and condensate. To provide the most current and accurate data available, we have updated previously reported data for prior years as needed.

Environmental Data Quality and Assurance

The accuracy of the information reflected in our report is very important to us. We have several practices in place to provide the best available data at the time of publication including:

- **Guidelines, calculation tools and training.** ConocoPhillips maintains reporting procedures for our business units around the world to calculate and report environmental incidents, releases and emissions. The businesses are accountable for data completeness and accuracy, and for consistency with our accepted reporting practices.
- **Internal reviews.** A business-level data submission, review and approval process is practiced annually to promote accountability for the results and to ensure the best possible data quality.
- **Assurance.** In 2014, ConocoPhillips is conducting required and voluntary independent emissions verification work in three areas:
 - Reasonable and limited assurance in countries having a regulatory requirement to verify reported emissions, including the UK, Australia, Canada and Norway,
 - Voluntary limited assurance review of select corporate-level metrics, including reported overall Scope 1, Scope 2 and Scope 3 greenhouse gas volumes, and
 - Voluntary third-party review of asset-level methods used to report HSE data to the company's corporate HSE metrics database.

Our 2013 limited assurance statement will be posted in the ConocoPhillips SD Report after verification work is completed.

- **Internal corporate audits.** The corporate HSE function reviews HSE data for completeness and accuracy. Corporate HSE auditors have reviewed 2009 to 2013 metrics and data collection processes.

Greenhouse Gas Data Scope

Of the six Kyoto greenhouse gases, carbon dioxide, methane and nitrous oxide are represented as CO₂ equivalent emission volumes in this report.

Emissions Calculations

The approaches used by the company's businesses in reporting emissions data for greenhouse gases and other compounds are selected from combinations of the following principles that are listed in order of accuracy.

1. Conduct continuous emission monitoring, and with measured exhaust gas flow, compute instantaneous mass emission rate and integrate over the reporting period.
2. Conduct periodic monitoring of exhaust gas flow and composition and estimate mass emission over the reporting period using plant operating records.
3. Estimate emissions using a mass balance and process flow knowledge.

4. Estimate emissions using emission factors provided by the manufacturer's specification, local regulatory authority, AP-42 (Fifth Edition and updates indicated by the [EPA web site](#)), API Compendium or other industry standard.

Businesses are expected to adopt the most accurate reporting methodologies, which may result in changes to data from prior years.

Results

Data & Trends

Performance data shown below covers a 5 year period. Data integrity and accuracy are important – as a result, some numbers for past years have been updated to provide the best current available information. To learn more about how we compiled this data, see Data Assumptions.

- Air Emissions
- Climate Change and Energy Efficiency
- Waste Management
- Water
- Spills
- Safety Performance
- Political Contributions
- Community and Social Investment
- Employees
- Social and Operating Metrics

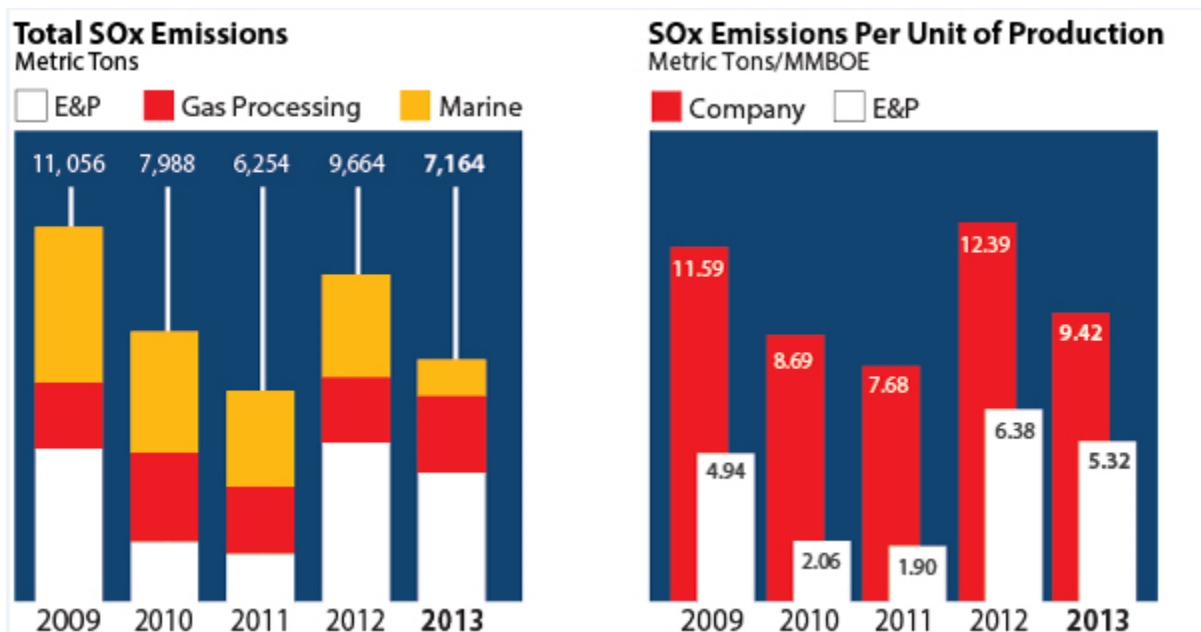
*You can view a further breakdown of metrics by region in the HSE Data Table

Air Emissions

Sulfur Oxides (SOx)

Overall, the SOx emissions in 2013 were about 7,200 metric tons, a decrease of 26% or about 2,500 metric tons less than in 2012. The reductions were primarily due to the introduction of low sulfur fuel in the marine vessel fleet in 2013. Other reductions resulted from improved flare tracking in an asset.

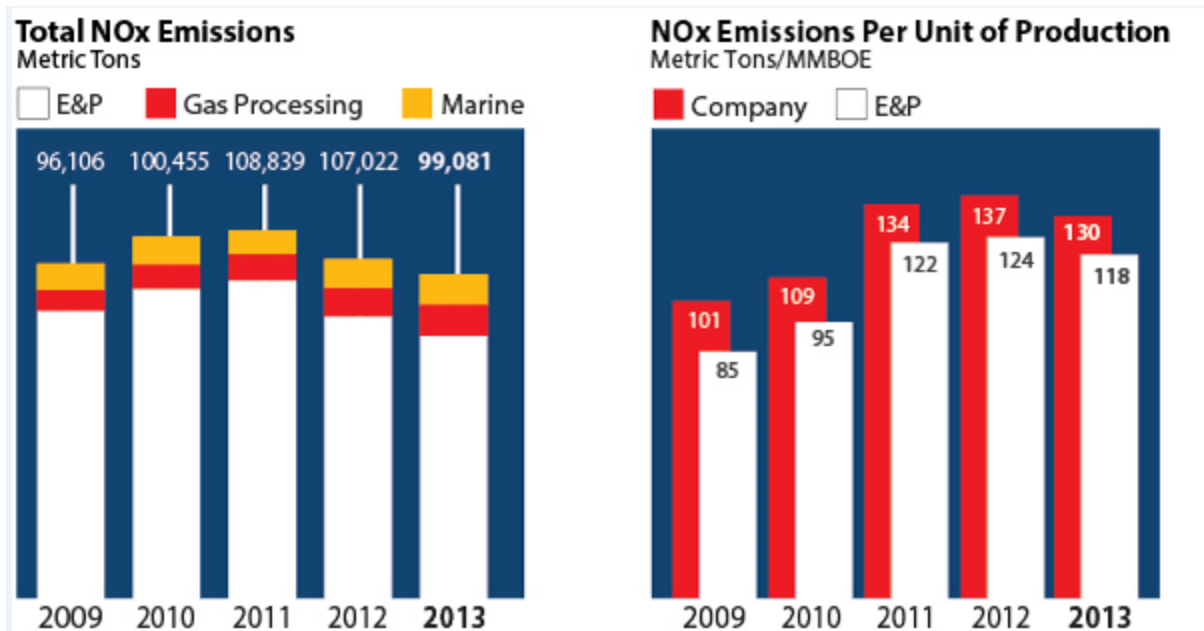
These reductions also resulted in a decrease of the company rate of SOx emissions per unit of production of 24% in 2013.



Nitrogen Oxides (NOx)

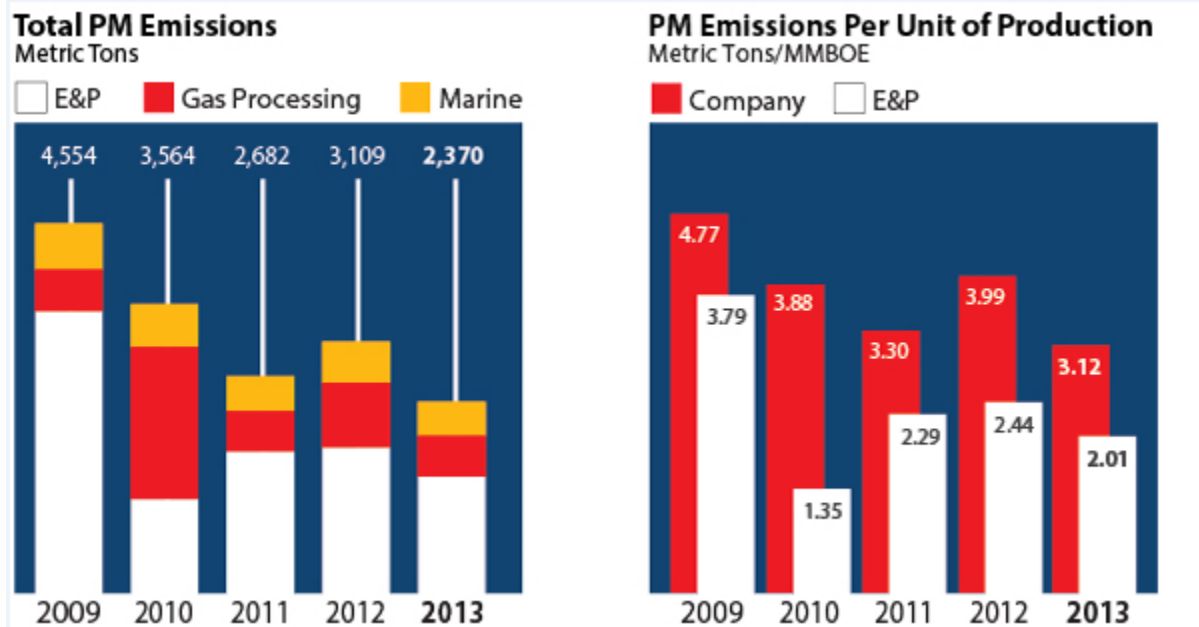
NOx emissions in 2013 were about 99,081 metric tons, a decrease of 7% or about 7,940 metric tons less than in 2012, primarily due to the disposition of assets, decreased fuel consumption at offshore assets, and improved tanker fleet efficiency, partly offset by an increase in drilling.

This decrease in NOx emissions resulted in a 5% decrease in per unit emissions in 2013.



Particulate Matter (PM)

PM emissions in 2013 were about 2,370 metric tons, a decrease of 24% or about 740 metric tons less than in 2012. The decrease was primarily due to the disposition of assets, decreased sour gas flaring at a gas plant, improved tanker fleet efficiency and reduced flaring in certain regions. The rate of PM emissions per unit of production also decreased 22% in 2013.

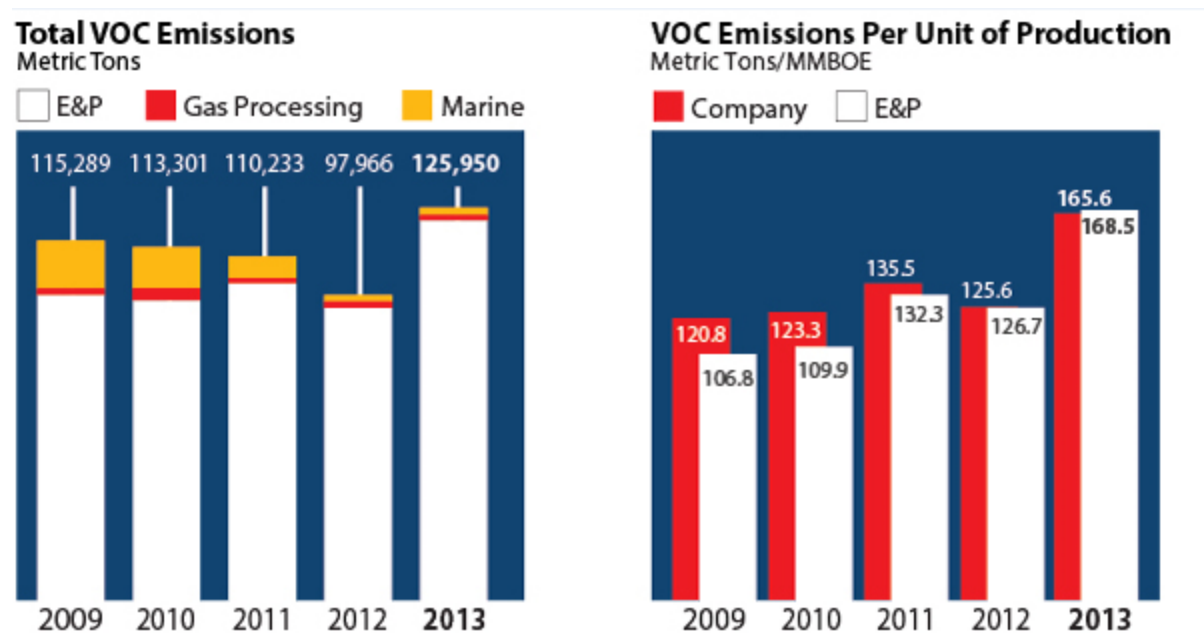


Volatile Organic Compounds (VOCs)

VOC emissions in 2013 were approximately 125,950 metric tons, an increase of 29% or about 27,980 metric tons more than in 2012. The increase is primarily attributable to an improved inventory of emission sources in service, particularly pneumatic devices, increased production and facilities, and improved tracking of non-routine flaring events.

The increase in emissions also resulted in a 32% increase in VOC emissions per unit of production from 2012 to 2013.

The increases were partly offset by VOC emission reductions of 4,611 metric tons offshore due to decreased venting.



Climate Change and Energy Efficiency

Consistent with our [Climate Change Position](#) we track data for greenhouse gas emissions, flaring, and energy. See our most recent [Carbon Disclosure Project](#) submission.

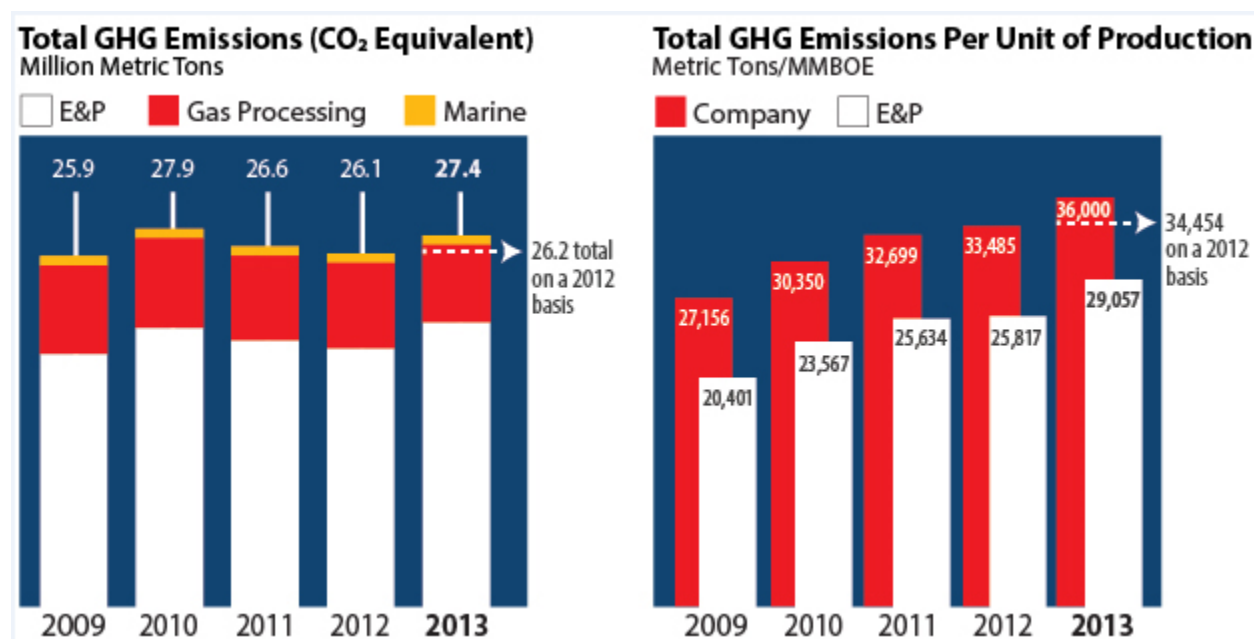
For additional information on our approach to addressing climate change issues and concerns, please see our section on [Climate Change](#).

Greenhouse Gas (GHG) emissions

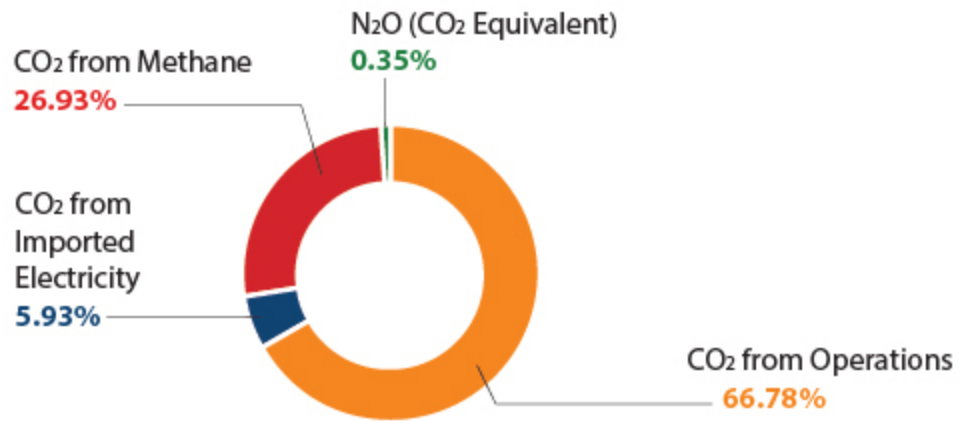
In 2013, total CO₂ equivalent GHG emissions (CO₂e) were approximately 27 million metric tons, representing an increase of 5% or 1.3 million metric tons above 2012. This increase is primarily attributed to a change in the calculation methodology. In 2013, the company adopted the 100-yr global warming potentials from the IPCC 4th Assessment Report in the calculation of carbon dioxide equivalents in all voluntary external reporting. As such, the calculated CO₂e GHG emissions increased 1.2 million metric tons, or 93% of the 1.3 million increase in 2013. *The actual increase in 2013, excluding the accounting change, was 0.093 million metric tons or 0.4%.* The 0.4% increase was primarily due to specific counts in inventory replacing previous estimates for gas powered pneumatic devices in North American assets.

With the overall increase in total GHG emissions, including the change in calculation methodology and a production decrease of 2.6%, the GHG emissions per unit of production increased by 7.5%.

Our [emission reduction projects](#) over the past several years have helped reduce emissions growth as we've grown the company. The [climate change](#) section includes more on how we drive action on GHG emissions.

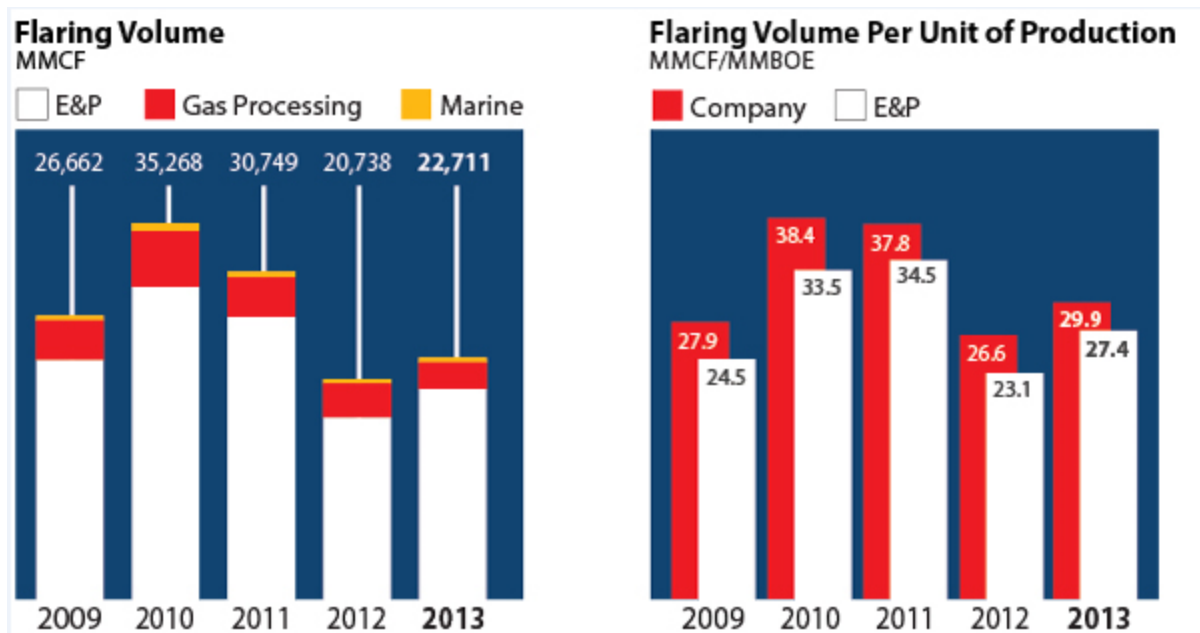


2013 GHG Emissions



Flaring

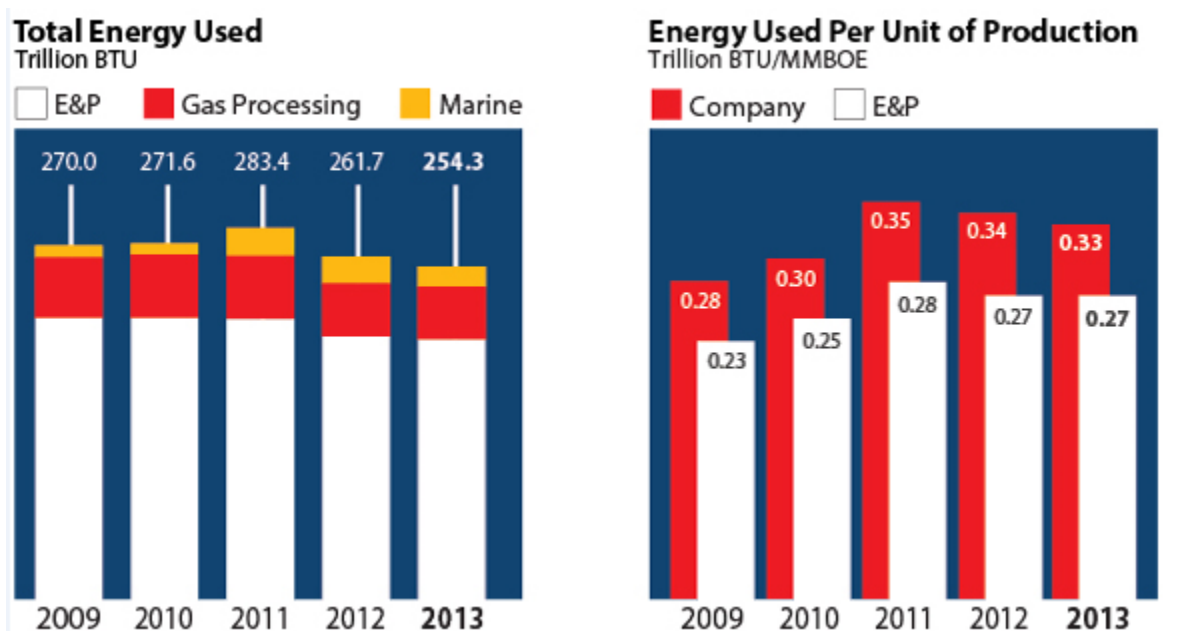
In 2013, the total flaring volume was 22.7 BCF, an increase of 10% from 2012. The increase is primarily related to field development, while also partly offset by reduced flaring in certain assets. The company rate of flaring per unit of production increased 12% in 2013.



Energy Consumption

Total energy consumption in 2013 was approximately 249 trillion British Thermal Units (BTUs), a reduction of about 1.2 trillion BTUs. Of the 2013 consumption, about 97.4% was from combustion of fuel for our own energy use and about 2.6% was from purchased electricity. Planned shutdowns and production decreases were the primary reasons for the reductions. The decrease in energy consumption in 2013 along with lower production volumes resulted in an increase of about 2% of energy use per unit.

We continually strive to make our operations more energy efficient. This provides an economic benefit through lower production costs, increased product recovery, and environmental benefits from reduced GHG emissions.



Waste Management

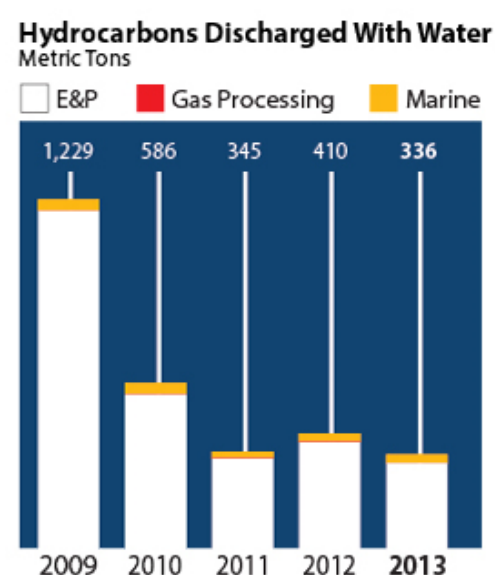
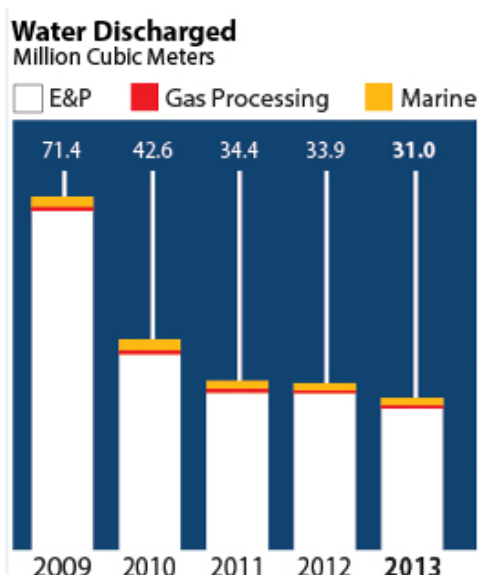
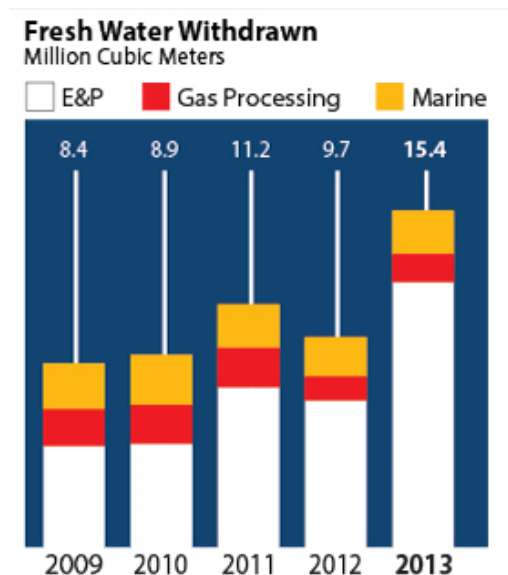
Hazardous Waste

In 2013, the amount of hazardous waste generated increased by about 2,300 tonnes, or 7% over 2012. Increased production and drilling in one unit resulted in an increase in volumes that was partly offset by reductions in two major facilities that had abnormally high volumes in 2012 due to waste generated from turnarounds. In addition, one business reclassified its waste stream to align with company and industry practice and to recognize the recycling of some wastes. This resulted in the need for revised 2012 waste volumes and resulted in lower 2013 volumes.



In 2013, ConocoPhillips-operated assets withdrew 15.4 million cubic meters of fresh water, an increase of approximately 5.7 million cubic meters, or 59%. The increase was primarily due to more drilling and ice road construction.

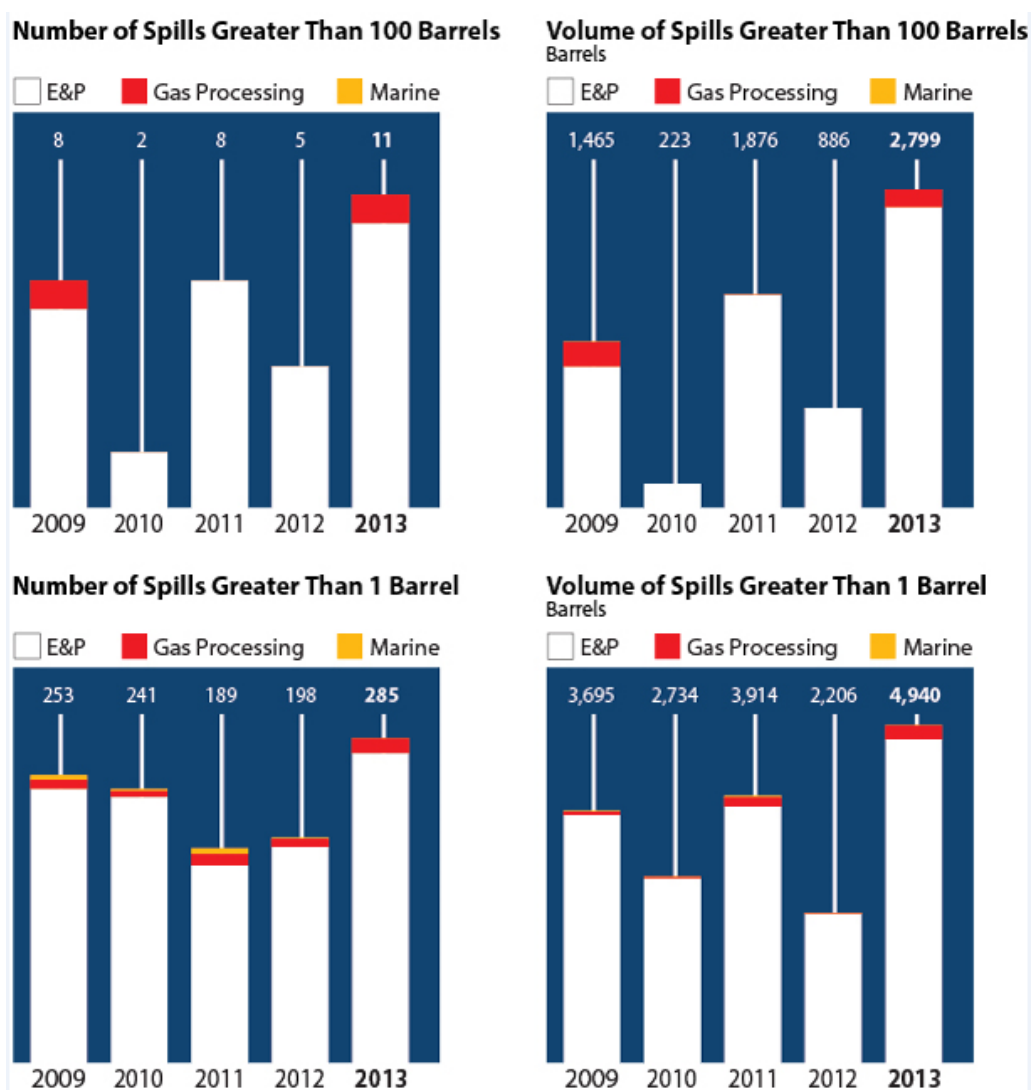
At our operated assets, we discharged approximately 31 million cubic meters of water, which is a 9% decrease from 2012 related primarily to lower production volumes. In compliance with regulations and local permits, we released 336 metric tons of hydrocarbons in produced water discharged in 2013, a decrease of 74 metric tons or 18% from 2012. This was primarily due to one business unit achieving lower oil concentrations in produced water, a facility that started re-injecting produced water that was previously discharged, and other business units making maintenance activity improvements.



Hydrocarbon Spills

We respond to spills as soon as they are discovered. While all spills are considered serious, those greater than 100 barrels are defined as significant incidents and trigger immediate reporting to management, as well as extensive investigation and corrective action. In 2013, there were 11 such significant spills, up from five the previous year. The number and volume of spills greater than 1 barrel also increased markedly from 2012. Although the number and volume of spills increased primarily due to transitioning to operatorship in an older asset, the percentage of recovered volume has significantly improved.

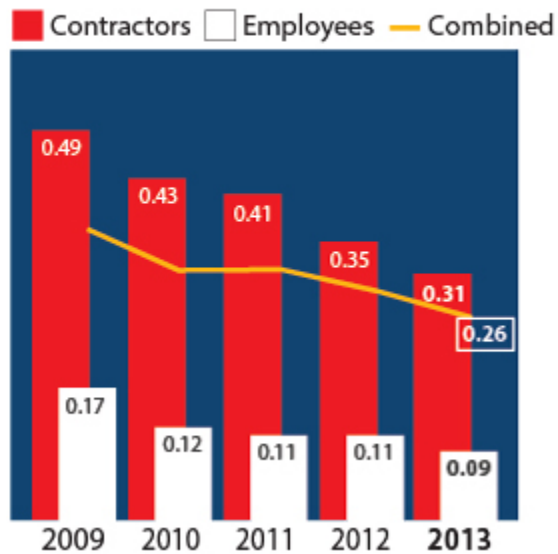
We report all spills and loss of containment greater than 1 barrel, even those which stay within secondary containment such as berms. This drives discipline in our reporting and attention to all spills.



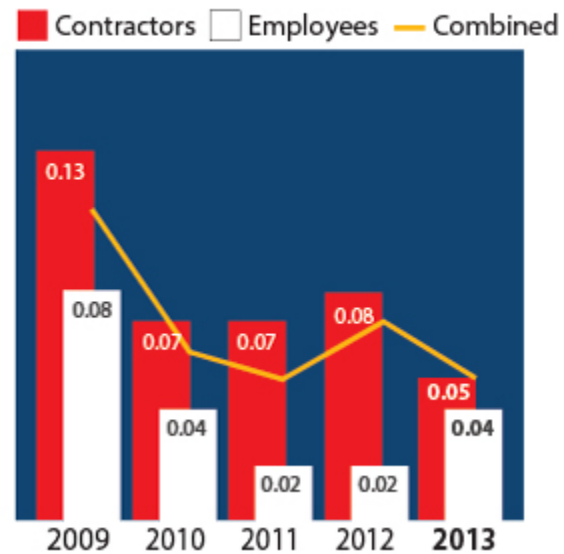
Safety

Since 2009, the employees and contractors that make up the company's global work force improved our safety performance by about 30% -- decreasing injuries per 100 workers (Total Recordable Rate or TRR) from 0.37 in 2009 to 0.26 in 2013. About one in 5.6 injuries in 2013 were serious enough that the worker could not promptly return to work (Lost Workday Case or LWC). Sadly, we suffered the tragic loss of an employee and contract worker in separate fatal incidents.

Workforce TRR



Workforce LWC Rates



Political Contributions

All political contributions are reported twice a year to the compliance and ethics committee. Further details including lists of these contributions can be found in Political Contributions and Political Support Policy & Procedures.

Community and Social Investments

Positive Economic Impacts

Our global operations contribute substantially to social and economic development in the communities in which we operate. For example, our direct economic contributions during 2013 included:

- Jobs – ConocoPhillips employs approximately 18,400 employees around the world.
- Taxes – Our operations generated \$11.5 billion in income and other tax revenue to governments.
- Shareholder dividends – ConocoPhillips common stock yielded \$3.3 billion in cash dividends.
- Capital investments – ConocoPhillips reinvested \$15.5 billion in capital expenditures and investments to find and develop new energy supplies.

Payments to various vendors and suppliers for products and services:

- \$8.5 billion for production, operating and exploration expenses
- \$0.9 billion for selling, general and administrative expenses.

Note: Taxes, capital investments and payments represent amounts for continuing operations only.

Philanthropic Contributions

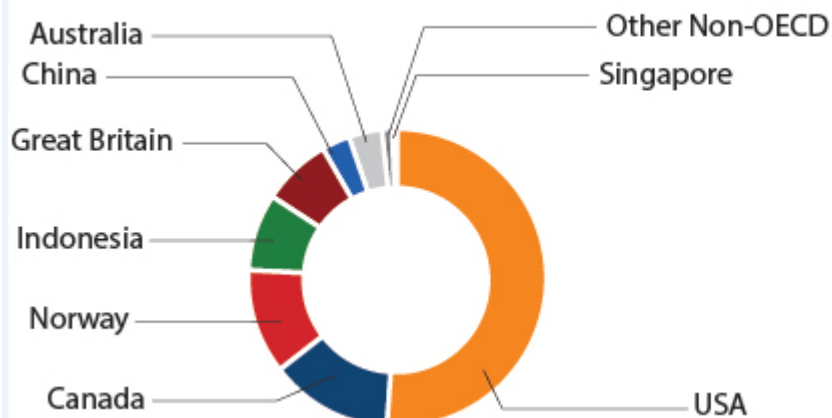
ConocoPhillips believes that the company's success depends not only on business successes, but also on our commitment to corporate citizenship. In 2013, our charitable cash contributions totaled approximately \$54 million.

For more information about our philanthropic programs, see In Communities.

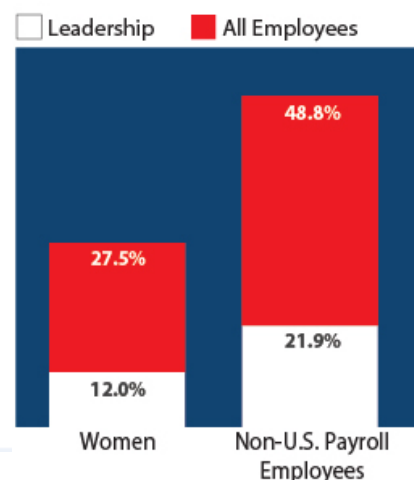
Employees

As an independent oil and gas exploration and production company, at the end of 2013, we employed 18,400 people worldwide, compared to 16,900 employees in 2012.

Payroll Country Distribution



2013 Global Diversity



Social and Operating Metrics

INDICATOR	YEAR		
	2011	2012	2013
Employees at year end	17,400*	16,900	18,400
Estimated philanthropic investment (millions of dollars)	50*	50	54
E&P worldwide production (MBOED)	1,619	1,578	1,545
Production from natural gas	46%	45%	44%
E&P total proved reserves at year end (billion BOE)	8.4	8.6	8.9

*Represents upstream portion of larger total from the former integrated company.

For information about how we compiled this data, see [Data Assumptions](#) and Summary Table by region.

Recognition



ConocoPhillips was honored in 2013 for our sustainable development performance and success.

We were named one of the 100 Best Corporate Citizens by Corporate Responsibility Magazine, included in the Dow Jones Sustainability North America Index for the seventh consecutive year, and achieved improvement in our environmental disclosure and performance score from the Carbon Disclosure Project. For more information about these awards, click on the logos.



ConocoPhillips also has a long history of Sustainable Development leadership. For example, we are a:

- Founding member of the United States Business Council for Sustainable Development.
- Founding member of the Marine Well Containment Company.
- Founding member of the Subsea Well Response Project.
- Co-developer of the GEMI[®] Local Water Tool[™].
- Co-developer of the IPIECA Human Rights Training Toolkit.

© 2014 ConocoPhillips Company. All Rights Reserved. Legal & Privacy