

Sustainability Report **2021**



ConocoPhillips

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Optimizing Operations
to Reduce Emissions in
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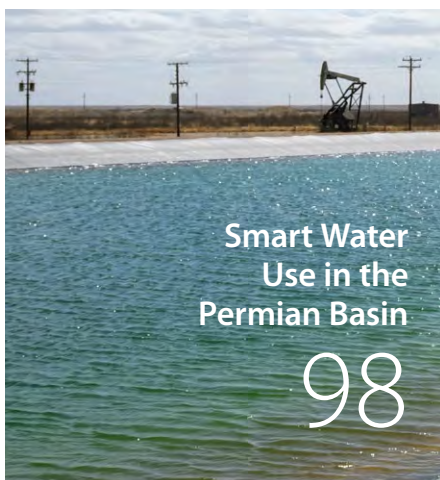
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The Net-Zero
Roadmap:
Operationalizing
our Ambition



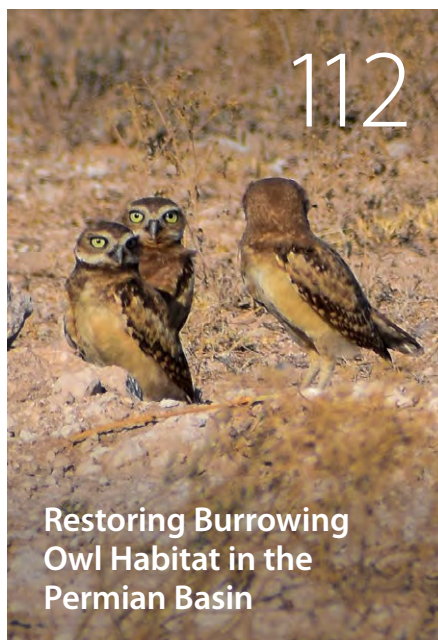
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A Message from our Chairman and CEO

Throughout 2021, a year of challenge and transformation, our sustainable development (SD) priorities remained a foundational element of our long-term value proposition. Environmental, social and governance (ESG) performance, including climate risk management, remained a strong focus of our ongoing engagements with a wide range of external stakeholders including the financial sector, policymakers and residents in the areas in which we operate.

ConocoPhillips concluded 2021 with an enhanced portfolio after completing two transformative acquisitions. We successfully integrated Concho Resources and Shell's Permian assets into the business, while navigating one of the most challenging eras in industry history, one marked by a global pandemic and accompanying economic and energy demand downturns. As the world economy recovered, we continued operating safely, addressed our SD priorities and advanced our climate risk plans and actions.

This performance demonstrated that our business model – focused on peer-leading distributions, balance sheet strength, disciplined investment and ESG leadership – positions us to adapt and compete across business cycles, geopolitical events and the evolving energy transition.

Meeting the central aim of the Paris Agreement to respond to the climate challenge is a worldwide imperative for which governments and companies alike have adopted net-zero ambitions. We intend to play a meaningful role in this vital effort by fulfilling our Triple Mandate to responsibly meet energy transition pathway demand, deliver competitive returns on and of capital and achieve our net-zero operational emissions ambition. This mandate represents our commitment to create long-term value while enhancing climate protection and accelerating our contribution to the energy transition.

We've developed and published a detailed *Plan for the Net-Zero Energy Transition* that describes how we will manage the transition's associated risks and emerging opportunities. Under this plan, we intensified our efforts to reduce our Scope 1 and 2 emissions, with an ambition to become net-zero by 2050. Steps taken include:

- › Increasing our previously announced operational GHG emissions intensity reduction target from 35-45% to 40-50% by 2030 on a gross operated basis.
- › Broadening this goal to include non-operated net equity investments.
- › Setting a further 10% reduction target for methane emissions intensity by 2025 from our 2019 baseline, building on the 65% reduction achieved since 2015.
- › Aiming for zero routine flaring by 2025, five years earlier than the World Bank's goal.
- › Advocating for a U.S. carbon price that would directly reduce consumer energy demand and thus end-use (Scope 3) emissions.
- › Expanding our scenario planning to include multiple alternative energy transition pathways that test our strategy's resilience to climate-related risk.
- › Incorporating into our capital allocation process a fully burdened cost of supply, including cost of carbon.
- › Refocusing our portfolio on assets with the low cost of supply and low emissions intensity that will be essential in meeting energy transition pathway demand.

Our vital role in the energy transition will also include capturing potential business value through a recently formed Low Carbon Technologies organization. This team is tasked with developing a companywide Net-Zero Roadmap for Scope 1 and 2 emissions, understanding the new energies landscape and prioritizing possible future investments in low

carbon energy solutions. Initially identified opportunities include carbon capture and storage and hydrogen production and use.

This year's report also highlights environmental stewardship efforts of our business units. Our water management achievements included using more than 54% recycled produced water as source water in the Permian Basin and reducing freshwater withdrawals by 25% at APLNG in Australia. Our biodiversity management efforts in our Lower 48 business unit included maintaining voluntary conservation agreements on more than 500,000 acres in New Mexico, Oklahoma and Texas, and the creation of a biodiversity mapping tool to inform stakeholders of our development strategies. We strengthened community relationships, and enhanced community sustainability by utilizing local service and supply providers.

Our ESG leadership efforts include constructive, meaningful dialogue that enhances our understanding of stakeholder priorities and concerns and enables us to collaboratively address them. ConocoPhillips remains committed to engaging with our stakeholders as expectations rise and challenges continue. We intend to meet our SD priorities and respond effectively to evolving risks and opportunities that arise throughout the energy transition.



Ryan Lance

Chairman and Chief Executive Officer
June 2022



A Message from our Board of Directors

Through our diverse range of roles, skills and experiences, the members of the ConocoPhillips Board of Directors have ongoing exposure to current sustainability matters that are most important to the company's shareholders and other stakeholders. These environmental, social and governance (ESG) topics continually evolve, and there is increasing shareholder interest in how the company performs in these areas as related to its expected long-term value. This includes growing scrutiny of how the company is addressing transition risk and opportunity and supporting solutions that contribute to the world's desire to achieve net-zero by 2050.

As part of our oversight responsibilities, the Board engages extensively with management on all sustainable development (SD) issues, including management of climate-related risks. Sustainability targets, plans and performance are reviewed during regularly scheduled Board and Committee meetings throughout the year and at our annual Board strategy session. This robust and ongoing engagement by the full Board and its committees ensures strong oversight of the company's sustainability commitments, actions and results.

Executives and other key leaders provide regular, in-depth briefings to the Board's Public Policy and Sustainability Committee (PPSC) covering key sustainability issues as we

work to identify, evaluate and monitor ESG trends and risks that could affect business activities and performance.

We also engage with stakeholders, including shareholders, to understand their expectations of performance and accountability. Areas of discussion during 2021 included climate-risk strategy implementation, nature-based carbon offsets, the company's energy transition plan, low-carbon technologies, new opportunities in carbon capture and storage and hydrogen, biodiversity, just transition, ESG trends in the financial sector, external engagement, government policy, and review of SD strategic priorities.

Additionally, the Board Audit and Finance Committee (AFC) receives annual updates on enterprise risk management (ERM) and cybersecurity risks. The Human Resources and Compensation Committee oversees the company's Human Capital Management strategy, executive compensation and performance-based components of company incentive programs. These committees discuss and monitor market, reputational, operational and political risks and opportunities with potential to impact company operations.

We believe that the company's foundational principles of disciplined investment, peer-leading distributions, balance sheet strength and ESG excellence support shareholder interests. The company's Triple Mandate of achieving its net-zero operational emissions ambition, meeting energy transition pathway demand and delivering competitive returns on and of capital is a credible and responsible way to meet shareholder expectations for both short- and long-term value creation and ESG performance.

The Board recognizes that sustainability concerns and shareholder expectations will continue to evolve in the future. We understand the growing urgency to be part of the solution in a world aiming for net-zero emissions by mid-century. We believe the company has the right governance, strategy and risk-management processes in place to successfully navigate and compete throughout the energy transition. This Sustainability Report provides data and examples that effectively discloses to shareholders the company's ESG-related performance.

As Board members, we look forward to another year of active engagement with ConocoPhillips on ESG performance to ensure the company's actions and plans continue meeting its shareholders' interests.



A handwritten signature in black ink, appearing to read "R. Niblock", written in a cursive style.

Robert A. Niblock

Lead Director



A handwritten signature in black ink, appearing to read "Jody Freeman", written in a cursive style.

Jody Freeman

Public Policy and Sustainability
Committee Chair

Integrating Sustainability

We have long played a meaningful role in a vital industry, and believe that we have an important role to play in the energy transition by executing on three objectives: reliably and responsibly deliver oil and gas production to meet transition pathway demand; deliver competitive returns on and of capital for our stockholders; and achieve our net-zero operational emissions ambition. We call this the Triple Mandate. Sustainability is core to ConocoPhillips and ESG excellence is an integrated part of our foundational principles.

We have been on a journey to integrate sustainability into planning and decision making for decades. Before our first sustainable development (SD) report was published in 2005, we had implemented a process to identify and manage environmental and social issues and assess performance. That process has evolved over the years as the risk and opportunity trends in science, demographics, technology and policy have changed. We published our first sustainable development and climate change positions in 2003. Since that time, we have updated those positions and developed positions on water, biodiversity, human rights and diversity, equity and inclusion (DE&I). We also continue to refine our governance structure to manage sustainability risks and opportunities throughout the organization. Our systems-based approach, by design, includes continuous improvement and internal assurance.

2021 PERFORMANCE HIGHLIGHTS

- › Successfully completed the acquisition and integration of Concho Resources and Shell Permian assets to deliver differential performance on the company's Triple Mandate.
- › Advanced the company's net-zero ambition with an increase in Scope 1 and 2 greenhouse gas (GHG) emissions intensity reduction targets to 40-50% from a 2016 baseline on a net equity and gross operated basis by 2030, from the previous target of 35-45% on only a gross operated basis.
- › Established a multi-disciplinary Low Carbon Technologies organization to identify and evaluate business opportunities that address end-use emissions and early-stage low-carbon technology opportunities that leverage our expertise and adjacencies.

Caribou on Alaska's North Slope.



Sustainable Development Governance

ConocoPhillips uses a strategic planning process and risk management tools to integrate evolving trends, including those related to climate change, into the company's framework for decision making. Environmental and social performance is a key component of our long-range planning process, and we have a comprehensive governance framework for sustainable development (SD) risks and opportunities that extends from the Board of Directors' Public Policy and Sustainability Committee, through the Executive Leadership Team (ELT), to leaders and internal subject matter experts. The overarching corporate governance element is addressed in the [Investors](#) section of our website.

Board Oversight

The ConocoPhillips Board of Directors oversees our sustainable development (SD) positions and related strategic planning and risk management policies and procedures. The Board delegates certain elements of its oversight functions to one or more of its five standing [committees](#): Executive, Audit and Finance, Human Resources and Compensation, Directors' Affairs, and Public Policy and Sustainability. Each committee, other than the Executive Committee, convenes at least quarterly.

The Committee on Directors' Affairs regularly evaluates the size and composition of the Board and continually assesses whether the composition appropriately relates to ConocoPhillips' strategic needs, which change as the business environment evolves. We seek director candidates who possess the highest personal and professional ethics, integrity, and values and who are committed to representing the long-term interests of all ConocoPhillips' stakeholders. The Committee on Directors' Affairs considers background and diversity (including gender, ethnicity, race, national origin, and geographic background) and also seeks to ensure that the Board reflects a range of talents, ages, skills, personal attributes, and expertise – particularly in the

GOVERNANCE FRAMEWORK





































































































































Note: Each layer represents a Governance level and the corresponding membership entity/support.

areas of leadership and management, financial reporting, issues specific to oil- and gas-related industries, both domestic and international markets, public policy and government regulation, technology, public company board service, human capital management and environmental and sustainability matters.

[Read more about our directors on our website.](#)

DIRECTOR SKILLS MATRIX

					Key Skills								
		Dir. Since	Age*	Ind.	CEO or senior officer	Financial reporting	Industry	Global	Regulatory/ government	Technology	Public company board service	Environmental/ sustainability	Human capital management
	Caroline Maury Devine Former President and Managing Director of a Norwegian affiliate of ExxonMobil	2017	71	●									
	Jody Freeman Archibald Cox Professor of Law, Harvard Law School	2012	58	●									
	Gay Huey Evans CBE Chairman, London Metal Exchange	2013	67	●									
	Jeffrey A. Joeres Former Executive Chairman and Chief Executive Officer, ManpowerGroup Inc.	2018	62	●									
	Ryan M. Lance Chairman and Chief Executive Officer, ConocoPhillips	2012	59										
	Timothy A. Leach Advisor to the Chief Executive Officer, ConocoPhillips	2021	62										
	William H. McRaven Retired U.S. Navy Four-Star Admiral (SEAL)	2018	66	●									
	Sharmila Mulligan Former Chief Strategy Officer, Alteryx	2017	56	●									
	Eric D. Mullins Chairman and Chief Executive Officer, Lime Rock Resources	2020	59	●									
	Arjun N. Murti Senior Advisor, Warburg Pincus	2015	52	●									
	Robert A. Niblock Former Chairman, President, and Chief Executive Officer, Lowe's Companies, Inc.	2010	59	●									
	David T. Seaton Former Chairman and Chief Executive Officer, Fluor Corporation	2020	60	●									
	R.A. Walker Former Chairman and Chief Executive Officer, Anadarko Petroleum Corporation	2020	65	●									

* As of March 28, 2022

The *Public Policy and Sustainability Committee* (PPSC) is responsible for identifying, evaluating and monitoring sustainable development and climate-related trends and risks that could affect business activities and performance. The PPSC makes recommendations to the Board and monitors compliance with the company's policies, programs and practices regarding:

- › Health, safety, security (excluding cybersecurity)
- › Environmental protection
- › Climate change
- › Water and biodiversity
- › Human rights and social issues
- › Business operations in sensitive countries
- › Government relations
- › Political/regulatory risk management and political contributions
- › Corporate philanthropy and corporate reputation

Sustainable development is a standing agenda item at PPSC meetings to discuss the SD risk management process, the implementation of our net-zero ambition and Paris-aligned emissions reduction targets, and the use of reporting and disclosure frameworks. In 2021, this included:

- › SD strategic priorities
- › Climate-related risk strategy, management, metrics and disclosure
- › Lower 48 flaring and methane emissions
- › Water risk management
- › Updated Biodiversity and Water Positions
- › Social risk management
- › ESG trends in the financial sector
- › ESG engagement strategy
- › SD reporting and ratings

Issues considered by the PPSC are reported to the full Board as appropriate.

Other Board committees also address sustainability issues. The *Audit and Finance Committee* (AFC) oversees Enterprise Risk Management (ERM) and cybersecurity. The AFC facilitates

appropriate coordination among the Board committees to ensure that our risk management processes are in place with necessary steps taken to foster a culture of prudent decision-making throughout the company. The AFC receives annual updates on how enterprise risk is being addressed, mitigated and managed across the company, including sustainable development considerations that influence market, reputational, operational and political risks within the ERM system. The *Human Resources and Compensation Committee* oversees executive compensation and the performance-based components of the company's incentive programs, including ESG metrics, targets and performance, as well as human capital management and diversity, equity and inclusion. Annual incentive programs promote achievement of strategic milestones and objectives that address stakeholder issues essential to sustaining excellence in environmental and social performance.

Executive Management

The Executive Leadership Team (ELT) has final responsibility for developing corporate strategy, implementing sustainability efforts, and reporting company performance. The Executive Vice President (EVP), Strategy, Sustainability and Technology, who reports to the chief executive officer has overall accountability for corporate planning and development, including corporate strategy and long-range planning. The EVP, Strategy, Sustainability and Technology, also serves as the ELT's climate change champion. In addition, the Sustainability and Public Policy Executive Council (SPEC), a sub-committee of the ELT, has global oversight of existing and emerging sustainable development (SD) and public policy risks and trends including SD and climate-related governance, strategic planning, risk management and public reporting. The SPEC consists of the following executives:

- › EVP, Strategy, Sustainability and Technology
- › EVP, Global Operations
- › EVP, Lower 48
- › SVP, Legal and General Counsel
- › SVP, Government Affairs

Members of SPEC were briefed six times during the year on priority topics such as climate change, biodiversity, water, human rights and stakeholder engagement. The council's scope includes:

- › Reviewing risk trends and setting priorities.
- › Reviewing and approving public policy and sustainability policies, positions, strategies, goals and actions on priority matters.
- › Prioritizing resource allocation to external engagement and initiatives.
- › Recommending which issues warrant additional executive leadership, full ELT review or additional Board engagement.
- › Reviewing and endorsing agenda and meeting content for the Public Policy and Sustainability Committee (PPSC) of the Board.

The SPEC is also the governance link to the PPSC whose oversight covers SD matters including climate-related risks.

Linking Compensation to Sustainability Performance

Executive and employee compensation includes the annual Variable Cash Incentive Program (VCIP). This annual cash bonus is based upon company and individual performance on metrics that include health, safety and environmental performance as well as the achievement of milestones aligned with strategic sustainable development priorities including managing climate-related risk.

In 2021, employees were rewarded for successfully integrating Concho and demonstrating an annual run rate of \$1 billion of sustainable cost and capital reductions that address aspects of our Triple Mandate. We demonstrated progress toward the Paris-aligned climate risk framework by improving GHG emissions reduction targets, executing 48 operational emissions reduction projects and evaluating low-carbon investments. We achieved top quartile ESG performance on company-prioritized rating frameworks, including MSCI, ISS ESG, Bloomberg ESG and DJSI rating frameworks relative to our performance peers. We increased internal and external transparency of DE&I metrics by disclosing the EEO-1 reports for the last three years, expanding the DE&I metrics on our corporate website and publishing our inaugural Human Capital Management report. Employees

exhibited strong collaboration integrating acquired assets into our business' HSE systems and processes, completed multiple turnarounds without serious incidents, and remain a leader among our peers on personnel safety performance with zero fatalities in 2021.

We engage with our stockholders regularly on sustainable development priorities, and this feedback is reviewed with the Human Resources and Compensation Committee of the Board when considering executive compensation programs.

Organizational Management Sustainable Development Leadership Team

The Sustainable Development Leadership Team (SDLT) is comprised of global business unit presidents and functional department heads and supported by the sustainable development (SD) team. Chaired by the vice president, Sustainable Development, the SDLT provides consultation for SD focus areas, goals, priorities, action plans and results. Strategic planning, goal setting, implementation, performance and reporting for climate-related risk are reviewed by the SDLT.

Sustainable Development Team

Within the Strategy, Sustainability and Technology organization, the sustainable development team supports the business in developing and tracking metrics for annual reporting and forecasting for the long-range plan. Support includes addressing the company's SD risks, opportunities, commitments, performance, external engagement and reporting. Team members are responsible for key topics, including:

- › *Climate Change*
- › *Water*
- › *Biodiversity*
- › *Stakeholder Engagement and Social Responsibility*
- › *Risk Management*
- › *Supply Chain Sustainability*

Team members lead Issues Working Groups (IWGs) for climate change, water, stakeholder engagement and biodiversity. These are internal global cross-functional groups who meet



Checking H₂S concentration and the set points for chemical injection while H₂S is treated prior to sale.

quarterly to discuss risks, risk mitigation, challenges and opportunities in each subject area. The objective is to share key SD learnings across the company, leverage expertise and align on consistent risk management practices.

The team is responsible for informing the ELT and Board of risks and opportunities for our business and ensuring that these issues are integrated appropriately into strategic decisions.

The SD team reports to the executive vice president, Strategy, Sustainability and Technology, who reports to the chief executive officer. The vice president, Sustainable Development, leads the standing SD agenda item for the PPSC.

The SD team works closely with the Environmental Assurance group within HSE to ensure that environmental risks and opportunities are identified and monitored by our business units and metrics are provided for public disclosure. The groups collaborate to ensure that the requisite environmental risk tools, processes and procedures are developed and

integrated into the company's HSE Management System.

[Read more about our HSE Management System on our website.](#)

The SD team routinely collaborates with the Low Carbon Technologies organization on emissions reduction projects, the pathway for achieving net-zero Scope 1 and 2 emissions, pilots for newly emerging competitive opportunities, and implementation of the Climate Risk Strategy.

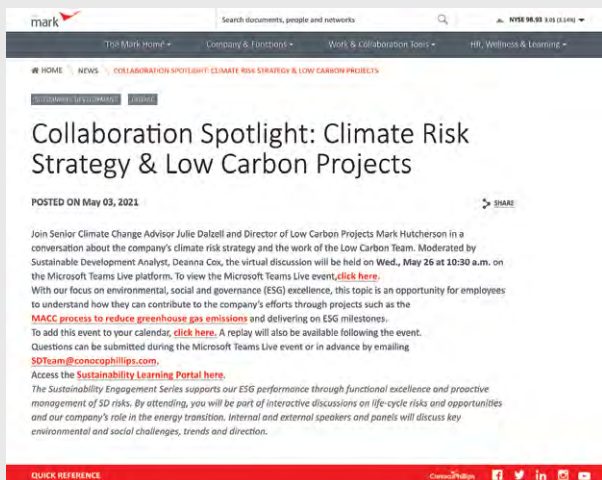
Operations

Each ConocoPhillips business unit is responsible for integrating sustainability issues into day-to-day operations, project development and decision-making. They are held accountable through assessing SD risks, mitigating those risks and developing action plans. Progress is reported to management and results are shared with the ELT. HSE leadership is responsible for environmental assurance at the business level. Subject matter experts in climate change, biodiversity, water, and stakeholder engagement from the business units are members of the IWGs.

Training

In 2021, the sustainable development (SD) and environmental assurance teams partnered to provide virtual training programs featuring discussions from top leaders on key sustainability topics. The mission of the Sustainability

2021 SUSTAINABILITY ENGAGEMENT SERIES



In 2021, employees engaged with the Sustainability and Low Carbon Technology teams through our internal *Sustainability Engagement Series*.

Learning Program is to support environmental, social and governance (ESG) performance through functional excellence and assured management of SD risks.

In fall 2021, over 90 environment and SD practitioners participated in a virtual three-day workshop to collaborate and discuss the company's sustainability priorities, emerging topics and goals.

We have adapted and applied training materials developed by IPIECA and other best practice groups and training is made available to all global employees. Additionally, we are active in IPIECA best practice groups to develop training and guidance material. To support employee awareness of sustainability topics, we execute communications activities including executive videos, interviews, internal web broadcasts and social media that reinforce company positions, goals, actions and reporting. Stakeholder engagement and human rights training is available for all employees and key contractors.

Policies and Positions

In 2021, the Sustainable Development Position was updated and developed as a policy to define and ensure SD risk management, strategic planning, governance and disclosure processes. We also updated our company's Biodiversity and Water Positions. These updates were approved by the PPSC.

POLICIES AND POSITIONS

POLICIES

Code of Business Ethics and Conduct
Health, Safety and Environment Policy
Political Support Policies & Procedures
Principles of Environmental Justice
Supply Chain Policy
Political Contributions

Substance Abuse Policy
Supplier Expectations
Sustainable Development Policy
Global Tax Policy
Equal Employment Opportunity (EEO) Policy

POSITIONS

Climate Change
Water Sustainability
Human Rights
Biodiversity

Diversity & Inclusion
Renewable Energy
HIV/AIDS

Managing Sustainable Development Risks

Our governance structure provides Board and management oversight of our risk processes and mitigation plans. Our integrated management system approach to identifying, assessing and managing sustainable development (SD) risks is aligned with how we make business decisions to ensure the consistent global identification and assessment of risks. This system links directly to the ERM process, which includes an annual risk review by executive leadership and the Board. These elements help us manage and mitigate risk, as well as track our SD performance.

Assessing and Managing Risks

Our SD Risk Management Standard mandates a process for operated assets and projects to assess and manage risks to ensure corporate oversight, assurance and consistent implementation. Risks are identified and assessed against the physical, social and political settings of our operations by subject matter experts in each business unit (BU) and project. Local concerns may influence the potential importance of these environmental and social matters, including cumulative effects. Each risk is then assessed using

a matrix that evaluates both its likelihood and consequence. In evaluating the consequence severity, we consider potential impacts on employee and public safety, sociocultural and economic impacts to stakeholders, environmental impacts, and reputational and financial implications. Risks identified as significant or high at the corporate or BU level are included in the corporate SD Risk Register. The company undertakes a review of SD risks annually and updates the SD Risk Register and associated action plans. An audit protocol for the standard was developed in 2020 and we implemented a regular audit schedule in 2021.

The standard further mandates developing action plans for mitigated risks ranked significant or high and are tracked in the corporate SD Risk Register. Risks that are no longer ranked significant or high due to the effectiveness of mitigation actions, as well as risks that are identified as medium or low, continue to be tracked at the Business Unit level.

Read more about our management process for [climate change](#), [water](#), [biodiversity](#) and [social](#) risks on our website.

MANAGEMENT SYSTEM APPROACH TO SUSTAINABLE DEVELOPMENT RISK

Adjust, Innovate and Continuously Improve

MEASURE AND MONITOR

Track and assess actions.

ENGAGE

Communicate risks to executives and Board of Directors; input to Enterprise Risk Management.



IDENTIFY AND MAP

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

ADDRESS RISK

Collaborate on strategies and action plans to manage ranked risks.

Action Plans

The SD Risk Management Standard ensures that an action plan is developed to track mitigation activities for each risk included in the corporate SD Risk Register. These plans include details about our commitments, related responsibilities and milestones. As part of annual updates to the register, the action plans and their effectiveness are evaluated, and decisions are made to continue mitigation measures, add new measures or simply monitor the risk for further developments. Significant and high risks are removed from the corporate risk register when mitigation actions have reduced the level of risk, and they are tracked to ensure ongoing mitigation effectiveness. The SD Risk Register and action plans are also used to track performance and guide goal setting. [Read more about Performance and Compensation on our website.](#)

Action plans for prioritized risks are typically managed at the BU level, along with the ongoing management of SD performance and engagement designed to minimize or avoid other social and environmental aspects of our business. Overarching risk management actions, such as greenhouse gas (GHG) target setting, prioritization of global emissions-abatement projects and disclosure and reporting, are managed at the corporate level. Line-of-sight goals for business units and key functions are shown as specific action items within the action plans. Mitigation actions can range from single or multiyear specific projects to routine and long-term programs.

Enterprise Risk Management

Sustainability risks are integrated into the corporate ERM system. Risks from the corporate SD Risk Register are mapped to relevant enterprise risks including market, reputational, operational and political. Owners of these enterprise risks, who are ELT members or senior managers, are briefed on the risks and our mitigation activities. Enterprise risks are then presented to the Audit and Finance Committee (AFC) of the Board. The AFC receives annual updates on how enterprise risk is being addressed, mitigated and managed across the company.

Long-Range Plan and Corporate Strategy

Our long-range and strategic planning activities consider sustainable development risks and mitigation. Our Long-Range Plan (LRP) forecasts key data for our corporate strategy covering our proposed portfolio development and performance, production, costs and cash flows. We also use the LRP to forecast GHG emissions and water use to understand our future environmental footprint. Environmental and social risk mitigations, such as emissions reduction projects, are reflected in the LRP and our annual budget.

Our corporate strategy defines the company's direction for exploration and development, including portfolio, capital allocation and cost structure. Our cost of supply, portfolio diversification (both geological and geographical) and technology investments are aspects of the corporate strategy that also address sustainability risk. For example, a low cost of supply mitigates climate transition risk in lower-energy demand scenarios. Having a geographically diverse portfolio helps mitigate the risk of community or stakeholder concerns delaying a significant portion of our production. Investing in water treatment technology allows us to recycle produced water and decrease our reliance on local water sources. We work with company leadership through our governance structure, ERM system and energy transition models to ensure our strategy effectively manages SD risks.

Key SD Management Processes

Our integrated management system is based on mandatory and auditable corporate standards, which are supported by principles and guidelines aligned with how we make business decisions to ensure the consistent global identification and assessment of SD risks. This includes integration into key business-planning processes for the company, from business development activities and exploration to developing major capital projects and managing our day-to-day operations.

We perform due diligence on acquisitions, divestitures, trades, exchanges and farm-in/farm-out agreements. This process is designed to ensure that past, present and potential HSE and sustainable development risks and liabilities are clearly identified, understood and documented. This due diligence standard applies to ConocoPhillips and global subsidiaries,

and we strive to influence all affiliated companies and joint ventures to conduct due diligence before undertaking binding business transactions.

While 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 are in countries that pose risks associated with political instability, inadequate rule of law or corruption. Before entering a new country – or for other new developments, when warranted by the geopolitical environment – we have adopted comprehensive risk management tools to evaluate and manage these types of risks. A preliminary due diligence assessment is conducted to identify significant risks, including social, environmental and political concerns, and define how they will be managed.

As operated and non-operated projects are developed and put forward for internal approval, consideration is given to environmental and social risks and their mitigation. For

qualifying projects, our management system also requires the following for investment approval:

- › Climate-Related Risk Assessment
- › Environmental, Water and Biodiversity Risk Assessments
- › Social and Stakeholder Engagement Plans

In managing our day-to-day operations, the HSE management system addresses operational risk and 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. We believe incidents are preventable and that HSE considerations must be embedded into every task and business decision. We also provide guidance to address specific activities in our operations including waste management. This standard ensures all our assets have detailed plans to manage waste streams, minimize where possible, and ensure waste is directed to facilities that have been evaluated and approved by the company.

STANDARDS AND GUIDELINES

SD Risk Management Standard

- › Identify social and environmental risks, conduct risk ranking and develop mitigation action plans.
- › Applies to all operated assets and projects.

HSE Social and Due Diligence Standard

- › Identify risks and liabilities related to health, safety, environment, regulatory and social issues for transactions requiring due diligence including acquisitions, divestitures, trades, exchanges and farm-in/farm-out agreements.
- › Applies to all operated assets and projects.

HSE Management System Standard

- › Identify and manage operational risks to the business, employees, contractors, stakeholders and environment.
- › Applies to all operated assets and projects.

Capital Projects Management Standard

- › Assess risks, including SD risks during the project engineering stage.
- › Applies to all operated capital projects costing more than \$50 million net.

HSE Waste Management Standard

- › Prepare management plans for waste and produced water, evaluate the suitability of industrial disposal facilities and contract only with approved facilities.
- › Applies to all operated assets and projects.

Environmental Performance Metrics Reporting Practice

- › Outlines the requirements and company expectations for reporting the company's environmental performance metrics.
- › Applies to all operated assets and its subsidiaries globally, including all affiliated companies and joint ventures.

Groundwater Assessment and Monitoring Guideline

- › Provides guidance on when and how voluntary baseline sampling could be conducted through a risk-based approach.
- › Available for use by operated assets and projects in areas not already covered by state-regulated groundwater baseline assessments.

Global Induced Seismicity Guideline

- › Provides a method to characterize seismicity risks by assessing historical seismicity, identifying geological faults of concern, assessing existing or proposed injection operating conditions and considering proximity to people and population centers.
- › Available for use by business units for the planning and operation of injection wells for operated assets and for screening third-party injection operations.

Zero Routine Flaring Guideline

- › Provides guidance on application of World Bank Zero Routine by 2030 Initiative for ConocoPhillips operations.
- › Applies to all operated assets and its subsidiaries globally, including all affiliated companies and joint ventures.

Business Ethics

Our reputation and integrity depend on each employee, officer, director and those working on our behalf assuming a personal responsibility for our business conduct. Led by our chief compliance officer, our Global Compliance and Ethics team ensures adherence with applicable laws and the highest ethical standards, promotes a positive corporate reputation, reduces criminal and civil liability, and sets the tone for an ethical work environment. The team includes local ambassadors embedded in business units and functions who help support and administer our Global Compliance and Ethics program.

As part of our commitment to continuous improvement, we updated our investigation model in 2021 to include enhancements to our investigative processes and expanded engagement with our business units and functions. We aimed to improve efficiency of the management process and to increase the agility of our investigative services.

Aspects of our compliance and ethics program relevant to financial reporting are annually reviewed by the company's external auditor, and global compliance and ethics processes are periodically audited by our internal audit function and external compliance experts.

Code of Business Ethics and Conduct

Our [Code of Business Ethics and Conduct](#) is the foundation of our compliance and ethics program, explaining our responsibilities and providing guidance for behaviors. It covers a range of topics including business ethics, competition law, anti-corruption, gifts and entertainment, conflicts of interest and political involvement. In 2021, we reviewed our current code. Using data from risk assessments and cultural gap analysis, we updated and added topics to our code.

All new employees receive training on the Code as part of their new hire training curriculum. Current employees have access to web-based training on the Code at any time and are periodically required to repeat this training. Employees who are most exposed to legal risks, such as corruption, take part

in web-based training and other targeted training. Employees may also receive training on competition law, anti-boycott, economic sanctions, export controls, insider trading and political activities. We annually require employees to certify they have read the Code, made all required disclosures and reported all potential concerns. With exceptions for certain types of leave, 100% of employees completed this certification in 2021.

Systems and Practices for Reporting Violations

We encourage employees and contractors to ask questions and seek guidance about compliance and ethics matters and we give them tools to guide ethical decision-making. Employees also understand they have a responsibility to report actual or suspected misconduct. We have several confidential reporting mechanisms. They may speak to a trusted manager, supervisor, human resources representative or Global Compliance and Ethics representative. Additionally, there is an anonymous option. Any stakeholder, whether employee, contractor, shareholder or the general public may report an actual or suspected violation of the Code anonymously through our [24-hour Ethics Helpline](#). The helpline is hosted by a third party to ensure anonymity and is available worldwide via the web or phone in multiple languages. ConocoPhillips prohibits retaliation of any kind against employees for raising an ethical or legal concern.

In 2021, Global Compliance and Ethics received questions, concerns and requests for advice from employees and stakeholders across our businesses. As part of our updated investigation model, we investigated workplace conduct, conflicts of interest, financial and business integrity matters, misuse of company assets and other allegations. Remedial and disciplinary actions were taken whenever appropriate. Depending on the scale and type of concern, issues were elevated to provide appropriate management oversight. Senior management and the Audit and Finance Committee of the Board were also provided regular updates on our program, so they could ensure that the program promotes ConocoPhillips' [SPIRIT Values](#), addresses the compliance and ethics risks in our business and works effectively.

Supply Chain Sustainability

Sustainability is integral to our procurement process. Through supplier engagement, supplier recognition and sustainable procurement, we continue to improve our business practices and operations to manage risk while increasing productivity and efficiency within the supply chain. We are committed to upholding our business ethics by supporting business opportunities and capacity building for local and diverse suppliers in our own operations through our supply chain.

Supplier Engagement

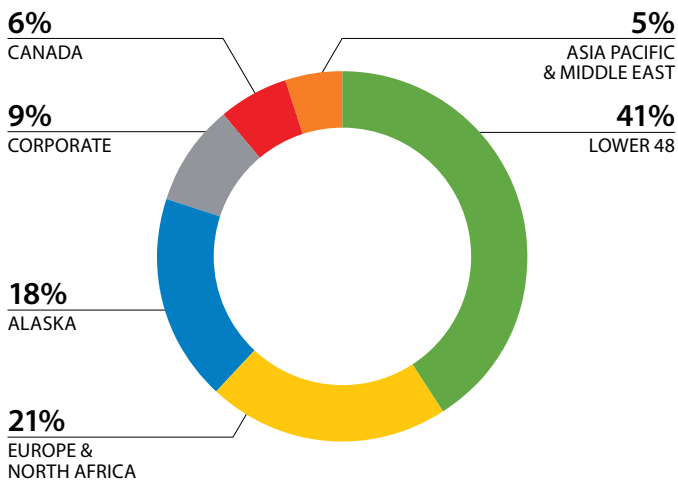
As we integrate sustainable development into our key business activities, suppliers play a significant role. From constructing our facilities to managing our work camps, providing well services and supplying equipment, how they manage their impact on the environment and community is important to us and affects our performance.

We regularly engage our suppliers through business reviews and supplier audits to:

- › Identify sustainable development opportunities and risks in the supply chains of critical categories.
- › Standardize Key Performance Indicators (KPIs) to ensure alignment with our Environmental, Social and Governance (ESG) performance objectives.
- › Track metrics, review performance, and identify continuous improvement opportunities.
- › Share best practices for building supplier capacity throughout the supply chain.

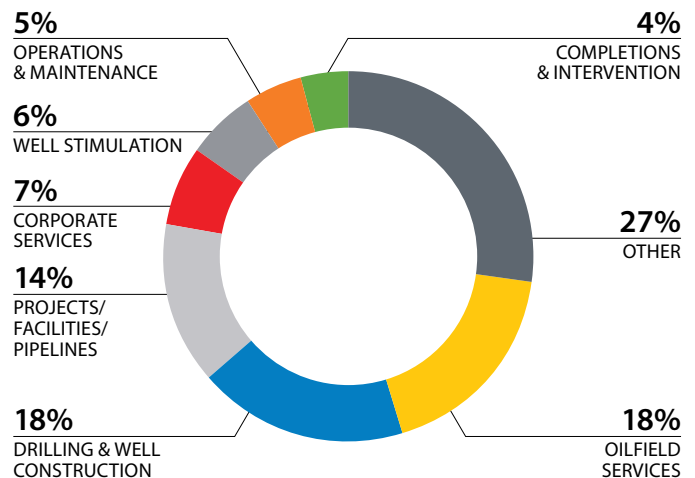
Another important element of our ongoing engagement with key suppliers is our annual Supplier Sustainability Forum. In 2021, we hosted a virtual forum with 120 participants including suppliers from more than 50 companies and ConocoPhillips representatives from across the globe. The agenda was designed to communicate our strategic sustainability objectives and collaborate with suppliers to manage and mitigate the environmental and social impacts from activities and operations throughout the supply chain.

2021 TOTAL SPEND BY SEGMENT



Due to rounding, categories may not total 100.

2021 TOTAL SPEND BY CATEGORY



Topics discussed included our net-zero ambition and Triple Mandate, an introduction to our Low Carbon Technologies organization, and an overview of technologies deployed to help reduce environmental impacts and improve sustainability.

Mitigating supplier risk is critical to support our operations through sustainable procurement. Driven by supplier stability concerns, we began monitoring the financial health of suppliers in 2016 through quarterly assessments. Additionally, supply chain leaders meet quarterly to proactively assess risk for over 150 business-critical suppliers. This supports continuity of global operations through the development of risk mitigation plans to cover supply or service interruptions. In 2021, we interacted with suppliers regularly to avert bottlenecks, strengthen ties, seek out emissions reduction opportunities, and address risk mitigations due to global supply chain disruptions and the lingering effects of the COVID-19 pandemic. As the oil services sector went through further consolidation and more suppliers showed ongoing signs of financial distress, we further utilized products and services from local suppliers to support our operations. This approach continues to help maintain continuity of our operations and improve our local community engagement. In Canada, as the markets tightened and vaccine mandates were implemented, we broadened our supplier base for both materials and services but consistently started with local and First Nation companies. During sourcing events, we also conducted comprehensive contract risk classification assessments to quantify inherent risks and establish mitigation

\$7.9 billion
Total spend with
7,812 contractors
and suppliers
in 2021

strategies prior to contract award. This process has been used across our Supply Chain organization globally for over 15 years. Engaging our suppliers to identify and manage risks allows us to mutually improve our sustainability performance.

Supplier Recognition

Suppliers who positively impact our business are honored by our annual Supplier Recognition Awards. Sustainability is an integral consideration for these supplier awards. In 2021, awards ranged from gas capture solutions to environmental planning. The 2021 Supplier Recognition Award Winners are:

- › Alamo Pressure Pumping, LLC
- › ASRC Energy Services – Houston Contracting Company, Inc.
- › Baker Hughes Services Australia Pty Ltd.
- › Berkat OSH Services Sdn Bhd
- › Beyond Energy Services & Technology USA Inc.
- › Contract Resources Pty Ltd.
- › Couvillion Group
- › Delta Constructors, LLC
- › ESS Support Services AS
- › H&S Constructors Inc.
- › Halliburton AS
- › Homeground Gladstone Pty Limited
- › N&R Construction, LLC
- › ND Energy Services
- › Offshore Oil Engineering Co., Ltd. (COOEC)
- › Precision Drilling Corporation
- › RK Supply
- › Valence Natural Gas Solutions Inc.
- › Visco AS
- › Xodus Group Pty Ltd.

Sustainable Procurement and Business Ethics

The supply chain function contributes to the company's sustainable development commitments by integrating sustainability into our source-to-settle processes and procedures, which include:

Supplier Expectations

- › Integrity, Labor and Human Rights
- › Safety
- › Environmental Sustainability
- › Supplier Inclusion

Supplier Qualifications

- › Prequalification Questionnaires

Sourcing and Category Management

- › Requests for Information or Quotes
- › Bid Events
- › Category Risk Assessments

Contract Delivery

- › Key Performance Indicators (KPIs)
- › Supplier Audits

Integrating engagement on labor and human rights into our procurement processes and procedures includes recommended questions and contract language for supplier prequalifications, bids, and audits. The questions and contracts directly address these issues and are based on our commitment to conduct our business consistent with the human rights philosophy expressed in our [Code of Business Ethics and Conduct](#) and our [Supplier Expectations](#). We are committed to the [California Transparency in Supply Chains Act of 2010](#) and the [United Kingdom Modern Slavery Act 2015](#).

We endeavor to conduct all contracting and procurement activities in an ethical manner in accordance with our Supply Chain Standard and applicable laws. We require suppliers to

comply with certain requirements as a condition of business and to be guided by the principles and standards set forth in the ConocoPhillips Code of Business Ethics and Conduct and their own ethics and conduct policies. Our Code of Business Ethics and Conduct: [Expectations of Suppliers](#) provides additional clarity to our suppliers regarding our expectations in these areas:



HEALTH, SAFETY AND ENVIRONMENT (HSE)

Suppliers must comply with applicable environmental laws and regulations and conduct business with respect and care for the environment, including utilizing energy and natural resources efficiently and managing waste, emissions and discharges responsibly.



LABOR AND HUMAN RIGHTS

We conduct our business consistently with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work and expect suppliers and contractors working on our behalf to be guided by these principles.



INTEGRITY

Contracts require that suppliers be guided in their performance for ConocoPhillips by the principles and standards set forth in the ConocoPhillips Code of Business Ethics and Conduct and their own ethics and conduct policies.



SOCIAL PERFORMANCE

We engage with suppliers and contractors on sustainable development issues through our Quarterly Business Reviews, Supplier Relationship Management, Supplier Sustainability Forum and supplier audits.

Additionally, our contract templates incorporate requirements for export compliance and the U.S. Foreign Corrupt Practices Act (FCPA) among other requirements. ConocoPhillips prohibits any form of money laundering and follows all domestic and international laws governing money laundering. ConocoPhillips strives to prevent money laundering through procurement policies, vetting, due diligence and payment processes.

Local Content and Employment

We emphasize promoting supplier capacity building in our procurement and we expect our suppliers to do the same. We also place a high priority on purchasing goods and services locally and are committed to giving local contractors and suppliers the opportunity to participate in projects and operating requirements, generally through a competitive bidding process. We also seek opportunities to develop local suppliers and promote local hiring as appropriate to meet business needs. [Read more about how we are creating shared value in communities on our website.](#)

Supplier Diversity

We expect to do business with qualified suppliers that share our values, whether minority, woman, disabled, LGBTQ+, or veteran-owned, small business enterprises, or global, local and Indigenous suppliers around the world. In the U.S., we do business with diverse companies and continue to provide access to business opportunities through our Supplier Diversity Program. This approach attracts qualified suppliers, stimulates local economic development, and creates long-lasting social and economic benefits in our stakeholder communities. In the U.S., our 2021 Supplier Diversity Program totaled \$533 million spent with businesses owned by veterans, minorities, women, members of the LGBTQ+ community, service-disabled people and historically underutilized businesses (HUBs). Additionally, ConocoPhillips recorded \$905 million in expenditures with small businesses. Through



LOCAL EMPLOYMENT

- › Business unit, asset or project plans include support for local employment as appropriate.
- › Where appropriate, social investment initiatives support the strengthening of local capacity to respond to employment needs.

LOCAL PROCUREMENT

- › Business unit, asset or project plans include support for local procurement and provide opportunities for local contractors and suppliers, and investment in supplier capacity building as appropriate.

LOCAL BUSINESS DEVELOPMENT

- › Certain business units support local business development initiatives or “incubators.”
- › Where appropriate, social investment initiatives support strengthening of local business development.

our Supplier Diversity program, we actively participate in certifying and developing diverse, small and local businesses in the United States.

In 2021, we conducted one in-person and 16 virtual supplier diversity events aimed at local supplier capacity-building efforts. This helped to increase our spending with local suppliers in 2021.

Key Stakeholders

Active stakeholder engagement and dialogue is an integral part of our sustainability commitment. It is a key component of our action plans, and our business units develop fit-for-purpose solutions to assess and address stakeholder priorities at all stages of operations. Our stakeholders are as diverse

as the communities they live in or the organizations they represent. The breadth of the perspectives they provide gives us a greater understanding of not only concerns and expectations, but also options and opportunities to create lasting value. We engage with our stakeholders in a range of ways as we work to improve our performance.

SUPPORTING INDUSTRY DIALOGUE

	FINANCIAL SECTOR	COMMUNITIES	EMPLOYEES	SUPPLIERS	GOVERNMENTS
PRIORITIES	<ul style="list-style-type: none"> • Climate change • Transition risk • Biodiversity • Water • Human capital 	<ul style="list-style-type: none"> • Local employment and economic development • Indigenous rights • Clean air, water and natural environment • Noise, traffic and local infrastructure • Safety • Training and education • Emergency response • Induced seismicity 	<ul style="list-style-type: none"> • Compensation and benefits • Career development • Safety • Environmental responsibility • Company strategy • Health and well-being • Ethics and compliance • Diversity, equity and inclusion 	<ul style="list-style-type: none"> • Performance expectations • Cost efficiencies • Alignment with climate risk, safety, innovation and sustainable development expectations 	<ul style="list-style-type: none"> • Climate change • Energy supply • Economic development and job creation • Environmental protection • Regulatory enforcement • Taxes and royalties
ENGAGEMENT	<ul style="list-style-type: none"> • Investor presentations and conferences • Analyst calls • Annual shareholder meetings • SEC filings • Financial sector outreach 	<ul style="list-style-type: none"> • Websites, media and social media • Community investment programs • Owner relations • Community consultations and meetings • Local business and employment opportunities • Volunteering 	<ul style="list-style-type: none"> • Performance management • Training and development • Internal communications • Employee surveys • Safety meetings • DE&I Council • Code of Conduct and Ethics Helpline • Volunteering • Town halls and field visits • Employee network groups • Global wellness programs 	<ul style="list-style-type: none"> • Bid process • Contract negotiations • Project management • Supplier forums and meetings • Annual performance reviews 	<ul style="list-style-type: none"> • Advocacy • Policy development • Industry and trade association representation • Regulatory compliance • Permit reviews • Regulatory audits • Regional developments • Collaboration on community investment

About Our Reporting

We take a digital approach to our sustainability reporting. To provide stakeholders with timely information we provide performance examples and updates as they occur. These updates and our performance metrics are integrated into the foundational information on our website and consolidated into our [sustainability hub](#). Performance metrics are updated annually.

We recognize that a yearly report is important for many stakeholders and we consolidate annual performance information and metrics into a report that can be found in our [Reports and Resources section](#) on the company's website. Stakeholders can also create customized reports, based on topics of interest, by using our [report builder](#).

Issue Prioritization

We evolve and refresh our perspective on sustainability reporting by considering the most pressing issues affecting our stakeholders, the global community and our industry. We determine the most relevant issues for our reporting by engaging with internal and external stakeholders throughout the year to better understand concerns about our business, particularly relating to the environment, society and our governance.

Identification

Through our annual risk assessment process, each business unit identifies potential sustainability risks while considering the physical, social and political settings of our operations. Local concerns may influence the potential importance of these environmental and social matters, including cumulative effects. Each risk is assessed using a matrix that evaluates both its likelihood and consequence. In evaluating the consequence level, we consider potential impacts to stakeholders and the company. Our Issues Working Groups (IWG), comprised of internal subject matter experts for climate change, water, stakeholder engagement/human rights and biodiversity, meet quarterly to discuss issues in each subject area. Annual discussions with other key internal functions provide further input and prioritization of the topic list.

Through meetings, correspondence and a review of publicly available materials, we gather opinions and input from key external stakeholders to further identify issues and potential impacts. These include mainstream investors, ESG-focused investors, banks, rating agencies and ESG-focused nonprofit organizations, as well as community members, leaders, policy makers and regulators in the areas where we operate. This is supplemented with analysis of the topics being considered by rating agencies and other survey questions as well as recommended reporting for the Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD) and the World Economic Forum: Measuring Stakeholder Capitalism. We also review the priority issues as publicly reported by industry peers to ensure alignment with identified industry issues.

Prioritization

We develop a list of potentially important issues across a range of topics from governance to safety to impacts on the environment and society. In 2021, we conducted a priority issues assessment to help identify and prioritize the reporting topics about our business as it relates to ESG. Participants included subject matter experts from over 20 of our key functions within the company who provided further insight and prioritized topics based on level of interest or concern to key stakeholders and strategic importance to the company. This process helped determine the significance of 18 sustainability topics. The ESG issues covered in this report reflect discussions with subject matter experts from across our company, findings from primary and secondary research, the feedback we received, and insights we gained through our ongoing engagement with stakeholders.

In this year's report we focused our disclosure on topics most important to stakeholders, including GHG emissions, water use, biodiversity and human capital management.

Reporting Frameworks and Scope

We report our sustainability performance using internationally recognized reporting standards and frameworks. This includes reporting guidelines, indicators and terminology developed by [TCFD](#), [SASB](#), [IPIECA](#), [Global Reporting Initiative \(GRI\) Standards 2021](#), [API Template 2.0 for GHG Reporting](#), and the [AXPC ESG Metrics Framework and Template](#). We provide regular information to the CDP for climate change,

Dow Jones Sustainability Index (DJSI) and other organizations that assess the ESG performance of companies. We engage with MSCI, Sustainalytics and ISS E&S QualityScore, all of whom rate us based on publicly available information. We have mapped relevant TCFD, SASB, IPIECA, GRI and [UN Global Compact Principles](#) disclosures for stakeholder convenience, and we continue to assess alignment with other emerging frameworks.

The 2021 Sustainability Report covers data from January 1 to December 31, 2021. Notes to our metrics outline the scope and methodologies of our data reporting. The minimum boundary for reporting on social and environmental priorities is assets we operate. Concho Resources and Shell Permian assets performance data are integrated in this report as applicable to align with production reporting for 2021.

[Read about our Data Quality and Assurance on our website.](#)

2021 PRIORITY ISSUE	ISSUE DESCRIPTION
ENVIRONMENT	
Carbon Asset Risk	Identifying the financial risk of stranded reserves and infrastructure.
Carbon Policy	Considering legislation and regulation related to climate change and an energy transition to a lower carbon economy.
Energy Efficiency	Reducing the amount of energy required to find and produce natural gas and oil.
GHG Emissions	Reducing greenhouse gas emissions emitted during natural gas and oil production.
Low Carbon Technologies	Defining the Net-Zero Roadmap to understand the new energies landscape and prioritize investment opportunities.
Methane	Reducing methane emitted during natural gas and oil production.
Biodiversity	Mitigating impact to threatened or at-risk species impacting activities or operations, or activities and operations impacting species or habitats.
Produced Water	Managing discharge (offshore), disposal and/or recycling of produced water.
Water Sourcing	Securing sustainable and economic water sources for exploration, drilling, completions or production.
SOCIAL	
Stakeholder Engagement	Respectfully engaging with local stakeholders and Indigenous Peoples to understand their interests, concerns and culture, seeking solutions that create mutually beneficial relationships and then integrating them into planning and decision-making.
Community Investment	Investing in communities to support giving categories including education, natural resources, health and safety, arts, civic and social services, and disaster relief.
Human Rights	Implementing human rights policies and practices that promote respect for civil, cultural, economic, political and social rights, consistent with the Universal Declaration of Human Rights (UDHR) and United Nations Declaration on the Rights of Indigenous Peoples.
Local Content	Creating economic stimulus in the communities where we operate through job creation and socioeconomic development initiatives.
Safety and Health	Creating and maintaining a safe and healthy workplace that is free of injuries, fatalities and illness.
Supporting our People	Attracting and retaining talent, offering training and development for workers to build capability and career opportunities while promoting diversity, equity and inclusion.
GOVERNANCE*	
Business Ethics	Adhering to applicable laws and the highest ethical standards.
Transparency and Corruption	Promoting transparency to reduce corruption, improve government accountability and foster economic stability.
SD Governance Process	Having a comprehensive governance framework, including oversight from the Board of Directors, in place to manage ESG risks and opportunities.

* Other aspects of governance are fully addressed in our Annual Report and Proxy Statement.

Building a Resilient Strategy for the Energy Transition

Managing Climate-Related Risks

In a world aiming for net-zero emissions, we have a framework that consists of the governance, strategic capability, risk management processes and disclosure to demonstrate resilience across a range of transition scenarios. Our current Climate Risk Strategy and actions for our oil and gas operations are aligned with the aims of the Paris Agreement while being responsive to shareholder interests for long-term value and competitive returns.

2021 PERFORMANCE HIGHLIGHTS

- › Developed our *Plan for the Net-Zero Energy Transition*¹ to describe in detail how we intend to manage through the energy transition and address the associated risks and opportunities.
- › Improved our Paris-aligned target framework of near-, medium-, and long-term targets for reducing the emissions over which the company has ownership and control, namely Scope 1 and Scope 2 emissions with an ambition to become a net-zero company for Scope 1 and 2 emissions by 2050. These targets include:
 - Strengthening our previously announced operational greenhouse gas (GHG) emissions intensity reduction target to 40-50% by 2030 on a gross operated basis.
 - Expanding the GHG emissions intensity target to apply on a net equity basis to ensure active engagement in our non-operated investments.
 - Meeting a further 10% reduction target for methane emissions intensity by 2025 from our 2019 baseline, building upon the 65% reduction we have made since 2015.
 - Aiming to achieve our ambition for zero routine flaring by 2025, five years sooner than the World Bank initiative's goal of 2030.
- › Demonstrated active advocacy for an economy-wide U.S. carbon price that would directly address consumer demand for energy and end-use (Scope 3) emissions.
- › Enhanced the comprehensive scenario planning process to understand alternative energy transition pathways and test the resilience of our corporate strategy to climate risk.
- › Matured our use of scenario analysis and a fully burdened cost of supply, including cost of carbon, as the primary basis for capital allocation.
- › Demonstrated portfolio focus on low cost of supply, low GHG emissions intensity assets, which will be essential for meeting transition pathway demand.
- › Established our multi-disciplinary Low Carbon Technologies organization focused on enabling our Scope 1 and 2 net-zero ambition and pursuing low-carbon energy transition opportunities, including CCS and hydrogen.

¹ The *Plan for the Net-Zero Energy Transition*, as published in the 2022 Proxy Statement, can be viewed in full [on our website](#). Sections of the plan have been reorganized to align with TCFD and current reporting structure. Any updates since first publication will be captured in this report.

ConocoPhillips is applying its strategic capabilities and resources to meet this challenge in an economically viable, accountable and actionable way that balances the interests of our stakeholders. Our goal is to support an orderly transition that matches supply to demand and focuses on returns on and of capital while safely and responsibly delivering affordable energy.

We are evaluating a project to electrify central facilities in a portion of our Eagle Ford operations.

In 2021 we advanced our role in addressing Scope 3 emissions and accelerated our contribution to the energy transition in several focus areas.

- › **Advocating for policy to address end-use emissions** through support of an economy-wide price on carbon.
- › **Addressing upstream supply chain emissions** by engaging with major suppliers on our Climate Risk Strategy.
- › **Evaluating renewable energy opportunities** in our operations through power purchase agreements or building solar or wind opportunities to support growing market demand of alternative energy.
- › **Investing in new energies and mitigation measures** such as carbon capture and storage and hydrogen.



Governance Framework

We have a comprehensive climate-related risk governance framework that extends from the Board of Directors, through executive and senior management to the working levels in each of our business units.

Board Oversight

The ConocoPhillips **Board of Directors** oversees our position on climate change and related strategic planning and risk management policies and procedures, including those for managing climate-related risks and opportunities. In particular, the Board reviews:

- › Sustainable development risk management processes.
- › Enterprise Risk Management (ERM) policy and output.
- › Corporate strategy and Climate Risk Strategy.
- › Energy transition scenarios.
- › GHG emissions intensity target and progress.
- › Low Carbon Technologies plans.

The Board delegates certain elements of climate oversight functions to one or more of the five standing **committees**: Executive, Audit and Finance, Human Resources and Compensation, Directors' Affairs, and Public Policy and Sustainability. Each committee, other than the Executive

Committee, is made up of independent directors and convenes at least quarterly. Issues considered by the committees are, as appropriate, regularly reported to the full Board.

The **Audit and Finance Committee** (AFC) oversees ERM. The AFC facilitates appropriate coordination among the committees to ensure that our risk management processes, including those related to climate change, are functioning properly with necessary steps taken to foster a culture of prudent decision-making throughout the company. The AFC receives annual updates on how, through the ERM system, we address, mitigate and manage enterprise risk, including climate-related considerations that influence market, reputational, operational and political risks.

The **Public Policy and Sustainability Committee** (PPSC) is responsible for identifying, evaluating and monitoring climate-related trends and risks that could affect business activities and performance. In 2021, the PPSC met five times and received in-depth briefings and engaged in discussions on the following climate-related topics:

- › Climate Risk Strategy.
- › Implementation of our Climate Risk Strategy.
- › Our position on Scope 3 emissions and review of climate-related and environmental resolutions.
- › Updates on emissions reduction projects.
- › Improvement to 2030 GHG intensity targets.
- › Low-carbon strategies.



"As part of our oversight responsibilities, the Board engages extensively with management on all sustainable development issues. We believe the company has the right governance, strategy and risk-management processes in place to successfully navigate and compete throughout the energy transition."

— **JODY FREEMAN**, BOARD PUBLIC POLICY AND SUSTAINABILITY COMMITTEE CHAIR

- › Carbon offset primer.
- › Reporting and engagement.
- › ESG engagement in the financial sector.
- › Performance progress against targets and 2020 SD report highlights.
- › E&P Roundtable Net-Zero Principles.
- › SD governance.
- › Improvements to SD policy and company position on water.
- › Review of SD priorities for 2022.
- › The IEA Net-Zero by 2050 report.
- › Just Transition and its application to exploration and production companies.

Other Board committees also address climate-related issues. The [Human Resources and Compensation Committee](#) oversees executive compensation and performance-based components, including sustainability performance. Annual incentive programs promote responsibility for sustainability progress throughout all levels of the organization as well as achievement of strategic milestones and objectives that address stakeholder issues essential to sustaining excellence in environmental and social performance.

[Read more about the skills and qualifications of our Board members on our website.](#)

Executive Management

The Executive Leadership Team (ELT) manages climate-related risks and opportunities and drives the business in implementing climate-related plans. This includes:

- › Reviewing and approving GHG pricing forecasts for inclusion in our long-range planning and project authorization reviews.
- › Supporting climate-related Variable Compensation Incentive Plan milestones.
- › Reviewing the GHG emissions long-range plan and peer analysis.
- › Approving Low Carbon Technologies plans and transition opportunities.

GOVERNANCE FRAMEWORK



Note: Each layer represents a Governance level and the corresponding membership entity/support.

The EVP, Strategy, Sustainability and Technology reports to the chief executive officer and has overall accountability for corporate planning and development, including corporate strategy and long-range planning, and is the ELT's climate change champion. In addition, the Sustainability and Public Policy Executive Council (SPEC), a subcommittee of the Executive Leadership Team, leads global oversight of existing and emerging sustainable development and public policy risks including climate change. The SVP, Government Affairs is responsible for government engagement and advocacy on climate-related public policy.

Members of SPEC met six times during the year for detailed briefing and discussion on emerging climate-related issues, strategic priorities and the Climate Risk Strategy. Examples of issues reviewed by SPEC during 2021 include:

- › ESG engagement in the financial sector.
- › Improvements to SD policy and company position on water.
- › GHG target tracking.
- › Review of global climate-related meetings occurring prior to COP26.
- › Review of SD priorities for 2022.

[Read more about our governance structure on our website.](#)

Climate-related risks are communicated and integrated into strategy through the SD risk management process and ERM system. Climate-related risks from the corporate SD Risk Register are mapped to relevant enterprise risks. Owners of these enterprise risks, who are ELT members or senior managers, are briefed on the risks and our mitigation activities. Enterprise risks are then presented to the Audit and Finance Committee of the Board. The climate-related risk category is managed by the SD team; the EVP, Strategy, Sustainability and Technology and SVP, Government Affairs are jointly accountable for this risk.

[Read how climate-related performance is a component of executive compensation on our website.](#)

Organizational Management

Sustainable Development Leadership Team

The Sustainable Development Leadership Team (SDLT) is comprised of global business unit presidents and functional department heads supported by the SD team. Chaired by the vice president, Sustainable Development, the SDLT consults on and facilitates alignment on SD strategic priorities, goals, action plans and results throughout the company.

Sustainable Development Team

The SD team is responsible for advising the ELT and Board on long-term climate-related risks and opportunities for our business and ensuring that these issues are integrated appropriately into strategic decisions. This includes leading the Climate Change Issues Working Group (CCIWG), an internal, global, cross-functional group for knowledge sharing among business units and functions on emissions reductions practices, climate-related regulatory or policy issues and emerging climate-related risks. The SD team reports to the executive vice president, Strategy, Sustainability and Technology, who reports to the chief executive officer. The vice president, Sustainable Development, leads the standing SD agenda item for the PPSC.

The SD team works closely with the Environmental Assurance group within the Health, Safety and Environment (HSE) function to provide environmental metrics for public disclosure and track our performance against those metrics. The groups collaborate to ensure that the requisite climate risk tools, processes and procedures are developed and integrated into our activities.

Operations

Each ConocoPhillips business unit is responsible for identifying and monitoring near- and medium-term climate-related risks and opportunities and integrating sustainability issues, as appropriate, into day-to-day operations, project development and decision-making. They participate in our internal HSE auditing program as well as an annual goal-setting process that includes the Climate Change Action Plan to mitigate risks and a GHG emissions intensity target, and they report progress to the ELT.

Subject matter experts from the business units are members of the CCIWG, which meets quarterly to discuss climate-related risk, including:

- › Internal activities to address climate-related risks and opportunities, including energy efficiency and operational emissions reduction projects.
- › Developments in operational emissions reduction technology.
- › The outlook for GHG prices that might impact our operations.
- › Climate-related long-range planning issues.
- › Legislative and regulatory actions and related activities and positions of trade associations.

The objective is to share key climate-related risk learnings across the company, identify issues and work to resolve them as they arise. The CCIWG also provides input from subject matter experts on climate-related processes, procedures and issues prior to review by the SDLT.

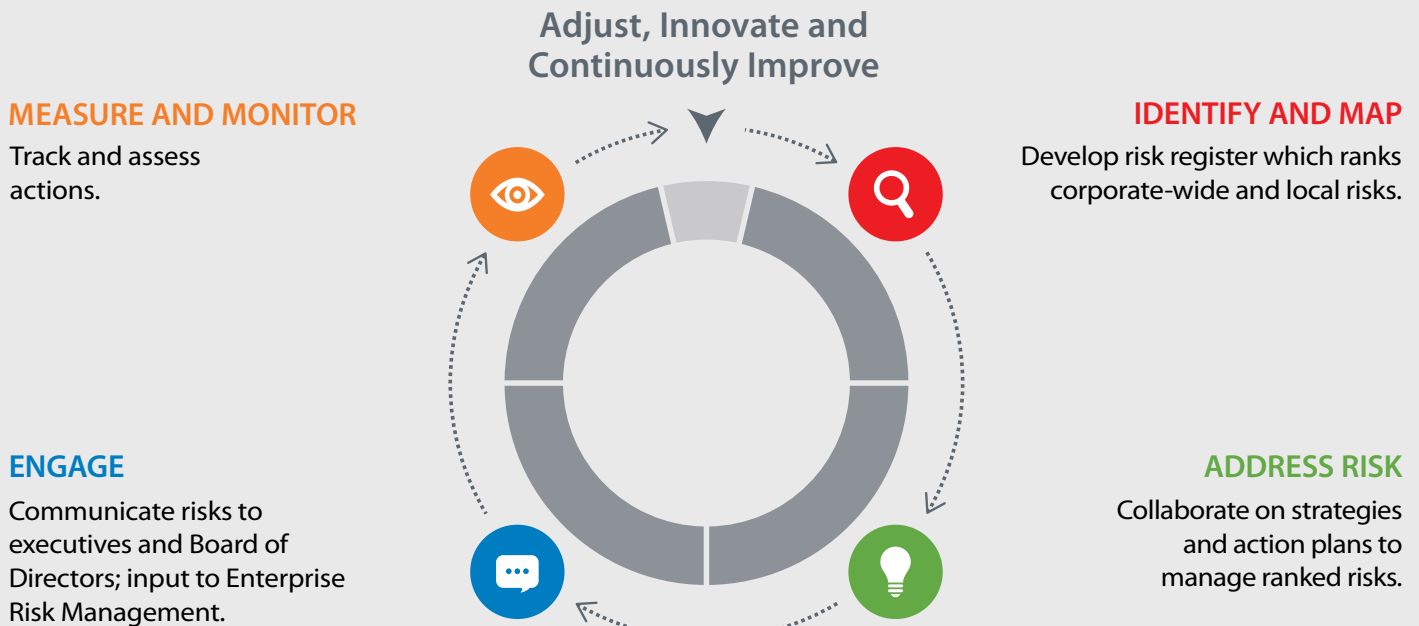
Key Processes

Climate-related considerations are integrated into the following key business planning processes for the company:

- › Scenario planning.
- › Corporate strategy.
- › Long-range plan.
- › SD risk management process.
- › ERM.

Our SD risk management process, risk register and Climate Change Action Plan are used to guide goal setting and track performance. Line-of-sight goals for business units and key functions are shown as specific action items within the action plan. Progress against the plan is reported through our governance structure to the ELT and Board of Directors.

MANAGEMENT SYSTEM APPROACH TO SUSTAINABLE DEVELOPMENT RISK



Strategy

Our objective is to manage climate-related risk, optimize opportunities and equip the company to respond to evolving investor sentiment around the world, technologies for emissions reduction and alternative energy technologies and uncertainties such as government policies.

The continually evolving energy transition requires a strategy that will remain robust across a range of potential future outcomes. Our strategy is comprised of four pillars:

- › **Targets:** Our framework consists of a hierarchy of targets – from a long-term ambition that sets the direction and aim of the strategy, to a medium-term performance target for GHG emissions intensity, to near-term targets for flaring and methane intensity reductions.
- › **Technology choices:** We continue to expand our emissions reduction programs at existing operations, while also evaluating opportunities and technologies that can closely integrate with our global operations, markets and competencies.
- › **Portfolio choices:** We are integrating climate-related risk into our portfolio decision making through consideration of carbon pricing and stranded assets, as well as low cost-of-supply and low GHG-intensity resources.
- › **External engagement:** Our stakeholders' points of view inform the evolution of our climate-related frameworks, metrics, actions and public policy.

Progress in these four pillars is demonstrated throughout the following sections. Across those pillars, our strategy takes into consideration results from scenario planning, near-, medium-, and long-term risks, and ways to address impacts from those risks. An important component of our strategy is the new [Plan for the Net-Zero Energy Transition](#), first published in the 2022 Proxy Statement and expanded further in this section.

Energy Outlook

In its 2021 World Energy Outlook, the [International Energy Agency](#) (IEA) illustrated the following four different energy mix scenarios reflecting changes in total energy demand in 2050 as compared to 2020:

- › **Stated Policies:** Total primary energy demand increases by over 26%.
- › **Announced Pledges:** Total energy demand increases by over 14%.
- › **Sustainable Development:** Total energy demand declines by around 2%.
- › **Net-Zero Emissions:** Total energy demand declines by almost 8%.

Demand for natural gas and oil has different outcomes across the IEA scenarios. Demand grows compared to 2020 in the Announced Pledges scenario but declines in the Sustainable Development and Net-Zero Emissions Scenarios.

Even in the Net-Zero Scenario, 2050 oil demand remains at 19 MMBBL/day and natural gas at 27 MMBOE/day and, despite a reallocation of capital to renewables, significant investment

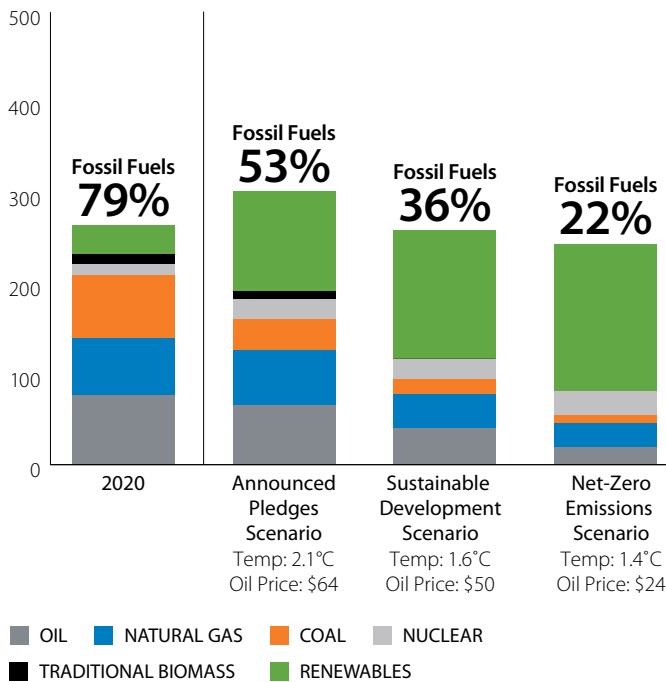


"We pride ourselves on our commitment to ESG excellence and leadership. ConocoPhillips will continue to do our part as we fulfill our Triple Mandate of reliably and responsibly meeting energy transition demand, delivering competitive returns on and of capital and achieving our net-zero ambition. This represents our commitment to create long-term value while enhancing climate protection and accelerating our contribution to the energy transition."

— RYAN LANCE, CHAIRMAN AND CEO

IEA WORLD ENERGY OUTLOOK SCENARIOS – 2050

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in upstream natural gas and oil is still required. IEA estimates this to average \$495 billion each year from 2020 to 2050 globally in the Announced Pledges scenario and \$210 billion per year from 2020 to 2050 in the Net-Zero Emissions Scenario, a total of approximately \$14.8 trillion globally and \$6.3 trillion respectively for the period 2020 to 2050.

Achieving the IEA's Sustainable Development Scenario (limiting temperature increase to below 2 degrees Celsius) requires significant progress on several fronts:

- Improving energy efficiency of power generation, transportation and industrial processes.
- Reducing emissions from fossil fuels or capturing and storing or utilizing those emissions.
- Increasing the amount of non-carbon energy, such as renewables and nuclear power.

Changes in the energy system take time, as energy infrastructure components have long asset lives and change would have to go beyond replacing the power generation

and distribution systems to include replacing automobile, truck, ship and aircraft fleets or retrofitting them to meet new specifications. Increasing renewable power utilization would also require significant improvement in the daily and seasonal reliability of wind- and solar-powered electricity generation, or a significant improvement in energy storage that would reduce the amount of backup fossil fuel-fired electricity generation needed.

The Net-Zero Emissions Scenario is useful data to inform the decisions to be made by policy makers, who have the greatest scope to move the world closer to its climate goals. The assumptions used in the scenario are challenging. For example, as previously mentioned, reducing energy demand by almost 8% from 2020 levels, effectively requires reverting energy demand back to 2010 levels, while supporting 3 billion more people with three times the economic activity. Increasing renewables' share of the electricity supply to the level assumed in 2050 would require annual capacity additions four times the record that was set in 2020. The electricity market in 2050 is assumed to be 150% greater than the market in 2020, the equivalent of adding an electricity market the size of India every year. Further, of 400 milestones needed to achieve net-zero emissions described in the Net-Zero Emissions Scenario, 85% are demand-side actions requiring government intervention. It will continue to be important for policymakers to address the imperatives of energy security and affordability alongside climate risk.

These widely varying factors are the reason scenario planning is important. There is not just one pathway to a low carbon future; there are numerous ways in which government action and technology development could interact with consumer behavior to bring about a low-carbon future. Performance on climate-related risk and opportunity is driven by the strength of strategic planning, including the use of widely varying scenarios, as well as the financial strength and asset flexibility to manage across a range of possibilities.

Scenario Planning at ConocoPhillips

The scenarios we have developed describe possible pathways leading to a particular outcome. Scenarios are hypothetical constructs and are not meant to be used as predictions of what is likely or forecasts of what we think is going to happen; they should be used to illustrate what factors drive future developments. We use scenarios in our strategic planning process to:

- › Gain better understanding of external factors that impact our business to assist in the identification of major risks and opportunities and inform mitigating actions.
- › Identify leading indicators and trends.
- › Test the robustness of our strategy across different business environments.
- › Communicate risks appropriately.
- › Inform how we position our business, as technologies and markets evolve, to capitalize on opportunities that meet risk and return criteria.

Using scenarios enables us to understand a range of risks around potential commodity market prices associated with various GHG reduction scenarios. To assist our capital allocation decisions, we can test our current portfolio of assets and investment opportunities against these future possibilities and identify where strengths and weaknesses may exist.

We rarely make any decision based on a single source of information, but use a range of analyses, input and information when developing our strategy. The detail of our scenarios gives insight into the analysis we use to inform our strategic decision making and reinforces to stakeholders and shareholders that we are both preparing for reductions in GHG consistent with the Paris Climate Agreement and developing resilient strategies that reflect the complex and uncertain range of energy futures.

We use four main energy transition scenarios in our global energy model: Current Trends, Moderate Transition, Accelerated Transition and Paris Agreement. The four scenarios incorporate

a wide range of possible outcomes for energy and carbon emissions. Technology development (both complementary and competing), government policy (focused on both the supply and demand side) and social choices play leading roles in influencing the outcomes in each case. Regional differences were included to reflect areas of the world that may take a different pace or direction. While these scenarios extend to 2050, well beyond our operational planning period, they give insights on trends that could have an implication for near- and medium-term decisions and enable choices on the creation or preservation of future options.

Each scenario models the full energy system including oil, natural gas, solar, wind and nuclear, as well as their related GHG emissions and pricing policies. In 2021, near-term adjustments were made to account for actuals, and the modeled energy system has been expanded to include hydrogen and carbon capture, as both technologies appear vital to the energy system. Each of these plausible pathways is designed to stretch our thinking about potential rates of new technology adoption, policy development and consumer behavior.

The scenarios describe four pathways out of the myriad that are possible, given the uncertainty surrounding the development of future energy markets out to 2050. They do not intend to describe all possible future outcomes and are not used as a reliable indicator of the actual impact of climate change on ConocoPhillips' portfolio or business.

In addition to using the four scenarios to analyze potential outcomes, we regularly monitor key signposts as we work to track the pace and direction of the energy transition and identify potential leading indicators of change in the demand for hydrocarbons. In this way we aim to establish not just which scenario we are moving toward, but also to identify emerging disruptive scenarios. This analysis is presented to executive management and the Board of Directors to assist in strategic decision making.

The thoughtful application of scenarios in strategic planning is core to our ability to navigate future uncertainty and is a practical way of conveying this information in a decision-useful manner. The key to scenario planning is the use of

a wide-enough range to characterize uncertainty, rather than trying to correctly guess specific future variables or parameters. Different low-carbon scenarios that depict a wide range of future possibilities help facilitate strategic planning, but are not designed for, or intended to be used as reference scenarios to compare companies. For example, addressing market price uncertainty has led us to significantly change our portfolio, capital flexibility and cost structure over a short period of time. This illustrates how misleading it can be to compare companies based on a static view of a current portfolio; a range of scenarios are possible.

Scenario Descriptions

Energy Intensity of Gross Domestic Product (GDP) – The outcome for global energy-related CO₂ emissions from our four scenarios is shown in the chart below. The scenarios reflect differing economic activity, technology developments, public policy developments and consumer choices, but in all of our four scenarios, GDP becomes less energy intense as the global economy requires less incremental energy-intensive manufacturing and industrial activity relative to

service-oriented activity. “Current Trends” corresponds to an average rate of decline in energy intensity of GDP from 2021 to 2050 of 1.5%, a rate in line with the 2010–2019 era. Alternatively, the Paris Agreement case corresponds to an average rate of decline in energy intensity of 3.0%. For reference, IEA’s Net-Zero pathway corresponds to an annual rate of 3.3% during 2021 to 2050.

CURRENT TRENDS SCENARIO

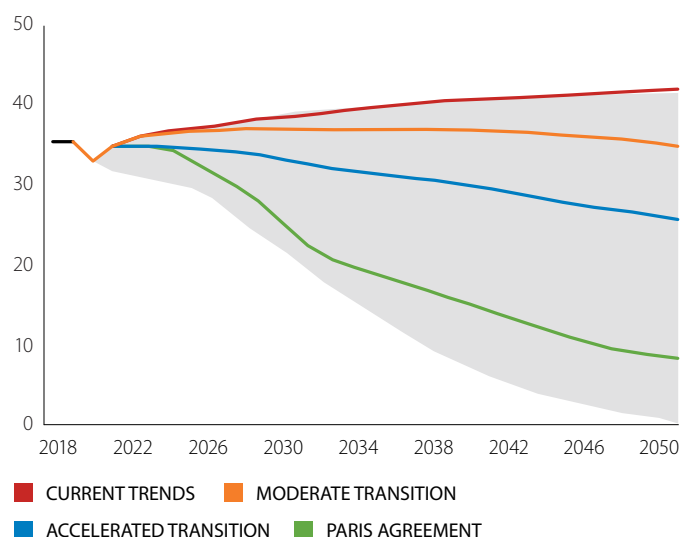
This scenario is built on the assumption that current trends (2010–2019) in energy production and consumption continue. Government policies for carbon emissions remain globally uncoordinated. Technologies evolve at a gradual pace and current modes of transportation and power generation remain the lowest cost, most efficient avenues for energy consumption and generation. Carbon taxes are introduced at a moderate rate in Organisation for Economic Co-operation and Development (OECD) countries, rising to only \$30/tonne of CO₂ equivalent (TeCO₂e) in 2050. It is assumed that non-OECD countries have not implemented carbon pricing by 2050 in this scenario.² Consequently, fossil fuels continue to deliver roughly 80% of global energy needs in 2050, and energy related carbon emissions continue to increase.

The global oil market grows by 20% over 2019’s 100 MMB/D level, driven by solid economic growth and a lack of competitive alternatives. Transportation’s share of total oil demand expands from ~60% (2021) to 65% in 2050. The automotive sector continues to evolve gradually, and the global share of electric vehicle sales increases from 1–2% today to 20% in 2050. The global average internal combustion engine efficiency modestly improves by around 15%, and petroleum remains the most prevalent fuel for all modes of transportation. Production from all regions and resource types are developed.

The natural gas market expands at a faster rate than oil over the long term. By 2050, natural gas demand is ~75% larger (2021), reaching just under 700 billion cubic feet per day (BCF/D) as growing economies utilize natural gas in all sectors. The volume of natural gas consumed in power generation more than doubles by 2050. The focal point of demand shifts away from North America and Europe toward Asia and the Middle East.

GLOBAL ENERGY-RELATED CO₂ EMISSIONS

Gigatonnes per year



Source: Various ConocoPhillips estimates and third-party independently published projections. ConocoPhillips estimates are based on industry consultants' and publicly available data. The gray area indicates the range of third-party projections, including net-zero scenarios.

² All carbon taxes are in 2021 dollars.

MODERATE TRANSITION SCENARIO

This scenario assumes moderate advances in carbon pricing policies and alternative energy technologies, with incremental shifts in consumer preferences for low carbon products. Fossil fuels remain at roughly 75% of the primary energy mix in 2050. Carbon taxes go into effect across OECD countries during the mid-2020s and are \$25/TeCO₂e in 2030, rising to \$60 in 2050. It is assumed that China implements its proposed national carbon pricing policy at 50% of the OECD carbon fee and that no other non-OECD countries implement a carbon pricing policy prior to 2050. Global energy-related carbon emissions stabilize by 2050.

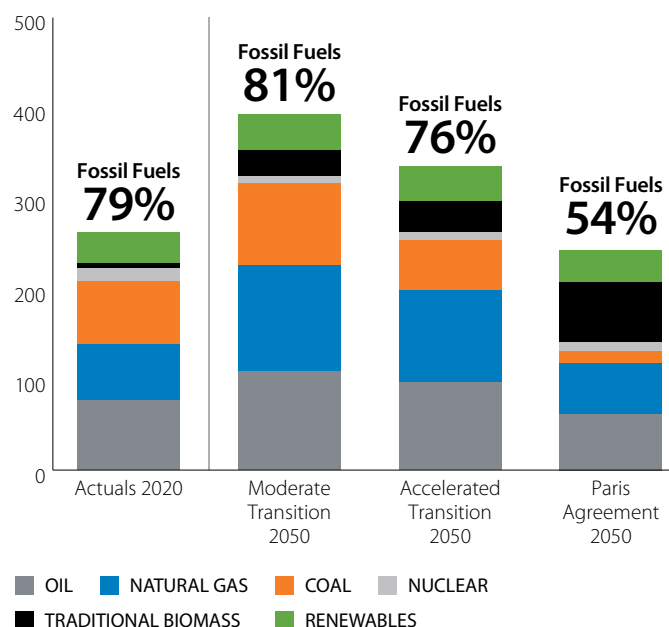
Global oil demand plateaus in the late 2030's at around 110 MMB/D and then declines very slowly. Average internal combustion engine efficiency improves by one-third. Electric vehicle penetration is slow in the early years but accelerates in the 2030s and 2040s, reaching 30% of the passenger auto fleet in 2050 (compared to 0.7% in 2020). Regional policies also influence the outcome for electrification in transportation. Global oil production benefits from technology advances which improve productivity and enable global demand to be satisfied. U.S. crude oil production grows through 2030 then falls as incremental productivity improvements slow and high-quality acreage is exhausted. Russia and OPEC grow to take a larger share of global supply which increases geopolitical risk to supply.

The global gas market expands by 50% from 2019 levels, by 2050. The primary driver for natural gas demand growth is power generation. Natural gas consumed in power generation increases from 140 BCF/D in 2018 to 240 in 2050. Improvements in energy storage enable wind and solar to be available throughout the day, increasing their contribution to power generation. As in the Current Trends scenario, global demand shifts east to Asia and the Middle East. Global supplies remain heavily weighted to North America. U.S. shale gas and Permian associated gas drive North American growth until the 2030s, after which Canada leads North America's production growth.

In this scenario, hydrogen and Carbon Capture Utilization and Storage (CCUS) move to become viable, standalone business lines. Moderate progression toward national net-zero targets increases availability of capital funding which paves

CONOCOPHILLIPS GLOBAL ENERGY MODEL SCENARIOS

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the way for these technologies to take hold. CCUS grows to 1.7 gigatonnes captured in 2050, while the total hydrogen market expands to 250 million metric tons in 2050.

ACCELERATED TRANSITION SCENARIO

This is a scenario with more aggressive changes in technologies, consumer preferences and government policies relative to Moderate Transition. Technology is vital to limiting growth in energy demand, as the global population and economy expand. Social trends that are prevalent today in specific regions or municipalities spread because technological advances make these choices universally economic. For example, individual auto ownership gives way to shared mobility. Mass transit and ride-sharing are accessible and cost effective for more people in more regions. Consumers shift purchases toward products and services that are viewed as environmentally responsible, and society demands more transparent environmental stewardship from the businesses they patronize. Governments target aggressive policies toward GHG emissions, fossil fuel production and consumption. Carbon pricing goes into effect across OECD countries during the mid-2020s and is \$30 per TeCO₂e in 2030, rising to \$80 in 2050. Again, China implements its proposed carbon pricing policy at 50% of the OECD price. Other non-OECD countries impose a very low \$5 per TeCO₂e price by 2030.

Global oil markets reach a peak by 2028 and remain near that level until tapering more quickly after 2035. The combination of internal combustion engine efficiencies and faster adoption of electric vehicles, which reach a 40% share of the passenger vehicle fleet by 2050, reduces oil demand in the transportation sector. Oil demand from the industrial sector grows for plastics and chemicals.

The global natural gas market grows by 25% from 2019 to 2050. Natural gas remains a prominent fuel in electricity generation but starts to yield market share to wind and solar in the latter years of the scenario. By the late 2040s, energy storage technology allows renewables to contribute a larger share of power generation. North America's gas production remains fairly flat, plateauing in about 2040 before declining.

Faster progression toward net-zero targets and higher carbon prices increase capital available to new technologies, but hydrogen and CCUS remain the frontrunners. Captured carbon increases to 2.7 gigatonnes by 2050, and advances in renewables-powered hydrogen technology expand the hydrogen market to around 300 million metric tons.

PARIS AGREEMENT SCENARIO

This scenario assumes technology breakthroughs, major social movements to reduce fossil fuel consumption and rapid global policy coordination to price GHG emissions at a level that materially reduces fossil fuel use and emissions. It also assumes that OECD countries and China implement a pricing³ mechanism by 2025 rising from \$50/TeCO₂e in 2030 to \$120 by 2050. Other non-OECD nations follow by imposing prices of \$10/TeCO₂e in 2030 rising to \$60 by 2050. The scenario assumes significant technological advances which reduce battery, wind and solar generation costs, improve fuel efficiencies for internal combustion engines (80% more fuel efficient by 2050), improve energy efficiency in buildings and lighting, and other impacts to energy production, delivery and consumption. Technology and efficiencies allow total energy demand in 2050 to be 25% below 2019's level with 50% of energy provided by non-fossil fuels.

The global oil market peaks in 2023, before significantly declining thereafter. Energy storage improvements lead to EVs achieving parity with internal combustion engine vehicles by the mid-2020s, thus incentivizing climate-conscious consumers

to purchase EVs. Consequently, 70% of the passenger automobile fleet is electric in 2050, and transportation sector demand falls to 25% of total oil demand. Oil supply dynamics evolve as most production occurs in OPEC countries and Russia and geopolitics play an even larger role in oil prices and the supply and price of oil.

The natural gas market peaks in 2024. Natural gas generates only 8% of global electricity in 2050, while wind and solar grow to produce 60% of electricity in 2050. Global gas demand shifts to emerging markets in Asia, the Middle East, CIS and Africa. Only 26% of global gas demand remains in North America and Europe. The market also becomes more reliant on OPEC and Russia for supply as North American gas output declines by over 58%.

In this scenario, countries and companies push for accelerated progression along net-zero pathways and implement supportive policies along with capital funding to progress new technologies. Hydrogen remains a front-runner, with blue (using CCS) and green hydrogen supporting increased petrochemical and industrial activities over the medium term. In the later part of the scenario, electrolysis costs fall sharply, and green hydrogen accelerates along with other new technologies, pushing out blue and grey (Steam Methane Reforming) hydrogen production. Thus, the overall hydrogen market grows to around 360 million metric tons in 2050. CCUS plays a critical role in emissions reduction, expanding to 3.4 gigatonnes by 2050.

Our scenarios have a wide range of assumptions regarding technological advances, government policies (e.g., carbon prices) and consumer behaviors leading to a range of oil and natural gas prices. We take this future price uncertainty into account in our strategy by using a fully burdened cost of supply as our primary criteria for capital allocation. Of the more than 20 billion barrels of resources with a cost of supply below \$40 per barrel held in our portfolio, the next decade of production can be produced at an average cost of supply below \$28 per barrel.

The scenarios are designed to address transitional risks. A separate scenario process addresses physical climate-related risk using consultant scenarios based on the Intergovernmental Panel on Climate Change (IPCC) modeling.

³ All carbon taxes are in 2019 dollars.

Key Strategic Linkages to our Scenario Planning

Our corporate strategy reflects several findings from our scenario analysis process. We have acted to:

- › Use a fully burdened cost of supply, including cost of carbon aligned with our current probability-weighted energy scenario, as an important metric in our project authorization process. In 2021, we had a resource base of over 20 billion barrels of oil equivalent with less than a \$40 per barrel cost of supply and an average cost of supply of less than \$30 per barrel. Our strategic objective is to provide resilience in lower price environments, with any oil price above our cost of supply generating an after-tax fully burdened rate of return greater than 10%.
- › Prepare for diverse policy environments by maintaining a less than \$40 per barrel of oil equivalent sustaining price that could generate the cash to fund capital expenditure to keep production flat over time and generate competitive returns to shareholders.
- › Maintain diversification in our portfolio to be able to balance our production and capital expenditures as commodity prices become more volatile.
- › Provide competitive distributions from cash flows to investors.
- › Identify and fund emissions reduction projects to reduce the impact of any future regulations, or the introduction of carbon prices or taxes, and help maintain a low life-cycle cost of supply. We have upgraded the use of a marginal abatement cost curve (MACC) in long-range planning to identify the most cost-effective emissions reduction opportunities available to the company globally. These process upgrades have resulted in more efficient collection, recording, sharing and funding of emissions reduction projects.
- › Introduce a proxy cost of carbon into qualifying project economics to help us be more resilient to climate-related risk in the short- to medium-term and provide the flexibility to remain resilient in the long-term.
- › Focus near-term technology investments on reducing both our costs and our emissions where economically feasible.
- › Monitor for potential disruptive technologies that might impact the market for natural gas or oil, enabling us to take advantage of our capital flexibility and reduce our exposure to lower commodity prices at an early point in time.

- › Focus on the carbon and cost competitive supply of natural gas and oil while continuing to utilize our scenario planning system to monitor and assess additional business opportunities within the evolving energy transition.
- › Pursue hydrogen production and carbon sequestration as potentially attractive investments in meeting transition demand for low carbon energy.
- › Monitor global regulatory and legislative developments and engage in development of pragmatic policies aligned with the climate policy principles outlined in our Global Climate Change Position.

Near-, Medium- and Long-Term Risks

As described in the Risk Management section, we evaluate and track our climate-related risk through our SD Risk Register and Climate Change Action Plan. Those risks broadly fall into four categories:

- › GHG related policy.
- › Emissions and emissions management.
- › Climate-related disclosure and reporting.
- › Physical climate-related impacts.

The time horizons we use for climate-related issues are based on the time taken for the risks to manifest themselves, our planning time horizons and the time required to realize the majority of the net present value of our projects.

Near-Term Risks

Our near-term time horizon is one to five years, during which we can complete short-cycle drilling campaigns and small projects. Our GHG forecasting and financial planning processes are used to determine risks and opportunities that could have a material financial impact for that period. Our near-term climate-related risks are generally government policy-related and managed at the business unit level through policy advocacy and technology to reduce emissions.

Regulations to address climate-related risk, including GHG emissions, are a near-term risk for several of our businesses. For example, regulations issued by the Alberta government under the Emissions Management and Climate Resilience Act require any facility existing in 2016, with emissions equal to or greater than 100,000 metric tons of carbon dioxide or equivalent

per year, to reduce its net emissions intensity, with reduction increases over time. The cost of compliance and investment in emissions intensity reduction technologies influence investment decisions for the Canada business unit, where we are purchasing carbon offsets while evaluating and developing technology opportunities to reduce emissions for existing and new facilities. Good examples of technology developments that decrease GHG intensity are our commercialization of non-condensable gas co-injection at our oil sands operations which improves our steam-to-oil ratios by 20-30%, and the piloting of steam additives which has the potential for a 20% improvement to our steam-to-oil ratio.

GHG emissions costs, or carbon costs, are another near-term risk in some jurisdictions where we operate. For example, in Norway, we are managing carbon cost risk with specific actions to study operational emissions reduction opportunities and evaluate project economics with the Norwegian carbon fee and European Union CO₂ emissions costs included.

While a price on carbon in the U.S. will increase our costs and decrease demand for our product, we support a well-designed pricing regime on carbon emissions as the most effective and predictable policy action to reduce GHG emissions across the economy. By enacting a legislative requirement for a price on carbon, the U.S. would also maintain the energy advantage it currently has while at the same time building credibility with OECD countries and incentivizing other countries to also adopt a price on carbon. We are members of the Carbon Pricing Leadership Coalition (CPLC), a voluntary initiative working to catalyze action towards the successful implementation of carbon pricing around the world. We are a Founding Member of the Climate Leadership Council (CLC), a collaboration of business and environmental interests working to develop a carbon dividend plan for the U.S. The plan has four key pillars: a gradually increasing price on carbon, a carbon dividend, border carbon adjustments and regulatory simplification.

[Read more about the carbon dividend plan on our website.](#)

Medium-Term Risks

Our medium-term time horizon is six to 10 years, during which we can complete most major projects and revise our portfolio significantly if required. Our GHG forecasting and financial planning processes are used to determine the risks and opportunities that could have a material financial impact for that period. Medium-term risks take longer to impact

our business and may include emerging policy that is not yet fully defined. These risks are managed by business unit planning but, if significant, may also be managed by corporate strategies and company-wide risk assessments.

Offset requirements have been identified as both a medium-term risk and as an opportunity for some business units where carbon offsets can be used for compliance with an emissions reduction program.

Chronic physical changes are a medium-term risk for some of our operations. Temperature extremes could impact facilities located in Arctic regions if warmer temperatures reduce the length of the ice road season and restrict well and facility construction times. Mitigation measures include pre-packing to extend the start the of the ice road season, and constructing and maintaining gravel roads to be resilient to permafrost thawing.

Long-Term Risks

Our long-term time horizon is 11 years and beyond. Generally, long-term risks are managed by our scenario analysis and Climate Risk Strategy, as they include long-term government policy, technology trends and consumer preferences that affect supply and demand. They may also include risks that align with long-term physical climate scenarios.

We recognize that our GHG intensity will be compared against peers, so we track this as a competitive risk at the corporate level. Investors, the financial sector and other stakeholders compare companies based on climate-related performance, and GHG intensity is a key indicator. For this reason, our GHG intensity target aligns with the long-term time horizon to ensure we manage the risk appropriately. It also demonstrates our goal to be a leader in managing climate-related risk.

Both chronic and acute physical climate risks are a long-term risk for our business. In some parts of the U.S. we have identified potential storm severity as a risk for future operations, based on previous storms and flooding. Consensus science suggests that future extreme weather events may become more intense or more frequent, thus potentially adding incremental risk to our operations in coastal regions and areas susceptible to typhoons or hurricanes. We have a crisis management system in place to manage that risk before, during and after a storm event.

Risk Response – Climate Change Action Plan

Our Climate Change Action Plan addresses the significant or high risks from our SD Risk Register and includes milestones over a number of years. Actions within the plan address individual risks identified by our business units or

global/regional risks identified by our central corporate staff. For example, both chronic and physical climate-related impacts are more likely to apply to a single business unit, given the specific local nature of the risk and geographical location of our assets. Actions relate to specific business units unless indicated as “global.”

CLIMATE CHANGE ACTION PLAN

RISKS	2021 MITIGATION ACTIONS AND MILESTONES
GHG POLICY	
Climate change policy, including carbon taxes	<ul style="list-style-type: none"> • Review global emerging issues with Sustainability and Public Policy Executive Council on a regular basis. • Work with Climate Leadership Council and API Climate Working Group to develop U.S. carbon tax framework; advocate for a carbon price through the Climate Leadership Council. • Directly engage governments on evolving climate policy and monitor policy developments. • Use carbon price in base case long-range planning and forecasting; elevate GHG forecasting guidelines to a company practice. • Focus on operational efficiency globally to reduce GHG intensity. • Continue implementation of Climate Risk Strategy including energy transition plan with updated targets. • Improve GHG data collection efforts and advance MACC emissions reduction projects, plans and pilots and low-carbon ideas. • Continue integration of BU Climate Risk Strategy and development. • Consider future renewable energy projects to power our operations where operationally and economically feasible and monitor new opportunities.
GHG offset requirements and carbon capture and storage	<ul style="list-style-type: none"> • Establish global corporate position and strategy on carbon offsets purchases and carbon capture and storage. • Expand Low Carbon Technologies organization to explore novel technology and investments. • Explore implementing CCS technology in project design and planning and identify suitable offset projects.
EMISSIONS AND EMISSIONS MANAGEMENT	
GHG emissions regulations	<ul style="list-style-type: none"> • Support enactment of cost-effective federal methane regulations on new and existing sources that would preserve a state's ability to adapt implementation to local conditions. • Develop U.S. flare reduction plans including revising commercial agreements to incorporate flare reduction incentives. • Explore new technology solutions and facility improvements to meet methane and flaring reduction targets. • Continue regulatory advocacy efforts around methane and flaring. • Work with industry trade groups and task forces to respond to proposed GHG regulations.
PHYSICAL CLIMATE-RELATED IMPACTS	
Acute and chronic physical risks	<ul style="list-style-type: none"> • Develop global physical risk assessment guidelines for business units and continue with ongoing review cycle. • Increase application of mitigation measures (fresh water use minimization) in project design phase and adjust project execution timing based on water availability. Investigate alternative sources for water (e.g. pipelines, desalination, etc.). Monitor stream flow and use forecast exercises to identify potential water availability concerns in upcoming development. • Continue assessment of risk of permafrost thaw for construction of new infrastructure and implementation of mitigation measures. Investigate effective approaches for monitoring permafrost thaw and thaw degree days. • Execute emergency response plan exercises, drills and training for wildfire threats. Integrate development of planning with regional forest company's harvest timeline to enable landscape-scale resource management which could reduce forest fuel near the asset.

Addressing Climate-Related Risks with Strategic Planning

Business and Strategy

Climate-related risks have the potential to impact our business in several ways. Our SD risk management processes identify those risks and assess the potential size, scope and prioritization of each. We have aligned a description of these impacts with the recommendations of the [Task Force on Climate-related Financial Disclosures](#) (TCFD).

PRODUCTS AND SERVICES

Compliance with policy changes that create a GHG tax, fee, emissions trading scheme or GHG reductions could significantly increase product costs for consumers and reduce demand for natural gas- and oil-derived products. Demand could also be eroded by conservation plans and efforts undertaken in response to global climate-related risk, including plans developed in connection with the Paris Agreement. Many governments also provide, or may in the future provide, tax advantages and other subsidies to support the use and development of alternative energy technologies that could impact demand for our products. However, there are also opportunities associated with increased demand for lower-carbon energy sources such as natural gas to displace coal in power generation and in combination with carbon capture and storage in the production of hydrogen for industrial use.

Our scenario analysis indicates that as the energy sector transitions, it will be important to be competitive on both cost of supply and GHG emissions intensity. We have adjusted our portfolio to concentrate on lower-cost production and have divested some of our natural gas and oil sands fields with higher emissions intensity. We have also set a GHG emissions intensity reduction target for our Scope 1 and Scope 2 emissions.

SUPPLY CHAIN AND/OR VALUE CHAIN

We [engage with suppliers](#) on the environmental and social aspects of their operations through each step of the procurement process, from supplier prequalification through supplier performance evaluation. This includes communicating our expectations and priorities and identifying opportunities for improvement and collaboration related to climate issues,

including energy use, GHG management and environmental supply chain risks. We continually work with suppliers to find opportunities for GHG reductions in our operations and engage with them for alignment with our energy transition plan. We engage with suppliers through the bidding process with questions on supplier GHG emissions and their own Scope 1 and 2 emissions reduction targets.

We also engage through membership in several trade associations, such as IPIECA, that address climate-related issues through working groups and task forces that include downstream businesses as well as suppliers. We continue to monitor climate-related risks and opportunities related to our supply chain and value chain and believe that maintaining a global network of businesses and suppliers will mitigate physical climate-related risks.

ADAPTATION AND MITIGATION ACTIVITIES

While our business operations are designed and operated to accommodate a range of potential climate conditions, significant changes, such as more frequent severe weather in the markets we serve or the areas where our assets are located, could cause increased expenses and impact to our operations. The costs associated with interrupted operations will depend on the duration and severity of any physical event and the damage and remedial work to be carried out. Financial implications could include business interruption, damage or loss of production uptime and delayed access to resources and markets. For example, a three-day shutdown of all U.S. Gulf Coast production would cause 732 MBOED in lost production. It is unlikely all our Gulf Coast area production would be affected, as our operations are located across a wide span of the coast including inland and offshore assets.

Business-resiliency planning is a process that helps us prepare to mitigate potential physical risks of a changing climate in a cost-effective manner. For example, in 2021, British Columbia, Canada experienced one of its worst fire seasons on record. The Montney development team has been making a concerted effort to situate pads within existing cut blocks where timber has been cleared to minimize the risk from increased wildfire activity. Similarly, in response to previous years' increased wildfire activity in Alberta, our Surmont team undertook reactive forest fuel reductions near critical infrastructure. The team also installed a continuous monitoring

sensor for particulate matter at our air quality monitoring trailer at Surmont to protect human health. In addition to mitigating fire risk, the Canada BU has also addressed increased surface water flow from high-frequency and short-duration storm events in Surmont with increased on-site training for managing the movement of water from well pads and central processing facilities. This proactive surface water management is critical in preventing on-site erosion from damaging critical infrastructure.

In 2021, our Australia Business Unit conducted climate water catchment-level modeling to inform a drought risk assessment to determine future impacts to water supply. Results showed that long-term evaporation and long-term and severe drought duration are projected to increase over the next 30 years in the local area. To mitigate this potential risk, both ConocoPhillips and the local water authority are investigating supplementary water supplies from alternate sources. We will use results from this, and future updates to the risk assessment, to plan for water availability in future operations as we adapt our practices to a changing climate.

Climate change is also considered during new project design. In 2019 in our Alaska BU, we updated our Foundational Design Specification to increase the embedment depths for vertical support members and piles to align with predicted soil temperature trends. This revision updates the specification based on temperature trends and geothermal modeling predictions from 2020 through 2070. Use of the Foundational Design Specification continues to date.

RESEARCH AND DEVELOPMENT

Technology will play a major role in addressing GHG emissions, whether through reducing fugitive emissions or lowering the energy intensity of our operations or value chain. One way we incentivized and accelerated new technology development was through our involvement in the Carbon XPRIZE project in Canada, beginning in 2015. Seven of Canada's Oil Sands Innovation Alliance (COSIA) member

companies, led by ConocoPhillips Canada, partnered with NRG Energy, an integrated power company in the U.S., to back a global competition to research technologies to capture and transform CO₂ into valuable products. Ten finalist teams competed for \$20 million, with the competition concluding in early 2021. [Read and view more about the Carbon XPRIZE teams on our website](#). The two teams that converted the greatest amount of CO₂ into products with the highest net value while minimizing their environmental footprint were selected as the grand prize winners.

Another way we support technology development is through our annual marginal abatement cost curve (MACC) process. The MACC process identifies and prioritizes our emissions reduction opportunities from operations based on the cost per tonne of carbon dioxide equivalent abated. This data helps identify projects that might become viable in the future through further research, development and deployment. As a result of this work, we have focused our near-term technology investments on reducing both costs and emissions where feasible, such as improving the steam-to-oil ratio in the oil sands. Part of a new research and development effort is a multilateral well technology pilot, which enables the drilling of multiple lateral sections without the need for additional aboveground capital or additional steam injection, thereby reducing emissions intensity and operating costs.

Over the past four years we have spent more than \$450 million on research and development, equipment, products and services which have reduced our GHG emissions. Large-scale commercial deployment projects include:

- › Eliminating the majority of methane emissions by using air, rather than natural gas, to drive equipment at our Montney development in Canada.
- › Reducing emissions by electrifying plant and pad equipment in Alaska.
- › Installing vapor recovery systems to capture methane emissions and avoid flaring in Lower 48.

INVESTMENTS WHICH REDUCED GHG EMISSIONS¹

TECHNOLOGY AREA	STAGE OF DEVELOPMENT	2018-2021 INVESTMENTS
Energy efficiency	Applied research and development	\$4 million
	Pilot demonstration	\$46 million
	Small-scale commercial deployment	\$1 million
	Large-scale commercial deployment	\$205 million
Methane detection and reduction	Applied research and development	\$4 million
	Pilot demonstration	\$2 million
	Small-scale commercial deployment	\$13 million
	Large-scale commercial deployment	\$31 million
Other emissions reductions	Applied research and development	\$2 million
	Pilot demonstration	\$8 million
	Small-scale commercial deployment	\$3 million
	Large-scale commercial deployment	\$137 million

¹ Investment figures are estimated.

OPERATIONS

We have acted to mitigate our Scope 1 and 2 GHG emissions for many years. Our first Climate Change Action Plan was introduced in 2008. In 2017, we introduced a GHG emissions intensity target to incentivize reductions in our production operations as well as project design, exploration and portfolio decisions. To date, this has resulted in a reduction of both our emissions intensity and our absolute emissions. Most of the reduction projects carried out since 2008 have paid for themselves through increased sales of natural gas. Around two-thirds of the projects relate to the reduced emissions of methane from reducing venting, updating plunger lifts or replacing pneumatic controllers.

To continue those reductions, we have set up regional teams in North America, Australia, Southeast Asia and Europe to use the MACC process to identify energy efficiency projects for consideration in the Long-Range Plan. By evaluating our day-to-day decisions regarding flaring, drilling, completions

and equipment use we have gained a sharper focus on energy consumption, along with increased revenue, reduced energy costs, reduced emissions and an improved overall cost of supply.

[Read more about our MACC process and the Net-Zero Roadmap on our website.](#)

We are one of more than 100 companies participating in [The Environmental Partnership](#), a coalition of natural gas and oil companies focused on accelerating environmental performance improvements from operations across the United States. The partnership prioritizes managing methane emissions and aligns with our focus on emissions reductions and high environmental standards.

Financial Planning

We take climate-related issues into account in our financial planning in several ways. In the short-to-medium term, we use a range of commodity prices derived from our scenario work. In the longer term our scenarios provide insight into the possibilities for future supply, demand and price of key commodities. This helps us understand a range of risk around commodity prices, and the potential price risk associated with various GHG reduction scenarios. History has shown an interdependency between commodity prices and operating and capital costs. In the past, lower commodity prices have driven down operating and capital costs, whereas the opposite has been true when commodity prices have risen. We have aligned a description of the potential impacts on financial planning with the recommendations of the TCFD.

OPERATING COSTS AND REVENUES

New or changing climate-related policy can impact our costs, demand for fossil fuels, the cost and availability of capital and exposure to litigation. The long-term impact on our financial performance, either positive or negative, will depend on several factors, including:

- › Extent and timing of policy.
- › Implementation detail such as cap-and-trade or an emissions tax or fee system.
- › GHG reductions required.
- › Level of carbon price.
- › Price, availability and allowability of offsets.
- › Amount and allocation of allowances.
- › Technological and scientific developments leading to new products or services.
- › Potential physical climate effects, such as increased severe-weather events, changes in sea levels and changes in temperature.
- › Extent to which increased compliance costs are reflected in the prices of our products and services.

The long-term financial impact from GHG regulations is impossible to predict accurately, but we expect the geographical reach of regulations and their associated costs to increase over time. We model such increases and test our portfolio in our long-term transitional scenarios.

CAPITAL EXPENDITURES AND ALLOCATION

We test our current portfolio of assets and investment opportunities against the future prices generated from our corporate scenarios and identify where weaknesses may exist, assisting with our capital allocation. As a result of our strategy and scenario work, we have focused capital on lower cost-of-supply resources, reducing our investments in oil sands and exiting deep water while increasing our investments in unconventional oil projects. Following acquisitions in the Permian in 2021, we have dramatically high-graded our portfolio on the basis of both cost of supply and GHG intensity and established capital allocation criteria that ensure investments are directed to resources that best match transition demand.

ACQUISITIONS AND DIVESTMENTS

Business development decisions consider the impact to our portfolio from the financial, operational and sustainability perspectives. In our long-range planning process, we run sensitivities on our GHG emissions intensity based on possible acquisitions, divestments and project decisions. We focus on cost of supply to account for lower and more volatile product prices and possible introduction of carbon taxes. In recent years, we have divested assets with higher emissions intensity, such as oil sands and some older gas fields.

ACCESS TO CAPITAL

In addition to cost of supply and carbon, we also strive to compete more effectively by earning the confidence and trust of the communities in which we operate, as well as our equity and debt holders. We consider how our relative environmental, social and governance performance could affect our standing with investors and the financial sector, including banks and credit-rating agencies. An important priority in our corporate strategy has been to pay down debt and target an “A” credit rating to maintain, facilitate and ensure access to capital through commodity price cycles.

CARBON ASSET RISK

Scenario analysis and our Climate Risk Strategy help build optionality into our strategic plans to reduce the risk of stranded assets. Key elements of our climate-related risk

management process include:

- › Considering a range of possible future carbon-constraint scenarios.
- › Developing strategic alternatives to manage shareholder value in a future with uncertain carbon constraints.
- › Testing strategies and asset portfolios in various scenarios.
- › Incorporating risk mitigation actions into the Long-Range Plan and Climate Change Action Plan.

We have taken action to reduce our cost of supply and are the only oil and natural gas company to transparently disclose the full cost of supply of our resource base. Combined with our belief that we have the lowest sustaining capital required to maintain flat production among our peers, this demonstrates a competitive advantage in reducing carbon asset risk. The

cost of supply of our resource base supports our assertion that resources with the lowest cost of supply are most likely to be developed in scenarios with lower demand, such as the IEA's Sustainable Development Scenario.

All U.S. publicly traded companies must adhere to a consistent set of regulations that enable investors to evaluate and compare investment choices. We fully comply with rules and regulations, including for reporting natural gas and oil reserves. In order to meet the Securities and Exchange Commission requirement that reserve estimates be based on current economic conditions, our reported reserves are determined by applying a carbon tax only in jurisdictions with existing carbon tax requirements. We have also increased our disclosure over the years to offer investors and stakeholders additional insights into the processes and procedures we use to manage climate-related risks, including carbon asset risk.

COST OF COMPLIANCE WITH CARBON LEGISLATION

CLIMATE LEGISLATION	2021 COST OF COMPLIANCE, NET SHARE BEFORE TAX (\$USD APPROX)	OPERATIONS SUBJECT TO LEGISLATION	PERCENT OF 2021 PRODUCTION ¹
European Emissions Trading Scheme (EUETS)	\$19 million	U.K., Norway	9
U.K. Emissions Trading Scheme (U.K. ETS)	\$3 million	U.K.	0
Norwegian Carbon Fee	\$35 million	Norway	9
Alberta Technology Innovation and Emissions Reduction (TIER)	\$1 million	Canada	5
British Columbia and Alberta Carbon Tax	\$6 million	Canada	6

¹ 2021 country production over total production; cost of GHG emissions may only apply to some of our assets or to a portion of our emissions over a set baseline.

GHG PRICE

We use GHG pricing to navigate GHG regulations, change internal behavior, drive energy efficiency and low-carbon investment, and stress test investments. In 2021, the company used a range of estimated future costs of GHG emissions for internal planning purposes, including an estimate of \$60 per tonne CO₂e applied beginning in the year 2024 as a sensitivity to evaluate certain future projects and opportunities. We have further developed the methodology by which qualifying projects will include GHG pricing in their project approval economics and long-term planning. The base case for project approval economics and planning will now include either the forecast of existing GHG pricing regulations or our current probability-weighted energy transition scenario for that jurisdiction, depending on which is higher. Where there is no

GHG price regulation, we use the current transition scenario for that jurisdiction. We also run two sensitivities:

- › With only existing carbon pricing regulations, to reflect near-term cash more accurately.
- › With a sensitivity of \$60 per tonne CO₂e, increased from \$40 per tonne, to act as a stress test to reduce the risk of stranded assets should climate regulation accelerate.

This ensures that both existing and emerging regulatory requirements are considered in our planning and decision making.

In accordance with SEC guidelines, the company does not use an estimated market cost of GHG emissions when assessing reserves in jurisdictions without existing GHG regulations.

Plan for the Net-Zero Energy Transition

In addition to addressing climate-related risks to our business, strategy, and financial plans, we have also identified an approach to address risks specific to the energy transition.

In early 2022, we published our plan for the Net-Zero Energy

Transition (the “plan”) in our proxy statement.⁴ The plan is built upon the company’s “Triple Mandate,” which is focused on three objectives that are integral to our strategic goals: meet transition pathway demand, deliver competitive returns and achieve our net-zero emissions ambitions. The company’s plan is summarized below, with updates to our prior objectives in response to investor feedback and internal analyses noted.

We rely on solar power for some operations at the El Jefe well in the Permian Basin.



THE ENERGY TRANSITION CHALLENGE

Meeting the central aim of the Paris Agreement to strengthen the response to climate change is a worldwide imperative for which governments and companies alike have adopted net-zero ambitions. The resulting energy transition will be complex, with many possible pathways and uncertainties – more likely an evolution than a near-term step-change. We acknowledge the importance of limiting global average temperature increases and achieving a climate-neutral world by midcentury. ConocoPhillips is applying its strategic capabilities and resources to meet this challenge in an economically viable, accountable and actionable way that balances the interests of our stakeholders. Our goal is to support an orderly transition that matches supply to demand and focuses on returns on and of capital while safely and responsibly delivering affordable energy.

⁴ The Plan for the Net-Zero Energy Transition, as published in the 2022 Proxy Statement, can be viewed in full [on our website](#). Sections of the plan have been reorganized to align with TCFD and current reporting structure. Any updates since first publication will be captured in this report.

Our plan describes how the company will:

- › **Build a resilient asset portfolio:** Focus on low cost of supply and low GHG intensity resources that meet transition pathway energy demand.
- › **Commit to near-, medium- and long-term targets:** Reducing operational (Scope 1 and 2) emissions over which we have ownership and control, with an ambition to become a net-zero company for Scope 1 and 2 emissions by 2050. These targets include:
 - Strengthening our previously announced operational GHG emissions intensity reduction target to 40-50% by 2030 and expanding it to apply to both a gross operated and net equity basis to ensure active engagement in our non-operated investments.
 - Meeting a further 10% reduction target for methane emissions intensity by 2025 from our 2019 baseline, building upon the 65% reduction we have made since 2015.
 - Aiming to achieve zero routine flaring by 2025, five years sooner than the World Bank initiative's goal of 2030.
- › **Address end-use emissions:** Advocate for a well-designed, economy-wide price on carbon that would help shift consumer demand from high-carbon to low-carbon energy sources.
- › **Pursue transition opportunities:** Evaluate potential investments in emerging energy transition and low carbon technologies. During 2021 our efforts included:
 - Establishing a multi-disciplinary Low Carbon Technologies organization to support achievement of our net-zero operational emissions ambition, as well as to identify and evaluate business opportunities that address end-use emissions and early-stage low-carbon technology opportunities that would leverage our existing expertise and adjacencies.
 - Allocating \$200 million in the 2022 capital budget to advance energy transition activities, the majority of which will address Scope 1 and 2 emissions reduction projects across our global operations, with the rest allocated for early-stage low-carbon technology opportunities.

- › **Track the energy transition:** Utilize a comprehensive scenario planning process to calibrate and understand alternative energy transition pathways and test the resilience of our corporate strategy to climate risk.
- › **Maintain capital discipline:** Use scenario analysis and a fully burdened cost of supply, including cost of carbon, as the primary basis for capital allocation.

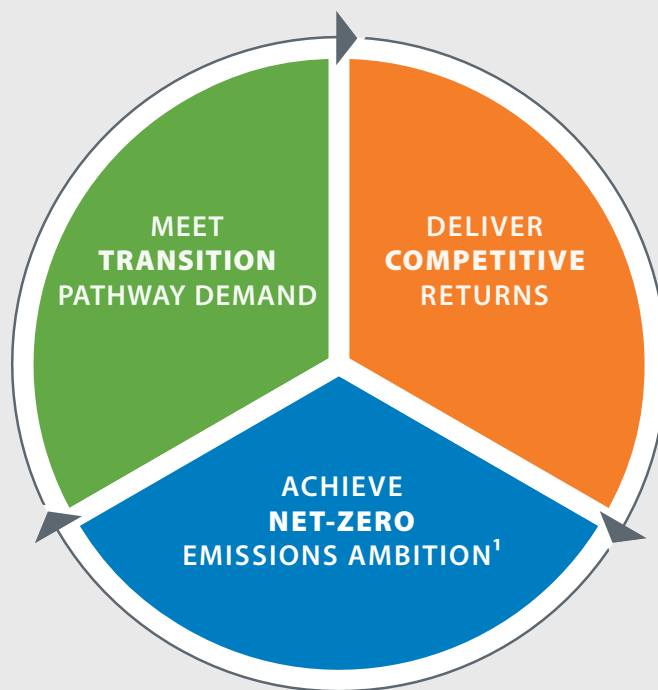
Our plan does not include a Scope 3 (end-use) emissions target. A Scope 3 target for an exploration and production company represents a prescribed curtailment of production and a shift of capital away from existing transition demand, whereas our responsibility to shareholders is to strongly compete for that demand. We do so by striving for the lowest cost of supply, lowest GHG intensity production. We are taking separate responsibility for encouraging a shift to low-carbon sources of energy by providing tangible support for carbon pricing, which would encourage changes in the choices made by end users.

The plan has been endorsed by the full Board of Directors and is designed to help investors and other stakeholders gain an understanding of the valued role ConocoPhillips intends to play in an orderly energy transition. The plan also supports our aim to be a best-in-class E&P company. Through our ongoing consideration of transition scenarios, the strategic planning process and stakeholder engagement, we expect the plan to continue evolving as the energy transition progresses over time.

Our Triple Mandate

ConocoPhillips intends to play a valued role in the energy transition by delivering on three objectives: responsibly meeting transition pathway energy demand, delivering competitive returns on and of capital, and achieving our net-zero emissions ambition. We call this the Triple Mandate, and it represents our commitment to create long-term value for our stakeholders.

First, meeting transition pathway energy demand requires a focus on delivering production that will best compete in any transition scenario. This production will be delivered from resources with a competitive cost of supply and low GHG intensity, as well as diversity by market and asset type. Next, in delivering competitive returns, ConocoPhillips has been a leader in shifting the exploration and production sector's value proposition away from one focused on production toward one focused on returns. Finally, to drive accountability for the emissions that are within our control, we are progressing toward achieving our net-zero Scope 1 and 2 emissions ambition via a continuous pipeline of projects with short-, medium-, and long-term emissions reduction targets.



¹ Scope 1 and 2 emissions on a net equity and gross operated basis.

Strategic Flexibility

A robust and flexible corporate strategy will be key to navigating the energy transition. The three key strategy components for an exploration and production company are portfolio, capital allocation and management of uncertainty. We manage uncertainty by focusing on the fundamental characteristics that drive competitive advantage in a commodity business – a low sustaining price, low cost of supply, low decline rates and low capital intensity that drive free cash flow, capital flexibility and a strong balance sheet. Based on our scenario analysis and monitoring of signposts, we decide when we should act and which actions to take.

RELIABLE AND RESILIENT RETURNS

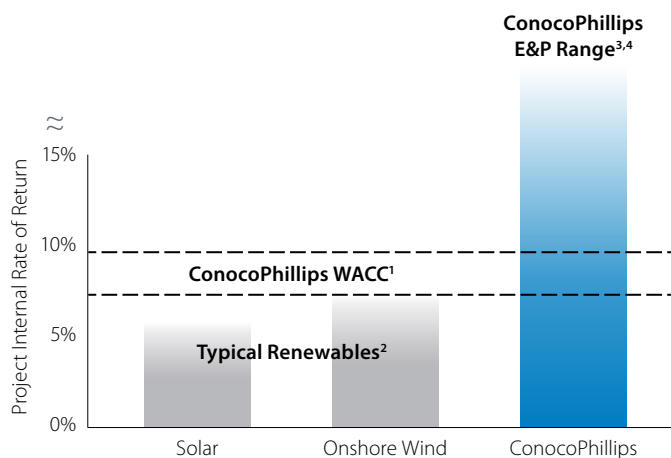
Our resilience is based on our ability to deliver competitive returns on and of capital. Our solution to prior sector-wide underperformance has been continual improvement to the underlying cost of supply of our portfolio, committing

to >30% return of cash from operations to shareholders, balance sheet strength and moderating growth by holding to disciplined reinvestment rates. Rates of return for our E&P projects are well above our weighted average cost of capital (WACC), and also well above current returns for some common types of renewable energy investments. We have communicated to stakeholders a credible 10-year strategic plan intended to generate double-digit returns on capital employed that are competitive with overall market returns.

Appreciating that oil and natural gas are projected to remain essential parts of the energy supply mix in coming decades across a broad range of scenarios, ConocoPhillips intends to maintain its key market role through resilience to transition-related risks. We focus on remaining resilient and competitive in any transition scenario by providing low-cost, low-GHG, best-in-class ESG production.

RENEWABLES PLAY A SIGNIFICANT ROLE IN MEETING FUTURE DEMAND, BUT RETURNS DO NOT YET COMPETE

Current Project Returns Comparison



¹ Bloomberg. Weighted average cost of capital (WACC).

² WoodMac.

³ Internal estimates.

⁴ \$50/BBL WTI in 2020 dollars, escalating at 2% annually.

On any possible energy transition pathway, the company, our stakeholders and the financial sector must grapple with the questions of transition direction and pace, their trade-offs and how best to manage climate-related risks and opportunities. This emphasizes the importance of maintaining strategic capability to contribute to an orderly transition through scenario-based planning, portfolio resilience, sound financial standing, qualified people and well-developed processes.

COST OF SUPPLY

Cost of supply is the WTI equivalent price that generates 10% after-tax return on a point-forward and fully burdened basis. In our definition, cost of supply is fully burdened with capital infrastructure, foreign exchange, price-related inflation, G&A and carbon tax (if currently assessed). If no carbon tax exists for the asset, carbon pricing aligned with internal energy scenarios are applied. Cost of supply is the primary metric that we use for capital allocation, and it has the advantage of being independent of price forecasts. Any oil price above the cost of supply will generate an after-tax fully burdened return that is greater than 10%.

The cost of supply of our resource base supports our assertion that resources with the lowest cost of supply are most likely to be developed in scenarios with lower demand, such as the IEA's Sustainable Development Scenario. As of year-end 2021, we held resources of more than 20 billion barrels of oil equivalent (BOE) with a cost of supply below \$40 per barrel WTI and an average cost of supply of approximately \$30 per barrel WTI. Over the next decade, we will produce approximately 7 billion barrels of resource with an average cost of supply below \$28 per barrel diversified across the regions described below.

In recent years we have dramatically high-graded our portfolio and implemented stringent capital allocation criteria that direct investments to resources that will best match transition demand. Over the next 10 years, our focus is on assets that have both a low cost of supply and lower GHG intensity. Importantly, each asset type competes within its unique market (e.g., LNG, oil sands) where they compete on the basis of their relative GHG intensity and cost of supply. Our portfolio of assets compete within their respective markets, meet high ESG performance standards and provide additional resilience through asset and global diversity.

Just as the company is focused on developing resources with low cost of supply, we are equally focused on developing low GHG intensity resources as these are the resources most likely to compete in any future energy transition pathway.

OIL PRICES BY IEA SCENARIO

\$/BBL

	STEPS ¹	APC ²	SDS ³	NZE ⁴
US \$ 2020 Real in 2020	42	42	42	42
US \$ 2020 Real in 2030	77	67	56	35
US \$ 2020 Real in 2050	88	64	50	24

¹ Stated Energy Policies Scenario

² Announced Pledges Case: Net-zero pledges

³ Sustainable Development Scenario: Meet clean air, energy access and climate SDGs

⁴ Net-Zero Emissions by 2050 Scenario: Roadmap to 2050.

PORTFOLIO DIVERSIFICATION

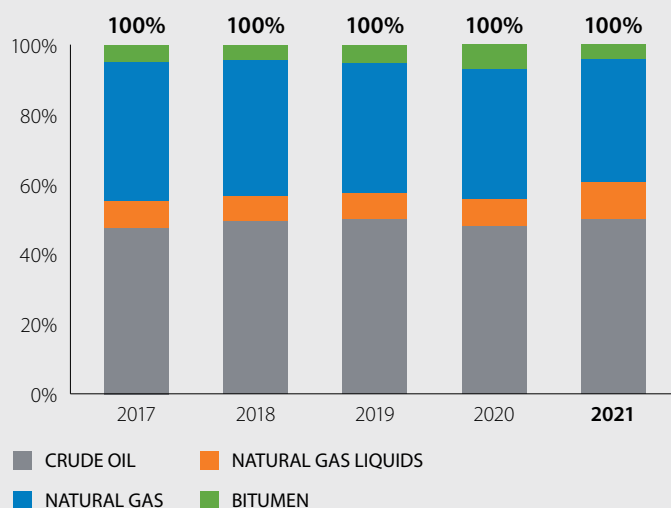
The mix and location of the resources in our portfolio demonstrate flexibility and the ability to adapt to change as we monitor scenarios and global trends. Our short-cycle project times and capital flexibility enable us to redirect capital to the most competitive basins. Our extensive low cost of supply resource base allows us to divest higher cost assets to high-grade our portfolio as our strategy evolves. This applies to both hydrocarbon mix and geographic region. If policy in a country or region significantly impacts cost of supply, we can shift capital to other opportunities. Examples include our

presence in the oil sands business in Canada and in North American natural gas. Changing market fundamentals led us to significantly reduce our focus on both, while our portfolio diversity enabled expansion in other areas.

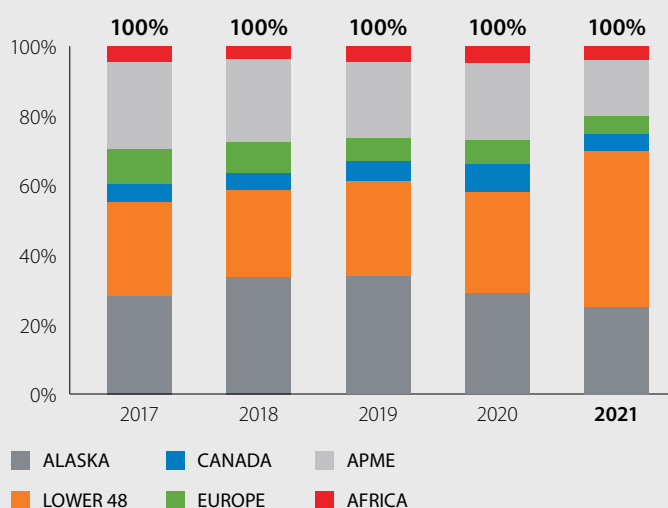
CAPITAL AND OPERATING SPEND

Our strategy is also made more robust by discipline in capital and operating costs. When oil prices started dropping in 2014, we were able to respond with changes to short- and long-term planning, as well as more cost-effective and efficient operations.

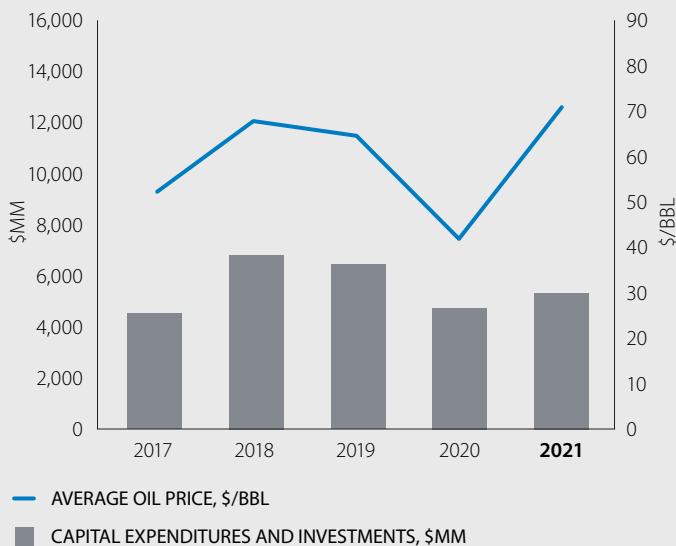
**PERCENT OF PROVED RESERVES
BY HYDROCARBON TYPE (NET EQUITY)**



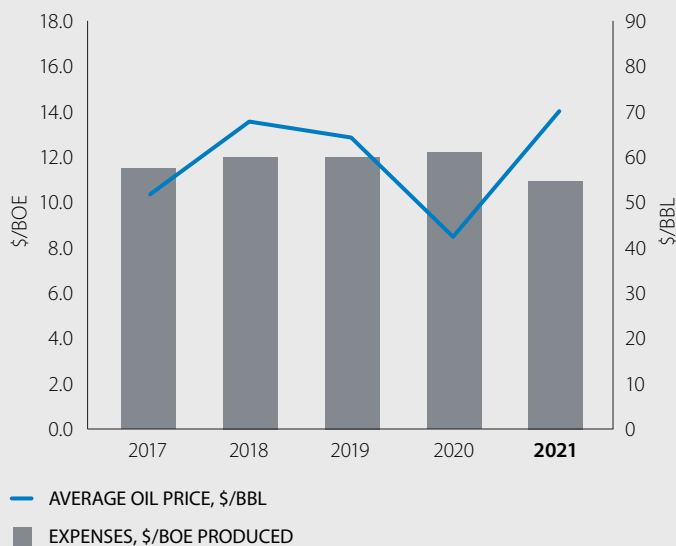
**PERCENT OF PROVED RESERVES
BY REGION (NET EQUITY)**



CAPITAL EXPENDITURES



EXPENSES



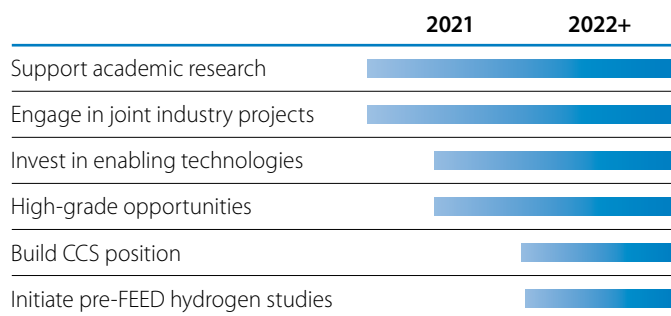
Participating in the Energy Transition – New Low Carbon Opportunities

In early 2021 we established, and continue to expand, a multi-disciplinary Low Carbon Technologies organization. Its remit is to develop the corporate Net-Zero Roadmap for Scope 1 and 2 emissions, understand the new energies landscape, and prioritize opportunities for future competitive investment. We are approaching this effort with the same discipline that we approach exploration in our traditional business, keeping seed costs low, leveraging competencies, identifying economically viable opportunities with materiality and flexibility, and only increasing investment once risks are managed and returns are assured.

The Low Carbon Technologies organization works across the company's business units to develop and implement region-specific Net-Zero Roadmaps with detailed, time-bound actions, identify technology solutions for hard-to-abate emissions, pilot new methods to reduce and accelerate emissions reductions, and evaluate newly emerging competitive opportunities. This organization also supported pre-development work in 2021 to evaluate large-scale wind energy opportunities to provide power for our operations in the Permian, North Sea and Bohai Bay.

CARBON CAPTURE AND STORAGE (CCS) AND HYDROGEN ACTIVITIES¹

The company has advanced its CCS and hydrogen positions through a variety of research and development activities.



¹ Shading indicates increasing planned intensity and maturity of our actions over time.

Reflecting the recommended TCFD report structure, the following components of the plan are detailed elsewhere in this report.

Reducing Scope 1 and 2 Emissions

Targets

Following through on near-, medium-, and long-term targets.

Measurement, Reporting and Verification (MRV)

Advancing MRV efforts of climate actions and GHG data to establish credibility and accountability around our targets.

Addressing Scope 3 Emissions

Advocacy

Articulating the need for demand-side actions and visibly advocating for a well-designed, economy-wide carbon price to address end-use emissions.

Supply Chain

Continually working with suppliers to find opportunities for GHG reductions in our operations.

ConocoPhillips recognizes the important role that carbon capture and storage (CCS) and hydrogen could play in decarbonizing the global economy. We intend to apply the company's disciplined growth approach to development of these new opportunities through clear investment criteria and a focused strategy. We have prioritized opportunities in these technologies as they offer potential for competitive returns and align closely with our technical competencies and global reach. As demonstrated in the figure to the left, we have recently taken actions to advance our positions in both technologies, including offering support to drive innovation.

We are looking for a variety of carbon offset projects that will start creating offsets by 2025, including nature-based options related to forestry and land use.



CARBON CAPTURE AND STORAGE

Development of CCS projects could benefit from our existing technical expertise in subsurface and our track record in the safe development and execution of major projects in the oil and gas industry. We have assembled an internal team of subsurface and surface experts, with support from our Land, Regulatory, Legal, Government Affairs, Commercial, Environmental and Sustainable Development and Stakeholder Relations teams, and are actively engaged in subsurface characterization, business development and land acquisition.

In 2021, we evaluated potential CO₂ storage sites along the Texas and Louisiana Gulf Coast to determine the feasibility of supplying CCS services to industrial emitters. We are also evaluating opportunities to deploy CCS in our own operations. For example, we recently joined the Oil Sands Pathways to Net-Zero Initiative, an alliance of Canada's top oil sands operators that is working toward achieving net-zero GHG emissions by 2050.

HYDROGEN

Over the last year we have also made early investments in enabling hydrogen technologies and continued our support of academic and industry research conducted to advance decarbonization efforts. Leveraging our global reach, we are evaluating and high-grading hydrogen and ammonia production and marketing opportunities, both domestic and international.

As our portfolio of CCS and hydrogen projects continues to mature, we look forward to sharing more details and updates with our stakeholders.

OFFSETS

While achieving our net-zero emissions ambition will primarily be driven by emissions reductions, we recognize that offsets may be required to mitigate some residual hard-to-abate emissions. Given the many entities setting net-zero emissions targets, the market for offsets is anticipated to have strong growth by 2050. After evaluating options and alternatives,

we have designed a flexible, fit-for-purpose strategy to develop and invest in voluntary offsets beginning in 2022, helping secure credible lower-cost market entry in anticipation of growing long-term demand.

We plan to develop and support our own offset projects and make diversified investments in offset projects or funds. Our focus will be on countries/regions in which we operate or have land holdings. While at present we do not anticipate the need to utilize offsets to meet our medium-term targets, we plan to begin investing now to secure a lower-cost position for the future. We are looking for a variety of project types that will start creating offsets by 2025, including:

- › Nature-based: Relating to forestry and land use, wetlands, agricultural improvements, and grasslands or soil enrichment.

- › Technology-based: Relating to energy efficiency, fuel switching, abandoned well management, waste disposal and fugitive emissions reductions.
- › Other projects that sustainably meet energy demand, while removing or reducing the GHG emissions from that energy.

In addition to these criteria, we emphasize the need for durability of the reductions and leakage minimization, as well as community, conservation, and biodiversity co-benefits that will create and increase commercial value for the projects, even if they are ultimately not needed for our net-zero operational emissions ambition.

[Read more about the latest low carbon technologies on our website.](#)

A Best-in-Class Energy Transition Plan for the E&P Sector

Our Triple Mandate will drive continued focus and accountability for both returns and resilience, allowing us to play a valued, meaningful role in a managed and orderly energy transition. By meeting future energy transition pathway demand, delivering competitive returns and achieving our net-zero emissions ambition, the company is well positioned to execute this energy transition plan and participate in an emerging low-carbon economy. We believe our plan is adaptable, economically viable, accountable and actionable in any transition energy transition demand pathway.

We intend to provide periodic updates on our companywide performance against the plan.

ENERGY TRANSITION ACTIVITIES

Planning for the energy transition requires a variety of sectors to collaborate and work together to drive change. Our emphasis on these activities is influenced by ongoing engagement with our stakeholders.

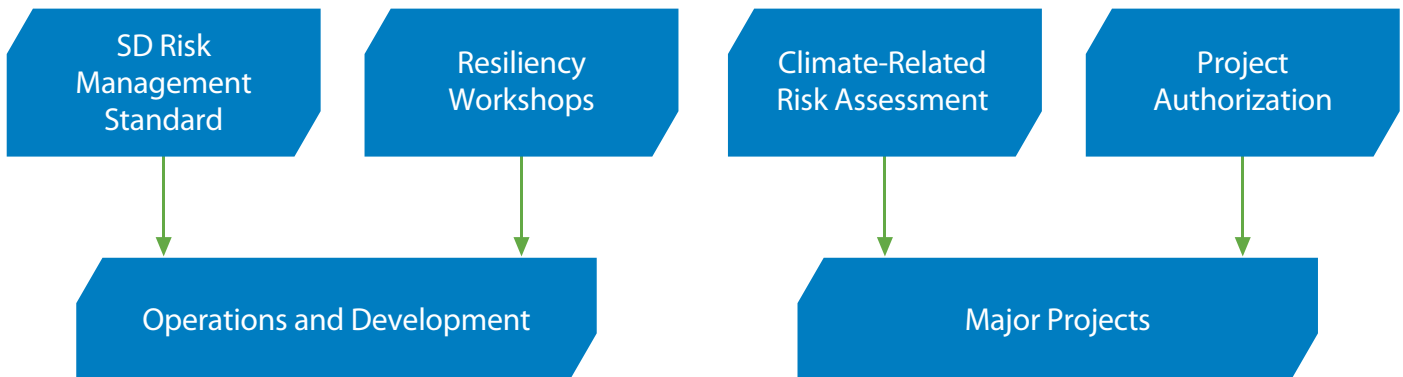


Risk Management

We utilize an integrated management system approach to identify, assess, characterize and manage climate-related risks. This system links directly to the ERM process, which includes an annual risk review by executive leadership and the Board of Directors.

Assessing Climate-Related Risks

The diagram below illustrates how we assess climate-related physical and transition risks for operations, developments and new major projects.



To understand long-term risk and mitigation options, we utilize four scenarios as described in the [Scenario Planning at ConocoPhillips](#) section of our website. Depending on the deployment of carbon capture and storage and negative emissions technologies beyond 2050, we believe three of the scenarios may be capable of achieving an emissions trajectory consistent with the aims of the Paris Agreement. This scenario approach helps us evaluate distinct outcomes related to the potential timing and intensity of government climate change policy development, the pace of alternative energy technology development and trends in consumer behavior. This information is then used to shape our analysis and consideration of various outcomes for policy, technology and market risk.

KEY CONTENT LINKS

We evaluate and track our climate-related risk through our [SD Risk Register and Climate Change Action Plan](#).

We use [Scenario Planning](#) to understand long-term risk and mitigation options through the energy transition.

The [Emissions Reduction Targets](#) set out in our Climate Risk Strategy describe our goals to 2050.

We periodically review emerging climate-related risks with our Executive Leadership Team as part of our scenario monitoring system. A cross-functional team enters events into a centralized database that is reviewed regularly for indications that risks are changing or developing. We use this “early warning” system to inform our strategies in a timely manner so that we can identify and implement effective mitigation measures. The scenario monitoring system helps us understand the pace and direction of the energy transition. For example, if regulations and technology were moving more quickly than in our scenarios, this would indicate that we might be moving to a 1.5-degree scenario similar to the range identified in the IPCC “1.5 degree” report, and we would take action accordingly. In our resiliency workshops, we use externally produced scenarios that describe the range of possible future physical risk.

Annual Assessment

As part of the annual risk management process mandated by our SD Risk Management Standard, we examine operated assets and major projects against the physical, social and political settings of our operations. Subject matter experts in each business unit (BU) and project identify and describe climate-related risks.

Each risk is then assessed using a matrix that evaluates both its likelihood and consequence. Risks rated significant or high are included in the corporate SD Risk Register. In evaluating the consequence level, we consider potential impacts on employee and public safety, sociocultural and economic impacts to stakeholders, environmental impact, and reputational and financial implications.

As part of the process, we examine the interdependence of risks and work to identify emerging risks such as new regulatory requirements and emerging GHG pricing regimes.

Resiliency Planning Workshops

We facilitate resiliency planning workshops within business units to identify and assess the risks and opportunities associated with the physical impacts of changing climate and the potential technology and solutions to mitigate risks and leverage opportunities. These workshops are conducted on a periodic basis to ensure that our operations have access to up-to-date science provided by qualified consultants to inform their engineering and infrastructure decisions.

Climate-Related Risk Assessment

A climate-related risk assessment is conducted on any future project development that costs more than \$50 million net and is expected to emit more than 25,000 metric tons CO₂ equivalent (TeCO₂e) net to ConocoPhillips during any year of its operational lifespan. This assessment is mandatory for investment approval in our project authorization process. Project teams for qualifying projects are required to assess the potential risks and opportunities associated with GHG emissions, GHG regulation and a physically changing climate based on local jurisdictions and geographies as opposed to

using our corporate scenarios. The climate risk assessment guidelines provide a framework for project teams to:

- › Forecast operational GHG emissions for the life of the project.
- › Evaluate climate-related risks and opportunities, including physical and transition risks that apply to the project.
- › Make decisions on GHG emissions control in project design, including energy efficiency solutions, power source selection, emissions management, carbon capture and storage/utilization, and external compliance options such as the purchase or origination of GHG offsets.
- › Evaluate the potential cost of GHG emissions in project economics.

We assess climate-related risks early in the project engineering stage to better inform our investment decisions and facility design. The ConocoPhillips Health, Safety and Environment (HSE) Due Diligence Standard also provides further guidance on accounting for sustainable development issues for new acquisitions, new business ventures, joint ventures and real property transactions.

Project Authorization

Our corporate authorization process requires all qualifying projects to include GHG pricing in their project approval economics. The base case for project approval economics now includes the higher of the forecast of existing regulations and the current transition scenario for that jurisdiction. Where there is no GHG price regulation, we use the current transition scenario for that jurisdiction. We also run two sensitivities:

- › With existing carbon pricing regulations, to reflect near-term cash more accurately.
- › With a sensitivity of \$60 per tonne CO₂e to act as a stress test to reduce the risk of stranded assets should climate regulation accelerate.

This ensures that both existing and emerging regulatory requirements are considered in our planning and decision making.

Managing Climate-Related Risks

Our climate-related risk management process is designed to drive appropriate action for adapting to a range of possible future scenarios. Through integrated planning and decision-making, we develop mitigation plans for climate-related risk, track performance against our goals and adjust our plans as we learn and conditions evolve.

Local risks and opportunities related to our operations and projects are assessed and managed at the BU level, enabling tailored business goals to address the challenges and opportunities unique to each region's operations. Reporting and overarching climate-related risks, such as GHG target-setting and prioritization of global emissions-abatement projects, are managed at the corporate level.

The diagram below shows a simplified process flow of our climate-related risk management process.

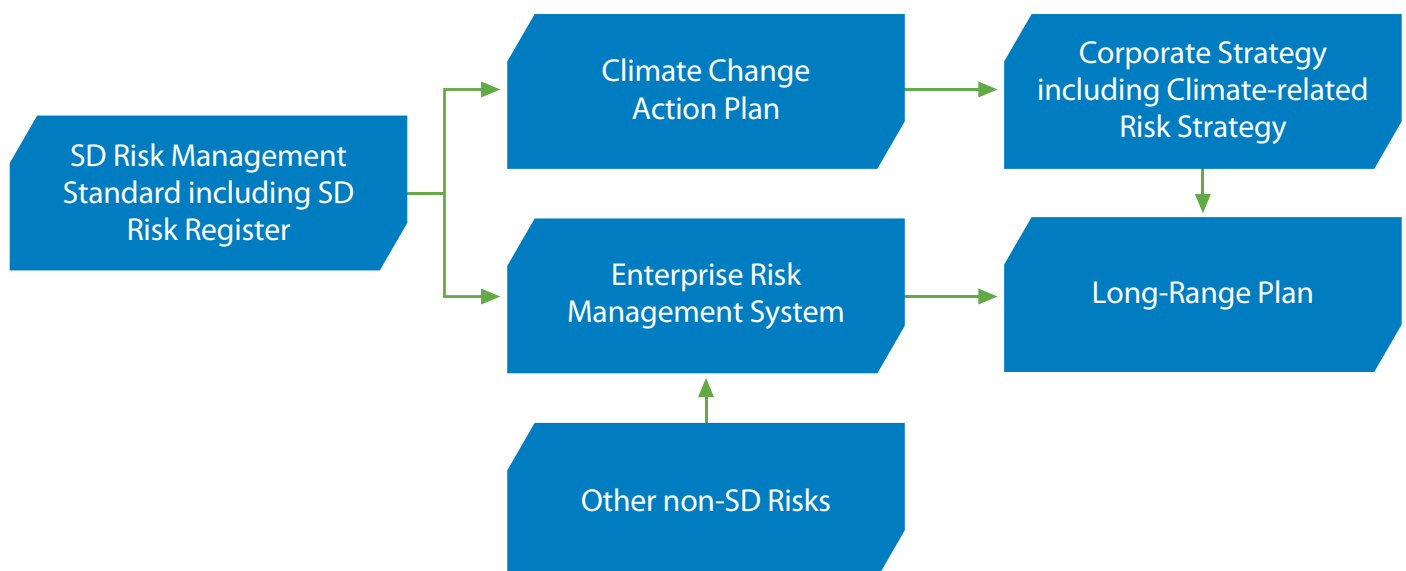
Our corporate strategy and the embedded Climate Risk Strategy are informed by the output of our corporate scenarios and the risk management system. Examples of impacts on our corporate strategy include:

- › Reducing the sustaining price of the company – the equivalent oil price at which we can sustain production and pay our dividend.

- › Lowering the cost of supply to manage market risk and improve returns.
- › Maintaining a diversified portfolio of projects and opportunities.
- › Diversifying our portfolio to include assets with lower decline rates and low capital intensity to drive higher free cash flow yields.
- › Developing technologies that reduce both costs and emissions.
- › Pursuing competitive opportunities in CCS and hydrogen.
- › Monitoring alternative energy technologies.

The objective of our Climate Risk Strategy is to manage climate-related risk, optimize opportunities and equip the company to respond to changes in key uncertainties, including government policies around the world, technologies for emissions reduction, alternative energy technologies and changes in consumer trends. The strategy sets out our choices around portfolio composition, emissions reductions, targets and incentives, emissions-related technology development, and our climate-related policy and finance sector engagement.

Finally, the ConocoPhillips Long-Range Plan provides the data that underlies our corporate strategy and enables us to test our portfolio of projects against our climate-related risk scenarios, and thus make better-informed strategic decisions.



Integrating Climate-Related Risks into ERM

Climate-related risks from the corporate SD Risk Register are mapped to key categories in the ERM process.

Descriptions of these risks and mitigation measures from the [Climate Change Action Plan](#) are shared with ERM risk owners to inform their assessments of risk ranking, corporate actions and mitigations. Each risk owner evaluates and prioritizes risks in their area based on likelihood and consequences, thereby determining the relative significance of climate-related risks in relation to other enterprise risks.

The ERM process is a direct input into our strategic planning process. By identifying major cross-cutting risks and trends, we closely link action plan efforts to key performance issues and address and mitigate identified risks. The Board regularly reviews the ERM system and mitigation actions.

Required regulatory disclosures on financial reporting and information deemed material and useful for investor decision-making is presented in our filings with the [Securities and Exchange Commission](#).

SD Risk Management Process

The SD risk management process ensures that a Climate Change Action Plan is developed to track mitigation activities for each climate-related risk included in the corporate SD Risk Register. This plan includes details about our commitments, related responsibilities, resources and milestones.

As part of annual updates to the register, the action plan and its effectiveness are evaluated, and decisions are made to continue mitigation measures, add new measures or simply monitor the risk for further developments. The table below lists our key SD risk management streams, their scope and purpose.

SD RISK MANAGEMENT STREAMS	SCOPE	DESCRIPTION
Corporate strategy	Corporate/portfolio	Defines the company's direction for exploration and development, including portfolio, capital allocation and cost structure.
Climate Risk Strategy	Corporate/portfolio	Identifies options to reduce and mitigate climate-related risks as policies, markets and technologies develop over time.
GHG emissions intensity target	Business units and qualifying projects	Drives actions, reviews and management of future policy and market risk.
Long-Range Plan	Corporate/portfolio	Forecasts key data for our corporate strategy covering our proposed portfolio development and performance, including production, costs, cash flows and emissions.
Marginal abatement cost curve (MACC)	Business units	Collects a list of GHG emissions reduction projects across our business units and prioritizes them based on cost and emissions abated.
SD risk management process	Corporate, business units and qualifying projects	Records all SD-related risks that are prioritized as significant and high in the SD Risk Register to ensure that the mitigation progress is reported and issues are managed effectively.
Climate Change Action Plan	Corporate, business units and qualifying projects	Records mitigation actions, milestones and progress in managing climate-related risks from the SD Risk Register.

Performance Metrics and Targets

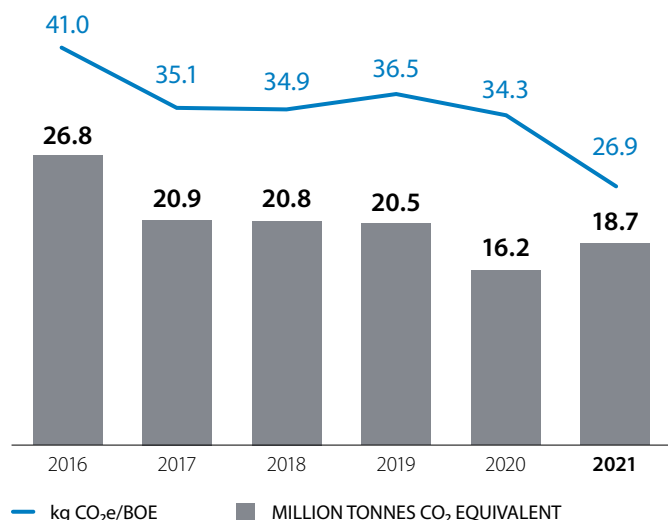
In 2020, we adopted a Paris-aligned climate-related risk framework with an ambition to reduce our operational GHG emissions to net-zero by 2050. To that end, we calculate key metrics and use targets to measure and monitor our performance and progress in managing climate-related risks and opportunities in line with our strategy and risk management process. These include:

- › GHG emissions intensity target.
- › Scope 1 and Scope 2 emissions.
- › Metrics for methane, flaring and water.
- › Internal proxy GHG pricing and the financial impact of existing GHG pricing on our businesses across the globe.

We believe these metrics and targets are the most useful in managing climate-related risks and opportunities and monitoring performance. Highlights of our 2021 performance compared to 2020 (on a gross operated basis) include:

- › Scope 1 and 2 GHG emissions intensity declined 22% to 26.9kg CO₂e/BOE.
- › Methane intensity declined 24% to 2.6kg CO₂e/BOE.
- › Flaring intensity declined 8% to 1.81% (total flaring volume as a percent of gas produced).

TOTAL GROSS OPERATED GHG EMISSIONS AND INTENSITY



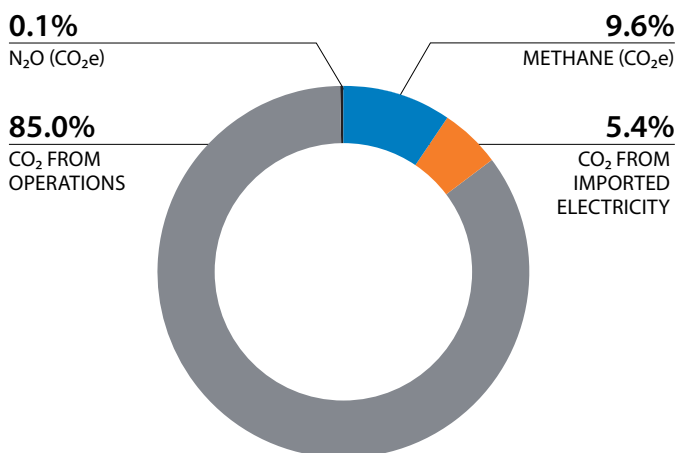
KEY CONTENT LINKS

The [Performance Metrics](#) section on our website provides the metrics included in this section in tabular format.

Our metrics are also linked to key frameworks such as [SASB](#), [GRI/IIPECA/UNGP](#), and [TCFD](#).

TOTAL GROSS OPERATED GHG EMISSIONS

Percent of Total Company



While our intensity metrics show an improvement in the carbon efficiency of our production, our absolute emissions increased to 18.7 million tonnes CO₂e, primarily driven by the acquisition of additional Permian assets.

We have also committed to near-, medium- and long-term targets for reducing operational (Scope 1 and 2) emissions over which the company has ownership and control. These targets include:

- › Achieving our stated ambition to become a net-zero company for Scope 1 and 2 emissions by 2050.
- › Strengthening our previously announced operational GHG emissions intensity reduction target to 40-50% by 2030 and expanding it to apply to both a gross operated and net equity basis to ensure active engagement in our non-operated investments.
- › Meeting a further 10% reduction target for methane emissions intensity by 2025 from our 2019 baseline, building upon the 65% reduction we have made since 2015.
- › Aiming to achieve zero routine flaring by 2025, five years sooner than the World Bank initiative's goal of 2030.

Emissions Reduction Targets and Performance

GHG emissions management is an expected core competency for our business units. Each BU is required to continuously review its GHG emissions profile and identify opportunities to make design and operating improvements that can reduce our emissions. Potential GHG emissions reduction projects are reviewed within our annual budget planning process and assessed against pre-determined selection criteria, including cost per tonne of CO₂e abated. We call this annual exercise our marginal abatement cost curve (MACC) program, described in more detail within this section of the report.

All data presented herein is from January 1 to December 31, 2021. Footnotes to our performance metrics outline the scope and methodologies of our data reporting. The minimum boundary for reporting on environmental priorities is assets we operate. Current and updated targets and ambitions are outlined in near-, medium-, and long-term timeframes, followed by examples of emissions reduction projects in our business units.

SCOPE 1 – Direct GHG emissions from sources owned or controlled by ConocoPhillips.

SCOPE 2 – GHG emissions from the generation of purchased electricity consumed by ConocoPhillips.

SCOPE 3 – All other indirect GHG emissions as a result of ConocoPhillips' activities, from sources not owned or controlled by the company.

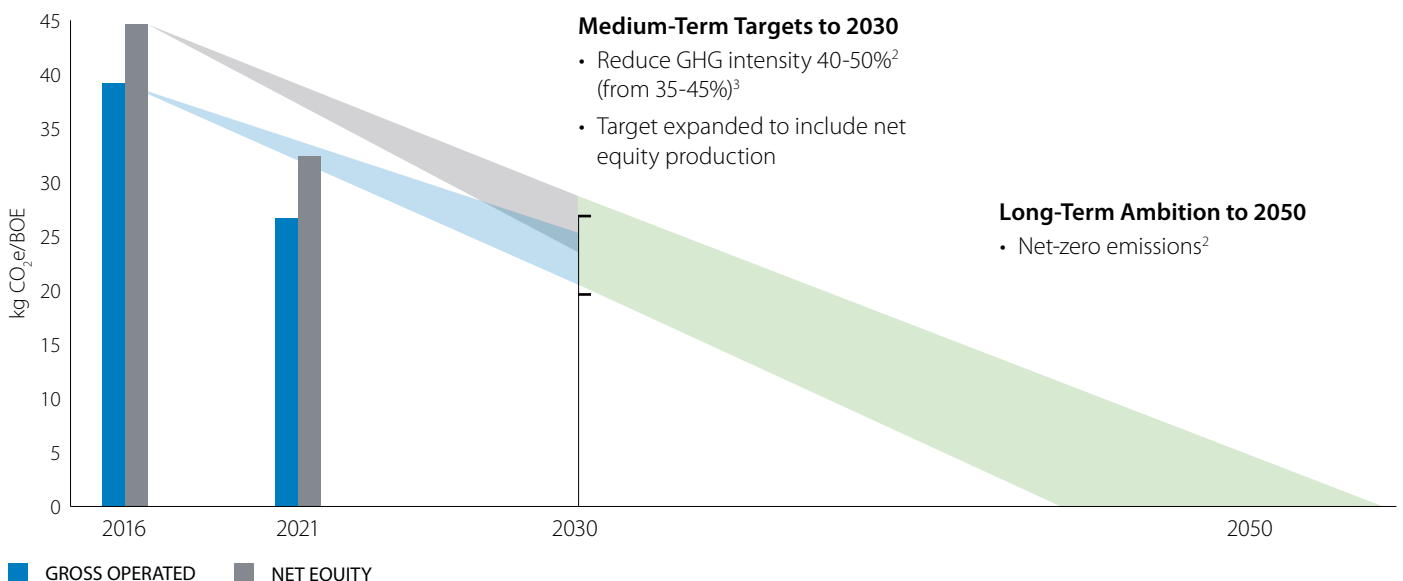
[Read more about GHG Protocol definitions on our website.](#)

These targets inform internal climate goals at the business level and support innovation on efficiency and emissions reduction, GHG regulatory risk mitigation and climate-related risk management throughout the life cycle of our assets.

GOALS FOR NET-ZERO AMBITION

Near-Term Goals to 2025

- Reduce methane intensity by 10%
- Zero routine flaring ambition by 2025¹



¹ In line with the World Bank Zero Routine Flaring initiative.

² Scope 1 and 2 emissions on a net equity and gross operated basis.

³ 2030 target relative to a 2016 baseline.

Near-Term Emissions Reductions (By 2025)

Our near-term targets have an immediate focus on flaring and methane emissions, which provide the best opportunities to reduce near-term GHG impacts.

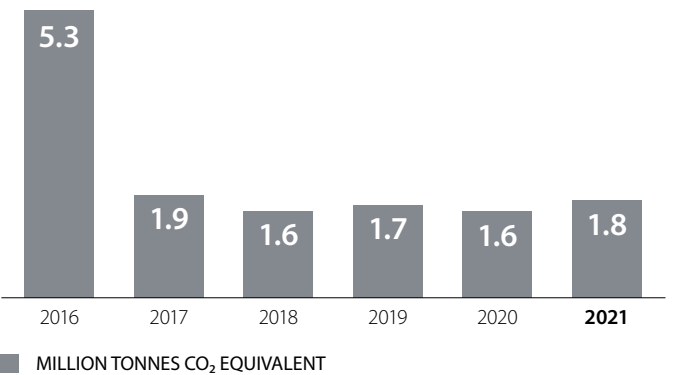
We have therefore set our 2025 targets as follows:

- Meet an additional 10% methane emissions intensity reduction target by 2025 from a 2019 baseline, adding to the 65% reduction we have achieved since 2015. We are also working with stakeholders on development of sector-wide methane targets that set a comparable standard.
- Maintain our commitment to achieve zero routine flaring as part of the World Bank initiative. We aim to achieve this by 2025, five years earlier than the World Bank’s 2030 goal.

METHANE

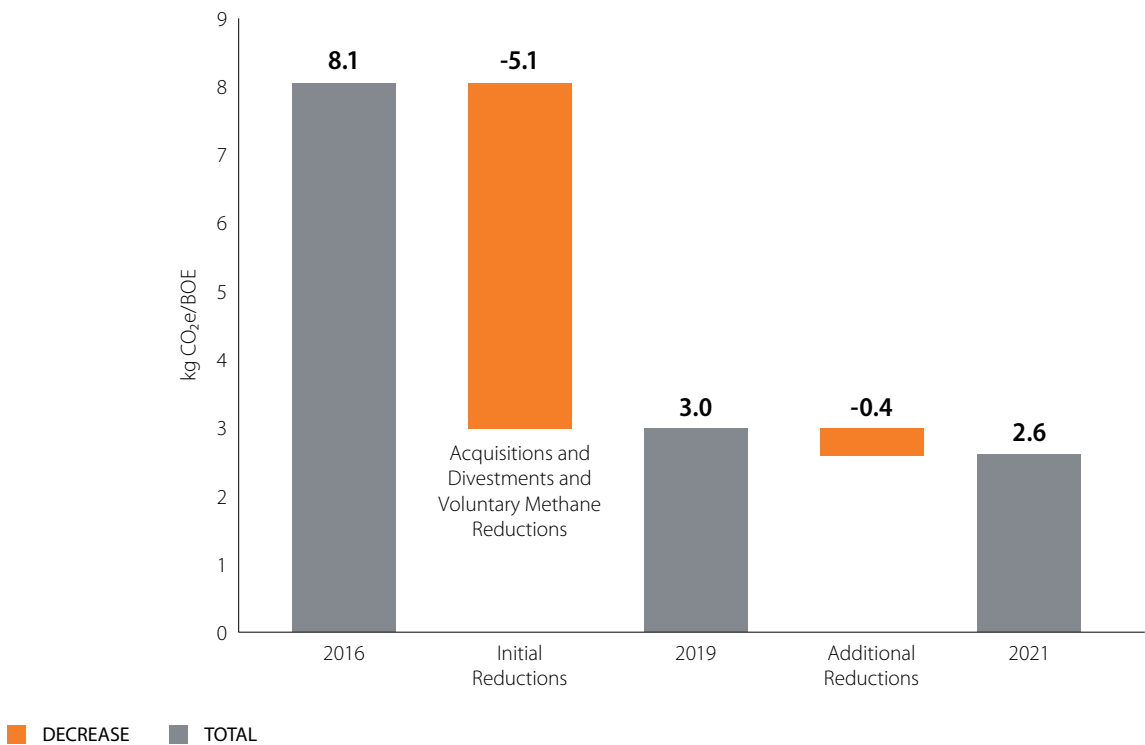
Reducing methane emissions, even the small equipment leaks known as fugitive emissions, is a key part of our operations. Leak detection and repair (LDAR) is a work practice used to identify and repair leaking components, including valves,

TOTAL GROSS OPERATED METHANE EMISSIONS



compressors, pumps, tanks and connectors, in order to reduce GHG emissions and increase efficiency. We fix leaks as soon as feasible, with many leaks repaired either the same day or within a few days of being detected. We have been voluntarily conducting pilots of new technologies at numerous facilities to determine effectiveness and scalability of next-generation detection technologies. This has included a wide range of tested technologies from ground-based to aerial, with each providing different strengths for different monitoring

GROSS OPERATED METHANE EMISSIONS INTENSITY PROGRESS



applications. The main objective with these technology pilots is to expeditiously identify, investigate and repair leaks associated with malfunctions and abnormal operating conditions, resulting in faster emissions mitigation. We continue to work with technology providers to develop and test technologies and we expect the technology will continue to improve over time.

Our methane emissions reductions come from voluntary reduction activities and from portfolio changes. Similar to overall GHG emissions in 2021, absolute methane emissions increased due to the acquisition of additional Permian assets, however our methane intensity declined to 2.6kg CO₂e/BOE or 13% from our 2019 baseline, exceeding our current target of 10% reduction by 2025.

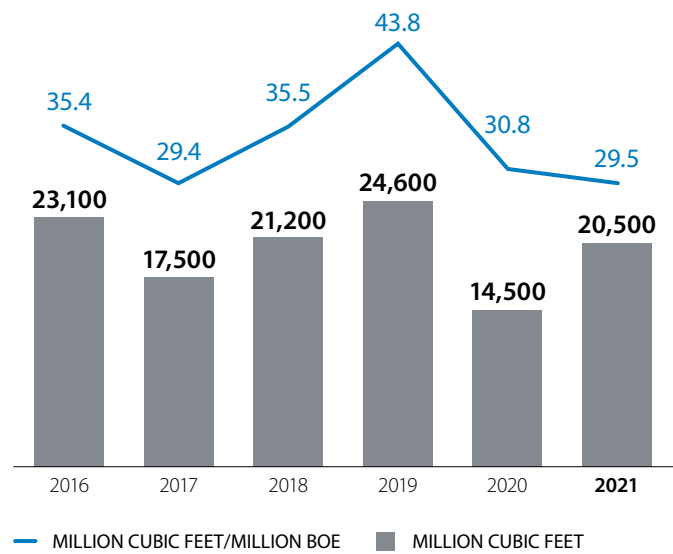
In 2021, methane emissions totaled 1.8 million tonnes of CO₂e and constituted 9.6% of our total GHG emissions.

FLARING

Flaring is a regulated and permitted process for the controlled release and burning of natural gas during oil and gas exploration, production and processing operations. Flaring is required to safely dispose of flammable gas released during process upsets or other unplanned events and to safely relieve pressure before performing equipment maintenance. Flaring is also used to control and reduce emissions of volatile organic compounds from oil and condensate storage tanks, and to manage emissions at well sites that lack sufficient pipeline infrastructure to capture gas for sale.

Setting a target to get to zero routine flaring by 2030, with an ambition to get there by 2025, is a key near-term action within our ambition to become a net-zero company by 2050. While our flaring emissions make up only about 9% of our total GHG emissions, the target will drive continued near-term focus on routine flaring reductions across our assets. Routine flaring is defined as flaring of associated gas that occurs during the

TOTAL GROSS OPERATED FLARING VOLUME



normal production of oil in the absence of sufficient facilities to utilize the gas onsite, dispatch it to a market or re-inject it. Flaring for safety reasons, non-routine flaring or flaring gas other than associated gas is not included as part of the World Bank Zero Routine Flaring initiative.

In 2021, the total volume of flared gas was 20.5 BCF, an increase of 41% from 2020. In 2021, the total volume of flared gas was 20.5 BCF, an increase of 41% from 2020. The increase was a result of increased flaring in the Permian due to the acquisition of Concho Resources. It was also a result of availability of more accurate data for estimating the volume of gas that is used as assist gas in our Eagle Ford asset.

While absolute flaring volumes increased, our flaring⁵ intensity continues to decline, decreasing 4% in 2021. Routine flaring volumes were collected for the first time in 2021. Routine flaring represents only 5% of our total volume of gas flared.

⁵ Calculated as million cubic feet per million BOE.

Medium-Term Emissions Reductions (By 2030)

We recently strengthened our medium-term GHG emissions intensity reduction target to 40-50% by 2030 from a 2016 baseline and also expanded the target to apply to both a gross operated and net equity basis. The target covers Scope 1 and Scope 2 gross operated and net equity emissions as these are the emissions over which we have the most control. Our Scope 1 and Scope 2 GHG emissions and emissions intensity calculations directly measure our climate performance and help us understand climate transition risk. For example, our ability to manage GHG emissions can help us measure resilience to emerging carbon tax regulation.

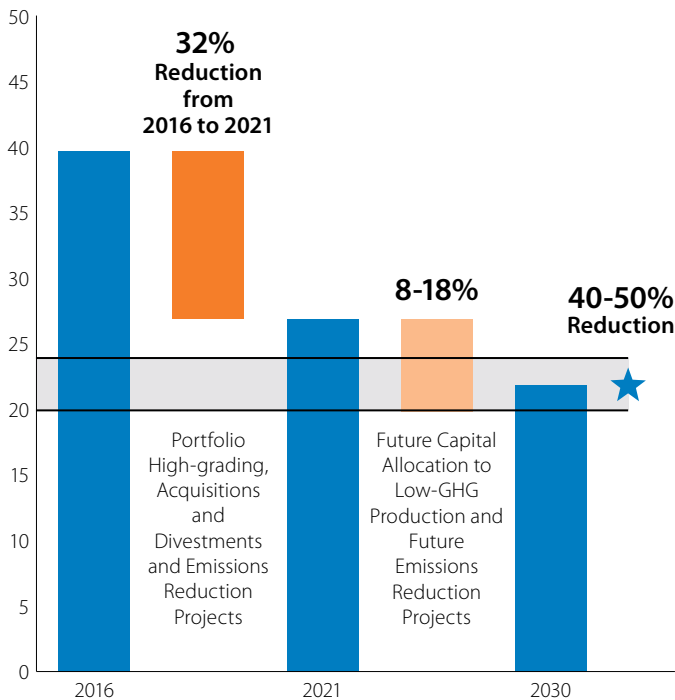
The company has already progressed toward meeting this target over the past several years. Between 2016 and 2021, we achieved a 32% intensity reduction on a gross operated basis through a combination of specific emissions reduction projects and asset changes. Continued capital allocation actions are expected to have a combined impact of lowering GHG emissions intensity by roughly 8-18% as we increase production from assets with low intensity, such as those in the Permian Basin, and achieve reductions from near-term projects.

The target includes emissions that are related to production and excludes emissions from our aviation and polar tankers fleets. This may give rise to small differences between the

Achieving a target of 40–50% emissions intensity reduction by 2030 requires continued portfolio and capital allocation actions and investment in emissions reduction projects.

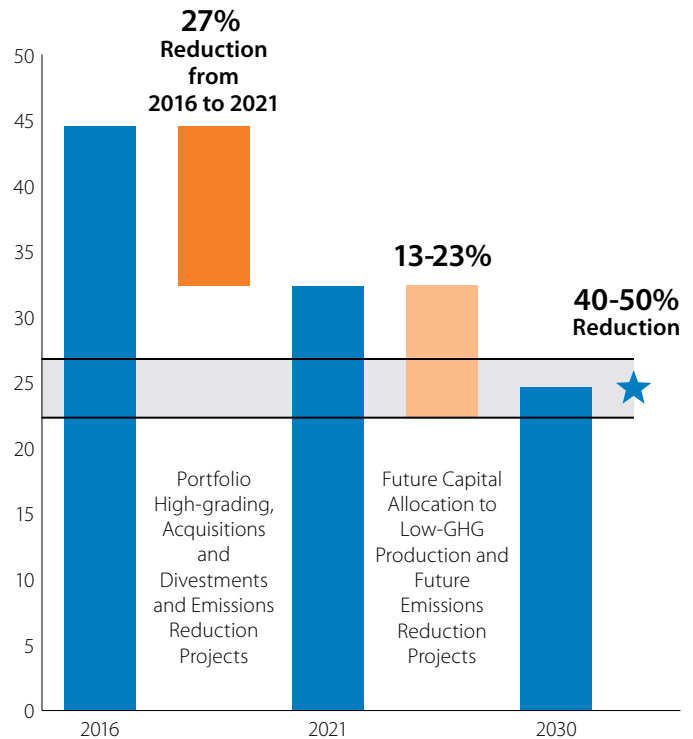
GROSS OPERATED PATHWAY TO 40-50% INTENSITY REDUCTION TARGET

kg CO₂e/BOE



NET EQUITY PATHWAY TO 40-50% INTENSITY REDUCTION TARGET

kg CO₂e/BOE



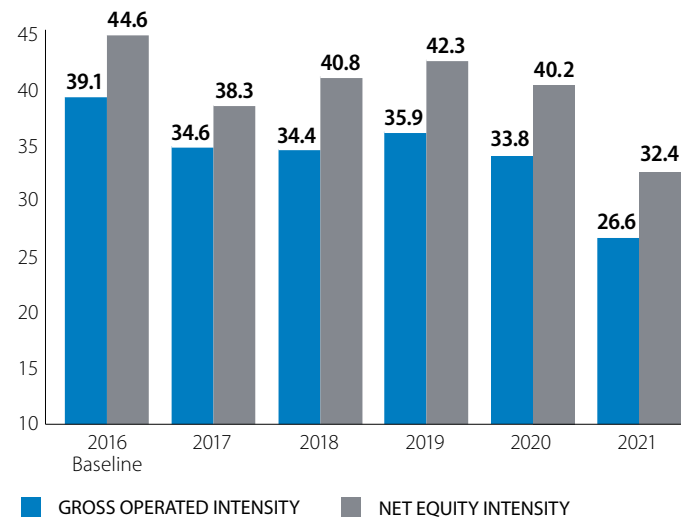
intensity we report for our GHG target purposes and the intensity we report for our annual metrics.

In 2021, our total gross operated GHG emissions, in CO₂ equivalent terms, were approximately 18.7 million tonnes.

The acquisition of additional assets in the Permian has contributed to an increase in emissions in 2021. In addition, we implemented voluntary production curtailments across various assets during the 2020 economic downturn, which impacted total emissions.

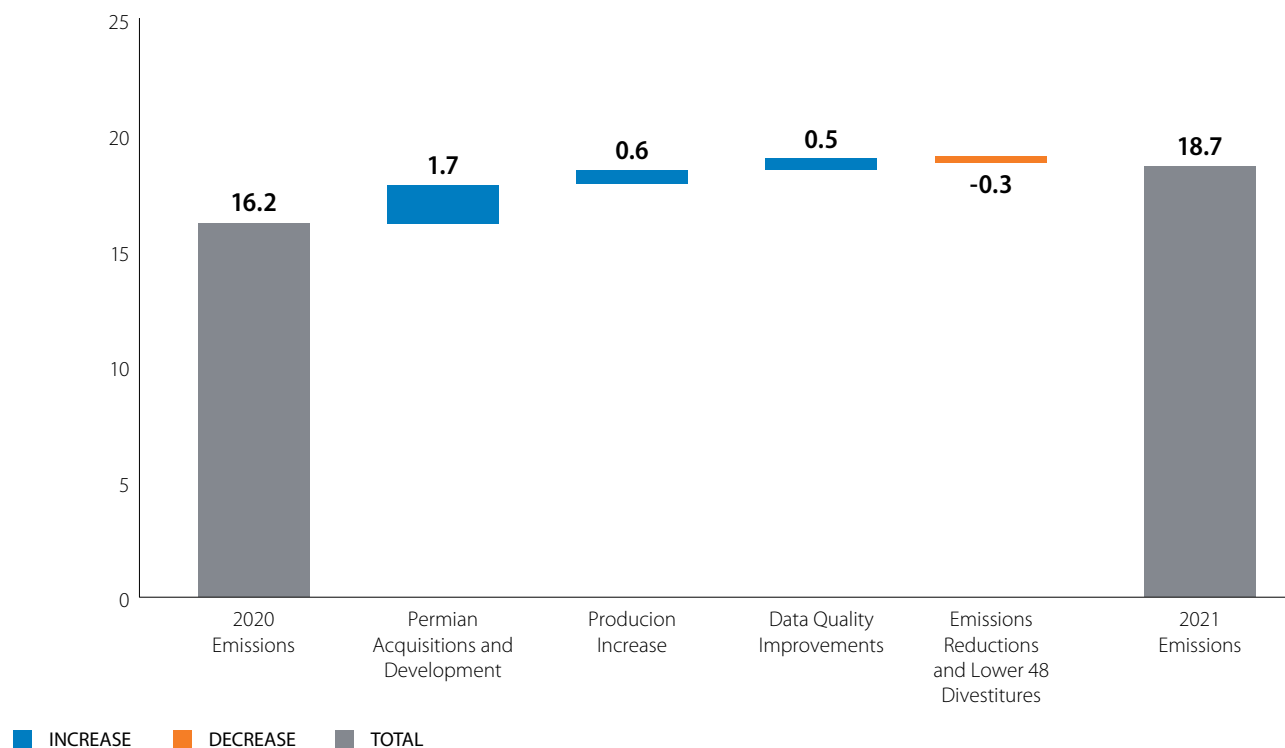
2021 GHG EMISSIONS INTENSITY TARGET PROGRESS

kg CO₂e/BOE



GROSS OPERATED GHG EMISSIONS CHANGES

Millions Tonnes CO₂e



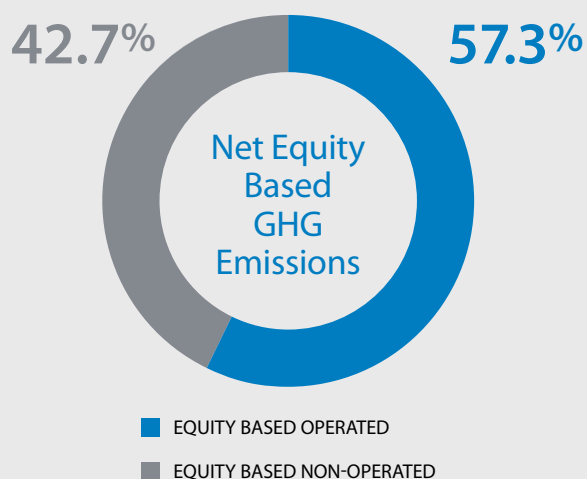
NET EQUITY AND NON-OPERATED EMISSIONS

Compared to our gross operated emissions, our net equity emissions were slightly lower in 2021 as a result of our operating partners' activities, at 18.3 million tonnes CO₂e. However, our net equity intensity is higher at 32.4 kg CO₂e/BOE than our gross operated intensity of 26.6 kg CO₂e/BOE, showing increased efficiency in our operated assets. About 40% of our net-equity emissions are from non-operated assets. Because we approach net-zero as a shared challenge, we look to influence our joint operating partners' climate risk strategies and net-zero targets and align our emissions reductions activity. We have initiated a concerted effort to advance this joint approach in our Alaska and Australia business units, opening dialogue on critical emissions reductions with our key operating partners.

Long-Term Emissions Reductions (By 2050)

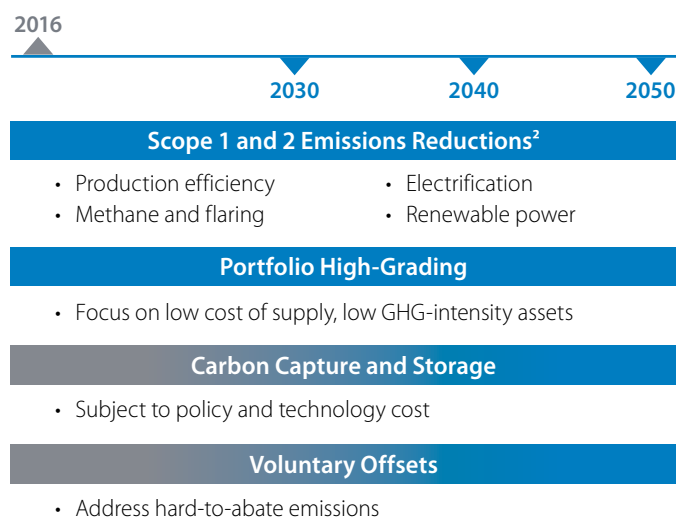
The long-term pathway to achieving our net-zero emissions ambition by 2050 starts with proven, well-defined actions for Scope 1 and 2 emissions, while also advancing less mature but potentially economically and technically viable low-carbon opportunities. The aggregated near- and medium-term efforts described in previous sections set the foundation for our roadmap to net-zero emissions represented in the Net-Zero Roadmap. The shading on the bars represents the level of maturity today.

The first step of the roadmap includes continuing the well-established, identified operational Scope 1 and 2 projects that are currently underway. The identification and implementation of these projects are supported by strong internal process and capabilities. Continuous portfolio high grading is also a mature capability in ConocoPhillips. The bottom two bars of the roadmap show carbon capture opportunities and offsets. A multi-disciplinary Low Carbon Technologies organization, comprised of some of our best technical, financial, business development and commercial talent, is overseeing these channels.



2050 NET-ZERO ROADMAP¹

The Roadmap to Net-Zero operational emissions includes Scope 1 and 2 emissions reduction projects, portfolio high-grading, investment in carbon capture and storage and voluntary offsets.



¹ Shading indicates focus shifting over time.

² Scope 1 and 2 emissions on a net equity and gross operated basis.

Marginal Abatement Cost Curve

We use a marginal abatement cost curve (MACC) process to collect potential GHG emissions reduction projects from our business units, prioritize them based on their cost and reduction volume, and implement the most cost-effective projects. Each year, the executive leadership team determines which projects to fund based on a number of criteria including capital efficiency (i.e. the lowest \$/T_eCO₂ equivalent), scalability, and repeatability among a few others. We fund projects that have a break-even cost of up to \$60/T_e CO₂e, as well as projects that anticipate forthcoming regulatory changes. We have allocated \$200 million in the 2022 capital budget to energy transition activities, a majority of which will address Scope 1 and 2 emissions reduction projects across our global operations selected through this program.

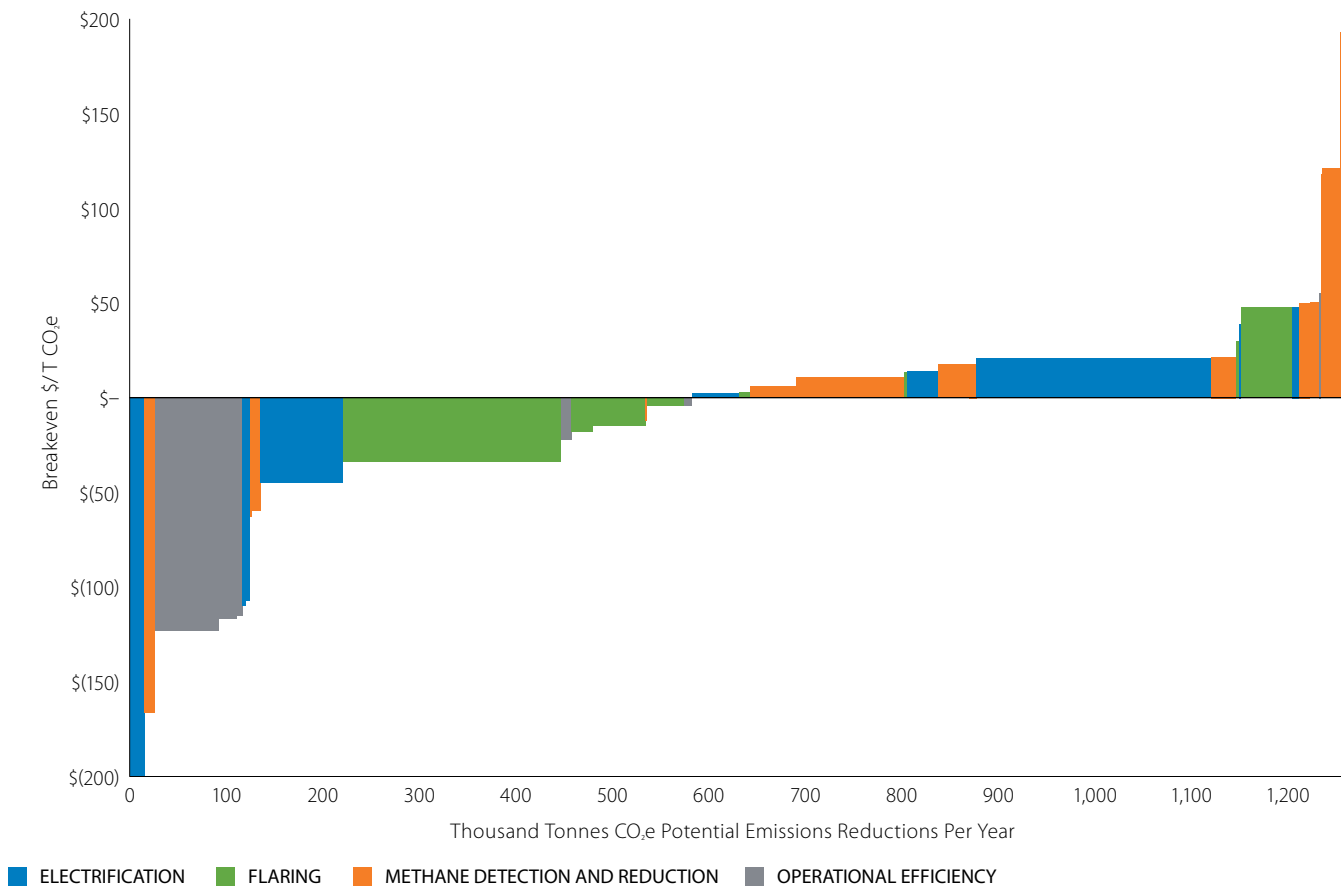
The projects sanctioned for 2022, some of which are multi-year projects, could represent a recurring annualized reduction of

approximately one million tonnes of CO₂e upon completion. These include production efficiency measures, methane and flaring intensity-reduction initiatives and asset electrification projects, specifically:

- › **Methane:** Switch instrumentation from gas-driven to air-driven pneumatics; modify facilities to reduce gas venting.
- › **Flaring:** Incorporate vapor recovery units at facilities; recover waste gas for sales.
- › **Electrification and combustion:** Reduce combustion needs on drilling and completions; electrify operations and pursue renewable energy sources; conduct basin-wide electrification study in the Permian; evaluate a project to electrify central facilities in a portion of our Eagle Ford operations.
- › **Operational efficiency:** Streamline facilities, tanks and equipment; improve waste heat utilization, insulation and power distribution.

MARGINAL ABATEMENT COST CURVE

The marginal abatement cost curve below shows current estimates of emissions reductions and breakeven cost of carbon of projects sanctioned for 2022.



For example, through our MACC process, we have progressed the piloting of steam additives in the Canadian oil sands to improve thermal efficiency, reduce GHG emissions intensity and enhance incremental oil production. In the U.S. Lower 48, we have changed the design of some new facilities to include instrument air packages rather than gas-driven devices, reducing methane emissions from those sites. To continue those reductions, we have set up regional teams in North America, Australia, Southeast Asia and Europe to use the MACC process to identify additional energy efficiency projects. Output from the MACC informs our annual budget, long-range plan and technology strategy.

Projects below the line are economic and have a negative breakeven cost of carbon. Projects above the line are not economic – the taller the bar, the higher the breakeven cost of carbon. The width of the bar indicates the annual emissions saving that would occur should the project be undertaken – the wider the bar, the greater the emissions saving.

Scope 1 and 2 emissions reduction activities and MACC projects are described in the following section. [Read more about our MACC process and the Net-Zero Roadmap on our website.](#)

Scope 1 and 2 Emissions Reduction Activities

METHANE DETECTION IN U.S. OPERATIONS

ConocoPhillips utilizes a variety of leak detection and repair (LDAR) tools throughout our operations to identify and repair methane leaks. First, we conduct LDAR surveys as required by NSPS Subpart OOOOa and other state regulatory frameworks. Second, we utilize various innovative technologies that go above and beyond those required by regulations. These technologies are deployed at selected assets with the intent of evaluating and understanding their limitations and advantages. In addition, ConocoPhillips participates in a variety of voluntary LDAR programs offered through industry organizations, trade associations and joint partnerships. Examples of technologies currently in use are summarized below.

Informal Inspections

ConocoPhillips personnel visit sites as part of their routine duties or in response to any operational issues at the sites. They identify any anomalous operating conditions that may contribute to audio, visual or olfactory (AVO) indications of potential leaks.

Audio Visual Olfactory (AVO) Inspections

We conduct formal AVO inspections to identify potential leaks at sites where regulatorily required, typically on a weekly basis. On most other sites where not regulatorily required, we perform these inspections periodically on a voluntary basis.

Instrument-based Method 21 Inspections

Where required by regulatory programs, we conduct LDAR inspections pursuant to requirements of U.S. EPA Reference Method 21, using an organic vapor analyzer.

Optical Gas Imaging (OGI) Camera Inspections

We perform periodic inspections at sites using OGI cameras where required by NSPS OOOOa regulations. In addition, at sites not subject to NSPS OOOOa regulations, we conduct periodic OGI inspections on a voluntary basis. In addition to the above LDAR methods either required by or based on regulatory requirements, ConocoPhillips continues to pilot and utilize innovative methods of monitoring, including some airborne and ground-based systems. The pilot programs and limited deployments of innovative technologies discussed below are not used for regulatory purposes.

Airborne Systems

We have piloted several aerial technologies that enable routine monitoring over a larger area and allow for inspection of multiple facilities at a time. Airborne systems are an established way of screening of emissions from an entire facility, a group of facilities or a wider geographic area.

Drone-mounted technology has proven effective in detecting and locating the source of leaks due to their low-altitude capabilities; we currently use these on an ad-hoc basis.

We have also utilized airplanes with mounted sensors to fly over facilities to detect leaks. If leaks are suspected, operations personnel take action to verify and repair the leak. The airplane sensors can detect smaller leaks, but our experience indicates that their effectiveness at pinpointing exact locations can be diminished in areas where other facilities are in close proximity, like the Permian Basin. ConocoPhillips has worked with Scientific Aviation to fly fixed-wing aircraft carrying detection

gear over our Permian assets. We have also contracted with LeakScout to periodically fly helicopters equipped with OGI cameras around select sites. This program has also proven effective in identifying leaks.

While many of these airborne technologies are good at detecting leaks, they do require personnel following up with hand-held OGI cameras to identify the exact location of the leaks and the equipment involved, after which we conduct repairs and ensure mitigation was successful.

Satellite-based detection technology is another large-scale leak detection option. Although its effectiveness is improving rapidly, it has limitations in areas where facilities are located within close proximity to one another, such as in the Permian. An additional drawback has been the inability to identify small to medium leaks. Recently launched satellites are showing promise in providing better imaging and allowing more frequent monitoring of specific facilities. Although ConocoPhillips has used satellite detection in the Permian, we plan to pause its use until the technology shows further improvement.

Additionally, the company has implemented monitoring systems to monitor for leaks on a continuous basis, as described below:

Continuous Monitoring Systems: Scientific Aviation (Metal Oxide-based SOOFIE Sensors)

ConocoPhillips has worked with Scientific Aviation to develop and test continuous methane monitoring devices at select Lower 48 facilities to further enhance LDAR capabilities. The SOOFIE (Systematic Observations of Facility Intermittent Emissions) sensor is a relatively simple method that incorporates cost-effective metal oxide sensors. Three to six sensors are affixed to poles strategically placed around locations to maximize effectiveness during varying wind conditions. Any elevated methane concentrations picked up by the SOOFIE sensors are integrated into an automated machine learning system that considers details such as equipment location, distance, wind speed and direction to identify the most probable emissions source.

Lower 48 and Alaska

Setting a methane emissions intensity target ensures continued focus on methane emissions reductions, including

designing new facilities to avoid methane emissions as much as practical. We have evaluated ways to improve well pad and central facility design to reduce GHG emissions, including emissions capture and suppression and installing vapor recovery units. For example, in 2021 we completed a project in the Bakken installing vapor recovery units on several new facility builds, as well as a project in the Permian installing a vapor return line on a central tank battery to reduce emissions from truck loading.

We are participating in API's The Environmental Partnership, a coalition of about 100 natural gas and oil companies working to improve methane emissions management. The program utilizes Bridger Photonics to fly aircraft at a program-determined frequency over industry assets, including those of ConocoPhillips. As part of our commitment, we have focused on two key areas:

- ▶ **LDAR programs:** In 2021, we conducted approximately 7,600 surveys across our assets to detect leaks and quickly repair them. While this is a regulatory requirement in many areas, over 50% of the surveys were done voluntarily. These surveys continue to provide a better understanding of where leaks occur and how we can minimize fugitive emissions.
- ▶ **Eliminating gas-driven pneumatic devices:** Many of our greenfield designs at new facilities include devices to use supplied air instead of site gas to reduce natural gas emissions from pneumatics.

We continue to test and deploy new methane detection technologies, including continuous monitoring. For example, in Alaska we began a project in 2021 to install fuel flow meters on existing Kuparuk drill site heaters to more accurately calculate emissions.

While continuous monitoring technology is proving to work well for expeditiously identifying and mitigating leaks, our reported emissions for the U.S. continue to be based on the EPA-mandated methodology for reporting GHG emissions.

Canada

Our new development in Montney was designed to eliminate the majority of methane emissions by utilizing self-generated electricity and electric equipment rather than traditional natural gas driven equipment.

FLARING

Lower 48

We have reduced flaring by utilizing closed-loop completions, central gas gathering systems, vapor recovery units, directing condensate to sales pipelines and improving uptime through operational excellence (a major focus for all our operating facilities).

- › Over 2019 and 2020 we worked with midstream gas gatherer OneOK to expand and optimize their gas processing infrastructure in the Bakken. We also worked to debottleneck our own facilities. In 2021, this work resulted in a 50% reduction in routine flaring compared to 2020, despite a ~40% increase in total gas production.
- › We have also implemented production deferral practices when offtake is constrained and we are progressing field-wide deployment of gas capture technologies.
- › In the Eagle Ford, we began a project in 2021 that uses an optical gas imaging (OGI) camera transmitter to send a feedback signal to the flare blower's speed controller. This improves combustion of flare gases by allowing for continual air adjustment, ultimately resulting in CO₂ abatement.
- › In the Delaware Basin, we have built and operate our own gathering system, which enables more flexibility and connections to multiple third-party processors. We have also developed and implemented facility design changes to reduce or eliminate flaring from tanks.
- › We use Andium cameras to monitor flares at some sites. These cameras provide visual observation of flares that can be monitored at centralized locations, providing quick notice of any anomalous flaring events.

Norway

In the North Sea, we are reducing our safety flaring by installing a new flare gas re-compressor that will reduce emissions from the flare tower at Ekofisk 2/4 J by more than 90%, or 26,000 tonnes per year. Instead of gas being flared, it will now be sold to the European market.

OPERATIONAL EFFICIENCY

Canada

Reducing the GHG emissions intensity of our in situ oil sands operations continues to be a priority for our Canada operations. We are using technology to co-inject non-condensable gas (NCG) with steam to reduce steam requirements and increase production at Surmont. This allows for a reduction in the steam-to-oil ratio (SOR) and consequent reduction in GHG emissions intensity. The technology can be applied to almost any steam-assisted gravity drainage (SAGD) operation, resulting in GHG intensity reductions of approximately 15-35%. Early project results have been shared with [Canada's Oil Sands Innovation Alliance](#) (COSIA) Innovation Plus consortia to encourage widespread deployment of the technology throughout Canada's oil sands. In response to lower oil prices from the COVID-19 pandemic, in 2020 and 2021, the BU developed a new co-injection alternative, "NCG Lite," to allow for the continued injection of NCG during curtailment without the need for additional infrastructure installation.

We are also piloting multilateral well technology including innovative drilling and completion methods and thermal junction technology in existing vertical wellbores to increase production from a single surface location. Thermal junction technology enables the drilling of multiple lateral sections without the need for additional aboveground infrastructure. These wells reduce surface footprint and provide increased bitumen production without additional steam injection, thereby reducing GHG emissions intensity and operating costs per barrel of bitumen.

Both technology projects have benefited from financial support provided through [Emissions Reduction Alberta](#) (ERA). ERA invests the proceeds from carbon pricing paid by large industrial emitters into Alberta's Technology Innovation and Emissions Reduction (TIER) regulation to reduce GHGs and strengthen the competitiveness of new and incumbent industries in Alberta. These investments help innovators develop and demonstrate GHG reducing technologies that lower costs, improve competitiveness, and accelerate Alberta's transformation to a low-carbon economy.

Lower 48

In the Permian, we began a study to evaluate the possibility of reinjecting produced gas along with injection water by utilizing the existing water injection system. This simultaneous water and gas injection has the potential to avoid gas processing

downtime and allow for continuous operation of the asset. Another operational efficiency project in the Permian involves replacing diesel fuel with a battery pack and smart controller on drilling rigs. This aims to reduce the number of generators needed during high transient loads while also matching the number of generators running with the actual load required, reducing total energy usage of the rig.

Australia

As an early feasibility assessment, the APLNG flashing liquid expander project proposes to install a two-phase flashing liquid expander within the liquefaction section of a single train at APLNG. Installing this expander improves the energy efficiency of the liquefaction process as a train can produce more LNG for the same compression power.



An expander project at APLNG aims to improve the energy efficiency of the liquefaction process, allowing a train to produce more LNG for the same compression power.

ELECTRIFICATION AND ALTERNATIVE POWER

Lower 48

We evaluate opportunities to use power from the grid, waste gas generators or alternative energy such as solar rather than natural gas.

After a successful pilot in 2020, we initiated a project in 2021 to utilize lower-carbon alternative fuel sources in the Permian. Rather than relying solely on diesel fuel to power fracking operations, the project aims to use compressed natural gas and liquefied natural gas to electrically power hydraulic fracturing (e-frac) fleets.

We believe these fleets are a viable technology to lower operational emissions by replacing diesel usage with field gas or CNG while improving productive time by reducing maintenance and generating more usable horsepower. We are also planning to conduct further field testing of e-frac fleets in our Lower 48 operations. They can also be used in combination with diesel in dual-fuel frac fleets to reduce emissions associated with traditional fracking operations. These innovations along with innovations in efficiency, water and safety are also providing significant cost savings and emissions reductions per well.

We are also conducting two feasibility studies in the Permian. The first is a solar plant study that aims to determine the feasibility of installing a photovoltaic solar plant to power operations and sell surplus energy to the current electricity provider. The study will also evaluate technical conditions for connection of the solar plant to the existing power grid.

The second is an infrastructure and electrification study. The first part of the study aims to find a solution for a dual problem: pipeline constraints for excess natural gas and a lack of water reuse/treatment options. Centralized water handling, including reverse osmosis and desalination, would be powered by in situ natural gas converted to electric compression. If successful, the project would provide an option to reuse produced water, avoid reinjection to saltwater disposal wells, limit natural gas sales at suboptimal prices, and pave the way for field electrification. To further the field electrification component,

the second part of the study aims to better understand the long-term load demand for the total basin as well as upgrades that may be required if the basin was to fully electrify. This aspect of the project is especially important as we have a collective need to decarbonize the basin at a more rapid pace. As part of this project, we have engaged with several key Permian operators representing about 60% of Permian Basin production to collaborate on these infrastructure and electrification solutions.

China

Our operations in Bohai Bay, China are powered by fuel gas from associated natural gas production from developed fields. The asset will increasingly face a fuel gas shortage by the mid-2020s, increasing operating costs due to the need to purchase natural gas at local market rates. The China business unit (BU) is reviewing multiple opportunities to bridge the fuel gas gap, including:

- › Building localized offshore wind turbines specific for the asset.
- › Developing shallow gas fields to increase gas supply to continue powering operations.
- › Installing transformer station and subsea cables and tying into CNOOC regional offshore power grid that connects to onshore power facilities.
- › Jointly developing a large offshore wind farm with CNOOC Renewables to support the fulfillment of the BU's net-zero emissions in the long run.

Norway

Norway's carbon tax system and high-tax regime for oil and gas operations helps improve the economics of investing in electrification solutions. The Norway BU is investigating multiple options to achieve partial electrification in our Ekofisk operations, including:

- › Small-scale local offshore wind development (preliminary concept with two 10-14 MW turbines) to replace gas-powered turbines at Ekofisk, achieving about 60,000 tonnes of CO₂ emissions reductions per year.
- › Connection to a possible future offshore wind power hub with subsea power cables connected to shore.

Addressing Scope 3 Emissions

While we recognize that end-use emissions must be reduced to meet global climate objectives, we believe that setting a Scope 3 target for a Paris-aligned exploration and production company misplaces the focus on emissions reductions that can only occur in subsequent parts of the value chain and instead represents a prescribed curtailment of production. While a sector-wide reduction in demand for oil and natural gas products is foreseen as the transition progresses, our responsibility to shareholders is to strongly compete to supply that demand. We do so by striving for the lowest cost of supply, lowest GHG intensity production.

Although projections from a broad range of energy demand scenarios show a likely decline in oil and natural gas demand over coming decades, they also estimate that trillions of dollars of oil and natural gas investment will still be needed to ensure sufficient production capacity exists to meet even conservative demand projections.

Placing a requirement on efficient, ESG-focused, upstream companies like ConocoPhillips to meet a Scope 3 emissions reduction target could have the effect of shifting capital away from responsible operators toward less-accountable producers and jurisdictions. To meet a Scope 3 target, an exploration and production company would need to shift its capital to alternative energy products or curtail production. This capital shift would not necessarily reduce global emissions because it does not impact the oil and gas demand that is predicted across any Paris-aligned transition pathway. Other key considerations have also reinforced our rationale at ConocoPhillips not to set a Scope 3 target.

Our role to address Scope 3 emissions and accelerate the energy transition includes several focus areas.

- › **Advocating for policy to address end-use emissions** through support of an economywide price on carbon.
- › **Addressing upstream supply chain emissions** by engaging with major suppliers on our Climate Risk Strategy.
- › **Evaluating renewable energy into our operations** through power purchase agreements or building solar or wind opportunities to support growing market demand of alternative energy.
- › **Investing in new energies** and mitigation measures such as carbon capture and storage and hydrogen.

E&P Company versus Integrated Company

Pure play exploration and production companies do not have the opportunities to influence end-use emissions that integrated oil and gas companies hold through their ownership and control over the production and sale of end-use energy products. As an upstream producer, ConocoPhillips does not control how the commodities we sell are converted into different products or ultimately used, providing limited range of viable actions by the company beyond Scope 1 and 2 emissions reductions.



“The bulk of emissions occur in end-use. So the most effective and efficient means of reducing global emissions must include mechanisms that can directly impact consumer demand for carbon intensive energy.”

— **DOMINIC MACKLON**, EXECUTIVE VICE PRESIDENT, STRATEGY, SUSTAINABILITY AND TECHNOLOGY

Double Counting

Enactment of a Scope 3 emissions target would inevitably result in duplication of end-use emissions accounting along the oil and natural gas value chain, making accurate accounting and credible target-setting extremely problematic. For example, the Scope 3 emissions from refining the oil we produce are a refiner’s Scope 1 emissions. The combustion of that oil in the form of an end-use product such as gasoline are also Scope 3 emissions for the producer of the oil, the refiner and the marketer. The combustion of gasoline is also a Scope 1 emission for distribution and transportation companies. Likewise, our Scope 3 emissions from the combustion of natural gas at a power station would be the electricity producer’s Scope 1 emissions and our own Scope 2 emissions for electricity purchased to run our operations. We are following the development of the Science Based Targets Initiative methodology for the oil and gas industry and have responded to their recent net-zero criteria consultation.

We believe that the most practical way to avoid double-counting of emissions and overlap of targets is for all companies to align with the Paris Agreement and set targets for their Scope 1 and 2 emissions.

Climate Policy to Address End-Use Demand and Emissions

We have been clear since our first Climate Change Position in 2003 that end-use emissions must be addressed to meet global climate commitments. Climate policies along with advances in technology and consumer choice will ultimately drive demand and end-use emissions. We accept that in the absence of full carbon capture and sequestration, demand for energy must shift toward low-carbon and non-carbon sources, so we take responsibility for encouraging that shift by the most practical and effective means available – our vocal support for carbon pricing that would cause a change in the choices made by end users, detailed in the Public Policy Engagement section. Our constructive advocacy for effective carbon pricing policy began when we became the first U.S. oil and gas company to join the United States Climate Action Partnership in 2007 and continued in 2018 when we joined the Climate Leadership Council as a founding member. It is also reflected in the fact that our main industry associations have now adopted positions on carbon pricing and other climate policy that align with our public positions.

REPORTING

We have reported annually on Scope 3 emissions in our CDP submissions since 2010 to acknowledge the role they play in climate risk assessment. We calculate Scope 3 emissions using the IPIECA 2016 Estimating Petroleum Industry Value Chain (Scope 3) GHG Emissions *guidance* based on net equity production numbers. We report the four largest categories of Scope 3 emissions that apply to our operations.

For oil and natural gas exploration and production companies, Scope 3 emissions fall primarily into the “use of sold products” category. Though we do not control how our total production is ultimately processed into consumer products, we make the conservative assumption that the majority of production is ultimately burned as fuel by end users. We use the API Compendium GHG emissions factors for crude oil and natural gas burned as fuel. This method accounts for all possible GHG emissions that could be associated with end use of our production. Our assumption and method are especially conservative when the “double counting” issues inherent in Scope 3 estimations for an exploration and production company are taken into account.

We conservatively calculate the other three categories of Scope 3 emissions by taking our entire volume of crude and natural gas and applying the relevant transportation, distribution and processing emission factors from academic life cycle analyses, including the 2019 *National Energy Technology Laboratory study: Life cycle analysis of natural gas extraction and power generation*. In 2021, Scope 3 emissions increased in line with overall net production increase.

SOURCE	ESTIMATED MILLION TONNES CO ₂ e
Upstream transportation	4
Downstream transportation	9
Processing of sold product	13
Use of sold product	198

Additional Climate-Linked Performance Areas

Energy Efficiency

We continually strive to make our operations more energy efficient. This can provide an environmental benefit through reduced emissions, as well as an economic benefit through lower production costs or greater sales revenue. Through the natural decline of production, as our fields diminish in size, they tend to require either the same, or in some cases, even greater amounts of energy to extract the product and transport it for processing or refining.

Total energy consumption in 2021 was 220 trillion British Thermal Units (BTUs). Approximately 97% of our consumption was combustion of fuel for our own energy use with the remaining from purchased electricity.

Low-Carbon Emitting Products

In 2021, we supplied Asian markets with approximately 0.5 trillion cubic feet (or 1.5 billion cubic feet per day) of natural gas and LNG. To put this in perspective, if all the natural gas and LNG we sold to Asia in 2021 had been used to replace coal for electricity generation, GHG emissions would have been reduced by approximately 38 million metric tonnes, more than double the company's combined Scope 1 and Scope 2 emissions for the year, based on EPA GHG emissions factors.

Water

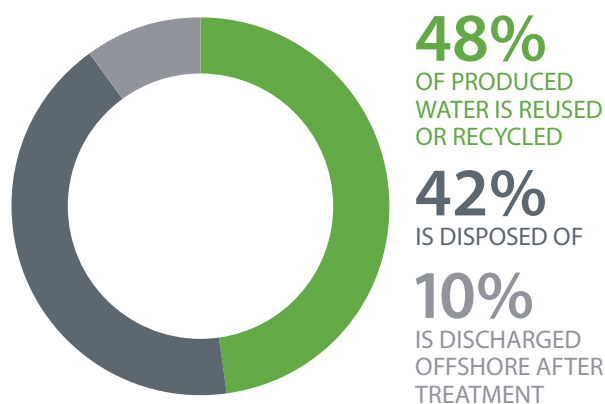
We manage water risks and mitigate potential impacts to water resources, taking into account the unique hydrologic, quality, use and ecological settings of each basin or offshore marine area. Water risks are evolving globally in response to cumulative effects of human water demand, physical effects of climate change and changing priorities and expectations of governments, investors and society. Water-related operational, reputational and regulatory risks associated with fresh water use, water stress, offshore produced water discharges and onshore produced water disposal could affect our business.

[Read more about how we manage our water risks on our website.](#)

We measure and report on the volume of fresh water and non-fresh water withdrawn from local water sources and the volume of produced water that is reused, recycled, disposed or discharged after treatment. This data is used to estimate our water intensity and exposure to water stress. We also collect water forecast data for our Long-Range Plan which enables us to test our portfolio of projects against our water risks to make better-informed strategic decisions.

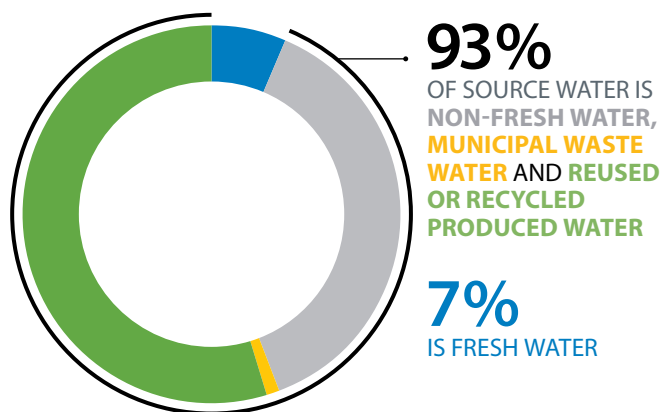
The 2021 fresh water consumption intensity for our unconventional assets in the U.S. (Eagle Ford, Delaware, Midland and Bakken) and in Canada (Montney) was 0.08 bbl/BOE EUR. The 2021 fresh water consumption intensity for our conventional (Alaska, Canada Surmont, LNG and Indonesia) and offshore assets (Norway) was 0.03 bbl/BOE. [Read more about our water metrics on our website.](#)

PRODUCED WATER MANAGED – GLOBAL



■ DISPOSED ■ DISCHARGED ■ REUSED/RECYCLED

SOURCE WATER – GLOBAL



■ FRESH ■ NON-FRESH ■ MUNICIPAL WASTE WATER ■ REUSED/RECYCLED

We use the [World Resources Institute Aqueduct Risk Atlas](#) to assess our portfolio exposure to water stress. Our Anadarko, Lost Cabin Gas Plant,⁶ Permian Midland Basin and Alaska Kuparuk assets are located in basins with high or extremely high baseline water stress and accounted for 17% of our total fresh water withdrawal and 20% of our total fresh water consumption in 2021. Fresh water accounts for about 12% of source water used in the Midland Basin and is also used for domestic purposes in staff camps, operational activities that require wash water, and processing and drilling (e.g., for water-based drilling mud) where fresh water use is required.

Measurement, Reporting and Verification

Measurement, reporting and verification of our climate efforts and GHG data is critical for establishing credibility and accountability around our targets. We have traditionally used third-party verification for external, independent, limited assurance of our GHG metrics. We also perform reasonable assurance at select operated assets where it is required by country-level regulation.

Each of our BUs is responsible for quantifying emissions and reporting the information to our corporate center for compilation and internal quality assurance. Our GHG emissions measurement methodologies use the rules, emission factors and thresholds for regulatory emissions reporting with the following amendments: We use a reporting threshold of 25,000 tonnes of CO₂e per year for an asset and/or emission source category unless the regulatory reporting threshold is lower. In our corporate reporting system, we include GHG emissions based on direct sources of emissions (Scope 1 emissions) and indirect sources of emissions from imported electricity and steam (Scope 2 emissions).

The method of data collection at each individual source can range from continuous emissions monitoring to emissions estimations. Our estimating approaches meet applicable regulatory reporting requirements or industry guidance, as appropriate. The quality of estimating methodologies, measurements and calculations is assessed internally by our corporate Environmental Assurance group.

We also report GHG emissions on an equity basis. GHG emissions from non-operated assets are included for affiliated companies and joint ventures in which ConocoPhillips owns greater than or equal to 20% working interest or when our share of GHG emissions (based on working interest) is greater than or equal to 25,000 tonnes of CO₂e per year.

We also report our GHG performance annually through CDP. The annual CDP survey collects a wide range of information concerning corporate efforts to manage climate change issues effectively and drive emissions reductions. It includes an emphasis on governance, strategy, actions and reporting to try to provide a complete view of companies' performance for comparison. It also provides a view of sector performance. ConocoPhillips has participated in the survey since 2003. Our most recent CDP submission can be found in the **2021 CDP document** on our website.

⁶ During 2021, the company completed the sale of the Lost Cabin Gas Plant.

Reporting to authorities and regulators is also the responsibility of BUs and we report our operated emissions in the following regions, countries and provinces in accordance with regulation:

- › **Australia:** The National Greenhouse and Energy Reporting Act 2007 (NGER Act) and the National Greenhouse and Energy Reporting (Measurement) Determination 2008.
- › **European Union:** EU Emissions Trading System, Monitoring and Reporting Regulation Council Directive 2003/87/EC, as amended by Council Directive 2009/29/EC.
- › **Norway:** Greenhouse Gas Emission Trading Act of 17 December 2004.
- › **United Kingdom:** UK Emissions Trading Scheme established through the Greenhouse Gas Emissions Trading Scheme of 2020.
- › **Alberta, Canada:** Emissions Management and Climate Resilience Act: Specified Gas Reporting Regulation, Alberta Regulation 251/2004.
- › **British Columbia, Canada:** Greenhouse Gas Industrial Reporting and Control Act: Greenhouse Gas Emission Reporting Regulation, British Columbia Reg. 249/2015.
- › **Indonesia:** Minister of Environment Regulation No. 12 of 2012 regarding Guideline for the Emission Load Calculation for Oil and Gas Industry Activities.
- › **United States:** 40 CFR 98 Subparts C, MM, PP, UU, W, and Y – Stationary Combustion Sources; Suppliers of CO₂; Suppliers of Petroleum Products, Injection of CO₂; Petroleum and Natural Gas Systems; Petroleum Refineries.

The verification and assurance process for 2021 data consisted of independent third-party limited assurance of Scope 1, Scope 2 and Scope 3 GHG emissions, including assurance of methane emissions, GHG intensity, methane intensity, flaring volumes and energy use. For the 2021 reporting year, we have also expanded our assurance scope beyond quantitative metrics to include governance and climate-related disclosures. We also conduct limited assurance on non-GHG data every three years.

To continuously improve processes and controls for our ESG disclosures, we are conducting an internal audit in 2022 under the direction of our Board of Directors' Audit and Finance Committee. With the assistance of independent consultants, we are further reviewing our internal processes and controls, and evaluating methods to continuously improve the quality, consistency and transparency of our GHG data. In 2022, we commenced internal corporate audits and assessments against our Environmental Performance Metrics Reporting Practice, and we are improving our overall assurance for GHG data.

The company is also closely engaged with the Human Resources and Compensation Committee to ensure our emissions reduction and climate-related goals are reflected in our employee and executive compensation programs.

See our most recent [ERM CVS Assurance Statement](#) and read more about [our internal quality assurance and third-party verification](#) on our website.

External Collaboration and Engagement

External engagement is important to understanding the issues and challenges relating to climate and the evolution of policy development. Current actions include:

- › Developing methane and shale development communications.
- › Taking part in global legislation and regulation development.
- › Engaging with stakeholders, including investors, on climate-related risks.

Supporting Industry Dialogue

We actively work with different organizations and associations around the world to enhance our understanding of the issues and trends facing our industry and company. The benefits we receive from trade and industry associations range from best practice sharing to technical standard setting and issue advocacy. We do not always agree with all positions taken by the organizations that we work with. For example, we may not always agree with the positions they take on climate change or regulatory reform. In these cases, we make our views known and seek to influence their policy positions. We have strong governance around our association activities and annually report on trade association memberships with dues more than \$50,000.

We are members or sponsors of a number of external groups that support our efforts to manage climate-related risks. Further, we work with our trade associations to ensure alignment with our climate change position.

The [American Petroleum Institute](#) (API) Climate Committee addresses climate change issues affecting the U.S. oil and natural gas industry. The group oversees the development of API's Climate Position, Climate Policy Principles and industry initiatives. The group developed the recent [Climate Action Framework](#), a combination of policies, innovation and industry initiatives to reduce emissions from energy production, transportation and use by society. We are active in many API committees that can also involve or address climate-related issues, and we work to contribute our perspective in alignment with our positions and actions.

The [American Exploration and Production Council](#) (AXPC) Climate Change Group addresses climate change issues affecting the U.S. exploration and production sector of the oil and natural gas industry. The group has helped to develop AXPC's climate policy and principles, its ESG Metrics Framework and Template, and its position on methane regulations.

[IPIECA](#) established its Climate Change Working Group in 1988. Since then, the group has monitored climate science and policy discussions, engaging with international governmental bodies and other stakeholders. It is not an advocacy body and does not engage in lobbying on climate or other issues. In 2021, [IPIECA clarified its purpose](#) on providing best practice guidance on GHG emissions monitoring, reporting and management to improve industry performance. ConocoPhillips is aligned with IPIECA on its effort to bring together members of industry to knowledge share on GHG reduction efforts.

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 processes dealing with climate change.

We are sponsors of the MIT – *Joint Program on the Science and Policy of Global Change* program which supports efforts to:

- › Improve knowledge of interactions among human and natural Earth systems, with a 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, policymaking communities and the public.
- › 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 Markit, now part of S&P global, hosts forums where member companies can discuss global climate change and clean energy research and its implications for policy. They provide a wide range of research products to ensure that members are up to date with current developments around the world.

Additionally, we have worked with the following groups:

- › *International Association of Oil and Gas Producers* (IOGP).
- › *U.S. Business Council for Sustainable Development* (USBCSD).
- › Socially responsible investors (SRIs).
- › Nongovernmental organizations (NGOs).

Our engagement with investors has focused on climate-related risks in many one-on-one meetings and periodic conferences, such as with the Interfaith Center on Corporate Responsibility. We have also engaged on climate-related issues and sustainability risks with institutions such as Moody's, Fitch and S&P.

Other groups we have joined or in which we are participating include:

- › **World Bank Zero Routine Flaring by 2030:** Initiative that aims to bring together governments, oil and gas sector and development institutions to address flaring.
- › **E&P Net-Zero Principles Roundtable:** Facilitated by Ceres, a small representative collection of financial sector, E&P oil and gas sector and NGOs, seeking to define what it means to be a Paris-aligned exploration and production company.
- › **Net-Zero Business Alliance:** Initiative from the Bipartisan Policy Center to bring together business leaders that represent an affirmative and pragmatic voice in the climate solutions debate and to work with governments to advance an aggressive climate strategy that is grounded in engineering, commercial and economic realities.
- › **Net-Zero Company Benchmark:** Engaging with Climate Action 100+ on their assessment of our energy transition progress.
- › **Canada's Oil Sands Innovation Alliance (COSIA):** Group of oil sands producers, of which we are a founding member, focused on accelerating the pace of improvement in environmental performance in Canada's oil sands through collaborative action and innovation.
- › **Oil Sands Pathways to Net-Zero Initiative:** Alliance of Canada's top oil sands operators working toward achieving net-zero GHG emissions by 2050.
- › **International Emissions Trading Association (IETA):** Non-profit business organization created in 1999 to establish a functional international framework for trading in GHG emissions reductions.
- › **Climate Leadership Council (CLC):** International policy institute to promote a carbon dividends framework in the U.S.
- › **Carbon Pricing Leadership Coalition (CPLC):** Global voluntary partnership to share and expand the evidence base for effective carbon pricing policies.

Public Policy Engagement

ConocoPhillips supports well-designed climate policy that is practical, equitable and cost-effective in reducing GHG emissions. We support the aim of the Paris Agreement to limit the rise of global average temperatures well below 2 degrees Celsius which is reflected in our Paris-aligned ambition to be a net-zero operational emissions company by 2050.

Proactive Engagement

Climate-related policy action can support an orderly transition to a low-carbon economy, facilitate the development of innovative technology and reduce the overall risks associated with climate. We have been actively engaged in climate-related discussions with policy makers and stakeholders since our first global climate change position was published in 2003. Our approach to public policy engagement on climate change has evolved. However, we remain consistent in our view that market-based solutions at national and global levels, rather than a patchwork of less efficient regulatory approaches, will be most effective in reducing GHG emissions.

Among our efforts, ConocoPhillips is a founding member of the Climate Leadership Council (CLC), an international policy institute founded in collaboration with business and environmental interests to promote a carbon dividends framework in the U.S. as the most cost-effective, equitable and politically viable climate solution. Participation in the CLC provides an opportunity for ongoing dialogue about carbon pricing and framing the issues in alignment with our principles. We are also a member of Americans for Carbon Dividends (AFCD), the education and advocacy branch of the CLC, which focuses on progressing the bipartisan Baker-Shultz Carbon Dividends Plan. Our executive leadership team consistently engages with members of Congress and the Administration to express support for that plan. In 2021, ConocoPhillips was accepted as a Private Sector Partner within the Carbon Pricing Leadership Coalition (CPLC), a global voluntary partnership run by the World Bank to share and expand the evidence base for effective carbon pricing policies. Participation in the CPLC further demonstrates our

commitment to carbon pricing and is complementary to our engagement with the CLC.

We have also demonstrated strong engagement with major trade associations to advance climate policy positions that include support for a market-based approach to reduce GHG emissions. To this end, we have shown successful leadership that has yielded positive results and progress within the American Petroleum Institute (API), the Business Roundtable (BRT), the U.S. Chamber of Commerce and others. Our advocacy further addresses methane and flaring regulation, clean fuel or power standards, and sector-specific regulations based on carbon-intensity benchmarks. Publicly communicating our governance processes and the depth of our advocacy efforts is a crucial component of our outreach in addressing stakeholder concerns.

Most trade organizations we participate in have climate change positions aligned to ours. Where they do not, we have continued to offer our viewpoint and attempt to work with them to better align their position with ours. For example, we have worked to influence API, BRT, the U.S. Chamber of Commerce and other organizations to support the direct federal regulation of methane. In addition to actively participating in trade organization position updates, we have also voted against or abstained from supporting specific actions requested by a trade organization if their positions were not aligned with ours. We have also decided not to renew some memberships because of misalignment on a number of policy topics, one of which is climate change.

Effective Policy

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. Effective climate change policy requires a number of elements:

Integrates energy and climate policy: Climate change policy and energy policy should be coordinated to ensure a diverse and secure supply of affordable energy and avoid overlapping or duplicating existing energy and climate change programs. This must create a level competitive playing field among energy sources and between countries and encourage efficient use of energy.

Promotes innovation: Climate change policy should promote government and private sector investment in energy research and development and match the pace at which new technology can be developed and deployed.

Demonstrates real GHG reductions: It should result in the stabilization of global GHG atmospheric concentrations and foster resiliency to the impacts of a changing climate.

Provides economic certainty: It should provide long-term certainty for investment decisions and avoid undue harm to the economy.

Methane Policy

In the absence of a carbon price in the U.S., the economy-wide direct regulation of methane would be effective. We support well-formulated federal regulation of methane emissions from oil and gas exploration and production if that regulation:

- › Encourages early adopters and voluntary efforts.
- › Incorporates cost-effective innovations in technology.
- › Supports appropriate state-level regulations.

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.
- › 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.

Carbon Pricing

Demand-side emissions reduction efforts are required for climate goals to be achieved, because supply-side constraints alone would be ineffective in reducing global emissions. ConocoPhillips believes a well-designed pricing regime on carbon emissions is the most effective tool to reduce GHG emissions across the global economy. A revenue-neutral carbon tax that is transparent, predictable and cost-effective to administer would be an effective policy option. It should result in some relief via the elimination of other laws and regulations aimed at reducing or controlling carbon and other GHG emissions. It is also the best way to regulate methane. Carbon pricing policy should support the implementation of currently economic emissions reduction projects and provide support for innovation to encourage the development of currently uneconomic projects. A price on carbon would also provide a stable and predictable market signal that would impact investment flows and end-user choices in a manner that minimizes adverse local economic and social impacts of an energy transition.

We advocate for carbon pricing directly through engagement with government legislators and regulators in all jurisdictions in which we operate, and indirectly via collaboration with trade associations that are aligned with our strategy. [Read more about our position on carbon pricing on our website.](#)

We are a Founding Member of the [Climate Leadership Council](#) (CLC), an international policy institute founded in collaboration with business and environmental interests to promote a carbon dividends framework as the most cost-effective, equitable and politically-viable climate solution in the U.S. Participation in the CLC provides another opportunity for ongoing dialogue about carbon pricing and framing the issues in alignment with our principles. We also belong to and fund [Americans for Carbon Dividends](#) (AFCD), the education and advocacy branch of the CLC. We support and are advocating

for a carbon price contingent upon four pillars: a gradually increasing carbon price, carbon dividends for all Americans, border carbon adjustments and regulatory simplification.

We have been actively engaged in climate-related discussions with policy makers and stakeholders since our first [global climate change position](#) was published in 2003. Since then, we have developed [Climate Change Action Plans](#), set an [emissions intensity target](#), integrated carbon restricted [scenarios](#) into our strategic planning process and published carbon tax principles.

Global Principles for Country-Specific Carbon Tax Legislation

A well-designed carbon tax or other legislative proposal to fix and impose a price on carbon dioxide or other GHGs should meet the following principles:

- › **Economy-wide:** A carbon tax designed to fix and impose a price should apply as broadly across the economy as administratively practicable.
- › **Non-discriminatory:** GHG emissions alone should form the basis of taxation. A carbon tax should not “pick winners and losers” among industries or emissions sources or discriminate in providing subsidies to energy sources.
- › **Uniform:** A carbon tax should apply to all GHG emissions at the same rate on a “units of carbon dioxide equivalent” basis using the IPCC standard 100-year global warming potential.
- › **Transparent:** To most efficiently incentivize changes to consumer behavior, a carbon tax should be imposed at the point in the value chain which is as close as administratively practicable to the point and timing of the emission. If a point is chosen further upstream, a system of credits or other mechanisms should be designed to eliminate (or prevent) taxation of emissions applicable to taxable products sequestered downstream of the point of taxation and to those used as feedstocks for the manufacture of products in which GHGs are stored.
- › **Avoid double taxation:** A federal carbon tax should preempt state, provincial and local carbon taxes and renewable production tax credits.
- › **Provide regulatory relief:** A federal carbon tax should replace all environmental laws and regulations that are intended to reduce or control carbon and other GHG emissions.
- › **Predictable:** The application of a carbon tax and the tax rate may be adjustable when necessary, but such adjustments should be infrequent and should be limited to those designed to achieve the broader environmental goal of the tax legislation.
- › **Cost-effective administration:** Existing channels of tax collection and emissions reporting systems should be used if feasible. Where actual emissions cannot be measured, best efforts based upon sound science should be used as an estimate.
- › **Globally competitive:** A country-specific carbon tax rate should be set in accordance with existing taxation channels and emissions reporting systems and be adjusted to ensure global competitiveness. Depending on the point of taxation chosen, carbon tax legislation should include a border adjustment mechanism, or other attributes designed to mitigate competitive disadvantages to host country industry when competing in global markets.
- › **Revenue recycling:** A carbon tax should be revenue-neutral and used in such a way as to minimize economic impact.
- › **Compliance flexibility:** A federal carbon tax should include multiple options for compliance, including offset credits from a broad range of jurisdictions, cash payments or flexible compliance frequency.

History of Engagement

Our approach to public policy engagement on climate change has evolved. However, we remain consistent in our view that market-based solutions at national and global levels, rather than a patchwork of less effective regulatory approaches, are most likely to be effective in reducing GHG emissions.

Shortly after the merger of Conoco and Phillips Petroleum in 2003, we published our first global climate change position. Since then, we have consistently used our Sustainability Report to detail our commitments, priorities and actions. We have also participated in the Carbon Disclosure Project (now CDP) questionnaire since 2003.

Historical Engagement

In 2004, we described actions that we would be taking to address climate change, including:

- › Assessing data.
- › Developing objectives to reduce GHG emissions.
- › Improving operational efficiency.
- › Developing climate change considerations for project planning and approval processes.
- › Engaging in discussions on climate change through the International Petroleum Industry Environmental Conservation Association (now IPIECA).
- › Joining the International Emissions Trading Association (IETA).

In 2005, we began trading in the European Union ETS.

Through our membership in the [U.S. Climate Action Partnership](#) (USCAP) beginning in 2007, we actively participated in efforts to design an effective legislative approach.

In 2008, we adopted and published our first Climate Change Action Plan to systematically address climate change risk.

In June 2009, the American Clean Energy and Security Act of 2009 (HR2454) (Waxman-Markey) bill passed the House of Representatives. Although the USCAP Blueprint for Legislative Action was considered influential in the design of the legislation, we [had serious concerns](#) about some of the detailed elements in the bill. Following passage of the House bill, our focus turned to addressing issues of concern in the Senate version of the legislation. In order to intensify our company's focus and resources on addressing the key issues, including the important role that natural gas can play in reducing U.S. GHG emissions, we [announced in February 2010](#) that the company would not be renewing our membership in USCAP.

Through this more direct engagement, we were successful in helping to develop draft legislation that incorporated a more equitable approach to energy sectors while maintaining environmental effectiveness. We [issued a statement](#) regarding the draft legislation introduced in the Senate in May 2010.

Since 2010, we've continued to work toward approaches that are practical and effective, including active participation in dialogue with trade associations like the American Petroleum Institute (API), industry partners and the government to advocate smart policy solutions.

In 2021, we made the decision to rejoin IETA to further our advocacy for market solutions to the climate challenge. IETA is a non-profit business organization created in 1999 to establish a functional international framework for trading in GHG emissions reductions. IETA members seek to develop an emissions trading regime that results in real and verifiable GHG emissions reductions, while balancing economic efficiency with environmental integrity and social equity. IETA is a global carbon policy organization, and they support carbon offset trading systems. Their membership includes leading international companies from across the carbon trading cycle. IETA have a seat on the Task Force for Scaling Voluntary Carbon Markets (TSVCM).

Examples of Regulatory Engagement

Collaborating with a broad range of stakeholders on effective climate change policy and GHG emissions solutions is key to solving the climate change challenge.

In 2014, we publicly supported the Gas Capture Plan in North Dakota, now required, which took a pro-active approach to flare gas reduction. We entered into agreements with pipeline companies to ensure that required gathering infrastructure was available when needed in order to reduce emissions.

In 2016, we supported the U.S. Bureau of Land Management (BLM) Onshore Order 1, electronic filings, as the proposed changes reduced work and errors and sped up response time for both industry and the government.

In 2016, the BLM proposed a series of Onshore Orders. After careful review, ConocoPhillips opposed Onshore Order 9, the proposed Venting and Flaring rule, based on the conclusion that the BLM was overreaching their authority and the proposal created a duplication of federal authority with EPA. Our comments to the BLM included suggestions to remove many of the duplicative requirements. While we opposed many of the requirements in Onshore Order 9, we did suggest

some changes to certain proposed requirements. For example, we agreed that the limits for royalty-free flaring should be changed and gave recommendations for the limits.

Directly and through our trades we have worked to advance the development and deployment of carbon capture, utilization and storage to achieve a cleaner energy profile and improve U.S. economic security. In 2018, Congress passed the Furthering Carbon Capture, Utilization, Technology, Underground Storage, and Reduced Emissions Act to enhance the 45Q tax credit to further incentivize carbon capture and storage technology deployment in the United States. The primary issue with the 45Q tax credit is the interpretation of what constitutes secure geological storage (SGS). In particular, we support the adoption of a commercially reasonable ISO standard to demonstrate secure geological storage in the context of captured carbon dioxide that gets sequestered underground for enhanced oil recovery projects. The standard should establish criteria for transparency and assurance that carbon dioxide removal is achieved. We also support self-verification of compliance with the ISO standard given that our tax officer would attest to satisfying the requirements of 45Q under penalties of perjury.

Recent Legislative Engagement

In 2019, we worked within the broad coalition of Climate Leadership Council (CLC) members to better define details of the overarching implementation plan. That included work on topics such as carbon price escalation rates, points of taxation, regulatory backstop provisions, high energy-cost region challenges and a border carbon adjustment. While the policy work continues with CLC members, the results of that engagement are reflected in the more detailed [CLC plan](#) released in early 2020. We also engaged with members of Congress directly and through Americans for Carbon Dividends. This included reviewing several proposed climate bills and continuing to offer technical feedback on those bills to elected representatives and their staff. The company remains engaged with representatives from both sides of the political spectrum.

In 2022, ConocoPhillips joined the Oil Sands Pathways to Net-Zero alliance, which includes Canadian Natural Resources, Cenovus Energy, Imperial, MEG Energy and Suncor Energy.

Together this group represents the companies operating approximately 95% of Canada's oil sands production. The goal of the alliance is to achieve net-zero GHG emissions from oil sands operations by 2050 to help Canada meet its climate goals, including the country's Paris Agreement commitments and 2050 net-zero aspirations. ConocoPhillips is partnering with the founding members of the Pathways Alliance and governments to accelerate efforts to bring about meaningful change.

Association Engagement

Many trade organizations we participate in have climate change positions aligned to ours. Where they do not, we have continued to offer our viewpoint and attempt to work with them to better align their position with ours. For example, we've worked to influence the American Petroleum Institute (API), the Business Roundtable (BRT) and other organizations to support the direct federal regulation of methane. In addition to actively participating in trade organization position updates, we have also voted against or abstained from supporting specific actions requested by a trade organization if their positions were not aligned with ours. We have also decided not to renew some memberships because of misalignment on a number of policy topics, one of which is climate change. For more information about our governance and major trade associations please see [Political Support Policies and Procedures on our website](#).

With our history of constructive engagement related to the issue of end-use emissions, we continue to devote significant time and effort engaging and advocating for a well-designed federal price on carbon, including within our trade associations. We believe a price on carbon is the most effective, equitable method to reduce GHG emissions, including methane, across the economy. To advance this position, ConocoPhillips joined the Climate Leadership Council (CLC) in 2019 as a Founding Member along with the CLC's advocacy organization, Americans for Carbon Dividends (AFCD), which is focused on progressing the Baker-Shultz Carbon Dividends plan; since then, our Executive Leadership Team and Government Affairs staff have participated in well over 100 bipartisan meetings with members of Congress and the Administration. Our consistent, strong engagement

with our major trade associations, including the American Petroleum Institute, the Business Roundtable and the U.S. Chamber of Commerce, has influenced their climate policy positions to include support for a market-based approach to GHG emissions. In 2021, ConocoPhillips was accepted as a Private Sector Partner within the Carbon Pricing Leadership Coalition (CPLC), a global voluntary partnership run by the World Bank to share and expand the evidence base for effective carbon pricing policies. Participation in the CPLC further demonstrates our commitment to carbon pricing and is complementary to our engagement with the Climate Leadership Council.

As part of our routine review of trade association membership, the company evaluates how trade organization policy positions align with those expressed by ConocoPhillips, including:

- › **Paris Agreement:** The company's GHG emissions reduction targets and actions are consistent with the Paris Agreement's aim to limit the rise of global temperature to well below 2 degrees Celsius. In measuring alignment, we considered policies which support the goals of the Paris Agreement as aligned with our own.
- › **Carbon Pricing:** A well-designed pricing regime on carbon emissions is the most effective tool to reduce GHG emissions across the global economy. Carbon pricing policy should support the implementation of currently economic emissions reduction projects and provide support for R&D to encourage the development technology for currently uneconomic projects. A revenue-neutral carbon tax that is transparent, predictable and cost-effective to administer would be an effective policy option. It should result in some relief via the elimination of other laws and regulations aimed at reducing or controlling carbon and other GHG emissions. In measuring alignment, we considered policies which support a market-based mechanism to reduce GHG emissions across the economy as aligned with our own.
- › **Addressing Methane Emissions:** The most effective tool for emissions reductions across the economy would be a well-designed federal pricing regime on carbon emissions. In the absence of a carbon pricing policy, we support enactment of cost-effective federal methane regulations on new and existing sources that would preserve a state's ability to adapt implementation to local conditions. In measuring alignment, we considered policies which support direct regulation of methane as aligned with our own.

ASSOCIATION ENGAGEMENT TABLE

ASSOCIATION	PARIS AGREEMENT	CARBON PRICING	ADDRESSING METHANE EMISSIONS
American Petroleum Institute (API)	Aligned	Aligned	Aligned
U.S. Chamber of Commerce (Chamber)	Some misalignments	Aligned	Aligned
Canadian Association of Petroleum Producers (CAPP)	Aligned	Aligned	Aligned
Natural Gas Supply Association (NGSA)	Some misalignments	Aligned	Some misalignments
International Oil & Gas Producers Association (IOGP)	Aligned	Aligned	Aligned
Business Roundtable (BRT)	Aligned	Aligned	Some misalignments
National Association of Manufacturers (NAM)	Aligned	No position	Some misalignments
American Exploration and Production Council (AXPC)	Some misalignments	No position	Aligned

SPOTLIGHT

Optimizing Operations to Reduce Emissions in Canada's Oil Sands

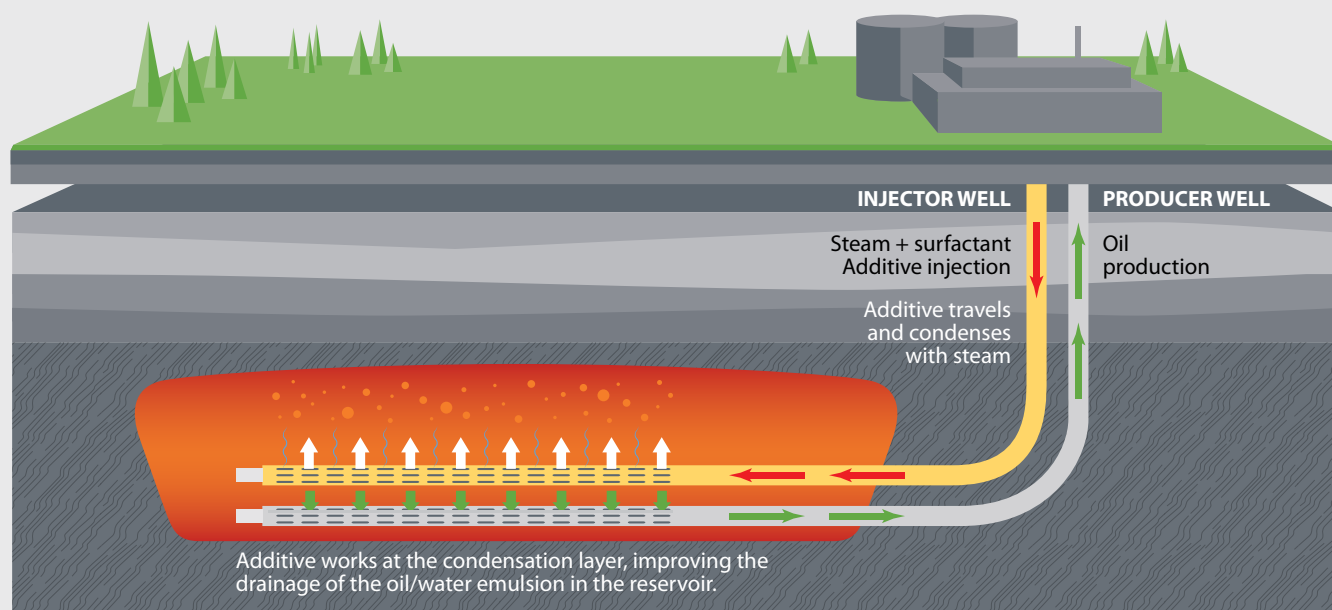
A pilot project in Canada's oil sands is testing the use of steam additives to optimize the steam-assisted gravity drainage (SAGD) process. The effort aims to reduce steam-oil ratio (SOR) and greenhouse gas (GHG) emissions intensity and initial results from the effort are promising, decreasing SOR while increasing oil production.

"This steam additives pilot is one incremental technology that will help us optimize the SAGD process by reducing the steam-oil ratio," noted Javier Sanchez, Supervisor, Technology, ConocoPhillips Canada. "The effort is helping us build a pathway to net-zero."

OPTIMIZING PRODUCTION

During SAGD, additives are co-injected with steam, where they do their work at the edge of the steam chamber (condensation layer), increasing the emulsification of oil in water and reducing its viscosity. This improves fluid drainage and oil recovery per unit of steam injected, lowering both SOR and the amount of energy used for production. Depending on the type of energy source (electric or natural gas), this translates into a lower carbon footprint per barrel of oil as well as a lower water recirculation rate, which minimizes the use of fresh water. The additives are easy to handle and

STEAM ADDITIVES



The steam additives pilot phase has the potential to reduce SOR and GHG emissions intensity by 15-35% in the pilot area.



A well pad at Surmont.

do not adversely affect the reservoir formation. They do not damage equipment and are only minimally impactful to separation, water treatment and recycling operations.

“The technology study began in 2017 with a lot of collaboration between people in Houston and Calgary who were all trying to develop technology that would enhance our SAGD process,” said Julian Ortiz, Supervisor, Strategy & Planning, ConocoPhillips Canada. A joint industry project was formed with the goal of screening a variety of commercially available additives. Lab testing began in early 2017, followed by facility design and construction in 2020. Three ConocoPhillips business units

and 16 teams in Canada participated in the process.

The steam additives pilot phase began in early 2021 and is expected to last up to 24 months. If successful, it has the potential to reduce SOR and GHG emissions intensity by 15-35% in the pilot area. The effort is funded through the Government of Alberta (Alberta Innovates and Emissions Reduction Alberta), Surmont joint venture funding and ConocoPhillips marginal abatement cost curve (MACC) funding.

“This has truly been multi-disciplinary work; we have seen a lot of collaboration,” Ortiz added.

SPOTLIGHT

The Net-Zero Roadmap: Implementing our Ambition

Addressing the energy transition is one of the most important issues for our company. ConocoPhillips intends to play a valued role in the energy transition by executing three objectives: meeting energy transition pathway demand, delivering competitive returns on and of capital and achieving our net-zero emissions ambition. We call this the Triple Mandate, and it represents our commitment to create long-term value for our stakeholders.

We were the first U.S.-based oil and gas company to adopt a Paris-aligned climate-risk strategy with an ambition to become a net-zero company for operational (Scope 1 and 2) emissions by 2050.

NET-ZERO ROADMAP

Though this work is just beginning, the Net-Zero Roadmap will be the primary mechanism for how our planning translates to action and prioritizes near-term Scope 1 and 2 emissions reduction efforts by identifying and executing viable abatement options. The roadmap details how we intend to fulfill our longer-term commitments through planning, fostering technological advancements and partnering with peers and external stakeholders to explore pilot projects that could abate challenging operational emissions.

Each of our operating business units is developing a roadmap to describe strategies and plans. When rolled up, the roadmaps will inform our technology development, operations and engineering teams, along with our development staff and project timing, while allowing us to forecast and prioritize for the needs of the future.

The Net-Zero Roadmaps will also:

- › Empower each business unit to progress initiatives specific to its needs.
- › Leverage the marginal abatement cost curve (MACC) process to prioritize projects.
- › Promote collaboration between business units on projects which are scalable or transferable.
- › Enable design changes to new facilities to reduce emissions.
- › Prioritize pilot projects and tests of emerging technologies to address our most significant needs.
- › Enhance the tools and processes we use to prioritize, execute and track our emissions reduction efforts.

“Delivering our net-zero ambition is a key part of the company’s energy transition plan,” said Warwick King, vice president, Low Carbon Technologies. “The Net-Zero Roadmaps will be a vital tool to help identify projects that will reduce and eliminate operational GHG emissions.”

[Read more about our Net-Zero Roadmap on our website.](#)

USING THE MACC TO IDENTIFY PROJECTS

An essential element of our Net-Zero Roadmap is the MACC, a process to prioritize the most impactful emissions reduction projects. To drive accountability for the emissions that are within our control, the MACC provides a continuous pipeline of projects with short-, medium-, and long-term emissions reduction targets.

We use optical gas imaging cameras to identify and repair methane leaks.



During our annual budget planning process, potential GHG emissions reductions projects are reviewed and ranked. The MACC plots the breakeven cost of CO₂e reduction considering capital cost, operating costs and the potential increased revenue for each project against the cumulative GHG emissions that can be reduced. Project funding is based on a number of criteria including:

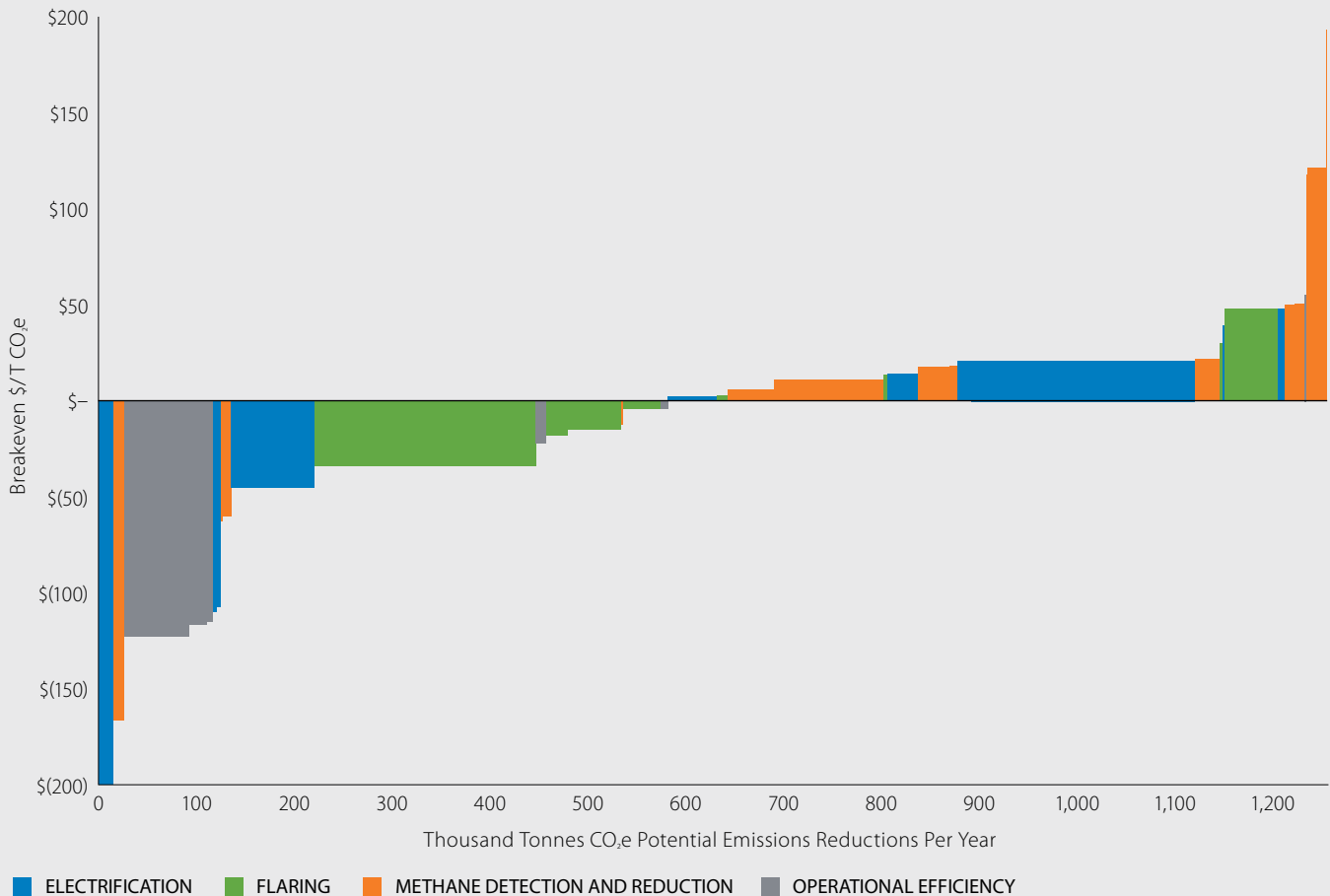
- › **Cost:** Cost per metric ton of CO₂e abated (i.e. the lowest \$/metric tons of CO₂ equivalent).
- › **Sustainable Reduction:** Reduces emissions permanently.
- › **Scalability:** Can be scaled-up to provide additional emissions reductions.

- › **Technology Readiness:** Systems and processes proven to reduce emissions by the forecasted amount.
- › **Repeatability:** Can be replicated in other business units.

We fund projects that have a break-even cost of up to \$60/metric tons of CO₂e, as well as projects that anticipate forthcoming regulatory changes. Approximately 70 projects were selected for funding in 2021 to begin execution in 2022. Of the projects ready to implement, the majority are in the U.S. Lower 48 and are related to venting and flaring.

MARGINAL ABATEMENT COST CURVE

The marginal abatement cost curve below shows current estimates of emissions reductions and breakeven cost of carbon of projects sanctioned for 2022.



"There is no one project or solution that will help us transition to a lower-carbon economy. It will require many different efforts, a lot of innovation, and collaboration across different industries, that will yield reductions in emissions. The MACC process and our Net-Zero Roadmap will help us to plan how we can do our part at ConocoPhillips," noted Mark Hutcherson, Director, Low Carbon Projects & Technology.

Once a project is approved, the business unit has the accountability to deliver the project. These include production efficiency measures, methane and flaring intensity-reduction initiatives and asset electrification projects, to name a few. Specific examples include:

- › **Operational efficiency:** Ensuring operational controls are put in place to monitor emissions. Streamlining facilities, tanks and equipment; improving waste heat utilization, insulation and power distribution; deployment of optimized artificial lift strategies.
- › **Methane:** Implementing robust leak detection programs to ensure integrity of our system. Switching instrumentation from gas-driven to air-driven pneumatics; modifying facilities to reduce emergency gas venting.
- › **Flaring:** Production curtailment to avoid unnecessary flaring during process upset conditions; incorporating vapor recovery units at facilities; recovering gas for sales.
- › **Electrification and combustion:** Reducing combustion needs on drilling and completions; electrifying operations and pursuing renewable energy sources; conducting basin-wide electrification study in the Permian; evaluating a project to electrify central facilities in a portion of our Eagle Ford operations.

The chart to the left shows potential projects and pilots that are expected to be implemented in 2022. Projects below the axis are economic even without a cost of carbon. Projects above the axis assume a cost of carbon to achieve a breakeven net present value – the taller the bar, the higher the breakeven cost of carbon. The width of the bar indicates a best estimate of the annual emissions reduction should the project be undertaken. The MACC

process was designed to facilitate corporate and business unit collaboration, enable global visibility on projects and establish a discretionary funding mechanism managed by the ConocoPhillips Executive Leadership Team (ELT) for emissions reduction opportunities across the company.

Project examples include:

› **Australia – Battery Energy Storage System (BESS)**

The Australia Pacific LNG (APLNG) facility on Curtis Island, Queensland, Australia is progressing a BESS to function as power backup in case of electricity generator failure. Currently APLNG is powered by a number of Gas Turbine Generators (GTGs) with one spare GTG, which is running in reserve in the event another fails. A BESS would replace the spare GTG and act as the reserve electricity generator. This could result in a reduction of fuel gas required of at least 300 terajoules per year and is anticipated to abate over 16,000 metric tons of GHG emissions per year.

› **Gulf Coast – H2S Scavenger Centralization**

In our Gulf Coast business unit, a project is underway to remove the need for pneumatic-powered scavenger injection pumps at each well pad through the installation of scavenger towers at each central facility location. The project could reduce emissions by around 11,250 metric tons per year.

› **Norway – Ekofisk Local Wind Power Project**

ConocoPhillips Norway has committed to a detailed study of an offshore wind project to power operations at the Ekofisk complex in the North Sea. If the study proves viable, first power could occur as early as 2026, with two 11-megawatt offshore wind turbines that would feed power to the Ekofisk complex, reducing GHG emissions by approximately 60,000 metric tons per year.

› **Permian – Expanding Continuous Methane Monitoring**

The Permian business unit has expanded its continuous methane detection capabilities as part of its "layers of protection" strategy for emissions identification and mitigation. To date, the pilot project has deployed over 15 AI-enabled camera systems and over 1,000 fixed methane sensors for methane detection at our highest exposure facilities.

Managing Water-Related Risks

We manage water risks and mitigate potential impacts to water resources, taking into consideration the unique hydrologic, quality, use and ecological settings of each basin or offshore marine area.

For every barrel equivalent of energy we produce, we manage about two barrels of water, including:

- › Withdrawing it from local surface water, fresh or non-fresh groundwater and seawater sources for use at our facilities and operations to produce natural gas and oil.
- › Managing it as produced water, as part of the natural gas and oil production process.
 - Reusing or recycling it to use as an alternative to local water resources for enhanced oil recovery, steam generation and hydraulic fracturing.
 - Discharging it from offshore operations after treatment in accordance with local water quality regulations.
 - Disposing of it in disposal wells in accordance with local regulations.

2021 PERFORMANCE HIGHLIGHTS

- › 54% of Permian Basin hydraulic fracturing water sourced in 2021 was recycled produced water.
- › Shared an additional 10% of our total produced water in Montney for recycling by other local operators.
- › Implemented fresh water use reduction projects to reduce water use for APLNG by about 25%.
- › Achieved oil in water concentration in produced water discharges five times lower than the regulatory limit in Norway.



Governance and Strategy

Our governance structure provides board and management oversight of our risk processes and risk management. [Read more about our sustainable development governance on our website.](#)

Our strategic priorities are to:

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

Portfolio Risks and Exposure

Water risks are evolving globally in response to cumulative effects of human water demand, impacts to local water resources and the ecosystems services they provide, physical effects of climate change, and changing priorities and expectations of governments, investors, and society. Water-related operational, reputational and regulatory risks associated with fresh water use, water stress, offshore produced water discharges and onshore produced water disposal could affect our business through:

- › Restricting access to water supply or produced water discharge/disposal options.
- › Limiting production techniques such as hydraulic fracturing or restricting produced water discharge/disposal through policy changes and regulations to address basin-level cumulative effects.
- › Exacerbating local water stress or scarcity through changes related to the impact of physical effects of climate change on local water resources.
- › Actions by investors and the financial sector including ESG performance and reporting expectations and shareholder resolutions.

Risk Assessment

Our SD Risk Management Standard mandates a process for operated assets and projects to assess water-related risks to ensure corporate oversight, assurance and consistent implementation. [Read more about our risk process on our website.](#) The standard further mandates developing water action plans for risks ranked significant or high and tracking them in the corporate SD Risk Register. Risks that are no longer ranked significant or high, due to the effectiveness of mitigation actions, as well as risks identified as medium or low, continue to be tracked at the business unit level. As part of this annual process, we assess potential water risks associated with:

- › Local water availability and water stress or scarcity.
- › Transport and storage of source water and produced water.
- › Produced water or process waste water treatment requirements.
- › Water quality of discharged produced water and process waste water.
- › Produced water disposal and seismicity.

Water-related physical climate risks, such as extreme precipitation, flooding or drought, are assessed as needed for specific assets or through business unit facility engineering via collaboration between metocean and civil engineering teams. Extreme precipitation and flooding risks are typically assessed using the latest precipitation frequency data to support new design or mitigation for existing infrastructure. For U.S. assets, we use data from the National Oceanic and Atmospheric Administration (NOAA).

Priority risks continue to be related to securing water supply sources and produced water management. In 2021, two of our operated assets had significant risks related to produced water disposal. [Read more about mitigation activities in the Risk Management section on our website.](#)

Risk Management

Water sourcing and produced water management are global challenges that require local solutions. Local water risks are characterized by the combination of social, regulatory, economic and environmental conditions, which are unique to every basin or offshore marine area. Risks are influenced by the type of operation – whether we explore for or produce crude oil, bitumen, natural gas, natural gas liquids or liquefied natural gas – and whether we operate an unconventional reservoir or within a conventional field onshore or offshore. Water risks are managed at the BU level, enabling a tailored region-specific approach.

Our water sources include fresh, non-fresh and reused/recycled produced water used for drilling, enhanced oil recovery (EOR), hydraulic fracturing, steam generation for steam-assisted gravity drainage (SAGD) oil sands production, natural gas and oil terminals, LNG production and domestic purposes.

Produced water from our onshore operations is treated and recycled to hydraulically fracture wells and generate SAGD steam, reused untreated for EOR, or disposed by well injection. Produced water from offshore operations is treated prior to discharge from offshore platforms in accordance with local regulations. We also manage waste water at our terminals, for LNG production and domestic waste water for staff accommodations at remote assets.

Unconventional

In 2021, our unconventional assets included Eagle Ford, Delaware and Midland Basins in the Permian and Bakken in the U.S. and Montney in Canada.

Recycled produced water has been identified as the best option to source hydraulic fracturing operations for our Delaware, Midland and Montney assets. This recycling has both economic and environmental benefits as the use of recycled produced water reduces both the amount of water withdrawn from local sources and the amount of produced water injected for disposal.

Our Delaware and Midland unconventional assets are part of the Permian Basin in West Texas and Southeastern New Mexico. Water sourcing and produced water management are

facilitated using centralized water gathering and distribution systems with strategically located recycling facilities. Water infrastructure is a key component of these gathering systems. Virtually none of our source water is transported via truck, and more than 90% of produced water used in our Permian operations is transported via pipeline.

To minimize reliance on local fresh water sources and because some of our Permian assets are located in areas with high baseline water stress, we actively pursue opportunities to use recycled produced water to frack new wells. We have established partnerships with third-party midstream providers for our Midland and Delaware assets for services including water supply and delivery, pipeline design and operation, waste water disposal, and produced water treatment. In 2021, 10 produced water recycling facilities treated water from our own natural gas and oil wells. We also work with third parties to source additional recycled produced water. Our engineered storage pits for treated produced water are double-lined and have leak detection systems, and storage pits and disposal facilities are also equipped with remote monitoring devices. In 2021, 52% of the water used for hydraulic fracturing of new wells in Delaware and 55% of water used in Midland was recycled produced water.

54%
of Permian
Basin hydraulic
fracturing water
sourced in 2021
was recycled
produced water.

In addition to recycled produced water, we have been using reclaimed municipal waste water for our Midland assets since 2015. This reclaimed waste water is sourced from municipalities and other third parties and treated in the hydraulic fracture process.

In Canada's Montney development, we also manage water using a centralized water gathering and distribution system. Produced water from operating wells is treated for recycling, stored in engineered ponds and then used to complete the next well. In 2021, over 98% of the water used for fracking was recycled produced water due to reduced drilling activity. As more wells are completed in future development phases, we will reduce the volume of fresh water withdrawn from the

Halfway River and gradually increase the volume of treated produced water used for new wells. Our ultimate target is to recycle at least 80% of the produced water for fracking, reducing fresh water withdrawal and produced water disposal. Due to a delay in the development schedule and reduced drilling activity for 2021 we had a surplus of produced water. We turned this challenge into an opportunity by sharing our treated produced water with other local operators, recycling an additional 10% of our total produced water recovered. In turn, we are planning to receive produced water from other local operators to utilize excess capacity at our water treatment facility in 2022. We will use treated third-party produced water to reduce our fresh water use in 2022 and beyond. [Learn more about our Montney water management on our website.](#)

OUR TARGET:

Recycle at least
80%
of the produced
water for fracking
in the Montney
Basin.

In Texas's Eagle Ford, we target groundwater sources that are not in close proximity to local municipal, domestic or agricultural users. In support of this goal, we progressed our deep water well project in Karnes County. Deeper wells are more likely to be brackish, helping us to boost the volume of non-fresh water used for operations. Source water for drilling and completions is transported using temporary, lay-flat pipelines from central storage ponds, rather than trucks. In 2021, we expanded additional

We target groundwater sources that are not in close proximity to local municipal, domestic or agricultural users in the Eagle Ford.

water connections between existing central gathering and disposal systems and central storage ponds in DeWitt and Karnes counties. We also began the installation of a pipeline-based produced water central gathering and disposal system for new facilities in Sugarloaf, located in Live Oak County. The central water facility is scheduled to be commissioned in 2022. These initiatives have further reduced truck traffic on local

roads. In 2021, about 67% of the water sourced for operations in the Eagle Ford was non-fresh water.

For our Bakken operations, water is predominately sourced from local surface and groundwater which is largely transported using temporary, lay-flat pipelines from central storage ponds and underground water distribution systems. Most of produced water is transferred to disposal wells using pipeline infrastructure. In 2021, about 35% of the water sourced for operations in the Bakken was non-fresh water.

Induced Seismicity

We have our own Global Induced Seismicity Guidelines to understand and mitigate potential seismicity related to fracking and produced water injection disposal wells. We evaluate third-party disposal wells by conducting a seismic hazard risk assessment prior to selecting third-party disposal wells for use.

We utilize a range of real-time seismic monitoring networks, including the Texas Bureau of Economic Geology, United States Geological Survey and [Nanometrics](#) (a commercial monitoring entity), that enables us to make immediate evaluations and engage in mitigating actions if required. Our protocols reflect variations in local regulatory frameworks.

In 2021, we supported research led by the University of Texas at Austin's multi-disciplinary Center for Integrated Seismicity Research (CISR) to understand seismicity across Texas. Together with industry partners, we helped fund the research that uses TexNet seismic monitoring data to conduct this analysis. TexNet is a system of earthquake sensors placed in the ground at over one hundred locations across the state of Texas. TexNet data is publicly available and widely used by academics.

We work to reduce the likelihood of induced seismicity events through internal seismic reviews before starting operations and through ongoing engagement with state regulators and other stakeholders.

In 2021, two seismic response areas (SRA) were implemented in the Permian Basin by the Railroad Commission of Texas (RRC), the state agency that regulates the oil and gas industry, in response to increased seismicity. The RRC has recommended reduced disposal injection volumes within these areas. We modify our disposal practices to remain consistent with the RRC's guidance.

Conventional

Our diverse operated conventional asset portfolio includes Alaska's Kuparuk and Alpine fields and the Permian Basin in the U.S.

Water management for our Alaska operations is unique, as most of our fresh water use is not directly for natural gas and oil production, but primarily to build seasonal ice roads and pads for exploration and overland resupply. The water is sourced locally from surface water bodies in accordance with regulatory permits and returned to the environment every spring as meltwater. Less than 1% of total water use is fresh water for drilling to produce natural gas and oil. For enhanced oil recovery (EOR) operations, our Alaska assets rely on non-fresh water, specifically seawater, and reused produced water.

For our conventional assets in the Permian Basin we are reusing produced water for EOR. Fresh water is primarily used for operational activities that require wash water and for processing and drilling (such as for water-based drilling mud).

LNG Facilities

Water management priorities for our Australia-Pacific LNG (APLNG) facility focus on the quality of water discharged to municipal water treatment systems or directed to the receiving environment. This includes water used in the liquefied natural gas (LNG) process and runoff from rain events that is discharged to surface water. Routine monitoring programs are in place to assess water quality prior to discharge to municipal systems, at each stormwater discharge point, and inside and outside the discharge mixing zone in the receiving environment. In 2021, we implemented projects to reduce fresh water use at the APLNG facility by approximately 25%. [Read more about our water management at APLNG on our website.](#)

Oil Sands

In Canada, steam-assisted bitumen recovery at our Surmont oil sands operation is primarily supported by recycled produced water with supplements from a mix of groundwater supply wells classified as low-quality non-saline and saline by Alberta regulators. These impaired quality water supplies are not suitable for domestic or agricultural use with standard treatment technologies and are located at sufficient

depth to be isolated from surface water and interactions with aquatic ecosystems. Water management priorities for Surmont include maximizing the efficiency of the water cycle and reducing the steam-oil ratio associated with bitumen production.

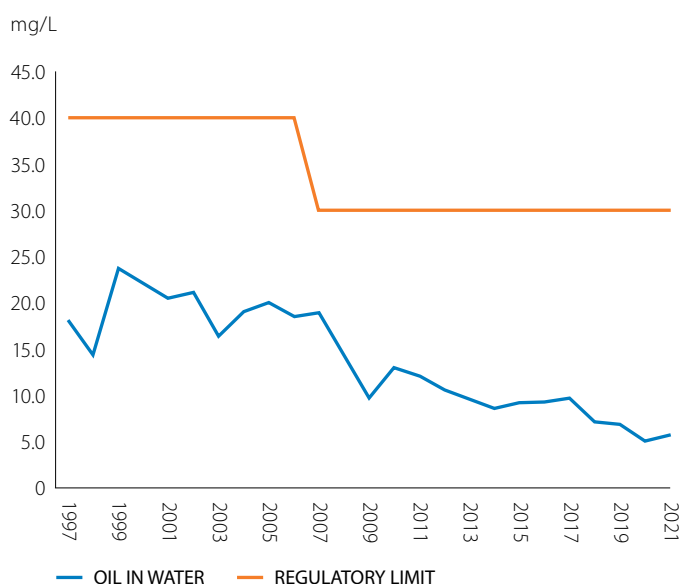
As a founding member of [Canada's Oil Sands Innovation Alliance](#) (COSIA) we are committed to the in situ oil sands [performance goal](#) to reduce fresh water use intensity by 50%, from a 2012 benchmark, by 2022. To date, the fresh water use intensity has been reduced by about 47% collectively by COSIA companies.

Offshore

Water management priorities for our Norway offshore operations are treatment and quality of discharged produced water. Norway operations treat produced water prior to discharge from offshore platforms in accordance with national regulations. Fresh water for offshore operations is mostly used for domestic purposes, but also for well stimulation. Fresh water is used at the Teesside terminal, UK, which receives natural gas, oil or natural gas liquids from Norway and UK offshore fields. Norway is our largest user of non-fresh water (seawater) for drilling and EOR.

Our Ekofisk operations have a long history of improving the quality of water discharged into the sea and our oil-in-water

OIL IN WATER REDUCTIONS – EKOFISK AREA



ratio has declined significantly and continues to out-perform regulatory requirements. In the last decade, the focus has been on optimization to further reduce oil-in-water concentrations. In 2021, the concentration averaged 5.7 mg/L, close to our 2020 record low of 5.1 mg/L. This is less than one fifth of the regulatory limit of 30 mg/L. Our ambition is to maintain these low oil-in-water ratios.

Efficient water treatment to reduce oil-in-water concentrations also reduces the level of other discharged components that may impact the marine environment. Potential impacts from produced water being discharged into the sea have been monitored and assessed for more than 20 years, including in situ water column monitoring. Based on current knowledge, the environmental risk of discharging produced water is very low. In 2021, we completed a field survey for in situ water column monitoring in the Greater Ekofisk area to try to verify the risk level.

Integrating Technology

We rely on finding innovative solutions through technology applications to reduce business risks and address local community concerns around water resources, treatment and management of produced water. Offshore, we treat produced water to remove dispersed oil prior to discharge, we disinfect seawater used for enhanced oil recovery (EOR) and we remove dissolved solids in water to avoid the buildup of scale. Onshore, we treat produced water or process water to remove certain organics, dissolved solids and dissolved gases like hydrogen sulfide (H₂S) to avoid the buildup of scale and to enable storage, recycling, discharge, or disposal. Innovative water technologies can optimize processes, reduce costs, improve efficiency and reduce potential impact on the environment.

Global Water Sustainability Center

2021 was the 11th year for our Global Water Sustainability Center (GWSC) in Qatar. The center develops innovative solutions for water management related to natural gas and oil operations and programs with three main focus areas: providing specialized technical engineering and analytical support to our global operations and to Qatargas, conducting applied research to qualify advanced technologies for operations, and organizing outreach activities related to water sustainability. The GWSC manages our Water Solutions



Technology Toolbox, an internal technology-sharing website capturing the latest water treatment experience from full-scale operations, field trials and bench tests. [Read more about the GWSC on our website.](#)

In 2021, the GWSC team participated in the “Go-Green” Sustainability Outreach campaign organized by the Qatargas Environmental team. The campaign focused on knowledge sharing of water conservation and climate change challenges with Qatar Foundation schools and university students. Research and technology-related efforts included evaluating novel pressure retarded osmosis technology for green energy production from saline produced water and assessing a low fouling nanostructured membrane for oily waste water treatment. In support of global operations, GWSC provided advanced investigative laboratory analysis to Qatargas to address operational challenges and engaged in monitoring field chemical residuals in hydrocarbon production pipelines for Norway assets.

Learn more about how GWSC supports [Research & Technology](#), [Capital Projects](#), [Global Operations](#), and [Sustainability Outreach](#).

Performance Metrics

We measure and report the volume of fresh water¹ and non-fresh² water withdrawn from local water sources and the volume of produced water³ that is reused, recycled, disposed or discharged after treatment.

This data is used to estimate our water intensity and exposure to water stress.⁴ We also collect water forecast data for our annual Long-Range Plan process which enables us to test our portfolio of projects against our water risks to make better-informed strategic decisions.

Monitoring treated produced water.



FRESH WATER CONSUMPTION INTENSITY



0.08 BBL/BOE EUR
UNCONVENTIONAL⁵
 Bakken | Delaware | Eagle Ford
 Midland | Montney

0.03 BBL/BOE
CONVENTIONAL/OFFSHORE⁶
 Alaska | APLNG | Ekofisk/Teesside
 Indonesia* | Surmont

*In the first quarter of 2022, the company completed the sale of the Indonesia assets.

Notes:

- ¹ Regulatory definitions of fresh water can range from less than 1,000 to less than 4,000 milligrams per liter total dissolved solids (TDS).
- ² Non-fresh water includes brackish/saline groundwater with ranges between 2,000 to more than 10,000 milligrams per liter TDS and seawater with about 35,000 milligrams per liter TDS.
- ³ Produced water ranges from less than 10,000 to more than 300,000 milligrams per liter TDS.

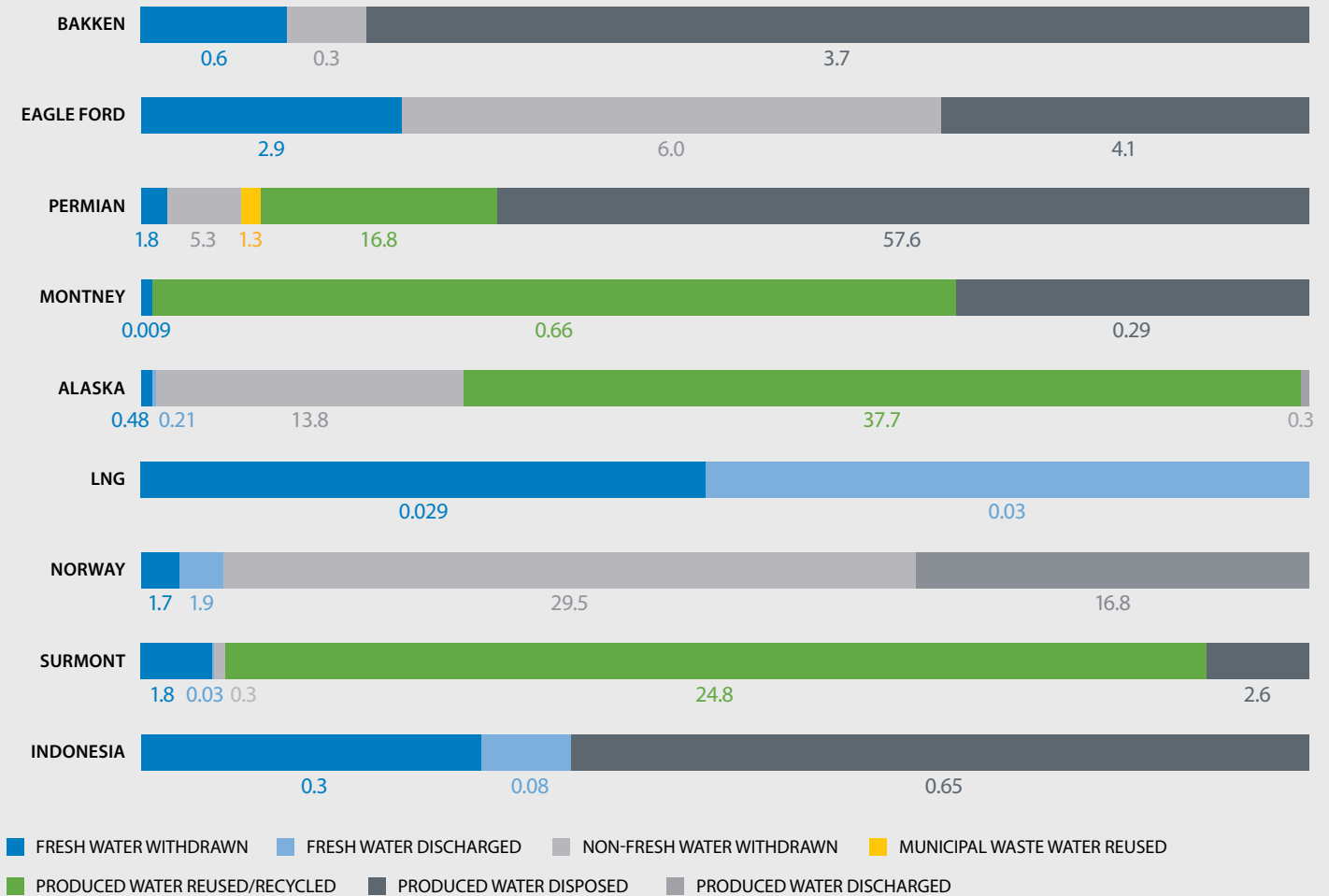
⁴ Calculated using the World Resources Institute Aqueduct Risk Atlas.

⁵ Calculated using Enverus data for the average volume of fresh water (bbl) divided by the average estimated ultimate recovery (EUR, BOE) as of April 6, 2022. Intensity value may change as EUR data is updated. EUR – estimated ultimate recovery.

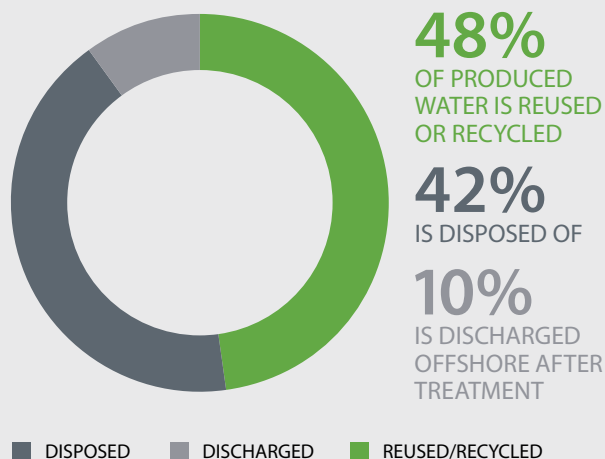
⁶ Calculated using the average volume of fresh water (bbl) divided by the average annual production (BOE).

REGIONAL WATER METRICS

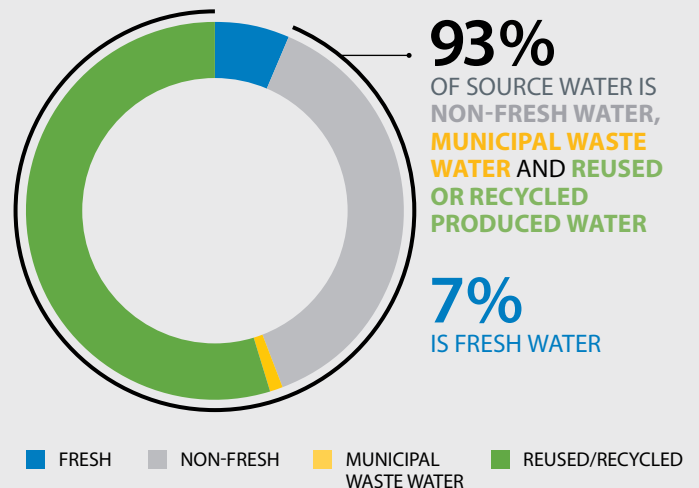
(in million cubic meters)



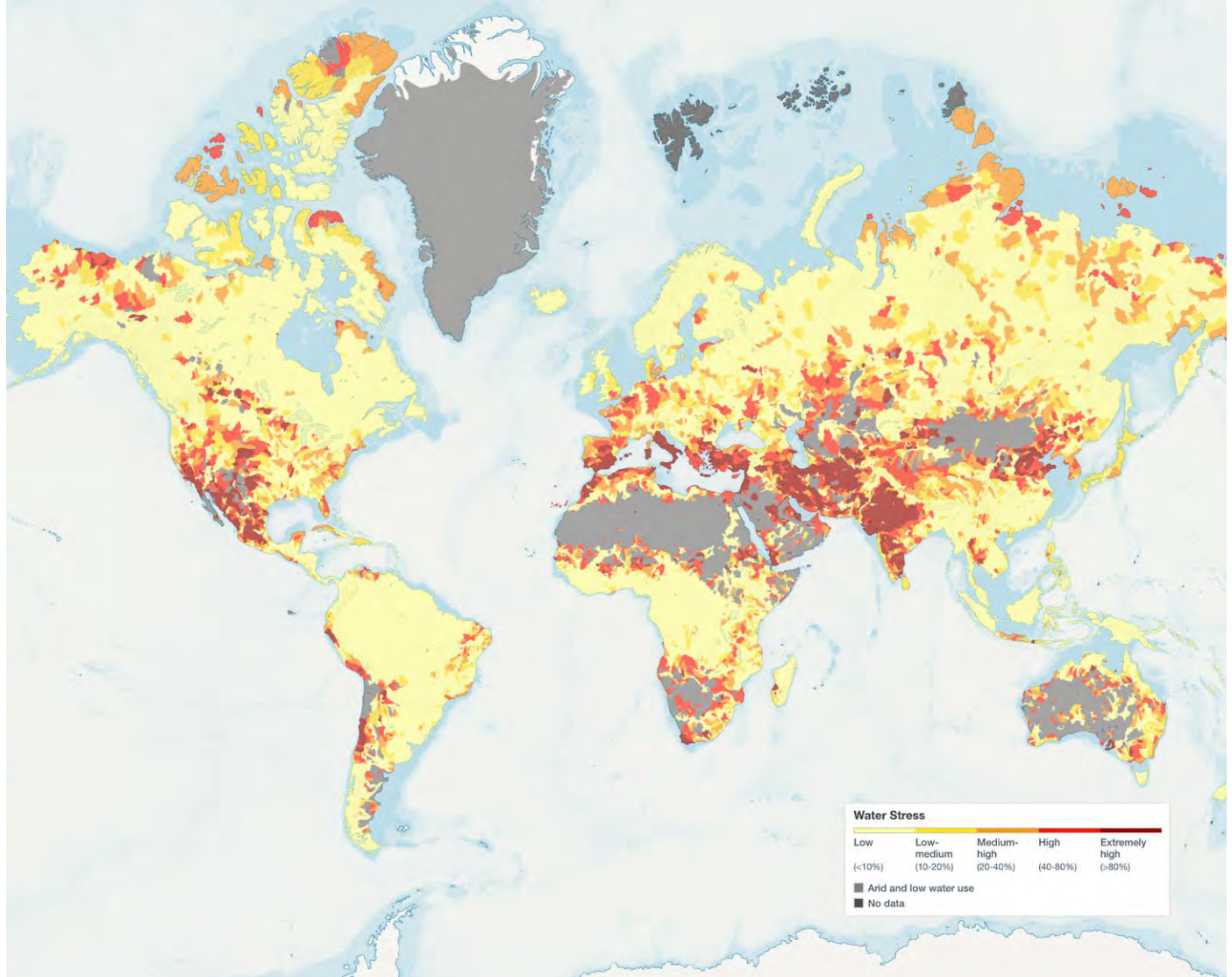
PRODUCED WATER MANAGED – GLOBAL



SOURCE WATER – GLOBAL



EXPOSURE TO WATER STRESS



17% OF FRESH WATER
WITHDRAWN

20% OF FRESH WATER
CONSUMED

IN REGIONS WITH HIGH BASELINE WATER STRESS

ASSETS: Anadarko | Lost Cabin Gas Plant* | Permian Midland Basin | Alaska Kuparuk

Fresh water accounts for about 12% of source water used in the Midland Basin and is also used for domestic purposes in staff camps, operational activities that require wash water, and for processing and drilling (e.g., for water-based drilling mud) where fresh water use is required.

* During 2021, the company completed the sale of the Lost Cabin Gas Plant.

Credit: Aqueeduct Water Risk Atlas (wri.org)

External Collaboration

We focus our external engagement regarding water risks on:

- › Developing best practices, guidance and conducting benchmarking with industry organizations.
- › Collaborating with local and regional community, peer companies and industry groups.
- › Supporting research and educational initiatives.

We collaborate and engage with IPIECA, the global oil and gas industry association for environmental and social issues. The IPIECA Water Working Group focuses on developing water management guidance, sharing good practices and promoting consistent reporting. In 2021, we collaborated with IPIECA peer companies on guidance for water management adaptation, water reuse, and flood/drought risk tools.

Additionally, we participate in local and regional community and industry groups related to addressing local water risks, including:

- › Australia: The Gas Industry Social & Environmental Research Alliance, Gladstone Healthy Harbour Partnership, and the Port Curtis Integrated Monitoring Program.
- › Canada: Canada's Oil Sands Innovation Alliance (COSIA), Canadian Association of Petroleum Producers (CAPP), Petroleum Technology Alliance Canada (PTAC) and the Northeast British Columbia (Canada) Montney Operators Group.
- › U.S. Lower 48: National Alliance for Water Innovation, New Mexico Produced Water Research Consortium, Texas Produced Water Consortium, South Texas Energy and Economic Roundtable Water Sustainability Committee, the Energy Water Initiative, and PARETO – The Produced Water Optimization Initiative.



Gladstone Harbor and Marina.

SPOTLIGHT

Smart Water Use in the Permian Basin

ConocoPhillips' 2021 acquisition of Concho Resources' Midland and Delaware Basin assets and of Shell's Delaware Basin position significantly expanded our operations in the Permian region. Much of the Permian Basin is either characterized as arid or as experiencing high baseline water stress. The challenge is especially notable in two areas – our Delaware and Midland unconventional assets. Expansion of our operations in these arid or water-stressed regions in West Texas and Southeastern New Mexico heightened our need to minimize the use of fresh water for drilling and hydraulic fracturing.

During oil and gas production in the Permian, we produce up to seven times more water than oil, a unique characteristic in our unconventional portfolio. One of our overarching goals is to maximize produced water recycling across the basin, enabling us to minimize our reliance on local fresh water sources. We make use of produced water – water that returns to the surface during production – that is then treated and stored. The treated water, about 22% of the total produced water recovered in 2021, remains in double-lined, engineered storage pits until needed for use in hydraulically fracturing, or fracking, new wells. As a result, we are reducing both the amount of water withdrawn from local sources and the amount of produced water injected for disposal. This process minimizes water-related risks while offering environmental and economic benefits.


"The integration of the new assets into our Permian operations gave us the opportunity to optimize our produced water recycling operations and make an

even greater impact through our increased operational footprint," said Permian Water Resource Manager Lauren Sloan Louderback. "We achieved this by building on our established successes and track record and incorporating the best practices of each company to advance our recycling efforts."

The integration of assets magnified produced water recycling tenfold in 2021. Ten produced water recycling facilities treated water from our own natural gas and oil wells. Overall, 52% of water used for hydraulically fracturing new wells in Delaware and 55% of water used in Midland was recycled produced water.

The overall water management performance of heritage Concho assets helped improve the company's unconventional fresh water consumption intensity by a factor of three, making our water use more efficient. Simply put, we used three times less fresh water to produce the same amount of oil and gas.

"Our goal is to maximize recycling across the Permian, and recycled produced water is our number one choice in water sourcing. For each hydraulic fracturing operation, we develop a smart, safe water sourcing strategy. During this process, we identify limitations to recycling and work together to tackle those challenges to continue increasing recycled produced water and delivering on our promises. Over the past couple of years, we have recycled enough produced water to replace an entire year's worth of frack water demand with 100% recycled produced water," Louderback said.



The Zeus water treatment facility in the Permian Basin.

WATER INFRASTRUCTURE

Water infrastructure is a key enabler of recycling produced water. The infrastructure includes pipelines and treatment facilities linking well sites to a centralized system. Virtually none of our source water is transported via truck and more than 90% of produced water used in our Permian operations is transported via pipeline. The remainder of the produced water is transported by truck.

We also have established partnerships with third-party midstream providers in our Midland and Delaware assets for services including water supply and delivery, pipeline design and operation, and wastewater disposal and produced water treatment. These key strategic partnerships and agreements allow for a significant

increase in recycled produced water volumes that not only benefit our company, but also the industry and the communities where we operate.

Findings from produced water management efforts in the Permian Basin are shared across ConocoPhillips business units for replication where appropriate. These lessons learned in the Permian, Louderback said, are being used in other areas.

“Sharing how we are addressing these challenges using our technical and operational expertise is important – our water recycling program not only offers environmental benefits but also lowers our cost of supply,” Louderback noted. “It’s a win-win.”

Biodiversity

Across much of the globe, biodiversity has been significantly altered by human pressure, including land-use and sea-use change, overexploitation through harvesting, logging, hunting and fishing, climate change, pollution and introduction of invasive species.

ConocoPhillips recognizes that our exploration and production activities contribute to pressure or impacts on biodiversity and nature. We manage biodiversity risks and mitigate impacts to areas with biological or cultural

significance through the use of the [Mitigation Hierarchy](#). We support habitat and species conservation through strategic [proactive conservation](#) initiatives.

A sharp-tailed grouse.
Photo by Kevin Barnes



2021 PERFORMANCE HIGHLIGHTS

- › Progressed reclamation at two gravel mine sites to create habitat for local fish, nesting shorebirds and grizzly bears.
- › Created biodiversity mapping tool to inform development strategies.
- › Maintained voluntary conservation agreements for approximately 515,000 acres across New Mexico, Oklahoma and Texas.
- › Initiated research to improve boreal forest reclamation outcomes.
- › Updated corporate biodiversity strategy within the context of evolving biodiversity frameworks and standards.

Governance and Strategy

Our governance structure provides board and management oversight of our risk processes and risk management. [Read more about our sustainable development governance on our website.](#)

In 2021, we updated our corporate biodiversity strategy. We evaluated multiple alternatives and considered the evolving frameworks and standards aiming to address the global challenge of biodiversity loss, including the Task Force for Nature-related Financial Disclosure (TNFD), the Global Reporting Initiative's (GRI) Biodiversity Standard, the Convention on Biological Diversity's (CBD) Global Biodiversity Framework and the Science-Based Target Network (SBTN). We are implementing our strategy through actions aimed to reduce our impact on biodiversity, lower the related business risk, and be positioned to meet evolving regulatory expectations.

Portfolio Risks and Exposure

Our activities, operations and unplanned releases to the environment can directly or indirectly contribute to pressure or impacts on biodiversity and nature. Ecosystem services, such as water supply or soil and sediment retention, can be impacted through cumulative regional land-use and physical effects of climate change. Potential impacts on biodiversity, nature and ecosystem services (or dependencies), also referred to as "[Natural Capital](#)," can lead to operational, reputational and regulatory business risks through:

- › Restricted access to exploration or operational areas resulting in project delays or business interruption.
- › Increased costs associated with policy changes and regulations.
- › Changes related to physical effects of climate change on ecosystems, habitats or biodiversity.
- › Actions by investors and the financial sector including ESG performance and reporting expectations and shareholder resolutions.

Risk Assessment

Our SD Risk Management Standard mandates a process for operated assets and projects to assess biodiversity-related risks to ensure corporate oversight, assurance and consistent implementation. [Read more about our risk process on our website.](#)

The standard further mandates developing biodiversity action plans for risks ranked significant or high and tracking them in the corporate SD Risk Register. Risks that are no longer ranked significant or high, due to the effectiveness of mitigation actions, as well as risks identified as medium or low, continue to be tracked at the business unit level.

Our biodiversity risk assessment is designed to identify potential impacts associated with our activities and operations, ecosystem services (or dependencies), and is aligned with [ENCORE](#) (Exploring Natural Capital Opportunities, Risks and Exposure) output for the oil and gas exploration and production sector. Our biodiversity risk assessment focuses on:

- › Occurrence of species designated as at-risk, endangered, rare, significant, threatened or of cultural importance.
- › Activities or operations that could contribute to habitat loss, disturbance, degradation or fragmentation.
- › Habitats including rare or threatened ecological communities and regionally unique ecosystems.
- › Internationally, nationally, regionally or locally designated protected areas.
- › Cumulative effects on habitats, ecosystems or species.
- › Access to or impacts on locally important ecosystems services.

Priority risks are related to cumulative impacts to ecosystems, habitats and threatened or valued species. In 2021, one company-wide risk related to potential policy changes and regulations associated with evolving biodiversity and nature frameworks and standards was identified and ranked as significant.

[Read more about mitigation activities in the Risk Management section of our website.](#)

Risk Management

Among the international frameworks and standards currently under development to address global biodiversity loss, such as CBD, GRI, SBTN and TNFD, there is agreement on the key anthropogenic drivers (or pressures) for biodiversity loss first identified by the Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services (IPBES). The key drivers include land-use and sea-use change, natural resource use and exploitation, climate change, pollution, and introduction of invasive species.

Exploration and production activities can contribute to pressure on biodiversity and nature through:

- › Land-use or sea-use change resulting in habitat disturbance, reduced habitat intactness and impacts on species distribution.
- › Pollution associated with accidental releases or spills to the environment.
- › Invasive species associated with unintentional introduction.

Drill site in the Bakken area of North Dakota.



We manage risks and mitigate impacts to areas with biological significance through the use of the [Mitigation Hierarchy](#). We support habitat and species conservation through strategic and proactive conservation initiatives in collaboration with conservation partners. [Read our Biodiversity Position on our website.](#)

Mitigation Hierarchy

The mitigation hierarchy is a decision-making framework involving a sequence of four prioritized steps to mitigate adverse biodiversity impacts: Avoid, Minimize, Restore and Offsets.

AVOID

Some biodiversity impacts can be avoided through careful spatial or temporal placement of infrastructure or scheduling field activities outside peak migration or breeding seasons.

Alaska

We conduct aerial infrared surveys where winter activities are planned in coastal areas of the North Slope of Alaska to look for heat signatures indicative of polar bears in dens. Ice road routes are carefully mapped out, avoiding rough terrain, cultural sites and other potentially sensitive areas. In 2021, we built the equivalent of 582 acres of winter ice roads and ice pads which melted away in the summer.

For over 17 years we have also funded grizzly bear research to help improve our activities and avoid human influence on bears. [Read more about how we work to avoid human-bear interactions on our website.](#)

Ground-disturbing activity on the tundra, such as gravel placement and other construction, occurs in the winter, outside of the migratory bird breeding season.

U.S. Lower 48

In the Bakken area of North Dakota, we aim to design our footprint to balance protection of the existing ecosystem with current and future land uses near our operations. Sharp-tailed grouse are considered a management indicator species for North Dakota and are present throughout our asset area in McKenzie County. Because of their importance in the North Dakota grasslands, we initiated a three-year study in 2020.

The goal of the study is to gain a better understanding of sharp-tailed grouse nesting, summer/brood rearing, and wintering habitat types, and local migration and movement patterns. In 2021, an additional 14 female and male sharp-tailed grouse were tagged with GPS transmitters, bringing the total to 45. Preliminary results from the GPS tagging indicate grouse within the study area use a wide variety of habitats including areas in close proximity to badland and forested habitat as well as agricultural fields. Deployment of additional transmitters is scheduled to continue during spring 2022 and field data collection will continue through the winter 2022-2023. This will provide the scientific input needed to determine the most effective way to avoid impacting sharp-tailed grouse populations throughout their life cycle.



[Watch "Planning Our Footprint: Accommodating Landscape, Wildlife and Cultural Heritage in North Dakota."](#)

In the Permian, we identify and assess ecologically sensitive areas on company-owned land in the development pre-planning phase. These sensitive areas include playa lakes, waterways (such as rivers, draws and arroyos), areas with significant plant diversity and known sensitive species habitat. We integrate our understanding of these areas into the design of our surface development plans to identify options for avoiding impacts to sensitive habitats or biodiversity.

Strategic initiatives like voluntary conservation agreements also help avoid adverse biodiversity impacts and protect sensitive habitats near our operations. These formal agreements with the U.S. Fish & Wildlife Service and/or other federal or state agencies typically require that new well locations and surface infrastructure avoid certain species habitats or sensitive areas within those habitats. We have enrolled approximately 100,000 acres in conservation agreements that protect the lesser prairie chicken in Oklahoma and Texas and almost 320,000 acres to protect the lesser prairie chicken and the dunes sagebrush lizard in New Mexico. In addition, we have enrolled more than 95,000 acres in conservation agreements that protect the endangered Texas hornshell mussel.

MINIMIZE

We minimize biodiversity impacts through measures taken to reduce the duration, intensity and/or extent of activities. New drilling technology, data analytics techniques and integrated planning have helped reduce our infrastructure footprint and improve reservoir development efficiency through multi-well pads, longer lateral wells, multi-lateral wells, tankless pads and central facilities.

Canada

Through [Canada's Oil Sands Innovation Alliance](#) (COSIA), our Surmont team led the development of a goal to reduce the [footprint intensity](#) by 10% by 2022. The goal applies to the in situ projects of COSIA members collectively and is achieved primarily through surface infrastructure footprint optimization, improved drilling technology and progressive reclamation. We support COSIA in the development of environmental performance indicators for in situ oil sands operators that will replace the footprint intensity reduction goal after 2022.

The Surmont Boreal Reclamation Project, a research initiative with the Northern Alberta Institute of Technology's Centre for Boreal Research, is an example of progressive reclamation. The research focuses on the use of alternative site preparation and planting native plant species to establish forest vegetation on soil stockpiles decades in advance of final reclamation.

The soil stockpile for our Surmont Regional Residence covers an area of about 25 acres and will remain in place for decades. Initial research data from plant surveys indicate that the alternative site preparation and revegetation with native plant species reduce erosion, contribute to increasing plant and animal biodiversity, significantly reduce the relative abundance of undesirable weed species and improve the amount and quality of reclamation material for final reclamation. Plant species diversity has increased from around 10 in the grassy monocultures observed on the site in 2015 prior to treatment to about 100 after five growing seasons.

Alaska

The size of well pads has been reduced from 65 acres in 1970 to about 12 acres. At the same time, the drilling radius has increased from 5,000 feet to about 22,000 feet. Our extended-reach drill (ERD) rig, currently used for specific applications, will have an even greater radius of around 37,000 feet. We expect to complete our first ERD well mid-2022. Our engineers are also integrating biodiversity preservation measures into the design and siting of infrastructure. New pipelines are elevated seven or more feet above the tundra to allow caribou to cross underneath. New roads and pipelines are also typically constructed 500 feet apart to further facilitate unimpeded caribou movement. For new projects, we place power cables on the pipeline racks to eliminate the need to build overhead powerlines and to reduce bird collision hazards.

A grizzly bear on Alaska's North Slope.



We collaborate with the North Slope Science Initiative and the Bureau of Land Management to share environmental reports.

Our 2021 environmental field studies included:

- › Avian studies on eiders, yellow-billed loons, brood-rearing geese and shore birds.
- › Mammal studies on polar bear denning habitat, caribou surveys and caribou tracking.
- › Fish surveys, hydrology studies, spring breakup monitoring, as well as subsistence fish harvest monitoring and cultural resources surveys.

U.S. Lower 48

Shrinking pad size and increased drilling radius have also helped minimize the infrastructure footprint for our unconventional operations in the Lower 48. Our Biodiversity Mapping Tools inform development strategies for the Bakken, Eagle Ford and Permian. The GIS-based tool helps identify the presence of sensitive species within project development areas and tracks results of field surveys or cultural resource surveys. It also provides information on applicable wildlife agencies.

In the Permian, our understanding of habitats and species distribution on company-owned land is integrated into decision-making during the planning and development process. Our approach focuses on concentrating infrastructure in development corridors and utilizing horizontal drilling to reduce habitat fragmentation. Our goal is to minimize impact to ecologically sensitive habitats, biodiversity or areas of hydrological significance. A similar concept, based on utilizing centralized facilities, which reduces infrastructure footprint, land disturbance, impacts on wildlife, emissions and truck traffic is also being applied in our Bakken assets in North Dakota.

Australia

In Australia, we have been conducting field-based monitoring of the mangroves near the APLNG facility quarterly since 2012. This has included analyzing leaves, assessing seedling regeneration, measuring trees and assessing water chemistry. Last year, we added satellite monitoring to complement our field-based study and to minimize human impact from the

on the ground monitoring process. The mangrove satellite monitoring includes analyzing annual high-resolution and multi-spectral images back to 2006 to assess long-term mangrove canopy trends over a wider area. Results indicate the facility has not caused an impact to the surrounding mangroves and the canopy circumference has increased.

In 2021, we completed a migratory shorebird monitoring study to assess potential impacts on local population trends associated with construction and operation of the APLNG Facility. The shorebird monitoring study started in 2009 and continued for five years beyond the completion of construction to 2021. Results indicate that population trends are in response to regional effects and are unlikely to be associated with the ongoing operation of the APLNG facility.

RESTORE

When impacts and disturbance cannot be completely avoided or further minimized, we employ measures to restore the area to a stable, productive and self-sustaining ecosystem through remediation or reclamation activities, taking into account beneficial uses of the impacted and surrounding areas. Remediation or reclamation of disturbed areas is part of our ongoing risk management at operating facilities and includes temporary and permanent measures. Asset retirement obligations are included in our Long-Range Plan.

Alaska

In Kuparuk, we began reclaiming gravel mine sites in the late 1970s. We use gravel for roads and pads to provide a stable driving surface and to keep the underlying permafrost frozen. Once the gravel resource is extracted, the mine sites undergo reclamation, returning the area to a functioning habitat. In collaboration with the Alaska Department of Fish and Game and Alaska Department of Natural Resources we have selected gravel mine sites near streams to promote eventual flooding, creating deep over-wintering fish habitat and providing fish with vital movement pathways. In addition to local fish habitat, this reclamation approach provides habitat for nesting shorebirds and grizzly bears. In 2021, we progressed reclamation work at two additional gravel mine sites.

Norway

Removal and recycling of offshore platforms reduces our footprint and restores marine habitat. In 2021, we removed the topsides and jackets of an old accommodation platform Ekofisk 2/4H, and jackets of Ekofisk 2/4Q and Ekofisk 2/4FTP at the Ekofisk Complex as part of our offshore decommissioning activities. Safety zones around removed platforms have been mapped and debris identified and removed on outlying platforms, making areas available for other users of the sea of approximately 1,400 acres of seabed associated with 7 platforms since 2010. Debris removal around platforms removed at the Ekofisk Complex will be completed upon future Ekofisk decommissioning.

Canada

To accelerate reclamation and restore disturbances in the Canadian boreal forest, we have led an industry collaboration through COSIA to develop, share and implement best practices for reclaiming exploration well sites. The Faster Forests program started in 2009 and has resulted in more than 6 million trees and shrubs being planted on about 5,500 acres of land in the oil sands region. The initiative has led to the adoption of improvements in site construction and reclamation practices and planting to accelerate site recovery and is transitioning from a special initiative to standard operating practice.

The [Algar Restoration Project](#) was a COSIA-funded initiative that aimed to restore disturbances from legacy conventional seismic lines in caribou habitat. The five-year project included tree planting and regeneration protection of about 240 miles of linear disturbances, restoring over 600 acres.

Our Surmont team is leading a research project with the Northern Alberta Institute of Technology's Centre for Boreal Research on topsoil replacement criteria for forest reestablishment. The purpose of the COSIA-funded research is to achieve improved reclamation outcomes across the boreal forest by investigating factors including soil depth, nutrient loading, planting techniques, as well as techniques to suppress non-native species.

U.S. Lower 48

Our U.S. Lower 48 assets leverage strategic partnerships for proactive conservation with the goal of conserving biodiversity and restoring habitat before they need to be protected through government regulations. [Read more about our proactive conservation achievements on our website.](#)

For company-owned land in the Permian, we have a history of implementing stewardship programs in support of habitat restoration. In 2014, we contributed to the creation of the [Yoakum Dunes Wildlife Management Area](#), which extends over approximately 14,000 acres in Terry and Yoakum Counties near Lubbock, providing refuge for native grassland birds and wildlife, including the lesser prairie chicken, baird's sparrow, ferruginous hawk, western burrowing owl, swift fox, black-tailed prairie dog, Texas horned lizard and mule deer. Other Permian restoration efforts include:

- › Enhancing habitat connectivity and promoting biodiversity using results from habitat assessments.
- › Controlling noxious and invasive species.
- › Reseeding rights-of-way with locally adapted native plant species in collaboration with the West Texas and Permian Basin-Panhandle Native Seeds Projects.
- › Reclaiming and restoring decommissioned frack pits, well and battery pads, roads, surface lines and electrical infrastructure, including evaluation of effectiveness of treatments in restoring impacted areas.

Participation in programs recognizing landowners for efforts to provide high-quality habitat for pronghorn, mule deer and white-tailed deer.

OFFSETS

Biodiversity offsets may be used for impacts or disturbances that remain after avoidance, minimization and restoration measures have been implemented, or to address a regulatory requirement. Our Biodiversity Offset Guideline provides direction to asset teams where a biodiversity offset is a regulatory requirement or a strategic business preference. We have implemented biodiversity offsets in several areas of our operations.

ConocoPhillips and Ducks Unlimited team members in Louisiana's coastal wetlands.



Australia

Federal and state environmental approvals to develop major construction projects in Australia require biodiversity offsets to counterbalance disturbance. Curtis Island represents a local LNG industry's landmark conservation achievement. Combined with the existing national park, more than 59% of the island is actively managed under a conservation management plan, compared to just 2% used by LNG projects on the southern tip. This will protect the island's unique ecology and heritage for future generations and contributes to conservation of about 100 square miles in perpetuity. [Read more about the Curtis Island Conservation Park on our website.](#)

Canada

In Canada, we co-funded the Junction Lake Conservation Site in Northern Alberta as a voluntary offset. The 289-acre conservation area provides a unique opportunity for the public to view the piping plover, an endangered bird species with a local population of only about 100. Through this conservation collaboration, we received the first "early action recognition" from the Government of Alberta for a voluntary offset in 2015.

In collaboration with Ducks Unlimited we conserved the Bullshead Conservation Area in southeastern Alberta in 2014. It encompasses more than 2,050 acres of wetland-rich prairie, native grasslands and high-value wildlife and plant species, including large numbers of waterfowl.

Proactive Conservation

Proactive Conservation describes voluntary efforts with the goal of conserving or restoring biodiversity and habitats, focusing on conservation of species before they need to be protected through government regulations. Voluntary conservation actions benefit species that are at-risk to become threatened or endangered in the future as well as species already designated. Our efforts are designed to create positive outcomes by reducing impact on biodiversity or nature and by contributing to its restoration.

In 2021, ConocoPhillips continued collaboration with strategic partners including government agencies, nonprofit organizations, institutions and conservation groups to:

- › Track and reduce barriers essential for migratory bird and terrestrial species survival.
- › Conserve and restore habitat crucial for species survival.

Migration

Understanding and tracking wildlife migration is crucial for conserving habitats essential to species survival. Without understanding migratory connectivity, conservation investments can often be ineffective because they are implemented at the wrong place or time, or for the wrong purpose. Further, regulatory or policy decisions based on missing or inconclusive scientific data have the potential to negatively impact our industry.

We support species migration programs including:

- › [Smithsonian Institution's](#) Migratory Connectivity Project which collects information for several bird species of concern that follow a migratory flyway aligned with our areas of operation. While field work in 2021 continued to be challenging due to the pandemic, the Smithsonian team focused on updating species migratory maps and publishing new scientific papers. One study, published in *Ecography* (Volume 44, Feb. 2021), provided a comprehensive picture of the over 6,300-mile migratory route of common nighthawks by using GPS data to shed new light on where and why nighthawk population numbers are declining. [View the Common Nighthawk migratory map.](#)

- › [National Fish & Wildlife Foundation's Improving Habitat Quality in Western Big Game and Migration Corridors Program](#) focuses on [conserving habitat and restoring migration corridors](#) needed to maintain healthy populations of pronghorn, elk, and mule deer. In 2021, the program [provided \\$4 million in direct funding support](#) to reconnect 132 miles of migration corridors for big game species and to protect and restore 180,000 acres. Since 2019, the program has reconnected 217 miles of migration corridors and conserved nearly 800,000 acres.

Habitat Conservation and Restoration

We focus our habitat conservation and restoration efforts on:

- › Activities to improve and expand habitat size, connectivity and quality.
- › Removing encroaching vegetation that negatively impacts grassland-nesting or sage-steppe habitat nesting birds.
- › Reducing invasive species.
- › Restoring wetland function and restoring important breeding, wintering or stopover sites.
- › Working to protect key habitats for birds through support of fee title or conservation easement acquisitions.

ConocoPhillips continues to work with strategic conservation partners to help preserve and protect important habitat for species survival. In 2021, significant progress was made to improve data sharing among conservation groups and conserving grassland and wetlands habitat.

- › Central Grasslands Roadmap is a [collaborative habitat conservation initiative](#) between conservation nongovernmental organizations (NGOs), Indigenous tribes, governmental agencies, policy makers and corporations. In 2021, an interactive [web map](#) was developed to compile landscape level data pertinent to effective on-the-ground conservation efforts.
- › JV8 Central Grasslands Initiative, represented by more than 63 federal, state, provincial, nonprofit and industry conservation partners, eight of the Migratory Bird Joint Ventures, known as the [JV8](#),¹ have joined forces to stem grassland losses and negative impacts to migratory bird habitat across the U.S., Canada, and Mexico. To date, approximately 1 million acres have been conserved.

¹ ConocoPhillips supports five of the JV8 partners: Northern Great Plains, Oaks and Prairies, Prairie Pothole, Playa Lakes and Rio Grande.

- › National Fish & Wildlife Foundation: ConocoPhillips' SPIRIT of Conservation program provided \$1.3 million in direct funding to support the conservation of more than 28,000 acres of breeding, stopover and wintering bird habitat crucial for migratory grassland and wetland birds. A preliminary estimate using NFWF's proprietary carbon benefit estimator indicated these projects are anticipated to generate a cumulative carbon benefit of more than 36,000 metric tons by 2052. Since 2005, the SPIRIT of Conservation program has helped to conserve, restore or enhance more than 531,000 acres.
- › National Fish & Wildlife Foundation: Pecos Watershed Conservation Initiative is dedicated to restoring and sustaining healthy rivers, streams and grasslands that provide important wildlife habitat in the Pecos River watershed and adjacent areas of New Mexico and Texas. In 2021, **\$1.45 million was awarded** to support **seven watershed conservation projects** that resulted in the enhancement and restoration of 11,000 grassland acres, improved instream flow and restored riverine, riparian and wetland habitat benefiting Pecos gambusia, Texas hornshell mussels and multiple avian species. Since the program's inception in 2017, **\$6.5 million** has been invested into 34 conservation projects.

As the largest private owner of wetlands in Louisiana, we collaborate with Ducks Unlimited to conserve and restore wetlands habitats that threatened and endangered species depend on to live and thrive. Through these efforts, more than 2,700 wetland acres were restored and over 350 acres benefited in 2021. These efforts also provide greater societal benefits by:

- › Preserving the land's ability to protect and nourish the habitats of many wildlife species.
- › Protecting the nation's seafood, maritime trade, and natural gas and oil industries.
- › Protecting local homes and businesses.
- › Increasing the quality of commercial and recreational fishing.

Since 2012, these efforts have helped to restore, conserve or enhance over 26,800 acres. [Read more about ConocoPhillips' conservation activities in Louisiana on our website.](#)

In addition to wetlands in Louisiana, we are stewards of almost 200,000 acres in the Permian Basin where we strive to balance energy production with stewardship of natural resources. Through conservation planning and collaboration with partners including the Western Association of Fish and Wildlife Agencies, Borderlands Research Institute, and Caesar Kleberg Wildlife Research Institute, we have restored grasslands across over 4,000 acres. Our efforts are focused on Playa Lakes and adjacent uplands, enhancing habitat quality and connectivity for pronghorn, black-tailed prairie dogs, western burrowing owls, and other grassland dependent species.

We partner with the [Intermountain West Joint Venture](#) to support the [Sage Grouse Initiative](#), an effort by regulators, NGOs, universities and industry to conserve native rangelands for the species. We are co-funding a three-year, landscape-scale assessment project to develop a grassland birds conservation plan. Modeled after the successful Sage Grouse Initiative, the goal of the project administered by the [Prairie Pothole Joint Venture](#) is to develop a set of recommendations for a grasslands conservation framework to stabilize grassland bird populations and minimize impacts across the Great Plains.

We have been collaborating with our conservation partners* to cumulatively:

› CONSERVE, PROTECT
OR RESTORE OVER

13.4 MILLION
ACRES

› IMPROVE OR
BENEFIT ALMOST

0.7 MILLION
ACRES



* Figures aggregated from impact reports provided by Ducks Unlimited, National Fish & Wildlife Foundation, Smithsonian Institution, and the "JV8" Migratory Bird Joint Ventures.

Performance Metrics

We collect data and information related to species occurrence and sensitive habitats located within or adjacent to our operated assets. We focus on species characterized as at-risk, endangered, rare, significant, threatened or of cultural value, and habitats characterized as sensitive by local regulators or

conservation organizations as well as International Union for Conservation of Nature (IUCN) I-VI protected areas. Data and information are used to develop metrics related to protected areas, restored or protected habitats and the IUCN Red List of Threatened Species.

IUCN RED LIST SPECIES



12
ASSETS IN FOUR COUNTRIES
with at least one IUCN Red List species known to occur¹

For our operated assets, we identify species of interest at the local level including at-risk, endangered, rare, significant, threatened or of cultural value. Some of the local species of interest may also have been identified as near-threatened, vulnerable, endangered or critically endangered on the IUCN Red List of Threatened Species.

¹ The majority of our assets actively mitigate risks related to at least one species of local importance that is also an IUCN Red List species.

PROTECTED AREAS



0.03%
OVERLAPPING
WITH **8** ASSETS
WITHIN
3 MILES (5 KM)

The assessment includes areas designated at the national and regional level (national parks or wildlife sanctuaries) as well as at the international level (World Heritage or Ramsar sites). Our infrastructure within or adjacent to protected areas includes pipelines, well pads, compressor stations, one LNG facility and one terminal.

ASSETS: Anadarko | APLNG | Bakken | Indonesia² | Uinta Basin

¹ Estimated as the percentage of lease areas overlapping with designated protected areas such as national parks or wildlife sanctuaries, World Heritage or Ramsar sites.

² In the first quarter of 2022, the company completed the sale of the Indonesia assets.

HABITATS CONSERVED, PROTECTED OR RESTORED

OVER
550,000
CUMULATIVE ACRES
on company-owned lands and
operated assets.

OVER
13.4 million
CUMULATIVE ACRES
through contributions to and collective
efforts by joint venture partnerships.

We consider habitat to be protected where the environment remains in its original state with a healthy and functioning ecosystem, and habitat to be restored where actions have either restored the environment to its original state or enhanced it to a state where it has a healthy and functioning ecosystem.



Migratory birds along the Gulf Coast.

External Collaboration

We focus our external engagement on biodiversity risks on:

- › Developing best practices, guidance and conducting benchmarking with industry organizations.
- › Collaborating with local and regional community, peer companies and industry groups.
- › Supporting research and educational initiatives.

We collaborate and engage with IPIECA, the global oil and gas industry association for environmental and social issues and the International Association of Oil & Gas Producers (IOGP). The IPIECA Biodiversity and Ecosystems Services Working Group focuses on integrating the management of biodiversity across the life cycle of operations and embedding the concept of biodiversity risk and impact management within operational practices and management systems. In 2021, we collaborated with IPIECA and IOGP peer companies on Biodiversity Action Plan (BAP) guidance, protected areas reporting, post-2020 Global Biodiversity Framework implementation and offshore habitat retention guidance.

In addition, we collaborate with local, regional and international stakeholders and industry groups, including:

- › **Alaska:** North Slope Science Initiative, Bureau of Land Management.
- › **Australia:** Gas Industry Social & Environmental Research Alliance, Gladstone Healthy Harbour Partnership, Port Curtis Integrated Monitoring Program.
- › **Canada:** Canada's Oil Sands Innovation Alliance (COSIA), Northern Alberta Institute of Technology (NAIT), Canadian Association of Petroleum Producers (CAPP) and the Northeast British Columbia Montney Operators Group.
- › **U.S. Lower 48:** Texas A&M Natural Resources Institute, Texas A&M University-Kingsville Caesar Kleberg Wildlife Research Institute Texas Native Seeds Program, Texas A&M AgriLife Research, Sul Ross State University Borderlands Research Institute, Western Association of Fish and Wildlife Agencies, Borderlands Research Institute Game Bird Research Steering Committee, New Mexico LPC/DSL Technical Committee, Respect Big Bend Coalition.
- › **Corporate:** Science-based Target Network (SBTN) Corporate Engagement Program, Task Force for Nature Related Financial Disclosure (TNFD) Stakeholder Group and World Benchmarking Alliance Nature and Biodiversity Benchmark draft methodology through IPIECA, Global Reporting Initiative (GRI) Biodiversity Standard Technical Committee.

SPOTLIGHT

Restoring Burrowing Owl Habitat in the Permian Basin

A program aimed at re-establishing Burrowing Owl habitats in the Permian Basin recently led to the successful restoration of more than 300 acres of native grasslands, facilitating conservation of the native species. The land in Upton County, Texas, is owned by Quail Ranch LLC, a subsidiary of ConocoPhillips. Quail Ranch LLC focuses on maintaining and enhancing wildlife habitats while balancing oil and gas development.

“As a surface landowner in the Permian Basin, ConocoPhillips has the ability to efficiently conduct broad restoration efforts in this area,” said Ecology and Sustainable Development Director Jesse Wood.

His team of biologists and property managers lead the effort to manage ConocoPhillips-owned surface located across the Permian Basin including almost 100,000 acres in Texas and almost 60,000 acres in New Mexico. The western burrowing owl is currently protected across the U.S., Canada, and Mexico and is designated by the U.S. Fish and Wildlife Service as a Bird of Conservation Concern. ConocoPhillips partnered with Western Association of Fish and Wildlife Agencies on this effort, which was recognized by Texan by Nature’s project certification program.

The restoration project began with the removal of 202 acres of mesquite, an invasive species of grassland habitats, in summer 2019. Twenty pairs of artificial burrows were installed in September 2019 with assistance from the Midland chapter of Stewards of the Wild, sponsored by Texas Parks and Wildlife Foundation. For the next phase, which was initiated in 2020, ConocoPhillips provided funds to re-seed using a native seed blend and to install an additional 21 pairs of burrows.


Camera surveillance conducted in May 2021 showed signs of use in eight pairs of burrows. Monitoring will continue through the spring of 2022. A total of 374 acres were restored for the burrowing owl project and 583 acres of additional adjacent rangelands were restored or are planned for restoration. ConocoPhillips biologists and personnel are working together along with third-party developers to minimize impacts from future development.

Upon project completion, about 950 acres of contiguous grassland habitat will have been restored. Future goals include expansion of grassland and playa lake restoration efforts to restore habitat connectivity for grassland obligate species including pronghorn, black-tailed prairie dogs and burrowing owls.

Burrowing Owls,
Quail Ranch



SPOTLIGHT



Siberian Cranes at
Poyang Lake in China.

Collaborating with the International Crane Foundation in China

Each year, between late autumn and early winter, thousands of birds migrate to Poyang Lake, China's largest freshwater lake. Its flourishing wetland ecosystem and associated biodiversity provides a safe haven of suitable habitats and abundant food supplies. More than 98% of the world's Siberian Cranes spend the winter here, in the southeastern province of Jiangxi. It's one of the many locations protected through vital ecological work led by the International Crane Foundation (ICF). A global charitable partner of ICF since 1995, ConocoPhillips extended our conservation support to address habitat loss and fragmentation of wetlands in China in 2005. Efforts raise public awareness about crane conservation, with a particular emphasis on Siberian Cranes and Red-crowned Cranes. ICF leads and conducts science-based conservation work, such as species surveys,

wetland management, environmental education, and international collaboration, including for the two most endangered species at the Hui River National Nature Reserve in Inner Mongolia. They also work to protect vital migratory stopover sites in Northeast China.

Regular surveying is an important aspect of crane conservation, allowing researchers and scientists to better understand these endangered species. With support from ConocoPhillips, ICF conducts annual flyway-scale crane and waterbird synchronized surveys, as well as frequent monitoring, to provide data related to distribution and population trends. Between 2012 and 2021, the foundation conducted 59 surveys covering 35 wetlands in 10 provinces and mobilized more than 70 scientists, reserve staff and volunteers annually. To

promote cooperation and information sharing, findings are widely shared within the network of local researchers and conservation organizations.

"The long-term support of ConocoPhillips has enabled us to monitor trends in crane populations and wetland conditions," said Spike Millington, ICF Vice President. "As a result, we better understand the challenges facing cranes and wetlands, notably in China, and we are able to target actions and areas to help cranes navigate changing landscapes."

The foundation also focuses on conserving wetland ecosystems. In 2012, ICF adopted an adaptive wetland management plan for the Momoge and Xianghai National Nature Reserves of the Songnen Plain. Working together with experts and nature reserve staff in China, they tailored the most up to date wetland zoning management with local requirements. Dr. Jiang Hongxing from the National Bird Banding Center of China said, "through adaptive and dynamic management of the Siberian Crane migratory stopover areas, the quality and resilience of these habitats are maintained, which ensures the migratory safety and reproductive development of the species."

Environmental education remains at the forefront of crane conservation efforts and raising public awareness among local communities in China is critical for crane survival. ICF organizes several learning initiatives, from presentations to

volunteering and interactive experiences, to increase public knowledge about cranes and wetland conservation.

To date, ICF has shared 78 presentations with over 10,000 participants. Other educational initiatives include International Nature School events, which have trained more than 200 teachers and volunteers to help over 2,400 students better understand wetlands and cranes. ConocoPhillips also worked closely with ICF to distribute environmental education materials to local communities in Northeast China and Bohai Bay.

ICF also connects experts and resources to enhance international collaboration. In 2019, the organization joined the Center for East Asian – Australasian Flyway Studies to host a multilateral seminar on crane conservation in Beijing. The meeting brought together 150 representatives from six countries to develop a 10-year Crane Strategy and Action Plan for the East Asian Flyway. It now serves as the joint advocacy initiative for crane conservation among the participating countries.

ConocoPhillips has sponsored several additional ICF research projects within the United States and Canada.

[Read more about our Proactive Conservation efforts on our website.](#)

Students and volunteers after an International Nature School Event in Tianjin. *Photography by ICF*



SPOTLIGHT

Monitoring Caribou on Alaska's North Slope

On Alaska's North Slope, caribou are one of the primary sources of food for Indigenous Peoples. So it's only natural that the potential impacts of oilfield development on caribou abundance and distribution is of interest to North Slope residents. ConocoPhillips has been monitoring caribou movement and distribution in our areas of interest on the North Slope for decades. We also partner with the North Slope Borough and the Alaska Department of Fish and Game (ADF&G) to collect data about caribou movement and migration. Data gained through this collaborative work informs science, engineering design and best practices for operations and new project development.

To monitor the movement of the two primary caribou herds, ConocoPhillips Alaska funds the purchase of radio telemetry collars and works with the ADF&G to place them on caribou. Using the data from the collars, individual animals are tracked to assess if their seasonal movement may be influenced by factors including oilfield activities, snow levels, vegetation, terrain, insect harassment or proximity to the coast. The shared data provides detailed information on which areas caribou use consistently during different seasons year-over-year,

how those areas correspond with proposed development, and if movement patterns change after construction.

"Simply put, it helps give us the big picture – shows us where the herds are moving and how they're doing. Knowing this helps inform infrastructure decisions," said Senior Environmental Coordinator for Biological Sciences Christina Pohl. There are "tens of thousands in each herd."

"Understanding how to coexist with the caribou is one of our top priorities," Pohl continued. "By using science to inform operational decisions that may impact caribou or other animals we can best ensure that our activities don't interfere with the animals."

Throughout the years, ConocoPhillips Alaska has improved oilfield facility design to accommodate caribou and developed best practices for operations to reduce potential for impacts. There is now a minimum spacing requirement between roads and pipelines, coating on new pipelines to reduce shine or glare, and speed limit restrictions. Pipelines are installed at least seven feet off the ground to allow the caribou easy passage underneath.

Infrastructure placement may also be influenced by the collected data, including where drill sites are located and the height, shape



Caribou at CD-1.

Pipelines on the North Slope are installed at least seven feet off the ground to allow the caribou easy passage underneath.



and location of roads. One study focus area in 2021 was the Bear Tooth Unit, which includes the proposed Willow development and a region to the south. Most caribou in this area are from the Teshekpuk Herd, which has significant numbers of the herd remaining on the Coastal Plain during winter, in contrast to the Central Arctic herd in the Kuparuk and Prudhoe Bay areas, which mostly migrate further south for the winter. Although caribou distribution and movements vary widely by season, most calving of the Teshekpuk herd occurs near Teshekpuk Lake, over 20 miles from the proposed development area. The Bureau of Land Management (BLM) National Petroleum Reserve-Alaska (NPR-A) Integrated Activity Plan requires caribou studies prior to construction to understand how caribou use the area.

Researchers in other studies noted that the area north of Teshekpuk Lake is a popular area for caribou to escape mosquito harassment. Caribou monitoring and subsistence harvest studies will continue throughout the proposed Willow project's lifetime to inform continued caribou protection practices.

ConocoPhillips began monitoring caribou movement and distribution in the Kuparuk area in the late 1970s, including aerial surveys in the area from 1993 to 2017. In 2021, we continued annual monitoring to assess the Central Arctic Herd near our Kuparuk and nearby Alpine oilfields. 2021 data indicated that the herd moved through the oilfields repeatedly during early and midsummer and some large

groups were on the Colville River Delta in June and July. The results were generally consistent with previous studies in the area showing different behaviors and response to oilfields during different seasons. For example, during the calving period of about two weeks in early June, caribou tended to avoid roads and pads, but the avoidance declined significantly after calving. In late June and early July, caribou moved rapidly through the oilfields and crossed roads to reach coastal mosquito-relief habitat directly. In late July and early August, many caribou favored gravel roads and pads to avoid harassment by oestrid flies, before they started their fall migration into the Brooks Range.

SIGNIFICANCE TO HUNTERS

A healthy and stable caribou population is important to communities on the North Slope and their subsistence lifestyle. In addition to monitoring the caribou, ConocoPhillips has sponsored a Caribou Subsistence Monitoring Study in Nuiqsut for the past 14 years. This study showed that subsistence harvests remain strong and that a sizable number of hunters are utilizing the Alpine and Greater Mooses Tooth roads to improve hunting access. The study also provides information about how to improve our operations, such as coordinating helicopters to avoid hunters, and designing subsistence pullouts and ramps in appropriate locations and configurations for access to the tundra.

"Our goal is for our operations to not disrupt either the animals or the hunters," Pohl said.

Social

We are committed to respectfully engaging with local stakeholders – those who impact or may be impacted by our business – to understand their values and interests, reduce the impact of our operations and proposed projects, and contribute to economic opportunities.

We seek early and frequent engagement with our stakeholders to build trust, garner respect and develop mutually beneficial relationships. Where there are opportunities to bring stakeholders together, we work with multi-stakeholder groups. For each project, we engage with our stakeholders to understand their values and interests, learn their expectations and incorporate what we learn into our business plans and actions.

In addition to people in the communities near our operations, we engage with government representatives, nongovernmental organizations, academic institutions, industry associations and the financial sector. We also participate in multi-stakeholder forums to gain diverse and valuable perspectives as we continuously work to improve our sustainable development programs and initiatives. [Learn more about our broad range of stakeholders.](#)



A ConocoPhillips Stakeholder Relations team member talks with landowners in the Eagle Ford.

2021 PERFORMANCE HIGHLIGHTS

- › Contributed \$52.9 million in global social investments.
- › Developed and began implementation for a Reflect Reconciliation Action Plan to continue to strengthen relationships with Indigenous Aboriginal and Torres Strait Islander Peoples in Australia.
- › Solidify relationships with Indigenous Peoples in Canada through Values and Interest Assessment (VIA) Process.

Creating Shared Value

We address the social or community aspects related to our operations and projects at the business unit (BU) level.

Governance and Strategy

We have a comprehensive governance framework that extends from the Board of Directors, through executive and senior management to the working levels in each BU.

[Read more about our sustainable development governance structure on our website.](#)

Risk Assessment

Social risks at the community level could result from potential project, operational and cumulative impacts to community safety, human rights, infrastructure, services, land use, environmental quality (air and water quality), cultural heritage, managing expectations for local business opportunities and employment. Risks could impact our business through project delays, business interruption, policy or regulatory costs, reputational damage, increased cost of capital or reduced demand for our products. Social risks for our asset portfolio are related to:

- › Community opposition based on negative social and/or environmental impacts, including cumulative impacts.
- › Community expectations of economic benefits, such as local hiring and local content.
- › Public policy that restricts access to, or development of, natural gas and oil resources.
- › Investor and financial sector expectations about environmental, social and governance (ESG) performance and reporting.
- › Negative public sentiment.

By understanding the social, economic, political and environmental factors affecting stakeholders, we can identify and monitor emerging social trends, better manage social impacts and reputational risks associated with our operations and contribute to social value.

Our stakeholder identification process is a key component of social risk assessment. Each business unit is responsible for identifying stakeholders to understand their perspectives and concerns. The relationships of stakeholders and their priorities are considered to identify any potential points of collaboration or conflict. We then develop an engagement plan to address concerns and maintain our focus on developing mutually beneficial relationships. By having open dialogue, we identify and address the potential impacts associated with our operations. This is done through our integrated sustainable development (SD) risk management process where existing and planned exploration and production and major projects are examined against the physical, social and political settings of our operations. Social assessments consider:

- › Impacts to community, including human rights, rights of Indigenous Peoples, labor rights, security, public health, political and economic issues.
- › Stakeholder priorities.
- › Stakeholder opposition to company activities.
- › Risks and impacts related to supplier and contractor activities.
- › Cumulative effects of company and/or industry activities.

We strive to make a significant difference in the communities where we live and operate.

Each business unit manages its own social risks, priorities and regulatory requirements, enabling tailored, region-specific business goals to address unique challenges and opportunities. To support our business units in operationalizing our Stakeholder Engagement Principles, we provide Social Performance Guidance with recommended internal processes and external engagement to understand and address stakeholder priorities.

Risk and Mitigation Actions

Social risks rated significant or high are included in the corporate SD Risk Register. The 2021 Risk Register includes two social categories: infrastructure and local intervention. Mitigation actions and milestones address the potential impacts and risks to stakeholders. Risks that are no longer ranked significant or high due to the effectiveness of mitigation actions continue to be tracked, as are risks that have been identified as low or medium to ensure those risks do not increase.



ConocoPhillips employees volunteer at Kids' Meals in Houston.

STAKEHOLDER ENGAGEMENT PRINCIPLES	SOCIAL PERFORMANCE GUIDANCE
<ul style="list-style-type: none"> • Proactively identify and seek out stakeholders. • Include stakeholders in the design and implementation of the engagement process. • Listen to understand stakeholders' interests, concerns and culture. • Communicate openly. • Seek solutions that create mutually beneficial relationships and 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. 	<ul style="list-style-type: none"> • Community Engagement: Identifying our stakeholders and how they may impact or be impacted by company activities. • Human Rights: Assessing potential risks to stakeholders' human rights, incorporating risks into planning and providing a grievance mechanism to remedy realized impacts. • Indigenous Peoples: Consulting with Indigenous stakeholders to understand their culture, identify their priorities and work together to address them. • Security and Human Rights: Implementing the Voluntary Principles on Security and Human Rights. • Community and Social Investment: Aligning investments with community needs and company strategy.
PRIORITY RISKS	2021 MITIGATION ACTIONS
<p>Delayed or restricted access to pipeline infrastructure results in constrained market access and/or production limits.</p>	<ul style="list-style-type: none"> • Continue to educate, build awareness and explore solutions to market access challenges with senior political and government officials as well as industry partners. • Continue to collaborate with internal subject matter experts to identify and address emerging issues related to market access and develop appropriate government and stakeholder engagement advocacy and engagement plans.
<p>Project delays, business interruptions and damage to reputation due to local actions regarding economic benefits or environmental effects, including cumulative impacts.</p>	<ul style="list-style-type: none"> • Conduct stakeholder forums to solicit stakeholder feedback. • Incorporate stakeholder feedback into project designs and operations plans. • Negotiate community management plan with local stakeholders and regulators. • Identify additional opportunities to bring benefits to the community from company operations.

Working with Communities

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

In 2021, we continued with our Social and Stakeholder Engagement Issues Working Group (IWG) quarterly calls. The IWG seeks to provide a platform for knowledge sharing on best practices, as well as to track emerging topics and monitor the progress of the different business units regarding their engagement with communities and other key stakeholders.

We identified Just Transition as an emerging issue becoming increasingly important to stakeholders. The Paris Agreement notes the imperatives of a Just Transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities. To better understand the implications in the context of our path to net-zero, we created a multidisciplinary task force.

Listening and Integrating Stakeholder Input into Business Decisions

As we gain further understanding about stakeholders' values, priorities and concerns, we seek to integrate their input into our plans and operations. Through inclusive and transparent engagement, we work with stakeholders to find mutually beneficial solutions that address the impacts of our operations on their communities.

ALASKA

In Alaska, we have frequent engagements with communities located closest to our operations from community meetings, open houses, and reports to state and local organizations. For our proposed Willow project in the National Petroleum Reserve-Alaska (NPR-A), there has been extensive public

involvement including more than 40 days of public comment and 13 in-person public meetings in Anchorage, Fairbanks, Nuiqsut, Utqiagvik, Atkasuk, and Anaktuvuk Pass since the Environmental Impact Statement process commenced in 2018.

In response to comments and feedback collected from our stakeholders about our proposed Willow project, a proposed offshore gravel island was eliminated, and a land-based ice road module transportation route was adopted. Speed limits and road width have been reduced to minimize potential caribou impacts.

An important focus of our engagement was facilitating and improving subsistence access including:

- › Full access to all new Willow roads for nearby residents.
- › Proposed new boat ramps to improve subsistence access to key rivers.
- › Proposed subsistence road ramps and pullouts every 2-3 miles to improve hunter access from new roads.

For the past decade, we've met regularly with subsistence representatives from areas near our operations to discuss planned helicopter and small aircraft operations as well as locations of hunting and gathering activities to ensure our operations don't interfere with the subsistence lifestyle of our neighbors. Those virtual discussions led us to postpone all flights for a week during caribou migration at the request of Nuiqsut Village representatives. [Read more about how we manage helicopter traffic near our operations on our website.](#)

We also have robust environmental study programs at existing operations that include:

- › Air quality monitoring stations.
- › Caribou, bird and fish surveys; hydrology studies.
- › Lake water quality and recharge monitoring.
- › Subsistence hunting studies.
- › Tundra rehabilitation.

Extensive environmental baseline studies are conducted in all potential areas of new operations. New projects are subject to rigorous permitting and public review processes.

AUSTRALIA

We worked with Reconciliation Australia to develop a Reflect Reconciliation Action Plan (RAP). Based around the core pillars of relationships, respect and opportunities, our RAP provides tangible actions and meaningful steps to advance reconciliation in Australia with Aboriginal and Torres Strait Islander peoples, increasing economic equity and supporting First Nations self-determination. Our RAP guides us to strategically set reconciliation commitments in line with our business objectives and was formally endorsed by Reconciliation Australia in late 2021.

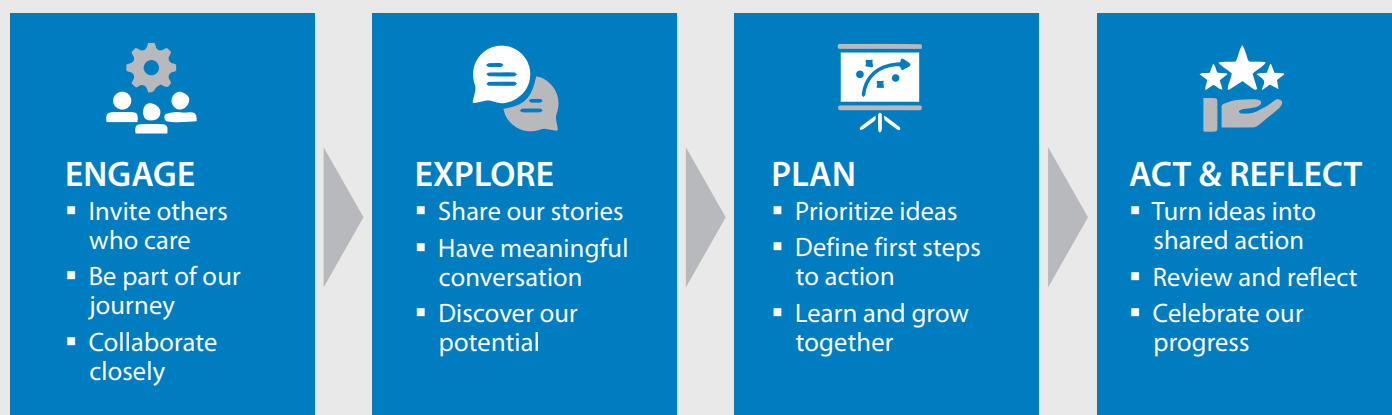
CANADA

In Canada, Indigenous Peoples (who consist of First Nations, Métis and Inuit) have legally protected rights within their traditional territories. Due to the close proximity of Indigenous communities to our Canadian operations, we have developed a values and interest assessment (VIA) process to guide our relationships with those communities to create positive, sustainable outcomes. The VIA process starts with our External Relations team building relationships through authentic, collaborative dialogue with members of the community. Next, we work with the community to create a shared vision and to discuss ways we can work together. The third stage centers around planning and focuses on collaboratively prioritizing ideas and creating structures and processes for working together. The ideas are turned into a shared action plan to be implemented and assessed. The VIA process can result in formal agreements with interested Indigenous communities

in close proximity to large developments. Such agreements formalize the respectful relationship between our company and the community by focusing on creating shared value and addressing the specific promises, obligations and benefits for both parties, and, like many agreements, is confidential. Agreements typically include a process to understand and address concerns and opportunities about our activities as well as language committing both parties to work toward mutually beneficial relationships.

In Northeast British Columbia, we continue to work with local communities as we develop our Montney project. We have a “life of project” Relationship Agreement with the Halfway River First Nation (HRFN) that supports collaborative processes around community engagement and contracting. HRFN and ConocoPhillips worked together in 2021 to broaden our existing pre-engagement approach. This included planning, review and discussion of surface pad site area (SPA) options to be used during the 3-to-4-year development of the project. A review of possible options within the Montney acreage was overlaid with HRFN’s Land Information System, improving awareness for both parties. This exercise provided an opportunity to build HRFN knowledge and values into the overall development plan, both in the short and long term. As the process funneled toward project-specific sites, pre-engagement continued to be key, including joint field review and discussion. We strive to follow a similar process with other key Indigenous stakeholders.

VALUES AND INTEREST ASSESSMENT (VIA) PROCESS



Building and Strengthening Local Economies and Communities

Helping improve the quality of life in the communities where we live and work is a fundamental value for ConocoPhillips and our employees. We prioritize working with stakeholders to identify and support programs, and identify opportunities to publicly leverage our role as a corporate citizen that will make a real difference in communities.

ALASKA

Fifty percent of federal revenue from NPR-A is available to communities impacted by oil and gas development through a mitigation grant program. As a community impacted by development in the area, Nuiqsut is eligible to receive funding for community projects from this program. We have partnered with the City of Nuiqsut, the Native Village of Nuiqsut and the Kuukpik Corporation to create the Nuiqsut Community Development Foundation, a nonprofit focused on building capacity in the community to access grants by providing services for project planning, grant writing and administration and project execution. As a result of this increased capacity, the city has received a significant increase in grants for projects and operations in the village during the past few years.

AUSTRALIA

Since 2011, we have financially supported a range of Aboriginal and Torres Strait Islander-oriented community investment initiatives. Program support is weighted towards education and training programs, many of which are tailored to specific local area requirements. For the Indigenous Pathways Traineeship Program, we collaborated to create job opportunities in the natural gas industry for Gladstone locals identifying as Aboriginal and Torres Strait Islander peoples. The program has run annually since early 2020 and provides two Aboriginal and Torres Strait Islander trainees the opportunity to develop practical skills, through learning hands-on from experienced LNG professionals and in a classroom environment. The training counts towards a Certificate II in Engineering Production upon completion.

CANADA

For more than two decades, we have worked with Indigenous-owned businesses near our oil sands operation to develop local capacity. The Surmont project is in proximity to three First Nations communities and four Métis organizations with whom ConocoPhillips regularly engages for business opportunities,

a priority expressed by community leadership. The Cooperation and Mutual Benefits Agreement (CMBA) with Fort McMurray First Nation (FMFN) directs FMFN and ConocoPhillips to identify mutual areas of interest and benefit, and build trust, respect, and a formal commitment to a stronger relationship. Regarding business interests, the two parties meet regularly to discuss:

- › Local contracting capacity, capabilities and opportunities.
- › Shared goals for local business benefits.
- › Opportunities to support FMFN community values and vision.

At our Montney development, we launched an effort to promote the inclusion of Indigenous vendors at all stages of the supply chain to support a healthy contracting relationship with Indigenous communities near our operations. We established business working groups with both HRFN and Blueberry River First Nation and continue to discuss shared goals and values, share contracting outlooks, and provide feedback on existing contractors and/or bid processes to support Indigenous vendors in building their capacity and developing their businesses. These efforts have increased economic participation in ConocoPhillips activities by Indigenous vendors.

INDONESIA

In the first quarter of 2022, the company completed the sale of assets in Indonesia.

During our period of operation in Indonesia, we worked with stakeholders to support economic development through capacity-building and contracting opportunities for local businesses.

We helped establish a Rubber Farmers Group in 2002 in collaboration with the local rubber research institution, Sembawa, to improve the quality and quantity of latex production as well as the marketing capabilities of farmers. Approximately 1,200 restored acres of a rubber plantation have been managed by more than 700 farmers and two local latex marketing groups from the villages near our former operations in the Musi Banyuasin Regency of Indonesia's South Sumatra province. To help expand their businesses, each group received items including latex processing machinery and rubber band production equipment. They also participated in sales, marketing and basic accounting training to promote self-sufficiency after ConocoPhillips' 2022 divestment.

2021 marked ConocoPhillips China's 15th year of commitment to the Light and Love School. The school provides equal access to education for underprivileged children by focusing on academic and cognitive development. *Photography by ZHOU Kun*



Additionally, our economic empowerment efforts in Indonesia continued to facilitate small business development training and capital support for 150 local entrepreneurs that helped them sustain their businesses during the COVID-19 pandemic.

Since 2002, we had sponsored a scholarship program that provided financial assistance to local university students and elementary and high school teachers to obtain undergraduate degrees. More than 6,150 students from villages near our operations in the Musi Banyuasin regency have received support. The program has also helped recipients develop their social and entrepreneurial skills, which they can then apply to helping other members of their communities.

MALAYSIA

Our ongoing partnership with MyKasih, through the 'Love My School' program, supports children from underprivileged and low-income households. The program aims to help students from disadvantaged families by providing schoolbooks and stationery from the school bookstore, as well as food and drinks from the school canteen. Around 330 underprivileged students from six primary schools in Sabah and Sarawak are provided this assistance via a student smartcard annually.

We have also awarded scholarships to Geology students from University Malaya (UM) and Petroleum Engineering students from University Technology Malaysia (UTM) since 2006.

U.S. LOWER 48

Supporting youth and workforce development in local communities is a priority for ConocoPhillips. In 2021, we established the ConocoPhillips Career Technical Education Scholarship Program, providing \$135,000 in scholarships for 40 students pursuing select associate degrees in Texas, New Mexico and North Dakota. In Texas's Eagle Ford, ConocoPhillips also awarded ConocoPhillips Legacy Scholarships to seven Karnes County high school seniors, totaling \$35,000. To date, ConocoPhillips has awarded \$260,000 to students in the Eagle Ford.

ConocoPhillips also donated \$100,000 to support the Bakken Area Skills Center in McKenzie County, ND. Through collaborative partnerships with secondary education and post-secondary education/training and local employers, the center will provide career and technical education and training to high school students and incumbent workers throughout the Bakken region.

We are a member of the [Permian Strategic Partnership](#) (PSP), a coalition of 16 energy companies working to address current and future challenges associated with oil and gas development. In 2021, we also partnered with Permian Basin Regional Planning Commission (PBRPC) and other local charities to support local health, safety and education initiatives.

Health initiatives:

- › Launched the Texas Tech Family Residency Initiative expanding Texas Tech University Health Sciences Center Family Medicine & Mental Health Fellowship Residency to address the shortage of health care workers in the Permian Basin. Collaborated with West Texas Counseling & Guidance to expand mental health services in the Permian Basin, specifically Lea and Eddy counties, New Mexico.
- › Donated masks, gloves and other personal protective equipment to Manor Park, a continuing care retirement community in Midland, to help protect residents during the COVID-19 pandemic.
- › Launched the Texas Tech Physician Assistant Program Initiative to expand Midland teaching and lab facilities, increase student capacity, rotate students among rural Permian hospitals and encourage medical careers.

Safety initiatives:

- › Partnered with the Permian Basin Regional Planning Commission (PBRPC) to improve road safety and reduce the number of traffic-related injuries and deaths in the Permian Basin by funding a 10-year cell tower lease agreement project in Orla, Texas. ConocoPhillips provided \$123,000 for constructing the tower, which will support the PBRPC's 9-1-1 Emergency Department and bring radio operability to first responders in the rural Delaware Basin.
- › Partnered with the Permian Road Safety Coalition (PRSC) to provide emergency first responders in 22 counties in Texas and New Mexico with life-saving equipment kits.
- › Funded the construction of a new building for the Northeast Midland Volunteer Fire Department to better serve the surrounding Midland areas.
- › Provided funding for life-saving ballistic vests for officers of the Midland County Sheriff's Office.

Education initiatives:

- › Partnered with the University of Texas Permian Basin (UTPB) in collaboration with the UTeach Institute and local school districts to develop a 4.5-year implementation program addressing STEM teacher shortage while enhancing the preparedness of STEM teachers by UTPB. The program allows students to earn both a STEM degree and teaching certification without additional time or cost.
- › Kicked off the Catalyst Initiative working to expand Permian Basin high school and community training programs. The program aims to identify high-demand

occupations in the energy industry and align those occupations with education and training opportunities in the Permian Basin.

- › Supported the Texas A&M Engineering Academy Program at Midland College to support student efforts to obtain bachelor's degrees in engineering. The Texas Workforce Commission expects a **25% growth in engineering jobs** statewide over the next decade.

[Read more about how we are supporting community safety in the Permian Basin on our website.](#)

Globally

We support charities near our operations by funding programs that support education, civic and social services, arts, health and the environment.

ENGAGING EMPLOYEES

Our employees strive to improve the quality of life in the communities where we live and work.

- › Despite a challenging year with employees continuing to work from home due to the pandemic, ConocoPhillips Canada staff volunteered 893 hours on a range of activities in 2021, including making lunches for kids through Brown Bagging for Calgary's Kids, planting trees and cleaning our river and pathways with the City of Calgary and wrapping gifts for families in need with Dreams Take Flight.
- › In Eagle Ford, employees volunteered nearly 250 hours to serve local nonprofits including the Floresville Lions Club, Bulldog Education Foundation and Yoakum Rotary Foundation.
- › With our Bakken operations close to Little Missouri State Park, each year our employees volunteer in the spring to prepare the campground facilities and riding trails for tourist season.
- › In New Mexico, employees distributed food to community members in need through the United Way and cleaned up trash and public spaces with the City of Carlsbad and Bureau of Land Management.
- › In Australia, employees rolled up their sleeves to help clean up the beaches with Reef Clean and Clean Up Australia.

[Read more about some of our efforts around the globe on our website.](#)

Global Giving

2021 continued to be a difficult year for communities responding to the challenges of a global pandemic. To help, ConocoPhillips continued COVID-19 relief support by donating personal protective equipment (PPE) to local charities in Houston, Bartlesville, and Midland. We also contributed \$200,000 to Oxygen for Indonesia to procure life-saving oxygen generating machines for local area hospitals. But the pandemic wasn't the only disaster our communities faced during the year. When a severe winter storm hit Texas and Oklahoma, knocking out power to more than 4 million people, we contributed nearly \$600,000 to local charities including the American Red Cross and the United Way to help provide temporary warming shelters and assistance to those in need. We also contributed \$500,000 to four United Way organizations in southeastern Louisiana to help residents impacted by the devastating category 4 Hurricane Ida.

In the U.S. we launched a new diversity, equity and inclusion (DE&I) initiative to address the systemic barriers encountered by students of color from low-income communities on their path to well-paying jobs. Partnering with a number of organizations with expertise in college preparation, vocational training, internships/externships, mentoring and scholarships,

our efforts focus on helping students bridge the gap from high school graduation to obtaining a successful career.

Our cash contributions supported two strategic cause areas – species and habitat conservation (global) and math education (Houston), local contributions, university relations and employee giving programs.

In addition to cash contributions, the company invested \$19.3 million in other social investments, including \$1.7 million of in-kind donations which largely consisted of gifting research lab equipment to seven universities.

Input and insight from business units are overlaid by uniform, global processes and policies to provide:

- › Due diligence scrutiny of potential partners.
- › Consistent project selection criteria and focus wherever we operate.
- › Appropriate audits and document retention.
- › Tracking and assessment of performance metrics and impact.

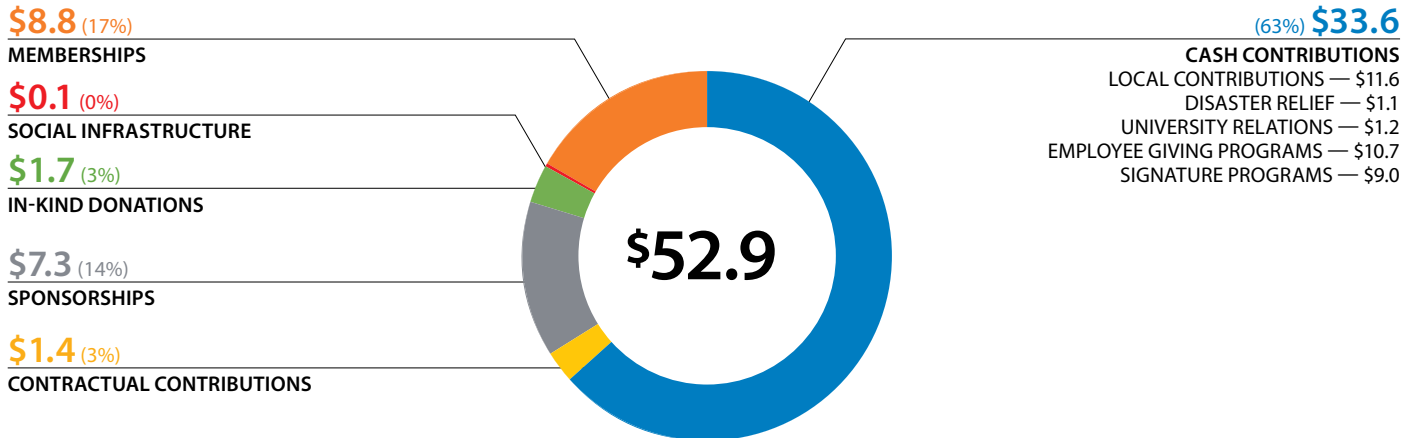
The global charitable investment budget is reviewed annually by the Executive Leadership Team and approved by the Public Policy and Sustainability Committee of the Board.



A 2021 Math Teacher of the Month winner.

2021 SOCIAL INVESTMENTS

In Millions

**Alignment with UN SDGs**

The United Nations General Assembly has adopted [17 Sustainable Development Goals](#) (SDGs) that set the global agenda for equitable, socially inclusive and environmentally sustainable economic development. Our core business of delivering energy to the world contributes directly to:

Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all.

Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Goal 13: Take urgent action to combat climate change and its impacts.

Many of our business and community investment activities support other goals related to education, poverty and good health. Our 2021 global charitable investments supported several SDGs.

We are working with [IPIECA](#), the global oil and gas industry association for environmental and social issues, on the role the oil and gas industry can most effectively play to support the achievement of the globally endorsed framework of the SDGs. We continue to monitor the goals as they move to international and national implementation.

**GLOBAL CHARITABLE INVESTMENTS
SUPPORTING UN SDGS (IN MILLIONS)**

GOAL 1
NO POVERTY **\$4.7**

GOAL 3
GOOD HEALTH AND
WELL-BEING **\$1.5**

GOAL 4
QUALITY
EDUCATION **\$6.8**

GOAL 8
DECENT WORK AND
ECONOMIC GROWTH **\$1.3**

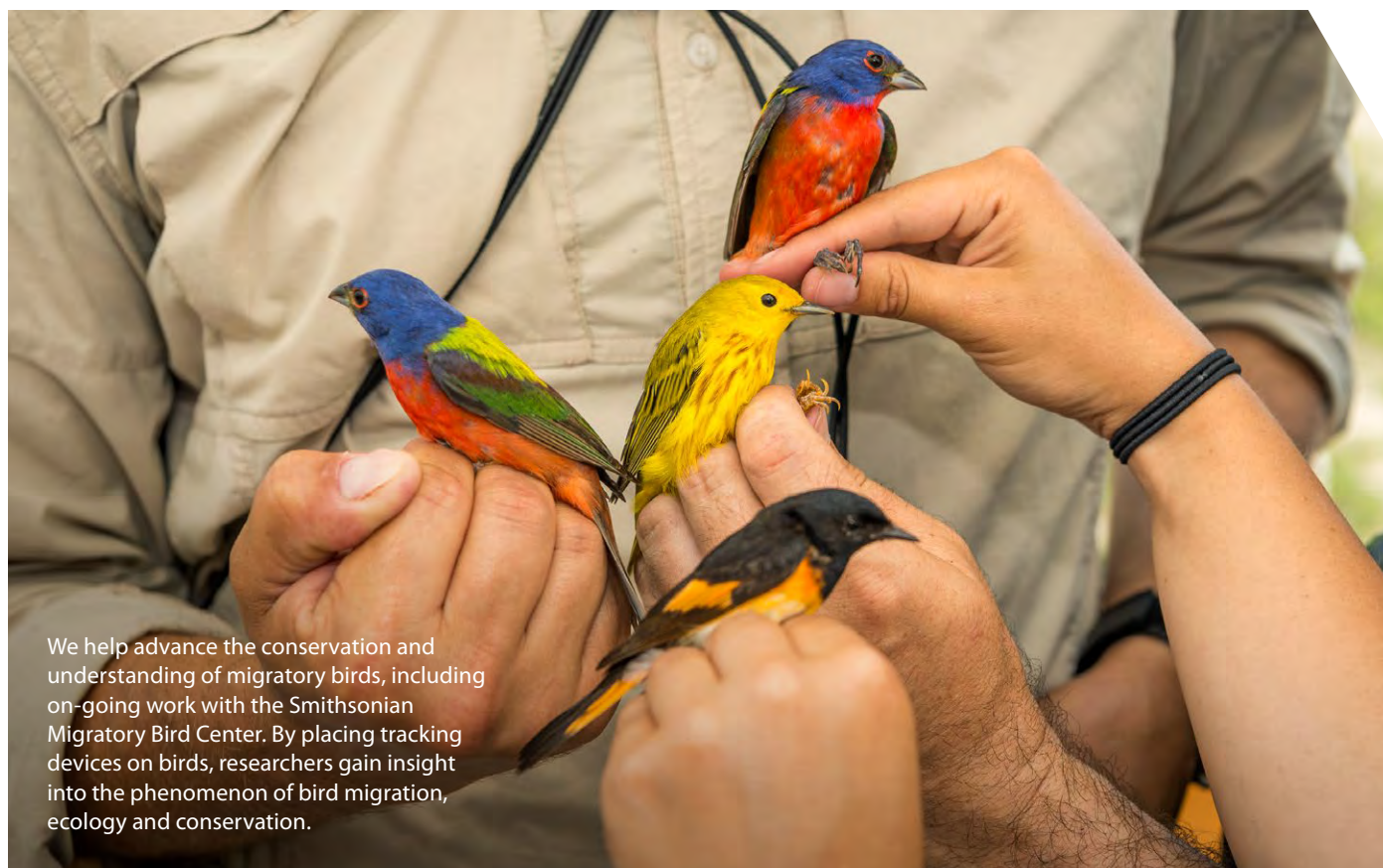
GOAL 11
SUSTAINABLE CITIES
AND COMMUNITIES **\$4.6**

GOAL 13
CLIMATE
ACTION **\$1.1**

GOAL 15
LIFE ON
LAND **\$4.2**

OTHER
COMBINED
GOALS **\$2.5**

Excludes \$6.9 million for unclassified Matching Gifts and Volunteer Grants.



We help advance the conservation and understanding of migratory birds, including on-going work with the Smithsonian Migratory Bird Center. By placing tracking devices on birds, researchers gain insight into the phenomenon of bird migration, ecology and conservation.

Signature Programs

Signature programs help unify our global giving around relevant themes and make our charitable investments program significantly more impactful.

2021 provided opportunities to further our global signature program and conservation efforts. We continued our support of seven Migratory Bird Joint Ventures and the JV8 Central Grasslands Initiative. Representing over 63 federal, state, provincial, nonprofit, and industry conservation partners, the [JV8](#) is working together to stem grassland losses and negative impacts to migratory birds across the breeding, migration and wintering habitats in the U.S., Canada, and Mexico. [Read more about our conservation efforts on our website.](#)

Our Houston Signature Program continued its focus on student enrichment and math education. Partnering with the Houston Texans, the TORO's Math Drills educational

video series reached more than 150,000 third- and fourth-grade students in 588 schools in 18 states. Since the program's inception in 2017, nearly half a million students have been positively impacted.

Local Community Giving

In communities across the globe, our taxes and investments contribute to economic growth, and we also work to determine ways to be good neighbors. This includes working with community members and partners to meaningfully and measurably contribute to each community's unique needs by identifying and addressing areas of local concern through charitable investments and volunteerism in support of education, health and safety, the environment, the arts, civic and social services, and disaster relief.

With our recent expansion into the Permian, we significantly increased our 2021 investment in this region. This funding supported a number of social services and education initiatives.

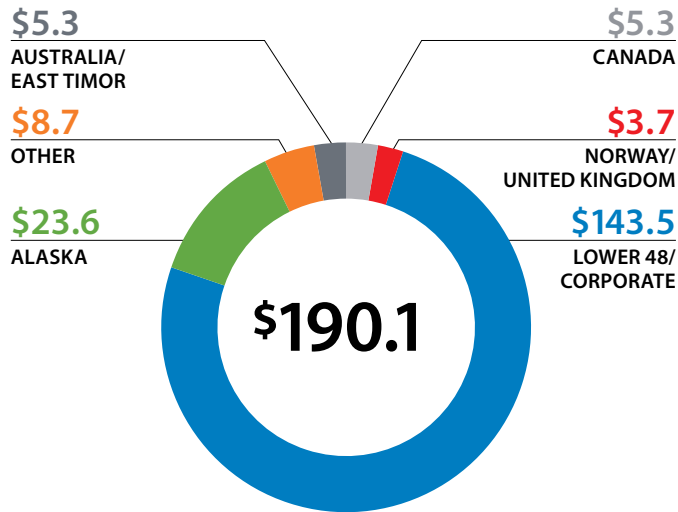
Investments included support for the West Texas Food Bank (WTFB) campus expansion which will help address the needs from the rapidly growing population. In 2021, WTFB distributed 11 million pounds of food to 50,000 individuals across 19 West Texas counties. Funded education initiatives included support of the Bynum School for children with disabilities, Midland

Independent School District Education Foundation and Midland College student scholarships.

Education remains an important focus for our charitable giving. In Alaska, we supported the Alaska Native Science & Engineering Program (ANSEP) efforts to place Alaska Natives in science and engineering on a career path to leadership. We also donated \$1.5 million in high-tech equipment to seven universities including Prairie View A&M, Colorado School of Mines and Texas Tech University following the decommissioning of our Bartlesville Research Center.

2017-2021 CASH CONTRIBUTIONS

In Millions



Employee Giving Programs

Our employees make our communities stronger. We are proud to support their generous involvement in local charitable activities through employee giving programs that include United Way campaigns, matching gift contributions and volunteer grants. In 2021, \$5.1 million in combined employee, retiree and company matching gift contributions was donated to more than 2,000 charities around the world. These donations supported a number of local needs ranging from local education programs to disaster relief and social services organizations.

Employees volunteer at the West Texas Food Bank.



Human Rights

ConocoPhillips is committed to respecting human rights. 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 approach is consistent with the human rights philosophies expressed in the following global frameworks:

- › [Universal Declaration of Human Rights](#) (UDHR)
- › [United Nations Guiding Principles on Business and Human Rights](#)
- › [International Labour Organization Declaration on Fundamental Principles and Rights at Work](#)
- › [Voluntary Principles on Security and Human Rights](#)

This includes the core labor standards related to nondiscrimination, freedom of association, right to collective bargaining, and avoiding the use of forced or child labor. We perform high-level human rights risk assessments on our global operations to identify countries for deeper evaluation of potential human rights issues. Key areas considered include:

- › Security and human rights
- › Land rights and relocation
- › Land use
- › Indigenous Peoples issues and rights
- › Company and supplier labor standards
- › Access to water
- › Cultural heritage
- › Vulnerable groups

Our intent regarding human rights is also reflected in our [Code of Business Ethics and Conduct](#) and our [health, safety and environment policy](#) and [supplier expectations](#) set the standards of behavior and human rights commitments for our people, as well as contractors, suppliers and others who perform work for ConocoPhillips. [Read our updated Human Rights Position on our website.](#)

Business units assess and manage human rights risks. If our operations identify potential human rights concerns, engagement plans and specific actions to manage and

mitigate that risk are developed through engagement with the community or other stakeholders. Where appropriate, business units communicate and engage 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.

Respecting Indigenous Peoples

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 seek mutually beneficial solutions and maximize the social and economic benefits we can bring. Areas where we explore or operate near these communities include the United States, Canada and Australia. Our engagement with Indigenous communities in those locations 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](#). Our relationships are governed by national laws of the countries in which we are working, our social performance guidance, our own positions on [sustainable development](#) and [human rights](#), and our core [SPIRIT Values](#) of Safety, People, Integrity, Responsibility, Innovation and Teamwork.

When engaging with Indigenous stakeholders, we seek first to understand their social values, cultures and traditions, as well as their expectations and preferences for dialogue and dispute resolution. Our consultations consider traditional land use information and community interests, goals and perspectives on environmental, social and economic topics. We engage with Indigenous communities at the regional, local and individual levels by meeting regularly with regional governments, community associations, local leaders and community residents. Our stakeholder engagement professionals work closely with our asset and operations teams to guide discussions and facilitate cooperation with Indigenous Peoples to address potential operational impacts on the community. Wherever we engage with Indigenous communities, we pursue



Members of the ConocoPhillips Canada Stakeholder Engagement team discuss reclamation progress at our Surmont site with Fort McMurray 468 First Nation Elders.

opportunities to support economic development consistent with Indigenous communities' cultures and community development plans. In some cases, the engagement and consultation may be guided by a formal agreement with the Indigenous community. We seek to honor and understand the culture of Indigenous communities near our operations so that we know how to properly demonstrate respect in our relationships. Some of our larger business units provide cultural awareness training. 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. [Read more about our work with local Indigenous communities on our website.](#)

Human Rights Training and Awareness

ConocoPhillips continues to offer a human rights training course which incorporates IPIECA's guidance on human rights training and includes a module on security and human rights. The training has been rolled out globally via a computer-based module to our stakeholder engagement practitioners and other operations staff and management as appropriate based on location.

We continue to support the IPIECA social responsibility and human rights working group, and incorporate IPIECA guidance into our own training and practices.

Voluntary Principles on Security and Human Rights

We drive collective action to address security and human rights issues through engagement with government, NGO and other business stakeholders in the Voluntary Principles on Security and Human Rights (VPSHR). We have been a member of the VPSHR initiative since its inception in 2000. Our [social performance guidance](#) directs our VPSHR implementation and our [annual report](#) to the VPSHR details our current practices as well as provides updates for previous years.

We continue to conduct regular VPSHR training of security providers in priority countries for security and human rights issues. Security personnel and community engagement practitioners, including contractors, complete corporate human rights training on the VPSHR on an annual basis. All contract security organizations are required to provide VPSHR training to their employees and comply with the principles. Training is also provided for the ConocoPhillips workforce as part of the onboarding process when relevant to working in field locations.

SPOTLIGHT

First responders demonstrate equipment used to pry open car doors after accidents. Photo courtesy of Permian Strategic Partnership.



Supporting Safer Communities in the Permian Basin

Emergency response workers in Texas' remote Permian Basin – many of whom are volunteers – may have to travel up to an hour to reach an incident. These first responders are also often working with limited infrastructure and resources. Increased activity from energy production and economic development in the region has increased traffic on area roads, adding to the challenge. One staggering statistic – only 2% of Texas' population is in the Permian Basin, but 11% of traffic fatalities in the state occur on roads in the area.

With the 2021 acquisitions of Concho Resources and Shell's Permian position, ConocoPhillips expanded our position in the Permian Basin. We now hold approximately 1 million net acres across the Delaware and Midland Basins, making us one of the largest operators in the area.

"When we talked to a variety of stakeholders in the Permian Basin, one of the things we repeatedly heard was

community safety is a primary concern. So, addressing that concern has quickly become one of our top priorities," said Scott Kidwell, ConocoPhillips vice president, State Government Affairs, Stakeholder Relations and Permian Surface.

One element of this commitment to improving community safety was partnering with the [Permian Basin Regional Planning Commission](#) (PBRPC) to fund a 10-year cell tower lease agreement project in Orla, Texas.

"When you are dealing with life-and-death situations, the ability to communicate is critical. This tower will connect multiple response agencies and allow them to better serve community members in their most vulnerable moments," added Chloe Desjardins, advisor, Permian Stakeholder Relations. The company provided \$123,000 for constructing the tower, which will support the PBRPC's 9-1-1 Emergency Department and bring radio

operability to first responders in the rural Delaware Basin. People in the area can experience extremely unreliable cellular connectivity, a challenge that is amplified during emergencies.

"We take our role in the community very seriously," said ConocoPhillips' Permian President Jack Harper. "We are grateful for the work local organizations do every day to address the specific needs of west Texas, southeast New Mexico and the surrounding areas."

LIFE-SAVING EQUIPMENT

Accidents in rural areas pose multiple challenges and first responders often do not have the best equipment to quickly address emergency situations. We partnered with the [Permian Strategic Partnership](#) (PSP), [Permian Road Safety Coalition](#) (PRSC) and industry peers to provide a \$1.1 million donation to the "First Responder Life-Saving Equipment Initiative." This will provide life-saving equipment for first responders in 22 counties across west Texas and southeast New Mexico. Funds were used for emergency equipment such as battery-powered "jaws of life" to free people trapped in vehicles, fire extinguishers, mobile lighting tools and rescue helicopter landing zone kits. First responders also received gloves, face shields, gas detection meters and

calibration tools. Each set of emergency response equipment is valued at approximately \$20,000.

"This collaborative effort will ultimately save lives, and we are proud to help provide critical tools to our first responders that will enable their on-scene response in the most remote areas of the Permian Basin," said Vanessa Rawlins, a PRSC Board Chair and ConocoPhillips Lower 48 HSE Manager.

The partnership with PSP expands an initial PRSC investment of more than \$250,000 in donated equipment that began in early 2020.

The PSP is a coalition of energy companies working together to improve the quality of life in the region through education, road safety, healthcare, housing and workforce development. ConocoPhillips has been involved with the PSP since its creation in 2018.

Additionally, in 2021 we donated more than \$100,000 to support area Crime Stoppers efforts, local law enforcement and professional and volunteer fire departments.

"Giving to rural first responders is important to us – they typically don't receive a lot of funding but they're responding to a lot of road accidents, helping people in critical situations. And in those moments, being able to communicate or having advanced equipment can literally mean the difference between life and death," said ConocoPhillips' Josh Viets, vice president, Delaware Basin.

MENTAL HEALTH SERVICES

Community safety can also be imperiled as a result of citizens experiencing mental health-related episodes. Since access to mental health care can be challenging in rural areas, the PSP recently announced a healthcare initiative aimed at improving access to resources. The over \$3 million initiative with West Texas Counseling & Guidance will expand mental health services, with a focus on Lea and Eddy counties in southeast New Mexico and Howard County in Texas.

"This partnership is not only expanding access to mental health care, especially in our rural counties, but it is also building a pipeline of home-grown providers, who will be more likely to stay in the Permian Basin and serve our communities," said Tracee Bentley, CEO of PSP.

In 2021 we donated more than \$100,000 to support area Crime Stoppers efforts, local law enforcement and professional and volunteer fire departments.

SPOTLIGHT

Fostering Inclusion in Australia

Creating communities that are fair, inclusive, culturally sensitive, safe and supportive of all citizens requires dedication and participation from both residents and business leaders. For ConocoPhillips Australia, this includes a commitment to ensuring opportunities are created for Indigenous Aboriginal and Torres Strait Islander Peoples, businesses and organizations. In 2021, the team developed and obtained endorsement of a [Reflect Reconciliation Action Plan](#) (RAP), a strategic document that includes a commitment as well as practical actions that will drive the organization's contribution to reconciliation both internally and in communities. The formal, published document is endorsed by [Reconciliation Australia](#) and is designed to strengthen relationships between Aboriginal and Torres Strait Islander Peoples and non-Indigenous Peoples.

"As a global energy company, ConocoPhillips has a history of engagement with First Nations communities, including those in the United States, Canada and Australia. We strive to recognize the dignity of all human beings and foster an environment of inclusion that respects individual contribution and differences," said Khoa Dao, President, ConocoPhillips Australia.

The goal of the RAP framework is to guide the company as we work to positively contribute to race relations in Australia. ConocoPhillips Australia recognizes the enduring and unique connection to land and waters that Aboriginal and Torres Strait Islander Peoples have, and we celebrate their ongoing contributions to Australia's political, economic and social landscapes. Through the implementation of the RAP, we are seeking to develop a deeper understanding of their cultures, histories and contributions. Additionally, the framework will help us measure and formalize our commitment and bring credibility to our intentions and actions to support diversity and inclusion. We also hope to remove systems and processes that create participation barriers, promote engagement and create opportunities.

Reconciliation Australia defines the process through five critical dimensions:

- › Race relations
- › Equality and equity
- › Institutional integrity
- › Unity
- › Historical acceptance

These form a holistic and comprehensive RAP Framework, consisting of a governance structure supported by three pillars:

- › **Relationships:** Working to improve and enhance the relationships between the broader Australia community and Aboriginal and Torres Strait Islander Peoples. For ConocoPhillips, this includes communicating our commitment to reconciliation and engaging and educating employees during Reconciliation Week celebrations.
- › **Respect:** Increasing the understanding of Aboriginal and Torres Strait Islander cultures, rights and experiences. At ConocoPhillips, this means ensuring all employees undertake cultural awareness training and implementing and adhering to cultural protocols.
- › **Opportunities:** Seeking to address the gaps between Aboriginal and Torres Strait Islander Peoples and other Australians. ConocoPhillips' spheres of influence include employment, supply chain and community.

Since 2016, ConocoPhillips Australia has engaged a Traditional Owner consultant to deliver a day-long Aboriginal and Torres Strait Islander cultural awareness training to our workforce. Over 200 employees and contractors have attended. ConocoPhillips Australia also participates in [National Reconciliation Week](#) activities and NAIDOC Week celebrations. This includes company-wide communications and awareness campaigns, and sponsorship and attendance at community-organized events. Local Elders have visited our workplace to speak with employees and share information about their culture and heritage.

“Over the last decade our business has worked to ensure that Aboriginal and Torres Strait Islander Peoples and businesses participate in our workforce and supply chain,” said Fiona McLeod, General Manager Government and External Affairs for ConocoPhillips Australia. “We have also supported community investment initiatives that align with local community objectives.”

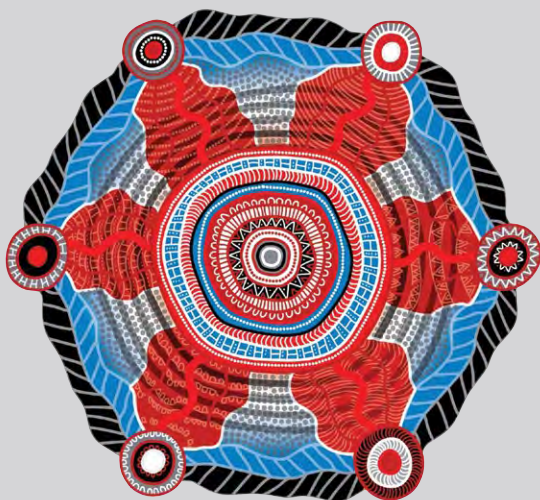
Since 2011, ConocoPhillips Australia has financially supported a range of Aboriginal and Torres Strait Islander-oriented community investment initiatives. Program support is weighted toward education and training programs, many of which are tailored to specific local area requirements. For the Indigenous Pathways Traineeship Program, ConocoPhillips Australia collaborated to create job opportunities in the natural gas industry for Gladstone locals identifying as Aboriginal and Torres Strait Islander Peoples. The program has run annually since early 2020 and provides two Aboriginal and Torres Strait Islander trainees the opportunity to develop practical skills, through learning hands-on from experienced LNG professionals and in a classroom environment. The training counts toward a Certificate II in Engineering Production upon completion.

In 2019, ConocoPhillips Australia joined the Yalari scholarship program, which provides Aboriginal and Torres Strait Islander children from rural communities across Australia the opportunity to receive a full boarding school scholarship for their entire secondary education. Efforts included a six-year commitment to support the high school education of a female Aboriginal and/or Torres Strait Islander student. Through a public/private partnership with the Queensland

Department of Environment and Science, ConocoPhillips Australia is also supporting the Queensland Indigenous Land and Sea Ranger Program in Central Queensland. Through the program, Aboriginal and Torres Strait Islander Land and Sea Rangers deliver negotiated work plans that reflect Traditional Owner, local community, and Queensland Government priorities. Activities include a wide range of conservation services including cultural burns, feral animal and pest plant control, soil conservation, cultural heritage site protection and biodiversity monitoring.

The company developed the Buraligim Weiber program in partnership with the Central Queensland University to focus on improving reading and math skills in young Aboriginal and Torres Strait Islander children. It introduces STEM concepts at a junior level through activities that surround culture, community and the environment. ConocoPhillips Australia has supported PREQIP, a program operated by Education Queensland Industry Partnerships (EQIP) since 2011. Open to year 10 Aboriginal and Torres Strait Islander students, the program promotes student engagement while developing employability skills and raising awareness of potential pathways through further study or a senior EQIP program.

“Our business in Australia is relatively young; however, we are taking meaningful steps in pursuing opportunities to support economic development consistent with Aboriginal and Torres Strait Islander communities’ cultural values and community development plans. We are only at the start of our journey, and it will require commitment and courage from all of us to achieve a truly reconciled future,” Dao said.



“TOGETHER WE BELIEVE. TOGETHER WE BELONG.”

Artwork by Wakka Wakka artist, David Williams

This artwork tells the story of ConocoPhillips’ reconciliation journey and its formal commitment to mapping a path to supporting and contributing to a reconciled Australia through its Reconciliation Action Plan. [Read the full artwork story in the Reconciliation Action Plan.](#)

Valuing Our People

Our strategy, our performance, our culture and our reputation are fueled by our world-class workforce. The diverse people of ConocoPhillips have always been the heart of our company, and we recognize that attracting and developing talent is a competitive imperative within our changing industry. At year-end 2021, we had approximately 9,900 employees in 14 countries.

[Read more about our workforce metrics on our website.](#)

We depend on our workforce to successfully execute our company's strategy and we recognize the importance of creating a workplace in which our people feel valued. Our human capital management (HCM) programs are built

around three pillars that we believe are necessary for success: a compelling culture, a world-class workforce and strong external engagement. Each of these pillars is described in more detail below.



A COMPELLING CULTURE

- › SPIRIT Values guide everything we do.
- › Actions grounded in DEI pillars: leadership accountability, employee awareness and processes and programs.
- › Leveraging data analytics to monitor key workforce and engagement metrics through dashboards shared with the Executive Leadership Team (ELT), leaders, Talent Management Teams, and employees.
- › Prioritizing successful post-M&A cultural integrations.
- › Supporting different ways of working with new hybrid work program.
- › Global COVID-19 response prioritizes protecting our workforce, mitigating the spread of COVID-19 and safely running the business.



A WORLD-CLASS WORKFORCE

- › Recruitment/selection practices focused on minimizing bias.
- › Robust succession planning focused on diverse pipeline.
- › Hands-on Talent Management Teams guiding employee development.
- › Real-time recognition programs.
- › Competitive, performance-based compensation packages; global equitable pay practices.
- › Compensation programs linking individual and company performance.
- › Inclusive global benefits informed by external market practices and employee needs.
- › Global wellness programs addressing physical/mental well-being.
- › Expanded benefits to support families.



EXTERNAL ENGAGEMENT

- › Expanded our external disclosures, including publishing our EEO-1 reports for the last three years and our inaugural HCM report.
- › Maintaining active partnerships with trade associations and minority nonprofit organizations.
- › Recognized by Human Rights Campaign's Corporate Equality Index, with a score of 100 for multiple years.
- › Increasing partnerships with Historically Black Colleges and Universities and Hispanic-serving institutions.
- › Allocated significant amount of university contributions budget to programs advancing DEI.
- › Formed new partnership with INROADS, a nonprofit committed to leadership and career development for underrepresented talent, and awarded Corporate Partner of the Year recognition.



Employees on Alaska's North Slope.

A Compelling Culture

How we do our work sets us apart and drives our performance. We're experts in what we do and continuously find ways to do our jobs better. Together, we deliver strong performance, but not at all costs. We embrace core cultural attributes that are shared by everyone, everywhere. Our SPIRIT Values – Safety, People, Integrity, Responsibility, Innovation, and Teamwork – set us apart, align our workforce and provide a foundation for our culture.

With two significant acquisitions completed in 2021, we prioritized cultural integration. We seized the opportunity to learn from and value each other's cultures. This involved employee engagement, active listening and leveraging data analytics to monitor key workforce/engagement metrics. Following the successful close of the Concho Resources transaction, we launched a comprehensive onboarding framework to introduce Concho employees to the ConocoPhillips culture and HR programs and processes. Using a phased, fit-for-purpose approach, we aimed to provide a positive transition experience for employees. The onboarding consisted of a dedicated resource site for employees, targeted training on culture, leadership, talent systems and processes, and comprehensive compensation and benefits education. Learnings from the Concho integration were implemented in plans for onboarding new Shell Permian asset employees.

Advancing our Diversity, Equity and Inclusion (DEI) Journey

At ConocoPhillips, we value all forms of diversity, provide equitable employee programs and promote a culture of inclusion. Our DEI vision is for our workforce to have a strong sense of belonging and feel supported in meeting their full potential. Our commitment to DEI is foundational to our SPIRIT Values. We hold our leaders accountable for having personal DEI goals each year and encourage all global employees to play a part in creating and sustaining an inclusive work environment.

"The environment has been very welcoming. My colleagues are willing to share ideas and information freely, and that creates a culture where your opinion counts and is valued."

— NUNY RINCONES,
RESERVOIR ENGINEERING SUPERVISOR

The ELT has ultimate accountability for advancing our DEI commitment through a governance structure that includes an ELT-level DEI Champion, a global DEI Council consisting of senior leaders from across the company and organization-wide DEI goals. The company sets goals and measures progress based on three pillars that guide our DEI activities: leadership accountability, employee awareness, and processes and programs. In addition, our DEI plans and progress are reviewed regularly with the Board of Directors.

In 2021, HR and the DEI Council reviewed the results of the 2020 *Perspectives Pulse: D&I* employee survey and prioritized action plans tied to quantitative and qualitative employee sentiment. 2021 accomplishments included:

- › Refreshed and diversified the global DEI Council to reflect the diversity we seek across our global organization.
 - › Used survey insights to produce six multi-year corporate DEI priorities that will guide us through 2024.
 - › Developed a detailed plan for our corporate DEI priorities, made up of 18 specific tactics that will position us to deliver meaningful progress through 2024. Two examples of specific tactics include establishing a centralized DEI organization to be led by a new Chief Diversity Officer and increasing internal and external DEI disclosures.
 - › Championed the addition of the 'E' (equity) to D&I emphasizing the importance of providing equitable programs that lead to fair outcomes for all employees. This was a natural evolution of our D&I journey.
- We know that for DEI to be sustainable, we need programs and processes that promote fair, consistent, disciplined and equitable treatment of all employees. By putting a DEI lens on our people-related programs and processes, we can help improve DEI within the company. Some of our focus areas include:
- › Recruiting: Enhancing our recruitment and selection practices to ensure DEI is embedded in each step. This includes educating managers on inclusive hiring practices, working with partners to connect veterans and individuals with disabilities with employment, ensuring diverse internal and external candidate slates, and creating balanced interview teams to mitigate any unconscious bias in our hiring processes.
 - › Talent Management Teams: Examining Talent Management Teams' processes to ensure we are eliminating bias within our selection and succession efforts.
 - › Performance management: Implementing a "how" rating as part of our performance management process to hold our workforce and our leaders accountable for behaviors, including DEI.
 - › Recognition: Expanding our workforce recognition programs to include a prestigious SPIRIT of Performance Award for DEI advocates.
 - › Employee networks: Sponsoring broad participation in our extensive employee networks. [Read more on our website.](#)

2021 OUR PEOPLE BY THE NUMBERS



~9,900

TOTAL
HEADCOUNT

26%
WOMEN

23%
WOMEN
HIRES

28%
U.S. POC*

35%
U.S. POC*
HIRES

10%
UNIVERSITY
HIRES

5%
VOLUNTARY
ATTRITION

As of Dec. 31, 2021

* People of Color (POC)

Measuring our Progress

We are committed to being transparent as we build a more diverse, equitable and inclusive workplace, and we actively monitor diversity metrics on a global basis. The DEI Council, in conjunction with the ELT, reviews diversity metrics and identifies the appropriate plans and priorities to address our trends.

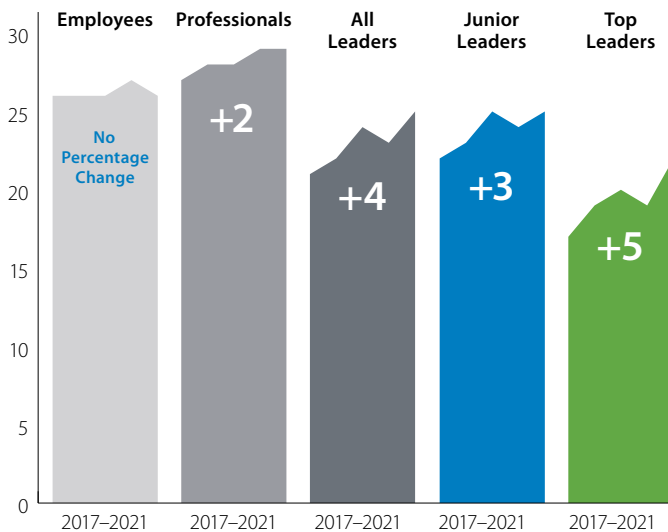
Starting in 2019, we began internal publication of our first DEI dashboards, which contain five years of key DEI statistics

for our global and U.S. employees. These dashboards are updated annually. In 2021, we expanded the transparency of internal and external workforce metrics and HCM disclosures by publishing our 2018-2020 Consolidated EEO-1 Reports, expanding metrics in our Sustainability Report and launching our inaugural HCM report.

You can find our workforce metrics in the Performance Metrics and key trends below:

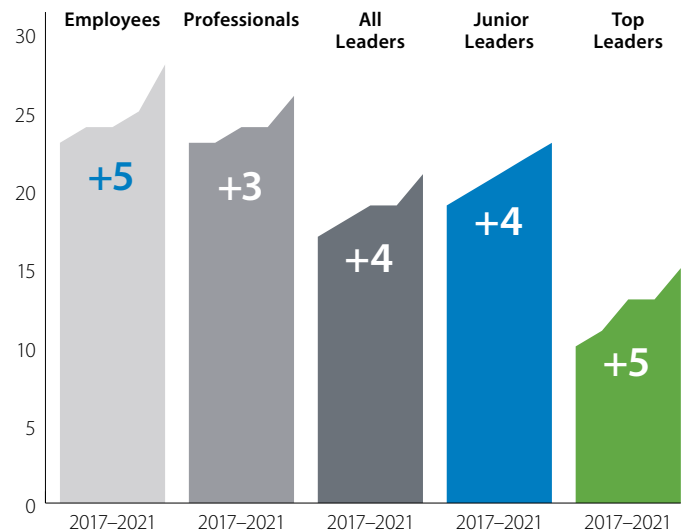
PROGRESS IN GLOBAL REPRESENTATION OF WOMEN FROM 2017 TO 2021

Percentage



PROGRESS IN REPRESENTATION OF U.S. PEOPLE OF COLOR FROM 2017 TO 2021

Percentage



14
COUNTRIES
OF OPERATION



11.3
AVERAGE YEARS
OF SERVICE



15%
EMPLOYEES
PROMOTED



61%
U.S.
POPULATION



17.5
AVERAGE YEARS
OF EXPERIENCE



18.6
TRAINING HOURS
PER EMPLOYEE

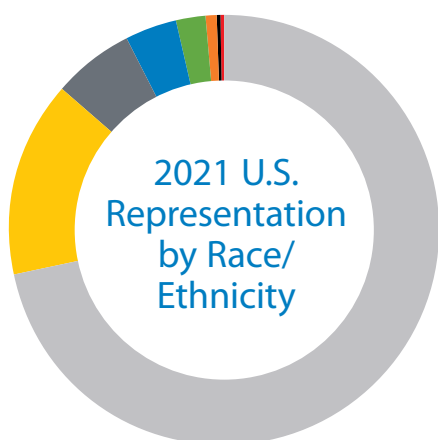
U.S. Equal Employment Opportunity Reports

We are committed to publicly disclosing ConocoPhillips' Consolidated EEO-1 Report. The report characterizes ConocoPhillips' U.S. workforce by race, ethnicity and gender across job categories established by the U.S. Equal Employment Opportunity Commission (EEOC). Our U.S. workforce breakdown is included below:

ConocoPhillips' EEO-1 reports for the last three years:

- › [2021 EEO-1 Component Report.pdf](#)
- › [2020 EEO-1 Component 1 Report](#)
- › [2019 EEO-1 Component 1 Report](#)

Additional details on EEO reports are available on the [EEOC website](#).



71.8%	WHITE
14.7%	HISPANIC/LATINO
6.1%	ASIAN
3.8%	BLACK/AFRICAN AMERICAN
2.2%	AMERICAN INDIAN OR ALASKAN
1.0%	2+ RACES
0.2%	PACIFIC ISLANDER
0.1%	UNDISCLOSED

6% U.S. VETERANS

5% PEOPLE WITH DISABILITIES

ConocoPhillips prepares its EEO-1 reports based on strict guidelines issued by the EEOC. For internal reporting purposes, ConocoPhillips has expanded its lens to include employees that are excluded from our EEO-1 reporting pursuant to the regulations. Data may not equal 100% due to rounding.

Recognition

While we have been recognized for our inclusion efforts, we know that it takes ongoing commitment to make sustainable progress. So, we continue to provide training, build awareness and reinforce accountability at all levels of the organization and focus on behaviors and processes that build an environment where everyone has the opportunity to succeed.

The Human Rights Campaign's Corporate Equality Index recognized us in 2021 and 2022 for our commitment to lesbian, gay, bisexual and transgender equality in the workplace with a score of 100. Additionally, we were recognized as one of Forbes' 2021 America's Best Large Employers and 2021 America's Best Employers for Diversity.

Attraction and Retention

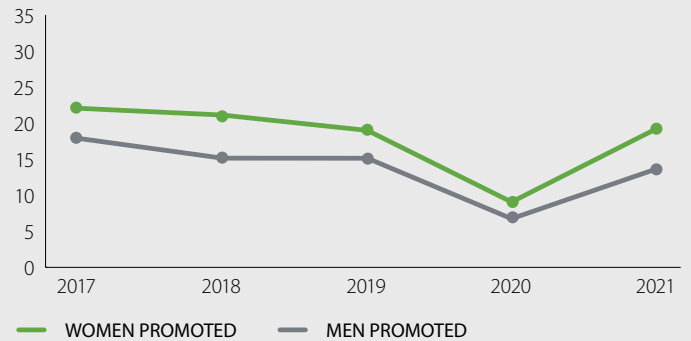
Our continued success requires a strong global workforce that can contribute the right skills, in the right places, to achieve our strategic objectives. We offer university internships across multiple disciplines to attract the best early-career talent. We also recruit experienced hires to fill critical skills and maintain a broad range of expertise and experience.

Our global voluntary attrition rate for 2021 was 5%. We monitor the voluntary attrition rate for women and U.S. People of Color (POC) and leverage qualitative information from exit interviews to identify any potential trends.

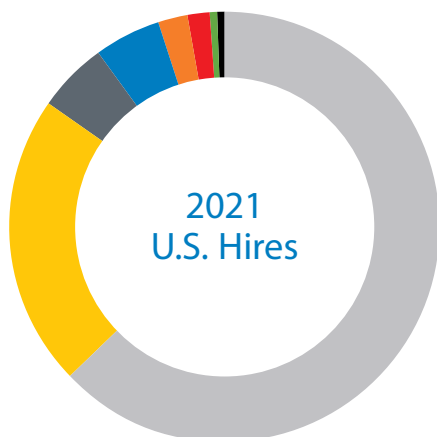
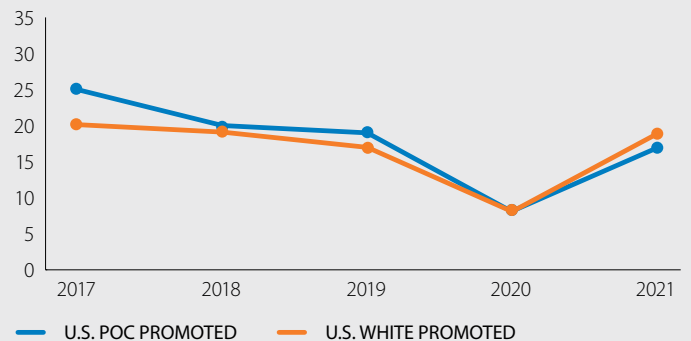
Succession Planning

Succession planning is a top priority for management and the Board. Leaders at all levels review Individual Development Plans, provide feedback and facilitate career conversations on an ongoing basis to ensure that employees can reach their full potential. Annually, business leadership and Talent Management Teams (TMTs) meet to review succession benches, calibrate talent and provide recommendations to executive leadership and the Board to ready our succession candidates for future leadership roles and promote business continuity.

PERCENTAGE OF GLOBAL PROMOTIONS
OF WOMEN AND MEN
FROM 2017 TO 2021



PERCENTAGE OF PROMOTIONS IN U.S.
BY RACE/ETHNICITY
FROM 2017 TO 2021



63.1%	WHITE
21.9%	HISPANIC
5.3%	ASIAN
5.0%	BLACK/AFRICAN AMERICAN
2.1%	2+ RACES
1.6%	UNDISCLOSED
0.8%	AMERICAN INDIAN OR ALASKAN
0.3%	PACIFIC ISLANDER

23% OF GLOBAL HIRES IN 2021 WERE WOMEN

35% OF U.S. HIRES WERE PEOPLE OF COLOR

U.S. Internship Program

Bringing new people with fresh ideas into our company is vital to our future. We take enormous pride in our Summer Internship Program, which strives to offer a compelling, hands-on experience. We provide interns with challenging assignments, knowledgeable mentors and engaging activities to help them grow their skills and network.

The relationship between the company and the universities we support is important. We make financial contributions to 19 universities and designate a significant portion of our university contributions budget to programs advancing DEI. We also designate senior leaders to engage with university leadership, deans and senior faculty.

OUR 2021 U.S. INTERNSHIP PROGRAM BY THE NUMBERS

112 INTERNS / **32** UNIVERSITIES / **11** DISCIPLINES / **42%** WOMEN / **38%** U.S. POC

Supporting Different Ways of Working: The Hybrid Office Work Program

In 2021, we introduced the Hybrid Office Work (HOW) program in the U.S. and some global locations offering a combination of work from both office and home.

The HOW program blends the advantages of in-person engagement with individual flexibility for eligible office-based employees in the U.S. where a hybrid schedule is feasible. Mondays, Tuesdays and Thursdays are designated as core in-office days each week. Eligible employees have the option

to work remotely on Wednesdays and Fridays. The program isn't mandatory; our offices remain open and available throughout the week.

We also acknowledge that many of our employees are field-based or in roles that cannot be performed remotely. The efforts of these employees are essential in running the business, and we are especially thankful for their commitment and contributions.

"I have been a working mom my entire career. There are a lot of challenges that working moms face that can potentially hold them back in pursuing the career they would like to have, and I believe the Hybrid Office Work Program will go a long way in helping working parents overcome these challenges."

— KYLA GONZALES, MANAGER, TALENT MANAGEMENT



Working in the lab
at APLNG.



Employee Engagement and Development

Investing in our employees drives our company's performance, so we approach talent development and succession planning with the same rigor that we apply to our business strategy. We seek to attract, develop and retain employees through a combination of on-the-job learning, formal training, and regular feedback and mentoring.

Career Development

We empower our employees to grow their careers through personal and professional development opportunities. Employees can identify opportunities through career conversations with their supervisors and by creating an Individual Development Plan, a development tool that captures employees' long-term career plans. As part of ongoing development, we encourage leaders to gain insights on their strengths and areas for improvement using a 360 degree assessment tool to gather feedback from

supervisors, direct reports and peers to help increase an employee's overall effectiveness. In 2021, we expanded use of this assessment tool for individual contributors to leverage in their Individual Development Plan.

Talent Management Teams

Skill-based Talent Management Teams (TMTs) guide employee development and career progression by discipline and location. The TMTs help identify our future business needs and assess the availability of critical skill sets within the company. TMTs include senior representatives from business units (BUs) and corporate functions. These representatives are the interface among leaders, supervisors and employees. Dashboards of demographic metrics are utilized by TMTs to mitigate bias and inform promotion and development decisions. In 2021, the TMTs developed common DEI goals, creating alignment on key focus areas among all the TMTs. The TMT DEI goals are aligned to ConocoPhillips' global multi-year DEI priorities and help drive progress toward the identified tactics. In addition, the TMTs diversified their representatives, defined a consistent onboarding curriculum which is inclusive of DEI training, and refreshed the TMT website to enhance employee visibility to these goals.

Formal Training

In 2021, our employees completed more than 184,400 hours of virtual and in-person training on topics ranging from technical to professional development (approximately 18.6 hours per employee). We provide numerous training and development offerings to equip our workforce, our hiring managers and our leaders with the skills, knowledge and self-awareness to advance our DEI efforts. In 2021, employees completed approximately 1,280 DEI courses, and nearly 460 hiring managers completed our inclusive hiring best practices course.

Leadership Development

We recognize that supervisors play a key role in talent development, so we offer a robust supervisor development curriculum to help leaders engage and develop their employees. Global courses focus on proactive communication, employee development and building trust.

We continue to evolve our Leader of Leaders program, which brings together the company's top senior leaders in small cohort groups to align on key drivers of our culture on a quarterly basis.

Additionally, various business units and functions ran "Leaders Connect" programs, an informal community of practice where cohorts of six to eight leaders meet regularly to talk through topical leadership issues. The aim of the program is to help leaders establish a peer network, build trust, and share and learn from each other about various leadership topics such as DEI, leading through change, employee engagement and communication. In 2021, we created a centralized platform to connect global teams and provide common access to resources they can leverage for local programs.

Performance Management

We use a performance management program focused on objectivity, credibility and transparency. The program includes broad stakeholder feedback, real-time recognition and a formal "how" rating to assess behaviors to ensure they are in line with our SPIRIT Values and leadership competencies. We have identified leadership competencies that provide a common baseline of knowledge, skills, abilities, and behaviors to support employee performance, growth, and success.

Recognition is important to our employees and core to our culture. We have an employee-driven internal recognition program, The Mark Award: Instant Thanks, that enables employees to recognize their peers for individual accomplishments. In 2021, 48% of employees received Instant Thanks awards and nearly 10,720 Instant Thanks messages were sent.

Employee Feedback Surveys

Taking steps to measure and assess employee satisfaction and engagement is at the heart of long-term business success and creating a great place to work. Since 2019, the ConocoPhillips *Perspectives* Survey has become our primary listening platform for gathering feedback on employee sentiment and strengthening our culture. Leaders analyze the survey data and comments and identify focus areas for action, striving for incremental year-over-year progress on results. Our employee feedback strategy is comprised of an annual engagement survey and shorter DEI pulse surveys as needed.

Due to ongoing cultural integration work in 2021, we delayed our 2021 *Perspectives* Survey to January 2022. We asked 24 questions on topics relevant to the health and long-term success of our organization, such as engagement, DEI, SPIRIT Values, company strategy, career development, leadership and well-being. We had a participation rate of 84% and received over 10,700 written comments from employees around the globe. Leaders will analyze organizational results and set key focus areas for relevant actions for their groups.

2022
CONOCOPHILLIPS
PERSPECTIVES
SURVEY

75

Employee
Satisfaction
Score

76%

of respondents
would recommend
ConocoPhillips
as a **great place
to work**

Colleagues at the Global Water
Sustainability Center in Qatar.



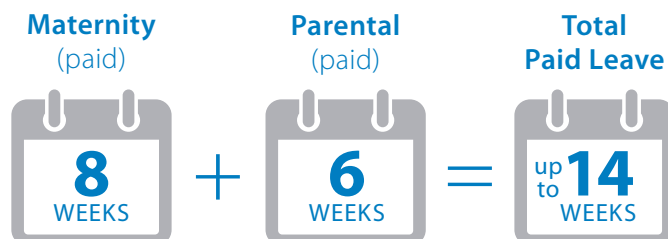
Compensation, Benefits and Well-being

Our compensation and benefits philosophy and the overall structure of our programs are designed to reward all employees who contribute to our success. We offer competitive, performance-based compensation packages and have [global equitable pay practices](#). Our global benefits are competitive, inclusive and align with our culture. We provide family-friendly policies such as flexible work schedules, competitive time off, paid leave to care for seriously ill family members and [parental leave](#) in many locations.

Our compensation programs are generally comprised of a base pay rate, the annual Variable Cash Incentive Program (VCIP) and, for eligible employees, the Restricted Stock Unit

(RSU) program. From the CEO to the frontline worker, every employee participates in VCIP, our annual incentive program, which aligns employee compensation with ConocoPhillips' success on critical performance metrics and also recognizes

U.S. PARENTAL LEAVE BY THE NUMBERS



Members of Norway's Production Delivery Center take a moment to savor the scenery during a hike.



individual performance. Our RSU program is designed to attract and retain employees, reward performance and align employee interest with stockholders by encouraging stock ownership. Our retirement and savings plans are intended to support employees' financial futures and are competitive within local markets.

Our global wellness programs are designed to educate participants and promote a healthy lifestyle. Each year, we host a six-week global competition featuring health and wellness activities called the SPIRIT of Wellness challenge. In 2021, nearly 2,000 employees and contractors participated as individuals or as part of a team. The event included three challenges: Move, Eat Right and Stress Less. Recording their activities daily, participants earned points and tracked their progress on Individual and Team Leaderboards. [Read more about the 2021 challenge on our website.](#)

Ensuring our employees' health and well-being remained an ongoing focus as the world continued adapting to the realities of COVID-19. In 2021, COVID-19 activities were guided by our three companywide priorities, set during early pandemic stages: protect our employees and contractors, mitigate the spread of COVID-19 and safely run the business. We have acted on these priorities via a coordinated crisis management support team, frequent workforce communications and flexible programs to suit the challenging environment. Our office and field staffs adhered to rigorous mitigation protocols implemented across operations, utilizing the most current guidance from health authorities. Mitigation measures, including requirements for remote work, vaccines and testing, were driven by the specific circumstances applicable to a region or business function.

In the U.S., we partner with U.S. employees who participate in ConocoPhillips' medical plan to promote accountability for personal health through our Health Improvement Incentive Program. This voluntary program encourages healthy behaviors,

provides insights into potential health risks and offers opportunities to improve overall health. Employees can earn incentives toward medical premiums by completing a series of steps, including the newly added mental well-being incentive. In 2021, 75% of participants completed a biometric screening, of which 85% earned the mental well-being incentive.

All employees have access to our employee assistance program, and many of our locations offer custom programs to support mental well-being.

U.S. EMPLOYEE ASSISTANCE PROGRAM (EAP) BENEFITS



8

COUNSELING SESSIONS

Available for employees and eligible dependents per issue, per year.



24

HOURS PER DAY

Employees can call anytime to get help.



365

DAYS OF THE YEAR

EAP is available through Concern Health.

U.S. PARTICIPATION IN COMPENSATION AND BENEFITS PROGRAMS

98%

PARTICIPATION IN COMPANY
MATCHED SAVINGS PLAN

\$80.8MM

401(K) COMPANY
MATCHES

\$417,000

AVERAGE SAVINGS PLAN BALANCE
FOR ACTIVE EMPLOYEES

93%

EMPLOYEES ENROLLED
IN MEDICAL PLAN

Safety, Health and Security

SPIRIT Values – Safety, People, Integrity, Responsibility, Innovation and Teamwork – inspire our actions and confirm that safety is core to how we operate. We consistently promote safe work practices and are focused on control of work. [*Read our Health, Safety and Environmental Policy on our website.*](#)

2021 PERFORMANCE HIGHLIGHTS

- › Remained a leader among our peers on personnel safety performance and had zero fatalities in 2021.
- › Strong focus on leadership engagement, human performance and learning organization concepts.
- › Utilized Life Saving Rules and Process Safety Fundamentals to control work and mitigate serious events in the field.
- › Crisis management teams employed globally and cross-functionally to safely run the business and protect personnel during the coronavirus pandemic.
- › Conducted three global virtual crisis-response exercises.

An operator working on the Queen Tank Battery in the Midland Basin.

Safety

A Learning Organization

Our vision is to increase operational reliability and resiliency, and we believe that begins with learning. By being curious about how work is done, mindful of risks and committed to predicting errors, we can minimize the likelihood of unexpected events.

We continuously look for ways to operate more safely, efficiently and responsibly. We focus on reducing human error by emphasizing interaction among people, equipment and work processes.

We conduct thorough investigations of all serious incidents to understand the root cause and share lessons learned globally to improve our procedures, training, maintenance programs and designs.

Our work is never so urgent or important that we cannot take the time to do it **safely and in an environmentally responsible manner.**

COMPONENTS OF HUMAN PERFORMANCE



By applying a learning mindset and human performance concepts, we are increasing our capacity to safely manage work and critical activities.

We have processes in place to encourage candid dialogue on the work being done and to share ideas. Learning Teams are facilitated sessions in which the team and facilitator discuss successful work or an unplanned event to better understand the context of how the work was done. Our Opportunity to Learn process enables information to be shared quickly following an incident or near miss so learnings can be recognized and applied to other applicable locations to prevent repeat incidents.

This approach is reinforced through additional activities such as verification of personal and process safety safeguards, and meaningful leadership engagement with field operations.



Watch "Safety Leadership in the Bakken."

Process Safety

Process safety is achieved by using special precautions, or barriers, to keep our facilities safe and our products safely contained, eliminating potential impact to people, property or the environment. An unplanned or uncontrolled release of any material from a process system is considered a process safety event. We have consistent practices and processes for the prevention, control and mitigation of process safety events. Effective barriers can be active, passive or procedural, and can involve equipment and/or people. We utilize multiple barriers to achieve redundancy depending on the severity of the potential hazard.

We seek to continually improve our process safety culture and performance across the entire company. A global network of process safety experts meets regularly to share knowledge and discuss best practices for continuous improvement. To strengthen our process safety performance:

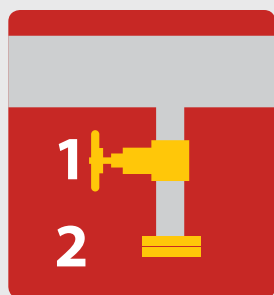
- › Engineers design safer systems with new knowledge and technologies.
- › Trained operations staff perform routine maintenance to mitigate process hazards and ensure asset integrity.
- › Process safety experts analyze events and share knowledge globally.

Enhancing process safety awareness and competency across our company is one of our key objectives. Our **Process Safety Fundamentals** are simple, actionable, good operating practices developed to improve process safety awareness. Over time, people naturally become desensitized to the risks they face, making errors more likely. Recognizing this, the Process Safety Fundamentals are intended to increase focus on critical tasks.

In August 2021, nearly 100 cross-functional ConocoPhillips employees gathered virtually to learn, share and connect at the 2021 Process Safety Summit. The two-day event featured leadership speeches, an interactive panel discussion and focused knowledge sharing from business leaders. The summit provided a valuable opportunity to share incidents, learnings, best practices and weak signals, which generated candid discussions for continuous improvement in process safety.

Enthusiasm from participants and engagement from leaders exemplify our company commitment to process safety performance improvement.

PROCESS SAFETY FUNDAMENTALS



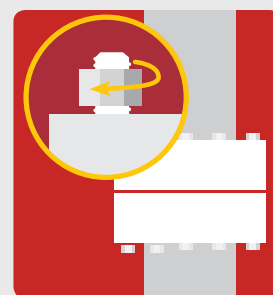
Use two barriers for hydrocarbon vents and drains.



Follow an approved change management process prior to altering process systems (even if temporary).

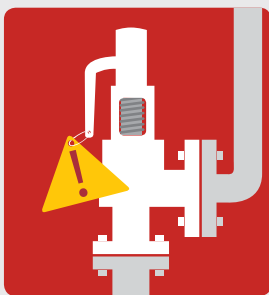


Do not leave critical draining and transfer operations unattended.



Verify for complete tightness after installation or maintenance work.

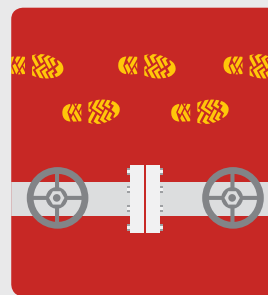
Operators at a well site
in the Eagle Ford.



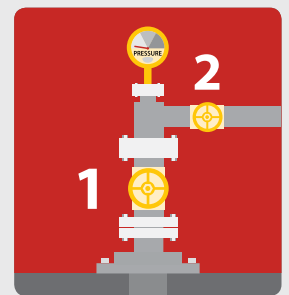
Know the condition of your safety devices. Risk assess any impairments or deferrals.



Ensure equipment is pressure-free, drained and properly isolated before starting work.



Walk the line. Verify and validate any line-up change.



Ensure effective well isolation, with at least two barriers, when working downstream of a well.

Spill Prevention

We evaluate the risk of spills occurring and potential impacts while taking numerous precautions to prevent spills and mitigate impact. Specialized designs, operating procedures, routine maintenance of our facilities, verifications and process safety best practices play a key role in protecting the environment where we operate. We have dedicated spill prevention teams in areas with high activity and sensitive ecosystems. If a spill does occur, established practices and resources are employed to control and mitigate the impact.

We are also focused on strengthening our critical incident risk management capability through our systematic, multi-tiered approach to emergency preparedness and crisis management. Hydrocarbon spills impacting a sensitive area and spills greater than 100 barrels are immediately reported to our corporate office.

Spill Performance

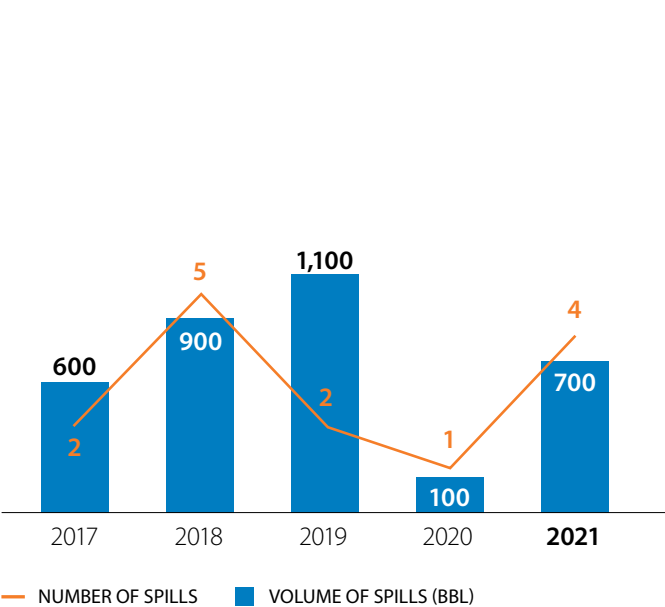
In 2021, we experienced four hydrocarbon spills to the environment greater than 100 barrels. Three spills occurred on land in the U.S. Lower 48 and one occurred on land in Canada, resulting in approximately 700 barrels being released with an 81% recovery rate. None of our spills in 2021 impacted a shoreline.

The number of hydrocarbon spills to the environment greater than one barrel increased in 2021. We had 178 spills that were greater than one barrel, with 148 of those between one and 10 barrels. Sixty-four percent of the volume of our spilled material was fully recovered. We continue to focus on the importance of process safety and spill prevention.

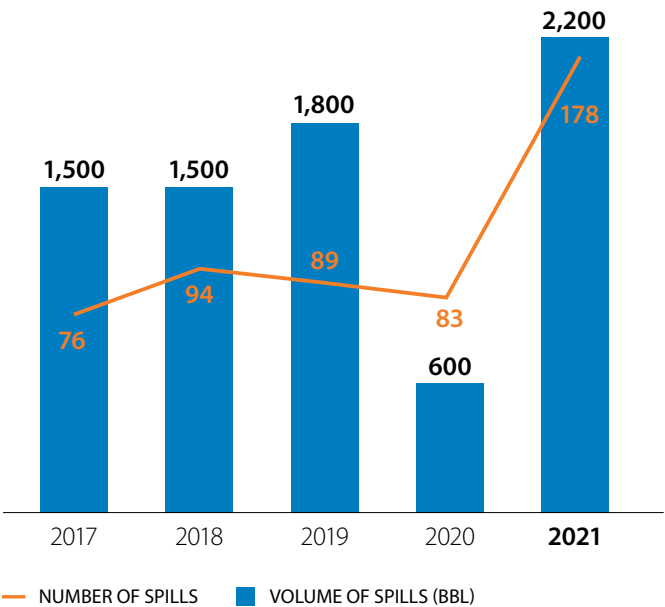
The increased spill counts are reflective of the significant increase in U.S. operated production during 2021. [View our Performance Metrics on our website.](#) We continue to enhance our spill prevention processes and focus on the importance of process safety.

[Read more about our Process Safety culture on our website.](#)

HYDROCARBON SPILLS TO THE ENVIRONMENT >100 BARRELS (BBL)



HYDROCARBON SPILLS TO THE ENVIRONMENT >1 BARREL (BBL)



SERVS training in
Prince William Sound.



Spill Response and Mitigation

We have both internal and external resources to assist with spill remediation and response. 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, [Marine Spill Response Corporation](#) (MSRC) and [Clean Gulf Associates](#) (CGA). Our Alaska business unit has memberships in two large OSROs, including [Alaska Clean Seas](#) (ACS) and Ship Escort/Response Vessel System (SERVS) for our exploration and production operations on the North Slope 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 U.S. west coast.

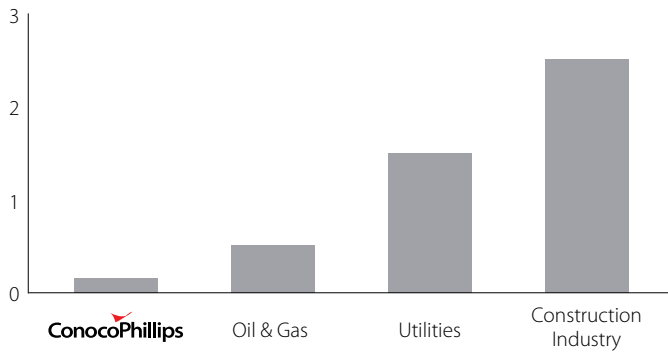
In addition to our U.S.-based OSRO memberships, the company also belongs to [Oil Spill Response Limited](#) (OSRL) and [Norwegian Clean Seas Association for Operating Companies](#) (NOFO). OSRL provides global substantial response resources staged at various locations around the world, whereas NOFO, also with significant resources, provides regional OSRO support for our Norway operations. We are also members in other, somewhat smaller, local [OSROs](#) associated with many of our global operations.

[Read more about our Emergency Preparedness on our website.](#)

Personal Safety

Our *Life Saving Rules* are visual reminders with easy-to-follow minimum requirements to keep our workforce safe during high-risk operations. They are part of our safe work cycle that includes planning, execution, verification and correction.

SECTOR INJURY RATES



U.S. Bureau of Labor Statistics Incident rates and number of nonfatal injuries by sector, released in 2021.

Our Life Saving Rules reinforce our strong culture of safety and contribute to our long-term decline in personal injuries.

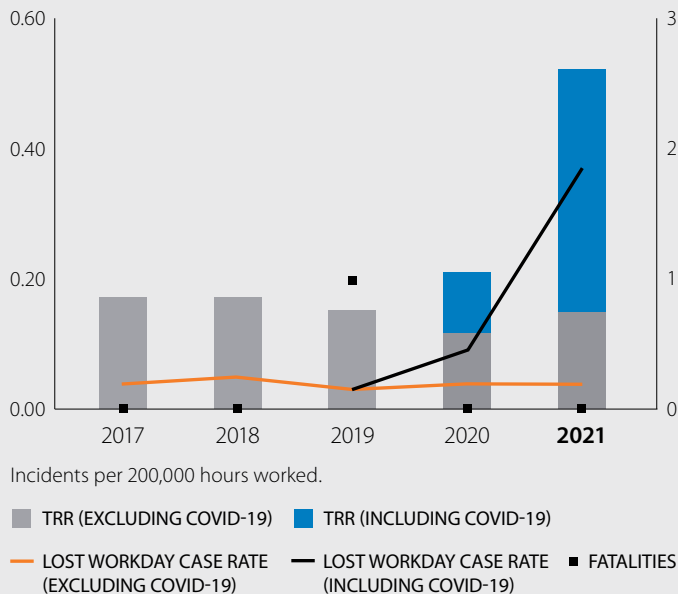
In 2021, to further enhance awareness and understanding, especially among new members of the workforce, videos highlighting each Life Saving Rule and corresponding critical controls were promoted globally and played in local meetings.

ConocoPhillips employed extensive COVID-19 mitigation efforts in 2021 which often exceeded the local standards and requirements. However, we did experience instances of workplace transmission during the year. Including lost workday cases related to COVID-19, our 2021 total recordable rate (TRR) was 0.52. Excluding COVID-19 cases, our TRR was 0.15. We compare our TRR to oil and gas peers and to other industries. Our 2021 workforce TRR of 0.15 excluding COVID-19, is industry leading.



[Watch "Life Saving Rules and Critical Controls – Line of Fire."](#)

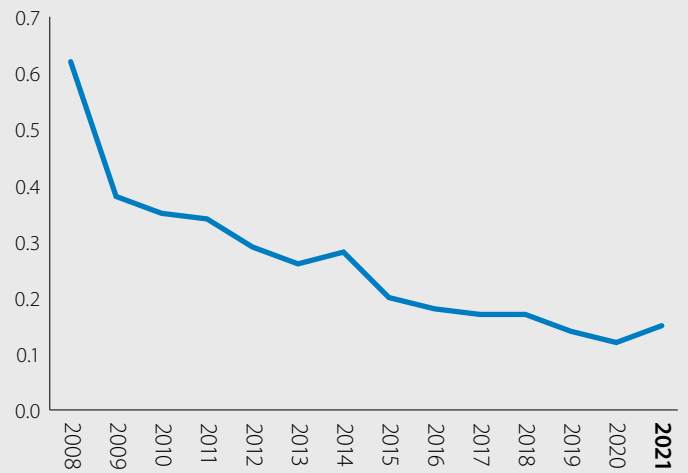
TOTAL RECORDABLE RATES (TRR)



Incidents per 200,000 hours worked.

■ TRR (EXCLUDING COVID-19) ■ TRR (INCLUDING COVID-19)
 — LOST WORKDAY CASE RATE (EXCLUDING COVID-19) — LOST WORKDAY CASE RATE (INCLUDING COVID-19) ■ FATALITIES

TOTAL RECORDABLE RATE (TRR)



Incidents per 200,000 hours worked.

Incidents excluding COVID-19 Lost Workday Cases.



A safety meeting at the Battleship Central Facility.

HSE Management System

Our corporate HSE Management System Standard helps ensure that business activities are consistently conducted in a safe, healthy, environmentally and socially responsible manner across the globe. Our corporate standard aligns with, and is based on, industry standards such as ISO 45001, OHSAS 18001, ISO 14001 and ISO 9001.

In accordance with the corporate standard, each business unit maintains an HSE Management System to assess and manage the local operational risks to the business, employees, contractors, stakeholders and the environment.

All our business units periodically review their HSE management systems against the corporate standard and are responsible for integrating HSE and sustainability issues into day-to-day operations, project development and decision making. They analyze current status, identify areas for potential improvement, and then implement key activities to reduce risk and further improve HSE performance. They are held accountable through an annual performance assessment.

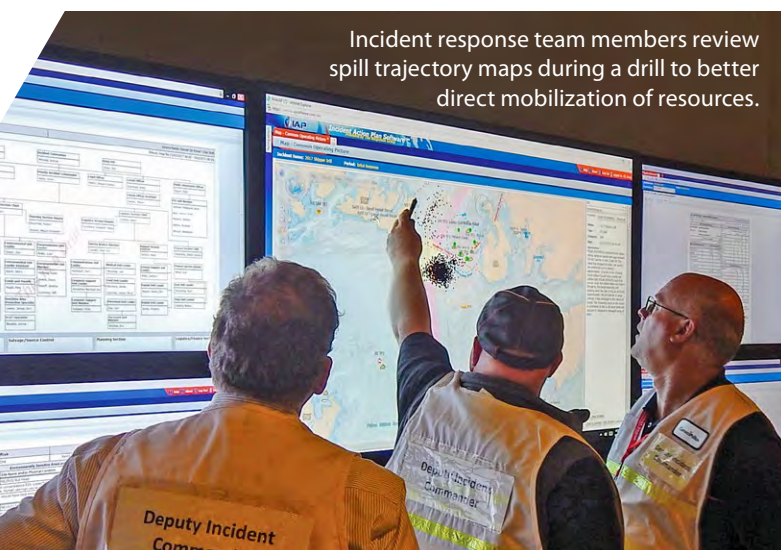
Objectives, targets and deadlines are set and tracked annually to drive strong HSE performance. Progress is tracked and reported to our Executive Leadership Team and the Board of Directors.

Corporate HSE audits manage and maintain a process to provide an independent, objective and consistent assessment for global company-wide operations conformance with ConocoPhillips HSE policies and standards. Business units have additional auditing processes to provide an assessment of compliance with applicable corporate HSE and legal requirements. Results of closure on corrective actions from audits and other risk improvement items are annually reported through a process designed to ensure items are communicated through all levels of company management and driven to appropriate resolution in a timely manner.

[Read more about our Sustainable Development risk management process on our website.](#)

Emergency Preparedness

The complex nature of our business means we must be prepared to respond to a range of possible disruptions such as major accidents, political instability or extreme weather. Preventing incidents through good project planning, design, implementation and leadership is our primary objective. However, if a spill or other unplanned event occurs, we have procedures and processes in place to respond effectively. We also conduct thorough investigations of all significant incidents to understand the root cause, and we share lessons learned to prevent future incidents. We report on our [spill performance](#) annually.



Preparedness Policies

Our corporate Crisis and Emergency Management Plan outlines the framework used to manage our response to significant incidents of all types. A Crisis Communications Functional Support Plan outlines how we will communicate with internal and external stakeholders, including emergency responders, regulatory agencies and community members, should an incident occur. Each business unit maintains emergency response plans specific to each asset's potential risks. Response plans are available to all employees, contractors and designated suppliers.

We have a comprehensive tiered response framework to efficiently mobilize the appropriate teams in an emergency.

A Tier 1 response is fully managed at the business unit level. If the response exceeds the capabilities of an individual business unit, the Crisis Management Support Team and Global Incident Management Assist Team (GIMAT) would be activated as part of our Tier 2 and Tier 3 response frameworks. The Crisis Management Support Team provides functional, strategic and/or tactical support to the affected business unit during a significant incident or crisis. The GIMAT is comprised of subject matter experts from across the company who have undergone extensive emergency response training. In a Tier 3 response scenario, the Crisis Manager would provide direct access and updates to the Executive Leadership Team.

Training and Exercise

We develop effective emergency responders by conducting multiple emergency response training events and exercises each year for our global operations in compliance with company standards and local regulatory requirements, including the [U.S. Oil Pollution Act](#).

In 2021, we conducted a virtual crisis-response exercise for transportation assets in Alaska. The drill was designed to audit the response plan and optimize collaboration between local staff, external government and nongovernmental agencies, and virtual response participants across the globe utilizing a Virtual Incident Command Post (VICP). The exercise included a hypothetical product release from a marine vessel, requiring multi-jurisdictional coordination, unified command, and environmental remediation. We also conducted similar virtual exercises with our Teesside and Australia Pacific LNG assets. Scenario training and exercises provide an opportunity to evaluate incident management systems at various levels throughout the company. Lessons learned and best practices from key exercises are shared within our internal emergency response community and with external response partners and vendors to further enhance capabilities.

24/7 Monitoring

Our Crisis Management Notification Process is anchored by a hotline – staffed 24 hours per day, 7 days per week – that allows stakeholders to report emergencies. The number is publicly available and is included in product transport paperwork. If assistance is required, a ConocoPhillips representative will coordinate the activation and/or mobilization of corporate resources as necessary.

Occupational Health and Industrial Hygiene

The goal of our Occupational Health and Industrial Hygiene program is to protect the health of workers and the neighboring community through the identification, evaluation and control of potential workplace exposures. Each business unit develops and implements an Exposure Assessment Plan that identifies potential chemical and nonchemical exposures

and implements controls to prevent worker or community exposures. Health assessments are conducted to ensure that control measures are protecting the health of potentially exposed workers.

[Read more about employee benefits and wellness on our website.](#)

Checking a level controller.



Security and Cybersecurity

The security and protection of our people, assets, information and reputation are cornerstones of our business. While risk can never be eliminated, we continuously strive to mitigate it by prudently anticipating, preventing and responding to internal and external security incidents.

As an operator of critical infrastructure and facilities in challenging locations worldwide, we work closely with governmental agencies, nongovernmental organizations, our peers and local communities on initiatives to identify, deter, prevent and mitigate a range of potential threats to company personnel, facilities and operations. We manage our facilities consistent with national and international security standards and regulations including:

- › U.S. Customs-Trade Partnership Against Terrorism standards
- › Department of Transportation
- › Transportation Worker Identification Credential (TWIC)
- › Hazmat Transportation Security requirements
- › Chemical Facility Anti-Terrorism Standards
- › International Ship and Port Facility Security Code
- › Maritime Transportation Security Act
- › Maritime Transport and Facilities Security regulations (Australia)
- › Bureau of Land Management
- › All other applicable governmental security requirements

We maintain a “Tier III” status in the Customs-Trade Partnership Against Terrorism program by demonstrating effective security that exceeds the minimum program criteria. Our program ensures categories of company procedures intended to maintain the integrity and security of the international supply chain. This effort is conducted through our partnership with U.S. Customs and Border Protection who assess the overall effectiveness of our security processes.

We remain an active, participating member of the [U.S. State Department Overseas Security Advisory Council](#) (OSAC), the [Domestic Security Alliance Council](#) (DSAC), [Voluntary Principles on Security and Human Rights](#) (VPSHR) and other national and international security organizations.

Cybersecurity

Our business has become increasingly dependent on digital technologies, some of which are managed by third-party service providers on whom we rely to help us collect, host or process information. Among other activities, we rely on digital technology to estimate oil and gas reserves, process and record financial and operating data, analyze seismic and drilling information and communicate with employees and third parties. As a result, we may face various cybersecurity threats including:

- › Attempts to gain unauthorized access to, or control of, sensitive information about our operations and our employees.
- › Attempts to render our data or systems (or those of third parties with whom we do business) corrupted or unusable.
- › Threats to the security of our facilities and infrastructure as well as those of third parties with whom we do business.
- › Attempted cyberterrorism.

The Information Technology Security team is responsible for cybersecurity strategy and planning. The team reports to the Chief Digital and Information Officer who reports to the Executive Vice President, Strategy, Sustainability and Technology. Information security requirements for all employees, contractors and partners are detailed in the ConocoPhillips Information Security & Protection policy, which is approved by senior leaders. Our ongoing information security management strategy is to align the company's program with the [NIST Cybersecurity Framework](#).

While our management team is responsible for the day-to-day management of risk, the Board of Directors has broad oversight responsibility for our risk management programs. In order to maintain effective board oversight across the entire enterprise, the Board delegates certain elements of its oversight function to individual committees. The [Audit and Finance Committee](#) (AFC) assists the Board in fulfilling its oversight or Enterprise Risk Management (ERM) regarding the effectiveness of information systems and cybersecurity. In addition, the Board delegates authority to the AFC to manage the risk oversight efforts of the various committees. As part of this authority, the AFC regularly discusses ConocoPhillips' ERM policies and facilitates appropriate coordination among committees to ensure that our risk management programs are functioning properly.

To minimize the likelihood of cyberattacks, employees and contractors are required to complete information security training annually, and we frequently communicate with our workforce about best practices to avoid cyberthreats. We revised internal security awareness training in 2020 to reflect current security challenges and the company's security objectives. Each employee was required to complete the annual training.

Although we have experienced occasional cybersecurity incidents, we continue to modify or enhance our protective measures and investigate and remediate detected vulnerabilities based on criticality. During 2021, none of these incidents had a material effect on our business, operations or reputation and did not meet the criteria to be deemed a reportable incident per SEC reporting requirements. For example, ConocoPhillips is one of many customers of SolarWinds, a major U.S. information technology firm. As publicized in December 2020, SolarWinds was subject to a cyberattack that spread to its clients, including ConocoPhillips. Upon learning of the cyberattack, both from U.S. Cybersecurity & Infrastructure Security Agency advisories and SolarWinds' vulnerability notification, ConocoPhillips promptly initiated actions to investigate and respond to the incident. Our coordinated response activities included a comprehensive review and analysis, which did not identify any system or network exploitation.

Performance by Year

NET EQUITY TOTAL¹

METRIC	2017	2018	2019	2020	2021	GRI	IPECA	SASB
Climate								
Net Equity Emissions								
Net Equity Greenhouse Gas Emissions (thousand tonnes)	n/a	n/a	n/a	16,700	18,300		CCE-4	
Net Equity GHG Intensity (kg CO ₂ e/BOE) ²	n/a	n/a	n/a	40.8	32.9	305-4	CCE-4	
Target Related Net Equity Intensity (kg CO ₂ e/BOE) ³	34.6	34.4	35.9	40.2	32.4	305-4	CCE-4	

OPERATED TOTAL⁴

						GRI	IPECA	SASB
Climate								
GHG Intensity								
Total Greenhouse Gas Intensity (kg CO ₂ e/BOE)	35.1	34.9	36.5	34.3	26.9	305-4	CCE-4	
Target Related GHG Intensity (kg/CO ₂ e/BOE) ³	34.6	34.4	35.9	33.8	26.6	305-4	CCE-4	
Greenhouse Gases (thousand tonnes)								
CO ₂ from Operations	17,700	18,000	17,700	13,800	15,900	305-1	CCE-4	
CO ₂ from Imported Electricity (Scope 2)	1,200	1,100	1,000	700	1,000	305-2	CCE-4	
Methane (CO ₂ equivalent)	1,900	1,600	1,700	1,600	1,800	305-1	CCE-4	
Nitrous Oxide (CO ₂ equivalent)	100	100	100	100	20	305-1	CCE-4	
Total Greenhouse Gases	20,900	20,800	20,500	16,200	18,720		CCE-4	
CO ₂ e Per Dollars of Revenue (tonnes/\$M) ⁵	0.72	0.57	0.63	0.86	0.41	305-4		
Potential CO ₂ e From Proved Reserves (million tonnes)	2,079	2,173	2,190	1,875	2,525			EM-EP 420a.2
Scope 1 Emissions (thousand tonnes CO₂e)⁶								
Flaring	n/a	n/a	2,300	1,300	1,900	305-1	CCE-4	
Combustion	n/a	n/a	15,200	12,300	13,800	305-1	CCE-4	
Process Venting	n/a	n/a	1,500	1,500	1,500	305-1	CCE-4	EM-EP 110a.2
Fugitive Venting	n/a	n/a	200	200	220	305-1	CCE-4	EM-EP 110a.3
Other ⁷	n/a	n/a	300	200	300	305-1	CCE-4	
Total Scope 1 Emissions	19,700	19,700	19,500	15,500	17,720	305-1	CCE-4	EM-EP 110a.1
Percent of Scope 1 Emissions Covered by Regulation	41%	41%	40%	40%	38%			EM-EP 110a.1
Methane								
Methane Intensity (kg CO ₂ e/BOE)	3.2	2.7	3.0	3.4	2.6		CCE-5	
Methane Emitted as Percent of Natural Gas Production	0.23%	0.21%	0.24%	0.28%	0.23%		CCE-5	EM-EP 110a.1
Methane Emitted as Percent of Total Hydrocarbon Production	0.09%	0.08%	0.08%	0.10%	0.07%		CCE-5	EM-EP 110a.1
Percent of Scope 1 Emissions From Methane	10%	8%	9%	10%	10%		CCE-5	
Flaring								
Routine Flaring Volume (million cubic feet) ⁸	n/a	n/a	n/a	n/a	1,030	305-1	CCE-7	
Total Flaring Volume (million cubic feet) ⁸	17,500	21,200	24,600	14,500	20,500	305-1	CCE-7	EM-EP 110a.2
Flaring Intensity (Total Flaring Volume as Percent of Gas Produced)	1.37%	1.79%	2.60%	1.97%	1.81%			
Flaring Intensity (Total Flaring Volume MMSCF/Total Production MMBOE)	29.4	35.5	43.8	30.8	29.5			

OPERATED TOTAL⁴ *continued*

METRIC	2017	2018	2019	2020	2021	GRI	IPECA	SASB
Climate								
Other Air Emissions (tonnes)								
Volatile Organic Compounds (VOC)	62,700	69,200	69,900	60,800	96,300	305-7	ENV-5	EM-EP 120a.1
Nitrogen Oxides (NOx)	33,900	36,100	36,100	28,200	41,900	305-7	ENV-5	EM-EP 120a.1
Sulfur Oxides (SOx)	4,200	4,900	4,700	2,700	2,900	305-7	ENV-5	EM-EP 120a.1
Particulate Matter (PM)	1,200	1,300	1,400	1,100	1,700	305-7	ENV-5	EM-EP 120a.1
Energy Use (trillion BTUs)								
Combustion Energy	224	228	217	179	214			
Imported Electricity	5	5	4	4	6			
Total Energy	229	233	222	183	220	302-1	CCE-6	
Energy Intensity (trillion BTUs/MMBOE)	0.39	0.39	0.40	0.39	0.32	302-3	CCE-6	
Other Environmental								
Water (million cubic meters)								
Fresh Water Withdrawn	14.5	18.3	14.4	10.6	9.7	303-3	ENV-1	EM-EP 140a.1
Fresh Water Consumed ⁹	11.4	15.7	12.1	8.5	7.5	303-5	ENV-1	EM-EP 140a.1
Fresh Water Withdrawn in Regions with High Baseline Water Stress ¹⁰	6%	7%	8%	5%	17%	303-3	ENV-1	EM-EP 140a.1
Fresh Water Consumed in Regions with High Baseline Water Stress ¹¹	n/a	6%	8%	2%	20%	303-5	ENV-1	EM-EP 140a.1
Non-Fresh Water Withdrawn ¹²	47.1	49.2	51.3	48.7	55.3	303-3	ENV-1	
Total Produced Water Recycled or Reused ¹³	81.1	78.9	82.3	63.8	80.0		ENV-1	EM-EP 140a.2
Municipal Wastewater Reused	n/a	n/a	n/a	n/a	1.3		ENV-1	
Percent of Produced Water Recycled or Reused	69%	67%	66%	67%	48%		ENV-1	EM-EP 140a.2
Percent of Produced Water Injected or Disposed	16%	17%	22%	16%	42%	303-4	ENV-2	EM-EP 140a.2
Percent of Produced Water Discharged Offshore	15%	15%	12%	17%	10%	303-4	ENV-2	EM-EP 140a.2
Hydrocarbons in Overboard Discharges (tonnes)	217	185	145	124	147		ENV-2	EM-EP 140a.2
Water Intensity (barrels per BOE)								
Unconventional Fresh Water Consumption ¹⁴	0.28	0.28	0.22	0.23	0.08		ENV-1	
Conventional Fresh Water Consumption ¹⁵	0.06	0.04	0.05	0.05	0.03		ENV-1	
Biodiversity								
Percent of Operated Area Overlapping With IUCN Protected Areas ¹⁶	n/a	n/a	0.25%	0.24%	0.03%	304-1	ENV-4	
Number of IUCN Protected Areas Near Operated Assets ¹⁶	n/a	n/a	7	7	8	304-1	ENV-4	
Habitat Areas Protected or Restored by ConocoPhillips (acres) ¹⁷	n/a	n/a	316,000	275,000	550,000	304-3	ENV-4	
Habitat Areas Protected or Restored by Supported Partnerships (acres) ¹⁷	n/a	n/a	5,900,000	12,000,000	13,400,000	304-3	ENV-4	
Number of Operated Assets with IUCN Red List Species ¹⁸	n/a	n/a	15	13	12	304-4	ENV-4	
Liquid Hydrocarbon Spills								
Spills >100 Barrels	2	5	2	1	4	306-3	ENV-6	EM-EP 160a.2
Volume of Spills >100 Barrels (barrels)	600	900	1,100	100	734	306-3	ENV-6	EM-EP 160a.2
Spills >1 Barrel	76	94	89	83	178	306-3	ENV-6	EM-EP 160a.2
Volume of Spills >1 Barrel (barrels)	1,500	1,500	1,800	600	2,194	306-3	ENV-6	EM-EP 160a.2
Volume Recovered from Spills >1 Barrel (barrels)	400	800	1,200	400	1,410		ENV-6	EM-EP 160a.2
Arctic Spills >1 Barrel (barrels) ¹⁹	2	3	1	1	3			EM-EP 160a.2
Volume of Arctic Spills >1 Barrel (barrels)	5	5	2	2	5			EM-EP 160a.2
Volume Recovered From Arctic Spills >1 Barrel (barrels)	5	5	2	2	5			EM-EP 160a.2

OPERATED TOTAL⁴ *continued*

METRIC	2017	2018	2019	2020	2021	GRI	IPECA	SASB
Other Environmental <i>continued</i>								
Process Safety (rate per 200,000 hours worked by operations)								
Tier 1 Process Safety Event Rate ²⁰	0.02	0.04	0.03	0.03	0.09		SHS-6	EM-EP 540a.1
Wastes (tonnes)								
Hazardous Wastes	15,000	18,800	21,900	28,200	23,000	306-3	ENV-7	
Non-Hazardous Wastes	199,900	224,600	279,000	159,400	213,200	306-3	ENV-7	
Recycled Wastes	103,500	120,200	130,400	107,500	191,700	306-4	ENV-7	
Total Waste Generated	318,400	363,600	431,300	295,100	427,900	306-3	ENV-7	
Waste Disposed	214,900	243,400	300,900	187,600	236,200	306-3	ENV-7	
Social								
Economic Contribution								
Payments to Vendors and Suppliers (\$ billion) ²¹	7.4	8.4	9.4	7.3	7.9			
Shareholder Dividends (\$ billion)	1.3	1.4	1.5	1.8	2.4			
Capital Investments (\$ billion)	4.6	6.8	6.6	4.7	5.3			
Charitable Investments (\$ million)	36.7	33.7	43.9	31.3	33.6		SOC-13	
Safety (rate per 200,000 hours worked)²²								
Workforce Fatalities	0	0	1	0	0	403-9	SHS-3	EM-EP 320a.1
Workforce Total Recordable Rate	0.17	0.17	0.15	0.12	0.15	403-9		EM-EP 320a.1
Workforce Total Recordable Rate (including COVID-19)	n/a	n/a	n/a	0.21	0.52	403-9		EM-EP 320a.1
Workforce Lost Workday Rate	0.04	0.05	0.03	0.04	0.04			
Workforce Lost Workday Rate (including COVID-19)	n/a	n/a	n/a	0.13	0.41			
Employee Total Recordable Rate	0.07	0.06	0.05	0.09	0.14	403-9-a-iii	SHS-3	
Employee Total Recordable Rate (including COVID-19)	n/a	n/a	n/a	0.20	0.33	403-9-a-iii	SHS-3	
Employee Lost Workday Rate	0.02	0.03	0.03	0.02	0.05		SHS-3	
Employee Lost Workday Rate (including COVID-19)	n/a	n/a	n/a	0.13	0.24		SHS-3	
Contractor Total Recordable Rate	0.22	0.20	0.18	0.13	0.16	403-9-b-iii	SHS-3	
Contractor Total Recordable Rate (including COVID-19)	n/a	n/a	n/a	0.21	0.57	403-9-b-iii	SHS-3	
Contractor Lost Workday Rate	0.06	0.06	0.03	0.04	0.04		SHS-3	
Contractor Lost Workday Rate (including COVID-19)	n/a	n/a	n/a	0.12	0.46		SHS-3	
Global Workforce²³								
Employees at Year-End ²⁴	11,400	10,800	10,400	9,700	9,900	2-7-a	SOC-5	
Part-Time Employees	1.5%	1.7%	1.4%	1.0%	0.9%	2-7-b	SOC-5	
Employees – Women	26%	26%	26%	27%	26%	405-1-b-i	SOC-5	
All Leadership – Women	21%	22%	24%	23%	25%	2-7-a	SOC-5	
Top Leadership – Women	17%	19%	20%	19%	22%	2-7-a	SOC-5	
Junior Leadership – Women	22%	23%	25%	24%	25%	2-7-a	SOC-5	
Professional – Women	27%	28%	28%	29%	29%	2-7-a	SOC-5	
Petrotechnical – Women	19%	20%	20%	20%	20%	2-7-a	SOC-5	
Non-U.S. Employees	48%	49%	45%	41%	39%		SOC-5	
All Non-U.S. Leadership	49%	52%	47%	44%	41%		SOC-5	
Non-U.S. Top Leadership	30%	34%	31%	25%	24%		SOC-5	
Non-U.S. Junior Leadership	53%	57%	50%	49%	44%		SOC-5	
Avg. Years of Service	11.1	11.3	11.4	11.9	11.3		SOC-5	
Avg. Years of Experience	16.5	16.8	17.5	17.9	17.5		SOC-5	
Employees by Age Group							SOC-5	
Under 30	10%	9%	8%	8%	8%	405-1-b-ii	SOC-5	
30–50	59%	60%	60%	60%	62%	405-1-b-ii	SOC-5	
51+	31%	31%	31%	33%	30%	405-1-b-ii	SOC-5	

OPERATED TOTAL⁴ *continued*

METRIC	2017	2018	2019	2020	2021	GRI	IPECA	SASB
Social <i>continued</i>								
U.S. Workforce Demographics²⁵								
Employees – POC ²⁶	23%	24%	24%	25%	28%	405-1-b-iii	SOC-5	
All Leadership – POC	17%	18%	19%	19%	21%	405-1-b-iii	SOC-5	
Top Leadership – POC	10%	11%	13%	13%	15%	405-1-b-iii	SOC-5	
Junior Leadership – POC	19%	20%	21%	22%	23%	405-1-b-iii	SOC-5	
Professional – POC	23%	23%	24%	24%	26%	405-1-b-iii	SOC-5	
Employees covered by a collective bargaining agreement	4%	5%	4%	4%	4%	2-30-a	SOC-5	
Veterans	n/a	n/a	6%	6%	6%	405-1-b-iii	SOC-5	
Employees with disabilities	n/a	n/a	n/a	5%	5%	405-1-b-iii	SOC-5	
U.S. Employees by race/ethnicity and gender								
White Women	21.4%	21.4%	20.9%	21.2%	20.0%	405-1-b-iii	SOC-5	
White Men	55.1%	54.9%	54.6%	54.0%	51.8%	405-1-b-iii	SOC-5	
Hispanic Women	2.7%	2.6%	2.5%	2.6%	3.0%	405-1-b-iii	SOC-5	
Hispanic Men	7.0%	7.3%	7.9%	7.8%	11.7%	405-1-b-iii	SOC-5	
Asian Women	2.0%	1.9%	2.0%	2.0%	1.9%	405-1-b-iii	SOC-5	
Asian Men	4.5%	4.6%	4.7%	4.7%	4.2%	405-1-b-iii	SOC-5	
Black/African American Women	1.9%	1.9%	1.8%	1.8%	1.6%	405-1-b-iii	SOC-5	
Black/African American Men	2.2%	2.2%	2.2%	2.3%	2.2%	405-1-b-iii	SOC-5	
American Indian or Alaskan Women	1.1%	1.0%	1.0%	0.9%	0.9%	405-1-b-iii	SOC-5	
American Indian or Alaskan Men	1.6%	1.7%	1.6%	1.6%	1.3%	405-1-b-iii	SOC-5	
Pacific Islander Women	0.1%	0.1%	0.1%	0.1%	0.1%	405-1-b-iii	SOC-5	
Pacific Islander Men	0.1%	0.1%	0.1%	0.2%	0.1%	405-1-b-iii	SOC-5	
Two+ races Women	0.1%	0.1%	0.2%	0.3%	0.4%	405-1-b-iii	SOC-5	
Two+ races Men	0.2%	0.2%	0.3%	0.5%	0.5%	405-1-b-iii	SOC-5	
Hiring (Global unless identified as U.S.)								
University hires	18%	11%	12%	25%	10%	401-1	SOC-15	
Diversity hiring – Women	28%	25%	24%	29%	23%	401-1	SOC-15	
U.S. Hiring								
Diversity hiring – U.S. POC	29%	26%	29%	28%	35%	401-1	SOC-15	
U.S. Hiring by race/ethnicity								
White	69.9%	74.1%	69.7%	71.7%	63.1%	401-1	SOC-15	
Hispanic	15.1%	14.8%	14.8%	10.4%	21.9%	401-1	SOC-15	
Asian	6.8%	4.4%	7.8%	8.0%	5.3%	401-1	SOC-15	
Black/African American	6.2%	3.3%	3.9%	6.0%	5.0%	401-1	SOC-15	
American Indian or Alaskan	1.4%	1.9%	0.8%	2.0%	0.8%	401-1	SOC-15	
Pacific Islander	0.0%	0.4%	0.4%	0.4%	0.3%	401-1	SOC-15	
Two+ races	0.7%	0.7%	2.3%	1.6%	2.1%	401-1	SOC-15	
Undisclosed	0.0%	0.4%	0.2%	0.0%	1.6%	401-1	SOC-15	
External hire acceptance rate							SOC-15	
University hire acceptance (U.S.)	87%	78%	84%	85%	81%	401-1	SOC-15	
Interns acceptance (U.S.)	87%	87%	68%	74%	76%	401-1	SOC-15	
Conversions from Interns to Hires	47%	75%	73%	91%	82%	401-1	SOC-15	
Interns – U.S. Minorities	27%	33%	32%	36%	38%	401-1	SOC-15	

OPERATED TOTAL⁴ *continued*

METRIC	2017	2018	2019	2020	2021	GRI	IPECA	SASB
Social <i>continued</i>								
Attrition rate								
Total Attrition Rate	17.4%	8.3%	11.2%	5.3%	14.5%	401-1	SOC-6	
Voluntary Attrition	4.1%	4.2%	4.1%	3.0%	5.0%	401-1	SOC-6	
Voluntary Attrition – Women	4.0%	4.3%	3.8%	2.8%	5.3%	401-1	SOC-6	
Voluntary Attrition – Men	4.1%	4.2%	4.1%	3.1%	4.9%	401-1	SOC-6	
Voluntary Attrition – U.S. POC	4.1%	5.1%	3.4%	2.9%	4.8%	401-1	SOC-6	
U.S. Voluntary Attrition by race/ethnicity								
White	5.2%	5.2%	4.9%	3.7%	6.8%	401-1	SOC-6	
Hispanic	2.8%	5.9%	3.3%	2.2%	5.2%	401-1	SOC-6	
Asian	5.6%	5.1%	3.8%	4.1%	2.9%	401-1	SOC-6	
Black/African American	4.8%	3.4%	3.5%	4.2%	4.0%	401-1	SOC-6	
American Indian or Alaskan	4.9%	4.5%	4.1%	1.4%	7.8%	401-1	SOC-6	
Pacific Islander	0.0%	8.8%	0.0%	0.0%	6.7%	401-1	SOC-6	
Two+ races	5.6%	0.0%	0.0%	0.0%	7.3%	401-1	SOC-6	
Voluntary attrition less than 5 years of tenure	5.2%	4.8%	4.3%	2.5%	8.4%	401-1	SOC-6	
Training, Development and Promotions								
Training of Petrotechnical employees (Hours of training/ empl.)	20.3	22.9	28.5	27.1	21.5	404-2	SOC-7	
D&I Training courses completed by employees	n/a	n/a	n/a	1,872	1,281	404-2	SOC-7	
Average spent on training per employee (in dollars)	\$1,172	\$1,181	\$1,277	\$948	\$889		SOC-7	
Promoted – Women	31%	33%	31%	32%	33%		SOC-7	
Promoted – U.S. POC	28%	25%	27%	24%	26%		SOC-7	
U.S. Promoted								
White	72.0%	75.3%	72.8%	76.5%	74.2%		SOC-7	
Hispanic	12.9%	12.0%	12.4%	9.6%	10.7%		SOC-7	
Asian	7.2%	5.8%	7.6%	5.7%	5.6%		SOC-7	
Black/African American	4.4%	3.3%	4.3%	4.1%	5.2%		SOC-7	
American Indian or Alaskan	2.4%	2.6%	2.0%	2.8%	2.1%		SOC-7	
Pacific Islander	0.2%	0.5%	0.2%	0.4%	0.6%		SOC-7	
Two+ races	0.8%	0.7%	0.7%	0.9%	1.3%		SOC-7	
Undisclosed	0.0%	0.0%	0.0%	0.0%	0.2%		SOC-7	
Promoted to Top Leadership – Women	18%	23%	9%	22%	31%		SOC-7	
Promoted to Top Leadership – U.S. POC	12%	7%	24%	6%	21%		SOC-7	
Governance								
Board²⁷								
Independent Members	90%	91%	91%	92%	80%			
Women	40%	36%	36%	31%	27%	405-1-a-i		
Exploration and Production								
Average Daily Net Production²⁸								
Crude Oil (MBD)	599	653	705	568	829			EM-EP 000.A
NGL (MBD)	111	102	115	105	142			EM-EP 000.A
Bitumen (MBD)	122	66	60	55	69			EM-EP 000.A
Natural Gas (MMCFD)	3,270	2,774	2,805	2,394	3,162			EM-EP 000.A
Total (MBOED)	1,377	1,283	1,348	1,127	1,567			EM-EP 000.A
Total Operated Production (MMBOE)²⁹	595	597	561	471	694			
Total Proved Reserves at Year-End (billion BOE)	5	5	5	5	6			
Percent of Proved Reserves in Corrupt Countries³⁰	4.6%	4.3%	4.4%	5.1%	3.6%			EM-EP 510a.1

Notes

- ¹ ConocoPhillips equity share of emissions from operated and non-operated assets based on the company's financial interest.
- ² Using net production values reported in ConocoPhillips 2021 Annual Report, which represent the company's equity share of total production.
- ³ GHG intensity target excludes emissions from exploration and transportation services (i.e. Polar Tankers and Global Aviation), which are not directly related to oil or gas production. This may give rise to small differences between the intensity we report for our GHG target purposes and our total greenhouse gas intensity. The company set a medium-term target to reduce our gross operated and net equity operational GHG emissions intensity by 40% to 50% by 2030, from a 2016 baseline.
- ⁴ Data is based on assets where we have operational control. Environmental data is represented as 100% ownership interest regardless of actual share owned by ConocoPhillips with acquisitions and divestitures aligned with financial reporting. To provide the most current and accurate data available, we have updated previously reported data for prior years as needed.
- ⁵ Scope 1 and Scope 2 emissions divided by sales and other operating revenues.
- ⁶ Includes CO₂ from operations, methane (CO₂ equivalent), Nitrous Oxide (CO₂ equivalent).
- ⁷ Includes marine and aviation support operations.
- ⁸ In 2020, we endorsed the World Bank Zero Routine Flaring by 2030 initiative. Routine flaring is defined as flaring that occurs during the normal production of oil in the absence of sufficient facilities to utilize the gas onsite, dispatch it to a market, or reinject it. Total flaring volume represents total hydrocarbons to flare including produced gas, upsets, tank vapors, etc. routed to flares.
- ⁹ Calculated as total fresh water withdrawn minus total fresh water discharged in 2021.
- ¹⁰ Based on World Resources Institute Aqueduct Risk Atlas water stress mapping layer as of December 31, 2021 and calculated as the percentage of total fresh water withdrawn.
- ¹¹ Based on World Resources Institute Aqueduct Risk Atlas water stress mapping layer as of December 31, 2021 and calculated as the percentage of total fresh water consumed.
- ¹² Includes water withdrawn from saline/brackish groundwater aquifers and seawater.
- ¹³ Includes produced water recycled for production (e.g. steam generation) or completions (e.g. hydraulic fracturing) and produced water reused for enhanced oil recovery.
- ¹⁴ Calculated using Enverus data for the average volume of fresh water (BBL) divided by the average estimated ultimate recovery (EUR, BOE) as of April 6, 2022. Intensity value may change as EUR data are updated.
- ¹⁵ Calculated using the average volume of fresh water (BBL) divided by the average annual production (BOE).
- ¹⁶ Operated lease area overlapping with IUCN I-VI protected areas based on World Database on Protected Areas accessed on December 31, 2021.
- ¹⁷ Cumulative acreage includes impact avoidance, grassland and wetland restoration, habitat conservation, biodiversity offsets and voluntary conservation areas.
- ¹⁸ Operated assets with species observed or known to occur based on IUCN Red List of Threatened Species mapping tool accessed on December 31, 2021.
- ¹⁹ All but one of the Arctic releases over five years were to gravel pads.
- ²⁰ Rate of process safety events of greater consequence as defined by API 752 and IOGP 456 Standards.
- ²¹ Payments to vendors and suppliers is an estimate based on Production and Operating Expenses and Capital Program.
- ²² Rates are shown including and excluding COVID-19 work-related illnesses experienced in 2021, as defined by OSHA.
- ²³ Data may not equal 100% due to rounding.
- ²⁴ Employee headcount based on active employees as of December 31, 2021.
- ²⁵ U.S. workforce demographics account only for self-reported data.
- ²⁶ POC: People of Color (includes ethnic/racial groups defined per the U.S. Census).
- ²⁷ As of December 31, 2021.
- ²⁸ Production data is average daily net production from continuing operations.
- ²⁹ Data is normalized using barrels of oil equivalent (BOE) from production operations, including gas plant liquid production of ethane, propane, butane and condensate and LNG production from third-party gas not accounted for in production operations. For gas production, 6,000 standard cubic feet of gas is assumed to equal one BOE.
- ³⁰ In the 20 lowest-ranked countries per Transparency International's Corruption Perception Index.

Units Of Measure

MBD	Thousands of Barrels per Day.
MBOED	Thousands of Barrels of Oil Equivalent per Day.
MMCFD	Millions of Cubic Feet per Day. Represents quantities available for sale and excludes gas equivalent of natural gas liquids.
MMBTU	Millions of British Thermal Units.

Performance by Country

OPERATED TOTAL¹

METRIC	U.S.A.	CANADA	NORWAY/UK	AUSTRALIA	ALL OTHERS ²	2021
Environment						
Energy Use (trillion BTUs)						
Combustion Energy	78	64	18	38	16	214
Imported Electricity	4	2	0	0	0	6
Total Energy	82	66	18	38	16	220
Greenhouse Gases (thousand tonnes)						
CO ₂ from Operations	6,200	3,400	1,200	2,100	3,000	15,900
CO ₂ from Imported Electricity	600	400	0	0	0	1,000
Methane (CO ₂ equivalent)	1,600	100	0	0	100	1,800
Nitrous Oxide (CO ₂ equivalent)	10	0	0	0	10	20
Total Greenhouse Gases	8,410	3,900	1,200	2,100	3,110	18,720
Total Greenhouse Gas Intensity (kg CO₂e/BOE)	20.7	55.1	20.1	25.4	44.8	26.9
Flaring Volume (million cubic feet, routine and non-routine)	17,700	200	800	400	1,400	20,500
Other Air Emissions (tonnes)						
Volatile Organic Compounds (VOC)	92,400	500	3,000	100	300	96,300
Nitrogen Oxides (NOx)	34,400	2,000	2,100	1,100	2,300	41,900
Sulfur Oxides (SOx)	1,700	700	100	100	300	2,900
Particulate Matter (PM)	1,400	100	100	0	100	1,700
Water (million cubic meters)						
Fresh Water Withdrawn	5.8	1.8	1.7	0.03	0.3	9.7
Non-Fresh Water Withdrawn ³	25.5	0.3	29.5	0	0	55.3
Produced Water Recycle/Reuse ⁴	54.6	25.4	0	0	0	80.0
Hydrocarbons in Overboard Discharges (Tonnes)	0	0	147	0	0	147
Liquid Hydrocarbon Spills						
Spills > 100 Barrels	3	1	0	0	0	4
Volume from Spills > 100 Barrels (barrels)	564	170	0	0	0	734
Spills > 1 Barrel (barrels)	176	2	0	0	0	178
Volume of Spills > 1 Barrel (barrels)	2,018	176	0	0	0	2,194
Volume Recovered from Spills > 1 Barrel (barrels)	1,235	175	0	0	0	1,410
Waste (tonnes)						
Hazardous Waste	0	16,900	5,800	0	300	23,000
Non-Hazardous Waste	151,200	60,200	1,400	100	300	213,200
Recycled Waste	183,600	100	7,400	500	100	191,700
Total Waste Generated	334,800	77,200	14,600	600	700	427,900
Waste Disposed	151,200	77,100	7,200	100	600	236,200

OPERATED TOTAL¹ *continued*

METRIC	U.S.A.	CANADA	NORWAY/UK	AUSTRALIA	ALL OTHERS ²	2021
Global Workforce⁵						
Employees at Year-End	6,070	750	2,060	290	730	9,900
Employees – Women	28%	26%	21%	18%	30%	26%
All Leadership – Women	26%	22%	21%	13%	26%	25%
Top Leadership – Women	25%	13%	14%	0%	0%	22%
Junior Leadership – Women	27%	23%	23%	13%	27%	25%
Professional – Women	30%	32%	28%	15%	28%	29%
Petrotechnical – Women	20%	19%	23%	19%	18%	20%
Avg. Years of Service	10.2	9.7	14.7	7.5	13.5	11.3
Avg. Years of Experience	15.9	19.3	21	19.3	19.3	17.5
Employees by Age Group						
Under 30	10%	2%	7%	4%	1%	8%
30–50	62%	74%	51%	70%	78%	62%
51+	28%	24%	42%	25%	22%	30%
Production						
Total Operated Production (MMBOE) ⁶	412	68	63	83	68	694

Notes

¹ Data is based on assets where we have operational control. Environmental data is represented as 100% ownership interest regardless of actual share owned by ConocoPhillips with acquisitions and divestitures aligned with financial reporting. To provide the most current and accurate data available, we have updated previously reported data for prior years as needed.

² All Others includes Indonesia and Malaysia.

³ Includes water withdrawn from saline/brackish groundwater aquifers and seawater.

⁴ Includes produced water recycled for production (e.g., steam generation) or completions (e.g., hydraulic fracturing) and produced water reused for enhanced oil recovery.

⁵ Workforce for All Others includes China, Indonesia, Malaysia and other small operations.

⁶ Data is normalized using barrels of oil equivalent (BOE) from production operations, including gas plant liquid production of ethane, propane, butane and condensate and LNG production from third-party gas not accounted for in production operations. For gas production, 6,000 standard cubic feet of gas is assumed to equal one BOE.

AXPC ESG Metrics Template¹

TOPIC	METRIC	2021	ADDITIONAL COMMENTS
Greenhouse Gas Emissions	GHG Emissions (metric tons CO₂e)	5,880,410	
	GHG Intensity GHG Emissions (metric tons CO ₂ e)/Gross Annual Production – As Reported Under Subpart W (MBOE)	13.6	
	Percent of GHG Emissions Attributed to Gathering and Boosting Segment	21%	
	Methane Emissions (metric tons CH₄)	62,181	
	Methane Intensity Methane Emissions (metric tons CH ₄)/Gross Annual Production – As Reported Under Subpart W (MBOE)	0.14	
	Percent of Methane Emissions Attributed to Gathering and Boosting Segment	11%	
Flaring	Gross Annual Volume of Flared Gas (MCF)	n/a	Please refer to our Flaring definitions and volumes as reported in Performance Metrics by Country.
	Percentage of Gas Flared Per Mcf of Gas Produced Gross Annual Volume of Flared Gas (MCF)/Gross Annual Gas Production (MCF)	n/a	Please refer to our Flaring definitions and volumes as reported in Performance Metrics by Country.
	Volume of Gas Flared Per Barrel of Oil Equivalent Produced Gross Annual Volume of Flared Gas (MCF)/Gross Annual Production (BOE)	n/a	Please refer to our Flaring definitions and volumes as reported in Performance Metrics by Country.
Spills	Spill Intensity Produced Liquids Spilled (Bbl)/Total Produced Liquids (MBbl)	n/a	Please refer to our Hydrocarbon Spills related data as reported in Performance Metrics by Country.
Water Use	Fresh Water Intensity Fresh Water Consumed (Bbl)/Gross Annual Production (BOE)	0.08	BOE expressed as BOE EUR.
	Water Recycle Rate Recycled Water (Bbl)/Total Water Consumed (Bbl)	63%	
	Does your company use WRI Aqueduct, GEMI, Water Risk Filter, Water Risk Monetizer, or other comparable tool or methodology to determine the water stressed areas in your portfolio?	Y	
Safety	Employee TRIR # of Employee OSHA Recordable Cases x 200,000 / Annual Employee Workhours	0.457	
	Contractor TRIR # of Contractor OSHA Recordable Cases x 200,000 / Annual Contractor Workhours	0.416	
	Combined TRIR # of Combined OSHA Recordable Cases x 200,000 / Annual Combined Workhours	0.424	

¹ The basis for the data in the table is defined by AXPC. The GHG data reported is for U.S. operated assets reporting under Subpart W and other metrics corresponding to U.S. operations.

AXPC ESG METRICS TEMPLATE *continued*

TOPIC	METRIC	2021	ADDITIONAL COMMENTS
Supporting Data	Gross Annual Oil Production (Bbl)	303,290,000	
	Gross Annual Gas Production (MCF)	661,420,000	
	Gross Annual Production (BOE)	412,000,000	
	Gross Annual Production (MBOE)	412,000	
	Gross Annual Production – As Reported Under Subpart W (MBOE)	432,458	
	Total Produced Liquids (MBbl)	n/a	Please refer to our Hydrocarbon Spills related data as reported in Performance Metrics by Country.
	Produced Liquids Spilled (Bbl)	n/a	Please refer to our Hydrocarbon Spills related data as reported in Performance Metrics by Country.
	Fresh Water Consumed (Bbl)	35,360,000	
	Recycled Water (Bbl)	342,740,000	
	Total Water Consumed (Bbl)	546,496,000	
	Employee OSHA Recordable Cases	30	11 (excluding COVID-19)
	Contractor OSHA Recordable Cases	112	42 (excluding COVID-19)
	Combined OSHA Recordable Cases	142	53 (excluding COVID-19)
	Annual Employee Workhours	13,119,528	
	Annual Contractor Workhours	53,789,845	Methodology: Employee workhours based on headcount reports from HR. Contractor hours based on factors applied to spend (by activity type).
	Annual Combined Workhours	66,909,373	

API Template for GHG Reporting

IPCC AR GWP:	AR4		
Basis:	Operated		
NO.	INDICATOR	UNITS	2021
1. DIRECT GHG EMISSIONS (SCOPE 1)			
1.1	Direct GHG Emissions (Scope 1) – All GHGs	(million metric tons CO ₂ e)	17.7
1.1.1	Upstream – All GHGs	(million metric tons CO ₂ e)	15.3
1.1.1.1	Methane – CH ₄	(million metric tons CO ₂ e)	1.7
1.1.1.2	Upstream Flaring – All GHGs (subset of Direct GHG Emissions - Scope 1)	(million metric tons CO ₂ e)	1.9
1.1.1.3	Volume of Flares	(mmcf)	19.615
1.1.2	Midstream – All GHGs	(million metric tons CO ₂ e)	n/a
1.1.2.1	Methane – CH ₄	(million metric tons CO ₂ e)	n/a
1.1.3	Downstream – All GHGs	(million metric tons CO ₂ e)	n/a
1.1.4	LNG – All GHGs	(million metric tons CO ₂ e)	2.1
1.1.5	Oil and Natural Gas Field Services – All GHGs	(million metric tons CO ₂ e)	0.3
2. INDIRECT GHG EMISSIONS FROM IMPORTED ENERGY (SCOPE 2)			
2.1	Indirect GHG Emissions from Imported Electricity + Heat + Steam + Cooling (Scope 2, Market-based)		1.03
2.1.1	Upstream – All GHGs	(million metric tons CO ₂ e)	1.01
2.1.2	Midstream – All GHGs	(million metric tons CO ₂ e)	n/a
2.1.3	Downstream – All GHGs	(million metric tons CO ₂ e)	n/a
2.1.4	LNG – All GHGs	(million metric tons CO ₂ e)	0
2.1.5	Oil and Natural Gas Field Services – All GHGs	(million metric tons CO ₂ e)	0.02
3. GHG MITIGATION			
3.1.1	Carbon Capture Utilization and Storage (CCUS) – All GHGs	(million metric tons CO ₂ e)	n/a
3.1.2	Renewable Energy Credits – (RECs for Indirect Emissions) – All GHGs	(million metric tons CO ₂ e)	n/a
3.1.3	Offsets – All GHGs	(million metric tons CO ₂ e)	n/a
4. INTENSITY - GHG EMISSIONS			
4.1	Scope 1 + Scope 2 Upstream GHG Intensity	million metric tons CO ₂ e/MBOE	26.7
4.2	Scope 1 Upstream Methane Intensity	million metric tons CO ₂ e/MBOE	2.8
4.3	Scope 1 Upstream Flaring Intensity	million metric tons CO ₂ e/MBOE	3.1
4.4	Scope 1 + Scope 2 Liquids Pipelines Transmission GHG Intensity	million metric tons CO ₂ e/throughput in barrel-miles	n/a
4.5	Scope 1 Natural Gas Pipelines Transmission and Storage Methane Intensity	%	n/a
4.6	Scope 1 + Scope 2 Downstream GHG Intensity	million metric tons CO ₂ e/MBOE	n/a
4.7	Scope 1 + Scope 2 LNG GHG Intensity	million metric tons CO ₂ e/mmcf	4.4
4.8	Additional Intensity Metrics, if applicable (e.g., further disaggregated by constituent GHG or by more granular business asset, and/or for additional business assets beyond these categories)	yes/no	no

API TEMPLATE FOR GHG REPORTING *continued*

NO.	INDICATOR	UNITS	2021
5. INDIRECT GHG EMISSIONS FROM CONSUMERS' USE OF PRODUCTS (SCOPE 3)			
<p><i>Attention: Scope 3 emissions from the use of sold products are released when the hydrocarbons produced and marketed by natural gas and oil companies are combusted by consumers. GHG emissions from the use of sold products are not within a company's control, and it should be noted that not 100% of the hydrocarbon products produced/refined/sold by the company may be combusted at the end of the product life cycle. Scope 3 emissions lead to extensive multiple counting of GHG emissions across the economy. Therefore, it is inaccurate to add together Scope 3 emissions reported by individual companies in order to ascertain GHG emissions from consumers' use of oil and natural gas products. As noted above, API will not be aggregating Scope 3 emissions data reported by individual companies. For example, an oil and natural gas company's Scope 3 emissions represent Scope 1 and/or Scope 2 emissions for fuel consumers (e.g., electric utility combusting natural gas, individuals using gasoline, manufacturers purchasing natural gas to power their operations). Scope 3 emissions on an individual company basis are not an indicator whether global GHG emissions are being reduced and do not provide context of how GHG emissions fit within the global energy system. Scope 3 emissions are also not indicative of a company's strategy to manage potential climate risks and opportunities nor of a company's commercial strategy or viability.</i></p>			
5.1	Indirect GHG Emissions from Use of Sold Products (Category 11)	(million metric tons CO ₂ e)	197.6
6. ADDITIONAL CLIMATE-RELATED TARGETS AND REPORTING			
6.1	GHG Reduction Target(s)	yes/no	yes
6.2	TCFD-informed reporting	yes/no	yes
6.3	Additional Climate Reporting Resources		
7. THIRD-PARTY VERIFICATION			
7.1	Assurance level		Limited
7.2	Assurance provider		ERM

Data Quality and Assurance

The accuracy of the information reflected in our report is very important to us. [See our most recent Assurance Statement](#). ERM CVS provided independent limited assurance to ConocoPhillips for disclosures in selected sections of our 2021 Sustainability Report: Sustainable Development Governance, Valuing Our People and Managing Climate Related Risks.

ERM CVS conducted limited assurance to assess whether selected data was fairly presented in accordance with the principles of completeness, comparability and accuracy, including requesting and reviewing evidence and interviewing content owners and subject matter experts as required in order to substantiate and corroborate disclosures. Assurance of performance metrics included conducting virtual site visits with selected operations in order to test the data at the operational level.

ERM CVS also assessed whether the 2021 data for the following metrics from ConocoPhillips global operations are fairly presented and that the data is complete, transparent and accurate in accordance with the reporting criteria:

Greenhouse Gases

- › Total Scope 1 Direct GHG emissions (thousand tonnes CO₂e)
- › Total Scope 2 (location based) Indirect GHG emissions (thousand tonnes CO₂e)
- › Total Scope 3 Other Indirect GHG emissions comprised of the following categories (million tonnes CO₂e):
 - Category 4: Upstream transportation and distribution
 - Category 9: Downstream transportation and distribution
 - Category 10: Processing of sold products
 - Category 11: Use of sold products
- › GHG intensity Scope 1 and Scope 2 (kg/BOE) gross basis
- › Total Direct Methane emissions (thousand tonnes CO₂e)
- › Methane emitted as percent of natural gas production (percent) gross basis
- › Methane emitted as percent of total hydrocarbon production (percent) gross basis
- › Flaring volume (million cubic feet, routine and non-routine/safety)

- › Energy use (trillion BTUs)

Water

- › Fresh water withdrawn (million cubic meters)
- › Fresh water consumed (million cubic meters)
- › Fresh water withdrawn in regions with high baseline water stress (million cubic meters)
- › Fresh water consumed in regions with high baseline water stress (million cubic meters)
- › Non-fresh water withdrawn (million cubic meters)
- › Total Produced water recycled or reused (million cubic meters)
- › Hydrocarbons in Overboard Discharges (tonnes)
- › Water Intensity (barrels per BOE)
 - Unconventional Fresh Water Consumption
 - Conventional Fresh Water Consumption

Biodiversity

- › Operated area overlapping with IUCN Protected Areas (%)
- › Number of IUCN Protected Areas near operated assets (#)
- › Habitat areas protected or restored by ConocoPhillips (acres)
- › Habitat areas protected by Supported Partnerships (acres)
- › Number of operated assets with IUCN Red List Species

Human Capital Management

- › Global Workforce Demographics
- › U.S. Workforce Demographics
- › Board metrics
- › Hiring (non-U.S.)
- › U.S. Hiring
- › Attrition rate
- › Training, Development and Promotions

Environmental Metrics

We have several practices in place to provide the best available data at the time of publication including:

- › Guidelines, calculation tools and training. We maintain reporting procedures for our business units around the world to calculate and report environmental metrics. Business units 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. We conduct reasonable and limited assurance in countries having a regulatory requirement to verify reported emissions, including Australia, Canada and Norway.
- › Internal corporate audits. The corporate HSE review data for completeness and accuracy.

Our internal quality assurance process begins at the business unit level. This process includes:

- › Ensuring that business units understand the corporate reporting obligations associated with metrics.
- › Establishing standardized methods of data collection and expected reporting procedures.
- › Verifying that the data provided by business units is accurate and complete.
- › Reviewing and questioning the results.
- › Assessing results to identify trends and better understand the drivers of year-over-year changes.

There are three phases of data verification at this level during submission, review and approval. Before the data is sent from the business unit to the corporate level, it undergoes vetting by technical peers and leaders who challenge any findings that they find questionable. When the final business unit data is submitted to the corporate level, it contains an explanation for all variances greater than 10% from the prior year. Reasons for significant variances may include startups or dispositions. At the corporate level, data submitted for each asset is further reviewed and validated by a team of subject matter experts.

Once all business unit data is compiled at our corporate level, it undergoes further validation by subject matter experts. During this effort, an intensity analysis is conducted to measure total volumes and production throughput and year-over-year data changes to help identify any inconsistencies. The data is also compared to similar operations during this process. The information is then analyzed in aggregate by metric to understand the significant drivers behind any year-over-year change in company values. After this process, the data is presented to company leaders who have an opportunity to review and challenge the information, possibly spurring additional verification. Final data undergoes executive-level approval prior to publishing.

To honor our commitment to continuously improve the quality of our environmental metrics data, we work with business units to review our reporting processes and facilitate consistent and accurate reporting. To provide the most current and accurate data available, we have updated previously reported data for prior years as needed.

Human Capital Metrics

The corporate Human Resources (HR) team utilizes a centralized data management system known as the HR data warehouse to manage human capital metrics.

Our human capital metrics are reviewed and validated at each stage of our process:

- › Data collection. At the beginning of each month, the previous month's data is compiled and reviewed for trends and outliers to ensure quality, completeness and accuracy. Working closely with business units and subject-matter experts, data inconsistencies and gaps are corrected and completed.
- › Quality assurance. Human capital metrics are then validated by two systems and two groups, the Employee Data and the HR analytics teams. The corporate HR leadership team reviews and approves the data and metrics on a quarterly basis.
- › Annual quality control assessment. At the beginning of each year, we review the collective year-end data of the previous year for completeness and accuracy. Retroactive data corrections are not accepted after Jan. 15 as data is then locked-down for all external reports and disclosures.

Ratings and Recognition

We have been honored for our sustainable development performance and success.

AWARDS AND RECOGNITION

Ducks Unlimited Diamond Life Sponsor Award for Recognition of Outstanding Contributions to Waterfowl Conservation

United States

Human Rights Campaign's 2021 and 2022 Corporate Equality Index score of 100, making us a "Best Place to Work for LGBTQ+ Equality"

United States

Forbes' America's Best Employer for Diversity in 2021

United States

Forbes' America's Best Large Employers in 2021

United States

Fortune's World's Most Admired Companies in 2021 and 2022

Global

Institutional Investor Research

Ranked #1 for Best ESG by sell-side in the oil and gas E&P sector

RATINGS AND QUESTIONNAIRES

Dow Jones Sustainability Index

85th percentile, North America Index List, inclusion in the Sustainability Yearbook

CDP Climate

B score, higher than the oil and gas extraction and production sector above average of C

Sustainalytics

Top 19th percentile, Oil and Gas Exploration and Production

MSCI ESG

A rating

ISS E&S Quality Score

Received a score of "1" and "2" on both Social and Environmental metrics. 1 = Lowest Risk

Just Capital

Second highest rated company from the Oil & Gas Industry

WE ALSO HAVE A LONG HISTORY OF SUSTAINABLE DEVELOPMENT LEADERSHIP:

- › Founding member of the *United States Business Council for Sustainable Development*.
- › Founding member of the *Climate Leadership Council*.

Explore ConocoPhillips

Fact Sheets

Published annually to provide detailed operational updates for each of the company's six segments.

www.conocophillips.com/factsheets



Annual Report and 10-K

Published annually to provide details on the company's financial and operating performance, a letter from our chairman and chief executive officer, and additional shareholder information.

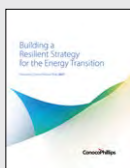
www.conocophillips.com/annualreport



Building a Resilient Strategy for the Energy Transition

Published annually to provide details on the company's governance framework, risk management approach, strategy, key metrics and targets for climate-related issues.

www.conocophillips.com/climatechange



Human Capital Management Report

Published annually to provide details of the actions the company is taking to inspire a compelling culture, attract and retain great people and meet our commitments to all stakeholders.

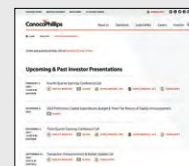
www.conocophillips.com/hcmreport



Upcoming and Past Investor Presentations

Provides notice of future presentations and archived presentations dating back one year, including webcast replays, transcripts, slides and other information.

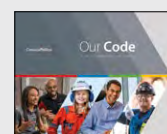
www.conocophillips.com/investorpresentations



Code of Business Ethics and Conduct

Explains our standards as well as our legal and ethical responsibilities and provides guidance for expected behaviors.

www.conocophillips.com/businessethics



CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This report includes forward-looking statements as defined under the federal securities laws. Forward-looking statements relate to future events and anticipated results of operations, business strategies, and other aspects of our operations or operating results. Words and phrases such as "anticipate," "estimate," "believe," "budget," "continue," "could," "intend," "may," "plan," "potential," "predict," "seek," "should," "will," "would," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" and other similar words can be used to identify forward-looking statements. However, the absence of these words does not mean that the statements are not forward-looking. Where, in any forward-looking statement, the company expresses an expectation or belief as to future results, such expectation or belief is expressed in good faith and believed to be reasonable at the time such forward-looking statement is made. However, these statements are not guarantees of future performance and involve certain risks, uncertainties and other factors beyond our control. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in the forward-looking statements. Factors that could cause actual results or events to differ materially from what is presented include the impact of public health crises, including pandemics (such as COVID-19) and epidemics and any related company or government policies or actions; global and regional changes in the demand, supply, prices, differentials or other market conditions affecting oil and gas, including changes resulting from a public health crisis or from the imposition or lifting of crude oil production quotas or other actions that might be imposed by OPEC and other producing countries and the resulting company or third-party actions in response to such changes; changes in commodity prices, including a prolonged decline in these prices relative to historical or future expected levels; changes in expected levels of oil and gas reserves or production; potential failures or delays in achieving expected reserve or production levels from existing and future oil and gas developments, including due to operating hazards, drilling risks or unsuccessful exploratory activities; unexpected cost increases or technical difficulties in constructing, maintaining or modifying company facilities; legislative and regulatory initiatives addressing global climate change or other environmental concerns; investment in and development of competing or alternative energy sources; disruptions or interruptions impacting the transportation for our oil and gas production; international monetary conditions and exchange rate fluctuations; changes in international trade relationships, including the imposition of trade restrictions or tariffs on any materials or products (such as aluminum and steel) used in the operation of our business; our ability to collect payments when due under our settlement agreement with PDVSA; our ability to collect payments from the government of Venezuela as ordered by the ICSID; our ability to liquidate the common stock issued to us by Cenovus Energy Inc. at prices we deem acceptable, or at all; our ability to complete our announced or any future dispositions or acquisitions on time, if at all; the possibility that regulatory approvals for our announced or any future dispositions or acquisitions will not be received on a timely basis, if at all, or that such approvals may require modification to the terms of the transactions or our remaining business; business disruptions during or following our announced or any future dispositions or acquisitions, including the diversion of management time and attention; the ability to deploy net proceeds from our announced or any future dispositions in the manner and timeframe we anticipate, if at all; potential liability for remedial actions under existing or future environmental regulations; potential liability resulting from pending or future litigation, including litigation related to our transaction with Concho Resources Inc. (Concho); the impact of competition and consolidation in the oil and gas industry; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; general domestic and international economic and political conditions; the ability to successfully integrate the operations of Concho with our operations and achieve the anticipated benefits from the transaction; unanticipated difficulties or expenditures relating to the Concho transaction; changes in fiscal regime or tax, environmental and other laws applicable to our business; and disruptions resulting from extraordinary weather events, civil unrest, war, terrorism or a cyber attack; and other economic, business, competitive and/or regulatory factors affecting our business generally as set forth in our filings with the Securities and Exchange Commission. Unless legally required, ConocoPhillips expressly disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

Cautionary Note to U.S. Investors – The SEC permits oil and gas companies, in their filings with the SEC, to disclose only proved, probable and possible reserves. We may use the term "resource" in this report that the SEC's guidelines prohibit us from including in filings with the SEC. U.S. investors are urged to consider closely the oil and gas disclosures in our Form 10-K and other reports and filings with the SEC. Copies are available from the SEC and from the ConocoPhillips website.

