



# 2022 Sustainability Report



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# A Message from our Chairman and CEO

In 2022, ConocoPhillips entered our second decade as an independent exploration and production company with enhanced efforts to deliver lower greenhouse gas (GHG)-intensity energy to the world while pursuing leadership in sustainability performance across a diverse portfolio. Energy supply and security were key themes globally, and rising energy demand and market volatility reinforced the importance of reliable and affordable energy. Throughout, our sustainable development performance remains a foundational element of our long-term value proposition.

The energy transition will be complex and evolve over decades. Natural gas and oil are projected to remain essential parts of the energy supply mix across a broad range of transition scenarios. An orderly transition is the best way to manage climate-related risk, without energy shortages, undue price increases or economic shock.

Since the publication of our last Sustainability Report, ConocoPhillips has continued to be guided by our Triple Mandate to reliably and responsibly deliver oil and gas production to meet energy transition demand while delivering competitive returns, all while achieving our net-zero operational GHG emissions ambition. We strengthened our commitment to our Paris-aligned climate risk framework with an updated target for reducing GHG operational emissions intensity and new methane reduction efforts. In 2023, we accelerated our GHG operational emissions intensity reduction target through 2030 from 40-50% to 50-60%, using a 2016 baseline.

Our 2022 sustainability reporting highlights water and biodiversity management efforts, with recognition of nature-related risks and impacts. Our business units continued to focus on minimizing fresh water use with research to develop and pilot technologies and processes to treat produced water for beneficial reuse. In 2022, fresh water accounted for only 7% of our total water use across our global operations, with the remaining 93% consisting

of non-fresh water, municipal waste water and reused or recycled produced water. On the biodiversity front, over the past two decades more than 20 million acres have been conserved, restored and improved by conservation partners through continued collaboration with and support from ConocoPhillips. In the Permian Basin, we received the Texas Parks and Wildlife Department Lone Star Land Steward Award for our conservation efforts, reflecting our company's longstanding commitment to land preservation.

The Low Carbon Technologies organization continued its work to operationalize our net-zero ambition for Scope 1 and 2 emissions and understand the low carbon energy landscape, including emerging opportunities in carbon capture and storage and hydrogen. We're using the same disciplined investment and capital allocation process we use

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**Our sustainable development performance remains a foundational element of our long-term value proposition.**

throughout our portfolio to evaluate these low carbon solutions.

Building on 60 years of expertise, we've expanded our global LNG business. LNG is lower in GHG emissions intensity than other alternatives, particularly coal, and will be a key contributor to meeting energy transition

demand. In 2022, we increased our ownership in Australia Pacific LNG, signed agreements with QatarEnergy to participate in the North Field East and the North Field South LNG projects and to jointly supply long-term LNG to Germany. In the U.S., we are working with Sempra Infrastructure to develop large-scale LNG along the Gulf Coast.

ConocoPhillips believes regular engagement with key stakeholders is integral to understanding interests, accelerating performance and supporting effective policy.



Collaborations that demonstrate our commitment include:

- Oil and Gas Methane Partnership (OGMP) 2.0 Initiative.
- E&P Net-Zero Principles Roundtable, facilitated by Ceres.
- Climate Leadership Council.
- Interfaith Center on Corporate Responsibility.

Collaboration also plays a key role in addressing the social and community aspects related to our operations and projects. We seek early and frequent engagement with our stakeholders. For example, on Alaska's North Slope, our ongoing work to understand local perspectives and address community concerns has been crucial for our Willow project and will continue to be a cornerstone of our operations.

Meeting the world's evolving energy needs requires attracting and retaining a world-class workforce and cultivating an inclusive environment where different backgrounds, experiences, ideas and perspectives are recognized, valued and respected. Having the best and brightest people that bring a passion and excitement for solving complex problems is a competitive advantage that

leads to better business outcomes. That is why we've put an emphasis on — and are committed to — elevating diversity, equity and inclusion (DEI). In 2022, we took the important step of hiring a chief diversity officer and, over the course of the year, refreshed our DEI strategy.

Looking ahead, we intend to play a significant role in supporting a reliable and affordable energy future. As a best-in-class E&P company, our actions strive to balance the interests of our many stakeholders. We are committed to meaningful dialogue as we work to continuously improve our environmental and social performance. This allows us to understand stakeholder priorities and concerns, so that we can respond effectively to risks and opportunities throughout the energy transition.

**Ryan M. Lance**

Chairman and Chief Executive Officer

July 2023

# Integrating Sustainability

At ConocoPhillips, we are focused on sustainably meeting energy demand, while creating lasting value for employees, communities and shareholders. We intend to play a valued role in the energy transition by achieving the three objectives of our Triple Mandate – meeting transition pathway demand, delivering competitive returns on and of capital, and achieving our net-zero operational emissions ambition. Sustainability is core to ConocoPhillips and is integral to 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 to 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

SD and climate change positions in 2003. Since then, we have updated those positions and developed positions on water, biodiversity, human rights and diversity, equity and inclusion (DEI). We also continue to refine our governance structure to manage sustainability risks and opportunities throughout the organization. By design, our systems-based approach includes continuous improvement and internal assurance.



Workers at a Zia Hills drill site in the Permian Basin.

# Sustainable Development Governance

ConocoPhillips uses a strategic planning process and risk management tools to integrate evolving sustainability risks and trends into the company’s framework for decision making. Environmental and social performance are key components of our Long-Range Planning process. Our comprehensive governance framework is designed to evaluate risks through a sustainability lens and manage related risks and opportunities, incorporating input from the Board of Directors Public Policy and Sustainability Committee, the Executive Leadership Team, senior management and internal subject matter experts. The overarching corporate governance element is addressed in the [Investors](#) section of our website.

## Board of Directors Oversight

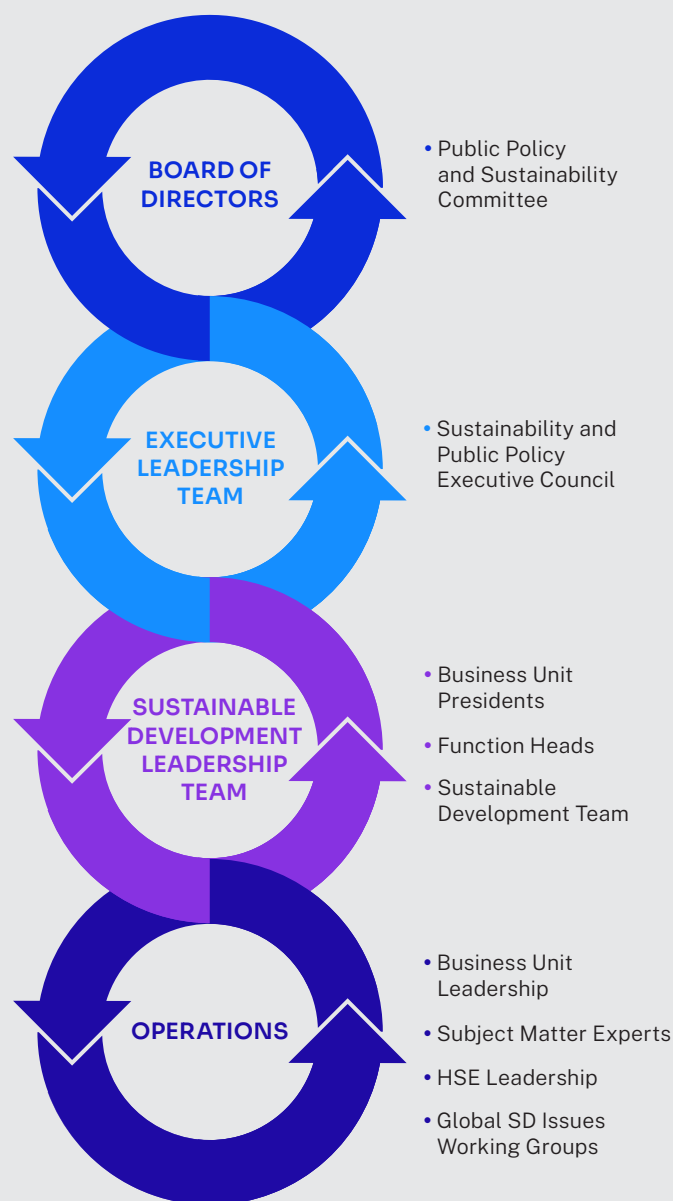
The ConocoPhillips Board of Directors oversees our SD positions and related strategic planning and risk management programs. The board delegates certain elements of its oversight functions to one or more of its five standing [committees](#): Directors’ Affairs, Public Policy and Sustainability, Audit and Finance, Human Resources and Compensation, and Executive. 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. They continually assess whether the composition appropriately relates to ConocoPhillips’ strategic needs, which change as the business environment evolves. The company seeks 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. This committee also considers background and diversity (including gender, ethnicity, race, national origin and geographic background). Additionally, they seek to ensure that the board reflects a range of talents, ages, skills, personal attributes and expertise.

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

### GOVERNANCE FRAMEWORK

Feedback and communication at all levels of the chain is an important feature of our governance structure.



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

## DIRECTOR SKILLS MATRIX

					Key Skills								
					CEO or Senior Officer	Financial Reporting	Industry	Global	Regulatory/ Government	Technology	Public Company Board Service	Environmental/ Sustainability	Human Capital Management
	DIR. SINCE	*AGE	IND.										
	<b>Dennis V. Arriola</b> Former Chief Executive Officer, Avangrid, Inc.	2022	62	●									
	<b>Jody Freeman</b> Archibald Cox Professor of Law, Harvard Law School	2012	59	●									
	<b>Gay Huey Evans CBE</b> Chairman, London Metal Exchange	2013	68	●									
	<b>Jeffrey A. Joerres</b> Former Executive Chairman and Chief Executive Officer, ManpowerGroup Inc.	2018	63	●									
	<b>Ryan M. Lance</b> Chairman and Chief Executive Officer, ConocoPhillips	2012	60										
	<b>Timothy A. Leach</b> Advisor to the Chief Executive Officer, ConocoPhillips	2021	63										
	<b>William H. McRaven</b> Retired U.S. Navy Four-Star Admiral (SEAL)	2018	67	●									
	<b>Sharmila Mulligan</b> Former Chief Strategy Officer, Alteryx	2017	57	●									
	<b>Eric D. Mullins</b> Chairman and Chief Executive Officer, Lime Rock Resources	2020	60	●									
	<b>Arjun N. Murti</b> Partner, Veriten LLC	2015	54	●									
	<b>Robert A. Niblock</b> <b>Lead Director</b> Former Chairman, President, and Chief Executive Officer, Lowe's Companies, Inc.	2010	60	●									
	<b>David T. Seaton</b> Former Chairman and Chief Executive Officer, Fluor Corporation	2020	61	●									
	<b>R.A. Walker</b> Former Chairman and Chief Executive Officer, Anadarko Petroleum Corporation	2020	66	●									

\* As of April 3, 2023



The **Public Policy and Sustainability Committee** (PPSC) is responsible for identifying, evaluating and monitoring SD 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 and security (excluding cybersecurity).
- Environmental protection.
- Climate change.
- Nature, including 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.

SD is a standing agenda item at PPSC meetings to discuss the SD risk management process, including the implementation of our net-zero ambition and Paris-aligned emissions reduction targets, and the use of reporting and disclosure frameworks. The Vice President, Sustainable Development, facilitates the discussion of this agenda item for the PPSC. In 2022, items discussed included:

- Plan for the Net-Zero Energy Transition.
- E&P Net-zero Principles from Ceres-led roundtable.
- Methane initiatives and commitments.
- SD reporting approach and reporting landscape.
- Climate Risk Strategy update – recent trends, strategic engagement options and targets.
- ESG assurance evolution.
- ESG trends in the financial sector.
- SD strategic priorities and annual review.

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 regular updates on how enterprise risk is being addressed, mitigated and managed across the company, including SD considerations that influence capital markets, public perception, HSE, operations and drilling, production facilities 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 Leadership Team

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 has ultimate responsibility for climate risk management and the implementation of our net-zero ambition. In addition, the Sustainability and Public Policy Executive Council (SPEC), a subcommittee of the ELT, has global oversight of existing and emerging 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, Lower 48
- EVP and Chief Financial Officer
- SVP, Global Operations
- SVP, Legal and General Counsel
- SVP, Government Affairs
- Advisor to the CEO

Members of SPEC were briefed five times in 2022 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 and nature 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 (HSE) performance as well as the achievement of milestones aligned with strategic SD priorities including managing climate-related risk.

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

In 2022, our compensation program reflected demonstrated progress toward a Paris-aligned climate risk framework, including new methane and flaring targets, executing 98 operational emissions reduction projects and advancing business development opportunities for low-carbon investments. We achieved top quartile performance on credible ESG ratings, including MSCI, ISS ESG, Bloomberg ESG and DJSI rating frameworks relative to peers.

ConocoPhillips remained best in class among our peers for personnel safety performance in 2022, as employees collaborated to integrate acquired assets into business HSE systems and processes and completed multiple turnarounds without serious incidents.

Another factor in our compensation program was progressing the 2022 elements of our DEI priorities and tactics, including hiring a Chief Diversity Officer. We established a dedicated DEI organization, engaging a third-party company to obtain insights on the diversity of external talent pools, and published our 2021 Human Capital Management Report, while expanding DEI metrics on our internal dashboards.

# Organizational Management

## Sustainable Development Leadership Team

The Sustainable Development Leadership Team (SDLT) is comprised of global business unit presidents and functional department heads and is supported by the 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 SD team supports the business in developing and tracking metrics for annual reporting and forecasting for the Long-Range Plan. Team members are responsible for key topics, including:

- [Climate Change](#)
- Nature, including [Water](#) and [Biodiversity](#)
- [Stakeholder Engagement and Social Responsibility](#)
- [Risk Management](#)
- [Supply Chain Sustainability](#)

Working with the Strategy, Planning and Portfolio Management group, the SD team is also responsible for informing the ELT and board of risks to, and opportunities for, our business and integration of sustainability-related risks into strategic decisions. The SD team reports to the Executive Vice President, Strategy, Sustainability and Technology, who reports to the Chief Executive Officer.

The SD team works closely with the Environmental Assurance group within HSE to ensure environmental risks are identified and monitored by our business units and metrics are tracked and publicly reported. The groups collaborate to develop and integrate requisite environmental risk tools, processes, standards, practices, guidelines and procedures into the company's HSE Management System. [Read more](#) about our HSE Management System on our website.

The SD team also 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.

SD team members lead issues working groups (IWGs) for climate change, water, stakeholder engagement and biodiversity across the company. Leveraging global cross-functional expertise from business unit subject matter experts, these quarterly meetings provide a forum to discuss risks, risk mitigation challenges and best practices, and to align on consistent practices.

## Global Operations

Each ConocoPhillips business unit is responsible for integrating sustainability into day-to-day operations, project development and decision-making. They assess risks, and develop action plans to mitigate those risks, with IWG participation as a resource and support. Progress is reported to management and results are shared with the ELT to ensure accountability. HSE leadership is responsible for environmental management at the business level. Subject matter experts in climate change, biodiversity, water and stakeholder engagement from the business units are members of the IWGs.

## Policies and Positions

In 2022, our company’s Code of Business Ethics and Conduct was updated and approved by the Audit and Finance Committee. Supplier Expectations were also updated and approved by the Chief Procurement Officer and Managing Director, Sustainable Development.

**POLICIES AND POSITIONS**

**Policies**

- Code of Business Ethics and Conduct*
- Health, Safety and Environment*
- Political Support Policies and Procedures*
- Principles of Environmental Justice*
- Supply Chain*
- Political Contributions*
- Substance Abuse*
- Supplier Expectations*
- Sustainable Development*
- Global Tax*
- Equal Employment Opportunity (EEO)*

**Positions**

- Climate Change*
- Global Water Sustainability*
- Human Rights*
- Biodiversity*
- Diversity and Inclusion*

## Training

The SD team and Environmental Assurance group hosted the Global Environmental and Sustainable Development Leaders Workshop in June 2022. The event included more than 50 participants from environmental, stakeholder engagement, SD, government affairs, low carbon, finance and other functions. Objectives were convening leading subject matter experts from throughout the company to share knowledge across functions, advancing the SD strategy, and further developing the function. Concurrently, a global virtual event was held to increase awareness and understanding of key ESG issues. Over 530 people participated, with the Vice President, Sustainable Development, and Vice President, Low Carbon Technologies, discussing risks, trends and the drivers most impactful to ConocoPhillips, as well as our organizational response.

As a part of our efforts to advance employee awareness of sustainability topics, we executed 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. We have also adapted and applied training materials developed by Ipieca, the global oil and gas industry association focused on environmental and social performance, and other best practice groups and made them available to all global employees.

We also launched the SD career development team, identifying key SD roles, core and cross-functional activities and options for developing career paths leading to key SD positions.

# Managing Sustainable Development Risks

Our governance structure provides board and management oversight of our risk processes and mitigation plans. Our management system approach to identifying, assessing and managing sustainable development (SD) risks aligns with how we make business decisions to ensure the consistent global identification and assessment of risks. This system links directly to the enterprise risk management (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

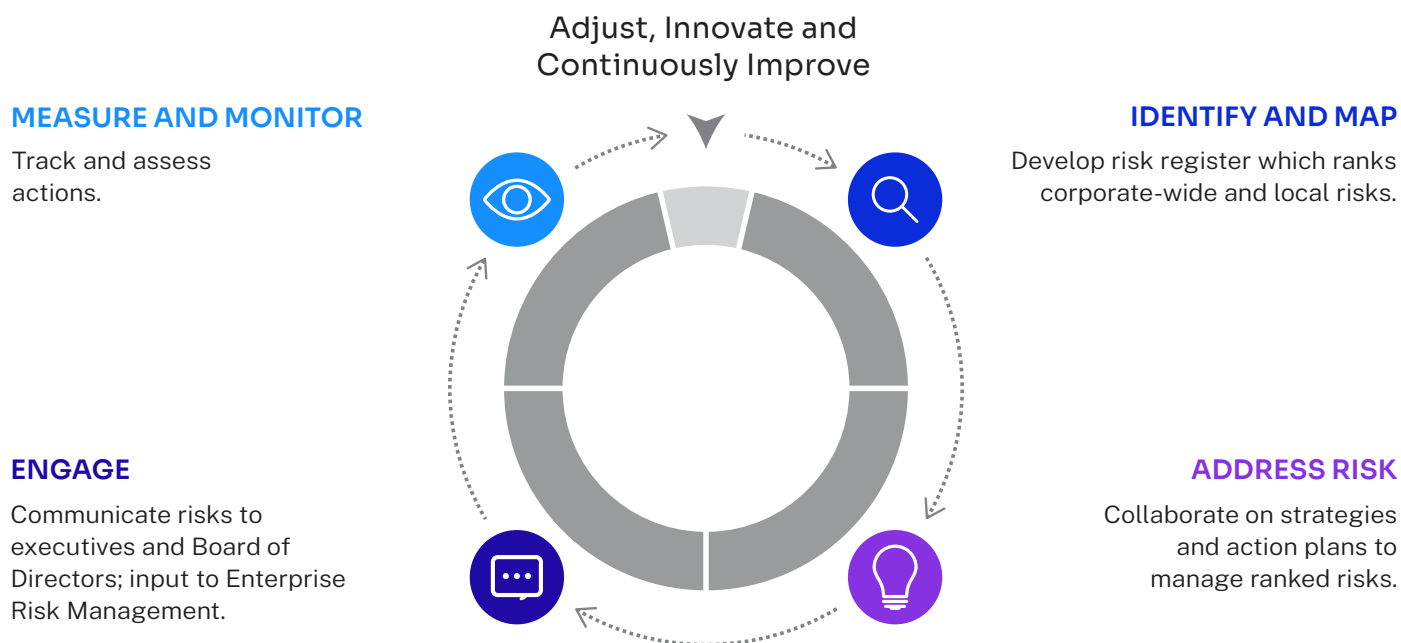
Our Risk Management Standard mandates a process for operated assets and projects to assess and manage risks to ensure corporate oversight, assurance and consistent implementation. Risks are identified and evaluated against the physical, social and political settings of our operations by subject matter 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 reviews risks annually and updates the SD Risk Register and associated action plans. Regular audits are scheduled in each business unit.

The standard further mandates action plans for mitigating risks ranked significant or high and tracking 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 are tracked at the corporate and business unit level.

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

## MANAGEMENT SYSTEM APPROACH TO SUSTAINABLE DEVELOPMENT RISK



## Action Plans

The SD Risk Management Standard requires an assessment of potential sustainability risks associated with company activities. Significant and high risks are documented in a corporate register with mitigation actions identified. Risks and mitigating actions are assessed at minimum annually by the business units and corporate. The SD Risk Register and action plans are used to guide goal setting and track performance. [Read more](#) about Performance and Compensation on our website.

Action plans are managed at the BU level. 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.

## Enterprise Risk Management

Sustainability risks are integrated into the corporate enterprise risk management (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 regular 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 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 management 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. Investing in local conservation initiatives allows us to mitigate some nature risks and impacts. We work with company leadership through our governance structure, enterprise risk management system and energy transition models to ensure our strategy effectively manages SD risks.

## Key SD Management Processes

Our integrated management system supports our policies and principles and is based on mandatory and auditable corporate standards, practices 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 SD risks and liabilities are clearly identified, understood and documented. This due diligence standard applies to ConocoPhillips and its global subsidiaries, and we strive to influence all affiliated companies and joint ventures to conduct due diligence 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 assessment of climate, water, biodiversity and social risk for investment approval.

In managing our day-to-day operations, the HSE management system standard 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.

## CORPORATE ENVIRONMENTAL AND SOCIAL STANDARDS, PRACTICES AND GUIDELINES\*

### SD Risk Management Standard

- Identifies social and environmental risks, conducts risk ranking and develops mitigation action plans.
- Applies to corporate, business units (BUs) and their operated assets, associated activities including exploration, development programs, production, decommissioning/ reclamation and projects, ConocoPhillips and its subsidiaries globally, including all affiliated assets and joint ventures.

### Health, Safety, Environment and Social Issues Due Diligence Standard

- Identifies 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.

### HSE Management System Standard

- Identifies and manages operational risks to the business, employees, contractors, stakeholders and environment.

### Capital Projects Management System Standard

- Assesses 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

- Prepares management plans for waste and produced water, evaluates the suitability of industrial disposal facilities and contracts only with approved facilities.

### Environmental Performance Metrics Reporting Practice

- Outlines the requirements and company expectations for reporting the company's environmental performance metrics.

### 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 the World Bank Zero Routine by 2030 Initiative for ConocoPhillips operations.

\* Unless noted, standards and practices apply to ConocoPhillips 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 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.

Aspects of our compliance and ethics program relevant to financial reporting are annually reviewed by the company's external auditor. 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.

All new employees receive business ethics code training 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 in positions that are most exposed to legal risks, such as corruption, take part in web-based training and other targeted training. Employees may also receive training in 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 2022.

### Systems and Practices for Reporting Ethics 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. Employees 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.

Global Compliance and Ethics receives questions, concerns and requests for advice from employees and stakeholders across our businesses. In 2022, we responded to these submissions and investigated alleged violations of our code. Remedial and disciplinary actions were taken whenever appropriate to support our commitment to ethics. 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 total value within the supply chain. We are committed to upholding our business ethics by supporting business opportunities and capacity building for local and diverse suppliers 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 overall sustainability 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) objectives.
- Track metrics, review performance and identify continuous improvement opportunities.
- Share best practices for building supplier capacity throughout the supply chain.

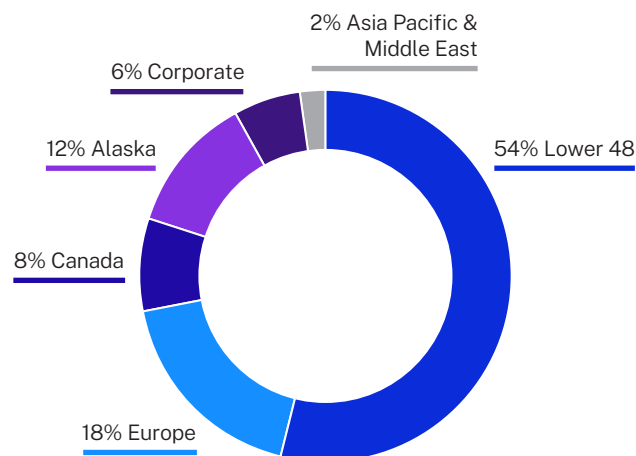
An important element of our ongoing engagement with key suppliers is our annual Supplier Sustainability Forum. In 2022, we hosted a hybrid virtual and in-person forum to accommodate a diverse cross section of our key suppliers. With over 150 participants, including suppliers from more

than 40 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. Through this forum, along with ongoing engagement, we are seeking to discuss how our suppliers can help us reduce our emissions while working to understand the approach they are taking to address their own emissions. Topics discussed included our:

- Net-zero operational GHG emissions ambition and our Triple Mandate.
- Climate risk strategy and targets.
- Low Carbon Technologies focus.
- Scope 3 Supplier Emissions Strategy.

**\$10.9  
BILLION**  
Total spend with 7,572 contractors and suppliers in 2022

## 2022 TOTAL SPEND BY SEGMENT



The forum also included a panel discussion with ConocoPhillips leaders and industry association representatives from the National Association of Manufacturers and the Energy Workforce & Technology Council. Participants examined meaningful measures to show alignment in a world aiming for net-zero, opportunities and challenges on the road to net-zero, and opportunities for collaboration to benefit nature and communities.

Mitigating supplier risk is critical to support our operations through sustainable procurement. Driven by supplier stability concerns, we regularly monitor the financial health of suppliers. Additionally, supply chain leaders meet quarterly to proactively assess risk for over 150 business-critical suppliers and review status changes from the previous quarter. This process helps deliver on an important goal—continuity of global operations through avoidance of supply or service interruptions. In 2022, 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. During sourcing events, we also conducted comprehensive contract risk classification assessments to quantify inherent risks and establish mitigation 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.

Our Norway business unit established supply chain systems and processes to account for matters related to human rights and working conditions, as addressed in the Norway Transparency Act and the United Kingdom Modern Slavery Act. As an example, we added contractual language requiring that suppliers comply with the Transparency Act. In addition, we actively participate in an industry association network to ensure consistency in how we approach our supplier community regarding the topic as well as having such network verify whether/how our suppliers address sustainability performance internally and with their supply chain.

ConocoPhillips Australia is committed to ensuring that opportunities created through our business and supply chain are equitably accessible by Aboriginal and Torres Strait Islander Peoples, businesses and organizations. We hosted a workshop in October 2022 where we aligned with 13 of our tier one suppliers to support an APLNG Indigenous Participation Working Group. [Read more](#) about our commitment and the development of our Reflect Reconciliation Action Plan on our website.

## Supplier Recognition

The company's annual Supplier Recognition Awards honor suppliers who positively impact our business, including a category focused on sustainability-related activities. In 2022, we raised the profile for minority, Indigenous and local suppliers by adding a diversity indicator to award submissions. Final awards ranged from delivery of safe and reliable shutdown logistics to support of a winterization/flare reduction project. 2022 Supplier Recognition Award Winners are:

- Atlas Energy Solutions, Inc.
- Bay Ltd
- Boon Energy Services, Inc.
- ChampionX Norge AS
- COSL
- Compass Well Services LLC
- Crossfire LLC
- Halliburton AS
- Hevilift (M) Sdn. Bhd.
- Honeywell Limited
- iO Data AS
- Leo and Sons LP
- LV Energy Services LTD
- Mistras Group INC
- NeoInsulation, LLC
- TAMS Group Queensland Pty Ltd
- Tenaris Global Services USA Corporation

## Sustainable Procurement and Business Ethics

The supply chain function contributes to the company's sustainable development commitments by integrating sustainability into our processes and procedures. For example, in 2022 we added a global supplier due diligence minimum vetting protocol for supplier onboarding, which includes supplier capability, ownership, financial health, integrity, labor and human rights assessments, where appropriate. We engage with suppliers and contractors on sustainable development issues through our Quarterly Business Reviews, Supplier Relationship Management, Supplier Sustainability Forum and supplier audits.

Further 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](#), the [United Kingdom Modern Slavery Act 2015](#), the [Australia Modern Slavery Act 2018](#) and the [Norway Transparency Act](#).

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 (COBE) and their own ethics and conduct policies. Our Code of Business Ethics and Conduct: [Expectations of Suppliers](#) was updated in 2022 to align with updates to our COBE, specific to prevention of money laundering, complying with

international trade laws, preserving data privacy and advancing respect for human rights. Furthermore, the document provides additional clarity to our suppliers regarding our expectations in these areas:



### ENVIRONMENT

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.

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 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 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.



### LOCAL EMPLOYMENT

- Business unit, asset or project plans include support for local employment.
- 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.

## 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 2022 Supplier Diversity Program totaled \$621 million spent with Indigenous businesses, businesses owned by veterans, minorities, women, members of the LGBTQ+ community, service-disabled people and historically underutilized businesses (HUBs). Through our Supplier Diversity program, we actively participate in certifying and developing diverse, small and local businesses in the United States.

In 2022, we elevated our U.S. Supplier Diversity program by assembling an advisory council comprised of seven senior company leaders who are actively engaged in building and enhancing our strategy in this space.

Additionally in 2022, our Chief Procurement Officer joined the Houston Minority Supplier Development Council’s (HMSDC) Board of Directors. ConocoPhillips also supported the HMSDC, American Petroleum Institute and Blue Wave launch of a business training program for minority-owned businesses to better position them to compete in our industry. The program was a 6-month course which included health and safety, cybersecurity, quality, corporate policies, technical capabilities, finance and sustainability. Twenty companies successfully graduated from the program in October 2022.

# Key Stakeholders

Active stakeholder engagement and dialogue are an integral part of our sustainability commitment. This engagement 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 represent a diversity of communities and organizations. The breadth of the perspectives they provide gives us a greater understanding of concerns and expectations, as well as opportunities to create lasting value. We engage with our stakeholders in a range of ways as we work to improve our performance. The table below and following paragraphs explain who our stakeholders are, the issues that are important to them and how we engage them.

## SUPPORTING INDUSTRY DIALOGUE

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

# About Our Reporting

To provide stakeholders with timely information, we use digital updates to 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 also recognize that many stakeholders like to track year-by-year reporting. Consolidated performance information and metrics can be found in the annual reports available in our company website's [Reports and Resources section](#). Stakeholders can also create customized reports, based on topics of interest, using our [report builder](#).

## Issue Identification and Prioritization

We are continuously evolving and refreshing our perspective on sustainability reporting by considering the most pressing issues affecting our external and internal stakeholders, the global community and our industry.

External stakeholders 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. 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. Based upon this collaborative approach, we regularly review a list of potentially important issues across a range of topics from governance to safety to impacts on the environment and society.

Additionally, 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. Annual discussions with key internal functions, including subject matter experts from issues working groups (IWGs), provide further input and prioritization of the topic list.

This prioritization process 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.

In 2022, 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 nearly 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 20 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 climate, nature, community engagement 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 also consider frameworks that are still evolving such as [Taskforce on Nature-related Financial Disclosures \(TNFD\)](#). We provide regular information to 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 which 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 2022 Sustainability Report covers data from January 1 to December 31, 2022. Notes to our metrics outline the scope and methodologies of our data reporting.

The minimum boundary for reporting on social and environmental priorities is the assets we operate.

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

2022 PRIORITY ISSUE	ISSUE DESCRIPTION
<b>Governance and Economic Dimension*</b>	
<i>Carbon Asset Risk</i>	Identifying the financial risk of stranded reserves and infrastructure.
<i>Low Carbon Technologies</i>	Capability to assess and advance low carbon business opportunities that are consistent with shareholder interests.
<i>Business Ethics</i>	Adhering to applicable laws and the highest ethical standards.
<i>Transparency and Corruption</i>	Promoting transparency to reduce corruption, improve government accountability and foster economic stability.
<i>SD Governance Process</i>	Having a comprehensive governance framework, including oversight from the Board of Directors, in place to manage SD risks and opportunities.
<b>Environment</b>	
<i>Carbon Policy</i>	Considering legislation and regulation related to climate change and a transition to a lower carbon economy.
<i>Energy Efficiency</i>	Reducing the amount of energy required to find and produce natural gas and oil.
<i>Greenhouse Gas Emissions</i>	Reducing GHGs emitted during natural gas and oil production and developing a <a href="#">directional roadmap</a> to meet net-zero ambition for operational emissions.
<i>Methane</i>	Reducing methane emitted during natural gas and oil production.
<i>Biodiversity</i>	Mitigating impacts from activities and operations on threatened or at-risk species or habitats.
<i>Produced Water</i>	Managing discharge, disposal and/or recycling of produced water for offshore and onshore operations including potential impacts to receiving environments and seismicity.
<i>Water Sourcing</i>	Securing sustainable and economic water sources for exploration, drilling, completions or production.
<i>Supply Chain</i>	Assessing risks related to environment, including GHGs, biodiversity and water.
<b>Social</b>	
<i>Stakeholder Engagement</i>	Respectfully engaging with local stakeholders and Indigenous Peoples to understand their interests, concerns and culture, seeking solutions that create mutually beneficial relationships and integrating those into planning and decision-making.
<i>Community Investment</i>	Investing in communities to support giving categories including education, natural resources, health and safety, arts, civic and social services, and disaster relief.
<i>Human Rights</i>	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.
<i>Local Content</i>	Creating economic stimulus in the communities where we operate through job creation and socioeconomic development initiatives.
<i>Safety and Health</i>	Creating and maintaining a safe and healthy workplace that is free of injuries, fatalities and illness.
<i>Supporting our People</i>	Attracting and retaining talent, offering training and development for workers to build capability and career opportunities while promoting diversity, equity and inclusion.
<i>Supply Chain</i>	Assessing risks related to due diligence and respect for human rights.

\* 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.

### 2022 PERFORMANCE HIGHLIGHTS

- Published a progress report on our Plan for the Net-Zero Energy Transition to describe key milestones achieved throughout 2022 as we advance our efforts to manage through the energy transition and address the associated risks and opportunities.
- Developed a new net-zero scenario modeling the collective global government and societal actions that would be required to align with limiting warming to 1.5 degrees.
- Improved our Paris-aligned target framework with progress against our targets, including:
  - Strengthening our previously announced operational GHG emissions intensity reduction target to 50-60% by 2030 on both a gross operated and net equity basis from a 2016 baseline.
  - Achieving near-zero methane emissions intensity by 2030. This goal was set in response to meeting our 10% methane emissions intensity reduction target four years early, from a 2019 baseline.
  - Achieving a target of zero routine flaring by 2025, five years sooner than the World Bank Initiative's goal of 2030.
- Spent approximately \$150 million on Scope 1 and 2 emissions reductions and low-carbon opportunities.
- Joined the Oil and Gas Methane Partnership (OGMP) 2.0 Initiative, a globally recognized initiative for methane emissions measurement and reporting.
- Compared to 2021, reduced our operational GHG emissions on both an intensity and absolute basis by 14%.
- Reduced both our methane intensity and flaring intensity (4% and 12% respectively) and decreased total flaring volumes by 13% compared to 2021. Routine flaring decreased 90% from 2021.
- Developed an implementation plan for our Scope 3 Supplier Emissions Strategy to address climate-related risks in our supply chain.
- 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. Supported policy advocacy beyond carbon pricing to include other end-use emissions policy and regulatory action.
- Advanced several energy transition and low-carbon technologies efforts, including LNG and potential CCS and hydrogen projects.



# Governance Framework

Our comprehensive climate-related risk governance framework extends from the Board of Directors through executive and senior management to the working levels in each of our business units (BUs).

## 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 policy and output.
- Corporate strategy and Climate Risk Strategy.
- Energy transition scenarios and planning.
- 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
- 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.



New electric compression packages were recently added to the Delaware West Central Facility 3 in the Permian Basin.

The [Audit and Finance Committee](#) (AFC) oversees enterprise risk management (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 2022, the PPSC met five times, received in-depth briefings and engaged in discussions on the following climate-related topics:

- Development and implementation of strategies for climate risk, the energy transition, supplier emissions, financial sector engagement and low-carbon technologies.
- Improvement to target-setting with addition of near-zero methane intensity goal and commitments under OGMP 2.0.
- Reporting and disclosure efforts including SD report issue prioritization, framework mapping, integrated reporting, low-carbon technology communications and elevated assurance process updates.
- Review of our feedback to the E&P Net-Zero Principles created by the Ceres Investor Network-led Roundtable.
- Review of ESG trends in the financial sector and climate-related shareholder resolutions.
- Review of SD achievements in 2022 and priorities for 2023.

Actions from the PPSC are reported to the full board at the next board meeting on a quarterly basis.

Other board committees also address climate-related issues. The [Human Resources and Compensation Committee](#) reviews 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.

## Executive Management

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

- 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 plans for advancing low-carbon technologies and transition opportunities.

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, has ultimate responsibility for climate risk management

and the implementation of our net-zero ambition. The SVP, Government Affairs is responsible for government engagement and advocacy on climate-related public policy. 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.

Members of SPEC met five times during the year for detailed briefing and discussion on emerging climate-related issues, strategic priorities and the Climate Risk Strategy. Examples of climate-related issues reviewed by SPEC during 2022 include:

- SD report highlights, reporting landscape overview and assurance process updates.
- Our external collaboration with the Ceres Investor Network-led E&P Net-Zero Principles Roundtable and our financial sector engagement strategy.
- Review of climate-related shareholder resolutions and proposed revisions to ESG milestones within the Variable Cash Incentive Program.
- Net-zero governance process and review of SD priorities for 2023.

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.

## GOVERNANCE FRAMEWORK

Feedback and communication at all levels of the chain is an important feature of our governance structure.



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

# 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. 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 and validate environmental metrics for public disclosure and track our performance against those metrics, aiming for completeness, accuracy and consistency. The groups collaborate to ensure that the requisite climate risk tools, processes and procedures are developed and integrated into our activities. The SD team also works with the Low Carbon Technologies (LCT) organization on cross-functional efforts to achieve our

net-zero operational emissions ambition. The individual SD and LCT governance processes are each fit-for-business governance structures established to drive oversight and accountability.

## Governance of Net-Zero Operational Emissions Ambition

In 2022, we established a governance structure and decision framework to operationalize and achieve our net-zero operational emissions ambition through business planning, collaboration, project execution, technology advancement and innovation that complements our Sustainable Development governance structure and decision framework. The Net-Zero Executive Council (NZEC) and Net-Zero Leadership Team (NZLT) will provide the direction and decision making necessary to properly resource and execute actions to achieve our net-zero ambition. Our executives' engagement and ownership of these efforts will drive accountability and action across the company.

NZEC provides oversight and direction on enterprise-wide strategies, policies and progress toward achieving our net-zero operational emissions ambition and interim emissions reduction targets. With coordinated membership and timing, NZEC and SPEC meet regularly to align net-zero objectives with our Climate Risk Strategy and external commitments. Responsibilities include:

- Setting strategic priorities relating to emissions reductions efforts, including goal setting, pace of execution and progress.
- Approving annual marginal abatement cost curve (MACC) budget, informed by the Net-Zero Operational Emissions Roadmap.

NZLT, whose membership includes BU presidents and leaders within LCT, HSE, Global Technical Functions, SD, IT, Planning and Development, Legal and Public Policy, provides oversight on operationalizing the net-zero operational emissions ambition in our BUs and provides functional support and subject matter expertise. The NZLT addresses tactical implementation issues and decisions relating to BU-level target setting, ensuring alignment with corporate targets. Responsibilities include:

- Establish goals aligned with BU emissions reduction programs, corporate targets and strategy.
- Drive accountability, alignment, focus and action for execution.
- Champion BU strategy and endorse potential BU roadmaps. [Read more](#) about our Operational Net-Zero Roadmap.
- Drive alignment and set consistent messaging across the organization.

NZEC and NZLT are also supported and advised by the cross-functional Net-Zero Advisory Council (NZAC). NZAC are partners for collaboration alongside Low Carbon Technologies to:

- Provide input to MACC process for clarity and observability to potential pathways to net-zero by 2050.
- Work with internal teams to address and articulate potential capital and resource requirements for meeting our operational net-zero ambition.
- Engage with internal stakeholders to ensure emissions reduction strategies are embedded into our core ConocoPhillips culture.
- Ensure we have the right tools and process to plan, execute and track our emissions reductions efforts within a flexible framework responsive to shifts in regulations and technology.

**GOVERNANCE ALIGNMENT**

**Sustainable Development  
SPEC & SDLT**

**Net-Zero  
NZEC & NZLT**

Setting strategy through external targets



Enabling strategy through BU execution

Climate risk strategy focus



Net-Zero “operationalization” focus

External communication and disclosure



Internal communication and planning

Setting emissions target metrics



Translating targets into BU goals

Corporate strategy integration



BU operational strategy integration

SD function principally accountable



LCT function principally accountable

## 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. BUs 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**; they report progress to the ELT.

The SD team leads the Climate Change Issues Working Group (CCIWG), an internal, global, cross-functional group for knowledge sharing among business units and functions. 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.
- Emerging climate-related risks.

The objective of the CCIWG 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.

## Climate-Linked Compensation

Climate-related performance is considered in our annual short-term Variable Cash Incentive Program (VCIP) that applies to all employees. In 2022, this performance was considered within our Strategic and ESG Milestones where we demonstrated progress toward our Paris-aligned climate risk framework by establishing new methane and flaring targets, executing more than 90 operational emissions reduction projects and advancing business development opportunities for low-carbon investments.

The company is also closely engaged with the Human Resources and Compensation Committee to ensure our emissions reduction and climate-related goals continue to be reflected in our employee and executive compensation programs. To add additional accountability to reducing our GHG emissions intensity, the 2023 VCIP will include a stand-alone measure requiring that we achieve an annual GHG emissions intensity aligned with our 2030 target trajectory range.

[Read more](#) about how sustainability performance is a component of executive compensation.

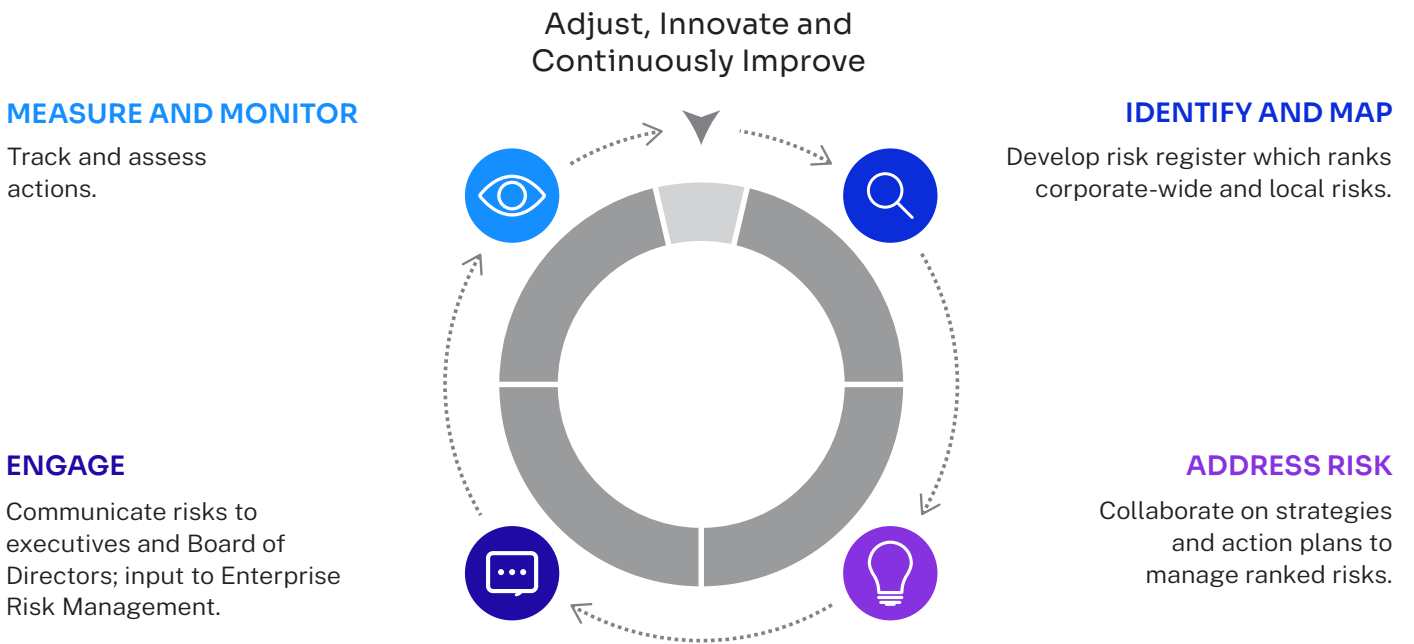
# Key Processes

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.
- Enterprise Risk Management.

Our SD risk management process, risk register and Climate Change Action Plan are used to identify risks, 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 better equip the company to respond to evolving investor sentiment, technologies for emissions reduction, alternative energy technologies and uncertainties such as government policies.

The continually evolving energy landscape 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 — a long-term ambition that sets the direction and aim of the strategy, medium-term performance targets for operational GHG emissions and methane intensity, and near-term targets for flaring and methane intensity reductions that guide implementation of our strategy.
- **Technology choices:** We continue to enhance our emissions reduction programs in our current operations, while also evaluating new opportunities and technologies that can closely integrate with our global operations, markets and competencies.
- **Portfolio choices:** We have integrated climate-related risk into our portfolio decision making through consideration of carbon pricing and focusing on low cost-of-supply, low GHG intensity resources.
- **External engagement:** Our stakeholders’ points of view inform the evolution of our climate-related frameworks, actions and public policy.

Progress in these four pillars is demonstrated throughout the following sections. Across the pillars, our strategy takes into consideration transition demand, results from scenario planning, near-, medium-, and long-term risks and ways to address impacts from those risks.

# Plan for the Net-Zero Energy Transition

## Overview

An important component of our Climate Risk Strategy is the *Plan for the Net-Zero Energy Transition*, first published in our Proxy Statement in 2022. The plan shows how we intend to play a valued role in the energy transition by executing on our Triple Mandate: reliably and responsibly meeting energy transition pathway demand, delivering competitive returns on and of capital and achieving our net-zero operational emissions ambition.

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



<sup>1</sup> Scope 1 and 2 emissions on a net equity and gross operated basis.



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.

In service of these three objectives, our plan describes how the company will:

#### **Maintain strategic flexibility:**

- Build a resilient asset portfolio with a focus on low cost of supply and low GHG intensity to meet transition pathway energy demand.
- Commit to capital discipline through use of a fully burdened cost of supply, including cost of carbon, as the primary basis for capital allocation.
- Track the energy transition through a comprehensive scenario planning process to calibrate and understand alternative energy transition pathways and test the resilience of our corporate strategy to climate risk.

#### **Reduce Scope 1 and 2 emissions:**

- Set targets for 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.

#### **Address Scope 3 emissions:**

- Advocate for a well-designed, economy-wide price on carbon and engage in development of other policy and legislation to address end-use emissions.
- Work with our suppliers for alignment on GHG emissions reductions.

#### **Contribute to an orderly energy transition:**

- Build an attractive LNG portfolio.
- Evaluate potential investments in emerging energy transition and low-carbon technologies.

## **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 urgency and

importance of limiting global average temperature increases. 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.

Our plan does not include a Scope 3 (end-use) emissions target. We recognize that end-use emissions must be reduced to meet global climate objectives. However, it is our view that supply-side constraints through Scope 3 targets for North American and European upstream oil and gas producers would be counterproductive to climate goals. In the absence of policy measures that address global demand and with the shape and pace of technology and policy yet to be determined, Scope 3 targets would shift production to other global operators, potentially eroding energy security and affordability.

The plan was endorsed by the board's PPSC and was designed to help investors and other stakeholders gain an understanding of the valued role ConocoPhillips intends to play in an orderly energy transition.

Since first publishing the plan, we have continued to focus on implementing our Climate Risk Strategy and advancing the plan's objectives. Our commitment to these efforts is demonstrated by our achievements made to date — many of which have been completed ahead of schedule. As we achieve our goals, we fine-tune our strategy and refine our commitments in ongoing alignment with the aims of the Paris Agreement.

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. The following table shows our progress on key milestones since the plan's first publication. Updates represent progress through the end of 2022 and include our 2023 plans to continue advancing our strategy to remain resilient under any scenario. Reflecting the recommended TCFD report structure, the following components of the plan are linked and detailed elsewhere in this report.

## 2022-2023 PROGRESS REPORT

<b>REDUCING SCOPE 1 AND 2 EMISSIONS</b>	<b>STRATEGIC FLEXIBILITY</b> <i>Resilient Portfolio and Scenario Analysis</i>	<ul style="list-style-type: none"> <li>Continued focus on low cost of supply and low GHG intensity resources that meet transition pathway energy demand.</li> <li>Developed a new net-zero scenario modeling the collective global government and societal actions that would be required to align with limiting warming to 1.5 degrees.</li> <li>Assets with less than 10 kg CO<sub>2</sub>e/BOE are projected to represent a larger portion of our portfolio by 2030.</li> </ul>
	<b>Methane</b>	<ul style="list-style-type: none"> <li>Achieved near-term 10% methane intensity reduction target four years early.</li> <li>Reduced methane intensity by ~70% since 2015.</li> <li>Set new target to achieve near-zero methane intensity by 2030 (1.5 kg CO<sub>2</sub>e/BOE or approximately 0.15% of natural gas produced).</li> <li>Joined OGMP 2.0 and Veritas initiatives to improve methane measurement and reporting transparency.</li> </ul>
	<b>Flaring</b>	<ul style="list-style-type: none"> <li>On schedule to meet the World Bank Zero Routine Flaring goal by 2025.</li> <li>In 2022, routine flaring decreased nearly 90% from 2021.</li> </ul>
	<b>Overall GHG</b>	<ul style="list-style-type: none"> <li>Strengthened GHG intensity reduction target to 50-60% by 2030 from a 2016 baseline for both gross operated and net equity emissions.</li> <li>Achieved 41% gross operated and 36% net equity GHG intensity reductions by year-end 2022 from 2016.</li> <li>Spent approximately \$150 million on Scope 1 and 2 emissions reductions and low-carbon opportunities in 2022.</li> <li>Participated in a Ceres-led Roundtable to discuss solutions for reaching net-zero emissions with cross-sector participation from the financial sector and exploration and production (E&amp;P) oil and gas companies.</li> <li>Tasked each global business unit with developing potential options to achieve our operational net-zero ambition.</li> <li>Expanded third-party limited assurance to all sustainability disclosures in this Sustainability Report.</li> <li>Began chairing a National Petroleum Council study on GHG emissions reduction across the U.S. natural gas value chain.</li> </ul>
<b>ADDRESSING END-USE (SCOPE 3) EMISSIONS AND CONTRIBUTING TO THE ENERGY TRANSITION</b>	<b>Offsets</b>	<ul style="list-style-type: none"> <li>Began evaluating diversified investments in offset projects and funds, such as Climate Asset Management's Nature-Based Carbon fund which has supported the Restore Africa Programme. Supporting offset projects in Mexico aimed at improved forest management for future offset issuance.</li> </ul>
	<b>Advocacy and Public Policy</b>	<ul style="list-style-type: none"> <li>Expanded policy advocacy beyond carbon pricing to include end-use emissions policy and regulatory action such as direct federal regulation of methane, supporting alternative transportation and power generation, and national policy recommendations on natural gas across the value chain.</li> <li>Continued support of the Climate Leadership Council (CLC) and Americans for Carbon Dividends (AFCD) to advance carbon pricing in the U.S. as the most effective and predictable policy action to reduce GHG emissions across the economy.</li> <li>Worked closely with members of the Business Roundtable (BRT) and the American Petroleum Institute (API) to engage with the Voluntary Carbon Markets Initiative.</li> <li>Working with World Bank's Carbon Pricing Leadership Coalition (CPLC) as a private sector partner to share and expand the evidence base for effective carbon pricing.</li> </ul>
	<b>Supply Chain Engagement</b>	<ul style="list-style-type: none"> <li>Incorporated Scope 3 supplier emissions into targeted supplier evaluations.</li> <li>Held annual ConocoPhillips Supplier Sustainability Forum to share key sustainability messages and best practices.</li> <li>Began building a governance framework for supplier sustainability.</li> <li>Collaborating with industry groups and third-party partners to align on collection, reporting and supplier engagement for supplier emissions.</li> </ul>
	<b>LNG</b>	<ul style="list-style-type: none"> <li>Purchased an additional 10% shareholding interest in Australia Pacific LNG (APLNG) in 2022 and in 2023 announced plans to acquire up to an additional 2.49% shareholding interest.</li> <li>In the first quarter of 2023, purchased an equity interest in new large-scale LNG facility with Sempra Infrastructure and secured 5 MTPA of offtake.</li> <li>Signed agreements to supply long-term LNG to Germany in partnership with QatarEnergy.</li> </ul>
	<b>CCS</b>	<ul style="list-style-type: none"> <li>Continued evaluation of potential opportunities to develop carbon capture and storage (CCS) hubs along the U.S. Gulf Coast.</li> <li>Joined Canada's Oil Sands Pathways Alliance working toward net-zero by 2050 through CCS.</li> <li>Established strategic technology partnership with a chemistry innovator to advance CCS process capability for deployment in company projects.</li> </ul>
	<b>Hydrogen</b>	<ul style="list-style-type: none"> <li>Evaluating the development of blue and green ammonia as a low-carbon power generation fuel from the U.S. Gulf Coast with Japanese energy company JERA.</li> <li>Invested in a venture with Canadian energy technology company Ekona Power to develop hydrogen production technology through methane pyrolysis.</li> </ul>

## Managing Our Energy Transition Plan

As we navigate an uncharted energy transition in coming years and decades, the plan will evolve in the same way it has developed: through experienced professionals, well-practiced processes, meaningful action, ongoing engagement and learnings from best practices. Our subject matter experts will closely monitor transition drivers including technology, policy and market sentiment. We will continue to actively collaborate with peers, industry experts and financial sector stakeholders to better understand these drivers and learn from best practices. We are also actively engaged throughout the entire organization – including our Board of Directors, Executive Leadership Team and operations teams – for successful strategy alignment and implementation.

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. The updates in this report reflect our commitment to reducing Scope 1 and 2 emissions, addressing end-use emissions (Scope 3) in our supply chain and through policy advocacy, and developing business opportunities in LNG, CCS and hydrogen. We are well positioned to continue to execute this plan and participate

in energy transition opportunities, while also fulfilling our commitment to create long-term value for our stakeholders.

We intend to report on continued implementation of our plan and provide periodic updates on our website.

### 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.

<p><b>Portfolio High-Grading</b></p> 	<p><b>Production Efficiency</b></p> 	<p><b>Electrification</b></p> 
<p><b>Methane and Flaring Reductions</b></p> 	<p><b>Carbon Capture and Storage</b></p> 	<p><b>Hydrogen</b></p> 
<p><b>Offsets</b></p> 	<p><b>Supply Chain Engagement</b></p> 	<p><b>Advocacy</b></p> 

We acknowledge the findings of the Intergovernmental Panel on Climate Change that GHG emissions from the use of fossil fuels contribute to increases in global temperatures. We also recognize the importance that current science places on limiting global average temperature increases to below 2-degrees Celsius compared to pre-industrial times, and to achieve that, current science shows that global GHG emissions need to reach net-zero in the

second half of this century. We support the Paris Agreement as a welcomed global policy response to that challenge.

We have had a public global climate change position since 2003. The position is reviewed periodically, agreed to by the Executive Leadership Team and then recommended to the board. **Read more** about our Climate Change Position.

# Scenario Analysis

## IEA Energy Outlook

We reference two energy scenarios from the *International Energy Agency* (IEA) 2022 World Energy Outlook that illustrate future demand and track the Paris Agreement goal of reducing global GHG emissions to limit the global temperature increase to 2 degrees Celsius while pursuing efforts to limit warming to 1.5 degrees. These scenarios reflect changes in total energy demand in 2050 as compared to 2021:

- **Announced Pledges:** Total energy demand increases by just over 1%.
- **Net Zero Emissions:** Total energy demand declines by more than 14%.

Total demand stays flat compared to 2021 in the Announced Pledges scenario but declines in the Net Zero Emissions scenario. Demand for natural gas and oil has different outcomes across the IEA scenarios.

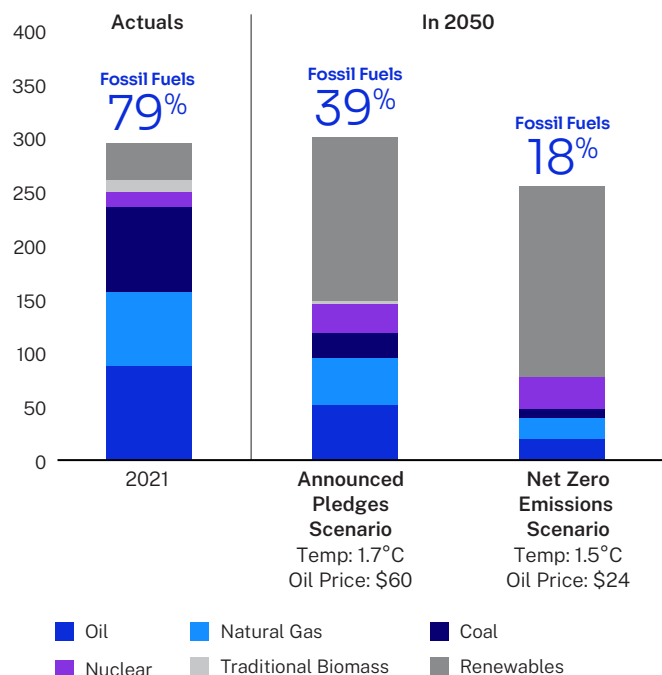
Even in the Net Zero Emissions scenario, 2050 oil demand remains at 19 MMBOD and natural gas at 20 MMBOED and, despite a reallocation of capital to renewables, significant investment in upstream natural gas and oil is still required. IEA estimates this to average \$394 billion each year from 2022 to 2050 globally in the Announced Pledges Scenario (APS) and \$255 billion per year from 2022 to 2050 in the Net Zero Emissions scenario, a total of approximately \$11.4 trillion globally and \$7.4 trillion respectively for the period 2022 to 2050.

Achieving the IEA APS (limiting temperature to 1.7 degrees Celsius) requires significant progress on several fronts:<sup>1</sup>

- Improving energy efficiency of power generation, transportation and industrial processes.
- Reducing emissions from fossil fuels or capturing and storing or utilizing those emissions.
- Increasing clean energy electricity, innovation and investment.

## IEA WORLD ENERGY OUTLOOK SCENARIOS – 2050

MMBOED



Source: © OECD/IEA 2022 World Energy Outlook, IEA Publishing. License: www.iea.org  
 Note: EJ converted to MMBOE at 173.727 per EJ.

The APS requires achieving all major national emissions reduction targets made by governments around the world, as well as meeting all country-level targets in full for access to energy/electricity. This includes supporting policies that could reduce the need for coal-fired capacity or even halt new coal investment through cost-effective, low-emissions electricity deployment. Even with these changes and requirements, APS will still require flexibility to use existing infrastructure while new options are being developed to replicate natural gas services. Such flexibility requirements in the power sector may be met with low-carbon hydrogen and hydrogen-based fuels. Oil and gas resources will still be needed in the APS but will be consolidated to include a smaller number of low-cost, responsible producers. Changes in the energy system will take time, as energy infrastructure components have long asset lives and require cross-sector, system-wide changes and retrofits to meet new specifications.

<sup>1</sup> The Sustainable Development Scenario (SDS), a component of previous IEA scenarios, is not featured in the most recent edition of the World Energy Outlook, as temperature outcomes and sustainable development goals in the SDS are similar to those in the APS.

The Net Zero Emissions scenario provides useful hypothetical data to inform the decisions to be made by policymakers, who have the greatest scope to move the world closer to its climate goals. The assumptions used in the scenario are challenging. For example:

- Reducing energy demand by almost 14% from 2021 levels would require reverting energy demand back to 2010 levels, while supporting 3 billion more people with three times the economic activity.
- Increasing the share of renewable electricity supply to the level assumed in 2050 would require annual capacity additions four times the record capacity achieved in 2020. The electricity market in 2050 is assumed to be 150% greater than the market in 2021, the equivalent of adding an electricity market the size of India every year between now and then.
- Of 400 milestones needed to achieve net-zero emissions described in the Net Zero Emissions scenario, 85% are demand-side actions that would require 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 planning across a range of widely varying scenarios and having the financial strength and asset flexibility to adapt to different outcomes.

## Scenario Planning at ConocoPhillips

The scenarios we have developed describe possible pathways leading to a particular outcome. Scenarios are hypothetical constructs and are not predictions or forecasts of what we think is going to happen; they are used to illustrate which 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 emissions 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 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 emissions consistent with the Paris Climate Agreement and developing resilient strategies that reflect the complex and uncertain range of energy futures.

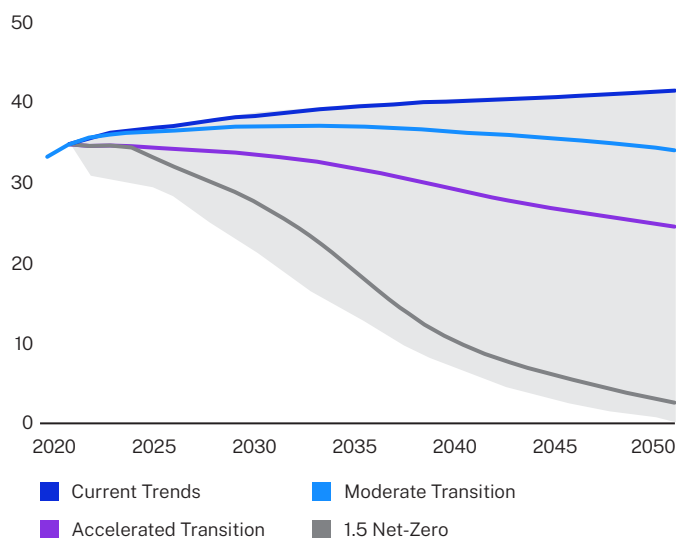
We use four main energy transition scenarios in our global energy model: Pre-Pandemic Trend, Moderate Transition, Accelerated Transition and 1.5 Net-Zero. The four scenarios incorporate a wide range of possible outcomes for energy and carbon emissions.

While these scenarios extend to 2050, well beyond our near-term 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 coal, oil, natural gas, solar, wind and nuclear, as well as their related GHG emissions and pricing policies. Each of these plausible pathways is designed to stretch our thinking about potential rates of new technology adoption, policy development and consumer behavior.

## GLOBAL ENERGY-RELATED CO<sub>2</sub> EMISSIONS

Gigatonnes per year



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 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.

## Scenario Descriptions

The scenarios reflect differing economic activity, technology developments, public policy developments and consumer choices. A common thread across all four scenarios is that GDP becomes less energy intense as the global economy requires less incremental energy-intensive manufacturing and industrial activity relative to service-oriented activity. The outcome for global energy-related CO<sub>2</sub> emissions from our four scenarios is shown in the “Global Energy-Related CO<sub>2</sub> Emissions by Scenario” chart.

### Pre-Pandemic Trend Scenario

This scenario is built on the assumption that trends established from 2010 to 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 CO<sub>2</sub> equivalent (TeCO<sub>2</sub>e) in 2050. It is assumed that non-OECD countries have not implemented carbon pricing by 2050 in this scenario. 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 MMBOD level, driven by solid economic growth and a lack of competitive alternatives. Transportation’s share of total oil demand expands from ~60% today 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 is developed.

The natural gas market expands at a faster rate than oil over the long term. By 2050, natural gas demand is ~75% larger than 2021, reaching just under 700 billion cubic feet per day (BCFD) as growing economies utilize more natural gas.

The volume of natural gas consumed in power demand more than doubles by 2050. The focal point of global demand shifts away from North America and Europe to Asia and the Middle East.

### Moderate Transition Scenario

This scenario assumes moderate advances in national level carbon pricing policies and alternative energy technologies, with incremental shifts in consumer preferences for low-carbon products. Fossil fuels remain at roughly 81% of the primary energy mix in 2050. Carbon taxes go into effect across OECD countries during the mid-2020s and are \$25/teCO<sub>2</sub>e 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 country implements a carbon pricing policy prior to 2050. Global energy-related carbon emissions stabilize by 2050.

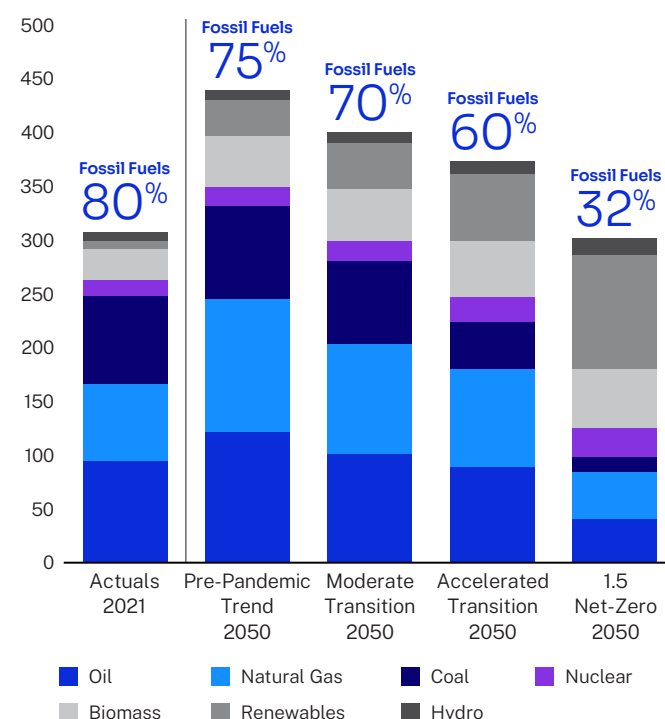
Global oil demand plateaus in the late 2030's at around 110 MMBOD and then declines very slowly. Average internal combustion engine efficiency improves by one-third. Electric vehicle penetration is slow in the early years but accelerates in the 2030s and 2040s, reaching 30% of the passenger auto fleet in 2050 (compared to 1% in 2021). 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.

By 2050, the global gas market expands by 40% from 2021 levels. The primary driver for natural gas demand growth is power generation. Natural gas consumed in power generation increases from 155 BCFD in 2021 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 Pre-Pandemic Trend 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 the way for these technologies to take hold. CCUS grows to 2.1 gigatonnes captured in 2050, while the total hydrogen market expands to 250 million metric tons in 2050.

## CONOCOPHILLIPS GLOBAL ENERGY MODEL SCENARIOS

MMBOD



### 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 ridesharing are accessible and cost effective for more people in more regions.

Consumers shift purchases toward products and services with lower carbon footprints, and society demands more transparent environmental stewardship from businesses they patronize. Governments target aggressive policies toward GHG emissions, fossil fuel production and consumption. Economy-wide carbon pricing goes into effect across OECD countries during the mid-2020s and is \$30 per TeCO<sub>2</sub>e in 2030, rising to \$80 in 2050. Again, China implements an economy-wide carbon pricing policy at 50% of the OECD price. Other non-OECD countries impose a very low \$5 per TeCO<sub>2</sub>e price by 2030.

The global oil market peaks in size by 2028 and remains 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 at an average annual rate of 0.6% into the 2040s, peaking near 450 BCFD in 2045 and slowly declining thereafter. Natural gas remains a prominent fuel in electricity generation but starts to yield market share to wind and solar as energy storage technology allows renewables to contribute a larger share of power generation. North America's gas production increases 15% over today's level, plateauing in about 2040 before declining.

Faster progression toward net-zero targets and higher carbon prices increase capital available to new technologies, with hydrogen and CCUS remaining the frontrunners. Captured carbon increases to 3.4 gigatonnes by 2050, and advances in renewables-powered hydrogen technology expand the hydrogen market to around 300 million metric tons.

### 1.5 Net-Zero Scenario

This scenario assumes technology breakthroughs, rapid global policy coordination to price GHG emissions at a level that materially reduces fossil fuel use and emissions and shifts in consumer preferences towards lower GHG products and services. In this pathway, OECD countries and China implement a transparent economy-wide carbon price<sup>2</sup> mechanism by 2025 which rises from \$50/TeCO<sub>2</sub>e in 2030 to \$190 by 2050. Other non-OECD nations follow

by imposing economy-wide carbon prices of \$10/TeCO<sub>2</sub>e in 2030 rising to \$50 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 impact energy production, delivery and consumption. Technology and efficiencies allow total energy demand in 2050 to be only about 2% below 2021's level with about 70% of energy provided by non-fossil fuels.

Global oil demand peaks in 2023 and declines to 40 MMBOD in 2050. Energy storage improvements lead to EVs achieving parity with internal combustion engine vehicles by the mid-2020s, thus incentivizing 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 of oil.

The natural gas market is much more resilient in this scenario in comparison to oil as natural gas is needed as a lower-carbon fuel for reliable, dispatchable electricity generation. Global natural gas demand peaks in 2030. Natural gas generates only 4% of global electricity in 2050, while wind and solar grow to produce 73% of electricity in 2050. Global gas demand shifts to emerging markets in Asia, the Middle East, Commonwealth of Independent States (CIS) and Africa. Only 26% of global gas demand remains in North America and Europe.

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 time, electrolysis costs fall sharply. Green hydrogen accelerates along with other new technologies, pushing out blue and grey (Steam Methane Reforming) hydrogen production. The hydrogen market grows to around 400 million metric tons in 2050. CCS plays a critical role in emissions reduction, expanding to 7.0 gigatonnes by 2050.

<sup>2</sup> All carbon taxes are in 2022 dollars.



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 ~20 billion barrels of resources with a cost of supply at \$40 per barrel and below held in our portfolio, resources at the average cost of supply can be produced at \$32 per barrel.<sup>3</sup> This compares favorably to the expected commodity prices detailed in our own scenarios as well as external scenarios such as the IEA's Net Zero Emissions scenario.

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.

## 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 2023, we had a resource base of ~20 billion barrels of oil equivalent (BOE) with \$40 per barrel (or lower) cost of supply and an average cost of supply of \$32 per barrel.<sup>3</sup> 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 BOE sustaining price to 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 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, carbon prices or taxes, and to 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 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.
- Task each business unit with developing potential options to achieve our operational net-zero emissions ambition.
- 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](#).

<sup>3</sup> Costs assume a mid-cycle price environment of \$60/BBL WTI.

## 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 reductions and emissions management.
- Physical climate-related impacts.
- Climate-related disclosure and reporting.

The time horizons we use for climate-related issues are based on the time we expect it will take for the risks to manifest, 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 such as CCS and subsurface technology to reduce emissions for existing and new facilities. Good examples of technology developments that decrease GHG emissions 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%, the deployment of wellbore technology such as flow control devices and multilateral wells which improve steam-to-oil ratios by 10-20%, 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 both operational emissions reduction opportunities as well as technical modification opportunities and evaluate project economics that include the Norwegian carbon fee and European Union CO<sub>2</sub> emissions costs (EU ETS).

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, we believe the U.S. would maintain the energy advantage it currently has while at the same time 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. To supplement our work on carbon price advocacy, we also advocate for effective and efficient regulations and legislation to advance economic incentives and reduce GHG emissions through regulatory approaches.

Another policy area we monitor is related to border carbon adjustments (BCAs). For example, the EU Carbon Border Adjustment Mechanism (CBAM) seeks to put a price on carbon for carbon-intensive traded goods. The transition phase for the CBAM will begin in October 2023, during which importers will begin reporting emissions data to the EU. While oil and gas production is currently outside the

scope of CBAM, a review of industries to consider including in the future is due at the end of the transition phase in 2025. We continue to monitor the applicability of CBAM and other border carbon adjustment proposals to our oil and gas operations. We are engaged in discussions around additional policy options, such as a standalone World Trade Organization-compliant Border Carbon Adjustment (BCA) mechanism. We will continue working with the CLC and our trade associations to identify opportunities to support and shape policies in alignment with our carbon pricing principles.

## 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 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.

Climate-related physical changes are a medium-term risk for some of our operations. In Alaska, mitigation measures include pre-packing snow to accelerate the start of the ice road season and engineering and maintaining gravel roads and pads to be protective of underlying permafrost.

Another medium-term risk is access to capital markets. Increasing attention to global climate change has resulted in pressure from and on stockholders, financial institutions and other market participants to modify their relationships with oil and gas companies and to limit or discontinue investments, insurance and funding to such companies. For example, a significant number of financial institutions are now members of the Glasgow Financial Alliance for Net-Zero (GFANZ), thereby voluntarily pledging to achieve net-zero emissions by 2050 on Scope 1, 2 and 3 emissions, as well as setting interim targets for 2030 or earlier.

While GFANZ members are not prohibited from having relationships with oil and gas companies, the nature of their target commitments may imply that greater restrictions will be placed on GFANZ members in the future. Conversely, we also face pressure from some in the investment community and certain public interest groups to limit the focus on ESG in our decision-making. If public pressure continues to mount, our access to capital on terms we find favorable may be limited, and our costs may increase. Additionally, our reputation could be damaged, and our business and results of operations may be otherwise adversely affected.

## 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 and/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.

[Read more](#) about our Risk Register and Climate Change Action Plan.

## Risk Response

Our Climate Change Action Plan described on the following page, addresses the significant/ high risks from our SD Risk Register and includes milestones over several 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.”

## Addressing Climate-Related Risks and Opportunities

Climate-related risks and opportunities that have the potential to impact our company are addressed through business and operational planning, strategic planning and financial planning. 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](#)).

### Business Planning

Climate-related risks and opportunities may affect our business planning through impacts to demand for our product, product costs, supply chain, daily operating and mitigation activities, project design and emissions reduction projects, among others.

### 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. More information about these opportunities is included in the Liquefied Natural Gas and Low Carbon Opportunities sections.

### Supply Chain and/or Value Chain

We *engage with suppliers* on the environmental and social aspects of their operations throughout the procurement process. 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 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.

We also recognize the importance of Scope 3 emissions generated by our suppliers in the upstream value chain. Therefore, we have ongoing engagements with major suppliers for alignment of their GHG emissions goals with our plans for the energy transition, and we have incorporated an assessment of their emissions into targeted supplier evaluations. We utilize a sustainability questionnaire in key bids that includes questions on supplier GHG emissions and their own Scope 1 and 2 emissions reduction targets.

## CLIMATE CHANGE ACTION PLAN

RISKS	2022 MITIGATION ACTIONS AND MILESTONES
<b>GHG Policy</b>	
<b>Climate change policy, including carbon taxes</b>	<ul style="list-style-type: none"> <li>Review global emerging issues with Sustainability and Public Policy Executive Council on a regular basis.</li> <li>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/Americans for Carbon Dividends as well as the Carbon Pricing Leadership Coalition.</li> <li>Directly engage governments on evolving climate policy and monitor policy developments.</li> <li>Engage in industry working groups to provide input to federal consultation on border carbon adjustment policies.</li> <li>Use carbon price in base case Long-Range Planning and forecasting; elevate GHG forecasting guidelines to a company practice.</li> <li>Support effective incentives for emissions reductions, including tax and production credits and protocols for use of carbon credits and offsets.</li> </ul>
<b>Low carbon technologies activities</b>	<ul style="list-style-type: none"> <li>Implement global corporate position and strategy on carbon offsets purchases.</li> <li>Assess opportunities to reduce Scope 2 emissions with low carbon technologies and electricity grid connection opportunities.</li> <li>Explore novel technology and investments through Low Carbon Technologies organization.</li> <li>Explore implementing CCS technology in project design.</li> <li>Consider partnering with future renewable energy project developers to power our operations where operationally and economically feasible and monitor new opportunities.</li> </ul>
<b>Emissions and Emissions Management</b>	
<b>GHG emissions regulations</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Explore new technology solutions and facility improvements to meet methane and flaring reduction targets.</li> <li>Continue regulatory advocacy efforts around methane and flaring.</li> <li>Work with industry trade groups and task forces to respond to proposed GHG regulations.</li> </ul>
<b>GHG emissions reductions</b>	<ul style="list-style-type: none"> <li>Design and develop new facilities with lower emission footprints. Focus on operational efficiency globally to reduce GHG intensity.</li> <li>Execute U.S. flare reduction plans including revising commercial agreements to incorporate flare reduction incentives. Consider developing additional flaring reduction targets.</li> <li>Continue implementation of corporate Climate Risk Strategy including energy transition plan with updated targets. Continue integration of BU Climate Risk Strategy and development.</li> <li>Improve GHG data collection efforts and advance MACC emissions reduction projects, plans and low-carbon ideas. Continue to assess transformational technology pilots.</li> <li>Continue to grow emissions monitoring program. Advance methane mitigation measures through leak detection surveys, source testing and tank monitoring.</li> </ul>
<b>Physical Climate-Related Impacts</b>	
<b>Acute and chronic physical risks</b>	<p><b>Assessment</b></p> <ul style="list-style-type: none"> <li>Continue to include physical climate risk in SD risk management process.</li> <li>Develop global physical risk assessment guidelines for business units and continue with ongoing review cycle.</li> <li>Initiate asset-specific climate risk assessments.</li> </ul> <p><b>Fresh water constraints</b></p> <ul style="list-style-type: none"> <li>Increase application of mitigation measures (fresh water use minimization) in project design phase and adjust project execution timing based on water availability.</li> <li>Investigate alternative sources for water (e.g. pipelines, desalination, etc.).</li> <li>Monitor stream flow and use forecast exercises to identify potential water availability concerns in upcoming development.</li> <li>Alter well completion schedule as required or needed.</li> </ul> <p><b>Permafrost thaw</b></p> <ul style="list-style-type: none"> <li>Continue assessment of risk of permafrost thaw for construction of new infrastructure and implementation of mitigation measures. Use remote sensing to detect landscape change patterns.</li> <li>Investigate effective approaches for monitoring permafrost thaw and thaw degree days.</li> <li>Continually review and update engineering and design specifications, including equipment and site maintenance.</li> </ul> <p><b>Wildfire</b></p> <ul style="list-style-type: none"> <li>Participate in desktop regional wildfire annual risk assessment and mitigation planning efforts.</li> <li>Execute emergency response plan exercises, drills and training for wildfire threats.</li> <li>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.</li> <li>Implement and execute safety barriers and controls to enable facility and personnel protection in the case of fire and advance warning of potential wildfire threats.</li> </ul>

We plan to make additional inroads in reducing Scope 3 emissions from those sources that we may be able to influence within our supply chain through continued supplier engagement as part of our Scope 3 Supplier Emissions Strategy.<sup>4</sup> In 2022, we developed a plan for implementation in 2023 to ensure that key elements of our supply chain are evaluated for climate risk, including:

- Identifying suppliers with high relative impact on Scope 3 upstream supplier emissions.
- Promoting alignment of suppliers' GHG targets with our net-zero ambition.
- Building a governance framework for supplier sustainability to include Scope 3 supplier emissions.
- Updating our Supplier Expectations to highlight climate, biodiversity, responsible use of natural resources and human rights. We will revise and implement this documentation through a structured plan to systematically engage with suppliers on sustainability issues throughout the year.
- Collaborating with suppliers in conjunction with industry partners like API and Ipeca to align on disclosure frameworks and systems for collecting and reporting supplier emissions.

We plan to provide guidance to key internal stakeholders on how and when to include emissions impact in supplier bids. During regular engagements between our executive team and those of our major suppliers, we intend to include a standing climate agenda item to discuss GHG targets, performance, opportunities and actions to be taken.

Finally, we continue to highlight climate and sustainability expectations for suppliers through our annual Supplier Sustainability Forum. In November 2022, we hosted our 10th annual Supplier Sustainability Forum which brought together over 150 participants, including suppliers from more than 40 companies and ConocoPhillips representatives from across the globe. The agenda was designed to share information for sustainability best practices that are transferable throughout our diverse supply chains. A key panel discussion was "Changing Landscapes and Net-Zero Alignment" with ConocoPhillips leaders from our Lower 48 organization, the Low Carbon Technologies team, the

Supply Chain team and industry association representatives from the National Association of Manufacturers and the Energy Workforce & Technology Council. They discussed meaningful measures to show alignment in a world aiming for net-zero, opportunities and challenges on the road to net-zero, and the importance of integrating risk management into supply chain, business planning and decision making.

## Operations

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 result in approximately 660 MBOE of 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.

## Adaptation and Mitigation

Business-resiliency planning is a process that helps us prepare to mitigate potential physical risks of a changing climate in a cost-effective manner.

### Canada

For example, in 2021, British Columbia, Canada experienced one of its worst fire seasons on record. The Montney development team has made 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 and completed a Fire Smart hazard assessment where we are working on an integrated land management plan with a local forest company to strategically reduce forest fuel loading in areas of future infrastructure development. We have

<sup>4</sup> Upstream Scope 3 emissions covered under the strategy include Category 1, purchased goods and services and Category 2, capital goods.

also developed an in-house automated active wildfire early warning system around both assets to identify risks and keep people and infrastructure safe.

In addition to mitigating fire risk, the Canada BU has 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. We have also implemented recommendations from an industry study on bioengineering techniques, such as live willow silt fences to mitigate erosion and sedimentation issues during intense rainfall events. This proactive surface water management is critical in preventing on-site erosion from damaging critical infrastructure. In the Montney region, in the fall we monitor streamflow at the Halfway River, which acts as a signal for potential upcoming low-flow conditions in winter so appropriate mitigation measures can be enacted. Seasonal learnings like this inform streamflow prediction exercises and future development. We have also proactively assessed infrastructure design risks to account for a potential increase in high-frequency, short-duration storm events and are piloting the same bioengineering sediment control techniques as Surmont.

### Australia

In 2021, our Australia BU 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.

### Alaska

Climate change is also considered during new project design. In 2020 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

updated the specification based on permafrost temperature trends and geothermal modeling predictions from 2020 through 2070. Use of the Foundational Design Specification continues to date and will be revised as needed in the future. Additionally, permafrost thermistors will be installed in the Willow project area. Data will be used to evaluate permafrost temperatures near the surface, and data will be incorporated into engineering models and construction best practices.

We have also 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 GHG reductions in our production operations in connection with project design, exploration and portfolio decisions. To date, this has resulted in a reduction of both our emissions intensity and our absolute emissions. Approximately half of our GHG reduction projects carried out since 2008 relate to the reduced emissions of methane from reducing venting, updating plunger lifts or replacing pneumatic controllers. Most of these projects have paid for themselves through increased sales of natural gas. Following the success of our overall GHG intensity target, in 2022 we set a near-zero methane intensity target to further drive methane emissions reductions.

To continue reducing emissions, 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 [Operational Net-Zero Roadmap](#).

## Strategic Planning

A robust and flexible corporate strategy is key to addressing climate-related risks and navigating the energy transition. Some key climate-related components of an exploration and production company’s strategy are portfolio management, including portfolio resilience and diversification, focus on low cost of supply and capital allocation, carbon pricing, and investment in new technology through research and development.

### Acquisitions and Divestments

Business development decisions consider possible financial, operational and sustainability impacts to our portfolio. 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 higher emissions intensity gas fields.

### Resilient Portfolio

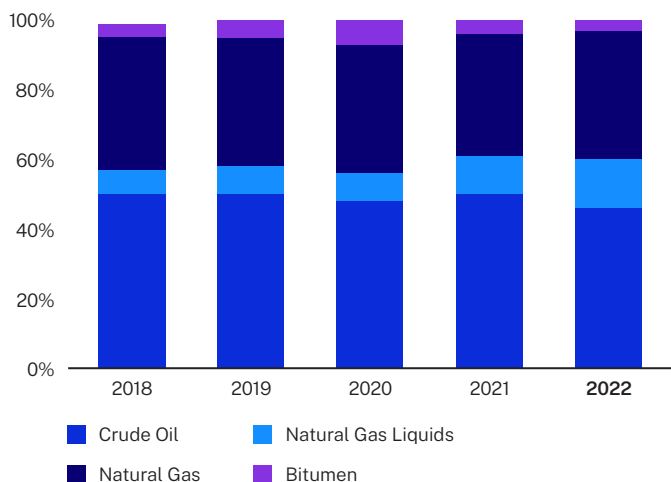
Our ability to address climate-related risks and meet transition pathway demand will depend on our ability to deliver competitive returns on and of capital. We work to

continually improve the underlying cost of supply of our portfolio, with a commitment to return more than 30% of cash from operations to stockholders through the cycles. Our sector-leading approach focuses on the cost of supply of our portfolio, committing to balance sheet strength and moderating growth by holding to disciplined reinvestment rates.

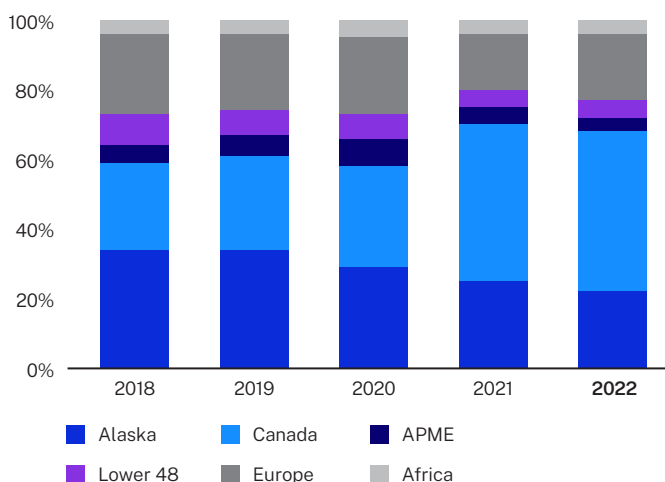
We have communicated to stakeholders a 10-year strategic plan intended to generate double-digit returns on capital employed that are competitive with the top quartile of the S&P 500. We returned \$15 billion of capital for 2022, which represented over 50% of our cash from operations, well in excess of our greater than 30% annual commitment.

Oil and natural gas are projected to remain essential parts of the energy supply mix in coming decades across a broad range of transition scenarios. ConocoPhillips intends to maintain its key market role through competitive returns that are resilient to transition-related risks. We focus on remaining resilient and competitive in any scenario by providing low-cost, low-GHG intensity barrels by asset type with continuously improving sustainability performance.

**PERCENT OF PROVED RESERVES BY HYDROCARBON TYPE**



**PERCENT OF PROVED RESERVES BY REGION**





## Portfolio Diversification

The mix and location of the resources in our portfolio provide flexibility and adaptability 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.

One example of portfolio diversification is the significant expansion of our LNG portfolio in recent years through our increased interest in APLNG and participation in joint ventures with QatarEnergy, as described in the Liquefied Natural Gas section. These projects have a low cost of supply and low GHG emissions intensity on a life cycle basis and align with our view that LNG is expected to play an increasingly important role in helping meet energy transition pathway demand, with its lower GHG intensity compared to burning coal for power generation.

ConocoPhillips has long been a participant in the LNG business, utilizing our commercial capabilities to develop and supply markets. We believe that U.S. LNG is well placed to provide lower emissions intensity, reliable energy to European and Asian markets. Our U.S. Gulf LNG partnerships also allow for optionality for future offtake from expansion trains and access to excess cargos from equity investments. Find more details about these projects in the Liquefied Natural Gas section.

## Cost of Supply and Capital Allocation

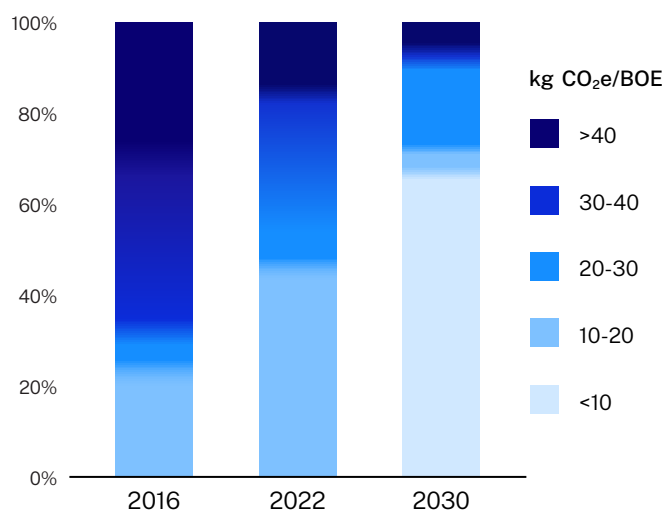
Cost of supply is the West Texas Intermediate (WTI) equivalent price that generates 10% after-tax return on a point-forward and fully burdened basis. In our definition, cost of supply is fully burdened with capital infrastructure, foreign exchange, price-related inflation, G&A and carbon tax (if currently assessed). If no carbon tax exists for the asset, carbon pricing aligned with internal energy scenarios is 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%. Providing low cost of supply also addresses a key component of a just transition — reliable and affordable energy supply.

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 Net Zero Emissions Scenario. In 2023, we have a resource base of ~20 billion barrels of oil equivalent with \$40 per barrel (or lower) cost of supply and an average cost of supply of \$32 per barrel.

To assist our capital allocation decisions, we test our current portfolio of assets and investment opportunities against future possibilities and identify strengths and weaknesses that may exist. As a result of our strategy and scenario work, we have focused capital on resources with low cost of supply, exiting deep water and high emissions intensity gas fields while increasing our investments in unconventional oil projects.

## GHG EMISSIONS INTENSITY OF GROSS OPERATED PRODUCTION<sup>1</sup>



<sup>1</sup> Chart shows gross operated production as a percentage of the company portfolio arranged by GHG intensity. 2030 data is estimated from forecasts current as of August 2022 and subject to change.

In recent years we have dramatically high-graded our portfolio and applied stringent capital allocation criteria that direct investments to resources that will best match transition demand. We are equally focused on developing assets that have a low cost of supply and low GHG intensity, as these are most likely to compete in any future energy transition pathway with each asset type contributing to its unique market (e.g., unconventionals, LNG, oil sands). Based on our current forecasts, our GHG intensity will improve over time and assets with less than 10 kg CO<sub>2</sub>e/BOE are projected to represent a larger portion of our portfolio by 2030.

### OIL PRICES BY IEA SCENARIO<sup>1</sup>

\$/BBL

	STATED POLICIES <sup>2</sup>	ANNOUNCED PLEDGES <sup>3</sup>	NET ZERO EMISSIONS <sup>4</sup>
<b>Temperature Outcome</b>	2.5°C	1.7°C	1.5°C
<b>USD<sup>5</sup> 2022 Real Terms in 2022</b>	72	72	72
<b>USD 2022 Real Terms in 2030</b>	86	67	37
<b>USD 2022 Real Terms in 2050</b>	99	63	25

<sup>1</sup> 2021 IEA prices inflated to 2022 dollars to enable direct comparison with Cost of Supply figures.

<sup>2</sup> Stated Policies Scenario: No new policies.

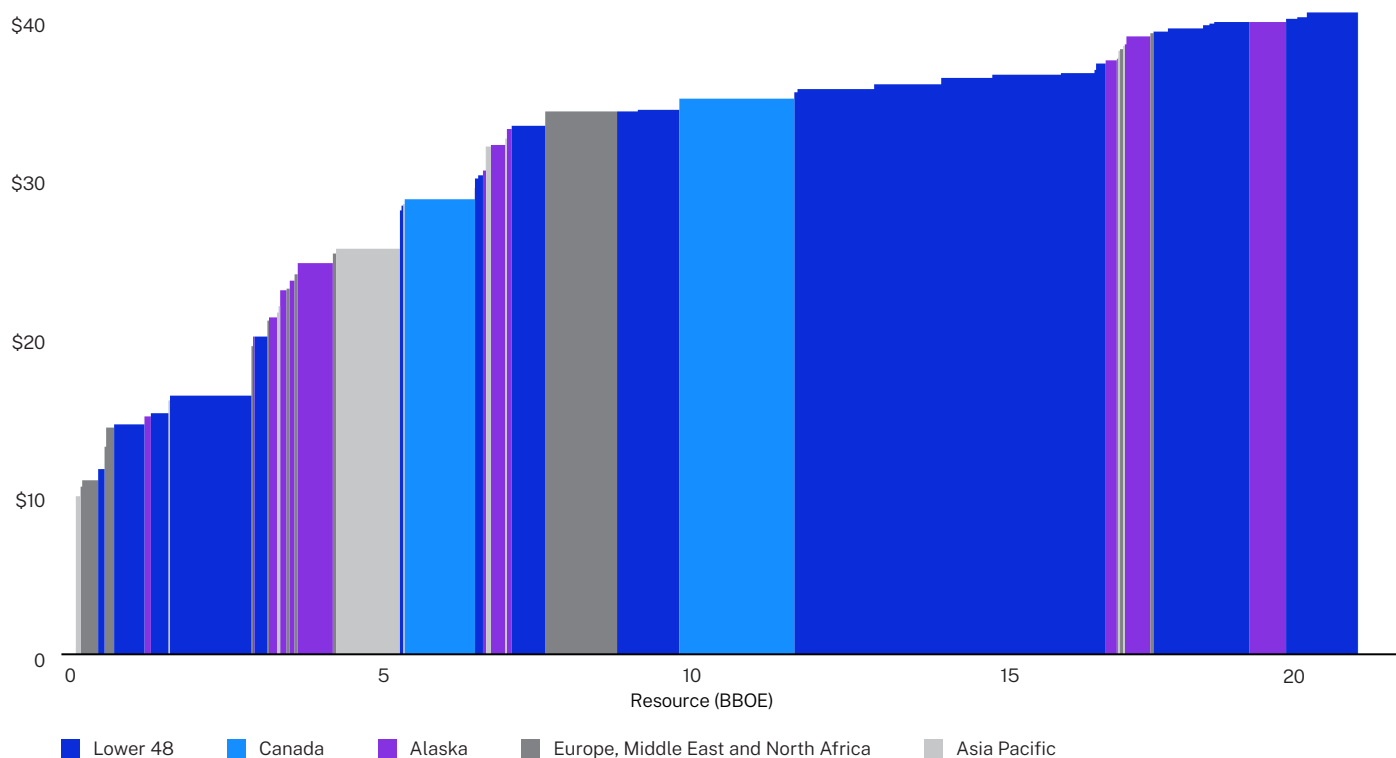
<sup>3</sup> Announced Pledges Scenario: Net-Zero pledges.

<sup>4</sup> Net Zero Emissions by 2050 Scenario.

<sup>5</sup> U.S. Dollars (USD)

### WTI COST OF SUPPLY

\$/BBL



## 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 one of only a few oil and natural gas companies 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 Net Zero Emissions 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.

## Carbon Price

We use assumptions of GHG pricing to navigate GHG regulations, drive culture shift, encourage energy efficiency and low-carbon investment, and stress test investments. In 2022, the company used a range of estimated future costs of GHG emissions for internal planning purposes, including an estimate of \$60 per tonne CO<sub>2</sub>e as a sensitivity to evaluate certain future projects and opportunities. We have further developed the methodology by which qualifying projects will include assumed or actual 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,

## COST OF COMPLIANCE WITH CARBON LEGISLATION

CLIMATE LEGISLATION	2022 COST OF COMPLIANCE, NET SHARE BEFORE TAX (\$USD APPROX)	OPERATIONS SUBJECT TO LEGISLATION	PERCENT OF 2022 PRODUCTION <sup>1</sup>
European Emissions Trading Scheme (EUETS)	\$22 million	Norway	7
U.K. Emissions Trading Scheme (U.K. ETS)	\$0.6 million	U.K.	0
Norwegian Carbon Fee	\$36 million	Norway	7
Alberta Technology Innovation and Emissions Reduction (TIER)	No costs incurred	Canada	4
British Columbia and Alberta Carbon Tax	\$6 million	Canada	5

<sup>1</sup> 2022 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.

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 CO<sub>2</sub>e 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 addition to the use of carbon pricing in planning and project economics, we use it in impairment testing, cost of supply calculations, and reserve calculations.

- **Impairment testing:** BU Long-Range Plan submissions are the basis for the assumptions used in our impairment testing model for both operated and non-operated assets aligned with the higher of existing regulations or the carbon pricing assumptions used in the current energy scenario.
- **Cost of supply:** On appraised resource volumes in our cost of supply model and Long-Range Plan, we assume the higher of the carbon prices from existing regulations or those implied by the current scenario where applicable.
- **Reserve calculations:** 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. In jurisdictions where GHG regulations exist we base carbon prices on market actuals. In cases where existing carbon prices are not based on the market but are pre-set by a regulatory body, we use the pre-published prices (e.g. Alberta).

### Research and Development

Technology will play a major role in addressing GHG emissions, whether through reducing emissions or lowering the energy intensity of our operations or value chain. As discussed in our External Collaboration and Engagement and Public Policy sections, we participate in a number of research and industry initiatives, two of which are the

Natural Gas Initiative and Oil Sands Pathways to Net-Zero Alliance. The Natural Gas Initiative is a program led by Stanford University researchers with participation from industry, government, inter-governmental organizations and foundations. The initiative aims to increase public access to information about the accuracy of methane detection and quantification technologies.

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, with the help of CCS. ConocoPhillips is partnering with governments and the founding members of the Alliance to accelerate emissions reduction efforts.

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 project's breakeven cost. 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 five years we have spent more than \$550 million on research and development, equipment, products and services which have reduced our GHG emissions. [Read more](#) about MACC.

## Financial Planning

We take climate-related issues into account in our financial planning in several ways. We focus 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. We have aligned a description of the potential impacts on financial planning with the recommendations of the TCFD and included additional descriptions of strategic measures we take to mitigate impacts.

### Commodity Prices

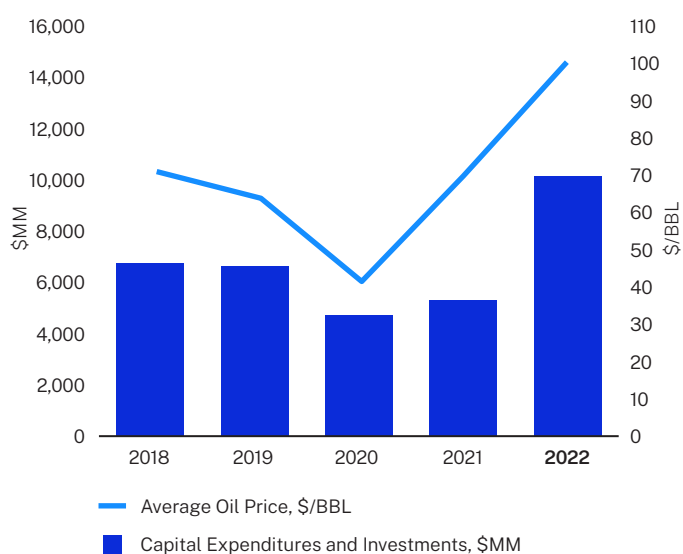
In the short-to-medium term, we use a range of commodity prices derived from our scenario work. In the longer term our scenarios provide insight into the possibilities for future supply, demand and price of key commodities. This helps us understand a range of risk around commodity prices, and the potential 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.

## Capital Expenditures and Operating Costs

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:

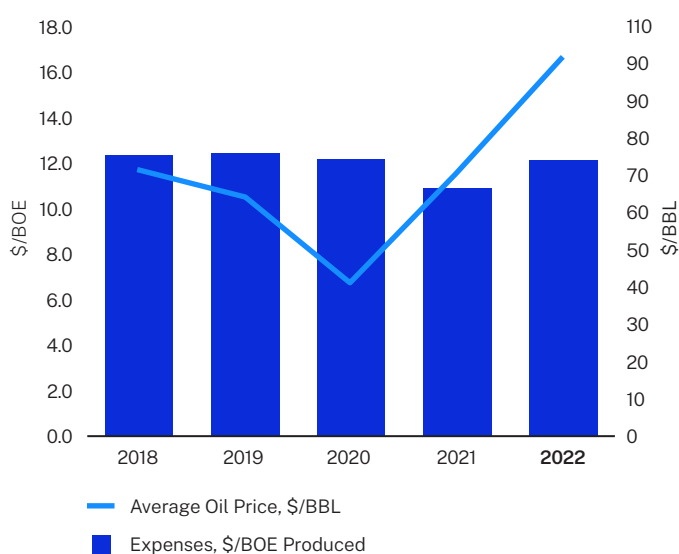
- Extent and timing of policy.
- Implementation details such as cap-and-trade or an emissions tax or fee system.
- Supply- and demand-side renewable fuels or energy efficiency mandates.
- GHG reductions required.
- Level of carbon price.
- Price, availability and allowability of offsets.
- Amount and 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.

### CAPITAL EXPENDITURES



Data include acquisition and other capital. 2022 Capital of \$10.2B includes base capital of \$8.1B and \$2.1B of acquisition and other capital.

### EXPENSES



Data include acquisition and other capital. 2022 Capital of \$10.2B includes base capital of \$8.1B and \$2.1B of acquisition and other capital.

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 transition scenarios.

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.

### Reputation and Access to Capital

In addition to considering cost of supply, portfolio resilience and cost of 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.

### Financial Position

Material information related to our financial position, including material climate-related matters, is disclosed in our most recently filed [periodic report on Form 10-K](#) and subsequent filings on Form 10-Q. Discussion of material climate-related factors includes, but is not limited to, disclosures under the heading “Risk Factors” and within the section “Contingencies – Company Response to Climate-Related Risks.”

## Contributing to the Energy Transition

ConocoPhillips is also focused on participating in and contributing to an orderly energy transition and creating business value through differentiated products, business adjacencies, low-carbon opportunities and mitigation measures. Below we describe our efforts to develop our liquefied natural gas portfolio and low-carbon opportunities like CCS and hydrogen.

### Liquefied Natural Gas (LNG)

ConocoPhillips has a 60-year history of leadership in LNG and LNG technology. While LNG is still considered part of our traditional oil and gas business, its prominence is increasing in global energy markets. We view LNG as an important component of responsibly meeting energy transition demand in the coming decades.

The use of natural gas in place of coal and refined products represents a specific opportunity for significant reductions in end-use GHG emissions across the globe and it is a key contribution to the energy transition. We expect LNG to play an increasingly important role in the global energy mix, as it has lower GHG emissions than traditional hydrocarbon resources like coal used for electricity generation. ConocoPhillips will leverage its existing strengths in natural gas marketing and trading in support of its growing global LNG portfolio to meet transition demand and energy security needs.

In 2022, we grew our LNG portfolio in several key areas. In February 2022, we completed the purchase of an additional 10% shareholding interest in APLNG from Origin Energy,

expanding our total equity share to 47.5%. This additional stake demonstrates our commitment to provide a reliable and efficient supply of natural gas to the growing Asia Pacific market and to Australia's east coast gas market. In early 2023, we entered into an agreement to purchase up to an additional 2.49% shareholding interest for a total interest of up to 49.99%.<sup>5</sup>

In July 2022, we invested in a new large-scale LNG facility under development by Sempra Infrastructure, a subsidiary of Sempra Energy, in Jefferson County, Texas. We entered into an agreement to acquire a 30% direct equity holding in Port Arthur Liquefaction Holdings, LLC, as well as 5 MTPA LNG offtake from the Port Arthur LNG project. The first phase of the project is expected to include two liquefaction trains, LNG storage tanks and associated facilities. Our position as one of the largest natural gas marketers in North America enables us to provide feedstock supply. Entering this agreement with Sempra provides us with a ground-floor opportunity to participate in a premier LNG development, reinforcing our commitment to help solve the world's energy supply needs and seeking to strengthen U.S. and global energy security as we transition to a lower carbon future. Further, equity ownership in the Port Arthur LNG project provides options for ConocoPhillips to participate in future expansions and lower carbon activities, including CCS, in line with our own strategic initiatives as we continue to monitor the energy transition pathway. The project reached final investment decision in early 2023, and we finalized our equity investment in the project.

In the second half of 2022, ConocoPhillips signed agreements forming two new joint ventures with QatarEnergy that will participate in the North Field East

(NFE) and the North Field South (NFS) LNG projects. As of December 2022, following the satisfaction of the conditions precedent, we have a 25% shareholding interest in Qatar Liquefied Gas Company Limited (8) (QG8), which has a 12.5% interest in the NFE project. In early 2023, subject to regulatory approvals, we expect to complete the acquisition of a 25% interest in Qatar Liquefied Gas Company Limited (12) (QG12), which has a 25% interest in the NFS project. In November 2022, ConocoPhillips and QatarEnergy announced an agreement to responsibly and reliably supply secure, long-term LNG to Germany. First delivery from NFE is expected in 2026 to the recently announced German LNG Terminal at Brunsbüttel.

In addition to these specific projects, we are one of the largest natural gas producers and marketers in North America, and we have licensed our liquefaction Optimized Cascade® Process in 27 trains around the world. This liquefaction process simplifies modularization and reduces liquefaction equipment counts, resulting in a smaller facility footprint and lower GHG emissions.

In 2022, we supplied Asian markets with approximately 0.36 trillion cubic feet (or nearly 1 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 2022 had been used to replace coal for electricity generation, GHG emissions would have been reduced by approximately 22 million metric tonnes, almost 1.5 times more than the company's combined Scope 1 and Scope 2 emissions for the year, based on EPA GHG emissions factors.

<sup>5</sup> Subject to regulatory approvals and customary closing conditions.

## Low Carbon Opportunities

In early 2021, we established a multi-disciplinary Low Carbon Technologies organization. The organization’s remit is to support our net-zero ambition on Scope 1 and 2 emissions, understand the low-carbon energy landscape and prioritize opportunities for future competitive investment. We are approaching this effort with the same discipline we follow in our traditional business investment and capital allocation process. This includes keeping costs low, leveraging competencies, identifying viable economic opportunities and anticipating and managing risk while focusing on projects with competitive returns potential.

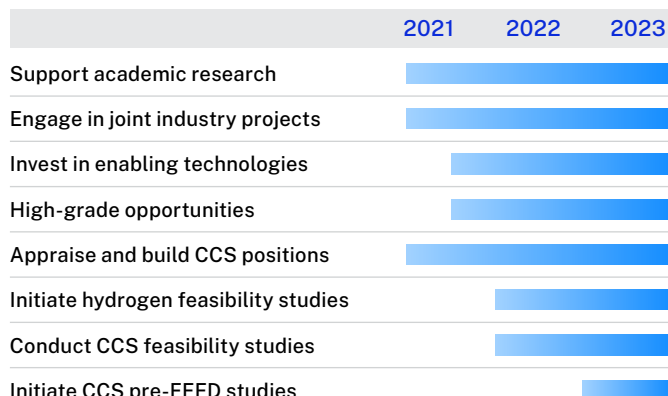
**We are working with organizations in R&D and academia and industry collaborations focused on CCS, renewables, energy efficiency, electrification and hydrogen generation, deployment and transportation to advance low carbon opportunities around the globe.**



We recognize the important role that carbon capture and storage (CCS) and hydrogen could play in decarbonizing the global economy. We intend to apply our disciplined 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. Since 2021, we have advanced our positions in both technologies, including offering support to drive innovation, described in more detail in the following sections.

## LOW CARBON OPPORTUNITIES<sup>1</sup>

The company has advanced its low carbon positions through a variety of research and development activities.



<sup>1</sup> Shading indicates increasing planned intensity and maturity of our actions over time. 2023 activities are planned.

## Carbon Capture and Storage

Carbon capture and storage involves capturing CO<sub>2</sub> from concentrated sources — such as power plants or industrial sources — preprocessing, compressing, transporting and injecting the CO<sub>2</sub> into geologic formations underground and monitoring the storage site. This process helps reduce the amount of CO<sub>2</sub> released into the atmosphere.

ConocoPhillips is leveraging our unique land position, technical expertise, project development skills and safety commitment to evaluate future cost-effective and permanent carbon storage services. 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, appraisal planning and land acquisition.

CCS hubs should enable access to a diverse source of industrial customers, reducing both the reliance on a single source of CO<sub>2</sub> supply and the risk of asset stranding. We are evaluating an opportunity to participate in the creation of a CCS hub for industrial sites along the U.S. Gulf Coast. This hub could offer cost advantages and risk mitigations and can be modified to meet increasing demand. The Gulf Coast’s large, concentrated industrial emissions sources, coupled with significant subsurface storage capacity in Texas and Louisiana, could make it an ideal location for a hub structure.



Long-term off-take agreements would need to be signed with industrial emitters who are looking to address their emissions to meet long-term GHG reduction targets, current carbon credits and future possible credits or taxes.

As part of this work, we identified a 25,000-acre portion of our more than 600,000-acre position in southeast Louisiana as a potential hub for CCS services. The area may be well-suited to serve industrial sites located along the Mississippi River corridor. Additionally, ConocoPhillips is in negotiations with landowners along the Texas and Louisiana Gulf Coast for additional rights to sequester CO<sub>2</sub>. The team is also negotiating with large industrial customers near the proposed land positions to provide baseload CO<sub>2</sub> streams to each of the hubs.

ConocoPhillips will continue to evaluate development of low-carbon projects, including a CCS project as part of the previously described LNG work with Sempra Infrastructure.

At ConocoPhillips (U.K.) Teesside Operator Limited, we are collaborating with industry partners and the government to study ongoing joint regional environmental initiatives, including evaluating the ConocoPhillips-operated Teesside Oil Terminal as a site for industrial carbon capture. An engineering study was completed in early 2023, and we remain open to any future opportunities regarding expansion of carbon capture and storage clusters in the area.

Finally, we are a member of the Pathways Alliance, a group of Canada's largest oil sands producers working together to address climate change by achieving net-zero operational emissions by 2050. One of the key pathways to achieving net-zero operational emissions is through the proposed foundational project, which includes a carbon capture and storage network to transport captured CO<sub>2</sub> from oil sands facilities and sequester it deep underground at a storage hub.

## Hydrogen

ConocoPhillips is also evaluating technologies that will enable the cost-effective production of hydrogen. We have identified two types of hydrogen manufacturing for bulk fuel supplies in both hydrogen and ammonia form that have technical and commercial adjacencies with the company's core competencies and the potential to grow into a scalable

business — hydrogen from natural gas with associated CCS ("blue hydrogen") and hydrogen from the electrolysis of water using electricity from renewables ("green hydrogen").

We are evaluating optimum locations for low-cost hydrogen manufacturing as well as the best means to deliver it to market. Success factors for blue hydrogen are a reliable supply of low-cost natural gas and proximity to subsurface sites suitable for CCS. For green hydrogen, the success factors are low-cost supplies of renewable electricity, water and large-scale electrolysis.

Technologies for manufacturing both blue and green hydrogen are rapidly evolving, and, as with CCS, we are pursuing various ways to access these technologies and qualify them for use. Over the last year, we have made early investments in enabling hydrogen technologies. Leveraging our global reach and our technical expertise, we are evaluating and high-grading hydrogen production and marketing opportunities, including ammonia as a hydrogen carrier, both domestically and globally.

In early 2022, we made an investment to support the development of a novel turquoise hydrogen production technology from Ekona Power Inc., a Vancouver-based hydrogen technology venture. Ekona's new methane pyrolysis technology platform is expected to produce low-cost hydrogen from methane. The technology converts existing methane streams into hydrogen and solid carbon to reduce CO<sub>2</sub> emissions when applied. This investment represents an opportunity to leverage our existing infrastructure and create optionality at the front end of new technologies that will be important to the future of energy.

In September 2022, Japanese energy company JERA announced a collaboration with ConocoPhillips to evaluate the development of green and blue ammonia from the U.S. Gulf Coast. We are working to facilitate the development of low-carbon ammonia production to accelerate the availability and supply of low-carbon fuels from the U.S. for use in the U.S., Europe, Japan and greater Asia. A project engineering study is underway to evaluate this landmark opportunity.

# Risk Management

We utilize an integrated management system approach to identify, assess, characterize and manage climate-related risks. This system links directly to the enterprise risk management (ERM) process, which includes an annual risk review by the Executive Leadership Team 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](#). 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.

We periodically review emerging climate-related risks with our Executive Leadership Team as part of our scenario monitoring system, managed by our Chief Economist’s Office. 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 evaluate appropriate pathways. In our resiliency workshops, we use externally produced scenarios that describe the range of possible future physical risk.

### SD Risk Management Standard 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 greenhouse gas (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 aligned with our Capital Projects Management System stage gate approval process 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 CO<sub>2</sub> equivalent (TeCO<sub>2e</sub>) 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 relying solely on 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) and Social Issues Due Diligence Standard also provides further guidance on accounting for sustainable development issues for new acquisitions, new business ventures, joint ventures and 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 CO<sub>2e</sub> 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.

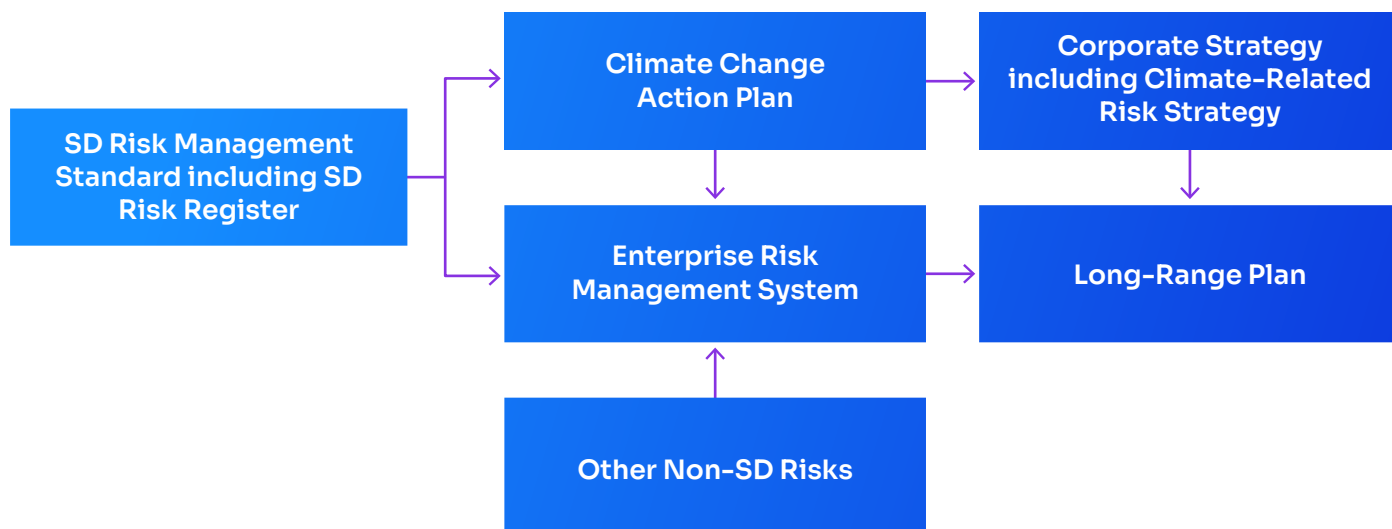
The diagram below shows a simplified process flow of our climate-related risk management process.

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, emissions reduction technologies, 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 risk into our corporate strategy and Long-Range Plan results in outcomes and activities such as:

- Reducing the sustaining price of the company – the equivalent WTI price at which cash provided by operating activities covers capital expenditures that sustain our production at current levels and the ordinary dividend.
- Lowering the cost of supply to manage market risk and improve returns.
- Maintaining a diversified portfolio of projects and opportunities to mitigate geographical and geological risks.
- 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 LNG, CCS and hydrogen.
- Monitoring alternative energy technologies.



## Integrating Climate-Related Risks into ERM

Climate-related risks from the corporate SD Risk Register are mapped to key categories in the enterprise risk management process (ERM).

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 \(SEC\)](#).

## 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, we evaluate the Action Plan and its effectiveness and make decisions 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.

[Read more](#) about our SD Risk Register and Climate Change Action Plan.

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	Prioritizes and funds GHG emissions reduction projects across our business units 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 greenhouse gas (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:

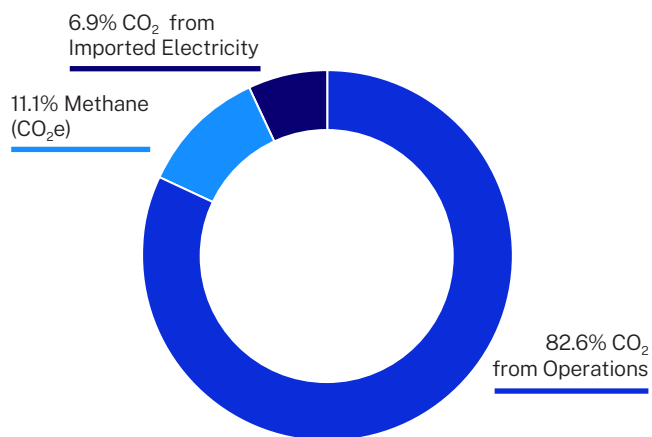
- GHG emissions intensity target.
- Scope 1 and Scope 2 emissions.
- Metrics for methane, flaring and water.

We believe these metrics and targets are the most useful in managing climate-related risks and opportunities and monitoring performance. Highlights of our 2022 performance compared to 2021 (on a gross operated basis) include:

- Scope 1 and 2 GHG emissions intensity declined 14% to 23.3kg CO<sub>2</sub>e/BOE.
- Methane intensity declined 4% to 2.5kg CO<sub>2</sub>e/BOE.
- Flaring intensity decreased 12% to 25.9 MMCF/MMBOE (total flaring volume per total production).

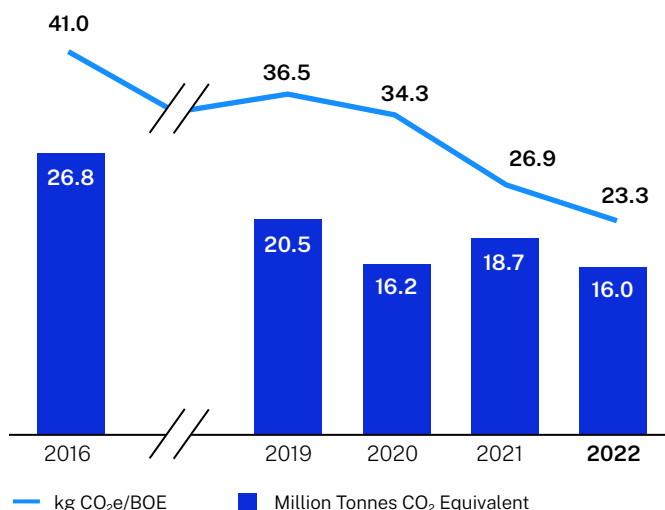
## TOTAL GROSS OPERATED GHG EMISSIONS

Percent of Total Company



N<sub>2</sub>O represents only about 0.1% of our gross operated emissions and is not represented here.

## TOTAL GROSS OPERATED GHG EMISSIONS AND INTENSITY



2020 GHG emissions were lower as a result of COVID-impacted production curtailment.

Our total GHG intensity metrics generally show an improvement over time. The decrease in absolute emissions compared to 2021 was primarily driven by the divestment of our Indonesia asset.

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 reach net-zero emissions for Scope 1 and 2 emissions by 2050.
- Strengthening our previously announced operational GHG emissions intensity reduction target to 50-60% by 2030 on both a gross operated and net equity basis.
- Achieving near-zero methane emissions intensity by 2030. This goal was set in response to meeting our 10% methane emissions intensity target four years early.
- Achieving a target of zero routine flaring by 2025, five years sooner than the World Bank Initiative's goal of 2030.

Our ambition to achieve net-zero operational emissions by 2050 is set on an absolute emissions basis, while the rest of our target framework for near- and medium-term targets is set on an intensity basis. Intensity targets better apply to the E&P sector's dynamic business environment where plans, technology, prices, industry structure and costs all change rapidly. Intensity targets are more durable and allow a company to change its plans to maintain a competitive portfolio without also having to repeatedly reset targets.

Beyond 2030, many uncertainties influence our ability to set specific future commitments and achieve our net-zero operational emissions ambition. Examples include:

- Pace of development of currently undeveloped technologies.
- Country-driven climate policy.
- Permitting and regulatory changes that may impair ability to execute current or future plans.
- Pricing, verifiability and availability of offsets; offset market developments.
- Potential revisions to emissions estimates and reduction goals as measurement technologies advance.
- Success and rate of return of nascent low carbon investments, technologies and markets.

Scenario modeling and analysis helps to identify key uncertainties to be managed. We also recognize that future policy and regulatory efforts may supersede company net-zero targets as governments set and refine their own Nationally Determined Contributions. As such, we recognize that our pathway and targets may not be the same as other companies due to differences in asset mix, geographies, risks and opportunities.

[Read more](#) about the principles surrounding our approach to target setting.

## KEY CONTENT LINKS

Our *Performance Metrics* section provides the metrics included in this section in tabular format.

Our metrics are also linked to key frameworks such as *SASB*, *GRI/Ipieca/UNGP* and *TCFD*.

**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, including emissions from the end use of oil and gas products by consumers.

# Emissions Reduction Targets and Performance

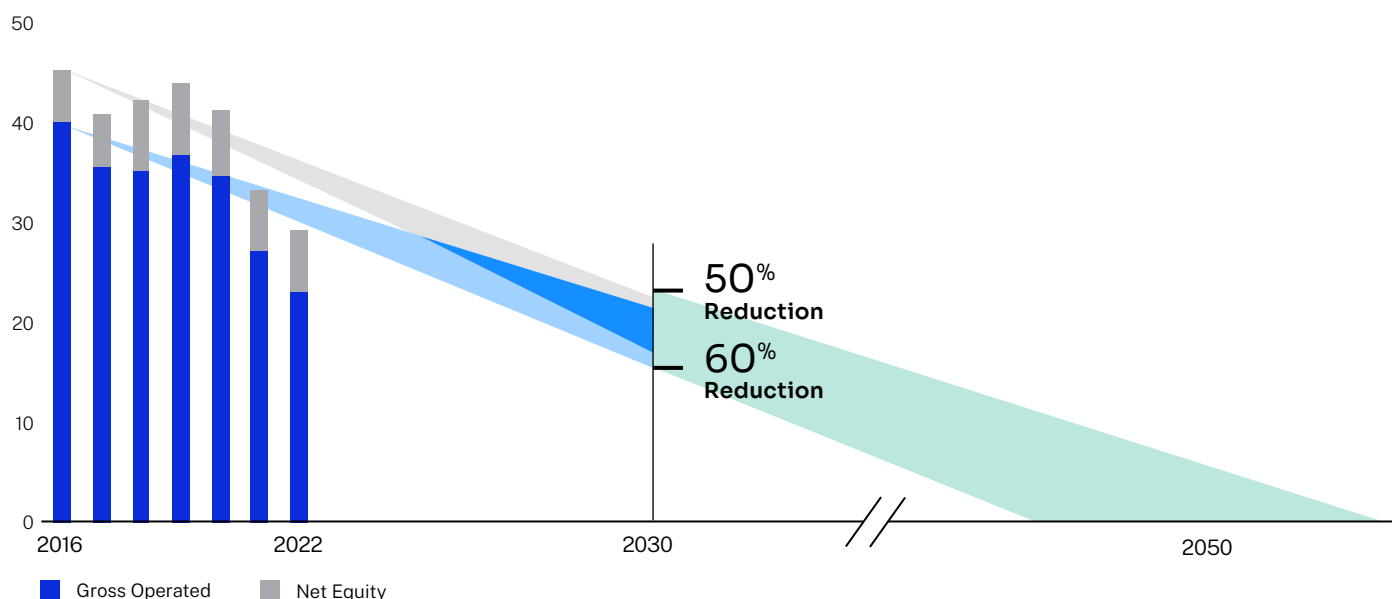
GHG emissions management is an expected core competency for our business units (BUs) managing oil and gas production. Those BUs are required to review their GHG emissions profile and identify opportunities to make design and operating improvements that can reduce emissions. Potential GHG emissions reduction projects are reviewed within our annual budget planning process and assessed against pre-determined selection criteria, including cost per tonne of CO<sub>2</sub>e abated. We call this annual exercise our marginal abatement cost curve (MACC) process, described in more detail within this section of the report.

All data presented herein is from January 1 to December 31, 2022. Footnotes to our performance metrics outline the scope and methodologies of our data reporting. The minimum boundary for reporting on environmental priorities is the 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.

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

## PATHWAY TO NET-ZERO<sup>1</sup>

Emissions Intensity (kg CO<sub>2</sub>e/BOE)



### Near-Term (2025)

- Zero routine flaring by 2025<sup>2</sup>

### Medium-Term (2030)

- **NEW: Reduce GHG intensity 50-60%** (from 40-50%)<sup>3</sup>
- Near-zero methane intensity target <1.5 kg CO<sub>2</sub>e/BOE

### Long-Term (2050)

- Net-zero emissions ambition<sup>1</sup>

<sup>1</sup> Scope 1 and 2 emissions on a gross operated and net equity basis.

<sup>2</sup> Achieving a target of zero routine flaring by 2025, five years sooner than the World Bank initiative's goal of 2030.

<sup>3</sup> Reduction from a 2016 baseline.



## Near-Term Emissions Reductions (By 2025)

Our near-term targets have a priority focus on flaring and methane emissions.

Our 2025 targets are as follows:

- ACHIEVED IN 2021: Meet a 10% methane emissions intensity reduction target by 2025 from a 2019 baseline.
- Achieve a target of zero routine flaring by 2025, five years sooner than the World Bank Initiative’s goal of 2030.

### Methane

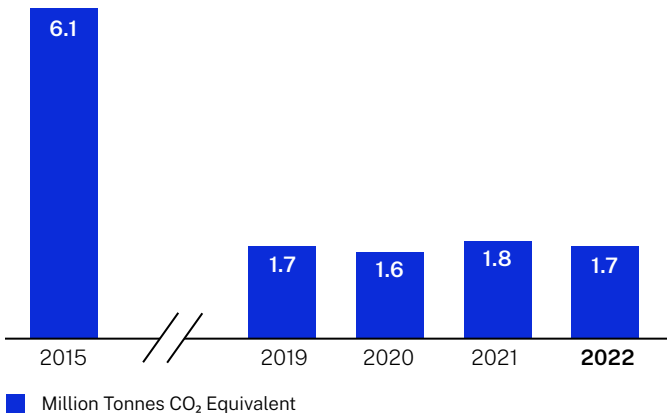
Our methane emissions reductions come from voluntary reduction activities and from portfolio changes. Our absolute methane emissions decreased in 2022 due to the disposition of our Indonesian and non-core Lower 48 assets, reduced flare volumes, improved detection of fugitive emissions and data quality improvements.

In 2022, methane emissions totaled 1.7 million tonnes of CO<sub>2</sub>e and constituted approximately 11% of our total GHG emissions.

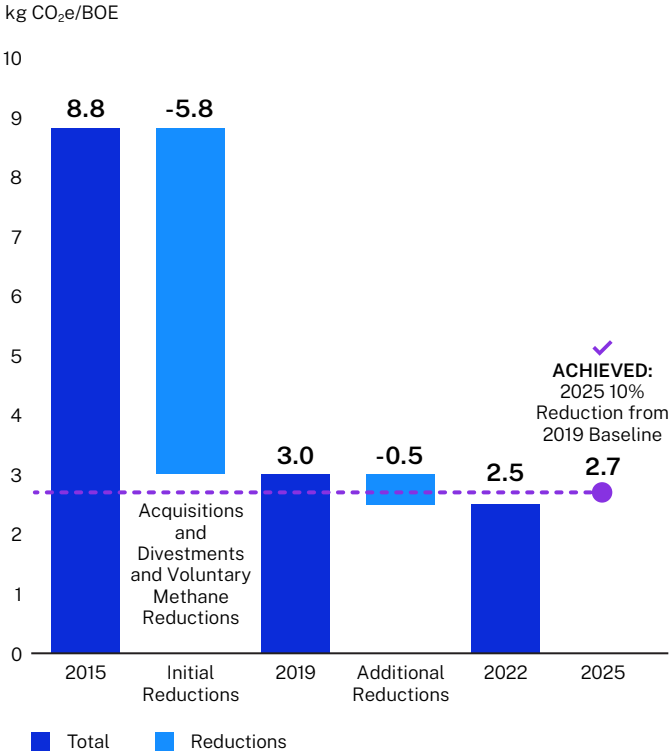
By year-end 2021, we achieved a 13% reduction of intensity from 2019, surpassing our 2025 target four years early with an intensity of 2.6 kg CO<sub>2</sub>e/BOE. As of year-end 2022, we have achieved an approximate 70% methane emissions intensity reduction from 2015 with an intensity of 2.5 kg CO<sub>2</sub>e/BOE.<sup>6</sup>

## TOTAL GROSS OPERATED METHANE EMISSIONS

Global Warming Potential = 25



## GROSS OPERATED METHANE EMISSIONS INTENSITY PROGRESS



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, 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 ground-based and aerial technologies, each providing different strengths for different monitoring 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 improvements over time.

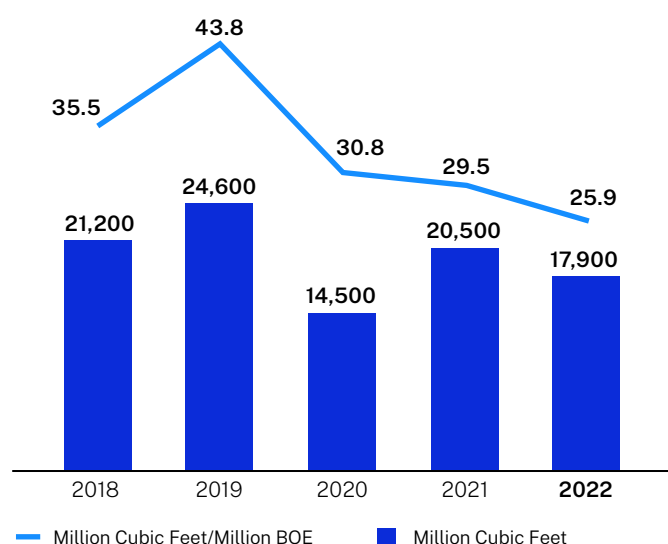
<sup>6</sup> While 2019 is the formal baseline for our methane emissions intensity target, we also compare performance to 2015 to show longer-term progress. 2015 is an important milestone year for international organizations like the UN-led *Oil and Gas Methane Partnership 2.0* that aim to achieve a 45% methane emissions reduction by 2025 from 2015 levels.

## Flaring

Flaring is a regulated 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.

ConocoPhillips is committed to the World Bank Zero Routine Flaring by 2030 Initiative, a program that aims to create consistency among governments, the oil and gas sector and development institutions to address flaring.<sup>7</sup> In 2022, based on our flaring reductions to date, we committed to achieving zero routine flaring by 2025, five years in advance of the World Bank goal, and we continue to make strong progress. In 2022, routine flaring decreased nearly 90% compared to 2021 through active well management to shut in wells during capacity constraint events. Other projects focus on treatment of sour gas, flare capture and de-bottlenecking. Achieving this target is a key near-term action to achieving our World Bank goal as well as our net-zero operational emissions ambition.

### TOTAL GROSS OPERATED FLARING VOLUME



While flaring emissions make up only about 10% of our total Scope 1 and 2 GHG emissions, the target will drive continued near-term focus on routine flaring reductions across our assets.

In 2022, the total volume of flared gas was 17.9 BCF, a decrease of 13% from 2021. The decrease was a result of decreased flaring in Eagle Ford, Norway and Alaska as well as the disposition of our Indonesia asset. In Eagle Ford, decreased flaring was attributable to flare decommissioning, better accounting of flare outage periods, and use of wellsite fuel meters. In addition to reduced flare volumes, flaring intensity also decreased 12%.

Having made significant progress in addressing routine flaring, our future focus will shift to non-routine and safety flaring. These sources of flaring present economic challenges due to the dispersed nature of the assets. We will continue to review viable options to reduce these sources.

## Medium-Term Emissions Reductions (By 2030)

### Methane

In July 2022, ConocoPhillips joined the Oil and Gas Methane Partnership (OGMP) 2.0 Initiative, a voluntary, public-private partnership between the United Nations Environment Programme, the European Commission, the Environmental Defense Fund and over 80 oil and gas companies. OGMP 2.0 has emerged as a global standard for methane emissions measurement and reporting and is aimed at minimizing methane emissions from global oil and gas operations. Our membership demonstrates our commitment to deliver on our methane reduction targets through active collaboration to accelerate industry best practices in our operations.

As part of OGMP 2.0, we plan to report methane emissions for all material sources from both operated and non-operated assets according to our reporting boundaries. In line with the Initiative’s guidance, we plan to incorporate source-level and site-level measurements when estimating methane emissions from our operations. In conjunction with these commitments and in response to achieving our near-term methane target four years early, we have set a new medium-term target to achieve a near-zero methane emissions intensity by 2030. This near-zero target is defined

<sup>7</sup> Routine flaring is defined as flaring of associated gas 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 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.

as 1.5kg CO<sub>2</sub>e/BOE or approximately 0.15% of natural gas produced. The target includes emissions that are related to production and excludes emissions from our aviation and polar tankers fleets.

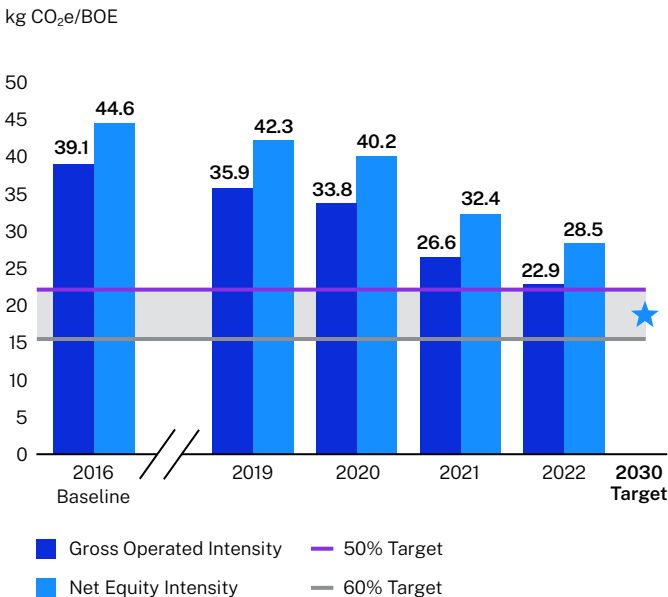
We are one of more than 100 companies participating in **The Environmental Partnership**, a coalition of natural gas and oil companies focused on accelerating environmental performance improvements from operations across the United States. The partnership prioritizes managing methane emissions and aligns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

The company has already progressed toward meeting this target over the past several years. Between 2016 and 2022, we achieved a 41% intensity reduction on a target-related, gross operated basis through a combination of specific emissions reduction projects and portfolio changes. Continued capital allocation actions are expected to have a combined impact of lowering GHG emissions intensity by roughly 9-19% as we increase production from assets with low intensity, such as those in the Permian Basin, and achieve reductions from near-term projects.

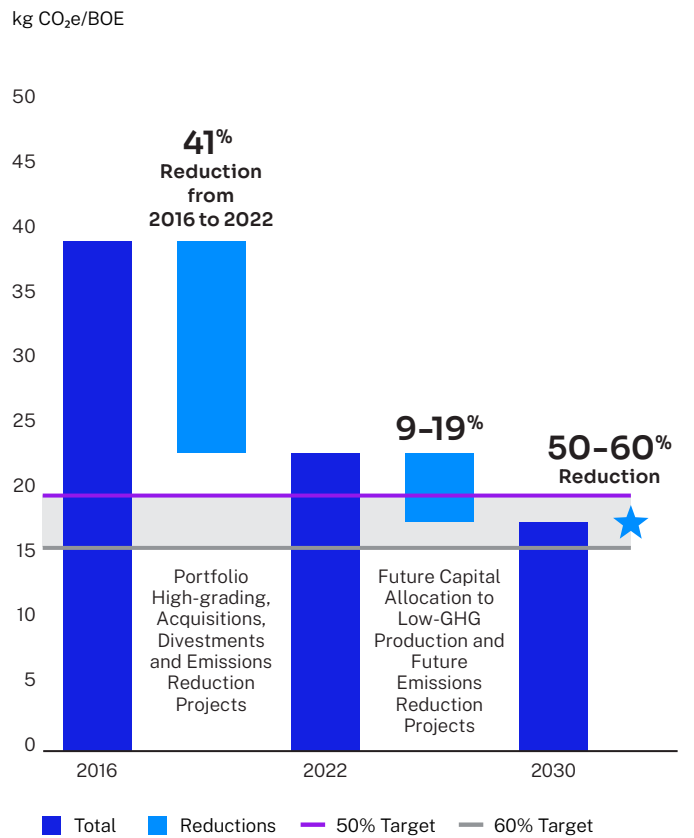
### GHG Emissions

In April 2023, we strengthened our target to 50-60% reduction by 2030 from a 2016 baseline. The target covers Scope 1 and Scope 2 gross operated and net equity emissions. Our Scope 1 and Scope 2 GHG emissions and emissions intensity calculations directly measure our performance and help us understand climate-related risk. Lower intensity assets are more resilient to policy, legal, technology and market risk.

#### 2022 GHG EMISSIONS INTENSITY TARGET PROGRESS



#### GROSS OPERATED PATHWAY TO 50-60% INTENSITY REDUCTION TARGET

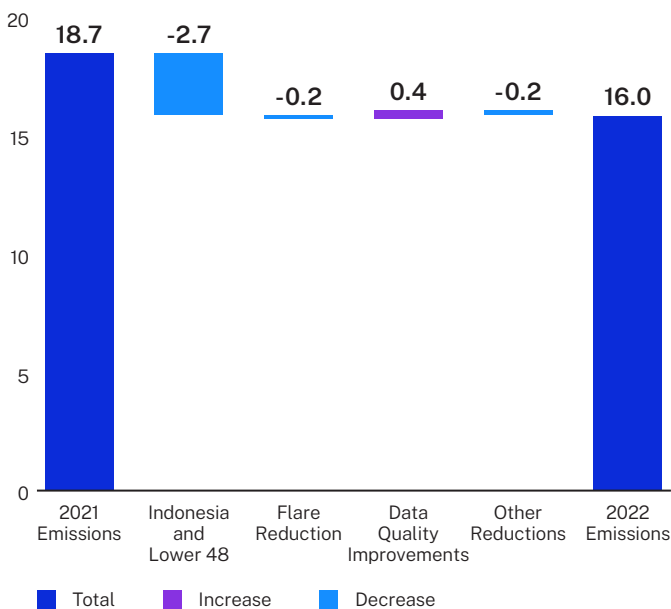


The target includes emissions that are related to production and excludes emissions from our aviation and polar tankers fleets. This may give rise to small differences between the intensity we report for our GHG target purposes and the intensity we report for our annual metrics. Over the past five years, this difference has been less than 2%, or 1 kg CO<sub>2</sub>e/BOE.

In 2022, our total gross operated GHG emissions were approximately 16.0 million tonnes, a 14% reduction compared to 2021. The disposition of our Indonesia asset and some smaller Permian dispositions contributed to a decrease in absolute emissions in 2022. In addition, we implemented various emissions reduction measures across our assets during 2022, including reductions in flaring and installation of drill site fuel meters.

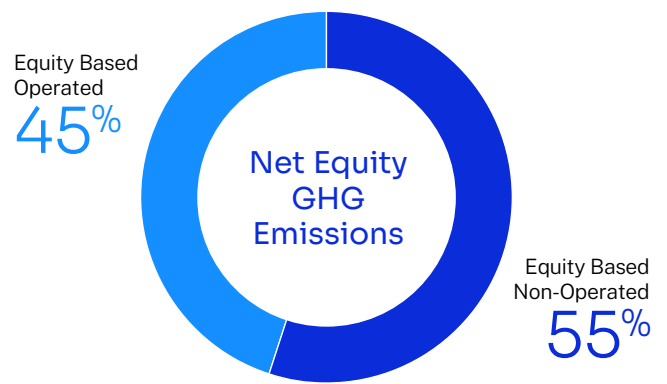
### GROSS OPERATED GHG EMISSIONS CHANGES

Million Tonnes CO<sub>2</sub>e



### Net Equity and Non-Operated Emissions

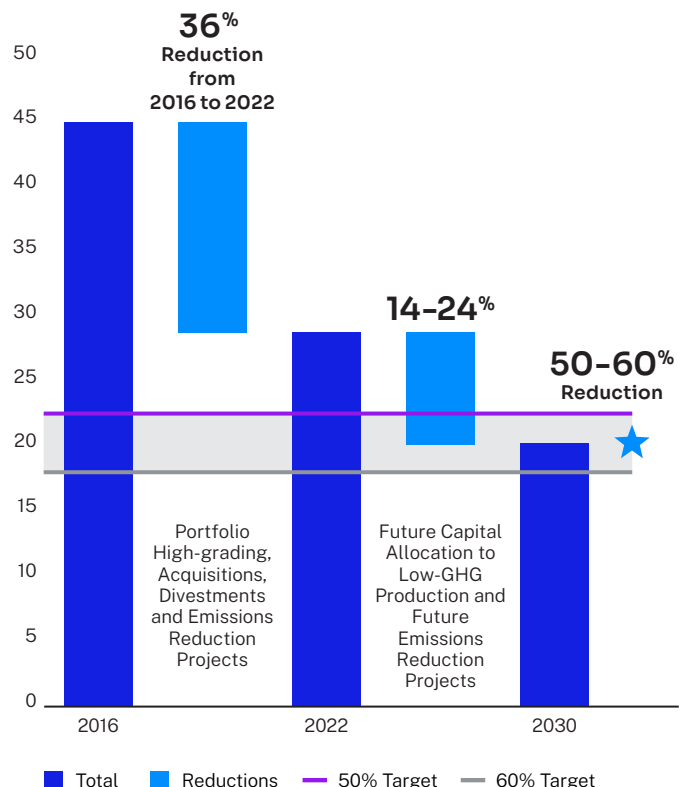
In addition to progress against our operational GHG emissions intensity target, we are also working toward reducing our net equity GHG emissions intensity. Our target-related net equity emissions were about the same in 2022 compared to 2021, at 18.1 million tonnes CO<sub>2</sub>e. This corresponds to a lower target-related net equity intensity of 28.5 kg CO<sub>2</sub>e/BOE compared to 2021. About 55% 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 GHG targets and align our emissions reduction activity. We engage with our major operating partners to align on approaches to managing climate-related risk. This includes discussions with QatarEnergy and its operating company Qatargas for our LNG partnership in Qatar as well as Origin Energy for our APLNG business.

### NET EQUITY PATHWAY TO 50-60% INTENSITY REDUCTION TARGET

kg CO<sub>2</sub>e/BOE



# ACHIEVING OUR NET-ZERO OPERATIONAL EMISSIONS AMBITION BY 2050<sup>1</sup>

	INTERIM TARGETS	PROGRESS: YEAR-END 2022
<b>METHANE</b>	Reduce methane intensity <b>10% by 2025</b>	✓ <b>17%</b> GOAL MET reduction from 2019 baseline
	Methane intensity <sup>2</sup> <b>Near-zero by 2030</b>	<b>2.5</b> kg CO <sub>2</sub> e/BOE <sup>2</sup>
<b>FLARING</b>	Routine flaring <sup>3</sup> <b>Zero by 2025</b>	<b>90%</b> reduction from 2021
<b>GHG EMISSIONS</b>	Reduce gross operated GHG emissions intensity <b>50-60% by 2030</b>	<b>41%</b> reduction from 2016 baseline
	Reduce net equity GHG emissions intensity <b>50-60% by 2030</b>	<b>36%</b> reduction from 2016 baseline

<sup>1</sup> Scope 1 and 2 emissions on a gross operated and net equity basis.  
<sup>2</sup> Defined as less than 1.5 kg CO<sub>2</sub>e/BOE or ~0.15% of natural gas production.  
<sup>3</sup> In line with the World Bank Zero Routine Flaring initiative.

# Scope 1 and 2 Emissions Reduction Activities

## Marginal Abatement Cost Curve Process

During our annual budget planning process, we use the 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. The MACC plots the breakeven cost of carbon dioxide equivalent (CO<sub>2</sub>e) reduction, considering capital and operating cost, and the potential increased revenue for each project against the cumulative GHG emissions that can be reduced.

Project funding may be based on criteria including:

- **Cost:** Cost per metric ton of CO<sub>2</sub>e abated.
- **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 typically consider projects that are expected to provide the greatest overall contribution in reducing our GHG emissions with a low breakeven cost of up to \$60/tonne CO<sub>2</sub>e, as well as projects that anticipate forthcoming regulatory changes. By prioritizing and confirming projects

through the MACC process with Low Carbon Technologies team colleagues, BUs were able to embed emissions reduction efforts within their budgets and long-range plans (LRPs). Our goal is to allow innovation, flexibility and accountability at the local level while providing support, guidance and oversight from corporate peers. This approach allows BUs to reprioritize and adjust within their budgets to account for regulatory and/or technology changes while maintaining consistency in process. This enhances our company’s competitive advantage in playing a vital role through the energy transition.

In 2022, ConocoPhillips spent about \$150 million to support low carbon opportunities and more than 90 emissions reduction projects across our global operations through the MACC. These projects address improvements relating to venting and flaring, electrification, process optimization, efficiency, and include strategic pilots and studies. In 2022 we prioritized methane and flaring projects in support of our near-term methane and flaring initiatives.

- **Methane venting:** Eliminate gas-driven pneumatics and modify facilities to reduce gas venting.
- **Flaring:** Incorporate vapor recovery units at facilities; recover waste gas for sales.
- **Electrification:** Reduce combustion needs on drilling and completions; electrify operations and pursue renewable energy sources; conduct basin-wide electrification study in the Permian.

## INVESTMENTS WHICH REDUCED GHG EMISSIONS

TECHNOLOGY AREA	STAGE OF DEVELOPMENT	2018-2022 INVESTMENTS
<b>Energy efficiency</b>	Applied research and development	\$5 million
	Pilot demonstration	\$63 million
	Small-scale commercial deployment	\$6 million
	Large-scale commercial deployment	\$207 million
<b>Methane detection and reduction</b>	Applied research and development	\$4 million
	Pilot demonstration	\$2 million
	Small-scale commercial deployment	\$20 million
	Large-scale commercial deployment	\$54 million
<b>Other emissions reductions</b>	Applied research and development	\$8 million
	Pilot demonstration	\$9 million
	Small-scale commercial deployment	\$23 million
	Large-scale commercial deployment	\$163 million

- Optimization and efficiency:** Streamline facilities, tanks and equipment; improve waste heat utilization, insulation and power distribution. Consolidate older tank battery facilities to modern facilities to take advantage of existing emissions control equipment while improving operating efficiency.

To progress projects and achieve reductions in these areas, we have set up regional teams in North America, Australia, China and Europe to use the MACC process. Output from the MACC informs our annual budget, LRP and technology strategy.

Projects below the line are economic and have a negative breakeven cost of carbon.<sup>8</sup> Projects above the line are not economic without considering cost of carbon – the taller

the bar, the higher the breakeven cost of carbon. When considering the cost of carbon, projects below the \$60/tonne breakeven point will generally be considered for funding. The width of the bar indicates the annual emissions savings that would occur should the project be undertaken – the wider the bar, the greater the emissions savings.

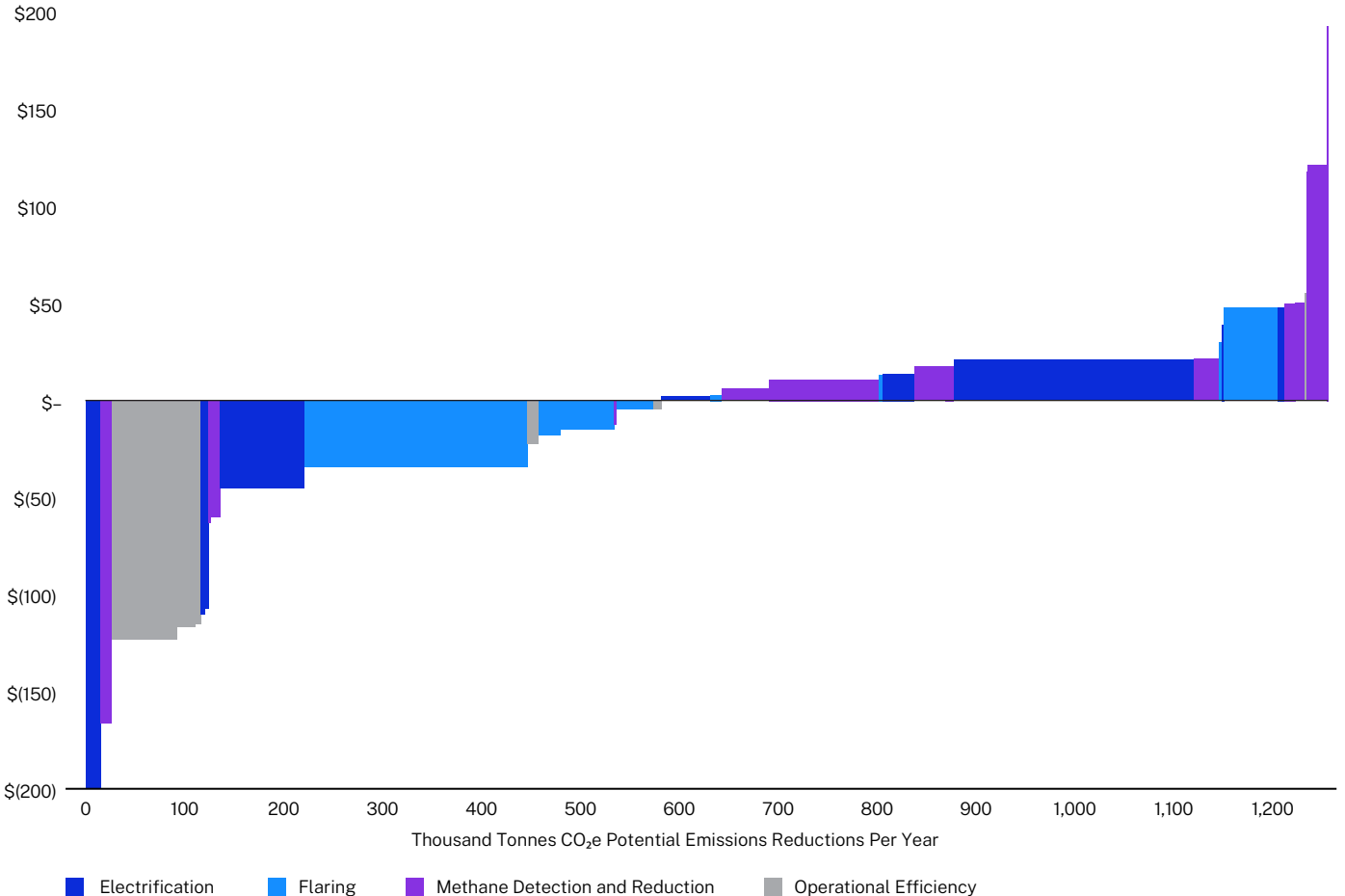
We have allocated nearly \$300 million in the 2023 capital and operating budgets to energy transition activities, a majority of which will address Scope 1 and 2 emissions reduction projects across our global operations selected through this program.

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

### MARGINAL ABATEMENT COST CURVE

Breakeven \$/T CO<sub>2</sub>e

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



<sup>8</sup> New projects with a negative breakeven cost of carbon may continue to be brought forward for consideration each year as we advance our technology and identify possible new angles for emissions reductions.

## METHANE DETECTION IN U.S. OPERATIONS

ConocoPhillips utilizes a variety of leak detection and repair (LDAR) tools 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 innovative 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 operational issues at the sites. They identify anomalous operating conditions that may contribute to audio, visual or olfactory (AVO) indications of potential leaks. We conduct formal AVO inspections to identify potential leaks at sites where regulatorily required. 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 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 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 have also utilized airplanes and helicopters with mounted sensors to fly over facilities to detect leaks. If leaks are suspected, operations personnel follow up to verify and repair. 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. ConocoPhillips has worked with Scientific Aviation and Bridger Photonics to fly fixed-wing aircraft carrying detection technology over our Lower 48 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. However, it has limitations in areas where facilities are located within close to proximity to one another. An additional drawback has been the inability to identify small to medium leaks. Recently launched satellites are showing promise to provide better imaging and allowing more frequent monitoring of specific facilities. ConocoPhillips continues to evaluate how satellite detection may factor into our programs moving forward. For example, we are joining a beta testing program for Environmental Defense Fund's MethaneAir, a precursor to MethaneSat, their satellite to be launched next year using the same detection technology.

### Continuous Monitoring Systems: Metal Oxide-based SOFIE Sensors

ConocoPhillips has implemented systems to monitor for leaks on a continuous basis. We have worked with Scientific Aviation and Qube Technologies, and other vendors, to test continuous methane monitoring devices at select Lower 48 facilities to further enhance early detection and response capabilities. Metal oxide-based sensors are a relatively simple and cost-effective technology that incorporates three to six sensors strategically placed around locations to maximize effectiveness during varying wind conditions. Elevated methane concentrations detected by the sensors are analyzed by an automated system that considers details such as equipment location, distance, wind speed and direction to identify the most probable emissions source.



## Methane

### Lower 48

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 2022 we completed dozens of projects in Permian and Bakken to retrofit vapor recovery units on existing brownfield sites to capture tank emissions and reduce flaring.

We participate in The Environmental Partnership, a coalition of about 100 oil and natural gas API member companies working to improve methane emissions management. The program has utilized Bridger Photonics to fly aircraft at a program-determined frequency over industry assets, including those of ConocoPhillips. In 2022, through our work in the partnership, we conducted flyovers of our Permian and Eagle Ford assets to survey approximately 450 sites from the air. Further, as part of our commitment, we have focused on two key areas:

- LDAR programs: In 2022, we conducted approximately 9,200 handheld OGI surveys and 3,400 aerial surveys across our Lower 48 assets to detect leaks and quickly repair them. While this is a regulatory requirement in many areas, over 75% of the surveys were done on a voluntary basis. These surveys continue to provide a better understanding of where leaks occur and how we can minimize fugitive emissions. See more about detection and monitoring technology in the following section.
- 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 currently have a multi-year pneumatics replacement program that will retrofit up to 46,000 pneumatic devices at existing sites across Lower 48, estimated for completion by 2031.

Pneumatic device replacements are among the highest priority emissions reduction projects across the Lower 48, as they account for some of the more significant methane emissions sources and have a competitive cost of abatement. With thousands of gas-driven pneumatic devices in service, our operations and engineering teams have begun to execute our first large-scale retrofit campaign in New Mexico with plans to continue to ramp up programs in other states. Each conversion increases revenue by keeping gas in the sales line while allowing us to maintain regulatory compliance with new legislation or anticipated federal guidelines.

### Canada

Our 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.

## Detection and Monitoring

### Lower 48

In addition to our reduction efforts, we have been conducting pilots of new technologies across our operations to determine effectiveness and scalability of next-generation detection technologies. For example, we have installed nearly 2,000 fixed methane monitoring devices at nearly 400 sites throughout our Permian, Eagle Ford and Bakken assets.

While continuous monitoring technology has worked well to expeditiously identify and mitigate leaks, that technology is not used for regulatory measurement purposes at this time. Our reported 2022 emissions for the U.S. are based on EPA-mandated methodologies for estimating and reporting GHG emissions. A desired outcome of OGMP 2.0 is that in the future, measurement-based information can be incorporated into methane emissions calculations.

ConocoPhillips submitted our OGMP 2.0 Implementation Plan in May 2023. Most of our assets are already reporting at Level 3 with line of sight to Level 4.<sup>9</sup> Reporting through OGMP 2.0 will help us make better informed decisions about where to prioritize our efforts to have the maximum impact on reducing our emissions footprint. We have also been actively engaged with other OGMP 2.0 members to ensure that the previously EU-focused guidance could be translated and applicable to a U.S. context. Key differences between EU-based operators and U.S.-based operators generally include:

- EU energy companies tend to have more concentrated facilities, while U.S. companies operate thousands of wells over large geographic areas, often with operators interspersed.
- EU joint ventures are typically associated with a single large asset involving wells and associated infrastructure, typically including only a few large shareholders. In contrast, U.S. development typically occurs at a single well level and can involve many partners, some with small interest.

### Alaska

We continue to test and deploy new GHG emissions detection technologies in Alaska, 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 from pre-combustion fuel gas. The project will continue through 2023.

### Canada

In Canada, we installed emissions monitors on a drilling rig to actively monitor diesel fuel consumption, natural gas consumption and engine loads, increasing accuracy of emissions measurement on the rig. The rig was then outfitted with a battery and natural gas generators to reduce GHG emissions and operate the rig at reduced fuel costs. Battery backup can also double as temporary engine replacement, necessitating one less engine to be online.

## Flaring

### Lower 48

We continue to progress toward our target of zero routine flaring by 2025. We have reduced flaring by utilizing closed-loop completions, central gas gathering systems and vapor recovery units. We direct condensate to sales pipelines and improve uptime through operational excellence (a major focus for all our operating facilities). We do not routinely flare due to pipeline constraints in the Lower 48 or anywhere else in the portfolio.

Project examples include:

- In 2022, the Bakken operations team focused on MACC projects to reduce routine flaring. Projects focused on treatment of sour gas, flare capture, de-bottlenecking and auto-curtaiment when offtake is restricted. The execution of these projects resulted in a year-over-year reduction of associated gas flaring by more than 60%.
- In the Bakken, sour gas treatment projects had the largest impact on flare reduction. Sour gas that does not meet pipeline sales specifications will typically be flared or curtailed. Successful treatment has allowed gas to be marketed. We have also implemented production deferral practices when offtake is constrained, and we are progressing field-wide deployment of gas capture technologies. As of year-end 2022, these projects allowed treatment and sales of 5 million cubic feet of gas per day, reducing flared gas volumes.
- Many of the initiatives developed in the Bakken are being replicated in Eagle Ford and Permian fields. A 2022 meeting of asset managers and operational leaders established alignment on standards for routine and safety flaring.

<sup>9</sup> OGMP 2.0 "levels" refer to increasing reporting requirements and additional granularity. Level 3 includes reporting of emissions by detailed source type; Level 4 layers company-specific emissions factors; Level 5, the gold standard, includes measurement at the site or facility level and reconciliation with Level 4 estimates.

- 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 CO<sub>2</sub> abatement.
- Our Eagle Ford team is working to convert some gas assisted flares to air assist where economically feasible at large central facilities and individual well sites. Decommissioning tanks and flares is another approach being taken to reduce overall field flaring.
- In parts of 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 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 working on multiple measures to reduce greenhouse gas emissions in the Greater Ekofisk Area. In 2022, we reduced our emissions from safety flaring by 26,000 tonnes per year using a new flare gas re-compressor installed at Ekofisk 2/4 J. Instead of gas being flared, it will now be sold to the European market. Another measure initiated in 2022 was the Rotating Equipment Opportunity Project (REOP), reducing CO<sub>2</sub> emissions from the pipeline compressor by 24,000 tonnes per year.

## Operational Efficiency

### Canada

Reducing the GHG emissions intensity of our oil sands operations continues to be a priority for our Canada operations. We co-inject non-condensable gas (NCG) with steam to reduce steam requirements and improve thermal efficiency, reduce GHG emissions intensity and enhance incremental oil 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 20-30%. Further, we have installed flow control devices on SAGD producer and injector wells with steam block capabilities to further reduce SOR and reduce shut-in occurrences.

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 to install additional infrastructure.

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. This approach reduces surface footprint and provides increased bitumen production without additional steam injection, thereby reducing GHG emissions intensity and operating costs.

These projects have benefited from financial support provided through [Emissions Reduction Alberta](#) (ERA). ERA invests the proceeds from its carbon pricing scheme to reduce GHGs and strengthen the competitiveness of new and incumbent industries and accelerate Alberta's transformation to a low-carbon economy.

### Lower 48

At rigs in Eagle Ford and Permian, we have implemented solutions using batteries and load matching to reduce diesel usage and the associated emissions. These battery systems allow the rigs to run the diesel-driven power generators 50% less while also reducing trucking in the area.

### Australia

An early feasibility assessment is proposed to install a two-phase flashing liquid expander within the liquefaction section of a single train at APLNG. This will enable more efficient cooling and generation of excess electricity. It will also improve the energy efficiency of the liquefaction process, producing more LNG for the same compression power.

### Norway

At the Teesside Oil Terminal, we are working on various emissions saving projects such as stabilization train convection bank cleaning, steam boilers burner management system rationalization, crude oil charge pump electrical drive change-out, in addition to a number of different energy-saving ideas. Crude oil charge pump electrical drive change-out, in addition to a number of different energy-saving ideas.

## Electrification and Alternative Power

### Lower 48

We are evaluating a focused range of renewable energy projects, concentrating on projects that can provide power directly to our facilities to reduce Scope 1 and 2 emissions. We are evaluating opportunities to use power from the grid, waste gas generators or alternative energy. We expect that dual fuel capabilities and electric power solutions for drilling and hydraulic fracturing will be viable technologies to lower operational emissions by replacing diesel usage with field gas or compressed natural gas (CNG) while improving productive time by reducing maintenance and generating more usable horsepower.

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 hydraulic fracturing operations, the project aims to use compressed natural gas and liquefied natural gas to power electric hydraulic fracturing (e-frac) fleets.

In 2022, in Eagle Ford, we successfully converted a hydraulic fracturing fleet to use field gas, reducing diesel consumption and lowering our emissions footprint. Natural gas reciprocating engines power the e-frac fleet, leading to emissions reductions of more than 30% compared to a conventional diesel fleet.

We conducted pre-development work in 2021 and 2022 to evaluate the potential for wind and solar electric power generation for our operations in the Permian Basin. We led a large, multi-stakeholder study that aims to better understand the long-term load demand for the Permian Basin as well as impacts to the grid and upgrades that may be required if the basin was to fully electrify. As part of this project, we have engaged on infrastructure and electrification solutions with several other Permian operators representing about 40% of Permian Basin production.

We also seek emissions reduction opportunities with our supply chain partners. In the Permian, for example, our completions group partnered with a sand supplier to change the proppant delivery and logistics business in the

Delaware Basin, with a project currently under construction. The project includes a miles-long electrified conveyor belt with the potential to reduce emissions, truck count and traffic incidents. The four-year contract will ensure supply of the highest quality product in the market and yield logistics savings by 2026.

### 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. To bridge this fuel gap, we are jointly developing an offshore wind farm with CNOOC Renewables to supply power to the Penglai oilfield and support the fulfillment of the BU's net-zero operational emissions reductions.

The China BU is also reviewing other opportunities, including:

- Building localized offshore wind turbines specific to the asset.
- Developing shallow gas fields to increase supply to power operations.
- Installing a transformer station and subsea cables tying into CNOOC's regional offshore power grid that connects to onshore power facilities.

### Australia

The Australia Pacific LNG (APLNG) facility on Curtis Island, Queensland, Australia is progressing a Battery Energy Storage System (BESS) to function as power backup in case of electricity generator failure. Currently APLNG is powered by gas turbine generators (GTGs) with one spare GTG running in reserve in the event another fails. A BESS would replace the spare GTG and act as the reserve electricity generator.

In 2022, the Australia BU began working on a hydrogen pilot to connect an electrolyzer to a fuel gas inlet pipe to generate and supply hydrogen to mix with fuel gas. Different electrolyzer technologies may be trialed throughout the pilot program.

## Voluntary Carbon Offsets

While operational emissions reductions will drive our progress toward our net-zero emissions ambition, ultimately offsets are likely to be required to mitigate residual, hard-to-abate emissions. Leveraging know-how from our experience in the compliance offset market, we have designed a flexible strategy to develop and purchase voluntary offsets, beginning in 2022. This strategy includes developing a diversified portfolio of offsets from third-party projects and funds, as well as considering our own offset projects. Our preference will be projects in countries and regions in which we operate or have land holdings. While we do not anticipate the need to utilize offsets to achieve our medium-term targets and did not retire any voluntary offsets in 2022, we are investing now to build a bank of offsets for potential use and retirement in the future.

In early 2022, ConocoPhillips sent invitations to prospective offset developers to propose investment opportunities for ConocoPhillips participation. The invitations sought a variety of project types that could start issuing offsets by 2025, including those that are:

- 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.

The evaluation criteria for these projects emphasize the need for durability of the reductions or removals and leakage minimization, as well as community, conservation and biodiversity co-benefits to create and increase commercial value for the projects beyond our net-zero operational emissions ambition.

We have initiated investments which will bank credits for future use in our offsets registry accounts, such as Verra's Verified Carbon Standard and the American Carbon Registry.

These include carbon credit funds such as Climate Asset Management's Nature Based Carbon Fund (NBCF). Taking a landscape approach, the NBCF looks to invest in nature-based solutions projects that restore and conserve nature in developing economies. This provides long-lasting and verified positive impacts for biodiversity and communities and offers investors the carbon credits it procures.

The NBCF's initial project investment is in the Global EverGreening Alliance's Restore Africa Programme, which aims to restore 1.9 million hectares of land, directly supporting 1.5 million smallholder farming families in six African countries — Kenya, Ethiopia, Malawi, Tanzania, Uganda and Zambia. As of December 2022, implementation had already begun in three of the six countries.

In addition to our investment in NBCF, we are separately supporting offset projects in Mexico aimed at improved forest management for future offset issuance.

## Operational Net-Zero Roadmap

The company's net-zero roadmap details near- and medium-term Scope 1 and 2 emissions reduction efforts by identifying and prioritizing viable abatement options. It also conceptualizes how we intend to fulfill our longer-term targets through planning, fostering technological advancements and partnering with peers and external stakeholders to explore pilot projects that could abate challenging operational emissions.

The company's net-zero roadmap, like our scenario planning, is a tool that describes a possible pathway leading to a particular outcome. It is intended to be an illustrative example of how we intend to reach our net-zero operational emissions ambition. It is an evergreen construct that will necessarily adjust over time in connection with various factors (including ongoing efforts and results, regulatory and/or technology changes, and future long-term plans that are subject to adjustment).

To drive accountability for the emissions that are within our control, each of our operating business units (BUs) is developing a roadmap to describe its strategies and plans to help drive the company toward realizing our net-zero ambition for Scope 1 and Scope 2 emissions. BUs will also identify technology solutions for hard-to-abate emissions and pilot new methods to reduce and accelerate emissions reductions. When rolled up, these BU roadmaps will inform our technology development, operations and engineering teams, along with our development staff, where to direct efforts today, while allowing us to forecast and prioritize needs of the future.

The company-wide net-zero roadmap will also:

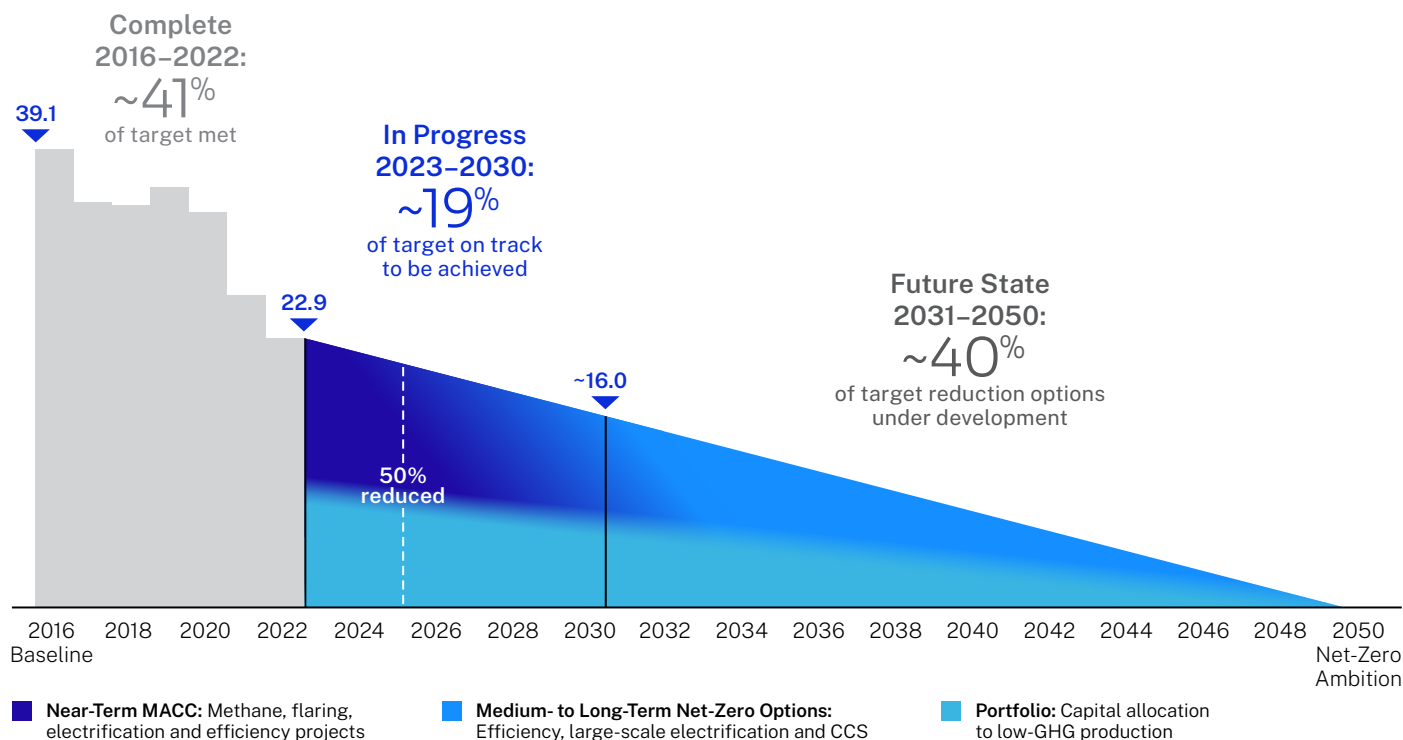
- Empower each BU to progress initiatives specific to its needs.
- Leverage the marginal abatement cost curve (MACC) process to assess viability and prioritize projects.
- Promote collaboration between BUs on projects which are scalable or transferable.

- Create new lower-emissions facility designs.
- 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.

As part of the net-zero roadmap, our Lower 48 business unit, for example, is implementing an ambitious emissions reduction strategy. For greenfield projects, we are targeting low-emissions design concepts with a focus on pneumatics, vapor controls for tanks, flaring and electric compression. For brownfield assets, retrofit projects targeting these same emissions sources are being executed for completion by the end of the decade. In addition, the Lower 48 BU intends to expand electrical infrastructure as needed in areas to support increasing grid connectivity of operations. [Read more](#) about the Lower 48 Emissions Reduction Strategy.

## ILLUSTRATIVE NET-ZERO OPERATIONAL EMISSIONS ROADMAP

kg CO<sub>2</sub>e/BOE



The Net-Zero Operational Emissions Roadmap is intended to be an illustrative example of how we intend to reach our net-zero operational emissions ambition. ~16.0 kg CO<sub>2</sub>e/BOE is an approximation of our 2030 intensity. Offsets are likely to be required to mitigate our residual, hard-to-abate emissions. Offsets and net-zero options may be pursued simultaneously. The actual timing of deploying the actions described here may vary from the illustration.

## Addressing Scope 3 Emissions

While we recognize that end-use emissions must be reduced to meet global climate objectives, it is our view that supply-side constraints through Scope 3 targets for targeted Paris-aligned North American and European oil and gas producers would be counterproductive in the absence of policy measures that address global demand. Curtailed supply would be replaced with production from less accountable operators and jurisdictions to meet transition demand. Scope 3 targets do not address demand and do not limit global production and in our view are ineffective in reducing global emissions.

The drive of some NGO and activist investors for Scope 3 targets is premised on a prescribed capital shift away from oil and gas which has been described in some financial sector climate frameworks. The Institutional Investors Group on Climate Change (IIGCC), for example, refers to ceasing oil and gas exploration and “running existing assets down.”<sup>12</sup> Similarly, the Glasgow Financial Alliance for Net-Zero (GFANZ) describes the importance of a “managed phaseout” of oil and gas.<sup>13</sup> The push from activists for such phaseout does not appear to consider market and technology readiness, or related impacts to energy affordability and energy security.

This approach also does not take into account the projection from Paris-aligned scenarios that oil and natural gas, produced from responsible operators, will be needed in the coming decades to meet transition demand. Proponents of Scope 3 targets seek to translate a global carbon budget that is science-based to broad sectoral and company allocations that are not. The imposition of Scope 3 targets for a prescribed capital shift to phase out production that best meets actual demand is not a realistic way to address energy transition, climate change or shareholder value.

While a sector-wide reduction in demand for oil and natural gas products is foreseen as the transition progresses, our

Our role in addressing Scope 3 emissions and accelerating the energy transition includes several focus areas:

- **Advocating for policy** to address end-use emissions.<sup>10</sup>
- **Addressing upstream supply chain emissions** by engaging with major suppliers on our Climate Risk Strategy.<sup>11</sup>
- **Selectively investing in liquefied natural gas opportunities.**
- **Developing options to invest in low carbon business opportunities** in hydrogen and CCS, subject to economic returns that make sense for our investors.

responsibility to shareholders is to strongly compete for transition demand by offering resilient, low cost of supply, low GHG emissions intensity production with Paris-aligned goals for operational emissions, while also pursuing energy transition opportunities. This approach provides long-term shareholder value and supports an orderly energy transition that avoids large-scale energy price shocks.

Other key considerations have also reinforced our rationale at ConocoPhillips not to set a Scope 3 target.

### 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 into global markets are converted into different energy products or selected for use by consumers.

<sup>10</sup> Intended to address Scope 3, Category 11 for use of sold products.

<sup>11</sup> Intended to address Scope 3, Categories 1 and 2 for purchased goods and services and capital goods.

<sup>12</sup> IIGCC, 2021. [Net-zero standard for oil and gas](#).

<sup>13</sup> GFANZ, 2022. [The managed phaseout of high-emitting assets](#).

## Double Counting

Duplicative counting of end-use emissions along the oil and natural gas value chain makes accurate accounting and credible target-setting 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 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, which is 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 policies that align with our public positions.

However, we also recognize the policy trend in the U.S. toward a regulatory approach to emissions reductions, and we advocate for effective and efficient regulations and legislation to advance economic incentives and reduce

GHG emissions. To that end, we are leading discussions around additional policy options, aligned with our principles, that address end-use emissions.

## Reporting

We calculate Scope 3 emissions using the Greenhouse Gas Protocol and the Ipieca 2016 Estimating Petroleum Industry Value Chain (Scope 3) Greenhouse Gas Emissions *methodologies* based on net equity production numbers. We report the four largest categories of Scope 3 emissions that apply to our operations. Scope 3 emissions sources include CO<sub>2</sub>, methane (as CO<sub>2</sub>e) and nitrous oxide (as CO<sub>2</sub>e) for the four material 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 emissions 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 2022, Scope 3 emissions increased in line with overall net production increase.

SCOPE 3 SOURCE	ESTIMATED MILLION TONNES CO <sub>2</sub> E
Upstream transportation	5
Downstream transportation	8
Processing of sold products	14
Use of sold products	208



# Additional Climate-Linked Performance Areas

## Energy Efficiency

We continually strive to make our operations more energy efficient. This can provide environmental and economic benefits 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 for processing or refining.

Total energy consumption in 2022 was 206 trillion British Thermal Units (BTUs). Approximately 97% of our consumption was combustion of fuel for our own energy use with the remainder from purchased electricity.

## Water

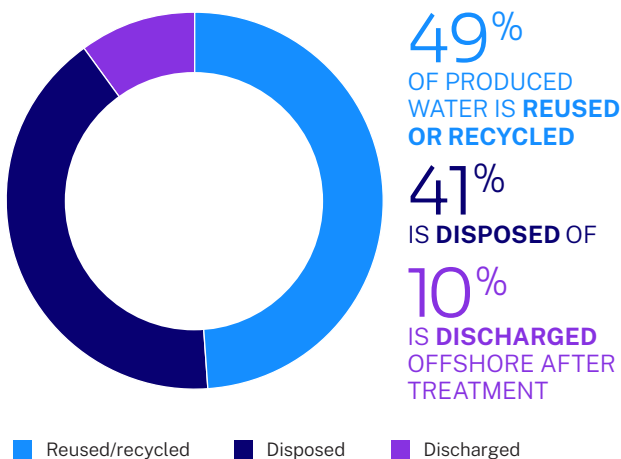
Water sourcing and produced water management are global challenges that require local solutions. We manage water risks and mitigate potential impacts to water resources, taking into account the unique hydrologic, quality, use and ecological settings of each basin or offshore marine area. Water-related risks associated with fresh water withdrawal, water stress, offshore produced water discharges and onshore produced water disposal can affect our business. [Read more](#) about how we manage our water risks.

We measure and report on the volume of fresh water and non-fresh water withdrawn from local water sources, the volume of municipal waste water reused, and the volume of produced water that is reused, recycled, disposed or discharged after treatment. The data are 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.

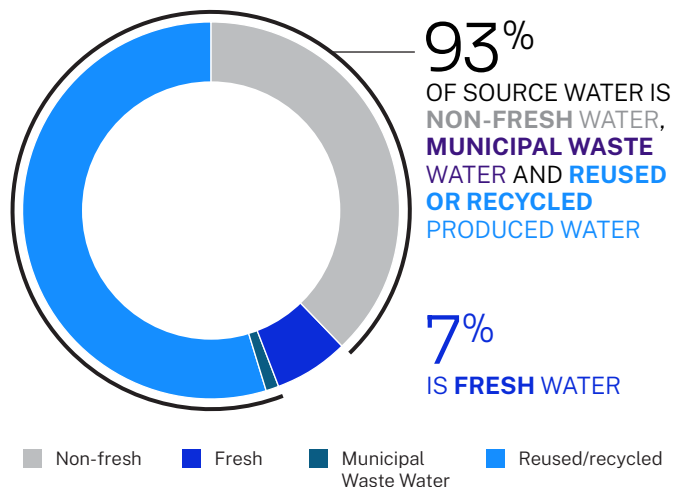
The 2022 fresh water consumption intensity for our unconventional assets in the U.S. (Eagle Ford, Delaware, Midland and Bakken) and in Canada (Montney) was 0.06 bbl/BOE EUR. The 2022 fresh water consumption intensity for our conventional (Alaska, Canada Surmont, LNG and Indonesia) and offshore assets (Norway) was 0.03 bbl/BOE. [Read more](#) about our water metrics.

We use the [World Resources Institute Aqueduct Risk Atlas](#) to assess our portfolio exposure to water stress. Our Anadarko, Permian Midland Basin and Alaska Kuparuk assets are located in basins with high or extremely high baseline water stress and accounted for 6.3% of our total fresh water withdrawal and 2.4% of our total fresh water consumption in 2022. However, we have divested many of our assets with high water stress; the Lost Cabin Gas Plant and the majority of our Anadarko and Permian conventional assets were divested in 2021 and 2022.

### PRODUCED WATER MANAGED – GLOBAL



### SOURCE WATER – GLOBAL



## Measurement, Reporting and Verification

Our environmental and social performance metrics and disclosures undergo various internal and external audit, assessment and assurance processes. We have engaged in assurance practices for our sustainability disclosures for more than a decade, and we use third-party verification for external, independent, limited assurance of our metrics. We perform reasonable assurance for GHG emissions at select operated assets where it is required by country-level regulation. Measurement, reporting and verification of our climate efforts and GHG data is critical for establishing credibility and accountability around our targets and actions.

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 estimation methodologies use the rules, emissions factors and thresholds for regulatory emissions reporting with the following amendments: We use a reporting threshold of 25,000 tonnes of CO<sub>2</sub>e per year for an asset and/or emissions 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 report GHG emissions on both a gross operated and net 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 CO<sub>2</sub>e per year. We request GHG emissions data from our partners on an annual basis. In certain cases, we

obtain the required information from regulatory reports. Additionally, we calculate emissions based on asset-specific emissions intensities and our equity share. Net equity is calculated using working interest ownership for non-operated international and Alaska assets. For Lower 48 non-operated assets, net equity emissions are estimated based on the combined working interest of the wells in which ConocoPhillips has interest and the BOE production of those wells compared to the total BOE production of the operating company.

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

- **Alberta, Canada:** Emissions Management and Climate Resilience Act: Specified Gas Reporting Regulation, Alberta Regulation 251/2004.
- **Australia:** The National Greenhouse and Energy Reporting Act 2007 (NGER Act) and the National Greenhouse and Energy Reporting (Measurement) Determination 2008.
- **British Columbia, Canada:** Greenhouse Gas Industrial Reporting and Control Act: Greenhouse Gas Emission Reporting Regulation, British Columbia Reg. 249/2015.
- **European Union:** EU Emissions Trading System, Monitoring and Reporting Regulation Council Directive 2003/87/EC, as amended by Council Directive 2009/29/EC.
- **Indonesia:** Minister of Environment Regulation No. 12 of 2012 regarding Guideline for the Emission Load Calculation for Oil and Gas Industry Activities.
- **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.
- **United States:** 40 CFR 98 Subparts C, MM, PP, UU, W, and Y. Stationary Combustion Sources; Suppliers of CO<sub>2</sub>; Suppliers of Petroleum Products, Injection of CO<sub>2</sub>; Petroleum and Natural Gas Systems; Petroleum Refineries

### Internal Audits and Assessments

In addition to the third-party assurance process, our Internal Audit group performs independent internal assurance of our non-financial sustainability reporting following the International Standards for the Professional Practice of Internal Auditing. The first review, completed in 2019, evaluated governance practices, control processes, risk management and metrics reporting practices. To continuously improve disclosure processes and controls, in 2022, Internal Audit reviewed sustainability monitoring and reporting practices, standards, and processes under the direction of our Board of Directors Audit and Finance Committee. Internal Audit also provided limited assurance over the 2022 environmental and social disclosures before issuance of this year's Sustainability Report.

Historically, we have sought third-party limited assurance of GHG emissions data annually and assurance of other environmental performance measures every three years. Beginning with the 2021 Sustainability Report, however, we expanded the scope of external assurance beyond GHG emissions data to include limited assurance of all governance, climate and human capital disclosures, as well as water and biodiversity metrics. The limited assurance assessment covered qualitative and quantitative measures. After a successful pre-assurance readiness review conducted in 2022 for 2021 data, we further expanded the scope of our reporting assurance to include third-party limited assurance of all sustainability disclosures and evaluate internal assurance governance processes and controls for climate-related risk disclosures. We plan to continue this scope annually going forward.

We continue to advance our internal processes and controls, and evaluate methods to continuously improve the quality, consistency and transparency of our GHG data in order to meet external expectations and evolving regulatory requirements.

### Elevating Assurance of GHG Emissions

Over time we plan to elevate assurance of our Scope 1 and 2 emissions for all operated assets from limited assurance to reasonable assurance.<sup>14</sup> To prepare for this,

we are conducting readiness pre-assessments within individual business units. Based on these assessments, an implementation plan will be developed to define the actions, timeline and resources required to move to a global level of reasonable assurance, with consideration for proposed regulatory disclosure requirements and timelines. We want to execute our plan at a pace that is manageable for the business and positions us well for potential future compliance obligations.

### Climate-Related Risk Disclosures Governance

With increasing expectations for assurance of environmental, social and governance (ESG) data, potential for future integrated reporting, and in response to proposed climate-related regulatory requirements, we further reviewed our internal process and controls for climate-related risk disclosures relative to those already in place for financial disclosures. This exercise included conducting a pre-assessment of data, processes, systems and controls used to report Scope 1 and 2 emissions and comparing those against proposed regulatory requirements. It also included conducting a gap assessment between proposed SEC rules and our current climate-related disclosures in public filings and reports such as our Proxy Statement, 10-K and Sustainability Report. We continue to collaborate cross-functionally within ConocoPhillips to evaluate how to best manage the broadening governance of ESG disclosures and leverage skill sets gained through designing and maintaining financial assurance processes.

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

Since 2003, we have participated in the annual CDP survey. The survey collects a wide range of information concerning companies' efforts to manage climate-related issues effectively and drive emissions reductions. It includes an emphasis on governance, strategy, actions and reporting to try to provide a complete view of comparable performance. It also provides a view of sector performance. Our most recent CDP submission can be found in the [2022 CDP document](#).

<sup>14</sup> Based on definitions from the ISO 14064-3:2018 Standard, reasonable assurance requires a third-party provider to consider and obtain an understanding of internal processes and controls governing non-financial ESG disclosures, and to conduct extensive testing procedures, including the recalculation and verification of data. The quality and quantity of audit evidence required by the third-party provider for limited assurance, however, is less than what would be expected for reasonable assurance. Testing procedures are less extensive with more limited recalculation and verification of data.

## 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:

- Taking part in global legislation and regulation development.
- Engaging with stakeholders, including investors, on climate-related risks.
- Working within industry groups to advance sector-wide net-zero solutions.

### 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 be fully aligned 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 external groups that support our efforts to manage climate-related risks.

*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.

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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* in its efforts 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* 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 Oil and Gas Producers Association](#) (IOGP).
- 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 JP Morgan, Citi, Moody's, Fitch and S&P.

## Cross-Sector Collaboration

External engagement and collaboration remain an area of focus for us because the energy transition will require joint efforts to achieve meaningful emissions reductions and evolve policy solutions. In 2022, we participated in or had membership in the following:

- **World Bank Zero Routine Flaring by 2030:** Initiative that aims to achieve consistency among efforts by governments, the oil and gas sector and development institutions to address routine flaring.
- **The Environmental Partnership:** Coalition of about 100 oil and natural gas companies working to improve methane emissions management.
- **E&P Net-Zero Principles Roundtable:** Facilitated by Ceres, a small group of financial sector stakeholders, E&P oil and gas companies and NGOs, seeking to define what it means to be a Paris-aligned E&P company.

- **Net-Zero Business Alliance:** Initiative from the Bipartisan Policy Center to bring together business leaders and frame an affirmative and pragmatic approach in the climate solutions debate and subsequently engage with governments (as a group and directly) to advance an aggressive climate strategy that is grounded in engineering, commercial and economic realities.
- **Net-Zero Company Benchmark:** Engaging with Climate Action 100+ twice each year to gather feedback to strengthen our approach to managing climate-related risk.
- **Natural Gas Initiative:** Program led by Stanford University researchers with participation from industry, government, inter-governmental organizations and foundations. Initiative aims to increase public access to information about the accuracy of methane detection and quantification technologies.
- **Pathways Alliance:** Program that includes Canada's Oil Sands Innovation Alliance (COSIA) as well as the Oil Sands Pathways to Net-Zero Initiative, which is an alliance of Canada's top oil sands operators working toward achieving net-zero operational GHG emissions by 2050. ConocoPhillips was one of COSIA's founding members.
- **International Emissions Trading Association (IETA):** Nonprofit business organization created in 1999 to establish a functional international framework for trading 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.
- **National Petroleum Council:** Advisory Committee to the U.S. Secretary of Energy. As an NPC member, ConocoPhillips is leading a study on Natural Gas GHG Emissions Across the Value Chain, a multi-stakeholder effort aimed at delivering recommendations on ways to reduce the GHG footprint of natural gas.

In addition to these groups, in July 2022 ConocoPhillips joined the ***Oil and Gas Methane Partnership (OGMP) 2.0 Initiative***, a voluntary, public-private partnership between the United Nations Environment Programme, the European Commission, the Environmental Defense Fund and 100 oil and gas companies. OGMP 2.0 has emerged as a globally recognized initiative for methane emissions measurement and reporting and is aimed at minimizing methane emissions from global oil and gas operations. We are committed to improving the transparency of our methane emissions reporting and delivering on our methane reduction objectives and targets by collaborating with industry peers to accelerate best practices in our operations.

In line with the Initiative's guidance, we plan to incorporate source-level and site-level measurements when estimating methane emissions from our operations.

To complement our work with OGMP 2.0, we are also participating in the ***Veritas Differentiated Gas Measurement and Verification Initiative***, a U.S.-based methane measurement initiative run by the Gas Technology Institute (GTI). The Veritas program is an effort among academics, environmental groups, certification organizations and oil and gas operators to develop new tools to assess and verify measurement-informed methane emissions. The Veritas program developed a series of protocols to calculate emissions reductions, including protocols for methane intensity, measurements to inform emissions inventories, reconciliation of emission factor inventories with actual measurements, supply chain summation to aggregate

Ceres, a nonprofit sustainability advocacy organization, facilitated collaboration among a small group of financial sector stakeholders, E&P companies and NGOs. They worked to define what it means to be a Paris-aligned E&P company. Recognizing the segment has limited opportunities to diversify its business model, the collaboration focused on solutions for reaching net-zero emissions that also meet transition demand.

The resulting product, ***Key Elements for a Net-Zero Transition for Operations at Oil and Gas Exploration & Production Companies***, is a basis for engagement and direction as net-zero pathways are traveled.

multiple industry segments, and audit and assurance for third-party verification of an emissions inventory.

We signed on to OGMP 2.0 and Veritas simultaneously as the two frameworks have the potential to operate in tandem. Our joint participation is an effort to influence the pace of action on methane emissions across the whole industry, not just at ConocoPhillips.

# Public Policy Engagement

Our advocacy and lobbying are aligned with our focus on reducing our Scope 1 and 2 emissions and supporting sensible policies that reduce Scope 3 emissions.

ConocoPhillips believes a well-designed pricing regime on carbon emissions is the most effective tool to reduce greenhouse gas (GHG) emissions across the global economy, and we continue to advocate for policies aligned with our carbon pricing principles as well as effective and efficient regulatory actions. We support the aims of the Paris Agreement, which include limiting the rise of global average temperatures well below 2 degrees Celsius, as 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. Since we published our first global climate change position in 2003, we have remained 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 company leadership 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.

In addition to our work with the CLC and CPLC, we also recognize the policy trend in the U.S. toward a regulatory approach to emissions reductions, and we advocate for effective and efficient regulations and legislation to advance economic incentives and reduce GHG emissions. To that end, we are leading discussions around additional policy options, aligned with our principles, that address end-use emissions:

- Supporting development of alternative carbon pricing mechanisms including some sector-specific programs, which if developed for multiple sectors and combined with a World Trade Organization-compliant Border Carbon Adjustment (BCA) mechanism could function like a carbon price.
- Lobbying to support balanced and cost-effective regulations aimed at directly reducing methane emissions from new and existing oil and gas sources.
- Supporting the advancement of alternative transportation and power generation as a member of the Fuel Cell and Hydrogen Energy Association (FCHEA).
- Supporting the robust development of a voluntary offsets market through our membership in the International Emissions Trading Association (IETA) and advocating via IETA and other trades in support of the further development of a voluntary carbon market.
- Leading the U.S. National Petroleum Council study on Natural Gas GHG Emissions Across the Value Chain, including making policy recommendations at the national level.
- Evaluating implementation rules of the Inflation Reduction Act of 2022 to enhance investment economics of several low carbon technology projects.

The National Petroleum Council, a federal advisory committee to the U.S. Secretary of Energy, is conducting a study on natural gas GHG emissions to evaluate the feasibility and effectiveness of different approaches, individually and in combination, which could reduce and/or offset GHG emissions across the natural gas value chain up to the end-user. Ryan Lance is the private sector chair of the Study Committee, and ConocoPhillips is managing the study process, which is expected to be completed in early 2024. The study may identify reduction opportunities from technology investments, market mechanisms, and policy and

regulatory measures. The study will also evaluate ways to reduce natural gas GHG emissions, including methane, CO<sub>2</sub> from operations, and emissions attributed to flared natural gas, while valuing meaningful engagement with people and civic groups. Under most energy scenarios there is a demand for natural gas as a primary energy source, and the purpose of this study is to provide recommendations for simultaneously addressing affordability, energy security, and decarbonization to reduce the natural gas GHG footprint.

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.

We also work with our trade associations to drive alignment with our climate change position.

Within API's Climate Committee, for example, we work with peers to address 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 [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.

Most trade organizations in which we participate have climate change positions that align with ours. Where they do not, we continue 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.

[Read more](#) about our alignment with our associations regarding climate change.

[Read more](#) about public policy governance and major trade association memberships.

## 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 public policies should:

**Integrate 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.

**Promote 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.

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

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

[Read more](#) about our climate change public policy principles.

## 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 and, in particular, to address Scope 3 end-use emissions. 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.

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.

In 2022, we also worked closely with members of the Business Roundtable (BRT) and the American Petroleum Institute (API) to engage with the Voluntary Carbon Markets Initiative (VCMI), a platform for encouraging net-zero aligned participation in a voluntary carbon market. Through BRT and API, we worked with the architects of the VCMI to develop an inclusive framework and create space for future dialogues as carbon markets develop.

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 in 2003.

### Engagement Timeline

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 Emission Trading System and later established a team within our London-based Commercial team to originate carbon offsets through the UNFCCC's Clean Development Mechanism and Joint Implementation program.

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 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 for smart policy solutions. Detailed discussion of our major engagements on regulatory and legislative issues is provided later in this section.

In 2021, we made the decision to rejoin IETA to further our advocacy for market solutions to the climate challenge. IETA is a nonprofit 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 the availability of gathering infrastructure necessary 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.

Directly and through our trades we have worked to advance the development and deployment of carbon capture 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.

In 2022-2023, the Environmental Protection Agency (EPA) and Bureau of Land Management (BLM) have each proposed regulations targeted at reducing methane emissions from

the oil and gas sector. We have engaged the regulators throughout the rulemaking process for each proposal and provided substantial technical comments to aid in the development of workable regulations through our trade associations. Our advocacy efforts highlight and build upon the progress industry has made to reduce emissions and continuously improve environmental performance.

## 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, with the help of CCS. 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](#).

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 API, BRT 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:** ConocoPhillips' greenhouse gas (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 greenhouse gas emissions across the global economy. 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 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

# Managing Nature-Related Risks and Impacts

In a 2019 global biodiversity assessment report, the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) reported that across much of the globe, nature has been significantly altered by human activity. The report defined five categories of impact drivers that contribute to biodiversity loss, including land- and sea-use change, resource use, pollution, invasive species and climate change.

Following the IPBES report, the Global Biodiversity Framework was adopted at the 2022 United Nations Biodiversity Conference of the Parties to the U.N. Convention on Biological Diversity (COP15). The seminal framework establishes key global country-level goals and targets related to nature. Additionally, we recognize that the

Taskforce on Nature-related Financial Disclosures (TNFD) is developing a disclosure framework for nature-related risks that reflects the expectations.

We assess and disclose nature-related risks, impacts, dependencies and opportunities within a framework of governance, strategy, risk management and disclosure.

**Grassland restoration in the Permian Basin. [Read more](#) about our conservation initiatives at Quail Ranch.**





# Governance

Our governance framework for sustainable development (SD) risks, including those related to nature, extends from the Board of Directors Public Policy and Sustainability Committee, through the Executive Leadership Team (ELT), to leaders and internal subject matter experts. This

governance structure provides board and management oversight of our strategic planning, SD policy and corporate SD risk management standards and processes. [Read more](#) about our SD governance.

# Strategy

## Risks and Impacts

ConocoPhillips activities and operations can directly or indirectly contribute to nature impact drivers, including:

- Land- or sea-use change through activities and operations resulting in habitat disturbance, reduced habitat intactness and impacts on species distribution.
- Pollution associated with unplanned events including water, chemical, air or other emissions releases.
- Unintentional introduction of invasive species.
- Resource use through fresh water withdrawal.

In 2022, we continued exploring different ways for assessing the state of nature at our operated assets using geospatial data layers. This included using assessment indicators which include geospatial datasets such as the Integrated Biodiversity

Assessment Tool’s (IBAT) Species Threat Abatement and Restoration (STAR) metrics and Key Biodiversity Areas, the International Union for the Conservation of Nature’s (IUCN) Red List of Threatened Species and Red List of Ecosystems, the World Wildlife Fund (WWF) Biodiversity Risk Filter, the World Resources Institute’s (WRI) Aqueduct Water Risk Atlas, and the World Conservation Monitoring Center’s (WCMC) Ecological Integrity Index. Implementation of an assessment methodology based on consistent, recognized, global data sources will enable us to identify assets located in or near low integrity or high importance ecosystems and support prioritization of mitigation actions.

Our operated assets are located within eight biomes and 14 ecoregions:

BIOME <sup>1</sup>	OPERATED ASSET	ECOREGIONS
<b>Boreal Forest/Taiga</b>	<ul style="list-style-type: none"> <li>• Surmont</li> </ul>	<ul style="list-style-type: none"> <li>• Mid-Canada boreal plains forests</li> </ul>
<b>Deserts and Xeric Shrublands</b>	<ul style="list-style-type: none"> <li>• Eagle Ford</li> <li>• Delaware Basin</li> <li>• Midland Basin</li> <li>• Uinta Basin</li> </ul>	<ul style="list-style-type: none"> <li>• Tamaulipan mezquital</li> <li>• Chihuahuan desert</li> <li>• Colorado plateau shrublands</li> </ul>
<b>Marine Shelves</b>	<ul style="list-style-type: none"> <li>• Greater Ekofisk Area</li> </ul>	<ul style="list-style-type: none"> <li>• North Sea</li> <li>• Southern Norway</li> </ul>
<b>Temperate Broadleaf and Mixed Forests</b>	<ul style="list-style-type: none"> <li>• Eagle Ford</li> </ul>	<ul style="list-style-type: none"> <li>• East central Texas forests</li> </ul>
<b>Temperate Grasslands, Savannas and Shrublands</b>	<ul style="list-style-type: none"> <li>• Anadarko Basin</li> <li>• Bakken</li> <li>• Eagle Ford</li> <li>• Delaware Basin</li> <li>• Midland Basin</li> </ul>	<ul style="list-style-type: none"> <li>• Northern shortgrass prairie</li> <li>• Texas blackland prairies</li> <li>• Western shortgrass prairie</li> </ul>
<b>Temperate Conifer Forests</b>	<ul style="list-style-type: none"> <li>• Montney</li> </ul>	<ul style="list-style-type: none"> <li>• Alberta-British Columbia foothills forests</li> </ul>
<b>Tropical and Subtropical Grasslands, Savannas and Shrublands</b>	<ul style="list-style-type: none"> <li>• APLNG</li> </ul>	<ul style="list-style-type: none"> <li>• Brigalow tropical savanna</li> </ul>
<b>Tundra</b>	<ul style="list-style-type: none"> <li>• Kuparuk</li> <li>• Western North Slope</li> </ul>	<ul style="list-style-type: none"> <li>• Arctic coastal tundra</li> <li>• Arctic foothills tundra</li> </ul>

<sup>1</sup> Source: RESOLVE [Ecoregions and Biomes](#) dataset.

As described in [Assessing and Managing Risks](#), we evaluate and track our nature-related risks through our SD Risk Register. Historically, nature-related impacts and associated risks broadly fall into the following categories:

- Water sourcing, produced water disposal and seismicity.
- Threatened or valued species and protected areas.
- Cumulative effects.
- Policy and regulations.
- Disclosure and reporting.

The time horizons we use for nature-related assessment are based on the time taken for the risk consequences to manifest themselves and our planning time horizons. We group risks into near-term (0-5 years), mid-term (5-10 years)

or long-term (10-25 years). While cumulative effects tend to be mid- to long-term risks, other risk categories can be short-, mid- or long-term depending on location and the development stage of the asset.

Nature-related risks identified in our annual SD risk assessment process and characterized as significant or high are included in the corporate SD Risk Register. For each risk, we track the progress of mitigation actions, identify future/ planned mitigation actions, action owners and action or milestone target dates. Actions relate to specific business unit risks unless indicated as “global.” Nature-related risks in our 2022 SD Risk Register are summarized below.

[Read more](#) about our assessment processes.

RISKS	TIME HORIZON	MITIGATION ACTIONS CONTINUED OR STARTED IN 2022
<b>Physical Risks (business unit-specific)</b>		
<b>Threatened/valued species</b>	Near- to mid-term	<ul style="list-style-type: none"> <li>• Maintaining over 360,000 acres of voluntary conservation agreements.</li> <li>• Completing development reviews for ecological sensitivity.</li> <li>• Conducting wildlife surveys including population monitoring.</li> <li>• Supporting proactive conservation through bird joint ventures.</li> </ul>
<b>Produced water disposal</b>	Near- to mid-term	<ul style="list-style-type: none"> <li>• Sharing of treated produced water with other operators.</li> <li>• Conducting studies to identify additional produced water disposal alternatives.</li> <li>• Initiating research to develop and pilot technologies and processes to treat produced water for potential beneficial reuse opportunities.</li> <li>• Increasing produced water storage capacity.</li> <li>• Ongoing engagement with local/Indigenous communities.</li> </ul>
<b>Transition Risks – Policy and Legal (global)</b>		
<b>Nature-related policy changes and regulations</b>	Mid-term	<ul style="list-style-type: none"> <li>• Initiating local priority species pressure-state-response assessment for global operated assets.</li> <li>• Engaging with organizations developing nature-related frameworks, metrics and targets.</li> <li>• Completing assessment of alignment and gaps for evolving nature disclosure recommendations.</li> </ul>

## Dependencies and Opportunities

We identify ecosystem services, or dependencies, for each operated asset as well as for local communities in the vicinity of our activities and operations. We consider ecosystem services for operations and communities including:

- Provisioning services like water supply.
- Regulating services including flood and storm mitigation.
- Cultural services such as recreation, spiritual value and education.

We also identify opportunities during the risk assessment process which are mitigation actions designed to avoid, minimize or restore impacts consistent with the mitigation hierarchy. Opportunities are implemented to mitigate nature-related risks at the business unit level or as a strategic corporate priority.

## Business and Strategy

Nature-related risks have the potential to impact our business in several ways. Our SD risk management process facilitates identifying those risks and enables determining the potential consequence severity, likelihood and timing of occurrence of each. Impacts to biodiversity, habitats, ecosystems and dependencies or those associated with

fresh water withdrawal, water stress, offshore produced water discharges and onshore produced water disposal can lead to business risks through:

- Restricting access to water supply, exploration or operational areas resulting in project delays or business interruption.
- Limiting production techniques such as hydraulic fracturing or restricting produced water discharge/disposal to address basin-level cumulative effects.
- Increasing costs associated with policy changes and regulations.
- Actions by investors, the financial sector and regulators including increased reporting expectations related to environmental and social performance and shareholder resolutions.

We have tested the robustness of our nature-related corporate water and biodiversity strategies using plausible future states. The objective of the assessment was to identify strengths and weaknesses of valid strategy alternatives. The planning considered factors including biodiversity loss, exposure to water stress and the evolution of regulations or expectations from regulators, investors and the financial industry.

# Risk and Impact Management

## Assessment, Management and Integration

Our SD Risk Management Standard outlines a process for operated assets and projects to assess nature-related risks to ensure corporate oversight, assurance and consistent implementation. The standard mandates developing 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, continue to be tracked at the business unit and corporate level. The results of the assessment are integrated 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.

[Read more](#) about our risk process.

The assessment process is guided by our SD risk assessment tool and comprises the following:

Our long-range and strategic planning activities consider SD 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.

Sustainability risks are integrated into the corporate Enterprise Risk Management (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 Executive Leadership Team (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.

ASSESSMENT STEP	ASSESSMENT OUTPUT
<b>Risk Assessment</b>	<ul style="list-style-type: none"> <li>• Impacts on nature and ecosystem services considering all potentially relevant nature-related physical and transition risks.</li> <li>• Potential business consequences.</li> <li>• Consequence occurrence time horizon: near-, mid- or long-term.</li> </ul>
<b>Risk Ranking</b>	<ul style="list-style-type: none"> <li>• Potential financial consequence severity assuming cumulative impacts over a 10-year period.</li> <li>• Likelihood of occurrence for 10-year period.</li> </ul>
<b>Mitigation Action Plan</b>	<ul style="list-style-type: none"> <li>• Risk mitigations already in place.</li> <li>• Additional mitigations or opportunities planned.</li> <li>• Mitigation action owner, target completion and progress.</li> </ul>

# External Collaboration and Engagement

We focus our external engagement on:

- Developing industry leading practices, guidance and conducting benchmarking with industry organizations.
- Collaborating with local and regional communities, 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). In 2022, we collaborated with the Ipieca Environment, Biodiversity and Ecosystem Services and Water working groups on nature-related disclosure and reporting, nature-positive, protected areas reporting, post-2020 Global Biodiversity Framework implementation, Biodiversity Action Plan guidance and nature-based solutions. In addition, we collaborated with IOGP on habitat retention strategies for decommissioned offshore jacket structures.

We also 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:** 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, PARETO – The Produced Water Optimization Initiative, 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, New Mexico LPC/DSL Technical Committee, Respect Big Bend Coalition.
- **Corporate:** Global Reporting Initiative (GRI) Biodiversity Standard Technical Committee, Taskforce on Nature-related Financial Disclosure (TNFD) Stakeholder Group and World Benchmarking Alliance Nature and Biodiversity Benchmark draft methodology through Ipieca, and Science Based Targets Network (SBTN) Corporate Engagement Program.

# Managing Biodiversity-Related Risks and Impacts

We manage risks and mitigate impacts to areas in or near low integrity or high importance ecosystems 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](#).

## 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 offset.

### 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

For more than 18 years we have funded grizzly bear research to help improve our activities and avoid human influence on bears. We conduct aerial infrared surveys in coastal areas of the North Slope of Alaska where winter activities are planned 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. [Read more](#) about how we work to avoid human-bear interactions.

In 2022, we built the equivalent of 495 acres of winter ice roads and ice pads which melted away in the summer. 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 2022, an additional 15 female and male sharp-tailed grouse were tagged with GPS transmitters, bringing the total to 60. 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. Statistical analyses are currently being worked based on the nest location and GPS data to include nesting habitat characteristics and nesting habitat resource selection model, female habitat use during the spring and summer, and male habitat use during the lekking and summer periods. These analyses will provide the scientific input needed to determine the most effective way to avoid impacting sharp-tailed grouse populations throughout their life cycle. [Learn more](#) about our project-specific approach to avoidance planning 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



Sharp-tailed grouse in the Bakken.

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 700 acres in conservation agreements that protect the lesser prairie chicken in Texas and over 266,000 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 the footprint of our operations. 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.

### Norway

In 2022, we completed field studies using glider technology to assess and minimize the effects of seismic surveys and produced water discharges at Ekofisk. Gliders are unmanned, autonomous vehicles operating underwater, driven by gravity, or they are operated at the surface driven by wind, waves, gravity and solar energy. Surface gliders are about the size of a surfboard and we use gliders to conduct research and to collect data about the potential impact of activities on the marine environment and ocean life.

### Canada

Through [Canada's Oil Sands Innovation Alliance](#) (COSIA), ConocoPhillips Canada led the development of a goal to reduce the **footprint intensity** by 10% by 2022, measured from a 2012 benchmark. Achievements have been realized in surface infrastructure footprint optimization, improved drilling technology and progressive reclamation. While finalized 2022 data is pending, COSIA member companies have collectively reduced their footprint intensity from 0.34

in 2012 to 0.30 in 2021, a reduction of approximately 11%. We support COSIA in the development of environmental performance indicators for in-situ oil sands operators that will replace the footprint intensity reduction goal.

As part of our focus to proactively minimize footprint at Surmont we are participating in the COSIA EcoSeis project. EcoSeis focuses on the challenge of seismic data acquisition, which historically has required cutting a network of narrow corridors through the boreal forest to transport and deploy geophysical survey equipment. These seismic cut lines represent a significant contribution to our exploration footprint. The purpose of EcoSeis is to reduce the impacts of new seismic lines by reducing the width of the cut lines. In 2022, we completed a successful EcoSeis pilot at Surmont acquiring high-resolution seismic images reducing the overall footprint by over 40% compared to using conventional seismic technology. This phase of the EcoSeis project and additional assessment will be completed in 2024.

The [Surmont Boreal Reclamation Project](#), a research initiative with the Northern Alberta Institute of Technology's [Centre for Boreal Research](#), is focused on upland boreal forest reclamation techniques. This project has demonstrated benefits to actively planting nursery stock seedlings on a previously disturbed reclamation area (in this case a soil stockpile). Results of the research confirmed that high-density planting (10,000 stems/ha) supports faster development of forest canopy vegetation, and after six growing seasons, there is evidence of progression toward a vegetation community with typical forest attributes.

### 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. In 2022, we completed the first well using our extended-reach drill (ERD) rig, reaching over 35,000 feet in length. 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.

Each year, ConocoPhillips Alaska conducts scientific field studies throughout the Colville River and northeastern National Petroleum Reserve-Alaska (NPR-A) on the North Slope of Alaska. These studies are conducted by respected scientists with many years of experience on the North Slope. We collaborate with the North Slope Science Initiative and the Bureau of Land Management to share environmental reports. Our [2022 environmental field studies](#) focused on several avian species (eiders, loons, geese and shorebirds), air quality, fish and subsistence fisheries, caribou, hydrology, cultural resources and subsistence.

### 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.

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. 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.

We completed a migratory shorebird monitoring study to assess potential impacts on local population trends associated with construction and operation of APLNG. The shorebird monitoring study started in 2009 and continued for five years beyond the completion of construction, which concluded in 2021. Results indicated that population trends are in response to regional effects and are unlikely to be associated with the ongoing operation of the facility. Assessments will continue to be performed where major construction activities are undertaken.

### 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, considering 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. Reclamation is continuing at several North Slope gravel mine sites.

### Norway

Removal and recycling of offshore platforms reduces our footprint and restores marine habitat. Since 2010 we have removed the topsides and jackets of 15 platforms as part of our offshore decommissioning activities. For seven of the removed platforms, we have also mapped safety zones and removed debris, making approximately 1,400 acres of seabed available for other users of the sea. Debris removal around platforms removed at the Ekofisk Complex will be completed upon future Ekofisk decommissioning.





Caribou on Alaska's North Slope.

## Canada

In 2022, we completed the dismantling and remediation phase of Surmont's pilot plant after 19 years as Surmont's initial central processing facility. The decision to retire and reclaim the plant is part of our strategy to proactively remove infrastructure that no longer contributes to active operations. We will start advancing the reclamation and revegetation of the almost 20-acre area in collaboration with local Indigenous communities and vendors in summer 2023.

At our Montney asset, we worked with a local Indigenous community in 2022 to select restoration sites for the British Columbia [Dormant Sites Reclamation Program](#). The scope of the restoration work for each of the 10 sites selected by the community was developed in collaboration between representatives from the community and ConocoPhillips staff. The community contributed traditional knowledge and observations about key local species and the desired restored landscape for almost 40 acres. Our experts contributed expertise on innovative restoration and revegetation techniques. When possible, we retained community vendors to implement aspects of the restoration work.

Since 2009, we have led an industry collaboration through [COSIA](#) to accelerate reclamation of exploration well sites in the Canadian boreal forest. The Faster Forests program 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 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.

## 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.

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.

In 2022, restoration and conservation achievements at the company-owned Quail Ranch were awarded the Texas Parks and Wildlife Department Lone Star Land Steward Award. The Lone Star Land Steward Awards program has recognized conservation efforts of private landowners since 1996. Located in Upton County, Quail Ranch encompasses over 90,000 acres in the Trans-Pecos and Edwards Plateau ecoregions of Texas. [Read more](#) about our conservation initiatives at Quail Ranch.

Other Permian restoration efforts include:

- Completing 285 development reviews for ecological sensitivity, conflicts with ranch operations, and adherence to conservation agreements and best management practices, and 69 wildlife surveys for six different species with ongoing population monitoring via remote sensing for select megafauna.
- Enhancing habitat connectivity and promoting biodiversity using results from habitat assessments, including wildlife-friendly fencing installation and water distribution projects to improve grazing distribution and access to water for wildlife.
- Controlling noxious and invasive species, including brush control treatment of over 3,200 acres and treatment of African rue.
- Reseeding over 360 acres of 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 internal 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.

## Australia

Federal and state government 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 conservation 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 contribute to conservation of about 100 square miles in perpetuity. [Read more](#) about the Curtis Island Conservation Park.

## Canada

In 2022, our Montney team worked with a local Indigenous community to select three sites for a habitat offset program to address a British Columbia pipeline permit requirement. The program targeted a 4:1 offset for land disturbed in valued ecosystems as defined by the Indigenous community. Site selection and the scope of restoration work were determined in collaboration with the local Indigenous community after field reconnaissance visits. Three sites, covering a total area of about 16 acres, were selected for the offset program. Research on optimal site preparation and soil cover design conducted in collaboration with the Northern Alberta Institute of Technology's [Centre for Boreal Research](#) helped meet community expectations for site restoration.

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 primarily in the Lower 48 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 2022, 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.

We have supported the conservation, restoration and improvement of

OVER  
**20** MILLION ACRES\*



by conservation partners through continued collaboration.

\* Aggregated from impact reports provided by proactive conservation partners over the past two decades.

## 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 (MCP) collects information for several bird species of concern that follow a migratory flyway aligned with our areas of operation. Field expeditions in 2022 reconvened across North America (including the Western North Slope) in the first major return to pre-pandemic travel and activities. MCP deployed 171 tags on 10 bird species, the highest number of individual birds and species ever worked in a single year. A new project builds momentum for grassland bird conservation through a range-wide project involving 23 partners to study the connectivity of iconic prairie birds: Eastern and Western meadowlarks. MCP also completed 11 scientific papers in 2022, and a tag deployed by MCP is on exhibit in the National Air and Space Museum's new exhibit on satellites: *One World, Connected*.
- **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. Since 2019, the program has awarded **\$11.7 million across 52 projects, leveraging \$57.5 million in matching contributions to generate a total conservation impact of more than \$69.2 million**. This investment has resulted in the protection, restoration and improved management of over 870,000 acres, 670 miles of removed or improved fencing and 307 miles of reconnected migration corridors.

## 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 2022, significant progress was made to improve data sharing among conservation groups and conserving grassland and wetlands habitat.

- In 2022, efforts continued to advance the 600 million-acre Central Grasslands Roadmap interactive web map. This [collaborative habitat conservation initiative](#) to compile landscape level data pertinent to effective on-the-ground conservation efforts brings together more than 200 conservation nongovernmental organizations (NGOs), Indigenous tribes, governmental agencies, policy makers and corporations.
- 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, have joined forces to stem grassland losses and negative impacts to migratory bird habitat across the U.S., Canada, and Mexico. ConocoPhillips has supported five JV8 members, Northern Great Plains JV, Oaks and Prairies JV, Playa Lakes JV, Prairie Potholes JV and Rio Grande JV for many years. To date, they have worked to conserve over 4 million acres.

- National Fish & Wildlife Foundation (NFWF): In 2022, the [ConocoPhillips SPIRIT of Conservation](#) program provided more than \$1.0 million in direct funding to support six projects, including the completion of a multi-phase project to expand the Motus radio-telemetry network to collect grassland bird migration data across the Great Plains and Chihuahuan Desert and to protect or restore over 7,100 acres of grassland and wetland bird habitat in Alaska, Texas, South Dakota and Wyoming. Since 2005, the SPIRIT of Conservation program has awarded more than \$14.9 million to 128 projects resulting in the conservation, restoration or enhancement of more than 528,000 acres. A preliminary estimate using NFWF's proprietary carbon benefit estimator indicated these projects are anticipated to generate a cumulative carbon benefit of 69,000 metric tons by 2052.
- NFWF: 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 2022, [\\$1.5 million was awarded](#) to support [nine watershed conservation projects](#) that resulted in the restoration of over 11,000 grassland acres benefiting multiple avian species and improving 49 miles of pronghorn-friendly fencing. Since the program's inception in 2017, \$8 million has been invested into 44 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 100 wetland acres were restored and over 2,900 acres benefited or were enhanced in 2022. These efforts also provide greater societal benefits by:

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



ConocoPhillips and Ducks Unlimited team members survey recent coastal restoration projects in Terrebonne Parish, Louisiana.

Since 2012, these efforts have helped to restore, conserve or enhance over 25,000 acres. [Read more](#) about ConocoPhillips conservation activities in Louisiana.

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 6,900 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. Additionally, we are co-funding a three-year, landscape-scale assessment project to develop a grassland birds conservation plan with recommendations aiming to stabilize grassland bird populations and minimize impacts across the Great Plains.

# Managing Water-Related Risks

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 such as water stress, 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. Our exploration and production activities can contribute to the resource use impact driver for nature. Water risks are managed at the BU level, enabling a tailored region-specific approach.

Our water sources include fresh, non-fresh, reused municipal waste water 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 2022, 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 all of our recycled

**52%**  
of Permian Basin hydraulic fracturing water sourced in 2022 was recycled produced water.

produced water used in 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. We added two additional produced water recycling facilities for assets acquired in 2022 bringing the total number of facilities treating produced water from our own natural gas and oil wells to 12.

In 2022, ConocoPhillips entered into an agreement with **Aris Water Solutions** and Chevron to develop and pilot technologies and processes to treat produced water for potential beneficial reuse opportunities. **ExxonMobil joined** the collaborative industry effort in 2023. Engineering, construction and execution of the testing protocols and pilot projects will be led by Aris, leveraging the combined technical expertise of members. Completion of pilot testing and the performance evaluation of certain pilot technologies are anticipated by the end of 2023, paving the way for risk assessments for treated produced water, which are important enablers for eventual beneficial reuse applications.

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 2022, 44% of the water used for hydraulic fracturing of new wells in Delaware and 62% of water used in Midland was recycled produced water. Combined, 52% of the water used for hydraulic fracturing in the Permian 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. 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

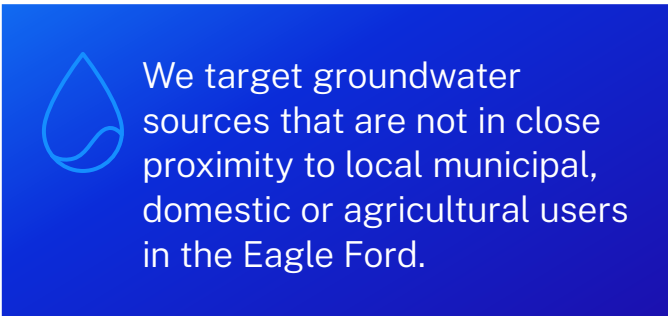
**OUR TARGET:**  
 Recycle at least  
**80%**  
 of the produced  
 water for fracking in  
 the Montney Basin.

produced water for fracking, reducing fresh water withdrawal and produced water disposal. We continue to exploit opportunities for sharing our treated produced water with other local operators, recycling an additional 30% of our total produced water recovered in 2022. We will look to use treated third-party produced

water and are planning to increase our produced water storage capacity to reduce our fresh water use in 2023 and beyond. [Learn more](#) about our Montney water management.

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 2022, we completed the installation of a pipeline-based produced water central gathering and disposal system for new facilities in Sugarloaf, located in Live Oak County. These initiatives have further reduced truck traffic on local roads. In 2022, about 66% 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



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

transported using temporary, lay-flat pipelines from third party owned and operated central storage ponds and underground water distribution systems. Most of produced water is transferred to disposal wells using pipeline infrastructure. In 2022, about 12% 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 seismic hazard risk assessments 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 [TexNet](#), United States Geological Survey and [Nanometrics](#) (a commercial monitoring entity), that enable us to make immediate evaluations and engage in mitigating actions if required. TexNet is a system of earthquake sensors placed in the ground at over 200 locations across the state of Texas. TexNet data is publicly available and widely used by industry, regulators and academic researchers.

In 2022, we supported research led by the University of Texas at Austin’s multi-disciplinary Center for Injection and Seismicity Research (CISR) to understand seismicity across Texas. We also supported seismological research at the Stanford University Center for Induced and Triggered Seismicity (SCITS).

To date, regulators in both New Mexico and Texas have defined multiple Seismic Response Areas (SRA) within which water disposal volumes are curtailed. We fully adhere to these actions and modify our disposal practices to remain in compliance. In addition, our protocols reflect variations in local regulatory frameworks.

## Conventional

Our diverse operated conventional asset portfolio includes Alaska's Kuparuk and Alpine fields and the Permian Basin in the U.S. The majority of our Permian Basin conventional wells were divested in late 2021 and early 2022.

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 development, 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.

## LNG Facilities

Water management priorities for our Australia Pacific Liquefied Natural Gas (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 LNG process that is discharged to municipal systems 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 and at each stormwater discharge point, as well as the receiving environment discharge mixing zone. [Read more](#) about our water management at APLNG.

## Oil Sands

In Canada, steam-assisted bitumen recovery at our Surmont oil sands operation is primarily supported by recycled produced water, supplemented by an array of low-quality non-saline<sup>1</sup> and saline makeup groundwater supply wells. These impaired quality makeup water supplies replace water consumed within the bitumen recovery process and are not suitable for domestic or agricultural use with standard treatment technologies as well as located at depths that isolate them from surface water bodies and interactions with aquatic ecosystems.

Since 2020, Surmont has been piloting a combination of steam additive technologies (e.g., non-condensable gas co-injection to create a blanket of insulation within the steam chamber) and more aggressive targeting of low steam-oil ratio (SOR) wells within the field. This modified operating strategy has resulted in stable bitumen production at lower rates of steam injection and a conjunctive increase in produced water returns to the central processing plants.

As a founding member of [Canada's Oil Sands Innovation Alliance](#) (COSIA), Surmont continued to beneficially contribute to the in-situ oil sands [performance goal](#) of reducing fresh water use intensity by 50% by 2022, measured from a 2012 benchmark. While finalized 2022 data is pending, COSIA member companies have collectively reduced their fresh water use intensity from 0.36 in 2012 to 0.17 in 2021, a reduction of approximately 53%.

## 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, U.K., which receives natural gas, oil and natural gas liquids from Norway and U.K. offshore fields. Our Norway business unit is using non-fresh water (seawater) for reservoir pressure maintenance and drilling.

Our Ekofisk operations have a long history of improving the quality of water discharged into the sea and our oil-in-water ratio has declined significantly and continues to outperform regulatory requirements. In the last decade, the focus has been on optimization to further reduce oil-in-water concentrations. In 2022, the concentration averaged 5.5 mg/L.

Efficient water treatment to reduce oil-in-water concentrations also reduces the level of other discharged components that may impact the marine environment.

<sup>1</sup> As defined by Alberta regulators.



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 2022, we submitted a report on in-situ water column monitoring in the Greater Ekofisk area to regulatory authorities prepared by a consortium of independent research institutes. The study verified the limited risk posed by treated produced water discharges.

## 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 (H<sub>2</sub>S) 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.

## ConocoPhillips Global Water Sustainability Center

2022 was the 12th 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 research supports the development of beneficial reuse options of produced water in Lower 48 operations and at the same time minimizes deep well injection volumes. In addition, unique analytical methodology for advanced characterization of organics was developed to assess the level of pretreatment required to minimize membrane fouling at Qatargas waste water treatment plants. 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.

In 2022, the GWSC team was honored for its conservation awareness program by *Kahramaa - Tarsheed*, the national program to regulate and create awareness for power and water consumption in the State of Qatar.



Kahramaa - Tarsheed 10th year celebration.

# Performance Metrics

## Biodiversity

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.

### PROTECTED AREAS

0.04%



OVERLAPPING WITH **10** ASSETS  
WITHIN **3** MILES (5 KM)<sup>1</sup>

ASSETS: Anadarko<sup>2</sup> | APLNG | Bakken Permian | Uinta Basin

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

<sup>2</sup> During 2022, the company completed the sale of the majority of Anadarko assets.

### HABITATS CONSERVED, PROTECTED OR RESTORED

OVER  
**409,000**

CUMULATIVE ACRES<sup>3</sup>  
on company-owned lands and operated assets.

<sup>3</sup> Cumulative with varying conservation project start dates as early as 2009.

OVER  
**20** MILLION  
ACRES<sup>4</sup>

by conservation partners through continued collaboration.

<sup>4</sup> Aggregated from impact reports provided by proactive conservation partners over the past two decades.

### IUCN RED LIST SPECIES

**12** ASSETS  
IN FOUR COUNTRIES

with at least one IUCN Red List species known to occur.<sup>5</sup>



<sup>5</sup> 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

We complete an annual enterprise-wide assessment of protected areas located within or adjacent to operated assets. 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.

- Operated asset lease areas overlapping with IUCN I-VI protected areas: 0.04%.<sup>1</sup>
- Number of IUCN I-VI protected areas within 3 miles (5 km) of operated assets: 10.<sup>2</sup>

## Habitats Conserved, Protected or Restored

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.

## IUCN Red List Species

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*. 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. We have 12 assets in four countries with one or more IUCN Red List species observed or known to occur.

<sup>1</sup> Assets: Anadarko, APLNG, Bakken, Indonesia (in the first quarter of 2022, the company completed the sale of the Indonesia assets), Uinta Basin.

<sup>2</sup> Estimated as the percentage of lease areas overlapping with designated protected areas such as national parks or wildlife sanctuaries, World Heritage or Ramsar sites.

## Water

We measure and report the volume of fresh water<sup>3</sup> and non-fresh<sup>4</sup> water withdrawn from local water sources, the volume of municipal waste water reused, and the volume of produced water<sup>5</sup> that is reused, recycled, disposed or discharged after treatment. The data is used to estimate

our water intensity and exposure to water stress.<sup>6</sup> 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.

### FRESH WATER CONSUMPTION INTENSITY

**0.06** BBL/BOE EUR

**UNCONVENTIONAL<sup>1</sup>**  
Bakken | Delaware | Eagle Ford  
Midland | Montney



**0.03** BBL/BOE

**CONVENTIONAL/OFFSHORE<sup>2</sup>**  
Alaska | APLNG  
Ekofisk/Teesside | Surmont

<sup>1</sup> Calculated using Enverus data for the average volume of fresh water (bbl) divided by the average estimated ultimate recovery (EUR, BOE) as of April 5, 2023. Intensity value may change as EUR data is updated. EUR – estimated ultimate recovery.

<sup>2</sup> Calculated using the average volume of fresh water (bbl) divided by the average annual production (BOE).



Monitoring water at APLNG.

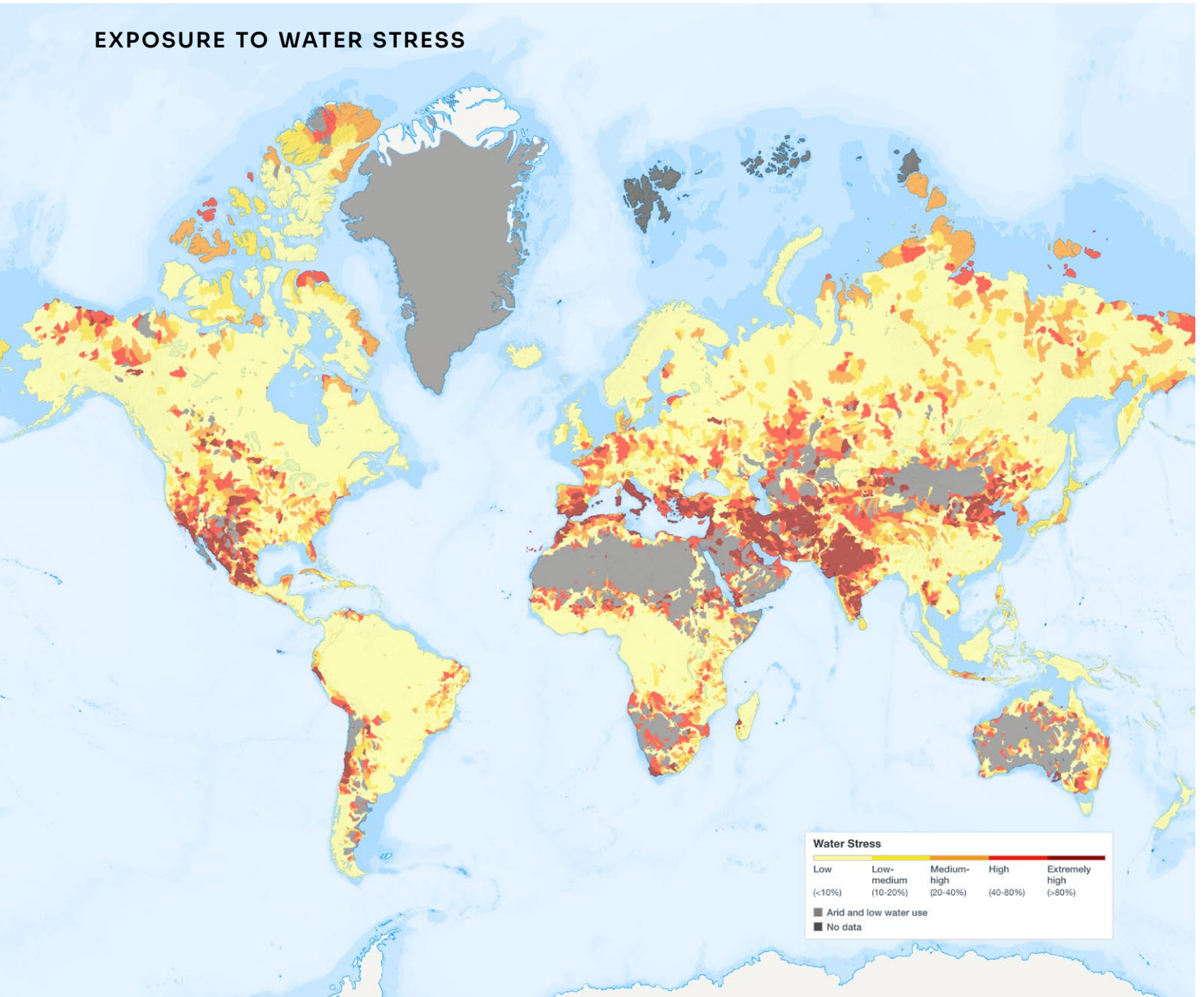
<sup>3</sup> Regulatory definitions of fresh water can range from less than 1,000 to less than 4,000 milligrams per liter total dissolved solids (TDS).

<sup>4</sup> 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.

<sup>5</sup> Produced water ranges from less than 10,000 to more than 300,000 milligrams per liter TDS.

<sup>6</sup> Calculated using the World Resources Institute Aqueduct Risk Atlas.

## EXPOSURE TO WATER STRESS



**6.3%** OF FRESH WATER WITHDRAWN

**2.4%** OF FRESH WATER CONSUMED

IN REGIONS WITH HIGH BASELINE WATER STRESS

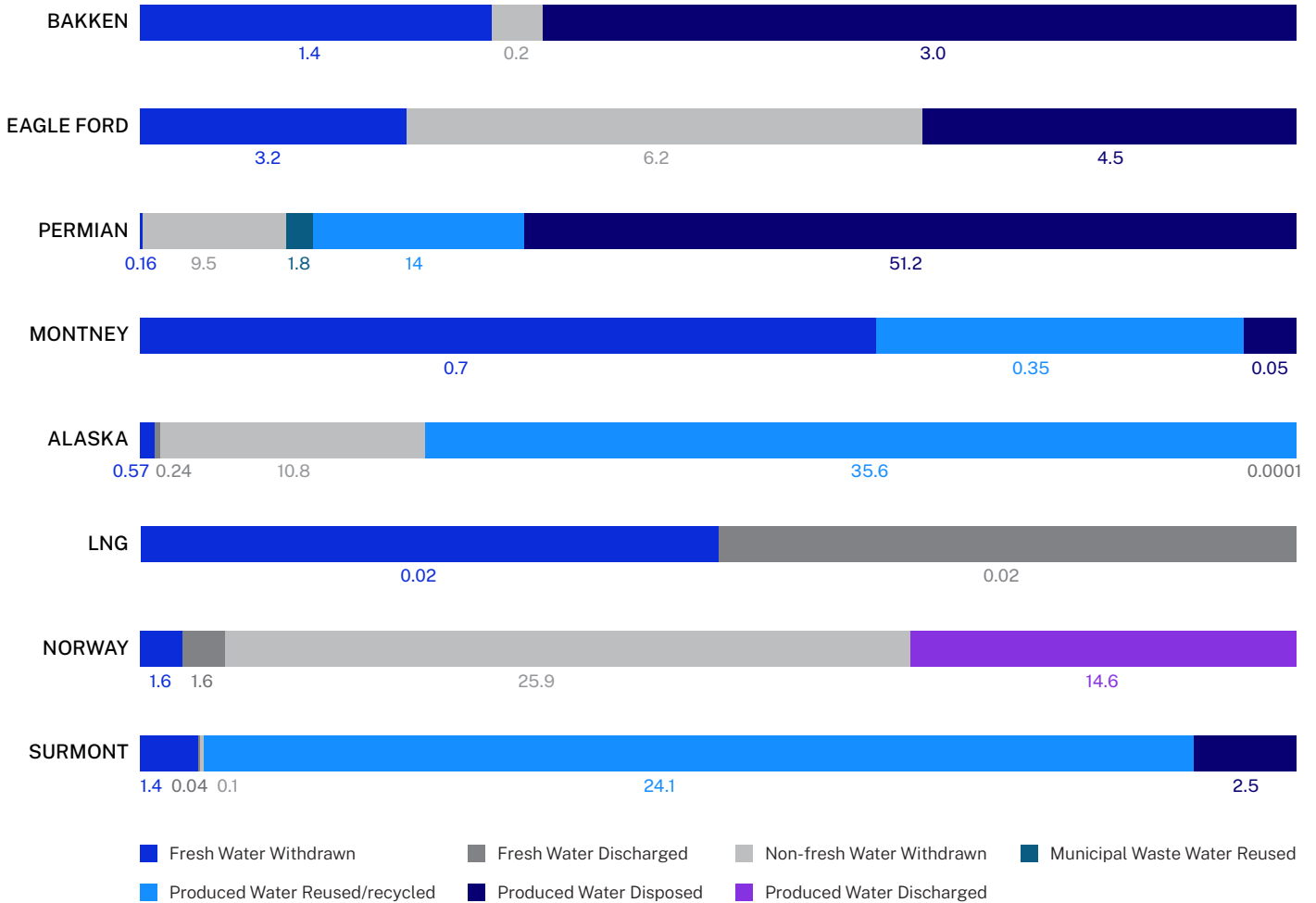
**ASSETS: Anadarko\* | Permian Midland Basin | Alaska Kuparuk**

\* During 2022, the company completed the sale of the majority of Anadarko assets.

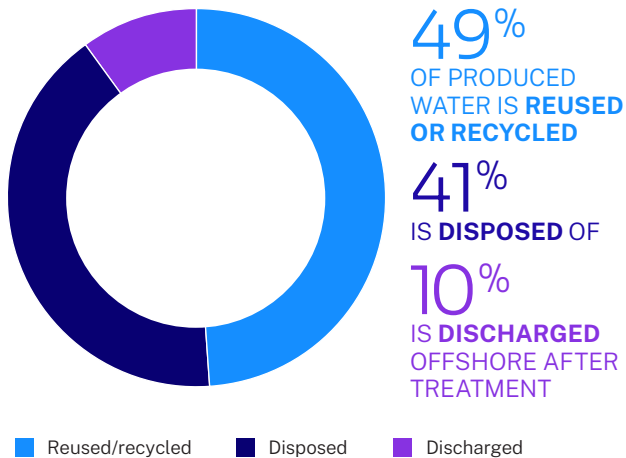
Credit: Aqueeduct Water Risk Atlas (wri.org)

## REGIONAL WATER METRICS

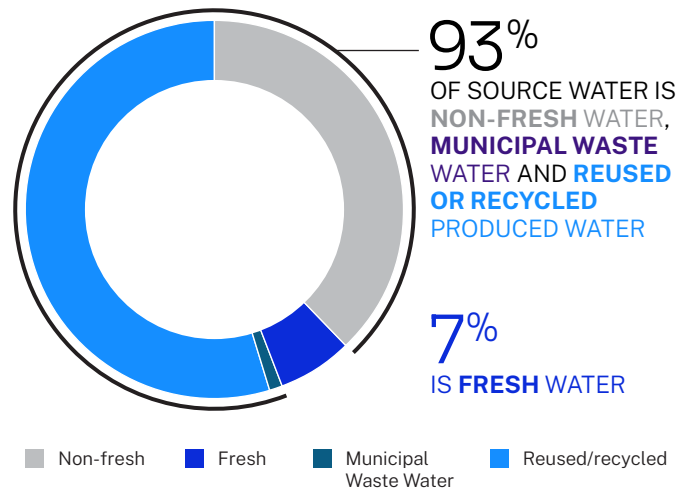
(in million cubic meters)



## PRODUCED WATER MANAGED - GLOBAL



## SOURCE WATER - GLOBAL



# 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 effect of our operations and proposed projects, and support economic and community development opportunities.

We seek early and frequent engagement with our stakeholders to build trust, garner respect and develop mutually beneficial relationships.

In addition to communities near our operations, we engage with government bodies, 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 work to continuously improve our sustainable development programs and initiatives. [Learn more](#) about our broad range of stakeholders.



Members of the ConocoPhillips Stakeholder Engagement team meet with community members in the Eagle Ford.

# Creating Shared Value

We address the social or community related aspects of 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.

## Risk and Impact 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, 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, or increased cost of capital. Social risks for our asset portfolio are related to:

- Community opposition based on potential or perceived 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.
- Negative public sentiment.

By understanding the social, economic, political and environmental factors affecting stakeholders, we can identify and monitor emerging trends, manage potential impacts and reputational risks associated with our operations and add value to our communities.

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. We consider our stakeholder



ConocoPhillips employees volunteer at a United Way Day of Caring in Houston.

relationships and priorities to identify opportunities for collaboration and potential points of conflict. From this we

**We strive to positively impact the communities where we live and operate.**

develop an engagement plan to address concerns and maintain our focus on developing mutually beneficial relationships. By having open dialogue, we are able to identify and address 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 communities, 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.

To support our BUs in operationalizing our **Stakeholder Engagement Principles**, we provide **Social Performance Guidance** with recommended internal processes and external engagement to understand and address stakeholder priorities. Based on this guidance, each BU manages its own social risks, priorities and regulatory requirements, enabling tailored, region-specific business goals to address unique challenges and opportunities.

### Risk and Mitigation Actions

In 2022, five social risks related to potential project delay and business interruption were identified and ranked as significant by three business units. They have developed mitigations to address these risks.

We continued with our Social and Stakeholder Engagement issues working group (IWG) quarterly meetings in 2022. The IWG provides a platform for knowledge sharing on best practices, tracks emerging topics and monitors the progress of the different BUs regarding their engagement with communities and other key stakeholders.

### STAKEHOLDER ENGAGEMENT PRINCIPLES

- 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.

### SOCIAL PERFORMANCE GUIDANCE

- **Community Engagement:** Identifying our stakeholders and how they may impact or be impacted by company activities.
- **Human Rights:** Assessing potential risks to stakeholder human rights, incorporating risks into planning and providing a grievance mechanism.
- **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.



# 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.

Our contribution toward building resilient communities is at the heart of the discussion around a just and orderly transition. We focus our efforts around listening to communities and promoting local development.

## Listening and Integrating Stakeholder Input into Business Decisions

As we gain further understanding about stakeholder 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, including through community meetings and open houses. Our [Willow project in the National Petroleum Reserve-Alaska \(NPR-A\)](#) involved extensive public engagement since the Environmental Impact Statement (EIS) process commenced in 2018, including more than 215 days of public comment, 25 in-person public hearings, and over 145 meetings in Anchorage, Fairbanks, Nuiqsut, Utqiagvik, Atkasuk, and Anaktuvuk Pass.

Willow is designed to support and coexist with subsistence activities with many mitigation measures built into the project design. For example, after publication of the Willow

Draft EIS by the Bureau of Land Management (BLM) in 2019, Nuiqsut village whaling captains and other residents expressed subsistence impact concerns regarding a proposed temporary gravel island to be built specifically for unloading sealift modules. This prompted the project team to reevaluate and change the development plans. Other steps taken to address subsistence concerns include: the reduction of speed limits and road width in key parts of the field, additional infrastructure to facilitate and improve subsistence access and the implementation of additional restrictions and mitigations during times of sensitive wildlife activity, such as caribou calving and migration.

After nearly five years of rigorous regulatory and environmental review, the Department of the Interior issued a Record of Decision on the Willow project in March 2023. Willow has broad support from Alaska North Slope communities, the regional tribe, the regional municipal government, the regional Alaska Native corporation, and the local Alaska Native corporation. [Read their letters of support here.](#)

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.

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.

In 2022, consistent with prior years, we worked with the Alaska Department of Environmental Conservation to include real-time data from the Nuiqsut Air Quality Monitoring Station on the [Alaska Air Quality Index webpage](#) so residents can check the status of air quality at any time. Air quality on the North Slope is consistently better than national ambient air quality standards.

### Australia

We recognize that specific collaborative measures are needed to improve access to business and employment opportunities for First Nations Peoples in Australia. We also recognize the importance of having the active involvement of First Nations Peoples in the design, development and delivery of opportunities that will improve socioeconomic outcomes.

To support our Reconciliation Action Plan (RAP), which was launched in 2022, we facilitated a two-day workshop involving 13 of our tier one suppliers and contractors, and First Nations leaders and business owners, to take a deep dive into current practices to understand both barriers and opportunities for participation in our business. Key outcomes of the workshop included overwhelming support for a First Nations Chamber of Commerce and Industry, establishment of an internal Indigenous Participation Working Group, and development of an overarching strategy between ConocoPhillips Australia and First Nations Peoples that will progressively encompass key policy development including culturally appropriate employment and workforce development, supply chain goods

and services delivery, and business development. [Read more](#) about the development of our RAP.

### 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 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 for both parties to assess and implement. The VIA process can also result in formal agreements with interested Indigenous communities near our operations. Such agreements are confidential and formalize the respectful relationship between our company and the community by focusing on creating shared value. Agreements typically include a process to understand and address concerns and opportunities about our activities, as well as commitments by both parties to work toward mutually beneficial outcomes and maintain open, consistent communication about our activities.

## VALUES AND INTEREST ASSESSMENT (VIA) PROCESS



### ENGAGE

- Invite others who care
- Be part of our journey
- Collaborate closely



### EXPLORE

- Share our stories
- Have meaningful conversation
- Discover our potential



### PLAN

- Prioritize ideas
- Define first steps to action
- Learn and grow together



### ACT & REFLECT

- Turn ideas into shared action
- Review and reflect
- Celebrate our progress

ConocoPhillips works closely with Indigenous communities on restoration efforts in our operating areas. At our Montney asset, we have regularly met with First Nations close to our development areas to develop scopes for habitat restoration offsets for three locations since 2019. We incorporated community feedback on:

- Site selection.
- Site preparation.
- Appropriate species and densities to meet revegetation goals.

The work scopes for each of the three locations were developed based on conversations and site tours with First Nations community members. The draft work scopes were reviewed by the community and updated to reflect their objectives and values. Community members are also expected to be involved in execution of the restoration work.

We also engage with First Nations communities on remediation sites through the Dormant Sites Reclamation Program where communities nominate locations to prioritize remediation and reclamation work, so they have direct influence on the order in which sites are remediated.

In 2022, ConocoPhillips staff and members participated in the following events to engage, learn and celebrate the community's cultural values and practices:

- Fort McMurray 468 First Nation gathered to mark six years since the signing of our Cooperation and Mutual Benefits Agreement and to celebrate the meaningful relationship we have jointly built.
- ConocoPhillips celebrated National Indigenous Peoples Day to commemorate the history and culture of Indigenous Peoples across Canada.
- In September, ConocoPhillips staff recognized National Day for Truth and Reconciliation to help foster awareness, appreciation, and dialogue around Indigenous traditions and culture, and the place of dance therein.

As a company that values and respects Indigenous communities, ConocoPhillips believes it is important to honor these days and events alongside Indigenous Peoples to further increase our understanding of and support for Indigenous communities and stakeholders.

With the proximity of our assets/operations to Indigenous communities in northern Alberta and northeastern British Columbia, and with our Calgary office being within Treaty 7 territory, honoring the people whose footsteps have marked these lands is consistent with our SPIRIT Values.

## Building and Strengthening Local Economies and Communities

Helping improve the quality of life in the communities where we live and work is an important goal 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

ConocoPhillips takes pride in contracting with local Alaska Native-owned corporations, and we have longstanding contracts with subsidiaries of the Kuukpik Corporation, Arctic Slope Regional Corporation, Ukpeaġvik Iñupiat Corporation, NANA and Doyon. We are proud of the Alaska Native employees working in ConocoPhillips operations through our partnerships with Alaska Native Corporations and their subsidiaries.

Federal legislation requires 50% of federal revenue from NPR-A production be made available through the NPR-A Impact Mitigation Grant Program, a unique program that has significant social benefits. These grants fund city operations, youth programs and essential community projects which in turn create local jobs for residents. We 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. Additionally, property taxes from the Willow project will help fund essential services for communities in the North Slope Borough such as schools, emergency response capabilities, health clinics, drinking water, wastewater, roads, power and solid waste disposal.

## Australia

In the community of Gladstone, ConocoPhillips Australia continues working with the not-for-profit sector and recognizes there is an opportunity to further build their business skills and resilience.

In an effort to strengthen these organizations, ConocoPhillips will partner with local organization Not for Profit House to support the assessment of local not-for-profit organization capacity, skills, and business health, through an evidence-based report card assessment process. This will help guide them in priority action areas by giving them tangible steps to improve their contribution to community wellbeing and the local economy. The report card assessment covers key areas such as governance, compliance, general business management, finance, risk, safety and volunteerism.

There are more than 200 local not-for-profit organizations engaged with the Not for Profit House, all of which will have the opportunity to benefit from the report card assessment tool.

## 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 close to three First Nations communities and four Métis organizations with whom ConocoPhillips regularly engages for business opportunities, a priority expressed by community leadership. The parties meet regularly through formalized business working groups to discuss:

- Local contracting capacity, capabilities and opportunities.
- Shared goals for local business benefits.
- Opportunities to support 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.

These efforts at both Surmont and Montney have increased economic participation in ConocoPhillips activities by Indigenous vendors and have bolstered our commitment to meaningful collaboration with Indigenous communities.

To address critical issues related to human rights and safety in our Canadian operating areas, ConocoPhillips supports Truckers Against Trafficking (TAT), a U.S.-based non-profit that helps combat human trafficking by bringing awareness to the issue and educating and mobilizing members of the transportation, truck stop and energy industries. In October 2022, TAT and ConocoPhillips partnered to present a half-day summit in Fort McMurray, Alberta to bring together key energy, trucking and truck stop industry stakeholders, with local, Indigenous, and provincial law enforcement and government agencies, to work together to combat human trafficking. The training featured a Human Trafficking 101 presentation, information about training resources for energy, trucking and truck stop companies, and a presentation by a survivor-leader and a law enforcement panel. The event provided an opportunity for oil sands companies, Indigenous communities, and other stakeholders to learn and collaboratively initiate solutions to prevent human trafficking in northeastern Alberta communities.

## Malaysia

ConocoPhillips partnered with the Global Peace Foundation Malaysia, to improve living conditions for two villages of Indigenous Peoples in Sarawak and Sabah, benefiting over 50 families.

The project in Sarawak helped the community in Kg. Muk Ayun, which is located in the Serian district, have better access to clean water. Due to the remote location of the village, residents depended on an old gravity feed water for their water supply. Leakages in the pipes and dam caused inconsistent water supply and some villages had to carry water from the lake during the dry season. To help improve access to clean water and provide basic sanitation for regular household needs, we worked with Global Peace to reconstruct the dam, lay a new piping system and install large water tanks and pipelines in the village.

The project in Sabah helped the community in Kg. Pitas Laut, which is located in the Kinabatangan district, have better access to clean drinking water and affordable energy. The community had previously been relying on a self-dug pond for water and depending on generators to power their homes. We partnered with Global Peace and its onsite partner, Forever Sabah to help improve access to clean water



ConocoPhillips partnered with the Global Peace Foundation Malaysia to improve living conditions for two villages of Indigenous Peoples in Sarawak and Sabah, providing better access to clean water and affordable energy.

by distributing household-use water filters called Lifestraw Family Filters to villagers. We also provided affordable energy through solar electrification via the donation and delivery of Sun King solar systems. Training and monitoring were also carried out to ensure the communities knew how to use and maintain the equipment.

## Norway

ConocoPhillips Norway has a variety of social initiatives benefiting the local communities, including support to the Stavanger University Hospital's NEEDED project, which provides lifesaving heart research. The aim of the NEEDED study is to discover heart disease earlier, so that severe heart illnesses and death can be avoided. Financial support from ConocoPhillips and others allowed NEEDED to open a heart research center in Sandnes.

## U.S. Lower 48

Soliciting community input is critical to how we do business at ConocoPhillips. Since 2013, we have done this in a variety of ways including routine stakeholder forums with community leadership across the Lower 48.

## Small Biz Builder

In 2022, a cross-functional team from ConocoPhillips developed and implemented an entrepreneurial pilot program, the ConocoPhillips Small Biz Builder. The program fosters innovation for small business growth in the communities where we operate, work and live in the Permian Basin region in Texas and New Mexico.

To foster an innovative, diverse and inclusive environment, ConocoPhillips partnered with LiftFund, a Community Development Financial Institution and Community Development Corporation, to provide equal opportunities for minorities, youth and women. Through the Small Biz Builder, any eligible applicant can learn how to establish a business idea or further grow their existing business through courses taught by LiftFund. Participants undergo several weeks of training, free of charge, and are granted special consideration for small business loans after graduation. The Small Biz Builder helps create a sustainable, robust business and entrepreneur support ecosystem.

[Read more](#) about the Small Biz Builder.

### Permian Strategic Partnership

ConocoPhillips is a member of the [Permian Strategic Partnership](#) (PSP), a coalition of energy companies working to address current and future challenges associated with oil and gas development in the region. In 2022, we continued our work with the Permian Basin Regional Planning Commission and other local charities to support local health, safety and education initiatives.

- **Cal Ripken STEM Centers:** Cal Ripken and PSP partnered to launch a five-year, \$7.5 million investment that will provide a new science, technology, engineering and math (STEM) centers for each of 134 elementary schools in the Permian Basin.
- **Permian Road Safety Coalition:** The PSP and the Permian Road Safety Coalition partnered to invest \$3.17 million to fund life-saving equipment to first responders in 26 counties across West Texas and Southeast New Mexico. This partnership builds upon the first round of this initiative which was previously funded by PSP in 2021 with a \$1.1 million donation.
- **Energy Education and Workforce Innovation:** This initiative supports the creation of comprehensive turnkey energy curriculum, and the accompanying resources, that link high school to post-secondary training and/or college to align with industry employment needs in the Permian Basin.

- **Permian Basin Behavioral Health Center:** The design is anticipated to be completed summer 2023 with a two-year construction plan for opening in summer 2025. This center aims to educate and train behavioral health professionals.
- **Odessa College Truck Driving Academy:** PSP partnered with Odessa College to fund the expansion of its Commercial Driver License (CDL) training program to support 94 additional students annually, adding trucks, trailers, scholarships and instructors at the Odessa College campuses in Odessa, Pecos and Andrews. This initiative will address the significant shortage of skilled and certified CDL drivers in the Permian Basin. Over 65% of commercial vehicles in the Permian Basin are estimated to be out of compliance.

[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.

[Read more](#) about how we are measuring social performance on our website.

### Engaging employees

Our employees strive to improve the quality of life in the communities where we live and work. Examples include:

- In Canada, employees helped clean up a Calgary river pathway.
- Employees in China organized a Girls in STEM event, with 40 participants from four international schools. Leaders and students enjoyed conversations about the industry and potential career paths.
- Houston and Midland, Texas, employees participated in house builds for Habitat for Humanity.
- In the Bakken, employees volunteered their time at community clean-up events in Dickinson and McKenzie County.
- In Australia, employees continued to roll up their sleeves to help clean up the beaches with Reef Clean and Clean Up Australia.

In Midland, ConocoPhillips employees volunteer at a Habitat for Humanity build.



# Global Giving

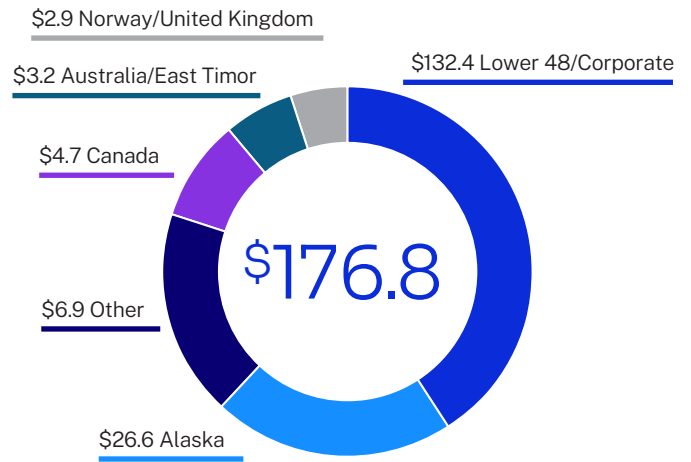
We contribute to the well-being of the communities in which we operate through charitable giving, employee volunteerism and civic leadership. We believe the most effective charitable investments are made through strategic relationships with organizations dedicated to serving our communities, day in and day out.

In 2022, ConocoPhillips contributed \$33.9 million to extend its charitable focus on our signature causes (math education and conservation), while also supporting local community needs and global humanitarian relief. An additional \$2.3 million supported our university relations grants.

Key to academic and career success, math remains core to our work and is the central focus of our Houston Signature Program. In 2022, this program expanded support for high school mathematics education and student enrichment with new programs to reduce barriers faced by students in underserved communities and help bridge the gap from graduation to meaningful careers. Our employees hosted a OneGoal Corporate Career Day for high school students to share career insights and provide professional development resources. We also partnered with the Houston Texans on the

## 2018-2022 CONTRIBUTIONS

In Millions



Due to rounding, some total numbers may not equal the sum of the subcomponents.

Inspire Change grant initiative, which funds local nonprofits and educational programs that support racial equity and social justice.

At the college level, we expanded our relationship with Prairie View A&M University, a historically Black university, to enhance opportunities for undergraduate students interested in engineering and business analytics.



Employees at a beach clean up on Australia's east coast.

Our nearly **\$1.2 million multi-year gift** will be used for a new state-of-the-art engineering lab, scholarships and funding for new professors and academic support.

Wildlife habitat protection continued to be a key emphasis for our Global Signature Program promoting conservation. In May, we sponsored the Central Grasslands Roadmap summit, which brought together more than 200 organizations representing the U.S., Canada, Mexico and Indigenous Peoples/First Nations in-person for the first time to collectively identify and prioritize immediate actions to conserve and protect the central grasslands ecosystem, which spans more than 600 million acres and provides critical support for biodiversity, food security, water supply and climate resiliency. Our conservation efforts also supported seven migratory bird joint ventures, facilitating the preservation of more than 550,000 grassland acres in this region in 2022.

Honoring our commitment to be a good neighbor, we invested in communities across our global operations. For example, in Canada, we committed \$500,000 to replace the helicopter fleet for the Shock Trauma Air Rescue Service Foundation (STARS), a nonprofit organization that provides rapid and specialized emergency care and transportation for critically ill patients. We were honored to receive the **Outstanding CSR Project** of 2022 award at the China Corporate Citizens Forum for our on-going efforts to support children with congenital heart disease. In the U.S., we launched ConocoPhillips Small Biz Builder, a new program

to promote entrepreneurship. In its inaugural year, 28 local businesses in the Permian Basin completed the program and received capital funding and training.

We were deeply troubled and saddened by the escalating humanitarian crisis resulting from the war in Ukraine and donated more than \$2.1 million toward humanitarian aid. Our company provided an additional \$100,000 in disaster relief to assist local communities impacted by Typhoon Merbok in western Alaska and devastating wildfires in New Mexico.

Beyond cash contributions and university relations we invested an additional \$23.8 million for contractual contributions, sponsorships, social infrastructure donations, in-kind donations and memberships.

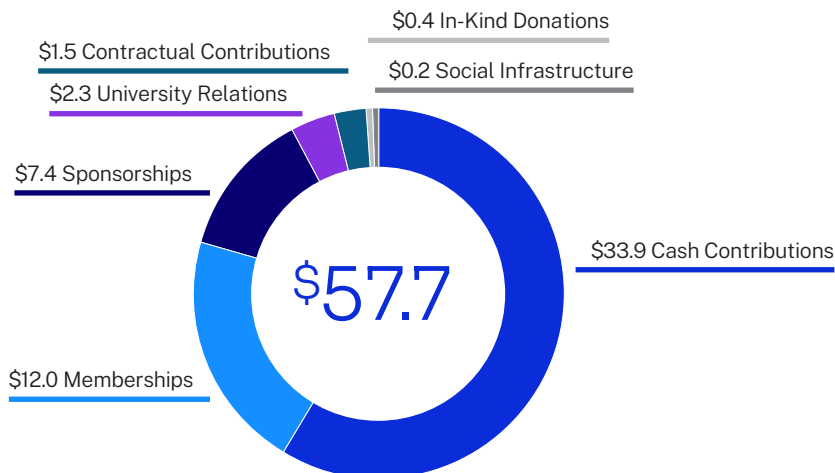
Input and insight from business units are overlaid by uniform, global processes and policies to provide:

- 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.

## 2022 SOCIAL INVESTMENTS

In Millions\*



\*Based on payments and annual business unit reporting.



## 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:

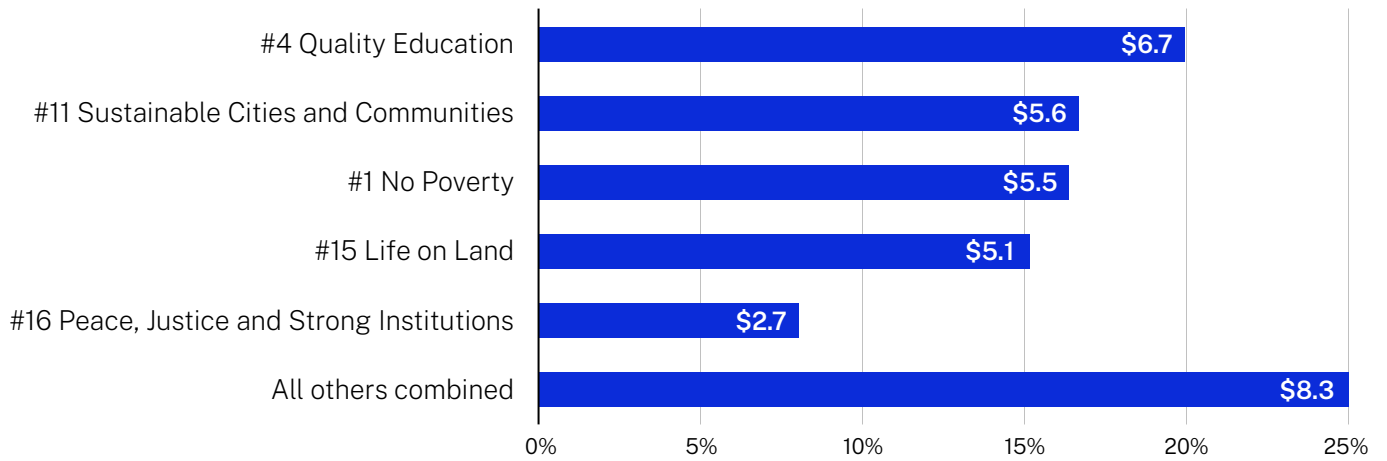
- **Goal 7:** Ensure access to affordable, reliable, sustainable and modern energy for all.

- **Goal 8:** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

Many of our business and community investment activities support other goals related to education, poverty and good health. Our 2022 global charitable investments supported the following UN SDGs:

### 2022 GLOBAL CHARITABLE INVESTMENTS SPEND TOP 5 UN SDGs

In Millions



Due to rounding, total numbers may not equal the sum of the subcomponents.

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 UN SDGs.

# Valuing 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](#)
- [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. 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 to seek mutually beneficial solutions and maximize social and economic benefits. 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 opportunities to support economic development consistent with Indigenous 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.

## 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.

## 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.

# Valuing Our People

Our strategy, performance, culture and reputation are fueled by our world-class workforce. The diverse people of ConocoPhillips have always been the heart of our company and the success of our business. We recognize that attracting and developing talent is a competitive imperative within our changing industry. At year-end 2022, we had approximately 9,500 employees in 13 countries. [Read more](#) about our workforce metrics.



## BY THE NUMBERS



**~9,500**  
TOTAL  
HEADCOUNT

▲ **27%**  
WOMEN

▲ **30%**  
U.S. POC\*

**8%**  
UNIVERSITY  
HIRES

▲ **29%**  
WOMEN  
HIRES

▲ **41%**  
U.S. POC\*  
HIRES

**5.6%**  
VOLUNTARY  
ATTRITION

As of Dec. 31, 2022  
\* People of Color (POC)

We depend on our workforce to successfully execute our company's strategy, so it is imperative that we create a workplace in which our people feel valued. Our Executive Leadership Team (ELT) and Board of Directors play a key role in setting our Human Capital Management (HCM) strategy and driving accountability for meaningful progress.

Our SPIRIT Values set the foundation for our HCM strategy, and our HCM programs are built around three pillars that we believe are necessary for HCM success. The three pillars are: a compelling culture, a world-class workforce and strong external engagement. Key actions and progress against pillars are described in more detail below:

## A Compelling Culture

- SPIRIT Values guide everything we do.
- Annual *Perspectives* employee engagement survey used to establish meaningful cultural action plans tied to employee feedback.
- A dedicated diversity, equity and inclusion (DEI) organization aligning strategic actions with DEI pillars: people, programs and processes, culture, and our external brand and reputation.
- Data analytics leveraged to track key workforce/engagement metrics through transparent dashboards.
- Internal and external best practices leveraged to support/offer different ways of working through hybrid work programs.
- Implemented several office improvement and integration projects to enhance employees' workplace experience.
- Safely welcomed employees back to global offices that had an extended shutdown due to COVID-19.

## A World-Class Workforce

- Consistent recruitment and selection practices that minimize bias.
- Robust succession planning, including diverse pipelines.
- Hands-on global Talent Management Teams (TMTs) guiding employee development.
- Real-time monetary and non-monetary 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 and feedback.
- Global wellness programs addressing physical and mental well-being.
- Expanded benefits to support families.

## External Engagement

- Published our 2018-2021 EEO-1 reports and our HCM report externally, as well as expanded external disclosures.
- Actively partnering with trade associations and minority nonprofit organizations.
- Recognized by Human Rights Campaign's 2022 Corporate Equality Index; score of 100 for multiple years.
- Significant long-standing partnerships with universities to build external pipelines; increasing partnerships with Historically Black Colleges and Universities (HBCUs) and Hispanic-serving institutions.
- A strategic process for allocating university contributions budget to invest in strengthening and expanding our future talent pools, which includes giving to programs that advance DEI.



**13**  
COUNTRIES  
OF OPERATION



**10.9**  
AVERAGE YEARS  
OF SERVICE



**19%**  
EMPLOYEES  
PROMOTED



**66%**  
U.S.  
POPULATION



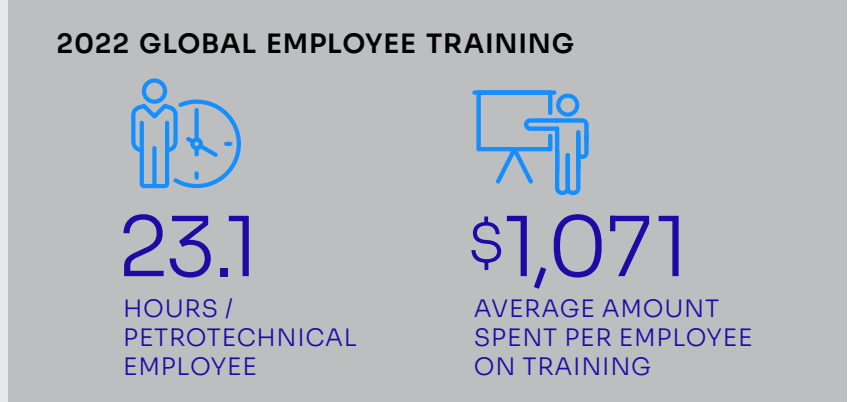
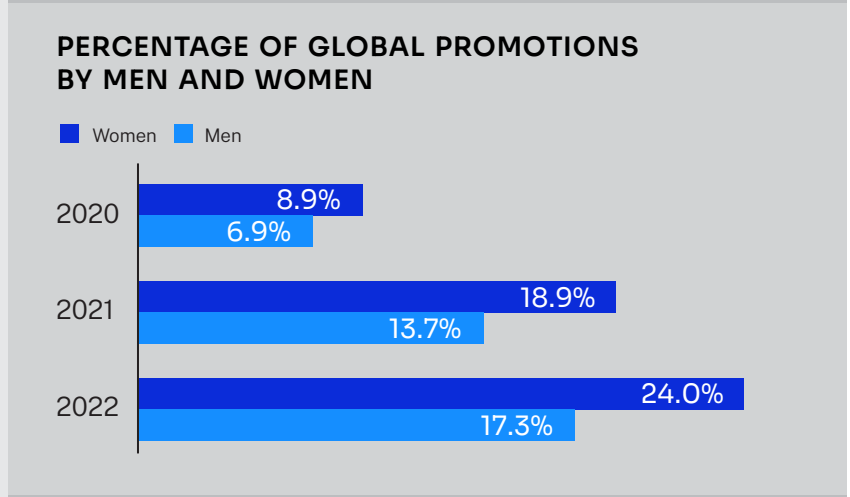
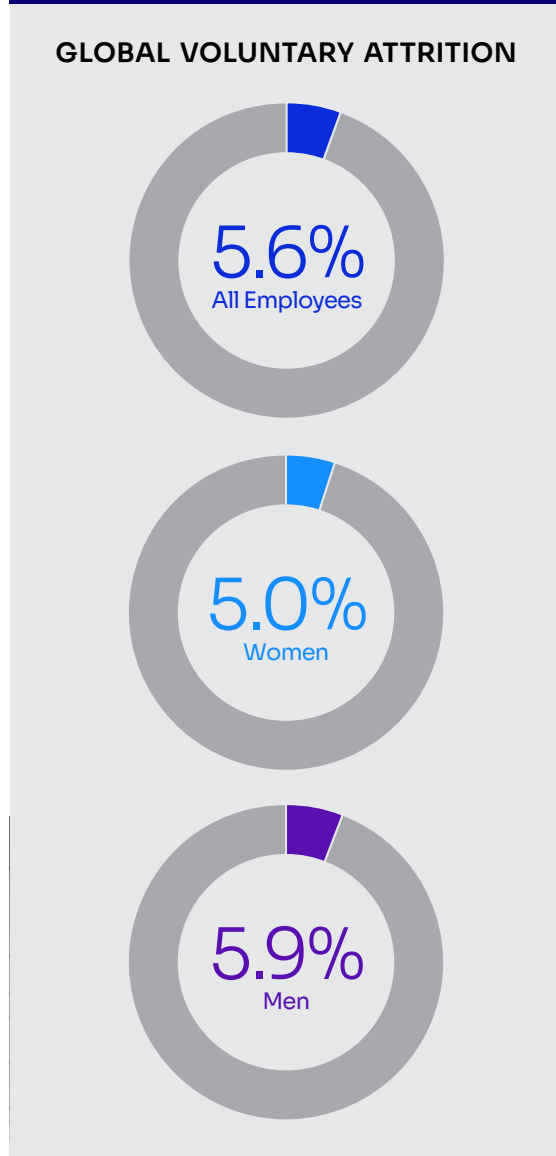
**17.5**  
AVERAGE YEARS  
OF EXPERIENCE



**18.4**  
AVERAGE TRAINING HOURS  
PER EMPLOYEE

## GLOBAL REPRESENTATION

<p><b>~9,500</b> GLOBAL HEADCOUNT</p>	<p><b>27.1%</b> WOMEN</p>	<p><b>10.9</b> AVERAGE YEARS OF SERVICE</p>	<p><b>17.5</b> AVERAGE YEARS OF EXPERIENCE</p>
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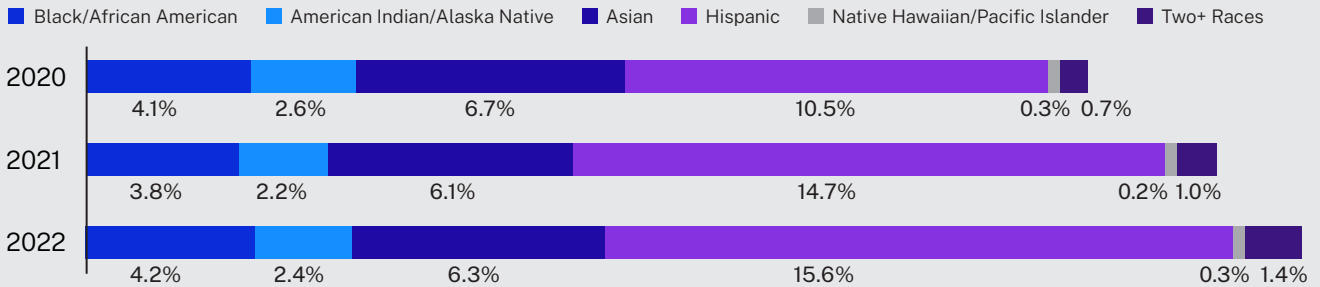


Employee data based on active employees as of Dec. 31, 2022. Promotion metrics are calculated relative to a corresponding population.

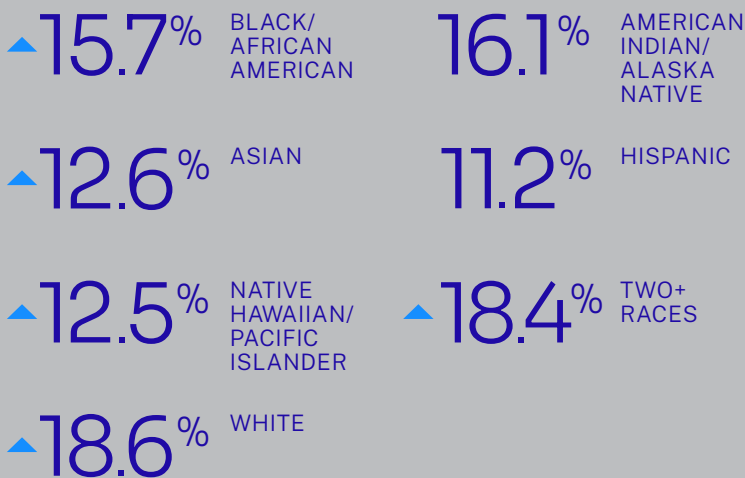
## U.S. REPRESENTATION

▲ 65.5% U.S. EMPLOYEES | ▲ 28.8% WOMEN | ▲ 30.1% POC | ▲ 6.0% VETERANS | ▲ 5.1% PEOPLE WITH DISABILITIES

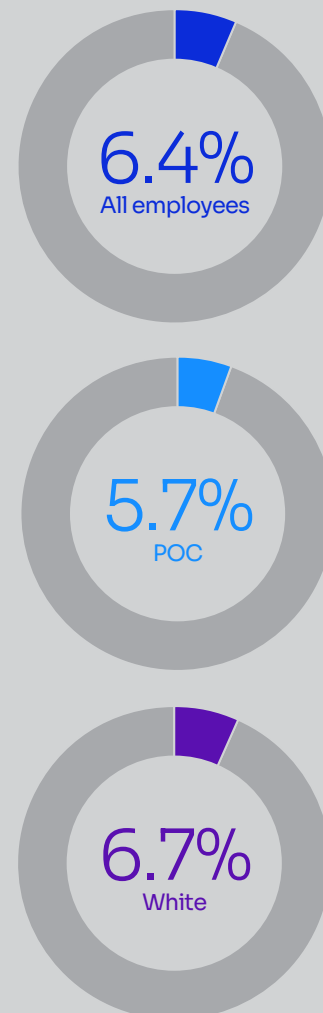
### U.S. PEOPLE OF COLOR (POC) BY RACE/ETHNICITY



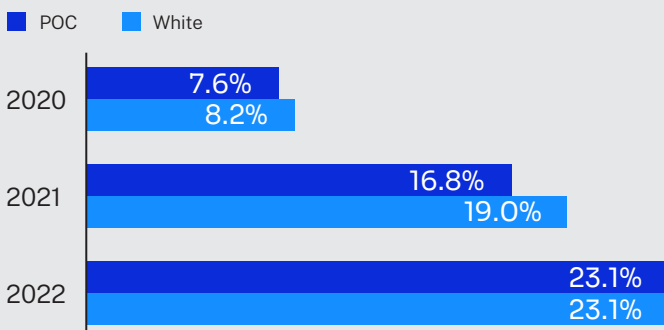
### U.S. LEADERSHIP BY RACE/ETHNICITY



### U.S. VOLUNTARY ATTRITION



### PERCENTAGE OF PROMOTIONS IN U.S. BY RACE/ETHNICITY



Employee data based on active employees as of Dec. 31, 2022. Promotion metrics are calculated relative to a corresponding population. 2022 U.S. leaders by race/ethnicity based on the represented population at ConocoPhillips.

# 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 never 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.

“We have an organization that has very high integrity; it’s very collaborative; we have mutual respect for one another and there’s open and transparent communication. This just makes it a great place to work.”

— David Hendicott, general manager, Europe & North Africa

## OUR SPIRIT VALUES

# S

### SAFETY

No task is so important that we can't take the time to do it safely. A safe company is a successful company.

# P

### PEOPLE

We respect one another. We recognize that our success depends upon the capabilities and inclusion of our employees. We value different voices and opinions.

# I

### INTEGRITY

We are ethical and trustworthy in our relationships with internal and external stakeholders. We keep our promises.

# R

### RESPONSIBILITY

We are accountable for our actions. We care about our neighbors. Sustainability is core to our company and creates shared value for our stakeholders.

# I

### INNOVATION

We anticipate change and respond with creative solutions. We are responsive to the changing needs of the industry. We embrace learning. We are not afraid to try new things.

# T

### TEAMWORK

We have a “can do” attitude that inspires top performance from everyone. We encourage collaboration. We celebrate success. We win together.

## Celebrating 10 Years as an Independent Exploration & Production Company

The long and illustrious history of ConocoPhillips spans more than 100 years, and is filled with fascinating chapters, momentous discoveries, and groundbreaking innovations. In 2012, after splitting our then-integrated oil and gas company into two independent companies, we set a vision to be the E&P company of choice for all stakeholders. We’ve now emerged from this transformative decade a stronger, more resilient company.

Through it all, we’ve been guided by our SPIRIT Values and our “Who We Are” culture. Our success and role as the leading E&P company is a testament to the many

valuable contributions of our workforce. Together, we have focused on operating safely, given back to our communities, helped our colleagues rebuild after natural disasters, challenged each other to try new things, and celebrated individual and shared successes. These attributes define who we are and set ConocoPhillips apart from our competition.

We believe we have the best people, portfolio, and value proposition in the industry, which makes us built to perform over the long term, and we are ready to take on the future. [Read more](#) on *spiritnow*.



# Advancing our Diversity, Equity and Inclusion (DEI) Journey

As our industry evolves, we'll continue to face both new opportunities and challenges. So, we'll need the best and brightest people who bring passion and excitement for solving important problems. We also need to cultivate an environment where everyone is encouraged and able to contribute — no matter their role, level or location. This is how innovation thrives, leading to better business outcomes. That is why we've put an emphasis on — and are committed to — elevating DEI and creating a great place to work.

At ConocoPhillips, we believe our unique differences power the future of energy. Our DEI vision is to foster an inclusive culture that values the rich mixture of backgrounds, identities and workstyles that our employees possess.

Our programs are built on equitable practices that support all employees in unlocking their full potential. Our commitment to DEI is foundational to our SPIRIT Values and to achieving our business objectives. All employees play a part in creating and sustaining an inclusive work environment that benefits everyone.

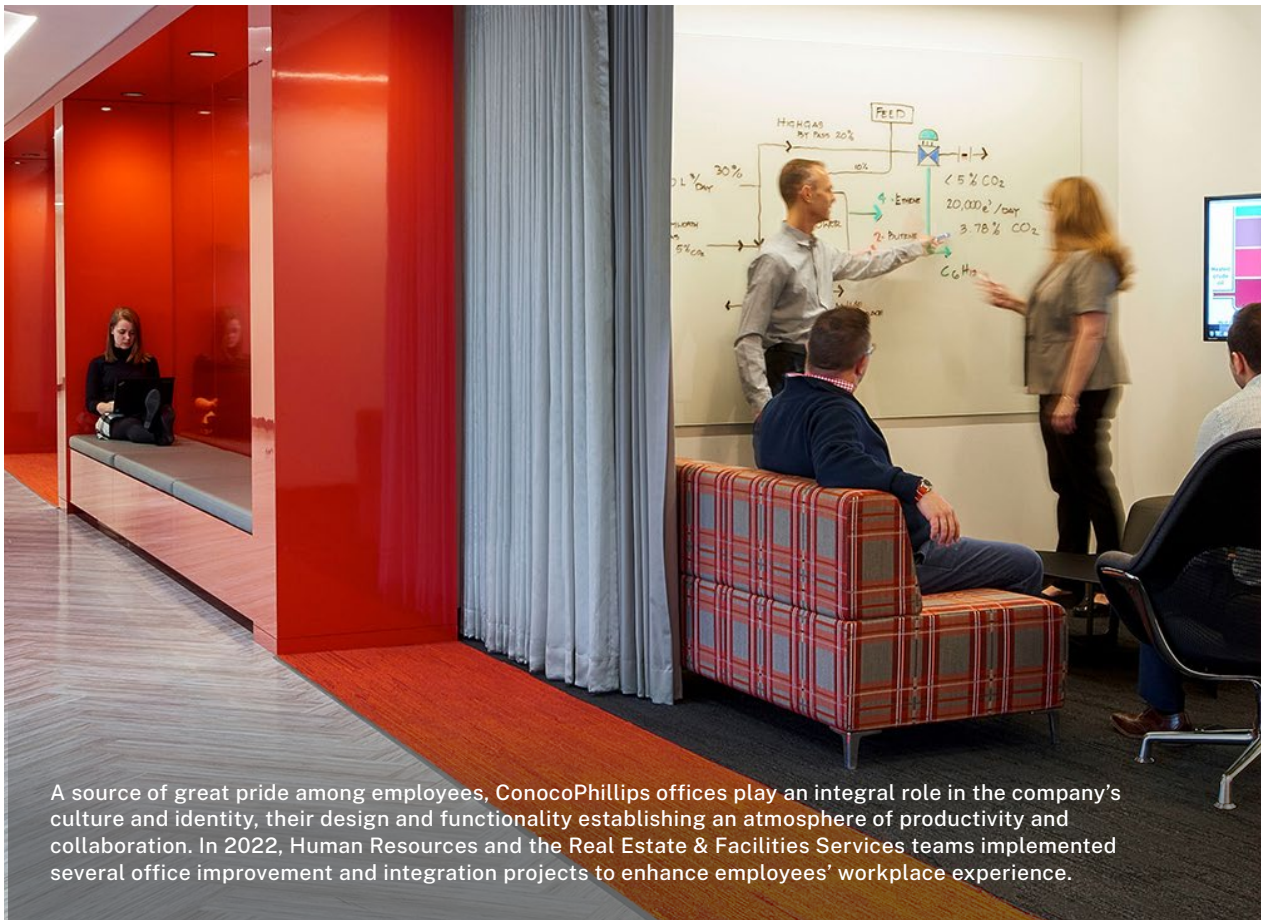
## OUR DEI COUNCIL REPRESENTATION

**43%**  
WOMEN

**57%**  
U.S. POC

**79%**  
U.S.-BASED LEADERS

**21%**  
GLOBAL LEADERS



A source of great pride among employees, ConocoPhillips offices play an integral role in the company's culture and identity, their design and functionality establishing an atmosphere of productivity and collaboration. In 2022, Human Resources and the Real Estate & Facilities Services teams implemented several office improvement and integration projects to enhance employees' workplace experience.

Leadership is the single biggest determinant of DEI success. The ELT has ultimate accountability for advancing our DEI commitments through a governance structure that includes a Chief Diversity Officer (CDO), a dedicated DEI organization, and a global DEI Council consisting of senior leaders from across the company. All company leaders are accountable for advancing DEI through local efforts. Our DEI efforts and progress are regularly reviewed with the board.

Learn more about our DEI journey from our previous [Human Capital Management Reports](#).

In 2022, we welcomed our new CDO. Over the course of the year, the CDO established the DEI organization and embarked on a global listening tour to understand the impact of current efforts, areas for improvement, and the overall employee experience. Based on the insights and perspectives from employees, the company's DEI strategy was refreshed, inclusive of four focus areas: people, programs and processes, culture, and our external brand and reputation.

Highlights from our 2022 DEI accomplishments include:

- Reviewing the results of the 2022 *Perspectives* survey and continuing to integrate the insights into our DEI efforts.
- Staffing the newly established DEI organization.
- Launching our DEI Dashboards 2.0 internally, which feature expanded global and U.S. workforce metrics and industry benchmark data.
- Completing a bias audit of our hiring processes.
- Hosting our inaugural Black Leadership Symposium to support future leadership diversity in the company.
- Having 45 leaders and employees participate in Catalyst's Men Advocating Real Change (MARC) Program and extending invites to ConocoPhillips-hosted workshops in Houston and Midland to industry peers and other companies.

## DEI PILLARS



### PEOPLE

Our people are how we advance diversity through representation.



### PROGRAMS AND PROCESSES

We enhance our employee experience by ensuring equity in how we attract, develop and retain employees.



### CULTURE

Valuing and inviting diverse perspectives creates an inclusive environment and fosters a culture of belonging.



### EXTERNAL BRAND AND REPUTATION

Highlighting our journey fosters a sense of pride and encourages the industry to push the status quo.



## Introducing Our CDO

In April 2022, Natacha Buchanan joined ConocoPhillips as our first Chief Diversity Officer. She brings 20 years of Finance and HR experience from her previous roles at ConocoPhillips and Phillips 66, including four years leading DEI efforts. In this newly created position, Buchanan serves on the Leadership Forum, a group comprised of the company's top senior leaders, leads the global DEI Council and oversees a team responsible for executing the company's DEI strategy.

"One of the things that attracted me the most to join ConocoPhillips was its visible commitment to progress. I was impressed by how the company was moving the needle through the collective work of employees, leaders, employee resource groups and councils. We have a great opportunity to build on this solid DEI foundation with an organization now dedicated full-time to advancing DEI to benefit all employees," said Buchanan.

## Inaugural Black Leadership Symposium

Our Black Employee Network of Houston hosted its inaugural Black Leadership Symposium at ConocoPhillips headquarters in March 2022. The symposium was designed to support and develop emerging Black leaders at ConocoPhillips.

Sessions led both by members of the ConocoPhillips ELT and Board of Directors, as well as external speakers, were focused on growing functional knowledge of the business,

cultivating strong relationships through networking and developing a leadership mindset. Speakers also addressed topics through the lens of Black corporate experiences, such as discussing the level of trust and vulnerability needed to thrive as a minority, and how to identify and manage exclusionary behaviors.

The symposium will be held annually with a refreshed group of cohorts. This also marks an important milestone on our collective DEI journey as a deliberate and targeted investment to ensure we close our leadership parity gap by achieving a robust pipeline of diverse leaders in the future.



## Measuring our Progress

We are committed to being transparent as we build a more diverse, equitable and inclusive workplace, and we monitor employee engagement survey results and diversity metrics on a global basis. The DEI organization, in conjunction

“You can see me thriving, and that will provide a role model for so many others who are underrepresented or underestimated. I’m a good example that illustrates ConocoPhillips’ commitment to creating a diverse and inclusive workforce with access to great opportunities to excel.”

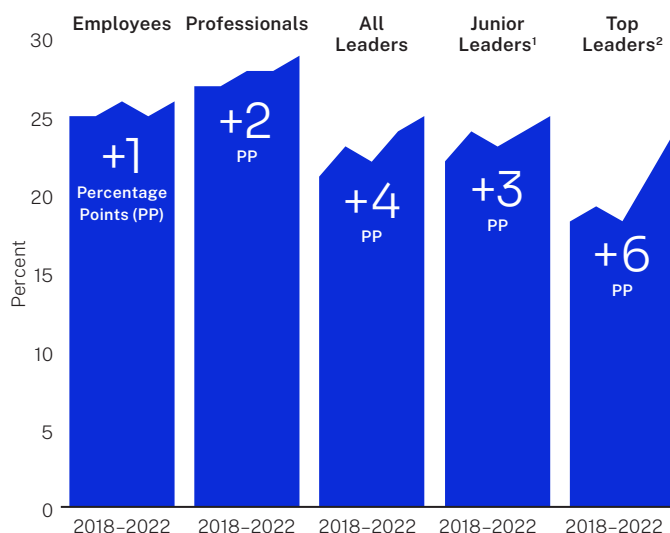
— Tuba Khawaja, Finance, Planning and Analysis Director, Low Carbon Technologies

with the ELT, reviews diversity metrics and identifies the appropriate plans and priorities to address our trends.

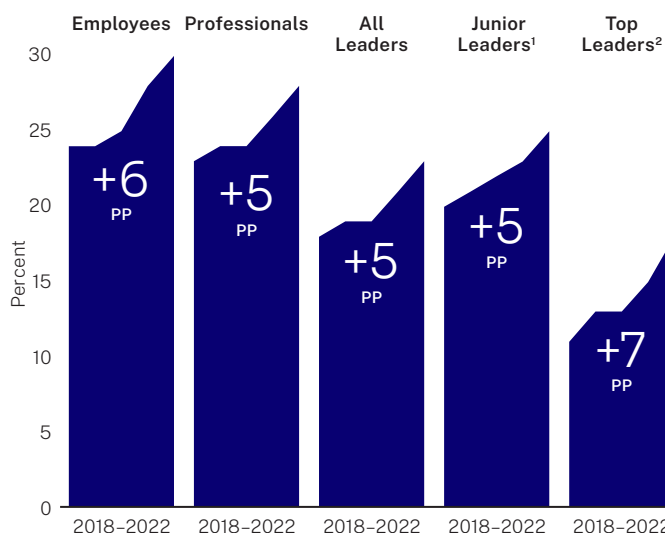
Starting in 2019, we began internal publication of our first DEI dashboards, which contained multi-year trends of key DEI statistics for our global and U.S. employees. These dashboards are updated annually. In 2022, we published the second edition of our internal DEI Dashboards with an expanded view of our global and U.S. workforce metrics. The new dashboards show workforce data outside the U.S. and industry benchmark data to help compare our internal metrics against those of our peers. Externally, we publish our workforce metrics and HCM disclosures in our Consolidated EEO-1 Reports, Sustainability Report and Human Capital Management Report.

You can find our workforce metrics in the [Performance Metrics](#) and key trends below:

### PROGRESS IN GLOBAL REPRESENTATION OF WOMEN FROM 2018 TO 2022



### PROGRESS IN REPRESENTATION OF U.S. PEOPLE OF COLOR FROM 2018 TO 2022



<sup>1</sup> Junior leader is defined as front-line supervisors, typically recognized within the company for expertise and technical leadership within a discipline.

<sup>2</sup> Top leader is defined as high-level leaders typically responsible for enterprise/business unit goals, strategies and cross-discipline organizations.

You can find our workforce metrics in the [Performance Metrics](#) and key trends below:

The ConocoPhillips *Perspectives* survey is our primary listening platform for gathering feedback on employee sentiment to measure incremental year-over-year progress on DEI. The five questions we use to track DEI in the survey focus on the topics of belonging, inclusion, diversity progress, equal opportunity and psychological safety.

Overall, our 2022 scores showed improvement year over year. The DEI organization reviews insights gained from the DEI-specific scores, comments and feedback through various demographic filters and uses findings to validate and/or evolve our multi-year DEI priorities and actions. We also recognize that while progress has been made, we lag our external benchmark in some areas and still have significant work to do.

## CONOCOPHILLIPS PERSPECTIVES SURVEY

DEI Questions	2022	2023	2023 Scores vs. External Benchmark
I feel free to speak my mind without fear of negative consequences.	76	▲ 78	Exceeds
We are making progress on diversity, equity and inclusion at ConocoPhillips.	70	▲ 74	Not Available*
I feel a sense of belonging at ConocoPhillips.	69	▲ 73	At Benchmark
Regardless of background, everyone at ConocoPhillips has an equal opportunity to succeed.	66	▲ 70	Below
Leaders at ConocoPhillips value different perspectives.	66	▲ 69	Below

\*No external benchmark available as this is a customized question for our company.

## U.S. Equal Employment Opportunity Reports

We are committed to publicly disclosing ConocoPhillips' Consolidated EEO-1 Report on a voluntary basis. 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:

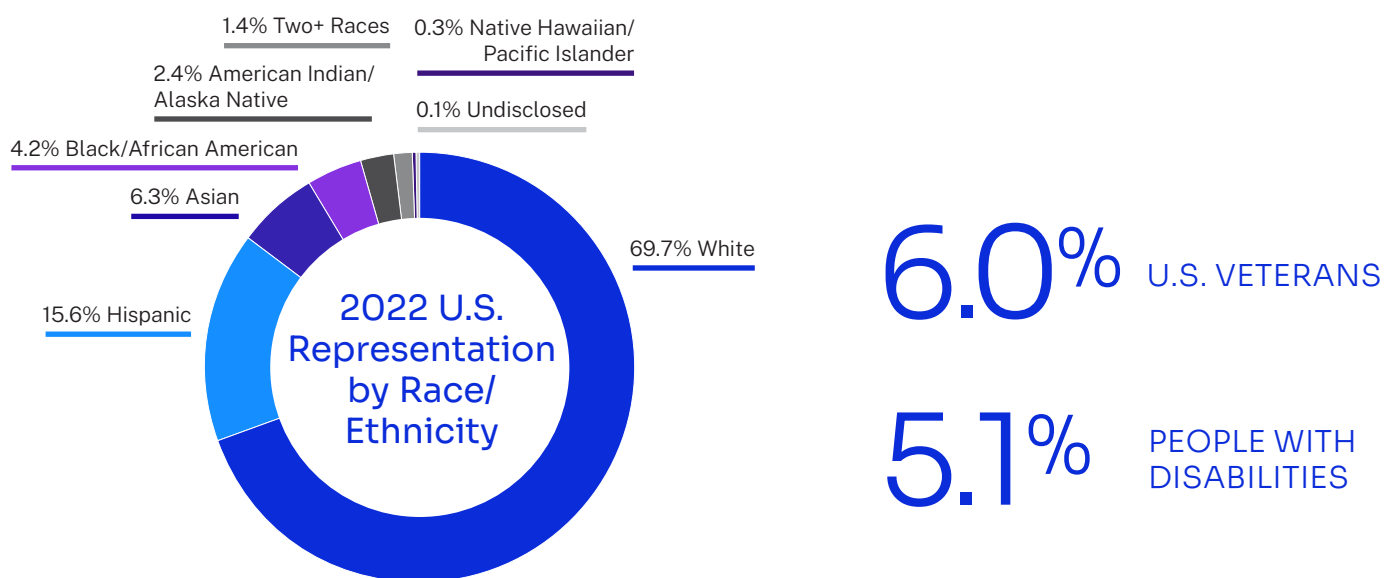
- [2021 EEO-1 Report](#)
- [2020 EEO-1 Report](#)
- [2019 EEO-1 Report](#)

Additional details on EEO reports are available on the [EEOC website](#).

## External Recognition

While we have been recognized for our DEI 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. We 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 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'* 2022 World's Top Female-Friendly Companies (#21) and *Fortune's* 2023 World's Most Admired Companies.



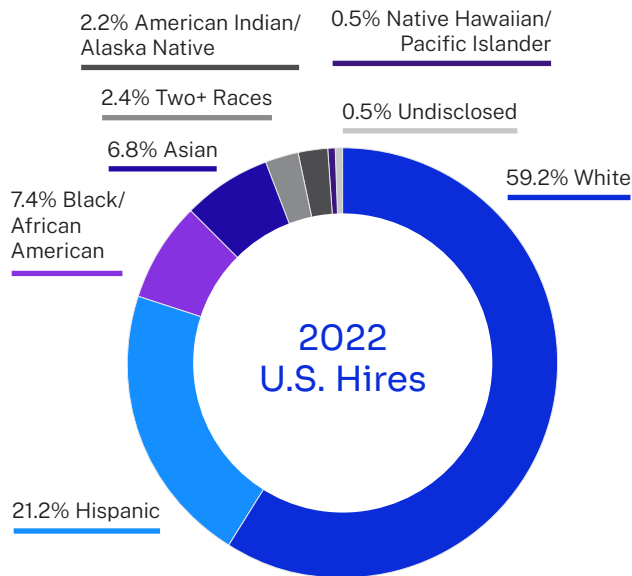
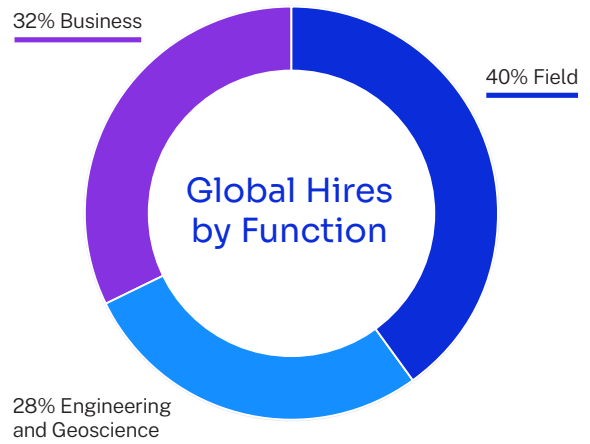
ConocoPhillips prepares its EEO-1 reports based on strict guidelines issued by the EEOC. Data may not equal 100% due to rounding.

# A World-Class Workforce

## 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 voluntary attrition rate in 2022 was 5.6%. We monitor our voluntary attrition rate on a weekly basis and seek to understand trends that may be driving attrition. This includes reviewing qualitative feedback from exit interviews and periodically analyzing the data through different demographics filters (e.g., gender and U.S. POC) for trends.



▲ **29%** OF GLOBAL HIRES WERE **WOMEN**

▲ **41%** OF U.S. HIRES IN 2022 WERE **PEOPLE OF COLOR**

Data may not equal 100% due to rounding.



## Inclusive Hiring

We believe that our workforce should reflect the communities in which we live and work. To ensure our workforce reflects the diversity of external talent pools, we leverage data analytics and other key business drivers to evaluate and optimize our experienced hire recruiting strategies.

We continually strive to ensure equitable practices in every aspect of our recruitment process, from drafting inclusive job descriptions to using intentionally diverse interview panels, to be able to attract a broad pipeline of candidates.

- We use an established internal business process for auditing each step of our sourcing, recruitment and selection processes to mitigate the potential for bias in our decisions.
- In the U.S., an experienced hire dashboard was developed to observe the diversity composition of the candidate pool from application to offer.
- We use an innovative writing platform to help us remove any biased language and unconscious barriers to attracting top candidates from job postings.
- To continue broadening our pipeline of talent, we leverage various platforms to promote open positions. For example, we work to connect with veterans and individuals with disabilities who want to find employment with an inclusive employer and ensure job postings are promoted through a variety of diverse organizations.
- In the U.S., hiring veterans is a key element of our talent strategy. Veterans currently represent 6% of our employee workforce.





Company leaders host various discussions with interns throughout the summer to provide opportunities to learn more about the company, oil and gas industry and key focus areas such as sustainability and the energy transition.

## 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 invest in strengthening our future workforce by making financial contributions to 19 universities, including giving to programs that aid in expanding the pipeline of talent into our industry through DEI efforts. In 2022, we allocated 42% of our contributions in service of DEI advancement.

To attract top talent for full-time positions and summer internships, we recruit from numerous universities in the U.S. By attending conferences and recruiting at Hispanic-serving institutions like the University of Houston and HBCUs like Prairie View A&M University, we are able to broaden the diversity of our talent pool. We also partner with diverse organizations such as the National Society of Black Engineers, the National Association of Black Geoscientists, the National Association of Black Accountants, and INROADS, a nonprofit committed to leadership and career development for underrepresented talent.

### 2022 DIVERSITY OF U.S. INTERNS AND UNIVERSITY HIRES

#### INTERNS:

43%  
WOMEN

40%  
POC

#### UNIVERSITY HIRES:

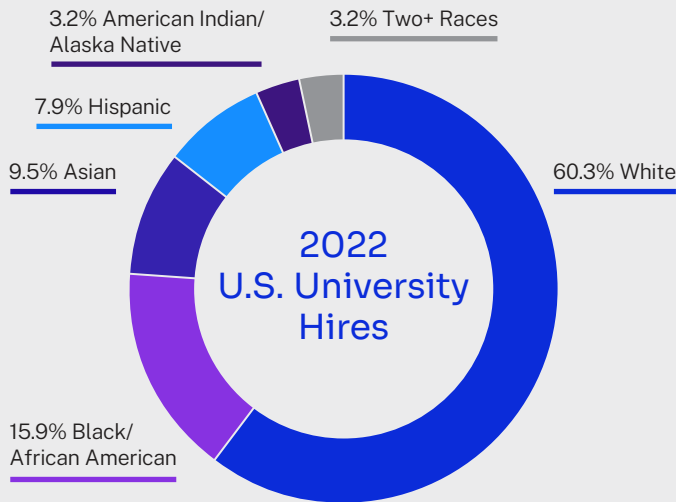
38%  
WOMEN

40%  
POC

To help track and monitor progress on the diversity of our university hires and interns, we utilize a data analytics dashboard to provide insights into the diversity of university talent pools, as well as visibility into the diversity representation throughout our recruiting process, from application to offer. This data also helps us monitor acceptance and intern conversion rates and enables us to make informed, data-driven decisions regarding our university contributions each year.

OUR 2022 U.S. INTERNSHIP PROGRAM BY THE NUMBERS

112 INTERNS | 31 UNIVERSITIES | 10 DISCIPLINES | ▲43% WOMEN | ▲40% POC



2022 Job and Internship Acceptance Rates\* by U.S. University Students

68% U.S. INTERNS

70% U.S. UNIVERSITY HIRES

77% CONVERSION RATE OF INTERNS TO HIRES



\*Acceptance and conversion rates are calculated by dividing accepted offers by the total number of offers made to U.S. university students or interns in 2022.

## Employee Engagement and Development

Investing in our employees is good business, improves our company’s performance and strengthens our employee engagement. 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.

## 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 for our global workforce. 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 pulse surveys as needed.

We launched our latest survey in January 2023. We asked 25 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 15,000 written comments from employees around the globe. It’s encouraging to see all our scores improved year over year, including employee satisfaction (eSat) which increased from 75 to 79, and is higher than both the oil and gas and global benchmarks provided by our third-party survey provider. Leaders will analyze organizational results and set key focus areas for relevant actions for their groups.



### 2023 CONOCOPHILLIPS *PERSPECTIVES* SURVEY

84%

GLOBAL PARTICIPATION RATE

~15,000

WRITTEN COMMENTS

79

EMPLOYEE SATISFACTION SCORE

80%

WOULD RECOMMEND CONOCOPHILLIPS AS A GREAT PLACE TO WORK

## Career Development

We empower our employees to grow their careers through personal and professional development opportunities. Employees can identify opportunities for growth through a series of career management tools that help an employee plan out their short- and long-term career goals and enable meaningful career conversations with their supervisors, such as individual development plans and 360 assessments.

In the 2022 *Perspectives* survey, we asked for and received feedback from employees on career development at ConocoPhillips. That feedback has been a launching pad for a multi-year project designed to redefine the critical career development pathways for employees in achieving their career goals at ConocoPhillips. In order to attract, retain and develop the workforce of the future, we are setting out to transparently address the most important career choices for employees to help them maximize their career potential.

Last year, we also hosted a three-week development series across our U.S. locations, featuring 39 in-person and virtual presentations, panel discussions and networking opportunities and attended by more than 4,000 employees.



Employees participated in live and virtual workshops, panel discussions and training sessions that touched on key topics related to life, career and the company.

## Leveling up: Development Series fosters a culture of learning, gives employees a chance to upskill

Our 2022 Development Series learning event featured a specially curated selection of learning opportunities for employees. The three-week program was composed of informative workshops, panel discussions and training sessions led by internal and external experts, and encompassed a variety of topics designed to fuel workplace productivity, enhance business acumen and understanding of the company's inner workings, and support our employees' well-being.

More than 4,000 employees across the United States were supported in their learning journey through the Development Series. [Read more on spiritnow](#) about employee insights gained and opportunities realized.

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“Our Development Series is designed to drive our performance and help us create a workplace where our people can grow professionally and personally.”

— Heather Hrap, senior vice president, Human Resources and Real Estate & Facility Services

## Talent Management Teams

Skills-based Talent Management Teams (TMTs), made up of senior representatives from business units and corporate functions, guide employee development and career progression by discipline (e.g., Geoscience, Finance and Global Production) and location. TMTs help identify our future business needs and assess the availability of critical skill sets within the company. They also play a vital role in ensuring the integrity and equity in our talent practices and succession planning. Since 2021, a number of steps have been taken to further embed DEI into our core talent processes and bring TMTs together across disciplines to share best practices for engaging and developing key segments of our workforce:

- TMT leadership is reviewed annually to ensure that the teams are diverse (e.g., gender, location, race/ethnicity) and authentically represent the broad discipline employee population.
- TMTs engage in an annual cadence to review the depth and diversity of succession benches to ensure consistency and equity in our succession strategies.

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**“How we work to manage global talent pools through TMTs is differential for our company. TMTs help employees bridge the gap between having a job and having a career. We prepare employees for their next role and work collectively to facilitate those opportunities. At an enterprise level, we evaluate the skills needed by discipline as our industry continues to evolve. Across all TMTs, together we share best practices to help maximize impact and enable consistency.”**

— Dave Mabee, general manager, Reservoir Engineering and Reservoir Engineering TMT Lead

- Dashboards of demographic metrics are utilized by TMTs to mitigate bias.
- TMTs are aligned to common DEI goals that are reviewed and updated to ensure continued progress on equitable talent strategies.
- TMTs across all disciplines come together on a quarterly basis to knowledge share on common talent challenges and spotlight best practices and approaches to developing their talent pipeline.

## 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 leaders and 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.

## Formal Training

In 2022, our employees completed more than 175,200 hours of virtual and in-person training on topics ranging from technical to professional development (an average of 18.4 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 diversity, equity and inclusion efforts. We also offer all global employees access to LinkedIn Learning.

In 2022, our eight-month-long, early-career PetroTech Academy training program concluded with 70 global participants convening in Houston for an asset development simulation and week-long discipline school. Additionally, a Technical Learning Council was formed, bringing together a team of top leaders across technical disciplines and digital skills to help guide learning strategy with an emphasis on critical skills. Lastly, a new, enterprise-wide competency management system was implemented with

more than 2,500 users on the platform. The system supports assessment and tracking of operational and regulatory-required competencies and is being piloted for technical skills competency development.

## Leadership Development

We recognize that supervisors play a key role in talent development, so we offer a robust supervisor development curriculum to help leaders effectively engage and develop their employees. Global courses focus on proactive communication, employee development and building trust.

Our Leader of Leaders program brings together the company's top senior leaders from around the globe in

small virtual cohorts to create an opportunity for leaders to connect on key business drivers influencing our corporate culture. Every fall, our senior leaders come together in person in Houston for our annual Leadership Forum meeting to align with our Executive Leadership Team on priorities related to company strategy, technology, DEI and topical employee engagement strategies.

In 2022, we took an opportunity to explore a number of external and internal leadership curriculums and conferences in service of enhancing the skills, capabilities and leadership readiness of our employees. This work will continue as we refine our core and targeted leadership development needs as an output of the broader career development strategy work.



## 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 hold our workforce and our leaders accountable for behaviors reflective of our SPIRIT Values and Leadership Competencies. Our leaders are equipped with guidelines and reference materials to assist with their assessment of key “how” performance indicators.

Recognition is important to our employees and core to our culture. Our supervisor- and employee-driven internal recognition program, The Mark Award, enables employees to recognize their peers for individual accomplishments through monetary and non-monetary awards (Instant Thanks). Within our monetary program, our peer-to-peer recognition program enables employees to acknowledge and extend real-time recognition to colleagues for going above and beyond in their day-to-day work or completing project milestones. In 2022, 73% of our global employees received awards, and nearly 16,500 monetary awards were shared and 2,500 Instant Thanks messages were sent.

### THE MARK AWARD PROGRAM

An employee-driven recognition program

**20%** OF EMPLOYEES RECEIVED INSTANT THANKS

**~73%** OF EMPLOYEES RECEIVED AWARDS



**~2,500** INSTANT THANKS MESSAGES SENT

**~16,500** MONETARY AWARDS SHARED





# 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, follow global equitable pay practices and provide family-friendly benefits that support our employees through all stages of their life.

## Compensation

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 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.

## Global Equitable Pay Practices

We have global equitable pay practices that strive to ensure the compensation of every employee reflects their talents, skills, responsibilities and experience and is competitive within our peer group. We routinely benchmark our global compensation and benefits programs with local markets to ensure they are competitive, inclusive and aligned with company culture, and allow our employees to meet their individual needs and the needs of their families.

### GLOBAL EQUITABLE PAY PRACTICES



We conduct annual disparity pay reviews to assess potential gaps related to university hire pay compression, etc.



We conduct annual adverse impact analysis before compensation decisions are finalized.



We follow established hiring guidelines for U.S. university recruitment based on degree level and degree type — offers are made consistently.



We conduct gender pay gap analysis and reporting in the U.K. and Australia, aligned with local government requirements.



With the assistance of external expertise, we conduct periodic pay equity analysis in our major markets and adjust compensation where appropriate.



We provide regular updates to the Human Resources and Compensation Committee of the Board of Directors on people strategies and initiatives, including DEI and pay equity.

## Benefits

Our global benefits are competitive, inclusive and align with our culture. We provide family-friendly policies such as flexible work schedules, a [hybrid office work program](#), competitive time off, paid leave to care for seriously ill family members and parental leave in many locations. Combined with our maternity benefit (eight weeks), new birth mothers in the U.S. are eligible for up to 14 weeks of paid leave. In 2022, we made additional investments in our U.S. health coverage by lowering premiums for the High Deductible

Health Plan option and increasing company contributions to employees' Health Savings Accounts. We also invested in an automatic rebate program to reduce the cost of frequently used, brand-name prescription drugs by about 40% for employees covered by ConocoPhillips' medical plan.

In the U.S., we partner with 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 2022, 75% of participants completed a biometric screening, of which 81% earned the mental well-being incentive.

### 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.

## Well-being

Our global wellness programs are designed to educate participants and promote a healthy lifestyle. Each year, we host a global well-being competition featuring health and wellness activities called the SPIRIT of Wellness challenge. In 2022, nearly 1,250 employees and contractors participated as individuals or as part of a team, recording daily activities, earning points, and tracking their progress on Individual and Team Leaderboards. The event challenged participants to prioritize their well-being by incorporating healthy and sustainable components of physical, nutritional and mental health into their daily routines.

All employees have access to our employee assistance program, and many of our locations offer custom programs to support mental well-being.

## External Engagement

We care about our neighbors in the communities in which we operate, and our employees make our communities stronger. We are proud to support their generous involvement in local charitable activities through employee volunteerism and giving programs that include United Way campaigns, matching gift contributions, and volunteer grants.

In addition, we support and participate in leadership conferences, trade associations and minority nonprofit organizations. While we have been recognized for our ESG and DEI efforts, we know that it takes ongoing commitment to make sustainable progress.



### Conocophillips Employee Advocates for Pakistani People in Their Hour of Need

Inspired to help the people of Pakistan during the devastating 2022 floods, Low Carbon Technologies Finance, Planning and Analysis Director Tuba Khawaja initiated an internal fundraising campaign which, when combined with ConocoPhillips' Matching Gift program, raised more than \$40,000 for Pakistan flood relief.

[Read more](#) on *spiritnow*.

# 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.



Removal of heat-exchange bundle in the amine system during shutdown at Curtis Island.

# Safety

## A Learning Organization

We will not be satisfied until we succeed in eliminating all injuries, occupational illnesses, unsafe practices and incidents of environmental harm from our activities.

Our vision is to increase operational reliability and resiliency, and we believe that begins with learning. By being curious about how work is done, recognizing error-likely situations and applying safeguards to strengthen systems and processes, we can reduce the likelihood and severity of unexpected incidents.

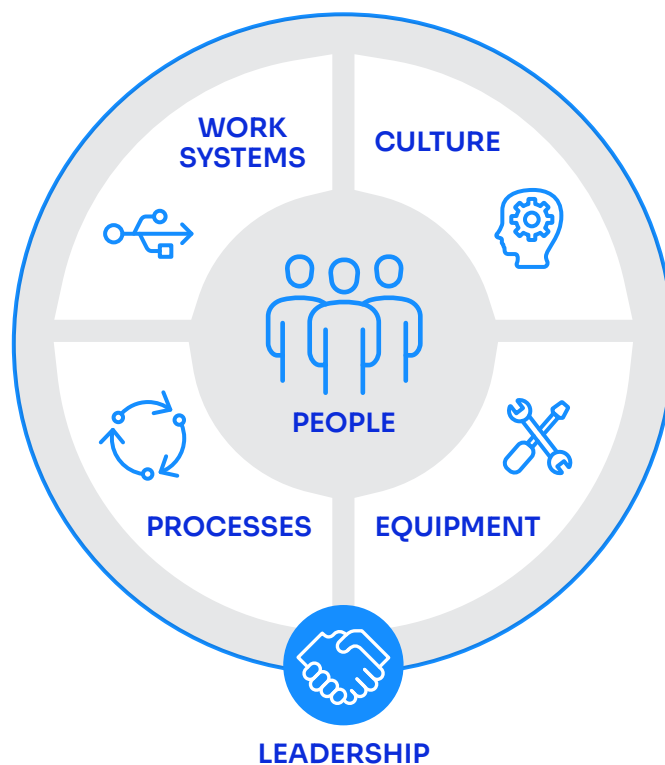
We continuously look for ways to operate more safely, efficiently and responsibly. We focus on reducing human error by emphasizing interaction among people, equipment and work processes. By applying a learning mindset, human performance concepts and being alert to what could go wrong, we are increasing our capacity to safely manage risk.

We employ redundant defenses and safeguards in critical systems, so when an unplanned event occurs, we can mitigate impact to people and the environment. Engaged leaders are critical in this culture of learning. Listening to frontline workers, understanding context and productively responding with curiosity are paramount to identify areas for improvement in our systems. We conduct thorough investigations of all serious incidents to understand the root cause and share lessons learned globally to improve our facility designs, procedures, training and maintenance programs.

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.

### COMPONENTS OF HUMAN PERFORMANCE



In June 2022, the Lower 48 business unit (BU) hosted a Contractor HSE Forum with senior leaders from ConocoPhillips and more than 20 contractor companies. The forum focused on topics to progress safety, efficiency and reliability in the Lower 48. One segment of the forum highlighted becoming a better learning organization, with particular emphasis on how leaders respond when an unexpected event occurs.



[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.

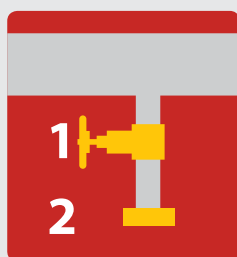
Enhancing process safety awareness and competency across our company is one of our key objectives. Our Process Safety Fundamentals are simple, actionable, good operating practices developed to improve process safety awareness. Over time, people naturally become desensitized to the risks they face, making errors more likely. Recognizing this, the Process Safety Fundamentals are intended to highlight those critical operating tasks that we must not get wrong.

## Hydrocarbon Spill Prevention

We evaluate the risk of spills occurring and potential impacts while taking numerous precautions to prevent spills and mitigate impact within our operations. 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 develop and maintain site specific Spill Prevention, Control, and Countermeasure (SPCC) plans for identified facilities. We have dedicated spill prevention teams in areas with high activity and sensitive ecosystems. If a spill does occur, established practices and resources are deployed 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.

In 2022, we experienced two hydrocarbon spills to the environment greater than 100 barrels. One spill occurred

### PROCESS SAFETY FUNDAMENTALS



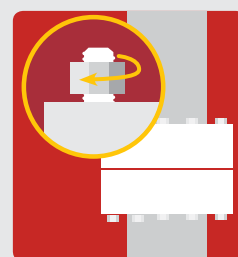
Use two barriers for hydrocarbon vents and drains.



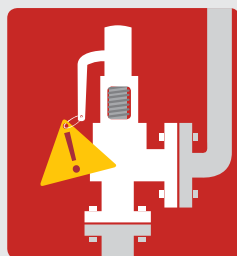
Follow an approved change management process prior to altering process systems (even if temporary).



Do not leave critical draining and transfer operations unattended.



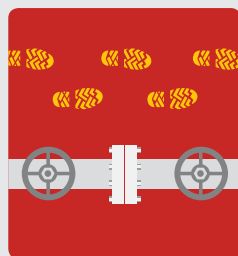
Verify for complete tightness after installation or maintenance work.



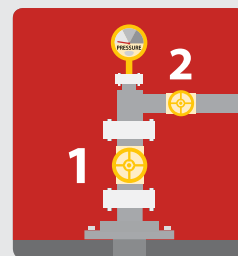
Know the condition of your safety devices. Risk assess any impairments or deferrals.



Ensure equipment is pressure-free, drained and properly isolated before starting work.

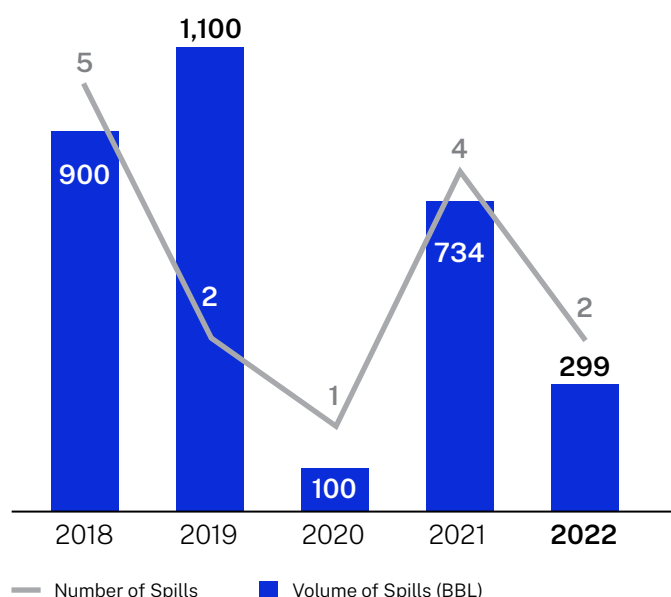


Walk the line. Verify and validate any line-up change.

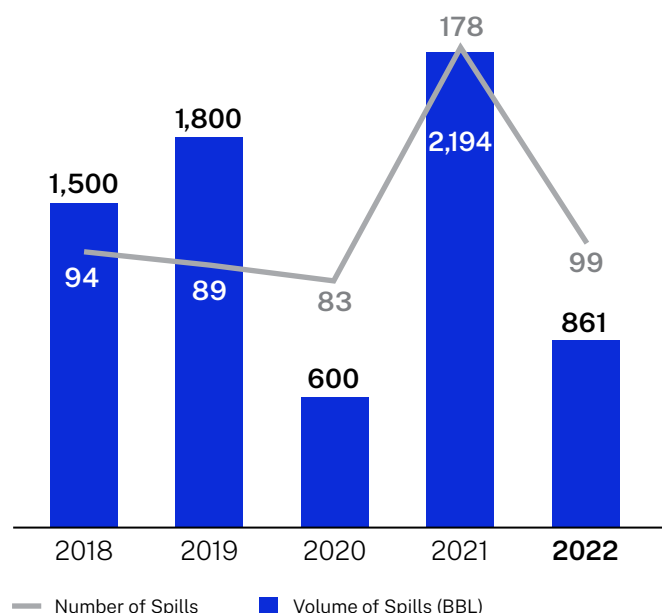


Ensure effective well isolation, with at least two barriers, when working downstream of a well.

### HYDROCARBON SPILLS TO THE ENVIRONMENT >100 BARRELS (BBL)



### HYDROCARBON SPILLS TO THE ENVIRONMENT >1 BARREL (BBL)



on land in the U.S. Lower 48 and one occurred on land in Canada, resulting in approximately 300 total barrels being released with a 68% recovery rate.

The number of hydrocarbon spills to the environment greater than one barrel decreased in 2022. We had 99 spills that were greater than one barrel, with 86 of those between one and 10 barrels. Fifty eight percent of the spilled volume was fully recovered. None of our spills in 2022 impacted a shoreline.

In 2022, our methodology for reporting hydrocarbon spills to the environment was reviewed and updated to better align with Ipieca reporting standards. This approach is consistent with industry best practices and has allowed a more accurate assessment of spill volumes that are impacting the environment by considering site-specific conditions. Additionally, the decreased spill counts and volumes are reflective of enhanced spill prevention awareness and mitigation tactics in 2022. View our [Performance Metrics](#) on our website.

[Read more](#) about our Process Safety Culture on our website.

## 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 [The Norwegian Clean Seas Association for Operating Companies \(NOFO\)](#). OSRL provides substantial global 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* were established based on industry lessons and best practices to prevent serious or fatal injuries from occurring. The rules have visual reminders and easy-to-follow minimum requirements, called critical controls, to keep our workforce safe during high-risk activities. They are part of our safe work cycle that includes “plan, do, assess and adjust.” Our Life Saving Rules and corresponding field verification program reinforce our strong culture of safety and contribute to our long-term decline in workforce injuries.

Life Saving Rules are introduced during new employee and contractor onboarding sessions and orientation. Videos highlighting each rule and corresponding critical controls are played in field-safety meetings. Applicable Life Saving Rule identification and critical controls are addressed as part of pre-job planning, permits and risk-assessment processes.

ConocoPhillips discontinued global COVID-19 policies at the end of 2022, and our Health Services function continues to monitor the situation and support BUs and functions as needed to properly record and report workplace illnesses,

Our work is never so urgent or important that we cannot take the time to do it safely and in an environmentally responsible manner.

and to minimize any potential for business interruption related to coronavirus variants or other pandemics.

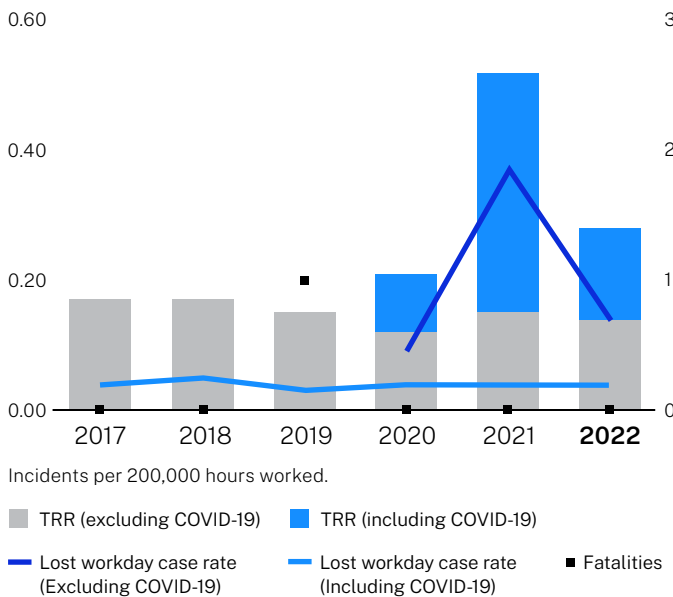
In 2022, the number of COVID-19 cases across the company was significantly less than the prior two years. However, we did experience instances of workplace transmission during the year. Including lost workday cases related to COVID-19, our 2022 total recordable rate (TRR) was 0.28. Excluding COVID-19 cases, our TRR was 0.14.

We compare our TRR to oil and gas peers and to other industries.

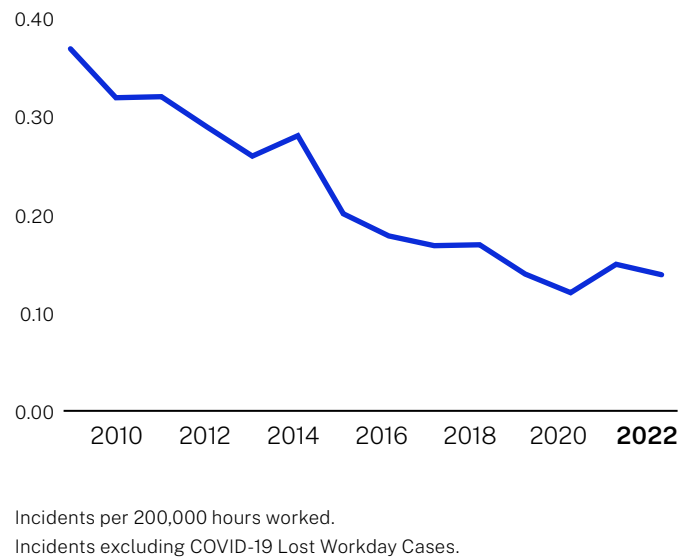


[Watch the 'Line of Fire' video.](#)

## TOTAL RECORDABLE RATES (TRR)

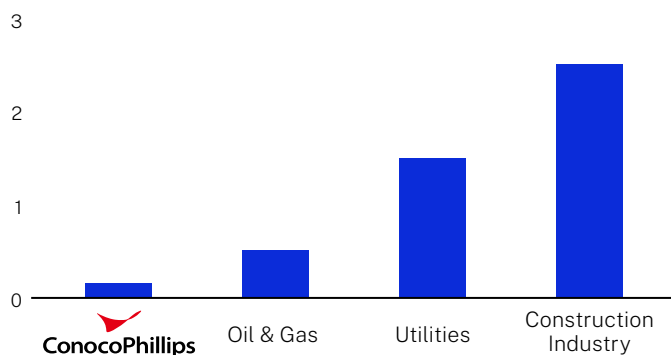


## TOTAL RECORDABLE RATE (TRR)





## SECTOR INJURY RATES



U.S. Bureau of Labor Statistics Incident rates and number of nonfatal injuries by sector, released in 2021.

Our 2022 workforce TRR of 0.14, excluding COVID-19, is industry leading.

## HSE Management System

Our corporate Health, Safety and Environment (HSE) Management System Standard helps ensure that business activities are consistently conducted in a safe, healthy, environmentally and socially responsible manner across the globe. The standard outlines requirements for implementing the company's HSE Policy, leadership expectations and SPIRIT Values. Individual sections of the standard combine to provide a continuous improvement process based on plan, do, assess and adjust. Our corporate standard aligns with and is based on industry standards such as ISO 45001, ISO 14001 and ISO 9001. In accordance with the corporate standard, each BU implements a BU-specific HSE

Management System to meet requirements outlined in the global standard and assess and manage local regulatory requirements and operational risks to the business, employees, contractors, stakeholders and the environment.

All BUs and functions 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 and key performance targets are set and tracked annually to drive strong, leading 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, including ConocoPhillips' global [Health, Safety and Environment policy](#). BUs have additional auditing processes to provide an assessment of compliance with applicable HSE and legal requirements. Corrective actions and status from audits and other risk-improvement efforts are annually reported through a process designed to ensure timely resolution and communication through all levels of company management.

[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) will 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 all tiered response scenarios, the Crisis Manager has direct access to the Executive Leadership Team to provide situational updates.

## Training and Exercise

Each year, we conduct multiple emergency response training events and exercises for our global operations in compliance with company standards and local regulatory requirements, including the *U.S. Oil Pollution Act*.

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.

In 2022, one notable example with transferable learnings to the wider organization was a joint emergency exercise with Equinor in Norway. The drill enabled us to evaluate our abilities to work in collaboration with our peer company in a simulated event and large-scale response, work in a unified command structure and coordinate the response to a hypothetical oil spill event impacting the environment.

## 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.



Incident response team members review spill trajectory maps during a drill to better direct mobilization of resources.

# 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 the level on an H<sub>2</sub>S analyzer at a facility in the Eagle Ford.

# 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 threats.

## Security

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
- 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. 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 whom we rely on 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 and Operational 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 ConocoPhillips 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.

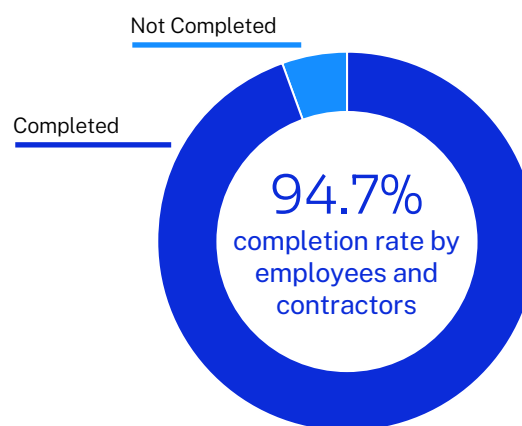
To help reduce the likelihood of cybersecurity incidents, employees and contractors are required to complete information security training annually, and we frequently communicate with our workforce about best practices to avoid cyberthreats. We annually review our security awareness training to ensure that it is up to date on current security challenges and the company’s security objectives.

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## 0 REPORTABLE CYBERSECURITY INCIDENTS

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### 2022 ANNUAL SECURITY TRAINING



# Performance by Year<sup>1</sup>

## NET EQUITY TOTAL<sup>2,3</sup>

METRIC	2018	2019	2020	2021	2022 <sup>4</sup>	GRI	IPECA	SASB
<b>Climate</b>								
Net Equity Greenhouse Gas Emissions (thousand tonnes CO <sub>2</sub> e)	n/a	n/a	16,700	18,300	18,347		CCE-4	
Net Equity GHG Intensity (kg CO <sub>2</sub> e/BOE) <sup>5</sup>	n/a	n/a	40.8	32.9	28.9	305-4	CCE-4	
Target Related Net Equity Intensity (kg CO <sub>2</sub> e/BOE) <sup>6</sup>	n/a	n/a	40.2	32.4	28.5	305-4	CCE-4	

## OPERATED TOTAL<sup>7</sup>

						GRI	IPECA	SASB
<b>Climate and Air Emissions</b>								
<b>GHG INTENSITY</b>								
Total GHG Intensity (kg CO <sub>2</sub> e/BOE)	34.9	36.5	34.3	26.9	23.3	305-4	CCE-4	
Target Related GHG Intensity (kg CO <sub>2</sub> e/BOE) <sup>6</sup>	34.4	35.9	33.8	26.6	22.9	305-4	CCE-4	
<b>GHGs (THOUSAND TONNES)</b>								
CO <sub>2</sub> from Operations	18,000	17,700	13,800	15,900	13,228	305-1	CCE-4	
CO <sub>2</sub> from Imported Electricity (Scope 2)	1,100	1,000	700	1,000	1,060	305-2	CCE-4	
Methane (CO <sub>2</sub> e)	1,600	1,700	1,600	1,800	1,704	305-1	CCE-4	
Nitrous Oxide (CO <sub>2</sub> e)	100	100	100	20	21	305-1	CCE-4	
Total GHGs	20,800	20,500	16,200	18,720	16,014		CCE-4	
CO <sub>2</sub> e Per Dollars of Revenue (tonnes/\$thousand) <sup>8</sup>	0.57	0.63	0.86	0.41	0.20	305-4		
Potential CO <sub>2</sub> e from Proved Reserves (million tonnes)	2,173	2,190	1,875	2,525	2,699			EM-EP 420a.2
<b>SCOPE 1 EMISSIONS BY SOURCE CATEGORY (THOUSAND TONNES CO<sub>2</sub>e)<sup>9</sup></b>								
Flaring	n/a	2,300	1,300	1,900	1,560	305-1	CCE-4	
Combustion	n/a	15,200	12,300	13,800	11,536	305-1	CCE-4	
Process Venting	n/a	1,500	1,500	1,500	1,407	305-1	CCE-4	EM-EP 110a.2
Fugitive Venting	n/a	200	200	220	168	305-1	CCE-4	EM-EP 110a.3
Other <sup>10</sup>	n/a	300	200	300	282	305-1	CCE-4	
Total Scope 1 Emissions	19,700	19,500	15,500	17,720	14,954	305-1	CCE-4	EM-EP 110a.1
Percent of Scope 1 Emissions Covered by Regulation	41%	40%	40%	38%	43%			EM-EP 110a.1
<b>METHANE</b>								
Methane Intensity (kg CO <sub>2</sub> e/BOE) <sup>11</sup>	2.7	3.0	3.4	2.6	2.5		CCE-5	
Methane Emitted as Percent of Natural Gas Production	0.21%	0.24%	0.28%	0.23%	0.29%		CCE-5	EM-EP 110a.1
Methane Emitted as Percent of Total Hydrocarbon Production	0.08%	0.08%	0.10%	0.07%	0.07%		CCE-5	EM-EP 110a.1
Percent of Scope 1 Emissions from Methane	8%	9%	10%	10%	11%		CCE-5	
<b>FLARING</b>								
Routine Flaring Volume (million cubic feet) <sup>12</sup>	n/a	n/a	n/a	1,030	111	305-1	CCE-7	
Total Flaring Volume (million cubic feet) <sup>13</sup>	21,200	24,600	14,500	20,500	17,858	305-1	CCE-7	EM-EP 110a.2
Flaring Intensity (Total Flaring Volume as Percent of Gas Produced)	1.79%	2.60%	1.97%	1.81%	2.39%			
Flaring Intensity (Total Flaring Volume MMSCF/Total Production MMBOE)	35.5	43.8	30.8	29.5	25.9			
<b>OTHER AIR EMISSIONS (TONNES)</b>								
Volatile Organic Compounds (VOCs)	69,200	69,900	60,800	96,400	98,508	305-7	ENV-5	EM-EP 120a.1
Nitrogen Oxides (NOx)	36,100	36,100	28,200	42,000	48,528	305-7	ENV-5	EM-EP 120a.1
Sulfur Oxides (SOx)	4,900	4,700	2,700	2,900	2,701	305-7	ENV-5	EM-EP 120a.1
Particulate Matter (PM)	1,300	1,400	1,100	1,700	1,508	305-7	ENV-5	EM-EP 120a.1

OPERATED TOTAL<sup>7</sup> continued

METRIC	2018	2019	2020	2021	2022 <sup>4</sup>	GRI	IPECA	SASB
<b>Climate and Air Emissions</b> continued								
<b>ENERGY USE (TRILLION BTUs)</b>								
Combustion Energy	228	217	179	211	199			
Imported Electricity	5	4	4	6	8			
Total Energy	233	222	183	217	206	302-1	CCE-6	
Energy Intensity (trillion BTUs/MMBOE)	0.39	0.40	0.39	0.32	0.30	302-3	CCE-6	
<b>Environment</b>								
<b>WATER</b>								
Fresh Water Withdrawn (million cubic meters)	18.3	14.4	10.6	9.7	9.2	303-3	ENV-1	EM-EP 140a.1
Fresh Water Consumed <sup>14</sup> (million cubic meters)	15.7	12.1	8.5	7.5	7.3	303-5	ENV-1	EM-EP 140a.1
Fresh Water Withdrawn in Regions with High Baseline Water Stress <sup>15</sup>	7%	8%	5%	17%	6.3%	303-3	ENV-1	EM-EP 140a.1
Fresh Water Consumed in Regions with High Baseline Water Stress <sup>16</sup>	6%	8%	2%	20%	2.4%	303-5	ENV-1	EM-EP 140a.1
Non-Fresh Water Withdrawn <sup>17</sup> (million cubic meters)	49.2	51.3	48.7	55.3	52.6	303-3	ENV-1	
Total Produced Water Recycled or Reused <sup>18</sup> (million cubic meters)	78.9	82.3	63.8	80.0	74.0		ENV-1	EM-EP 140a.2
Municipal Wastewater Reused (million cubic meters)	n/a	n/a	n/a	1.3	1.8		ENV-1	
Produced Water Recycled or Reused	67%	66%	67%	48%	49%		ENV-1	EM-EP 140a.2
Produced Water Injected or Disposed	17%	22%	16%	42%	41%	303-4	ENV-2	EM-EP 140a.2
Produced Water Discharged Offshore	15%	12%	17%	10%	10%	303-4	ENV-2	EM-EP 140a.2
Hydrocarbons in Overboard Discharges (tonnes)	185	145	124	147	129		ENV-2	EM-EP 140a.2
<b>WATER INTENSITY</b>								
Unconventional Fresh Water Consumption <sup>19</sup> (barrels/BOE EUR)	0.28	0.22	0.23	0.08	0.06		ENV-1	
Conventional Fresh Water Consumption <sup>20</sup> (barrels/BOE)	0.04	0.05	0.05	0.03	0.03		ENV-1	
<b>BIODIVERSITY<sup>21</sup></b>								
Operated Area Overlapping With IUCN Protected Areas <sup>22</sup>	n/a	0.25%	0.24%	0.03%	0.04%	304-1	ENV-4	
Number of IUCN Protected Areas Near Operated Assets <sup>22</sup>	n/a	7	7	8	10	304-1	ENV-4	
Habitat Areas Protected or Restored by ConocoPhillips (thousand acres) <sup>23</sup>	n/a	316	275	550	409	304-3	ENV-4	
Habitat Areas Protected or Restored by Supported Partnerships (thousand acres) <sup>24</sup>	n/a	5,900	12,000	13,400	20,400	304-3	ENV-4	
Number of Operated Assets with IUCN Red List Species <sup>25</sup>	n/a	15	13	12	12	304-4	ENV-4	
<b>LIQUID HYDROCARBON SPILLS TO THE ENVIRONMENT<sup>26</sup></b>								
Number of Spills > 100 Barrels	5	2	1	4	2	306-3	ENV-6	EM-EP 160a.2
Spills > 100 Barrels (barrels)	900	1,100	100	734	299	306-3	ENV-6	EM-EP 160a.2
Number of Spills > 1 Barrel	94	89	83	178	99	306-3	ENV-6	EM-EP 160a.2
Spills > 1 Barrel (barrels)	1,500	1,800	600	2,194	861	306-3	ENV-6	EM-EP 160a.2
Volume Recovered from Spills > 1 Barrel (barrels)	800	1,200	400	1,410	496		ENV-6	EM-EP 160a.2
<b>LIQUID HYDROCARBON SPILLS IN THE ARCTIC<sup>27</sup></b>								
Number of Arctic Spills > 1 Barrel	3	1	1	3	1			EM-EP 160a.2
Arctic Spills > 1 Barrel (barrels)	5	2	2	5	5			EM-EP 160a.2
Volume Recovered from Arctic Spills > 1 Barrel (barrels)	5	2	2	5	5			EM-EP 160a.2
<b>WASTES (TONNES)<sup>28, 29</sup></b>								
Hazardous Wastes	18,800	21,900	28,200	23,000	78,600	306-3	ENV-7	
Non-Hazardous Wastes	224,600	279,000	159,400	213,200	322,489	306-3	ENV-7	
Recycled Wastes	120,200	130,400	107,500	191,700	265,508	306-4	ENV-7	
Total Waste Generated	363,600	431,300	295,100	427,900	666,596	306-3	ENV-7	
Waste Disposed	243,400	300,900	187,600	236,200	401,088	306-3	ENV-7	

**OPERATED TOTAL<sup>7</sup>** continued

METRIC	2018	2019	2020	2021	2022 <sup>4</sup>	GRI	IPECA	SASB
<b>Safety</b>								
<b>SAFETY (RATE PER 200,000 HOURS WORKED)<sup>30</sup></b>								
Workforce Fatalities	0	1	0	0	0	403-9	SHS-3	EM-EP 320a.1
Workforce Total Recordable Rate	0.17	0.15	0.12	0.15	0.14	403-9		EM-EP 320a.1
Workforce Total Recordable Rate (including COVID-19)	n/a	n/a	0.21	0.52	0.28	403-9		EM-EP 320a.1
Workforce Lost Workday Rate	0.05	0.03	0.04	0.04	0.04			
Workforce Lost Workday Rate (including COVID-19)	n/a	n/a	0.13	0.41	0.18			
Employee Total Recordable Rate	0.06	0.05	0.09	0.14	0.12	403-9-a-iii	SHS-3	
Employee Total Recordable Rate (including COVID-19)	n/a	n/a	0.20	0.33	0.43	403-9-a-iii	SHS-3	
Employee Lost Workday Rate	0.03	0.03	0.02	0.05	0.06		SHS-3	
Employee Lost Workday Rate (including COVID-19)	n/a	n/a	0.13	0.24	0.36		SHS-3	
Contractor Total Recordable Rate	0.20	0.18	0.13	0.16	0.14	403-9-b-iii	SHS-3	
Contractor Total Recordable Rate (including COVID-19)	n/a	n/a	0.21	0.57	0.25	403-9-b-iii	SHS-3	
Contractor Lost Workday Rate	0.06	0.03	0.04	0.04	0.04		SHS-3	
Contractor Lost Workday Rate (including COVID-19)	n/a	n/a	0.12	0.46	0.14		SHS-3	
<b>PROCESS SAFETY (RATE PER 200,000 HOURS WORKED BY OPERATIONS)</b>								
Tier 1 Process Safety Event Rate <sup>31</sup>	0.04	0.03	0.03	0.09	0.05		SHS-6	EM-EP 540a.1
<b>Social</b>								
<b>ECONOMIC CONTRIBUTION</b>								
Payments to Vendors and Suppliers (\$ billion) <sup>32</sup>	8.4	9.4	7.3	7.9	10.9			
Shareholder Dividends (\$ billion)	1.4	1.5	1.8	2.4	5.7			
Capital Investments (\$ billion)	6.8	6.6	4.7	5.3	10.2			
Cash Contributions (\$ million)	33.7	43.9	31.3	33.6	33.9		SOC-13	
<b>GLOBAL WORKFORCE</b>								
Employees at Year-End <sup>33</sup>	10,800	10,400	9,700	9,900	9,500	2-7-a	SOC-5	
Part-Time Employees	1.7%	1.4%	1.0%	0.9%	0.7%	2-7-b	SOC-5	
Employees – Women	26%	26%	27%	26%	27%	405-1-b-i	SOC-5	
All Leadership – Women	22%	24%	23%	25%	26%	2-7-a	SOC-5	
Top Leadership – Women	19%	20%	19%	22%	25%	2-7-a	SOC-5	
Junior Leadership – Women	23%	25%	24%	25%	26%	2-7-a	SOC-5	
Professional – Women	28%	28%	29%	29%	30%	2-7-a	SOC-5	
Petrotechnical – Women	20%	20%	20%	20%	21%	2-7-a	SOC-5	
Non-U.S. Employees	49%	45%	41%	39%	34%		SOC-5	
All Non-U.S. Leadership	52%	47%	44%	41%	35%		SOC-5	
Non-U.S. Top Leadership	34%	31%	25%	24%	23%		SOC-5	
Non-U.S. Junior Leadership	57%	50%	49%	44%	37%		SOC-5	
Avg. Years of Service	11.3	11.4	11.9	11.3	10.9		SOC-5	
Avg. Years of Experience	16.8	17.5	17.9	17.5	17.5		SOC-5	
Employees by Age Group							SOC-5	
Under 30	9%	8%	8%	8%	8%	405-1-b-ii	SOC-5	
30–50	60%	60%	60%	62%	62%	405-1-b-ii	SOC-5	
51+	31%	31%	33%	30%	31%	405-1-b-ii	SOC-5	



OPERATED TOTAL<sup>7</sup> continued

METRIC	2018	2019	2020	2021	2022 <sup>4</sup>	GRI	IPECA	SASB
<b>Social continued</b>								
<b>U.S. WORKFORCE DEMOGRAPHICS<sup>34</sup></b>								
Employees – POC <sup>35</sup>	24%	24%	25%	28%	30%	405-1-b-iii		SOC-5
All Leadership – POC	18%	19%	19%	21%	23%	405-1-b-iii		SOC-5
Top Leadership – POC	11%	13%	13%	15%	18%	405-1-b-iii		SOC-5
Junior Leadership – POC	20%	21%	22%	23%	25%	405-1-b-iii		SOC-5
Professional – POC	23%	24%	24%	26%	28%	405-1-b-iii		SOC-5
Employees covered by a collective bargaining agreement	5%	4%	4%	4%	4%	2-30-a		SOC-5
Veterans	n/a	6%	6%	6%	6%	405-1-b-iii		SOC-5
Employees with disabilities	n/a	n/a	5%	5%	5%	405-1-b-iii		SOC-5
U.S. Employees by race/ethnicity and gender								
White Women	21.4%	20.9%	21.2%	20.0%	19.9%	405-1-b-iii		SOC-5
White Men	54.9%	54.6%	54.0%	51.8%	49.9%	405-1-b-iii		SOC-5
Hispanic Women	2.6%	2.5%	2.6%	3.0%	3.6%	405-1-b-iii		SOC-5
Hispanic Men	7.3%	7.9%	7.8%	11.7%	12.0%	405-1-b-iii		SOC-5
Asian Women	1.9%	2.0%	2.0%	1.9%	2.1%	405-1-b-iii		SOC-5
Asian Men	4.6%	4.7%	4.7%	4.2%	4.3%	405-1-b-iii		SOC-5
Black/African American Women	1.9%	1.8%	1.8%	1.6%	1.7%	405-1-b-iii		SOC-5
Black/African American Men	2.2%	2.2%	2.3%	2.2%	2.5%	405-1-b-iii		SOC-5
American Indian or Alaska Native Women	1.0%	1.0%	0.9%	0.9%	1.0%	405-1-b-iii		SOC-5
American Indian or Alaska Native Men	1.7%	1.6%	1.6%	1.3%	1.4%	405-1-b-iii		SOC-5
Native Hawaiian or Pacific Islander Women	0.1%	0.1%	0.1%	0.1%	0.1%	405-1-b-iii		SOC-5
Native Hawaiian or Pacific Islander Men	0.1%	0.1%	0.2%	0.1%	0.1%	405-1-b-iii		SOC-5
Two+ races Women	0.1%	0.2%	0.3%	0.4%	0.5%	405-1-b-iii		SOC-5
Two+ races Men	0.2%	0.3%	0.5%	0.5%	0.9%	405-1-b-iii		SOC-5
<b>HIRING (GLOBAL UNLESS IDENTIFIED AS U.S.)</b>								
University hires	11%	12%	25%	10%	8%	401-1		SOC-15
Diversity hiring – Women	25%	24%	29%	23%	29%	401-1		SOC-15
U.S. Hiring								
Diversity hiring – U.S. POC	26%	29%	28%	35%	41%	401-1		SOC-15
U.S. Hiring by race/ethnicity								
White	74.1%	69.7%	71.7%	63.1%	59.2%	401-1		SOC-15
Hispanic	14.8%	14.8%	10.4%	21.9%	21.2%	401-1		SOC-15
Asian	4.4%	7.8%	8.0%	5.3%	6.8%	401-1		SOC-15
Black/African American	3.3%	3.9%	6.0%	5.0%	7.4%	401-1		SOC-15
American Indian or Alaska Native	1.9%	0.8%	2.0%	0.8%	2.2%	401-1		SOC-15
Native Hawaiian or Pacific Islander	0.4%	0.4%	0.4%	0.3%	0.5%	401-1		SOC-15
Two+ races	0.7%	2.3%	1.6%	2.1%	2.4%	401-1		SOC-15
Undisclosed	0.4%	0.2%	0.0%	1.6%	0.5%	401-1		SOC-15
External hire acceptance rate								SOC-15
University hire acceptance (U.S.)	78%	84%	85%	81%	70%	401-1		SOC-15
Interns acceptance (U.S.)	87%	68%	74%	76%	68%	401-1		SOC-15
Conversions from Interns to Hires	75%	73%	91%	82%	77%	401-1		SOC-15
Interns – U.S. Minorities	33%	32%	36%	38%	40%	401-1		SOC-15

**OPERATED TOTAL<sup>7</sup>** continued

METRIC	2018	2019	2020	2021	2022 <sup>4</sup>	GRI	IPECA	SASB
<b>Social</b> continued								
<b>ATTRITION RATE</b>								
Total Attrition Rate	8.3%	11.2%	5.3%	14.5%	13.1%	401-1	SOC-6	
Voluntary Attrition	4.2%	4.1%	3.0%	5.0%	5.6%	401-1	SOC-6	
Voluntary Attrition – Women	4.3%	3.8%	2.8%	5.3%	5.0%	401-1	SOC-6	
Voluntary Attrition – Men	4.2%	4.1%	3.1%	4.9%	5.9%	401-1	SOC-6	
Voluntary Attrition – U.S. POC	5.1%	3.4%	2.9%	4.8%	5.7%	401-1	SOC-6	
U.S. Voluntary Attrition by race/ethnicity								
White	5.2%	4.9%	3.7%	6.8%	6.7%	401-1	SOC-6	
Hispanic	5.9%	3.3%	2.2%	5.2%	4.7%	401-1	SOC-6	
Asian	5.1%	3.8%	4.1%	2.9%	6.7%	401-1	SOC-6	
Black/African American	3.4%	3.5%	4.2%	4.0%	6.9%	401-1	SOC-6	
American Indian or Alaska Native	4.5%	4.1%	1.4%	7.8%	6.5%	401-1	SOC-6	
Native Hawaiian or Pacific Islander	8.8%	0.0%	0.0%	6.7%	0.0%	401-1	SOC-6	
Two+ races	0.0%	0.0%	0.0%	7.3%	7.3%	401-1	SOC-6	
Voluntary attrition less than 5 years of tenure	4.8%	4.3%	2.5%	8.4%	7.6%	401-1	SOC-6	
<b>TRAINING, DEVELOPMENT AND PROMOTIONS</b>								
Training of Petrotechnical employees (Hours of training/empl.)	22.9	28.5	27.1	21.5	23.1	404-2	SOC-7	
DEI Training courses completed by employees	n/a	n/a	1,872	1,281	1,402	404-2	SOC-7	
Average spent on training per employee (in dollars)	\$1,181	\$1,277	\$948	\$889	\$1,071		SOC-7	
Promoted – Women	33%	31%	32%	33%	34%		SOC-7	
Promoted – U.S. POC	25%	27%	24%	26%	30%		SOC-7	
U.S. Promoted								
White	75.3%	72.8%	76.5%	74.2%	69.9%		SOC-7	
Hispanic	12.0%	12.4%	9.6%	10.7%	16.2%		SOC-7	
Asian	5.8%	7.6%	5.7%	5.6%	5.4%		SOC-7	
Black/African American	3.3%	4.3%	4.1%	5.2%	4.1%		SOC-7	
American Indian or Alaska Native	2.6%	2.0%	2.8%	2.1%	2.8%		SOC-7	
Native Hawaiian or Pacific Islander	0.5%	0.2%	0.4%	0.6%	0.1%		SOC-7	
Two+ races	0.7%	0.7%	0.9%	1.3%	1.5%		SOC-7	
Undisclosed	0.0%	0.0%	0.0%	0.2%	0.0%		SOC-7	
Promoted to Top Leadership – Women	23%	9%	22%	31%	34%		SOC-7	
Promoted to Top Leadership – U.S. POC	7%	24%	6%	21%	28%		SOC-7	
<b>Governance</b>								
<b>BOARD<sup>36</sup></b>								
Independent Members	91%	91%	92%	80%	86%			
Women	36%	36%	31%	27%	29%	405-1-a-i		
<b>Exploration and Production</b>								
<b>AVERAGE DAILY NET PRODUCTION<sup>37</sup></b>								
Crude Oil (MBD)	653	705	568	829	898			EM-EP 000.A
NGL (MBD)	102	115	105	142	252			EM-EP 000.A
Bitumen (MBD)	66	60	55	69	66			EM-EP 000.A
Natural Gas (MMCFD)	2,774	2,805	2,394	3,162	3,130			EM-EP 000.A
Total (MBOED)	1,283	1,348	1,127	1,567	1,738			EM-EP 000.A
<b>Total Operated Production (MMBOE)<sup>38</sup></b>	<b>597</b>	<b>561</b>	<b>471</b>	<b>694</b>	<b>688</b>			
<b>Total Proved Reserves at Year-End (million BOE)</b>	<b>5,263</b>	<b>5,262</b>	<b>4,459</b>	<b>6,101</b>	<b>6,599</b>			
<b>Proved Reserves in Low-Transparency Countries<sup>39</sup></b>	<b>4.3%</b>	<b>4.4%</b>	<b>5.1%</b>	<b>3.6%</b>	<b>3.8%</b>			<b>EM-EP 510a.1</b>

## Notes

- <sup>1</sup> Due to rounding, some total numbers may not equal the sum of the subcomponents.
- <sup>2</sup> Based on the equity share approach as defined in “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (WRI).”
- <sup>3</sup> Baseline net equity emissions intensity data was estimated from the Long-Range Planning process and may be found within the Emissions Reduction Targets and Performance section of the Sustainability Report on [www.conocophillips.com](http://www.conocophillips.com).
- <sup>4</sup> Updated in 2022, GHG metrics are reported to the nearest whole number in each unit, except intensity or other metrics expressed as ratios.
- <sup>5</sup> The denominator uses net production values reported in the ConocoPhillips Annual Report, which represent the company’s equity share of total production.
- <sup>6</sup> 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 50% to 60% by 2030, from a 2016 baseline.
- <sup>7</sup> 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.
- <sup>8</sup> Scope 1 and Scope 2 emissions divided by sales and other operating revenues. Source: ConocoPhillips Annual Report
- <sup>9</sup> Includes CO<sub>2</sub> from operations, methane (CO<sub>2</sub>e), Nitrous Oxide (CO<sub>2</sub>e).
- <sup>10</sup> Includes marine and aviation support operations.
- <sup>11</sup> Methane intensity target excludes emissions from exploration and transportation services (i.e., Polar Tankers and Global Aviation), which are not directly related to oil and gas production.
- <sup>12</sup> 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.
- <sup>13</sup> Total flaring volume represents total hydrocarbon content flared.
- <sup>14</sup> Calculated as total fresh water withdrawn minus total fresh water discharged in 2022.
- <sup>15</sup> Based on World Resources Institute Aqueduct Risk Atlas water stress mapping layer as of December 31, 2022 and calculated as the percentage of total fresh water withdrawn.
- <sup>16</sup> Based on World Resources Institute Aqueduct Risk Atlas water stress mapping layer as of December 31, 2022 and calculated as the percentage of total fresh water consumed.
- <sup>17</sup> Includes water withdrawn from saline/brackish groundwater aquifers and seawater.
- <sup>18</sup> Includes produced water recycled for production (e.g., steam generation) or completions (e.g., hydraulic fracturing) and produced water reused for enhanced oil recovery.
- <sup>19</sup> Calculated using Enverus data for the average volume of fresh water (BBL) divided by the average estimated ultimate recovery (EUR, BOE) as of April 5, 2023. Intensity value may change as EUR data are updated.
- <sup>20</sup> Calculated using the average volume of fresh water (BBL) divided by the average annual production (BOE).
- <sup>21</sup> Began reporting biodiversity metrics in 2019.
- <sup>22</sup> Operated lease area overlapping with IUCN I-VI protected areas based on World Database on Protected Areas accessed on December 31, 2022.
- <sup>23</sup> Cumulative acreage includes impact avoidance, grassland and wetland restoration, habitat conservation, biodiversity offsets and voluntary conservation areas.
- <sup>24</sup> Cumulative acreage from collaboration with conservation partners to conserve, protect, restore, improve, or benefit habitats over the past two decades.
- <sup>25</sup> Operated assets with species observed or known to occur based on IUCN Red List of Threatened Species mapping tool accessed on December 31, 2022.
- <sup>26</sup> The term “environment” refers to the natural environment, including soil, surface water, groundwater, and ice-affected surfaces.
- <sup>27</sup> No spills in this section were deemed as to the environment, per local regulatory requirements.
- <sup>28</sup> Regulatory definitions for hazardous and non-hazardous waste vary between countries and jurisdictions. Data is based on country and jurisdictional definitions.
- <sup>29</sup> The variance in waste volumes is due primarily to increased well production and an improved methodology to determine waste quantities and the allocation of hazardous and recycled waste in the Canadian Business Unit.
- <sup>30</sup> Rates are shown including and excluding COVID-19 work-related illnesses experienced in 2020, 2021, and 2022 as defined by OSHA.
- <sup>31</sup> Rate of process safety events of greater consequence as defined by API 752 and IOGP 456 Standards.
- <sup>32</sup> Payments to vendors and suppliers is an estimate based on Production and Operating Expenses and Capital Program.
- <sup>33</sup> Employee headcount based on active employees as of December 31, 2022.
- <sup>34</sup> U.S. workforce demographics account only for self-reported data.
- <sup>35</sup> POC: People of Color (includes ethnic/racial groups defined per the U.S. Census).
- <sup>36</sup> As of December 31, 2022.
- <sup>37</sup> Production data is average daily net production from continuing operations.
- <sup>38</sup> Data is normalized using barrels of oil equivalent (BOE) from production operations, including gas plant liquid production of ethane, propane, butane and condensate and 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.
- <sup>39</sup> 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.

# 2022 Performance by Country<sup>1</sup>

## OPERATED TOTAL<sup>2,3</sup>

METRIC	U.S.A.	CANADA	NORWAY/UK	AUSTRALIA	ALL OTHERS <sup>4</sup>	TOTAL
<b>Climate and Air Emissions</b>						
<b>GHGs (THOUSAND TONNES)</b>						
CO <sub>2</sub> from Operations	6,129	3,217	1,094	2,104	685	13,228
CO <sub>2</sub> from Imported Electricity	711	336	14	0	<1	1,060
Methane (CO <sub>2</sub> e)	1,593	46	27	28	10	1,704
Nitrous Oxide (CO <sub>2</sub> e)	8	7	4	2	1	21
Total GHGs	8,441	3,605	1,138	2,134	697	16,014
Total GHG Intensity (kg CO <sub>2</sub> e/BOE)	19.0	56.3	14.2	25.8	43.3	23.3
Flaring Volume (million cubic feet, routine and non-routine)	15,972	239	600	666	381	17,858
<b>OTHER AIR EMISSIONS (TONNES)</b>						
Volatile Organic Compounds (VOCs)	94,257	535	3,533	77	106	98,508
Nitrogen Oxides (NOx)	42,846	2,086	1,933	1,193	470	48,528
Sulfur Oxides (SOx)	1,548	930	120	15	88	2,701
Particulate Matter (PM)	1,246	115	78	52	16	1,508
<b>ENERGY USE (TRILLION BTUS)</b>						
Combustion Energy	81	58	17	38	4	199
Imported Electricity	6	2	<1	0	<1	8
Total Energy	87	60	17	38	4	206
<b>Environment</b>						
<b>WATER</b>						
Fresh Water Withdrawn (million cubic meters)	5.4	2.1	1.6	<0.1	0.1	9.2
Non-Fresh Water Withdrawn <sup>5</sup> (million cubic meters)	26.7	0.1	25.9	0	0	52.6
Produced Water Recycle/Reuse <sup>6</sup> (million cubic meters)	49.6	24.4	0	0	0	74.0
Hydrocarbons in Overboard Discharges (tonnes)	0	0	129	0	0	129
<b>LIQUID HYDROCARBON SPILLS TO THE ENVIRONMENT</b>						
Number of Spills > 100 Barrels	1	1	0	0	0	2
Spills > 100 Barrels (barrels)	195	104	0	0	0	299
Spills > 1 Barrel (barrels)	96	3	0	0	0	99
Number of Spills > 1 Barrel	749	112	0	0	0	861
Volume Recovered from Spills > 1 Barrel (barrels)	390	106	0	0	0	496
<b>WASTE (TONNES)<sup>7</sup></b>						
Hazardous Waste	23	69,791	8,540	4	241	78,600
Non-Hazardous Waste	197,546	121,554	3,115	145	129	322,489
Recycled Waste	252,483	5,311	7,169	519	26	265,508
Total Waste Generated	450,053	196,656	18,824	668	396	666,596
Waste Disposed	197,570	191,345	11,655	149	370	401,088

**OPERATED TOTAL<sup>2,3</sup>** continued

METRIC	U.S.A.	CANADA	NORWAY/UK	AUSTRALIA	ALL OTHERS <sup>4</sup>	TOTAL
<b>Global Workforce<sup>8</sup></b>						
Employees at Year-End	6,240	820	1,940	300	230	9,500
Employees – Women	29%	26%	21%	19%	49%	27%
All Leadership – Women	26%	26%	23%	13%	45%	26%
Top Leadership – Women	27%	20%	19%	0%	0%	25%
Junior Leadership – Women	26%	27%	24%	14%	47%	26%
Professional – Women	31%	31%	27%	17%	47%	30%
Petrotechnical – Women	20%	20%	25%	19%	25%	21%
Avg. Years of Service	10.1	9.4	14.4	7.9	10.8	10.9
Avg. Years of Experience	16.2	18.7	20.8	19.6	18.6	17.5
<b>Employees by Age Group</b>						
Under 30	11%	4%	9%	5%	2%	8%
30–50	61%	73%	51%	68%	76%	62%
51+	29%	23%	41%	27%	22%	31%
<b>Production</b>						
<b>Total Operated Production (MMBOE)<sup>9</sup></b>	<b>445</b>	<b>64</b>	<b>80</b>	<b>83</b>	<b>16</b>	<b>688</b>

**Notes**

<sup>1</sup> Due to rounding, some total numbers may not equal the sum of the subcomponents.

<sup>2</sup> 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.

<sup>3</sup> Updated in 2022, GHG metrics are reported to the nearest whole number in each unit, except intensity or other metrics expressed as ratios.

<sup>4</sup> All Others includes Indonesia and Malaysia.

<sup>5</sup> Includes water withdrawn from saline/brackish groundwater aquifers and seawater.

<sup>6</sup> Includes produced water recycled for production (e.g., steam generation) or completions (e.g., hydraulic fracturing) and produced water reused for enhanced oil recovery.

<sup>7</sup> Regulatory definitions for hazardous and non-hazardous waste vary between countries and jurisdictions. Data is based on country and jurisdictional definitions.

<sup>8</sup> Workforce for All Others includes China, Malaysia and other small operations.

<sup>9</sup> Data is normalized using barrels of oil equivalent (BOE) from production operations, including gas plant liquid production of ethane, propane, butane and condensate and 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 Template<sup>1</sup>

TOPIC	METRIC	UNITS	2021	2022	ADDITIONAL COMMENTS
<b>Greenhouse Gas Emissions</b>	<b>Scope 1 GHG Emissions</b>	metric tons CO <sub>2</sub> e	5,880,410	5,740,354	
	<b>Scope 1 GHG Intensity</b> GHG Emissions/Gross Annual Production as Reported Under Subpart W	metric tons CO <sub>2</sub> e/MBOE	13.6	14.9	
	<b>Percent of GHG Emissions Attributed to Gathering and Boosting Segment</b>	%	21%	23%	
	<b>Scope 2 GHG Emissions</b>	metric tons CO <sub>2</sub> e	555,892	708,335	
	<b>Scope 1 and 2 Combined GHG Intensity</b> Scope 1 GHG Emissions + Scope 2 GHG Emissions/Gross Annual Production as Reported Under Subpart W	metric tons CO <sub>2</sub> e/MBOE	14.9	16.8	
	<b>Scope 1 Methane Emissions</b>	metric tons CH <sub>4</sub>	62,181	59,117	
	<b>Scope 1 Methane Intensity</b> Scope 1 Methane Emissions/Gross Annual Production –As Reported Under Subpart W	metric tons CH <sub>4</sub> /MBOE	0.14	0.15	
	<b>Percent of Methane Emissions Attributed to Gathering and Boosting Segment</b>	%	11%	14%	
	<b>Flaring</b>	<b>Gross Annual Volume of Flared Gas</b>	MCF	n/a	n/a
<b>Percentage of Gas Flared Per MCF of Gas Produced</b> Gross Annual Volume of Flared Gas/Gross Annual Gas Production		%	n/a	n/a	Please refer to our Flaring definitions and volumes as reported in Performance Metrics by Country.
<b>Volume of Gas Flared Per Barrel of Oil Equivalent Produced</b> Gross Annual Volume of Flared Gas/Gross Annual Production		MCF/BOE	n/a	n/a	Please refer to our Flaring definitions and volumes as reported in Performance Metrics by Country.
<b>Spills</b>	<b>Spill Intensity</b> Produced Liquids Spilled/Total Produced Liquids	Bbl/Mbbl	n/a	n/a	Please refer to our Hydrocarbon Spills related data as reported in Performance Metrics by Country. ConocoPhillips is aligned with the IPIECA Sustainability Reporting Guidance for the Oil and Gas Industry. This scope of this guidance pertains to hydrocarbon spills over 1 bbl and that is what is reported in our performance metrics tables. We do not report on other liquid spill media.
<b>Water Use</b>	<b>Fresh Water Intensity</b> Fresh Water Consumed/Gross Annual Production	Bbl/BOE	0.08	0.05	BOE expressed as BOE EUR for unconventional assets.
	<b>Water Recycle Rate</b> Recycled Water/Total Water Consumed	Bbl/Bbl	63%	60%	
	<b>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?</b>	yes/no	yes	yes	

<sup>1</sup> 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	UNITS	2021	2022	ADDITIONAL COMMENTS
Safety	<b>Employee TRIR</b> # of Employee OSHA Recordable Cases x 200,000/Annual Employee Workhours		0.457	0.532	
	<b>Contractor TRIR</b> # of Contractor OSHA Recordable Cases x 200,000/Annual Contractor Workhours		0.416	0.197	
	<b>Combined TRIR</b> # of Combined OSHA Recordable Cases x 200,000/Annual Combined Workhours		0.424	0.247	
Supporting Data	<b>Gross Annual Oil Production</b>	Bbl	303,290,000	349,330,000	
	<b>Gross Annual Gas Production</b>	MCF	661,420,000	567,090,000	
	<b>Gross Annual Production</b>	BOE	412,000,000	443,880,000	
	<b>Gross Annual Production</b>	MBOE	412,000	443,880	
	<b>Gross Annual Production – As Reported Under Subpart W</b>	MBOE	432,458	384,779	
	<b>Total Produced Liquids</b>	MBbl	n/a	n/a	Please refer to our Hydrocarbon Spills related data as reported in Performance Metrics by Country. ConocoPhillips is aligned with the IPIECA Sustainability Reporting Guidance for the Oil and Gas Industry. This scope of this guidance pertains to hydrocarbon spills over 1 bbl and that is what is reported in our performance metrics tables. We do not report on other liquid spill media.
	<b>Produced Liquids Spilled</b>	Bbl	n/a	n/a	Please refer to our Hydrocarbon Spills related data as reported in Performance Metrics by Country. ConocoPhillips is aligned with the IPIECA Sustainability Reporting Guidance for the Oil and Gas Industry. This scope of this guidance pertains to hydrocarbon spills over 1 bbl and that is what is reported in our performance metrics tables. We do not report on other liquid spill media.
	<b>Fresh Water Consumed</b>	Bbl	35,360,000	32,124,525	
	<b>Recycled Water</b>	Bbl	342,740,000	312,059,370	
	<b>Total Water Consumed</b>	Bbl	546,496,000	523,078,260	
	<b>Employee OSHA Recordable Cases</b>	# of cases	30 (11 excluding COVID-19)	36 (10 excluding COVID-19)	(10 excluding COVID-19)
	<b>Contractor OSHA Recordable Cases</b>	# of cases	112 (42 excluding COVID-19)	76 (48 excluding COVID-19)	(48 excluding COVID-19)
	<b>Combined OSHA Recordable Cases</b>	# of cases	142 (53 excluding COVID-19)	112 (58 excluding COVID-19)	(58 excluding COVID-19)
<b>Annual Employee Workhours</b>	# of hours	13,119,528	13,545,183		
<b>Annual Contractor Workhours</b>	# of hours	53,789,845	77,147,679		
Methodology				Employee workhours based on headcount reports from HR. Contractor hours based on factors applied to spend (by activity type).	
<b>Annual Combined Workhours</b>	# of hours	66,909,373	90,692,862		

# API Template for GHG Reporting

IPCC AR GWP: AR4

Basis: Operated

NO.	INDICATOR	UNITS	2021	2022
<b>1.</b>	<b>Direct GHG Emissions (Scope 1)</b>			
<b>1.1</b>	<b>Direct GHG Emissions (Scope 1) – All GHGs</b>	million metric tons CO <sub>2</sub> e	17.7	15.0
1.1.1	<b>Upstream – All GHGs</b>	million metric tons CO <sub>2</sub> e	15.3	12.5
1.1.1.1	Methane (CH <sub>4</sub> )	million metric tons CO <sub>2</sub> e	1.7	1.7
1.1.1.2	Upstream Flaring – All GHGs (subset of Direct GHG Emissions – Scope 1)	million metric tons CO <sub>2</sub> e	1.9	1.5
1.1.1.3	Volume of Flares	mmcf	19,615	17,182
1.1.2	<b>Midstream – All GHGs</b>	million metric tons CO <sub>2</sub> e	n/a	n/a
1.1.2.1	Methane (CH <sub>4</sub> )	million metric tons CO <sub>2</sub> e	n/a	n/a
1.1.3	<b>Downstream – All GHGs</b>	million metric tons CO <sub>2</sub> e	n/a	n/a
1.1.4	<b>LNG – All GHGs</b>	million metric tons CO <sub>2</sub> e	2.1	2.1
1.1.5	<b>Oil and Natural Gas Field Services – All GHGs</b>	million metric tons CO <sub>2</sub> e	0.3	0.3
<b>2.</b>	<b>Indirect GHG Emissions from Imported Energy (Scope 2)</b>			
<b>2.1</b>	<b>Indirect GHG Emissions from Imported Electricity + Heat + Steam + Cooling (Scope 2, Market-based)</b>		1.03	1.06
2.1.1	<b>Upstream – All GHGs</b>	million metric tons CO <sub>2</sub> e	1.01	1.06
2.1.2	<b>Midstream – All GHGs</b>	million metric tons CO <sub>2</sub> e	n/a	n/a
2.1.3	<b>Downstream – All GHGs</b>	million metric tons CO <sub>2</sub> e	n/a	n/a
2.1.4	<b>LNG – All GHGs</b>	million metric tons CO <sub>2</sub> e	0	0
2.1.5	<b>Oil and Natural Gas Field Services – All GHGs</b>	million metric tons CO <sub>2</sub> e	0.02	0.002
<b>3.</b>	<b>GHG Mitigation</b>			
<b>3.1</b>	<b>GHG Mitigation from CCUS, Credits, and Offsets</b>	million metric tons CO <sub>2</sub> e	n/a	n/a
3.1.1	<b>Carbon Capture Utilization and Storage (CCUS) – All GHGs</b>	million metric tons CO <sub>2</sub> e	n/a	n/a
3.1.2	<b>Renewable Energy Credits – (RECs for Indirect Emissions) – All GHGs</b>	million metric tons CO <sub>2</sub> e	n/a	n/a
3.1.3	<b>Offsets – All GHGs</b>	million metric tons CO <sub>2</sub> e	n/a	n/a
<b>4.</b>	<b>Intensity – GHG Emissions</b>			
<b>4.1</b>	<b>Scope 1 + Scope 2 Upstream GHG Intensity</b>	kilograms CO <sub>2</sub> e/BOE	26.70	22.45
4.2	<b>Scope 1 Upstream Methane Intensity</b>	kilograms CO <sub>2</sub> e/BOE	2.84	2.75
4.3	<b>Scope 1 Upstream Flaring Intensity</b>	kilograms CO <sub>2</sub> e/BOE	3.07	2.52
4.4	<b>Scope 1 + Scope 2 Liquids Pipelines Transmission GHG Intensity</b>	million metric tons CO <sub>2</sub> e/throughput in barrel-miles	n/a	n/a
4.5	<b>Scope 1 Natural Gas Pipelines Transmission and Storage Methane Intensity</b>	%	n/a	n/a
4.6	<b>Scope 1 + Scope 2 Downstream GHG Intensity</b>	kilograms CO <sub>2</sub> e/BOE	n/a	n/a
4.7	<b>Scope 1 + Scope 2 LNG GHG Intensity</b>	million metric tons CO <sub>2</sub> e/mmcf	0.0000044	0.0000045
4.8	<b>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)</b>	yes/no	no	no



**API TEMPLATE FOR GHG REPORTING** continued

NO.	INDICATOR	UNITS	2021	2022
<b>5.</b>	<b>Indirect GHG Emissions from Consumers' Use of Products (Scope 3)</b>			
<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. 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	<b>Indirect GHG Emissions from Use of Sold Products (Category 11)</b>	million metric tons CO <sub>2</sub> e	197.6	207.9
<b>6.</b>	<b>Additional Climate-Related Targets and Reporting</b>			
6.1	<b>GHG Reduction Target(s)</b>	yes/no	yes	yes
6.2	<b>TCFD-informed reporting</b>	yes/no	yes	yes
6.3	<b>Additional Climate Reporting Resources</b>			
<b>7.</b>	<b>Third-party Verification</b>			
7.1	<b>Assurance level</b>		Limited	Limited
7.2	<b>Assurance provider</b>		ERM	ERM

# Disclosure, Data Quality and Assurance

The accuracy of the information reflected in our report is very important to us. ConocoPhillips reports our sustainability performance using internationally recognized reporting standards and frameworks. The 2022 Sustainability Report covers data from January 1 to December 31, 2022.

Our reporting is in accordance with the GRI Standards and references guidance and standards developed by Ipieca, TCFD and SASB. ERM CVS has provided independent limited assurance of the disclosures and the 2022 data for all the metrics in the performance tables. ERM CVS assurance activities included reviewing evidence for the disclosures in the report, interviewing content owners and subject matter experts as required in order to substantiate and corroborate the disclosures, and testing the data for the performance metrics at both corporate and operational levels, via in-person and virtual reviews with selected operations. [Read the most recent ERM CVS statement.](#)

We mapped relevant [GRI](#), [Ipieca](#), [UN Global Compact Principles](#), [TCFD](#) and [SASB](#) disclosures for stakeholder convenience and we continue to assess alignment with other frameworks. We also consider frameworks that are still evolving such as the [Taskforce on Nature-related Financial Disclosures](#). We provide information to CDP for climate change, Dow Jones Sustainability Index and other organizations that assess the ESG performance of companies. We engage with MSCI, Sustainalytics and ISS E&S QualityScore, all of which rate us based on publicly available information.

The ConocoPhillips Internal Audit group, which reports to the Audit and Finance Committee, also provided limited assurance of the data included in the report.

## Environmental Metrics

The company's Environmental Assurance (EA) team managed and utilized a global centralized data reporting system to collect, review and manage environmental metrics. Our environmental metrics undergo robust reviews at various stages of the process:

- **Data collection.** Annual data is submitted by business units (BUs) using a global reporting system. This data is generated locally according to our company Environmental Metrics Reporting Practice which outlines requirements, established standardized methods and reporting procedures.
- **Quality assurance.** All submitted metrics are reviewed for gaps, trends, variances and anomalies by the corporate EA team prior to final approval and external assurance. Limited assurance<sup>1</sup> is performed by an external third party, ERM CVS, on all environmental metrics as well as reasonable assurance<sup>2</sup> in countries with a regulatory requirement to verify reported greenhouse gas (GHG) emissions and energy (where relevant), including Australia, Canada and Norway.
- **Annual quality control assessment.** There are three phases of data reviews. In the BU, the data was vetted by technical peers and leaders. When the final BU data was submitted to the central reporting system for corporate level review, it contained an explanation for all variances greater than 10% from the prior year. The corporate EA team reviewed data for completeness and accuracy.

<sup>1</sup> According to the International Standard on Assurance Engagements (ISAE) 3000, the objective of a limited assurance engagement is to determine whether anything has come to the assurance provider's attention to indicate that the assured subject matter has not been prepared, in all material respects, in accordance with the relevant reporting criteria.

<sup>2</sup> According to ISAE 3000, reasonable assurance requires the assurance provider to determine whether the assured subject matter is free from material misstatement, thereby expressing an opinion that the assured subject matter is presented fairly, in all material respects, in accordance with the relevant reporting criteria.

After this process, the data was presented to company leaders via our internal approvals process, who had an opportunity to review and challenge the information. Final data was submitted for executive-level approval prior to publishing.

To honor our commitment to continuously improve the quality of our environmental metrics data, a multi-functional team works with BUs to review our reporting processes. To provide the most current and accurate data available, we update previously reported data for prior years as needed. [See our metrics](#).

## Human Capital Metrics

The company's Human Resources (HR) team utilized a centralized data management system known as the HR data warehouse to collect and analyze human capital data and track performance 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 BUs 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. After the seventh workday following year end, data is locked for all external reports and disclosures.

# Abbreviations

The following terms and abbreviations may be commonly used in this report.

<b>AFC</b>	Audit and Finance Committee	<b>EIS</b>	Environmental Impact Statement
<b>AFCD</b>	Americans for Carbon Dividends	<b>ELT</b>	Executive Leadership Team
<b>API</b>	American Petroleum Institute	<b>EOR</b>	enhanced oil recovery
<b>APLNG</b>	Australia Pacific Liquefied Natural Gas	<b>EPA</b>	Environmental Protection Agency
<b>APS</b>	IEA Announced Pledges Scenario	<b>ERM</b>	enterprise risk management
<b>AXPC</b>	American Exploration and Production Council	<b>EU ETS</b>	European Union Emissions Trading System
<b>BBL</b>	barrel	<b>EUR</b>	estimated ultimate recovery
<b>BCA</b>	border carbon adjustment	<b>EVP</b>	executive vice president
<b>BCF</b>	billions of cubic feet	<b>GFANZ</b>	Glasgow Financial Alliance for Net-Zero
<b>BCFD</b>	billions of cubic feet per day	<b>GHG</b>	greenhouse gas
<b>BLM</b>	Bureau of Land Management	<b>GRI</b>	Global Reporting Initiative
<b>BOE</b>	barrel of oil equivalent	<b>GWSC</b>	Global Water Sustainability Center
<b>BRT</b>	Business Roundtable	<b>HCM</b>	human capital management
<b>BU</b>	business unit	<b>HRCC</b>	Human Resources and Compensation Committee
<b>CBAM</b>	European Union Carbon Border Adjustment Mechanism	<b>HSE</b>	Health, Safety and Environment
<b>CCIWG</b>	Climate Change Issues Working Group	<b>IEA</b>	International Energy Agency
<b>CCS</b>	carbon capture and storage	<b>IETA</b>	International Emissions Trading Association
<b>CLC</b>	Climate Leadership Council	<b>IOGP</b>	International Oil & Gas Producers Association
<b>CO<sub>2</sub>e</b>	carbon dioxide equivalent	<b>IPBES</b>	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
<b>COSIA</b>	Canada's Oil Sands Innovation Alliance	<b>IUCN</b>	International Union for Conservation of Nature
<b>CPLC</b>	Carbon Pricing Leadership Coalition	<b>IWG</b>	issues working group
<b>DEI</b>	diversity, equity and inclusion	<b>JV</b>	joint venture
<b>DJSI</b>	Dow Jones Sustainability Index	<b>LCT</b>	Low Carbon Technologies
<b>E&amp;P</b>	exploration and production	<b>LNG</b>	liquefied natural gas
<b>EEOC</b>	U.S. Equal Employment Opportunity Commission		

<b>LRP</b>	Long-Range Plan	<b>SAGD</b>	steam-assisted gravity drainage
<b>MACC</b>	marginal abatement cost curve	<b>SASB</b>	Sustainability Accounting Standards Board
<b>MM</b>	millions	<b>SBTN</b>	Science Based Targets Network
<b>MMBBL</b>	millions of barrels	<b>SD</b>	sustainable development
<b>MMBOD</b>	millions of barrels per day	<b>SDGs</b>	United Nations Sustainable Development Goals
<b>MMBOE</b>	millions of barrels of oil equivalent	<b>SDLT</b>	Sustainable Development Leadership Team
<b>MMBOED</b>	millions of barrels of oil equivalent per day	<b>SEC</b>	Securities and Exchange Commission
<b>MMCF</b>	millions of cubic feet	<b>SOR</b>	steam-oil ratio
<b>MMCFD</b>	millions of cubic feet per day	<b>SPCC</b>	spill prevention, control and countermeasure
<b>MMBTU</b>	millions of British thermal units	<b>SPEC</b>	Sustainability and Public Policy Executive Council
<b>NAIT</b>	Northern Alberta Institute of Technology	<b>STEPS</b>	IEA Stated Policies Scenario
<b>NGO</b>	nongovernmental organization	<b>SVP</b>	senior vice president
<b>NPC</b>	National Petroleum Council	<b>TCFD</b>	Task Force on Climate-related Financial Disclosures
<b>NPR-A</b>	National Petroleum Reserve – Alaska	<b>TMT</b>	Talent Management Team
<b>NZAC</b>	Net-Zero Advisory Council	<b>TNFD</b>	Taskforce on Nature-related Financial Disclosures
<b>NZE</b>	IEA Net Zero Emissions Scenario	<b>TRR</b>	total recordable rate, also referred to as total recordable incident rate (TRIR)
<b>NZEC</b>	Net-Zero Executive Council	<b>VCIP</b>	Variable Cash Incentive Program
<b>NZLT</b>	Net-Zero Leadership Team	<b>VIA</b>	values and interest assessment
<b>OECD</b>	Organisation for Economic Co-operation and Development	<b>VPSHR</b>	Voluntary Principles on Security and Human Rights
<b>OGMP 2.0</b>	Oil and Gas Methane Partnership 2.0	<b>WRI</b>	World Resources Institute
<b>OSRO</b>	Oil Spill Removal Organization	<b>WTI</b>	West Texas Intermediate
<b>POC</b>	People of Color		
<b>PPSC</b>	Public Policy and Sustainability Committee		
<b>PSP</b>	Permian Strategic Partnership		

# Notable Recognitions and Achievements

We have been honored for our sustainable development performance and success.



## Awards and Recognition

**Human Rights Campaign's 2022 Corporate Equality Index score of 100, making us a "Best Place to Work for LGBTQ+ Equality"**

United States

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**Forbes' World's Top Female-Friendly Companies in 2022**

United States

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**Fortune's World's Most Admired Companies in 2022 and 2023**

Global

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**Institutional Investor Research**

Ranked #2 for Best ESG by combined buy-side and sell-side in the oil and gas E&P sector



## Ratings

**Dow Jones Sustainability Index**

One of only three companies in North America from the Oil & Gas Upstream and Integrated sector

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**FTSE4Good Index Series**

Constituent of the 2022 FTSE4Good Index Series

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**MSCI ESG in 2023**

"AA" rating

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**ISS E&S Quality Score**

Received a score of "1" on Social and "2" on Environmental

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**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](#).

**CAUTIONARY STATEMENT** This report contains forward-looking statements as defined under the federal securities laws. Forward-looking statements relate to future events, plans 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 changes in commodity prices, including a prolonged decline in these prices relative to historical or future expected levels; global and regional changes in the demand, supply, prices, differentials or other market conditions affecting oil and gas, including changes resulting from any ongoing military conflict, including the conflict between Russia and Ukraine, and the global response to such conflict, security threats on facilities and infrastructure, or 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; insufficient liquidity or other factors, such as those listed herein, that could impact our ability to repurchase shares and declare and pay dividends such that we suspend our share repurchase program and reduce, suspend, or totally eliminate dividend payments in the future, whether variable or fixed; 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, inflationary pressures or technical difficulties in constructing, maintaining or modifying company facilities; legislative and regulatory initiatives addressing global climate change or other environmental concerns; public health crises, including pandemics (such as COVID-19) and epidemics and any impacts or related company or government policies or actions; investment in and development of competing or alternative energy sources; potential failures or delays in delivering on our current or future low-carbon strategy, including our inability to develop new technologies; disruptions or interruptions impacting the transportation for our oil and gas production; international monetary conditions and exchange rate fluctuations; changes in international trade relationships or governmental policies, including the imposition of price caps, or the imposition of trade restrictions or tariffs on any materials or products (such as aluminum and steel) used in the operation of our business, including any sanctions imposed as a result of any ongoing military conflict, including the conflict between Russia and Ukraine; our ability to collect payments when due, including our ability to collect payments from the government of Venezuela or PDVSA; our ability to complete any announced or any future dispositions or acquisitions on time, if at all; the possibility that regulatory approvals for any 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 following any announced or 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 directly or indirectly to our transaction with Concho Resources Inc.; the impact of competition and consolidation in the oil and gas industry; limited access to capital or insurance or significantly higher cost of capital or insurance related to illiquidity or uncertainty in the domestic or international financial markets or investor sentiment; general domestic and international economic and political conditions or developments, including as a result of any ongoing military conflict, including the conflict between Russia and Ukraine; changes in fiscal regime or tax, environmental and other laws applicable to our business; and disruptions resulting from accidents, extraordinary weather events, civil unrest, political events, war, terrorism, cybersecurity threats or information technology failures, constraints or disruptions; 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.

## Explore ConocoPhillips

### Fact Sheets

Published annually to provide detailed operational updates for each of the company’s six segments. [conocophillips.com/factsheets](https://conocophillips.com/factsheets)

### Annual Report

The ConocoPhillips Annual Report and Form 10-K provides details on the company’s financial and operating performance, a letter from our chairman and chief executive officer, and additional shareholder information. The report is available on our website at [www.conocophillips.com/annualreport](https://www.conocophillips.com/annualreport).

### Plan for the Net-Zero Energy Transition Progress Report

Outlines our approach and progress to address risks specific to the energy transition. [conocophillips.com/reports](https://conocophillips.com/reports)

### Managing Climate-Related Risks Report

Published annually to provide details on the company’s governance framework, risk management approach, strategy, key metrics and targets for climate-related issues. [conocophillips.com/reports](https://conocophillips.com/reports)

### 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. [conocophillips.com/hcmreport](https://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. [conocophillips.com/investors](https://conocophillips.com/investors)

