

2017

Sustainability Report

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On the Cover
Drilling rig, China Draw,
Permian Basin

Web Video Audio Document Map

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ConocoPhillips recognizes how important it is to deliver reliable and affordable energy to the world, but that we also have to do so in a sustainable way. We agree with expert analyses that show natural gas and oil will remain an important part of the evolving energy mix for decades to come. Our commitment is to demonstrate leadership in the production of these resources by being competitive both financially and with our environmental and social performance. A critical part of our leadership includes engaging with stakeholders — employees, partners, shareholders and communities near our operations — to address climate-related risks and other environmental and social interests.

We have a clear and effective sustainable development governance structure that extends from our board of directors and Executive Leadership to our field operations. Our management system approach supports this structure with policies, standards and practices to assess environmental and social risks and incorporate them into our planning and decision-making. As we continue to transparently report our performance, we will also engage on the development of effective reporting frameworks on climate and sustainability-related business risks.

We use a range of carbon-constrained scenarios to evaluate the future, while we continue to reduce greenhouse gas (GHG) emissions from our operations. In 2017, we took an important step to reflect this priority by announcing a target to reduce our GHG emissions intensity by 5–15 percent by 2030. This target is consistent with our commitment to demonstrating sustainable development leadership.

This report explains our strategic approach to assessing and managing environmental and social business risks



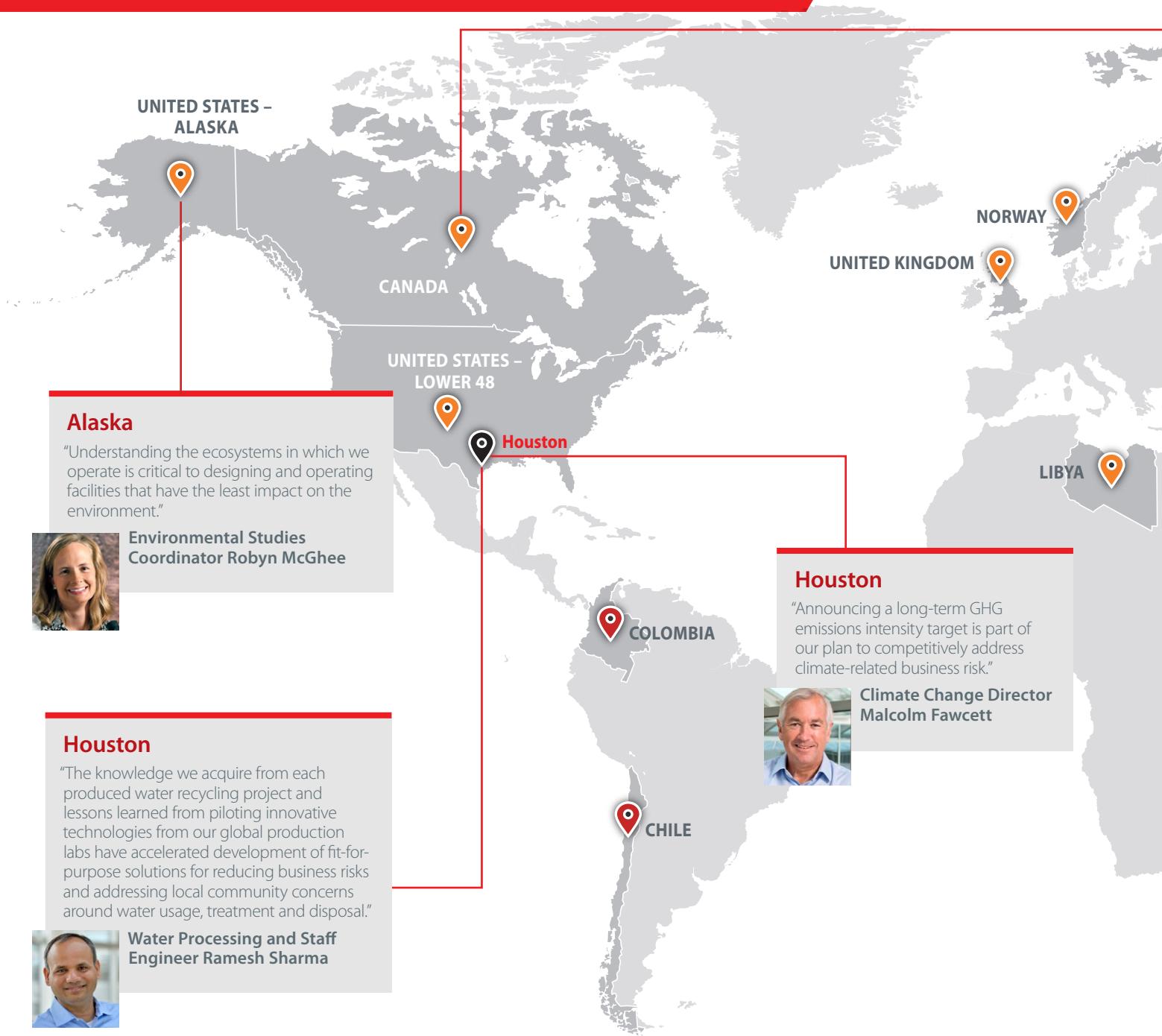
Chairman and CEO Ryan Lance

and details 2017 performance across our operations. Our SPIRIT Values, approach to sustainable development, and dedicated people will position our company for future success and ensure that we remain a good environmental steward and trusted member of communities across the globe.

Ryan M. Lance



About ConocoPhillips



Employees

11,400

GHG Emissions

20.6 Million Tonnes CO₂e

Production

1,377 Thousand barrels of oil equivalent per day

Safety

0.16 Total Recordable Rate

Canada

"Instead of just funding efforts, we have been actively engaged in working with the community to help them put processes in place to enable program sustainability beyond our financial contributions."



Senior Stakeholder Engagement Coordinator Chantale Campbell

Indonesia

"It's important that we recognize and respect the culture of the communities where we work. When we understand communities' priorities and concerns, and they understand the work we do, we can incorporate their input into our planning to reduce the potential for negative impacts on the community and our business."



Corporate Social Responsibility Manager Adjie Suryaningrat

QATAR

CHINA

MALAYSIA

BRUNEI

INDONESIA

TÍMOR-LESTE

AUSTRALIA

Australia

"We spent years meeting with communities, including fishermen, who may be impacted by our operations, working to understand and address their concerns."



Barossa Project Director Pat Dinan

Exploration

Production

Exploration and Production

Headquarters

Capital Expenditures

\$4.6 Billion

Total Spend with Suppliers

\$7.41 Billion

Dividends Paid

\$1.3 Billion



Operating Responsibly

By applying a systematic approach to identifying, evaluating and managing risks across our operations, ESG performance is integrated with our business planning.



Our Approach

Outstanding people, strong leadership and effective governance are key foundations for our business operations. The value of our company lies in responsibly and competitively accessing, developing and producing natural gas and oil to help meet growing global energy demands.

Our values are exemplified by performance as a safe and responsible community member, environmental steward and employer. Environmental, social and governance (ESG) performance is important to company success and a key component of our long-range planning process. Engagement and transparent reporting and disclosure of how we minimize and mitigate risks associated with our operations is a key concern of our stakeholders and a top business priority.

Sustainability governance

We have clear and effective governance structures in place throughout the company that are supported by policies, standards, practices and guidelines. Our corporate governance oversight structure includes the board of directors and the Executive Leadership Team (ELT) and is [outlined on our website](#).

The [Public Policy Committee](#) of the board of directors, currently comprised of independent directors, oversees our positions on public policy issues, including climate change, and evaluates and monitors social, political, operational, technical and environmental trends and risks that could affect the company's business activities and performance. The committee makes recommendations to the board and monitors compliance with the company's programs and practices regarding health and safety protection and environmental performance, including climate change, water and biodiversity management; business operations in sensitive countries; government relations and political contributions; human rights and social issues; and corporate philanthropy. It also approves the budget for political and charitable contributions, and monitors compliance with these plans. The committee

convenes at least quarterly and is comprehensively updated on sustainable development (SD) performance at least annually.

We have ELT champions for key issues in sustainability: overall implementation, stakeholder engagement, human rights, climate change, water and biodiversity. Strategic planning, goalsetting, implementation performance, and reporting are reviewed by the Sustainable Development Leadership Team (SDLT), Health, Safety and Environment Leadership Team (HSELT), and stakeholder engagement leaders comprised of senior functional and operational leaders from across the business. There is a steering committee of internal environmental experts that advise the HSELT on key issues in more detail and depth.

Our shareholder resolution process provides investors the opportunity to raise ESG concerns with our leadership. While we take those concerns seriously and respect the right for shareholders to file resolutions, we find it is most productive to engage when an issue is identified and shared early.

Managing sustainability risk

Our system of company-wide standards, practices and guidelines ensures comprehensive risk management of the environmental and social aspects of our operations in support of corporate objectives. Through integrated planning and decision-making, we identify and prioritize SD risk, develop mitigation plans, track performance against our goals, and adjust our plans as we learn and conditions evolve. Depending on the risk, this is managed at a corporate level or local business unit (BU) level.

Existing production and planned exploration activities are examined against the physical, social and political settings of our operations to assess potential risks. Our Sustainable Development Risk Management Practice is a mandatory, auditable process that guides sustainability-related risk management and integrates a risk register

into operating plans. BUs and major projects are required to conduct regular assessments to identify significant risks and document and track mitigations for inclusion in company-wide action plans. Key risks are categorized based on potential consequence and likelihood to determine the relative priority of the risk.

[Action plans](#) addressing greenhouse gas (GHG) emissions, stakeholder engagement, water and biodiversity have been part of our risk management process since 2009. Actions focus on improved performance that responsibly addresses long-term risk. The action plans include details about our commitments, related responsibilities, resources and milestones that are annually tracked and reported. Our SD risk register and action plans are used to track performance and guide goal-setting.

Local environmental and stakeholder matters related to our operations and projects are assessed and managed at the BU level, enabling each BU to tailor region-specific action plans to address the unique challenges and opportunities of their operations. Additionally, other local concerns may influence the potential importance of these environmental and stakeholder matters including long-term risks and cumulative impacts. Examples of these concerns are water management and land-use agreements with indigenous peoples.

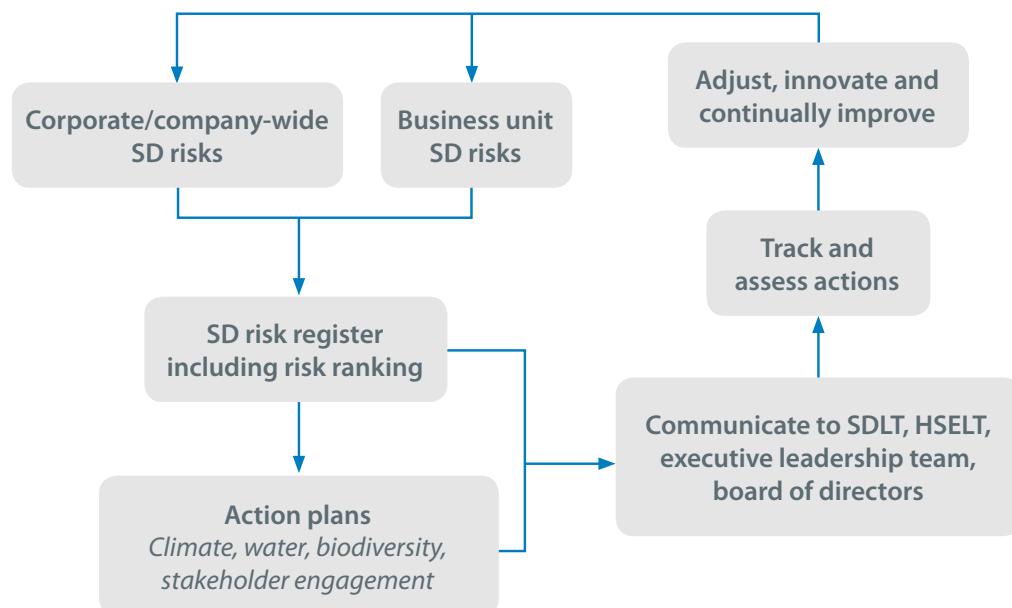
Other risks and opportunities are assessed and managed at the corporate level, including many climate-related risks outlined in the [Task Force on Climate-related Financial Disclosures](#) (TCFD) final report along with other emerging frameworks such as the Sustainability Accounting Standards Board (SASB). We manage these risks through our climate change strategy and engagement with key stakeholders, including investors and the financial sector. By identifying major, cross-cutting risks and trends, we can closely link action plan efforts to focus on key performance issues and address identified risks. This also creates a link to the company-wide Enterprise Risk Management (ERM) system which, like significant SD risk and mitigation actions, is shared at the board level.

Business ethics

Our reputation and integrity depend on each employee, officer, director, and those working on our behalf maintaining personal responsibility for ethical business conduct.

Our [Code of Business Ethics and Conduct](#), along with our [SPIRIT Values](#), provides clear direction to all employees, contractors and suppliers about how to behave ethically and in accordance with our policies and standards. The code covers a range of topics, including business ethics,

Sustainable development risk management



human rights, anti-trust, anti-corruption, gifts and entertainment, and political involvement.

Our Global Compliance and Ethics team, led by our Chief Compliance Officer, helps ensure regulatory adherence and prevents potential risks and liabilities. This team sets the expectations and tone for an ethical work environment. We provide web-based training periodically to all employees and require annual confirmation of compliance with the code. We encourage employees and contractors to ask questions and seek guidance about ethical concerns and to understand their responsibility to report actual or suspected misconduct. We have several confidential reporting mechanisms for employees, contractors, shareholders and the general public. To create an environment where we can report suspected violations without fear, our company does not tolerate retaliation of any kind. In 2017, we received guidance requests from employees and stakeholders across all our businesses, investigated concerns, and took appropriate action. Depending on the scale and type of concern, issues are elevated to provide appropriate management level oversight.



[Learn more about our approach to business ethics and conduct.](#)

Prioritizing reporting topics

Our sustainability reporting focuses on the ESG issues that matter to our business and our stakeholders. To select content for our 2017 sustainability reporting, we used a process involving:

Identification: Through our risk assessment process as well as meetings and discussions with key stakeholders, we identified and gained an understanding of important topics. We also received feedback on our 2016 report and considered international reporting guidelines and rating agency survey questions.

Prioritization: Subject matter experts from key functions in our organization then provided further insight and prioritized topics based on level of interest or concern to key stakeholders and strategic importance to the company. We validated these priorities in our ongoing engagements with external stakeholders.

Priority reporting topics

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Final prioritization: Topics with the highest priority are included in the annual sustainability report. Foundational information with additional details is also on the website. Our annual report and financial reporting also include environmental and social risks when they reach a “material” level as defined by regulatory requirements. Information about issues deemed material to our investors may be found in our [Security and Exchange Commission \(SEC\) filings](#).

In 2017, we included energy efficiency as a priority issue and reframed our water priorities to include produced water disposal.



[Learn more about our stakeholder priorities and engagement.](#)



Workforce

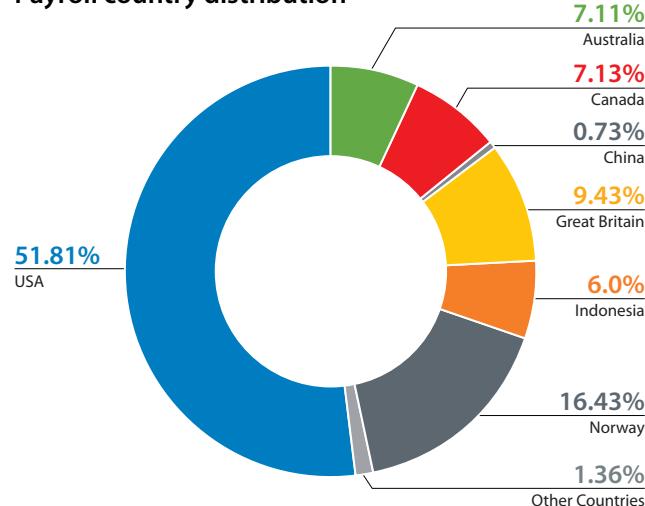
Priority issues

Workforce
Human rights
Safety and health

Our employees drive our success. From learning and development opportunities to our wellness programs, we invest in our employees to strengthen our organization.

At year-end 2017, we had 11,400 employees in 17 countries. This reflects a 14 percent decrease from 2016, driven primarily by asset dispositions.

Payroll country distribution



Diversity and inclusion

Our workforce is made up of talented people from different backgrounds and experiences that reflect the global communities in which we live and work.

Diversity and inclusion are foundational to our SPIRIT Values. We believe each person is accountable for creating and sustaining an inclusive environment. We

actively monitor diversity on a global basis, including representation of women in leadership roles. Forty percent of our board of directors, 26 percent of our employees and 21 percent of our leaders are women.

Ongoing education and training reinforce the importance of inclusion at all levels of our organization. All employees have access to resources, including unconscious bias training, and can participate in multiple employee networks. Our senior leaders develop, share and track progress on inclusion action plans. Many locations create their own programs, such as inclusion workshops and discussion groups in Alaska, supervisor sessions in Indonesia and leadership training in the U.K. These are in addition to the company-wide training available to all employees.

In 2017, the Human Rights Campaign's Corporate Equality Index recognized us for our commitment to lesbian, gay, bisexual and transgender equality in the workplace. We are one of five oil and gas companies earning a 100 percent score and the only independent energy company to receive the recognition.

Employee networks

Our 11 [global employee networks](#) support our diverse workforce. In 2017, more than 5,000 employees participated in various chapters across several countries. Open to all employees, these groups provide personal and professional development opportunities, coordinate community and volunteer projects, and enable employees to share their views on critical topics. All networks increased their membership during 2017. One of the most active groups, the Women's Network, expanded to include a chapter in Indonesia.

2017 was a milestone year for several networks. It marked the 30th anniversary of our Black Employee Network. As our first network, this group laid the foundation for future networks. The Houston Hispanic Network celebrated



25 years of meaningful contributions to the company and the community. Over the years, it has provided a platform to showcase members' different backgrounds, talents and perspectives. One of our newest networks, the Lesbian, Gay, Bisexual, Transgender and Allies Network, celebrated its fifth anniversary in 2017. The network supports equality of opportunity and experience while providing a forum where employees can engage and develop.

Learning and development

Investing in our employees helps to maximize our company's performance. Our employees have access to ongoing learning opportunities and challenging work assignments so they can realize their individual potential. We attract, develop and retain employees through a combination of on-the-job learning, formal training, and feedback and mentoring.

In 2017, our employees completed more than 268,700 hours of virtual and in-person training. Many of our business units also hosted development months to

Global employee networks

- Asian American Network
- Black Employee Network
- Diversity Network
- Global Support Staff Network
- Hispanic Network
- Lesbian, Gay, Bisexual, Transgender and Allies Network
- Native American Network
- New Hire Network
- Parents Network
- Patriot Network
- Women's Network



"Over the last 30 years, I've seen first-hand the benefits our networks provide. They help new employees transition from college to the business world, allow us to hear different perspectives both in and outside of the company, and push each of us with personal and professional development opportunities." **Commercial Senior Analyst Ron Julun**

promote continuous learning. More than 6,300 corporate, Lower 48 and Alaska employees participated in 129 development sessions to enhance their business acumen and expand their skillsets. Twenty-four of these were taught on Alaska's North Slope.

Supervisors have an important role to help drive employee development and performance. In 2017, we launched a frontline supervisor development curriculum to enhance our leaders' ability to engage and develop their employees. Global courses focus on

proactive communication, employee development, and building trust.

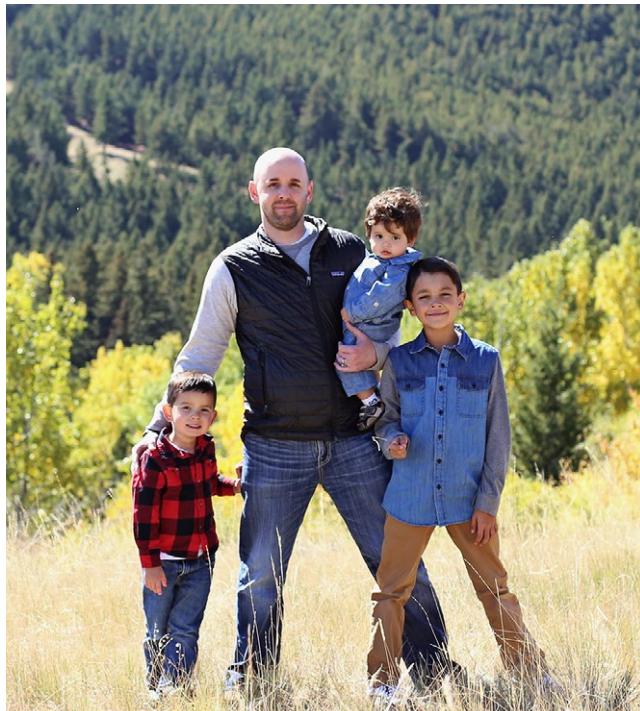
Our 17 Talent Management Teams (TMTs) review employee development and career progression by skills and location. Each TMT includes senior representatives from business units and corporate organizations. These representatives are the interface between leaders, supervisors and employees. In 2017, our petrotechnical TMTs developed a toolkit that provides resources for supervisors and employees to use in career development



conversations. The toolkit offers illustrative examples of technical and supervisory roles available for career progression as well as role definitions and descriptions.

Benefits and wellness

We understand the many responsibilities our employees have outside the workplace. Our benefits are tailored by country to meet individual and family needs.



In 2017, we implemented a U.S. parental leave benefit to provide fathers, birth mothers, adoptive parents and partners up to two weeks of 100 percent paid leave following the birth or adoption of their child.

Many of our locations offer flexible work schedules, enabling employees to take days off for working additional time each day. Working parents across the globe have a variety of options to help them balance family and work responsibilities. We updated our U.S. parental leave policy in 2017 to provide fathers, birth mothers, adoptive parents and partners with two weeks of 100 percent paid leave following birth or adoption. This change also extends to birth mothers who already receive maternity leave, allowing them to now have up to 10 weeks of 100 percent paid leave.

Our wellness programs promote physical wellbeing by focusing on preventive care, regular exercise, good nutrition and effectively managing chronic diseases. Global employees take part in our Know Your Numbers campaign, which includes biometric screenings to assess indicators that may point to serious conditions.

Many of our locations offer programs to support mental wellbeing. At our Surmont facilities in Canada, employees can participate in resiliency sessions, where they talk openly about mental health. All employees and families have access to our Employee Assistance Program, which provides no-cost counseling to help navigate through various life events. Special sessions were available after Hurricane Harvey in Texas to help employees manage the emotional impact and remain resilient in the months following the disaster.

Other resources

[SPIRIT Values](#)

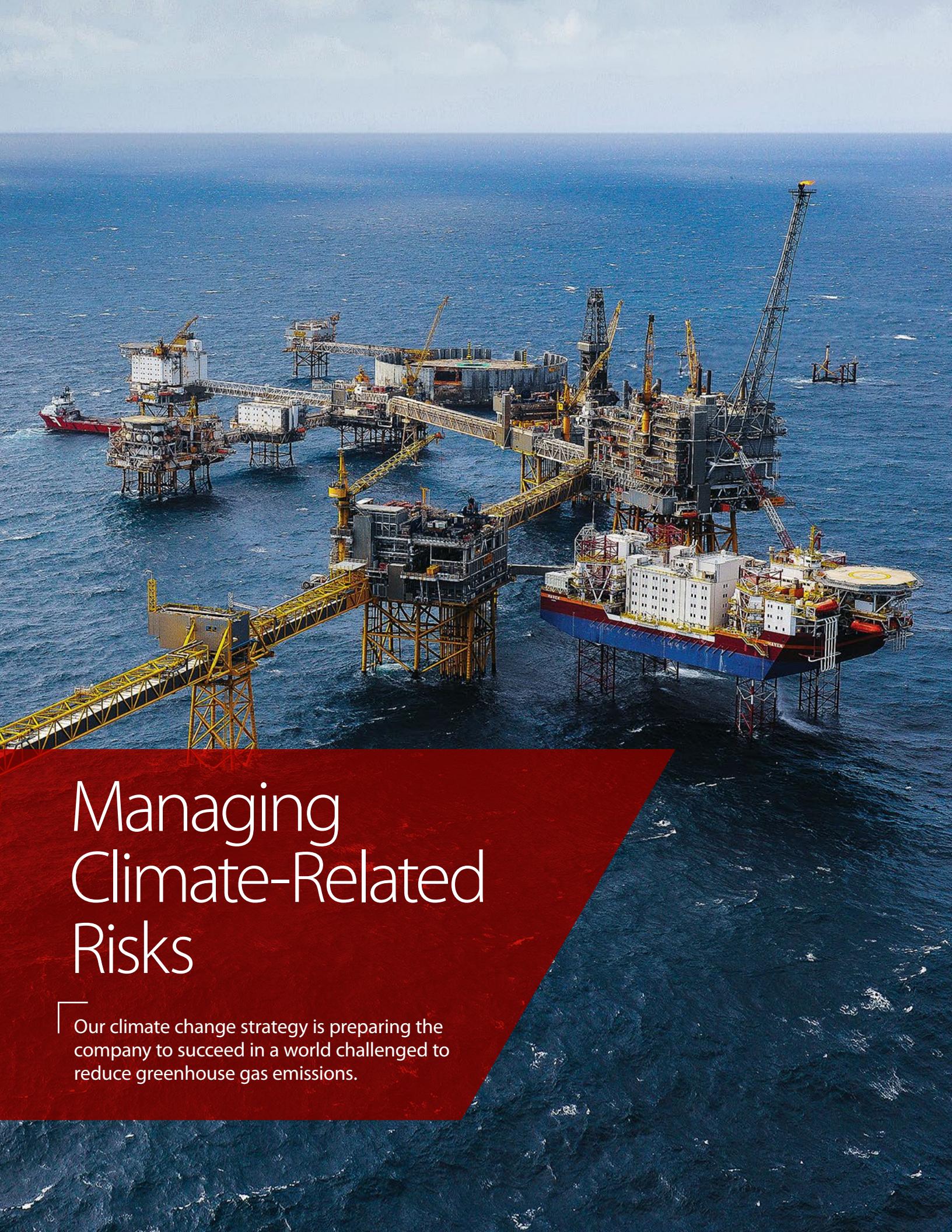
[Diversity & Inclusion](#)

[Code of Business Ethics and Conduct](#)

94%
of our Malaysia employees participated in our Know Your Numbers health campaign.

100%
of our Qatar employees participated in our global *Energy in Action!* challenge, a friendly competition that promotes physical activity.

77%
of U.S. employees participated in our Health Improvement Incentive Program and collectively lost more than 2,500 pounds.



Managing Climate-Related Risks

Our climate change strategy is preparing the company to succeed in a world challenged to reduce greenhouse gas emissions.



Managing Climate-Related Risks

Priority issues

GHG emissions
Carbon policy
Carbon asset risk
Methane
Energy efficiency

We are committed to providing the natural gas and oil necessary to support global economic development while addressing concerns related to greenhouse gas (GHG) emissions. Creating secure and affordable energy, while achieving the goals of the 2015 Paris Agreement, will require collaboration between the natural gas and oil industry and governments, citizens and businesses.

Our focus

Climate-related risks are under increasing scrutiny from stakeholders. We use a well-established management system approach to assess and address our risks. We start by identifying and mapping climate-related risks through our Sustainable Development (SD) Risk Management Practice, which helps us evaluate and categorize risks before documenting them in a risk register. We then address the issues by formulating action plans to integrate climate-related risk mitigation into business practices and decision-making.

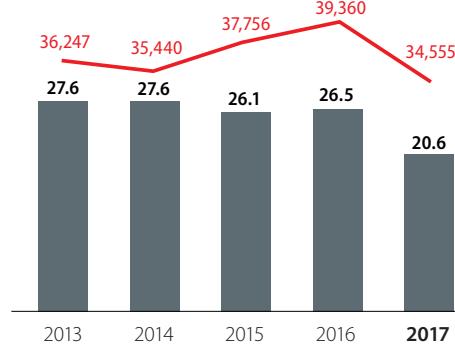
Our risk mitigation performance is measured and monitored by identifying key indicators and assessing the results of our actions. Internally, we communicate results to senior levels of management and to the board of directors. We communicate with external stakeholders through frequent engagement, as well as our Sustainability Report, to gain valuable feedback and learn from our actions. Our management system allows us to adjust and continuously improve our climate-related risk management processes and tools. In 2017, we revised and improved our Climate Change Assessment for

major projects, and our Sustainable Development Risk Assessment Tool to help practitioners identify and characterize climate- and SD-related risks. We also set priorities to strengthen our sustainability approach and further improve our performance on climate-related issues. Our priorities include:

- Mandatory SD Risk Management Practice implementation.
- GHG emissions intensity target planning.
- Reporting and disclosure strategy.
- Investor engagement on sustainability and climate-related priorities and performance.

Total GHG emissions (CO₂ equivalent)

— Tonnes/MMBOE
█ Million Tonnes



GHG emissions

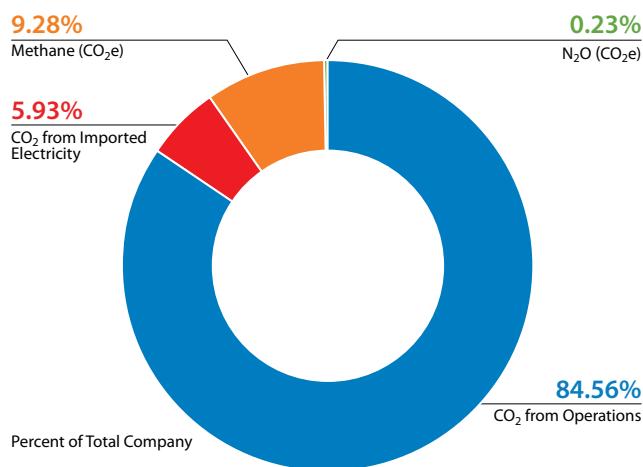
Asset dispositions had a large impact on our emissions in 2017. Our total gross operated GHG emissions, in CO₂ equivalent (CO₂e) terms, were approximately 20.6 million tonnes, a decrease of about 22 percent, or 5.9 million

tonnes, from 2016. A change of calculation methodology used by one asset also contributed to the decrease, offset by minor increases elsewhere. Emissions intensity decreased by 12.2 percent in 2017.

Working to reduce our emissions

We aspire to be a leader in climate-related risk management. In 2017, we introduced a target to reduce the GHG emissions intensity of our operations between 5 and 15 percent by 2030, against a 2017 baseline. We believe that this target will foster increased efficiency and innovation. Additionally, the target will support building GHG regula-

Total GHG emissions



tory risk mitigation into the planning process and ensure we address climate-related risk management throughout the life cycle of our assets.

We are developing an implementation plan that strengthens processes, tools and data required to support achievement of the target. Performance will be regularly reviewed by management and the board.



[Read more about our GHG emissions intensity target.](#)



[View more about our GHG emissions intensity target.](#)



[View "Fire with Fire" about the WALFA program.](#)

Ongoing engagement will reinforce the target with employees and key stakeholders.

We have carried out discretionary projects that have reduced GHG emissions by almost 7 million tonnes CO₂ per year since 2009, compared to business as usual. We continued our voluntary emissions reduction program in 2017, with energy efficiency projects reducing GHG emissions in the U.S., Canada, Norway and the U.K. We also continued to collect prospective emission reduction projects during the formulation of the Long-Range Plan through our Marginal Abatement Cost Curve (MACC) process. We added seven new projects to our inventory and updated information for six. We moved one heat integration project in Canada from our inventory into our Long-Range Plan.

GHG Intensity Target

5–15%

reduction in GHG emissions intensity by 2030.

Our Darwin LNG plant has supported a carbon offset program known as the West Arnhem Land Fire Abatement (WALFA) project since 2006. It centers around an innovative mix of customary indigenous fire management techniques and contemporary technology to manage late dry season fires to protect important places and encourage new growth. Good fire management also helps minimize larger, uncontrolled fires, thus preventing GHG emissions. In 2017, the program abated more than 281,000 tonnes CO₂e, the highest on record. Additionally, higher oil prices prompted increased enhanced oil recovery and the resumption of carbon dioxide sales from our Lost Cabin Gas Processing Plant in the U.S.

Methane

We continue to reduce methane emissions across our operations. The investor-focused report, ["Disclosing the Facts 2017: Transparency and Risk in Methane Emissions"](#) ranks ConocoPhillips in second place for our progress in reducing methane emissions, with 11 out of 13 possible points. The annual survey, which assesses how well U.S. and Canadian upstream oil and gas companies manage and disclose risks from operations associated with hydraulic fracturing, also recognized us as one of six "especially strong performers in implementing and disclosing best methane reduction practices." Those



"Announcing a long-term GHG emissions intensity target is part of our plan to competitively address climate-related business risk. It says that 'business-as-usual' is not good enough. To thrive in a low-carbon future, we need to be efficient, technologically innovative and have an enduring low cost of supply." **Climate Change Director Malcolm Fawcett**

efforts include leak detection and repair procedures and initiatives to reduce fugitive emissions.

Our Lower 48 business unit is one of 25 companies participating in [The Environmental Partnership](#), a new coalition of natural gas and oil companies focused on accelerating environmental performance improvements from operations across the U.S. The partnership focuses on managing methane emissions and aligns with our focus on emission reductions and high environmental standards.



[View more about leak detection and repair \(LDAR\).](#)

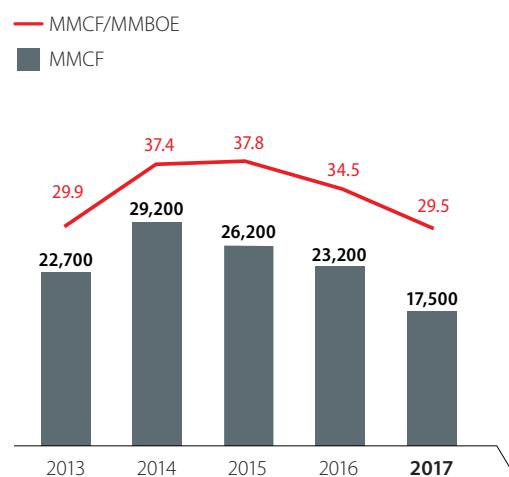
The sale of older assets in the U.S. and Canada reduced our methane emissions by 64 percent or 3.4 million tonnes CO₂e. As a result, the percentage of our total GHG emissions that methane now represents has been reduced from 20 percent in 2016 to 9 percent at the end of 2017.

Flaring

In 2017, our total volume of flared gas was 17.5 Billion Cubic Feet (BCF), a decrease of 25 percent from 2016. This is primarily due to use of green completions in the Lower 48, the disposition of onshore assets in Canada and offshore assets in Indonesia, and the reduction of flaring at the second phase of our Australian APLNG plant, as the facility transitioned from commissioning and startup through to normal operations. Although flaring emissions represent less than 6 percent of our GHG emissions, flare reduction continues to be a priority. Our rate of flaring per unit of production decreased by 14 percent to 29.5 MMCF/MMBOE continuing a downward trend in both volume and intensity.



Total flaring volume



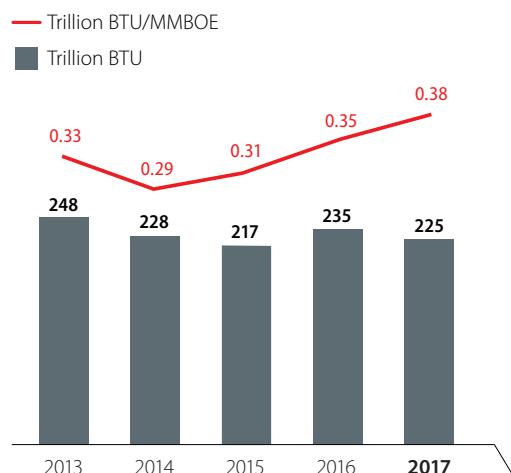
Energy efficiency

Total energy consumption in 2017 was 224.5 Trillion British Thermal Units (BTUs), a decrease of about 4.3 percent due to the disposition of our Canadian gas assets, partly offset by greater energy use at the second phase of our Surmont oil sands facility. Of the 2017 consumption, about 98 percent was from combustion of fuel for our own energy use and about 2 percent was from purchased electricity. Combustion energy decreased about 3.9 percent. Purchased electricity decreased about 21 percent. Intensity, expressed as Trillion BTU/MMBOE, increased by 8.6 percent due to the divestment of lower energy intensive assets offset by higher energy intensive operations at Surmont 2.

Carbon asset risk

We continued our extensive program of engagement on carbon-related risks with stakeholders in 2017. This included an investor outreach program to address questions related to carbon asset risk and other topics of interest. We contacted our top 50 stockholders and other key stakeholders, representing over 50 percent of our shares. We held meetings with stockholders representing more than 42 percent of our shares, and members of

Total energy use



our board held in-person meetings with stockholders holding approximately 37 percent of our shares.

Increased stakeholder interest in carbon-related risks was reflected in the development of new reporting frameworks by the Sustainability Accounting Standards Board (SASB) and the Task Force for Climate-related Financial

SPOTLIGHT

Catching ‘thieves’ in the oil sands

Oil sands reservoirs may experience “thief zones” — areas above or below the oil zones that “steal” energy and pressure. During production, if steam goes into those areas, it can reduce reservoir pressure and temperature and inhibit production. Since increased steam injection is then required to maintain pressure, temperature and oil production, thief zones result in increased GHG emissions and decreased production.

A 2017 pilot project in Canada tested the effectiveness of co-injecting a non-condensable gas (NCG), such as methane, with

steam to create a insulating blanket that reduces potential thermal and pressure losses in the steam chamber. Initial results have demonstrated a 20–25 percent reduction in GHG emissions intensity, improved cost competitiveness, and promising economic returns. With a short development lead time, NCG is less expensive than other competing technology options, with similar GHG reduction benefits. We are now extending this NCG co-injection technology to thief zone management.

We plan to collaborate with Emissions Reduction Alberta, a

government organization that helps accelerate commercial development by co-funding innovative technology projects, to continue work on 12 additional well pairs at Surmont 2 in 2018. Advanced monitoring equipment (such as 4-D seismic surveys and surveillance wells in the thief zone) will observe and differentiate the complex multi-phase interaction. Additional data will be collected at the wellhead and downhole to monitor temperature, pressure and flow rates. Nearby observation wells will also monitor methane concentration, detect chemical tracers and water quality. Data will be combined to develop a better understanding of the subsurface processes and benefits of the co-injection of NCG.



ConocoPhillips Norway received the 2017 Gullkronen Operator of the Year Award for operations at our offshore Ekofisk field. Accomplishments include "an impressive carbon footprint reduction, above 60 percent, from 1995 to 2017. Extremely impressive for the oldest field on the Norway Continental Shelf."

Risk Disclosure (TCFD). We participated in consultations with both SASB and TCFD during 2017. We support the aims of the TCFD recommendations, as we already report on the major elements recommended by the task force. We look forward to working with the TCFD and industry to implement, build on and refine the framework over time to ensure it is fit for purpose.

Our board of directors advanced their understanding of potential portfolio risks related to the changing global energy mix in a session with two well-known external experts offering different narratives about the future based on their data and analysis of modeling scenarios.

We have demonstrated leadership with technological advances and innovation in an effort to address carbon asset risk. We continue to lead the joint industry project sponsorship of the \$20 million [Carbon XPRIZE](#), which challenges innovators across the world to find novel technologies that transform CO₂ emissions from fossil fuel combustion into valuable products. This is an important contribution to the global innovation focus on carbon capture and utilization.

 [Read our TCFD table.](#)

Carbon and climate policy

We have a long [history](#) of constructive engagement on climate-related policy and of voluntary action on GHG emission reductions. Our global corporate Climate Change Position

outlines our climate-related public policy principles.

We believe over the months and years ahead, governments, whether federal, state, provincial or local, will continue to act on climate-related risks.

Our membership in The Environmental Partnership demonstrates our commitment to continue to take pragmatic action on emission reductions, regardless of federal policy in the U.S.

Other resources

[Climate Change Action Plan](#)

[Climate Change Position](#)

[Climate Change Strategy](#)

[Focus on Hydraulic Fracturing](#)

[TCFD Table](#)

[Global Progress Map](#)

Managing Local Environmental Risk

Our management practices and technology selection are designed to minimize and mitigate potential impacts on biodiversity and water resources.



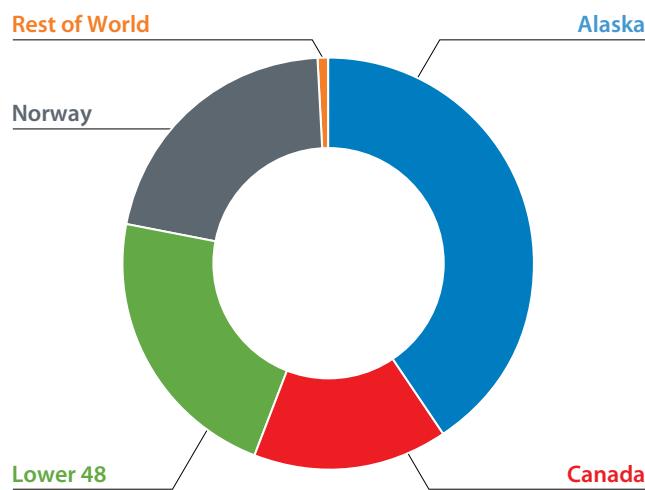
Water

Priority issues

Water sourcing
Produced water disposal

Access to water is essential to the communities and ecosystems near our operations and for our ability to produce natural gas and oil. We identify and mitigate water-related risks at every stage of development and continue to work to improve our environmental performance.

Total fresh, non-fresh and produced water use



Assessing risk around how we source, use and dispose or discharge water is the first step to understanding and improving performance. Each business unit and major project is responsible for determining the water risks associated with its business plan, focusing on sustained access to source water and produced water disposal for onshore assets and produced water discharge or disposal for offshore assets. Every basin has unique social,

economic and environmental conditions, and the type and level of water risk varies across our operations. Assessment of water sourcing risk begins with a consideration of whether the operations are within a water-scarce area. It also includes an analysis of local water sources and cumulative water demand, including residential, municipalities, industrial and agricultural. Produced water risk assessments start with quantifying produced water volumes. Some wells can produce more water than natural gas or oil; for other wells, produced water may only be a fraction of the volume of oil and gas produced. The volume of produced water recovered and its quality, particularly its salt content, impacts recycle or reuse opportunities. As we manage different levels of water risk in different basins, the metrics we use to track performance are also different.

Our Sustainable Development Risk Management Practice provides guidance and integrates a risk register into the operating plans of each project. Integrated planning and decision-making allows us to identify and prioritize risks, develop appropriate mitigation plans and track water management progress. Water sourcing and produced water disposal for our unconventional assets continue to be priority issues for our business and stakeholders.

Water sourcing

The type of water we use for our operations depends on each development area's unique social, economic and environmental conditions. Over 90 percent of the water we use is non-fresh groundwater, seawater and reused/recycled produced water. The remainder is fresh surface and groundwater. The majority of our water use is for our operations in Norway, Alaska, U.S. Lower 48 and Canada.

In Norway, our offshore operations use seawater for drilling and enhanced oil recovery (EOR). In Alaska, we use fresh surface water for conventional drilling and completions and seawater and produced water for

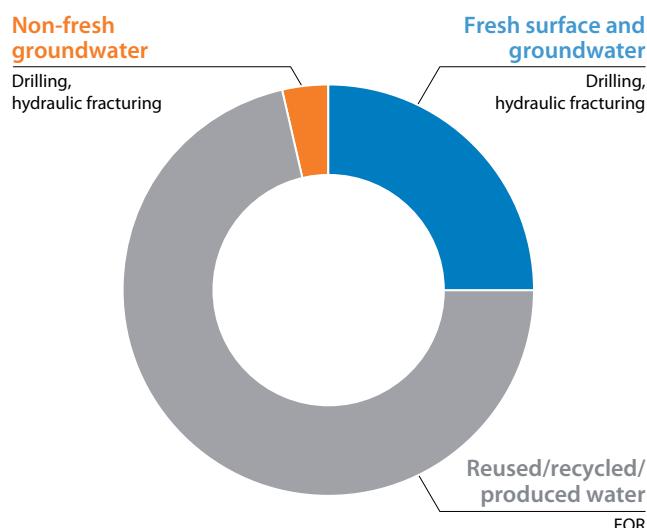
EOR. Water sourcing for the Lower 48 and Canada is outlined in the charts to the right.

Drilling longer lateral well bores, combined with additional hydraulic fracturing stages and tighter cluster spacing to reach more of the reservoir, has led to significant increases in natural gas and oil production per well in some of our development areas. This has also increased our water use in these areas. In the Delaware Basin of the Permian area, where produced water is abundant, we had very little drilling activity in 2017. As drilling activity ramps up in 2018, we will be installing infrastructure to reuse produced water for some of our hydraulic fracturing. In the Eagle Ford area, less water is produced with the natural gas and oil so we source the majority of our water from deep aquifers in order to leave shallow aquifers for other local users. At our Surmont oil sands facility, we use fresh and non-fresh groundwater for makeup water, which is then reused and recycled continuously through production. We have also improved our steam quality from the original design of 75–78 percent to 85 percent, which results in more steam to the reservoir for the same volume of water and less greenhouse gases.

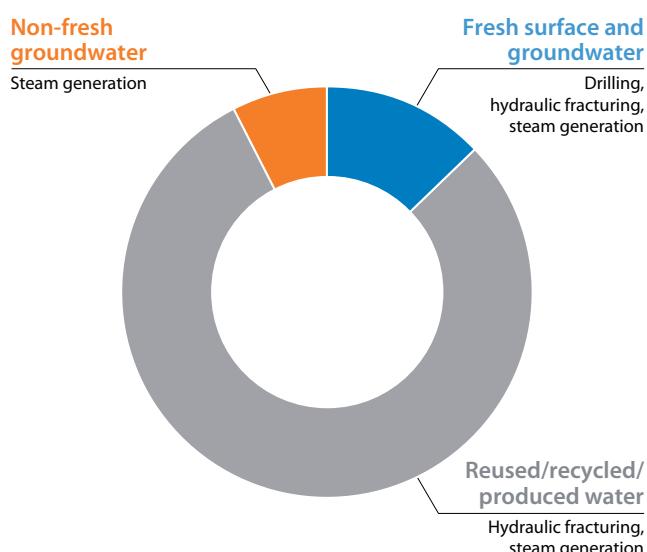
Water use

In 2017, ConocoPhillips-operated assets withdrew 14.5 million cubic meters of fresh water, an increase of approximately 4.3 million cubic meters, or 43 percent. The increase was primarily due to the first full year of steam production at Surmont 2 and increased drilling and completions in our Lower 48 unconventional operations. Our 2017 non-freshwater withdrawal volume was 51.5 million cubic meters, an increase of 8.7 million cubic meters, or 20 percent. This increase

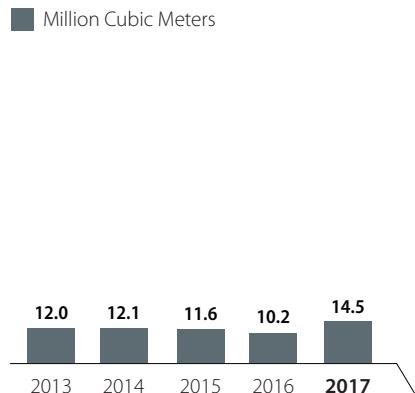
Lower 48 source water



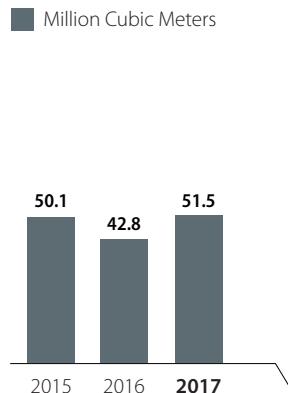
Canada source water



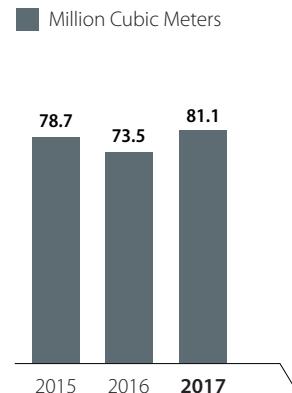
Freshwater withdrawn



Non-freshwater withdrawn



Produced water recycle/reuse





"The knowledge we acquire from each produced water recycling project and lessons learned from piloting innovative technologies from our global production labs have accelerated development of fit-for-purpose solutions for reducing business risks and addressing local community concerns around water usage, treatment and disposal." **Global Production Assurance Water Processing and Staff Engineer Ramesh Sharma**

was due to increased sea water injection for enhanced oil recovery in Alaska and Norway and increased use of non-fresh groundwater for steam generation at Surmont 2. We recycled or reused over 81.1 million cubic meters of produced water in 2017, an increase of 7.7 million cubic meters or 10 percent. This was due to increased produced water use for steam generation at Surmont 2 and increased produced water injection for enhanced oil recovery in Alaska. The total volume of water recycled and reused as a percentage of the total water used is 55 percent.

Produced water disposal

The produced water recovered with natural gas and oil from underground formations is either reused or recycled, discharged or disposed. The majority of the produced water we manage for discharge or disposal is from our operations in Norway and Lower 48.

In our Norway offshore operations, where produced water is treated for overboard discharge, we continue

our work to reduce residual oil in water concentration, treating produced water prior to overboard discharge. We met our internal goal of less than 10mg/l in 2017, which is less than a third of the amount allowed by regulation (30mg/l).

Onshore, produced water is reused for EOR, steam generation or hydraulic fracturing. When not reused, it is disposed by deep well injection into saltwater disposal (SWD) wells. In our Lower 48 operations, the amount of water produced varies significantly, from high volumes in the Permian, to medium volumes in the Bakken and Niobrara, to low volumes in the Eagle Ford. This requires different strategies for recycling and disposal. More than two-thirds of the water produced in our Lower 48 operations during natural gas and oil production is reused or recycled, primarily for EOR.

Seismicity

Some studies have linked increased seismicity rates to the disposal of produced water in SWD wells and oil and



Water reuse in a remote area

The water requirements for our planned well program in the Montney play of the Western Canadian Sedimentary Basin required a sustainable long-term solution for sourcing water. Options are limited due to local water availability, seasonal changes, transportation logistics, cost, and stakeholder concerns. Produced water disposal options are also limited. During exploration, the amount of water that returned to the surface with production was substantial, which presented an opportunity to recycle the produced water for new well completions.

Based on learnings from water management projects in the U.S. Permian, Bakken and Eagle Ford development areas and a 2016 water treatment pilot at Montney, we decided that a closed loop water hub would be the most effective water management system. The water hub will maximize water recycling by treating and storing produced water for reuse in completions and significantly reduce the amount of fresh water required for the development. This will also improve cost and safety by eliminating water trucks and the need for large amounts of disposal. Our engagement with key stakeholders,



Justin Minault inspects media filter vessels.

including government regulators and First Nations reinforced that maximizing water recycling for reuse in completions was the best solution for the environment and sustainability.

Pipeline infrastructure and a central

natural gas extraction activities. In 2017, we updated our risk-based Global Induced Seismicity Guideline, linking it to established standards, to better manage risks related to the planning and operation of our new injection wells and for screening third-party injection operations, if circumstances warrant. The guideline helps characterize seismicity risks by assessing historical seismicity, identifying geological faults of concern, assessing actual or proposed injection operating conditions, and considering proximity to people and population centers. It also provides monitoring, management and response planning options if the assessed risk is elevated.

In Texas, we are working with the state to deploy and monitor seismic monitoring equipment. [TexNet](#), a publicly available dynamic mapping tool that provides information on the location of monitoring stations and recorded earthquakes across the state, began accumulating data January 1, 2017. The seismic monitoring system is managed by Texas Bureau of Economic Geology (BEG) and sensors from other nearby states are included in the network. We utilized the database in 2017 as we conducted an induced seismicity potential

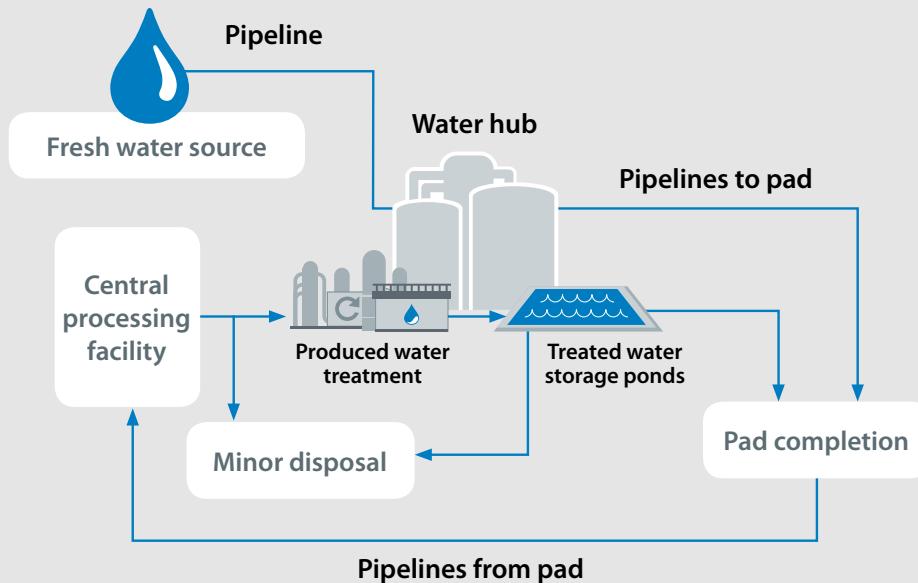
risk assessment on the SWD wells associated with our Mockingbird central gathering and processing facility in the Permian Basin.

Integrating technology

Our Global Water Sustainability Center (GWSC) in Qatar evaluates advanced water treatment technologies for produced water reuse, disposal and seawater desalination. It has also developed a Water Solutions Technology Toolbox, a knowledge-sharing website offering the latest water treatment information with specific emphasis on ConocoPhillips' experience from full-scale operation, field trials and bench tests. One key area of GWSC research is the application of osmotic concentration, an emerging membrane separation technology. Key benefits include reduced disposal volumes, lower energy consumption and GHG emissions, lower salinity of the water discharged, and lower treatment costs. For results related to this technology, the GWSC was awarded first place in the "Green Research — Professional" category by the Qatar Green Building Council during Qatar Foundation's 2017 Sustainability Week. The awards recognize the efforts, commitment and achievements of individuals,

SPOTLIGHT

processing facility are key components of the closed loop system. Water is piped from a year-round sustainable river source into the hub where it is combined with recycled produced water and piped to the well pad for completion activities. Once water is being produced from the well, it is then piped to the processing facility for de-oiling, iron and solids removal, and clarification. The treated water is then stored in ponds with engineered liners and environmental monitoring to ensure ongoing containment and potential future re-use. As more wells are brought into production and produced water for recycling increases, the amount of fresh make-up water required for ongoing operations is reduced.

**Other resources**

- [Water Action Plan](#)
- [Water Sustainability Position](#)
- [Focus on Hydraulic Fracturing](#)
- [Global Progress Map](#)

institutions and organizations to further sustainable development and environmental protection in Qatar and internationally.

Our water lab in Bartlesville, Oklahoma, also provides scientific, analytical and technical water treatment support for our operations, including lab experiments, pilot tests and demonstration plants that evaluate methods to treat produced water for reuse in fracturing fluids. Business units also solicit innovative solutions related to topics such as boiler feedwater treatment and frack fluid efficacy.



Bartlesville water lab completions fluids specialist Kevin Bjornen demonstrates viscosity development for fluids used in hydraulic fracturing.



Biodiversity

Priority issues

Sensitive environments

Biodiversity — the variety of terrestrial and marine plant and animal species — is important to maintaining ecosystem health and an aspect of human well-being. Across our global operations, we work to understand and mitigate our potential impact to biodiversity.

Every basin or marine area has a unique combination of habitats, plant and animal species. Each business unit and major project is responsible for understanding and managing local biodiversity risks and potential cumulative effects through the life cycle of our assets. Risk assessment begins with baseline studies of local sensitive habitats including conservation or protected areas, key biodiversity areas, and sensitive species characterized as at-risk, endangered, rare, significant, threatened or of cultural significance. This includes early engagement with local stakeholders to gain an understanding of the areas and species important to communities.

Our Sustainable Development (SD) Risk Management Practice is used to evaluate and categorize our biodiversity risks. We then develop action plans to integrate biodiversity risk mitigation into the planning and decision-making for each project.

Infrastructure we need for our onshore and offshore exploration and production operations, which includes access roads, seismic lines, well pads or platforms, process and storage facilities, and pipelines, can create impacts on biodiversity. We manage risks and impacts to areas with biological or cultural significance through the use of a mitigation hierarchy, which is emerging as an industry best practice. The hierarchy includes four prioritized steps to mitigate adverse biodiversity impacts:

Avoid

Some biodiversity impacts can be avoided through careful spatial or temporal placement of infrastructure. We use measures including establishing protective buffers around nesting sites or dens and scheduling field activities outside peak migration or breeding seasons. We



[View more about migratory connectivity.](#)





"Prior to selecting sites for our operations, we conduct extensive baseline studies to ensure we don't interfere with important habitats, such as breeding grounds. This is especially crucial in sensitive environments like Alaska's North Slope." **Alaska Environmental Studies Coordinator Robyn McGhee**

have enrolled over 286,000 acres in voluntary conservation agreements that protect the Lesser Prairie Chicken in Oklahoma, New Mexico and Texas and the Dune Sagebrush Lizard in New Mexico and Texas. 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 species habitats or sensitive areas within habitats.

Minimize

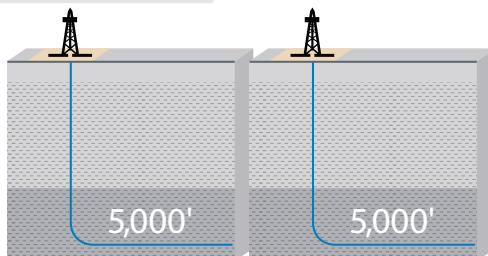
We minimize biodiversity impacts through measures taken to reduce the duration, intensity and/or extent of

the footprint of our operations. New drilling technology, data analytics techniques, and integrated planning have helped to reduce our infrastructure footprint and improve reservoir development efficiency through multi-well pads, longer lateral wells, and central facilities.

For our Canadian oil sands operations, we led the development of a footprint intensity reduction goal in collaboration with the Canada's Oil Sands Innovation Alliance (COSIA). The land performance goal to "reduce the operating footprint intensity of in situ operations by 10 percent by 2022" applies to all COSIA member companies collectively.

Technology and design to reduce footprint

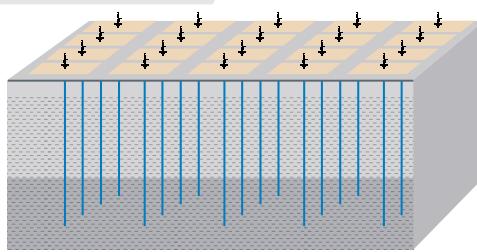
Long laterals



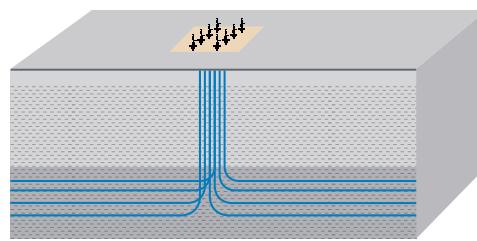
10,000'

Increasing lateral length can reduce footprint by up to 50%.

Multi-well pads



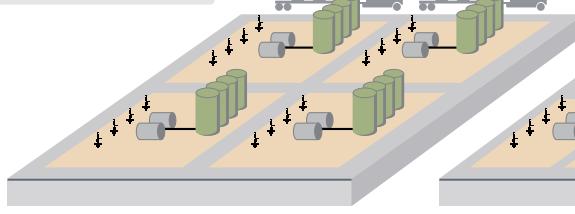
1 well/pad



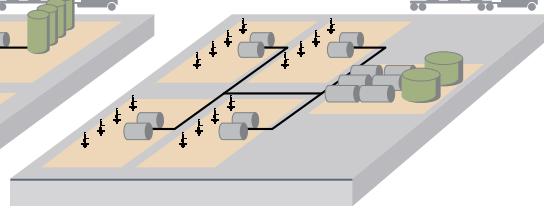
8 wells/pad

Routinely using multi-well pads (4 to 8+ wells) can reduce footprint up to 70%.

Central facilities



Individual pad facilities



Central facility

Central facilities reduce pad sizes, infrastructure, tankage, emissions, and trucking.

Reclaim and restore

When impacts and disturbance cannot be completely avoided or minimized, we employ measures to restore the area to a stable, productive and self-sustaining ecosystem, taking into account beneficial uses of the impacted land and surrounding areas.

In the U.K., we are currently working to decommission the infrastructure associated with our Viking and LOGGS offshore gas production and export facilities, installed in



the Southern North Sea more than 30 years ago. Since that time, the areas of the North Sea where Viking and LOGGS are situated have been designated as marine protected areas. Through engagement with the regulator and stakeholders, it was determined that the platforms included within the first approved decommissioning programs

would be fully removed and recycled. Pipelines would be decommissioned and left in place, minimizing disturbance to the marine ecosystems that have developed on and around them and reducing the potential impact of the decommissioning activities on the overall integrity of the protected areas. The approved pipeline decommissioning strategy includes the flushing of any hydrocarbon residue, the burial or placement of rock over cut pipeline ends to reduce potential hazards to other users of the sea, and a regulator-approved, risk-based monitoring program to inspect the pipelines at specific yearly intervals after completion of the decommissioning programs.

Other resources

[Biodiversity Action Plan](#)

[Conservation Partnerships](#)

[Global Progress Map](#)

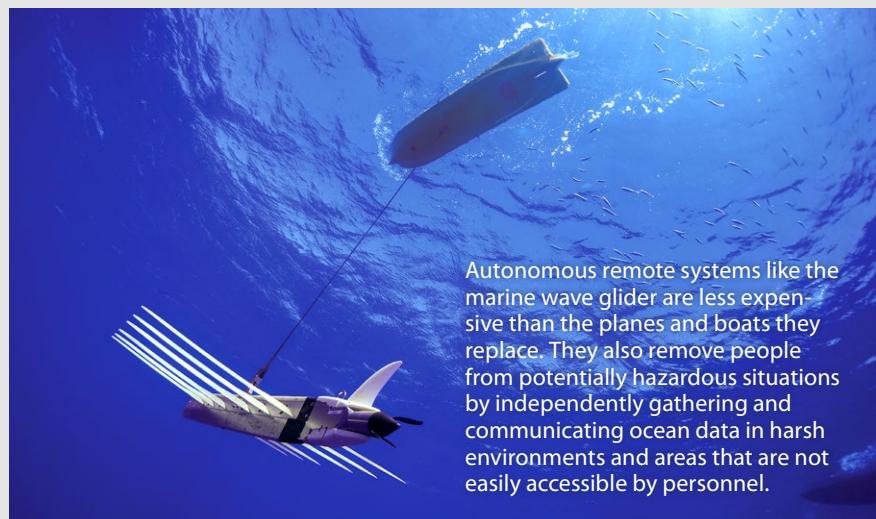
Surveying the sea

In Norway, technology is playing a significant role in identifying, managing, and mitigating the potential risks of our operations on the ecosystem. A state-of-the-art modeling framework has been designed to assess the risk of human activity, including fisheries and petroleum operations, on the marine ecosystem of the Norwegian Continental Shelf.

The SYMBIOSIS system, a collaborative initiative between several oil companies partially funded by the Norwegian Research Council, connects individual models into a framework to simulate marine ecosystem components in 3-D space

and time. The system uses a super computer to assess the effects of hypothetical oil spills on the Northeast Arctic cod stock, combining several individual models, including an oil fate and transport model, an oceanographic model, a model of the development of cod early life stages

(eggs and larvae), and a multi-species population model. Current risk assessment methods regulating petroleum industry activities are based on precautionary principles and worst-case assumptions. This ecosystem-based management approach enables sustainable use of marine goods



Autonomous remote systems like the marine wave glider are less expensive than the planes and boats they replace. They also remove people from potentially hazardous situations by independently gathering and communicating ocean data in harsh environments and areas that are not easily accessible by personnel.

Offsets

Biodiversity offsets may be used for impacts or disturbance that remain after avoidance, mitigation and reclamation/restoration measures have been implemented. We have created biodiversity offsets as part of regulatory requirements and as voluntary strategies. In Canada, we contributed to funding the Junction Lake Conservation Site in Northern Alberta as a voluntary offset. The 289-acre conservation area is open to the public for hiking, birdwatching, hunting or berry picking, and provides a unique opportunity to view an endangered species in the wild. This area represents 10 percent of the known habitat in Alberta for 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.



[Read more about decommissioning in the Canadian Arctic.](#)



Alaska's North Slope

SPOTLIGHT

and services while protecting the environment.

Data gleaned from three small, unmanned, autonomous vessels, known as gliders, will verify the models and provide baseline data. Gliders spent the summer traveling about 2,800 miles collecting environmental data in the Norwegian Sea. Sensors acquire chemical, physical and biological ocean and atmospheric data and provide continuous measurements of weather, waves, currents, temperature, salinity, O₂, CO₂, pH, ocean acidification, marine algae, animal plankton, and marine mammals. The data is sent via satellite to the base station onshore where it is monitored by the project manager. Similar information has traditionally been obtained on costly expeditions using large research vessels.

Three types of gliders have been used, each with somewhat different characteristics. Two of them travel on the surface, one using wind propulsion and the other using waves. The third utilizes balance and buoyancy in the sea, which makes it possible to collect data as far down as 1,000 meters. The gliders, which are about the size of a surfboard, use GPS to follow pre-programmed routes and depths. The effort is a collaborative project with research communities, the maritime industry and the Research Council of Norway. It is managed by the Akvaplan-niva research institute and is funded by ConocoPhillips and the Research Council of Norway.

A second system of innovative, small and lightweight instruments, known as light loggers or global location

sensors (GLS), allow scientists to monitor seabird movements throughout the year on a much greater scale than previously possible. The instruments record light levels that, in relation to time of year and day, can be used to calculate bird locations twice daily, within a radius of approximately 110 miles. The SEATRACK project is using light logger technology for a large-scale coordinated and targeted effort. Mapping important seabird wintering areas and migration routes on a much larger scale and in greater detail than ever before will yield new and important information needed to understand seabirds in North Atlantic waters. SEATRACK funding is provided by the Norwegian government, the Norwegian Oil and Gas Association, and seven oil companies, including ConocoPhillips. Project results are publicly available.

SPOTLIGHT

Working to protect biodiversity in Alaska's Willow region

A key component of the early permitting process for our Willow Development, located in the northeast portion of the National Petroleum Reserve – Alaska (NPR–A), was extensive environmental baseline studies conducted in 2017.

Avian surveys found nine yellow-billed loon nests, and spectacled eider surveys documented the distribution and abundance of eiders in the project area prior to nesting. Survey information is valuable as yellow-billed loon nests may require a buffer from development-related infrastructure.



Over 100,000 acres of the study area were also mapped using an Ecological Land Survey method that examines geomorphology, surface form, vegetation, ecotype, and wildlife habitat. 213 vegetation plots were established, and approximately 200 vascular plants and 80 non-vascular plants were encountered, including three rare plants. Fish

abundance and distribution surveys in the study area captured, identified, measured, and released over 6,500 fish representing 10 species. Fish over seven inches were tagged during 35 days of fish sampling and spawning was identified in four Judy Creek tributaries. Hydrology surveys established 21 water level monitoring stations and two telemetry stations for remote monitoring of water levels, which reduces helicopter traffic. Many of these studies are ongoing to support long-term environmental monitoring.

These baseline studies help inform engineering design and facility location in order to avoid or minimize environmental impact.



 [View more about Willow loon nesting.](#)

 [View more about Willow fish research.](#)

CASE STUDY BAROSSA PROJECT

Ensuring natural gas supply with sustainability in mind

Our Barossa offshore project in the Bonaparte Basin in the Timor Sea will develop the area's large natural gas and light condensate resource and extend the operating life of our existing Darwin LNG facility. The concept for the proposed project, located approximately 160 miles north of Darwin, includes a Floating Production Storage and Offloading (FPSO) facility, subsea production system, supporting in-field subsea infrastructure and a pipeline to the Darwin facility.

By incorporating sustainability considerations early into project planning efforts, we can reduce impact to the environment and support alignment with local communities. Prior to drilling for natural gas or oil, we work with governments and communities to assess and mitigate risks related to climate change, water, biodiversity, and social performance.

As the first project in Australia evaluated under a new environmental approval process for offshore natural gas and oil, the project underwent a thorough risk assessment and robust approval process. We collaborated closely with regulators to navigate the new, evolving process of assessing the project's potential risks to both the environment and communities. This included the preparation of an in-depth Offshore Project Proposal (OPP) for submission to the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) and extensive, years-long stakeholder engagement to solicit concerns about the project, including an eight-week formal public comment period.

"Nothing about these projects is quick or easy. We began appraising the area in 2014, establishing baseline environmental analysis and

determining how to mitigate or minimize the impact of our operations on the area. We spent years meeting with communities, including fishermen, who may be impacted by our operations, working to understand and address their concerns. And we aren't scheduled to produce gas until 2023," said Pat Dinan, Barossa Project Director.

The OPP is prepared during a project's early design phase and considers all potential impacts and risks over the project's life cycle. Environmental risk assessments consider the nature and scale of each potential impact and risk, including conservation of biodiversity and overall ecosystem integrity. The risk assessment was informed by exten-



performance outcomes that will be applied to manage the potential environmental impacts and risks associated with the project. The remote project location, predominantly in open offshore waters, and

"We spent years meeting with communities, including fishermen, who may be impacted by our operations, working to understand and address their concerns."

— Barossa Project Director Pat Dinan

sive marine baseline studies that provided a greater understanding of the remote region's environment. The proposal also defines measurable, specific key management controls and environmental

pipeline channel planning mean that facility siting can avoid areas of regional environmental importance such as shoals, banks, coral reefs, or biologically important areas for marine fauna.

CASE STUDY BAROSSA PROJECT

Extensive stakeholder engagement

Our stakeholder engagement efforts began far before the start of the formal OPP public comment period, early in the project planning process. Over the course of a four-year period, we consulted with more than 100 stakeholder organizations, including community members, governments, commercial fishing associations, fishermen, educational and scientific organizations, non-government organizations (NGOs), spill response agencies and other natural gas and oil industry operators. Though our planned operations are not in an area of high fishing activity, we closely consulted with the active commercial fisheries in the region and plan continued research and collaboration with them as well as government and research groups.

Indigenous peoples living on the Tiwi Islands will be the closest neighbors to the Barossa project and were consulted about the project and potential opportunities to create mutual benefit. The Tiwi Islands are about 60 miles south of the Barossa offshore development area and about four miles from the gas export pipeline corridor at its closest point. We considered several important habitats, including nesting sites for marine turtles, seabird rookeries, and the conservation of dugongs — large marine mammals often known as “sea cows.”

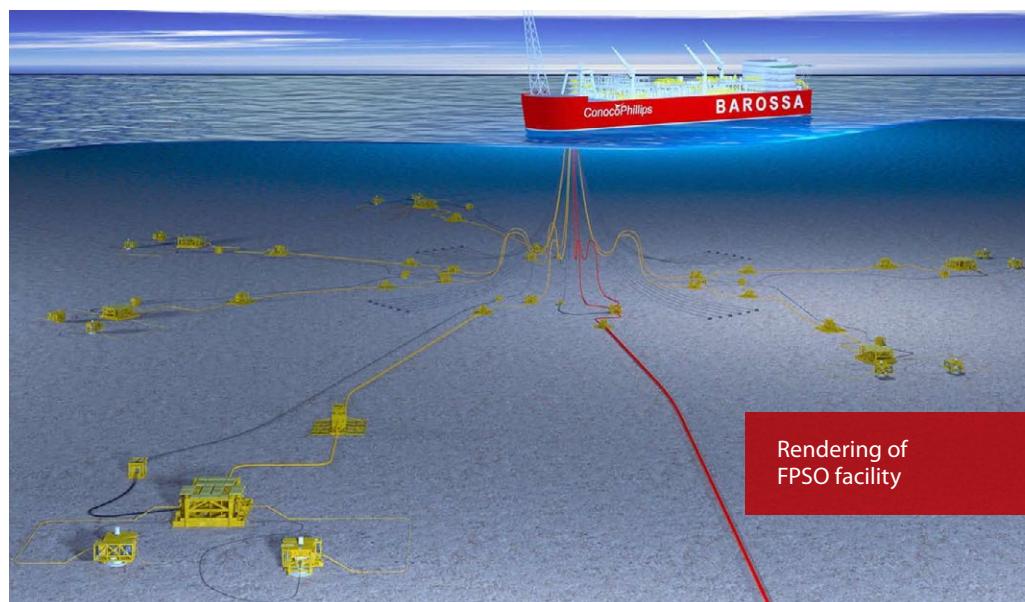
“We have consulted extensively with a wide range of stakeholders, including Tiwi Island indigenous groups and fishermen. Since this is a very remote area, many people rely on the

ocean for their food, so they are concerned about potential harm to the area and very involved with development plans,” said Kayleen Ewin, vice president of External Relations.

Marine studies program

Advanced scientific environmental baseline studies, including collaborative studies with the Australian Institute of Marine Science (AIMS), characterized the existing marine environment within and surrounding the Barossa offshore development area using remote sensing technology, metocean and underwater noise studies, water quality and sediment habitat studies, and dispersion modeling. The studies involved the

Environmental Science Programme, AIMS modeled regional data to characterize the benthic habitats of the Oceanic Shoals marine park, Barossa offshore development area, and gas pipeline corridor. This information was incorporated into the Barossa assessment and shared with the government agency responsible for marine parks management, Parks Australia. Additionally, an advisory panel of recognized experts including representatives from the Centre for Whale Research (CWR), Charles Darwin University (CDU), and Monash University, assisted in understanding environmental values and sensitivities and validating potential risks and impacts. Further targeted surveys of seabed features along the natural



collection of detailed baseline data over an 18-month period to capture seasonal variability and inform the risk assessment for the project.

Building on work undertaken as part of the Australian National

gas pipeline route will be conducted as the engineering design progresses to inform route optimization. Information gleaned from the surveys will further supplement knowledge of the existing marine environment along the proposed route.



Julia Spethman,
Darwin LNG

A modeling study was commissioned to provide an assessment of hypothetical spills on surface waters and within the water column. Though we place the highest importance on preventing spills, the study provides data to guide cleanup efforts in the unlikely event one occurs.

Emissions studies program

The atmospheric emissions associated with the Barossa offshore project were also characterized for the OPP risk assessment. Greenhouse gas (GHG) emissions were considered in the context of contributions to Australian and global concentrations at a wider spatial context. The total GHG emissions footprint comprises both native reservoir CO₂ and equipment/processing emissions. Early feasibility studies included an evaluation of alternative options for management of GHG emissions.

Through the forward design and execution of the project, opportunities to minimize GHG emissions will continue to be investigated, in line with our GHG intensity target and as appropriate for the domestic Australian and international policy context at the time.

Future environmental approvals

We received acceptance of the project from NOPSEMA in March 2018. The next step is to continue engineering and design of the facilities considering potential environmental impacts during installation and ongoing operation. Plans for the different project activities will be prepared and submitted to NOPSEMA for assessment and acceptance. We will use the development of these plans to undertake further engagement with stakeholders to make sure we continue to consider and address their issues and concerns.

Barossa studies and reports

Water quality field survey report

Sediment quality and infauna field survey report

Benthic habitat report

Underwater noise monitoring survey

AIMS regional shoals and shelf assessment

Drill cuttings and fluids dispersion modeling study

PFW dispersion modeling study

Cooling water dispersion modeling study

Wastewater dispersion modeling study

Hydrocarbon spill modeling study

Toxicity assessment of Barossa condensate

Underwater noise modeling study — FPSO facility anchor piling

Underwater noise modeling study — FPSO facility operations

EPBC Act Protected Matters database searches

Potential Impacts of Pipeline Installation Activities on Marine Turtles



[Read the reports.](#)

Focusing on Safe Operations

We seek to better understand how people work in order to identify potential risks, put in appropriate defenses and maintain positive control.





Safety

Priority issues

Safety and health
Workforce
Community impacts

The guiding principle that “work is never so urgent or important that we cannot take the time to do it safely and in an environmentally responsible manner” is core to our day-to-day operations. Our goal is to prevent all injuries, occupational illnesses and incidents.

To achieve that goal, we are working to increase our operational reliability, resiliency and learning. This means understanding how work is done, being mindful of risks, and committing to predicting errors so that we can minimize or eliminate unexpected events. By introducing human performance concepts, we have been able to reenergize our existing processes and tools.

Human performance is the way people, equipment, work processes and our culture interact as a system. We are specifically focused on proactively reducing the outcome of human error by improving the interaction between individuals and critical controls and systems, recognizing error-like situations, and applying tools to reduce the likelihood of error. In 2017, we introduced a learning team tool. Learning teams serve as one means to operationalize human performance concepts and mindsets, and to better understand how work is actually done. Learning teams are facilitated sessions with workers in which the team and the facilitator discuss successful work or an event to determine what can be learned. Work as imagined in the office is rarely like work done in the field. The collective input from sharing different perspectives results in a better understanding of how we succeeded or how an event occurred. Our aim is to develop a culture of learning where all employees and contractors are encouraged to collaborate, hold each other accountable for learning and improving, and seek diversity of opinion.

By applying human performance concepts such as learning teams to existing processes and tools, we are changing the way we look at failure. Across our operations, we take learnings from past events or near misses and use them to improve our procedures, training, maintenance programs, and designs. Understanding how people work enables us to identify potential risks and verify safeguards to mitigate them. This approach is reinforced through activities such as verification of personal and process safety safeguards and continued and meaningful leadership engagement with field operations.



A focus on safety extends beyond our operations to our partners. As an example, when considering shipping bitumen by rail nearly 2,000 miles from Canada to the U.S., we conducted an internal risk assessment on the route, which is managed by three different rail companies and multiple crews along the way. We took a proactive, multi-discipline approach to working with key rail contractors to ensure process safety defenses were in place. The contractors participated in a kick-off meeting where they explained their approach, including communication

processes, rail routes, care and custody, product handoff, and emergency response and preparedness. ConocoPhillips personnel then toured facilities and reviewed and assessed emergency response processes, HSE Management System functionality, inspection processes, and asset and operating integrity programs. We also participated in an emergency response drill with Burlington Northern Santa Fe and conducted a table top drill with Canadian Pacific to ensure roles and responsibilities are clear should an incident occur. The project gave ConocoPhillips Canada the assurance required to consider transportation by rail as an alternative for getting oil to market.

Process safety

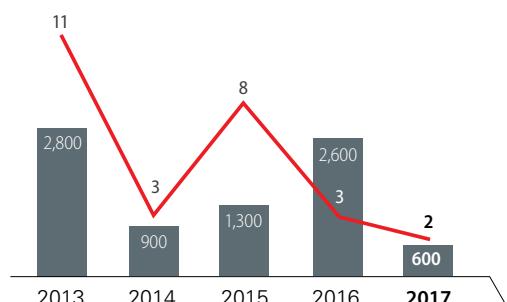
Enhancing process safety awareness and competency across our company has been a key factor in reducing the rates of serious incidents and process safety events in 2017. We rely on a system of people, processes and equipment to achieve process safety and consider any unplanned release of hazardous material a process safety failure.

Global subject matter experts meet regularly to review leading indicators related to our process safety performance. Emphasizing leading indicators, such as process safety near misses, provides insight into the performance of our barriers. This team also develops informative Barrier Sheets to communicate to the workforce on how to strengthen barriers and identify weaknesses. We recognize that competency is integral to assuring process safety within our organization and critical to ensuring that our people can safely execute their work. A revised HSE Risk Matrix Standard clarifies criteria and promotes consistency in risk assessments across our operations. By better understanding the risks we face, we can learn from incidents and strengthen barriers to prevent recurrence.

In Norway, operational integrity work has been ongoing since 2013, focused on improved understanding of system requirements, compliance, and verification.

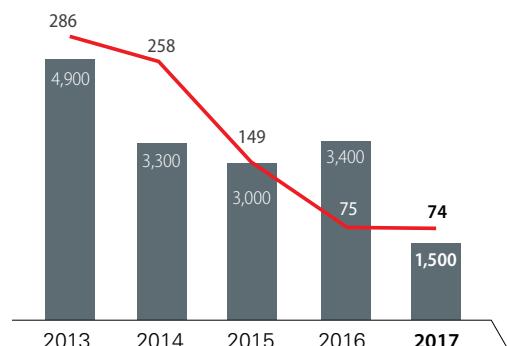
Volume of spills >100 BBL

■ Barrels — Number



Volume of spills >1 BBL

■ Barrels — Number



Creating an integrated operational integrity team with onshore and offshore workers, dialogue and verification between colleagues, and discussions regarding deviations and solutions has improved the understanding of requirements for execution and led to a notable reduction in incidents related to operational integrity.

Spills

The volume of both small and large spills was significantly reduced compared to 2016. We had two hydrocarbon spills greater than 100 barrels, both initiated by

53%

Serious Incident
Rate improvement
vs. 2016

0.16

Total Recordable
Rate, improvement
of 7% vs. 2016

58%

Tier 1 Process
Safety Event
improvement
vs. 2016

57%

Reduced
spill volume
vs. 2016



"Our curiosity helps our understanding of the context surrounding an issue, event or successful work. We use this information to better understand the effectiveness of, and to strengthen, our barriers and safeguards, especially critical controls for critical tasks."

Health and Safety Assurance Global Chief Steve de Albuquerque

nature. One was due to a tank fire started by a lightning strike and the other was due to storage tanks toppling over during Hurricane Harvey flooding. All hydrocarbon spills are considered serious, with those impacting a sensitive area and those greater than 100 barrels immediately reported to management. Following a reduction in the number of spills greater than 1 barrel in 2016, the number of spills in 2017 was basically flat, with spill volume decreased by 57 percent. Asset integrity programs, spill

prevention teams and monitoring activities are credited for the improved performance.

Preparedness

The complex nature of our business means we must be prepared to respond to a range of possible disruptions. Potential threats come in many forms such as major accidents, political instability or extreme weather. We maintain a strong emphasis on training to develop



Safety meeting at APLNG

effective emergency response capabilities. In 2017, we conducted three large-scale emergency response exercises. In eastern Australia, our Global Incident Management Assist Team (GIMAT) conducted a two-day drill to practice the response to a simulated materials delivery barge oil spill potentially impacting Gladstone Harbor. An exercise in Norway was based on a hypothetical subsea problem with an offshore well and included industry peer participants.

Personal safety

Building on our strong personal safety performance over the last few years, we had no fatalities and once again broke records in 2017 with significant reductions in serious incidents and workforce recordable injuries. We believe our focus on the 8 Life Saving Rules and field verification is preventing injury by reducing the risk of incidents when workers perform critical activities. Targeted reliability

conversations and verification of the 8 Life Saving Rules uncover potential risks and elevate a sense of vulnerability and chronic unease, helping to prevent catastrophic events in an environment of complex risk factors.

Minimum requirements for critical activities are addressed as part of pre-job planning through permits and/or risk assessments. Once the activity has commenced, field verification minimum requirements are effectively implemented through two-way learning conversations during these critical tasks. In the U.S., our Lower 48 business unit is using mobile device technology to help improve the

Other resources

- [Health, Safety and Environment Policy](#)
- [Life Saving Rules](#)

Sustainable reliability in Canada

By incorporating high reliability principles into how work is conducted, our Canadian business unit continues to mature the safety mindset

for both leadership and front-line workers. A key element of the effort is a cultural shift toward accountability instead of blame, shifting

our focus from discussions after incidents to pre-accident learning. This includes being curious and constantly looking for weak signals



Lost workday case rate

Contractors Employees Combined



quality of field verifications through real time reporting and analysis at the asset level. Over 1,200 focused audits have been entered into the system and opportunities for improvement have been integrated into operational

Workforce total recordable rate

Contractors Employees Combined



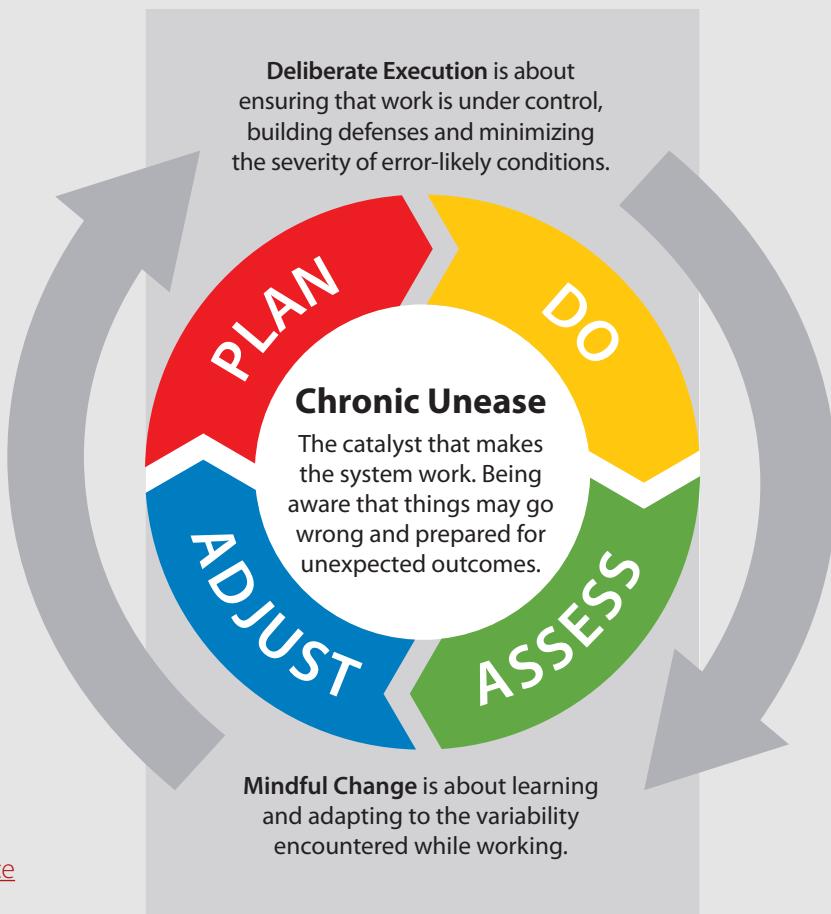
meetings. A similar mobile solution is also being used to enhance Behavior-Based Safety Observations. These discussions support an improvement-based culture of learning and keep the conversation about risk alive.

SPOTLIGHT

in order to evolve systems so our workers can function in a complex and highly variable environment. It requires leaders to develop a culture of transparency, with a focus on lessons learned. This shift is highlighted by the 20 learning teams who assessed inherent risks and reviewed upcoming work in 2017, elevating chronic unease and creating awareness to ensure defenses are in place prior to execution. The teams focus on culture (leadership and safety values), key behaviors (organizational learning, reaction to failure, and sharing), and key structures (tools needed for work). The use of data analytics helps identify weak signals, further enhancing a proactive, instead of reactive, approach to work planning. A foundation of deliberate execution, an intentional focus on mindful change, and maintaining an element of chronic unease are the cornerstones being used to become a high reliability organization (HRO).



[Listen to ConocoPhillips Canada HSE Vice President Darryl Hass discuss safety.](#)



CASE STUDY HURRICANE HARVEY

Weathering a really big storm

Hurricane Harvey was an unprecedented storm that put our employees, communities, operations and offices at risk. Extensive areas of Texas were affected by wind and others received more than 50 inches of rain, leaving a large portion of Houston underwater and flooding thousands of homes. As the storm stalled over South Texas, we put our hurricane and crisis response training and business continuity plans into action. Our priorities were to protect our employees and assets in Houston and the Eagle Ford while maintaining business-critical operations.

Operational impact

The first priority was to account for every employee. Teams also monitored and evaluated conditions at our corporate and Lower 48 offices in Houston, while others worked to safely and efficiently restore operations to the Houston data center — the company's central information hub. Much of the data center operations, including 658 servers housing 1.6 petabytes of data, were relocated to Bartlesville, Okla., in about 10 hours in anticipation of the storm. Commodity traders were also relocated so they could continue business-critical activities during and after the storm. Floodwaters caused the temporary closure of

both Houston offices. Our corporate headquarters, which had never completely closed in its 33-year history, reopened two weeks after Harvey made landfall. It took another two weeks before our Houston Lower 48 office could safely reopen. During that time, teams worked to provide workspace for approximately 1,100 Lower 48 employees who were displaced from their offices.

The storm also impacted our field operations in South Texas. Prior to Harvey's landfall, Lower 48 employees implemented their business continuity plan to safely shut down and secure all Eagle Ford production and associated facilities. We also

evacuated drilling personnel from the storm's path. We closed our office in the area, enabling many employees to prepare their families and homes for the storm. Personnel were also evacuated from our Magnolia platform in the Gulf of Mexico, though production remained unchanged.

**~\$180 billion
in damage**

Once the storm passed, production in the Eagle Ford resumed within a couple of days, despite unprecedeted conditions and infrastructure constraints in the area. The demobilization, monitoring and restart of 1,000 wells, two plants, six rigs, three frack crews and 10 construction teams was accomplished safely and quickly.

The pre-planning and teamwork displayed throughout the organization resulted in no recordable injuries, minimal property damage and enabled critical business functions to continue during and after the storm. The safe shutdown and restart of our operations was no accident — it was the result of our relentless focus on personal and process safety. Ongoing planning and training will be key to managing any future weather-related disruptions.



A helping hand

The effects of Hurricane Harvey stretched across the Gulf Coast. We donated \$2.5 million each to the American Red Cross and the United Way of Greater Houston to support immediate and longer-term relief efforts.

Record single storm rainfall in the continental United States —

51.88 inches

Our United Way donation supported ongoing housing assistance, minor home repairs, utilities, food, healthcare and transportation to impacted residents. These funds were also used for case management to assess residents' needs and develop recovery plans. Our employees and retirees also contributed \$60,000 to

relief efforts. Our American Red Cross donation provided immediate financial assistance, meals, temporary shelter and relief items such as diapers and cleaning supplies.

The message spread quickly, resulting in a group of volunteers from all areas and levels of the company. Volunteers, armed with tools and respirators donated from across the globe, worked their way through neighborhoods, going house-to-house to muck out flooded rooms and rip out sheetrock.

"When the world gets bad, I think people show their true colors. And ConocoPhillips was impressive — everybody checked their titles at the door and we all went in and got sweaty," said Garner.

As a member of the ConocoPhillips Incident Management Team, Val Rodriguez was prepared to play a role in the company's response. Her plans changed when Harvey sent four feet of water into her home, where it remained for 10 days.

"Managing unforeseen events, such as hurricanes, and making decisions about personnel and production is never simple. But lessons learned during our emergency preparedness training were invaluable before, during and after Hurricane Harvey."

— Real Estate Facilities Services and Operations Manager Brandon Kerr

eligible relief organizations, which were matched by the company.

Nearly 20 percent of our Houston employees were displaced from their homes after the hurricane. Across the organization, people helped their flooded colleagues, retirees, neighbors, and others in need while continuing their work responsibilities. Justin Garner, a drilling and completions coordinator, emailed his work team asking for volunteers to help provide clean-up assistance.

"I went from planning to help others to needing help myself," she said. She and her 5-year-old son evacuated to a friend's home for the first few days after the storm, then received help with temporary housing from the company. Colleagues brought household items, food and toys for her son. "The outpouring of help was incredible."



[View more about how our employees helped each other and their communities.](#)

Response by the numbers

ConocoPhillips supported employees throughout the impacted area. Employees stepped up on every front, and the company continues to offer support:

Facilitated housing for 150+ employees.

Processed 80+ employee loans/immediate cash assistance.

Donated \$5.2 million to relief efforts.

Employees and retirees contributed \$60,000 via employee match.

Loan assistance/cash assistance to 290+ employees

Creating Shared Value

We engage with stakeholders to build stronger communities and create sustainable benefits together.





Stakeholder Engagement

Priority issues

Stakeholder engagement
Community impacts
Local content
Human rights
Indigenous peoples

Our goal is to respectfully engage with local stakeholders across our business to understand their values and interests, reduce the impact of our operations, and contribute to economic opportunities. Our approach to stakeholder engagement is guided by our principles, which are integrated into planning and decision-making. By first listening to understand local concerns, mitigating these concerns with our actions, and finding mutually agreeable solutions, we build long-term benefits for both the company and local stakeholders.

Our stakeholder mapping process is a key component of social issues risk assessment. Each business unit is responsible for identifying stakeholders — those who may impact or be impacted by our business — to understand their perspectives, values, interests and concerns. The relationships of stakeholders to each other are then mapped to identify any potential points of collaboration or conflict. We then prioritize key stakeholders and develop an engagement plan to address concerns and maintain our focus on developing mutually beneficial relationships. By having open dialogue, we identify and address the potential impacts associated with our operations.

Engaging with communities

We have stakeholder engagement professionals in each business unit who manage our stakeholder mapping and integrate local input into our business decisions. These specialists help project teams understand the impact on the community and environment. They also help ensure respect for human rights and alignment with local and international standards. They develop relationships by seeking early and frequent engagement

with stakeholders to build trust through regular dialogue. For example, ongoing engagement through our Eagle Ford Citizens Advisory Committee and Eagle Ford Leadership Roundtables in the U.S. includes regular meetings with community leaders from counties in our operating areas. These forums are based on creating and maintaining trust, respect and collaboration, and allow us to identify and cooperatively manage potential risks.

Reducing community impacts

Throughout the life cycles of our projects, we place a high priority on active stakeholder engagement to address potential impact to communities. Impacts can include increased traffic, noise, water use, and air quality concerns. In Alaska, our Putu exploration well is situated approximately three miles from the village of Nuiqsut, making it much closer to a community than other projects on the North Slope. We are committed to collaborating with the Nuiqsut community to address their concerns on having an exploration well drilled close to their village and working with them to develop a robust mitigation plan to address issues and concerns. Through



[View "Stakeholder engagement on the North Slope."](#)



[View more about the basketball courts we sponsored in the Nuiqsut community on Alaska's North Slope.](#)

extensive outreach with the village, we made several changes to the plan for the well including moving it further away, electrifying the drilling rig to avoid emissions that might blow toward the village, expanding air, water quality and noise monitors, and using light mitigation mechanisms.

We work to minimize traffic and road safety concerns, which typically increase during exploration and production operations. In Canada, we are a member of the Coalition for a Safer 63/881 aimed at improving driving behaviors for the communities near our oil sands operations. Members range from peer companies, industry groups, and regional municipalities to safety organizations and the media, all with a commitment to advocate, educate and create awareness for safe journey management.

Strategic community investments

Coordinated campaigns focus our resources to meaningfully and measurably address vital issues globally and at the local level. In 2017, we contributed \$36.7 million to support the communities where our employees live and work through charitable giving, employee volunteerism and civic leadership. Our charitable investment strategy is informed by our integrated planning and is built around three giving pillars:

Signature programs help unify our global giving around relevant themes and make our charitable investments program significantly more impactful. The company focuses on two signature causes: water and biodiversity stewardship (global) which aligns with our sustainability

commitments to protect the environment; and math education (Houston) which is key to academic and career success and aids in building capacity in communities.

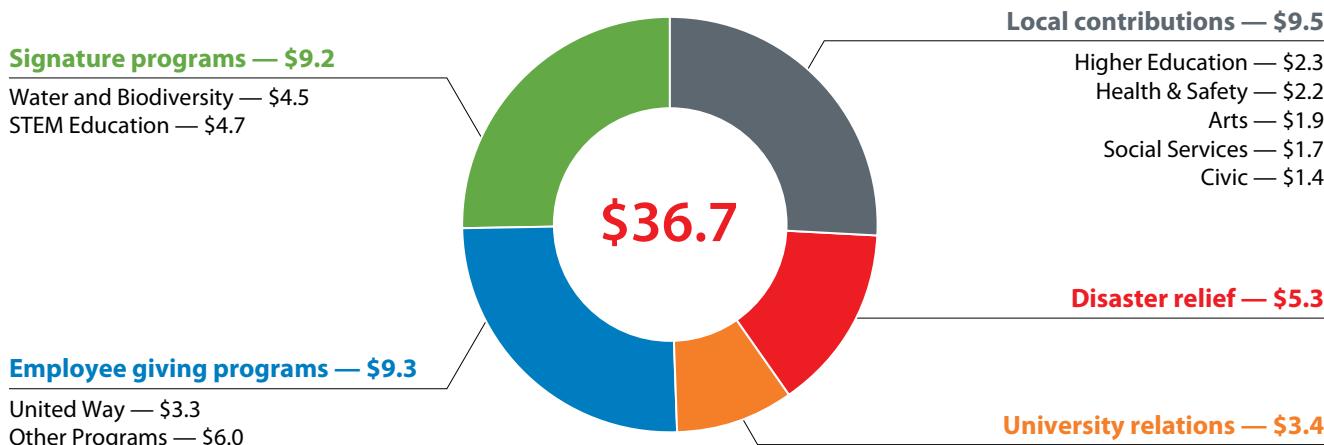
Local contributions help meet each community's unique needs and enhance and protect ConocoPhillips' reputation as a good corporate citizen and neighbor. In 2017, our efforts ranged from building a community basketball court in Alaska (see the video on page 41) to safeguarding the flyways of threatened crane species in China and supporting the recovery efforts after mudslides in Colombia.

Employee programs recognize that employees and retirees are often the company's best liaison with the communities in which we operate. We encourage and support their involvement in local charitable activities



2017 global charitable investments spend by giving pillar and cause area

In millions





"It is important that we recognize and respect the culture of the communities where we work. When we understand communities' priorities and concerns, and they understand the work we do, we can incorporate their input into our planning to reduce the potential for negative impacts on the community and our business."

Indonesia Corporate Social Responsibility Manager, Adjie Suryaningrat

through several Employee and Retiree Giving Programs including the United Way, Matching Gift, Volunteer Grant and Dependent Scholarship programs. In 2017, we supported local communities by participating in eight United Way campaigns raising more than \$8 million from employee and corporate contributions and logging over 27,300 volunteer hours in the U.S. and Canada.

Supporting energy education

Resource access, energy supply diversity, technological innovation, energy efficiency, industry competitiveness, and environmental stewardship can and should be achieved together. We sponsor the "Unconventionals" exhibit in Wiess Energy Hall at the Houston Museum of Natural Science, the most contemporary, comprehensive, and technologically advanced exhibition on the science and technology of energy globally. We also support the National Energy Education Development (NEED) Project, funding energy education workshops for teachers to provide tools to educate students on a wide range of topics from energy conservation to energy sources, including renewable energy. In 2017, the program reached 434 teachers through workshops held in six states.

Local content

In communities where we operate, we promote local economic growth by supporting local suppliers and employing local workers, providing sustainable economic benefits. These efforts vary across the globe and are tailored to suit each community.

In Indonesia, we support the development of small businesses in several ways. Vocational training efforts for women include an initiative that helps participants produce banana crackers, cassava crackers, and chili sauce that are now sold to over 250 locations in Palembang, the capital of South Sumatra. Our community outreach also includes a four- to six-month training program focused on economic empowerment that teaches local residents skills such as bookkeeping,

proposal writing, and cooking so that they can participate in the economic activity associated with natural gas and oil development. They also learn how to solicit business from over 150 other local companies in industries such as construction and coal mining.

Vocational training opportunities for Timor-Leste residents were expanded in 2017 with the start of a two-year pilot vocational electrical and instrumentation training program. The program was developed in collaboration with the government of Timor-Leste and will provide specialized training in skills that can be applied across various industries for up to 40 local participants. Six dedicated Timorese trainers from the National Vocational Training Center work with the international trainers throughout the program to ensure skill transfer and long-term sustainability.



[View "Supporting sustainable small businesses."](#)



Members of Fort McMurray First Nations meet with ConocoPhillips employees.



[View "Celebrating 100 years of support for Yellowstone National Park."](#)

In Alaska, the CareerQuest program offers training for occupations such as emergency response, facility or automotive maintenance, and food services to high school students from the village of Nuiqsut. Additionally, participants are paired with a mentor from ConocoPhillips to provide personal guidance. Frequent job fairs are also open to the community, often in conjunction with health and science fairs, to highlight career opportunities.



[View "CareerQuest."](#)

Human rights

We believe businesses have an important role to play to advance respect for human rights throughout the world and conduct business consistent with the human rights

philosophies expressed in global frameworks. When our operations identify potential human rights concerns during risk assessments, they then develop engagement plans and specific actions to manage and mitigate that risk.

We seek to partner and engage with indigenous communities to diminish the negative aspects of our operations and maximize the social and economic benefits we can bring communities neighboring our operations. This includes regular discussion about risks related to compliance and permitting in formal and informal meetings to maintain open dialogue about ongoing development plans, regulatory matters and tribal vendor selection. By respecting local history, cultures and customs we can integrate traditional knowledge into our planning process and find solutions that create shared value.

SPOTLIGHT

Conducting seismic surveys responsibly

Exploration activities in Central Kalimantan, Indonesia, were successful in part due to effective engagement with local communities well in advance of the actual field operations at our Kualakurun Block. By actively engaging indigenous people, seeking to understand local culture and identifying key stakeholders, we were able to develop a program to provide information about potential

impacts of the seismic activities on local inhabitants and land owners. Efforts included months of planning, obtaining government permits, and engaging with residents and local governments of two regencies, eight districts and 54 villages. This social mapping study was a collaborative effort with the University of Indonesia, University of Palangkaraya and tribal leaders. It identified influential contacts within

the local people and mapped the Dayak "sacred sites." The 460 miles of survey lines, originally positioned for technical objectives, were reviewed and adjusted to avoid these culturally sensitive places. Community relations activities in the form of support for educational programs and funding for social and cultural celebrations also helped establish relationships with the Dayak tribe.

Supporting conservation innovation

SPOTLIGHT

We support programs that help identify and deliver tools and techniques to support conservation, build skills and improve access to technology. Through the ConocoPhillips SPIRIT of Conservation & Innovation Fund, we support innovative North American conservation projects by working with the National Fish & Wildlife Foundation (NFWF) and the U.S. Fish and Wildlife Service. In 2017, nine grants with a total conservation impact of \$2.9 million were made to support projects ranging from mangrove seeding techniques to improve wetlands health and reduce erosion along the Gulf Coast, to piloting a water market for ground-water recharge in the Teton River Basin to improve wetland health, base flows and river temperatures.

In Alaska, grant funds were used to help remove a barrier on the Eklutna River and open seven miles of stream habitat to five different species of pacific salmon. They also funded the evaluation of nesting common eiders in northern Alaska's barrier island ecosystem, and the implementation of cutting-edge tracking technologies to determine the most important

staging sites on the Arctic Coast for arctic breeding shorebirds. In Colorado and Texas, projects focused on restoring grassland bird habitats by working with ranchers on rotational grazing and engaging land-owners in voluntary habitat practices and other restoration strategies. The results benefited over 79,000 acres of working ranchlands.

Since 1997, ConocoPhillips, NFWF and the U.S. Fish and Wildlife Service have invested more than \$10.5 million in projects through the SPIRIT of Conservation and Innovation program. Grantees have matched this funding with an additional \$22.9 million for a total conservation impact of \$33.4 million. As a result of these investments, more than 293,500 acres of critical habitat in 13 states have been conserved or restored.

Support for the Louisiana Department of Wildlife and Fisheries (LDWF) Coastal Louisiana Array Project allows for the construction of an almost seamless digital network, consisting of 32 passive VHF radio telemetry receiver stations stretching from the Texas border to the Mississippi border,

to track migratory species of greatest conservation need. Additionally, through our subsidiary, The Louisiana Land Exploration Company LLC, which owns approximately 636,000 acres, we will provide free access to our property along the southeast Louisiana coast to the agency.



We also continued efforts with the Smithsonian Migratory Connectivity Project in the U.S. and Canada to track several species of concern including Arctic Terns, Black-bellied Plovers, and Common Nighthawks in 2017. A variety of satellite, GPS and geolocator tags provide data that helps with several scientific discoveries, including the Pacific Loon's migratory "continental divide."

Other resources

[Stakeholder Engagement Action Plan](#)

[Human Rights Position](#)

[Stakeholder Engagement Principles](#)

Implementation Guidance:

- [Indigenous peoples](#)
- [Human rights](#)
- [Community engagement](#)
- [Security and human rights](#)
- [Social investment](#)

[Code of Business Ethics and Conduct](#)

[ConocoPhillips Health, Safety and Environmental Policy](#)

[Voluntary Principles on Security and Human Rights \(VPSHR\)](#)

[United Nations Guiding Principles on Business and Human Rights](#)

[Universal Declaration of Human Rights \(UDHR\)](#)

[International Labour Organization](#)

[Declaration on Fundamental Principles and Rights at Work](#)

[International Labour Organization Convention 169](#)

[United Nations Declaration on the Rights of Indigenous Peoples](#)

[Global Progress Map](#)



Supply Chain

Priority issues

Business ethics
Stakeholder engagement
Human rights
Transparency and corruption

Across the globe, we work with thousands of contractors, suppliers and local businesses. Since our success is directly influenced by those who support our operations, we value sustainable development throughout the supply chain.

We expect responsible performance by our suppliers and have processes to address risks in our supply chain. Sustainability criteria are integrated into our supplier selection and evaluation, and our expectations regarding



[View "Supporting Supply Chain Sustainability."](#)

integrity, labor and human rights, supplier inclusion, health, safety and the environment are clearly outlined. Our [Code of Business Ethics and Conduct: Expectations of Suppliers](#) and [Commitment to Supplier Inclusion](#) documents provide clear, concise insight into our operating philosophies and expectations.

Engaging with suppliers

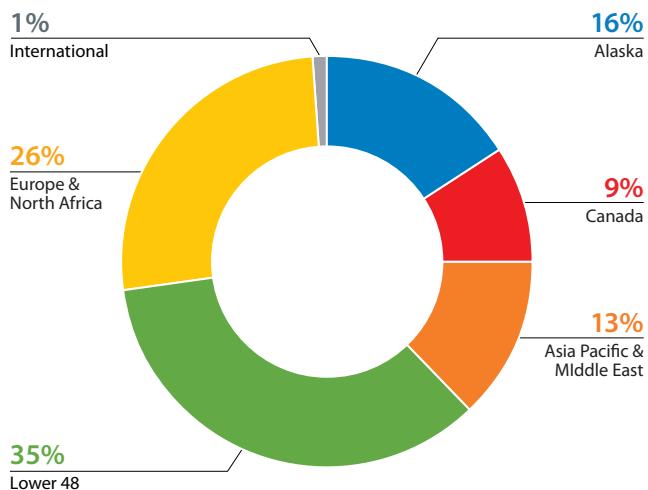
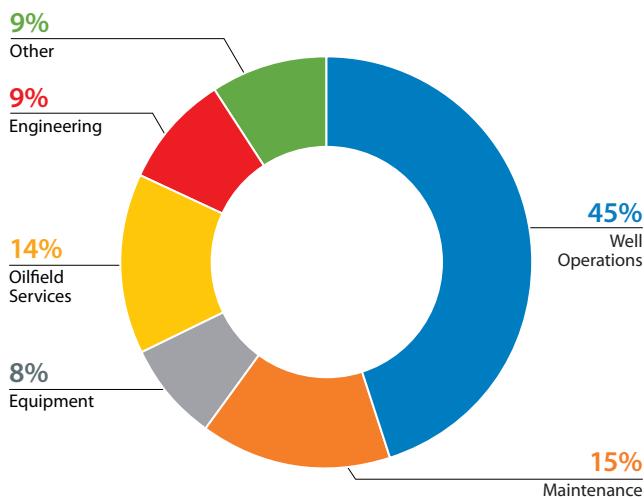
In 2017, we focused on developing policies and procedures for a resilient supply chain.

One key element of this effort was hosting a supplier sustainability forum bringing together dozens of suppliers from over 20 different companies, as well as more than 65 ConocoPhillips representatives from across the globe. The agenda included short presentations and panel discussions and was designed to facilitate sharing of sustainability best

\$7.41 billion

Total spend with contractors and suppliers in 2017



2017 total spend by segment**2017 total spend by category**

practices that are transferable throughout our diverse supply chains. Topics discussed included water reuse, greenhouse gas (GHG) emission reduction, and other cost-efficient practices. Collaborating with our suppliers to identify and manage risks, foster supplier inclusion, and increase productivity and efficiency allows us to mutually improve our sustainability performance.

We also engaged with major suppliers on standardized environmental key performance indicators (KPIs) to ensure alignment with our environmental, social and governance (ESG) performance objectives. Major suppliers reported annual performance in several categories,

SPOTLIGHT

Goodnight creates great outcome

One winner of our annual Supplier Recognition Awards, Goodnight Midstream, is a Texas-based company specializing in oilfield water management services. Like many of the regions we operate, the Bakken Basin requires solutions for produced water gathering and disposal. Goodnight Midstream took the initiative to propose a phased approach for the produced water gathering system, which allowed for an accelerated schedule and reduced costs by over \$7 million across the project lifespan. Instead of transporting produced water by truck and disposing of it in salt water disposal (SWD) wells, the gathering system decreases the risks associated with transport and improves our carbon footprint by taking trucks off the road. The Supplier Recognition Awards honor partners who positively impact our business while exhibiting exceptional leadership and alignment with our SPIRIT Values.



including GHG emissions and freshwater consumption. Annual review meetings also help clarify performance expectations, track results and identify continuous improvement opportunities.

Advocating for supplier diversity in business opportunities allows us to build relationships with diverse suppliers. In the U.S., our 2017 supplier diversity program totaled

\$530 million with minority and women owned businesses and \$418 million in expenditures with small businesses.

Other resources

[Code of Business Ethics and Conduct: Expectations of Suppliers](#)

Suppliers who positively impact our business are honored by our annual Supplier Recognition Awards. Sustainability is an integral consideration for these supplier awards. In 2017, awards ranged from produced water gathering and disposal to construction jobsite safety.

2017 Supplier Recognition Award winners

Babcock Offshore Services Australasia Pty Ltd.
Centerfire Contracting Ltd.
Crossfire, LLC
Goodnight Midstream, LLC
Hertel UK Ltd.
Magseis Operations AS
Nanuq AFC
Petro Star Inc.
WGP Group Ltd.
Xtreme Engineering Pty Ltd.



[Learn more about how we integrate supply chain sustainability into our operations.](#)

Supporting Truckers Against Trafficking

An estimated 25 million people are victims of forced labor globally, coerced to participate in some type of labor or commercial sex act by force, fraud or coercion. Victims of this highly profitable crime are all ages and are from all races and socioeconomic backgrounds. Forced labor includes human trafficking, which occurs in both large cities and rural areas. Women and girls are disproportionately affected, accounting for 99 percent of victims in the commercial sex industry, and 58 percent in other sectors, according to the International Labour Organization.

It is important that we address human rights issues not only in our operations, but also along the value chain. While human trafficking is not directly related to our operations, we are in a position to help curb modern day slavery by working with our suppliers and supporting Truckers Against Trafficking (TAT) in the U.S. The nonprofit agency educates, equips, empowers and mobilizes members of the trucking and travel plaza industry to combat human trafficking. Truckers Against Trafficking is designed to provide extra sets of eyes and ears to law enforcement, operating in all 50 states.

1902+

calls made to the national hotline by truckers alone

SPOTLIGHT

"There are more professional drivers on the road than there are law enforcement officers," noted Kirsta Leeburg Melton, Deputy Criminal Chief, Texas Human Trafficking and Transnational/Organized Crime Section, speaking at a recent training event we hosted in Kenedy, Texas.

The Coalition Build events we hosted brought together law enforcement agencies, general managers of truck stops, representatives of trucking companies, state trucking associations, and oil and natural gas companies to provide extensive

training. Participants learned about the realities of domestic sex trafficking, how the trucking industry can combat it, and how to report suspected trafficking situations. They also heard from a survivor who shared anecdotal information about how traffickers maintain control over their victims. In addition

545
likely human
trafficking
cases identified
involving **1,008**
trafficking victims,
315 of whom
were minors

to the Coalition Build event in Texas, we hosted another event in North Dakota, working with industry partners, U.S. Senator Heidi Heitkamp, the North Dakota Motor Carriers, the Highway Patrol, and local sheriffs and police departments. Our leadership has spurred broader industry support and resulted in a significant increase in anti-trafficking activity in local areas, according to Truckers Against Trafficking representatives.



[View "Supporting Truckers Against Trafficking."](#)



CASE STUDY INDIGENOUS PEOPLES

Creating long-term relationships in Canada

Through ongoing engagement with indigenous communities, we seek to understand perspectives about our impacts and consider how best to minimize them. We work with communities to develop consultation and engagement plans that address community needs and leave a positive legacy for communities near our operations including community investment, economic development, and capacity building programs.

In Canada, we have a structured approach to meaningful consultation that enables us to address each community's concerns and risks in a targeted manner while respecting the value of conserving the environment and understanding the impact our operations may have on cultural heritage.

"Our goal is to work cooperatively with communities through early engagement. This includes considering traditional ecological knowledge and traditional land use information, and understanding community interests, goals and perspectives on environmental, social and economic topics," said Canada HSE and Sustainable Development Vice President Darryl Hass.

Assessing values and interests

We use a Values and Interest Assessments (VIA) process to guide practitioners as they work with Aboriginal communities to create positive, sustainable outcomes. Our stakeholder engagement team begins the process by 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. Lastly, the ideas are turned into a shared action plan to be implemented and assessed.

Sustainable outcomes

Shared actions from the VIA process vary depending on the interests of the community members and potential risk to our business. These often include initiatives or events that bring social benefit to the community. For the past several years, ConocoPhillips Canada supported the Sustainable Communities Initiative (SCI), an

award-winning program to create and support opportunities for aboriginal youth to gain skills and knowledge. The initiative addresses community aspirations for healthy and happy youth who understand their culture. One program element, the Experiential Learning Initiative (ELI), was designed to give participants insight into experiential learning practices and a deeper knowledge of traditional culture such as beading, traditional food preparation, and Dene and Cree language lessons, while also fulfilling school-based science curriculum. One of the 2017 cultural events was designed to help youth "walk in two worlds" with

Senior Coordinator,
Stakeholder Engagement,
Chantale Campbell (far right)
collaborates with members
of Fort McMurray First
Nations at Gregoire Creek.



an Elder teaching participants how to locate and use significant medicinal plants during a medicine walk. We have supported the initiative with in-kind company resources who help create the capacity to strategize,

to work toward mutually beneficial relationships.

The Cooperation and Mutual Benefits Agreement (CMBA) with Fort McMurray First Nation (FMFN) signed

we could improve and extend our relationship. We received feedback that our contracting strategies were impacting both the current and prospective opportunities for the Nation, and that we still had work to do. We explored how our business practices had evolved in the past year as market conditions had changed. The result of these discussions was the strengthening of the joint Business Working Group to create an ongoing deeper dialogue on local contracting opportunities and capabilities. We also changed our internal practices to work more strategically with the FMFN on the shared goal of local business benefits. Another outcome of the meeting was the establishment of an Environmental Working Group to provide a forum to discuss environmental monitoring and identify opportunities to support environmental stewardship of the Surmont Project and FMFN community pillars.

"This is an excellent example of sustainable development. Instead of just funding these efforts, we have been actively engaged in working with the community to help them put processes in place to enable programs' sustainability beyond our financial contributions."

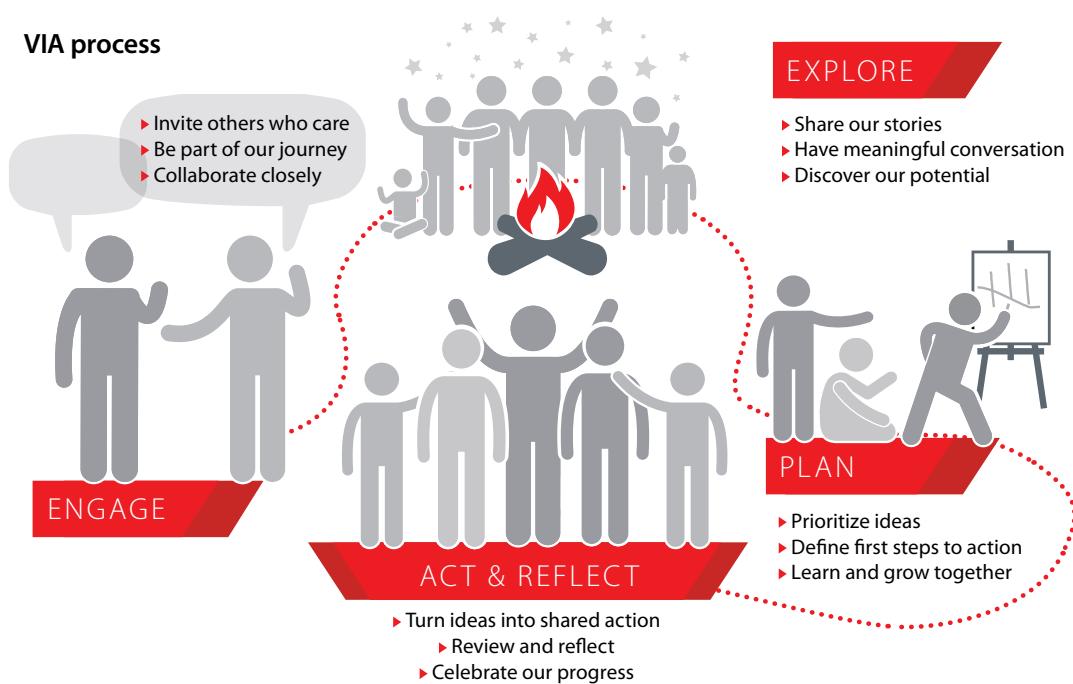
— Stakeholder Engagement Senior Coordinator Chantale Campbell

promote the programs, and engage new funding opportunities.

The VIA process can result in formal agreements with interested indigenous communities in close proximity to large developments. For those communities, agreements formalize a respectful relationship and the mutual promises between our company and those communities. Each agreement is focused on shared value and addressing the specific promises, obligations and benefits for both parties, and like many agreements, are confidential. Agreements include a process to resolve concerns about rights infringement from our activities and language committing both parties

in 2016 represents multiple years of engagement to build trust and respect, mutual areas of interest and benefit, and a formal commitment to a stronger relationship. In 2017, at the first Leadership Committee meeting with FMFN we identified areas where

VIA process





About Our Report

We support transparency and share information regarding our global performance, safety of our operations, impact on the environment and contribution to communities.



About Our Report

Reporting frameworks

We report our sustainability performance using internationally recognized reporting standards and frameworks. This includes reporting guidelines, indicators and terminology developed by IPIECA and the Global Reporting Initiative (GRI) G4 guidelines and the Oil and Gas Sector Supplement. Our reporting is also informed by the Sustainability Accounting Standards Board (SASB) recommendations and the Task Force on Climate-Related Financial Disclosures (TCFD). We provide regular information to the CDP, Dow Jones Sustainability Index (DJSI) and other top-tier organizations that assess the economic, social and environmental performance of companies. We engage with Disclosing the Facts, MSCI, Sustainalytics, and ISS E&S QualityScore, all of whom rate us based on publicly available information. We have mapped relevant IPIECA, GRI and TCFD disclosures on our website for stakeholder convenience and we continue to assess alignment with other emerging frameworks.

Reporting scope

The 2017 Sustainability Report covers data from January 1 to December 31, 2017. Our Data Methodology appendix outlines the scope and methodologies of our data reporting. The minimum boundary for reporting on social and environmental priorities is assets we operate.

Assurance

In 2017, ConocoPhillips conducted [required and voluntary independent emissions verification](#) work of 2016 data in three areas:

- Reasonable and limited assurance in countries having a regulatory requirement to verify reported emissions, including the U.K., Australia, Canada and Norway.
- Voluntary limited assurance review of select corporate-level metrics, including reported overall Scope 1, Scope 2 and Scope 3 greenhouse gas volumes.
- Voluntary third-party review of asset-level methods used to report HSE data to the company's corporate HSE metrics database.

We use a triennial process for third-party limited assurance for selected metrics, including energy use, flaring, water use, and safety. We conduct annual assurance for our Scope 1, Scope 2, and Scope 3 GHG emissions. We are in the process of assuring the 2017 GHG emissions data, which will be complete this fall.

Our internal quality assurance process begins at the business unit level. This process includes:

- Ensuring that business units understand the corporate reporting obligations associated with safety, health and environmental metrics.
- Establishing standardized methods of data collection and expected reporting procedures.
- Verifying that the data provided by business units is accurate and complete.
- Reviewing and questioning the results.
- Assessing results to identify trends and better understand the drivers of year-over-year changes.

There are three phases of data verification at this level — during submission, review and approval. Before the data is sent from the business unit to the corporate level, it undergoes vetting by technical peers and leaders, who challenge any findings that they find questionable. When the final business unit data is submitted to the corporate level, it contains an explanation for all variances greater than 10 percent from the prior year. Reasons for significant variances may include startups or dispositions. At the corporate level, data submitted for each asset is further reviewed and challenged by a team of subject matter experts utilizing a data quality checklist.

Once all business unit data is compiled at our corporate level, it undergoes further verification by subject

Other resources

[GRI/IPIECA Table](#)

[TCFD Table](#)

matter experts. During this effort, an intensity analysis is conducted to measure total volumes and production throughput and year-over-year data changes to help identify any inconsistencies. The data is also compared to similar operations during this process. The information is then analyzed in aggregate by metric to understand the

significant drivers behind any year-over-year change in company values. After this process, the data is presented to company leaders, who have an opportunity to review and challenge the information, possibly spurring additional verification. Final data undergoes executive-level approval prior to publishing.

United Nations Sustainable Development Goals

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 inclusive and sustainable economic growth, employment and decent work for all.

Goal 13: Take urgent action to combat climate change and its impacts.

Many of our business and community investment activities support the other goals such as those on clean water, industry, infrastructure and innovation, and life below water and on land. SDG icons throughout the report indicate examples of our activities that support the goals.

We are working with IPIECA, the global oil and gas industry association for environmental and social issues, on the role the oil and gas industry can most effectively play to support the achievement of the globally-endorsed framework of the SDGs. We continue to monitor the goals as they move to international and national implementation.



[Read: Mapping the Oil and Gas Industry to the Sustainable Development Goals: An Atlas](#)

We value your feedback

Please send any comments, suggestions or questions about our 2017 Sustainability Report or our sustainability performance to sdteam@conocophillips.com.

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Our Performance by Year

METRIC	Operated Total ^{1,2,3}				
	2017	2016	2015	2014	2013
Total Operated Production (MMBOE)⁴	595	672	692	780	760
Safety (rate per 200,000 hours worked)					
Workforce Fatalities (number)	0	0	0	0	2
Workforce Total Recordable Rate	0.16	0.18	0.20	0.28	0.26
Workforce Lost Workday Rate	0.04	0.05	0.05	0.04	0.05
Employee Total Recordable Rate	0.06	0.09	0.09	0.11	0.09
Employee Lost Workday Rate	0.02	0.04	0.03	0.02	0.04
Contractor Total Recordable Rate	0.22	0.23	0.24	0.34	0.31
Contractor Lost Workday Rate	0.05	0.06	0.06	0.04	0.05
Greenhouse Gases (thousand tonnes)					
CO ₂ from Operations	17,400	19,600	18,600	19,500	18,600
CO ₂ from Imported Electricity	1,200	1,500	1,300	1,400	1,600
Methane (CO ₂ equivalent) ^{3,7}	1,900	5,300	6,100	6,700	7,300
Nitrous Oxide (CO ₂ equivalent) ⁷	100	100	100	100	100
<i>Total Greenhouse Gases³</i>	20,600	26,500	26,100	27,700	27,600
Energy Use (trillion BTUs)					
Combustion Energy	220	229	211	222	242
Imported Electricity	5	6	6	6	6
<i>Total Energy</i>	225	235	217	228	248
Waste Gases (million cubic feet)					
Flaring Volume (routine and non-routine)	17,500	23,200	26,200	29,200	22,700
<i>Total Flaring</i>	17,500	23,200	26,200	29,200	22,700
Criteria Air Pollutants (tonnes)					
Volatile Organic Compounds (VOC)	62,200	92,500	97,900	87,600	125,200
Nitrogen Oxides (NOx)	33,100	56,300	88,500	100,500	97,800
Sulfur Oxides (SOx)	4,200	7,300	7,100	8,500	7,200
Particulate Matter (PM)	1,200	1,300	1,600	2,000	2,000
<i>Total Criteria Air Pollutants</i>	100,700	157,400	195,100	198,600	232,200
Wastes (tonnes)					
Hazardous Wastes	15,000	20,700	13,800	36,800	37,300
Non-Hazardous Wastes	199,900	259,000	193,000	113,600	248,200
Recycled Wastes	94,400	148,300	130,700	327,300	262,600
<i>Total Wastes</i>	309,300	428,000	337,500	477,700	548,100
Water (thousand cubic meters)					
Freshwater Withdrawn	14,500	10,200	11,600	12,100	12,000
Non-freshwater Withdrawn ⁵	51,500	42,800	50,100	—	—
Produced Water Recycle/Reuse ⁶	81,100	73,500	78,700	—	—
Liquid Hydrocarbon Spills					
Spills > 100 Barrels	2	3	8	3	11
Volume from Spills > 100 Barrels (barrels)	600	2,600	1,300	900	2,800
Spills > 1 Barrel	74	75	149	258	286
Volume from Spills > 1 Barrel (barrels)	1,500	3,400	3,000	3,300	4,900
Volume Recovered from Spills > 1 Barrel (barrels)	400	400	1,100	1,800	3,300

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Our Performance by Year (continued)

METRIC	ConocoPhillips Total		
	2017	2016	2015
Economic Contribution			
Charitable Investments (\$ million)	36.7	34.8	44
Payments to Vendors and Suppliers (\$ billion) ⁸	7.41	9.27	17.1
Shareholder Dividends (\$ billion)	1.3	1.3	3.7
Capital Investments (\$ billion) ⁹	4.6	4.9	10.1
Workforce			
Employees at Year-End	11,400	13,300	15,900
Employees — Women	26%	27%	27%
Top Leadership — Women	17%	17%	14%
Leadership — Women	21%	21%	20%
Junior Leadership — Women	22%	21%	21%
Professional — Women	27%	28%	27%
Non-U.S. Employees	48%	49%	50%
Non-U.S. Top Leadership	31%	24%	24%
Non-U.S. Junior Leadership	53%	55%	57%
Non-U.S. Leadership	49%	51%	52%
Additional Workforce Statistics (U.S.)			
Employees — Minorities	24%	23%	24%
Top Leadership — Minorities	11%	10%	8%
Leadership — Minorities	17%	16%	16%
Junior Leadership — Minorities	19%	18%	18%
Professional — Minorities	23%	22%	23%
Average Daily Net Production¹⁰			
Crude Oil (MBD)	599	598	605
NGL (MBD)	111	145	156
Bitumen (MBD)	122	183	151
Natural Gas (MMCFD)	3,270	3,857	4,060
Total (MBOED)	1,377	1,569	1,589
Total Proved Reserves at Year-End (billion BOE)	5.0	6.4	8.2

 [Read our Performance by Country.](#)

 [Read our GRI/IPIECA table for more information.](#)

 [Read our TCFD table for more information.](#)

¹ HSE data is based on ConocoPhillips assets we operate and assets where we have operational control. Environmental data is represented as 100 percent ownership interest regardless of actual share owned by ConocoPhillips with acquisitions and divestitures reflected using the effective date of the transaction.

² Former operations that were included in the 2012 spinoff of downstream are excluded.

³ To provide the most current and accurate data available, we have updated previously reported data for prior years as needed.

⁴ Data is normalized using barrels of oil equivalent (BOE) from production operations, including gas plant liquid production of ethane, propane, butane and condensate and LNG production from third party gas not accounted for in production operations. For gas production, 6,000 standard cubic feet of gas is assumed to be equal to one BOE.

⁵ Includes water withdrawn from saline/brackish groundwater aquifers and seawater.

⁶ Includes produced water recycled for production (e.g., steam generation) or completions (e.g., hydraulic fracturing) and produced water reused for enhanced oil recovery.

⁷ The Global Warming Potential factor (GWP) for reporting methane emissions was changed from 21 to 25 in 2013, and GWP for reporting N₂O was changed from 310 to 298.

⁸ Payments to Vendors and Suppliers is an estimate based on Production and Operating Expenses and Capital Program; this reflects a methodology change versus the 2014 Sustainable Development Report.

⁹ Includes discontinued operations and excludes \$2,810 million FCCL prepayment in 2013.

¹⁰ Production data is average daily net production from continuing operations.

MBD — Thousands of barrels per day.

MMCFD — Millions of cubic feet per day. Represents quantities available for sale and excludes gas equivalent of natural gas liquids included above.

MBOED — Thousands of barrels of oil equivalent per day.

Awards and Recognition

Qatar Green Building Council, Green Research Global Water Sustainability Center, Qatar	Gullkronen Operator of the Year Norway	Ducks Unlimited Corporate Conservation Achievement Award United States
CSR Award, Health Ministry Indonesia	International Standard for Business Aircraft Operations United States	Houston Wilderness 2017 Wild Partner Award United States
Emerald Award Canada	Minority Business News Corporate 101: Most Admired Companies, Supplier Diversity United States	Houston Business Journal Corporate Philanthropy Award United States
Friendship Award China	Corporate Responsibility Magazine 100 Best Corporate Citizens United States	United States Coast Guard Foundation Osprey Award for Environmental Excellence, Polar Tankers United States
Rystad Prize, Best Field Operator Norway	Newsweek Green Rankings United States	

2017 Ratings and Questionnaires

Dow Jones Sustainability Index (North America Index List)	Disclosing the Facts (11 out of 13)	Corporate Human Rights Benchmark (41 percent; industry average is 29.4 percent)
CDP Climate (B score)	ISS E&S Quality Score (1 = Lowest Risk)	

Explore ConocoPhillips

Fact Sheets

The ConocoPhillips fact sheets provide detailed operational updates for each of the company's six segments. The fact sheets are updated annually and are available at www.conocophillips.com/factsheets.



Annual Report

The ConocoPhillips Annual Report provides information about the company's financial and operational performance.



[Read our Annual Report.](#)



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Certain disclosures in this annual report may be considered "forward-looking" statements. These are made pursuant to "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. The "Cautionary Statement" in the Management's Discussion and Analysis in ConocoPhillips' 2015 Form 10-K should be read in conjunction with such statements.

"ConocoPhillips," "the company," "we," "us" and "our" are used interchangeably in this report to refer to the businesses of ConocoPhillips and its consolidated subsidiaries.

