

2015 Annual Report (Based on the Voluntary Principles Reporting Framework)

COMMITMENT TO THE VOLUNTARY PRINCIPLES

As a participating company, ConocoPhillips is [committed to supporting and promoting the Voluntary Principles for Security and Human Rights \(VPSHR\)](#) in its operations. This commitment is aligned with the company's [human rights position](#) and principles for effective stakeholder engagement.

We also actively participate in the IPIECA Social Responsibility Working Group, where industry guidance on security and human rights continues to evolve, and where companies share best practices and lessons learned through their experiences implementing human rights policies and positions.

POLICIES, PROCEDURES AND RELATED ACTIVITIES

Implementation of the company's human rights and security positions is supported by the following summarized processes and procedures applied at the project and business unit levels. These processes reinforce ConocoPhillips' ongoing actions to meet our sustainable development commitments.

RISKASSESSMENTS

The company identifies and manages potential health, safety, environmental, political, reputational, human rights, security and social risks over the entire lifecycle of our operations. Company guidelines require new and existing businesses to identify, track, and warn of such risks, in addition to technical, and commercial constraints. A new-venture project team identifies risks and constraints and documents these in a project risk register, which is used to inform mitigation plans. The company's risk assessment activities also inform local site security plans and supportive engagement strategies.

ConocoPhillips risk assessment capabilities enable us to:

- Identify security and human rights risks arising from political, economic, civil and social factors.
- Identify and understand the origins of risks that could lead to the erosion of security conditions and/or human rights protections.
- Assess human rights records, standing policies and applicable reform efforts in areas of potential company operations.
- Evaluate the strength and willingness of foreign legal, judicial and non-judicial institutions to address human rights concerns, adherence to contracts, and other legal expectations.

Sustainable Development (SD) Scorecard

To identify environmental, social and human rights issues during project development, project teams use a sustainable development (SD) scorecard and two related tools. This process is required for all projects that require board review and is strongly encouraged for all other projects. These tools remain active throughout the development phase of the project. As the project evolves, managers update, record and track new risks on a risk register. They incorporate steps to mitigate these risks into the development management plans and keep company management informed of how risks are being mitigated. We strive to incorporate security and human rights issues in the SD scorecard

process where warranted by new country entry, or other preliminary risk assessments.

The scorecard fosters discussion of sustainable development issues among project team members, and between the project team and decision makers. In addition to the issues raised in the scorecard discussions, this process also enables the project team to set objectives for environmental, social and human rights issues in each phase of the project.

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

Business unit or asset stakeholder engagement plans continued to address security and human rights as appropriate based on risk assessments.

Health, Safety, Environmental and Social Assessments

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

Once a project is ready for operation, the Health, Safety and Environment management system and other company sustainability programs help define company expectations and provide direction for managing environmental and social issues. It is the asset manager's responsibility to direct asset sustainable development performance. Audits carried out by corporate and business unit staff are a key process we apply to assure that these expectations are being met. Security and human rights issues are included in our high-level processes and where warranted by specific risk assessments.

At the asset level, we continue to advance integration of human rights issues in these processes and protocols as we further strengthen consistency in implementation. Sustainable development is incorporated into the HSE Management System and HSE and Social Issues Due Diligence Standards and the company has developed guidance on integrating social issues and human rights into its processes. HSE Management Systems are assessed annually using a common tool to guide targeted improvement and ultimately achieve the highest standards of excellence.

Security Audit and Compliance Program

The ConocoPhillips security audit and compliance program systematically evaluates company operations at key facilities to assure conformity with governmentally prescribed security mandates and company-required security policies, procedures and guidelines. This ongoing program identifies and internally reports on security operation non-conformities, and recommendations including issues associated with security and human rights, if any occur. The company also conducts due diligence investigations of security providers in countries that have been identified as high risk for human rights.

New Country Entry

Before starting a venture in a new country, we take several steps to assess sustainability and business risks. Once an opportunity is identified and as a request for approval is drafted, a new-country-entry risk assessment is prepared. Our process includes a comprehensive due-diligence assessment that identifies and characterizes significant political, economic, financial, security, health and safety, legal and social risks affecting the proposed business environment. The due diligence process also shapes our risk management/mitigation strategy. These assessments are supported and informed by the company's security and political risk analysis programs, both of which contribute to our evaluation of the human rights conditions in the country of interest, and feature prominently in our effort to develop a risk mitigation position associated with new country entry. Both of these functions also monitor the security and political conditions following entry, to provide early warning and advice regarding emerging threats to company operations and business objectives. If we are entering into a joint venture, we use these assessments during negotiations with potential co-venturers to outline the risks identified, clearly state our expectations on environmental and social-issue performance, and discuss how the venture will seek to manage these concerns.

Following completion of this due diligence phase, all new-country entry requests are reviewed by the business unit and executive leadership teams. In cases where there is a high likelihood of – or sensitivity to – significant risk, consultation with the board of directors normally occurs.

In 2016, we continued to include comprehensive security and human rights analysis as part of new country entry assessments for countries considered to be "high risk" in these areas based on externally developed risk indices.

Other Transactions

We also perform due diligence on acquisitions or divestments of businesses or properties, new business ventures, incorporated and unincorporated joint-venture agreements, and initiations and terminations of property leases or subleases. This process is designed to ensure that past, present and potential HSE liabilities are clearly identified, understood and documented, with our sustainable development positions addressed prior to major business transactions. We strive to include security and human rights in this process where relevant. This due-diligence standard applies to ConocoPhillips and its global subsidiaries, including operated affiliates and joint ventures.

Following completion of the due-diligence assessment, a corporate HSE non-objection request, which may address human rights and social issues where relevant, is required for all major business transactions. The non-objection letter provides documentation that past, present and potential HSE liabilities have been adequately identified and assessed for the particular transaction, and that the liability risks are or can be satisfactorily mitigated.

IMPLEMENTATION

Human Rights Training and Awareness

ConocoPhillips has developed a human rights training course, which incorporates IPIECA's updated guidance on human rights training and includes a module on security & human rights. The training has been rolled out globally via a computer-based module to our stakeholder engagement practitioners and other operations staff and management as appropriate based on location. We continue regular training of security providers in priority countries for security and human rights issues.

Country-Level Implementation

Our commitment to security and human rights continues throughout projects where we operate or have working interest. In addition to specific policies on security and human rights, and the company processes and procedures described above, on-the-ground implementation actions include:

- Training for employees, security contractors, and other stakeholders where appropriate.
- Integration of security and human rights commitments in security- provider contracts and related contract monitoring.
- Stakeholder outreach and engagement, including public security forces where relevant.

The following are specific examples of how the company manages security and human rights in its operations, or previous operations, in four countries: Angola, Colombia, Indonesia and Libya.

- Angola

Security Contracts

The contract requirements for our security service provider in Angola include the management of security and human rights issues. This includes agreement that security guard services shall comply with VPSHR and those ConocoPhillips' policies established for the implementation of VPSHR and communicated to the security contractor. Contractors are specifically required to conduct security operations consistent with the elements applicable to "Companies" as set forth in VPSHR.

- Colombia

The Colombia Business Unit is committed to implementing VPSHR in country.

Security Contracts

Security and Human Rights issues are incorporated into the contract requirements for private security service providers in Colombia. This includes agreement that security guard services shall comply with VPSHR and those ConocoPhillips' policies established for the implementation of VPSHR and communicated to the security contractor.

Agreements with public security forces include language regarding VPSHR.

Training

Security personnel and community engagement practitioners, including contractors, are given corporate human rights and VPSHR training

- Indonesia

ConocoPhillips Indonesia (COPI) continues to reinforce the company's commitment to the VPSHR with a focus on training, contractor requirements and collaboration. In addition, guard contractors must ensure that all guards working for ConocoPhillips receive training on the VPSHR.

Security Risk Assessments (SRAs)

In 2016 the Indonesian Business Unit completed updating our existing onshore Indonesia security risk assessments.

In 2016, we completed an annual supply chain security risk assessment.

Security Contracts

Our Indonesian business unit requires that all security contractors endorse and follow the VPSHR. This is included in all applicable contracts throughout the Asia Pacific & Middle East.

Training

For ConocoPhillips Indonesia Business Unit, VPSHR training is conducted regularly for security guards, as well as Indonesian Business Unit personnel and National Police personnel assigned to support COPI operations.

In 2016, VPSHR training was conducted for police personnel who were assigned to ConocoPhillips Indonesia onshore facilities. During the training the police personnel were also advised about ConocoPhillips Indonesia rules of engagement. Approximately 87 police officers received this training.

COPI also provides a VPSHR bulletin (as a section within the monthly newsletter) to the Jakarta security guards. The VPSHR bulletin topics were related to Human Rights; COPI Standard Operating Procedures on the use of force and included real life examples.

- Libya

Security Contracts

The contract requirements for our security service provider in Libya include the management of security and human rights issues. This includes agreement that security guard services shall comply with VPSHR and those ConocoPhillips' policies established for the implementation of VPSHR and communicated to the security contractor. Contractors are specifically required to conduct security operations consistent with the elements applicable to "Companies" as set forth in VPSHR.

LESSONS AND ISSUES

ConocoPhillips' engagement with public security forces in Colombia, a participant in the Voluntary Principles Initiative, in 2016 demonstrates the manner in which host country governments can implement the VPSHR.

Since April 18, 2016, anti-fracking activists had been illegally blocking access to the public road to the Picoplata #1 well site, located in the Contract Area of the VMM3 Block, preventing us from performing the work program committed to the regulatory agency (ANH) and not allowing the Colombian government authorities access to perform their supervisory and control roles for the operations.

We worked with the Mayor of San Martin, law enforcement authorities and the relevant government agencies to address the illegal blockade of the public road. After 6 months of exhausting all available negotiating options (including more than 50 meetings with the communities and the anti-fracking activists) to safely access our Picoplata #1 well site, we formally requested the intervention of the Mayor of San Martin to re-establish transit on the public road and allow access to the Picoplata #1 well site. This request was made following all regulatory procedures in Colombia and resulted in the deployment of ESMAD to allow for safe access to the site on October 18, 2016.

When communicating with local and national officials regarding the request for support, we made clear our expectation that the VPSHR would be followed. The ESMAD were accompanied by a local Human Rights Representative to help ensure the VPSHR was followed. This implementation of the VPSHR by public security forces was greatly facilitated by the Colombian government's own commitment to the VPSHR and its participation in the Voluntary Principles Initiative.