ConocoPhillips and Climate Change Policy

An investor briefing on ConocoPhillips’ climate and energy policy engagement

May 2023

This briefing was developed in the run up to ConocoPhillips’ AGM to help inform shareholders about the company’s climate policy engagement performance, both directly and through its industry associations. InfluenceMap’s online profile for ConocoPhillips, updated weekly, can be found here. Similar shareholder briefings covering companies in a range of sectors facing shareholder pressure can be found on InfluenceMap’s investor hub, as can a full list of metrics and profiles for all companies covered by the Climate Action 100+ investor engagement process.

Executive Summary

- InfluenceMap’s assessment shows that ConocoPhillips consistently advocates for government policy decisions that are not aligned with the science and recommendations of the Intergovernmental Panel on Climate Change (IPCC), including rescinding or weakening federal climate regulations. InfluenceMap’s November 2022 Corporate Climate Policy Footprint report ranked ConocoPhillips as fourth among the most negative and influential companies on climate policy globally.

- Of particular significance is the company’s advocacy for increased oil exploration. On March 13th, 2023, U.S. President Joe Biden approved ConocoPhillips’ proposed oil drilling project in the National Petroleum Reserve in Alaska. InfluenceMap analysis shows that ConocoPhillips and its industry associations pushed for approval of the Willow Project in multiple communications with government decision makers between 2020 and 2023.

- In communications with policymakers, ConocoPhillips deploys highly nuanced narratives to make the case for "environmentally responsible" fossil extraction and a moderated approach to decarbonization. Similar arguments have been used by the company’s industry associations. For example, ConocoPhillips emphasizes that oil will be necessary “even under a net zero 1.5°C” scenario, and as such, that the Willow Project aligns with an “orderly” energy transition. The company also states that production from Willow would generate some of the most “socially and environmentally responsible” barrels of oil in the world.

- Such claims appear to contradict recent IPCC warnings that projected CO2 emissions from existing fossil fuel infrastructure alone would exceed the remaining carbon budget for a 1.5°C future. IEA Director Fatih Birol recently stated in April 2023 that “the current existing oil and gas fields are more than enough to meet the demand growth.”
ConocoPhillips holds memberships to multiple trade associations that advocate for fossil fuel expansion. In the U.S., industry groups such as the American Petroleum Institute (API) and Western States Petroleum Association (WSPA) as well as cross-sector associations such as the U.S. Chamber of Commerce (U.S. Chamber) and National Association of Manufacturers (NAM) all advocated for approval of the Willow Project. InfluenceMap’s assessment of ConocoPhillips’ trade associations review – a key ask from investors to CA100+ companies – found the review to be of poor quality, providing little detail on the company’s alignment with its industry groups.

ConocoPhillips’ Climate Policy Influence

Overview of direct influence

In InfluenceMap’s November 2022 Corporate Climate Policy Footprint report, ConocoPhillips was ranked as fourth among the most negative and influential companies on climate policy globally. The report identified the 25 most negative and influential corporations from around the world, combining assessments from InfluenceMap’s platform for assessing corporate climate policy engagement with indicators to judge relative economic and political clout of each company. ¹

<table>
<thead>
<tr>
<th>Rank</th>
<th>+/- from 2021</th>
<th>Name</th>
<th>Sector(s)</th>
<th>Headquarters</th>
<th>Climate Policy Footprint</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(+)1</td>
<td>ExxonMobil</td>
<td></td>
<td>US</td>
<td>-84</td>
</tr>
<tr>
<td>2</td>
<td>(-)1</td>
<td>ConocoPhillips</td>
<td></td>
<td>US</td>
<td>-76</td>
</tr>
<tr>
<td>3</td>
<td>(+)3</td>
<td>BASF</td>
<td></td>
<td>Germany</td>
<td>-69</td>
</tr>
<tr>
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<td>(+)3</td>
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<td>-64</td>
</tr>
<tr>
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<td>0</td>
<td>SEMpra</td>
<td></td>
<td>US</td>
<td>-51</td>
</tr>
<tr>
<td>6</td>
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<td>-51</td>
</tr>
<tr>
<td>7</td>
<td>(-)3</td>
<td>Nippon Steel</td>
<td></td>
<td>Japan</td>
<td>-52</td>
</tr>
<tr>
<td>8</td>
<td>New Entry</td>
<td>Toyota</td>
<td></td>
<td>Japan</td>
<td>-42</td>
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<td>9</td>
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<td>Japan</td>
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<tr>
<td>10</td>
<td>(-)7</td>
<td>Toyota</td>
<td></td>
<td>Japan</td>
<td>-42</td>
</tr>
</tbody>
</table>

¹ InfluenceMap’s methodology, available on our website, uses seven publicly available data sources to gather evidence of company and industry association engagement on a range of climate-related policy streams. Each item of evidence is scored against benchmarks based on the advice of IPCC science or the stated intentions of governments looking to implement the Paris Agreement. This process can result in hundreds of scored evidence items, providing a robust basis to assess the extent to which a company’s climate policy engagement, and that of its industry associations, is Paris-aligned.
The Willow Project was approved in March 2023 despite the Biden administration’s initial promise to ban all new oil and gas permitting on public lands and waters. According to research group OpenSecrets, ConocoPhillips spent nearly twice its normal lobbying budget in 2022 as it sought approval for the project.

InfluenceMap’s analysis indicates that over the last three years, oil major ConocoPhillips has taken positions that are not aligned with the science and recommendations of the Intergovernmental Panel on Climate Change (IPCC). For example, on its website, ConocoPhillips recommends that climate policy avoid “overlapping or duplicating” existing programs and “undue harm” to the economy. In its 2021 Sustainability Report, ConocoPhillips states that a federal carbon tax “should replace all environmental laws and regulations that are intended to reduce or control carbon and other GHG emissions.” And on the issue of methane emissions, ConocoPhillips states that its position is aligned with that of the American Petroleum Institute (API) – an industry association which strongly opposed the U.S. EPA’s 2022 Methane Regulation and 2023 Supplemental Methane Proposal. These positions stand in contrast to the IPCC’s 2022 Mitigation of Climate Change report, which reiterated the importance of regulatory action at various levels and areas of government to address climate change.

This briefing was developed to help inform shareholders about the company’s climate policy engagement performance in the run up to ConocoPhillips’ AGM, given interest in the Willow Project and the company’s climate policy engagement. Analysis of corporate climate policy engagement is becoming a mainstream indicator of corporate governance and management-level thinking on the transition to a net-zero economy. If a company’s climate policy engagement is inconsistent with the Paris Agreement’s 1.5°C goal, this suggests that the company’s business model is not prepared for a low-carbon transition. InfluenceMap’s complete online profile on ConocoPhillips, including access to the underlying data which forms this assessment, can be found here.

ConocoPhillips’ Advocacy for Fossil Fuels in Alaska & Beyond

ConocoPhillips’ Willow Project, an oil drilling project in northern Alaska, has been a target of widespread criticism due to its environmental and climate implications. The Bureau of Land Management Alaska (BLM Alaska) Supplemental Environmental Impact Statement (SEIS) for the Willow Master Development Plan, released in January 2023, outlined the possible negative effects of the project on both public health and local subsistence. It noted likely impacts on sociocultural systems for local communities, particularly the Nuiqsut community.

ConocoPhillips has attempted to influence BLM’s approval of the project multiple times in the last three years.

- The company’s letter to BLM Alaska in August 2022 advocated for a final SEIS and project approval. The letter claimed that the project was aligned with a 1.5°C energy transition, despite the IPCC’s findings that projected CO2 emissions from existing fossil fuel infrastructure alone, without additional
abatement measures (such as carbon capture), is already likely to exceed the remaining carbon budget for a 1.5°C future.

- In February 2022, the company advocated to BLM to avoid delays in the project approval, as reported by Inside Climate News.

- ConocoPhillips’ advocacy for the Willow Project includes attempts to influence timelines for stakeholder consultation, which Indigenous community leaders of the City and Native Village of Nuiqsut stated were inadequate. In July 2022, ConocoPhillips sent a letter to BLM Alaska requesting that the government refuse requests to extend the 45-day comment period.

- ConocoPhillips’ advocacy on Willow appears to include communications with Alaska Senator Lisa Murkowski. A press release from the Senator’s office in July 2022 included a quote from ConocoPhillips Alaska President Erec Isaacson, in which he advocated for the project’s approval. In March 2023, Politico reported on Murkowski’s successful attempt to influence President Biden for the project approval.

- ConocoPhillips also appears engaged on issues related to biodiversity protection in Alaska. In May 2020, the company sent a letter to BLM Alaska requesting the agency to “correct errors” in the overestimation of the project’s impact on polar bears. The letter also asked BLM Alaska to “eliminate unsubstantiated conclusions” about the project’s impact on caribou migration.

"Environmentally Responsible Barrels of Oil:” Narrative Building for Willow

In its attempts to push for Willow Project approval, ConocoPhillips and the broader oil and gas sector have used terms like “environmentally responsible” to describe the localized impacts of the extraction process. Such narratives appear to distract from the global impacts of extracting and combusting significant additional quantities of fossil fuels. In ConocoPhillips’ letter to BLM Alaska officials concerning the Willow Project, the company stated that “According to 2021 International Energy Agency data, even under a ‘net zero’ 1.5°C energy transition, the world will still require more than 70 million barrels of oil per day in 2030, and 24 million barrels of oil per day in 2050. If Alaska and the Willow project do not produce these barrels, they will be produced somewhere else — likely somewhere without the strong environmental protections provided by the IAP.” The company added that the oil production from

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2 ConocoPhillips discloses its 2021-2022 political contributions on its website. According to this disclosure, the company’s contribution to Senator Lisa Murkowski was one of the highest amounts of all political contributions for a candidate disclosed for the period July-December 2021. (Note: InfluenceMap does not assess campaign contributions in its methodology.)
Willow can contribute to “an orderly energy transition” with “some of the most socially and environmentally responsible barrels of oil that can be produced anywhere.”

The U.S. government estimates that the Willow Project will produce approximately 576.0 million barrels of oil with associated indirect CO2e emissions of 239,040,000 tons. The company's claim that a lack of oil production in the U.S. would lead to oil production in other countries appears to overlook the need to reduce oil demand globally, as per IPCC and IEA recommendations that advise against the incompatibility of new fossil fuel projects with the 1.5°C goal.

Oil and gas industry associations have echoed ConocoPhillips' claims, hinting at the industry's seemingly coordinated advocacy strategy for the project. Claims such as “environmentally and socially responsible” in reference to the project recur in communications from industry to BLM Alaska. In a letter to BLM Alaska in August 2022, the U.S. Chamber of Commerce stated that oil supply from Willow will provide “some of the most technologically advanced and environmentally and socially responsible barrels produced in the world.” The Chamber added that this would provide “a net reduction in greenhouse gases as it displaces overseas imports with higher greenhouse gas intensity.” Similarly, the National Association of Manufacturers’ letter to BLM Alaska in August 2022 emphasized the need to increase production from the “environmentally-sound and economically-smart opportunity” presented by the Willow Project. In addition, the American Petroleum Institute’s August 2022 letter to the agency portrayed the project as a “responsible, safe, and efficient” way to increase domestic oil and gas production.

Beyond its Willow-related advocacy, ConocoPhillips’ overall engagement on fossil fuels is misaligned with IPCC guidance. The IPCC’s 2022 Mitigation of Climate Change report emphasizes the need for “substantial reductions” in fossil fuel consumption and for shifting investments away from fossil fuels toward low-carbon technologies to limit warming to 2°C. Despite these warnings, the company advocates consistently for an increased role for oil and gas in the energy mix, primarily in the U.S.

- ConocoPhillips’ Q4 2022 LDA filing disclosed its advocacy in support of new oil and gas lease sales on federal lands, including but not limited to approval of the Willow Project.

- In March 2023, Reuters reported that at the CERAWeek energy conference, ConocoPhillips CEO Ryan Lance advocated for permitting reform in the U.S. that would enable a quicker approval process for energy infrastructure, including fossil fuel infrastructure. At this conference, Lance also claimed that fossil gas is “more than just a bridge fuel” and that gas would be “around for a long time,” as reported by Inside Climate News.
ConocoPhillips has an advocacy website called ‘Power in Cooperation’ which promotes additional investment into oil and gas infrastructure and increased use of fossil gas, stating that such measures would be “good for the environment.”

Beyond US, ConocoPhillips appears to advocate for oil and gas in Australia, Canada, and the EU. In Australia, the company’s submission to the Department of Industry Science and Resources in July 2022 advocated for the removal of moratoria and development barriers to encourage fossil gas development. In Canada, the company’s January 2023 registration at the Federal Lobbying Registry reveals further advocacy for oil and gas, citing the need for market access and energy security. In the EU, ConocoPhillips disclosed in its 2021 CDP Climate Change Response disclosed that it would oppose the EU Taxonomy for Sustainability if it excluded fossil gas.

**Indirect climate policy influence via industry associations**

ConocoPhillips holds memberships to several associations with highly negative climate policy engagement. Three of these groups — the American Petroleum Institute (API), U.S. Chamber of Commerce, and Canadian Oil and Gas Producers (CAPP) — feature in InfluenceMap’s November 2022 *Corporate Climate Policy Footprint report* for demonstrating the most negative and influential climate policy engagement of all industry associations assessed by InfluenceMap globally.

InfluenceMap has detected a global trend in which companies often outsource their most negative climate policy positions to their industry associations, which engage on their behalf. InfluenceMap’s Organization Scores for groups like the API, U.S. Chamber, and CAPP are lower than ConocoPhillips’ (and many other member companies’) scores. These groups can advocate on critical policy areas, such as new fossil fuel investments, while their members appear quieter.

Notably, in ConocoPhillips’ review of its alignment with eight industry associations, the company states that it is aligned with the American Petroleum Institute, Canadian Association of Petroleum Producers, and International Oil & Gas Producers Association on the three policy areas that it names (the Paris Agreement, carbon pricing, and methane emissions). A detailed assessment of the company’s corporate review on climate policy engagement can be found on InfluenceMap’s CA100+ Investor Hub here.

Key examples of advocacy for fossil fuel expansion led by ConocoPhillips’ industry associations are outlined in the table below.
Table 1: Evidence of recent fossil fuel-related engagement by ConocoPhillips’ industry associations

<table>
<thead>
<tr>
<th>Industry Association</th>
<th>InfluenceMap Score</th>
<th>Relationship to ConocoPhillips</th>
<th>Advocacy on Willow Project</th>
<th>Additional Examples of Recent Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>API</td>
<td>F</td>
<td>Direct membership</td>
<td>Advocated for the approval of the Willow Project (Letter to Bureau of Land Management, Alaska, August 2022)</td>
<td>Advocated for new five-year outer continental shelf offshore leasing program for oil and gas development in the U.S. (Comments to Bureau of Ocean Energy Management, October 2022)</td>
</tr>
<tr>
<td>U.S. Chamber of Commerce</td>
<td>E-</td>
<td>Board membership</td>
<td>Advocated for the approval of the Willow Project (Letter to Bureau of Land Management, Alaska, August 2022)</td>
<td>Sponsored TV ads in the home state of Arizona Senators Krysten Sinema and Mark Kelly urging that they vote against the Inflation Reduction Act (The Hill, February 2022)</td>
</tr>
<tr>
<td>Business Roundtable</td>
<td>D+</td>
<td>Direct membership</td>
<td>Commended the Biden administration for its approval of the Willow Project (Twitter, March 2023)</td>
<td>Contested the legality of EPA’s proposed methane regulations and advocated to extend the timelines of the regulations (Comments on EPA Methane Regulation Supplementary Proposal, February 2023)</td>
</tr>
<tr>
<td>Manufacturers</td>
<td>E</td>
<td>Board membership</td>
<td>Advocated for the approval of the Willow Project (Letter to Bureau of Land Management, Alaska, August 2022)</td>
<td>Advocated for expediting the permitting process for offshore and onshore infrastructure, including fossil fuel projects (Letter to President Joe Biden, June 2022)</td>
</tr>
<tr>
<td>Western States Petroleum Association</td>
<td>E-</td>
<td>Direct membership</td>
<td>None detected</td>
<td>Opposed California’s proposal to terminate offshore oil and gas (Senate Committee on Natural Resources and Water, April 2022)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Opposed California Governor Gavin Newsom’s proposal to ban hydraulic fracturing by 2024 and to end all oil extraction in the state by 2045 (Press release, May 2021)</td>
</tr>
</tbody>
</table>
### CAPP

**Board membership**

None detected

**Advocated** for investments in oil and gas, including construction of pipeline projects between the United States and Canada *(CAPP Registration at Lobby Canada, January - June 2022)*

**Opposed** Canada government’s plans to phase-out of fossil fuels subsidies *(Comments to the Standing Committee on Environment and Sustainable Development (ENVI), May 2022)*

### appea

**Direct membership**

None detected

**Advocated** for oil and gas exploration and production in the Beetaloo Basin in Australia *(Testimony to Australia’s Environment and Communications References Committee, March 2022)*

### ICOP

**Committee membership**

None detected

**Advocated** for “favorable regulatory frameworks” to incentivize gas supply in Europe in a meeting with the EU Commission *(Freedom of Information Request, December 2022)*

ConocoPhillips’ industry associations also influence biodiversity policy in Alaska.

- **In April 2021,** a letter sent to the National Maritime Fisheries Service from the American Petroleum Institute and Alaska Oil and Gas Association **opposed** the designation of critical habitat in Alaskan waters for Pacific bearded seals under the Endangered Species Act.

- **Similar advocacy by the API in April 2021** **advocated** against critical habitat designation for Arctic ringed seals.

- **Comments by the API in March 2019** also **advocated** to BLM Alaska for the weakening of statutory protection of caribous and polar bears. Details of policy engagement on biodiversity issues led by API can be accessed [here](#).