



ASSESSMENT OF CONOCOPHILLIPS' CLIMATE STRATEGY

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Publication date:

April 2023

TABLE OF CONTENTS

Introduction	4
1. ConocoPhillips in a nutshell today	6
2. Transparency of ConocoPhillips' climate plan	7
3. Quality of ConocoPhillips' climate plan	10
a. Oil and gas trajectory	10
b. Cash-flow allocation	14
c. Decarbonization targets and climate trajectory	14

INTRODUCTION

ConocoPhillips ranked as the 20th biggest oil and gas producer worldwide and as the 14th biggest upstream oil and gas developer globally.¹

As one of the largest greenhouse gas emitters worldwide, and one of the biggest American oil and gas producers, ConocoPhillips is one of the few companies in the world whose climate transition (or lack thereof) in the coming years will have a determining impact on our collective ability to limit global warming to 1.5°C. In 2021, the company pledged to achieve carbon neutrality on its scope 1 and scope 2 net equity and gross operated emissions on an intensity basis by 2050 or sooner.²

ConocoPhillips' investors and other financial stakeholders have both a key interest and a crucial responsibility to ensure that the company swiftly aligns on a 1.5°C-compatible pathway. Targeted restriction policies combined with shareholder engagement are important tools to achieve this objective.

The key findings of this briefing are:

- ConocoPhillips does not provide sufficient information about its decarbonization plan to allow investors and other financial stakeholders to correctly assess its capacity to align with a 1.5°C pathway. Insufficient or no information is given on the company's absolute and relative GHG

reduction targets covering scope 1, 2 and 3, on its contribution of captured GHG volumes along the value chain and of offsets to the emission reduction targets, on its CAPEX plan, on its 2030 targeted energy mix and production volumes, as well as on the scenario it uses to establish its climate plan.

- Taking into account ConocoPhillips' oil and gas production from currently producing fields, and its fields that are under development and under field evaluation, its production level in 2030 will be 20% higher than what is required to align with the International Energy Agency's 1.5°C-aligned Net Zero Emissions (NZE) scenario.
- ConocoPhillips does not communicate its production projections by 2030. With the hypothesis that ConocoPhillips maintains

its 2023 oil and gas production at plateau until 2030, its production will be 71% higher than the level required to align with the NZE.

- ConocoPhillips has not committed to stop developing new oil and gas projects beyond those already in development and around 85% of its current expansion plans are in Arctic oil and gas and fracking activities.
- ConocoPhillips does not report investments dedicated to renewable power generation.
- ConocoPhillips has pledged mitigation targets for 2030 on scopes 1 and 2 only. As the group does not disclose any scope 3 target nor exhaustively reports its current emissions, it is not possible to project ConocoPhillips' GHG emissions trajectory.



1. CONOCOPHILLIPS IN A NUTSHELL TODAY

ConocoPhillips accounts for 1.3% of global oil and gas production and 1.6% of short-term expansion plans.³

As of March 1st, 2023:⁴

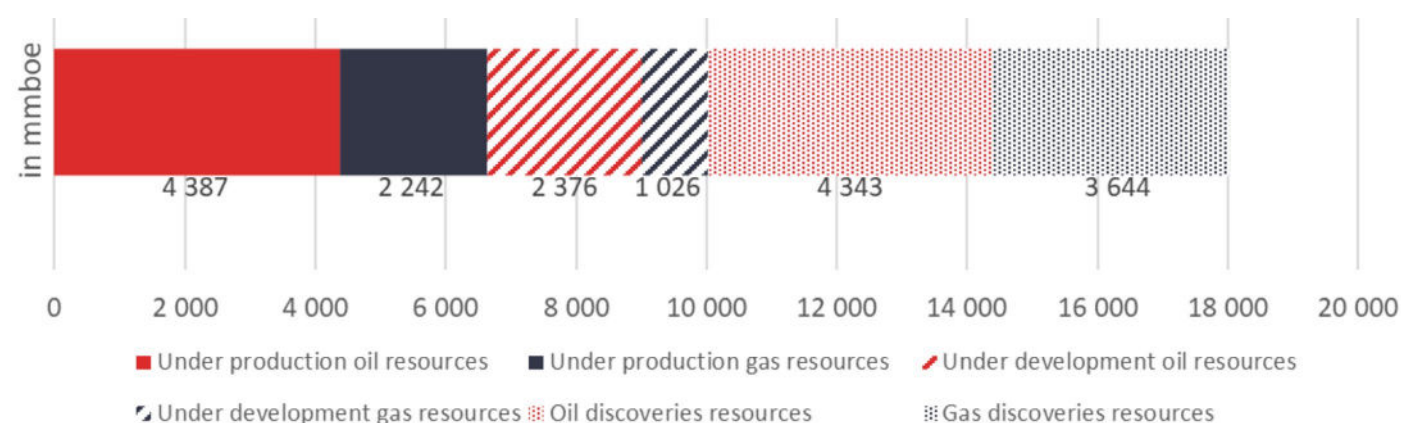
- ConocoPhillips currently had 6,629 million barrels of oil equivalent (mmboe) of resources under production, with 4,387 million barrels (mmbbl) of oil and 2,242 mmboe of natural gas. This represents the equivalent of 10.7 years of production at 2022 levels.
- ConocoPhillips also has 3,402 mmboe of resources under development or field evaluation, including 2,376 mmbbl of oil and 1,026 mmboe of natural gas. This represents 5.5 years of production at 2022 levels.

- ConocoPhillips holds 7,988 mmboe of oil and natural gas discoveries, including 4,343 mmbbl of oil and 3,644 mmboe of natural gas. This represents 12.8 years of production at 2022 levels.

Beyond exploration and production activities, ConocoPhillips is also present in the downstream segment with refining activities and petroleum product sales.

In 2022, ConocoPhillips extracted 634 mmbbl of oil and gas. ConocoPhillips' refinery throughput was 549 mmbbl, and refined product sales were 954Mt.⁵ ConocoPhillips does not report any renewable power generation.

ConocoPhillips' oil and gas resources
(based on current resources in million barrels of oil equivalent)



Source: Rystad Energy, accessed in March 2023

2. TRANSPARENCY OF CONOCOPHILLIPS' CLIMATE PLAN

The adoption and publication of sufficiently detailed targets and indicators are a prerequisite to assessing how a company's transition plan aligns with a 1.5°C trajectory.

In 2021, ConocoPhillips published net equity and gross operated 2028 interim decarbonization targets.⁶

While ConocoPhillips provides information about its decarbonization targets, it does not include significant indicators, and the information provided lacks the granularity needed to allow investors and other financial stakeholders to correctly assess its capacity to align with a 1.5°C pathway. The information given does not allow investors to understand the company's trajectory for GHG emissions and its production model through 2030, or the risks associated with financial exposure to the company.

For example, ConocoPhillips' 2030 decarbonization targets are only for net equity and gross operated scope 1 and 2 emissions, without any information on scope 3 emissions. ConocoPhillips does not publish an oil and gas production target, so its expected future energy mix is unknown.

The table below summarizes ConocoPhillips' level of disclosure on several key transition indicators. It does not provide a global assessment of the transparency and completeness of ConocoPhillips' transition plan, but rather focuses on basic indicators that should form the foundations of any oil and gas major transition plan.

Assessment of the transparency of ConocoPhillips' climate plan

Does ConocoPhillips publish detailed information about the following indicators up to 2030?	Yes - No Partially	Comment
Absolute & relative GHG emissions reduction targets covering scope 1, 2 and 3	No	<ul style="list-style-type: none"> ConocoPhillips only publishes intensity targets. ConocoPhillips' intensity decarbonization targets do not cover scope 3 emissions.
Contribution of carbon capture along the company's value chain to emission reduction targets	No	<ul style="list-style-type: none"> ConocoPhillips indicates the company relies on carbon capture and offsets without indicating the total GHG captured or offset.
Contribution of offsets to the emission reduction targets, and offsetting approaches ⁷		
Capital expenditure (CAPEX) breakdown by activity, and by production maintenance and growth	No	<ul style="list-style-type: none"> ConocoPhillips provides information on its 2023 forecasted capital and exploration expenditure without any information beyond 2023. ConocoPhillips does not indicate the breakdown of CAPEX per activity. ConocoPhillips does not indicate the split between growth and maintenance CAPEX.
2030 targeted energy mix and production volumes	No	<ul style="list-style-type: none"> ConocoPhillips does not publish its oil and gas production beyond 2023.
Reference scenario used to define the climate targets ⁸	No	

Source: 2022 FY Financial statements and 2021 20-F, 2022 and 2023 Investor presentations, ConocoPhillips for 2021 report

3. QUALITY OF CONOCOPHILLIPS' CLIMATE PLAN

a. Oil and gas trajectory

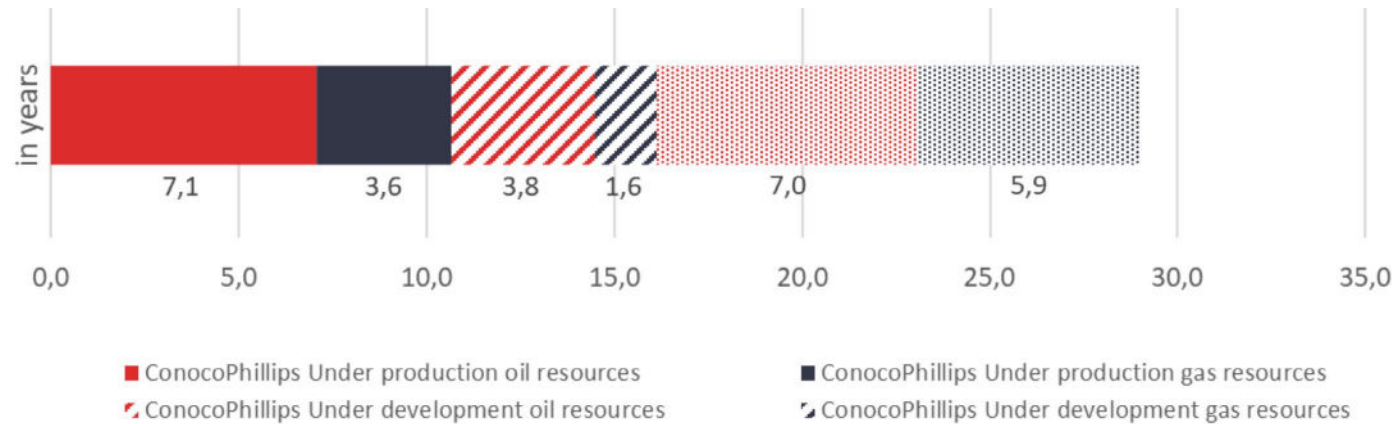
In May 2021, the IEA published its “Net Zero Emissions (NZE)” scenario. This provides a pathway to meet global energy needs while having a 50% chance of keeping global warming below 1.5°C.⁹ It was used as the reference scenario in the World Energy Outlook (WEO) 2021 and was updated in the WEO 2022 published in October 2022.¹⁰ It projected a reduction in oil and gas production of 22 and 23% respectively by 2030 compared to 2021 levels and an end to the development of new oil and gas production projects and LNG terminals.

According to the Global Oil and Gas Exit List (GOGEL), ConocoPhillips is the 14th top global oil and gas upstream developer. 74% of its expansion plans did not obtain

their Final Investment Decision (FID) before 2022 and then are overshooting the IEA NZE scenario. ConocoPhillips is increasingly tapping into Arctic oil and gas resources and fracking that account all together for 84.7% of the oil and gas resources currently being developed.¹¹ Among the main projects under development today are fields located in the shale Permian basin.¹²

Despite the disrupted energy environment caused by the invasion of Ukraine, the need to halt oil and gas expansion as soon as possible remains a key feature of the IEA NZE scenario. The May 2021 NZE scenario already projected to halt the development of new oil and gas fields, beyond those for which the FID was approved before January 1st, 2022. Considering 2022's LNG capacity additions, the WEO 2022 version of the NZE highlights

ConocoPhillips' oil and gas resources
(based on current resources and 2022 level of production)



Source: Rystad Energy, accessed in March 2023

“ I am also calling on CEOs of all oil and gas companies to be part of the solution. They should present credible, comprehensive and detailed transition plans in line with the recommendations of my High-Level Expert Group on net-zero pledges.

These plans must clearly detail actual emission cuts for 2025 and 2030, and efforts to change business models to phase out fossil fuels and scale up renewable energy.”

Antonio Guterres,
Secretary-General of the United Nations,
March 2023



the need to also end the development of new LNG terminals, beyond those approved by January 1st, 2023.

The completion of some projects that can swiftly enter production and operate for a limited time only – mainly shale oil & gas projects – is not expressly forbidden in the WEO 2022 version of the NZE. The IEA notably stresses that the invasion of Ukraine cannot justify a “new wave of oil and gas infrastructure”, and that any new oil and gas fields will make it “even more challenging” to meet carbon neutrality targets and “creates the clear risk that [the 1.5°C] target moves out of reach”. Concretely, any such project will require even greater reduction efforts in other sectors and activities.

The IPCC also highlights the risks associated with the development of any new fossil fuel projects.¹³ This concurs with a large and growing body of scientific evidence showing the need to immediately end fossil fuel development and a growing consensus on this in net-zero policy discussions.¹⁴

Oil and gas production should decrease by 21% and 6% respectively during the decade according to the NZE scenario.¹⁵ However, without developing any new oil and gas fields and extracting only its resources that are already under production, ConocoPhillips has enough resources to produce the equivalent of 10.7 years of oil and gas production at its 2022 level. ConocoPhillips’ resources under development and field evaluation will provide ConocoPhillips the equivalent of another 5.5 years of production at its 2022 production level. If ConocoPhillips exploits all its oil and gas discoveries, ConocoPhillips will have enough resources to produce the equivalent of a further 12.8 years of production at its 2022 level.

In the NZE scenario, the oil and gas production rate declines due to the combination of the natural depletion of existing oil and gas fields and the absence of new fields to fill the gap. This decline happens even though the NZE relies on material levels of negative emissions, including through the deployment of technologies unproven at scale, and would

be much faster without such a reliance. Other prominent 1.5°C scenarios with no or low overshoot also show oil and gas production declining by 2030. These, include the One Earth Climate Model (OECM),¹⁶ the Network for Greening the Financial System (NGFS)’ Net-Zero scenarios,¹⁷ and IPCC 1.5°C with no or low overshoot scenarios filtered to limit the reliance on negative emissions (CCS, NBS...) to reasonable volumes.¹⁸

The following chart compares ConocoPhillips’ oil and gas production level in 2023 (ConocoPhillips does not communicate on its production projections by 2030) with the level that would be considered aligned with the NZE scenario. That level aggregates production from its producing fields and its under-development fields that obtained FID before 2022.¹⁹ The chart also indicates the level of production that would come from the fields under production and those under development and under field evaluation.

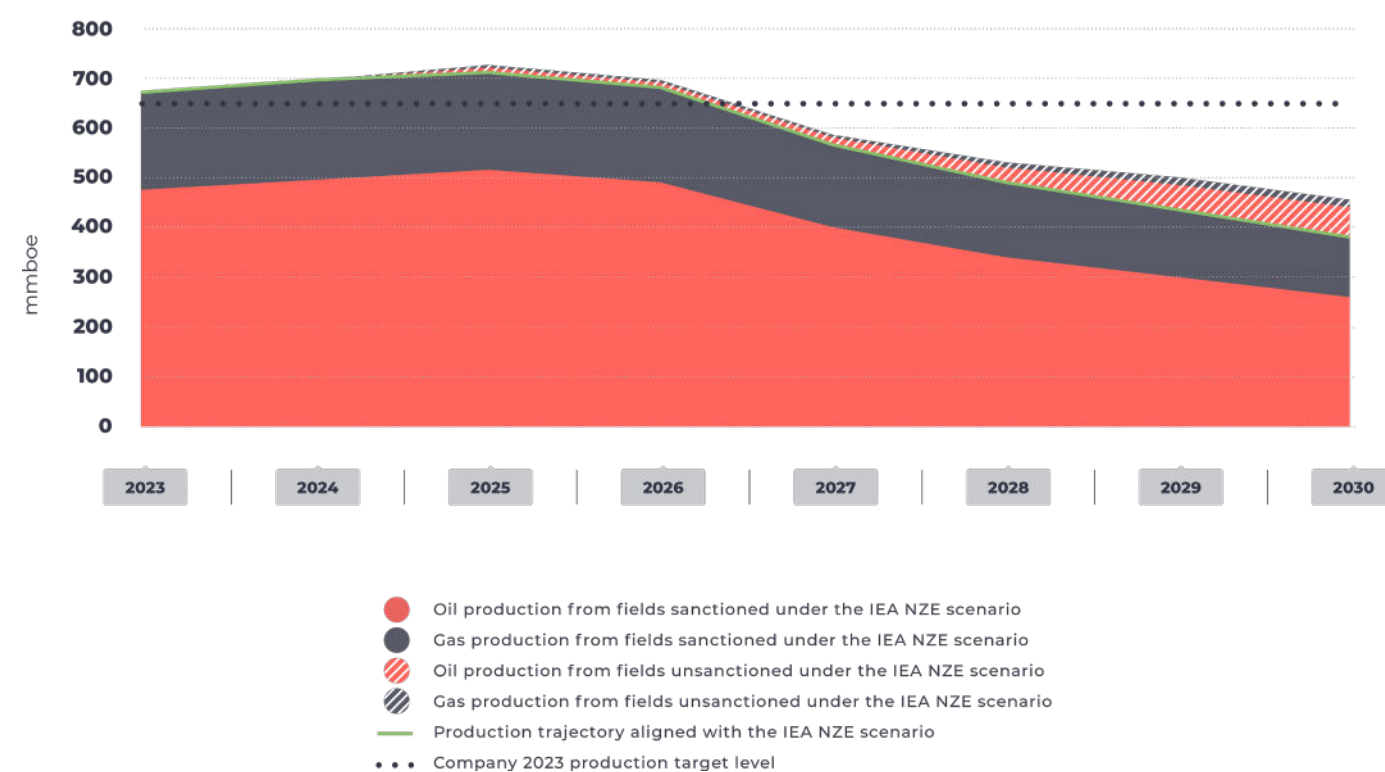
In 2030, with ConocoPhillips’ oil and gas production from currently producing fields,

under development and under evaluation fields, its production will be 20% higher than what is required to align with the NZE scenario.

In 2030, if ConocoPhillips maintains its 2023 oil and gas production target at plateau, its production will be 71% higher than the level required to align with the NZE.

ConocoPhillips has not committed to stop developing new oil and gas projects beyond those already in development and could review its production targets, up or down. Consequently, the level of field-based production indicated in the chart could be conservative and less than ConocoPhillips’ own forecasts. ConocoPhillips owns 7,988 mmboe of discovered hydrocarbon resources that have not yet entered the field evaluation or development stage. From 2020 to 2022, **ConocoPhillips spent on average US\$867 million per year on exploration**, which makes it the 14th biggest investor in exploration over that period.²⁰

ConocoPhillips' oil and gas trajectories (in million barrels of oil equivalent to 2030)



Source: Rystad Energy for oil and gas production and expansion, accessed in March 2023; ConocoPhillips' reportings and investor presentations for the company production plans

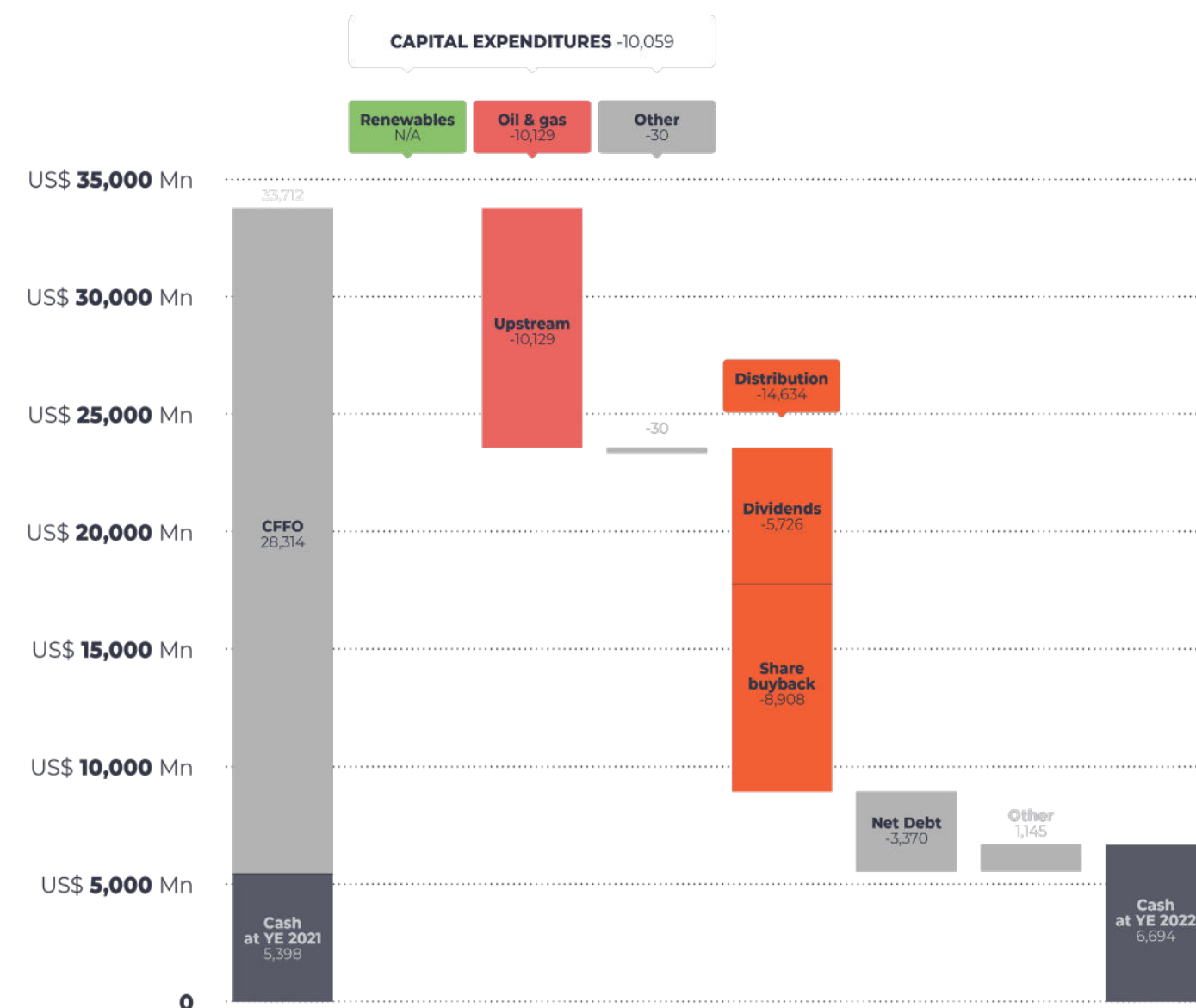
b. Cash-flow allocation

The future energy mix of a company is determined by its current investment strategy. In the NZE, total energy investment needs to more than double by 2030, with a shift from high carbon energy to clean alternatives. Investment in clean energy, end-use and efficiency more than triple, and nine dollars are spent on clean energy for each dollar spent on fossil fuels by 2030.²¹ In its 2022 unaudited financial statement released in February 2023,²² ConocoPhillips provides some information that show us how the cash flows generated from its operational activities were spent in 2022:

1. ConocoPhillips allocated US\$10.1 billion to oil and gas.²³
2. ConocoPhillips did not report investments dedicated to renewable power generation.
3. ConocoPhillips provided its shareholders with US\$14.6 billion, through dividend payment (US\$5.7 billion) and share buybacks (US\$8.9 billion).²⁴

In 2023, ConocoPhillips forecast US\$10.7bn to US\$11.3bn capital expenditure per year.²⁵

Breakdown of ConocoPhillips' 2022 Cash-flows



Source: ConocoPhillips 2022 unaudited financial results

c. Decarbonization targets and climate trajectory

ConocoPhillips has pledged mitigation targets for 2030 using a 2016 baseline, with targets on a net equity and gross operated basis, for intensity only, on scopes 1 and 2.²⁶ ConocoPhillips does not disclose any scope 3 target. Therefore, it is not possible to project ConocoPhillips emission trajectory.

ConocoPhillips relies on CCS along the value chain, as well as offsets "to mitigate some residual hard-to-abate emissions".²⁷ As highlighted by the IPCC, CCS in the energy sector still have limitation to overcome before it can be scaled up and come with limited potential and prohibiting costs. Too high a reliance on such mitigation approaches represents a material risk factor for the company's ability to reach its decarbonization targets.²⁸

ConocoPhillips’ pledged mitigation targets

Base year	Target year	Reduction target	Net target	Geographical scope	Emission scope	Emission Type
2016	2030	-45%	Yes	World	1 & 2	Intensity

Source: ConocoPhillips’ website and reports, as of end of 2022



References

1. Using Urgewald 2022 [Global Oil & Gas Exit List](#). The list was constructed based on September 2022 Rystad data.
2. ConocoPhillips, [Plan for the Net Zero energy transition](#), 2021
3. Using Urgewald 2022 [Global Oil & Gas Exit List](#). The list was constructed based on September 2022 Rystad data.
4. Calculation made using Rystad Energy Ucube with data from March 2023.
5. ConocoPhillips, [Fourth quarter 2022 earnings release](#), 2023.
6. ConocoPhillips, [2021 annual report](#), 2022
7. Greenpeace points out that the Intergovernmental Panel on Climate Change estimates between 500 and 3,600 million metric tons of CO₂ could be removed annually through planting new forests by 2050. More information on Greenpeace, [Net expectations - Assessing the role of carbon dioxide removal in companies' climate plans](#), 2021.
8. To meet this criterion, the company must disclose the publicly available 1.5°C no or low overshoot pathway it uses to set its targets. While all oil and gas companies somewhat rely on 1.5°C pathways to conduct analysis and inform their decision making, this does not mean that the targets set are coherent with such a pathway.
9. IEA, [Net Zero by 2050](#), 2021.
10. IEA, [World Energy Outlook 2022](#), 2022.
11. Fracking and Arctic respectively representing 64.1% and 20.6% of ConocoPhillips' oil and gas resources currently being developed. Find out issues related to some unconventional oil and gas in the [Five of the riskiest oil and gas sectors](#), 2021.
12. More details on the area detailed by Urgewald on the [Permian](#) webpage.
13. IPCC, [Climate Change 2022 – Mitigation of Climate Change](#), 2022
14. See e.g. UN High-Level Expert Group on the Net Zero Emissions Commitments of Non-State Entities, [Integrity Matters: Net Zero Commitments by Businesses, Financial Institutions, Cities and Regions](#), November 2022; Race to Zero Expert Peer Review Group, [Interpretation Guide. Version 2.0](#), June 2022, para 5b ; NZAOA, [Position on the Oil and Gas Sector](#), March 2023
15. IEA, [Net Zero by 2050 Data Explorer](#), 2021
16. OECM, [Limit global warming to 1.5°C](#), 2022
17. NGFS, [Climate scenarios](#)
18. The International Institute for Sustainable Development (IISD) filtered the various 1.5°C scenarios provided by the IPCC to ensure they do not rely on volumes of negative emission that are not coherent with the IPCC's own realistic potentials. These "limited negative emissions" pathways are analyzed in the report [Lighting the Path](#).
19. To model IEA NZE production trajectory and replicate it by company, we did not integrate merger and acquisition operations as it may increase the production rate due to acquisition of fields that have obtained their FID before 2022.
20. Urgewald, [Global Oil and Gas Exit List](#), November 2022.
21. The IEA 9 for 1 ratio includes renewable energy, efficiency and end-use but also biomass and other activities (like CCS) that could lead to some environmental harm and/or raise sustainability questions. Relying on a different scope of clean energy investment, BloombergNEF estimates that \$4 must be spent on clean energy for every dollar spent on fossil fuels by 2030, based on energy supply only.
22. ConocoPhillips, [Fourth quarter 2022 earnings release](#), 2023.
23. ConocoPhillips allocated US\$10.129 billion.

24. ConocoPhillips provided its shareholders with US\$14.634 billion, through dividend payment (US\$5.726 billion) and share buybacks (US\$8.908 billion)

25. ConocoPhillips, [2022 Corporate Plan update](#), 2022

26. ConocoPhillips, [Sustainability report](#), 2021

27. ConocoPhillips, [Sustainability report](#), 2021

28. IPCC, Climate Change 2022, Mitigation of Climate Change, Summary for Policymakers, page 40, 2022.

Useful links

[Methodology](#) - [Glossary](#)

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Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of financial players, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.

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