The Climate Accountability Scorecard: ConocoPhillips

The Union of Concerned Scientists has conducted an in-depth analysis of the climate change–related positions and actions of several major investor-owned fossil fuel companies.

The eight companies—Arch Coal, BP, Chevron, ConocoPhillips, CONSOL Energy, ExxonMobil, Peabody Energy, and Royal Dutch Shell—were assessed on 30 metrics.

The study focused on the period from January 2015 through May 2016 (except in a few cases; see sources in the tables below).

We scored the companies in four areas, which are discussed below. For each area, we placed each company in one of five scoring bands, ranging from “advanced” (which means that the company is demonstrating best practices) to “egregious” (which means that the company is acting very irresponsibly).

While some companies are making more progress than others, no company scored better than its peers in all areas, and several were relative leaders in some areas and relative laggards in others.

- Renouncing disinformation on climate science and policy scores ranged from fair to egregious.
- Planning for a world free from carbon pollution scores ranged from fair to egregious.
- Supporting fair and effective climate policies scores ranged from good to poor.
- Fully disclosing climate risks had the least differentiation, with four companies scoring fair and four companies scoring poor.

Scores and Recommendations for ConocoPhillips

HIGHLIGHTS

- ConocoPhillips confirmed in 2013 that it was no longer a member of the American Legislative Exchange Council (ALEC), but did not specifically cite the group’s positions on climate change as its reason for leaving (CMD 2016).
- The company provides a detailed analysis of existing and proposed laws and regulations relating to climate change and their possible effects on the company, including potential financial impacts (ConocoPhillips 2016b).

LOWLIGHTS

- CEO Ryan Lance is chairman of the board of directors of the American Petroleum Institute (API) as of 2016, and the company has not taken any steps to distance itself from climate disinformation spread by the group (Carroll 2015; ConocoPhillips 2016d).
- Senior Vice President Andrew Lundquist is on the board of directors of the National Association of Manufacturers (NAM) and the US Chamber of Commerce as of 2016. ConocoPhillips has not taken any steps to distance itself...
from climate disinformation spread by either group (NAM 2016; US Chamber of Commerce n.d.).

- The company filed no-action letters with the Securities and Exchange Commission challenging shareholder resolutions on delinking executive compensation from fossil fuel reserves in 2015 and 2016, and recommended that shareholders vote against all climate-related shareholder resolutions in 2015 and 2016 (Townsend 2016).
- ConocoPhillips opposes policies such as the Environmental Protection Agency’s (EPA) methane rule without identifying any category of climate policy that the company supports (Townsend 2016).
- The company expressed conditional support for the international climate agreement reached in Paris in December 2015 in advance of its adoption but has not explicitly endorsed the agreement or its global temperature goals since it was finalized (Volcovici 2015).

RECOMMENDATIONS

CONOCOPHILLIPS SHOULD:

- Improve its public communications on climate science by affirming the need for swift and deep reductions in emissions from the burning of fossil fuels;
- Use its CEO’s role as chair of API and its leverage as a leader within NAM and the US Chamber of Commerce to demand an end to the groups’ disinformation on climate science and policy, and speak publicly about these efforts.

ConocoPhillips should also publicly distance itself from the Western States Petroleum Association’s (WSPA’s) positions on climate science and policy;

- Lay out a company-wide pathway to align its business model with the new reality established by the international climate agreement by:
  - Publicly acknowledging the Paris Climate Agreement’s long-term goal and its implications for the swift transition to global net-zero emissions;
  - Setting and disclosing initial near-term company-wide targets to reduce emissions from its operations and the use of its products;
  - Developing and publicly communicating a clear plan and timeline to deepen reductions consistent with the agreement’s long-term goal;
- Consistently call for US policy action on climate change, identify specific federal and/or state legislation or regulation that it supports, and advocate publicly and transparently for those policies;
- Meet investor expectations in disclosing physical climate risks by providing details on: the operational segments and/or specific company facilities that might be impacted; the magnitude and time frames of the anticipated impacts (quantified, when feasible); and how the company plans to respond to physical impacts.

DETAILED SCORING

More information on scoring can be found at www.ucsusa.org/climatescorecard

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### TABLE 2. Renouncing Disinformation on Climate Science and Policy

<table>
<thead>
<tr>
<th>Metric</th>
<th>Score</th>
<th>Rationale</th>
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</thead>
<tbody>
<tr>
<td>Accuracy and consistency of public statements on climate science and the consequent need for swift and deep reductions in emissions from the burning of fossil fuels</td>
<td>Fair</td>
<td>ConocoPhillips consistently acknowledges the scientific evidence of climate change in all public platforms, such as company websites and statements by company executives (see, for example, ConocoPhillips 2016b).</td>
</tr>
<tr>
<td>Affiliations with trade associations and other industry groups that spread climate science disinformation and/or block climate action</td>
<td></td>
<td></td>
</tr>
<tr>
<td>American Legislative Exchange Council (ALEC)</td>
<td>Good</td>
<td>The company confirmed in 2013 that it was no longer a member of ALEC, but did not specifically cite climate change as its reason for leaving (CMD 2016).</td>
</tr>
<tr>
<td>American Petroleum Institute (API)</td>
<td>Egregious</td>
<td>CEO Ryan Lance is chairman of the API board of directors as of 2016, and the company has not taken any steps to distance itself from the group’s climate disinformation (ConocoPhillips 2016d; Carroll 2015).</td>
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<tr>
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</tr>
<tr>
<td>National Association of Manufacturers (NAM)</td>
<td>Egregious</td>
<td>Senior Vice President of Government Affairs Andrew Lundquist is on the NAM board of directors as of 2016, and the company has not taken any steps to distance itself from the group’s climate disinformation (NAM 2016).</td>
</tr>
<tr>
<td>US Chamber of Commerce (US Chamber)</td>
<td>Egregious</td>
<td>Senior Vice President Andrew D. Lundquist is on the US Chamber of Commerce board of directors as of 2016, and the company has not taken any steps to distance itself from the group’s climate disinformation (US Chamber of Commerce n.d.).</td>
</tr>
<tr>
<td>Western States Petroleum Association (WSPA)</td>
<td>Poor</td>
<td>ConocoPhillips is a member of WSPA as of 2016, and the company has not taken any steps to distance itself from the group’s climate disinformation (WSPA 2016).</td>
</tr>
<tr>
<td>Policy, governance systems, and oversight mechanisms to prevent disinformation</td>
<td>Poor</td>
<td>No policy on record.</td>
</tr>
<tr>
<td>Support for climate-related shareholder resolutions</td>
<td>Egregious</td>
<td>The company filed no-action letters with the SEC challenging shareholder resolutions on delinking executive compensation from fossil fuel reserves in 2015 and 2016, and recommended that shareholders vote against all climate-related shareholder resolutions in 2015 and 2016 (Townsend 2016).</td>
</tr>
<tr>
<td>Area score</td>
<td>Poor</td>
<td></td>
</tr>
</tbody>
</table>

DATA SOURCES: COMPANY WEBSITES, PROXY STATEMENTS, PUBLIC STATEMENTS BY COMPANY REPRESENTATIVES, TRADE ASSOCIATION AND INDUSTRY GROUP WEBSITES, AND THIRD-PARTY WATCHDOG GROUP WEBSITES IN THE PERIOD JANUARY 1, 2015, TO MAY 31, 2016; TRADE ASSOCIATION FEDERAL FILINGS FROM 2014

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**TABLE 3. Planning for a World Free From Carbon Pollution**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Score</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for the Paris Climate Agreement</td>
<td>Poor</td>
<td>ConocoPhillips expressed conditional support for the Paris Climate Agreement in advance of its adoption but has not explicitly endorsed the agreement or its global temperature goals since they were finalized (Volcovici 2015).</td>
</tr>
<tr>
<td>Company-wide commitments and targets to reduce greenhouse gas emissions</td>
<td>Poor</td>
<td>The company has set limited, short-term emissions reduction goals, but not in the service of a long-term temperature goal (ConocoPhillips 2015a).</td>
</tr>
<tr>
<td>Use of an internal price on carbon in investment decisions</td>
<td>Poor</td>
<td>The company uses an estimated market cost of greenhouse gas emissions ranging from $6 to $51 per tonne to evaluate future project opportunities. The price varies based on timing and geography, and it is unclear how the price is used in investment decisions (ConocoPhillips 2016c; ConocoPhillips 2015a).</td>
</tr>
<tr>
<td>Commitment and mechanism to measure and reduce carbon intensity of supply chain</td>
<td>Poor</td>
<td>The company has no public commitment to measure and reduce carbon emissions in its own operations.</td>
</tr>
<tr>
<td>Disclosure of investments in low-carbon technology research and development</td>
<td>Poor</td>
<td>ConocoPhillips does not report annually on low-carbon research and development, and does not provide a breakdown of specific low carbon investments (ConocoPhillips 2016c; ConocoPhillips 2015a).</td>
</tr>
</tbody>
</table>
### Disclosure of greenhouse gas emissions reduction plans

**Poor**  
The company does not disclose details of its greenhouse gas emissions reduction plans to shareholders.

### Disclosure of how company manages greenhouse gas emissions and associated risks

**Fair**  
The company provides details about efforts to improve energy efficiency, reduce natural-gas flaring, and reduce the intensity of emissions from oil sands (ConocoPhillips 2016c; ConocoPhillips 2015b).

### Disclosure of greenhouse gas emissions

**Good**  
The company provides information about direct greenhouse gas emissions from its operations; indirect greenhouse gas emissions from consumption of purchased electricity, heat, or steam for the current year; and other indirect emissions such as those resulting from downstream transportation and distribution, processing and use of sold products, and upstream transportation and distribution. The company discloses the methodology used to calculate emissions (ConocoPhillips 2015a).

### Area score

**Poor**

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**DATA SOURCES:** 2015 AND 2016 SEC 10-KS OR 20-FS, CDP DISCLOSURES, SUSTAINABILITY REPORTS, AND ANNUAL REPORTS, COMPANY WEBSITES AND COMPANY PRESS RELEASES FOR THE PERIOD JANUARY 1, 2015, TO MAY 31, 2016

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**TABLE 4. Supporting Fair and Effective Climate Policies**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Score</th>
<th>Rationale</th>
</tr>
</thead>
</table>
| CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Disclosure | Good | ConocoPhillips publicly discloses:  
- Corporate contributions to political candidates, parties, and committees  
- Payments to 527 groups, such as governors associations and super PACs (political action committees)  
- Independent political expenditures made in direct support of or opposition to a political campaign  
- Payments to other tax-exempt organizations, such as 501(c)(4)s, that the recipient may use for political purposes  
- Payments made to influence the outcome of ballot measures, including recipient names and amounts given  
- The positions and/or titles of the company’s senior managers who have final authority over ConocoPhillips’s political spending decisions  
The company provides partial disclosure or no disclosure of other aspects of political spending (CPA 2015). |
<table>
<thead>
<tr>
<th>Area score</th>
<th>Fair</th>
<th>Good</th>
</tr>
</thead>
</table>
| CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Policy | Advanced | ConocoPhillips publicly describes or makes available:  
- Detailed policy governing its political expenditures from corporate funds  
- Policy stating that all of its contributions will promote the interests of the company and will be made without regard for the private political preferences of executives  
- The types of entities considered to be proper recipients of the company's political spending  
- Policy requiring senior managers to oversee and have final authority over all of the company's political spending  
- Policy that the board of directors regularly oversees the company’s corporate political activity  
It has a partial policy or no policy in other areas related to political spending (CPA 2015). |
| CPA-Zicklin Index of Corporate Political Disclosure and Accountability: Oversight | Advanced | The company has (a) specified board(s) or committee(s) that:  
- Review the company's policy on political expenditures  
- Review the company’s political expenditures made with corporate funds  
- Approve political expenditures from corporate funds  
- Oversee the company’s political activity (composed entirely of outside directors)  
The company has:  
- A detailed report on its website covering its political spending with corporate funds semiannually  
- A dedicated political disclosure webpage accessible within three mouse-clicks from the homepage and through an internet search  
- An internal process for or an affirmative statement on ensuring compliance with its political spending policy  
It has partial or no oversight in other areas related to political spending (CPA 2015). |
| Engagement with Congress on federal climate policies or legislation | Fair | ConocoPhillips did not publicly engage Congress on climate policies during the study period. |
| Consistent support for US policy action to reduce emissions | Poor | The company opposes policies such as the EPA’s methane rule without identifying any category of climate policy that it supports (Drouhy 2015). |
| Engagement on the EPA Clean Power Plan (EPA-HQ-OAR-2013-0602) | Fair | The company did not submit comments to the EPA regarding the Clean Power Plan. |
| Engagement on the EPA methane rule (EPA-HQ-OAR-2010-0505-4776) | Poor | The company submitted comments opposing the EPA methane rule, explicitly referenced and endorsed trade associations’ comments that opposed the rule, and did not present a specific, viable policy alternative that would have equal or greater benefit to the climate (ConocoPhillips 2014). |
| Company influence through international or national business alliances or initiatives that are supportive of specific climate policies | Fair | The company has not signed on to international or national business alliances or initiatives supportive of specific climate policies. |

Data Sources: Company websites and major news sources in the period; 2015 Center for Political Accountability-Zicklin Index and Scoring Guidelines; Congressional testimony and company comments filed with Regulations.gov in the period January 1, 2014, to May 31, 2016.
### TABLE 5. Fully Disclosing Climate Risks

<table>
<thead>
<tr>
<th>Metric</th>
<th>Score</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure of regulatory risks</td>
<td>Good</td>
<td>ConocoPhillips provides a detailed analysis of existing and proposed laws and regulations relating to climate change and their possible effects on the company, including potential financial impacts (ConocoPhillips 2016c).</td>
</tr>
<tr>
<td>Disclosure of physical risks</td>
<td>Fair</td>
<td>ConocoPhillips acknowledges physical risks facing the company, such as “more severe or frequent weather conditions,” and includes some discussion of climate change as a contributor to those risks. However, it provides few or no details about the nature of those risks, their magnitude, or their potential impact on the company (ConocoPhillips 2016c).</td>
</tr>
<tr>
<td>Disclosure of market and other indirect risks and opportunities</td>
<td>Fair</td>
<td>The company identifies energy conservation, development of new technologies, reduced demand for fossil fuels, cost and availability of capital, and exposure to litigation as risks facing the company, but provides limited analysis of their potential financial impacts (ConocoPhillips 2016c).</td>
</tr>
<tr>
<td>Disclosure of corporate governance on climate-related risks by board and senior management</td>
<td>Egregious</td>
<td>The company provides no disclosure of corporate governance on climate issues.</td>
</tr>
<tr>
<td>Area score</td>
<td>Fair</td>
<td></td>
</tr>
</tbody>
</table>

**DATA SOURCES:** 2106SEC 10-KS AND 20-FS AND CDP DISCLOSURES, IF DISCUSSED IN SEC FILINGS

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**REFERENCES**


