# SAGE ADVOCACY | Enhanced Engagement Profile

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**SAGE:**
Sustainability Achieved Through Greater Engagement

**Calvert SAGE Strategies**: emphasize strategic engagement to advance environmental, social, and governance (ESG) performance on the part of companies that may not meet all of Calvert's Signature ESG criteria today but have the potential to improve.*

## ConocoPhillips Corporation

This company is a Calvert SAGE™ Strategy holding and is not eligible for investment in the Calvert Signature® Strategy portfolios.

ConocoPhillips has demonstrated some environmental, social, and governance leadership relative to other large, integrated oil and gas companies. Its Environmental, Health, and Safety (ESH) programs are strong examples for the industry and its support for the Marine Well Containment Company is an important first step in the industry's response to the Gulf of Mexico oil spill. Until February 2010, the company also joined industry leaders BP and Royal Dutch Shell to provide leadership on climate change public policy through the United States Climate Action Partnership. In addition, ConocoPhillips is an emerging leader in alternative energy research, which features promising projects including lifecycle analysis methodologies. However, the capital investment and carbon impact required to turn the industry's largest oil sands reserves into marketable crude must be reconciled with its climate change priorities and market realities, especially in light of increasing investor interest in these issues demonstrated in the growing support for oil sands disclosure and accountability resolutions. The company should deepen its commitment to the Voluntary Principles on Security and Human Rights (VPs)** by expanding VPs training to country and site managers and security staff at high-risk projects. While it is aligned with the Extractive Industries Transparency Initiative (EITI),*** ConocoPhillips could demonstrate greater commitment to advancing revenue transparency in conjunction with countries in which it operates. An initial step would involve disclosing payments on a country-by-country basis in preparation for the mandatory reporting requirements included in the Dodd-Frank Wall Street Reform and Consumer Protection Act. The company is also encouraged to support the efficient and expedited implementation of these new requirements publicly and through the SEC rule-making process.

### CONOCOPHILLIPS ADVOCACY OBJECTIVES

- Enhance commitments to greenhouse gas (GHG) emissions reductions that take into account to the need for global emissions reductions of 80% by 2050 as recommended by the Intergovernmental Panel on Climate Change and publicly report the company's progress.
- Support climate change public policy initiatives that set strong and clear reduction requirements in GHG emissions.
- Conduct urgent reviews of safety procedures and spill contingency plans with the appropriate regulatory agencies at the company's deepwater exploration and production operations. Also verify or establish legally-binding EHS standards for all entities involved in their deepwater exploration and production joint operating agreements.
- Increase investments in renewable technologies and products sufficient to establish market leadership, advocate for additional federal support, and prioritize investments in renewable energy.
- Commit to clear standards for reducing GHG emissions and improving energy efficiency, water use, and land reclamation in the company's oil sands development in Alberta, Canada. Assess oil sands investments in the context of the

*Calvert's Signature ESG criteria examine corporate performance across seven broad areas of concern: governance and ethics, environment, workplace, product safety and impact, human rights, Indigenous Peoples' rights, and community relations. For more information, please visit **http://www.calvert.com/sri-signature-criteria.html**.

**The Voluntary Principles are global human rights standards for the oil, gas, and mining sectors and the first operational standards for any sector addressing corporate responsibility in zones of conflict.

***The EITI is a global framework for promoting oil, gas, and mining revenue transparency for governments and companies.

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company's long-term business strategy, the carbon intensity of its reserves, and potential environmental liabilities.

- Implement VPs training for management and security staff in priority countries, such as Nigeria. Consider the same projects for human rights impact assessments.
- Support strengthening the global VPs plenary process through more accountable leadership, greater resources, and more transparent public reporting to complement the company's own significant implementation efforts.
- Support the efficient and expedited implementation of the new U.S. extractive industries revenue transparency regulations publicly and through the SEC rule-making process and endorse efforts to mandate similar disclosures through other market regulators around the world.

## ENGAGEMENT TOOLS APPLIED

- Direct dialogue with ConocoPhillips executive management
- Possible shareholder resolutions
- Sign-on letters on specific objectives

## RECENT ENGAGEMENT

- On May 12, 2010, an oil sands resolution Calvert co-sponsored was voted on at ConocoPhillips' annual general meeting and was supported by 30.5% of the company's shareholders. Last year the same resolution had the support of 27.5% of the ConocoPhillips shareholders. This resolution was originally filed on November 30, 2009. It called on the company to report on its oil sands operation in Alberta, Canada, in greater detail and to commit to clear standards for reducing GHG emissions and improving energy efficiency, water use, and land reclamation of these operations. The oil sands issue also affects the health and livelihoods of certain Indigenous populations in Canada.
- On October 14, 2009, Calvert visited ConocoPhillips in Houston and met with the company's General Manager of Corporate Planning and Strategy; Manager, Policy and Strategic Planning; and Director, Security Services. The discussion included a review of ConocoPhillips' VPs implementation and participation in the initiative's plenary, its participation in the EITI, its position on the Energy Security and Transparency Act of 2009, its public policy regarding the current climate change U.S. legislative proposals, the company's own GHG emissions reduction targets, and the company's oil sands operations. The oil sands discussion centered on the potential that ConocoPhillips might set and disclose reduction targets for emissions, and water and energy use at those projects. As the meeting closed, Calvert indicated that it may be involved in shareholder actions involving the company during the upcoming proxy season, but that it would contact ConocoPhillips before filing.