



Shannon B. Kinney
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ConocoPhillips Company
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January 6, 2021

By Electronic Mail (shareholderproposals@sec.gov)

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

**Re: ConocoPhillips 2021 Annual Meeting
Omission of Shareholder Proposal Submitted by Follow This**

Ladies and Gentlemen:

ConocoPhillips (the "Company") respectfully requests confirmation that the Staff of the Division of Corporation Finance (the "Staff") of the U.S. Securities and Exchange Commission (the "Commission") will not recommend enforcement action be taken if the Company omits the enclosed shareholder proposal (including the accompanying supporting statement, the "Proposal") submitted by Follow This (the "Proponent") from the proxy materials that the Company intends to distribute in connection with the Company's 2021 annual meeting of shareholders (the "2021 Proxy Materials") in reliance on Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended.

The Company intends to file the definitive 2021 Proxy Materials with the Commission on or about March 29, 2021. In accordance with Rule 14a-8(j), this letter is being submitted not later than 80 calendar days before the Company intends to file the definitive 2021 Proxy Materials.

A copy of this letter and its exhibits are also being sent to the Proponent as notice of the Company's intent to omit the Proposal from the 2021 Proxy Materials. Rule 14a-8(k) and Staff Legal Bulletin No. 14D (November 7, 2008) require shareholder proponents to send companies a copy of any correspondence that proponents elect to submit to the Commission or the Staff. Accordingly, if the Proponent elects to submit correspondence to the Commission or the Staff with respect to the Proposal, we respectfully request that a copy of that correspondence be concurrently furnished to the undersigned on behalf of the Company.

I. The Proposal

The Proposal requests the inclusion of the following resolution in the 2021 Proxy Materials:

RESOLVED: Shareholders request the company to address the risks and opportunities presented by the global transition towards a lower emissions energy system by setting emission reduction targets covering the greenhouse gas (GHG) emissions of the company's operations as well as their energy products (Scope 1, 2, and 3).

The Proposal was submitted to the Company on November 30, 2020. A copy of the Proposal and all related correspondence with the Proponent is included as Exhibit A to this letter.

II. Bases For Exclusion

As discussed in detail below, the Company believes it may properly exclude the Proposal from the 2021 Proxy Materials pursuant to:

- Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal through the Company's publicly disclosed emission targets; and
- Rule 14a-8(i)(7) because the Proposal seeks to address matters related to the Company's ordinary business operations by impermissibly micromanaging the Company.

A. The Company may exclude the Proposal under Rule 14a-8(i)(10) because the Company has substantially implemented the Proposal through the Company's publicly disclosed emission targets.

Rule 14a-8(i)(10) permits the exclusion of a shareholder proposal if the company has already substantially implemented the proposal. The Commission has stated that "substantial" implementation does not require implementation in full or exactly as presented by the proponent. *See* Exchange Act Release No. 34-40018 (May 21, 1998, n.30). Rather, the Staff has consistently permitted the exclusion of a proposal as substantially implemented under Rule 14a-8(i)(10) when the Staff has determined that the company's policies, practices and procedures or public disclosures compare favorably with the guidelines of the proposal. *See, e.g., Texaco, Inc.* (March 28, 1991) (permitting exclusion of a proposal requesting that the company adopt the Valdez Principles where the company had already adopted policies, practices and procedures regarding the environment). The Staff has also regularly provided no-action relief under Rule 14a-8(i)(10) when a company has substantially implemented the "essential objective" of a proposal, even if the company did not take the exact action requested by the proponent, did not implement the proposal in every detail or exercised discretion in determining how to implement the proposal. *See, e.g., Exxon Mobil Corporation* (March 20, 2020) (permitting exclusion of a proposal

requesting the company issue a report on how it plans to reduce its total contribution to climate change and align its operations and investments with the Paris Agreement where the company had already expressed its support of the Paris Agreement and described its actions to help address the risk of climate change in its public disclosures); *Hess Corporation* (April 11, 2019) (permitting exclusion of a proposal requesting that the company issue a report on how it can reduce its carbon footprint in alignment with greenhouse gas (“GHG”) reductions necessary to achieve the Paris Climate Agreement’s goals where the company had already published information about its efforts to reduce its carbon footprint in accordance with the Paris Agreement); *Exxon Mobil Corporation* (April 3, 2019) (permitting exclusion of a proposal requesting the company issue a report on how it can reduce its carbon footprint in alignment with GHG emissions reductions in line with the Paris Climate Agreement where the company’s public disclosures already reflect the company’s support of the Paris Agreement and describe its actions to address climate change); *Exxon Mobil Corporation* (March 23, 2018) (permitting exclusion of proposal requesting the company issue a report describing how the company could adapt its business model to align with a decarbonizing economy where the company addressed its long-term outlook for energy and how it would position itself for a lower-carbon energy future in two published reports); *Oshkosh Corp.* (Nov. 4, 2016) (permitting exclusion where the company amended its proxy access bylaw to implement three of six requested changes); *Entergy Corp.* (February 14, 2014) (permitting exclusion of a proposal requesting a report “on policies the company could adopt . . . to reduce its greenhouse gas emissions consistent with the national goal of 80% reduction in greenhouse gas emissions by 2050” where the company already provided information on its policies and practices to reduce greenhouse gas emissions in its sustainability and carbon disclosure reports); *MGM Resorts Int’l* (Feb. 28, 2012) (permitting exclusion of a proposal requesting a report on the company’s sustainability policies and performance and recommending the use of the Governance Reporting Initiative Sustainability Guidelines, where the company published an annual sustainability report that did not use the Governance Reporting Initiative Sustainability Guidelines or include all of the topics covered therein); *Duke Energy Corp.* (February 21, 2012) (permitting exclusion of a proposal requesting the company assess potential actions to reduce GHG and other emissions where the company provided disclosure regarding its energy efficiency programs and the various regulatory targets for renewable energy sources in its service territories); and *Wal-Mart Stores, Inc.* (Mar. 30, 2010) (permitting exclusion of a proposal requesting adoption of six principles for national and international action to stop global warming where the company’s publicly available Global Sustainability Report set forth four principles that covered most, but not all, of the issues raised by the proposal).

We believe the essential objective of the Proposal is for the Company to address the risks and opportunities presented by the global transition towards a lower emissions energy system, by setting GHG emission reduction targets covering the Company’s operations and energy products (Scope 1, 2 and 3 emissions). The supporting statement included with the Proposal requests that these targets be at levels consistent with the Paris Climate Agreement and recites various reasons why the Proponent believes this objective is beneficial, focusing primarily on the business,

financial, legal and market risks that the Company may face in the future as the world seeks to limit the impact of global climate change.

The Company supports the Paris Climate Agreement and has taken and continues to take significant action to help address global climate change. In particular, the Company has substantially implemented the Proposal through the Company’s existing GHG emission intensity reduction targets. These targets are publicly disclosed in the Sustainability section of the Company’s website under the heading Emission Reduction Targets and each year in the Company’s annual Sustainability Report.¹ In the table below, we have succinctly demonstrated how the Company’s existing targets and public disclosures are responsive not only to the shareholder resolution contained in the Proposal, but also to the Proponent’s statements of its underlying rationale leading it to submit the Proposal. A more detailed discussion of these targets and disclosures is set forth following the summary table.

Proposal	ConocoPhillips Public Targets and Disclosures
“address the risks and opportunities presented by the global transition towards a lower emissions energy system”	ConocoPhillips 2019 Sustainability Report, pgs. 36-101
“emission reduction targets covering the greenhouse gas (GHG) emissions of the company’s operations” (Scope 1 and 2)	Sustainability News Release, <i>ConocoPhillips Adopts Paris-Aligned Climate Risk Framework to Meet Net-Zero Operational Emissions Ambition by 2050</i> , October 19, 2020. ² ConocoPhillips 2019 Sustainability Report, pgs. 78-86
“emission reduction targets covering the greenhouse gas (GHG) emissions of the company’s . . . energy products” (Scope 3)	Sustainability News Release, <i>ConocoPhillips Adopts Paris-Aligned Climate Risk Framework to Meet Net-Zero Operational Emissions Ambition by 2050</i> , October 19, 2020. ConocoPhillips 2019 Sustainability Report, pg. 80
Discussions of business, legal, financial and market risks posed by energy transition	ConocoPhillips 2019 Sustainability Report, pg. 38 and pgs. 51-64

The Company initially adopted and publicly disclosed GHG emission intensity reduction targets in November 2017. The Company updated these targets in October 2020 as part of the Company’s announcement of a comprehensive framework to guide the Company’s efforts to

¹ See <https://www.conocophillips.com/sustainability/managing-climate-related-risks/metrics-targets/ghg-target/>. The Company’s 2019 Sustainability Report is available at: <https://static.conocophillips.com/files/resources/conocophillips-2019-sustainability-report.pdf>.

² See <https://www.conocophillips.com/sustainability/sustainability-news/story/conocophillips-adopts-paris-aligned-climate-risk-framework-to-meet-net-zero-operational-emissions-ambition-by-2050/>.

manage climate-related risk, meet energy demand and address the expectations of stakeholders through the energy transition. This framework included the following actions designed to be consistent with the Paris Climate Agreement's aim to limit the rise of global temperature to well below 2 degrees Celsius:

- Setting an ambition for the Company to become a net-zero company for operational (Scope 1 and 2) emissions by 2050;
- Revising the Company's previous operational (Scope 1 and 2) GHG emissions intensity reduction target to 35-45% of January 1, 2017 levels by 2030, an increase from the earlier 5-15% goal;
- Endorsing the World Bank Zero Routine Flaring by 2030 initiative, with an ambition to meet that goal by 2025; and
- Advocating for a U.S. carbon price to address end-use (Scope 3) emissions through the Company's membership in the Climate Leadership Council.

The adoption of this framework and these revised reduction targets followed a year-long internal strategic review process involving input from operational, financial, legal, compliance and other teams from across the organization, as well as the Company's Executive Leadership Team and the Company's Board of Directors. A copy of the Company's announcement is attached as Exhibit B to this letter and is publicly available in the Sustainability section of the Company's website.³

As part of the Sustainability section of its website, the Company provides annual calculations of its GHG emissions (Scope 1, 2 and 3), its GHG emissions intensity ratio, its progress toward meeting its GHG emissions intensity reduction targets and major actions during the year that helped fuel this progress. The Company also provides independent, third-party verifications of its GHG emissions calculations (Scope 1, 2 and 3).⁴ The latest of these assessments for 2019 was completed in Fall 2020 and published in January 2021.

The Sustainability portion of the Company's website also details how the Company calculates its compliance with its GHG emission intensity reduction targets and why the Company has selected these targets for Scope 1 and 2 emissions.⁵ The Company calculates its GHG emission intensity ratio as gross operated (Scope 1 and 2) GHG emissions, stated in carbon dioxide equivalent terms, divided by gross operated production, stated in barrels of oil equivalent. The Company selected these intensity-based reduction targets (*i.e.*, emissions

³ See <https://www.conocophillips.com/sustainability/sustainability-news/story/conocophillips-adopts-paris-aligned-climate-risk-framework-to-meet-net-zero-operational-emissions-ambition-by-2050/>.

⁴ See <https://www.conocophillips.com/sustainability/managing-climate-related-risks/metrics-targets/verification-assurance/>.

⁵ See <https://www.conocophillips.com/sustainability/managing-climate-related-risks/metrics-targets/ghg-target-principles/>.

relative to production) rather than absolute emissions reduction targets based on the dynamic business environment in which the Company operates. The Company often accelerates or defers projects, and regularly buys, sells or swaps potential oil and gas developments. Adopting an absolute target rather than an intensity-based target could force these decisions to be made based primarily on emissions, omitting consideration of a multitude of other factors, such as safety, operations, and infrastructure. For example, any absolute target the Company adopted could be rendered meaningless through the disposition of a large asset without the Company taking any action with regard to the efficiency of its remaining assets. Likewise, the acquisition of a large asset could render achievement of an absolute emissions reduction target impossible notwithstanding other work the Company does to lower its emissions. The adoption of an intensity reduction target allows the Company to withstand any asset changes and provides an incentive to reduce emissions across all of the Company's assets. Beyond its intensity-based reduction targets, the Company's announced ambition to become a net-zero company for operational (Scope 1 and 2) emissions by 2050 is a longer-term absolute GHG net-emissions reduction target.

The Company's announced GHG emissions intensity reduction targets and advocacy for a U.S. carbon price, and even the goal of consistency with the Paris Climate Agreement's aim to limit the rise of global temperature to well below 2 degrees Celsius, directly address the Proposal's essential objective. These actions show the Company's commitment to addressing the risks and opportunities presented by the global transition towards a lower emissions energy system. With the exception of the treatment of Scope 3 emissions, these actions even align with the Proposal's preference for addressing these risks and opportunities through GHG emissions reduction targets rather than through other means.

With regard to Scope 3 emissions, which refers to emissions from sources that are neither owned nor controlled by the Company, the Company determined to advocate for a U.S. carbon price (or tax) rather than setting a similar GHG reduction target. For oil and natural gas exploration and production companies, Scope 3 emissions primarily relate to the use of the energy products sold. The Company differs from integrated energy companies that have set Scope 3 emission reduction aspirations in that the Company does not produce "energy products." Instead, the Company produces crude oil and natural gas, both of which require further processing before becoming energy products. The Company does not control the products its crude oil is transformed into, nor how those products are made, marketed and used. In addition, the Company's Scope 3 emissions are someone else's Scope 1 or 2 emissions, resulting in substantial double counting throughout the economy.⁶ As a result, the Company believes that the best way to address Scope 3 emission reductions is through constructive climate policy

⁶ For example, the Company's Scope 3 emissions from refining oil are a refiner's Scope 1 emissions. The combustion of that oil in the form of a finished product such as gasoline are Scope 3 emissions for the Company, the refiner and the marketer. Further, the Company's Scope 3 combustion emissions for natural gas might be an electricity producer's Scope 1 emissions and might also be the Company's Scope 2 emissions relating to purchased power used in the Company's operations.

advocacy. Nonetheless, the Company does calculate and publicly disclose its Scope 3 emissions annually based on net equity production numbers.⁷

While the Proponent requests the Company to set GHG emission reduction targets on Scope 3 emissions, which the Company has not set, substantial implementation does not require implementation in full or exactly as presented by the Proposal. Rather, the Company's public disclosures and deliberative process make clear that it has (1) carefully evaluated the use of emissions reduction targets on its Scope 1, 2 and 3 emissions, (2) set reduction targets with regard to Scope 1 and 2 GHG emissions intensity and (3) chosen to address the risks and opportunities presented through the energy transition with regard to Scope 3 emissions by advocating for a U.S. carbon price.

The Company set its overall GHG emissions reduction strategy for three reasons, which mirror several of the categories of risks driving the Proponent's desire to see the Proposal implemented:

- To demonstrate that the Company is continuing to take GHG emissions reductions seriously and managing climate-related risks and issues throughout the business;
- To support internal decision-making so that the Company's businesses can build GHG regulatory risk into planning as early as possible in the approval processes; and
- To ensure that the Company has the appropriate risk management discussions regarding climate-related issues as the Company goes through the life-cycle of its assets.

Further, the Company's annual Sustainability Report aligns with the recommendations of the Task Force on climate-related Financial Disclosure and provides extensive and in depth commentary on (1) the Company's governance framework for managing climate-related risks,⁸ (2) how climate risks impact the Company's strategic decision making process, including related scenario analysis to reduce the risk of stranded assets and carbon pricing legislation,⁹ and (3) how the Company assesses and manages climate related risks.¹⁰ These disclosures and considerations all directly address the risks on which the Proposal is based, showing that the essential objective of the Proposal has been well considered and addressed through the Company's existing policies.

As a result, by adopting the GHG emissions reduction strategy discussed above to address the risks presented by the world's efforts to reduce the impact of global climate change, and through its extensive public disclosures, the Company has substantially implemented the

⁷ See <https://www.conocophillips.com/sustainability/managing-climate-related-risks/metrics-targets/ghg-emissions/>.

⁸ See ConocoPhillips 2019 Sustainability Report, pgs. 40-45.

⁹ See ConocoPhillips 2019 Sustainability Report, pgs. 50-55.

¹⁰ See ConocoPhillips 2019 Sustainability Report, pgs. 56-71.

essential objective of the Proposal. As a result, the Company may properly exclude the Proposal pursuant to Rule 14a-8(i)(10).

B. The Company may exclude the Proposal under Rule 14a-8(i)(7) because the Proposal seeks to address matters related to the Company's ordinary business operations by impermissibly micromanaging the Company.

Rule 14a-8(i)(7) permits a company to omit from its proxy materials a shareholder proposal that relates to the company's "ordinary business operations." The Commission has stated that the policy underlying the ordinary business operation exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." Exchange Act Release No. 34-40018 (May 21, 1998). The Commission further articulated two central considerations for determining the application of the ordinary business operation exclusion. The first is that certain tasks are "so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." *Id.* The second consideration relates to "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* (footnote omitted). While the first consideration is based on the subject matter of the proposal, the second looks only to the degree to which the proposal micromanages the company. Staff Legal Bulletin No. 14J (October 23, 2018). As a result, a proposal that is not excludable under the first consideration may still be excludable solely based on the second. *Id.*

In Staff Legal Bulletin No. 14K (October 16, 2019) ("Staff Legal Bulletin 14K"), the Staff stated that, in evaluating arguments under the micromanagement prong of Rule 14a-8(i)(7), it conducts an assessment of the level of "prescriptiveness" of the proposal:

"[I]f the method or strategy for implementing the action requested by the proposal is overly prescriptive, thereby potentially limiting the judgment and discretion of the board and management, the proposal may be viewed as micromanaging the company When a proposal prescribes specific actions that the company's management or the board must undertake without affording them sufficient flexibility or discretion in addressing the complex matter presented by the proposal, the proposal may micromanage the company to such a degree that exclusion of the proposal would be warranted."

Further, when analyzing the underlying concern or central purpose of a proposal, the Staff stated that it looks to the entirety of the proposal, including assertions in the supporting statement that modify or refocus the intent of the proposal. *Id.*

The evaluation of the manner in which the proposal seeks to address the subject matter raised, rather than the subject matter itself, is critical to the analysis of whether the proposal micromanages the company. For this reason, the Staff has repeatedly allowed exclusion under

Rule 14a-8(i)(7) of proposals touching on significant policy issues where the proposals seek to micromanage the company by specifying the manner in which the company should address the policy issue. *See, e.g., Exxon Mobil Corporation* (March 6, 2020) (proposal requesting adoption of a specified pricing structure to reduce carbon dioxide production); *Exxon Mobil Corporation* (March 6, 2020) (proposal requesting establishment of board committee to oversee climate risk); *Exxon Mobil Corporation* (April 2, 2019) (proposal requesting disclosure of GHG emissions targets in line with Paris Climate Agreement goals); *The Goldman Sachs Group, Inc.* (March 12, 2019) (proposal requesting adoption of a policy to reduce the carbon footprint of the company's loan and investment portfolios in alignment with the Paris Climate Agreement); *Wells Fargo & Company* (March 5, 2019) (same); *Devon Energy Corporation* (March 4, 2019, *recon. denied* April 1, 2019) (proposal requesting a report of short-, medium- and long-term GHG targets aligned with the Paris Climate Agreement); *Verizon Communications Inc.* (March 6, 2018) (proposal requesting a report evaluating potential to achieve net-zero GHG emissions by a fixed date); *EOG Resources, Inc.* (February 26, 2018, *recon. denied* March 12, 2018) (proposal requesting adoption of company-wide, quantitative, time-bound GHG emissions reduction targets excludable despite company's acknowledgment that environmental sustainability and climate change are significant policy issues); and *Apple Inc.* (December 21, 2017) (proposal requesting a report evaluating potential to achieve net-zero GHG emissions by a fixed date excludable despite company's acknowledgment that reduction of GHG emissions is a significant policy issue).

In Staff Legal Bulletin 14K, the Staff discussed a pair of recent no-action letters decided under the micromanagement portion of Rule 14a-8(i)(7) with regard to proposals requesting reports on the adoption of GHG emissions reduction targets based on the levels of prescriptiveness of each proposal. In *Devon Energy Corporation* (March 4, 2019, *recon. denied* April 1, 2019), the Staff permitted exclusion of a proposal seeking short-, medium- and long-term GHG targets aligned with the Paris Climate Agreement based on micromanagement. This decision was made because the proposal "prescrib[ed] the method for addressing reduction of greenhouse gas emissions]" by requiring adoption of "time-bound targets" and "changes in operations to meet those goals." Staff Legal Bulletin 14K. By contrast, the Staff refused to provide no-action relief in *Anadarko Petroleum Corp.* (Mar. 4, 2019), where a proposal requesting a report on if, and how, the company planned to address climate change and align operations with the Paris Climate Agreement did not micromanage the company because it "deferred to management's discretion" how and whether to address the company's carbon footprint. Staff Legal Bulletin 14K.

In this instance, the Proposal focuses on company-wide, rigid, quantitative reduction targets that would impermissibly interfere with complex operating decisions and would micromanage the Company's response to an important policy issue. The Proposal is prescriptive in its stated goal – requesting the Company to adopt GHG emission reduction targets covering the Company's operations and energy products (Scope 1, 2 and 3 emissions).¹¹ The supporting

¹¹ To the extent the Proposal deals more generally with the Company's efforts "to address the risks and opportunities presented by the global transition towards a lower emissions energy system," including through

statement included as part of the Proposal clarifies this goal in several important and restrictive ways:

- Focusing on reducing emissions from energy products (Scope 3 emissions) as essential to (1) achieving the aims of the Paris Climate Agreement, (2) obtaining a global net-zero emission energy system and (3) pursuing efforts to limit global warming to 1.5 degrees Celsius;
- Clarifying that “absolute” Scope 3 emissions, in particular, must be limited to obtain the goals listed above;
- Asking that the target levels set consistent with the Paris Climate Agreement, which implies both levels of reduction and timelines for these reductions to be effective; and
- Implying that diversification into renewable energy is the method for obtaining the ends sought by the Proposal.

The Company's GHG emissions and the emissions resulting from use of its products result from the Company's highly complex operations and changes in those operations over time. These operations occur throughout the world at a significant number of properties and locations; similarly, the Company's products are sold throughout the world. These complex operations require the Company's management to manage countless factors on a day-to-day basis, including:

- specific management decisions regarding existing projects around the world;
- expansions and enhancements to those projects as well as the development of similar new such projects to offset the natural decline of oil and gas fields and to grow the Company's businesses;
- anticipated customer demand and how best to succeed in highly competitive global markets;
- the portfolio of investment opportunities available to the Company that would provide attractive returns to shareholders;
- how best to manage GHG emissions from these operations as well as the wide variety of operational and other risks inherent in many of the Company's businesses;

setting emission reduction targets other than “absolute” emission reduction targets, we submit that the Proposal has been substantially implemented as discussed previously.

- how best to comply with complex and evolving legal and environmental requirements that vary widely across the many jurisdictions in which the Company, either directly or through affiliated entities, conducts business; and
- many other technical and management considerations.

Developing GHG emission reduction targets, even with respect to operations over which the Company exercises control (Scope 1 and 2 emissions), requires complex decisions to be made by experts and management, taking into account among other things analyses and projections regarding the Company's current and future operations; anticipated technological, economic and geopolitical developments; anticipated changes in government regulation; and projected changes in the amount and mix of global energy and petroleum product requirements. However, the Proposal takes the specific, detailed decision-making surrounding whether to adopt targets, at what levels and in what timeframes out of the hands of management. The Company's recent update of its climate risk strategy in October 2020 was the product of a year-long process with touch points through the organization, including:

- Input throughout the year by the Company's operational divisions, the Company's Sustainable Development Leadership Team and portions of the Company's Executive Leadership Team;
- Review and approval by the Company's full Executive Leadership Team;
- Review and approval by the Public Policy Committee of the Board of Directors in July 2020; and
- A discussion with members of the Board of Directors in September 2020, with review by the full Board of Directors in October 2020 in connection with the Board's annual review of the Company's overall strategy.

The Proponent even implicitly acknowledges the complexity of this process and the substantial number of concerns which must be simultaneously addressed by setting an emission reduction target, noting at various points in the supporting statement that actions by oil and gas companies with regard to climate change involve balancing government regulations, threat of litigation, competition from renewable energy competitors, and various financial and market risks such as commodity price movement and costs from stranded assets. This acknowledgement only goes to show how the imposition of GHG emission reduction targets, particularly those required to be in alignment with the quantities and timeframes of the Paris Climate Agreement, micromanages an oil and gas exploration and production company such as the Company to an impermissible degree. The Proponent simply intends to substitute its weighing of these factors for those of the Company's management and Board of Directors.

While the Company ultimately adopted its Scope 1 and 2 emissions reduction targets in a manner substantially as contemplated by the Proponent, it does not prevent the Proposal from

impermissibly micromanaging the Company's operations. In particular, after weighing all relevant factors as part of its year-long review process, the Company determined that a reduction target for Scope 3 emissions was not the best approach for the Company. Instead, the Company proposed and supports a U.S. carbon tax to ensure reduction of these Scope 3 emissions for the various reasons discussed above. The complexities associated with the Company's Scope 3 emissions are even greater than those addressed through the Company's Scope 1 and 2 emissions because the Company does not control its Scope 3 emissions in a direct manner. All of these complexities in the decision making are swept aside by the Proposal's cursory requirement of a Scope 3 emissions reduction target. As a result, this Scope 3 emission reduction target micromanages the Company to a far greater degree than the remainder of the Proposal, and certainly far more than proposals the Staff has permitted to be excluded on the basis of micromanagement for requiring the establishment of emissions targets. *See, e.g., TJX Companies, Inc.* (March 3, 2017) (permitting exclusion of a proposal requesting a report on the company ability to achieve "net-zero" GHG emissions from the company's business and operations, without requiring emissions associated with the company's products be considered).

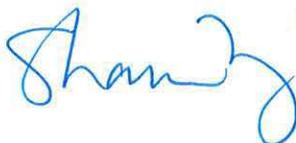
For these reasons, the Proposal seeks to micromanage the operations of the Company to an impermissible extent, and the Company may properly exclude the Proposal pursuant to Rule 14a-8(i)(7).

III. Conclusion

Based on the foregoing, the Company respectfully requests the Staff concur that the Company may exclude the Proposal from the 2021 Proxy Materials. Should the Staff disagree with the conclusions in this letter, or should any additional information be desired in support of the Company's position, we would appreciate the opportunity to confer with the Staff concerning these matters prior to the issuance of the Staff's response.

Please do not hesitate to contact me at (281) 293-2623 if you require any additional information relating to this matter.

Sincerely,



Shannon B. Kinney

Enclosures

cc: Mark van Baal, Founder-Director
McKenzie Ursch, Legal Advisor
(Follow This)

Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
January 6, 2021

Exhibit A

Proposal and Related Correspondence

Haghpeykar, Lois M. (LDZX)

From: Mark van Baal | Follow This <markvanbaal@follow-this.org>
Sent: Monday, November 30, 2020 8:18 AM
To: Kinney, Shannon B (LDZX)
Cc: Rose, Kelly B (LDZX); Cox, Whitney A (LDZX); McLane, Charlotte G (LDZX); McKenzie Ursch; maartenvandeweijer@follow-this.org; Betsy Middleton
Subject: [EXTERNAL]Shareholder proposal for 2021 annual meeting
Attachments: ConocoPhillips_-_Cover_letter_signed.pdf; Climate_Targets_Resolution_2021_ConocoPhillips_signed.pdf; Binck_-_Proof_of_ownership_-_ConocoPhillips_signed.pdf; ConocoPhillips_-_Cover_letter_signing_log.pdf; Climate_Targets_Resolution_2021_ConocoPhillips_signing_log.pdf; Binck_-_Proof_of_ownership_-_ConocoPhillips_signing_log.pdf

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Shannon,

We hope this email finds you well.

Please find attached a proposal intended for inclusion in the proxy materials of the 2021 AGM. Included with the resolution is a cover letter, as well as proof of ownership. We have also attached the signing logs which verify the digital signatures.

If you have any questions, or would like to discuss the proposal, please do not hesitate to contact us. We welcome your feedback.

We look forward to hearing from you.

For today, could you kindly confirm receipt?

With best regards,

Mark van Baal | Follow This | + 31 6 22 42 45 42

McKenzie Ursch, legal advisor Follow This | +31 6 40 16 26 72

30 November 2020

Ms. Shannon Kinney
Corporate Secretary
925 N. Eldridge Parkway
Houston, Texas 77079

Re: Shareholder proposal for 2021 annual meeting

Dear Ms. Kinney,

On behalf of Follow This, we submit the enclosed shareowner proposal for inclusion in the proxy statement that ConocoPhillips plans to circulate to shareowners in anticipation of the 2021 annual meeting. The proposal is being submitted in accordance with SEC Rule 14a-8 and relates to their climate change policies.

Follow This is located at Anthony Fokkerweg 1, 1059 CM Amsterdam, The Netherlands. They have beneficially owned more than \$2,000 worth of ConocoPhillips common stock for over one year, and intend to continue ownership of these shares through the date of the 2021 annual meeting, which a representative is prepared to attend.

In addition to the proposal, a letter from BinckBank, the record holder, confirming the aforementioned ownership, has been included with this letter.

We would be pleased to discuss the issues presented by this proposal with you. If you require any additional information, please advise.

Sincerely,

Mark van Baal

Mark Van Baal
Founder-Director Follow This

McKenzie Ursch

McKenzie Ursch
Legal Advisor
Follow This



Resolution at 2021 AGM of ConocoPhillips ("the company")

Filed by Follow This

WHEREAS: In the coming decades, the world will reduce greenhouse gas (GHG) emissions to curb climate change. Companies that fail to reduce overall emissions will incur substantial financial risks, especially fossil fuel companies.

RESOLVED: Shareholders request the company to address the risks and opportunities presented by the global transition towards a lower emissions energy system by setting emission reduction targets covering the greenhouse gas (GHG) emissions of the company's operations as well as their energy products (Scope 1, 2, and 3).

SUPPORTING STATEMENT: As responsible shareholders we perceive the increasing business risks to companies in the fossil fuel exploration and production sector. Fossil fuel companies are increasingly subject to GHG emission regulations, face climate change litigation, and encounter new competitors in the energy transition from fossil fuels to renewable energy. Meanwhile, the energy transition also provides great opportunities. Companies that are willing and able to engage in innovations and reforms are likely to survive and thrive.

We, the shareholders, therefore support ConocoPhillips in setting emissions reduction targets for all emissions (Scope 1, 2, and 3), the most simple and least prescriptive way to address these risks and opportunities.

The global political pledge to curb climate change, the resulting future regulations for the fossil fuel industry to reduce their overall emissions, and the decreasing costs of renewable energy add to the risk that capital expenditures in fossil fuel projects will become stranded assets. Furthermore, fossil fuel companies are increasingly sued for their role in the climate crisis: not only for their Scope 1 and 2 emissions but also for their Scope 3 emissions.

Reducing absolute emissions from the use of energy products (Scope 3) is essential to achieving the goal of the Paris Climate Agreement to limit global warming to well below 2°C above pre-industrial levels, to aim for a global net-zero-emission energy system, and to pursue efforts to limit the temperature increase to 1.5°C.

Backing from investors that insist on Paris-consistent targets for all emissions (Scope 1, 2, and 3) continues to gain momentum; in Europe, in 2020, an unprecedented number of shareholders voted for climate targets resolutions.

The company's financial results currently greatly depend on the price of oil. Diversification in renewable energy is an increasingly viable opportunity to decrease risks.

Taking the above points into consideration, we encourage you to set targets that are inspirational for society, employees, shareholders, and the energy sector, allowing the company to meet an increasing demand for energy while reducing GHG emissions to levels consistent with the global intergovernmental consensus specified by the Paris Climate Agreement.

You have our support.

Mark van Baal



BinckBank N.V.
Barbosa Stroozdijk 410
Postbus 75047
1070 AA Amsterdam
T: (020) 606 26 00
E: info@binck.nl
I: www.binckbank.nl

Subject: Proof of ownership for submission of shareholder proposal for 2021 AGM

Date: 30 November, 2020

To whom it may concern,

We write in connection with the shareowner proposal submitted by Follow This. This will confirm that on the date the proposal was submitted, the shareholder beneficially held at least \$2,000.00 of stock in your company to be eligible to submit a proposal as per SEC regulation and relevant law. The shares have been held since at least 29 November 2019 through the present date. The position of Follow This is listed below:

ISIN-code	Company	Number of Shares
US20825C1045	ConocoPhillips	50

For purposes of Depository Trust Company (DTC) participant confirmation, these shares are held for BinckBank by Pershing International Nominees Limited, Pershing Nominees Limited, Pershing Securities Limited or Pershing Limited, wholly owned subsidiaries of The Bank of New York Mellon Corporation (BNY Mellon).

Per the contractual agreement between BinckBank and Pershing, Pershing, as BinckBank's DTC provider, holds at least the above listed number of shares in your company in BinckBank's account on behalf of BinckBank as record holder in your company.

Accordingly, Pershing, as BinckBank's DTC provider and record holder, holds, and has continuously held, on behalf of BinckBank, at least the above listed amount of shares in your company since November 29, 2019 through the present day.

Sincerely,

Stephan Lugtenburg
Business Leader Client Services

Document ID: 9VY722J2

info@follow-this.org

Document name:

ConocoPhillips - Cover letter

SHA256 security hash:

7c18255365480433f4f4b0d09ac6fbb209c283a0ba133be76942317817321e59

Sent on:

Nov. 30, 2020, 1:52 p.m. (UTC)

From:

SignRequest <no-reply@signrequest.com> on behalf of
(info@follow-this.org)

To:

markvanbaal@follow-this.org, mckenzieursch@follow-this.org

Subject:

info@follow-this.org has sent you a SignRequest

Message:

Please sign this document.

Kind regards,

info@follow-this.org

IP address:

87.214.117.142

User agent:

Mozilla/5.0 (Macintosh; Intel Mac OS X 10_14_6) AppleWebKit/
537.36 (KHTML, like Gecko) Chrome/87.0.4280.67 Safari/
537.36

info@follow-this.org

Email address verification:

Verified by SignRequest

markvanbaal@follow-this.org

Email address verification:

Verified by SignRequest

Text added, page 1:

Mark Van Baal
Founder-Director Follow This

Signature added, page 1:

Mark van Baal

IP address:

83.219.72.138

User agent:

Mozilla/5.0 (Macintosh; Intel Mac OS X 10_13_6) AppleWebKit/
605.1.15 (KHTML, like Gecko) Version/13.1.2 Safari/605.1.15

Document signed:

Nov. 30, 2020, 1:54 p.m. (UTC)

mckenzieursch@follow-this.org

Email address verification:

Verified by SignRequest

Text added, page 1:

McKenzie Ursch
Legal Advisor
Follow This

Signature added, page 1:



IP address:

87.214.117.142

User agent:

Mozilla/5.0 (Macintosh; Intel Mac OS X 10_14_6) AppleWebKit/
537.36 (KHTML, like Gecko) Chrome/87.0.4280.67 Safari/
537.36

Document signed:

Nov. 30, 2020, 1:54 p.m. (UTC)

Document ID: WYR7145Y

info@follow-this.org

Document name: Climate Targets Resolution 2021 ConocoPhillips.pdf
SHA256 security hash:
0075faefac24b37f1886e70713d44899c10ea5b7a66ccfc4c4433f22272a46c9

Sent on: Nov. 30, 2020, 2:04 p.m. (UTC)

From: SignRequest <no-reply@signrequest.com> on behalf of
(info@follow-this.org)

To: markvanbaal@follow-this.org

Subject: info@follow-this.org has sent you a SignRequest

Message:

Please sign this document.

Kind regards,

info@follow-this.org

IP address: 87.214.117.142

User agent: Mozilla/5.0 (Macintosh; Intel Mac OS X 10_14_6) AppleWebKit/
537.36 (KHTML, like Gecko) Chrome/87.0.4280.67 Safari/
537.36

info@follow-this.org

Email address verification: Verified by SignRequest

markvanbaal@follow-this.org

Email address verification: Verified by SignRequest

Signature added, page 1:

Mark van Baal

IP address: 83.219.72.138

User agent: Mozilla/5.0 (Macintosh; Intel Mac OS X 10_13_6) AppleWebKit/
605.1.15 (KHTML, like Gecko) Version/13.1.2 Safari/605.1.15

Document signed: Nov. 30, 2020, 2:05 p.m. (UTC)

Document ID: W6JLQXZ2

info@follow-this.org

Document name:

Binck - Proof of ownership - ConocoPhillips.pdf

SHA256 security hash:

5ad0b941b8e56fdae61e2012a6d64112d277d921b54f3e61087d1feca9483f61

Sent on:

Nov. 30, 2020, 1:25 p.m. (UTC)

From:

SignRequest <no-reply@signrequest.com> on behalf of
(info@follow-this.org)

To:

slugtenburg@binck.nl

Subject:

info@follow-this.org has sent you a SignRequest

Message:

Please sign this document.

Kind regards,

info@follow-this.org

IP address:

87.214.117.142

User agent:

Mozilla/5.0 (Macintosh; Intel Mac OS X 10_14_6) AppleWebKit/
537.36 (KHTML, like Gecko) Chrome/87.0.4280.67 Safari/
537.36

info@follow-this.org

Email address verification:

Verified by SignRequest

slugtenburg@binck.nl

Email address verification:

Verified by SignRequest

Signature added, page 1:



IP address:

185.16.141.5

User agent:

Mozilla/5.0 (Windows NT 10.0; Win64; x64) AppleWebKit/
537.36 (KHTML, like Gecko) Chrome/70.0.3538.102 Safari/
537.36 Edge/18.18363

Document signed:

Nov. 30, 2020, 1:33 p.m. (UTC)

Haghpeykar, Lois M. (LDZX)

From: Kinney, Shannon B (LDZX)
Sent: Tuesday, December 08, 2020 4:39 PM
To: Mark van Baal | Follow This
Cc: Cox, Whitney A (LDZX); McLane, Charlotte G (LDZX); McKenzie Ursch; maartenvandeweijer@follow-this.org; Betsy Middleton
Subject: RE: [EXTERNAL]Shareholder proposal for 2021 annual meeting
Attachments: 20201208163058.pdf

Mark,

Please find attached a Notice of Deficiency informing you of a defect in your submission.

Thanks,
Shannon

Shannon Weinberg Kinney
Deputy General Counsel, Chief Compliance Officer and Corporate Secretary
ConocoPhillips Company
925 N. Eldridge Parkway
Houston, TX 77079
Phone: 281-293-2623
E-Mail: shannon.kinney@conocophillips.com

This information is protected from disclosure and may be PRIVILEGED & CONFIDENTIAL. If you received this email in error, please contact me immediately. Thank you.

From: Mark van Baal | Follow This <markvanbaal@follow-this.org>
Sent: Monday, November 30, 2020 8:18 AM
To: Kinney, Shannon B (LDZX) <Shannon.Kinney@conocophillips.com>
Cc: Rose, Kelly B (LDZX) <Kelly.B.Rose@conocophillips.com>; Cox, Whitney A (LDZX) <Whitney.A.Cox@conocophillips.com>; McLane, Charlotte G (LDZX) <Charlotte.G.McLane@conocophillips.com>; McKenzie Ursch <mckenzieursch@follow-this.org>; maartenvandeweijer@follow-this.org; Betsy Middleton <betsymiddleton@follow-this.org>
Subject: [EXTERNAL]Shareholder proposal for 2021 annual meeting

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Shannon,

We hope this email finds you well.

Please find attached a proposal intended for inclusion in the proxy materials of the 2021 AGM. Included with the resolution is a cover letter, as well as proof of ownership. We have also attached the signing logs which verify the digital signatures.

If you have any questions, or would like to discuss the proposal, please do not hesitate to contact us. We welcome your feedback.

We look forward to hearing from you.

For today, could you kindly confirm receipt?

With best regards,

Mark van Baal | Follow This | + 31 6 22 42 45 42

McKenzie Ursch, legal advisor Follow This | +31 6 40 16 26 72

Confidentiality Notice:

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Shannon B. Kinney
Deputy General Counsel, Chief Compliance
Officer and Corporate Secretary

ConocoPhillips Company
925 N. Eldridge Parkway
Houston, TX 77079
Telephone: (281) 293-2623
Email: shannon.kinney@conocophillips.com

December 8, 2020

By E-mail

Follow This
Anthony Fokkerweg 1
1059 CM Amsterdam
The Netherlands

Attention: Mark Van Baal, Founder-Director
McKenzie Ursch, Legal Advisor

Re: Notice of Deficiency – Proposal for 2021 Annual Meeting

Dear Messrs. van Baal and Ursch:

I am writing to acknowledge receipt on November 30, 2020 of the shareholder proposal dated November 30, 2020 (the "Proposal") submitted to ConocoPhillips by Follow This (the "Proponent"). In order to properly consider your request, and in accordance with Rule 14a-8 of the Securities Exchange Act of 1934, as amended, we hereby inform you of a defect in your submission, as described below.

Verification of Stock Ownership

In order to be eligible to submit a proposal, Rule 14a-8(b) requires that a stockholder must submit sufficient proof that the stockholder has continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal for at least one year preceding and including the date the stockholder submits the proposal.

The records for ConocoPhillips common stock do not indicate that the Proponent is the "record" holder of ConocoPhillips common stock. Because the Proponent is not the "record" holder of its shares of ConocoPhillips common stock, Rule 14a-8(b) specifies that the Proponent must provide sufficient proof of the Proponent's ownership of ConocoPhillips common stock through one of the following methods:

1. A written statement from the "record" holder of the Proponent's shares verifying that the Proponent owned and has continuously held at least \$2,000 in market value, or 1%, of shares of ConocoPhillips common stock for at least one year preceding and including November 30, 2020; or

2. A copy of a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5, or amendments to those documents or updated forms, filed with the U.S. Securities and Exchange Commission (“SEC”) reflecting the Proponent’s ownership of the required number or amount of shares of ConocoPhillips common stock as of or before the date on which the one year eligibility period referenced in clause (1) above begins (as well as any subsequent amendments to those documents or forms reporting a change in ownership), and a written statement from the Proponent that it continuously held the required number or amount of shares of ConocoPhillips common stock for such one-year period as of the date of the statement.

When demonstrating ownership of shares of ConocoPhillips common stock by submitting a written statement from the “record” holder of the Proponent’s shares as set forth in clause (1) above, please note that most large U.S. brokers and banks deposit their customers’ securities with, and hold those securities through, The Depository Trust Company (“DTC”). DTC is a registered clearing agency that acts as a securities depository and is also known through the account name of its nominee, Cede & Co. The brokers and banks depositing customer securities with, and holding these securities through, DTC are often referred to as DTC participants. Under SEC Staff Legal Bulletin Nos. 14F and 14G, only DTC participants and their affiliates are viewed as “record” holders of securities that are deposited at DTC.

To date we have not received proof that the Proponent satisfies the ownership requirements contained in Rule 14a-8(b). While we note the letter from BinckBank accompanying the Proposal and purporting to evidence the Proponent’s ownership of shares of ConocoPhillips common stock, this letter is insufficient because BinckBank is not a DTC participant. You should be able to find out the name of the applicable DTC participant or affiliate holding the Proponent’s shares by asking the broker or bank where the Proponent’s shares are held.¹ Based solely on the letter you provided from BinckBank accompanying the Proposal, the DTC participant appears to be one or more affiliates of The Bank of New York Mellon Corporation.

To demonstrate ownership of shares of ConocoPhillips common stock by submitting a written statement from the “record” holder of shares, you will need to obtain proof of ownership from the DTC participant or affiliate through which the Proponent’s shares are held as follows:

1. If the broker or bank where the Proponent’s shares are held is a DTC participant or an affiliate of a DTC participant, the Proponent needs to submit a written statement from the broker or bank verifying the Proponent continuously held the requisite number of shares for the one-year period preceding and including November 30, 2020.
2. If the broker or bank where the Proponent’s shares are held is not a DTC participant or an affiliate of a DTC participant, the Proponent needs to submit proof of ownership from the DTC participant or affiliate of a DTC participant through which the Proponent’s share are held verifying that the Proponent continuously held the requisite number of shares for the one-year period preceding and including November 30, 2020. If the DTC participant or affiliate of a DTC participant that holds the Proponent’s shares knows the broker or bank’s holdings, but does not know the Proponent’s holdings, the Proponent may satisfy the proof

¹ You can confirm whether the broker or bank through which the Proponent holds shares is a DTC participant by checking DTC’s participant list, which is currently available on the Internet at: <http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/alpha.ashx>.

of ownership requirements by submitting two proof of ownership statements—one from the Proponent's broker or bank confirming the Proponent's ownership and the other from the DTC participant or affiliate of a DTC participant confirming the ownership by the Proponent's bank or broker.

Please review SEC Staff Legal Bulletin Nos. 14F and 14G carefully before submitting any additional proof of ownership to ensure that it is compliant.

Timeline for Response and Conclusion

Under Rule 14a-8(f)(1), your response to remedy the deficiency set forth in this letter must be postmarked, or transmitted electronically, within 14 calendar days of your receipt of this letter. Please note that, because your submission has not satisfied the procedural requirement described above, we have not yet determined whether your submission could be omitted from the ConocoPhillips proxy statement on other grounds. If you adequately correct the procedural deficiency described above within the 14-day time frame, we reserve the right to omit the proposal pursuant to Rule 14a-8 if another valid basis for exclusion exists.

Please send the requested documentation to my attention:

Shannon B. Kinney
ConocoPhillips Company
P.O. Box 4783
Houston, TX 77210

Alternatively, you may transmit any response by email to me at:
shannon.kinney@conocophillips.com.

If you have any questions or would like to speak with a representative from ConocoPhillips about your proposal, please contact me at (281) 293-2623. For your convenience, we are transmitting a copy of Rule 14a-8 as well as Staff Legal Bulletin Nos. 14F and 14G with this letter.²

Best regards,



Shannon B. Kinney
Deputy General Counsel, Chief Compliance Officer and Corporate Secretary

Attachments

² An electronic version of Rule 14a-8 as well as the attached Staff Legal Bulletins are available as follow:

- Rule 14a-8: https://www.ecfr.gov/cgi-bin/text-idx?SID=39c04b828a760a57df22fea55370e950&mc=true&node=se17.4.240_114a_68&rgn=div8.
- Staff Legal Bulletin No. 14F: <https://www.sec.gov/interps/legal/cfs1b14f.htm>.
- Staff Legal Bulletin No. 14G: <https://www.sec.gov/interps/legal/cfs1b14g.htm>.

ELECTRONIC CODE OF FEDERAL REGULATIONS

e-CFR data is current as of November 30, 2020

Title 17 → Chapter II → Part 240 → §240.14a-8

Title 17: Commodity and Securities Exchanges
PART 240—GENERAL RULES AND REGULATIONS, SECURITIES EXCHANGE ACT OF 1934

§240.14a-8 Shareholder proposals.

[Link to an amendment published at 85 FR 70294, Nov. 4, 2020.](#)

This section addresses when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders. In summary, in order to have your shareholder proposal included on a company's proxy card, and included along with any supporting statement in its proxy statement, you must be eligible and follow certain procedures. Under a few specific circumstances, the company is permitted to exclude your proposal, but only after submitting its reasons to the Commission. We structured this section in a question-and-answer format so that it is easier to understand. The references to "you" are to a shareholder seeking to submit the proposal.

(a) *Question 1: What is a proposal?* A shareholder proposal is your recommendation or requirement that the company and/or its board of directors take action, which you intend to present at a meeting of the company's shareholders. Your proposal should state as clearly as possible the course of action that you believe the company should follow. If your proposal is placed on the company's proxy card, the company must also provide in the form of proxy means for shareholders to specify by boxes a choice between approval or disapproval, or abstention. Unless otherwise indicated, the word "proposal" as used in this section refers both to your proposal, and to your corresponding statement in support of your proposal (if any).

(b) *Question 2: Who is eligible to submit a proposal, and how do I demonstrate to the company that I am eligible?* (1) In order to be eligible to submit a proposal, you must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal. You must continue to hold those securities through the date of the meeting.

(2) If you are the registered holder of your securities, which means that your name appears in the company's records as a shareholder, the company can verify your eligibility on its own, although you will still have to provide the company with a written statement that you intend to continue to hold the securities through the date of the meeting of shareholders.

However, if like many shareholders you are not a registered holder, the company likely does not know that you are a shareholder, or how many shares you own. In this case, at the time you submit your proposal, you must prove your eligibility to the company in one of two ways:

(i) The first way is to submit to the company a written statement from the "record" holder of your securities (usually a broker or bank) verifying that, at the time you submitted your proposal, you continuously held the securities for at least one year. You must also include your own written statement that you intend to continue to hold the securities through the date of the meeting of shareholders; or

(ii) The second way to prove ownership applies only if you have filed a Schedule 13D (§240.13d-101), Schedule 13G (§240.13d-102), Form 3 (§249.103 of this chapter), Form 4 (§249.104 of this chapter) and/or Form 5 (§249.105 of this chapter), or amendments to those documents or updated forms, reflecting your ownership of the shares as of or before the date on which the one-year eligibility period begins. If you have filed one of these documents with the SEC, you may demonstrate your eligibility by submitting to the company:

(A) A copy of the schedule and/or form, and any subsequent amendments reporting a change in your ownership level;

(B) Your written statement that you continuously held the required number of shares for the one-year period as of the date of the statement; and

(C) Your written statement that you intend to continue ownership of the shares through the date of the company's annual or special meeting.

(c) *Question 3:* How many proposals may I submit? Each shareholder may submit no more than one proposal to a company for a particular shareholders' meeting.

(d) *Question 4:* How long can my proposal be? The proposal, including any accompanying supporting statement, may not exceed 500 words.

(e) *Question 5:* What is the deadline for submitting a proposal? (1) If you are submitting your proposal for the company's annual meeting, you can in most cases find the deadline in last year's proxy statement. However, if the company did not hold an annual meeting last year, or has changed the date of its meeting for this year more than 30 days from last year's meeting, you can usually find the deadline in one of the company's quarterly reports on Form 10-Q (§249.308a of this chapter), or in shareholder reports of investment companies under §270.30d-1 of this chapter of the Investment Company Act of 1940. In order to avoid controversy, shareholders should submit their proposals by means, including electronic means, that permit them to prove the date of delivery.

(2) The deadline is calculated in the following manner if the proposal is submitted for a regularly scheduled annual meeting. The proposal must be received at the company's principal executive offices not less than 120 calendar days before the date of the company's proxy statement released to shareholders in connection with the previous year's annual meeting. However, if the company did not hold an annual meeting the previous year, or if the date of this year's annual meeting has been changed by more than 30 days from the date of

the previous year's meeting, then the deadline is a reasonable time before the company begins to print and send its proxy materials.

(3) If you are submitting your proposal for a meeting of shareholders other than a regularly scheduled annual meeting, the deadline is a reasonable time before the company begins to print and send its proxy materials.

(f) *Question 6: What if I fail to follow one of the eligibility or procedural requirements explained in answers to Questions 1 through 4 of this section?* (1) The company may exclude your proposal, but only after it has notified you of the problem, and you have failed adequately to correct it. Within 14 calendar days of receiving your proposal, the company must notify you in writing of any procedural or eligibility deficiencies, as well as of the time frame for your response. Your response must be postmarked, or transmitted electronically, no later than 14 days from the date you received the company's notification. A company need not provide you such notice of a deficiency if the deficiency cannot be remedied, such as if you fail to submit a proposal by the company's properly determined deadline. If the company intends to exclude the proposal, it will later have to make a submission under §240.14a-8 and provide you with a copy under Question 10 below, §240.14a-8(j).

(2) If you fail in your promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of your proposals from its proxy materials for any meeting held in the following two calendar years.

(g) *Question 7: Who has the burden of persuading the Commission or its staff that my proposal can be excluded?* Except as otherwise noted, the burden is on the company to demonstrate that it is entitled to exclude a proposal.

(h) *Question 8: Must I appear personally at the shareholders' meeting to present the proposal?* (1) Either you, or your representative who is qualified under state law to present the proposal on your behalf, must attend the meeting to present the proposal. Whether you attend the meeting yourself or send a qualified representative to the meeting in your place, you should make sure that you, or your representative, follow the proper state law procedures for attending the meeting and/or presenting your proposal.

(2) If the company holds its shareholder meeting in whole or in part via electronic media, and the company permits you or your representative to present your proposal via such media, then you may appear through electronic media rather than traveling to the meeting to appear in person.

(3) If you or your qualified representative fail to appear and present the proposal, without good cause, the company will be permitted to exclude all of your proposals from its proxy materials for any meetings held in the following two calendar years.

(i) *Question 9: If I have complied with the procedural requirements, on what other bases may a company rely to exclude my proposal?* (1) Improper under state law: If the proposal is not a proper subject for action by shareholders under the laws of the jurisdiction of the company's organization;

NOTE TO PARAGRAPH (i)(1): Depending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders. In our experience, most proposals that are cast as recommendations or requests that the board of directors take specified action are proper under state law. Accordingly, we will assume that a proposal drafted as a recommendation or suggestion is proper unless the company demonstrates otherwise.

(2) *Violation of law*: If the proposal would, if implemented, cause the company to violate any state, federal, or foreign law to which it is subject;

NOTE TO PARAGRAPH (i)(2): We will not apply this basis for exclusion to permit exclusion of a proposal on grounds that it would violate foreign law if compliance with the foreign law would result in a violation of any state or federal law.

(3) *Violation of proxy rules*: If the proposal or supporting statement is contrary to any of the Commission's proxy rules, including §240.14a-9, which prohibits materially false or misleading statements in proxy soliciting materials;

(4) *Personal grievance; special interest*: If the proposal relates to the redress of a personal claim or grievance against the company or any other person, or if it is designed to result in a benefit to you, or to further a personal interest, which is not shared by the other shareholders at large;

(5) *Relevance*: If the proposal relates to operations which account for less than 5 percent of the company's total assets at the end of its most recent fiscal year, and for less than 5 percent of its net earnings and gross sales for its most recent fiscal year, and is not otherwise significantly related to the company's business;

(6) *Absence of power/authority*: If the company would lack the power or authority to implement the proposal;

(7) *Management functions*: If the proposal deals with a matter relating to the company's ordinary business operations;

(8) *Director elections*: If the proposal:

(i) Would disqualify a nominee who is standing for election;

(ii) Would remove a director from office before his or her term expired;

(iii) Questions the competence, business judgment, or character of one or more nominees or directors;

(iv) Seeks to include a specific individual in the company's proxy materials for election to the board of directors; or

(v) Otherwise could affect the outcome of the upcoming election of directors.

(9) *Conflicts with company's proposal*: If the proposal directly conflicts with one of the company's own proposals to be submitted to shareholders at the same meeting;

NOTE TO PARAGRAPH (i)(9): A company's submission to the Commission under this section should specify the points of conflict with the company's proposal.

(10) *Substantially implemented*: If the company has already substantially implemented the proposal;

NOTE TO PARAGRAPH (i)(10): A company may exclude a shareholder proposal that would provide an advisory vote or seek future advisory votes to approve the compensation of executives as disclosed pursuant to Item 402 of Regulation S-K (§229.402 of this chapter) or any successor to Item 402 (a "say-on-pay vote") or that relates to the frequency of say-on-pay votes, provided that in the most recent shareholder vote required by §240.14a-21(b) of this chapter a single year (*i.e.*, one, two, or three years) received approval of a majority of votes cast on the matter and the company has adopted a policy on the frequency of say-on-pay votes that is consistent with the choice of the majority of votes cast in the most recent shareholder vote required by §240.14a-21(b) of this chapter.

(11) *Duplication*: If the proposal substantially duplicates another proposal previously submitted to the company by another proponent that will be included in the company's proxy materials for the same meeting;

(12) *Resubmissions*: If the proposal deals with substantially the same subject matter as another proposal or proposals that has or have been previously included in the company's proxy materials within the preceding 5 calendar years, a company may exclude it from its proxy materials for any meeting held within 3 calendar years of the last time it was included if the proposal received:

(i) Less than 3% of the vote if proposed once within the preceding 5 calendar years;

(ii) Less than 6% of the vote on its last submission to shareholders if proposed twice previously within the preceding 5 calendar years; or

(iii) Less than 10% of the vote on its last submission to shareholders if proposed three times or more previously within the preceding 5 calendar years; and

(13) *Specific amount of dividends*: If the proposal relates to specific amounts of cash or stock dividends.

(j) *Question 10*: What procedures must the company follow if it intends to exclude my proposal? (1) If the company intends to exclude a proposal from its proxy materials, it must file its reasons with the Commission no later than 80 calendar days before it files its definitive proxy statement and form of proxy with the Commission. The company must simultaneously provide you with a copy of its submission. The Commission staff may permit the company to make its submission later than 80 days before the company files its definitive proxy statement and form of proxy, if the company demonstrates good cause for missing the deadline.

(2) The company must file six paper copies of the following:

(i) The proposal;

(ii) An explanation of why the company believes that it may exclude the proposal, which should, if possible, refer to the most recent applicable authority, such as prior Division letters issued under the rule; and

(iii) A supporting opinion of counsel when such reasons are based on matters of state or foreign law.

(k) *Question 11: May I submit my own statement to the Commission responding to the company's arguments?*

Yes, you may submit a response, but it is not required. You should try to submit any response to us, with a copy to the company, as soon as possible after the company makes its submission. This way, the Commission staff will have time to consider fully your submission before it issues its response. You should submit six paper copies of your response.

(l) *Question 12: If the company includes my shareholder proposal in its proxy materials, what information about me must it include along with the proposal itself?*

(1) The company's proxy statement must include your name and address, as well as the number of the company's voting securities that you hold. However, instead of providing that information, the company may instead include a statement that it will provide the information to shareholders promptly upon receiving an oral or written request.

(2) The company is not responsible for the contents of your proposal or supporting statement.

(m) *Question 13: What can I do if the company includes in its proxy statement reasons why it believes shareholders should not vote in favor of my proposal, and I disagree with some of its statements?*

(1) The company may elect to include in its proxy statement reasons why it believes shareholders should vote against your proposal. The company is allowed to make arguments reflecting its own point of view, just as you may express your own point of view in your proposal's supporting statement.

(2) However, if you believe that the company's opposition to your proposal contains materially false or misleading statements that may violate our anti-fraud rule, §240.14a-9, you should promptly send to the Commission staff and the company a letter explaining the reasons for your view, along with a copy of the company's statements opposing your proposal. To the extent possible, your letter should include specific factual information demonstrating the inaccuracy of the company's claims. Time permitting, you may wish to try to work out your differences with the company by yourself before contacting the Commission staff.

(3) We require the company to send you a copy of its statements opposing your proposal before it sends its proxy materials, so that you may bring to our attention any materially false or misleading statements, under the following timeframes:

(i) If our no-action response requires that you make revisions to your proposal or supporting statement as a condition to requiring the company to include it in its proxy materials, then the company must provide you with a copy of its opposition statements no later than 5 calendar days after the company receives a copy of your revised proposal; or

(ii) In all other cases, the company must provide you with a copy of its opposition statements no later than 30 calendar days before its files definitive copies of its proxy statement and form of proxy under §240.14a-6.

[63 FR 29119, May 28, 1998; 63 FR 50622, 50623, Sept. 22, 1998, as amended at 72 FR 4168, Jan. 29, 2007; 72 FR 70456, Dec. 11, 2007; 73 FR 977, Jan. 4, 2008; 76 FR 6045, Feb. 2, 2011; 75 FR 56782, Sept. 16, 2010]

Need assistance?



**Division of Corporation Finance
Securities and Exchange Commission**

Shareholder Proposals

Staff Legal Bulletin No. 14F (CF)

Action: Publication of CF Staff Legal Bulletin

Date: October 18, 2011

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Supplementary Information: The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

Contacts: For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at https://www.sec.gov/forms/corp_fin_interpretive.

A. The purpose of this bulletin

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- Common errors shareholders can avoid when submitting proof of ownership to companies;
- The submission of revised proposals;
- Procedures for withdrawing no-action requests regarding proposals submitted by multiple proponents; and
- The Division's new process for transmitting Rule 14a-8 no-action responses by email.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: [SLB No. 14](#), [SLB No. 14A](#), [SLB No. 14B](#), [SLB No. 14C](#), [SLB No. 14D](#) and [SLB No. 14E](#).

B. The types of brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

1. Eligibility to submit a proposal under Rule 14a-8

To be eligible to submit a shareholder proposal, a shareholder must have continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the shareholder meeting for at least one year as of the date the shareholder submits the proposal. The shareholder must also continue to hold the required amount of securities through the date of the meeting and must provide the company with a written statement of intent to do so.¹

The steps that a shareholder must take to verify his or her eligibility to submit a proposal depend on how the shareholder owns the securities. There are two types of security holders in the U.S.: registered owners and beneficial owners.² Registered owners have a direct relationship with the issuer because their ownership of shares is listed on the records maintained by the issuer or its transfer agent. If a shareholder is a registered owner, the company can independently confirm that the shareholder's holdings satisfy Rule 14a-8(b)'s eligibility requirement.

The vast majority of investors in shares issued by U.S. companies, however, are beneficial owners, which means that they hold their securities in book-entry form through a securities intermediary, such as a broker or a bank. Beneficial owners are sometimes referred to as "street name" holders. Rule 14a-8(b)(2)(i) provides that a beneficial owner can provide proof of ownership to support his or her eligibility to submit a proposal by submitting a written statement "from the 'record' holder of [the] securities (usually a broker or bank)," verifying that, at the time the proposal was submitted, the shareholder held the required amount of securities continuously for at least one year.³

2. The role of the Depository Trust Company

Most large U.S. brokers and banks deposit their customers' securities with, and hold those securities through, the Depository Trust Company ("DTC"), a registered clearing agency acting as a securities depository. Such brokers and banks are often referred to as "participants" in DTC.⁴ The names of these DTC participants, however, do not appear as the registered owners of the securities deposited with DTC on the list of shareholders maintained by the company or, more typically, by its transfer agent. Rather, DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants. A company can request from DTC a "securities position listing" as of a specified date, which identifies the DTC participants having a position in the company's securities and the number of securities held by each DTC participant on that date.⁵

3. Brokers and banks that constitute "record" holders under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

In *The Hain Celestial Group, Inc.* (Oct. 1, 2008), we took the position that an introducing broker could be considered a "record" holder for purposes of Rule 14a-8(b)(2)(i). An introducing broker is a broker that engages in sales and other activities involving customer contact, such as opening customer accounts and accepting customer orders, but is not permitted to maintain custody of customer funds and securities.⁶ Instead, an introducing broker engages another broker, known as a "clearing broker," to hold custody of client funds and securities, to clear and execute customer trades, and to handle other functions such as issuing confirmations of customer trades and customer account statements. Clearing brokers generally are DTC participants; introducing brokers generally are not. As introducing brokers generally are not DTC participants, and therefore typically do not appear on DTC's securities position listing, *Hain Celestial* has required companies to

accept proof of ownership letters from brokers in cases where, unlike the positions of registered owners and brokers and banks that are DTC participants, the company is unable to verify the positions against its own or its transfer agent's records or against DTC's securities position listing.

In light of questions we have received following two recent court cases relating to proof of ownership under Rule 14a-8⁷ and in light of the Commission's discussion of registered and beneficial owners in the Proxy Mechanics Concept Release, we have reconsidered our views as to what types of brokers and banks should be considered "record" holders under Rule 14a-8(b)(2)(i). Because of the transparency of DTC participants' positions in a company's securities, we will take the view going forward that, for Rule 14a-8(b)(2)(i) purposes, only DTC participants should be viewed as "record" holders of securities that are deposited at DTC. As a result, we will no longer follow *Hain Celestial*.

We believe that taking this approach as to who constitutes a "record" holder for purposes of Rule 14a-8(b)(2)(i) will provide greater certainty to beneficial owners and companies. We also note that this approach is consistent with Exchange Act Rule 12g5-1 and a 1988 staff no-action letter addressing that rule,⁸ under which brokers and banks that are DTC participants are considered to be the record holders of securities on deposit with DTC when calculating the number of record holders for purposes of Sections 12(g) and 15(d) of the Exchange Act.

Companies have occasionally expressed the view that, because DTC's nominee, Cede & Co., appears on the shareholder list as the sole registered owner of securities deposited with DTC by the DTC participants, only DTC or Cede & Co. should be viewed as the "record" holder of the securities held on deposit at DTC for purposes of Rule 14a-8(b)(2)(i). We have never interpreted the rule to require a shareholder to obtain a proof of ownership letter from DTC or Cede & Co., and nothing in this guidance should be construed as changing that view.

How can a shareholder determine whether his or her broker or bank is a DTC participant?

Shareholders and companies can confirm whether a particular broker or bank is a DTC participant by checking DTC's participant list, which is currently available on the Internet at

<http://www.dtcc.com/~media/Files/Downloads/client-center/DTC/alpha.ashx>.

What if a shareholder's broker or bank is not on DTC's participant list?

The shareholder will need to obtain proof of ownership from the DTC participant through which the securities are held. The shareholder should be able to find out who this DTC participant is by asking the shareholder's broker or bank.⁹

If the DTC participant knows the shareholder's broker or bank's holdings, but does not know the shareholder's holdings, a shareholder could satisfy Rule 14a-8(b)(2)(i) by obtaining and submitting two proof of ownership statements verifying that, at the time the proposal was submitted, the required amount of securities were continuously held for at least one year – one from the shareholder's broker or bank confirming the shareholder's ownership, and the other from the DTC participant confirming the broker or bank's ownership.

How will the staff process no-action requests that argue for exclusion on the basis that the shareholder's proof of ownership is not from a DTC

participant?

The staff will grant no-action relief to a company on the basis that the shareholder's proof of ownership is not from a DTC participant only if the company's notice of defect describes the required proof of ownership in a manner that is consistent with the guidance contained in this bulletin. Under Rule 14a-8(f)(1), the shareholder will have an opportunity to obtain the requisite proof of ownership after receiving the notice of defect.

C. Common errors shareholders can avoid when submitting proof of ownership to companies

In this section, we describe two common errors shareholders make when submitting proof of ownership for purposes of Rule 14a-8(b)(2), and we provide guidance on how to avoid these errors.

First, Rule 14a-8(b) requires a shareholder to provide proof of ownership that he or she has "continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year by the date you submit the proposal" (emphasis added).¹⁰ We note that many proof of ownership letters do not satisfy this requirement because they do not verify the shareholder's beneficial ownership for the entire one-year period preceding and including the date the proposal is submitted. In some cases, the letter speaks as of a date *before* the date the proposal is submitted, thereby leaving a gap between the date of the verification and the date the proposal is submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the shareholder's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Second, many letters fail to confirm continuous ownership of the securities. This can occur when a broker or bank submits a letter that confirms the shareholder's beneficial ownership only as of a specified date but omits any reference to continuous ownership for a one-year period.

We recognize that the requirements of Rule 14a-8(b) are highly prescriptive and can cause inconvenience for shareholders when submitting proposals. Although our administration of Rule 14a-8(b) is constrained by the terms of the rule, we believe that shareholders can avoid the two errors highlighted above by arranging to have their broker or bank provide the required verification of ownership as of the date they plan to submit the proposal using the following format:

"As of [date the proposal is submitted], [name of shareholder] held, and has held continuously for at least one year, [number of securities] shares of [company name] [class of securities]."¹¹

As discussed above, a shareholder may also need to provide a separate written statement from the DTC participant through which the shareholder's securities are held if the shareholder's broker or bank is not a DTC participant.

D. The submission of revised proposals

On occasion, a shareholder will revise a proposal after submitting it to a company. This section addresses questions we have received regarding revisions to a proposal or supporting statement.

1. A shareholder submits a timely proposal. The shareholder then submits a revised proposal before the company's deadline for receiving proposals. Must the company accept the revisions?

Yes. In this situation, we believe the revised proposal serves as a replacement of the initial proposal. By submitting a revised proposal, the shareholder has effectively withdrawn the initial proposal. Therefore, the shareholder is not in violation of the one-proposal limitation in Rule 14a-8(c).¹² If the company intends to submit a no-action request, it must do so with respect to the revised proposal.

We recognize that in Question and Answer E.2 of SLB No. 14, we indicated that if a shareholder makes revisions to a proposal before the company submits its no-action request, the company can choose whether to accept the revisions. However, this guidance has led some companies to believe that, in cases where shareholders attempt to make changes to an initial proposal, the company is free to ignore such revisions even if the revised proposal is submitted before the company's deadline for receiving shareholder proposals. We are revising our guidance on this issue to make clear that a company may not ignore a revised proposal in this situation.¹³

2. A shareholder submits a timely proposal. After the deadline for receiving proposals, the shareholder submits a revised proposal. Must the company accept the revisions?

No. If a shareholder submits revisions to a proposal after the deadline for receiving proposals under Rule 14a-8(e), the company is not required to accept the revisions. However, if the company does not accept the revisions, it must treat the revised proposal as a second proposal and submit a notice stating its intention to exclude the revised proposal, as required by Rule 14a-8(j). The company's notice may cite Rule 14a-8(e) as the reason for excluding the revised proposal. If the company does not accept the revisions and intends to exclude the initial proposal, it would also need to submit its reasons for excluding the initial proposal.

3. If a shareholder submits a revised proposal, as of which date must the shareholder prove his or her share ownership?

A shareholder must prove ownership as of the date the original proposal is submitted. When the Commission has discussed revisions to proposals,¹⁴ it has not suggested that a revision triggers a requirement to provide proof of ownership a second time. As outlined in Rule 14a-8(b), proving ownership includes providing a written statement that the shareholder intends to continue to hold the securities through the date of the shareholder meeting. Rule 14a-8(f)(2) provides that if the shareholder "fails in [his or her] promise to hold the required number of securities through the date of the meeting of shareholders, then the company will be permitted to exclude all of [the same shareholder's] proposals from its proxy materials for any meeting held in the following two calendar years." With these provisions in mind, we do not interpret Rule 14a-8 as requiring additional proof of ownership when a shareholder submits a revised proposal.¹⁵

E. Procedures for withdrawing no-action requests for proposals submitted by multiple proponents

We have previously addressed the requirements for withdrawing a Rule 14a-8 no-action request in SLB Nos. 14 and 14C. SLB No. 14 notes that a company should include with a withdrawal letter documentation demonstrating that a shareholder has withdrawn the proposal. In cases where a proposal submitted by multiple shareholders is withdrawn, SLB No. 14C states that, if each shareholder has designated a lead individual to act

on its behalf and the company is able to demonstrate that the individual is authorized to act on behalf of all of the proponents, the company need only provide a letter from that lead individual indicating that the lead individual is withdrawing the proposal on behalf of all of the proponents.

Because there is no relief granted by the staff in cases where a no-action request is withdrawn following the withdrawal of the related proposal, we recognize that the threshold for withdrawing a no-action request need not be overly burdensome. Going forward, we will process a withdrawal request if the company provides a letter from the lead filer that includes a representation that the lead filer is authorized to withdraw the proposal on behalf of each proponent identified in the company's no-action request.¹⁶

F. Use of email to transmit our Rule 14a-8 no-action responses to companies and proponents

To date, the Division has transmitted copies of our Rule 14a-8 no-action responses, including copies of the correspondence we have received in connection with such requests, by U.S. mail to companies and proponents. We also post our response and the related correspondence to the Commission's website shortly after issuance of our response.

In order to accelerate delivery of staff responses to companies and proponents, and to reduce our copying and postage costs, going forward, we intend to transmit our Rule 14a-8 no-action responses by email to companies and proponents. We therefore encourage both companies and proponents to include email contact information in any correspondence to each other and to us. We will use U.S. mail to transmit our no-action response to any company or proponent for which we do not have email contact information.

Given the availability of our responses and the related correspondence on the Commission's website and the requirement under Rule 14a-8 for companies and proponents to copy each other on correspondence submitted to the Commission, we believe it is unnecessary to transmit copies of the related correspondence along with our no-action response. Therefore, we intend to transmit only our staff response and not the correspondence we receive from the parties. We will continue to post to the Commission's website copies of this correspondence at the same time that we post our staff no-action response.

¹ See Rule 14a-8(b).

² For an explanation of the types of share ownership in the U.S., see Concept Release on U.S. Proxy System, Release No. 34-62495 (July 14, 2010) [75 FR 42982] ("Proxy Mechanics Concept Release"), at Section II.A. The term "beneficial owner" does not have a uniform meaning under the federal securities laws. It has a different meaning in this bulletin as compared to "beneficial owner" and "beneficial ownership" in Sections 13 and 16 of the Exchange Act. Our use of the term in this bulletin is not intended to suggest that registered owners are not beneficial owners for purposes of those Exchange Act provisions. See Proposed Amendments to Rule 14a-8 under the Securities Exchange Act of 1934 Relating to Proposals by Security Holders, Release No. 34-12598 (July 7, 1976) [41 FR 29982], at n.2 ("The term 'beneficial owner' when used in the context of the proxy rules, and in light of the purposes of those rules, may be interpreted to have a broader meaning than it would for certain other purpose[s] under the federal securities laws, such as reporting pursuant to the Williams Act.").

³ If a shareholder has filed a Schedule 13D, Schedule 13G, Form 3, Form 4 or Form 5 reflecting ownership of the required amount of shares, the shareholder may instead prove ownership by submitting a copy of such filings and providing the additional information that is described in Rule 14a-8(b)(2)(ii).

⁴ DTC holds the deposited securities in "fungible bulk," meaning that there are no specifically identifiable shares directly owned by the DTC participants. Rather, each DTC participant holds a pro rata interest or position in the aggregate number of shares of a particular issuer held at DTC. Correspondingly, each customer of a DTC participant – such as an individual investor – owns a pro rata interest in the shares in which the DTC participant has a pro rata interest. See Proxy Mechanics Concept Release, at Section II.B.2.a.

⁵ See Exchange Act Rule 17Ad-8.

⁶ See Net Capital Rule, Release No. 34-31511 (Nov. 24, 1992) [57 FR 56973] ("Net Capital Rule Release"), at Section II.C.

⁷ See *KBR Inc. v. Chevedden*, Civil Action No. H-11-0196, 2011 U.S. Dist. LEXIS 36431, 2011 WL 1463611 (S.D. Tex. Apr. 4, 2011); *Apache Corp. v. Chevedden*, 696 F. Supp. 2d 723 (S.D. Tex. 2010). In both cases, the court concluded that a securities intermediary was not a record holder for purposes of Rule 14a-8(b) because it did not appear on a list of the company's non-objecting beneficial owners or on any DTC securities position listing, nor was the intermediary a DTC participant.

⁸ *Techne Corp.* (Sept. 20, 1988).

⁹ In addition, if the shareholder's broker is an introducing broker, the shareholder's account statements should include the clearing broker's identity and telephone number. See Net Capital Rule Release, at Section II.C.(iii). The clearing broker will generally be a DTC participant.

¹⁰ For purposes of Rule 14a-8(b), the submission date of a proposal will generally precede the company's receipt date of the proposal, absent the use of electronic or other means of same-day delivery.

¹¹ This format is acceptable for purposes of Rule 14a-8(b), but it is not mandatory or exclusive.

¹² As such, it is not appropriate for a company to send a notice of defect for multiple proposals under Rule 14a-8(c) upon receiving a revised proposal.

¹³ This position will apply to all proposals submitted after an initial proposal but before the company's deadline for receiving proposals, regardless of whether they are explicitly labeled as "revisions" to an initial proposal, unless the shareholder affirmatively indicates an intent to submit a second, *additional* proposal for inclusion in the company's proxy materials. In that case, the company must send the shareholder a notice of defect pursuant to Rule 14a-8(f)(1) if it intends to exclude either proposal from its proxy materials in reliance on Rule 14a-8(c). In light of this guidance, with respect to proposals or revisions received before a company's deadline for submission, we will no longer follow *Layne Christensen Co.* (Mar. 21, 2011) and other prior staff no-action letters in which we took the view that a proposal would violate the Rule 14a-8(c) one-proposal limitation if such proposal is submitted to a company after the company has either submitted a Rule 14a-8 no-action request to exclude an earlier proposal submitted by

the same proponent or notified the proponent that the earlier proposal was excludable under the rule.

¹⁴ See, e.g., Adoption of Amendments Relating to Proposals by Security Holders, Release No. 34-12999 (Nov. 22, 1976) [41 FR 52994].

¹⁵ Because the relevant date for proving ownership under Rule 14a-8(b) is the date the proposal is submitted, a proponent who does not adequately prove ownership in connection with a proposal is not permitted to submit another proposal for the same meeting on a later date.

¹⁶ Nothing in this staff position has any effect on the status of any shareholder proposal that is not withdrawn by the proponent or its authorized representative.

<http://www.sec.gov/interps/legal/cfs1b14f.htm>



U.S. Securities and Exchange Commission

Division of Corporation Finance Securities and Exchange Commission

Shareholder Proposals

Staff Legal Bulletin No. 14G (CF)

Action: Publication of CF Staff Legal Bulletin

Date: October 16, 2012

Summary: This staff legal bulletin provides information for companies and shareholders regarding Rule 14a-8 under the Securities Exchange Act of 1934.

Supplementary Information: The statements in this bulletin represent the views of the Division of Corporation Finance (the "Division"). This bulletin is not a rule, regulation or statement of the Securities and Exchange Commission (the "Commission"). Further, the Commission has neither approved nor disapproved its content.

Contacts: For further information, please contact the Division's Office of Chief Counsel by calling (202) 551-3500 or by submitting a web-based request form at https://www.sec.gov/forms/corp_fin_interpretive.

A. The purpose of this bulletin

This bulletin is part of a continuing effort by the Division to provide guidance on important issues arising under Exchange Act Rule 14a-8. Specifically, this bulletin contains information regarding:

- the parties that can provide proof of ownership under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8;
- the manner in which companies should notify proponents of a failure to provide proof of ownership for the one-year period required under Rule 14a-8(b)(1); and
- the use of website references in proposals and supporting statements.

You can find additional guidance regarding Rule 14a-8 in the following bulletins that are available on the Commission's website: [SLB No. 14](#), [SLB No. 14A](#), [SLB No. 14B](#), [SLB No. 14C](#), [SLB No. 14D](#), [SLB No. 14E](#) and [SLB No. 14F](#).

B. Parties that can provide proof of ownership under Rule 14a-8(b)(2)(i) for purposes of verifying whether a beneficial owner is eligible to submit a proposal under Rule 14a-8

1. Sufficiency of proof of ownership letters provided by affiliates of DTC participants for purposes of Rule 14a-8(b)(2)(i)

To be eligible to submit a proposal under Rule 14a-8, a shareholder must, among other things, provide documentation evidencing that the shareholder has continuously held at least \$2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the shareholder meeting for at least one year as of the date the shareholder submits the proposal. If the shareholder is a beneficial owner of the securities, which means that the securities are held in book-entry form through a securities intermediary, Rule 14a-8(b)(2)(i) provides that this documentation can be in the form of a "written statement from the 'record' holder of your securities (usually a broker or bank)...."

In SLB No. 14F, the Division described its view that only securities intermediaries that are participants in the Depository Trust Company ("DTC") should be viewed as "record" holders of securities that are deposited at DTC for purposes of Rule 14a-8(b)(2)(i). Therefore, a beneficial owner must obtain a proof of ownership letter from the DTC participant through which its securities are held at DTC in order to satisfy the proof of ownership requirements in Rule 14a-8.

During the most recent proxy season, some companies questioned the sufficiency of proof of ownership letters from entities that were not themselves DTC participants, but were affiliates of DTC participants.¹ By virtue of the affiliate relationship, we believe that a securities intermediary holding shares through its affiliated DTC participant should be in a position to verify its customers' ownership of securities. Accordingly, we are of the view that, for purposes of Rule 14a-8(b)(2)(i), a proof of ownership letter from an affiliate of a DTC participant satisfies the requirement to provide a proof of ownership letter from a DTC participant.

2. Adequacy of proof of ownership letters from securities intermediaries that are not brokers or banks

We understand that there are circumstances in which securities intermediaries that are not brokers or banks maintain securities accounts in the ordinary course of their business. A shareholder who holds securities through a securities intermediary that is not a broker or bank can satisfy Rule 14a-8's documentation requirement by submitting a proof of ownership letter from that securities intermediary.² If the securities intermediary is not a DTC participant or an affiliate of a DTC participant, then the shareholder will also need to obtain a proof of ownership letter from the DTC participant or an affiliate of a DTC participant that can verify the holdings of the securities intermediary.

C. Manner in which companies should notify proponents of a failure to provide proof of ownership for the one-year period required under Rule 14a-8(b)(1)

As discussed in Section C of SLB No. 14F, a common error in proof of ownership letters is that they do not verify a proponent's beneficial ownership for the entire one-year period preceding and including the date the proposal was submitted, as required by Rule 14a-8(b)(1). In some cases, the letter speaks as of a date *before* the date the proposal was submitted, thereby leaving a gap between the date of verification and the date the proposal was submitted. In other cases, the letter speaks as of a date *after* the date the proposal was submitted but covers a period of only one year, thus failing to verify the proponent's beneficial ownership over the required full one-year period preceding the date of the proposal's submission.

Under Rule 14a-8(f), if a proponent fails to follow one of the eligibility or procedural requirements of the rule, a company may exclude the proposal only if it notifies the proponent of the defect and the proponent fails to

correct it. In SLB No. 14 and SLB No. 14B, we explained that companies should provide adequate detail about what a proponent must do to remedy all eligibility or procedural defects.

We are concerned that companies' notices of defect are not adequately describing the defects or explaining what a proponent must do to remedy defects in proof of ownership letters. For example, some companies' notices of defect make no mention of the gap in the period of ownership covered by the proponent's proof of ownership letter or other specific deficiencies that the company has identified. We do not believe that such notices of defect serve the purpose of Rule 14a-8(f).

Accordingly, going forward, we will not concur in the exclusion of a proposal under Rules 14a-8(b) and 14a-8(f) on the basis that a proponent's proof of ownership does not cover the one-year period preceding and including the date the proposal is submitted unless the company provides a notice of defect that identifies the specific date on which the proposal was submitted and explains that the proponent must obtain a new proof of ownership letter verifying continuous ownership of the requisite amount of securities for the one-year period preceding and including such date to cure the defect. We view the proposal's date of submission as the date the proposal is postmarked or transmitted electronically. Identifying in the notice of defect the specific date on which the proposal was submitted will help a proponent better understand how to remedy the defects described above and will be particularly helpful in those instances in which it may be difficult for a proponent to determine the date of submission, such as when the proposal is not postmarked on the same day it is placed in the mail. In addition, companies should include copies of the postmark or evidence of electronic transmission with their no-action requests.

D. Use of website addresses in proposals and supporting statements

Recently, a number of proponents have included in their proposals or in their supporting statements the addresses to websites that provide more information about their proposals. In some cases, companies have sought to exclude either the website address or the entire proposal due to the reference to the website address.

In SLB No. 14, we explained that a reference to a website address in a proposal does not raise the concerns addressed by the 500-word limitation in Rule 14a-8(d). We continue to be of this view and, accordingly, we will continue to count a website address as one word for purposes of Rule 14a-8(d). To the extent that the company seeks the exclusion of a website reference in a proposal, but not the proposal itself, we will continue to follow the guidance stated in SLB No. 14, which provides that references to website addresses in proposals or supporting statements could be subject to exclusion under Rule 14a-8(i)(3) if the information contained on the website is materially false or misleading, irrelevant to the subject matter of the proposal or otherwise in contravention of the proxy rules, including Rule 14a-9.³

In light of the growing interest in including references to website addresses in proposals and supporting statements, we are providing additional guidance on the appropriate use of website addresses in proposals and supporting statements.⁴

1. References to website addresses in a proposal or supporting statement and Rule 14a-8(i)(3)

References to websites in a proposal or supporting statement may raise concerns under Rule 14a-8(i)(3). In SLB No. 14B, we stated that the

exclusion of a proposal under Rule 14a-8(i)(3) as vague and indefinite may be appropriate if neither the shareholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires. In evaluating whether a proposal may be excluded on this basis, we consider only the information contained in the proposal and supporting statement and determine whether, based on that information, shareholders and the company can determine what actions the proposal seeks.

If a proposal or supporting statement refers to a website that provides information necessary for shareholders and the company to understand with reasonable certainty exactly what actions or measures the proposal requires, and such information is not also contained in the proposal or in the supporting statement, then we believe the proposal would raise concerns under Rule 14a-9 and would be subject to exclusion under Rule 14a-8(i)(3) as vague and indefinite. By contrast, if shareholders and the company can understand with reasonable certainty exactly what actions or measures the proposal requires without reviewing the information provided on the website, then we believe that the proposal would not be subject to exclusion under Rule 14a-8(i)(3) on the basis of the reference to the website address. In this case, the information on the website only supplements the information contained in the proposal and in the supporting statement.

2. Providing the company with the materials that will be published on the referenced website

We recognize that if a proposal references a website that is not operational at the time the proposal is submitted, it will be impossible for a company or the staff to evaluate whether the website reference may be excluded. In our view, a reference to a non-operational website in a proposal or supporting statement could be excluded under Rule 14a-8(i)(3) as irrelevant to the subject matter of a proposal. We understand, however, that a proponent may wish to include a reference to a website containing information related to the proposal but wait to activate the website until it becomes clear that the proposal will be included in the company's proxy materials. Therefore, we will not concur that a reference to a website may be excluded as irrelevant under Rule 14a-8(i)(3) on the basis that it is not yet operational if the proponent, at the time the proposal is submitted, provides the company with the materials that are intended for publication on the website and a representation that the website will become operational at, or prior to, the time the company files its definitive proxy materials.

3. Potential issues that may arise if the content of a referenced website changes after the proposal is submitted

To the extent the information on a website changes after submission of a proposal and the company believes the revised information renders the website reference excludable under Rule 14a-8, a company seeking our concurrence that the website reference may be excluded must submit a letter presenting its reasons for doing so. While Rule 14a-8(j) requires a company to submit its reasons for exclusion with the Commission no later than 80 calendar days before it files its definitive proxy materials, we may concur that the changes to the referenced website constitute "good cause" for the company to file its reasons for excluding the website reference after the 80-day deadline and grant the company's request that the 80-day requirement be waived.

¹ An entity is an “affiliate” of a DTC participant if such entity directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the DTC participant.

² Rule 14a-8(b)(2)(i) itself acknowledges that the record holder is “usually,” but not always, a broker or bank.

³ Rule 14a-9 prohibits statements in proxy materials which, at the time and in the light of the circumstances under which they are made, are false or misleading with respect to any material fact, or which omit to state any material fact necessary in order to make the statements not false or misleading.

⁴ A website that provides more information about a shareholder proposal may constitute a proxy solicitation under the proxy rules. Accordingly, we remind shareholders who elect to include website addresses in their proposals to comply with all applicable rules regarding proxy solicitations.

<http://www.sec.gov/interps/legal/cfs1b14g.htm>

Haghpeykar, Lois M. (LDZX)

From: McKenzie Ursch <mckenzieursch@follow-this.org>
Sent: Thursday, December 10, 2020 3:13 AM
To: Kinney, Shannon B (LDZX)
Cc: Mark van Baal | Follow This; Cox, Whitney A (LDZX); McLane, Charlotte G (LDZX); maartenvandeweijer@follow-this.org; Betsy Middleton
Subject: Re: [EXTERNAL]Shareholder proposal for 2021 annual meeting
Attachments: Ownership Letter ConocoPhillips.pdf

Dear Ms. Kinney,

In response to your email, please find documentation of proof of ownership of the DTC participant of our broker attached. Kindly confirm receipt of this email, and let me know if we have now satisfied the procedural requirements for submission of a shareholder proposal. If you have any questions, don't hesitate to contact me.

Thank you for your help with this matter.

Sincerely,

McKenzie Ursch

On Tue, Dec 8, 2020 at 11:39 PM Kinney, Shannon B (LDZX) <Shannon.Kinney@conocophillips.com> wrote:

Mark,

Please find attached a Notice of Deficiency informing you of a defect in your submission.

Thanks,

Shannon

Shannon Weinberg Kinney
Deputy General Counsel, Chief Compliance Officer and Corporate Secretary
ConocoPhillips Company
925 N. Eldridge Parkway
Houston, TX 77079
Phone: 281-293-2623
E-Mail: shannon.kinney@conocophillips.com

This information is protected from disclosure and may be PRIVILEGED & CONFIDENTIAL. If you received this email in error, please contact me immediately. Thank you.

From: Mark van Baal | Follow This <markvanbaal@follow-this.org>

Sent: Monday, November 30, 2020 8:18 AM

To: Kinney, Shannon B (LDZX) <Shannon.Kinney@conocophillips.com>

Cc: Rose, Kelly B (LDZX) <Kelly.B.Rose@conocophillips.com>; Cox, Whitney A (LDZX)

<Whitney.A.Cox@conocophillips.com>; McLane, Charlotte G (LDZX) <Charlotte.G.McLane@conocophillips.com>;

McKenzie Ursch <mckenzieursch@follow-this.org>; maartenvandeweijer@follow-this.org; Betsy Middleton

<betsymiddleton@follow-this.org>

Subject: [EXTERNAL]Shareholder proposal for 2021 annual meeting

WARNING: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the contents are safe.

Dear Shannon,

We hope this email finds you well.

Please find attached a proposal intended for inclusion in the proxy materials of the 2021 AGM. Included with the resolution is a cover letter, as well as proof of ownership. We have also attached the signing logs which verify the digital signatures.

If you have any questions, or would like to discuss the proposal, please do not hesitate to contact us. We welcome your feedback.

We look forward to hearing from you.

For today, could you kindly confirm receipt?

With best regards,

Mark van Baal | Follow This | + 31 6 22 42 45 42

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One Pershing Plaza
Jersey City, New Jersey 07399
pershing.com

December 8, 2020

OWNERSHIP LETTER

RE: CONOCOPHILLIPS COM

To whom it may concern:

This letter certifies that BINCKBANK N.V. has held at least 50 shares of CONOCOPHILLIPS COM, CUSIP 20825C104, continuously from November 25, 2019 up to and including December 7, 2020. The shares are held at DTCC participant number 443 on behalf of Pershing LLC as Custodian.



Authorized Signature.

Joseph LaVara
Vice President



BNY MELLON

Pershing LLC, a BNY Mellon company
Member FINRA, NYSE SIPC

Haghpeykar, Lois M. (LDZX)

From: McKenzie Ursch <mckenzieursch@follow-this.org>
Sent: Wednesday, December 23, 2020 2:58 PM
To: Kinney, Shannon B (LDZX)
Cc: Betsy Middleton; Cox, Whitney A (LDZX); Mark van Baal | Follow This; McLane, Charlotte G (LDZX); maartenvandeweijer@follow-this.org
Subject: Re: [EXTERNAL]Shareholder proposal for 2021 annual meeting

Dear Ms. Kinney,

I hope this finds you well, and prepared to take a nice and relaxing holiday.

I am wondering if you had a moment to look over the documentation I send, and if so, whether we have now rectified the deficiencies and have satisfied the requirements for submission of a shareholder resolution. Could you kindly let me know?

I wish you a very merry Christmas, and a good transition into the new year.

Sincerely,

McKenzie Ursch

On Thu, 10 Dec 2020 at 10:13, McKenzie Ursch <mckenzieursch@follow-this.org> wrote:
Dear Ms. Kinney,

In response to your email, please find documentation of proof of ownership of the DTC participant of our broker attached. Kindly confirm receipt of this email, and let me know if we have now satisfied the procedural requirements for submission of a shareholder proposal. If you have any questions, don't hesitate to contact me.

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Shannon Weinberg Kinney
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Cc: Rose, Kelly B (LDZX) <Kelly.B.Rose@conocophillips.com>; Cox, Whitney A (LDZX) <Whitney.A.Cox@conocophillips.com>; McLane, Charlotte G (LDZX) <Charlotte.G.McLane@conocophillips.com>; McKenzie Ursch <mckenzieursch@follow-this.org>; maartenvandeweijer@follow-this.org; Betsy Middleton <betsymiddleton@follow-this.org>
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We look forward to hearing from you.

For today, could you kindly confirm receipt?

With best regards,

Mark van Baal | Follow This | + 31 6 22 42 45 42

McKenzie Ursch, legal advisor Follow This | +31 6 40 16 26 72

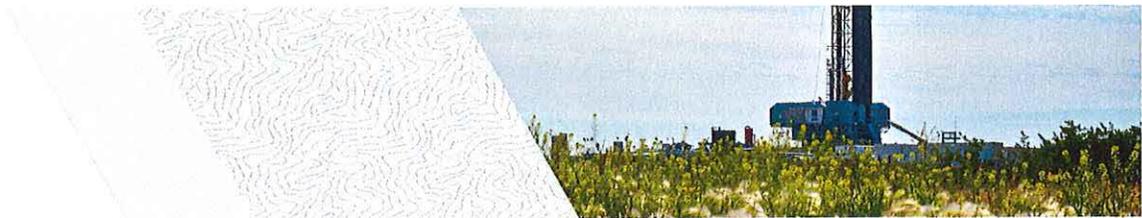
Confidentiality Notice:

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Office of Chief Counsel
Division of Corporation Finance
U.S. Securities and Exchange Commission
January 6, 2021

Exhibit B

Comprehensive Climate Framework Announced on October 19, 2020



ConocoPhillips Adopts Paris-Aligned Climate Risk Framework to Meet Net-Zero Operational Emissions Ambition by 2050

OCTOBER 19, 2020

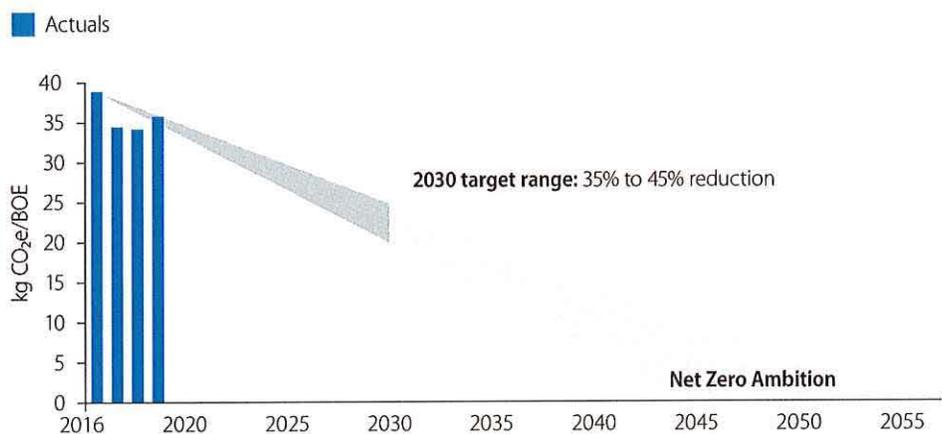
ConocoPhillips has adopted a comprehensive framework that will guide the company on how it will manage climate-related risk, meet energy demand and address the expectations of stakeholders through the energy transition.

“As an exploration and production company, we recognize three significant issues facing our sector,” said Ryan Lance, CEO, ConocoPhillips. “First, the world is increasingly demanding global action to address climate change. Second, we need to play a part in sustainably helping meet global energy demand. And third, we must do both while delivering competitive returns.

“We are making clear our intent to address all three issues by laying out a climate risk strategy that aims to reinforce our commitment to environmental, social and governance (ESG) excellence.”

[Read more](#) about ConocoPhillips’ Climate Risk Strategy.

GHG Emissions Intensity, Gross Operated
Scope 1 and 2 emissions



Addressing Climate Change

The company is responding to the first challenge by announcing more aggressive greenhouse gas emissions targets and actions consistent with the Paris Agreement’s aim to limit the rise of global temperature to well below 2 degrees Celsius, including:

- Setting an ambition to become a net-zero company for operational (scope 1 and 2) emissions by 2050.
- Revising its previous operational greenhouse gas emissions intensity reduction target to 35-45% by 2030, from the earlier 5-15% goal.
- Endorsing the [World Bank](#) Zero Routine Flaring by 2030 initiative, with an ambition to meet that goal by 2025.
- Adding continuous methane monitoring devices to our operations, with a focus on the larger Lower 48 facilities, with the expectation that two-thirds of Lower 48 production will be monitored for emissions by 2021.
- Advocating for a U.S. carbon price to address end-use (scope 3) emissions through its membership in the Climate Leadership Council.
- Including ESG performance in executive and employee compensation programs.

[Read more](#) about ConocoPhillips’ GHG emissions intensity reduction targets.

ConocoPhillips was the first U.S. exploration and production (E&P) company to set a long-term emissions intensity reduction target. The company has already aggressively and voluntarily reduced emissions intensity within its operations through improving energy efficiency, replacing equipment, electrifying plants and equipment, and detecting and repairing methane leaks. Since 2015 we have reduced our methane intensity by nearly 65%.

An annual Marginal Abatement Cost Curve (MACC) analysis proactively identifies and prioritizes emissions reduction opportunities from operations based on the cost per tonne of carbon dioxide abated. The company currently has over 100 projects in the MACC process.

Meeting Global Energy Demand

The second challenge takes into account predicted oil and natural gas demand in a carbon-constrained world, such as the [International Energy Agency’s Sustainable Development Scenario \(IEA SDS\)](#).

That scenario, developed in 2019, would meet the Paris Agreement’s aim, with world oil demand still at about 65 million barrels per day in 2040. The IEA estimates about \$13 trillion of investment in oil and natural gas would be required over the next 20 years to offset declining production and meet the growing population’s energy demand during the transition.

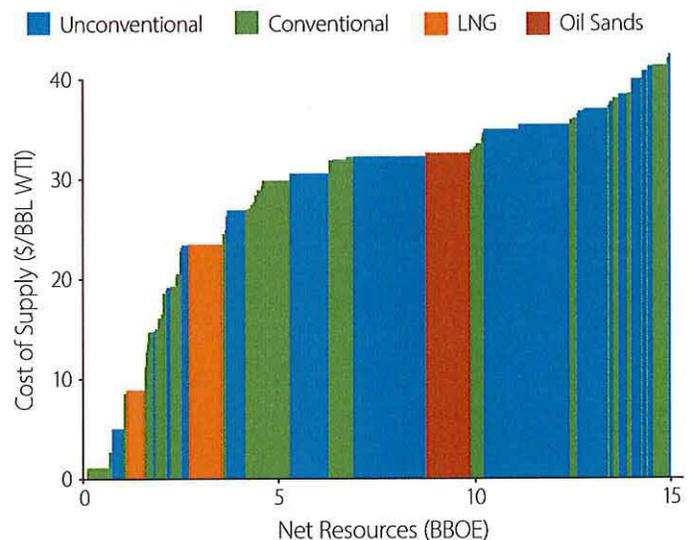
“On average that is a \$650 billion annual investment, which is greater than the average annual investment of the oil and gas industry over the last decade,” Lance said.

ConocoPhillips is committed to sustainably and affordably meeting global energy demand.

“Several years ago, the company eliminated an explicit production growth target from its capital allocation criteria and established cost of supply as the primary basis for capital allocation,” Lance said. “Doing so ensures we develop resources that are the most likely to be developed in any scenario that meets the Paris Agreement’s aim of a less-than-2 degrees Celsius temperature increase.

ConocoPhillips currently has 15 billion BOE of resources below \$40 per barrel WTI cost of supply, diversified geographically and across four megatrends, with an average cost of supply of less than \$30/bbl. The company publishes its quantified cost of supply curve annually so investors can develop their own view of the potential risk of stranded resources within the portfolio.

“Meeting the world’s energy demand during a transition to a lower-carbon future requires an approach that recognizes the need to reduce emissions, operate responsibly and offer competitive returns,” Lance said. “And that’s what our strategy is intended to do.”



Delivering Competitive Returns

For the third challenge, ConocoPhillips has instituted a planning process that prepares the company for the volatile, unpredictable business the E&P sector faces.

The company uses a scenario-based strategic planning process to ensure its plans are sufficiently flexible to navigate through price cycles and the energy transition. The planning process includes use of a proprietary global energy model and simulations of numerous energy transition scenarios. The model is based on three main variables: technology advancement, government policy actions and consumer preferences. For example, ConocoPhillips has modeled the ranges and impacts on oil demand caused by the increased market penetration of electric vehicles, the adoption pace of carbon pricing, and the rates at which consumers could adopt ride sharing.

The strategic choices that ConocoPhillips makes for its business plans are informed by a rigorous review of scenario outcomes and tests of possible paths across market environments. The company provides a full review of its strategy and plans, including scenarios, to its board of directors annually. It also routinely engages stakeholders and publishes an [annual report](#) on how it manages climate-related risks.

[Read more](#) about ConocoPhillips' scenario planning.

ConocoPhillips has expanded the scope of its planning process to include the evaluation of low-carbon opportunities and technologies that can closely integrate with its global operations, markets and competencies.

This includes a feasibility assessment across three themes: carbon capture and utilization, the hydrogen economy, and alternative energy technologies that can reduce the emissions intensity of current operations. Future decisions on potential investments in these options will be based on the disciplined capital allocation criteria governing the company's strategy today, as well as the impact of meeting the 2050 net-zero operational emissions ambition.

"We are going to increase the work we are doing to better understand all opportunities to deliver effective emissions reduction projects while still providing shareholders competitive returns," Lance said.

According to Lance, the new climate risk strategy marks an important step to demonstrate the commitment by ConocoPhillips to reduce emissions, safely provide affordable energy and deliver competitive performance through cycles.

"Addressed comprehensively, our actions are consistent with our stated corporate purpose: to create benefit for all our stakeholders," Lance said.

[Access investor slides.](#)