



# Global Energy Transition: Roles for Oil & Natural Gas

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# WORLD'S LARGEST INDEPENDENT E&P COMPANY

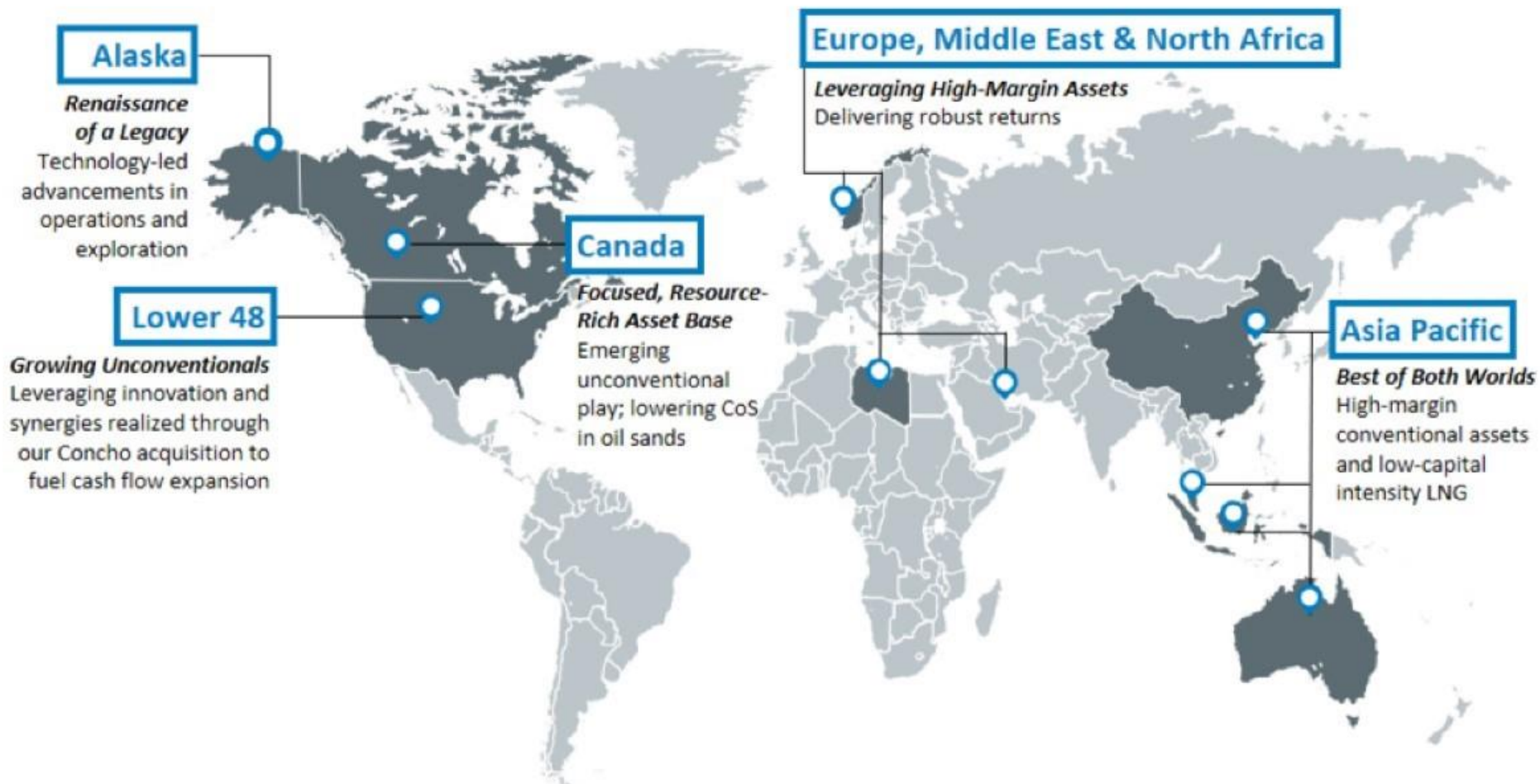
**15 Countries**  
OPERATIONS AND  
ACTIVITIES

**~10,100**  
EMPLOYEES

**1,547 MBOED**  
Q2 2021 PRODUCTION

**\$85 Billion**  
TOTAL ASSETS

**S&P: A-**  
INVESTMENT GRADE  
CREDIT RATING



Our vision is to be the **E&P company of choice** for all stakeholders, responsibly meeting the world's growing energy needs.

# Agenda

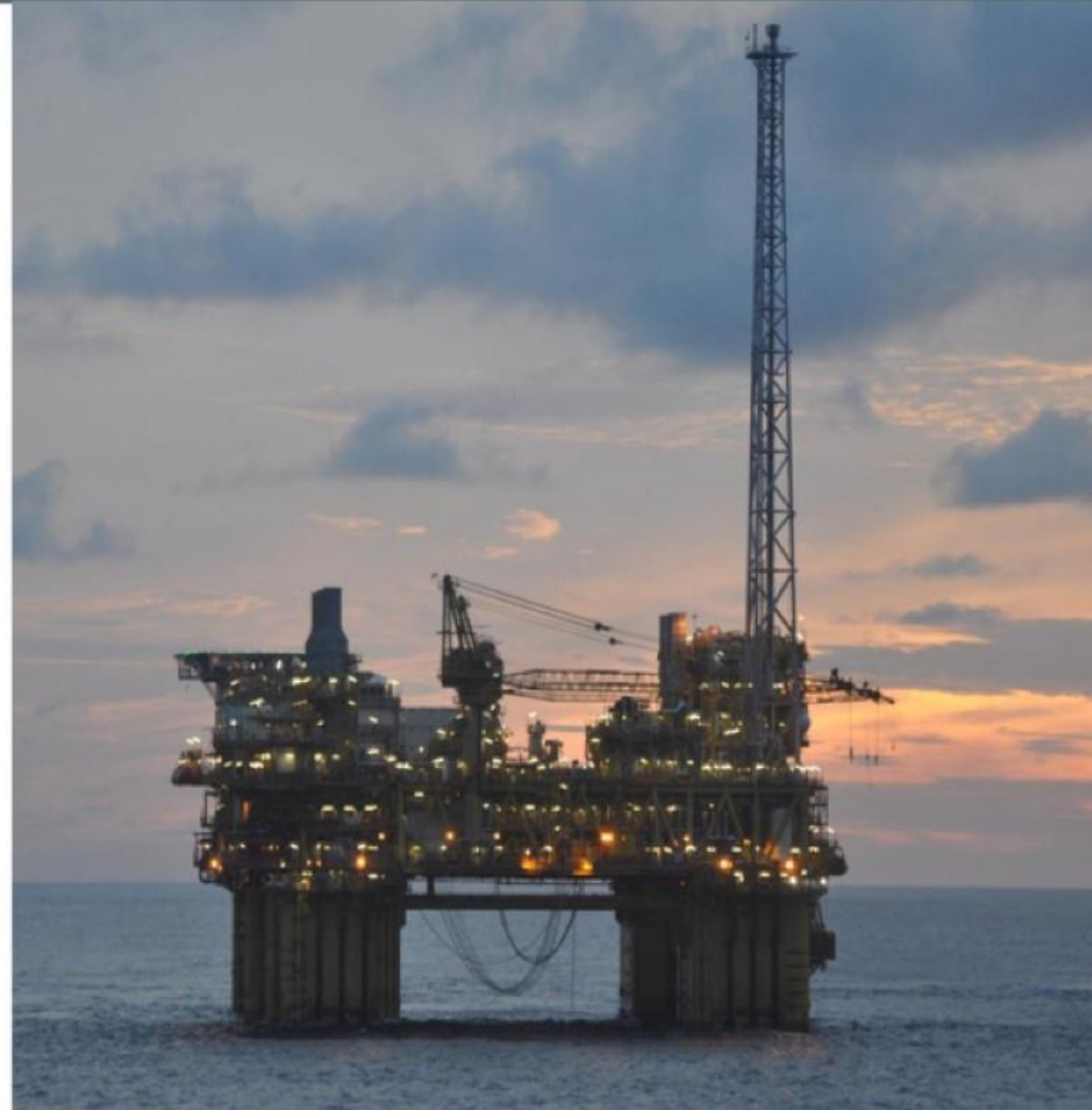
**Transition Challenge** | *Pace and Cost*

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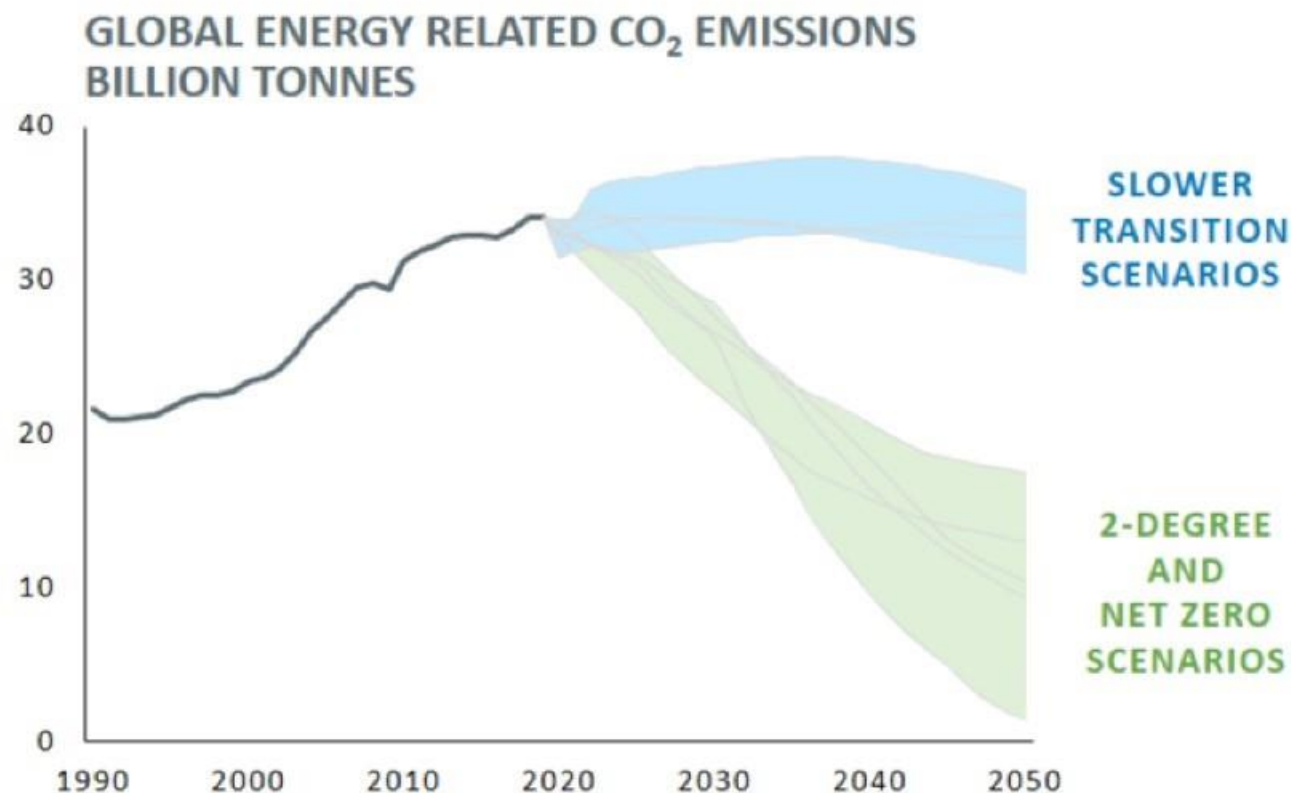
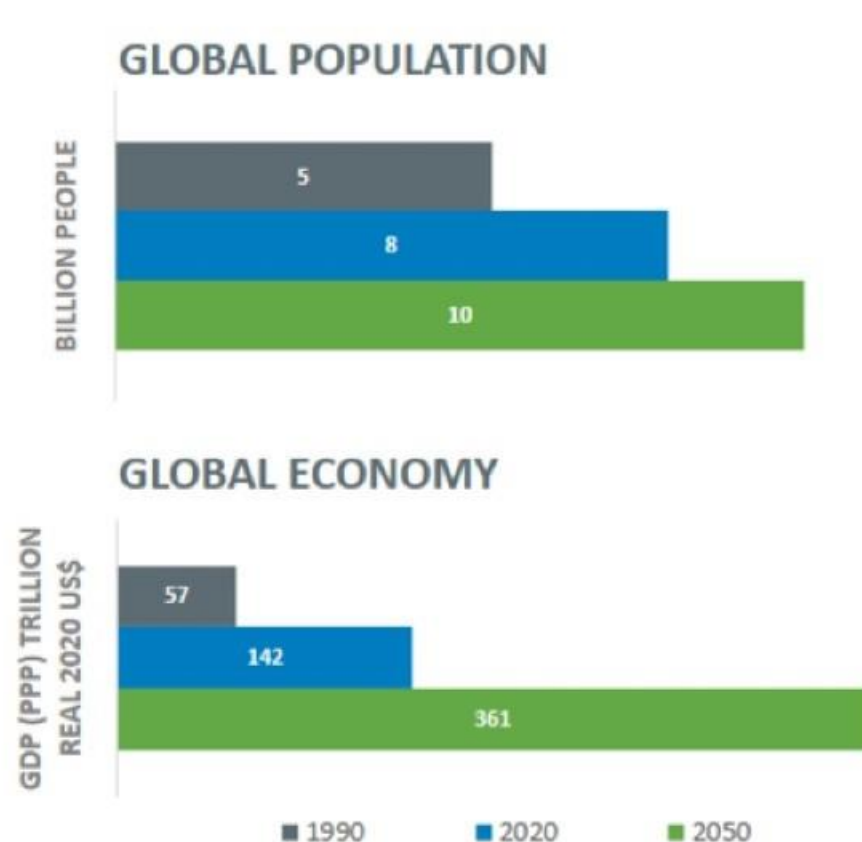
**Oil & Natural Gas** | *Essential Enablers*

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**Policy Choices** | *Balance*



# Rapid Decarbonization Challenge



**TECHNOLOGY BREAKTHROUGHS + GLOBAL POLICY COORDINATION ARE ESSENTIAL**



# Rapid Decarbonization Challenge

“Japan needs to protect its **energy security** ... so we will balance this with our goal of becoming carbon neutral by 2050”

*Deputy Director Matsuda, METI Japan, 2021*

“Coal, oil and gas will continue to be a big part of Australia’s **energy mix**”

*Australian Resources Minister Pitt, 2021*

The energy transition should be “**fuel and technology-neutral**.”

*Philippine Energy Secretary Cusi, 2021*

“To fully de-carbonize, investments may need to be reallocated on an **unprecedented scale**”

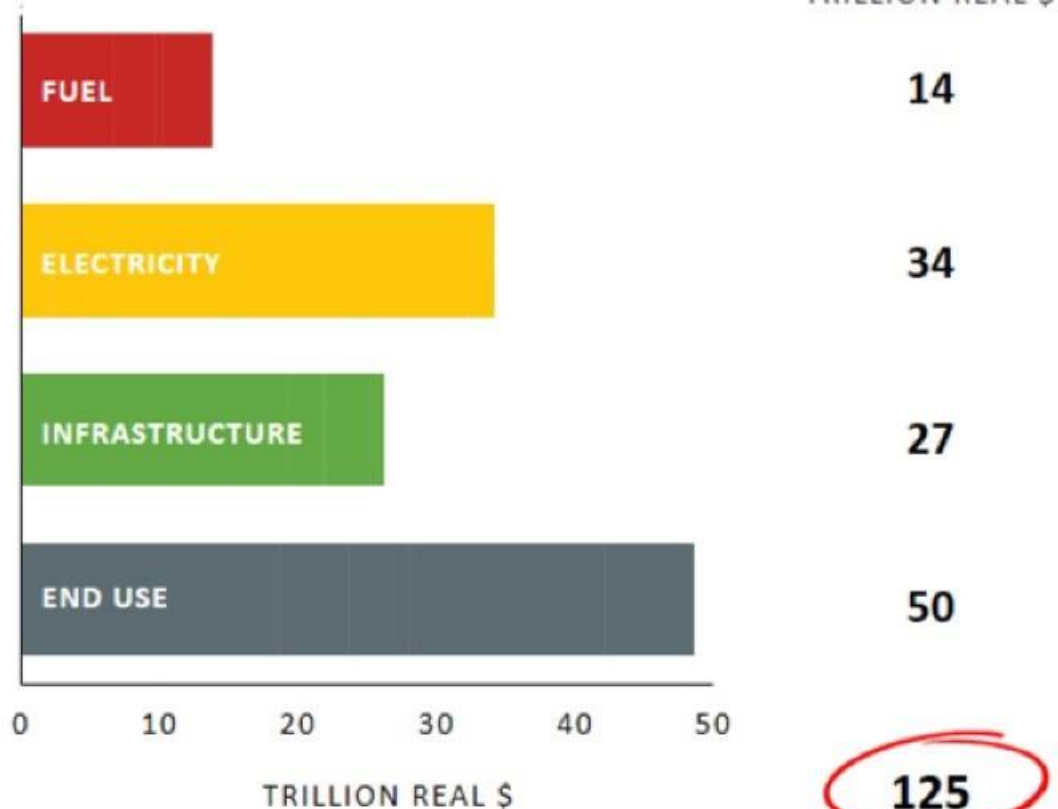
*UBS, Becoming Climate Aware, 2020*

“The global energy transition must be **inclusive**, it must be **equitable**, and it must be **just** ... central to the right to sustainable development and poverty eradication.”

*Nigerian Vice President Oluleke, Columbia Global Energy Summit, 2021*

# Decarbonizing by 2050 Costs Trillions Every Year

## CUMULATIVE COSTS BASED ON IEA NET ZERO CASE

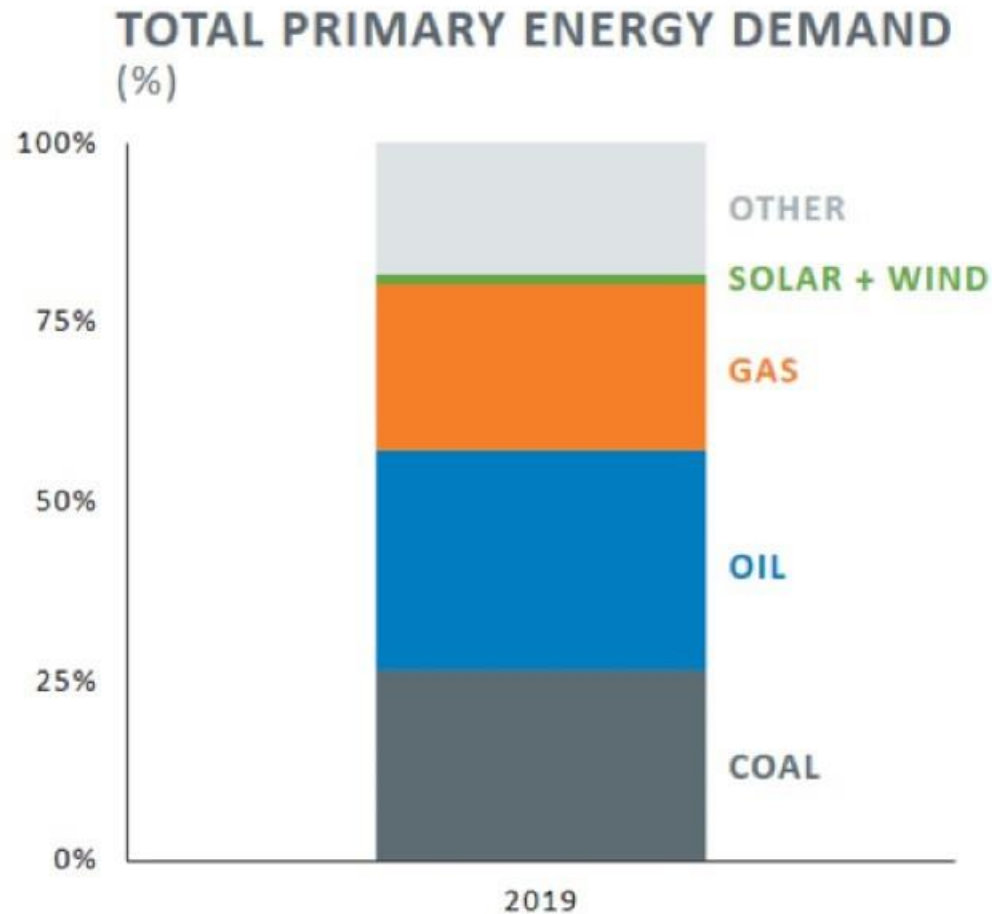


- Upstream Oil & Gas investment still required to maintain existing fields and develop new resources
  - 2010-2019 average Oil & Gas investment of \$550 Billion/yr
  - \$450-650 Billion/yr in IEA ADS and STEPs
  - \$350 Billion/yr in IEA Net Zero
- Preliminary estimates for full costs to achieve Net Zero by 2050 \$4-10 Trillion annually
  - Global policy support required
  - Competition for capital

## WILL COSTS INFLUENCE TRANSITION PACE?

<sup>1</sup>Total investment estimated from the average annual investment presented in Figure 4.2 in the Net Zero by 2050 Report with exponential function applied to annual costs.

# Oil & Natural Gas are Vital Fuels for the Global Economy



- Oil and gas are crucial in meeting world energy needs
- Oil & Natural Gas held 55% share for nearly 30 years
- Fossil Fuels deliver 80% of global energy needs

**GLOBAL ENERGY NEEDS MUST BE MET WITH RELIABLE, AFFORDABLE, SECURE SUPPLIES**



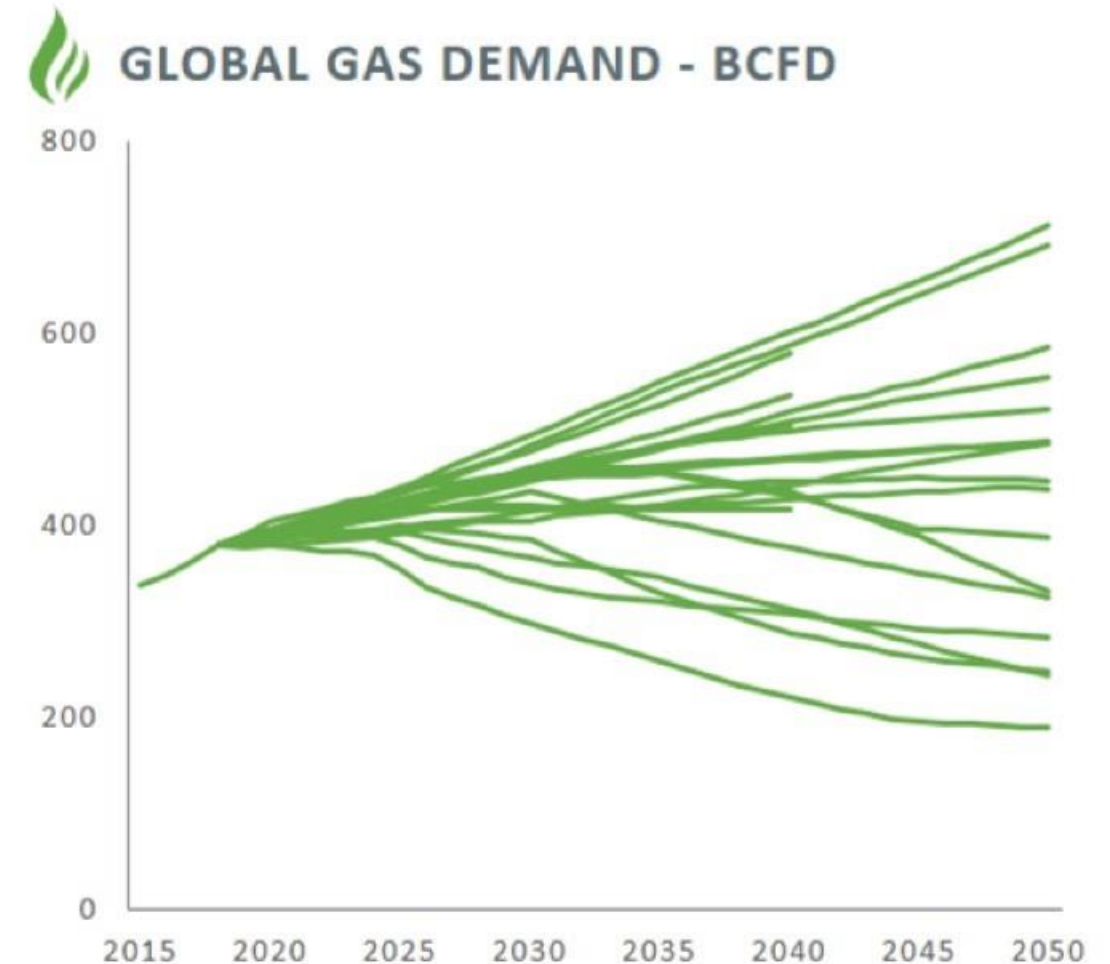
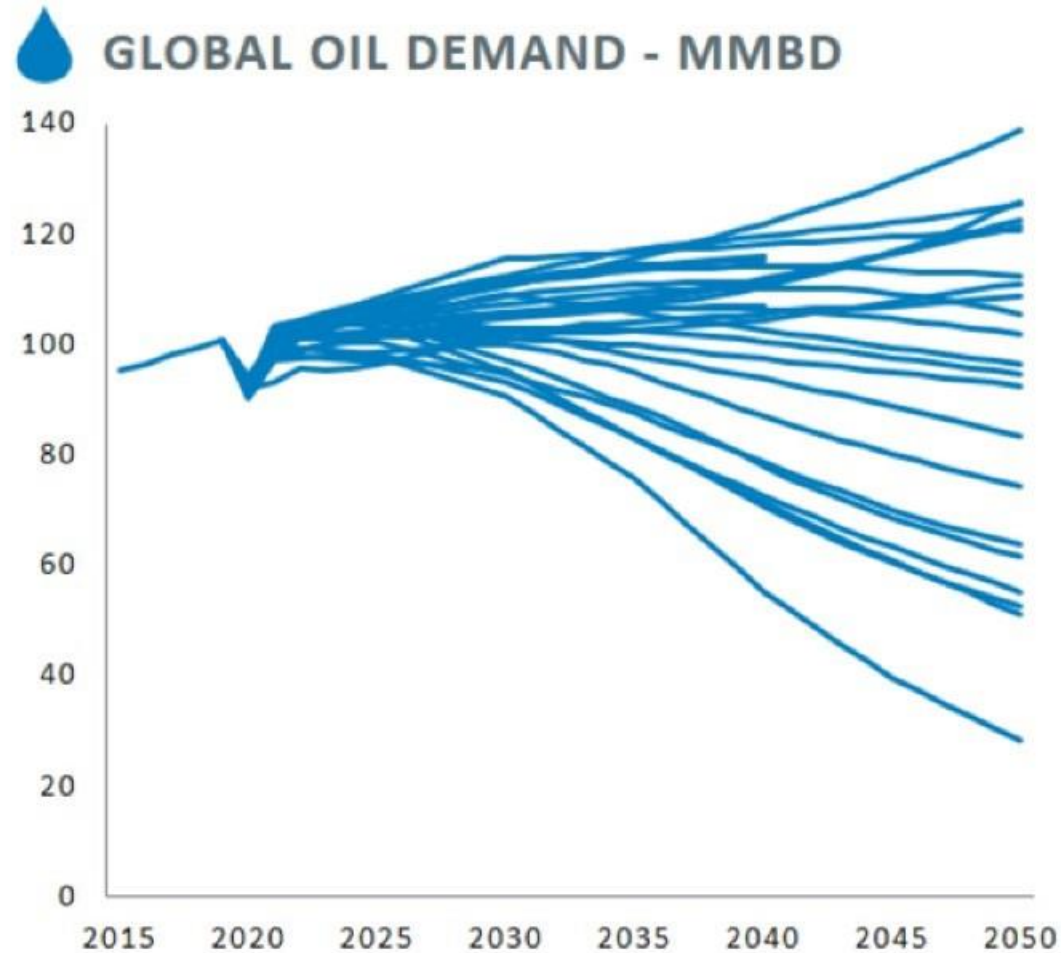
# Oil Demand Estimates Vary Widely

- Some forecasts project oil demand growth through the 2020s
- Net Zero pathway focuses on what is necessary to reach climate targets
- Technology, policy and consumer behavior changes in Net Zero scenario differ significantly from past trends

IEA OIL DEMAND CASES  
(MMBPD)



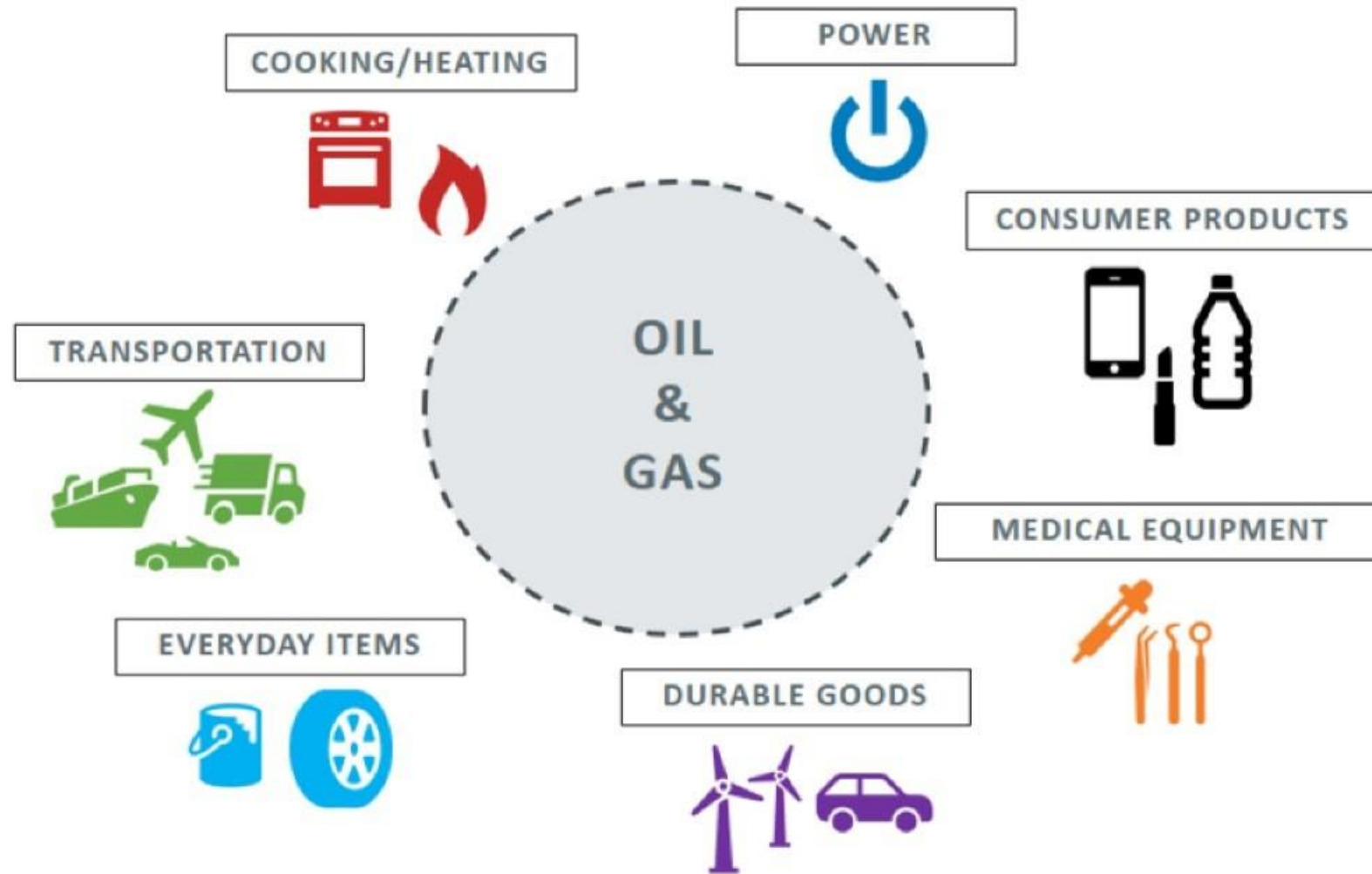
# Oil And Natural Gas Remain Vital To Meet Global Energy Needs



**OIL & GAS NEEDED LONG TERM EVEN IN LOW-CARBON SCENARIOS**



# Hydrocarbons in Daily Life



**VAST RANGE OF USES ... FEW STRONG SUBSTITUTES TODAY**

# Oil & Gas Industry is an Enabler to the Energy Transition

## CORPORATE ACTIONS



**DECARBONIZING**



**DIVERSIFYING**



**DIVESTING**

- Track record of developing complex technologies
- Investing in new low carbon technologies (CCUS, Direct Air Capture) and renewable power
- Restructuring business models to reduce emissions
- Stronger policy support for CCUS, Direct Air Capture and hydrogen needed



# ConocoPhillips Paris-Aligned Climate Risk Framework

## COMPONENTS OF OUR COMMITMENT

GOVERNANCE

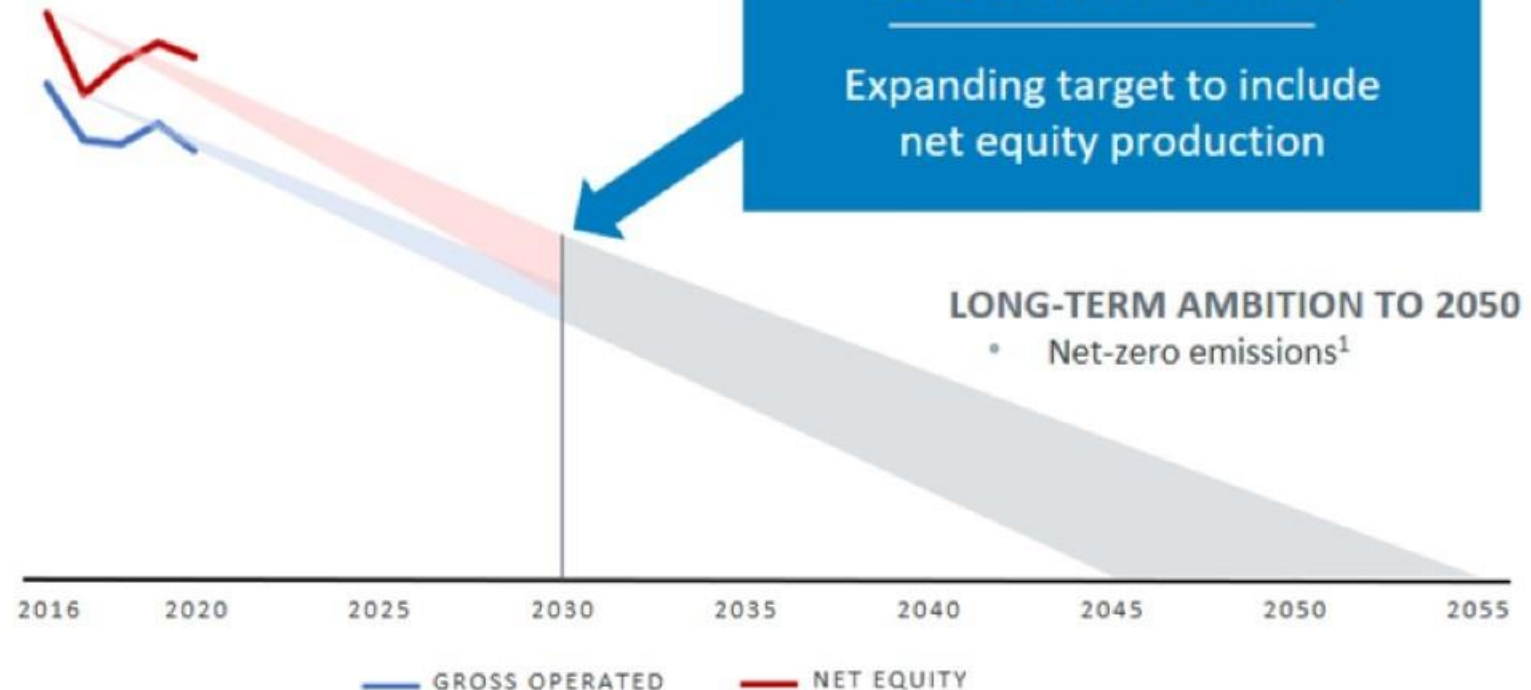
STRATEGY

RISK MANAGEMENT

DISCLOSURE

### NEAR-TERM GOALS TO 2025

- Zero routine flaring ambition
- Reduce methane intensity by 10%



<sup>1</sup>Scope 1 and 2 emissions on a net equity and gross operated basis. <sup>2</sup>2030 target relative to a Dec. 31, 2016 baseline.

# Policy Framework for the Energy Transition



Abundant  
Energy



Low  
Energy Costs



Geopolitical  
Stability



Equitable  
Energy Access

## RECENT GLOBAL PRICES



**PRUDENT, DURABLE POLICIES NEEDED**



# Concluding Remarks

- Pace of Energy Transition dependent on capital and critical changes in technology, policies and consumer behaviors
- Oil and Natural Gas are critical in meeting world energy needs and enabling a lower carbon future
- Policy environment must achieve balance across multitude of diverse global interests

