

## Report on Board Risk Management Oversight

**Whereas**, the April 15, 2009 SEC Form 10-K for ConocoPhillips indicated some of the risk factors to which our company is exposed, including, among other things:

- The rate of production from crude oil and natural gas properties generally declines as reserves are depleted... to the extent we are unsuccessful in replacing the crude oil and natural gas we produce with good prospects for future production, our business will suffer reduced cash flows and results of operations.
- If the capital and credit markets continue to experience volatility and the availability of funds remains limited, we, and third parties with whom we do business, may incur increased costs associated with issuing commercial paper and/or other debt instruments and this, in turn, could adversely affect our ability to advance our strategic plans as currently contemplated.
- Our operations are inherently dangerous and require significant and continuous oversight. The scope and nature of our operations present a variety of operational hazards and risks that must be managed through continual oversight and control....Failure to manage these risks could result in injury or loss of life, environmental damage, loss of revenues and damage to our reputation.

Oversight of risk management currently is delegated among board committees to the Audit and Finance Committee. The Committee's charter delineates how it addresses risk management issues:

### ***Risk Management***

31. Meet periodically with management to discuss the Company's major risk exposures and the steps taken to insure appropriate processes are in place to identify, manage, and control business risks associated with the Company's business objectives.

32. Discuss with management, significant risk management failures, if any, including management's response.

In the proponents' opinion, this is a superficial treatment of risk management when compared with the more numerous details in the Audit and Finance Committee charter relating, for instance, to oversight of the auditing process. A growing number of commentators, and at least one major congressional proposal, have suggested that the important task of risk management may in many companies merit delegation to a separate board of directors committee to ensure adequate attention.

### **Therefore, be it resolved:**

Shareholders request that the Board of Directors issue a report by October 15, 2010 regarding risk management oversight, at reasonable expense and excluding proprietary information, providing additional details, beyond what has been provided in the annual report, proxy statement and committee charters, regarding how the board of directors oversees risk management, and whether risk management oversight should be delegated to a separate board committee.

### **Supporting Statement**

Proponents urge that such report review how the board is overseeing the management of risks to the company's finances and operations, including market and reputation risks and environmental hazards. This should include, for example, discussion of oversight of pollution and climate risk, and risks associated with changing markets and supplies for energy resources. It should describe how the board is ensuring that management is taking sufficient action to reduce unnecessary risks and to mitigate risks such as through insurance coverage.