

# **Commercial Guidelines/Policies:**

**Commercial Commitment Statement  
Commercial Code of Conduct  
Commercial Trading Policy**



Table of Revisions

<b>Version</b>	<b>Date</b>	<b>Description of Changes</b>
1.0	6/01/08	Created
1.1	1/28/10	Standardized cover page.
1.2	3/2/10	Clarified ETF language
1.3	11/19/10	Annual Review – Trading Policy added functional review process

# **Commercial Commitment Statement**

## **Our commitment...**

Commercial leadership is committed to creating and maintaining a culture where Commercial employees worldwide share a common responsibility to adhere to the highest standards of integrity and fair dealing and to comply with the spirit as well as the letter of the law, regulations and policies that govern our business and activities.

## **Our Plan...**

To meet our commitment, ConocoPhillips will:

- Demonstrate visible and active leadership that engages employees and manages Compliance performance with clear authorities and accountabilities.
- Ensure that all employees and contractors understand that complying with the law, regulations, and policies that govern our business is a condition of employment.
- Provide employees with the capabilities, knowledge, and resources necessary to achieve Compliance excellence.
- Ensure Business management has the primary accountability for compliance of the activities under their control.
- Measure, audit, and report Compliance performance, and maintain open dialogue with the organization.
- Work with both governments and stakeholders where we operate to develop regulations and standards that are appropriate for our activities.
- Communicate our commitment to this policy to our organization and senior management.

## **Our Expectations...**

Through implementation of this policy, ConocoPhillips will continue to be recognized as a respected partner in the global energy commodity trading business.

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While the above statement represents management's commitment to compliance, the following two documents highlight ethical standards that apply to all Commercial employees and trading standards that apply to all transacting personnel.

For more information, send an e-mail to [RSC: Commercial Compliance](#)

# Commercial Code of Conduct

**Purpose:** The Commercial Code of Conduct sets out the accepted standards, behaviors and duties which all Commercial employees and contractors must abide. The purpose of this policy is to communicate an expectation of ethical conduct to all Commercial employees, and should be understood and followed in conjunction with the [Corporate Code of Conduct](#).

## **Employees will:**

- Act honestly and in good faith in the marketplace.
- Comply with all relevant laws, regulations, industry codes of conduct and all ConocoPhillips policies.
- Engage only in transactions having a legitimate business purpose, and not use or employ any device, scheme, or artifice to defraud, or engage in any act, practice, or course of business that operates or would operate as a fraud or deceit upon any person. Prohibited activity includes, but is not limited to, wash trades, collusion with other market participants, or behavior intended to manipulate market prices, market conditions, or market rules.
- Ensure that all transactions are in support of the interests of ConocoPhillips.
- Commercial employees are prohibited from buying or selling "commodity ETFs" and commodity futures/options in their personal accounts. A "commodity ETF" is "any fund that attempts to track the price of a single commodity or a basket of commodities by holding the actual commodity in storage or by purchasing derivatives contracts (e.g., futures and options." This prohibition applies to all commodity ETFs, regardless of the type of commodity held by the fund. The one exception to this is a 100% precious metals (gold, silver, platinum, and palladium) ETF, which is a reasonable tool to hedge against broader economic risk.
- Commercial employees are allowed to buy or sell "commodity-related ETFs" in their personal accounts. A "commodity-related ETF" is "any fund that attempts to track the price of the securities of one or more companies involved in commodities businesses by holding the securities of those companies." These transactions are analogous to single-company investments and are subject to the applicable provisions of the ConocoPhillips Code of Conduct (e.g., Conflicts of Interest and Insider Trading).
- Ensure (directly or through others) that the commercial obligations of the deal are accurately recorded in the appropriate system(s) of record on the day of the deal (as defined in the [Late Trade Guidelines](#)).
- Participate in industry outings/customer events only if there is bona fide business value to ConocoPhillips and offered in an environment consistent with ConocoPhillips core values. Out of town events should be attended by more than one non-hosting company and ConocoPhillips attendees should pay for their own lodging and transportation to/from the event. For additional travel requirements, see the [Global Travel Policy](#).

While it is beyond the scope of this document to articulate every possible situation that may arise, it should be understood that a breach of the Code, or any ConocoPhillips policy, may result in disciplinary action being taken. Disciplinary action could result in a reprimand, demotion or dismissal, if substantiated. It is therefore a requirement that all members of the Commercial organization familiarize themselves with this Code and take reasonable action to clarify any concerns by bringing any questions to your supervisor, [Commercial Compliance](#), or the [Ethics Office](#).

For more information, send an e-mail to [RSC:Commercial Compliance](#)

# Commercial Trading Policy

**Purpose:** The Commercial Trading Policy sets out high level trading standards which all Commercial employees, with the authority to transact, must abide. The purpose of this policy is to communicate the rules of engagement to all transacting Commercial employees, and should be understood and followed in conjunction with the [Corporate Internal Control Standards](#) and [General Concepts](#).

The primary objective of ConocoPhillips' trading activities is to help optimize the company's value chain. Trading is necessary to conduct the company's business and creates opportunities to utilize competitive advantages from those activities.

## **Policy:**

- ConocoPhillips will trade for the following purposes:
  - To support the company's physical system or customer requirements, or
  - To profit from a market view.
- Trading not directly related to the company's strategic operations or customers requires prior notification to the CFO, and is limited to the activity necessary for:
  - Developing knowledge of specific markets.
  - Developing skills and understanding of specific instruments.
- Trading activities are subject to relevant external laws, regulations and industry codes of conduct as well as internal policies and guidelines. For delegated trading limits, see the [Authority Limit Manual](#) (ALM).
- Each trading group will transact only in markets closely aligned with the business unit supported by that trading activity unless a documented exception is granted.
- All counterparties must have prior credit approval and available credit.
- All transaction terms must be agreed to at the time of the deal.
- Only the trading groups can execute commodity transactions covered under this policy.
- No one other than trading groups with VaR authority can incur price risk unless explicitly authorized by the CEO. Price risk is incurred by moving the pricing basis away from the reference case (basis against which trading is measured to determine the amount of risk created and resultant performance). The results of all Price Risk transactions will be owned by the trading groups.
- Value may be generated through opportunity trading around our assets and by developing selective third-party businesses.
- The addition of new trading platforms and/or algorithmic trading tools require a functional review to be performed and managed by the Commercial Compliance & Regulatory group to ensure proper approvals.
- All trading personnel will adhere to the Commercial Code of Conduct referenced in this document.

For more information, send an e-mail to [RSC:Commercial Compliance](#)