A sea change is under way around ESG disclosure expectations. With any change comes challenges, opportunities and the need for careful consideration.

At WPX, we strive to run our company in a way that’s respected by all stakeholders, including our employees, neighbors, investors and regulators. We do not underestimate our responsibility, nor should the benefits of what we and our industry do be discounted.

A 2019 government report estimates that our industry saves U.S. consumers roughly $203 billion per year through lower energy prices, or $2,500 for a family of four.

And while interest in ESG is higher than ever, taking prudent environmental, health and safety precautions is nothing new to WPX. Measures are integrated throughout our operations.

By 2021, we expect to produce our first ESG report aligned, at a minimum, with one of the widely used frameworks.

We’re also open to an evergreen approach by providing periodic disclosures on our website as we strengthen our own analysis in the data we present.

For now, we’re again sharing important examples of the steps we take to produce energy safely and responsibly, spotlighting specific risk management activities that may not be widely known.

Our ESG progress is driven by the values we share as colleagues and the diverse experience we bring to the table in ecology, forestry, sociology, industrial hygiene and environmental science.

Everyone here owns our results, both successes and failures. And all of us are accountable for identifying what we can do better, as well as the solutions to make it happen.

“All of us at WPX are accountable for identifying what we can do better, as well as the solutions to make it happen.”

Clay Gaspar
President & Chief Operating Officer
WPX has 37 years of experience in developing responsible practices for producing oil, natural gas, and natural gas liquids (NGL).

We’ve earned more than 40 awards and honors for innovation, technical excellence, community involvement and environmental stewardship.

Our operations were originally part of a larger integrated energy company until 2012 when WPX spun-off as a separate independent company.

We have since transformed our entire business portfolio and company culture through more than $10 billion of acquisitions and divestitures.

We have narrowed our operating areas from seven to two, and our staffing level from roughly 1,200 people to 585 while increasing our oil production nearly 10-fold.

WPX produces approximately 150,000 barrels of oil per day through our operations in two areas – the Permian Basin and the Williston Basin.

We’re based in Tulsa, Okla., with primary field offices in Carlsbad, N.M, Wink, Texas, and Killdeer, N.D.

**OUR COMPANY AND OUR VALUES**

We introduced new core values in 2019 that reflect what’s essential to our performance.

**COURAGE**
Finding opportunities in the midst of adversity.

**RESULTS**
Constantly analyzing outcomes to deliver improvement.

**RELATIONSHIPS**
Earning respect, building trust and communicating clearly.
2019 AT A GLANCE

50% reduction in Permian flaring

57% increase in Permian water recycling

37% women in our workforce

30% reduction in motor vehicle accident rate

30% board diversity based on gender and ethnicity

22% minorities in our workforce

We produced nearly 38 million barrels of oil in 2019 and enough natural gas to meet the energy needs of some 1.2 million homes per day.
Flaring stems from multiple factors, including unplanned service interruptions on infrastructure or unexpectedly high initial production from new wells. Our goal, of course, is to maximize gas capture.

A majority of our company’s activity takes place in the Permian Basin. This is why we’ve chosen to focus on this area to illustrate what we’re doing to reduce flaring.

**Based on volumetric information we report to the EPA, we estimate that in 2018 we flared 9.6% of the natural gas we produced in the Permian. In 2019, we reduced that rate by 50% to an estimated 4.8%.

Most notably in 2019, we improved each quarter throughout the year as a result of making $150 million of investments in new facilities that service our natural gas production.

These upgrades include the installation of additional compression capacity, new gas gathering lines, and a significant expansion of our natural gas processing plant in Reeves County, Texas, that serves WPX and other energy producers.

For 2020, we’re integrating an acquisition in the Permian that we completed in March which nearly doubled our oil volumes in the basin. We’re assessing their historical air quality data to look for opportunities to improve these operations through WPX standards and best practices.

### Permian Flare Rate

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>8.4%</td>
<td>7.3%</td>
</tr>
<tr>
<td>Q2</td>
<td>8.7%</td>
<td>6.1%</td>
</tr>
<tr>
<td>Q3</td>
<td>12.3%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Q4</td>
<td>8.9%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Annual</td>
<td>9.6%</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

In 2019, we doubled the processing capacity at our joint venture gas plant to increase gas capture.
In January 2019, WPX became the first company on the Fort Berthold Indian Reservation in North Dakota to deploy drones for tank inspections and leak detection.

Fort Berthold is a part of the Williston Basin where we drill for oil in the Bakken and Three Forks formations. We operate approximately 400 wells in the region.

The drone is equipped with a thermal imaging FLIR camera that shows gas leaks from equipment that can’t be seen with the naked eye.

Ultimately, the use of drones improves employee safety by physically moving workers to safer locations and allows us to do more inspections than the EPA requires.

The application of this technology is rapidly advancing, as is our team who is FAA qualified to operate drones.

WPX has eight certified drone pilots, including personnel in the Permian Basin too.

In 2019, our pilots logged more than 160 flight hours using a fleet of three drones. We primarily focused on digitizing our surface assets in the Williston Basin and inspecting equipment to identify repairs.

Our effort is led by a military veteran who served in the Air Force before joining WPX.

He is a member of our newly formed Innovation Team that works with our field operations staff.

WPX is using drones to inspect equipment, find leaks and delineate spills.
In 2016, we published our first methane management report, acknowledging that methane is a greenhouse gas that has higher global warming potential than carbon dioxide.

Methane is the primary component of natural gas which is produced with oil. It can inadvertently reach ambient air as fugitive emissions that escape as vapors through tanks and equipment.

**To eliminate waste and reduce emissions, we’ve taken steps such as:**

- Installing blowers to better move flash gas to our flares, reducing pressures in our tanks and the potential for leaks.
- Directing relief valves in our Williston production process to a flare rather than being vented. There are also backup flares at every pad to burn gases during flare repairs.
- Installing systems to capture and eliminate emissions and vapors when trucks are being loaded with oil for delivery.

We also continuously evaluate other opportunities such as replacing, when appropriate, equipment that is not meeting our environmental expectations.

This was the case in 2019 as we worked on a project in the Williston Basin to replace the base of hatches on the tops of roughly 1,400 oil and water tanks with a design that reduces leaks around the seals.

Through our quarterly inspections, we noticed the prior hatch design was prone to allowing fugitive emissions as it aged at the juncture between the hatch and tank seal.

We repaired equipment repeatedly but wanted a better solution. This led to installing the new base hatches with improved seal designs on each tank at a cost of nearly $800,000.

We replaced equipment like you see in the photo on roughly 1,400 tanks in 2019 to prevent vapors from escaping.
In late 2017, we started foundational work to increase our ability to integrate the recycling of produced water into our Permian Basin operations. This is the water that comes up from downhole along with our oil and natural gas production. Volumes can be significant and must be managed carefully.

There’s a three-fold benefit to recycling and reusing water in our business: (1) reduces reliance on fresh water (2) reduces the amount of disposed volumes (3) saves money and creates efficiencies.

Over the past three years, we’ve invested more than $11 million to build new facilities, including surface ponds, dedicated water transfer lines and WPX-owned recycling centers.

In 2019, we built our third recycling center to treat and clean the water associated with our oil and gas production. We now have the capacity to recycle more than 150,000 barrels of water per day.

In 2017, we supplied about 10% of the water we needed to complete wells using recycled volumes. In 2018, the number jumped to 35%. In 2019, we supplied 60% through recycling.

Overall, we recycled 16.1 million barrels of produced water in the Permian in 2019, up 57% vs. 2018.

Our senior water foreman also serves on the advisory board for Shale Play Water Management magazine and is on the steering committee for the New Mexico produced water research consortium.

We increased the amount of water we recycled in the Permian Basin by 57% in 2019.

### Permian Recycled Volumes

<table>
<thead>
<tr>
<th>Year</th>
<th>Barrels (mm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>1.75</td>
</tr>
<tr>
<td>2018</td>
<td>10.2</td>
</tr>
<tr>
<td>2019 /goal</td>
<td>12.9</td>
</tr>
<tr>
<td>2019 /actual</td>
<td>16.1</td>
</tr>
</tbody>
</table>
One of the things that companies who produce oil and gas have to do really well is manage vast amounts of fluids.

At WPX, we work with care, train our employees and have invested millions of dollars in water lines and recycling facilities.

Reporting spills is a key part of this process and is essential to our commitment to comply with regulatory requirements.

**In 2019, we reported 78 more spills vs. a year ago for a total of 366 spills, but overall spilled volumes decreased 28%.**

In 2019, WPX handled more than 188 million barrels of produced water and oil on our drilling and production sites in Texas, New Mexico and North Dakota. That’s enough liquid to fill about 12,000 Olympic-sized swimming pools.

Of that amount, we kept 99.988% of the water and oil where it was supposed to be — in pipes, tanks, equipment, trucks, etc.

Most regulatory rules require reporting spills of one barrel in volume or greater. We also clean up and remediate all spills, regardless of size.

The McDonald Observatory in West Texas depends on the quality and darkness of starry night skies to conduct scientific research and educational forums on planets and galaxies.

The Observatory hosts approximately 100,000 visitors each year and is the second largest employer in Jeff Davis County.

In recent years, the increase of oil and gas activity in the Permian Basin has resulted in increased light pollution that threatens the dark skies.

Enter Bill Wren from the Observatory, who works with cities, counties, utilities and businesses to promote lighting solutions that safeguard dark skies and advance the health of wildlife.

WPX is working with him, too. In September 2019, we joined the Dark Skies Initiative and invited him to speak to our staff and service providers at an annual safety meeting attended by more than 300 people.

Lighting is important and necessary to WPX because our operations run around the clock 24/7, supporting worker safety and our ability to respond quickly if an emergency occurs.

Just two weeks after Bill’s remarks at our meeting, we implemented lighting practices endorsed by the Observatory and Texan By Nature at one of our compressor stations.

By year-end 2019, we made two more of our compressor stations in the region dark-skies friendly. This work is ongoing in 2020 and expanding to our salt-water disposal facilities too.

Additionally, we are in discussions with our drilling contractors and a joint venture partner in the basin about the feasibility of adapting these methods on the facilities they operate.
Senior Environmental Specialist Jim Raley loves to hunt, fish and be outdoors. “Any excuse to be outside sounds like a great idea,” he says.

Jim has more than five years of tenure with WPX and nearly 15 years of industry experience in construction, fluid management and remediation. His degree is in GIS and social science.

He has worked in both of our primary operating areas, initiating support for conservation work in the Williston and Permian basins.

In North Dakota’s Williston Basin, scientists studied the effectiveness of prairie revegetation at WPX locations as they experimented with different seed mixtures and soil conditions.

Similar work has been done before in agricultural fields but had not been tested in oilfield restoration to manage runoff and reduce erosion after work at drilling pads was done.

Results of the USDA-appropriated project were published by the University of Wisconsin Press and are available on WPX’s website at www.wpxenergy.com.

More recently, Jim is tasked with exploring similar opportunities we can undertake on 14,000 acres of surface land we acquired in the Permian Basin in 2019.

WPX acquired the surface primarily to develop roads, water management systems and electrical infrastructure in support of the company’s energy production.

However, the vast swath of surface lends itself to other beneficial environmental uses, including localized efforts to control invasive weeds such as creosote and catclaw.

Under Jim’s leadership, this work is in process through a partnership with the Carlsbad Soil & Water Conservation District that restores native rangelands in the Chihuahuan Desert.

WPX supports projects to research, protect and restore biodiversity on lands we manage.
Most of our development activity takes place in fairly rural areas with few to no neighbors physically living within close proximity of our operations.

One exception is the Rustler Breaks area in the Permian Basin just south of Carlsbad, New Mexico, where we initiated new drilling in 2019 and also have legacy assets we acquired from another company.

In early spring, the area did not have pipeline takeaway capacity to support the new natural gas volumes that would be produced in conjunction with our drilling.

To protect air quality for residences in the community of Otis, we deployed two thermal oxidizers which offer a clean type of combustion using an enclosed flame.

According to the vendor, the units have a combustion efficiency greater than 99.99%, turning hydrocarbon vapors into carbon dioxide and water.

WPX rented the equipment during the duration of flowback operations when the new wells first came online and removed the units when a new pipeline was in place to gather our natural gas.

The oxidizers, in appearance, look like tall storage tanks or giant hot water tanks. The technology they use inside is an environmentally friendly option vs. flaring or venting natural gas straight into the atmosphere.

WPX staff went door-to-door educating residents about the oxidizers. We also placed notices through Facebook and the local newspaper to help the public understand why we deployed the units.

WPX used special equipment to protect air quality and prevent open flaring in a populated area just south of Carlsbad, N.M.
The Mandan, Hidatsa and Arikara Nation, also known as the Three Affiliated Tribes, is located on the Fort Berthold Indian Reservation in central North Dakota. All but one of our operations in the Williston Basin are located on the reservation.

We have worked with tribal chairmen, tribal councils and the tribal energy division for almost a decade now, forging a shared vision for mutually beneficial mineral development.

The tribes have commended WPX with multiple honors, including environmental stewardship, best-in-field operations and compliance, community involvement and best management practices.

Our relationship with the tribes extends beyond our royalty payments and our respect for TERO (Tribal Employment Rights Office) laws that provide preference to qualified Indians in hiring and services.

From the beginning, we’ve advocated for tribal traditions and community development by supporting Pow Wow celebrations, youth programs and the Elbowoods Memorial Health Center in New Town.

This clinic was funded through federal appropriations and special grants from companies like WPX for the purchase of emergency-related equipment and an ambulance.

WPX was one of the original supporters of a new clinic for the Three Affiliated Tribes.

---

**NEARLY $1.1 BILLION PAID IN TRIBAL ROYALTIES**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$30.7M</td>
</tr>
<tr>
<td>2012</td>
<td>$64.7M</td>
</tr>
<tr>
<td>2013</td>
<td>$109.6M</td>
</tr>
<tr>
<td>2014</td>
<td>$152.1M</td>
</tr>
<tr>
<td>2015</td>
<td>$92M</td>
</tr>
<tr>
<td>2016</td>
<td>$63.3M</td>
</tr>
<tr>
<td>2017</td>
<td>$110.2M</td>
</tr>
<tr>
<td>2018</td>
<td>$213.8M</td>
</tr>
<tr>
<td>2019</td>
<td>$256.9M</td>
</tr>
</tbody>
</table>

Includes payments to the MHA Nation and tribal allottees.
As we’ve detailed in this report, most of our work in North Dakota is located on the Fort Berthold Indian Reservation — home to the Three Affiliated Tribes who are royalty owners in our oil production.

Our development plans for drilling sites and pipeline rights-of-way in North Dakota must comply with the National Environmental Policy Act and the National Historic Preservation Act.

Our plans are subject to review, comment and approval by the Bureau of Indian Affairs, which is charged nationwide with protecting millions of acres of surface land and subsurface mineral rights for Native peoples.

Our rights-of-way applications require archaeological surveys for the land we wish to clear for installing gathering lines or building a drilling pad, which typically covers 8-10 surface acres.

We use third-party archaeologists who physically traverse our proposed sites on foot looking for archaeological resources such as Knife River flint flakes or stone circles.

Ultimately, the results of these surveys dictate where we can and cannot construct facilities.

At BIA's recommendation, the archaeological work also continues during construction through active monitoring as dirt is excavated, putting trained eyes on-location to watch for unanticipated discoveries.

Archaeologists are on-site to watch for culturally or historically significant resources as we build drilling pads.

**These archaeological monitors have full and complete Stop-Work Authority to halt activity that’s under way if resources are uncovered.**

Our permitting work and archaeological compliance is overseen by WPX’s regulatory manager, who has a master’s degree in biology with a focus in ecology and evolution.
Talent retention is critical to knowledge sharing, business continuity and safety. Here are some general descriptions of programs we offer to eligible employees, which also gives us an edge in our recruiting to fill key roles.

**MEDICAL BENEFITS**
Generally, WPX pays 80% of eligible health costs for our employees. Group benefits start upon hire date, including dental and vision.

**PAID TIME OFF**
3 to 6 weeks of PTO based on tenure and assumed work experience starting at age 25 plus 2 floating holidays, birthday time off and Veterans Day off for Veterans.

**ANNUAL INCENTIVE PROGRAM**
Akin to an annual discretionary bonus based on how WPX fares against targets for cash flow, safety, capital efficiency and other metrics. In 2019, the payout rate exceeded the 100% target.

**MATCHING GIFTS**
Employees are eligible for up to $10,000 per year in WPX Matching Gifts for their charitable contributions to eligible 501(c)(3) nonprofits. Retirees are eligible for up to $5,000 per year.

**RETIEMENT**
WPX’s 401(k) matches contributions dollar-for-dollar up to 6% and provides an extra annual discretionary contribution of 6% for employees under 40 and 8% for employees age 40 and older.

**WELLNESS**
The Vitality wellness program is available to employees who can reduce their health premiums by taking certain actions to stay healthy and prevent future health problems.

**DISCOUNTED STOCK PURCHASES**
Our employee stock purchase plan (ESPP) gives employees the ability to purchase WPX stock at a 15% discount using after-tax payroll deductions.

**INCOME PROTECTION**
WPX provides standard short-term disability coverage, long-term disability coverage (60% of income) and up to 80 hours of paid parental leave for certain changes in family status.

In early 2020, WPX put an extra $6 million into employee 401(k) accounts in addition to our dollar-for-dollar match.
WPX encourages mentoring inside and outside the company as a means for retaining employees, facilitating professional development and engaging in community service.

These activities are officially supported by the company but generally take place informally and through voluntary participation by employees.

Civically, WPX allows employees to volunteer an hour per week to mentor students at local schools in STEM-related curriculum and programs serving at-risk youth such as Reading Partners.

In 2019, WPX people, including retirees and spouses, provided more than 260 tutoring sessions through Reading Partners at five reading centers in Tulsa Public Schools.

Professionally, WPX offers employees an opportunity to participate in the EDGE program — short for engaging, developing and growing employees.

The program dates back to 2015. Experienced professionals are paired with newer professionals across different functions, helping employees gain a more wholistic view of how the company works.

In 2019, 93 WPX employees participated in the EDGE program, or about 16% of the workforce representing staff in finance, accounting, business development, land, marketing and operations.

Additionally, WPX Assistant General Counsel Wendy Brooks created fireside chat forums for 14 female professionals to build relationships.

Members of the fireside chat group met with WPX Board members Kim Lubel and Valerie Williams to learn about their career experiences and paths to advancement.

Assistant General Counsel
Wendy Brooks organized
fireside chat forums
to create networking
opportunities for female professionals at WPX.
For the second consecutive year, WPX was named one of the top employers in our headquarters city for 2019 by a national career services website.

We strive to maintain these honors through diversity, inclusion and advancement for women and minorities.

**From October 2018 to October 2019, 45% of promotions at WPX went to females and minorities. The time period is aligned with annual reporting we provide to a board committee prior to each year-end.**

We also regularly examine pay equity. In fourth-quarter 2018, we engaged a third-party that specializes in compensation analysis to review our data.

Using a rigorous statistical approach, the results indicated fair and uniform pay practices across our organization. These findings demonstrate our commitment to competitive, performance-based pay.

Our company’s top female professional, Angela Kouplen, is a member of WPX’s six-person “XLT” — short for Executive Leadership Team — which is our most senior level of management.

Our CEO, Rick Muncrief, further diversified our board by adding Valerie M. Williams in 2018 and selected a female to head one of our industry’s top trade associations (AXPC) in 2019 while he was chairman.

To recruit female professionals, WPX participates in groups such as the Society of Women Engineers that provides opportunities to network with students at the Colorado School of Mines.

WPX recently joined Catalyst, a global nonprofit whose mission is to build workplaces that work for women. This provides research and resources WPX can leverage as we shape new leaders and our organization.

The company also is working to develop female leadership candidates within technical disciplines through rotations and exposure to different roles.

This approach provides diverse experience, a more in-depth understanding of our operations, and a means to enhance decision-making skills in both office and field environments.

**Women accounted for 20% of WPX’s board of directors in 2019, which is a key metric for a national campaign promoting board diversity.**
WPX employed 585 people at year-end 2019. Veterans of the U.S. military account for 6% of our workforce.

- **Gender**: 63% Women, 37% Men
  - Women: 216
  - Men: 369

- **Ethnicity**: 78% Minorities
  - American Indian: 29
  - Asian: 7
  - African American: 19
  - Latino: 51
  - Pacific Islander: 1
  - White: 458
  - Two or more races: 20

- **Tenure**
  - <5 Years: 9%
  - 5–9 Years: 19%
  - 10–19 Years: 25%
  - 20–39 Years: 47%

*WPX offered a voluntary early exit program for employees age 55 or over with at least two years of service in 2019. 136 people were eligible. 50 accepted.*
SAFETY

Our staff leads 26 formal safety meetings every year, including monthly employee safety meetings in our operating areas and annual contractor safety presentations.

2019 CALCULATION

WPX TRIR

\[
\text{TRIR} = \frac{\text{Total Recordable Incident Rate}}{} \\
\text{(5 Recordables)} \times (200,000) \\
\frac{1,537,411 \text{ Hours Worked}}{}
\]

Note: There were 3 recordables in 2018 vs. 5 in 2019. The 2 additional recordables account for the TRIR increase in 2019. Our performance is better than the recent industry average of 1.20.

2019 CALCULATION

MVA RATE

\[
\text{MVA} = \frac{\text{Motor Vehicle Accident Rate}}{} \\
\text{(5 Preventable MVAs)} \times (1,000,000) \\
\frac{4,438,445 \text{ Miles Driven}}{}
\]

2017 2018 2019

0.67 0.43 0.65

2017 2018 2019

1.54 1.62 1.13
WPX employees invested 2,372 hours in volunteer projects and fundraising activities associated with our 2019 United Way campaign.

- Our giving provided support to more than 330 nonprofits.
- Our grants included $50,000 of support for flood-related recovery efforts in the Tulsa area.
- WPX contributed to Tulsa’s 1921 Race Massacre Centennial Commission to promote local unity.
- 84% of our giving in North Dakota supported Native American programs and events.
- WPX raised $143,000 for the American Heart Association, making us the top supporter in Tulsa.
- Employees receive an extra day of Paid Time Off (PTO) for contributing 1% of their salary to the United Way.
- We administer Matching Gifts in-house, which reduces cost and allows nonprofits to receive 100% of our match.
In 2019, our Board voted on a forward-thinking item in view of obvious trends in public and political sentiment regarding environmental expectations.

These matters are of particular interest to our Chairman and CEO, Rick Muncrief, who is engaged with Columbia University’s Center on Global Energy Policy.

Rick has been involved in numerous panel discussions at Columbia involving global demand for crude oil, global LNG exports, electrification of fleet vehicles and other clean energy issues.

With that inflection point, as well as a desire to continually improve our environmental performance and elevate attention on emerging public policy, our board took progressive action.

In February, the Board changed the name of our Nominating & Governance Committee to the Nominating, Governance, Environmental & Public Policy Committee.

The vote was unanimous. This decision is a recognition of the reality that new standards and requirements will emerge in the days and years ahead for producers of traditional energy.

With that, the committee’s amended charter provides for:

1. Overseeing management’s monitoring and enforcement of WPX’s policies to protect the environment, including those related to flaring and emissions.
2. Monitoring emerging political, social and environmental trends and major global legislative and regulatory developments that may affect or require adjustments in our business operations.
3. Advising the Board on significant stakeholder concerns and shareholder proposals relating to environmental, public policy or sustainability-related matters.

The full text of the amended committee charter is available on our website under the Governance tab.

WPX is responsive to trends both domestically and globally that shape our ability to profitably develop natural resources.
Our Board oversees management’s enterprise-wide risk management activities, either directly or with the assistance of its committees.

Risk management includes assessing and taking actions necessary for WPX to execute its long-term strategic vision and day-to-day operation of the business.

Regular discussions also occur between the Board and management regarding WPX’s capital and operating plan, business results and competitive environment.

Specifically, here’s what our Board committees formally monitor annually:

- Capital availability
- Capital investment & asset efficiency
- Commodity pricing
- Cyber security
- Financial reporting & disclosure
- Health, safety & environmental performance
- Human capital
- Midstream/downstream takeaway capacity
- Public policy
- Reputation, community alignment & branding
- Vendors & supply chain

Additionally, WPX has an enterprise risk management function that reports to our Chief Financial Officer. This function helps identify and assess material risks.

WPX’s internal Audit Director, who always has direct access to the Board’s Audit Committee, assists in evaluating risk management controls and methodologies.

In connection with its oversight role, the Audit Committee regularly meets privately with representatives from WPX’s independent registered public accounting firm and its internal Audit Director and General Counsel.
At the direction of WPX’s President and Chief Operating Officer, WPX formed an internal working group in 2019 to examine our ESG processes and reporting. This significantly expanded the resources and personnel available to support WPX’s ESG priorities, representing more than 10 groups across the company.

Disciplines at the table include accounting, environmental, investor relations, drilling and completions, supply chain and human resources.

This effort is in addition to WPX’s ESG reporting through our proxy, website and involvement in trade associations and an ESG roundtable comprised of several companies in our headquarters city.

Since the working group began, WPX has designated its top safety and environmental professional as the company’s ESG Director and enlisted a third-party to help facilitate a materiality assessment. This work is underway.

Recommendations and deliverables from this committee report directly to WPX’s senior management and are shared with a board committee with oversight for governance and public policy.

For 2020, the working group is focusing on educating the WPX enterprise more broadly about ESG, identifying any ESG gaps, and establishing a sustainability strategy and goals.

Importantly, the group is examining the company’s ESG data universe, ways to evolve data collection and calculation methodologies, and opportunities to increase quantitative disclosures.

One of our most immediate objectives is to conform and align our next ESG report with at least one of the established frameworks. We expect to do so no later than first-quarter 2021.
First and foremost, we encourage WPX people to do what’s right and report what’s wrong. Retaliation is never tolerated. Here’s a picture of how we promote ethics and integrity.

• Every WPX employee must certify annually that they’re familiar with the requirements and expectations in the company’s Code of Business Conduct.

• All employees are subject to WPX’s Health, Safety and Environmental policy that champions compliance with all applicable laws and regulations governing our business. This policy also empowers employees and contractors with Stop Work Authority on the job.

• Our Conflict of Interest standard applies to all employees. Some affiliations and interests that could influence decision-making must be fully disclosed in writing, subject to review and approval by management prior to pursuing purchases and services from certain vendors.

• The Oklahoma Business Ethics Consortium reviewed the structure and aim of our community involvement programs in 2019. They awarded us with the state’s Community Impact Award for business.

• WPX offers an independent 24/7 Action Line where employees or stakeholders can report concerns anonymously. The majority of calls to our Business Ethics & Compliance Office request guidance about company policies. In 2019, 18 of 60 calls pertained to alleged misconduct. One resulted in a resignation and a written warning. Five matters are pending review. Twelve involved no finding of wrongdoing.

• All members of our board of directors other than our CEO and COO are independent. The independent directors also have a designated Lead Director who has certain authority to shape the culture of the board, develop annual goals and retain outside advisors.

Issues or concerns about WPX personnel or practices can be reported anonymously to an independent third-party at (855) 346-5042.
WPX provides mandatory training for all employees to reinforce safety requirements, protect company assets, foster compliance and promote respect in the workplace. A shared understanding of acceptable behavior and clear expectations is critical to mitigating legal risk for claims such as discrimination or retaliation.

We measure employee progress in mandatory training through an online portal that provides analytical reports to help us reach 100% participation. The required training modules are part of each employee’s annual goal-setting, in addition to job-specific performance targets. Annual salary adjustments are based on both individual and company performance.

WPX also offers optional curriculum to encourage continuous learning and provide support for skills development and job requirements.

**In 2019, WPX documented more than 4,000 hours of training for employees, including 1,722 hours of required training and 2,289 hours of non-required training.**

Voluntary training included online and instructor-led courses that are provided and/or sponsored by WPX. Our figures do not capture training that employees may have registered for with external vendors through conferences, seminars or CPE classes.

Here are some features in our training programs:

- Quid Pro Quo Harassment is now a part of our annual mandatory training modules.
- Other mandatory training covers topics including sexual harassment, emergency procedures and cyber security.
- We recently added Workplace Violence to required training, making employees aware of early warning signs.
- In 2019, 78 employees voluntarily attended an interactive presentation on Unconscious Bias.
At WPX, we align our company with the following organizations because of the value it adds to our business through benchmarking, compliance, public safety, technical insight and transparency.

**THE ENVIRONMENTAL PARTNERSHIP**
Prioritizes environmental solutions that are technically feasible, commercially proven and will result in significant emissions reductions.

**FRAC FOCUS**
WPX was one of the first companies to voluntarily disclose details about hydraulic fracturing on a national registry. We have posted information on more than 2,500 oil and gas wells.

**WOMEN’S ENERGY NETWORK**
Provides opportunities for women to advance personally and professionally. Supports mentoring, leadership training and talent retention.

**OKLAHOMA BUSINESS ETHICS CONSORTIUM**
Emphasizes integrity, accountability, public service, collaboration, fair business practices and inclusiveness in the workplace.

**AMERICAN PETROLEUM INSTITUTE**
Maintains more than 700 standards and recommended practices that are the most widely cited by the international regulatory community.

**PERMIAN STRATEGIC PARTNERSHIP**
This is a coalition of 20 energy companies that address quality of life by partnering with local leaders to strengthen schools, health care access, affordable housing and job training.

**PERMIAN ROAD SAFETY COALITION**
Citizens, agencies and businesses work together to improve safety and infrastructure in Southeast New Mexico and West Texas.

**AMERICAN EXPLORATION & PRODUCTION COUNCIL**
Represents 25 of the largest independent oil and natural gas companies in the U.S. Our CEO was the 2018-2019 Chairman of AXPC.
ON THE COVER:
Debbie Watson is a safety specialist for WPX in the Permian Basin. She has been with WPX for five years. Women comprise 37% of our workforce.

NOTE:
By 2021, we expect to align our ESG disclosures with one of the widely used frameworks. We are working with an outside firm to support this endeavor.

KEY:
ESG = Environmental, Social & Governance reporting