Data Assumptions
Phelps 66 was separated from ConocoPhillips upon its spinoff on May 1, 2012. Prior to that date, Phelps 66 assets were part of ConocoPhillips’ Refining, Marketing and Transportation segments, and corresponding data reflect performance of those segments. From May 1, 2012, onward, data are for all Phelps 66 operated assets. Unless otherwise noted, data represent assets operated by Phelps 66 as of Dec. 31, 2016. Reliability, air and greenhouse gas (GHG) emissions metrics are represented on a 100 percent ownership basis of Phelps 66 operated facilities. GHG emissions from worldwide operated facilities are direct emissions as that term is defined by the EPA. The industry safety reference is represented by the American Fuel & Petrochemical Manufacturers trade association refining segment. The utilization industry average reference is from the U.S. Energy Information Administration, U.S. Refining Utilization & Capacity, Annual Operable Utilization Rate. Metrics help us track our progress on things that matter to us as a responsible company and as stakeholders in the communities where we live and operate and as global citizens. Key performance, health, safety, environmental, people and social metrics are detailed here and are current as of Dec. 31, 2016, unless otherwise noted.

Refining Reliability Indicator
Measuring refining reliability is important in evaluating our safety, environmental performance and profitability. When we run reliably, we minimize our operations’ potential impact on our neighbors, so we continuously monitor our processes and perform proactive maintenance to keep our facilities running smoothly. The utilization rate is an indicator of reliability and, as illustrated below, has both increased annually since 2010 and exceeded the industry average rate. We strive for higher utilization rates.

Refining Utilization (Percentage)

<table>
<thead>
<tr>
<th>Year</th>
<th>Utilization Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>70%</td>
</tr>
<tr>
<td>2013</td>
<td>82%</td>
</tr>
<tr>
<td>2014</td>
<td>88%</td>
</tr>
<tr>
<td>2015</td>
<td>94%</td>
</tr>
<tr>
<td>2016</td>
<td>100%</td>
</tr>
</tbody>
</table>

Energy Information Administration
SAFETY

Through continuous yearly improvements, we have made substantial progress toward achieving an incident-free workplace. We strive to complete each day without any injuries, illnesses or incidents. We have two primary safety focus areas, personal safety and process safety. Our goal is zero incidents. We understand that this focus requires full employee and contractor involvement and commitment.

Personal Safety
The Total Recordable Rate (TRR) is a measure of the rate of recordable workplace injuries. The chart below shows the TRR of our combined workforce – employees and contractors – compared to the average TRR in our industry. To help compare safety rates of different industries, the TRR is normalized per 100 workers per year, assuming a 40-hour work week and 50 weeks per year, per worker. Our company’s performance is better than our industry’s average.

The majority of our workforce members perform their jobs at our complex manufacturing facilities. Not only do we outperform our industry on personal safety, but the energy industry also has a far better TRR when compared to other manufacturing sectors, as the chart of Bureau of Labor Statistics data shows.

Process Safety
The second important component of safety is process safety. We monitor and measure Process Safety Events (PSE), which are unplanned or uncontrolled releases of a material from one of our processes. We work to reduce the number of PSEs by maintaining equipment integrity and applying good design, engineering, operating and maintenance practices. Our employees perform hazard analyses and use change management procedures to mitigate risk. We also audit our safety, mechanical integrity, operating and maintenance programs. We investigate serious incidents and near misses in order to develop corrective actions and utilize training procedures to ensure employees and contractors are aware of hazards and how to address and mitigate them.

The chart below shows the number of Tier 1 PSEs, the most significant type of unplanned or uncontrolled release of material from primary containment. Each Tier 1 event is investigated to determine the underlying causes so we can take action to prevent recurrences. Our goal is zero Tier 1 events.

ENVIRONMENT

Our business is complex and high tech, and we invest in training our employees well. The essential, life-improving products we manufacture are carefully made, transported and sold as part of a highly regulated, heavily permitted industry. As good stewards of resources and the environment, we aim for reliable and efficient operations and fewer environmental events year after year, and our efforts show a trend of improvement.

Air Emissions
We track emissions of sulfur oxides (SOx), nitrous oxides (NOx) and particulate matter (PM) produced during the combustion of fuels.

Between 2003 and 2016, we invested more than $6 billion in refining and environmental projects and improvements. Those investments include many pollution control devices such as 12 flare gas recovery systems, eight fluid catalytic cracker (FCC) wet gas scrubbers, and more than 20 heater and boiler projects.

Emissions from company-operated assets have decreased significantly. From 2012 through 2016, we reduced SOx emissions by 92 percent. That’s a decrease of 44,000 tons a year. By installing NOx control hardware and using additives on many of our FCCs, heaters and boilers, we have reduced NOx emissions by 14,000 tons a year since 2002, a decrease of 62 percent. Particulate matter emissions are 62 percent lower than in 2012. That’s a reduction of 3,000 tons per year. The majority of the reductions are at our U.S. refineries.

The following chart shows air emissions from our U.S. and non-U.S. facilities.
Hydrocarbon Spills Beyond Secondary Containment

Hydrocarbon spills are rare and we work hard to prevent them entirely. When there is a spill, we respond as soon as it is discovered. The chart below shows volume releases, in barrels, that exceeded secondary containment. In 2013, the volume released beyond secondary containment was due primarily to two events. Phillips 66 conducted in-depth analyses to determine what caused the spills and then adjusted our policies and practices, evaluated other sites and facilities, and shared what we learned with employees and contractors. In 2014, 75 percent of the spill volume was related to two events. Eighty-two percent of that volume was recovered.

Recycled Material

We have a variety of recycling efforts across our organization, business units and facilities. The data below show the volume of refinery process catalyst captured for metals reclamation, oils and solids captured for reuse, and recyclable materials such as metal, glass and paper in gross tonnes per year.

Water Used

Water is a component in our manufacturing facilities and processes. All our facilities have water treatment and many of them use brackish, salt or non-fresh water, or have industrial reuse processes. The data shown here include water supplied to Phillips 66 operations from public utilities, water wells, and bodies of water such as rivers, the majority of which would be considered fresh water. The quantity is millions of barrels per year.

Greenhouse Gas Emissions

The world's growing population and continuing development requires an affordable, reliable and abundant energy supply. We believe fossil fuels will be a significant portion of the energy mix into the foreseeable future. Managing GHG emissions must be approached from an economic and technologically feasible perspective that balances energy supply, is sustainable long term, and protects the environment. We focus on sustaining business for the near and long term by measuring and monitoring GHG emissions from our operations, increasing energy efficiency, and researching alternative and renewable energy sources, processing improvements and product innovation.

The chart to the right shows our global direct GHG emissions and utilization. The majority of our GHG emissions come from energy utilization to manufacture products. Environmental regulatory requirements are increasingly stringent for ultra-low sulfur gasoline and diesel, ozone, reduced flaring and fugitive emissions. Stringent requirements require additional processing, which requires more energy. Yet, even with more stringent regulatory standards and annual utilization rates that have increased nearly five percent over the past five years, across the same asset base, direct GHG emissions have varied little on an absolute basis and ranged between 35-37 tonnes/thousand barrels of processed crude on a per-barrel intensity basis. This reflects the positive results of our efforts to advance the efficiency and technology improvements in the company’s operations.

KEY TERMS

- Bbl or bbl = barrel; 1 barrel is 42 U.S. gallons
- CO₂e = carbon dioxide equivalent, which includes carbon dioxide, nitrous oxide and methane
- M or m = thousands
- MM or mm = million
- Tonnes = metric tons; 1 tonne = 1.10231 tons
- Tons = U.S. tons or short tons; 1 ton = 2,000 pounds

DRILL SIMULATING SPILL OF NATIONAL SIGNIFICANCE
Collinsville, Illinois
One way we advance our company vision to provide energy and improve lives is by promoting an inclusive workplace and seeking to promote the economic, social and environmental betterment of the people and communities where we live and work. In short, we work toward a sustainable workforce and sustainable neighborhoods.

We lead with inclusion because, in its absence, diversity cannot thrive. We promote inclusive environments free of biases and where all employees feel valued, respected and supported.

We enhance diversity in our workplace by ensuring our workforce is reflective of the communities in which we live and operate. We focus on leveraging diversity of thought and the principles of equality for all.

Here are a few key performance metrics.
GRANT APPLICATION FAQ

Q. Does Phillips 66 accept unsolicited requests?
A. No, Phillips 66 does not accept unsolicited grant requests. We proactively seek the organizations and funding opportunities that fit the best with Phillips 66’s focus areas of education and literacy, environment and sustainability, and safety and preparedness.

Q. How do I apply for a grant if I am a new applicant?
A. At this time, Phillips 66 solicits grant applicants by invitation.

Q. How do I apply for a grant if I am an existing grantee?
A. If your organization received a grant from Phillips 66 in the past year, you will be contacted by Phillips 66 to discuss next steps in the grant application process.

Q. What is the deadline for submitting a proposal for annual funding?
A. If you were invited to apply, please work with your Community Investments contact regarding the timing of your grant application submission.

Q. What is required to be eligible for a grant?
A. To be eligible for a grant, organizations that have been invited to apply must meet all the following criteria:

• Be a 501(c)(3) charitable organization or a political subdivision.
• Submit a proposal that is tied to an area where Phillips 66 has a strong business presence as measured by facilities, assets or employee base.
• Align with Phillips 66’s core focus areas of Education and Literacy, Environment and Sustainability, and Community Safety and Preparedness.
• The request must not be for any of the following: an individual, sectarian or religious organization, promotional sponsorship and advertising (marketing related), or an endowment. Requests for grants in non-U.S. locations should be made directly to the Phillips 66 international office doing business in that area.

Q. What information must be included in the grant application?
A. The proposal must include an executive summary outlining the purpose of the program or project, how it will be accomplished, expected results, and a budget noting administrative expenses such as salaries, fees, program expenses and total income.