SUSTAINABILITY AT PHILLIPS 66
WORKING TOGETHER
CONTENTS

1  DOING IT RIGHT  4
We’re committed to providing energy and improving lives through operational, economic, social and environmental sustainability.

2  OPERATING EXCELLENCE  10
Sustainability starts with a focus on safety and reliability.

3  ECONOMIC SUCCESS  24
We work to keep energy accessible and cost-effective.

4  ENVIRONMENTAL PROGRESS  32
Phillips 66 delivers energy while protecting air, water and land resources.
SOCIAL ENGAGEMENT

Working together is about people, and we build community in many ways.

PERFORMANCE DATA

We share metrics on our business performance.

POLICIES AND GOVERNANCE

Our business and performance is based on sound governance.

CONCLUSION
To our employees, communities and investors,

Several months ago, we chose the title Working Together for our sustainability report because it best described our beliefs and accomplishments. Little did we know, at that time, how our Phillips 66 family, friends and communities would heroically work together to endure and begin to rebuild after Hurricanes Harvey and Irma.

In Working Together, we share with you how we deliver outstanding results and make a lasting positive impact on our communities. Our response during Harvey illustrates what we do and how we do it. Our first priority is employee safety, and during the hurricanes, we diligently accounted for each of our employees and their families.

We also safely shut down our Sweeny Refinery in Old Ocean, Texas, all of our southeast Texas terminals and most of our pipeline operations in the area. We closed Houston headquarters and prepared our Lake Charles Refinery in Westlake, Louisiana. Our employees managed these logistical challenges with expertise and grace, allowing us to address responder, municipal and consumer needs for our products and resume operations for all consumers with safety and speed.

The solidarity of our Phillips 66 community is remarkable. Challenging times remind us of the importance of teamwork, safety and of uniting as a Phillips 66 family.

Phillips 66 contributed millions to assist with Harvey disaster relief efforts in southeast Texas communities. We also matched individual employee contributions through the Matching Gift Program. Many of our colleagues had significant damage to their homes and property, and we offered financial assistance to help get them back on their feet.

Working Together is especially resonant now, but for us, it's the way we operate day in and day out. Earlier this year, we marked our fifth anniversary as an energy manufacturing and logistics company. This report reaffirms our values of safety, honor and commitment, and how we fulfill our mission. We are proud of the way we safely and responsibly demonstrated our vision to provide energy and improve lives. We invite you to work together with us for sustainable success.

In safety, honor and commitment,

Greg Garland, Chairman and CEO
September 2017
WE DO IT BY WORKING TOGETHER

At Phillips 66, we provide energy and improve lives through operational, economic, social and environmental sustainability.

Sustainability means holding ourselves accountable to the highest standards of operating excellence and strong economic, social and environmental performance.

It’s how we carry out our vision of providing energy and improving lives. As the global population grows, access to reliable, abundant and affordable energy is critical to improving standards of living. Through our sustainability approach, we are prepared to meet those needs safely and responsibly for years to come.

In collaboration with our communities, employees and stakeholders, we strive for world-class operating excellence with robust systems and processes throughout our Midstream, Refining, Chemicals, and Marketing and Specialties businesses.

• We manufacture energy and support the U.S. energy revolution with products such as gasoline, diesel, jet fuel and lubricants for transportation, natural gas and natural gas liquids for powering businesses and heating homes, and petrochemicals, polymers and plastics found in cars, electronics and everyday goods.

• We provide high-quality jobs and deliver value to our shareholders. We hold ourselves accountable to high ethical standards, set performance goals and transparently communicate our results.

• We are proud of the part we play to keep energy available and affordable while being good citizens and neighbors everywhere we operate.

Last year, we achieved our safest year on record, with an industry-leading 0.15 total recordable rate. The company also had its lowest number of environmental incidents ever.

In addition to complying with the many environmental regulations that govern our facilities, we’re proud of our voluntary conservation programs to advance biodiversity and land preservation, efforts that help protect animals, birds and fish and their habitats.

We’re doing groundbreaking research with solid oxide fuel cells and with a promising, low-cost, environmentally friendly solar technology called organic photovoltaic energy, which we are progressing toward commercial scale, and power generation.

Phillips 66 invests in people, both within our company and in the communities where we work and live. We are an inclusive company and hire a diverse group of talented employees, including a significant number of military veterans in our U.S. Refining business.

We encourage and support volunteerism. We offer paid time off for our employees to pursue meaningful volunteer opportunities in their communities. In 2016, our employees volunteered more than 61,000 hours at over 600 charities, reflecting the many philanthropic interests and talents of our 14,600 employees.

That’s sustainable business.
AFPM Distinguished Safety Award 2016
American Fuel & Petrochemical Manufacturers
Lake Charles Refinery in Westlake, Louisiana
Recognizing our safety achievements.
Bayway, Billings, Rodeo, Santa Maria and Sweeny refineries also earned AFPM Elite Silver awards.

ENERGY STAR certification
U.S. Environmental Protection Agency
More than 1/3 of our U.S. refineries
Recognizing our voluntary efforts to reduce greenhouse gas emissions through energy efficiency.

LEED Platinum-certified
Our million-square-foot headquarters in Houston, home to about 2,000 employees

Greenovations Award
U.S. Environmental Protection Agency
Phillips 66
Outstanding environmental stewardship for our cleanup of Bayou Verdine in Louisiana.

Spokane Regional Clean Air Agency Silver Award
Spokane, North Spokane, Washington, Geiger and Fairchild terminals and Yellowstone Pipeline
For operational compliance, emissions inventorying, and timely reporting and payments.
Voluntary Protection Program Recognition
Occupational Safety and Health Administration

Tier Three U.S. Customs and Border Protection Certification
Phillips 66
The highest level achievement in the Customs-Trade Partnership Against Terrorism program.

27 facilities across our Refining, Midstream and Lubricants businesses

Thoroughbred Chemical Safety Award
Norfolk Southern 2016
Phillips 66
Recognizing our safe, incident-free rail transport of regulated products.

Highest Supplier Rating
John Deere
Phillips 66
For earning perfect scores in quality, delivery, technical support, relationships and cost management.

THREE awards from the Royal Society for the Prevention of Accidents
U.K. business units

The Fleet Safety Trophy
Highly Commended in the Oil & Gas Industry Sector Award
Gold Award

Third recertification as a Tennessee Occupational Safety and Health Administration Safety and Health Achievement Recognition Program site.
Selmer, Tennessee, Lubricants Plant
We are one of only 14 companies in the state of Tennessee to earn the distinction.

Star Status, May 2017
Cal/OSHA VPP
Lubricants plant in Los Angeles
Our third location to achieve this award.
ABOUT OUR SUSTAINABILITY REPORTING

We are committed to sharing our forward-looking, companywide sustainability policies and programs, along with examples of local initiatives across our operations. In developing our approach to sustainability reporting, we have drawn upon the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting, developed by the American Petroleum Institute (API) and the International Petroleum Industry Environmental Conservation Association (IPIECA). Our website includes historical data on our sustainability performance and our long-standing Community Advisory Panels. Phillips 66 also receives guidance on sustainability strategy and reporting as a member of the Boston College Center for Corporate Citizenship.

This report focuses on outcomes from our operated assets. Here’s an easy link to sustainability reports from certain of our non-operated joint ventures, such as Chevron Phillips Chemical Company and DCP Midstream.
VISION + VALUES = SUSTAINABILITY

Our vision is to **provide energy and improve lives**, and we back that up with core company values of safety, honor and commitment.

We live our vision by:

- Operating safely, dependably and efficiently.
- Contributing to the prosperity of people and their communities.
- Conserving and protecting the world’s natural resources and the environment we share.

The energy industry is a vital part of the foundation of today’s $75 trillion global economy, fueling economic growth, prosperity and improving quality of life. According to the **International Energy Agency (IEA)**, fossil fuels account for approximately 80 percent of the nation’s energy consumption. That’s expected to hold true over the next two-plus decades. Without fossil fuels, there would be virtually no mobility and no modern economy.

Thousands of products originate from oil or natural gas: bandages, carpeting, computers, phones, heart valves, luggage, paint, roofing, toys, vitamin capsules and sterile medical equipment, and, of course, the fuels that move boats, planes, trains and automobiles.

By providing the vital products that power economies and businesses every day, Phillips 66 and its employees are improving quality of life for people around the world.
Chapter 2 – Operating excellence

WORKING TOGETHER TOWARD ZERO

Sustainability starts with a focus on safety and reliability.

Our passion for operating excellence drives us to seek continuous improvements in safety, environmental stewardship, reliability and cost efficiency.

That means working together – labor and management, experienced workers and new hires, employees and stakeholders – to get as close as we can to zero safety incidents and zero accidents as we reduce our environmental footprint.

Continuous improvement across our Midstream, Refining, and Marketing and Specialties operating segments and corporate staff functions toward zero incidents is a lofty goal, but one to which we are wholly committed. Ensuring that everyone goes home safely every day is a core objective at Phillips 66.

Anyone visiting or working at our sites is empowered, and expected, to stop any work they believe poses a risk to themselves or the people around them. If we can’t do something safely, we simply won’t do it.
We’re determined to be the energy industry’s safest and most reliable company. This culture of safety is embodied in our Health, Safety and Environmental (HSE) policy programs and procedures. Our HSE policy states our commitment to protecting our workforce, customers and communities while achieving our goals for growth, returns and distributions. All Phillips 66 sites have HSE controls and practices, along with HSE management and staff dedicated to excellence and risk mitigation.

2016’s 0.15 total recordable rate (TRR) for our combined workforce – employees and contractors – was our best ever. We continue to improve our safety performance over the years and strive toward a year with no incidents. As the data in the charts below show, we are in the top quartile in our industry, and our industry is a safety leader among many sectors of the U.S. economy.
We believe all incidents are preventable. Our Health, Safety and Environment Management System is a four-part system that enables managers to identify and eliminate work hazards while achieving operating excellence. We emphasized a key safety initiative in 2016 called the 10 Life Saving Rules throughout our company. Our 2016 safety record reflects this system.
Our assets and operations have high-tech integrity programs and processes designed to prevent unintentional releases of product. Many of our company’s process safety and environmental standards exceed industry requirements, promoting our goal of an incident-free workplace.

One example is our atmospheric venting program at our refineries. Refining is a closed system of vessels and pipes, using energy, temperature and pressure to transform crude oil into transportation fuels that are high-value, essential everyday products. To protect people, assets and the environment in the event of an unexpected or unplanned disruption to the system, refineries have automated valves to enable a quick and safe shutdown.

Based on what we’ve learned from industry incidents, we completed a voluntary multiyear, multimillion-dollar program that exceeds regulatory requirements. We improved safety for our people and the environment by investing millions of dollars to connect our refineries’ relief valves in a way that enables us to safely convert gases into inert forms.

We move our products through more than 18,000 miles of pipelines, making Phillips 66 one of the largest pipeline operators in the United States. Our control room staff continuously monitors the operations and pressure in each pipeline.
Our motto is “Think Leak.” At the first sign of a pressure change, which could indicate a leak, an employee will shut down the pipeline as a precautionary measure until the matter is understood and resolved.

We also have an industry-leading maintenance program, using “smart” pipeline inspection gauges (pigs) to inspect and assess the interior of our pipelines and identify maintenance needs from the inside before any leak occurs. Learn more about the industry pipeline pigging technology [here](#).

When we build or repair pipelines, we use a variety of state-of-the-art techniques to ensure asset integrity, such as horizontal directional drilling (HDD) technology. HDD allows us to bury pipelines deep underneath riverbeds, preventing pipeline exposures. Since 2011, Phillips 66 has spent more than $90 million to reroute, reinforce or rebury pipelines that cross rivers and landslide areas in the Rocky Mountains. These measures protect our scenic rivers while ensuring that our products continue flowing to consumers.

In 2014, Phillips 66 completed a relocation project for the Yellowstone Pipeline in northern Idaho’s Silver Valley region. Through collaboration with local businesses and government organizations, Phillips 66 workers safely relocated a nine-mile section of pipeline from underneath the Coeur d’Alene River.

Since 2012, we have invested more than $6 billion in environmental projects and sustaining capital. Each of our sites has round-the-clock staffing to monitor operations, processing pressures and outputs to ensure compliance with numerous environmental and operating permit requirements. We adhere to environmental operating limits, which are customized for each site’s permit. High-tech electronic equipment
is set to alert staff members before a potential exceedance. The data above show the positive effect of these, and many other, environmental processes, programs and improvements.

As a leader in safety, we believe it’s critical to share our knowledge with other operators. We welcome the opportunity to help make our industry safer, and we were honored when Phillips 66 was selected to take the lead on updating the API’s recommended practices for pipelines and flood management.

ASSURANCE

Our performance is verified through our own exacting assurance processes, as well as those of third parties. Our facilities are subject to rigorous inspections and our operations are actively managed to ensure continued asset integrity.

As part of our company’s Business Integrity Assurance program, we conduct in-depth operating excellence audits at each of our refineries to evaluate adherence to our assurance processes. In addition, API and AFPM periodically conduct third-party safety audits of our facilities. We are involved in numerous industry-improvement and standard-setting committees of the Association of Oil Pipelines.

ISO CERTIFICATIONS

Our facilities follow industry-leading quality management systems and many are certified to international standards.


- Our Humber Refinery in North Lincolnshire, U.K., is also working to transition to the new ISO 14001 standard and is currently certified to the 2015 version.
IT’S ABOUT PEOPLE, TOO

Our tight focus on operating excellence processes, controls and improvement extends to our workforce and our communities.

With our goal of zero personal or process safety incidents in mind, we repackaged our 10 Life Saving Rules program in 2016 to further educate and train employees throughout the company.

Many of these Life Saving Rules benefit both individuals and communities. For example, assessing and mitigating hazards before beginning work both enhances safety and improves water and waste management.

Through our occupational health and industrial hygiene program, we evaluate our workplaces for health hazards to ensure that we protect our employees and contractors. We require employees and contractors to report both actual incidents and near misses that have or could have resulted in injury, property damage or environmental impact. We learn from these situations and identify and remove the root causes, reducing the risk of recurrence.

10 Life Saving Rules

- Protect Against Falls & Dropped Objects
- Verify Line & Equipment
- Control Hazardous Energy
- Follow Safe Rigging & Lifting Practices
- Operate Vehicles & Industrial Equipment Responsibly
- Perform Excavations Safely
- Assess & Mitigate Hazards Before Working
- Properly Plan & Execute Hot Work
- Work in Confined Spaces Safely
- Maintain Safety System Protection

NO PHONE USE WHILE WALKING

This includes:
- Talking
- Texting
- Reading
- Looking at apps

STOP. STEP TO THE SIDE.
We want everyone to be safe on the job and go home safely at the end of the day. That’s why, since day one, we have built health and safety committees into our management and employee teams.

Each site holds a monthly meeting during which committee members and union representatives review goals, safety practices and audit results, working together to keep an open dialogue focused on continuous improvement. Employees, managers and union representatives discuss our Life Saving Rules program and offer continuing education opportunities, such as presentations from industrial hygienists and OSHA representatives. Attendees come away more knowledgeable and motivated.

Our Lubricants business developed environmental and quality committees and a VPP Employee Engagement Committee.

We hold large-scale company training summits every three years. We bring in people from every health and safety committee in the company to share best practices, goals and performance milestones. We learn from each other, gain new techniques and skills, and take that learning back to our home facilities, where we can implement improvements. Because union representatives are part of these summits too, it’s a great way for union leaders and Phillips 66 management to maintain good relationships and speak with a common language about safety.
STRENGTHENING FIRST RESPONDERS

While we strive for zero incidents, we prepare for the possibility of accidents. Our Emergency Response Management System provides a model for building and maintaining crisis management and emergency response plans. Resilience planning managers at our refineries ensure high standards for training and competence for our on-site first responders.

Our team of first responders are trained to protect people’s lives and secure the area if there’s an emergency. We invest in giving them the skills they need, sending them to train at premier institutions, such as the University of Illinois Fire Service Institute and the Emergency Services Training Institute at the Texas A&M University Engineering Extension Service’s Brayton Fire Training Field. We extend this specialized training beyond our own first responders by inviting and covering training costs for firefighters based near our refineries to attend industrial emergency response training alongside our teams. When the local emergency response teams know how to best respond to incidents unique to our industry, the communities where we operate are better served.

Each year, our company conducts exercises and emergency response drills across our operations. We use realistic scenarios to ensure that both our Emergency Response Organization and the community around our facilities are prepared to respond to emergencies.

If there’s ever an interruption of operations, we have written business continuity plans to quickly resume our manufacturing and transporting of energy products to markets around the world.
STRENGTHENING PEOPLE

We work with local health departments and the Centers for Disease Control and Prevention (CDC) to be a point of distribution (POD) so that we can distribute preventative medications in many of our locations in the event of a biological attack or pandemic.

Every September, we ask everyone in our workforce to participate in National Preparedness Month, so they know how to prepare for disasters at home, work and school. When natural disasters happen in areas where we operate, we work closely with the American Red Cross and other emergency response organizations to assist relief efforts.

- Moore, Oklahoma – When a massive tornado touched down in May 2013, Phillips 66 donated $1 million to the Oklahoma Tornado Relief Fund and gave an additional $48,000 in matched employee donations. We contributed supplies as well, sending tanker trucks of fuel for emergency responders and donating gas cards, so local churches could get supplies to people who needed them. Our employees donated nearly two tons of essential items.

- New York City area – When Hurricane Sandy made its way up the U.S. East Coast in October 2012, we supported recovery efforts with a $500,000 donation to the Red Cross, gave $50,000 to the Linden, New Jersey, Police and Fire Department, and sent 15,000 gallons of fuel to the Union County, New Jersey, Office of Emergency Management.

- Gulf Coast – After Hurricane Harvey, Phillips 66 contributed more than $4 million in company donations and matched employee contributions to the American Red Cross, the Rebuild Texas Fund and the United Way of Greater Houston to assist with Hurricane Harvey disaster relief and rebuilding efforts. We supported our employees who suffered losses from the hurricane, as well as matched individual employee contributions.
WORKING TOGETHER: PARTNERSHIP IN IRONTON

In Belle Chasse, Louisiana, our Alliance Refinery’s closest neighbor is the community of Ironton. We’ve been through a lot with the people who live there.

After Hurricane Katrina ravaged the area in 2005, Phillips 66 helped the community rebuild, contributing $500,000 to the American Red Cross of Southeast Louisiana. Seven years later, in 2012, Hurricane Isaac roared through, flooding much of the low-lying region, including the Alliance Refinery and the city of Ironton. Every home in the community was affected by flooding or wind damage.

The St. Paul Missionary Baptist Church of Ironton was also badly damaged. The church was inundated with more than two feet of water, devastating community members. The church is a cornerstone of the town. It’s a house of worship, a community center for town hall meetings and a polling place during elections.

Once again, Phillips 66 stepped up to support our neighbors, making a $100,000 donation to the Committee for Plaquemines Recovery to fund repairs to the church and help Ironton families replace appliances and repair their homes.

We don’t just support the people of Ironton in times of crisis. We have also funded smaller grants for books and computers for the community center, as well as a projection screen for the church. We believe consistent and long-term investment in the communities where we operate is vital to sustainability.

Our employees, contractors, first responders and neighbors work together every day to build capability, reliability and resilience. It’s the foundation of our operating excellence and the key to getting toward zero.
As the foundation of economic development for our growing global population, energy needs to be accessible and cost-effective.

At Phillips 66, we’re able to reliably provide energy and improve lives because of our fiscal strength. We pursue operating excellence, ensure financial integrity and support a competitive marketplace. Our company has a solid foundation of policies, programs and practices that ensure good governance, processes and checks that enable our employees to do the right thing in all our business encounters. Here’s an easy link to some of our key policies, processes and publications.

Our enterprise risk management program identifies and facilitates management of the diverse risks our company faces. Every one of our businesses analyzes risks to its operations and designs plans to mitigate those risks. Our strategy supports long-term success by focusing on operating excellence, returns and growth, particularly in our Midstream and Chemicals segments, along with distributions, and being a high-performing organization. Our strategic planning and investment ensure we are capitalizing on opportunities and identifying and managing risks. Additionally, through business scenario planning, we seek to challenge our views to assess financial strength through the commodity cycle.

While we strive for zero accidents and incidents, we also prepare for operational or environmental challenges through robust business continuity planning and preparedness programs and other initiatives, such as our atmospheric venting program and our industry-leading pipeline river crossing program. These, and other programs, epitomize sustainability: improved operations, safety and environmental performance that can improve financial returns and have a lower impact on people and the environment near our operations. From this foundation, we have created a business built for long-term success.
STRENGTHENING ECONOMIES, STRENGTHENING COMMUNITIES

Our more than 14,600 employees receive competitive salaries, benefits and work programs, allowing them to improve their lives and contribute to the financial well-being of their communities. We hire an average of more than 1,100 new employees each year. An annual average of 4,000 contractors, along with additional subcontractors and suppliers, all benefit from our business operations.

These jobs we create and their economic impact are significant. The API worked with PricewaterhouseCoopers to quantify the U.S. oil and natural gas industry’s widespread economic impact and found that in 2015, the oil and natural gas industry supported 10.3 million jobs and contributed $1.3 trillion to the U.S. economy. That’s 7.6 percent of the country’s gross domestic product (GDP) and 5.6 percent of total U.S. employment.

FISCAL STRENGTH & FORESIGHT

In addition to supporting our employees, our investments support communities near our operations. Since 2012, we have invested $6 billion in environmental projects and sustaining capital. These investments and improvements put Phillips 66 on a path for long-term success. Our share value performs well against our peers and against the broader index, and the company’s financial strength also enables our shareholders to grow wealth, provide for their families and increase their financial security. We provide shareholder value by returning capital in the form of dividends and share repurchases. Our dividend has risen six times since 2012, for a compound annual growth rate of 33 percent. Phillips 66 has repurchased or exchanged 126 million shares in that same time, equaling about 20 percent of the shares outstanding at our launch.

2016 BY THE NUMBERS

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1.6 Billion</td>
<td>OR $2.92/Share in Total Earnings</td>
</tr>
<tr>
<td>$5 Billion</td>
<td>Billion in Cash from Operations, Public Debt and Equity Offerings by PSXP</td>
</tr>
<tr>
<td>$2.8 Billion Reinvested</td>
<td>Billion of Capital Returned to Shareholders</td>
</tr>
<tr>
<td>$2.3 Billion</td>
<td>Billion in Cash</td>
</tr>
<tr>
<td>$2.7 Billion</td>
<td>24% Net Debt-to-Capital Ratio</td>
</tr>
</tbody>
</table>

For more details, please read our Annual Report.
Since 2012, Phillips 66 has paid an average of $1.5 BILLION in taxes annually.

We also invest a significant portion of our earnings directly into our communities. Since 2012, we’ve contributed more than $100 million to philanthropic organizations, mostly in the communities where our employees live and work. In that same time period, Phillips 66 paid more than $6.5 billion in taxes to federal, state and local governments, helping to fund programs that include public schools, roads, bridges, ports and waterways. Our tax dollars and philanthropic donations directly support the development of future generations of workers, provide needed community services and enable efficient transport of commerce.

DOING BUSINESS THE RIGHT WAY ... ALWAYS

Phillips 66 is built on a 140-year foundation of good governance and controls. We take pride in the strength of our heritage as we manage the business with our sights on a robust future.
Our governance and ethics start at the top. Our Board of Directors and Executive Leadership Team are committed to ethical business practices, which are premised upon our company values: safety, honor and commitment. Our key governing documents can be found here.

Our leaders respond and adapt to changing market conditions, emerging technologies and the rising expectations of regulators, our shareholders, our customers and our communities. Our Public Policy Committee advises the board regarding the company’s compliance with policies and practices related to health, safety and environmental protection. We make publicly available our key documents and charters that set out the standards that guide our actions and ensure the highest levels of responsibility, integrity and legal compliance across our businesses.

We also maintain good governance and operations through written policies and auditing programs throughout Phillips 66 and our supply chain. These include our Health, Safety & Environment Policy, Environmental Management System, and Political Activity and Business Partners Guiding Principles. Our key policies are found here.

**RIGOROUS CORPORATE GOVERNANCE**

**PRINCIPLED POLITICAL GIVING AND ACTIVITY**

Our involvement in civic and political activities is guided by two objectives: to advance the company’s long-term business goals and to improve the communities where we live and work. All activities must comply with company guidance, which outlines our compliance with laws and regulations on federal campaign contributions, political action committee (PAC) activities and lobbying. Phillips 66 PAC contribution information can be found on the FEC website. Our quarterly reports on lobbying expenditures and activities can be found on the Office of the Clerk’s website.
At Phillips 66, we believe that advancing business opportunities with minority and woman-owned (M&WO) enterprises is good business. M&WO businesses strengthen our company and the communities we call home. These partnerships enable local economic development and help improve competition and sustainability while also enhancing our long-term performance. In a recent audit, we met or exceeded each of the U.S. Defense Logistics Agency requirements for spending with diverse suppliers.


We support many diversity councils, including the National Minority Supplier Development Council (NMSDC) and regional councils of the Women’s Business Enterprise National Council. Additionally, Phillips 66 participates in a number of NMSDC events to identify potential suppliers. Our Supplier Diversity Position promotes innovative thinking to improve business opportunities with diverse suppliers.
DIVERSIFYING OUR SUPPLY CHAIN

From 2013-2016, we increased our spending with diverse suppliers by 5 percent at our refineries in Los Angeles and Rodeo, California; Borger, Texas; and Ponca City, Oklahoma.

In selecting suppliers, we identify promising diverse and small businesses to include in the Request for Proposal (RFP) process and work to support their opportunities. For example, if a business has not been through the RFP process, we work with them to build their skills in preparing a competitive package and understanding contract clauses in corporate agreements. We offer guidance to small firms throughout our qualification process and when applying to third parties for administrative exemptions for which they qualify.

Many of our business partners are located in the communities where our employees live and work, and their success has a positive impact on the community. Recent successful supplier diversity contracts include:

- The janitorial contract at our facility in Linden, New Jersey.
- The filter supplier for our Roxana, Illinois, facility.
- The preferred supplier of office supplies and products for headquarters locations in Houston, Texas, and Bartlesville, Oklahoma.

Our inclusion program has led to many successes. For example, a small, woman-owned business that supplied de-icer experienced such growth that it has outgrown the small-business standard.

To register for a supply opportunity with Phillips 66, please contact our Supplier Diversity team at Phillips66SupplierDiversity@p66.com.
Phillips 66 delivers affordable energy while protecting air, water and land resources.

As we strive each day to operate with the highest safety standards, we steward energy and resources efficiently, invest in research and technology, and support habitat and conservation programs. In addition to complying with strict environmental regulations to protect air, land and water resources, in many cases, we work to go beyond the requirements.
RESPECT AND PROTECT

We protect the environment by operating safely. We make investments in companywide asset maintenance, operating standards and procedures, and business assurance programs. Our HSE Policy and Management System (HSE-MS) dictates our vision and goals and governs our programs and practices. Our HSE-MS is a single system that focuses on operating excellence and facilitates HSE performance and compliance. It includes an environmental component and incorporates key standards, procedures and guidelines that are consistently applied by all business units. Our core standards include reporting, metrics, crisis management, emergency response, due diligence, incident investigation, risk assessment and corporate auditing.

The operating standards and procedures we implement often exceed regulatory requirements. For example:

• Our Midstream business applies pipeline integrity management, including inline inspections, enabling us to prioritize necessary maintenance and prevent problems.
• At our Refining sites, we set operating limit alarms. These alarms require action well before conditions exceed environmental limits or cause problems. As a result, the EPA has recognized our cutting-edge use of environmental operating limits.
• We are upgrading atmospheric relief vents and valves in all our refineries to achieve atmospheric venting that exceeds regulatory standards.
• Many of our Specialty and Lubricants plants have achieved internationally recognized ISO certification.

CONTINUOUS IMPROVEMENT

Our ambitious goal of zero incidents, coupled with strong HSE policies, HSE-MS and processes, produces results. We are making very good progress.

• From 2012-2016, the number of environmental events (air, waste, water permit exceedances) has decreased 26 percent.
• In that same time period, our number of tier 1 process safety events was cut in half.
• 2016 was our best safety performance year.
• Our industry’s safety rate is more than 26 times better than all manufacturing.

BY THE NUMBERS

BILLION INVESTED IN ENVIRONMENTAL PROJECTS & SUSTAINING CAPITAL (2012-2016)

MEASURABLE RESULTS

EMISSION REDUCTIONS (2002-2016)

SO₂ ↓ 92%  
(44,000 ton/yr)

NOₓ ↓ 62%  
(14,000 ton/yr)

PM ↓ 62%  
(3,000 ton/yr)
We operate in a highly regulated industry. At our facilities, we manage numerous environmental permits that regulate operations such as air emissions, water effluent and solid waste handling. Over the past decade, we’ve reduced the number of environmental events that require reporting to a governing agency – even as we’ve expanded our business – by improving the management of our operations. Fewer events show progress and the trend shows steady improvement.

Energy use
According to the International Energy Agency, global demand for oil and natural gas is expected to increase through 2040. We are on track to meet that demand by affordably and efficiently manufacturing and distributing our energy products to customers around the world. A critical component of this production and distribution capacity is energy efficiency.

On average, our refineries process more than two million barrels of crude into clean, affordable products every day. It takes energy to make and deliver energy on this scale. Energy expenditures can account for roughly 40 percent of a refinery’s operating expenses. Focusing on efficiency is important to us. We capitalize on opportunities for things like improvements in heat exchange or recovery, furnace controls and steam optimization. Projects range from installing new boilers to improving seals, adjusting inlet and stack temperatures, and optimizing steam use. Energy and other resource savings from recent efficiency projects include:

- Saving 196 million BTUs per hour. This is equivalent to the energy used in about 45,000 U.S. homes in a year.
- Reducing global water use by 94 million gallons per year.
- Reducing our use of steam by 90,000 pounds per hour, which saves additional energy and water.

Emissions Improvements in action
A $200 million project to install state-of-the art power distribution facilities at our Wood River Refinery in Roxana, Illinois, has improved facility reliability and reduced flaring from unplanned events. The project replaced wooden power utility poles with metal stanchions and has improved power supply reliability and reduced the burning of excess fuel because we
now have more uptime and less unplanned downtime.

We’ve reduced sulfur dioxide (SO₂) emissions at the Billings Refinery in Billings, Montana, through innovations such as a gas recovery unit that removes sulfur from the emergency system and redirects the sweetened gas for use as fuel inside the refinery. Billings also began production of an ultra-low sulfur diesel fuel, utilized a gas oil hydrotreater to remove sulfur from fuels and refinery products, and worked with the nearby Jupiter Sulfur plant to convert excess sulfur into other goods, such as fertilizer. As a result, SO₂ emissions were reduced, which contributed to the improved conditions, enabling the EPA to designate Yellowstone County, Montana, as being in attainment for SO₂ levels.

More than a third of our U.S. refineries have earned the EPA’s ENERGY STAR® certification in recognition of our voluntary efforts to improve energy efficiency. ENERGY STAR refineries perform in the top 25 percent nationwide for energy efficiency using the Solomon-EII™ scoring system and meet environmental performance levels set by the EPA.

Greenhouse Gas Emissions

Phillips 66 is committed to managing greenhouse gas (GHG) emissions. We do this on a global basis by investing in public and private research to advance energy solutions and reviewing potential GHG emissions impact as part of our major project approval process.

We focus on:

- Monitoring GHG emissions from our operations and lowering emissions by increasing energy efficiency.
- Conducting research in alternative energy, processing improvements and product innovation.
- Supporting stakeholder and public education on energy issues.
- Blending renewable fuels and evaluating opportunities for co-processing or – production of renewables.

Since 2010, our GHG emissions data have been publicly available through the EPA and European Union websites.
Cogeneration (cogen) is the use of a single fuel source to produce electricity and heat, and it’s one way Phillips 66 employs energy efficiency practices. The process helps us meet our manufacturing needs and convert heat that would otherwise be lost to the environment into thermal energy to power our process equipment.

Seven of our refineries have associated cogen units. Three refineries – Los Angeles, San Francisco and Sweeny – have Phillips 66 owned units. Four others, in the Texas Panhandle, New Jersey, Washington and the United Kingdom, purchase part of the waste heat steam from, or electricity generated at, third-party cogen units adjacent to our facilities.

Philips 66’s 440-megawatt Sweeny Cogeneration Power Plant produces steam and power to serve our refinery and Chevron Phillips Chemical Company’s facility in Old Ocean, Texas, plus enough extra electricity to sell to the local utility market.

The steam power plant at our Rodeo Carbon plant in California uses cogeneration to generate steam and electricity for on-site use and sells the excess electricity to the local utility market.
Water and Waste

Phillips 66 uses robust water and waste management programs and practices at all our operating facilities. All facilities have wastewater systems and oil recovery units that recover reusable water and oil streams, thereby reducing fresh water use, improving discharged water quality and conserving valuable hydrocarbons.

We empower and incentivize our sites to find new and efficient ways to reduce waste and conserve resources. For example:

- Our Borger Refinery in Borger, Texas, uses a centrifuge to separate oil, water and sludge, then sends oily sludges to a thermal desorber unit (TDU) to recover hydrocarbons and water for recycling. The result is less waste in landfills.

- Our Ponca City Refinery in Ponca City, Oklahoma, partnered with a local municipality to construct water wells that can serve both the refinery and the local community, ensuring efficient use of the area’s limited groundwater resources.

- Our Bartlesville, Oklahoma, Research Center holds an annual “Operation Clean House” event each Earth Day. The event is coordinated with volunteers from the city, Chevron Phillips Chemical Company and ConocoPhillips. It helps citizens dispose of hazardous household items in an environmentally responsible manner. At the 2017 “Operation Clean House” event, 75 of our employee volunteers collected and safely disposed of 12,570 pounds of hazardous waste.

Phillips 66 conducts research and shares best practices in all aspects of water use and water recycling to reduce operating costs and ensure sustainable water resources in the communities surrounding our facilities.
We are the only integrated downstream energy manufacturing and logistics company with our own research department. More than 300 scientists work at our 440-acre research campus in Bartlesville, Oklahoma, giving us the capability to scale innovative ideas from beakers to labs to pilot plants and beyond.

Research and development in advanced technology enables our refineries and Midstream facilities to run more efficiently, using less water and energy. The Technology organization focuses on three areas: advanced engineering optimization for our existing businesses, sustainability technologies for a changing regulatory environment, and future growth opportunities. Technology creates value through evaluation of advantaged crudes, models for increasing clean product yield, and research to increase safety and reliability. Research allows Phillips 66 to be well positioned to address issues like corrosion, water consumption and changing regulations, as well as reducing risk and generating novel solutions for our growing Midstream operations. We also research new energy sources, alternative fuels, air quality and water management.

Work in these areas has led to inventions that have unlocked new business opportunities and reduced the environmental impact of our operations. At the Wood River Refinery in Illinois, Phillips 66 researchers used pilot scale experiments to validate our proprietary, predictive models for corrosion of piping and equipment from crude oils in a commercial setting. This work allows our refineries to select advantaged crude oils with confidence in the integrity of our pipes, the safety of our operations and the efficiency of our processing units.

We also hold United States Patent 7419602 for selenium removal from water. Selenium is a necessary micronutrient, but as with most compounds, at higher concentrations in water, it can be undesirable. Phillips 66 has developed technology to reduce the concentration of selenium in water that is discharged from refineries. This technology has been used successfully at the Los Angeles Refinery in California for almost a decade, protecting nearby aquatic life.

Our United States Patent 7550634 for a process converting triglycerides to hydrocarbons came from our research to convert cooking oil, tallow or vegetable oil into high-quality diesel fuel with a low-carbon footprint. This technology can be integrated into existing refineries to simultaneously produce biofuels and conventional fossil fuels while reducing the refinery’s overall greenhouse gas emissions. We have implemented this technology at two Phillips 66 refineries.

Our air research program works with government agencies, trade organizations and academic institutions to provide data that leads to improved air quality in the communities where we operate. For example, our research into volatile organic compounds (VOCs) helped identify the origin and transport of VOCs. Using that information, we reduced VOC emissions at our facilities. We also collaborate with the Georgia Institute of Technology to advance particulate matter science.
We blend renewable fuels and have conducted research in various fuel-related areas such as liquid gas, tallow and renewable diesel. We also research sustainable fuel cells, solar panels and water quality to help us develop new environmental solutions in advance of changing governmental regulations and future demand growth.

We believe a growing population will require increasing amounts of energy, and there’s a place for all forms of energy.

Our company’s advances in solid oxide fuel cells (SOFC) technology are an exciting way our research is helping solve the world’s biggest energy challenges. Scientists and engineers at the Phillips 66 Research Center are developing a new generation of SOFCs that run on natural gas. They are small but powerful. Each cell is less than half a millimeter thick and produces approximately one volt. Cells can be stacked, and stacks can be bundled into modules that could provide large amounts of power.

SOFCs are less expensive and more convenient to operate than conventional hydrogen fuel cells. Conventional low-temperature fuel cells require ultra-high purity hydrogen or extensive fuel processing. We see an opportunity in using natural gas. Phillips 66 SOFCs can generate electricity at high efficiencies from an abundant, reliable and inexpensive fuel source. Broad adoption of current SOFC technology is limited by high cost and short lifetimes. Phillips 66’s research is focused on developing better materials, manufacturing techniques and device designs. The technology could also complement our extensive Midstream businesses in natural gas gathering and processing.

SOFCs offer advantages for future power generation because they are approximately twice as efficient as coal or natural gas power plants, and they don’t involve combustion. That means SOFCs have low emissions and are silent, unlike traditional generators. And SOFCs can be paired with solar- or wind-generated power, ensuring reliable energy during periods when the sun is not shining or the wind is not blowing. Their quiet, compact, modular design make SOFCs a convenient source for on-site power for homes and businesses, ensuring reliable energy even during traditional power grid outages.

Phillips 66 technologies are also creating the potential for cost-effective renewable energy generation. In 2016, Phillips 66 set a new world record in power conversion efficiency for polymer-based single junction organic photovoltaic (OPV) cells. This breakthrough in efficiency moves solar technology significantly closer to commercial viability by enabling the development of flexible, lightweight and transparent solar modules that can be manufactured at a low cost. In addition, the OPV solar cells are made without hazardous components, such as lead or cadmium, which are found in some other types of thin film technologies.
WHAT IS A FUEL CELL?

A fuel cell is a device that uses chemical energy, such as natural gas, hydrogen or other fuels, to produce electricity. While a fuel cell can be thought of as similar to a battery, there are key differences between the two. A fuel cell uses a continuous source of fuel and oxygen to sustain its chemical reaction; a battery’s chemical energy comes from chemicals present in it. Fuel cells also can power large, industrial systems and small, personal electronics. These differences create potential application for fuel cells.
HEALTH, SAFETY AND ENVIRONMENTAL TRANSPARENCY

Phillips 66 provides key safety information through an extensive public database of safety data sheets. This information helps people understand potential hazards associated with our products so they can handle and dispose of them safely. We maintain communication with our communities. We also comply with the EPA’s Toxic Substances Control Act and OSHA’s Hazard Communication Standard. We support the goals of the European Union’s REACH regulation and report GHG emissions from our operations to the EPA GHG website and other regulatory agencies.

WORKING TOGETHER TO PRESERVE CRITICAL HABITAT

Conserving and protecting our natural environment is a key component of our environmental stewardship mission. That stewardship extends beyond our fence line. We work with national partners such as Ducks Unlimited and the National Fish & Wildlife Foundation to conserve ecologically important habitats and enhance biodiversity. Our gift of $400,000 to the Gulf Coast Initiative will support conservation efforts in the wetlands of Texas and Louisiana, which are North America’s most significant waterfowl wintering grounds.

Every act of conservation matters. With Wildlife Habitat Council, we started a pilot project at our branded California 76 stations to educate our operators on landscaping options that support biodiversity for pollinators. The program provides continuing support in our efforts to enhance and conserve the environment. Additionally, our environmental giving in 2017 has helped preserve more than 21,000 acres of habitat.

Read more about how we are walking the talk on environmental conservation in our philanthropy section.
We are about people. At Phillips 66, we work together to build community in a variety of ways. We listen to the needs of our finns and engage with organizations that align with our core values. We financially support communities where we work and provide a great place to develop our stakeholders and provide community awareness and education.

**TREES FOR HOUSTON**
A NONPROFIT ORGANIZATION
www.treesforhouston.org

**Phillips66**

**JUNIOR ACHIEVEMENT DAY AT SNEED ELEMENTARY**
Houston, Texas
Serving communities goes beyond economics. At Phillips 66, our charitable giving creates well educated citizens, supports a sustainable environment and fosters a safe community. Our donations are often accompanied by the voluntary efforts of employees who give their time and talents to benefit the communities where they live and work. In 2016, we adopted a policy to enable our employees to take two days per year to use as company-paid volunteer time for programs or projects that are important to them. Our charitable donation matching and employee volunteer programs recognize and increase the positive impact of our employees’ involvement. These programs encourage employee giving by offering matching company donations and providing grant support to qualifying projects. In 2016 alone, our employees volunteered more than 61,000 hours at more than 600 charitable organizations. Here’s one example of how an employee at our Humber Refinery in the U.K. is making a difference in her community.
Additionally, as a company we invest in organizations that improve people’s lives. Our corporate philanthropy program has the following three focus areas.

EDUCATION AND LITERACY

An educated workforce drives the world’s economy. We support fundamental literacy education and development of skills critical to advancing energy solutions, such as improving competencies in science, technology, engineering and math (STEM) and business. We work together in partnership with various local and national organizations, such as the MIND Research Institute, the NEED Project, universities and technical schools to enable and equip future leaders.

WORKING TOGETHER: STRENGTH-BASED COMMUNITY CHANGE

We work together to improve lives through generational change and impact. One example of this is the partnership between our Los Angeles Refinery employees and local organizations. Together, we have created a pathway for community members to further their education, gain important job skills and have a potential employment path.

For more than 10,000 families in Los Angeles each year, Strength-Based Community Change (SBCC) programs are a road to a better life. One of those programs, the Don Knabe Energy Pathway Program (DKEPP), is a partnership among the local community college, the United Steelworkers Union 675 and local refineries, including our Los Angeles Refinery.

The 12-month, hands-on training program focuses on educating participants in process systems, technology and safety. DKEPP puts people on a path to opportunity. Process operator positions account for almost half of the workforce in petroleum refineries, wastewater treatment, pharmaceutical and chemical plants. These positions are a gateway to career advancement in the industrial/process technology field.

Students leave the DKEPP program with 15 college units toward an A.A. or A.S. degree in Process Technology, a certificate of completion in Process Technology Systems, and OSHA 10 and Refinery Safety Overview (RSO) industry-recognized safety certifications. They are well on their way to careers with energy companies, including Phillips 66.
LOCATION FOR MAKE A SPLASH COMMUNITY SWIM LESSONS
Wilmington, California
ENVIRONMENT AND SUSTAINABILITY

We invest in the preservation and protection of natural resources because we respect and value their role in our daily lives. We support initiatives that provide sustainable answers and protect, beautify and promote our natural environment. Our partnerships with Ducks Unlimited, the National Fish and Wildlife Foundation and the Wildlife Habitat Council allow us to work together to conserve habitats and enable biodiversity. Through this work, we have enabled the conservation or preservation of more than 21,000 acres of critical habitat or wetlands.

WORKING TOGETHER: STEM EDUCATION IN ACTION

Our conservation partnerships extend to classroom environments, too. In partnership with the Dewey, Oklahoma, Public School System, we supported the establishment of an aquaponics center, outdoor classroom and conservation curriculum.

Hundreds of students at all grade levels use the aquaponics system greenhouse each year, visiting three to four days a week to experience the full circle ecosystem of plants and animals and enhance their learning in STEM areas. Even more students will use it during the 2017-2018 school year, when the outdoor classroom is completed. Students learn to start seedlings in mobile greenhouses that are brought to several schools in the district. Those seedlings are grown for the main greenhouse as a part of the two aquaponics systems where the plants remove nutrients and fish waste from water, purifying water in the fish tanks.

The Dewey Aquaponics Center gives teachers a hands-on, project-based STEM resource that easily fits into many of the curricular standards for science courses, educating students on fish cultivation, environmental science and botany.
SAFETY AND PREPAREDNESS

Safety is one of our core values, and we are committed to working together to help protect communities from the effects of natural disasters and support community safety and preparedness programs. We believe that preparation and emergency management systems are crucial to people’s safety and security. We proactively support local police, fire and emergency management personnel to bolster community safety departments. In 2016, Phillips 66 contributed more than $1 million to 34 police, sheriff, fire and emergency management departments for training and the purchase of fuel and safety equipment. Read on for ways we support personal safety, too.

WORKING TOGETHER: MAKE A SPLASH

We seek to improve lives today and for generations to come. Our commitment is reflected in our long-running water safety program. Approximately 10 people drown every day in the U.S.; at least one in five fatal drowning victims is a child under 14.

A national research study by the USA Swimming Foundation and the University of Memphis found that 64 percent of African-Americans, 45 percent of Hispanics/Latinos, and 40 percent of Caucasian children can’t swim. Studies show that children who learn to swim are not only safer near water, but they’ll also teach their own children to swim in the future, propagating a cycle of safety. In conjunction with the USA Swimming Foundation, Phillips 66 supports Make a Splash, a national child-focused water safety campaign that aims to teach every child in the U.S. how to swim, regardless of race, gender or financial circumstances.

We’re proud to be part of this program that makes a life-saving difference for children. Since 2007, more than 4.9 million children have learned to swim through the foundation’s 850-member Make a Splash Local Partner network. Thanks in large part to the support of Phillips 66, the USA Swimming Foundation has been able to award over $4.3 million in grant dollars to provide free or reduced-cost swim lessons to children who wouldn’t otherwise be able to afford lessons.

Our 40+ year support of the organization makes us the longest-running sponsor of any amateur sport in the U.S. In 2017, we helped Make a Splash hit a major milestone goal, joining with enough local partners to allow the program to teach one million kids how to swim per year.

By teaching children how to swim today, we hope to keep them, and their children, water-safe tomorrow.
LOS ANGELES REFINERY
Los Angeles, California

TRADING FLOOR
Houston, Texas

INCLUSION AND DIVERSITY TRAINING
Houston, Texas
Phillips 66 is a great place to work. We value the diversity of our communities, and we are committed to high-level performance achieved through a culture that values people with a range of experiences, perspectives and knowledge. Our inclusive work environment gives us a competitive advantage that encourages problem-solving and collaboration, enhances critical thinking and sparks innovation.

We are guided by:

- Policies and programs that promote equality.
- Diversity efforts that are driven by leaders across the organization.
- Inclusion and diversity as an intrinsic part of what we do and how we do it.
- Employees who are each responsible for promoting an inclusive and diverse workplace.

Our diversity is reflected in our many Employee Resource Groups (ERGs). These groups focus on raising cultural awareness, professional development, recruiting and outreach, and community involvement. Phillips 66’s ERGs include our Black Employee Network, Asian American Network, Hispanic Network, Native American Network, PRIDE66 (our LGBTQA network), Veterans Network, New Hire Network, Early Career Network, Administrative Support Association and Women’s Network.

More than 30 percent of our employees participate in at least one ERG.
WORKING TOGETHER TO ACHIEVE MORE

Building Skills and Talent
We work together to support our employees’ career goals and professional development.

We have comprehensive employment and labor policies and practices. Our jobs pay far above minimum wage, and we recognize our employees’ right to associate and bargain collectively. It may go without saying, but we believe it’s important to note that Phillips 66 complies with federal employment regulations and our practices are consistent with international standards. We hire legal workers, and we don’t discriminate on any basis in our hiring or promotion practices.

We educate and train our employees to do their jobs with excellence, competence and confidence. Our education and training are ongoing throughout our employees’ careers with us.

- Our performance management policies and programs offer employees the opportunity for ongoing feedback and coaching conversations with their direct supervisors. These conversations may include accomplishments, training objectives, growth opportunities or career interests.
- The majority of positions within our organization have a Talent Management Team (TMT) to guide and develop career tracks.
- Our tailored leadership and development training helps us find and prepare the next generation of company leaders.
- Our internship program includes every major U.S. location and gives young people meaningful work experience and participation in projects that contribute to the company’s success.
- Employees and their dependents have the opportunity to pursue qualifying higher education through our tuition reimbursement program and dependent scholar programs.

Improving Lives
At Phillips 66, we offer a comprehensive and competitive benefits package to take care of employees. Our plans promote good health, provide valuable income protection, and include tools and resources to save for retirement. Our programs vary by country but generally include medical, dental, vision, wellness, flexible spending, disability, supplemental life insurance and numerous financial benefits. Reflecting the inclusive nature of our company, we offer benefits programs to our employees in same-sex marriages, and did so well before it was required by law. Read more about our benefits.

Healthy People, Healthy Company
In addition to the safety of children and well-being of our neighboring community members, we care about the health and well-being of our employees and their families. That’s why we support a variety of wellness programs, including 24-hour confidential counseling services for employees and their families, as well as on-site health clinics, wellness incentive programs, fitness center access and on-site health and risk assessments at many of our facilities.
We Listen

We respect all human rights and approach our stakeholder engagement from this view of mutual respect.

At the community level, stakeholder engagement is a key element in how we live our values and act as a good neighbor. The majority of our operating units – including more than 90 percent of our refining operations – have formal community education, outreach or engagement processes, programs or panels. For example, more than 90 percent of our refining operations have community advisory councils or panels to establish and maintain a dialogue between Phillips 66 and the community in an atmosphere of trust and mutual respect. CAC/CAP members are community members who meet with our refinery leadership team on a regular basis to discuss activities and plans, share local interests and concerns, and give us feedback on our performance. We also have extensive community education programs and outreach so we can communicate directly with our neighbors, as we’ve done successfully in places such as Mossville, Louisiana.

Additionally, our pipeline business unit maintains year-round community awareness, education and listening panels to stay in touch with the stakeholders of our extensive pipeline network. Here are links to Midstream community awareness materials.

Community Advisory Panels

We maintain CAPs and conduct community awareness and outreach to foster open dialogue, to maintain awareness of our neighbors’ questions or concerns, and to educate stakeholders and the public on our operations, safety and results. Information about each of our CAPs follows.
ALLIANCE REFINERY
Belle Chasse, Louisiana

Community Advisory Panel
(Established 2001)
Alliance Refinery is in a rural setting with few close neighbors.

Membership information
The Alliance Refinery CAP is made up of 19 citizen members from Plaquemines Parish and two to four company members, with an average meeting attendance of 10 to 12.

Meeting schedule
Meetings are held on the last Tuesday of the first month of each quarter.

24-hour community awareness hotline
(504) 656-3557

For more information
Shannon Vogt
Phone: (504) 656-3987
Email: shannon.h.vogt@p66.com

BAYWAY REFINERY
Linden, New Jersey

Community Advisory Panel
(Established 1998)

Membership information
Five member company operating facilities sponsor the Bayway CAP: Phillips 66 Bayway Refinery, Infineum USA L.P., Cogen Technologies Linden Venture, Chemours and Eastman Chemicals, plus three neighboring companies: NuStar Energy, PSE&G Linden Generating Station, and Linden VFT. Together, they host approximately 35 citizen members from the communities of Linden, Elizabeth, Rahway and Staten Island. CAP members have an interest in plant operations and related topics. Members represent civic groups, education, emergency response, the environment, health care, merchants/business, municipal government, neighbors or senior citizens. While most CAP members are volunteers, certain elected and appointed officials serve as members due to their positions within the community.

Meeting schedule
Meetings are held quarterly.

24-hour community awareness hotline
(908) 523-6005

For more information
Nancy Sadlon
Phone: (908) 523-6041
Email: nancy.p.sadlon@p66.com
BILLINGS REFINERY
Billings, Montana

Citizens Advisory Council
(Established 1990)

Membership information
The Billings Refinery CAC is made up of approximately 18 citizen members and four company members, with an average meeting attendance of 12 to 15.

Meeting schedule
Meetings are held on the second Tuesday of each month from 5:30-7:30 p.m.

24-hour community awareness hotline
(406) 255-2600

For more information
Ryan Wegner
Phone: (406) 255-2511
Email: ryan.wegner@p66.com

BORGER REFINERY
Borger, Texas

Citizens Advisory Council
(Established 1992)

The Borger Citizens Advisory Council (CAC) serves as a communications conduit between Phillips 66, Chevron Phillips Chemical Company, Solvay and Orion Engineered Carbons and their surrounding communities.

Membership information
The Borger CAC has approximately 60 citizen members and eight members representing companies, with an average meeting attendance of 75.

Meeting schedule
Meetings are held quarterly.

24-hour community awareness hotline
(806) 275-1899

For more information
Marilyn Goff
Phone: (806) 275-1202
Email: marilyn.r.goff@p66.com
FERNDALE REFINERY
Ferndale, Washington

Community Leaders Forum
(Established 2007)

Membership information
The Ferndale Refinery Community Leaders Forum has approximately 40 members, including neighbors, public school superintendents, local college and university presidents, public safety officials, executive directors of local nonprofits and environmental organizations, and local, county, state and federal elected officials and staff.

Meeting schedule
Four meetings are held each year.

24-hour community awareness hotline
(360) 384-8417

For more information
Josh Summers
Phone: (360) 384-8550
Email: josh.summers@p66.com

HUMBER REFINERY
Northern Lincolnshire, United Kingdom

Community Leaders Forum
(Established 2007)

Membership information
The Killingholme Area Advisory Group is made up of nine citizen members and five company members. Members include teachers from the local school, local elected councilors and general representation from a cross section of the community.

Meeting schedule
Meetings are held bimonthly on the second Tuesday of the month.

24-hour community awareness hotline
+44 (0) 0800 387330

For more information
Nina Stobart
Phone: +44 (0) 1469 555044
Email: nina.stobart@p66.com
**LAKE CHARLES**  
Westlake, Louisiana

Community Advisory Panel  
(Established 1990)

Membership information  
The Lake Charles CAP has approximately 15 citizen members and four company members, with an average meeting attendance of 12.

Meeting schedule  
Meetings are held on the first Wednesday of every month.

24-hour community awareness hotline  
(866) 259-8548

For more information  
Megan Hartman  
Phone: (337) 491-4443  
Email: megan.m.hartmann@p66.com

---

**LOS ANGELES**  
Carson and Wilmington, California

Community Advisory Panel  
(Established 1995)

Membership information  
There are approximately 80 community leaders, including educators, neighbors, public safety officers, elected officials, and representatives of nonprofit organizations and neighborhood councils from the areas surrounding our Carson and Wilmington facilities.

Meeting schedule  
Meetings are held quarterly.

24-hour community awareness hotline  
(310) 834-5264 (English)  
(310) 543-7431 (Spanish)

For more information  
Janet Grothe  
Phone: (310) 952-6038  
Email: janet.d.grothe@p66.com
PONCA CITY REFINERY
Ponca City, Oklahoma

Community Advisory Council
(Established 1991)

Membership information
The Ponca City CAC includes a total of 14 members and representatives from the Refinery Leadership Team. The Ponca City CAC members represent Ponca City Public Schools, Pioneer Technology Center, the medical community, the Ponca City Development Authority, neighborhood associations, the retirees' association, the fire department, ethnic and cultural diversity groups, surrounding communities and other concerned citizens. Members are added on an as-needed basis.

Meeting schedule
Meetings are held monthly from 4-6 p.m.

24-hour community awareness hotline
(580) 767-7130

For more information
Diane Anderson
Phone: (580) 767-3662
Email: diane.anderson@p66.com

SAN FRANCISCO REFINERY
Arroyo Grande and Rodeo, California

Community Advisory Panel
(Established 1995)

Membership information
The Rodeo Refinery CAP is made up of approximately 12 community members and three representatives from the Rodeo-Hercules Fire Department, Carquinez-Crockett Fire Department and John Swett Unified School District school board. The monthly meetings have an average attendance of 12 to 14.

Meeting schedule
The CAP meets the fourth Monday of the month from 5:30-7:30 p.m.

24-hour community awareness hotline
(510) 245-4070

For more information
Paul Adler
Phone: (510) 245-4400
Email: paul.adler@p66.com
SWEENY REFINERY
Old Ocean, Texas

Community Advisory Panel
(Established 1992)

Membership information
The Sweeny Refinery Community Advisory Panel comprises approximately 20 citizen members and 25 company members, with an average meeting attendance of 30.

Meeting schedule
Meetings are conducted bimonthly, with facilities and lunch provided by the company.

24-hour community awareness hotline
(979) 491-2237

For more information
Amanda Linford
Phone: (979) 491-2993
Email: amanda.linford@p66.com

WOOD RIVER REFINERY
Roxana, Illinois

Community Advisory Panel
(Established 2003)

Membership information
The Wood River CAP has 15 to 17 community members and five to seven company members and is guided by an external facilitator with administrative support from the refinery.

New members are nominated by current members according to the needs of the CAP. Nomination and voting take place during CAP meetings or through email, as appropriate. New members are invited by current members of the CAP.

Meeting schedule
Meetings are held on the third Wednesday of each month from 4-6 p.m.

24-hour community awareness hotline
(618) 255-3375

For more information
Melissa Erker
Phone: (618) 255-3001
Email: melissa.a.eker@p66.com
SHE’S READY TO DIG!

HAVE YOU CALLED 811 YET?

Before you dig: ONE-CALL REQUIREMENTS

If you are planning to dig 12 inches or deeper for any reason, even if you have called 811 for a ticket in the same area before, you must call 811 again, providing your phone number. When you call, you will be automatically connected to a local One-Call center where an operator will ask for details about your project. Be sure to check the Common Ground Alliance’s state map to find out how far in advance you need to call.
For any reason, even if you have called for a ticket in the same area before, you must call 811, the toll-free, national “call before you dig” phone number. When you call, you will be automatically connected to a local One-Call center where an operator will ask for details about your project. Be sure to check the Common Ground Alliance’s state map to find out how far in advance you need to call.

Know what’s below.
Call before you dig.

www.call811.com
Mutual Understanding and Respect

Phillips 66 is a non-constructing, non-operating, minority interest owner in the Dakota Access Pipeline (Dakota Access). We saw the importance of Dakota Access because it created infrastructure to move resources from northern regions of the U.S., where previously there was none. The pipeline transports crude oil in lieu of using rails or roads. While we approach all modes of transport with focus on operating excellence and safety rigor, efficiency and low incident rates make pipelines, when feasible, the best way to move crude oil.

As the Dakota Access project gained public attention in 2016, stakeholders had questions. Even though we hadn’t permitted or built the project, we honored requests for dialogue and committed to responding to questions. That's reflective of how we approach business with safety, honor and commitment toward all people.

We understand there are strongly held, differing views on Dakota Access. We engaged to mutually understand the facts, benefits and concerns regarding projects like this. Some questions focused on engagement with Native American tribes and the responsibility of government and the role of business. Others were design or safety questions. We sought a mutual understanding, honoring feelings while discerning them from facts. To that end, we note:

- There were more than 550 engagement meetings during the 2½ year Dakota Access permitting process.
- The U.S. Army Corps of Engineers and the construction partner consulted with Native American tribes, and made 140 route modifications to avoid disrupting potential cultural resources.
- All but 1 percent of the 1,172-mile underground pipeline is routed on private land, and most of the pipeline is in a work corridor for an existing pipeline built in 1982.
- Engineering of the pipeline put heavy-wall pipe 95 to 115 feet below Lake Oahe.

We don’t condone violence but instead believe in the rule of law. We value the people who live near, or have interests close to, our assets and work to establish good relationships. We respect differing views and the right to peaceful discourse.

Our engagement was based on our company values of safety, honor and commitment; the Code of Business Ethics every employee commits to uphold every day at Phillips 66; and our dedication to continuous improvement. We learned a great deal from our dialogues and this process, including the benefit of emphasizing our human rights position. Our dialogues have informed both our understanding of public concerns and how we will handle future projects.
BEAUMONT TERMINAL
Beaumont, Texas
Data Assumptions

Phillips 66 was separated from ConocoPhillips upon its spinoff on May 1, 2012. Prior to that date, Phillips 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 Phillips 66 operated assets.

Unless otherwise noted, data represent assets operated by Phillips 66 as of Dec. 31, 2016. Reliability, air and greenhouse gas (GHG) emissions metrics are represented on a 100 percent ownership basis of Phillips 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.
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.
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. Stricter 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
SOCIAL

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.
OUR 14,600 EMPLOYEES

GENDER & RACE

PEOPLE OF COLOR make up 24% of our national workforce

17% of U.S.-based supervisory leadership roles

WOMEN make up 22% of our international workforce

18% of international supervisory roles

NEW HIRES

1 IN 5 IN U.S. REFINING IS A VETERAN

32% ARE CURRENT PROFESSIONALS

17% ARE UNIVERSITY GRADUATES

DIVERSITY & INDEPENDENCE OF OUR BOARD OF DIRECTORS

30% WOMEN

90% INDEPENDENT

PHILANTHROPY

More than $100 MILLION donated to charity since 2012

230,000 employee hours donated to local communities since 2012

61,000 employee hours donated to local communities since 2016

GENERATIONAL INCLUSION & DIVERSITY OF OUR WORKFORCE

29% BOOMERS

33% MILLENNIALS

38% GEN X

As of 12/31/16
Supporting our communities and the causes that matter to our employees is a priority for Phillips 66. Part of that commitment is fulfilled through grants for organizations aligned with our company values and core focus areas of Education and Literacy, Environment and Sustainability, and Community Safety and Preparedness.

Phillips 66 does not accept unsolicited grant applications. Organizations that received a grant from Phillips 66 in the past year are contacted by the Community Investments team to discuss next steps in the grant application process.

If your nonprofit is invited to apply, please review our Frequently Asked Questions.
**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.
GOVERNANCE DOCUMENTS

Our values of safety, honor and commitment are demonstrated in everything we do. Below are links to company information, some key materials that guide our business every day and other relevant reports.

Governance:

Bylaws
Code of Ethics for the Principal Executive Officer and Senior Financial Officers
Code of Business Ethics & Conduct
Corporate Governance Guidelines
Executive Committee Charter
Public Policy Committee Charter
Audit & Finance Committee Charter
Human Resources & Compensation Committee Charter
Nominating & Governance Committee Charter

Policies & Positions:

Health Safety & Environment Policy
Health Safety & Environmental Management System
Political Giving and Activity Policy
Human Rights Position
Equal Employment Opportunity Position
Workplace Diversity Position
Phillips 66 Employment Benefits
Supplier Diversity Position
Phillips 66 U.K. Modern Slavery Statement
Supply Chain Transparency
Business Partner Principles of Conduct
Philanthropy Grant Application Process

Education and Awareness:

Pipeline Awareness & Safety 811
Safety Data Sheets
2016 Annual Report
2016 Fact Book
2017 Proxy Statement
Securities & Exchange Commission Filings
Phillips 66 Partners LP
News Releases

Other Reports:

Chevron Phillips Chemical Company
Sustainability Report
DCP Midstream Safety & Sustainability

2017 SUSTAINABILITY
At Phillips 66, we believe sustainability means we are accountable for operating excellence and strong economic, social and environmental performance. Our company is ethical and operates in a responsible manner, demonstrating our values of safety, honor and commitment.

Our dedication to living our vision is evident in our engaged and committed workforce. We work hard to build relationships and maintain open communication with people who live near our facilities. We invest in the communities where we live and work. We are an industry leader in safety, and we take our responsibilities seriously as we comply with and hold ourselves accountable to meeting – and many times exceeding – environmental regulations.

For us, it’s about providing energy and improving lives, and we do that by working together.

We welcome your feedback on our report.

Phillips66.com