
PHILLIPS 66
SUSTAINABILITY
2021 REPORT
energy
PROVIDING ENERGY.
IMPROVING LIVES.

2020 Sustainability Awards and Achievements

- **American Fuel & Petrochemical Manufacturers**
  3 Distinguished Safety Awards for 2020 Performance
  Lake Charles Refinery | Ponca City Refinery | Santa Maria Refinery
  Elite Gold Award
  Borger Refinery
  Elite Silver Awards
  Billings Refinery | Rodeo Refinery

- **American Petroleum Institute**
  Distinguished Pipeline Safety Award for Large Operators

- **GPA Midstream**
  Company Safety Award
  Perfect Record Award

- **OSHA Voluntary Protection Program**
  32 Phillips 66 Facilities

- **Company Record Personal Safety**
  0.11 Total Recordable Rate
  0.02 Tier 1 Process Safety Event Rate in Refining

- **Forbes**
  America's Best Employers for Diversity
  America's Best Large Employers

- **Wall Street Journal**
  100 Most Sustainably Managed Companies in the World

- **Military Times**
  Best for Vets Employer

PROVIDING ENERGY.
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WEB-EXCLUSIVE VIDEO
Energy Research & Innovation
Solid Oxide Fuel Cell Program

ON THE COVER
Fuel cell laboratory at the Phillips 66 Research Center
BARTLESVILLE, OK

To Our Employees, Communities and Investors,

When we presented our sustainability report last year, we took the opportunity to tell you what we were doing at that moment as our industry — and the world — contended with the pandemic.

Greg Garland
Chairman and CEO

At Phillips 66, we honored our values as we responded to the challenges: We acted quickly and decisively to keep our people safe, our assets running and our communities strong. You'll see the results of many of those efforts in this report.

In 2020, we achieved our best year yet in safety despite all of the year's challenges. We leaned into digital transformation of our permitting and work processes. We continued our community engagement and support in impactful yet different ways.

We expanded our commitment to environmental responsibility, setting a goal for all our refining sites to achieve top-third energy efficiency by 2030. We developed meaningful and achievable targets for greenhouse gas emissions that are tied to viable plans and specific projects consistent with our disciplined approach to capital allocation. The targets are detailed in this report.

We also distinguished ourselves in how we kept Phillips 66 moving forward into 2021 and preparing for the future. We announced the Rodeo Renewed project in California, which will convert our San Francisco Refinery into one of the world's largest renewable fuels facilities, and introduced our new Emerging Energy organization, which is charged with establishing a lower-carbon business platform for Phillips 66. Both of these endeavors demonstrate the important role Phillips 66 has in advancing a lower-carbon future. We are committed to being part of the solution to help the world address climate change.

WEB-EXCLUSIVE VIDEO
Hear More From Our Chairman and CEO

We ended 2020 keenly aware of the vital role we play in the economy. Our diverse workforce comes together every day with ingenuity and focus to bring energy to the world. The commitment of our people enables Phillips 66 to make, transport and sell energy products that help meet the needs of the increasing global population.

This report includes our Task Force on Climate-related Financial Disclosures analysis and expanded metrics from industry templates and those Sustainability Accounting Standards Board (SASB) segments applicable to our businesses.

We value your interest and welcome your feedback.

In safety, honor and commitment,

Greg Garland
Chairman and CEO

About This Sustainability Report

Phillips 66 has published annual sustainability metrics and information on our website since the company was founded in 2012.

This year's report continues that transparency with critical performance data, feedback from our stakeholder engagement programs, details on our governance, oversight, policies and programs, acknowledgment of our achievements, and descriptions of our investments and resources that are vital to our company's long-term sustainability.

We have assessed our operations against SASB materiality criteria for Refining, Marketing and Midstream, addressing those most relevant to our business and our stakeholders. A SASB content index is included at the end of this report.

We provide analysis and disclosures based on the TCFD framework.

We considered industry trade association publications, including:

- The American Petroleum Institute's Oil and Gas Industry Guidance on Voluntary Sustainability Reporting
- The Association of Oil Pipe Lines Corporate Social Risk Management & Reporting
- Recommendations from the International Petroleum Industry Environmental Conservation Association (IPIECA)

We also receive guidance on sustainability strategy and reporting as a member of the Boston College Center for Corporate Citizenship.

Unless otherwise explicitly stated, this report covers Phillips 66's performance in 2020 and focuses on outcomes from our operated assets, including our master limited partnership, Phillips 66 Partners LP, and WRB Refining LP. Nonoperated joint ventures, such as Chevron Phillips Chemical Company LLC (CPChem) and DCP Midstream, LLC, publish sustainability reports on their websites for interested readers.

A detailed look at our culture, workforce metrics and benefits can be found in our Human Capital Management Report, while details of our assets and operations can be found in our Year in Review report.

A glossary of our terms can be found in Performance Data at the end of this report.

Financial information can be found on the Phillips 66 Investors site.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which are intended to be covered by the safe harbors created thereby. Words and phrases such as "is anticipated," "is estimated," "is expected," "is planned," "is scheduled," "is targeted," "believes," "continues," "intends," "will," "would," "objectives," "goals," "projects," "efforts," "strategies" and similar expressions are used to identify such forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Forward-looking statements included herein are based on management's expectations, estimates and projections as of the date they are made. These statements are not guarantees of future performance and you should not unduly rely on them as they involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or forecast in such forward-looking statements. Factors that could cause actual results or events to differ materially from those described in the forward-looking statements include: the continuing effects of the COVID-19 pandemic and its negative impact on commercial activity and demand for refined petroleum products; the inability to timely obtain or maintain permits necessary for capital projects; changes to worldwide government policies relating to renewable fuels and greenhouse gas emissions that adversely affect programs like the renewable fuel standards program, low carbon fuel standards and tax credits for biofuels; the pace of technological advances advancements and industry innovation, including those focused on reducing GHG emissions and advancing other climate-related initiatives, and our ability to take advantage of those innovations and advancements; our ability to identify and execute opportunities, including through the positioning and optimization of our assets; our ability to efficiently and economically reduce the carbon intensity of our operations; fluctuations in NGL, crude oil, and natural gas prices, and petrochemical and refining margins; unexpected changes in costs for constructing, modifying or operating our facilities; unexpected difficulties in manufacturing, refining or transporting our products; the level and success of drilling and production volumes around the companies' assets; risks and uncertainties with respect to the actions of actual or potential competitive suppliers and transporters of refined petroleum products, renewable fuels or specialty products; lack of, or disruptions in, adequate and reliable transportation for NGL, crude oil, natural gas, and refined products; potential liability from litigation or for remedial actions, including removal and reclamation obligations under environmental regulations; failure to complete construction of capital projects on time and within budget; the inability to comply with governmental regulations or make capital expenditures to maintain compliance; limited access to capital or significantly higher cost of capital related to illiquidity or uncertainty in the domestic or international financial markets; potential disruption of operations due to accidents, weather events, including as a result of climate change, terrorism or cyberattacks; general domestic and international economic and political developments; changes in governmental policies relating to NGL, crude oil, natural gas, refined petroleum products, or renewable fuels pricing, regulation or taxation, including exports; changes in estimates or projections used to assess fair value of intangible assets, goodwill and property and equipment and/or strategic decisions with respect to our asset portfolio that cause impairment charges; investments required, or reduced demand for products, as a result of environmental rules and regulations; changes in tax, environmental and other laws and regulations (including alternative energy mandates); the operation, financing and distribution decisions of equity affiliates we do not control; and other economic, business, competitive and/or regulatory factors affecting our businesses generally as set forth in our filings with the Securities and Exchange Commission. Phillips 66 is under no obligation (and expressly disclaims any such obligation) to update or alter any forward-looking statements, whether as a result of new information, future events or otherwise.

Governance

Town hall at headquarters
HOUSTON, TX

Our principles of governance and ethics serve as the foundation of every level and aspect of our organization.

Phillips 66 has a diverse portfolio of assets in our Midstream, Chemicals, Refining, and Marketing and Specialties businesses. Our company's role is to make, process, transport, store and market fuels and essential products worldwide. At Phillips 66, we provide energy that improves lives and meets the world's growing energy needs.

Corporate Strategy

Sustainability is integral to our corporate strategy and designed to ensure a resilient portfolio. Our strategy is clear and consistent: operating excellence, growth, returns, distributions and being a high-performing organization. This strategy ensures a sustainable, viable business and creates long-term shareholder value.

Board and Managerial Oversight and Governance

Our governance and ethics are the foundation at every level and aspect of our organization. Rigorous, consistent corporate governance practices contribute positively to shareholder value.

Our board of directors and executive leadership team are committed to ethical business practices premised on our company values.

Our board regularly reviews evolving corporate governance best practices, changing regulatory requirements and feedback from shareholders and makes changes it believes are in the best interest of Phillips 66 and its shareholders.

Board of Directors

44% women

89% independent

The Nomination and Governance Committee owns board composition and succession planning. The board is committed to enhancing visible diversity and seeking candidates with diverse backgrounds and perspectives who possess the collaborative spirit, character, skills, experiences and expertise required for oversight of the execution of the company's strategy, risk management and operational objectives.

Diversity is considered broadly and can be represented in both visible and less-visible characteristics such as race, ethnicity, national origin, age, gender and sexual orientation.

The public policy committee amended its name and is now the Public Policy and Sustainability Committee (PPSC). It also revised its charter to include the review of the company's sustainability program and initiatives to further emphasize oversight of such matters.

The Audit and Finance Committee monitors our enterprisewide risk management program and our controls, compliance and ethics.

The Human Resources and Compensation Committee (HRCC) determines the compensation of our executive leadership team and provides oversight of our human capital management strategy, including workplace culture, inclusion and diversity, and other talent management programs and initiatives, including succession planning for senior officers.

The company and board governing documents lay out the roles and responsibilities of the board and its committees. In addition, the talent and composition of our board of directors augment this governance.

THE ENERGY TRANSITION

As a part of the global energy transition, we invest in technology to improve our assets, products and processes to be more efficient and capitalize on emerging opportunities as the energy market transforms. That includes investment in alternative energy. We are committed to renewables, which the Energy Information Administration predicts will make up 28% of global energy consumption by 2050.

Alternative energy can be seen globally across the Phillips 66 value chain in our investments in the Rodeo Renewed project in California, renewable fuel production at the Humber Refinery in the United Kingdom, and our participation in Humber Zero and the long-term green hydrogen project Gigastack.

In January 2021, we announced the creation of our Emerging Energy group to focus on commercializing and implementing emerging energy technology within Phillips 66 operations and assets. Chairman and CEO Greg Garland told investors, "The ultimate goal is to have an Emerging Energy business that will stand beside our Midstream, our Chemical, our Refining, and our Marketing and Specialties businesses." This report will highlight early initiatives of the Emerging Energy group.

Humber Refinery used cooking oil (UCO) unit
SOUTH KILLINGHOLME, UK

Commitment to a Lower-Carbon Future

Our Humber Refinery has been producing renewable fuels since 2018.

In fact, it was the first U.K. refinery to convert waste oil into road fuel. In 2020, we added to Humber's growing renewables infrastructure with a processing unit that converts used cooking oil into lower-carbon intensity fuel.

The new used cooking oil (UCO) unit is expected to expand the refinery's renewable fuel capacity to 5,000 barrels per day (BPD) by 2024.

The Humber Refinery is also a leader in the production of specialty coke for EV batteries, and participates in Gigastack, a separate, long-term project to generate "green hydrogen," using electricity from offshore wind to electrolyze water. Hydrogen is a low-emission fuel capable of powering transportation and heavy industry, including multiple processes within refining. The project is in partnership with electrolyzer manufacturer ITM, offshore wind farm operator Ørsted and consultancy Element Energy. The second phase of Gigastack will involve a front-end engineering design study on a 100 MW electrolyzer system, which would use electricity to split water into oxygen and hydrogen gas, feeding the latter to the Humber Refinery to lower the sulfur content of diesel fuel. While this project is not yet commercially viable, it is an opportunity to develop a new renewable hydrogen market where the only feedstocks are water and renewable power.

Because the refinery is in the region that generates approximately 40% of the U.K.'s industrial emissions, it has a significant role in the country's commitment to net-zero greenhouse gas emissions by 2050 and the Humber Zero project. Humber Zero combines carbon capture and storage technology with hydrogen production to decarbonize the Immingham industrial cluster, reduce emissions, preserve jobs and support growth in the businesses that make Humber a leading industrial hub.

RENEWABLE DIESEL AND ALTERNATIVE FUELS

Phillips 66 is prioritizing renewable fuel projects that leverage existing infrastructure. Waste fats, recycled cooking oils and other renewable feedstocks will be processed into transportation fuels. We currently produce renewable diesel from vegetable oil at our Rodeo Refinery in San Francisco and from used cooking oil at our Humber Refinery in the United Kingdom.

Future plans include a complete conversion at Rodeo to process waste fats, recycled cooking oils and other renewable feedstocks, and an expansion at Humber to process more waste oil.

In 2021, we announced we were securing feedstock for our growing portfolio of renewable fuels projects by investing in Shell Rock Soy Processing, a new soybean-processing plant in Iowa. Additionally, the company supports renewable diesel production in Nevada with Ryze Renewables.

In California, our Richmond and Sacramento terminals have blended up to 20% biodiesel since 2018. In 2020, we added biodiesel blending to our Colton Terminal. Delivery of renewable diesel to our Richmond Terminal is part of our continued actions to meet the changing standards in the state.

We also intend to convert diesel at our branded sites in California to 76 renewable diesel.

WEB-EXCLUSIVE

Moving Forward With Hydrogen Fuel

A Focus on Sustainability and Strategy at Rodeo

In August 2020, we announced plans to convert the Rodeo Refinery into one of the world's largest renewable fuel facilities.

800+ million

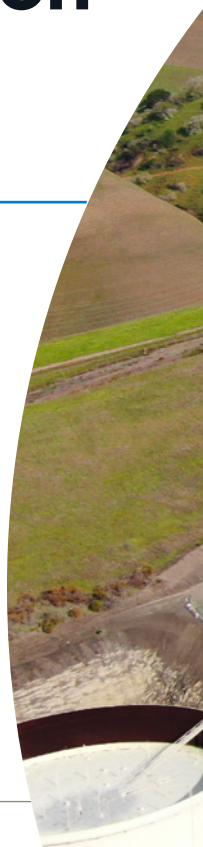
gallons per year projected production of renewable diesel, renewable gasoline and sustainable aviation fuel

We currently sell renewable diesel out of a number of California locations, and Rodeo Renewed supports the growing demand for lower-carbon products and California's environmental goals.

In April 2021, the refinery completed a hydrotreater conversion for renewables processing, which started renewable diesel production. The implementation of the Rodeo Renewed project and complete facility conversion is scheduled for early 2024.

The project will reconfigure the refinery to produce initially more than 800 million gallons per year of renewable diesel, renewable gasoline and sustainable aviation fuel (SAF) from used cooking oil, fats, greases and vegetable oils. The conversion is expected to significantly reduce criteria pollutant emissions, contributing to cleaner air in the San Francisco Bay Area.

The refinery is also pursuing additional projects such as carbon capture to reduce further greenhouse gas emissions and solar power to run its processes. The facility's focus on energy efficiency was recognized in early 2020 when it became the first crude oil refinery in California to earn an Environmental Protection Agency ENERGY STAR® certification for superior energy efficiency.



Advancing Sustainable Aviation Fuel

Phillips 66 and Southwest Airlines signed a memorandum of understanding in 2021 to advance the commercialization of sustainable aviation fuel.

SAF is a lower-carbon intensity fuel that can be produced from renewable feedstocks such as waste oils, fats, greases and vegetable oils.

Phillips 66 is a major U.S. refiner and supplier of jet fuel and aviation gasoline. The memorandum of understanding aims to leverage our expertise in refining, distribution and technical commercialization of transportation fuels and our portfolio of renewable energy projects with the airline's interest in SAF.

SAF

Sustainable aviation fuel is a drop-in fuel — one that works in existing aircraft engines and airport fuel infrastructure.

San Francisco Refinery seasonal storage tanks
RODEO, CA

Ethics and Governance

Written policies and auditing programs create strong governance throughout the company and our supply chain. Key policies and governing documents, including board governance documents and charters, are publicly available on our website. These, and many other written procedures and controls, set the standards that guide our actions and ensure the highest levels of responsibility, integrity and legal compliance across our businesses.

We expect every one of our employees to work for the greater good and act with integrity, following our Code of Business Ethics and Conduct.

ETHICS AND BUSINESS CONDUCT

Safety, honor and commitment are our values. At Phillips 66, we do not compromise our integrity. We recognize that questions can arise in today's increasingly complex global business environment. Therefore, our Code of Business Ethics and Conduct (Code of Ethics) describes our operating guidelines and ties our company's values to the way we make decisions.

Our company policies, programs and practices ensure ethical business and good governance. We had 14,300 employees as of Dec. 31, 2020, and we expect every one of them to work for the greater good and act with integrity, following our Code of Ethics. It applies to all of our directors, officers and employees. All employees participate in annual training, during which they must attest that they will comply with the Code of Ethics. Phillips 66's principal executive officer and senior financial officers adhere to the Code of Ethics and a supplemental Code of Ethics for the Principal Executive Officer and Senior Financial Officers. The expectations are central to our performance management.

The code covers topics including, but not limited to, human rights, conflicts of interest, discrimination, harassment, confidentiality, anti-bribery, anti-boycott, employee grievances, insider trading, competition and fair dealing.

It encapsulates the company's human rights position and prohibits human trafficking and forced labor, consistent with international norms.

We recognize and respect the dignity of all human beings. We believe business has a role in promoting respect for human rights throughout the world.

We embrace the right of all people to live their lives free from social, political or economic discrimination or abuse. Our Position on Human Rights is informed by the Universal Declaration of Human Rights. We don't use corporal punishment, and where we provide housing for our employees, we ensure living conditions are safe and sanitary.

BUSINESS PARTNERS, SUPPLY CHAIN AND SOCIAL SUPPLIER STANDARDS

In keeping with our core value of honor, we choose business partners objectively and fairly, and we act with honesty in all business dealings. Business partners and suppliers are expected to comply with contractual obligations and the expectations laid out in our Business Partner Principles of Conduct. These principles require our suppliers to work with our employees in a manner consistent with our values and our Code of Ethics. Priorities include fair wages, nondiscrimination, no human trafficking, anti-bribery, cybersecurity and meeting all health, safety and environmental laws.

Our procurement policy governs our supply chain activities. We employ a set of formal processes to consistently vet suppliers for safety performance to protect people, ensure adherence to industry standard frameworks for quality and monitor financial stability.

We maintain ongoing partnerships with our suppliers to ensure the continued safety, quality and sustainable delivery of goods and services to our operations. In addition, where appropriate, we engage with our suppliers to sustainably enhance our operating performance through innovative products and the execution of continuous improvement opportunities.

Understanding and monitoring the work conducted by our suppliers and business partners is integral to efficient and robust business operations, sustainability and respect for human rights. We audit suppliers' manufacturing facilities, critical suppliers and contracts within our supply chain to ensure adherence to policy. Our suppliers are expected to certify that the materials incorporated into products manufactured for Phillips 66 comply with all laws, including those pertaining to human rights, slavery and human trafficking. By complying with laws where we do business, Phillips 66 supply chain standards meet minimum wage, child labor, right to associate or bargain collectively, and working hours requirements.

The products manufactured in our refineries and developed along the supply chain significantly contribute to strengthening the economies in our communities, and we intend to maintain this position.

SUPPLIER DIVERSITY

In all our operations, Phillips 66 seeks to partner with diverse businesses and is committed to providing equal and impartial opportunities. This approach stimulates local economic development and enhances our long-term business performance by improving supplier responsiveness, competition and sustainability. We actively participate in organizations that support the development of diverse businesses in the United States. We are corporate members of the National Minority Supplier Development Council and the Women's Business Enterprise National Council.

WHISTLEBLOWER PROGRAMS

Employees, suppliers and customers are empowered to raise questions or concerns about our operations and business practices without fear of retaliation. They are expected to report behaviors that they believe violate the company Code of Ethics. Various state and federal laws provide legal protection to certain types of whistleblowers.

Additionally, Phillips 66 has a policy of non-retaliation, which helps foster an ethical workplace and a culture of integrity.

The Global Ethics Office HelpLine offers confidential third-party operated telephone and web-based options. Both are available 24 hours a day, seven days a week, 365 days a year and staffed by representatives fluent in many languages. Employees, contractors, suppliers and community members can access the HelpLine toll-free from any location around the world, or they can file a report online. People are encouraged to identify themselves, but they may choose to remain anonymous.

Global Ethics Toll-free HelpLine

855-318-5390

One indicator of confidence in the independence and integrity of our ethics program is the percentage of HelpLine visitors who felt comfortable identifying themselves. Of the 191 HelpLine reports in 2020, 60% were made by someone who provided their name.

Reports are entered directly onto an independent, secure server and not traced. Reports are shared only with the specific people designated to handle the issue.

Our chief compliance officer leads our Global Compliance and Ethics Office, and all personnel in that office are trained on investigating potential violations. Phillips 66 Human Resources (HR) professionals are also trained to assist or conduct investigations.

All potential violations reported through the HelpLine, in addition to online reports and in-person accounts of a possible violation of our Code of Ethics or other company policies, are brought to the Global Compliance and Ethics Office and handled through our reporting process. All allegations are investigated, and appropriate action is taken based on the findings. Issues involving a violation of regulation, law or the Code of Ethics are reported to the board of directors' Audit and Finance Committee.

View a list of our key policies and governing documents here.

Financial Performance

As part of the nation's critical infrastructure, we maintained our operations in 2020 and did not furlough employees. We funded our sustaining capital programs, returned $2 billion to shareholders and reduced expenses wherever possible. We made it through a challenging economic landscape and safely provided reliable, abundant, accessible and affordable energy.

We are an essential part of feeding, clothing and caring for the world's growing population and moving its commerce. In addition to transportation fuels, we make the raw materials used to create health care products and medical devices, including personal protective equipment (PPE), pharmaceuticals, plastics and rubber, adhesives and sealants, electronics, smartphones, cars, batteries, agricultural products, and the wind turbines and solar panels that capture alternative energy. The premium coke we make is part of the global supply chain for electric vehicles (EVs) and enables steel recycling. Our lubricants reduce friction to improve efficiency and cool the battery packs in EVs. For more details, see the Phillips 66 Value Chain.

Global Specialties Products

The Global Specialties business underscores the value of a diversified portfolio and vertical integration between refining and petrochemical processes.

775 million

pounds polypropylene capacity per year at Bayway Refinery

Critical in our everyday lives, polypropylene is one of the world's most versatile plastics. It's in the N95 masks protecting health care workers and the cars that keep people safe on the road. It even captures the fizz in your soda bottle and helps snacks stay fresher longer.

Phillips 66 operates a 775 million pounds/year capacity plant at the Bayway Refinery in Linden, New Jersey, and markets the resin under the COPYLENE® brand and through unbranded channels.

Although the refinery utilization in 2020 was impaired, the refinery maximized polypropylene production and exceeded 2019 rates. This meant providing foundational material for medical supplies, food service and other essential products during challenging times.

We make the resin from propylene monomer, a gas, effectively upgrading a byproduct of the refining process into an in-demand, higher-value polymer.

Phillips 66 is the smallest polypropylene producer by capacity in the 19-billion-pounds-a-year U.S. market, but we are one of only two producers in the Northeast. This gives us a logistical advantage because the Northeast and Midwest house the bulk of U.S. converter demand, while much of the production capacity is 1,000 miles or more away in the Gulf Coast region.

Polypropylene is also highly recyclable. Industrial and consumer applications include automotive components, appliances, fibers for carpeting, and health care and hygiene, including baby diapers.

Other Specialty products also include solvents, fuel coke, sulfur and premium coke.

COPYLENE® brand polypropylene

Our company further contributes to the economy through the taxes we pay. Since 2012, Phillips 66 has paid more than $10.3 billion in income and property taxes to local, state and federal governments, helping fund programs for public schools and projects such as roads, bridges, ports and waterways.

In 2020, our financial performance reflected the challenging business environment caused by the COVID-19 pandemic, including asset impairments. We reported a loss of $4 billion, or $9.06 per share, generated $2.1 billion of operating cash flow and returned $2 billion to shareholders. In addition, we took significant steps to reduce costs and capital spending to enhance our liquidity in response to the market challenges.

Since 2012, we have distributed over $28 billion to shareholders through dividends, share repurchases and share exchanges, reducing our initial shares outstanding by 34%. We achieved these results through our continued commitment to safe, reliable and environmentally sustainable operations.

CAPITAL INVESTMENTS

Over the last five years, our capital investments totaled more than $14 billion. Some key projects underway, or recently completed, include:

- Increasing renewable fuel production capability at Humber and Rodeo refineries
- Completing the Gray Oak Pipeline and initiating crude oil export operations at the South Texas Gateway Terminal
- Adding a fourth dock at our Beaumont Terminal
- Completing the Sweeny Hub Phase 2 natural gas liquids capacity expansion

Products Derived From Crude Oil and Natural Gas Liquids (NGLs)

EVs charging

- Components for Batteries
- Components for Electronics
- Components for Solar Panels
- Components for Vehicles and EVs
- Components for Wind Turbines
- Cosmetics
- Fertilizers
- Fuels
- Health Care Products and Medical Devices
- Lubricants, Adhesives and Sealants
- Pharmaceuticals
- Plastics and Rubber

Climate Change

Phillips 66 recognizes the need to address climate change. Access to energy is at the heart of nearly every major global challenge and opportunity. We are a part of balancing the need for affordable energy to promote human progress and economic growth while developing climate change solutions.

The company supports global action to reduce greenhouse gas emissions. Our approach is to improve the efficiency of our diversified and resilient operations and make investments to meet the world's evolving energy needs while advancing a lower-carbon future.

PRINCIPLES FOR A CLIMATE PROGRAM

Phillips 66 supports climate policy that:

- Is a market-based, economy-wide solution that is also fuel- and technology-neutral for all energy sources to facilitate the meaningful GHG emissions reductions that are most beneficial and least costly to society
- Balances economic, environmental and energy security needs
- Rationalizes overlapping policies or programs
- Ensures that energy producers, manufacturers and suppliers are responsible for their direct emissions
- Recognizes and appropriately accounts for early or voluntary actions
- Makes any regulatory cost, and associated climate benefits, transparent to the consumer
- Promotes fundamental public research at the pre-commercial stage to advance viable energy solutions

Phoenix Hope tanker at berth
SULPHUR, LA

POLITICAL AND PUBLIC POLICY PROCESS

Phillips 66 participates in the legislative and regulatory policy development and political process legally, responsibly and ethically to serve the best interests of our shareholders, workforce and other stakeholders. Our operations are highly regulated and are affected by actions at many levels of government. Our public policy activities include education and advocacy efforts at the local, state and federal government levels. We are committed to complying with all applicable state and federal rules on lobbying and disclosures. Our Political Giving and Activity Policy governs our actions. The policy discloses governance by the board of directors and management, the criteria by which we consistently evaluate contributions and the contributions made over the past five years. The board's Public Policy and Sustainability Committee has oversight of political risks and receives updates throughout the year.

PHILLIPS 66 EMPLOYEE POLITICAL ACTION COMMITTEE (PAC66)

In accordance with board and company policies, Phillips 66 does not make direct corporate contributions to candidates in state and federal elections where prohibited. Employees can support candidates for office through PAC66.

PAC66 is funded exclusively through voluntary contributions from eligible employees and members of the board of directors. It is registered with the Federal Election Commission, and contributions are reported monthly. Employees participating in PAC66 are not reimbursed, directly or indirectly, for political contributions or expenses

PAC66 has its own board of directors, comprised of a broad cross-section of company employees. The board approves all PAC66 disbursements, which are made solely in the company's best interest and that of its shareholders, and not according to the personal agendas of individual directors, officers or employees. PAC66 contributes to state and federal political candidates who support responsible energy industry activities and other business issues of interest to the company.

TRADE ASSOCIATIONS

We participate in industry trade associations to share technical and standards expertise, share lessons learned from incident investigations, develop best practices, and take part in public education efforts regarding issues of common concern to our industry. Our participation in trade and industry associations is subject to management oversight by our Government Affairs team, which serves as the principal representative in such associations and recommends memberships to our executive leadership team. We regularly review associations and memberships to ensure they continue to serve business needs.

Phillips 66 pays regular membership dues to several trade associations, some of which use a portion of the dues for nondeductible state and federal lobbying and political expenditures. Following the U.S. Internal Revenue Code, those trade associations provide us with documentation of the part of our annual dues that is attributable to lobbying expenses. We disclose these contributions in our Political Giving and Activity Policy.

There are many issues that trade associations follow, including climate change. We use our climate change position and principles when evaluating a trade association's position on specific legislation or regulation.

Participation in a trade association, including membership on its board, does not mean that the company agrees with every position taken on an issue and, at times, our corporate positions may differ from those of the association. We recognize that as trade association members there can be viewpoints that differ from ours. When this occurs, we seek to work with the association membership to promote reasonable compromise on major initiatives affecting our business and our stakeholders.

Additionally, we are active members in local chambers of commerce and civic organizations where our operating assets are located. A list of key organizations can be found in our Political Giving and Activity Policy.

Task Force on Climate-related Financial Disclosures Analysis

GOVERNANCE AND OVERSIGHT OF CLIMATE-RELATED RISKS AND OPPORTUNITIES

At Phillips 66, risk management starts with our entire board of directors and its committees providing oversight of strategic planning. Our governance structure provides the board and executive leadership the necessary opportunities to exercise their oversight responsibilities with respect to risks, including those related to climate change.

The board reviews long-term energy outlooks and leading indicators on an annual basis. The Audit and Finance Committee monitors our enterprisewide risk management program on a more frequent basis. It also reviews company controls, compliance and ethics.

The board's Public Policy and Sustainability Committee considers environmental, social and political trends and risks to guide the company's long-term business objectives.

THE BOARD'S PUBLIC POLICY AND SUSTAINABILITY COMMITTEE

- Reviews compliance with health, safety and environmental (HSE) matters and impacts of environmental and social trends and uncertainties
- Reviews exposure to and management of environmental, social and political trends and risk, including climate risk
- Reviews and makes recommendations on the company's compliance with policies, programs and practices regarding HSE protection, government relations and political contributions, philanthropy and sustainability matters
- Reviews the company's global reputation as a corporate citizen in the communities in which we operate

STRATEGY

As the energy sources that people rely on continue to evolve, Phillips 66's strategic planning incorporates this shift to proactively position for the future.

Today, the world population is roughly 7.7 billion, yet United Nations data shows that more than 840 million people have little or no access to electricity. The global population is expected to increase to 8.5 billion people by 2030 (10% increase) and 9.7 billion by 2050 (26% increase). The U.S. Energy Information Administration (EIA) reference case includes global energy use increasing almost 50% by 2050. The rising global population, coupled with increases in standards of living, will increase pressure on Earth's resources and have implications for the energy transition.

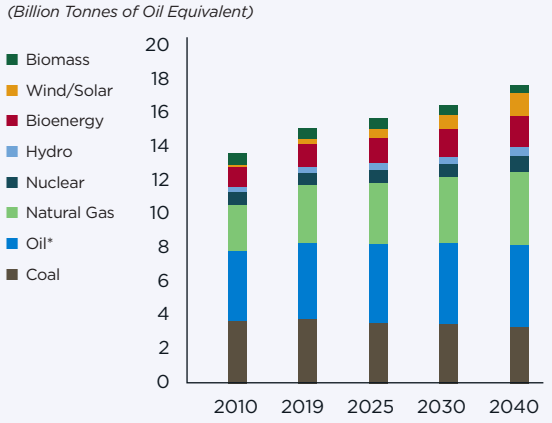
Demand for all sources of energy, including nonfossil fuel sources, is forecast to increase.

Yet, despite increased demand from growing global populations, future oil demand is mitigated by increased fuel efficiency and other technological advances. See the Total Global Liquids Intensity and Demand chart.

Our analysis considers a range of scenarios, including the International Energy Agency (IEA) Sustainable Development Scenario (SDS), which presents itself as aligned with the Paris Agreement and requires drivers other than market forces, and the International Energy Agency's Net Zero by 2050 scenario. Several scenarios are used as we identify signposts. We then review the strategy in light of these scenarios and develop potential responses. These include portfolio review, capital allocation, mergers and acquisitions, other opportunities, technology commercialization, carbon capture and sequestration.

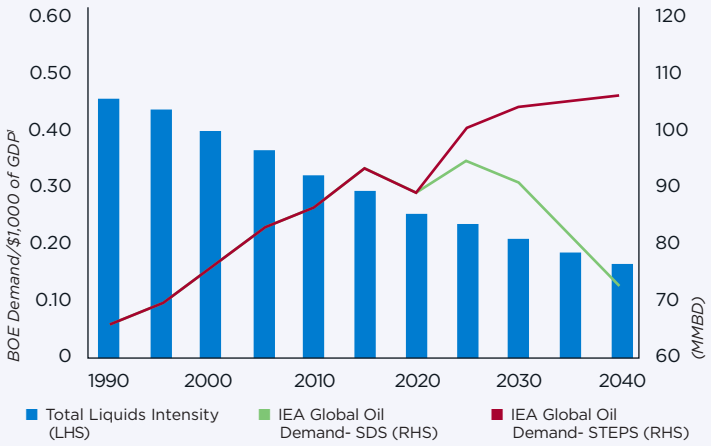
The range of scenarios gives us a view of market fundamentals, regulatory development and the level of uncertainty. The IEA Stated Policies Scenario (STEPS) provides a planning basis to retain sustaining capital and focus growth in lower-carbon opportunities, such as the Rodeo Renewed conversion, which is consistent with the range of scenarios. Management and the board utilize the scenarios as a consideration in business planning.

PRIMARY ENERGY DEMAND BY FUEL TYPE



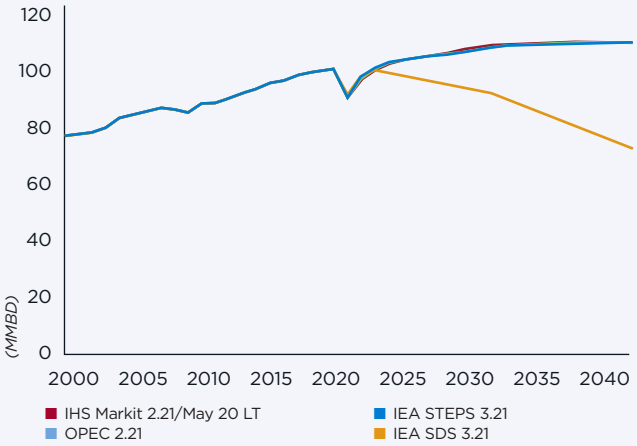
Source: IEA-World Energy Outlook-November 2020
**Oil includes oil products, NGLs, biofuels*

TOTAL GLOBAL LIQUIDS INTENSITY AND DEMAND



Sources: IEA, World Energy Outlook, November 2020; Oxford Economics
(1) IEA STEPS for Global Total Liquids Demand forecast

GLOBAL OIL DEMAND



Source: IEA, World Energy Outlook 2020, November 2020

Effects on Our Assets

The potential physical effects of climate change and severe weather on our operations are highly uncertain and depend upon the unique geographic and environmental factors present. We have systems in place to manage potential acute physical risks, including those that may be caused by climate change, but if any such events were to occur, they could have an adverse effect on our assets and operations.

Examples of potential physical risks include floods, hurricane-force winds, wildfires, freezing temperatures and snowstorms, as well as rising sea levels at our coastal facilities.

We have incurred, and will continue to incur, costs to protect our assets from physical risks and to employ processes to the extent available to mitigate such risks.

Many of our facilities are located near coastal areas. As a result, extreme weather and rising sea levels may disrupt our ability to operate these facilities or transport crude oil, refined petroleum, or petrochemical and plastics products. Extended periods of such disruption could negatively affect our operations. We could also incur substantial costs to prevent or repair damage to these facilities. Finally, depending on the severity and duration of any extreme weather events or climate conditions, our operations may need to be modified and material costs incurred, which could materially and adversely affect our business, financial condition and results of operations.

Climate Change Risks to Our Business

- Physical environmental factors, risks associated with weather or climate, and our efforts and ability to measure, report and control GHG emissions
- The impact of energy accords (regional or global) and related forecasts of program impacts and costs
- Financial variables, including the likely location, scale and duration of all tax regimes, including carbon taxes
- Evolving investor opinions and initiatives
- Community, cultural, political and public opinion factors that could influence where, when and how we operate and at what cost
- Demographic, scientific, technological, reputational and human capital matters
- Trade leakage, which can result when imported goods transfer trade from one jurisdiction to another

FINANCIAL PLANNING AND SCENARIO ANALYSIS

We consider long-term energy demand scenarios in our corporate strategy planning. Our process uses various information and methods to develop a range of forecasts to inform our capital allocation decisions and enable sustainable, resilient operations. For more details, see Risk Management in this report. We consider metrics for our key strategic, physical and policy variables within our scenarios to help factor key climate policy, energy mix, energy efficiency, access to capital, tax, reputational, technological, and human capital risks and opportunities into our decision-making processes.

The applicability of this strategy and planning to lower-carbon scenarios appears in several ways. As a result of our scenario planning, we are investing in infrastructure to transport energy products and meet global needs. We are converting a facility to make lower-carbon fuels and expanding renewable fuels production at a second site. Our business model includes engine and fuel optimization, pipeline energy optimization, refinery efficiency optimization, instrumentation and controls upgrades, heat recovery hardware, and energy dashboards that enable facility operators to make real-time decisions that improve energy efficiency. Growth spending in refining is typically a small percentage of our overall capital budget.

CORE COMPONENTS OF PLANNING AND MANAGEMENT

1. Mitigating physical risks

Phillips 66 operations are affected by nature — droughts and floods, hurricanes and storms, heat and cold, and shifting tectonic plates. We have substantial systems and processes to help us identify, measure, manage and mitigate risks associated with each of these possibilities.

2. Forecasting policy risks

We are subject to changing laws, regulations and judicial opinions; community, national and global preferences; and contractual obligations. We have developed sophisticated, multilevel, integrated systems to anticipate, inform and shape, and manage and comply with these requirements and expectations. For clarity, we include here cybersecurity risks, recognizing cybersecurity can span policy and technology.

3. Seeking technology opportunity

As an energy company focused on both the present and the future, we realize the value of our in-house, cutting-edge research and development center staffed with scientists and engineers. This differentiator enables us to create solutions to current and future physical or policy risk challenges. Our Energy Research & Innovation (ERI) team members analyze and develop technologies and evaluate feasibility, economics, scalability, key milestones and timing. They find ways to increase clean product yields and overall energy efficiency; make our operations safer, more reliable and more sustainable; reduce water risks and other environmental impacts; and manage changing regulations and expectations, including climate. The solutions we develop benefit our company, our customers and our communities. For more details, see Research in this report.

Risk Overview

To support planning and management, we break down risks into short-, medium-, and long-term.

We assess the materiality of climate-related risks based on their likelihood of occurrence and the estimated magnitude of the resulting financial impact. The materiality assessment is substantially similar to that which the company applies to all business risks and opportunities.

SHORT-TERM RISKS

May impact near-term financial results, including any that may materialize within the current annual reporting cycle

Emissions (Regulatory and Market Transition Risk)
Our industry is highly regulated, and we comply with the many local, state and federal laws that affect our operations, including air emissions. Our Health, Safety and Environment Management System (HSEMS) facilitates HSE performance and compliance with standards, procedures and guidelines that often exceed regulatory requirements and are consistently applied by all business units.

Business Continuity (Physical Risk)
The company is prepared for the possibility of extreme weather events that might impact our operations.

We have developed an Emergency Response Management System and Crisis Management Plan based on risk evaluations and business impact analyses. Each facility has a written emergency response plan to ensure continuous availability, or prompt recovery, of critical business processes, resources and facility operations.

MEDIUM-TERM RISKS

May materially impact our financial results due to longer-term manifestations of climate-related impacts that may require us to significantly adjust our strategy, including those that may materialize over a two- to five-year time frame

We have made significant investments in environmental projects, including efforts to reduce emissions that focus on efficiency, resilience, adaptation and renewable fuels. For more details, see Risk Management in this report.

Emissions (Regulatory and Market Transition Risk)
Although it is not possible to predict how future GHG emissions legislation would impact the company's business, legislation or regulation that emerges over the medium- to long-term that imposes reporting obligations on, or limits emissions of GHGs from, the company's equipment and operations could require the company to incur costs to reduce GHG emissions associated with our operations.

LONG-TERM RISKS

May fundamentally impact the viability of our long-term strategy and business model, including those that may materialize over a five- to 10-year time frame

Oil and Natural Gas Prices (Market Transition and Regulatory Risk)
The deployment of disruptive new technologies at mass scale within government policy environments that strongly incentivize investment and innovation would have long-term impacts on oil and natural gas prices.

To mitigate this risk, Phillips 66 remains committed to ongoing scenario analysis, responsible risk management, and transparency about our financial and portfolio resilience and how we are preparing to adapt for the longer term.

RISK MANAGEMENT

Some planning activities are highly proprietary because companies' analyses can create advantages over competitors. However, the processes are shareable.

As we learned in 2020, it is impossible to predict the future. At Phillips 66, we use a detailed and disciplined process to identify potential risks and opportunities that could significantly impact our business.

Enterprise Risk Management

Our enterprise risk management program provides a systematic approach to identifying and understanding significant risks, including climate-related issues, changes in energy policy, and physical or operational risks. Our strategic planning and scenario planning seek to manage our businesses' risks while evaluating opportunities to execute our strategy. Management directs, and the board oversees, the enterprise risk management program and processes.

Identifying Climate Risks

Experts from all areas of our business units and functions — including research, planning, finance, treasury, economics, tax, refining, midstream, marketing, specialties, legal, compliance, government affairs, community relations and Environment, Social and Governance — are members or supporters of our risk management program and processes. Our risk management team works to identify risks falling into any of the categories described above that could affect our overall policies and governance, strategy development, business units, predictions and capital allocation decisions, among others.

In our program:

- We quantify the risks based on our assessment of the probability of that risk and the potential significance of its financial, reputational or other impacts.
- We assess each of these risks in light of potential mitigating strategies or factors that may be available.
- We assign values to each mitigating factor based on assessments of potential timing, costs, effectiveness and other features.
- We include assessments of potential GHG emissions policies and impacts.

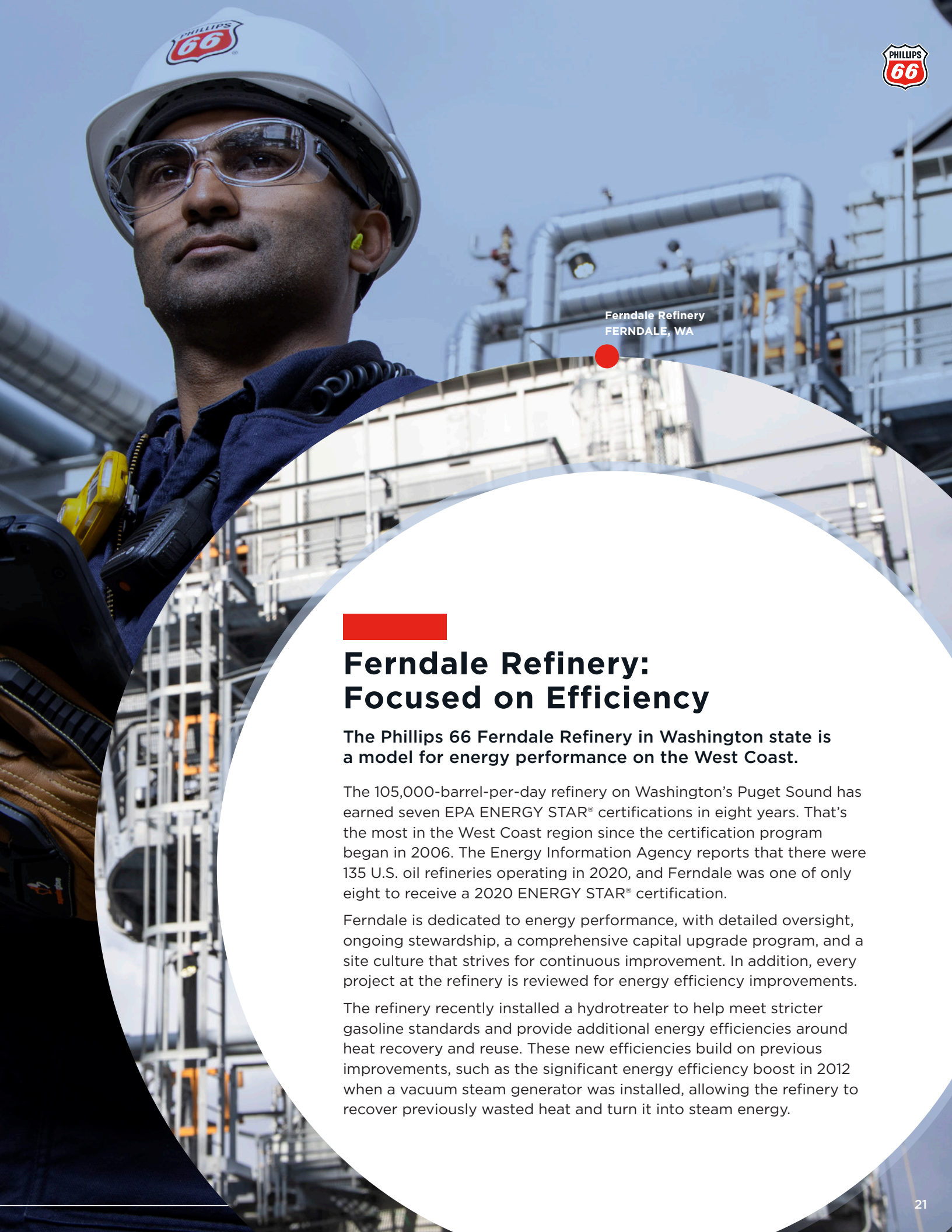
At Phillips 66, we use a detailed and disciplined process to identify potential risks and opportunities that could significantly impact our business.

Each of these risks has a corporate owner to create accountability within our organization.

Our risk management team provides detailed, regular, timely and relevant information to our board of directors and executive leadership team. This information is one of many valuable inputs that enables our board of directors and its committees to oversee and guide our company.

We test our assumptions against carbon dioxide (CO_2) cost forecasting, energy efficiency indices and best practices, carbon capture technology and cost, and renewable fuels forecasts, alongside regulatory requirements. Data on our GHG emissions, legal requirements regulating such emissions, and the possible physical effects of climate change on our assets are incorporated into our planning, investment and risk management decision-making.

We account for anticipated GHG emissions in designing and developing facilities and projects. We implement energy efficiency initiatives that also reduce GHG emissions. Regulatory certainty and economic viability are integral considerations. We test a variety of future scenarios that could have a material impact on the company and variables that may be associated with an incident. This system ensures we mitigate risk to the company and conduct regular gap analyses. It also enables us to position the company to benefit from energy efficiency, emissions reductions and other business and policy goals.



Ferndale Refinery: Focused on Efficiency

The Phillips 66 Ferndale Refinery in Washington state is a model for energy performance on the West Coast.

The 105,000-barrel-per-day refinery on Washington's Puget Sound has earned seven EPA ENERGY STAR® certifications in eight years. That's the most in the West Coast region since the certification program began in 2006. The Energy Information Agency reports that there were 135 U.S. oil refineries operating in 2020, and Ferndale was one of only eight to receive a 2020 ENERGY STAR® certification.

Ferndale is dedicated to energy performance, with detailed oversight, ongoing stewardship, a comprehensive capital upgrade program, and a site culture that strives for continuous improvement. In addition, every project at the refinery is reviewed for energy efficiency improvements.

The refinery recently installed a hydrotreater to help meet stricter gasoline standards and provide additional energy efficiencies around heat recovery and reuse. These new efficiencies build on previous improvements, such as the significant energy efficiency boost in 2012 when a vacuum steam generator was installed, allowing the refinery to recover previously wasted heat and turn it into steam energy.

PROCESSES FOR MANAGING CLIMATE RISKS

Efficiencies

We invest in efficiency gains to ensure long-term resilience.

Energy expenditures can account for roughly 15% of a refinery's operating expenses. We capitalize on opportunities such as improvements in heat exchange or recovery, furnace controls, and steam optimization.

Since our inception in 2012, six of our 11 U.S. refineries have earned U.S. Environmental Protection Agency (EPA) ENERGY STAR® certification. In 2020, the Ferndale Refinery in Washington was awarded its seventh star in eight years. Refineries earn ENERGY STAR® certifications when they perform in the top 25% of similar facilities nationwide for energy efficiency and meet EPA performance levels.

Additionally, seven of our refineries have associated cogeneration units. Cogeneration is the use of a single fuel source to produce both electricity and heat simultaneously. The process helps us meet our manufacturing needs and converts heat that would otherwise be lost into thermal energy to power our process equipment. Three cogeneration units — at Los Angeles and San Francisco in California and Sweeny in Texas — are owned by Phillips 66. Any excess power not used in our facilities is sold to the local utility market. Four other refineries — in the Texas Panhandle, New Jersey, Washington state and the United Kingdom — purchase part of their waste heat steam from, or electricity generated at, third-party-owned cogeneration units adjacent to our facilities.

We have an active Energy Best Practices network of representatives from all our refineries and major corporate support groups, including Refining Business Improvement, Energy Research & Innovation and Information Technology. Members of the network meet regularly to share information about technology, experiences at their plants and ongoing energy conservation projects.

We also achieved Leadership in Energy and Environmental Design (LEED) Platinum certification for our headquarters building in Houston, Texas.

Access to water, maintaining its quality and using it efficiently are all critical elements in sustainable energy production. Therefore, our facilities have wastewater systems and oil recovery units. These units separate reusable water from oil streams, which reduces freshwater use and improves discharged water quality.

Resilience and Adaptation

We maintain and test robust business continuity planning and preparedness programs and other initiatives:

- We harden assets to enhance their reliability, including our industry-leading pipeline river crossing program; heightened levees at Alliance Refinery in Belle Chasse, Louisiana; and the power substation elevation at Bayway Refinery in Linden, New Jersey.
- We installed a state-of-the-art power distribution facility at Wood River Refinery in Roxana, Illinois, improving facility reliability and reducing flaring from unplanned events.
- Our pipeline business provides comprehensive community awareness, education and outreach programs to ensure that everyone living or working near lines or facilities is aware of their existence, adopts safe digging practices, learns the signs of a potential pipeline leak and knows how to respond quickly if a problem is suspected.

Opportunities

In 2021, the company introduced a new organization, Emerging Energy, to help build a lower-carbon sustainable business platform for Phillips 66 by leveraging our existing capabilities and advancing investments in new energy technologies. Emerging Energy will focus on renewable fuels, battery value chain, carbon capture and hydrogen opportunities.

We currently commercialize premium coke for the world's lithium-ion battery anode market using petroleum coke, a proprietary byproduct of our refining process.

We're increasing our supply of renewable fuels through ventures with other companies and evaluating our assets. We continue to assess new opportunities within our portfolios and with third parties. While doing so, we remain focused on operating reliability.

The company is also assessing longer-term technologies, including carbon capture and sequestration, lower-carbon hydrogen production for multiple applications, and the development of hydrogen fueling networks.

Research

Technology development and deployment are needed to provide energy today and to achieve energy transition goals. We enhance our business programs and initiatives with research to improve our operations and provide a science-based approach.

Organic solar cell research
Phillips 66 Research Center
BARTLESVILLE, OK

Phillips 66 is one of the only downstream energy companies with in-house research and development. In addition to supporting current operations, our research and development organization also supports a lower-carbon future by commercializing new technologies.

More than 250 scientists and engineers work at our 440-acre Phillips 66 Research Center in Bartlesville, Oklahoma. They help enhance the safety and reliability of our operations and develop air, water and energy solutions, including battery technology, organic (carbon-based) photovoltaic solar materials and solid oxide fuel cells, which can be used for the storage or production of electricity.

Phillips 66 has 119 active U.S. patents in the areas of specialty carbon, premium coke, low-carbon hydrogen, solid oxide fuel cells, carbon capture and sequestration, organic photovoltaics and biofuels, as of Jan. 31, 2021.

Battery Fuel for EVs

As the world becomes increasingly electrified, Phillips 66's battery program is focused on improving existing lithium-ion battery materials and developing options around next-generation battery technologies. Emerging Energy will focus on renewable fuels, battery value chain, carbon capture and hydrogen opportunities.

We are researching alternatives that incorporate readily available, responsibly sourced materials and have the potential to extend the driving range for EVs.

In February 2021, we launched a technical collaboration with battery-maker Faradion to develop lower-cost and higher-performing anode materials for sodium-ion batteries that can be used in heavy-duty vehicles. This power-storage technology has an advantage because it uses materials that are sustainable and widely available. The collaboration is expected to leverage our experience developing specialty carbon materials and Faradion's work as a leader in sodium-ion battery technology.

Applications for this technology include mobility, stationary storage, backup power and energy in remote locations.

We manufacture premium and anode coke used to make EV lithium-ion batteries.

As a result, we are a premier market supplier for this key component of lithium-ion batteries, which help power products from EVs to millions of smartphones and other consumer electronics.

Organic Photovoltaics (OPVs)

OPV is a clean energy technology for electricity generation that will enable new solar applications.

Our focus is on developing OPVs that will be profitable and commercially viable. We have collaborated with the Department of Energy's National Renewable Energy Laboratories on OPVs.

OPV research aligns with Phillips 66's expertise in plastics, materials science and analytical sciences. Due to its flexible and lightweight structure, OPVs will produce electricity in applications where traditional solar cells will not work, including transparent applications, portable objects and disposable goods. There are also options for improving aesthetics with color, flexibility and design.

Our polymer-based single-junction OPV cells do not contain components such as lead or cadmium. Our polymers have led to breakthroughs in efficiency and longevity that help move solar technology closer to widespread commercial viability.

In 2020, we expanded our solar intellectual property portfolio to include 12 additional patents, bringing our total in this field to 49. We are also working to tailor our proprietary ShieldPower™ OPV materials to the performance criteria of commercial OPV printers with the goal of seeing our materials used in commercial OPV panels.

Fuel cell research
Phillips 66 Research Center
BARTLESVILLE, OK

Solid Oxide Fuel Cells (SOFCs)

Phillips 66 has made significant technical progress in solid oxide fuel cells and holds eight U.S. patents and 22 U.S. pending patent applications in our SOFC intellectual property portfolio. In 2020, we published our patented SOFCs fabrication technique and research data in a technical article in the Journal of the American Ceramic Society.

A field demonstration of this technology was installed at a Phillips 66 pipeline and has been in operation since July 2020.

WEB-EXCLUSIVE VIDEO

Solid Oxide Fuel Cells and the Phillips 66 Research Center

SOFCs are electrochemical cells that generate electricity efficiently by oxidizing a fuel, such as natural gas, through electrochemical reactions rather than combustion. Each Phillips 66 fuel cell is less than half a millimeter thick and produces approximately 30 watts of electricity. Cells can be stacked together, and stacks can be bundled into modules. Phillips 66 SOFCs can generate electricity at high efficiencies from an abundant, reliable and inexpensive fuel source with twice the efficiency of conventional power plants. They can be paired with solar- or wind-generated power, ensuring reliable energy even during periods when the sun is not shining or the wind is not blowing. SOFCs produce no noise, have a 50% lower-carbon footprint than conventional power plants, have no combustion emissions and are an ideal technology for CO_2 capture. Their quiet, compact, modular design makes SOFCs a convenient source for on-site power for homes and businesses, ensuring reliable energy even during traditional power grid outages.

In January 2021, we announced that Phillips 66 was awarded a $3 million grant from the U.S. Department of Energy to advance high-performance reversible solid oxide fuel cells (RSOFC). In collaboration with the Georgia Institute of Technology, we will work to demonstrate the commercial feasibility of a low-cost, highly efficient reversible solid oxide fuel cell system for hydrogen and electricity generation.

METRICS

The majority of our GHG emissions are from refining. Our goal is to improve our operational excellence, improve our energy efficiency and reduce our GHG emissions intensity.

We use a third-party industry manufacturing energy efficiency index to measure our progress on efficiency.

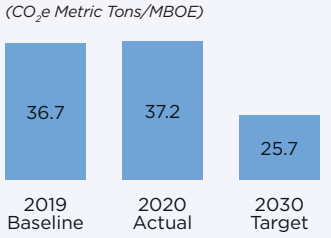
In 2020, our Scope 1 and Scope 2 GHGs were 25.5 million and 4.6 million tonnes CO_2 equivalent (CO_2e), respectively. The scope 3 GHG emissions from the products we manufactured in 2020 were 313 million tonnes CO_2e. Our refineries process a combined average of more than 2 million barrels of crude oil into clean, affordable everyday products. Most of our Scope 1 GHG emissions are CO_2, which result from manufacturing energy products. More stringent regulatory standards can require more processing, which takes more energy. Our methane emissions are negligible. In years with full utilization, direct GHG emissions vary little on an absolute basis, despite more stringent regulatory standards.

TARGETS

We intend to reduce greenhouse gas emissions intensity from our operations and energy products by 2030 by setting impactful, attainable and measurable targets. We plan to reduce Scope 1 and Scope 2 emissions intensity from operations by 30% and Scope 3 emissions intensity of our energy products by 15%, below 2019 levels.

SCOPE 1 AND 2 MANUFACTURING-RELATED EMISSIONS INTENSITY

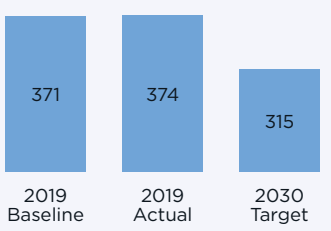
(CO_2e Metric Tons/MBOE)



30%
Reduction from 2019

SCOPE 3 PRODUCT-RELATED EMISSIONS INTENSITY

(CO_2e Metric Tons/MBOE)



15%
Reduction from 2019

See Footnote 8 in the Performance Data Notes

FURTHERING OUR COMMITMENT TO THE ENERGY TRANSITION

We announced enhancements to our employee bonus plan, the Variable Cash Incentive Program (VCIP), for the 2021 performance year.

While maintaining our focus on safety and operating excellence, we increased the weighting of our environmental metrics, which now include lower-carbon and GHG priorities, in the calculation of the annual incentive program payouts.

This change helps further align and measure our performance, drive our behaviors and hold us accountable to our investors and stakeholders' evolving expectations.

EXECUTE PLANNED AND FUTURE PROJECTS THAT:

- Improve energy efficiency of our operations and target top-third efficiency in our refineries by 2030
- Grow production and blending of renewable fuels and lower-carbon supply chain products such as premium coke and lubricants
- Produce commercial-scale low-carbon-intensity hydrogen
- Capture carbon from our operations
- Increase renewable power sources to use in our operations
- Support enterprise growth and portfolio optimization

Learn more about our targets here.

Operating Excellence

Clifton Ridge Marine Terminal
SULPHUR, LA


Our goal is for everyone who works at or visits our facilities to go home safely every day.

Operating excellence, including personal and process safety, environmental stewardship and asset reliability, is critical to meeting our corporate strategy of growth, returns and distributions.

In 2020, we achieved record safety and environmental performance. But we are not resting on those achievements.

We work 24/7/365, and although our work can be complex, we are determined to be the energy industry's safest and most reliable company. We believe that a zero-process-safety-incident- and zero-injury-workplace is achievable. Safety is not defined by the absence of failure but by the presence of safeguards. We are committed to protecting the health and safety of everyone at our work sites and in the communities where we operate. This priority is embodied in our investment in asset maintenance and integrity and in our HSE policies, programs and procedures.

WEB-EXCLUSIVE

Turnarounds Get an Upgrade

We proactively perform focused audits on major work activities such as energy isolation, startup/shutdown activities, turnaround events, procedures and human performance tools. Our business units complete an annual report on risks, including a list of corrective actions to address risks identified and closed during the year. In addition, business unit managers verify compliance with company risk management requirements.

The reports are reviewed and signed off by each subsequent level of management. Ultimately, a complete report containing the status of risk items throughout the company is developed, reviewed with Chairman and CEO Greg Garland and summarized for the Public Policy and Sustainability Committee.

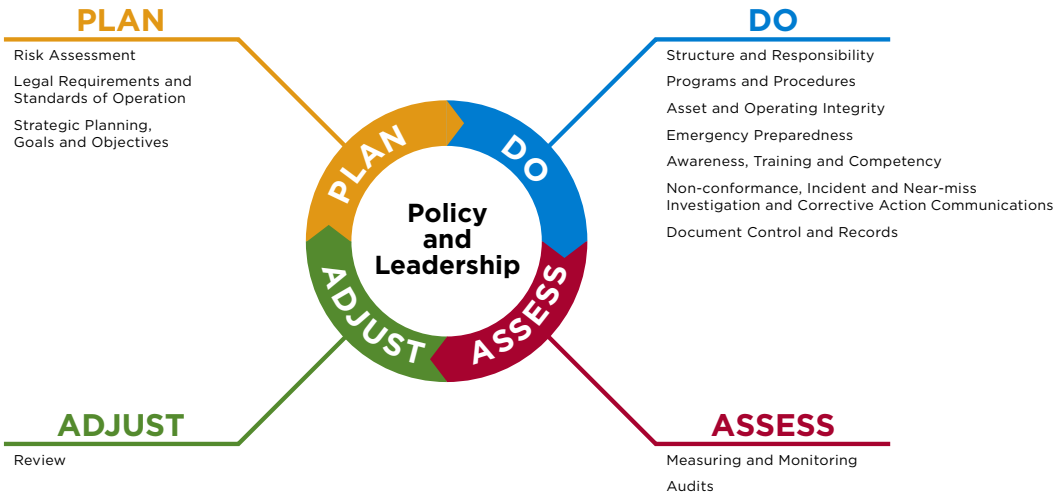
Safety and environmental performance are part of our compensation structure for executives and all employees. We measure ourselves against the best performers in our industry and target top-quartile performance in safety, environmental stewardship and effective management of unplanned downtime.

Policies and Management Systems

Our HSE policy defines our commitment to protecting our employees, contractors, customers and communities while achieving our goals for growth, returns and distributions.

We integrate our health, occupational safety, process safety and environmental stewardship principles throughout our businesses, with a commitment to continuous improvement that minimizes our potential impact on our neighbors and the environment. We also consult with stakeholders on environmental issues.

HSE MANAGEMENT SYSTEM (HSEMS)



The HSEMS provides the framework to reduce risks and improve performance while establishing a continuous improvement process for policy implementation, leadership expectations and core values. The HSEMS guides our entire workforce, including labor and management, experienced workers, new hires, contractors, and subcontractors.

The HSEMS focuses on operating excellence and facilitates HSE performance and compliance with key standards, procedures and guidelines. Our rules apply to all of our business units and are often stricter than regulatory requirements. Core standards include reporting, metrics, crisis management, emergency response, due diligence, incident investigation, risk assessment and corporate auditing.

Our rigorous auditing protocols enable us to assess our performance and progress frequently. On-site inspections are conducted by both third-party auditors and Phillips 66 internal auditors trained to recognize health and safety best practices. All deviations are investigated and corrected.

All Phillips 66 sites have HSE controls and practices and HSE management and staff dedicated to excellence and risk mitigation. Our Senior Vice President of HSE and Projects has direct responsibility for the HSEMS and reports directly to the chief operating officer. HSE considerations are embedded into every task and business decision.

Two principles that guide all employees and contractors working within our facilities are taking the time to work safely and having the right to speak up and stop work if a safety concern is identified.

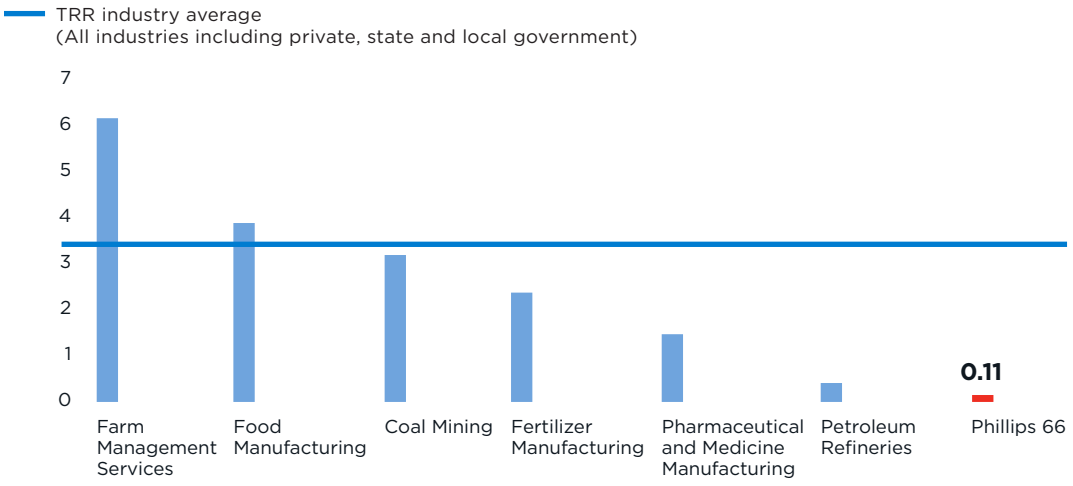
Everyone working at or visiting our sites is empowered, and required, to stop any work they believe poses a risk to themselves, the people around them or the environment. We train our workforce to "stop when unsure." No employee or contractor will ever receive negative consequences for using their stop-work authority in good faith, even if it turns out that there wasn't actually a hazard. Employees and contractors are rewarded through the company's Good Catch program. It's another way we hold ourselves accountable for everyone's safety every day.

Safety Performance

Our safety culture, comprehensive HSE policies, management systems and the commitment of everyone who worked for us resulted in an Occupational Safety and Health Administration (OSHA) Total Recordable Rate (TRR) of 0.11 in 2020, which is a significant decrease from our industry-leading 2019 TRR of 0.15. It is also 30 times lower than the 2019 U.S. manufacturing average.

Phillips 66 won three AFPM Distinguished Safety Awards in 2020. The award given to our Lake Charles, Ponca City and Santa Maria refineries recognizes sites with outstanding safety performance, program innovation and safety leadership.

TOTAL RECORDABLE RATE (TRR) BY INDUSTRY



Sources: Bureau of Labor Statistics, 2019 data; Phillips 66, 2020 data

We work together to keep an open dialogue focused on continuous improvement.

SAFETY MEETINGS, SUMMITS AND TRAINING

Each of our sites conducts a monthly safety committee meeting. Employees, managers and union representatives review goals and safety practices. They also audit results and work together to keep an open dialogue focused on continuous improvement. In addition to providing continuing education opportunities, these meetings enable knowledge-sharing from experts such as industrial hygienists, safety specialists and process safety representatives. We have more frequent meetings within our field staff groups and perform job safety analyses for each field job.

WEB-EXCLUSIVE

Phillips 66 Humber Refinery Takes ‘Major Leap’ With High-Tech Training

We periodically host large-scale company training summits. This is an opportunity to gather people from every health and safety committee in the company to share best practices, goals and performance milestones. In addition, attendees gain new techniques, skills and knowledge that can be implemented at their home facility. The summits also encourage union leaders and Phillips 66 management to maintain an open dialogue and speak with a unified voice about safety.

We also hold periodic contractor safety summits with all our major contracting companies to set expectations and goals, share best practices and keep lines of communication open. Our last contractor safety summit was in 2019. We are planning the next summit soon.

Process safety meeting
Lake Charles Refinery
WESTLAKE, LA

10 LIFE SAVING RULES

In conjunction with the HSEMS, our 10 Life Saving Rules (LSR) program is fundamental to Phillips 66’s safety culture. All employees are trained on the LSR, which are clear, concise and apply to all routine and critical activities. They can enhance safety performance and benefit both individuals and communities by preventing injuries.

Drone pilot
Bayway Refinery
LINDEN, NJ

AUDITS AND INSPECTIONS

Our facilities are subject to rigorous internal and external audits and government inspections, and our operations are managed to ensure continued asset integrity. HSE performance is verified through robust assurance processes that involve corporate staff and business unit employees. Each business unit establishes and maintains auditing processes to assess the adequacy and effectiveness of HSE controls and compliance with legal requirements and standards of operation. Joint ventures, partnerships and contractors are all included in the auditing process.

There are hundreds of audits conducted each year across our assets. These include site inspections, corporate HSE audits at least once every three years, refinery operating excellence audits, trade association assessments and third-party safety audits. Audits are documented and include a process for communicating results to management and provisions for periodic review and corrective actions.

We are also involved in numerous industry improvement and standard-setting committees of the American Petroleum Institute (API), American Fuel & Petrochemical Manufacturers (AFPM) and the Association of Oil Pipe Lines (AOPL). Our facilities follow industry-leading quality management systems, and many are certified to international standards. These efforts have made our sector, and specifically Phillips 66, a safety leader across U.S. industries.

Through our occupational health and industrial hygiene program, we evaluate our workplaces for health hazards to ensure that we protect everyone at our facilities. Employees and contractors 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, identifying and removing the root causes to reduce the risk of recurrence.

Asset Integrity

Ensuring the integrity of our assets is a crucial HSEMS component. To minimize asset integrity risks associated with operations and equipment failure, business units develop programs and procedures to ensure proper asset design, fabrication, installation, operation and maintenance. Asset integrity programs include quality assurance/quality control, defined inspection, and maintenance intervals for process equipment and meeting required company standards.

WEB-EXCLUSIVE

Phillips 66 Takes Drone Technology to New Heights

These high-tech integrity programs and processes are designed to prevent unintentional product release and protect everyone at our facilities and surrounding communities. Many of our company's process safety and environmental standards exceed industry requirements, promoting our goal of an incident-free workplace.

ELECTRONIC WORK PERMITTING

In 2020, Phillips 66 completed the implementation of a new Electronic Work Permitting (EWP) process across all refineries and a Midstream asset.

Work permitting is one of the most integral components of maintaining safety and operational excellence. Our Refining organization alone issues over 750,000 permits annually, and they must be right every time. EWP is a standardized digital system with universal permit requirements, terminology and approval processes across the company. The fully electronic system allows refineries to more efficiently and safely complete routine and major maintenance projects, such as turnarounds, while keeping human safety as the top priority.

It enables scope identification, proper communication and hazard assessment to ensure safe project execution.

The system brings consistency, reduces reliance on personal knowledge, improves hazard recognition and increases the overall safety of the permitted work. It includes a leading-edge Hazard Identification and Risk Assessment tool with artificial intelligence technologies to improve safety planning.

PIPELINE INTEGRITY

Liquids pipelines move crude oil to our refineries and move products such as gasoline, diesel and jet fuel to market. Our approach to pipeline safety is rooted in preventing product releases, maintenance and emergency preparedness. Elements of these programs include exacting design and construction standards, comprehensive pipeline maintenance, 24/7 remote line monitoring, leak detection, community education programs, and strong relationships with emergency response teams across our asset footprint.

We take environmental considerations into account during the planning for all pipeline projects and work to identify community needs and wants.

We seek existing pipeline corridors where feasible to minimize the impact on the environment, local communities, wildlife and cultural resources. We use advanced construction techniques to reduce or avoid impact on natural habitats and waterways.

Starting at the planning stage, we work to ensure a project complies with all applicable regulations and laws, including the Clean Water Act, Endangered Species Act, National Historic Preservation Act and others. To make this happen, we coordinate and engage with many agencies, such as the U.S. Army Corps of Engineers, U.S. Fish and Wildlife Service, and local and state regulators.

We also collaborate with environmental conservation and biodiversity groups and Native American tribes to identify any archaeological sites or sites of significance along the route.

We support education and emergency response efforts along a pipeline's planned route. For example, we've invested in STEAM (science, technology, engineering, arts and math) education and school district support and donated equipment to emergency response teams.

Existing pipeline rights-of-way are visually inspected biweekly, and in some areas, we also inspect via weekly aerial pipeline patrols. The aerial patrols look for potential signs of leaks and any other pipeline integrity threats such as unauthorized digging or exposures. We are recognized for our efforts to go beyond regulatory requirements. We have implemented the best available leak detection technology, real-time transient modeling, on all our operated pipelines.

Our Pipeline Control Center staff in Bartlesville, Oklahoma, continuously monitors each pipeline's operations and pressure. 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. Our proactive approach in this area continues to draw positive attention from the government and other partners.

We also have an industry-leading maintenance program that uses smart pipeline inspection gauges, or "pigs." Using pigs enables us to inspect and assess the interior of our pipelines and identify maintenance needs from the inside before any leak can occur.

When we build or repair pipelines, we use various state-of-the-art techniques to ensure asset integrity, such as horizontal directional drilling (HDD) technology, which allows us to bury pipelines deep underneath riverbeds, preventing pipeline exposures. Phillips 66 has spent approximately $130 million to enhance resilience at river crossings.

All Phillips 66 operated pipelines are monitored using a leak detection technology with real-time transient modeling.

Pipeline Safety by the Numbers

We manage more than 22,000 miles of pipeline systems and directly operate about 12,800 of those miles, making Phillips 66 one of the largest pipeline operators in the United States by barrel-miles.

Over the past five years, pipeline operators have reduced the number of liquids pipeline incidents impacting people or the environment by 38%, even as pipeline miles and barrels delivered have increased. Pipelines remain one of the safest ways to provide the energy we use every day, delivering their products safely 99.999% of the time.

More than 1 billion barrels of product were delivered through our operated pipelines in 2020. That's about 3 million barrels each day.

Taft storage facility at Gray Oak Pipeline
TAFT, TX

Pipelines: Leading the Way

In 2020, the company commenced full operations on its largest pipeline project ever while also earning several of our industry's top safety honors.

Gray Oak Pipeline

845
miles long

900,000
BPD capacity

In 2020, the Gray Oak Pipeline became fully operational, moving product from West Texas to Texas Gulf Coast destinations. It enables reliable, safe access to product, spurring production in major shale plays and bringing growth to the Texas energy industry and the overall U.S. economy.

Gray Oak is a state-of-the-art logistics system anchored by an 845-mile, 900,000 BPD pipeline stretching from the Permian Basin in West Texas to the Eagle Ford Shale in South Texas and on to the Gulf Coast. Phillips 66 is the pipeline's builder and operator. Phillips 66 Partners, the master limited partnership formed by Phillips 66, has a 42.25% effective ownership interest in the pipeline.

Gray Oak's safe commencement was just part of the larger company picture. Our overall record-setting pipeline safety performance in 2020 earned two of the industry's top honors.

Our pipeline entity that owns and operates most lines achieved zero employee recordable injuries, zero pipeline system release events and zero significant vehicle accidents in 2020. This performance helped earn it two industry awards — the American Petroleum Institute's Distinguished Pipeline Safety Award and the GPA Midstream Perfect Safety Award. API cited the company's use of a comprehensive risk modeling and HSE management system as key to the record-setting performance. It also said Phillips 66's cutting-edge research and development has the potential to improve pipeline safety for the entire industry.

The company earned a third accolade, the GPA Midstream 2020 Company Safety Award, which recognizes companies for outstanding safety performance in the midstream industry.

Process Safety

Process safety is about preventing the loss of containment of hazardous materials to avoid harming people and the environment. We recognize the need to be proactive and continuously improve. Accordingly, we have identified these focus areas:

- Leveraging process hazard assessment best practices across the company, with added emphasis on safeguards to prevent the highest consequence events
- Reducing the number of events caused by imprecise execution of tasks
- Improving our learning efficiency and effectiveness

Our active participation in trade associations and benchmarking groups also helps us identify opportunities for our business while advancing overall industry performance.

Process Safety Events

Process safety events (PSE) are unplanned or uncontrolled releases of hazardous material. We closely monitor and measure our performance in this area. Phillips 66 works to eliminate PSE by applying best practices in design, engineering, operations and maintenance. We also perform hazard analyses and use change-management procedures to mitigate risk.

We routinely audit our safety, mechanical integrity, operating and maintenance programs. We investigate serious incidents and near misses to develop corrective actions and capture learnings. We create and improve our procedures to ensure employees and contractors are aware of hazards and how to address and mitigate them.

In 2020, our Refining business unit's overall Tier 1 PSE rate of 0.02 led the industry.

Tier 1 and 2 PSE are defined by the American Petroleum Institute (API) Recommended Practice 754 (RP-754). Tier 1 PSE are the most significant type of unplanned or uncontrolled release of material from primary containment. Tier 2 events have a lesser consequence than Tier 1 events, yet they are still important. All Tier 1 and Tier 2 events are investigated to determine the underlying causes so we can act to prevent recurrences. Our goal is zero PSE.

In 2020, our Refining business unit had zero energy isolation-related Tier 1 PSE, and its overall Tier 1 process safety event rate of 0.02 led our industry. Our 2020 companywide PSE Tier 1 and Tier 2 rates were better than the refining industry average rate.

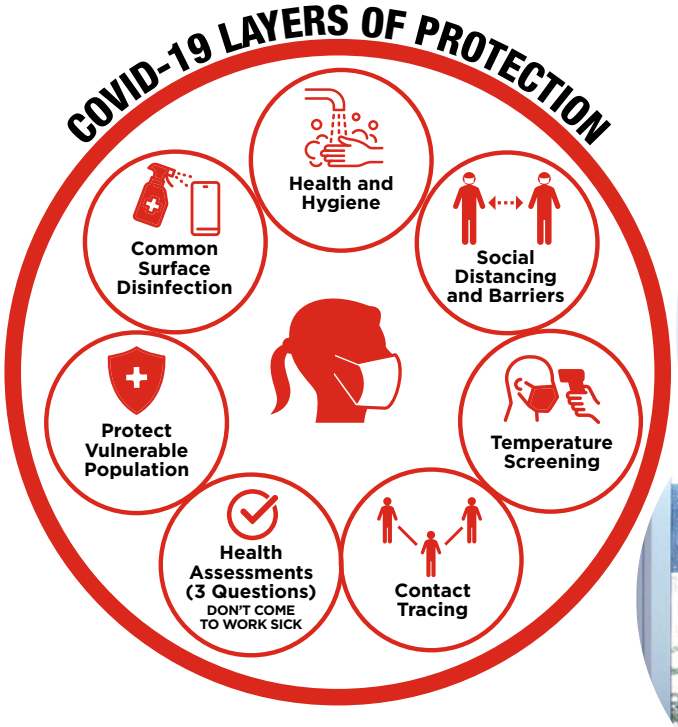
EMERGENCY PREPAREDNESS

We are prepared to respond to emergencies and work with local, state and federal agencies. Our Emergency Response Management System provides a model for building and maintaining crisis management and emergency response plans.

Each facility has a written emergency response plan that includes a process for identifying potential emergencies and planning for mitigation and control. Employees are trained for their responsibilities and assignments under each scenario. Drills are conducted frequently and critiqued so plans can be adjusted as needed. Emergency response plans and documents are thoroughly reviewed each year. At the corporate level, the company maintains a Crisis Management Plan with personnel in place to provide useful and prompt support to supplement actions taken in response to an emergency. The company also utilizes Regional Response Teams to support businesses during significant emergencies.

In our annual emergency response drills, we use realistic scenarios to ensure that our Emergency Response Organization and the communities around our facilities are prepared to respond to emergencies. Participation by local and corporate leaders ensures high standards for training and competence for our on-site first responders.

Our teams of first responders protect people's lives and secure the area in an emergency. We invest in training, sending emergency responders to premier institutions such as the Fire Service Institute at the University of Illinois and the Emergency Services Training Institute at Texas A&M University.



COVID-19 RESPONSE PLANS

In 2020, we put our years of drills, exercises and plans into action. We successfully implemented our layers of protection in the workplace, which helped prevent workplace transmission. We kept our employees and contractors safe and healthy while they continued to work at our facilities, which are part of the nation's critical infrastructure.

Layers of protection at headquarters
HOUSTON, TX

We extend this specialized training beyond our first responders, covering the costs for firefighters based near our refineries so they can train alongside our teams. This partnership better serves the communities where we operate. In 2020, we also trained more than 200 Midstream employees in emergency response. Combined, they completed more than 4,800 courses that bolster their competency as our first-line emergency responders.

WEB-EXCLUSIVE

Phillips 66 Puts $400,000 Toward the Safe Return of Houston Students

In 2020, we found innovative and virtual ways to conduct more than 290 exercises and emergency response drills based on real-life scenarios across our Midstream and Lubricants operations. These included over 200 qualified individual/incident commander notification drills, more than 35 equipment deployment exercises and over 50 "tabletop" exercises to discuss simulated emergencies. We trained more than 350 employees on the Incident Management System, which the company has committed to using for crisis event management. Using Microsoft Teams, we continue to ensure our first responders are prepared to serve as an Incident Response Team and coordinate as a Unified Command with government agencies with authority and jurisdiction over our emergency response efforts. Each of our business units also completes multiple notification accountability drills for emergencies and one tabletop exercise every year.

In addition, we hold dozens of exercises for other scenarios, including the following:

- Process safety management
- Risk management fire or vapor cloud scenarios
- At least two annual supervisory control and data acquisition (SCADA) failure exercises
- Responses to real-world events
- Government-initiated unannounced exercises
- Earthquake responses
- Hurricane exercises
- Continuity of business or pandemic exercises

If there's ever an interruption of operations, we have written business continuity plans to resume quickly manufacturing and transporting energy products to markets worldwide. These plans were used effectively during the 2020 hurricane season.

Certifications

OSHA'S VOLUNTARY PROTECTION PROGRAM

Across our refining, midstream and lubricants assets, 32 facilities have achieved OSHA Voluntary Protection Program (VPP) STAR recognition.

ISO CERTIFICATIONS

Our facilities follow quality management systems, and many are certified to International Organization for Standardization (ISO) measures.

Our Lubricants business conforms to the ISO 14001:2004 Environmental Management System. Five of our lubricants facilities have certification to ISO 14001 and the ISO 9001:2015/IATF16949:2016 Quality Management System Standard. Lubricants Research and Development is accredited to the ISO/IEC 17025 standard for testing and calibration laboratories.

Bayway Refinery's polypropylene business in Linden, New Jersey, is certified to ISO 9001:2015 for the design and manufacturing of pellets. We have numerous practices for containing pellets and mitigating loss. Pellets are piped on-site to a storage silo, creating a closed system. From there, product is blended and fed into rail cars for transportation to customers. We inspect rail cars for operable and closed caps and valves. Environmental performance includes collecting scrap and vacuuming sumps to recycle pellets, preventing plastic pellets from getting off the property. We are prepared with booms and vacuum trucks should a spill occur. Our Bayway facility management and employees are committed to Operation Clean Sweep and support the goal of zero pellet loss. We have also implemented a rail car return policy intended to eliminate the possibility of pellets entering the environment due to unsealed or improperly sealed rail cars returning from our customers.

Wood River Refinery's odorless mineral spirits and benzene business lines in Roxana, Illinois, conform to ISO 9001:2015 Quality Management System Standards.

In the United Kingdom, the Humber Refinery is working to transition to the new ISO 14001 standard and is certified to the 2015 version.

View the Phillips 66 and Phillips 66 Partners global asset map here.

THIRD-PARTY RECOGNITIONS BY LOCATION

- AFPM Safety Awards
- API Pipeline Safety Award
- ENERGY STAR®
- GPA Midstream Safety Awards
- Headquarters/Corporate Offices
- ISO
- Pipeline
- Refinery
- Research Center
- Storage Terminal or Lubricants Facility
- VPP

Wood River Refinery
ROXANA, IL

Bayway

EUROPE

Humber

MiRO

Hartford

Wood River

Ponca City

Bartlesville

Borger

Ponca City Terminal

Glenpool*

Oklahoma City Products Terminal

Savannah

Houston Headquarters

Sweeny

Lake Charles Manufacturing Complex

Lake Charles

Lake Charles Coke Handling

Gulf Coast

Clifton Ridge

Westlake

Alliance

Lake Charles Pipeline

Bayway Refinery
LINDEN, NJ

Thirty-two facilities have achieved OSHA Voluntary Protection Program (VPP) STAR recognition.

Environmental Stewardship

Ferndale Refinery
FERNDALE, WA


We proactively work to protect the environment and minimize our impact.

Operating excellence leads to strong environmental performance.

Our industry is highly regulated, and Phillips 66 complies with the many local, state and federal regulations that affect our operations, including air emissions, water effluent and solid waste-handling. We strive to eliminate environmental events that result in exceedances of permit or regulatory limits and work to prevent significant releases of hydrocarbons or chemicals.

Compliance with our HSEMS helps ensure our operations minimize their impact on the environment. For more details, see Operating Excellence in this report. The HSEMS creates environmental awareness internally and is the framework for consistently implementing and maintaining an environmental management system and monitoring our environmental performance.

Environmental Responsibility and Excellence

We have an efficient operating model that helps us drive consistent performance and achieve excellent financial results while also stewarding environmental improvements and standardizing compliance practices as needed.

Our business units have internally audited multiyear plans for environmental improvement. Our business unit operations are dynamic, and our "Plan-Do-Assess-Adjust" approach allows our HSEMS to be proactive and drive environmental progress.

Our Environmental Steering Teams drive site-level improvement, track and review key metrics, and develop local improvement plans. Those plans are shared with corporate leadership to share best practices. Leadership directs efforts to reduce environmental events and increase work practice consistency.

Additionally, peer reviews of air permits, along with active environmental networks, allow subject-matter experts in areas such as air monitoring, leak detection, waste management and water treatment to work across functions. They share best practices and lessons learned to define "what good looks like" and drive sustainable improvement. Business units are also adopting this method.

MAKING INVESTMENTS TO IMPROVE PERFORMANCE

Between 2016 and 2020, we invested more than $5 billion in environmental protection projects and sustaining capital. In 2020, we invested more than $900 million in safety, environmental and reliability projects. Of that total, we spent approximately $500 million for refining reliability, safety and environmental projects.

These investments improve our operating standards and procedures, business assurance programs and companywide asset maintenance. We use energy and resources efficiently, invest in research and development, and support habitat and conservation programs. Our investments in technology improve our assets, products and processes so they're more efficient and capitalize on emerging opportunities as the energy market transforms.

Borger Refinery
BORGER, TX

Machine Health Monitoring

A new approach to machine health has enabled Refining and Midstream to use artificial intelligence and machine learning to identify and correct problems earlier, reducing costs and increasing uptime.

In addition to leveraging predictive maintenance to reduce failures, Midstream has also used the system to optimize pipeline operation, delivering additional barrels more efficiently and economically.

In all, these machine-learning technologies saved the company almost $8 million in 2020.

Traditional data analysis is time-intensive, and it can't solve the problems of unexpected breakdowns. The new low-touch machine learning approach eliminates much of the manual effort involved in data preparation. We use machine health monitoring on major rotating equipment and large compressors at our sites, enabling early detection of mechanical issues before breakdown.

We are finding this use of artificial intelligence to be 80% accurate and gives us a 30-day lead time.

Decades of design and operations data can also be used to perform prescriptive maintenance and optimize asset performance. Historical data can reveal subtle patterns humans can't see weeks or months before problems are detected with traditional methods. The system then generates automated responses to events that are starting to cause undesirable performance with equipment.

Control room
FERNDALE, WA

AIR EMISSIONS

We have made significant investments to reduce air emissions. Since 2012, air emissions, including volatile organic compounds (VOCs), from our Refining business unit have decreased by 34.5%. The air research and development program at the Phillips 66 Research Center collaborates with government agencies, trade organizations and academic institutions to provide data that leads to effective rule-making to improve air quality in the communities where we operate.

HYDROCARBON SPILLS

We are improving the integrity testing of pipelines and using data analytics to reduce seam cracks. We apply our technical resources and know-how through joint studies with the Pipeline Research Council International and OneBridge Solutions, Inc.

In 2020, we were able to recover 100% of the diesel released into a containment dike in our largest-volume hydrocarbon spill of the year. The spill, which accounted for 61% of our hydrocarbon spill volume for 2020, was a result of corrosion on the floor of one of our tanks.

WATER MANAGEMENT AND USE

Water is an essential resource in our manufacturing facilities and processes. All our refining assets have on-site water treatment systems, and many of them use available brackish, saltwater or non-freshwater, or have industrial reuse processes.

Phillips 66 researches and develops best practices for water use to ensure we will have sufficient, sustainable water resources well into the future. We also evaluate new technologies and products to decrease our water footprint and recycle more water, and we partner with research institutions to solve water challenges. For example, we are collaborating with the University of Texas at Austin to investigate new membrane technologies that will allow refineries to separate oil and water more efficiently, improving our ability to recycle the oil and water and reduce waste.

In 2020, we completed a survey of water use, including clean steam condensate from steam generation. Our focus on water use supports our commitment to reducing freshwater withdrawals by our facilities. Our refineries recycled more than 190 million barrels of clean water as steam condensate in 2020 instead of withdrawing water from outside sources to generate steam, which we use in our process.

We have developed leading key performance indicators (KPIs) as part of our water use efficiency program for our facilities. Among these water recycling and reuse KPIs are:

- Condensate returned to steam produced
- Condensate recovered vs. consumed in the process

In North America and the United Kingdom, we operate 12 biological treatment plants and 15 pre-treatment facilities.

To meet and exceed the strict requirements of the National Pollutant Discharge Elimination System (NPDES), or industrial pre-treatment permits, we have created improved procedures for what good looks like. It sets higher environmental performance standards, minimizes plant upsets, and reduces chemical use and waste generation.

Our JET stations across Europe have upgraded car wash facilities to protect the environment. We've upgraded eight existing stations and added a new one. We use biodegradable washing chemicals and a smart drying system that reduces energy consumption.

Closed Circuit Reverse Osmosis

In 2020, we evaluated a novel water technology called closed-circuit reverse osmosis (CCRO) as a step-change from the conventional reverse osmosis (RO) technology currently operated in most Phillips 66 refineries. In the industrial world, CCRO is known for its ability to recover significantly more clean water than conventional RO, potentially reducing the wasted water stream by up to 75%. The CCRO works like a cooling tower that cycles water until it reaches a set salt content, at which point it blows down the brine while continuing to generate clean water. Three Phillips 66 facilities are now considering implementation of CCRO, including our refinery in drought-prone Borger, Texas, where the technology could reduce reliance on freshwater and shrink the water footprint by treating and recycling wastewater.

We regularly engage with wastewater trade associations like the Water Environment Federation (WEF) and the Industrial Wastewater Committee (IWWC) to work with our peers to develop and share best practices. Our wastewater experts volunteer their time to peer-review articles published in Environmental Engineering Science. This journal covers climate change, energy and environment, contaminant fate and transport, environmental sensors, and green technologies.

Upgraded car wash at JET branded marketing site
UNTERPLEICHFELD, GERMANY

Bioreactor Bugs That Clean Water

Recently our Humber Refinery in the United Kingdom collaborated with our researchers in Bartlesville, Oklahoma, on an innovative solution that actively removes nitrogen from wastewater in the form of nitrates.

>80%

of nitrogen removed from wastewater in form of nitrates

Processing crude oil requires water, which needs cleaning before discharge. If nitrates aren't removed, they can cause excess algae growth in rivers and streams. The cross-functional team discovered that certain organisms would consume nitrates in a low-oxygen environment. When the bugs are exposed to anoxic conditions, they break down nitrates into nitrogen gas, dissipating them safely into the atmosphere.

Following lab testing, the theory was put into action and field-tested on-site at one of our two bioreactors in Humber. The bugs were able to remove more than 80% of the nitrogen. Since then, we have optimized the cyclic oxygen system parameters to take the project from a successful test to a reliable and efficient mode of permanent operation.

Using this new technology, Humber has decreased its total nitrogen output by more than half, and improvements are ongoing. This allows Humber to meet environmental requirements and realize additional utility cost savings on oxygen and fresh caustic usage.

The knowledge and experience gained operating and implementing this technology has also been shared across the Phillips 66 Water Network, an internal team of employees dedicated to sharing water management best practices.

Tetney Tank Farm
NORTH LINCOLNSHIRE, UK

WASTE MANAGEMENT AND RECYCLING

Across all our operations in 2020, we recycled 124,000 tonnes of materials, which leads to over 1 million tonnes recycled since 2014 companywide.

In the realm of information technology and electronics, we reduced 20% of power use at company-operated data centers and recycled more than 171,000 pounds of electronic-waste.

We track every raw material used in our manufacturing process at all of our lubricants plants. In 2020, we recycled 999 tonnes of scrap material, including cardboard, bottles, cans, pallets and shrink wrap across our lubricants portfolio.

At our refineries, tanks must be cleaned periodically, and we must dispose of the residual product in compliance with strict environmental laws.

Phillips 66 has a systematic hazardous waste program with processes and practices executed by trained personnel. Each of our operating sites has environmental professionals whose expertise is supplemented by corporate staff. When possible, we safely send the materials to another facility for reuse as a fuel source. However, for some materials, the best option is incineration.

One reuse example is cement manufacturing, which requires mixing limestone with clay or shale and then heating it to 2,700°F. Recycled waste from refinery tank cleanings can be used to fire the cement kilns, keeping it out of landfills. Through recycling at kilns, in 2020, more than 28 million pounds of waste from our sites in California, Illinois, Oklahoma, Texas and New Jersey were used as an alternative fuel source.

20%
reduction in power use at data centers

124,000
tonnes of materials recycled

171,000
pounds e-waste recycled

Fulvous Whistling Duck
BOLIVAR FLATS, TX

REMEDIATED WATER RECYCLING ESTIMATES

Our Remediation Management team is responsible for cleaning up water that may have been contaminated. In 2020, the team cleaned up impacted water and recycled about 43 million barrels of water for reuse at over half of our facilities. Reuses included temperature control of cooling towers, emergency response application and outfalls.

Going Further With Remediation

One of the ways we demonstrate our core values is through our Remediation Management team, whose work sometimes begins with an undesirable event — a release — yet end positively.

Our goal is zero accidents or incidents but if one occurs, we can be counted on to do the right thing.

The Remediation Management team learns the local geology, hydrology and species to design corrective action specific to the area. Strategies can range from purchasing land to excavating hydrocarbon-impacted soil to removing impacted groundwater. Prior to construction, our Remediation Management team will work with local community stakeholders to design and implement a remediation plan. The team also implements environmental protection measures that are maintained and augmented throughout construction and restoration activities.

Often going beyond what is required, we collaborate with local, state and federal government agencies to design a plan to replant native trees and plants that create and support a riparian woodland habitat. This effort can increase the use of the project site by reptiles, amphibians and birds.

Throughout this sustainability report, we detail company HSE policies, systems and numerous programs that promote operating excellence and asset integrity.

Phillips 66 has donated property to local park districts to manage wetland and riparian woodland habitats in a manner suitable for the long-term sustainability and diversity of desirable native plants and animal populations. Additionally, we have created temporary drainage swales and seasonal wetlands that increase habitat for native species. Finally, as part of our culture of continuous improvement, the team will bring learnings from the project to groups within the company to prevent future incidents.

Green sea turtle on the beach

Brazoria National Wildlife Refuge
Near FREEPORT, TX

WEB-EXCLUSIVE

Wetlands and Wildlife: Our Conservation Efforts in Action

BIODIVERSITY AND CONSERVATION

Our environmental and sustainability strategy includes enhancing conservation and managing biodiversity risks.

WEB-EXCLUSIVE

Turtles Get a Lifesaving Cruise to Warmer Waters

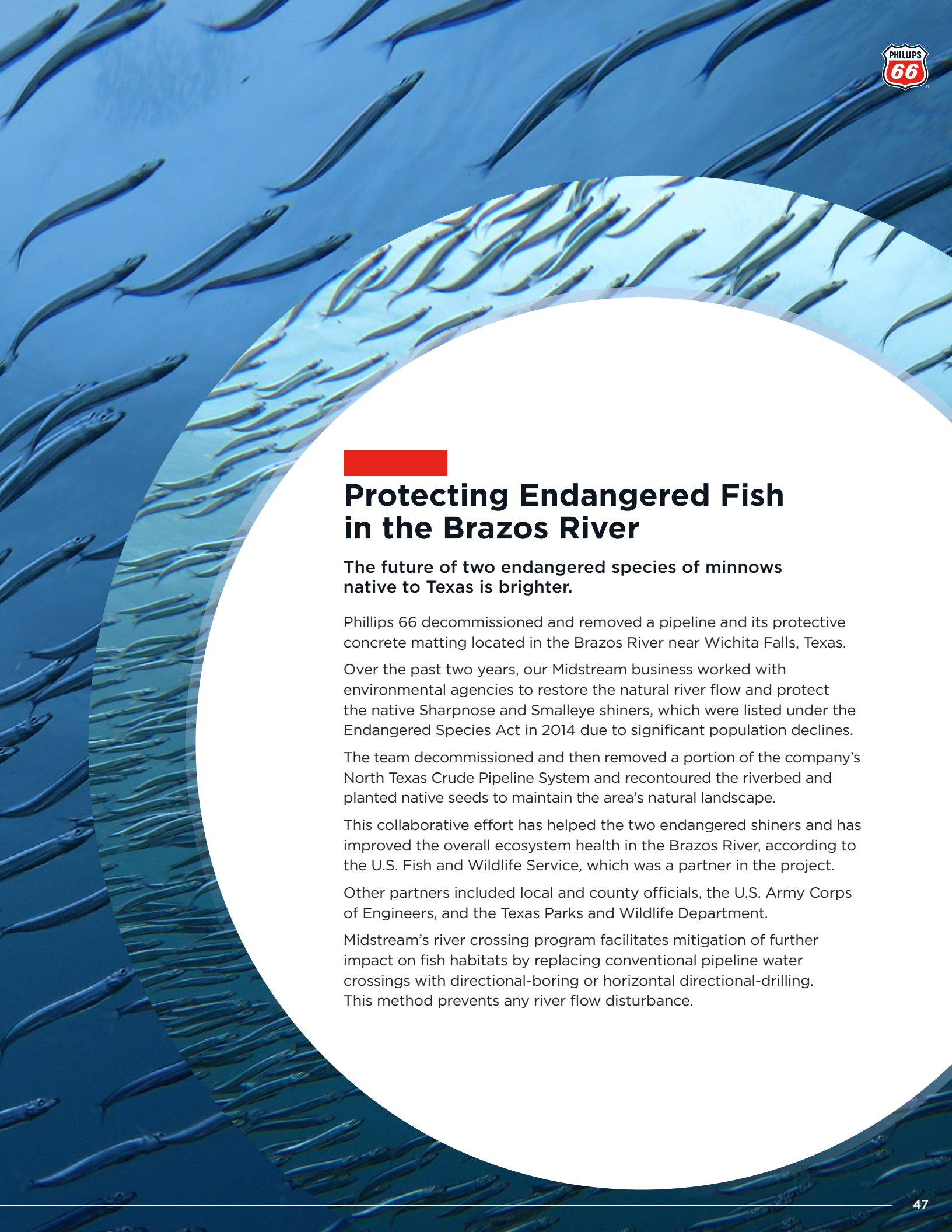
Phillips 66 mitigates impacts on biodiversity through planning processes. We address biodiversity conservation during the planning and development of major capital projects by conducting environmental impact analyses, collecting critical environmental data, and implementing mitigation and monitoring programs to reduce impacts and ensure results.

The company also promotes biodiversity and conservation in the communities where we operate and market our products, partnering with these communities to address issues that are important to them. We also collaborate with local environmental and conservation organizations and national partners to promote biodiversity and environmental stewardship.

We have long-standing partnerships with many national conservation organizations, including the National Fish and Wildlife Foundation (NFWF), Ducks Unlimited and the Wildlife Habitat Council. We support their efforts in many ways. We donate money and resources, and our employees and interns volunteer their time and make monetary contributions, many of which are matched by the company.

Phillips 66 celebrated 25 years of sponsoring the San Bernard National Wildlife Refuge in Texas, and our 2017 donation to the Gulf Coast Initiative continues to help preserve the Texas and Louisiana coasts and wetlands.

For more details on environmental data, see Performance Data in this report.



Protecting Endangered Fish in the Brazos River

The future of two endangered species of minnows native to Texas is brighter.

Phillips 66 decommissioned and removed a pipeline and its protective concrete matting located in the Brazos River near Wichita Falls, Texas.

Over the past two years, our Midstream business worked with environmental agencies to restore the natural river flow and protect the native Sharpnose and Smalleye shiners, which were listed under the Endangered Species Act in 2014 due to significant population declines.

The team decommissioned and then removed a portion of the company's North Texas Crude Pipeline System and recontoured the riverbed and planted native seeds to maintain the area's natural landscape.

This collaborative effort has helped the two endangered shiners and has improved the overall ecosystem health in the Brazos River, according to the U.S. Fish and Wildlife Service, which was a partner in the project.

Other partners included local and county officials, the U.S. Army Corps of Engineers, and the Texas Parks and Wildlife Department.

Midstream's river crossing program facilitates mitigation of further impact on fish habitats by replacing conventional pipeline water crossings with directional-boring or horizontal directional-drilling. This method prevents any river flow disturbance.

Social Responsibility

Trees for Houston volunteer event
HOUSTON, TX

Our values of safety, honor and commitment mean we work together to support each other and strengthen our communities.

Our people are bonded by our vision of providing energy and improving lives and our core values of safety, honor and commitment. These principles guide who we are and what we stand for.

Phillips 66 Culture

OUR ENERGY IN ACTION

Our Energy in Action (OEIA) is the company's shared set of behavioral expectations. It defines how we treat each other, our customers and our communities. Every Phillips 66 employee is expected to live the principles of OEIA as an intentional way to focus on our culture and continuously challenge ourselves to become better. The four actions in the OEIA framework are:

- Work for the greater good
- Create an environment of trust
- Seek different perspectives
- Achieve excellence

At Phillips 66, what we do is equally important as how we do it. Each employee's performance is assessed by quality outcomes and living OEIA daily. These behavioral expectations preserve what makes us great while challenging us to improve for the future.

Learn more about our workforce in the Human Capital Management Report.

Ferndale Refinery
FERNDALE, WA

Global town hall at Sweeny Refinery
OLD OCEAN, TX

Inclusion and Diversity

A diverse workforce and an environment of inclusion expand our ability to collaborate, innovate and differentiate performance. Inclusion and diversity are critical to driving a high-performing organization. At Phillips 66, we lead with inclusion because in its absence diversity cannot thrive. We promote environments free of biases where all employees feel valued, respected and supported.

We view diversity as the visible and less-visible differences that shape social identity and drive behaviors — from differences in gender, race, ethnicity, age, national origin, disability, sexual orientation, education and religion. Seeking different perspectives from people with various backgrounds and cultures propels the organization forward and enables us to reach our full potential.

Inclusion and diversity at Phillips 66 are anchored in:

- Leader-driven efforts across the organization
- Employees who are each responsible for creating an inclusive culture
- Benefits for every employee, regardless of the dimension of diversity
- Policies, procedures and programs

Our 97% retention rate of underrepresented minority and female employees is evidence of our efforts to build a more diverse and inclusive workforce.

We also participate in the National Action Council for Minorities in Engineering (NACME), the largest provider of scholarships in the U.S. to under-represented minorities in engineering. We have a company liaison to the organization, and a Phillips 66 executive leadership team member serves on its board.

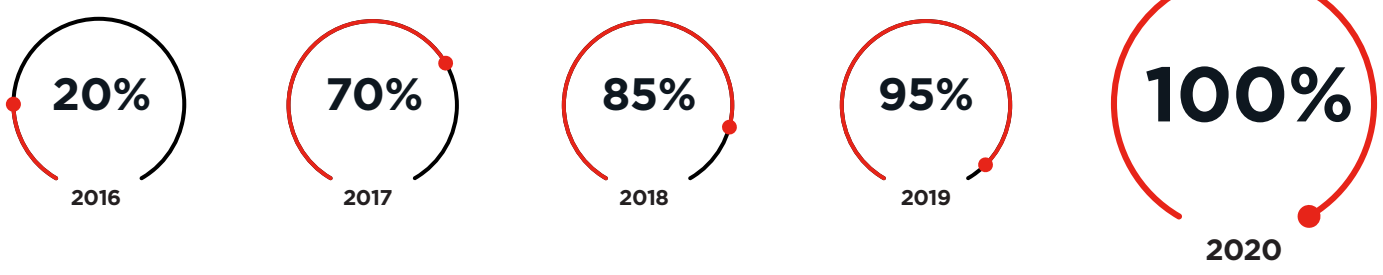
EXECUTIVE INCLUSION AND DIVERSITY COUNCIL

We are committed to enabling an inclusive and diverse workforce throughout our global operations. Our Executive Inclusion and Diversity Council, chaired by our Chairman and CEO Greg Garland and comprised of the executive leadership team and other senior business leaders, was established in 2019. The council sets and monitors the execution of our company's inclusion and diversity strategy, including driving performance against key progress metrics.

A Best Place to Work for LGBTQ Equality

We earned a perfect score for 2020 from the Human Rights Campaign Foundation on its Corporate Equality Index (CEI). This is a national benchmarking measure of workplace equality and corporate policies and practices relating to lesbian, gay, bisexual, transgender and queer (LGBTQ) employees. Our score was earned by satisfying criteria in nondiscrimination policies across business entities, equitable benefits, supporting an inclusive culture and corporate responsibility.

Because of this achievement the Human Rights Campaign Foundation has also recognized us a best place to work for LGBTQ equality. Phillips 66's progress on the CEI over the last five years is below.



Enabling Our Workforce to Thrive

Our Total Rewards program attracts and retains a talented, diverse workforce. Our programs support the physical, financial, emotional and social well-being of our employees and their families.

PHYSICAL WELL-BEING

We provide competitive and comprehensive medical, dental and vision plans. Additionally, we offer a range of health and fitness resources, including expert second opinion and treatment decision support, health coaching, a free on-site ergonomic assessment program, free on-site biometric screenings and a well-being incentive program.

FINANCIAL WELL-BEING

We support the financial well-being of our employees to help them realize their short- and long-term financial goals. All U.S. employees participate in the company-provided pension plan. In addition, the company provides a dollar-for-dollar match of up to 6% in the 401(k) savings plan. The company also makes a discretionary Success Share contribution of up to 6% of pay once a year. Financial coaching is also available through a third-party vendor at no cost to our employees.

Veterans Day ceremony at headquarters
HOUSTON, TX

HIRING HEROES

As a result of a multiyear program to hire military veterans, we have been able to attract, retain and support veterans in our workforce. We're proud that veterans account for 9% of our U.S. workforce and 10% of our 2020 new hires in the United States.

We are also among the companies listed in Military Times' 2020 Best for Vets: Employers rankings.

Keeping History Alive in Old Ocean, Texas

Phillips 66 is the caretaker for the gravesite of 1st Lt. Patrick F. Duggan, a former Union soldier and advocate for freed slaves in Texas.

1st Lt. Patrick F. Duggan "showed a desire to administer equal justice between white and Black."

Duggan died of yellow fever more than 150 years ago and was buried on property that Phillips Petroleum acquired in 1998. The long-forgotten cemetery at the Sweeny Refinery in Old Ocean, Texas, was cleaned up and fenced. In 2012, a Veterans Administration headstone was installed, and in 2020, the company put up a flagpole to fly the U.S. flag.

During Sweeny Hub Phase 2, the project manager researched Duggan's life and summed it up with a line from a letter sent by a prominent businessman advising officials at the Freedman's Bureau of Duggan's death, "He showed a desire to administer equal justice between white and Black."

We learned Duggan was an immigrant who died without heirs. Phillips 66 is proud to keep Duggan's story alive.

EMOTIONAL WELL-BEING

We support our employees and their families as they navigate everyday challenges and life's most extraordinary events. We provide access to a suite of resources, including an Employee Assistance Program (EAP), mental health and substance abuse benefits, backup family care and a caregiver assistance program.

We provide eligible employees with paid parental leave of up to two weeks for mothers and fathers after the birth or adoption of a child. Birth mothers are eligible for 10 additional weeks of leave at 100% of pay.

SOCIAL WELL-BEING

We enhance our employees' ability to give back to their communities in meaningful and personal ways through our Matching Gift Program, Volunteer Grant Program and our Community Service Policy, which offers eligible employees up to two days per year to volunteer for causes that are important to them.

REWARDING EXCELLENCE

We have a pay-for-performance philosophy that continuously raises the bar on what it means to deliver exceptional results. Our employees share in our success through rewards programs, like our annual Variable Cash Incentive Program and Restricted Stock Unit (RSU) Program.

Our median employee received more than $167,000 in total compensation and benefits in 2020, illustrating our commitment to pay competitively and reward performance.

We have formal special recognition programs to acknowledge exemplary performance or actions.

Learn more about Total Rewards in the Human Capital Management Report.

CAREER GROWTH

We offer employees many opportunities for career growth. Among them:

- Onboarding educates new employees on our company vision, values and culture
- "Leading the Vision" and "Leading for Success" programs advance coaching skills for people leaders
- On-demand digital learning and access to LinkedIn Learning offer professional development and expand training opportunities
- Specialized training increases skills in operator roles, engineering, sales and finance
- "Crucial Conversations" training provides communication skills development
- "KATALYST" new-hire training increases employee knowledge of operations, supply and the value chain
- Peer-to-peer teaching and learning expand knowledge on topics such as resilience and change management

15%
of our workforce was promoted in 2020

- **17%**
  of those were women
- **16%**
  of those were underrepresented minorities

98%
retention of high performers in 2020

Developing Our High-Performing Workforce

Achieving excellence and executing our corporate strategy depend on the talents of our high-performing organization. We are committed to helping our people build skills, including investing in emerging digital skills for the workforce of the future and enhancing their well-being through ongoing training and sound policies and programs.

INTERNSHIPS

Our industry-leading internship program provides a steady pipeline of diverse talent. We provide paid internships at every major U.S. job location.

In 2020, we honored our commitments to interns with a combination of in-person and virtual internship opportunities. We also had our most diverse intern class ever, and 97% of our 2021 incoming university hires were recruited from the program. In 2020, 63% of our interns received offers for a returning internship or full-time position.

TRAINING AND DEVELOPMENT

We invest an average of 54 hours of training per employee every year. Employees have regular opportunities to develop expertise, communication and team-building skills, and our performance management process provides continuous coaching and feedback.

Talent Management Teams offer employees structured input on job moves and career development. In 2020, 44% of internal transfers were developmental moves.

In addition to annual performance ratings and continuous coaching, most employees have at least one development review each year with their direct supervisors.

EMPLOYEE RESOURCE GROUPS

Phillips 66 has nine Employee Resource Groups (ERG) that are forums for sharing different perspectives and raising awareness around identity and belonging. They focus on engaging and developing our people and building internal networks that serve the communities where we live and work. In 2020, a pilot inclusion and diversity ERG program in the United Kingdom became official, and we launched a virtual chapter of our PRIDE66 ERG.

Each ERG is supported by local and global executive leadership.

LABOR RELATIONS

Our goal is to create and maintain collaborative relationships with unions and works councils to achieve a high-performing organization and operating excellence.

In the United States, 37% of our workforce is represented by a union.

Black Employee Network Focuses on Inclusion

In a year that could have focused on division and isolation, our Black Employee Network (BEN) helped make the work environment better for all employees.

The tragic deaths of George Floyd and others polarized the country. BEN took action to positively impact the company's culture and advance our inclusion and diversity efforts through employee check-ins and professional development events. Candid conversations on race were hosted throughout the company, the outcomes of which shaped the company's inclusion and diversity strategy.

Black Employee Network Juneteenth event
HOUSTON, TX

San Francisco Refinery
RODEO, CA

Trust Builds Strong Partnerships

Our Rodeo, California, facility exemplifies the positive power of long-standing, strong relationships with the union representing our employees.

One of the unions at Rodeo is the United Steelworkers Union (USW) Local 326.

As we convert the Rodeo Refinery to process renewable fuels fully, permits are needed to enable necessary construction. Public hearings and meaningful community involvement are an important part of the process.

At a Contra Costa County hearing on conservation and development, the president of the USW Local 326, representing 287 workers from the refinery, spoke in favor of Rodeo Renewed. He talked about his pride in being part of the project and the energy transition, and he spoke about the energy industry's importance to the community. He also explained how projects that are part of the energy transition help provide jobs for the future and give workers the opportunity to earn good pay and support their families.

We are grateful for his and all employees' support of this exciting project.

Stakeholder Engagement

Stakeholder relationships have always been a priority for us. They enable us to fulfill our purpose and execute our strategy. Our stakeholders include employees, shareholders, investors, customers, communities where we operate, indigenous people, legislators and energy consumers.

We approach our stakeholder engagement from a position of mutual respect, respecting human rights, demonstrating our values through our actions and being a good neighbor. We conduct our operations in compliance with all applicable laws, in accordance with our company values and policies, and consistent with the spirit of the United Nations' Universal Declaration of Human Rights. Our processes provide a measured and responsive approach to stakeholder engagement.

STAYING INVOLVED AND ALIGNED WITH STAKEHOLDERS

Building local capacity for resilience and preparedness is part of our commitment to our values, human rights, environmental protection and rapid response. We participate in community safety and preparedness programs. We proactively support local police, fire and emergency management personnel to bolster their resources, providing every community where we have facilities with equipment, experience or other resources.

We maintain open communication channels with the communities surrounding our facilities and regularly participate in dialogue on safety concerns, feedback and grievances. This includes community awareness, education and listening panels, social media and our 24-hour community hot lines for each of our refineries.

To identify trends and factors that may be important to us and our stakeholders, we cast wide nets internally and externally to collect and understand essential data and perspectives. We tap into various sources inside and outside the sector, across countries and political views, and cover physical, policy, human capital, reputational risk and opportunities-related information.

We routinely acquire information from sources, which may include customers, in-person interviews and surveys. Data comes from investors, service companies, consultants, industry bodies, research firms and analyst reports. We also use other sources such as governmental databases, environmental and social non-governmental organizations (NGOs), global policy bodies, ESG scorers and activists, rating agencies, indices, and community advisory boards.

CUSTOMERS

Our customers distribute the products we make to consumers and businesses. We market petroleum products through wholesale and joint venture outlets under the Phillips 66, Conoco, 76, JET and COOP brands, primarily in the United States, United Kingdom, Germany, Austria and Switzerland.

WEB-EXCLUSIVE

Extending Digitalization of the Consumer Experience

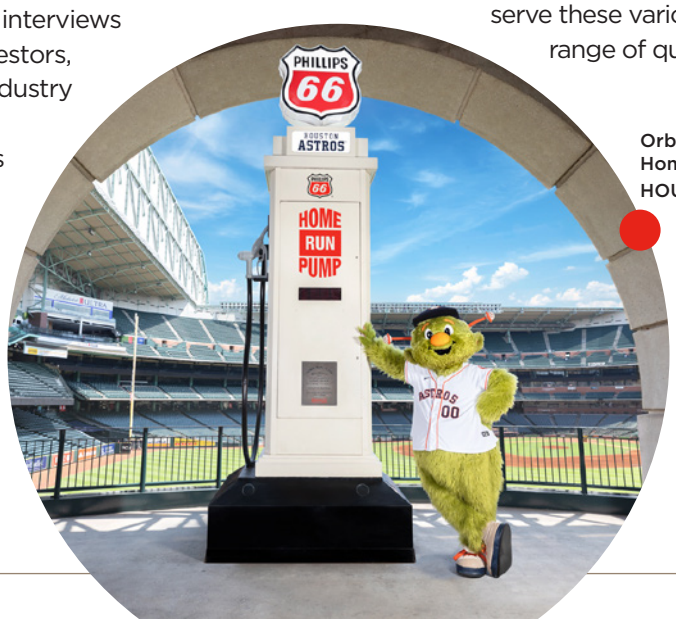
In the United States, branded fuel is sold at more than 7,500 stations, and in Europe, branded fuel is sold at over 1,600 stations.

We also supply branded lubricants at various retail outlets across the United States, under the Phillips 66, Kendall, Red Line and other private label brands.

Phillips 66 is also a major jet and avgas fuel supplier to private, commercial and military aviation.

Additionally, we provide businesses with chemicals and solvents, premium coke and other specialty products.

We maintain open channels of communication to serve these various customers with a range of quality products.



Orbit, the Houston Astros mascot Home Run Pump at Minute Maid Park HOUSTON, TX

COMMUNITY ADVISORY PANELS

Our pipelines have year-round community awareness, education and listening panels to stay in touch with those involved with and affected by our extensive pipeline network.

Our Refining operations have well-established Community Advisory Councils or Panels (CACs or CAPs) representing a cooperative and empowering environment for collaboration in the community. CACs and CAPs include company representatives and community members who meet regularly. Leaders from Refining and, in some instances, Midstream and Lubricants operations, provide feedback on performance, discuss topics of local concern and share insights on plans and activities. The Wood River CAP also serves our Midstream and Marketing and Specialties operations in the area. The Billings CAC covers the Refining and Midstream operations there.

CACs and CAPs are communication channels for safety issues, feedback and grievances, and include business unit leaders. Members of CACs and CAPs also give us feedback on their communication preferences to respond to community needs. Meetings were held virtually throughout most of 2020.

CAC and CAP leaders are focused on their communities and on breaking down any barriers to clear communication. CAC and CAP leaders meet and examine issues such as social privilege, increasing diversity, political issues and concerns over controversial topics. Discussions such as these help us plan for the next five to 10 years and ensure that we keep our communities top of mind.

Community Hot Lines

The communities surrounding our assets are critical stakeholders. We consistently and regularly engage with our local and indigenous communities and seek their feedback, and our community call-in lines offer anonymity. If a community concern is raised, we respond.

Concerned citizens can call our Midstream hot line at 832-765-3887 or 24-hour community hot lines for each of our refineries.

- **Alliance Refinery**
  504-656-3557
- **Bayway Refinery**
  908-523-6005
- **Billings Refinery**
  406-255-2600
- **Borger Refinery**
  806-275-1899
- **Ferndale Refinery**
  360-384-8417
- **Humber Refinery**
  +44 (0) 0800-387330
- **Lake Charles Refinery**
  866-259-8548
- **Los Angeles Refinery**
  English 310-834-5264
  Spanish 310-543-7431
- **Ponca City Refinery**
  580-767-7130
- **San Francisco Refinery (Rodeo)**
  510-245-4070
- **San Francisco Refinery (Santa Maria)**
  805-343-1776
- **Sweeny Refinery**
  979-491-2237
- **Wood River Refinery**
  618-255-3375

811: Call Before You Dig!

Phillips 66 operates about 12,800 miles of U.S. pipeline systems, and the safety of the people who live and work nearby is a priority.

1.5 million
safe digging calls handled

U.S. government and oil industry statistics show that the most common cause of pipeline incidents is improper or unauthorized digging. If someone puts a shovel or heavy machinery in the ground without knowing there's a pipeline buried beneath, they can cause serious damage.

Our pipeline operations business maintains an 811 call center for safe digging, and it has handled over 1.5 million calls. We seek feedback and maintain many avenues for communication — a community education website, a user-friendly mapping application with updated information on our active pipelines and assets, toll-free numbers for questions or concerns, and an email portal. Phillips 66 also offers specialized programs for farmers, ranchers, emergency officials and schools.

In 2020, we digitized real-time data collected in the field via the Phillips 66 Damage Information Reporting Tool (DIRT) and discovered an elevated number of unauthorized excavations in specific locations. Because of the potential danger, we launched a 30-day digital media geofencing campaign to raise public awareness in Salt Lake City, Utah, near the Pioneer Pipeline, and in Spokane, Washington, near the Yellowstone Pipeline.

The campaign kicked off in October with the goal of sharing safe digging practices with companies and people working along Phillips 66 pipeline rights-of-way.

We identified and geofenced home improvement stores, landscapers and nurseries, heavy equipment sales and rental stores, planning and zoning buildings, road department buildings, and public works buildings close to Phillips 66 pipelines. When someone entered the geofenced locations, their electronic phones, laptops and tablets received Phillips 66 and 811 Call Before You Dig co-branded ads. The ads were linked to stakeholder-specific portions of the pipeline safety website.

Subterranean Yellowstone Pipeline
MISSOULA, MT

Pasadena Terminal Storage Facility
PASADENA, TX

INDIGENOUS PEOPLES ENGAGEMENT

Honoring Indigenous people and their connection to the land in the regions where we do business is important to Phillips 66, and it's why we often do more than what's legally required. As a result, we build meaningful relationships, which takes time and intention.

Tribal Historic Preservation Officers: Prioritizing Tribal Engagement

A planned pipeline spanning four states would have required certain authorizations from the U.S. Army Corps of Engineers. The Corps permitting process includes reaching out to select tribes along the route. While the Corps worked its process, Phillips 66 went beyond the basic agency notifications and proactively engaged with all 30 federally recognized tribes in those four states to inform tribal officers and Tribal Historic Preservation Officers (THPOs) of the project. We engaged in dialogue and had the opportunity to learn about the areas along the route with special significance to the tribes. Together, we explored locations for tribal monitors during construction to ensure that the interested tribes had a direct line of sight and input into the project's progress.

While Phillips 66 ultimately exited the project before construction commenced, we carry forward a commitment to meaningful and proactive engagement with tribes on our future projects.

Lummi Nation

We have a long-standing relationship with members of the Lummi Nation, who are part of the CAP at our Ferndale Refinery in Washington state. For many years, we have been invited to participate in the Lummi Nation's First Salmon Ceremony. We support the Lummi Nation's education priorities, such as the Lummi's Northwest Indian College and Boys and Girls Club education center, and we participate in many Nation activities.

MEDIA

We maintain local, national and trade media relationships as part of our commitment to communication and transparency with our stakeholders. We are responsive to inquiries and proactively share information with news outlets. In the event of an incident, we ensure that community information is available within an hour.

INVESTORS AND BANKS

We proactively engage with many of our banks and investors, including socially responsible investors (SRIs), to update them on our progress, discuss items of interest or concern, and learn about their stakeholders' topics of interest. Regular communication enables these stakeholder groups to fulfill commitments related to Principles for Responsible Investments, a voluntary set of investment principles related to integrating sustainability issues in investment decision-making processes. This process continued virtually throughout 2020 to maintain connections.

SOCIAL RISK ASSESSMENT PROGRAMS AND PRACTICES

We adhere to local and national laws and regulations regarding environmental, social and health assessments before starting operations at a new site, including pipelines. For new projects, we conduct a comprehensive social risk assessment to understand the people and concerns along a proposed route.

We provide up-to-date information to stakeholder communities about potential impacts and environmental, health and safety aspects of our work. Much of this information is available on our website. We regularly update and disseminate information through press releases, our website, social media and, in some cases, door-to-door flyer distribution. We also hold public consultations at which we encourage dialogue and welcome feedback from our stakeholders.

We are proud to meet or exceed regulatory requirements and industry best practices for informing the public about our operations. Our public awareness programs have been benchmarked as top-of-industry.

Working for the Greater Good in the Community

We promote economic, social and environmental advancement in the communities where we live and work. The strategy for our corporate philanthropy program is based on four core pillars: education and literacy, environment and sustainability, community safety and preparedness, and civic enrichment.

$225 million
contributed to organizations promoting education and literacy, sustainability, safety and civic enrichment since 2012

2,500+
organizations supported through matching gift and volunteer grant programs

Phillips 66 has contributed $225 million to organizations promoting education and literacy, sustainability, safety and civic enrichment since 2012, which includes $52 million in matching gifts and volunteer grants. In 2020, the company contributed $6 million to COVID-19 and disaster relief efforts.

Phillips 66 also supports over 600 schools in the communities where we operate.

ENCOURAGING VOLUNTEERISM

We enhance our employees' ability to give to their communities through company-sponsored volunteering events, volunteer grants and a matching gift program, among other initiatives.

WEB-EXCLUSIVE
Social Impact in 2020

Good Energy volunteer project
BARTLESVILLE, OK

National Energy Education Day

Meeting the Need: Virtual Energy Education

The National Energy Education Development (NEED) Project, one of Phillips 66's largest nonprofit beneficiaries, adapted to the challenges of 2020.

Through a series of energy-related lessons on its YouTube channel, NEED shifted its teacher training to virtual participation and ramped up marketing on Amazon for its book of experiments, "Energy Lab for Kids."

NEED's work began in March 1980 with a national day of awareness, but as the importance of energy education grew, so did the nonprofit. It works with energy companies, government agencies and organizations to bring balanced energy programs to the nation's schools.

Phillips 66 has been a corporate sponsor of NEED since 2012 and funds many of its professional development workshops for K-12 teachers. Teachers are trained on the latest energy trends and given education kits, infobooks and other materials to bring back to their classrooms at no cost to the school. The workshops were held virtually for 2020. Phillips 66 also provides reimbursement for substitutes when teachers attend the workshops in person.

More than 300 educators from 231 different schools have attended Phillips 66 sponsored virtual workshops in 2020. So far, Phillips 66 has sponsored 152 workshops for 3,730 educators in 30 states.

Performance Data

Phillips 66 branded marketing site
ST. LOUIS, MO

We are determined to be the energy industry's safest and most reliable company.

Performance Data

PERSONAL AND PROCESS SAFETY	2016	2017	2018	2019	2020
Personal Safety					
Combined Total Recordable Rate (TRR)[1]	0.15	0.15	0.14	0.15	**0.11**
Employee TRR	0.14	0.16	0.11	0.13	**0.08**
Contractor TRR	0.16	0.13	0.16	0.16	**0.13**
Midstream Combined TRR	0.09	0.27	0.18	0.19	**0.12**
Midstream Employee TRR	0.09	0.27	0.18	0.19	**0.00**
Midstream Contractor TRR	0.06	0.18	0.23	0.15	**0.20**
API EHSG Benchmark[2]		0.22	0.30	0.24	**0.36**
Refining Combined TRR	0.17	0.16	0.15	0.18	**0.13**
Refining Employee TRR	0.18	0.18	0.11	0.15	**0.13**
Refining Contractor TRR	0.16	0.15	0.17	0.20	**0.14**
AFPM Benchmark[3]	0.33	0.32	0.30	0.33	**0.33**
Combined Lost Workday Case Rate (LWCR)[4]	0.04	0.04	0.05	0.03	**0.02**
Employee LWCR	0.04	0.05	0.05	0.05	**0.03**
Contractor LWCR	0.04	0.03	0.04	0.03	**0.02**
Midstream Combined LWCR	0.03	0.18	0.06	0.03	**0.02**
Midstream Employee LWCR	0.00	0.24	0.06	0.06	**0.00**
Midstream Contractor LWCR	0.06	0.12	0.06	0.00	**0.04**
Refining Combined LWCR	0.04	0.02	0.04	0.05	**0.04**
Refining Employee LWCR	0.06	0.03	0.03	0.06	**0.06**
Refining Contractor LWCR	0.03	0.02	0.04	0.04	**0.02**
AFPM Benchmark[3]	0.08	0.08	0.08	0.08	**0.15**
Combined Fatalities (#)	0	1	1	0	**0**
Employee Fatalities (#)	0	1	0	0	**0**
Contractor Fatalities (#)	0	0	1	0	**0**
Combined Fatality Rate[5]	0.000	0.003	0.003	0.000	**0.000**
Employee Fatality Rate	0.000	0.007	0.000	0.000	**0.000**
Contractor Fatality Rate	0.000	0.000	0.006	0.000	**0.000**
Vehicle Safety					
Midstream Vehicle Safety Rate[6]	3.38	3.87	1.79	1.41	**0.86**
API EHSG Benchmark[2]	1.42	1.88	1.97	1.26	**0.98**
Process Safety					
Tier 1 Process Safety Event Rate[7]	0.02	0.03	0.05	0.06	**0.02**
Midstream Tier 1 Process Safety Event Rate	0.09	0.09	0.24	0.08	**0.02**
Refining Tier 1 Process Safety Event Rate	0.02	0.02	0.02	0.06	**0.02**
AFPM Benchmark[3]	0.06	0.08	0.06	0.06	
Tier 2 Process Safety Event Rate[7]	0.13	0.13	0.13	0.14	**0.12**
Midstream Tier 2 Process Safety Event Rate	0.33	0.33	0.35	0.38	**0.10**
Refining Tier 2 Process Safety Event Rate	0.13	0.12	0.11	0.12	**0.14**
AFPM Benchmark[3]	0.17	0.19	0.17	0.17	

Performance Data *(Continued)*

GREENHOUSE GAS[8]	2016	2017	2018	2019	**2020**
Direct GHG Emissions (Scope 1)					
Direct GHG Emissions (Scope 1) - All GHGs (million metric tons CO_2e)	29.3	29.0	29.3	30.0	**25.5**
Midstream - All GHGs (million metric tons CO_2e)	0.4	0.4	0.4	0.4	**0.5**
Methane (million metric tons CO_2e)	0.004	0.004	0.005	0.005	**0.007**
Downstream - All GHGs (million metric tons CO_2e)	28.8	28.6	28.9	29.6	**25.0**
Methane (million metric tons CO_2e)	0.057	0.067	0.100	0.109	**0.100**
Indirect GHG Emissions From Imported Energy (Scope 2)					
Indirect GHG Emissions (Scope 2) – All GHGs (million metric tons CO_2e)	4.8	4.8	4.8	5.7	**4.6**
Midstream - All GHGs (million metric tons CO_2e)	0.3	0.3	0.4	0.4	**0.5**
Downstream - All GHGs (million metric tons CO_2e)	4.4	4.4	4.3	5.3	**4.0**
Indirect GHG Emissions From Products (Scope 3)					
Indirect GHG Emissions (Scope 3) – All GHGs (million metric tons CO_2e)				372	**313**
Intensity - GHG Emissions					
Scope 1 and 2 Manufacturing-Related Emissions Intensity (metric tons CO_2e/MBOe)				36.7	**37.2**
Scope 3 Product-Related Emissions Intensity (metric tons CO_2e/MBOe)				371	**374**

ENVIRONMENTAL					
Events and Spills					
Environmental Events[9]	122	103	112	119	**75**
Oil spills (#)	59	58	50	49	**26**
Oil spills to land (bbls)	373	2,757	5,598	1,654	**132**
Oil spills to water (bbls)	0	179	0	1,100	**225**
Oil spills beyond secondary containment (bbls)[10]	373	2,936	5,598	2,754	**357**
Midstream oil spills (#)	25	20	19	18	**7**
Midstream oil spills volume (bbls)	454	2,869	4,648	1,403	**25**
Midstream oil spills to land (bbls)	285	2,567	4,624	257	**5**
Midstream oil spills to water (bbls)	0	179	0	1,100	**0**
Midstream oil spills volume recovered (bbls)	256	417	275	1,181	**17**
Air Emissions[11]					
Total Emissions (NOx-PM-SOx-VOCs) (thousand tonnes)	41.1	40.8	40.6	38.3	**35.5**
NOx (thousand tonnes)	12.4	12.2	12.4	12.6	**11.5**
PM (thousand tonnes)	3	2.9	3.2	2.7	**2.3**
SOx (thousand tonnes)	8.8	9.5	8.7	7.8	**7.5**
VOCs (thousand tonnes)	16.9	16.2	16.3	15.3	**14.3**
Midstream NOx (thousand tonnes)	0.5	0.5	0.6	0.6	**0.9**
Midstream PM (thousand tonnes)	0	0	0	0	**0**
Midstream SOx(thousand tonnes)	0.1	0.1	0.1	0	**0.1**
Midstream VOCs (thousand tonnes)	2.3	2.2	2.4	2	**2.6**
Refining NOx (thousand tonnes)	11.8	11.7	11.8	12	**10.6**
Refining PM (thousand tonnes)	3	2.8	3.2	2.6	**2.2**
Refining SOx (thousand tonnes)	8.7	9.5	8.6	7.8	**7.5**
Refining VOCs (thousand tonnes)	13.5	12.9	12.9	12.3	**10.7**

Performance Data *(Continued)*

Water[12]	2016	2017	2018	2019	**2020**
Freshwater withdrawn (million bbls)[13]	993	1,031	1,057	1,029	**975**
Freshwater withdrawn in water-stressed areas (%)[13,14]	30%	29%	30%	28%	**30%**
Freshwater consumed (million bbls)[15]	330	330	358	319	**338**
Freshwater consumed in water-stressed areas (%)	46%	46%	43%	37%	**39%**
Freshwater withdrawal intensity[16]	1.14	1.19	1.20	1.17	**1.36**
Freshwater discharged (million bbls)	664	702	699	711	**637**
Freshwater discharge intensity[16]	0.76	0.81	0.79	0.81	**0.89**
Freshwater discharge to freshwater and municipalities (%)	77%	78%	79%	78%	**78%**
Non-freshwater withdrawal used for once-through cooling water (OTCW) (%)[17]	88%	85%	83%	86%	**88%**
Recycling					
Recycled materials (thousand tonnes)[18]	165	175	141	159	**124**
IT hardware e-waste recycled (thousand lbs.)[19]				170	**171**
Waste					
Hazardous waste disposed (million metric tons)	0.03	0.04	0.02	0.03	**0.03**
PRODUCT SPECIFICATIONS AND CLEAN FUELS BLENDS					
Purchase of Separated Renewable Identification Numbers (RINs)	41%	40%	41%	49%	**52%**
PROCESSING, RELIABILITY, AND ENERGY USAGE					
Processed Inputs Refining (million bbls/year), global[12]	862	859	872	872	**710**
Utilization (%)[12]	96.0	95.1	95.2	93.7	**76.2**
Total energy consumption (trillion BTUs)[12]	488	488	483	493	**426**
Processed Inputs Refining and NGL - (million barrels of oil equivalent), global[8]				973	**807**
Refined petroleum products and NGL fractionated - (million barrels of oil equivalent), global[8]				1,005	**838**
MILES OF PIPELINE[20]					
Miles of pipeline (thousands)				22	**22**
SOCIAL[21]					
Employee Diversity					
Number of employees[22]	14,800	14,600	14,200	14,500	**14,300**
Employees - Represented by unions (U.S. workforce)	33%	34%	35%	38%	**37%**
Employees - Women (international workforce)	22%	22%	21%	21%	**20%**
Employees - Racial/Ethnic minority group (U.S. workforce)	24%	25%	26%	26%	**27%**
Employees - Generation Z	0%	1%	2%	3%	**4%**
Employees - Millennials	33%	36%	38%	40%	**41%**
Employees - Generation X	38%	38%	39%	39%	**39%**
Employees - Baby Boomers	29%	25%	21%	19%	**16%**
Retention Rate/Turnover Rate[23]	95%/5%	94%/6%	93%/7%	94%/6%	**95%/5%**
Interns - Women (U.S. workforce)	40%	42%	40%	48%	**44%**
Interns - Racial/Ethnic minority group (U.S. workforce)	29%	36%	25%	31%	**38%**
Philanthropy and Volunteerism					
Charitable donations (millions of U.S. dollars)				$28	**$32**
Employee volunteerism (thousands of hours)[24]				88	**53**
Schools supported (number of schools)[25]					**600**

FINANCIAL	2016	2017	2018	2019	2020
Net Income (Loss) Attributable to Phillips 66 (millions of U.S. dollars)	$1,555	$5,106	$ 5,595	$3,076	**($3,975)**

GOVERNANCE				
Women on Phillips 66 board of directors		30%	30%	**45%**
Ethics violations allegations received		181	218	**191**
Ethics violations allegations investigated (%)		100%	100%	**100%**
% anonymous/% provided name		44%/56%	38%/62%	**40%/60%**

Performance Data Notes

Prior-year data not available for all categories

[1] Total Recordable Rate, TRR, as defined by the Occupational Safety and Health Administration (OSHA), all rates are calculated as incidents per 200,000 work-hours.

[2] API refers to American Petroleum Institute, Environmental, Health and Safety Group benchmarks.

[3] AFPM refers to American Fuel & Petrochemical Manufacturers, U.S. refining benchmark. Some 2020 benchmarking data not available at time of publication. Data will be updated in the online data table.

[4] Also known as Lost Time Incident Rate, as defined by the Occupational Safety and Health Administration (OSHA), all rates are calculated as incidents per 200,000 work-hours.

[5] Calculated using the OSHA incident rate formula, incidents per 200,000 work-hours.

[6] MVA Rate = [Number of motor vehicle incidents x 1,000,000 miles ÷ Business Use Miles Driven]. Business use of a company-owned, leased, or rented vehicle includes all miles driven while on duty, including commuting to and from work, driving to and from a call-out location, and going to and from lunch.

[7] Tier 1 and Tier 2 Process Safety Events as defined by the American Petroleum Institute RP-754.

[8] GHG emissions include 100% of global assets operated by Phillips 66. Scope 1 emissions include all direct GHG, such as fuel combustion and fugitive emissions, calculated per the U.S. EPA's Mandatory Greenhouse Gas Reporting Program (GHGRP). Scope 2 emissions represents indirect GHG from Imported Electricity + Heat + Steam + Cooling. Scope 3 emissions are from products manufactured and reported per U.S. EPA 40 CFR Part 98. The reporting basis for historical GHG data has been restated to account for updated emissions factors. Phillips 66 is piloting the API Draft Template for Climate-related Reporting Initiative GHG categories. Manufacturing-related and product-related GHG emissions intensity denominator calculated per GRI 305-4 guidance. Additional data and footnotes are available in the GHG Emissions Reduction Targets.

[9] Events that result in an exceedance of the permit or regulatory-based numeric emissions limit, or a significant release of hydrocarbon or chemical. The values noted represent events that require immediate agency notifications.

[10] For spills >1 bbl counted in 2019 the volume dropped 51% compared to 2018; in 2020, the volume dropped an additional 87% compared to 2019. Total number of spills >1bbl includes Midstream in addition to all other operating assets.

[11] Beginning in 2020, we expanded our global enterprise criteria pollutant emissions reporting to include VOCs (volatile organic compounds). Please note that this inclusion increases the total emissions reported compared to data in prior Phillips 66 sustainability reports.

[12] Refining only.

[13] Freshwater is defined as water that has low salinity – usually less than 0.1% (local legal definitions vary). The reported value includes freshwater used as once-through cooling water. Water recycle practices are prevalent within Phillips 66 and result in reduced water withdrawn. Examples include reuse of intermediate refinery streams and optimization of cooling tower and boiler systems to improve water use efficiency.

[14] Phillips 66 uses the World Resources Institute Aqueduct™ Water Risk Atlas to identify areas with high water demand or potential for water scarcity in the future. These analyses help us prioritize projects to improve our efficiency and decrease our environmental footprint in areas where they can have the greatest impact. Sites are classified as water scarce if withdrawing and consuming water in locations with High (40%-80%) or Extremely High (>80%) Baseline Water Stress as classified by the Aqueduct™ Water Risk Atlas. Water use in water scarce areas is expressed as a percentage of the total water use.

[15] Water consumed is primarily due to evaporative losses (e.g., operation of cooling towers). The reporting basis and historical data for this metric have been restated in this report.

[16] Million bbls of water per million bbls of crude oil input.

[17] A minority of sites use OTCW and these sites operate to achieve the highest percentage of non-freshwater possible.

[18] Includes refinery process catalyst captured for metals reclamation, oils and solids captured for reuse, and recyclable materials such as metal, glass and paper.

[19] E-waste recycled includes all electronic-waste avoiding landfill by being refurbished or recycled.

[20] Refers to the miles of pipeline managed, with numbers rounded.

[21] Prior to 2017, Phillips 66 was a co-owner in the Sentinel joint venture (Sentinel) and its employees are not included in the Social data. On Jan. 1, 2017, Sentinel became a wholly owned subsidiary of Phillips 66. Sentinel Transportation, LLC employees are included in the 2020 data, unless otherwise noted.

[22] Sentinel Transportation, LLC employees are included in the number of employees for years 2016-2020.

[23] Turnover and attrition are used synonymously and voluntary attrition includes resignations and retirements.

[24] 2020 employee volunteerism hours were lower than average due to the COVID-19 pandemic.

[25] Schools include primary, secondary, trade, technical and universities.

GLOSSARY

BBL	Barrel (42 U.S. gallons)
BPD	Barrels per day
CO_2e	CO_2 equivalent
M	Thousand
MBOe	Thousand barrels of oil equivalent
MM	Million
Metric Ton	1,000 Kg or 1 tonne

Sustainability Accounting Standards Board Disclosures

This index references the Phillips 66 information in this report pertaining to standards applicable to companies classified by the Sustainability Accounting Standards Board (SASB) in the Oil and Gas — Midstream, and Oil and Gas — Refining and Marketing industries as per SASB's Sustainable Industry Classification System®.

SASB TOPIC	SASB ACCOUNTING METRIC	SASB CODE	PHILLIPS 66 DISCLOSURE
Greenhouse Gas Emissions	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	EM-MD-110a.2 EM-RM-110a.2	Climate Change and TCFD Analysis (pages 16-25)
Air Quality	Air emissions of the following pollutants: (1) NOx (excluding N_2O) (2) SOx (3) particulate matter (PM^{10}) (4) H_2S and (5) volatile organic compounds (VOCs)	EM-MD-120a.1 EM-RM-120a.1	(1) NOx: 11.5 thousand tonnes (2) SOx: 7.5 thousand tonnes (3) Particulate matter: 2.3 thousand tonnes (5) VOCs: 14.3
Water Management	(1) Total freshwater withdrawn (2) percentage recycled (3) percentage in regions with High or Extremely High Baseline Water Stress	EM-RM-140a.1	(1) Freshwater withdrawn - 975 million bbl (3) % in High or Extremely High Baseline Water Stress - 30%
Hazardous Materials Management	Amount of hazardous waste generated; percentage recycled	EM-RM-150a.1	(1) Hazardous waste generated: 30 thousand tonnes
Ecological Impacts	Description of environmental management policies and practices for active operations	EM-MD-160a.1	Operating Excellence: Policies and Management Systems (pages 26-37) Environmental Stewardship (pages 38-47)
	Number and aggregate volume of hydrocarbon spills, volume in Arctic, volume in Unusually Sensitive Areas (USAs), and volume recovered	EM-MD-160a.4	Total number of oil spills: 26 Volume of oil spills (beyond secondary containment): 357 bbls Volume in Arctic: 0 Volume in Unusually Sensitive Areas: 0
Product Specifications & Clean Fuel Blends	Percentage of Renewable Volume Obligation (RVO) met through: (1) production of renewable fuels (2) purchase of "separated" renewable identification numbers (RIN)	EM-RM-410a.1	(2) Purchase of "separated" renewable identification numbers (RIN): 52%
Workforce Health & Safety	(1) Total recordable incident rate (TRIR) (2) fatality rate (3) near-miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	EM-RM-320a.1	(1) Total recordable incident rate (TRIR): 0.11 (employee + contractor) (2) Fatality rate: 0.000
	Discussion of management systems used to integrate a culture of safety	EM-RM-320a.2	Operating Excellence (pages 26-37)
Operational Safety, Emergency Preparedness & Response	Discussion of management systems used to integrate a culture of safety and emergency preparedness throughout the value chain and throughout project life cycle	EM-MD-540a.4	Operating Excellence (pages 26-37)
Critical Incident Risk Management	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1) and lesser consequence (Tier 2)	EM-RM-540a.1	Tier 1 process safety event rate: 0.02 Tier 2 process safety event rate: 0.12
Activity Metric	Refining throughput of crude oil and other feedstocks	EM-RM-000.A	871,589, 100% operated basis Refining throughput: 710 million bbls/year
	Refining operating capacity	EM-RM-000.B	2.2 MM BPD of crude throughput capacity
	Total metric ton-kilometers of: (1) natural gas (2) crude oil and (3) refined petroleum products transported, by mode of transport	EM-MD-000.A	<1 billion bbls (page 32)

Subterranean Glacier Pipeline
GREAT FALLS, MT

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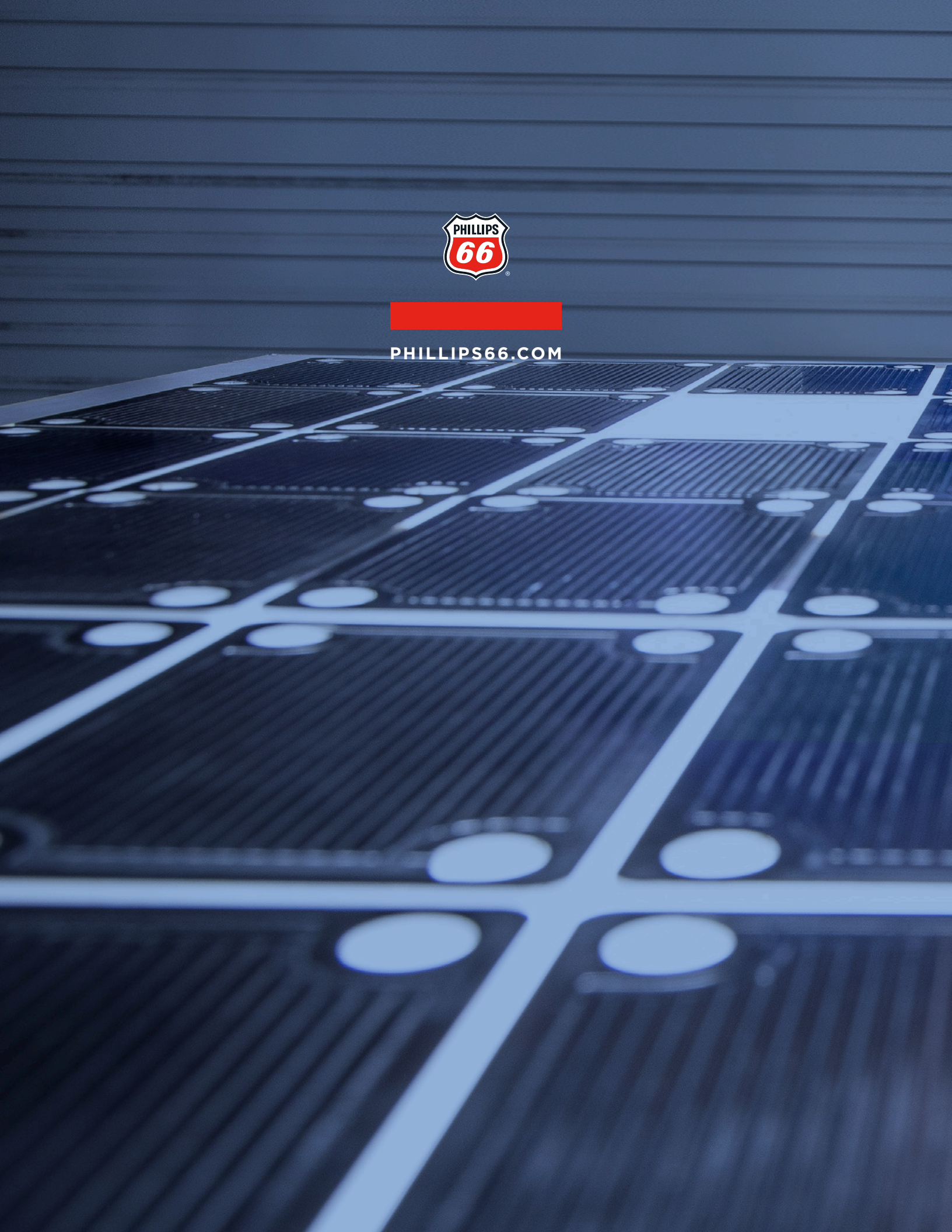
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