At Phillips 66, sustainability encompasses financial strength, environmental stewardship and social responsibility, underpinned by our commitment to operating excellence. Sustainability is smart business. It is also a journey of continuous improvement.

For us, this starts with our values – Safety, Honor and Commitment. These values power our commitment to strong governance and engagement with people. They define how we work together as employees and how we care for the communities where we live and work. They are why we choose to do the right thing, always.

We celebrated many successes during 2017 – record low environmental events, record low personal injury rate, and record high volunteer hours. Being sustainable is our commitment to the future. It’s how we live out our vision to provide energy and improve lives.

Greg Garland, Phillips 66 Chairman & CEO

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### KEY PERFORMANCE DATA*

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety combined personal rate</td>
<td>0.22</td>
<td>0.19</td>
<td>0.19</td>
<td>0.15</td>
<td>0.14</td>
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<tr>
<td>Environmental events</td>
<td>170</td>
<td>123</td>
<td>143</td>
<td>122</td>
<td>103</td>
</tr>
<tr>
<td>Air emissions, global refining, 100% operated (thousand tonnes)</td>
<td>26</td>
<td>26</td>
<td>25</td>
<td>24</td>
<td>24</td>
</tr>
<tr>
<td>Greenhouse gases (direct, million tonnes CO2e)</td>
<td>27.9</td>
<td>28.1</td>
<td>28.2</td>
<td>29.7</td>
<td>29.4</td>
</tr>
<tr>
<td>Spills beyond secondary containment (barrels)</td>
<td>1,601</td>
<td>2,649</td>
<td>1,102</td>
<td>373</td>
<td>2,936</td>
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<tr>
<td>Waste recycled (thousand tonnes)</td>
<td>187</td>
<td>197</td>
<td>209</td>
<td>165</td>
<td>175</td>
</tr>
<tr>
<td>Processed inputs, global, 100% operated (million barrels/year)</td>
<td>833</td>
<td>851</td>
<td>822</td>
<td>862</td>
<td>859</td>
</tr>
</tbody>
</table>

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* 100 percent currently operated assets

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### SAFETY LEADER ACROSS SECTORS

<table>
<thead>
<tr>
<th>Sector</th>
<th>2016</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td>PETROCHEMICAL MANUFACTURING</td>
<td>0.5</td>
<td>0.3</td>
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<tr>
<td>REFINERIES</td>
<td>1.3</td>
<td></td>
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<tr>
<td>PROFESSIONAL &amp; BUSINESS SERVICES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CONSTRUCTION</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AIR TRANSPORTATION</td>
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<td></td>
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<tr>
<td>HOSPITALS</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


*100 percent currently operated assets*
UP CLOSE: Demonstrating Inclusiveness

Strength Based Community Change

Strength Based Community Change (SBCC) programs help more than 10,000 families in Los Angeles each year. From providing childcare and early childhood education, job training and parenting support, to language training, legal assistance and many other programs, SBCC strengthens individuals, families and the community. We are pleased to support SBCC’s Preschool Without Walls (PWW) and Neighborhood Action Councils (NACs).

PWW serves children from infancy to age 5. Staff members work with children, their caregivers and their families to enhance cognitive learning, motor skills, social and emotional development and school readiness. Families also get take-home activities and learning materials. As a result, children are excited and ready to learn when they start kindergarten. The 100 NACs in Los Angeles County are member-designed and focus on education, health, safety, and economic development. The NACs help increase engagement, build a sense of community and create a network of support for members and those they serve.

FOCUS ON: Supporting Diversity

Native American Network

Phillips 66 employees represent a wide variety of cultures, and we embrace the strengths each of them brings to our organization. Our Native American Network (NAN) Employee Resource Group is another example of how we work together to give people a sense of belonging and increase understanding.

Through sponsorship and volunteer efforts, the NAN supports educational and cultural events at Phillips 66 and in the community, bringing Native American culture and traditions to people of all backgrounds.

SPOTLIGHT: Building Communities

Refugee Assistance Through ASB Flüchtlingshilfe

In Germany, our employee volunteers support a variety of programs, including child and elder care; food, clothing, medical care and other support for the homeless; sponsorship of families of children with terminal illnesses; and transition support and German language lessons for hundreds of refugees from Syria, Afghanistan and Chechnya. Refugee assistance comes from our support of the efforts of Arbeiter-Samariter-Bund Flüchtlingshilfe (Workers Samaritan Foundation Refugee Assistance).

These events give our employees of Native American heritage a distinctive community while offering employees an organic opportunity to learn and have open discussions. The NAN also reinforces the close ties between the Native American cultural emphasis on stewardship of the earth and our company values of honor and commitment.

WIDE ANGLE: Improving Lives

PRIDE66

One of the most important steps to inclusiveness is offering people a place to learn and belong. Our nine Employee Resource Groups (ERG) offer a community for employees to share ideas, enhance learning, raise awareness and promote a better workplace. In response to employee interest, one of our newest ERGs is PRIDE66. Our PRIDE66 group promotes inclusiveness through outreach to LGBTQA employees and those who want to know more.

Through “Lunch & Learn” workshops, trainings, community service and fundraisers, hundreds of PRIDE66 members raise awareness and understanding in the workplace and the community.

Further explore our sustainability reporting by reading our full report, Working Together, at www.phillips66.com/sustainability. We welcome your feedback.
Our Chemicals business is a 50 percent share in Chevron Phillips Chemical Company (CPChem). CPChem’s global assets are primarily along the Texas Gulf Coast and in the Middle East, and include manufacturing sites around the world.

With refineries operating in all five PADDs (Petroleum Administration for Defense Districts) across the United States and in Europe, our total refining capacity is 2.1 million barrels of crude oil a day. We have scale and flexibility to help meet the increasing energy demands of the world’s growing population.

Marketing and Specialties distributes our products and connects with our customers at more than 9,000 fuel stations. In the United States, stations operate under the familiar Phillips 66®, Conoco® and 76® brands. In Europe, we sell products through JET® and COOP® outlets. Our finished lubricants and base oils are marketed in more than 80 countries under the Phillips 66®, Kendall® and Red Line® brands.

Our charitable giving was accompanied by 73,000 volunteer hours

Having a business strategy to deliver profitable growth, enhance returns on capital and grow shareholder distributions dovetails with our commitment to the communities where we live and work. Our capital spending of almost $16 billion since 2013 demonstrates growth in our business and sustains our current assets. In 2017, our charitable giving was accompanied by 73,000 volunteer hours. Company policy provides employees with two company-paid days each year to volunteer for causes they value. These philanthropic efforts help create well-educated citizens, support a sustainable environment and foster safe communities.

WORLDWIDE BRANDS
Sustainability at Phillips 66 is built on four pillars: Operating Excellence, Environmental Commitment, Social Responsibility and Economic Performance. These are embedded throughout our organization.

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

Operating in a complex and technologically advanced industry requires skilled and trained workers. We want every one of our employees, contractors and visitors to go home safely every day, and we strive for continuous improvement toward zero incidents across all our operations and functions. Phillips 66 is determined to be the energy industry’s safest and most reliable company. That means the right to stop work: Every person is empowered — and expected — to stop any work he or she believes is unsafe.

Everyone across the company is engaged in the pursuit of operating excellence. For example, each site holds a monthly Joint Safety Forum meeting. Workers and managers review goals, safety practices and results, working together to keep an open dialogue and offer training focused on continuous improvement.

Each asset and operation has high-tech integrity programs and processes designed to prevent spills and protect the community and environment. Process safety standards and programs promote continuous improvement toward our goal of an incident-free workplace. Many of our Specialty and Lubricants plants have achieved internationally recognized quality management systems through ISO certification.

We haven’t reached our goal of zero incidents yet.

A strong Environmental Commitment drives us to deliver affordable energy while protecting air, water and land resources. We respect and protect the environment by operating safely and efficiently. At Phillips 66, that means investing in companywide asset maintenance, following strict operating standards and procedures, implementing business assurance programs and auditing programs and processes.

We consistently apply our environmental policies, standards, procedures and guidelines across all business units, and comply with the strict environmental laws and regulations that govern our operations. We blend alternative and renewable fuels and, to reduce atmospheric vapors, our terminal group ensures tank roofs are sealed.

In many cases, we go beyond the requirements. For example, our Midstream business applies pipeline integrity management, including inline inspections, to increase reliability, prioritize necessary maintenance and prevent problems.

We also started a voluntary environmental program at branded 76® stations in California to promote biodiversity and habitat through native planting. We created an educational brochure for our 1,000 76® franchisees, identifying the eco-region of each station, the benefits from native plants and the plants that support each ecosystem. We reimburse operators who install the native plants at their stations. This initiative is scalable, and our plans are to expand other regions.

Investing in technology and research to advance alternative energy and energy efficiency are part of our stewardship. We’re developing technology to increase safety and simplify the inspection process for our aboveground storage tanks. We’re collaborating with an industry-leading technology developer to enhance worker safety by using an autonomous robot to inspect tanks.

Our refineries – Bayway and Lake Charles – consecutively won the industry’s top safety award.

Helped preserve more than 21,000 acres of habitat
SOCIAL RESPONSIBILITY

Social Responsibility is how we serve and work with others. In the communities where we live and work, we communicate with stakeholders, collaborate with our customers and provide a great place to work for our employees and their families.

We keep open communication channels for safety, feedback and grievances. These include a 24/7 hotline for ethics calls, an 811 call center for safe digging around pipelines, and community education and advisory panels with our midstream and refinery neighbors and communities. We also support organizations that align with our core values, such as local school systems, the American Red Cross, the MIND Research Institute, and the National Energy Education Development Project.

We strive for an inclusive work environment and believe it gives us a competitive advantage. Inclusiveness encourages problem-solving and collaboration, enhances critical thinking and sparks innovation. Our leaders support policies and programs that promote equality, and each employee is responsible for promoting an inclusive and diverse workplace.

Working together with our employees, we support their career goals and professional development, and have comprehensive employment and labor policies and practices. We regularly conduct a confidential employee opinion survey. Management responds to the findings and our board of directors has access to results and data.

More than 30% of our employees participate in an Employee Resource Group.

47 first responder departments funded

>1,000,000 pipeline safety 811 calls handled


$750,000+ donated for university diversity programs

ECONOMIC PERFORMANCE

We’re able to reliably provide energy and improve lives because of our fiscal strength, but Economic Performance is about more than our robust balance sheet. A solid foundation of policies, programs and practices ensures strong governance, processes and checks that enable our employees to do the right thing in all business encounters. The 14,600 employees – union, non-union, hourly and salaried – receive competitive wages, benefits and training, allowing them to contribute to the financial well-being of their families and communities.

In addition to providing hundreds of undergraduate college scholarships and having a comprehensive summer intern program, we hire an average of 1,100 new employees each year. We use an annual average of 4,000 contractors each year, and that number doesn’t include the number of subcontractors and suppliers with whom we work. An American Petroleum Institute (API) and PricewaterhouseCoopers study found that the U.S. oil and natural gas industry supported 5.6 percent of total U.S. employment (2015 data).

We’re proud to be part of a significant sector of our economy.