

# **The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018 No 860) - Reports in respect of the Financial Year Ending 31 December 2019**

## **Phillips 66 Limited**

### **Strategic Report: Statement by the directors on performance of their statutory duties in accordance with s172 Companies Act 2006**

The company's Board of Directors consider they have acted prudently and in good faith and in a manner most likely to promote the success of the company having regard to the matters set out in Section 172 of the Companies Act 2006.

The company is an indirect subsidiary of Phillips 66, a diversified energy manufacturing and logistics company listed on the New York Stock Exchange. The Phillips 66 group manages its activities principally along business and functional lines to achieve overall business objectives but respects the status of the separate legal entities through which it transacts, maintaining the independence of each Board of Directors.

The company's Board of Directors has adopted Corporate Governance Guidelines consistent with the Wates Corporate Governance Principles (the "Guidelines") as a general framework to assist the Board in carrying out its responsibilities for the business and affairs of the company to be managed by or under the direction of the Board in accordance with the Companies Act 2006. The Guidelines address six principles of Purpose and Leadership, Board Composition, Board Accountability, Opportunity and Risk, Remuneration, and Stakeholder Relationships and Engagement. Since their adoption, the Board has conducted itself in accordance with the Guidelines to ensure decisions made take into account stakeholder input, the long-term consequences of decisions, and the company's reputation of high standards of business conduct.

### **Directors' Report: Statement by directors on how they have had regard to the need to foster the Company's business relationships with suppliers, customers and others; and the effect of that regard.**

The company's Board of Directors understands that developing and maintaining strong mutually beneficial relationships with suppliers, customers, and other stakeholders, such as the communities in which it does business, is critical to delivering on the company's strategy. In order to develop and maintain these relationships, the company's Board of Directors oversees and approves the numerous stakeholder engagement activities that are undertaken during the year.

Ways in which the company has engaged with its stakeholders (other than its affiliated company shareholders) in this financial year were as follows:

- **Suppliers:** the company held monthly, quarterly, and annual meetings with numerous key materials and service suppliers (e.g. providers of engineering design services; chemicals and catalysts; haulage of petroleum products; rail freight services and waste management services) to mutually review operational and commercial performance under those company contracts.
- **Customers:** For marketing customers, the company performed several activities and participated in or hosted events to inform and engage its stakeholders. The company published a monthly 'In Touch+' newsletter to retail customers and a similar quarterly newsletter to wholesale customers. The company published several adverts in industry trade magazines, specifically highlighting Humber's 50th Anniversary; and, launched the new JET ULTRA premium fuels campaign branding. The company participated in several industry events through the year, such as the Institute of Petroleum Week where the company hosted a customer dinner; exhibited at the Federation of Petroleum suppliers annual expo and The Forecourt Show; attended the Top 50 Indies Awards, Forecourt Trader Awards and Retail Motor

industry dinner or retail; as well as several other ad hoc hospitality events with customers.

- Consumers: For consumers of JET products, the company continued the new JET image rollout across the retail network, which included information pamphlets on the new JET ULTRA premium fuels; and, the launch of a new consumer-facing website.
- Commercial trading counterparties: For the company's commercial trading counterparties, the company performed several activities and participated or hosted events to inform and engage with those counterparties. The company participated in several industry events throughout the year, such as the Institute of Petroleum Week where the company hosted and attended various customer dinners and events, Asia Pacific Petroleum Conference events, ISCC Technical Committee meeting, Platts & Argus industry events, as well as several other ad hoc hospitality events with trading counterparties.
- Local Communities: The company supported local communities through the Phillips 66 Community and Education Initiative, aimed at supporting local charities, schools and organisations with donations and employees' time. Highlights include sponsoring and supporting the STEM Charity "GreenPower" to deliver their first regional event in Hull and supporting a number of schools with both donations and volunteer hours enabling them to enter and build electric cars and teaching students key workability skills. The company hosted over 200 year 6 students at the Humber Refinery over two days promoting STEM through fun activities during Educating Engineering Kids days. The company also helped buy a minibus for a school supporting students with special needs to enable outside schooling, improve engagement, education and attainment and sponsored, and helped develop a regional STEM skills fair. In addition, the company donated funds and/or employee volunteer time to charities and organisations supporting hunger, mental health, cancer research, heart health, and others.

### **Directors' Report: Statement by directors on engagement with UK Employees.**

The company's Board of Directors recognise that employee engagement underpins superior business performance and is committed to measuring engagement through periodic opinion surveys, with ongoing measurement and action planning.

There is no recognised trade union representing any part of the company workforce. Employees from the UK are currently represented in the European Works Council, with supporting mechanisms at different sites designed to ensure ongoing, proactive consultation and information sharing across the organisation. In many cases these communications also include contract employees working in Company locations.

Examples of engagement which took place with employees during this financial year include:

- Humber Staff Forum at the company's Humber Refinery;
- Newsletters;
- Town Hall meetings (updates from senior UK managers/Board members and executives from Phillips 66);
- Leaders meetings;
- Culture and communication teams;
- Inclusion and Diversity Network;
- Safety teams;
- Breakfast Briefings in the London office;
- Various departmental work team meetings;
- Early Careers Network; and
- European Works Council Meetings.

## **Directors' Report: Corporate Governance Arrangements**

As described in the Section 172 statement in the Strategic report, the company's Board of Directors has adopted Corporate Governance Guidelines consistent with the Wates Corporate Governance Principles (the "Guidelines") as a general framework to assist the Board in carrying out its responsibilities for the business and affairs of the company to be managed by or under the direction of the Board and the Guidelines have been applied since they were adopted.

# **Phillips 66 UK Holdings Limited**

## **Strategic Report: Statement by the directors on performance of their statutory duties in accordance with s172 Companies Act 2006**

The Company's Board of Directors consider they have acted prudently and in good faith and in a manner most likely to promote the success of the Company having regard to the matters set out in Section 172 of the Companies Act 2006.

The Company is an indirect subsidiary of Phillips 66, a diversified energy manufacturing and logistics company listed on the New York Stock Exchange. The Phillips 66 group manages its activities principally along business and functional lines to achieve overall business objectives but respects the status of the separate legal entities through which it transacts, maintaining the independence of each Board of Directors.

The Company's Board of Directors has adopted Corporate Governance Guidelines consistent with the Wates Corporate Governance Principles (the "Guidelines") as a general framework to assist the Board in carrying out its responsibilities for the business and affairs of the Company to be managed by or under the direction of the Board in accordance with the Companies Act 2006. The Guidelines address six principles of Purpose and Leadership, Board Composition, Board Accountability, Opportunity and Risk, Remuneration, and Stakeholder Relationships and Engagement. Since their adoption, the Board has conducted itself in accordance with the Guidelines to ensure decisions made take into account stakeholder input, the long-term consequences of decisions, and the Company's reputation of high standards of business conduct.

## **Directors' Report: Statement by directors on how they have had regard to the need to foster the Company's business relationships with suppliers, customers and others; and the effect of that regard.**

As a holding company with no employees and no third-party commercial trading activity, the key stakeholders of the company are:

- The company's shareholders, who are all affiliated companies.
- The company's direct subsidiary Phillips 66 Limited, which is the main Philips 66 operating company in the UK (the Operating Company).

The Company's Board of Directors engages with the Operating Company through strategy reviews, establishing strategic objectives and targets, and interaction with Operating Company management to optimise the Phillips 66 value chain in the UK.

## **Directors' Report: Corporate Governance Arrangements**

As described in the Section 172 statement in the Strategic Report, the Company's Board of Directors has adopted Corporate Governance Guidelines consistent with the Wates Corporate Governance Principles (the "Guidelines") as a general framework to assist the Board in carrying out its responsibilities for the business and affairs of the Company to be managed by or under the direction of the Board and the Guidelines have been applied since they were adopted.

# Phillips 66 CS Limited

## **Strategic Report: Statement by the directors on performance of their statutory duties in accordance with s172 Companies Act 2006**

The Company's Board of Directors consider they have acted prudently and in good faith and in a manner most likely to promote the success of the Company having regard to the matters set out in Section 172 of the Companies Act 2006.

The Company is an indirect subsidiary of Phillips 66, a diversified energy manufacturing and logistics company listed on the New York Stock Exchange. The Phillips 66 group manages its activities principally along business and functional lines to achieve overall business objectives but respects the status of the separate legal entities through which it transacts, maintaining the independence of each Board of Directors.

To the extent applicable to it, the Company's Board of Directors aligns its Corporate Governance approach with that of Phillips 66 Limited, which is the main Phillips 66 operating company in the UK and the Company's indirect parent. Phillips 66 Limited has adopted Corporate Governance Guidelines consistent with the Wates Corporate Governance Principles (the "Guidelines") as a general framework to assist the Phillips 66 Limited Board in carrying out its responsibilities for the business and affairs of Phillips 66 Limited to be managed by or under the direction of the Board of Phillips 66 Limited in accordance with the Companies Act 2006. The Guidelines address six principles of Purpose and Leadership, Board Composition, Board Accountability, Opportunity and Risk, Remuneration, and Stakeholder Relationships and Engagement. The Company's Board has conducted itself in accordance with the Guidelines, to the extent applicable to it, in order to ensure decisions made take into account stakeholder input, the long-term consequences of decisions, and the Company's reputation of high standards of business conduct.

## **Directors' Report: Statement by directors on how they have had regard to the need to foster the Company's business relationships with suppliers, customers and others; and the effect of that regard.**

The Company's Board of Directors understands that developing and maintaining strong mutually beneficial relationships with stakeholders in which the Company does business is critical to delivering on the Company's strategy. In order to develop and maintain these relationships, the Company's Board of Directors oversees and approves numerous stakeholder engagement activities that are undertaken during the year.

The Company has engaged with its stakeholders during the financial year as follows:

Commercial counterparties: For the Company's commercial trading and storage counterparties, the Company performed several activities and participated or hosted events to inform and engage those counterparties. The Company participates in several industry events throughout the year, such as the Institute of Petroleum Week where the Company hosts and attends various customer dinners and events, Asia Pacific Petroleum Conference events, ISCC Technical Committee meeting, Platts & Argus industry events and conferences, as well as several other ad hoc hospitality events with counterparties and storage providers.