

# **The Companies (Miscellaneous Reporting) Regulations 2018 (SI 2018 No 860) - Reports in respect of the Financial Year Ending 31 December 2020**

## **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: Marketing customer and stakeholder engagement activities were severely restricted by Covid-19. The company published a monthly 'Fuel For Thought' digital newsletter to retail customers and a similar quarterly newsletter to wholesale customers. The company published several adverts in industry trade magazines. The company participated in two industry events at the beginning of the year: a customer dinner during the Institute of Petroleum Week; and the retail Scottish Grocer Awards where a retail dealer was a finalist in a category. Post the UK's 23 March 2020 Covid-19 lockdown other events with customers and stakeholders were unable to be supported.
- 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. With the Government Covid-19 restrictions many of the traditional events switched from in-person to virtual events or had to be postponed. However, the company was still able to participate in several industry events throughout the year, such as the Institute of Petroleum Week where the company hosts and attends various customer meetings and events, virtual Asia Pacific Petroleum Conference events, virtual ISCC Technical Committee meeting, virtual Platts & Argus industry events and several other ad hoc virtual meetings 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. The company adapted its programme to support those in underserved areas and who had been impacted negatively due to Covid-19. Prior to the Covid-19 lockdown in March 2020 the company held its annual EEK (educating engineering kids) event hosting over 200 year 6 students at the Humber Refinery over two days promoting STEM through fun activities.

During Covid-19 the company supported its neighbourhood by buying and delivering food parcels to the elderly and vulnerable, as well as supporting school children in underserved areas with a nutritional meal for them whilst studying at home. The company's philanthropic team on top of its normal donations, targeted extra support for charities who had seen a spike in their services due to Covid including a number of domestic abuse and mental health charities as well as providing thousands of pieces of PPE to local hospitals and care homes.

The company also developed online STEM activities and work experience to keep students engaged through home learning and give them opportunities to interact with industry."

### **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 were represented in the European Works Council (EWC) up until 1 March 2021 when it was disbanded as a result of Brexit. This included 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. For those employees in the UK who were represented by the EWC they continue to be represented and consulted using local forums, committees and teams.

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 Phillips 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 in or hosted events to inform and engage those counterparties. With the Government Covid-19 restrictions many of the traditional events switched from in-person to virtual events or had to be postponed. However, the company was still able to participate in several industry events throughout the year, such as the Institute of Petroleum Week where the company hosts and attends various customer meetings and events, virtual ISCC events, virtual Platts & Argus industry events and conferences, as well as several other ad hoc virtual meetings with counterparties and storage providers.