# Our Sustainability Journey

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CIN THE FRONT COVER: Two Chevron Phillips Chemical employees working at the company’s facility in Port Arthur, Texas, which produces ethylene, cyclohexane, and propylene.
Fifteen years ago, Chevron Phillips Chemical Company was founded on a rich history of invention and progress, and today, we continue building on that legacy. Since our inception, we have remained steadfast in our commitment to running a business that is sustainable for our employees, customers, communities and owners. As a company, we define sustainable as keeping the health and safety of our workforce paramount in our daily operations, being a responsible steward of the environment, creating the chemical building blocks for products that will advance the development of society and exceed customer expectations, and acting responsibly and ethically across our global business dealings.

Our last report shed light on how we are preparing for a new phase of sustainable growth, outlining our plans to build $6 billion in new assets along the U.S. Gulf Coast. In 2014, the work of constructing two world-class facilities began. We broke ground on a 1.5 million metric ton per year ethane cracker at our Baytown, Texas, facility in April and two polyethylene units at our Old Ocean, Texas, site in June. These ceremonial acts of breaking ground were a nod to our legacy of innovation and a celebration of the progress we’re making toward an even more sustainable future.

In many ways, 2014 was a fantastic year for Chevron Phillips Chemical. We set performance records in reducing our combined employee and contractor recordable incidence rates and seven of our manufacturing facilities completed the year without a recordable process safety event. We also achieved record earnings as demand for our products continued to grow.

This report details how our employees and contractors worldwide are more dedicated than ever to operating safely, manufacturing high-quality products and bettering the environment and communities where we live and work. From implementation of an award-winning isopentane recycling project in Orange, Texas, and the grand opening of a new petrochemical academy in Sweeny, Texas, to achieving zero contractor injuries at our S-Chem facilities in Saudi Arabia, our stories reveal the many ways we are integrating sustainable practices into everything we do.

While we are very proud of what we achieved last year, the next phase of our journey will not be without its challenges. We must continue working diligently to prevent serious personal and process safety events from occurring at our facilities. Given the current market conditions for crude oil, we are working to control costs and minimize the impact of falling margins for our products. As many of our most seasoned employees approach retirement age, we are expanding our workforce development initiatives to fill the talent gap.

Through our greatest successes and most difficult challenges, we strive to remain transparent and authentic in all of our business dealings. Last November, I had the pleasure of addressing attendees at the Gulf Petrochemicals and Chemicals Association (GPCA) Annual Forum in Dubai about the need for greater transparency of corporate conduct in our industry. It is my sincere hope that through this report, our company’s social media channels, and other methods we use to communicate with stakeholders, that you will recognize our progress toward sustainable growth.

Peter L. Cella
CEO, Chevron Phillips Chemical
Building a Sustainable Path Forward

As we advance toward a new phase of sustainable growth at Chevron Phillips Chemical, we continue to build on our industry-leading customer service ratings and value chain relationships through demonstration of our core values and transparent communication. Our deepening conversations with our stakeholders help us identify the issues they consider most relevant. By aligning our business processes and practices with the needs of our internal and external stakeholders, we ensure our economic performance through the delivery of innovative and sustainable products and technologies that strengthen our position as a premier chemical company.

In 2014, we made significant headway on our safety performance, environmental and product stewardship, workforce development efforts and community engagement all while achieving record earnings. We are excited to share our progress in our fourth annual sustainability report, which highlights the steps we take every day to build a sustainable path forward.

Last year, our conversations led us to the completion of our first internal issue assessment, which identified issues that matter most to our internal stakeholders. They revealed a need to create a team to investigate life cycle assessment processes. This year, we are in the process of completing our first external issue assessment to uncover what is most important to our external stakeholders. Since we regularly communicate and collaborate with local leaders, residents, customers, suppliers, industry partners and owners, we anticipate our practices to be in line with their expectations. However, our goal is to always go beyond what others expect of us to break new ground toward a more sustainable future.

We also conducted our second Global Employee Survey in 2014. Our response rate of 82 percent exceeded our previous survey and industry average response rates, which tells us our employees are more comfortable than ever expressing their views. Based on the input we received, we’re developing a company-wide action plan as well as localized action plans to address specific improvement opportunities.

We work closely with our stakeholders to ensure best-in-class performance that promotes policies to support economic growth and innovation, while protecting people and the environment. Our president and CEO, Pete Cella, is currently a board officer of the American Chemistry Council where he serves as vice chairman of the board and chair of the Council’s board finance, audit and membership committee. David Morgan, our senior vice president of polymers, serves on the executive committee of the World Plastics Council, a newly formed organization designed to address important issues such as marine debris. Several other core members of our leadership team also participate in sustainability-related committees with leading industry organizations.

At Chevron Phillips Chemical we understand that keeping an open dialogue with our stakeholders is critical to reaching our aggressive growth and sustainability goals. Please let us know how we’re doing on our path to sustainability. Your feedback is essential to the dialogue.

Rick Wagner
Global Sustainability Manager,
Chevron Phillips Chemical
Our Company at a Glance

As one of the world’s top producers of olefins and polyolefins and a leading supplier of aromatics, alpha olefins, styrenics, specialty chemicals, piping and proprietary plastics, Chevron Phillips Chemical Company LLC and its affiliates are committed to driving sustainable practices throughout all of our businesses. We are highly invested in preserving natural resources, developing our employees, caring for the communities in which we operate, and providing returns on investment for our owners.

Our company was founded on July 1, 2000, when Chevron Corporation and Phillips Petroleum Company, now Phillips 66, combined their worldwide petrochemical businesses. Chevron and Phillips 66 and their wholly-owned affiliates each continue to own 50 percent of Chevron Phillips Chemical.

Headquartered in The Woodlands, Texas, Chevron Phillips Chemical has $12.3 billion in assets and more than $14.1 billion in annual revenues, interest in 36 facilities worldwide, and approximately 5,000 employees. Our chemicals and plastic resins are essential to the manufacture of more than 70,000 consumer and industrial products.

Joint Ventures*

Saudi Chevron Phillips Chemical Company (in operation since 2000) and Jabul Chevron Phillips Company (operation in 2008) are 50/50 joint ventures between a Chevron Phillips Chemical subsidiary and the Saudi Industrial Investment Group (SIIG).

Saudi Polymers Company is a joint venture company formed in 2007, owned by a Chevron Phillips Chemical subsidiary (35 percent) and National Petrochemicals Company (Petrochem) (65 percent), a joint stock company incorporated in the Kingdom of Saudi Arabia.

Petrochemical Conversion Company (PCC), formed in 2011, is a joint venture between SIIG (50 percent) and a Chevron Phillips Chemical subsidiary (50 percent).

Gulf Polyolefins Distribution Company (GPDC), a distribution company in Dubai, United Arab Emirates, formed in 2011, is jointly owned by Petrochem (65 percent) and a subsidiary of Chevron Phillips Chemical (35 percent).

Gulf Polymers Distribution Company FZCO (GPDC), a distribution company in Dubai, is a subsidiary of Chevron Phillips Chemical (50 percent) and a subsidiary of Chevron Phillips Chemical (50 percent).

Qatar Chemical Company Ltd. (Q-Chem) and Qatar Chemical Company II Ltd. (Q-Chem II) are joint ventures between a subsidiary of Chevron Phillips Chemical (49 percent), Mesaieed Petrochemical Holding Company (Q-S.C.) (49 percent), and Qatar Petroleum (2 percent). Q-Chem commenced operations in 2003, while Q-Chem II began operations in 2010. The Ras Laffan Olefins Company (RLOC) facility is operated by Q-Chem and owned 53.15 percent by Q-Chem II, 45.85 percent by Qatofin and 1 percent by Qatar Petroleum.

Chevron Phillips Chemical operates the largest loop slurry high-density polyethylene unit in North America at its Cedar Bayou, Texas, complex and shares production on a 50/50 basis through a sharing venture, formed in 2003, with INEOS.

American Styrenics LLC, founded in 2007, is a combination of the second largest polystyrene producer and the third largest styrene producer in the Americas through a 50/50 joint venture with Trinseo.

Research & Technology

At Chevron Phillips Chemical, developing innovative technologies that help us retain our competitive advantage, produce our materials safely and efficiently, and create industry-changing advancements and process improvements is at the center of everything we do. Located in Bartlesville, Oklahoma, and Kingwood, Texas, our research and technology centers provide full-scale petrochemical and polymer research, including new catalyst development, product and process development, and commercial process engineering and support.

The company holds more than 2,900 domestic and international patents and patent applications, and employs more than 260 scientists, researchers and engineers who conduct a range of research activities. Laboratory/bench and pilot scale process development, analytical and mechanical testing, patent support, and technical and service support for customers worldwide are only a few of our activities. Our state-of-the-art Plastics Technical Center is equipped with the latest processing and testing technology for molding and extruding polymer and copolymer resins. In 2014, Chevron Phillips Chemical announced plans to construct a new polyethylene pilot plant at the Bartlesville Research & Technology Center to provide leading-edge research, including new catalyst and polymer development.

Chevron Phillips Chemical continues to build on a long history of scientific discoveries. Our proprietary MaxTECH® loop-slurry process is one of the most licensed petrochemical processes for the production of high-density polyethylene and polypropylene in the world with more than 80 commercial reactors using this technology.

Other proprietary technological achievements include:

- mPact® metallocene polyethylene technology
- On-purpose 1-hexene technology
- Full range normal alpha olefins technology
- Conventional and high viscosity polyalphaolefins manufacture
- E-Series® acetylene reduction technology
- First and second generation functional drilling fluids
- AromaX® catalyst and process technology for on-purpose benzene production
- Methyl mercaptan process and technology
- K-Resin® styrene-butadiene copolymer (SBC)

Honoring Our Inventors

In 2014, the research and technology team recognized the company’s U.S. patent holders at a series of dinners and facility town halls. Inventors were honored for their contributions to the intellectual property portfolios of Chevron Phillips Chemical and its owners. The events celebrated the innovative spirit upon which the company was founded and reinforced that we believe in innovation and recognize its importance to industry leadership.

In honor of their lifetime achievements in the plastics industry, three of our scientists were recently inducted into the Plastics Hall of Fame. J. Paul Hogan and Robert L. Banks were posthumously recognized in 2014 for their discovery of a catalyst that transformed ethylene and propylene into solid polymers and established the foundation of a global polyolefins industry. Donald Norwood was recognized in 2015 for inventing the loop reactor to produce polyethylene. Today about 250 loop reactors are in operation around the world.
Chevron Phillips Chemical Products

Quality Products
- Benzene
- Cyclohexane
- Drilling Additives
- E-Series® Catalysts
- Ethylene
- K-Resin® SBC
- Mining Chemicals
- Normal Alpha Olefins (NAO)
- Paraxylene
- Polyalphaolefins (PAO)
- Polyethylene
- Polyethylene Pipe
- Polypropylene
- Polystyrene
- Propylene
- Specialty Chemicals
- Styrene

Primary Brands:
- AlphaPlus
- Aromax
- DriscoPlex
- K-Resin
- Marflex
- Marlex
- Martech
- Orfom
- Scentinel
- Synfluid

Olefin Cracker
- Ethylene
- Heavy Olefins
- Polyethylene
- Polypropylene
- Normal Alpha Olefins (NAO)
- Polyethylene oxide/urethane products
- High performance synthetic lubricants
- Surfactants, wax, alcohols, modified food starch, bio oil additives, drilling fluids
- Polyethylene pipe, packaging films, bags & bottles, toys, fuel tank components
- PVC resin, glycol, acryl acid, EP rubbers
- Butadiene, isoprene, synthetic rubber, engineering resins, solvents
- Textiles, toys, bottles, appliance parts, food & medical packaging
- Propylene oxide/urethane products

Refinery
- Ethylene
- Styrene
- Benzene
- Cyclohexane
- Paraxylene
- Mixed Xylenes
- Tires, insulation, boat hulls
- Nylon carpet, hosiery, auto parts
- Polyester fiber, PET bottles
- Toys, food packaging, medical devices, institutional products, displays

Other Feedstocks
- Specialty Streams
- Hydrogen Sulfide
- Specialty Chemicals
- Solvents, fine & mining chemicals, specialty fuels, drilling additives
- Polymer modifiers, gas odorants, ag chemicals
Corporate Governance & Senior Leadership

Our company is governed by its Board of Directors comprised of eight representatives, under the terms of a limited liability company agreement. There are three voting representatives each from Chevron and Phillips 66, and the chief executive officer and the chief financial officer of Chevron Phillips Chemical are non-voting representatives. Certain major decisions and actions require the approval of the Board. All Board actions require the approval of at least one representative each of Chevron and Phillips 66.

*Reflects senior leadership as of July 2015
Executing Our Business Strategy to Sustain Growth

Chevron Phillips Chemical’s vision for the future is to be the premier chemical company achieving superior financial results while protecting people and the environment. With this vision at the center of everything we do, the company’s business strategy is clearly defined and uses as the foundation our core values of safety, mutual respect, integrity and being performance driven. We are aligned around four strategic elements to support our growth structure: Operational Excellence, Organizational Capabilities, Competitive Advantage and Profitable Growth.

In 2014, we continued executing on our business strategy to set us on a path to sustainable growth for years to come:

**Operational Excellence**
- Introduced Life Saving Rules to deepen and extend our safety culture
- Formed a new Asset Integrity & Reliability organization to reduce likelihood of process safety events and improve plant availability

**Organizational Capability**
- Conducted Global Employee Survey to assess progress toward being a great place to work
- Continued Diversity & Inclusion initiative to foster an environment of mutual respect

**Profitable Growth**
- Initiated project to expand normal alpha olefins (NAO) capacity at Cedar Bayou facility
- Safely and successfully started up-purpose H2S unit and 725 MTPY 1-hexene plant at our Cedar Bayou facility

**Competitive Advantage**
- Began construction of new U.S. Gulf Coast assets to capitalize on shale resource development in North America
- Successfully commissioned and achieved start-up of the world’s largest on-purpose 1-hexene plant at our Cedar Bayou facility

**U.S. Gulf Coast Petrochemicals Project**

In 2014, Chevron Phillips Chemical broke ground on the two sites for our U.S. Gulf Coast (USGC) Petrochemicals Project, a $6 billion expansion project critical to our sustainable growth strategy. Ceremonial groundbreaking for a 1.5 million metric ton per year ethane cracker took place at our Cedar Bayou facility in Baytown, Texas, on April 2. In Old Ocean, Texas, on June 17, we celebrated the groundbreaking for the two world-scale polyethylene units. The estimated completion date for the USGC Petrochemicals Project is in 2017.

“As we carefully planned this project, we leveraged our first mover advantage to attract the strongest workers from all of the contract companies working on the project and together we will be successful,” said Peter L. Cella, president and chief executive officer of Chevron Phillips Chemical. “With the construction of this mega project, we will be in a position to better serve the growing needs of our customers around the globe.”

The state-of-the-art, world-scale polyethylene units will be capable of producing a wide variety of high and linear low density polyethylene products incorporating state of the art chrome, Zeigler-Natta and metallocene based polyethylene polymers. These facilities will incorporate Chevron Phillips Chemical’s leading edge MarTECH® SL, mPact™ metallocene and MarTECH® Advanced Dual Loop bimodal technologies and will be the largest polyethylene loop reactors in the Americas.

*“The USGC project is made possible by advances in technology. First, innovations within the energy and petroleum industry have allowed us to unlock oil and gas trapped in shale rock. Second, the dedication to research and innovation within Chevron Phillips Chemical continues to drive development of high-performance polyethylene resins,” said Cella.*

**2014 Accomplishments**
- Combined employee and contractor recordable incidence rate of 0.241 and no lost time injuries
- Safe, on-schedule start-ups of high voltage substations at both sites
- Fabricated and began to receive long-lead equipment and issued purchase orders for all remaining major equipment
- Significantly progressed furnace fabrication at Cedar Bayou site
- Began fabrication and took receipt of the first of over 2,700 rail cars
- Developed operational readiness plans for approximately 1,200 considerations and commenced writing of 1,850 operating procedures and training manuals
- Continued incorporation of environmental factors into the facilities’ designs including low pressure vent systems and operational elements for minimizing flare emissions
- Achieved GHG permitting, signifying the project meets high standards of energy efficiency and CO₂ minimization

**Profitability**
- Developed operational readiness plans for approximately 1,200 considerations and commenced writing of 1,850 operating procedures and training manuals
- Continued incorporation of environmental factors into the facilities’ designs including low pressure vent systems and operational elements for minimizing flare emissions
- Achieved GHG permitting, signifying the project meets high standards of energy efficiency and CO₂ minimization

**Vision**
To be the premier chemical company achieving superior financial results while protecting people and the environment.

**Strategy**
Grow profitably with sustainable competitive advantage and operational excellence to continuously improve the value created for our shareholders, customers, employees, and communities.

**Core Values**
- Safety & Mutual Respect
- Integrity
- Performance Driven

**Value Proposition**
- World-class products and services
- Innovative technology to create world-scale facilities
- Competitive Advantage
- Organizational Capabilities

**Operational Excellence**
- Safe, on-schedule start-ups of high voltage substations at both sites
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- Achieved GHG permitting, signifying the project meets high standards of energy efficiency and CO₂ minimization

**Organizational Capabilities**
- Successfully commissioned and achieved start-up of the world’s largest on-purpose 1-hexene plant at our Cedar Bayou facility
- Safely and successfully started up-purpose H2S unit and 725 MTPY 1-hexene plant at our Cedar Bayou facility
- Conducted Global Employee Survey to assess progress toward being a great place to work
- Continued Diversity & Inclusion initiative to foster an environment of mutual respect

**Competitive Advantage**
- Began construction of new U.S. Gulf Coast assets to capitalize on shale resource development in North America
- Successfully commissioned and achieved start-up of the world’s largest on-purpose 1-hexene plant at our Cedar Bayou facility
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- Achieved GHG permitting, signifying the project meets high standards of energy efficiency and CO₂ minimization

**Building a Sustainable Tomorrow**
Chevron Phillips Chemical Company LLC. Sustainability Report.
Chevron Phillips Chemical’s Operational Excellence System serves as the global framework for continual improvement of the design, construction and operation of leading-edge facilities to minimize risks to our employees, contractors, communities and customers. A foundational component of our long-term business strategy, Operational Excellence helps us continually improve process safety, asset security and integrity, reliability and utilization, while delivering quality products and services to our customers in an environmentally responsible manner.

Building upon heritage systems from our owner companies, our Operational Excellence System is used worldwide to:
- Assess and manage risks
- Set goals for and assume measurement of continual improvement
- Provide alignment of activities and resources to meet objectives
- Gain stakeholder input
- Assure the quality of our products and services throughout their life cycles
- Rigorously audit our performance against operational objectives and compliance requirements

Responsible Care®

Chevron Phillips Chemical has fully embraced the principles of Responsible Care®. As a member of the American Chemistry Council (ACC), Chevron Phillips Chemical’s U.S. petrochemical manufacturing facilities, product lines, headquarters, and research and technology operations participate in the Responsible Care® program. In addition, Chevron Phillips Chemical affiliates in Qatar and the Kingdom of Saudi Arabia have completed Responsible Care® RC14001 certification, demonstrating their commitment to the principles of Responsible Care® promoted by the Gulf Petrochemicals & Chemicals Association (GPCA) and the ACC.

The ACC’s Responsible Care® program was established in 1988 and embraces the development and application of innovative chemistry, helping our industry contribute to sustainable development while allowing us to meet the world’s growing need for essential chemicals and the products those chemicals make possible. Chevron Phillips Chemical’s Operational Excellence System is designed to fulfill the ACC’s Responsible Care® Management System requirements and uses third-party audits to certify adherence to the codes of management practice.

Through our Operational Excellence System, we communicate company results and welcome the input of our employees and contractors, regulatory agencies, communities, customers and other interested stakeholders. At Chevron Phillips Chemical, Operational Excellence incorporates a “Plan-Do-Check-Act” model to achieve continual improvement. It requires that each facility and product line be formally audited by our corporate Environment, Health, Safety and Security group.
Building a Culture of Safety

At Chevron Phillips Chemical, safety is ingrained in the company culture. We are determined to not only maintain our top-quartile industry status but lead our peers in personnel safety, process safety, security and emergency preparedness. Our “Target Zero” safety philosophy ensures that all of our facilities have stringent processes in place to maintain the safe operation of company assets around the globe. We set aggressive targets to drive continual improvement and to ensure that our employees and contractors return home safely every day.

Since 2002, we have decreased the combined employee and contractor recordable incidence rate by 71 percent. Seventeen of our 20 eligible U.S. sites have achieved the STAR designation through OSHA’s Voluntary Protection Program (VPP). Seven of our facilities have operated for five years or more without an employee recordable injury or illness and four facilities have operated without a single employee recordable injury or illness since the formation of the company in 2000.

In 2014, Chevron Phillips Chemical furthered its progress toward Target Zero, demonstrating the best combined employee and contractor safety performance in the company’s history. Two major capital projects were completed injury-free, including construction of the 1-hexene plant at the Cedar Bayou facility and an expansion of our facility in Tessenderlo, Belgium. These results reflect high levels of employee and contractor engagement in safe work practices and leadership commitment to safety, increased involvement of cross-functional employee best practice teams, and an increased focus on contractor safety. We place equal amount of importance on both employee and contractor safety. We want everyone to go home safe at the end of each day.

While we made great progress toward our goals in 2014, we still have opportunities for improvement. In July 2014, Chevron Phillips Chemical experienced a fire in an ethylene unit at its facility in Port Arthur, Texas, which injured two employees. Following the incident, a thorough investigation was completed to determine root causes and recommendations that will help prevent a similar event in the future. Certain recommendations from the investigation team were promptly implemented and others are currently being implemented throughout Chevron Phillips Chemical facilities globally. We also shared our findings through an industry alert to help other companies avoid similar incidents.

We remain focused on continuous improvement of our safety performance and protecting the health and safety of our employees, contractors, partners and the communities in which we operate.

S-Chem Contractors Achieve Target Zero

S-Chem initiated a Contractor Safety Program to develop stronger relationships with its individual contractor companies. The goal was to reinforce safety expectations and seek continual improvement. In 2014, S-Chem achieved a significant safety performance milestone with its contractors achieving zero injuries and a TRIR of zero. The results are the collective efforts from all S-Chem departments, including Environmental Health & Safety, Maintenance and Operations.

Additionally, S-Chem implemented a program called “One Team One Result Four All.” The phrase means that ALL employees follow ALL procedures for ALL activities ALL the time. The program was implemented to support the expectation of Operational Discipline.

Contractor Safety Forum Celebrates Best of the Best

In June 2014, Chevron Phillips Chemical held its fourth annual Contractor Safety Forum to recognize contractors who are committed to safety. With approximately 110 contractors representing 54 companies and over 100 Chevron Phillips Chemical and joint venture employees in attendance, the event provided an opportunity to share best practices that promote safer working environments for everyone. The focus of the event was on turnaround safety because multiple contractors are often working side-by-side in congested areas.

Contractor Safety Excellence Awards were also given to 61 companies that met the following criteria: logged at least 25,000 cumulative hours during the 2013 calendar year, maintained a Total Recordable Incidence Rate (TRIR) of 0.29 or less and did not experience a recordable injury/illness that resulted in an inpatient hospitalization with medical treatment beyond first aid at a Chevron Phillips Chemical or affiliate facility. Contractors located in Asia, the Kingdom of Saudi Arabia, Qatar and the U.S. were awarded Contractor Safety Excellence Awards.
Tenets of Operation

The achievement of Operational Excellence is ultimately determined by the actions of employees and contractors throughout Chevron Phillips Chemical. The Tenets provide a universal code of conduct to guide decision-making by all employees and contractors for working safely and is viewed as a “license to act.”

The Tenets empower Chevron Phillips Chemical employees and contractors at all levels of the organization to work safely and to respond consistently and appropriately in a timely manner, thus preventing injuries/illnesses and process safety events. We believe that safety is everyone’s responsibility. Any employee or contractor has the right and obligation to stop any work activity deemed unsafe. This corporate philosophy, supported by the Tenets and our Operational Excellence System, helps our co-workers arrive at work and go home safely while targeting zero injuries/illnesses or incidents.

Life Saving Rules Rolled Out Company-Wide

Based on an analysis of recordable injuries and process safety events, the company identified the need to develop a set of simple rules to reinforce existing safe work practices. A team of employees from different worldwide facilities and job functions began developing the company’s unique set of Life Saving Rules in the first quarter of 2014.

These nine rules target high-risk activities that, if not executed correctly every time, have a high potential for serious injury or fatality. The initiative reinforces existing guidelines in a clear, concise and simple manner. They complement, rather than replace, our Tenets of Operation, Operational Excellence System and other local procedures and policies to move us closer to “Target Zero.”

The Life Saving Rules include simple, prescriptive descriptions that are easily understood by employees and contractors. By the end of the first quarter of 2015, awareness training for all Chevron Phillips Chemical employees and nested contractors was completed. The company is now developing an interactive training program for the next phase of reinforcing the Life Saving Rules.

Process Safety

Continual emphasis on process safety to prevent incidents and manage key risks inherent to our business is a cornerstone of our company’s Operational Excellence System. Process safety is core to protecting people and ensuring asset integrity, as well as supporting growth and economic stability. Through our Operational Excellence System, facilities conduct self-assessments to ensure compliance with Chevron Phillips Chemical’s internal standards and regulatory requirements. Our process safety systems meet and, in many cases, may exceed industry norms.

Chevron Phillips Chemical continues to utilize Process Safety Metrics, consistent with the industry-recognized standard API-754, to track critical process safety parameters and drive continuous work process improvements. Process Safety Metrics data is critical to our continuous improvement of process safety performance. In 2014, our Tier 1 and Tier 2 Process Safety Event Rate remained flat with 2013 but our overall performance remains strong with a 41 percent decrease in the rate compared to the previous three years. We continue implementing measures to improve on the progress we have made since 2010.

Mechanical Integrity (MI) continued to be a primary focus within our facilities throughout 2014. We conducted MI assessments at all of our facilities to evaluate the status of our programs and identify improvement opportunities. Each site has issued MI action plans with target dates to address identified areas for improvement. Chevron Phillips Chemical personnel throughout the organization work diligently to ensure our process equipment is properly constructed, installed and maintained to improve unit safety and operational reliability by preventing equipment failures and accidental releases. We also created a new Asset Integrity Organization to better track goals and metrics and consistently implement best practices throughout the company. The organization will maintain resources both at the corporate level and at each manufacturing site to facilitate information sharing.

In the spirit of our fundamental value to continuously improve, a structured proactive performance assessment program is being executed in 2015 to further validate and enhance our process safety strategies for the company. By focusing on risk evaluations, communications and mechanical integrity, we continue to expand and improve our process safety program and overall reliability to achieve Operational Excellence.
Security

Chevron Phillips Chemical strives to provide a safe and secure environment for personnel, contractors, customers and visitors. Our Global Security team has developed and implemented a Security Management System. Aligning with our Operational Excellence System, it features structured security programs to protect personnel, assets, operations, information and the company’s reputation in a dynamic threat environment. Global Security has also developed and published a variety of security guidelines and global Operational Excellence procedures. Examples of these include a security risk assessment methodology, alert levels and security response measures, security incident reporting guidelines, and a comprehensive travel security guide for employees.

Chevron Phillips Chemical facilities are compliant with the Responsible Care® Security Code, which requires security risk assessments (SRAs) through our Operational Excellence System. We take pride in maintaining full compliance with applicable domestic and international security regulations.

Emergency Response Preparedness

While we manage our business with the goal of preventing incidents, Chevron Phillips Chemical maintains a strong capability to respond to operational emergencies to minimize their potential impact. Emergency response teams, comprised of volunteer Chevron Phillips Chemical personnel, as well as local and regional experts, stay well prepared by undergoing frequent emergency response training. Briefings and drills simulating scenarios including product spills, fires, explosions, natural disasters and security incidents are conducted on a regular basis to ensure continual improvement.

Emergency Rescue Team Named World Champions

Chevron Phillips Chemical’s emergency rescue team at the Cedar Bayou facility in Baytown, Texas, exemplifies excellence at work. Each year the team competes against other petrochemical companies from across the country at the International Rescue Emergency Care Association (IRECA) conference. In 2014, the team placed first in technical rescue and was named world champions. This win marked the team’s 11th victory in technical rescue.

Chevron Phillips Chemical strives each day to conduct our business in a safe, secure, injury-free and environmentally responsible manner. We recognize that to achieve sustainable growth and meet the increasing global demand for petrochemicals, we must do so in a manner that protects the planet’s land, water and air resources.

We seek to make optimal use of the resources we consume and minimize emissions and waste. Our Operational Excellence System provides the framework for integrating these elements into our management processes. In 2008, Chevron Phillips Chemical implemented its Energy Best Practice Team to establish a baseline and measure ongoing energy performance, develop and share energy best practices, and implement projects to reduce energy consumption.

In 2014, the Energy Best Practice Team continued its focus on efficient flare operation, steam system performance, and awareness of fresh water consumption and efficiency. The team also developed an Energy Optimization guideline to be used in the early stages of new or expansion projects. This guideline provides a structured, cross-functional and documented review of a project design to determine the most energy efficient options that would allow the project to operate safely and reliably for the long term.

Overall the company experienced a 38 percent reduction in emission events from 2013 to 2014, and our international sites led the way with a 55 percent reduction. This reduction brought the total reportable emission events at all sites to an all-time low. Global performance in 2014 exemplifies Chevron Phillips Chemical’s commitment to reducing our environmental footprint and it is a practice that we continue to promote through our Operational Excellence System on a global basis.

As a good neighbor and steward of our natural resources, we track and investigate global reportable emission events. A reportable emission event is one in which an unauthorized release of material to the air, water or land exceeds a statutory or regulatory reportable quantity (RQ). We also consider events resulting in a water release in excess of water discharge limits found in permits and/or regulations as reportable events. Further, events specifically defined in local regulations or permit conditions that require immediate reporting are treated internally as reportable emission events, even if they do not meet any other reportable emission event criteria.
Chevron Phillips Chemical's energy performance data reflects our total energy consumption, including both energy consumed from fuels as byproducts, and energy purchased and consumed by our manufacturing sites. Our energy consumption data are compiled in accordance with the methods used by the American Chemistry Council for the ACC Energy Efficiency and Greenhouse Gas Annual Survey. Chevron Phillips Chemical's 2014 global annual energy consumption was 179 Trillion Btu, which is a slight increase from the 176 Trillion Btu consumed in 2013. This increase is mainly attributed to higher throughput in 2014.

Energy efficiency is determined when we measure energy performance in terms of Energy Intensity (EI), a ratio of the aggregated pollutants emitted over the products produced, and Energy Intensity Index (EI), a ratio of the actual energy consumed over an expected baseline energy number, for each operating unit. In 2014, Chevron Phillips Chemical's U.S. energy performance had mixed results. In terms of the U.S. manufacturing plants' EI, we observed a 6 percent improvement in overall Btu per pound compared to 2013. This was attributed to higher throughput and differences in overall product slate. The EI was 101.7, an increase of 0.3 percent from 2013 and 1.7 percent from our 2008 baseline. Overall, reliability issues had an adverse impact on the EI in 2014; however, in 2014 the EI at our U.S. facilities improved for 12 operating units and four plants from 2013.

Energy Efficiency and Conservation

Examples of our energy efficiency improvement activities include the following:

- The EI for seven of the 12 above mentioned operating units improved by more than 5 percent from 2013.
- For the second year in a row, our Alamo Drilling Specialties Company in Conroe, Texas, received an ACC Responsible Care® Energy Efficiency award; the plant reduced its energy consumption per pound of product by 14 percent from 2013.
- Our CPSC joint venture achieved a record low EI since the energy program began in 2008.

The observed unit energy improvements were the result of ongoing process monitoring and optimization of work processes, improved steam system management and flare operation, continuous improvement projects and upgrades to furnace burner technology. Piping and vessel insulation was upgraded at several sites. Programs were also initiated to gradually replace conventional light fixtures with LED fixtures to save electricity and reduce maintenance costs. To identify energy saving opportunities, six energy assessments were performed in 2014, four at U.S. plants and two at international Chevron Phillips Chemical joint venture plants.

In 2015, Chevron Phillips will be increasing capital and human resources committed to its Asset Integrity organization to improve reliability, which will in turn help reduce energy usage to reverse the recent trends in EI. The Energy Best Practice Team’s metric reporting system will also be improved and expanded. Longer term, Chevron Phillips Chemical’s expansions will incorporate new process technology to continuously improve the company’s energy efficiency. One example is the world-scale USGC Project expansions at Cedar Bayou and Old Ocean.

Making our operations more energy efficient is always a priority at Chevron Phillips Chemical. The benefits are threefold: reduced greenhouse gas (GHG) emissions, reduced global emissions and lower production costs. Over the past decade we have expanded our international operations to include olefins production and associated derivative facilities in Qatar and Saudi Arabia. These additions to our operating capacity have achieved historically high levels of production on a global scale. This growth brings increases in the company’s tonnage of GHG and global emissions inventory; however, during that same period, Chevron Phillips Chemical has implemented tools to improve energy efficiency. The global GHG tonnage and intensity remained relatively flat in 2014, even with increased production. The GHG intensity metric is the measurement of pounds of CO₂ equivalent emissions per pound of product produced.

Over the last 10 years, U.S. sites have incorporated emission controls projects that have reduced emissions events and led to emission stabilization even though production has increased. Our consistent performance is a benchmark we continue to strive for as we expand in the U.S. Internationally, decreases in emissions are the result of reduced flaring at S-Chem and G-Chem sites. Minimizing shutdown and startup events is crucial to ensuring our products are made with optimum quality in a safe and efficient manner.

Isopentane Recovery Process Reduces Hazardous Waste

More than 90 percent of our Orange, Texas, manufacturing facility’s total hazardous waste came from spent isopentane, an unacceptable amount to a team striving for excellence. To reduce this number and improve efficiency, the team designed an innovative process using a single distillation tower to purify used isopentane. The result was a 76 percent waste reduction and a product that is 99.5 percent pure isopentane. The benefits also translated to cost savings as the company offset purchasing new isopentane by using material from the isopentane recovery unit. The site runs approximately three batches through the recovery unit each month. These impressive results garnered the Orange team a Texas Environmental Excellence Award in the technical/technology category from the Texas Commission on Environmental Quality.
Cedar Bayou Expansion Projects Place High Priority on Mitigating Environmental Impacts

Over the next few years, our Cedar Bayou manufacturing facility in Baytown, Texas, will be undergoing expansion projects. In preparation, several environmental initiatives were implemented in 2014 to mitigate potential environmental impacts. A few of these initiatives include expanding storm water mitigation ponds to ensure clean waterways, implementing landscaping throughout the facility to prevent soil erosion run-off, installing particulate matter filtration and using temporary lighting powered by solar panels to reduce energy consumption.

The facility invested in a comprehensive landscaping program that included planting 869 trees, 193 acres of sod and hydro seed grass and 3,995 native plants. Many of the additional trees were planted outside the Cedar Bayou facility boundaries near the community to add visual beautification as well as provide a natural sound buffer during construction activities, reducing overall noise pollution. The recycling program at Cedar Bayou is also extensive and in 2014 the facility recycled 26,600 tons of concrete, 7,650 tons of soil, 929 tons of metal, 3,400 tons of plastic and 55 tons of brick.

The Borger facility is also actively involved in recycling and reusing materials. In 2014, the facility recycled:
- 608,362 pounds of hydrocarbon for use as fuel
- 400,000 pounds of spent nickel catalyst for recovery of the nickel
- 5,615,467 pounds of high-sulfur byproducts for use as a feedstock for manufacture of sulfuric acid
- 260,000 gallons of spent sulfidic caustic as a substitute for fresh caustic at another company
- 38,000 pounds of miscellaneous scrap metal
- 9,000 pounds of electronic equipment sent to be evaluated for reuse and/or recycling
- 500 pounds of used lamps and other mercury contaminated material

Material Savings and Scrap Reduction Efforts
Net Big Results for Performance Pipe

At Performance Pipe, our manufacturing and engineering groups instituted material savings and scrap reduction initiatives across the division. These initiatives led to an improvement in material savings of 3.5 million pounds. In 2014, production scrap generated was reduced by 1.6 million pounds and to-ground scrap inventory decreased by 275,000 pounds compared to 2013.

Global Water Consumption

We are committed to developing management practices that conserve and protect fresh water resources and enhance water efficiency at our facilities. Fresh water management and conservation is an important global issue that is critical to the sustainability of both our business and our communities. Water is a necessity at all of our manufacturing facilities to generate the steam and cooling water required for the balanced, efficient manufacture of olefins, polyolefins and many other chemical and plastic products. Many Chevron Phillips Chemical facilities partner with adjacent third-party manufacturing sites to manage and recycle water for multiple uses, thus reducing the overall water consumption from onsite sources.

The water consumption data presented are the sum of measured or estimated fresh water intake at all facilities worldwide. These data do not take into account water that is returned to the source or seawater. They are used for cooling at our facilities in Singapore, Qatar and Saudi Arabia to help preserve fresh water resources. Older data were based in large part on estimated use, whereas more recent years' data sets are based on improved site-specific measurement and accounting of fresh water use to the extent practicable.

Considering improved fresh water measurement in recent years, our global water use intensity and the total fresh water usage at both domestic and international sites has declined slightly over the past two years, as more production capacity is brought online.

Reducing Waste Water Discharge through Optimization

At our La Porte Engineering Polymers Compounding facility, reducing waste water discharge is a top priority. By reducing the amount of fresh water and increasing recycling into the scrubber tower process, improving metering and controls of water flow and improving inspection and repair of water leaks, the team was able to reduce waste water by 12 percent compared to 2013.

Partnering with ACC to Reduce Marine Debris

Chevron Phillips Chemical is partnering with the American Chemistry Council’s Plastics division to help reduce marine debris in our world’s oceans and waterways. We are contributing to solutions through our leadership roles within the World Plastics Council, created in 2013 to bring together strong, committed plastics industry leaders from around the world to address four complex global issues facing our industry today. One of these issues is marine debris. Our executives also serve in leadership positions with the ACC and its Plastics Division, Plastics Energy Recovery Team and Flexible Film Recycling Group, of which we are a founding member.

Our organization has taken the Operation Clean Sweep (OCS) Company Pledge to prevent resin pellet loss. Sponsored by the ACC and the Society of the Plastics Industry, OCS promotes voluntary best management practices to help control the accidental release of plastic pellets into the environment. OCS requirements have been added into our procurement guidelines and participation in the program is part of our supplier scorecard. In 2014, many of our facilities sponsored and employees participated in beach and fresh water cleanups. We also engage with our communities to educate them on the importance of reducing, reusing, recycling or recovering plastic materials.
Creating Products that Improve Lives

Chevron Phillips Chemical was founded on a legacy of innovation. Throughout the years we have built on that legacy by keeping our focus on the creation of quality products, developing breakthrough technologies and providing unparalleled customer service. We are proud of our many industry-leading products and technologies, including being one of the world’s top producers of polyethylene and the largest marketer of cyclohexane in the world. Our legacy of invention with the MarTECH® loop-slurry process reaches far beyond our own facilities as it is one of the world’s most licensed petrochemical processes for the production of high-density polyethylene and polypropylene.

Since our inception Chevron Phillips Chemical has made it a priority to create products and services that make life better for people around the globe. The petrochemicals and polymers we produce are essential to the manufacturing of more than 70,000 consumer and industrial products. Whether it’s creating resins that consume less energy during processing or developing proprietary technology to protect materials from rust and corrosion or producing a resin that acts as a waterproofing agent in sunscreen, our products make a difference in people’s lives.

Our Responsibility

As a matter of policy, we strive to manufacture, handle, transport and dispose of our chemical products in a safe, secure and environmentally responsible manner. In addition, we work with our customers, carriers, suppliers, distributors and contractors to encourage them to comply with our safety and environmental requirements and goals.

Chevron Phillips Chemical complies with applicable federal, state and local requirements for product quality and labeling and shares information on the health, safety and environmental impact of our products with customers and consumers. All commercial Chevron Phillips Chemical products are assessed against our Operational Excellence System’s product stewardship guidelines. This process focuses on continuous recognition and mitigation of potential health, environment and safety risks. Annual reviews of associated hazard communication documents, transport options, customer feedback, regulatory and technical data are also completed by every product line.

We clearly communicate information on potential hazards to our customers, consumers and employees. Information is readily accessible via downloadable Safety Data Sheets (SDS) and Product Stewardship Summaries on our corporate website – www.cpchem.com.

Chevron Phillips Chemical provides timely information to improve public understanding about the safety of chemicals and to assure that our chemical products provide their intended benefits while protecting human health and the ecosystem. We actively participate in common sense advocacy efforts, chemical testing programs and children’s health initiatives.

To ensure our customers’ right to privacy, we have internal controls as well as third-party audits to reduce the risk of unintended customer data loss. Our commitment to providing outstanding customer service has led to the development of customer satisfaction programs to ensure rapid response to concerns and complaints.

Regulatory Compliance

Chevron Phillips Chemical remains vigilant in its efforts to comply with regulatory requirements throughout the world. Through our membership with the American Chemistry Council (ACC), we are able to keep up to date with existing and developing global chemical control laws, ensuring that our product lines continue to market without interruption.

Currently, there are 13 countries that have formal chemical control laws with which Chevron Phillips Chemical complies. In 2014, products were reviewed for compliance with the new chemical registration requirements of South Korea and Taiwan, as well as the new Globally Harmonized System (GHS) of Classification and Labeling (CLP) requirements of China and Turkey.

Our REACH Compliance efforts required by the European Union are on track and we are working toward completion of the third tier registration due in 2018. In the U.S., Chevron Phillips Chemical is closely following the discussions regarding possible revisions to the Toxic Substances Control Act (TSCA).

Products that Reduce Environmental Impact

K-Resin® SBC, alone or in blends with polypropylene, consumes less energy throughout its life cycle when compared to other non-styrenic clear resins. This means more parts are produced per pound and fewer products go into the waste or recycle stream. In fact, K-Resin® SBC boasts a 20-30 percent yield advantage over non-styrenic clear resins.

MarFlex® polyethylene and K-Resin® SBC are used in flexible packaging that reduces food waste by extending the shelf-life of pre-packaged fresh produce, meats, cheeses and bakery items. Flexible packaging made with MarFlex® polyethylene and K-Resin® SBC also provides more efficient transportation of packaging to filling sites. As an example, the use of flexible packaging for pasta sauces reduced the number of unfulfilled package truckloads from 26 for unsealed glass jars to one for an equal number of unfulfilled plastic pouches.

Low viscosity grades of Syn ail® polyalphaolefins allow our customers to produce bio-based aerobiologically biodegradable lubricants with excellent product properties when blended with vegetable oils. PAO’s also allow formulators to produce energy efficient synthetic engine oils with long drain intervals, both of which provide environmental benefits by reducing fuel consumption and reducing the amount of waste oil.

Marlex® high density polyethylene (HDPE) products are used in rigid packaging formats that are widely recycled, including milk, detergent, oil and pharmaceutical bottles and coffee containers. We also produce polyethylene resins that can be blended with recycled resins.

Sulfole® isoparaffin solvents carry the Low Vapor Pressure/Volatile Organic Compounds (VOC) designation in the State of California and meet Food and Drug Administration regulations for use in animal feeds, defoamers, pesticides and insecticides for crops and livestock, paper for dry food contact and lubricants with incidental food contact.

Saltrol® isoparaffin solvents carry the Low Vapor Pressure/Volatile Organic Compounds (VOC) designation in the State of California and meet Food and Drug Administration regulations for use in animal feeds, defoamers, pesticides and insecticides for crops and livestock, paper for dry food contact and lubricants with incidental food contact.

Lighter Weight HDPE Milk Jugs

Over the last several decades, plastic milk jugs made from plastics like our Marlex® HDPE have evolved to the point that they are now more environmentally friendly than bottles made with a renewable alternative polymer. A study by Franklin Associates compared PLA (polymersized lactic acid) and HDPE made milk jugs and determined that HDPE produces 34 percent less waste, emits 40 percent less GHG and uses 25 percent less energy.

To learn more about all of our innovative products check out our corporate overview video – A World of Possibilities on YouTube.
AlphaPlus® NAO Drilling Fluids
Set the Benchmark

Drilling fluids are used in well drilling to cool the drill bit and help remove rocky cuttings from the base of the hole. Those cuttings are then pumped to the rig platform for cleaning and further disposal. In the 1990s, these fluids weren’t safe for the environment and offshore operators began searching for a more environmentally friendly drilling fluid for use in the Gulf of Mexico. There were options but the industry needed a drilling fluid with a better viscosity and pour point to help keep operations moving efficiently.

Enter Chevron Phillips Chemical scientists, who developed a groundbreaking solution—an internal alkenes base fluid using AlphaPlus® NAOs. The product’s characteristics not only met EPA and federal regulations, but provided the quality and performance needed for the job.

Twenty years later, Chevron Phillips Chemical’s NAO blend is considered the benchmark for the federal standard for offshore drilling fluids.

MarTech® Loop Slurry Process: Productivity, Profitability and Versatility

Formally introduced in 1961, the MarTech® loop slurry technology is exceptionally versatile and employs a variety of advanced catalysts, including metalloenes, to produce a broad resin slate for a full range of applications. Building on its single loop heritage MarTech® SL technology, the industry standard for creating unimodal products, Chevron Phillips Chemical recently introduced MarTech® ADL (advanced dual loop) technology. The MarTech® ADL process features unimodal and bimodal operation for high-performance products.

Products that Improve Safety

With more than 50 years of polyethylene loop operation, development and experience, resins made with the MarTech® loop slurry technology are the benchmark for high quality in many industries. These polyethylene resins account for more than 20 percent of worldwide HDPE sales and Chevron Phillips Chemical together with MarTech® licensees account for more than half of the HDPE sold in the U.S. A licensee has reported that MarTech® loop slurry technology provides an energy consumption savings of more than 20 percent when compared to the many other HDPE production technologies that they use.

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Products that Improve Health

N-propyl mercaptan is an essential ingredient in the manufacture of albendazole, an anthelminthic drug used in humans to reduce and control intestinal worm infection and illness. Chevron Phillips Chemical’s Borger facility is the only producer of n-propyl mercaptan in the world.

Ethylthioethanol (ETE) is a key ingredient in an anti-diarrheal drug called Tinidazole. Chevron Phillips Chemical’s Tessenderlo facility is the only source in the world for ETE.

K-Resin® SBC can be used in food packaging to retard deterioration and extend the shelf life of prepackaged fresh produce. In some cases, produce can stay fresher for up to 20 percent longer, or up to 16 days, using K-Resin® SBC packaging technology. Additionally, K-Resin® SBC is used in a variety of medical devices and surgical instruments.

N-Heptane Helping Millions Manage Health

Millions of people around the world are diagnosed each year with diabetes as a result of the body’s ineffective use of insulin. Medical researchers are continually looking for ways to help patients manage the risks now to improve their health for the future. Chevron Phillips Chemical is part of that solution. Our 99 percent+ pure n-heptane is used as a carrier solvent in the manufacturing process of many different drugs, including some used to help control blood sugar levels in diabetics.

Methyl mercaptan (MeSH), produced by our Borger facility, is used to create an amino acid that promotes growth and reproductive health in poultry, fish and livestock.

N-Heptane Helping Millions Manage Health

Respect for fundamental human rights is integral to how we conduct business.

- We expect contractors, suppliers and service providers to conduct their business in a manner consistent with our standards. These expectations are communicated through a variety of channels, including our contracts.
- Our contracts generally stipulate that our suppliers will comply with applicable laws in the performance of the contract, which includes those pertaining to slavery and human trafficking.
- We conduct periodic announced audits of global suppliers, performed either by Chevron Phillips Chemical personnel or by third-party auditors contracted by our company. Personnel performing these audits are trained to recognize and report non-compliance.

Ensuring Our Supply Chain Reflects Our Values

Chevron Phillips Chemical and its affiliated companies around the world are committed to ensuring that our supply chain reflects our Operational Excellence System, values and respect for human rights. As we continue to make progress on our vision of becoming the premier chemical company achieving superior financial results while protecting people and the environment, it becomes even more imperative that our supply chain procurement practices integrate sustainable procurement criteria.

We promote the protection of the environment and society by seeking goods and services that are resource-efficient, while also balancing quality, availability and cost considerations.

We conduct all business activities in accordance with the highest ethical standards, and we expect the same of the parties with whom we do business.

Our values are embodied by our Code of Conduct, which establishes the standards for ethical conduct and compliance with laws that apply to all of our employees.

- Employees are required to complete annual training on the Code of Conduct and to certify their compliance with its standards, or disclose any exceptions.
- Those who violate the spirit or letter of our Code of Conduct are subject to disciplinary action up to and including termination of their employment.

Chevron Phillips Chemical takes its values and commitment to human rights seriously.

- We maintain a 24/7 ethics and compliance hotline where employees, contractors and other third parties may anonymously reveal their concerns of any potential ethical violation, including human rights violations. Every submission is reviewed.
At Chevron Phillips Chemical, we believe our employees are the catalysts that will propel us to achieve our vision of being the premier chemical company. Developing our workforce to support sustainable growth remains one of our biggest challenges and greatest opportunities as demand for top talent in our industry increases. In 2014, we further enhanced our strategic focus on organizational capability to recruit the next generation of chemical industry employees, engaging students as early as middle school. We also introduced new initiatives aimed at providing our existing workforce with training programs to keep their skills sharp and foster a culture of inclusiveness and respect.

Gold Collar Careers

Development of shale resources across the U.S. has created additional natural gas energy supplies that the industry did not expect even just a decade ago. For petrochemical companies like Chevron Phillips Chemical, the availability of advantaged feedstock combined with strong demand for our products is leading to unprecedented opportunities for expansion in the U.S., evidenced by our significant investment in new assets along the U.S. Gulf Coast.

Rapid expansion of our industry and company also means that there is an immediate need for skilled craft persons – welders, pipeliners, riggers and electricians – and technical workers such as process operators and instrumentation and electrical technicians. Once referred to as blue collar jobs, a recent segment on a local Houston news station profiling one of our operators described them as gold collar careers because of the accessibility and affordability of required credentials and substantial earnings power. Additionally, as 28 percent of our U.S.-based workforce will become retirement eligible in the next few years, the urgency for us to train and hire top talent has never been greater.

Inspiring Tomorrow’s Workforce

The Texas legislature passed House Bill 5 during the 2013 legislative session, requiring students entering high school to select one of the five possible career tracks, which include science, technology, engineering and math (STEM), and business and industry. To help educate students about their options, Junior Achievement (JA) of Southeast Texas organized JA Inspire, the first and largest job awareness fair for eighth graders in the region. During the two-day event in February 2014, Chevron Phillips Chemical employees engaged over 8,000 students at the company’s booth to promote gold collar careers in STEM fields.

The company also sponsored a Summer Youth Program at Rice University, where 100 students from the Houston area with an affinity for STEM-related courses were invited to participate in this week-long summer program. As a sponsor, company representatives participated in a panel discussion about STEM-related careers and facilitated a résumé writing workshop.

Volunteers from our Cedar Bayou facility in Baytown, Texas, along with high school students from Goose Creek CISD’s Ready, Set, Teach program presented scientific concepts about space, energy, weather, biotechnology and aerodynamics while also introducing them to educational and career opportunities in STEM.

In 2014, Chevron Phillips Chemical continued its efforts to collaborate with schools and colleges in our communities to help us develop local workforce talent.

Planting STEM Seeds in the Houston Area

Chevron Phillips Chemical sponsored a career booth at the 2014 Find Your Career Path Career Day Expo at the George R. Brown Convention Center in Houston, Texas. Approximately 1,500 middle school and high school students from the Houston area attended the event to learn about STEM career opportunities available to them. Students who visited our booth learned about the value of pursuing a two-year degree to become a process operator or technician in the petrochemical industry.

Chevron Phillips Chemical also sponsored a two-year degree to become a process operator or technician in the petrochemical industry.
Diversity & Inclusion

Here at Chevron Phillips Chemical, we view diversity and inclusion as more than just gender, country of origin, age or race. Diversity is about the blending of experience levels, cultures, talents, competencies and decision-making styles. From senior leadership to entry-level employees, we champion a culture that respects unique differences and recognizes the perspectives of all our co-workers. In turn, employees are empowered to challenge the status quo and develop innovative solutions that result in a sustainable competitive advantage for the company.

Chevron Phillips Chemical’s diversity and inclusion efforts are governed by our Executive Diversity Council and promoted by our Diversity Ambassadors and Local Diversity Councils. They all work together to help promote an inclusive work environment in which every employee has the opportunity to contribute to company goals. In 2014, the company worked to maintain the momentum of its diversity and inclusion efforts. New hires throughout Chevron Phillips Chemical are required to complete a four-hour diversity and inclusion training session, led by members of their Local Diversity Councils. We also developed and implemented specialized training for recruiters that focuses on minimizing unconscious bias.

In collaboration with the Sweeny Independent School District, Chevron Phillips Chemical and Phillips 66 made an initial combined community investment of $1.6 million to create a petrochemical academy in Sweeny, Texas. This occupational education program began in the fall semester of 2014 and allows students the opportunity to take dual credit courses at Brazosport College while attending high school. The academy will bolster a pipeline of petrochemical talent in the Sweeny area where Chevron Phillips Chemical is constructing one of its U.S. Gulf Coast Petrochemicals Project facilities, which is expected to create 200 long-term jobs as well as 5,000 construction and engineering jobs locally.

Petrochemical Academy Teaches Core Skills

Chevron Phillips Chemical’s diversity and inclusion efforts are governed by our Executive Diversity Council and promoted by our Diversity Ambassadors and Local Diversity Councils. They all work together to help promote an inclusive work environment in which every employee has the opportunity to contribute to company goals. In 2014, the company worked to maintain the momentum of its diversity and inclusion efforts. New hires throughout Chevron Phillips Chemical are required to complete a four-hour diversity and inclusion training session, led by members of their Local Diversity Councils. We also developed and implemented specialized training for recruiters that focuses on minimizing unconscious bias.

Learning & Development

Through face-to-face workshops, conferences and our online Learning Management System, Chevron Phillips Chemical provides many learning and development opportunities. Training opportunities are selected based on individual development and long-term business objectives. To further support advanced learning opportunities, Chevron Phillips Chemical opened a dedicated Learning & Development center at our Lakeside Headquarters office in The Woodlands, Texas. The center is equipped with a computer lab, conference rooms with flexible layouts and a full-time staff for managing meeting logistics.

In 2014, we also focused on developing the next generation of leaders by creating custom learning opportunities, including introduction of an Accelerated Leadership Development Program in partnership with Duke University to foster core skills in high-potential employees. Chevron Phillips Chemical continued preparations for the launch of a set of global leadership elements that clearly defines expected competencies at each level of employees’ careers, which are currently being rolled out company-wide.

Learning & Development

Chevron Phillips Chemical continues to make progress in its diversity and inclusion efforts, and has seen increased employee engagement and interest in learning opportunities as a result. In 2014, we conducted a global employee survey to understand what the company takes its commitment to being a great place to work seriously. In 2014, we conducted a global employee survey to understand what the company takes its commitment to being a great place to work seriously. Chevron Phillips Chemical’s diversity and inclusion efforts are governed by our Executive Diversity Council and promoted by our Diversity Ambassadors and Local Diversity Councils. They all work together to help promote an inclusive work environment in which every employee has the opportunity to contribute to company goals. In 2014, the company worked to maintain the momentum of its diversity and inclusion efforts. New hires throughout Chevron Phillips Chemical are required to complete a four-hour diversity and inclusion training session, led by members of their Local Diversity Councils. We also developed and implemented specialized training for recruiters that focuses on minimizing unconscious bias.

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As we work to sustainably grow our company, Chevron Phillips Chemical remains committed to making a long-lasting, positive impact in the communities where we do business. We are constantly seeking innovative ways to engage with our communities, and as we expand it is imperative that we continue to strengthen the relationships we’ve built with our neighbors. That is why the company is dedicated to being a good neighbor and a force for positive change around the world. We donate funds, time and resources to worthy causes and encourage our employees to do the same.

Our community support and involvement objectives include:
- Preserving and strengthening the economy and our economic system, and encouraging private enterprise and individual initiative
- Promoting a healthy community environment – including viable civic, cultural, educational, health and human service institutions and undertakings
- Engaging with local leaders through community advisory panels
- Enhancing international understanding and cooperation
- Assisting colleges and universities that contribute to the sustainability of the industries we serve
- Encouraging educational excellence and promoting a favorable educational environment
- Assisting in recruiting well-qualified personnel and encouraging increased student enrollment in science, technology, engineering, mathematics and other disciplines
- Sponsoring educational opportunities for students in professional disciplines related to the chemical industry
- Promoting basic research related to the various interests of the company and the community
- Preserving and strengthening the chemical industry
- Setting the Pace for United Way
- Promoting basic research related to the various interests of the company and the community
- Engaging with local leaders through community advisory panels
- Enhancing international understanding and cooperation
- Assisting colleges and universities that contribute to the sustainability of the industries we serve
- Encouraging educational excellence and promoting a favorable educational environment

Social Investments

Since the company’s inception in 2000, Chevron Phillips Chemical has invested more than $22 million and countless in-kind contributions of equipment and volunteer hours in the communities where we live and work. In 2014 alone, the company invested $3 million in charitable donations. From promoting science-related careers through National Chemistry Week in the U.S. to fundraising for charitable organizations throughout the world, we recognize that establishing meaningful relationships with our neighbors in the communities where we operate builds trust and goodwill.

The following pages are filled with just a few examples of the ways our company and employees are giving back.

Visit us on Facebook, Instagram and Twitter for real-time updates on how we are impacting our communities and neighbors.

Setting the Pace for United Way

For its annual campaign, Chevron Phillips Chemical served as a pacesetter company for United Way of Montgomery County. Employees at the company’s headquarters in The Woodlands, Texas, and at our facility in Conroe, Texas raised a record amount for the organization. With employee contributions, special events and a corporate dollar-for-dollar match, the company pledged to donate more than $350,000.

For the first time, Chevron Phillips Chemical also extended its dollar-for-dollar corporate match to all U.S.-based facilities, motivating employees throughout the organization to support their communities. One location in particular – the facility in Orange, Texas – raised more than $100,000 for the local United Way and achieved an impressive 87 percent of employees who pledged donations. Company-wide, Chevron Phillips Chemical and its employees pledged $1 million in contributions to local United Way organizations in 2014.

Building ChemUnity

Throughout 2014, more than 110 Chevron Phillips Chemical employees, contractors, friends and family members from The Woodlands, Texas, Conroe, Texas, and other Houston-area facilities built a house for a deserving family with the Habitat for Humanity program. From framing the house and hanging sheetrock to laying floors, our team worked side by side with the family for 12 Saturdays to provide a safe haven where they can raise their children and spend quality time together. This house marks the second house we’ve sponsored through the program in Conroe. In the fall of 2014, we began construction on our third house in Conroe to be completed in 2015.

Students Design Future Work Spaces

In an effort to engage high school students in the chemical industry, our facility in Tessenderlo, Belgium, was one of four sponsors of the Creativity Marathon, a two-day event organized by essenscia, the Chemical Association of Flanders. Chevron Phillips Chemical collaborated with four teams, which were tasked with creating a more user-friendly visualization of process information on control room screens. They worked tirelessly through the night with a little help from one of our utility and project engineers.

Each of the four teams presented their ideas and the best one was selected to move forward to a “grand jury” composed of representatives from each sponsor. Chevron Phillips Chemical’s team, aptly named “Out of Control,” won the competition with their forward-thinking creativity. The students’ suggestions included adjusting the brightness on the screens, replacing symbols as well as ideas to enhance the control room operators’ environment.
Floating Wetlands Protect Water Habitats

As an industry leader, our company is committed to educating our communities about the environment. Each year, Chevron Phillips Chemicals Asia Pte. Ltd. (CPCA) participates in the Corporate and Schools Partnership Program, designed to connect corporations with schools to collaborate on environmental projects. In 2014, CPCA employees worked with students and teachers at Lakeside Primary School in Singapore to prepare and release mini-floating wetlands at a large pond. These artificial floating wetlands mimic nature, providing an efficient natural way to enhance water quality and buffer habitats against surges in nutrients and pollution.

Eco Boot Camp Turns Students into Sustainability Ambassadors

Chevron Phillips Chemical sponsored an environmental boot camp in Kuala Lumpur in partnership with the Malaysian Plastics Manufacturers Association as a part of our efforts to help reduce marine debris. Students from five Wesley Methodist Schools in Malaysia participated. The camp promoted awareness among students and teachers about conserving natural resources and educating them on the sustainable attributes of plastics. The two-day event involved 350 students and teachers, and the opening ceremony was attended by an additional 850 guests from the community.

Students participated in activities that promoted awareness of anti-litter, degradation and the 3Rs (Reduce, Reuse, Recycle). They were organized into teams to compete in an eco-treasure hunt and building competition, which required them to make objects from recyclable plastics. At the conclusion of the event, students from all participating schools were given the opportunity to demonstrate their knowledge and share ideas for environmental projects other groups could take back to their own institution.

PlastiVan™ Sparks Students’ Scientific Curiosity

In 2014, several Texas and Oklahoma middle school science classes received a visit from PlastiVan™ courtesy of Chevron Phillips Chemical. Created and implemented by the Society of Plastic Engineers (SPE), PlastiVan™ is a traveling science and technology program that educates students about how plastics are developed, manufactured and used in everyday applications.

Students are taught about polymers and plastics through hands-on experiments. Examples include an experiment that illustrates how heat causes thermoplastics to become moldable and another demonstrates how polymers exhibit elasticity by putting a wooden skewer through a balloon.

Caring for Our Community

We are committed to improving our communities and making them a better place for our employees and neighbors to live. In 2014, Chevron Phillips Chemical pledged $100,000 to the Texas Children’s Hospital – The Woodlands capital fund. Under construction near our worldwide headquarters, the hospital is scheduled to open in 2017 and is expected to elevate the quality of life for our employees, their families and the overall community.

The sprawling 548,000-square-foot campus will feature 24 emergency center rooms, 74 outpatient rooms, five radiology rooms, four operating rooms and 30 acute care beds at opening with plans of up to 200 additional beds. The hospital will also provide inpatient and outpatient specialty pediatric care in a variety of areas, including cancer, sports medicine and allergy and immunology, among others.

Program Aids Qatar Workers

“Together for Benevolence” was a charitable program fully funded by Chevron Phillips Chemical’s Qatar-based subsidiary and launched by the Qatar Red Crescent Society to support 33,000 expatriates who are working on major city projects around Qatar. The program is aimed primarily at road, construction and cleaning workers. As part of the program, thousands of meals, water, juice bottles and hygiene kits were distributed to laborers at various work sites.

Bringing PlastiVan™ to Life

In addition to sponsoring the PlastiVan™ program, Chevron Phillips Chemical collaborated with SPE’s Detroit Section during the holiday season. The company donated 12,000 pounds of polyethylene resin, which was used to manufacture 30,000 toy vans. They were distributed to deserving children by the local United Way, Lions Club and Metropolitan Detroit Police Division.
Our Economic Performance

Chevron Phillips Chemical does not make its financial statements available to the general public. However, summarized financial performance information is provided below.

Selected financial data for Chevron Phillips Chemical, in millions of dollars, is as follows:

<table>
<thead>
<tr>
<th>SELECT FINANCIAL DATA</th>
<th>2014</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Sales and Other Operating Revenues</td>
<td>13,416</td>
<td>13,147</td>
<td>13,243</td>
</tr>
<tr>
<td>Net Income</td>
<td>3,288</td>
<td>2,743</td>
<td>2,403</td>
</tr>
<tr>
<td>Current Assets</td>
<td>3,437</td>
<td>3,141</td>
<td>3,202</td>
</tr>
<tr>
<td>Total Assets</td>
<td>12,311</td>
<td>10,533</td>
<td>9,409</td>
</tr>
<tr>
<td>Current Liabilities, excluding debt</td>
<td>1,555</td>
<td>1,866</td>
<td>2,000</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>2,651</td>
<td>2,778</td>
<td>2,588</td>
</tr>
<tr>
<td>Equity</td>
<td>10,260</td>
<td>8,355</td>
<td>6,901</td>
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<tr>
<td>Debt-to-Capital Ratio</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Select interim results for 2015 will be made available at www.cpchem.com on or about the following dates:

<table>
<thead>
<tr>
<th>2015 PERIOD</th>
<th>TARGETED DATE</th>
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</thead>
<tbody>
<tr>
<td>6 months</td>
<td>August 4, 2015</td>
</tr>
<tr>
<td>9 months</td>
<td>November 4, 2015</td>
</tr>
<tr>
<td>12 months</td>
<td>February 17, 2016</td>
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</tbody>
</table>

Chevron Phillips Chemical has received debt ratings from Standard & Poor’s Ratings Services (Standard & Poor’s) and Moody’s Investors Service, Inc. (Moody’s) as follows:

- Standard & Poor’s: A-2 A-
- Moody’s: P-1 A2

*Reflects ratings as of July 2015

Stakeholder Engagement Outreach

Chevron Phillips Chemical’s Corporate Sustainability Report contains information on the company’s performance in the following areas: environment, social, safety, product stewardship and financial results. Our goal is to communicate our business strategy of sustainable growth and demonstrate that since the formation of Chevron Phillips Chemical in July 2000, the company has had a focus on continuous improvement in all areas of its operations.

This report reflects Chevron Phillips Chemical’s efforts during the 2014 calendar year. The previous reports reflected Chevron Phillips Chemical’s performance during the 2011, 2012 and 2013 calendar years. Any information, including references to prior years, is provided for context only. This report includes information on wholly owned operations as well as joint venture operations where pursuant to contract, Chevron Phillips Chemical employees participate in the operations and/or management of the facilities.

Report boundaries and measurement methods are similar in all reports, but in 2014, safety and environmental data from the company’s Shanghai Golden Phillips joint venture was excluded. This change is in an effort to better represent operations that fit within our stated reporting boundary.

The company’s stakeholders include employees, customers, suppliers, owners, contractors, business partners, governmental and non-governmental organizations, unions, industry colleagues and the communities where we operate. Each stakeholder shapes our business environment and contributes to our success. We strive to be transparent and engage with our stakeholders on their issues of concern in a manner that is positive and constructive.

We also respond throughout the year to direct requests from environmental, social and governance research agencies, individual shareholders, academic institutions and individual students regarding the company’s environment, health and safety and social responsibility policies, programs and performance.

This report and additional information can be found at www.cpchem.com. Questions or comments are welcomed.

Rick Wagner
Global Sustainability Manager
10001 Six Pines Drive
The Woodlands, TX 77380
1-832-813-4499 sustainability@cpchem.com

For general inquiries:
832-813-4100 or 800.231.1212
(Toll free within the U.S.)

General information concerning Chevron Phillips Chemical is available through Dun & Bradstreet under DUNS number 03-891-2866. Further questions can be addressed to the Treasurer at (832) 813-4100 or by e-mail at: FinancialStatements@cpchem.com.
Our Operational Excellence System incorporates a “Plan-Do-Check-Act” Model to achieve continuous improvement. It requires that each facility and product line be formally audited by our corporate environmental, health, safety and security department and fulfills the requirements of the American Chemistry Council Responsible Care® Management System. The Operational Excellence System reduces operating risks and promotes regulatory compliance. Our Operational Excellence program provides the framework that supports the development and quality of data found in this report.

Notes to Pages: 18-19, 21, 23-25

Safely Performance
The graphs depict Chevron Phillips Chemical’s continual improvement in safety. We follow U.S. Occupational Health and Safety Administration (OSHA) guidelines for injury/illness classification and reporting at all of our facilities around the globe. In this system, a recordable injury is defined as an injury or illness requiring treatment beyond first aid and the yearly rate is measured as the number per 200,000 hours worked (approximately 100 people). Chevron Phillips Chemical has experienced a 24 percent reduction in the Employee Total Recordable Incidence Rate (TRIR) in the last three years compared with the 2009-2011 period. The Contractor TRIR has decreased 39 percent over the last year.

Process Safety
The graph shows a 41 percent decrease in the 2014 Process Safety Event Rate compared to the previous three years. It represents the number of Tier 1 and Tier 2 Process Safety Events (PSEs) divided by work hours of employees and contractors. Chevron Phillips Chemical currently captures Process Safety Management (PSM) event rate data consistent with the industry recognized API 754 Recommended Practice at 16 sites worldwide. A Tier 1 PSE represents the highest level of PSEs captured and is defined as “a loss of primary containment with the greatest consequence” by an industry-recognized standard. A Tier 2 PSE is the next level of PSEs captured and is defined as “a loss of primary containment with lesser consequence.”

Reportable Emissions Events
The Reportable Emissions Events graph provides data on the number of total reportable emission events by year. All reportable emission events are reported based on specific country, state, or local regulations. A reportable emission event includes air, water, or land releases above the Reportable Quantity (RQ), exceedance of a water discharge limit (permit and regulatory), and emission events as defined in local regulations or permit conditions that require immediate agency reporting. All normal process reportable emission events are included in addition to those resulting from activities such as startup from new construction and events beyond facility control (weather, power and feed interruptions, etc.).

Energy Intensity Index Graph
The Energy Index graph reflects improvements in energy efficiency at our manufacturing sites in the U.S. Chevron Phillips Chemical tracks both energy consumed from fuels as a by-product and the energy purchased and consumed (purchased fuel, electricity and steam). The compilation of our energy consumption data is consistent with the methods used by American Chemistry Council for the ACC Energy Efficiency and Greenhouse Gas Annual Survey. Because Chevron Phillips Chemical is a diversified chemical company operating a variety of process plants, the company monitors energy reduction progress using an Energy Intensity Index that establishes a baseline expected energy consumption per pound of product for each unit. The baseline was established in 2008 and used the comparison point for each subsequent year. The Energy Intensity Index is a ratio of the actual energy consumed over an expected baseline energy number.

Greenhouse Gas
The CO₂ Emissions graph includes the net total emissions of greenhouse gases (GHG) expressed as tons of CO₂ equivalent (CO₂e) summed separately for the domestic and international plants. The Global GHG Intensity is a ratio of the greenhouse gases emitted (pounds of CO₂e) over the products produced (pounds of product). For plants that Chevron Phillips Chemical has only partial equity ownership, the reported emissions and production data represent the equity stake.

Global Emissions Inventory
The Aggregated Emissions graph includes the total aggregated criteria pollutants (NOX, CO, VOC, PM10, SO₂) emitted from each of the plants grouped by location. The data only includes permitted emissions from California. The data does not include emissions from non-explicit (i.e., the European Union) emissions and production data represent the equity stake.

Fresh Water Intake
The Fresh Water Intake graph includes the total water intake - in billion gallons - for each of the plants grouped by location. The Fresh Water Intake (FWI) data include fresh water brought in for process uses such as steam generation, purchased steam, the cooling tower water, potable water and others. The data do not include water that is brought in but in immediately transferred to another facility located onsite and not owned or operated by Chevron Phillips Chemical. The data also do not include sea water. The Global FWI Intensity is a ratio of the fresh water intake (gallons of water) over the products produced (pounds of product). For plants that Chevron Phillips Chemical has only partial equity ownership, the reported water intake and production data represent the equity stake.