Our Sustainability Journey

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Whether celebrating our greatest successes or trying to overcome our most difficult challenges, we strive to remain transparent and authentic in all of our business dealings. The only way we can achieve that is to remain connected to all of our stakeholders.”
Last year, we celebrated our 15th birthday at Chevron Phillips Chemical Company. Since our inception, we have worked to grow a business that is sustainable for our employees, customers, communities and owners. To us, sustainability means 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 society and exceed customer expectations, and acting responsibly and ethically across our global business dealings. As we look ahead to the next 15 years and beyond, it is this definition of sustainability that drives our day-to-day decision making and long-term growth plans.

2015 was a big year for our company. Our safety and environmental performance was recognized by the American Chemistry Council with its Responsible Care® Company of the Year Award. This is one of the highest honors a company can receive in our industry, and we are so proud of how our people worked together to deliver top-notch performance.

The construction of our $6 billion U.S. Gulf Coast (USGC) Petrochemicals Project is now at its peak. The project is comprised of a 1.5 million metric ton per year ethane cracker at our Baytown, Texas, facility and two polyethylene units in Old Ocean, Texas, with a total design capacity of 1 million metric tons per year. While we have made tremendous progress constructing these world-class facilities, we do face challenges with a project-wide injury rate nearly three times our goal. As we move toward starting up these two sites in 2017, we remain focused on improving worker safety and completing the project on time and on budget.

The impact of lower crude oil prices on our margins continues to challenge us and our industry. Despite these headwinds, we delivered our second best year ever for earnings in 2015. Most importantly, we did it while keeping our people safe. Last year was our best year ever for combined employee and contractor injury rate and tied our best year ever for process safety performance. We also added two more locations to our roster of Occupational Safety and Health Administration (OSHA), Voluntary Protection Program (VPP) designated sites – the Pasadena Plastics Complex and our Startex, South Carolina, Performance Pipe facility. OSHA’s recognition for going above and beyond to ensure employee and contractor safety is a highlight of our year.

Whether celebrating our greatest successes or trying to overcome our most difficult challenges, we strive to remain transparent and authentic in all of our business dealings. The only way we can achieve that is to remain connected to all of our stakeholders. As you will read in the pages ahead, we completed our first internal and external materiality assessment in 2015 to better understand the issues that matter most to our stakeholders. It is my sincere hope that the transparent dialogue in this report demonstrates how seriously we take our commitment to the sustainable business practices that will drive us forward for many years to come.

Peter L. Cella
President and CEO
Chevron Phillips Chemical
Perspectives from Our Global Sustainability Manager

Progress Through Sustainable Connection

Our vision is to be the premier chemical company achieving superior financial results while protecting people and the environment. The three pillars inherent in this vision – people, planet and profit – remain the guiding focus of our sustainability program, and we strive to make progress in each area through continuous improvement of our performance.

Progress is accelerated through our connections with internal and external stakeholders. Open dialogue drives positive outcomes for us all. In 2015, our sustainability program was defined by sustainable connections. As you will read throughout our fifth annual report, we conducted a formal stakeholder engagement and materiality assessment exercise to sharpen our focus on the issues that are most important to our stakeholders and our company.

The results of our assessment – collected from the insights of employees, customers, suppliers, peers, and the sustainability community as well as government and non-governmental organizations – confirmed that our business strategy and sustainability program are aligned with our stakeholders’ needs. For example, one of the material issues identified by our stakeholders was Health and Safety, which has been a core value and essential element of our culture since the day the company was founded. While our initial assessment was completed last year and used to define our top seven material issues, we recognize that this feedback is just the beginning.

Beyond our formal stakeholder engagement exercise, we made significant progress on our safety performance, environmental and product stewardship, workforce development and community outreach all while achieving our second best year ever for earnings. We also continued strengthening our connections to industry groups that promote responsible business practices.

Our president and CEO, Peter L. Cella, is the chairman of the Executive Committee and a member of the Board of Directors of the American Chemistry Council. David Morgan, our senior vice president of polymers, serves on the executive committee of the World Plastics Council, an 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.

We are proud of the progress we made in 2015 to listen and respond to the evolving needs around us. To ensure we stay in alignment with our stakeholders, we plan to maintain this open dialogue. I encourage you to join the conversation on our social media sites or reach out to us directly to share your thoughts on our sustainability journey.

Rick Wagner
Global Sustainability Manager,
Chevron Phillips Chemical
## Chevron Phillips Chemical by the Numbers

<table>
<thead>
<tr>
<th><strong>$13.6 billion in assets</strong></th>
<th><strong>35 manufacturing and research &amp; technology facilities worldwide</strong></th>
<th><strong>25 BILLION pounds of chemical products manufactured annually</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>70,000+ products use the materials we produce</td>
<td><strong>140 Trusted supplier to customers in 140 countries</strong></td>
<td><strong>$23 MILLION community donations since 2000</strong></td>
</tr>
<tr>
<td><strong>3100+ domestic and international patents and patent applications</strong></td>
<td><strong>5,074 employees worldwide</strong></td>
<td><strong>NEARLY ONE MILLION in workforce development donations in 2015</strong></td>
</tr>
<tr>
<td><strong>80+ commercial reactors using our MarTECH® loop-slurry process</strong></td>
<td><strong>8 of our facilities have operated for 5 years or more without an employee recordable injury or illness</strong></td>
<td><strong>19 of 20 U.S. sites have achieved STAR designation through OSHA’s Voluntary Protection Program (VPP)</strong></td>
</tr>
<tr>
<td>Good Neighbor 21,000 hrs volunteered in 13 of our local communities in 2015</td>
<td><strong>#1 Responsible Care Company of the Year</strong></td>
<td><strong>73% decrease in combined employee and contractor recordable incident rate since 2002</strong></td>
</tr>
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</table>
Chevron Phillips Chemical conducted an assessment with internal and external stakeholders to understand what sustainability issues are most important to our success and most pressing to them. Over the past two years, we have gathered feedback from our employees, communities, industry, customers and owners as well as governments and non-governmental organizations (NGOs) relevant to our business. Creating this dialogue allowed us to:

• Gain insight into social, environmental and governance issues facing the company;
• Aggregate and prioritize sustainability concerns and expectations;
• Assess whether the company is appropriately allocating resources for the most effective and impactful sustainability performance; and
• Meet international best practices in corporate sustainability reporting.

The feedback we received during this assessment reinforced to us that our core values of safety, mutual respect, integrity and performance are equally important to people across our value chain. At the same time, it was eye opening in many ways. It revealed challenges in varying areas of our business that we must address to achieve sustainable growth, such as our fresh water usage and the need to further diversify our talent pipeline. Ultimately, we distilled the feedback into seven sustainability focal points that will be our focus moving forward.

We understand that this feedback has little value unless we use it to improve and shift how we approach and report our performance through the lens of our stakeholders. That’s why this report is organized differently from our past versions and each of the seven issues listed above are directly addressed in subsequent sections.

The global business environment is constantly evolving, making it more important than ever to sustain the dialogue we have started. We welcome your questions, comments and concerns at sustainability@cpchem.com.
Sustainability Focal Points

**Health & Safety**
The health and safety of our employees, contractors, neighbors and customers who are in our facilities and communities is of paramount importance to us.

We strive to reduce usage of the resources needed to make our products, including energy, water, and raw materials.

**Resource Efficiency**
We work to reduce emissions generated through the lifecycle of our products, from sourcing and transporting raw materials to the end or renewal of their life.

**Emissions**
We safeguard the company’s reputation by conducting our business with integrity, meeting our compliance obligations and holding our employees, suppliers and customers to high ethical standards.

**Integrity & Compliance**
We work to reduce emissions generated through the lifecycle of our products, from sourcing and transporting raw materials to the end or renewal of their life.

We safeguard the company’s reputation by conducting our business with integrity, meeting our compliance obligations and holding our employees, suppliers and customers to high ethical standards.

**Product Responsibility**
We consider and communicate the health, safety and environmental impacts of our products.

**Social Enrichment**
The company’s driver for corporate sustainability is to provide value to our stakeholders.

We value our employees and communities by promoting local volunteerism and investments and work to build a diverse workforce and inclusive company culture.

**Economic Performance**
We strive to reduce usage of the resources needed to make our products, including energy, water, and raw materials.
About Us

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. Our chemicals and plastic resins are essential to the manufacture of more than 70,000 consumer and industrial products. We are highly invested in preserving natural resources, developing our employees, and caring for the communities in which we do business.

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 $13.6 billion in assets and more than $9.2 billion in annual revenues, interest in 35 facilities worldwide, and approximately 5,000 employees. In 2015, our asset base continued to grow as we advanced construction of our USGC Petrochemicals Project. Located across two sites, Old Ocean and Cedar Bayou, Texas, the $6 billion project will use abundant shale feedstocks to meet the ever-increasing global demand for plastic products. This project includes a 1.5 million metric-ton-per-year ethane cracker, which will produce ethylene and two world-scale polyethylene units that will each produce 500,000 metric tons of resin every year. The project will increase the company’s ethylene capacity by 30 percent and our polyethylene capacity by the same percentage. Startup of the facilities is expected next year.
Joint Ventures

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

Saudi Polymers Company (SPCo) 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 Polymers Distribution Company FZCO (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).

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 Singapore Chemical Pte. Ltd. (CPSC) was incorporated in April 1980, and is a joint venture between a Chevron Phillips Chemical subsidiary (50 percent), Singapore Economic Development Board Investments (30 percent) and Sumitomo Chemical (20 percent). CPSC is based on Jurong Island, a world-class industrial hub located one mile off the Singapore mainland.

K R Copolymer Co., Ltd (KRCC) is a joint venture company with ownership by a Chevron Phillips Chemical subsidiary (60 percent) and Daelim Industrial Company (40 percent). KRCC was formed in February 2000.

Shanghai Golden Phillips Petrochemical Co., Ltd (SGP) is a joint venture between a Chevron Phillips Chemical subsidiary (40 percent) and Shanghai Petrochemical Industrial Development Company (60 percent), a subsidiary of Sinopec (China Petroleum and Chemical Company). SGP was founded in 1995.

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.

Americas 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.
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 3,100 domestic and international patents and patent applications, and employs nearly 230 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 2015, we broke ground on 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 MarTECH® 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:
- Metallocene polyethylene technology
- On-purpose 1-hexene technology
- Full-range normal alpha olefin technology
- Conventional and high viscosity polyalphaolefin 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)
Production Facilities

Reflects company facilities as of July 2016
**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

**OLEFIN CRACKER**

- Ethylene
- Heavy Olefins
  - Propylene
  - Polyethylene
- Normal Alpha Olefins (NAO)

**REFINERY**

- Benzene
- Cyclohexane
- Paraxylene
- Mixed Xylenes
- Propylene

**OTHER FEEDSTOCKS**

- Specialty Streams
- Hydrogen Sulfide

**Polymer modifiers, gas odorants, ag chemicals, solvents, fine & mining chemicals, specialty fuels, drilling additives**

- Polyester fiber, PET bottles
- Nylon carpet, hosiery, auto parts
- Tires, insulation, boat hulls
- Toys, food packaging, medical applications, institutional products, displays

**High performance synthetic lubricants**

- Surfactants, wax, alcohols, modified food starch, lube oil additives, drilling fluids

**Polyethylene pipe, packaging films, bags & bottles, toys, fuel tank components**

- PVC resin, glycol, EP rubbers
- Butadiene, isoprene, synthetic rubber, engineering resins, solvents
- Textiles, toys, bottles, appliance parts, food & medical packaging

**Propylene oxide/urethane products, acrylic acid**

**Specialty Chemicals**
Primary Brands

Polyalphaolefins (PAO)
- High performance synthetic lubricants
- Surfactants, wax, alcohols, modified food starch, lube oil additives, drilling fluids
- Polyethylene pipe, packaging films, bags & bottles, toys, fuel tank components
- PVC resin, glycol, EP rubbers
- Butadiene, isoprene, synthetic rubber, engineering resins, solvents
- Textiles, toys, bottles, appliance parts, food & medical packaging
- Polyethylene pipe, packaging films, bags & bottles, toys, fuel tank components
- Polyethylene
- Polypropylene
- Specialty Chemicals
- Styrene
- Polystyrene, SBC
- Polymers, gas odorants, ag chemicals
- Polyester fiber, PET bottles
- Solvents, fine & mining chemicals, specialty fuels, drilling additives
- Polymer modifiers, gas odorants, ag chemicals

Polyalphaolefins (PAO)

Polystyrene, SBC

Other Feedstocks

Ethylene
Corporate Governance & Senior Leadership

Board of Directors
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. Representatives from the Board of Directors serve on Committees, providing strategic direction and input on policies covering a range of topics, including auditing, compensation, and environmental health and safety. 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.

Sustainability Governance Review Team
Major initiatives at Chevron Phillips Chemical require formation of Governance Review Teams (GRT), made up of senior leaders, to provide input on strategies, confirm milestones are met and ensure successful implementation. Four members of the company’s senior leadership sit on the Sustainability GRT – Don Lycette, Peggy Colsman, Kate Holzhauser and Dave Morgan – to direct reporting practices, stakeholder engagement, and other company-wide sustainability issues.

Reflects senior leadership as of July 2016
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 our core values of safety, mutual respect, integrity and being performance driven as the foundation. We are aligned around four strategic elements to support our growth structure: Operational Excellence, Organizational Capabilities, Competitive Advantage, and Profitable Growth.

In 2015, we faced challenging economic conditions for crude oil and worked to control costs to minimize the impact of declining margins for our products. Despite this headwind, our long-term strategic plans remain on track, and we executed on our business strategy to ensure long-term sustainable growth:

**Operational Excellence**
- Delivered our best year ever for combined employee and contractor safety performance
- Achieved OSHA VPP designation for two additional manufacturing facilities, bringing our company total to 19 out of 20 eligible sites

**Organizational Capability**
- Created action plans from 2014 Global Employee Survey and made significant progress on implementation
- Received top workplace awards from Workplace Dynamics and the Texas Workforce Commission

**Competitive Advantage**
- Broke ground on a polyethylene pilot plant at our Bartlesville Research & Technology Center
- Advanced multiple catalyst and process technology research projects to support the USGC Petrochemicals Project

**Profitable Growth**
- Completed project to expand normal alpha olefins (NAO) capacity at Cedar Bayou facility
- Progressed construction of USGC Petrochemicals Project sites
Improving Health & Safety

The health and safety of our employees, contractors, neighbors and customers who are in our facilities and communities is of paramount importance to us.

We consistently deliver top-quartile industry results and lead our peers in personal safety, process safety, security and emergency preparedness. We work hard to keep safety at the forefront of our culture and ensure our employees, contractors and communities remain connected to the policies and programs that help facilitate safe operations at our sites throughout the world.
Operational Excellence

Chevron Phillips Chemical uses a global framework called the Operational Excellence (OE) System to set expectations for the design, construction and operation of leading-edge facilities to minimize risks. Consistent with our OE System, we welcome the input of our employees and contractors, regulatory agencies, communities, customers and other interested stakeholders. Chevron Phillips Chemical’s OE System is designed to fulfill the American Chemistry Council’s Responsible Care® Management System requirements and uses third-party audits to certify adherence to codes and management practices.

Rewarding Continuous Improvement

Continuously improving OE performance every year at every facility is a challenge, but it is also the expectation at Chevron Phillips Chemical. Each year, the company celebrates the best of the best among its global facilities with the President’s OE Awards, which recognize exceptional performance in personal safety, process safety, environmental, product stewardship, reliability and security.

Winners of the 2015 awards featured throughout this report are denoted by the gear icon.

Responsible Care® Company of the Year Award

For performance in 2015, Chevron Phillips Chemical received the coveted and prestigious Responsible Care® Company of the Year Award from the American Chemistry Council. It is our industry’s highest award for safety and winners must meet an aggressive list of criteria, including:

• A safety performance rating in the top 10 percent of companies in our size category, with no significant process incidents in the previous year;
• Positive performance measures in the areas of transportation safety, process safety and emissions reduction; and
• Demonstrated improvements in EHS&S performance, product stewardship, distribution safety and emergency preparedness.

“We are absolutely thrilled to receive the 2015 Responsible Care Company of the Year Award,” said Peter L. Cella, President and CEO at Chevron Phillips Chemical. “Since our company’s inception, we have remained steadfast in our commitment to operate a business that adds value and is sustainable to all stakeholders. This award is deeply meaningful as an external recognition that this enduring commitment is working and delivering tangible results.”

Visit our YouTube channel to see a video about the Responsible Care® Company of the Year Award.
Employee & Contractor Health and Safety

Our Tenets of Operation provide a universal code of conduct to guide decision-making by all employees and contractors for working safely.

The combined employee and contractor recordable incidence rate has decreased by 73 percent since 2002. As of mid-2016, 19 of our 20 eligible U.S. facilities had achieved the VPP designation through OSHA. Eight 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 company formed in 2000.

In 2015, the company delivered its best year ever for combined employee and contractor recordable incident rate. 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 a heightened focus on contractor safety. We place equal importance on both employee and contractor safety because we want everyone to go home safe at the end of each day.

We use a universal set of nine Life Saving Rules for all employees and contractors. In 2015, we completed awareness training about these critical rules for all employees and contractors, and in 2016, are introducing an interactive training program to reinforce the importance of following our unique Life Saving Rules for every high-risk task, every day.

We made great progress toward our goals in 2015, but there are still areas where we need to improve, starting with safety performance on our U.S. Gulf Coast Petrochemicals Project. Even though we completed 2015 with a recordable incident rate that is top-quartile for a world-scale project, we did not meet our own more rigorous goals. Moving forward, we are enhancing hazard recognition and assessment while continuously striving to improve safe work practices and processes at the two construction sites. We are refining our overall health and safety strategy to reinforce to all employees and contractors the criticality of health and safety performance. In 2016, a cross-functional team composed of employees from all areas of our business formulated and delivered a clear strategy company-wide.

Employee Performance vs. ACC Member Companies³

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³ CPC Global, ACC Top Quartile, ACC Top 10%, ACC Best
Borger earns Silver Elite Safety Award from AFPM

Our facility in Borger, Texas, earned a prestigious Silver Elite Safety Award from the American Fuel & Petrochemical Manufacturers for its 2015 performance. This special honor recognizes the top five percent of sites in the industry that have attained top safety performance and demonstrated excellent program innovation and leadership over time. Of the approximately 300 facilities reviewed by a panel of fourteen independent safety professionals, only 24 – including Borger – passed the screening criteria.
Spotlight on VPP

OSHA’s Voluntary Protection Program (VPP) recognizes U.S. sites via its Star Program that have established exemplary health and safety programs. Companies in the Star Program have achieved injury and illness rates at or below the national average of their respective industries. The foundation of VPP is a strong relationship between employees, OSHA and management and an open-minded, continuous-improvement culture. Chevron Phillips Chemical also encourages the contract companies doing work in our facilities to participate in VPP, and the company’s Cedar Bayou facility in Baytown, Texas, has the most VPP-certified contractor companies working at one site in the United States. Here are just a few of the ways the company demonstrated its commitment to employee and contractor health and safety through VPP in 2015:

Two additional facilities earned VPP Star designations from OSHA last year: the Pasadena Plastics Complex and Performance Pipe’s manufacturing facility in Startex, South Carolina.

Earning VPP Star status at Pasadena represented years of hard work toward continuous improvement of its safety performance. “This is a well-deserved recognition for our employees and contractors who put safety first every day,” said Michael Gilbert, Pasadena Plastics Complex Plant Manager. “I’m incredibly proud of our site, and achieving this designation motivates us to continue to set an example for safe workplace behavior in our industry.”

Startex joined the ranks of all eight Performance Pipe locations that have also been named VPP Star sites. “We are proud that every Performance Pipe site now carries the VPP Star designation,” said General Manager of Performance Pipe Lawyer Jolley. “We strive to continuously improve as we build a world-class safety culture.”

Employing VPP to Amplify Culture of Safety

In August of 2015, Chevron Phillips Chemical President and CEO Peter L. Cella delivered a keynote address at the 31st Annual National Voluntary Protection Programs Participant’s Association (VPPPA) Conference. He urged industry leaders to continue to strengthen their existing safety cultures and reinforced how VPP plays a critical role in amplifying safety messages across our company.

“Every member of our workforce understands and helps us spread the word that nothing is more important than personal safety,” said Cella at the annual conference attended by thousands of industry representatives. “That is why I see participation in OSHA’s VPP as such a critical component of our safety culture. VPP serves as a megaphone for me and for every employee and contractor to communicate his/her right and responsibility to work safely or not at all. Participation in VPP helps us amplify and reiterate a constant and persistent safety message to employees and contractors, helping to create a culture that keeps safety at the forefront.”
**Process Safety**

Chevron Phillips Chemical uses Process Safety Metrics, consistent with the industry-recognized standard API 754, to track critical process safety parameters and drive continuous improvements. In 2015, we achieved our best year ever for Tier 1 Process Safety Events (PSEs) and tied our best year ever for combined Tier 1 and Tier 2 Process Safety Event Rate (PSER), resulting in a 30 percent decrease in the combined Tier 1 and Tier 2 PSER rate compared to the previous three years.

In 2015, we continued on our journey of improving process safety performance. While our process safety programs and performance are in the industry’s top quartile, we are committed to further improvement by refining our overall health and safety strategy with a specific and targeted focus on process safety, which is now one of our company’s strategic goals for 2016.

**Target Zero achieved during Q-Chem Turnarounds**

At regular intervals, entire processing units must be taken out of service for turnarounds, or routine maintenance. Turnarounds mandate careful planning and execution to ensure safe project completion. In 2015, Q-Chem and the Ras Laffan Olefins Company (RLOC) executed simultaneous turnarounds that required over 7,000 contractors to complete 3,400,000 work hours in only 50 days. The team successfully completed both projects with zero Tier 1 and Tier 2 PSEs and only one non-process related recordable injury.

**Community Health, Safety & Security**

Chevron Phillips Chemical strives to provide a safe and secure environment for personnel, contractors, customers, visitors and the communities in which we operate. As residents of our communities, we understand the importance of working closely with law enforcement, government representatives and emergency response professionals to prepare for, prevent and manage facility incidents.

We operate a global Security Management System that features structured security programs to protect personnel, assets, operations, information and the company’s reputation in a dynamic threat environment. Chevron Phillips Chemical facilities are compliant with the Responsible Care® Security Code, which requires security risk assessments. We take pride in maintaining full compliance with applicable domestic and international security regulations.

While we manage our business with the goal of preventing incidents, we maintain world-class emergency response capabilities to minimize the potential impact of an event to our facilities and surrounding communities. Employee emergency response teams coordinate with local and regional experts to maintain operational readiness in case of an emergency. This includes frequent emergency response training, briefings and drills that simulate potential events such as product spills, fires, explosions, natural disasters and security incidents. Additionally, all employees and contractors receive training and participate in drills so they know what to do in the unlikely event of an emergency.
Resource Efficiency

We aim to reduce usage of all resources required to manufacture our products. This commitment includes implementing corporate practices to more efficiently use energy, water, and raw materials, which affect the company’s environmental footprint, social contributions and profitability.

Nearly 10 years ago, Chevron Phillips Chemical implemented its Energy Best Practice Team to establish a baseline and measure ongoing energy performance, and implement projects to reduce energy consumption. Today, the Energy Best Practice Team is still going strong and in 2015, continued its focus on flare operation, steam system performance, and awareness of fresh water consumption and efficiency, resulting in sustained energy improvements. The Team’s metric reporting system was also improved and expanded.
The company’s global annual energy consumption in 2015 was 185 trillion Btu, an increase from 179 trillion Btu consumed in 2014, driven by increased global production. Energy efficiency is determined by measuring energy performance in terms of Energy Intensity (EI) and Energy Intensity Index (EIi) for each operating unit. A baseline EI of 100 was established in 2008. Chevron Phillips Chemical’s U.S. energy performance improved in 2015. The U.S. Annual EI was 99.5, a significant 2.2 point improvement from the 2014 EI of 101.7.

Examples of our 2015 energy efficiency improvement activities include the following:
- Operating units at the Sweeny Complex and Cedar Bayou achieved their best ever EI in program participation.
- Our international joint ventures achieved a record low EI since the energy program began.
- Chevron Phillips Chemical’s corporate EI metric improved by 1.2 points over 2014.

In the longer term, Chevron Phillips Chemical’s expansions will incorporate new process technology to continuously improve the company’s energy efficiency.

CPSC achieved its best-ever annual Energy Intensity Index (EIi) since the energy program began in 2008. 2015 performance highlights included:
- An EI of 95.0, which is a five percent improvement in efficiency from the 2008 baseline.
- Electricity improvement was 1.5 percent better than 2014 and 5.3 percent better than the baseline.
- Steam improvement was 0.9 percent better than 2014 and 16.6 percent better than the baseline.

The exceptional results were mainly due to CPSC’s efforts to maximize production given challenges with ethylene feedstock availability. The facility optimized one of its manufacturing units at maximum rates for most of the year while keeping one line in another unit under shutdown condition. This allowed CPSC to minimize steam consumption and reduce electricity demand.
Beringen facility receives ISO 50001 certification

Chevron Phillips Chemical’s site in Beringen, Belgium, became the first company facility to receive ISO 50001 certification for Energy Management Systems. To obtain this certification, the facility established an energy management system, which provides the work processes and tools necessary to better monitor and reduce energy consumption. Achieving ISO 50001 shows the team at Beringen is not only committed to energy management, but also has integrated it into normal business operations.

Facilities honored by ACC for energy efficiency

Three of Chevron Phillips Chemical’s facilities received the American Chemistry Council Responsible Care® Energy Efficiency Awards for 2015 performance.

The Port Arthur facility received an award for “Significant Improvement in Manufacturing” which recognizes improved energy efficiency through technical innovations, creative projects or novel procedures. Port Arthur implemented an advanced control scheme on the site steam system that enabled one of its production units to export more steam to other process units at the site. Implementation of this improvement saved 36,200 million Btu of steam and reduced CO2 emissions by 2,100 tons in 2015.

The Cedar Bayou facility and the Pasadena Plastics Complex received “Energy Efficiency Program” awards in recognition of their programs to achieve energy-efficiency improvements, such as establishing energy teams, goal setting, communications, management support and recognition.

By focusing on continuous improvement and enhancing its technical organization in 2015, Cedar Bayou reduced energy consumption per pound of product by 1.1 percent from 2014. Although this may appear to be a small reduction percentage-wise, it equates to big savings of 374,000 million Btu of electricity and steam across the entire facility for the year. The equivalent Greenhouse Gas (GHG) emissions reduction was 21,800 tons of CO2.

The Pasadena Plastics Complex improved its energy efficiency performance by optimizing the production schedule and turnaround timetables while maximizing equipment reliability. The complex reduced its energy consumption per pound of product by 2.5 percent from 2014. This equates to more than 160,000 million Btu of energy from electricity, steam and fuel gas. The annualized net GHG emissions reduction totaled more than 9,300 tons of CO2.
Global Water Consumption

Fresh water management and conservation is an important global issue that is critical to the sustainability of our business and our communities. At Chevron Phillips Chemical, we are committed to developing management practices that conserve and protect fresh water resources and enhance water efficiency at our facilities.

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 offsite sources.

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

Our 2015 total fresh water usage at our international sites was slightly lower than 2014, while our domestic usage showed a slight increase. On balance, we achieved a decline in global water use intensity, even as we brought more production capacity online, a tribute to our increased efficiency.

Waste Reduction

Performance Pipe in Hagerstown reduces solvent-based waste

Performance Pipe’s facility in Hagerstown, Maryland, was equipped with multiple washers for equipment and parts cleaning. One of these units used solvents that contained flammable material and required monthly servicing and removal of spent solvent for recycling with a waste vendor. In 2015, the site removed the solvent-based parts washer and now relies exclusively on its aqueous unit. This has eliminated between 300 and 600 pounds of solvent-based waste material generated annually and reduced the potential for chemical exposure of maintenance technicians.

Port Arthur improves recycling efforts to reduce solid waste

The Port Arthur facility improved recycling efforts to reduce solid waste put into landfills in 2015. The site recycled 531 tons of concrete and 1,845 tons of soil into road base material. These materials were historically disposed in a landfill. Metal recycling was also at a high point as 1,016,893 pounds of scrap heavy metal, and 25,250 pounds of copper wire were recycled. Finally 93,200 pounds of process carbon waste from the site’s benzene dryers was reclaimed instead of being disposed of as hazardous waste.

SPCo reduces oily waste from 1-hexene

SPCo generates about 230 to 490 metric tons per month of oily waste from its 1-hexene unit. Previously, the waste stream was sent to an offsite waste management facility. In 2015, SPCo completed the design and obtained approval for installing a thin film evaporator in the 1-hexene unit, which will recover about 80 percent of hydrocarbons used in the unit and significantly reduce oily waste. The project is currently under construction and is scheduled to be online in 2017.

Performance Pipe in Knoxville implements scrap reduction initiative

The Performance Pipe location in Knoxville, Tennessee, implemented an initiative in 2015 called “Process Efficiency Evaluation and Reduction of Scrap” or “P.E.E.R.S.” The intent is to analyze the site’s processes, equipment and reasons for producing scrap, then brainstorm ideas for solutions and improvements, therefore improving efficiency and profitability. Last year alone, the initiative helped reduce the site’s total scrap by approximately 1.17 million pounds.
Emissions

We track and work to reduce the emissions generated through the lifecycle of our products. This includes the sourcing and transportation of raw materials, generation during production, transportation to direct customers, and the use of the products through the end or renewal of their life.

As a good steward of our environment, we track and investigate global reportable emission events. In 2015, Chevron Phillips Chemical had a four percent increase in reportable emission events from the 2012-2014 three-year average. However, the severity of emissions events continued to steadily decline, both in pounds of emissions per event and pounds of emissions per pounds of production. For both measures, the severity of such events has decreased more than 60 percent during the last three years.
Borger sets new record with reduction in recordable-air environmental events

The Borger facility set an aggressive goal in 2015 to achieve 22 or fewer recordable-air environmental events for the year. It beat the goal with only 20 events, setting a new site record for the fewest events in a year. This was a 33 percent reduction from the three-year rolling average and the fifth consecutive year the site has reduced the number of recordable-air events. Not only has the number of events been reduced, but also the volume of emissions from each event. From those 20 events, 12 were less than five pounds released, with eight events releasing less than one pound. These results were accomplished by enhancing training for operations and systemic improvements in leak detection.

Q-Chem makes great strides in flaring reduction efforts

Flaring is an important measure to safely dispose of gas during normal, upset and emergency operational scenarios. In 2010, Q-Chem formed a Flare Minimization Team to create and implement administrative, engineered and operational control enhancements for continuous improvement. The site’s efforts resulted in the following achievements during the past five years starting from 2011 to 2015:

- Q-Chem has successfully reduced the ethylene flaring against the ethane gas processed by 83.1 percent, Q-Chem II has reduced it by 66.9 percent, and RLOC experienced an 82.2 percent reduction.
- NOx emissions were reduced at Q-Chem by 32.1 percent.
- CO2 emissions were reduced by 9.10 percent at Q-Chem, 66.6 percent at Q-Chem II, and 9.7 percent at RLOC.
- Acid gas flaring at Q-Chem was reduced by 73.9 percent in the last 4 years starting from 2012.

These and other efforts were recognized by the Ministry of Environment in Qatar, which invited Q-Chem employees to present its success stories at the Sustainable Innovation Forum at COP-21 in Paris in 2015.

Greenhouse Gas and Global Emissions Management

Since Chevron Phillips Chemical’s inception, our global operating capacity has grown to historically high levels of production. 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 emissions intensity. Although there was a slight increase in global GHG tonnage in 2015, the intensity decreased, a testament to our ongoing efficiency efforts. The GHG intensity metric is the measurement of pounds of CO2 equivalent emissions per pound of product manufactured.
Integrity & Compliance

Compliance with financial, environmental and societal laws and regulations is a foundation of our identity. The integrity with which we meet our compliance obligations and the level of ethics we require of our employees, suppliers and customers ensure we maintain our license to operate.

Chevron Phillips Chemical’s reputation with stakeholders is built by the actions we take every day. To us, maintaining this reputation is simple: we comply with the law, we act with integrity in every aspect of our business, we keep people safe, and we operate in an environmentally responsible manner. Integrity is part of who we are, and 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 is more important than ever that we conduct our business safely, lawfully and ethically.
Core Values

Our core values – safety, mutual respect, integrity and performance driven - 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.
- We maintain a 24/7 ethics and compliance hotline where employees, contractors, community members, and other stakeholders may anonymously report via telephone or online portal good faith concerns regarding potential ethical misconduct or violations of law or policy. Each report is handled with the seriousness and attention it deserves.

Governance

Conducting our business with integrity requires an organizational structure that encourages ethical behavior and helps detect and prevent criminal conduct. That’s why our Ethics & Compliance Program includes a role for a cross-section of our stakeholders, from our Board of Directors to front-line supervisors and employees.

Continuous Improvement

As the global business landscape constantly evolves, our Ethics & Compliance Office seeks to continuously improve our policies, practices, and training to adapt to the ever-changing regulatory and compliance environment. For example, to address the increased global risks associated with the use of third party intermediaries, we enhanced our existing practices in 2013 to provide for incremental due diligence, training and monitoring of third parties. In 2015, we undertook a company-wide initiative to heighten awareness about how to use our hotline for anonymously reporting ethical concerns. And in 2016, we are introducing a new adaptive learning platform for our computer-based compliance training that is designed to enhance employee engagement, increase understanding of the subject matter and optimize training time.

Supply Chain

We conduct all business activities in accordance with the highest ethical standards, and we expect the same of our supplier base. Our supply chain procurement practices integrate sustainable procurement criteria, our values and respect for human rights. We support 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 consider and communicate the health, safety and environmental impacts of our products, including factors such as intended use, expected product lifetime, durability, reuse, recyclability and beneficial disposition.

Since our inception, we have 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 manufacturing a product that helps make sunscreen waterproof, our chemicals and plastics make a difference in people’s lives.
To stay connected to the needs of our customers and industry, we use a number of feedback mechanisms, ensuring continuous improvements in delivery of quality products and services to our customers. One of the concrete ways we measure that is through the Mastio Customer Value and Loyalty Study, which gives our customers the opportunity to rank their suppliers. Out of eight product lines that participated in the 2015 Mastio rankings, seven ranked number one in their categories and one ranked second among its peers. These impressive results represent the hard work and passion of numerous people and staff groups in our company, from procurement and manufacturing to supply chain, logistics, technical support, sales and customer service.

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 OE 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 understanding about the safety of our products and to assure that they 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, reducing 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 effort 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. 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 has been supportive of efforts to modernize the Toxic Substances Control Act (TSCA), allowing for the regulatory certainty needed to help our industry innovate, grow, create jobs and win in the global marketplace. The company is poised to comply with amendments to TSCA.
Products that Reduce Environmental Impact

Dimethyl disulfide is used to reduce coking and extend catalyst life in the manufacture of fuels from environmentally friendly feedstocks, such as non-edible natural oils and agricultural waste, into commercial fuels.

Soltrol® 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 a variety of applications, including animal feeds, defoamers, cosmetics, household goods, water treatment products, waterless hand cleaner, paper for dry food contact and lubricants with incidental food contact.

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 used with recycled resins.

Marlex® 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 Marlex® 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 unfilled package truckloads from 26 for unfilled glass jars to one for an equal number of unfilled plastic pouches.

Low viscosity grades of Synfluid® polyalphaolefins allow our customers to produce bio-based aerobically biodegradable lubricants with excellent product properties when blended with vegetable oils. PAOs 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.

Performance Pipe’s HDPE pipe systems require significantly less energy to fabricate, transport and install than metal or concrete alternatives in part because HDPE is flexible and can be fused which allows for trenchless installation. Corrosion resistance and long service life along with the energy savings provide an exceptional balance of economic value and performance. In addition, HDPE pipes are resistant to rapid crack propagation and can be joined by a heat fusion process which results in joints that are essentially leak free, advantages that make HDPE pipe the preferred choice for municipal gas distribution systems, help prevent toxins from sewage contaminating soil and groundwater, and preserve natural resources in other applications such as water distribution.

Chevron Phillips Chemical’s Sulfolene® 120 mercaptan is being used by adhesive manufacturers as a polymer modifier to create adhesive properties in a pre-planting soil designed to plant multiple trees more efficiently and improve their chances of growth.

Sentinel® gas odorants are used as stenching agents which are added to naturally odorless natural gas and propane to enable quick detection of leaks for safety and to help minimize environmental releases.

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 (polymerized lactic acid), gable top cartons and refillable glass bottles to HDPE milk jugs. It determined that HDPE produces 34 percent less waste, emits 40 percent less GHG and uses 25 percent less energy than PLA; compared to gable top cartons, HDPE produces 39 percent less waste and emits 24 percent less GHG; and HDPE produces 80 percent less waste and emits 38 percent less GHG compared to refillable glass bottles.

Lighter weight HDPE milk jugs

To learn more about all of our innovative products check out our corporate overview video – A World of Possibilities – on YouTube.
Formally introduced in 1961, the MarTECH® loop slurry technology is exceptionally versatile and employs a variety of advanced catalysts, including metallocenes, 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.

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 are estimated to 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.

Geomembrane-grade polyethylene resins protect water supply

Our Marlex® polyethylene geomembrane grades are used in the manufacture of large flexible sheets that are installed as liners in landfills to keep hazardous materials from leaking out, or in some cases, unwanted substances from getting in. Chevron Phillips Chemical resins give the geomembrane desired properties for the specific end-use application.

For landfills, a clay liner is often first laid into the pit and then covered with the geomembrane sheets. The plastic layers are then welded or fused together to create a seamless application that protects against leaks. In addition to their ability to meld together to create a solid lining, our geomembrane resins have low permeability, high tear and puncture resistance and good environmental stress crack resistance.

Sometimes waste found in a landfill may be toxic which is why our geomembranes also have high chemical and corrosion resistance. They are built tough to reasonably withstand an array of challenges, including strain created by weather. Chevron Phillips Chemical is the largest supplier of plastics used for geomembrane applications in the U.S. and one of the largest suppliers worldwide.
In addition to their environmental benefits, Scentinel® natural gas and propane odorants provide suppliers an effective warning system for leaks to help ensure the safety of their products.

Marlex® HDPE is used in crash barriers during road construction.

Orfom® D8 Depressant is used to separate molybdenum from copper, an important process for many electrical applications. Its aqueous solution maximizes safety, minimizes handling issues associated with alternative reagent preparation and is less odorous and toxic than most traditional depressants.

Chevron Phillips Chemical’s Orfom® CO₂₁₀ is used in mining applications to increase the recovery of desired metals such as copper or molybdenum while significantly decreasing the objectionable odor such reagents have displayed in the past.

ForSField™ stops rust and corrosion in its tracks

Each year major mines, chemical plants and pulp and paper mills spend a significant amount of money for replacement costs and downtime related to corrosion of equipment in harsh or acidic environments. To help protect structures and reduce the frequency of replacement costs, Chevron Phillips Chemical developed a proprietary technology called ForSField™ protective coatings which act as a shield to metal and concrete surfaces that might be susceptible to rust and corrosion.

In addition to its protective properties, ForSField™ coatings are easy to prepare and can be applied by hand. Once properly applied and given time to cure, the coating leaves a smooth surface and can even be over-coated with other types of paint to designate safe zones or better blend with the surrounding environment.

Marlex® polyethylene doubles the outdoor lifetime usage as compared to an industry standard UV-8* rated rotomolding grade resin. Rotomolded products made with Marlex® polyethylene provide environmental stress cracking resistance so they do not need to be replaced as often, which means less material usage, lower cost of upkeep and less cost over the lifetime of the structure.

*UV-8 rating is produced from testing materials via ASTM 2565, Cycle 1 conditions. Our certified ASTM 2565, Cycle 1 > UV-16 rated roto products offer twice the outdoor lifetime over normal UV-8 products when exposed to similar outdoor conditions.

Practical experience for firefighters in training

Chevron Phillips Chemical manufactures E-III® Fire Training Fluids (FTF), which are used to simulate real fires in training scenarios. With special live fire training fluids like E-III® FTFs, field training officers can produce a challenging training scenario that is both safer for firefighters and the environment than traditional fuels. Because E-III® FTF will not mix with water, protective clothing that is wet will not absorb the product. This reduces risk and provides increased safety for firefighters. Additionally, the combustion emissions our E-III® FTFs contain lower levels of carcinogens, benzene, formaldehyde, heavy metals and particulates (or particulate matter) than do the emissions from traditional fuels. They also have the ability to simulate moving and cascading engine-fuel fires that are typical in marine, chemical processing and refinery environments.
Polyanhydride resin (PA-18) acts as a waterproofing agent in personal care products such as sunscreen.

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.

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 applications.

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.
Social Enrichment

We value our employees and communities by promoting local volunteerism and investments as well as emphasizing open communication and trusting relationships. Building a diverse workforce and inclusive company culture enables us to attract and retain highly qualified, multi-generational employees to fuel the innovation and creativity for a sustainable competitive advantage.

When we engaged our internal and external stakeholders to help us better understand what our most important focus areas should be for sustainability, they confirmed the importance of our commitment to our workforce and local communities. Because we value our employees and communities, we emphasize open communication and trusting relationships as well as promote local volunteerism and investments.
Workforce Demographics

Chevron Phillips Chemical employees are the catalysts that will propel us to achieve our vision of being the premier chemical company. At the close of 2015, we employed 5,074 people worldwide.

Ten years ago, 20 percent of the organization had less than five years of service with the company. That figure has grown to 40 percent today. That’s why in 2015 we began an effort to ensure our onboarding process successfully integrates new employees into teams so we can continue to recruit and retain our talent at all work-eligible generational levels.

Building a Strong Talent Pipeline for the Future

Chevron Phillips Chemical is committed to building sustainable connections with our workforce and the employees of tomorrow. In 2015, our workforce engagement initiatives focused on recruiting top talent, creating professional development opportunities to retain our existing employees, and furthering our commitment to Diversity and Inclusion.

The development of U.S. shale resources led to an abundance of new capital investments. This in turn created a surge in demand for technically skilled workers to build, operate and maintain the $100+ billion of announced chemical industry projects. Additionally, as 37 percent of our U.S.-based workforce will become retirement eligible in the next few years, the urgency for us to attract, hire, develop and retain top talent has never been greater.

To continue building a sustainable talent pipeline, Chevron Phillips Chemical created a workforce development committee in 2015 comprised of members across the organization. Together they’re working to attract our future employees by:

- Increasing awareness of and interest in technical jobs at our company in the communities where we operate by partnering with local schools;
- Working with local colleges to ensure their curriculum better prepares graduates to succeed in our industry;
- Funding strategic workforce development programs; and
- Working closely with community and local and state government leaders on strategic workforce development initiatives.

The company spent nearly $1 million in 2015 alone to support these workforce development initiatives.
Diversity and Inclusion

Building a diverse workforce and inclusive company culture enables us to attract and retain a highly qualified, multi-generational workforce to fuel the innovation and creativity necessary for a sustainable competitive advantage.

Workforce diversity strengthens Chevron Phillips Chemical in multiple ways including improving understanding of the marketplace, enhancing creativity and problem-solving ability in teams, and ensuring a better use of talent.

Chevron Phillips Chemical is subject to certain U.S. laws and regulations pertaining to equal employment and affirmative action. Over time, the diversity of our workforce would be expected to mirror the diversity of our labor market as well as the communities in which we operate. We work to attract a diverse candidate pool and use cross-functional hiring panels to ensure we have the benefit of diverse experiences and perspectives as we seek to select the most qualified individual for the job.

The diversity of our workforce is relatively strong and we continually find ways to cultivate an inclusive workplace; however, we have opportunities in parts of the organization to enhance our diversity and inclusion efforts. Here are a few highlights of initiatives underway:

- We have piloted our next level of D&I training for leaders: Unconscious Bias. This training, rolling out in 2016, helps us recognize our own unconscious biases and provides tools for effectively managing them.
- We continually work to develop a leadership pipeline that reflects the diversity of our workforce and community.
- We have rolled out a suite of D&I Moments that includes videos and a facilitator’s guide for leaders to share with their respective teams to keep our guiding principles of inclusion, cooperation, accountability and respect top of mind.
- D&I Councils across Chevron Phillips Chemical meet regularly to plan outreach at their sites. Activities include an annual D&I Day, lunch and learns, and facilitating D&I training for all new employees.
ICARE to share

In May, Chevron Phillips Chemical celebrated its third annual Global Diversity and Inclusion Day. While the ICARE guiding principles—Inclusion, Cooperation, Accountability and Respect Everyday—took center stage, this year’s theme “ICARE to Share” added another layer of diversity to the company-wide events. The theme’s purpose was to shed light on the importance of taking time to share ideas and unique perspectives, which ultimately helps facilitate knowledge transfer, drives innovation, fosters relationships and makes Chevron Phillips Chemical a great place to work. To highlight the theme, facilities were encouraged to submit a photograph, drawing or painting that represented what “ICARE to Share” means to them.

ICARE to develop

As a global company, Chevron Phillips Chemical employees have the opportunity to take developmental assignments at facilities in other parts of the world. Last year, Patrick Wijnen, a technical manager in Belgium, spent time at the Cedar Bayou facility in Baytown, Texas, as a field support engineering superintendent leading a team of 50 engineers. Prior to joining the Cedar Bayou team, he worked at several smaller Belgian facilities. The result was a cross-directional learning experience, where he taught his team the lessons in efficiency he gained while working at the smaller Belgian sites and in turn he learned what it takes to scale efficiency in a larger facility. During his time in Texas, Wijnen’s learning went far beyond just technical skills.

“I also learned what Diversity and Inclusion really means in our company,” Wijnen said. “Cedar Bayou has a workforce representing the Texas society: all kinds of different religions and ethnic backgrounds. Diversity moments, respect, accountability and learning from each other’s culture are also a big part of the success at Cedar Bayou.”

Similarly, Melissa Simpson, human resources manager, spent several years working at international facilities in Qatar and most recently Saudi Arabia. During her time at S-Chem, Melissa supported organizational capability efforts and strategic initiatives including expatriation and repatriation of employees and their families.

“We have 31 different nationalities working together every day, and there’s no way we could ever meet our business objectives without being inclusive, cooperative and respectful of one another,” said Simpson. “The entire S-Chem team was extremely welcoming and supportive to me.”

Travis Rogers transferred to Jubail, Saudi Arabia to be an Operations Manager at SPCo from Chevron Phillips Chemical’s Pasadena Plastics Complex nearly three years ago for a developmental assignment.

“You have to be respectful to be successful.” That’s Rogers’ motto about living abroad. “That means being open to trying new things, being patient when not quickly understood and recognizing that we don’t all have to think alike in order to work well together.”
Learning & Development

Investing in our employees and enhancing learning and development opportunities is a must to achieve our vision to be the premier chemical company. In 2015, we continued to make learning and development opportunities a priority. We completed the rollout of Leadership Elements - the company’s core competency framework - and wrapped up the second full session of the Accelerated Leadership Development Program for senior managers (ALDP), which uses a variety of learning methods to foster core skills in high-potential employees.

We focused on helping the next generation of leaders reach their full potential by creating career ladders that clearly define the skills and competencies required for career advancement. In response to feedback from our 2014 Global Employee Survey, we began creating a First Level Leaders (FLL) Development Program to ensure Chevron Phillips Chemical’s front line leaders have the foundational skills required to succeed in their supervisory roles.

Spotlight on the USGC Petrochemicals Project: Getting a jumpstart on training

While the USGC Petrochemicals Project will not be complete until next year, training is already underway to prepare the next generation of operators at both the Cedar Bayou and Old Ocean sites. Using a combination of classroom instruction and job shadowing, trainees are getting a once in a lifetime opportunity to see the process from the ground up. As training will continue during the building of the units, trainees have the opportunity to see each stage of the process and learn the unit from inside out.

Take a peek in our trophy case

In 2015, our efforts to be a great place to work were recognized with two prestigious awards. We’re proud that our internal and external stakeholders are validating our workforce development efforts.

The Texas Workforce Commission (TWC) named Chevron Phillips Chemical Company the 2015 Texas Workforce Solutions Employer of the Year. Employer of the Year nominations are submitted to TWC by Workforce Development Boards to honor local employers that exemplify TWC’s mission to promote and support a workforce system that creates value and offers employers, individuals and communities the opportunity to achieve and sustain economic prosperity.

Chevron Phillips Chemical was also awarded a 2015 Top Workplaces honor by the Houston Chronicle. Of the 269 small, midsize and large companies surveyed, Chevron Phillips Chemical placed 22nd in the large employer category, seven spots higher than 2014. The Top Workplaces lists are based solely on the results of an employee feedback survey administered by WorkplaceDynamics, LLC, a leading research firm that specializes in organizational health and workplace improvement. Several aspects of workplace culture were measured, including alignment, execution and connection.
Community Outreach

At Chevron Phillips Chemical, we recognize that strengthening connections with our neighbors – in our local, national and international communities – provides for a lasting relationship built on trust and goodwill. Through our involvement as a company and the efforts of our workforce, we donate funds, time and resources to worthy causes across the globe, from building houses for deserving families to enhancing science education in schools.

Since the company’s inception in 2000, Chevron Phillips Chemical has invested more than $23 million and countless in-kind contributions of equipment and volunteer hours in the communities where we live and work. In 2015, employees across 13 facilities volunteered approximately 21,000 hours in their local communities on behalf of the company. The following are a few examples of how our company and employees are building sustainable connections with the community.

Taking time to educate

From volunteering in the classroom to financial sponsorships and more, Chevron Phillips Chemical promotes educational opportunities at all levels. Since the company’s inception in 2000, we’ve donated more than $10 million to Junior Achievement and other education-based programs in the U.S. and contributed countless volunteer hours. In 2015, we were awarded a bronze President’s Volunteer Service Award for contributing more than 5,000 volunteer hours to Junior Achievement (JA) during the 2014 – 2015 school year. The U.S. President’s Volunteer Service Award is a presidential recognition program that was created in 2003 to honor individuals and corporations that contribute a significant amount of time to volunteer service. Each year, Chevron Phillips Chemical connects more than 100 employee volunteers to teach JA programs in schools. These programs support our company’s goal to create jobs and economic growth in the communities where we do business.

Giving back takes heart

When Chanda DeBoyes, Policy & Controls Specialist in the Finance department at Chevron Phillips Chemical’s headquarters, and her 7-year-old son, Trahan, signed up to participate in Montgomery County United Way’s Days of Caring program, she had no idea of the impact their service would have. The pair was assigned to Panther Creek Inspiration Ranch, a local equestrian therapy center and Montgomery County United Way partner that focuses on personal advancements for people, particularly children, with the use of therapy horses. While volunteering, DeBoyes discovered that participant tuition covers less than 10 percent of the actual operating costs of the ranch. She and Trahan came to the realization that the more people who helped the ranch, the more the non-profit organization could do to help the children.

Leading the charge for United Way

Once again, 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 corporate dollar-for-dollar matches, the company and employees pledged to donate more than $1.1 million in contributions to local United Way organizations in 2016.
Building ChemUnity

In 2015, Chevron Phillips Chemical employees, contractors, friends and family members from The Woodlands, Conroe and other Houston-area facilities completed their third Habitat for Humanity House in the Conroe, Texas, community. Nearly 120 employees, contractors, friends and family members contributed to the construction effort. In the fall of 2015, construction on the fourth house in Conroe began, to be completed in 2016.

Engaging girls in S.T.E.M.

More than 2,000 first through eighth grade girls from all over the state of Texas gathered in Austin at The University of Texas in 2015 to attend the 14th annual Introduce a Girl to Engineering Day, sponsored in part by Chevron Phillips Chemical. Volunteers from Chevron Phillips Chemical took part in the fun-filled Science, Technology, Engineering and Math (S.T.E.M.) event that is celebrated internationally during Engineers Week. In addition to participating in action-packed engineering activities, the girls had the opportunity to interact with more than 800 engineering students, professors and professionals.
Project Recycle
Chevron Phillips Chemical worked with the Malaysian Plastics Manufacturers Association (MPMA) to launch the “2015 Young Sustainability Innovators Award.” To be eligible, students had to create an invention using plastic recyclables. The creations were judged on the boldness and originality of design, impact on meeting environmental objectives, importance and relevance to social needs and presentation. The 2015 winners were a group of students from Wesley Methodist School Kuala Lumpur in Malaysia who made string out of PET (polyethylene terephthalate) bottles.

Neighbors Committee
Chevron Phillips Chemical’s Beringen, Belgium facility teamed up with other local companies as part of the Neighbors Committee. The companies held an annual gathering in November 2015 along with local residents to discuss the environmental and safety policies of the companies. During the meeting, company site leaders provided an overview of plant happenings at their respective sites and answered questions from the residents. It was a great opportunity to build connections between our sites and the communities where we operate.

Together for Benevolence
Chevron Phillips Chemical Company Qatar LLC (Chevron Phillips Chemical Qatar) worked alongside Qatar Red Crescent (QRC) volunteers for the second annual “Together for Benevolence” campaign, a charitable welfare program to support the expatriate workers in Qatar. The program provided nearly 25,000 expatriates – particularly construction, road and municipality workers – with various items including water, meals and hygiene kits.

Extending our safety culture and competitive spirit to MCFB
Chevron Phillips Chemical extended our safety culture to the Montgomery County Food Bank (MCFB) by helping to produce a safety orientation video for food bank volunteers working in the warehouse. As a private non-profit organization, MCFB collects and distributes food to low-income children, adults and seniors living in Montgomery County, Texas. In 2015, the Food Bank assisted 420,000 Montgomery County residents with 8.1 million pounds of food.

Also in 2015, more than 80 Chevron Phillips Chemical employees and family members brought helping hands and a competitive spirit to the Montgomery County Food Bank’s (MCFB) 2015 Sort to Support Challenge. This summer-long program scored participating companies on how much food they sorted in a given amount of time. Chevron Phillips Chemical had an average sorting rate of 2.17 pounds per minute.

Visit Chevron Phillips Chemical on YouTube and Facebook to learn more about our global community outreach efforts.
Economic Performance

The company’s driver for corporate sustainability is to provide value to our stakeholders.

Dampened product margins resulting from lower crude oil prices combined with 2015’s peak year of spending on the USGC Petrochemicals Project made for a challenging economic year. Still, Chevron Phillips Chemical delivered its second best year ever for operating EBITDA and met aggressive spending targets. The company issued bonds totaling $1.4 billion in three-year and five-year notes in the private placement market. Proceeds from the bonds were used to make a distribution to our owners.
Selected financial data for Chevron Phillips Chemical, in millions of dollars, is as follows:

<table>
<thead>
<tr>
<th>Financial Category</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Sales and Other Operating Revenues</td>
<td>9,248</td>
<td>13,416</td>
<td>13,147</td>
</tr>
<tr>
<td>Total Revenues &amp; Other Income</td>
<td>9,859</td>
<td>14,148</td>
<td>13,790</td>
</tr>
<tr>
<td>Net Income</td>
<td>2,651</td>
<td>3,288</td>
<td>2,743</td>
</tr>
<tr>
<td>Current Assets</td>
<td>2,291</td>
<td>3,437</td>
<td>3,141</td>
</tr>
<tr>
<td>Total Assets</td>
<td>13,597</td>
<td>12,311</td>
<td>10,533</td>
</tr>
<tr>
<td>Current Liabilities, excluding debt</td>
<td>1,319</td>
<td>1,555</td>
<td>1,866</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>3,332</td>
<td>2,051</td>
<td>2,178</td>
</tr>
<tr>
<td>Equity</td>
<td>10,265</td>
<td>10,260</td>
<td>8,355</td>
</tr>
<tr>
<td>Debt-to-Capital Ratio</td>
<td>12%</td>
<td>0%</td>
<td>0%</td>
</tr>
</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:

<table>
<thead>
<tr>
<th>Company</th>
<th>Commercial Paper</th>
<th>Long-Term Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard &amp; Poor’s</td>
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<td>A-</td>
</tr>
<tr>
<td>Moody’s</td>
<td>P-1</td>
<td>A2</td>
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</table>

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 email at: FinancialStatements@cpchem.com.
Chevron Phillips Chemical’s 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 our formation in July 2000, we have had a focus on continuous improvement in all areas of our operations.

This report reflects the company’s efforts during the 2015 calendar year. The previous reports reflected Chevron Phillips Chemical’s performance during the 2011, 2012, 2013 and 2014 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 the 2015 safety and environmental data excludes Ryton® PPS (polyphenylene sulfide) operations because the product line was sold by Chevron Phillips Chemical to Solvay Specialty Polymers USA, LLC at the close of 2014. Additionally, the 2014 Sustainability Report incorrectly identified the company’s employee RIR as 0.26 in the graph comparing performance to ACC Member Companies. The correct employee RIR for 2014 is 0.24.

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, non-governmental organizations, 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
832.813.4499
sustainability@cpchem.com

For general inquiries:
832.813.4100 or
800.231.1212
(Toll free within the U.S.)

Or a detailed list can be found at http://www.cpchem.com/en-us/Pages/contactus.aspx.
This table provides the location to find information reported that completely or partially relates to the indicators from sustainability reporting guidelines published by the Global Reporting Initiative (GRI), version 3.1.

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<td>5</td>
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<td>PR6</td>
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<td></td>
</tr>
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</table>
1. **Safety Performance**
ChevronPhillips Chemical follows the OSHA Standard (29 CFR 1904) on Recording and Reporting Occupational Injuries and Illnesses for classifying and reporting all injuries/illnesses occurring at facilities globally. A Recordable Incidence Rate is defined as the number of recordable injuries/illnesses per 200,000 hours worked (or approximately 100 full-time workers) annually.

2. **Process Safety**
Chevron Phillips Chemical currently captures Process Safety Management (PSM) event data consistent with the industry-recognized API 754 Recommended Practice at 16 sites worldwide. This data represents the number of Tier 1 and Tier 2 Process Safety Events (PSEs) divided by work hours of employees and contractors. 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.”

3. **ACC Graph**
The safety performances of the Chevron Phillips Chemical global employee workforce and American Chemistry Council (ACC) Peer Member Companies are compared in the graph. The ACC Peer Member Companies represent companies that have worked a minimum of 2 million employee hours in a given year in the U.S.

4. **Energy Intensity Index Graph**
Chevron Phillips Chemical tracks 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 is used as 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.

5. **Greenhouse Gas**
The CO₂ Equivalent (CO₂e) Emissions graph includes the net total emissions of greenhouse gases (GHG) expressed as tons of 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.

6. **Global Emissions Inventory**
The Aggregated Emissions graph includes the total aggregated criteria pollutants (NOX, CO, VOC, PMₐ, SO₂) emitted from each of the plants grouped by location. The data only includes permitted emissions from each source collected from the Emissions Inventory. The Global Emissions Inventory Intensity is a ratio of the aggregated pollutants emitted (tons of emission) over the products produced (million pounds of product). For plants that Chevron Phillips Chemical has partial equity ownership, the reported emissions and production data represent the equity stake.

7. **Reportable Emissions Events**
The Reportable Emission 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.).

8. **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, cooling tower water, potable water and others. The data do not include water that is brought in but 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.